Basic information

2009/2188(DEC) DEC - Discharge procedure	Procedure completed
2008 discharge: SESAR Joint Undertaking SJU **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	MATHIEU HOUILLON Véronique (PPE)	01/10/2009
	Shadow rapporteur STAVRAKAKIS Georgios (S&D) STAES Bart (Verts/ALE) SØNDERGAARD Søren Bo (GUE/NGL)	

Committee for opinion	Rapporteur for opinion	Appointed
TRAN Transport and Tourism	JENSEN Anne E. (ALDE)	12/11/2009

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2994	2010-02-16

European Commission

Commission DG	Commissioner
Budget	ŠEMETA Algirdas

Key events

Date	Event	Reference	Summary
23/07/2009	Non-legislative basic document published	SEC(2009)1089	Summary
12/11/2009	Committee referral announced in Parliament		

23/03/2010	Vote in committee		Summary
26/03/2010	Committee report tabled for plenary	A7-0077/2010	
21/04/2010	Debate in Parliament		
05/05/2010	Decision by Parliament	T7-0121/2010	Summary
05/05/2010	Results of vote in Parliament		
05/05/2010	End of procedure in Parliament		
25/09/2010	Final act published in Official Journal		

Technical information

Procedure reference	2009/2188(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/01461

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE430.556	02/02/2010	
Committee opinion	TRAN	PE430.891	23/02/2010	
Amendments tabled in committee		PE439.362	03/03/2010	
Committee report tabled for plenary, single reading		A7-0077/2010	26/03/2010	
Text adopted by Parliament, single reading		T7-0121/2010	05/05/2010	Summary

Council of the EU

Document type	Reference	Date	Summary
Document attached to the procedure	05829/2010	01/02/2010	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	SEC(2009)1089	23/07/2009	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary

CofA	Court of Auditors: opinion, report	N7-0013/2010 OJ C 310 18.12.2009, p. 0001	22/10/2009	Summary
CofA	Document attached to the procedure	N7-0036/2009 OJ C 269 10.11.2009, p. 0001	10/11/2009	

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

Final act	
Decision 2010/0554 OJ L 252 25.09.2010, p. 0227	Summary

2008 discharge: SESAR Joint Undertaking SJU

2009/2188(DEC) - 05/05/2010 - Final act

PURPOSE: to grant discharge to the SESAR Joint Undertaking for the financial year 2008.

LEGISLATIVE ACT: Decision 2010/554/EU of the European Parliament on the discharge for the implementation of the budget of the SESAR Joint Undertaking for the financial year 2008.

CONTENT: with the present decision, the European Parliament grants discharge to the Executive Director of the Joint Undertaking for the implementation of its budget for the financial year 2008.

This decision is in line with the European Parliament's resolution adopted on 5 May 2010 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 05/05/2010).

A parallel decision, adopted on the same day, approves the closure of this Agency's accounts.

2008 discharge: SESAR Joint Undertaking SJU

2009/2188(DEC) - 23/07/2009 - Non-legislative basic document

PURPOSE: to present the final accounts of the SESAR Joint Undertaking for the year 2008.

CONTENT: this document sets out a detailed account of the implementation of the SESAR Joint Undertaking for 2008. It indicates that the final budget for 2007-2008 for the undertaking was EUR 1 560.21 million, with a Community contribution of 10.3 % from the 7th Research Programme. Around 90 % of the funding from Eurocontrol and the other stakeholders will take the form of in-kind contributions.

To recall, the SESAR Joint Undertaking was established in February 2007 in order to manage the activities of the SESAR (Single European Sky Air Traffic Management Research) project.

The SESAR project aims to modernise air traffic management (ATM) in Europe and is divided into three phases:

- '**Definition phase'** started in 2005 and led by the European Organisation for Safety of Air Navigation (Eurocontrol), with co-financing from the Community budget through the Trans European Network — Transport programme. The outcome is the European ATM Master Plan, which defines the content, the development and deployment plans of the next generation of ATM systems;
- **'Development phase'** (2008-2013) managed by the SESAR Joint Undertaking (see also the Table) and leading to the production of new technological systems, components and operational procedures as defined in the European ATM Master Plan;
- **'Deployment phase'** (2014-2020) to be led by industry and stakeholders, for the large-scale production and implementation of the new air traffic management infrastructure.

The Joint Undertaking is designed as a public-private partnership. The founding members are the European Community represented by the European Commission, and Eurocontrol represented by its Agency. Following a call for expressions of interest, 15 public and private enterprises from the air

navigation industry are candidate members of the Joint Undertaking. These include air navigation service providers, ground and aerospace manufacturing industry, aircraft manufacturers, airport authorities and airborne equipment manufacturers.

The SESAR JU started to work autonomously on 10 August 2007.

In terms of staff, the joint undertaking, whose is in Brussels, has 23 posts in the establishment plan, of which 14 are occupied with 8 staff seconded from the Joint Undertaking members as part of their in-kind contribution. They are assigned to assigned operational tasks, administrative and support tasks, and mixed tasks.

