2010 discharge: SESAR Joint Undertaking to develop the new generation European air traffic management system

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The European Parliament adopted a decision to grant discharge to the Executive Director of the SESAR Joint Undertaking in respect of the implementation of the Joint Undertaking's budget for the financial year 2010. This decision also approves the closure of the Agency’s accounts.

Noting that the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts of the Joint Undertaking for the financial year 2010 are reliable and that the underlying transactions are legal and regular, Parliament adopted a resolution containing a series of recommendations that need to be taken into account when the discharge is granted, in addition to the general recommendations that appear in the draft resolution on performance, financial management and control of EU agencies.

These recommendations may be summarised as follows:

- **Budget and Financial Management**: Parliament notes from the Court of Auditors that, at year-end 2010, the Joint Undertaking had a positive budget outturn of EUR 53.5 million and that deposits in bank accounts represented EUR 57.2 million. The carryover of appropriations amounts to EUR 3.7 million. It reminds the Joint Undertaking that this situation is against the budgetary principle of equilibrium and call on the Joint Undertaking to develop an Action Plan with concrete measures and deadlines to keep its budget balanced and to inform the discharge authority about this matter. Members also underline that for two budget headings – administrative expenditure, studies and development – authorised expenditure exceeded budgetary appropriations by 11 % and 9 % respectively, which contravenes the JU’s own Financial Rules. They remind the Joint Undertaking that it must comply with its own Financial Rules and expects that authorised expenditure exceeding budgetary appropriations shall not occur in future financial years;
- **Internal control systems**: Parliament notes that in 2010, the Joint Undertaking began to use the financial reporting systems also used by the Commission (ABAC and SAP), and that it has developed an operational programme management system that complements the financial and budgetary information. It notes, however, that certain gaps remain and it urges the Joint Undertaking to comply with all the rules of the control systems;
- **Project Management**: Parliament observes that certain projects have been suspended or cancelled for various reasons. It urges the Joint Undertaking to continue to inform the discharge authority on the stage of implementation of the projects under the SESAR programme and to present the results achieved.
- **Performance**: Parliament encourages the Commission and the Member States to increase the effectiveness of how the Single European Sky Regulations are applied, in order to increase the effectiveness of investments in the SESAR project. It draws attention to the sound management of financial resources and emphasises the importance of the Joint Undertaking to the Single European Sky. It takes note that at year-end 2010 the execution framework has been completely defined. Members acknowledge that the Commission carried out the first intermediate evaluation of the Joint Undertaking in 2010, which underlines the ability of the Joint Undertaking to provide an optimal response to the needs of the airspace users and service providers. It is nevertheless of the opinion that interim evaluations and evaluations should be carried out by external and independent experts;
- **Internal Audit**: Parliament welcomes the fact that at the end of 2010 the Executive Director of the Joint Undertaking established the Internal Audit Capability (IAC), and that the Joint Undertaking

and the Commission have taken action to ensure a clearer definition of the respective operational roles of the Commission's Internal Audit Service (IAS) and of the internal auditing function of the Joint Undertaking;

- **Late payment of membership contributions**: Parliament is concerned that the deadline for payment of the cash contributions to the Joint Undertaking from its members was not respected. It takes note that the payment delays ranged from 12 to 113 days and that at the end of 2010 two members had paid no contribution at all.

Horizontal observations on the Joint Undertakings: Members underline that seven Joint Undertakings have so far been established by the European Commission under Article 187 of the Treaty on the Functioning of the European Union and that the total Union contribution deemed necessary for the Joint Undertakings for their period of existence amounts to **EUR 11.5 billion** (for the financial year 2010 alone, the overall Union contribution amounted to EUR 505 million). They note that six Joint Undertakings (IMI, ARTEMIS, ENIAC, CLEAN SKY, FCH and ITER-F4E) are in the research area under the Commission's DGs RTD and INFSO and one is charged with developing the new air traffic management system (SESAR) in the transport domain whose activities are supervised by DG MOVE.

In this context, Parliament calls on the Commission to provide the discharge authority annually with consolidated information on the total annual funding per Joint Undertaking made from the general budget of the Union in order to ensure transparency and clarity on the use of the Union's funds and restore trust among the European taxpayers. It recalls that Joint Undertakings are public-private partnerships and that as a consequence public and private interests are intertwined. Members consider that the **likelihood of conflicts of interest should not be dismissed but addressed properly**. They call therefore on the Joint Undertakings to inform the discharge authority on the verification mechanisms which exist in their respective structures to enable a proper management and prevention of conflicts of interest.

Parliament notes, with the notable exception of the Joint Undertaking for ITER and the Development of Fusion Energy, that Joint Undertakings are relatively small structures and geographically-concentrated and that **they should pool their resources where possible**.

Lastly, the Court of Auditors is invited to provide, within a reasonable deadline, a special report to Parliament, on the added value of the establishment of the Joint Undertakings.