2011 discharge: SESAR Joint Undertaking to develop the new generation European air traffic management system

2012/2216(DEC) - 15/11/2012 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the SESAR Joint Undertaking, together with the Joint Undertaking's replies.

CONTENT: in accordance with the tasks conferred on the Court of Auditors by the Treaty on the Functioning of the European Union, the Court presents to the European Parliament and to the Council, in the context of the discharge procedure, a Statement of Assurance as to the reliability of the annual accounts of each institution, body or agency of the EU, and the legality and regularity of the transactions underlying them, on the basis of an independent external audit.

This audit concerned, amongst others, the annual accounts of the SESAR Joint Undertaking.

In the Court's opinion, the **SESAR Joint Undertaking's Annual Accounts fairly present, in all material respects, its financial position as of 31 December 2011** and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation.

The Court also considers that the **transactions underlying the annual accounts** of the Authority for the financial year ended 31 December 2011 are, in all material respects, **legal and regular**.

The report confirms that the SESAR Joint Undertaking's 2011 budget amounted to EUR 147.7 million. The number of staff employed by the SESAR Joint Undertaking at the end of the year was 42 out of which 35 were occupied at year end 2011.

The report also makes a series of observations on the budgetary and financial management of the Joint Undertaking, accompanied by the latter's response. The main observations may be summarised as follows:

Court's comments:

- Budgetary balance: in 2011, the contributions from members (EUR 34 million) together with the outturn of the previous year (EUR 57 million) and other sources of revenue (EUR 200 000) amounted to EUR 91.2 million, against payments of EUR 75.6 million. This led to a positive budget outturn of EUR 15.6 million and deposits in bank accounts at the end of the year totalling EUR 15.3 million. This is at odds with the budgetary principle of equilibrium.
- Late payment of membership contributions: the deadline of 1 July 2011 for payment to the Joint Undertaking of the cash contributions for the year from its members was not respected. At the end of August 2011 there remained 17 outstanding recovery orders, totalling EUR 3.7 million. One member had paid no annual contribution at all by the end of 2011.

Joint Undertaking's replies:

- the Joint Undertaking considers that it has further progressed in respect of the budgetary principle of equilibrium. The 2011 year end cash balance decreased from EUR 572 million to EUR 15.3 million, corresponding to a decrease of 73.2 %. SESAR will continue its efforts to ensure optimal cash management and the respect of budgetary principles;
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- the late contribution still pending at year end was cashed in February 2012. SESAR will further discuss with its Members the most appropriate approach to ensure the respect of the contractual deadlines for the payment of membership cash contributions.

Lastly, the Court of Auditors' report contains a summary of the **Joint Undertaking's activities in 2011**. 2011 constitutes a key year in the progress to achieve the mid-term objectives and Vision 2012. In particular:

- Objective No 1- initial 4D trajectory is validated in an operational environment supported by satellite based technology (including the development and integration of the two FMS prototypes as well as a number of simulation activities connecting ground and airborne simulation platforms. It is expected that as planned the objective will be mostly met in 2012, although the use of satellite based technologies is being introduced after the 2013 timeframe;
- Objective No 2- 10 000 flights, including 500 military, are SESAR labelled including AIRE (Atlantic Interoperability Initiative to Reduce Emissions) and OPTIMI (Oceanic position tracking improvement and monitoring) flight demonstrations;
- Objective No. 3 - 80 % of SESAR projects have tested their outputs in a real life environment;
- Objective No 4 - first SWIM (System Wide Information Management) pilots are in place to exchange data across at least five domains;
- Objective No 5 - the first remote tower is ready for operation;
- Objective No 6 - SESAR benefits are demonstrated in city pairs connecting 8 European airports (Paris, Vienna, Madrid, Cologne, Dusseldorf, Prague, Brussels, Toulouse) and the involvement of some 40 partners in Europe and beyond. The quality of these results is high not only in terms of reduction of fuel burn and therefore CO2 emissions, but because the high conversion rate from projects into daily ATM practice;
- Objective No 7 - airspace users have signed up to the SESAR business case for time based operations: substantial effort has been invested in developing business case methodologies for ANSPs, airspace users and airports. Step 1 of the 4D Time Based Operations deliverables has been validated in 2011 and will continue to be validated in 2012 and will also be made in standardisation activities.

It should be noted that a table sets out the 310 research and development and management projects under the Joint Undertaking's responsibility by project status at the end of 2011.