During the year 2007-2008, the joint undertaking mainly carried out the following activities:

- establishment of the SESAR Joint Undertaking structure including staff recruitment, procedures preparation, policies and processes definition;
- re-design of the Joint Undertaking structure in order to align it with the new JTIs' legal model;
- preparation, negotiation, discussion and launch of the membership process involving 15 candidate members for the realisation of around 300 projects framed in 16 Work Packages;
- preparation and initial establishment of the Work Programme Management structure;
- establishment of the framework for international cooperation;
- launch of operational activities (Industrial Support contract, AIRE initiative);
- launch of communication activities;
- launch of 16 procurement procedures for different administrative, technical and operational activities.

2008 discharge: SESAR Joint Undertaking SJU

2009/2188(DEC) - 22/10/2009 - Court of Auditors: opinion, report

PURPOSE: to present the Court of Auditor's report on the 2008 accounts of the SESAR Joint Undertaking.

CONTENT: the Court of Auditors considers that the SESAR Joint Undertaking's annual accounts present fairly, in all material respects, its financial position as of 31 December 2008 and the results of its operations and its cash flows for the year then ended. It also considers that the transactions underlying the annual accounts of the SESAR Joint Undertaking for the financial year ended 31 December 2008 are, in all material respects, legal and regular.

The report includes tables on the expenditure incurred by the undertaking as well as an analysis of the expenditure together with the replies of the undertaking.

Budgetary and financial management: the Court made the following comments:

- **non-respect of the budgetary principle of annuality**: while the framework Financial Regulation states that the appropriations entered in the budget are authorised for one financial year running from 1 January to 31 December. However, Article 5 of the Financial Regulation of the Joint Undertaking states that the first financial reporting period starts when the Joint Undertaking begins autonomous operations in 2007 and ends on 31 December 2008. This did not respect the principle of annuality;
- **implementation of the budget**: the final budget included commitment appropriations of EUR 1 463 million and payment appropriations of 38 million euro. As few project activities had started by the end of 2008, the budget proved to be highly unrealistic. While the utilisation rate for payment appropriations was very low, revenue for the year amounted to EUR 124.2 million and deposits in bank accounts at the end of the year totalled EUR 116 million, and the budgetary principle of equilibrium was not respected;
- **internal control system**: the Joint Undertaking is in a start-up phase and had not completely implemented its internal controls and management information systems by the end of 2008. The underlying business processes had not been formalised and the contracts and procurement unit has not yet developed adequate internal control systems. The Joint Undertaking has not yet developed a disaster recovery plan nor a data protection policy. It should have an internal audit service which must comply with relevant international standards. However, this important element of the internal control system was not put in place until January 2009, which led to several cases where the internal controls had not operated correctly;
- recognition of assets: the Joint Undertaking will own all the tangible and intangible assets which it creates or which are transferred to it for the development phase of the SESAR project. However, it has not yet developed an accounting policy in respect of assets which may result from the development phase of the project, which impedes the proper valuation of assets;
- **Financial Regulation of the Joint Undertaking**: this was adopted by the Administrative Board in July 2007 and should be in line with the framework Financial Regulation for Community bodies. This is not entirely the case;
- **late payment of membership contributions**: according to the Statutes, the founding members should pay a minimum initial contribution of EUR 10 million within 1 year of the establishment of the Joint Undertaking. Eurocontrol paid its initial contribution on 21 August 2008, whereas the Joint Undertaking was established on 3 March 2007. The Commission had already paid the Community contribution on 1 August 2007;
- **annual activity report:** the Court received the annual activity report in May 2009, later than provided for. Although the report provides financial and operational information, it does not meet all the requirements of the applicable regulations. The report does not include an assessment of the efficiency and effectiveness of the internal control system as required by the framework Financial Regulation.

Response of the Joint Undertaking :

- **implementation of the budget**: the undertaking indicates that the resources available at the end of 2008 in the SJU are needed for the launch of approximately 200 projects in late 2009 and early 2010. The need to change the SJU basic act and the alignment of the SJU legal framework to that of a full Community body impacted on the capacity of the SJU to launch the programme as initially expected by the end of 2008;
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- **internal control systems**: with regard to the financial system, the undertaking is in the ‘EC waiting list' for the implementation of ABAC and SAP, while internally is working on a management system for the operational aspects of the programme. Nevertheless, it is not expected that the SJU will have an integrated financial system before mid-2010, requiring the SJU to manage its resources with additional controls;
- **recognition of assets**: the undertaking indicates that it will seek to develop an accounting policy for the recognition of the assets resulting from the programme by mid-2010;
- **financial regulation of the Joint Undertaking** the Financial Rules, which are based on the Commission's Framework Regulation (EC, Euratom) No 2343/2002, were adopted by the Administrative Board on 28 July 2009;
- **late payment of membership contributions** : the reasons for the deferred payment of the initial Eurocontrol contribution were related to the adoption of the new Statutes of the SJU. While the intention of Eurocontrol to pay the contribution was clearly established, the SJU had to assess the detailed impact of the change of its basic act on the status of such a payment, before making the payment request;
- **annual activity report**: lastly, the undertaking recalls that 2007-2008 was the first year of the Joint Undertaking operations and was mostly dedicated to the set-up and organisation of the Public- Private Partnership. As a consequence, the annual activity report concentrates on the achievements in the set-up of the structure and the initial financial aspects. From 2009, the report will address the progress achieved towards the programme objectives.

2008 discharge: SESAR Joint Undertaking SJU

2009/2188(DEC) - 05/05/2010 - Text adopted by Parliament, single reading

The European Parliament adopted by 556 votes to 30, with 54 abstentions, a decision on discharge to be granted to the Executive Director of the SESAR Joint Undertaking in respect of the implementation of its budget for the financial year 2008.

Furthermore, Parliament adopted a resolution with observations which are an integral part of the decision to grant discharge.

The main points are as follows:

- **failure to respect the budgetary principle of annuality**: Parliament notes that, in April 2008, the Joint Undertaking's Administrative Board adopted the final budget covering the period August 2007 – December 2008, and that that decision was at odds with the annuality principle;
- **implementation of the budget:** Parliament states that the final budget adopted by the Joint Undertaking's Administrative Board in April 2008 proved to be highly unrealistic, as is illustrated by commitment and payment appropriations take-up rates of 1% and 17% respectively. It regrets that, in a number of instances, transaction controls did not operate correctly and that adequate internal controls for contracts and procurement had not been established;
- **recognition of assets:** in contrast to very low utilisation rates, the Joint Undertaking had considerable sums in deposits in bank accounts at the year end, thus breaching the principle of budgetary equilibrium. Parliament expressly recommends that the Joint Undertaking formulates a more appropriate accounting policy;
- **SESAR Financial Regulation:** Parliament welcomes the Court of Auditors' intention to deliver an opinion on the Financial Regulation. It stresses the importance of that regulation being in line with the framework Financial Regulation for Community bodies and the need to adopt implementing rules for its Financial Regulation;
- **internal control systems:** Parliament calls on the Joint Undertaking also to establish without delay appropriate internal control systems in connection with public procurement. It concludes from the annual closure of accounts and the amount of interest payments that the Joint Undertaking maintains high cash reserves over long periods (as of 31 December 2008, the Joint Undertaking's cash reserves amounted to EUR 116 007 569).

Noting that the Joint Undertaking’s annual accounts for the financial year 2008 are reliable, and the underlying transactions are legal and regular, Parliament approves the closure of the Undertaking’s accounts. However, it makes a number 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 financial management and control of EU agencies (see 2010/2007(INI) adopted in parallel).

2008 discharge: SESAR Joint Undertaking SJU

2009/2188(DEC) - 01/02/2010 - Document attached to the procedure

Based on the observations contained in the revenue and expenditure account and the balance sheet of the SESAR Joint Undertaking for the financial year 2008, as well as on the Court of Auditor’s report and the Joint Undertaking’s replies to the Court’s observations, the Council recommends that the Parliament grant the Director of the SESAR Joint Undertaking in respect of the implementation of the budget for the financial year 2008.

The Council welcomes the Court's opinion that, on the one hand, the Joint Undertaking's annual accounts present fairly, in all material aspects, the financial position as at 31 December 2008 and the results of operations and cash-flows for the year then ended, in accordance with the provisions of the Joint Undertaking's Financial Regulation, and that, on the other hand, the underlying transactions for the financial year ended on 31 December 2008 are, in all material respects, legal and regular.

However, the Council considers that observations made in the Court of Auditor’s report call for a certain number of observations to be taken into account when granting discharge, particularly on the following points:

- **respect of budgetary and financial principles in force**: while taking into account that the Joint Undertaking is recently established and that it started to work autonomously on 10 August 2007, the Council calls on the Joint Undertaking to comply with the financial provisions in force and with the budgetary principles of annuality and equilibrium. Due attention should also be paid to presenting budgets that can be implemented, thus avoiding underspend, and to the timely adoption of establishment plans. The Joint Undertaking should complete its

Financial Regulation, in particular regarding the provisions related to the implementation of the budget and presentation of the accounts, to procurement procedures and to the internal audit function, in order to be in line with the framework Financial Regulation for Community bodies. The Joint Undertaking should also adopt relevant implementing rules for its Financial Regulation;

- **deficiencies in the internal control systems**: the Council notes with concern the Court's findings on the various deficiencies of the internal control systems, and calls on the Joint Undertaking to remedy these shortcomings without delays;
- **accounting policy**: the Joint Undertaking should also develop an accounting policy in respect of assets resulting from the development phase of SESAR;
- **annual activity report**: due attention should be paid to the content and timely adoption of the Annual Activity Report of the Joint Undertaking, in line with the Court's observations.