Basic information

2011/2238(DEC) DEC - Discharge procedure	Procedure completed
2010 discharge: SESAR Joint Undertaking to develop the new generation European air traffic management system **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	MACOVEI Monica (PPE)	03/03/2011
	Shadow rapporteur HERCZOG Edit (S&D) GERBRANDY Gerben-Jan (ALDE) STAES Bart (Verts/ALE) CZARNECKI Ryszard (ECR) SØNDERGAARD Søren Bo (GUE/NGL) ANDREASEN Marta (EFD) EHRENHAUSER Martin (NI)	

Committee for opinion	Rapporteur for opinion	Appointed
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
TRAN Transport and Tourism	FLECKENSTEIN Knut (S&D)	11/10/2011

European Commission

Commission DG	Commissioner
Budget	ŠEMETA Algirdas

Key events

Date	Event	Reference	Summary

26/07/2011	Non-legislative basic document published	COM(2011)0473	Summary
12/10/2011	Committee referral announced in Parliament		
27/03/2012	Vote in committee		
04/04/2012	Committee report tabled for plenary	A7-0114/2012	Summary
10/05/2012	Decision by Parliament	T7-0195/2012	Summary
10/05/2012	Results of vote in Parliament		
10/05/2012	Debate in Parliament		
10/05/2012	End of procedure in Parliament		
17/10/2012	Final act published in Official Journal		

Technical information

Procedure reference	2011/2238(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/07271

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE474.060	06/02/2012	
Committee opinion	TRAN	PE476.008	07/02/2012	
Amendments tabled in committee		PE483.678	07/03/2012	
Committee report tabled for plenary, single reading		A7-0114/2012	04/04/2012	Summary
Text adopted by Parliament, single reading		T7-0195/2012	10/05/2012	Summary

Council of the EU

Document type	Reference	Date	Summary
Document attached to the procedure	06086/2012	08/02/2012	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2011)0473	26/07/2011	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N7-0033/2012 OJ C 368 16.12.2011, p. 0032	12/10/2011	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2012/0616
OJ L 286 17.10.2012, p. 0349 Summary

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

2011/2238(DEC) - 26/07/2011 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2010, as part of the 2010 discharge procedure.

Analysis of the accounts of the **SESAR Joint Undertaking.**

CONTENT: this Commission document sets out the consolidated annual accounts of the European Union for the financial year 2010 as prepared on the basis of the information presented by the institutions, organisations and bodies of the EU, in accordance with Article 129 (2) of the Financial Regulation applicable to the EU's General Budget, including the SESAR Joint Undertaking.

In 2010, the tasks and budget of this agency were as follows:

- **description of the tasks of the Joint Undertaking**: SESAR Joint Undertaking, located in Brussels, was set up in 2007 by Regulation (EC) 219 /2007 for a period extending to 31 December 2017. It aims to modernise air traffic management (ATM) in Europe;
- **budget of the Joint Undertaking for the 2010 financial year**: the budget for SESAR's development phase (2008-2013) amounts to EUR 2.1 billion to be provided in equal parts by the EU, by Eurocontrol and by public and private partners. The final 2010 budget adopted by the Administrative Board included commitment appropriations of EUR 135 and payment appropriations of EUR 143 million.

The complete version of the Joint Undertaking's accounts final accounts may be found at the following address: http://www.sesarju.eu/about/funding

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

2011/2238(DEC) - 12/10/2011 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the SESAR Joint Undertaking for the financial year 2010, together with the Joint Undertaking's reply.

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 2010** 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 SESAR Joint Undertaking for the financial year ended 31 December 2010 are, in all material respects, **legal and regular.**

The report confirms that the SESAR Joint Undertaking's 2010 budget amounted to EUR 2.1 billion to be provided in equal parts by the EU, by Eurocontrol and by the participating public and private partners. The EU contribution is funded from the Seventh Research Framework Programme and the Trans- European Networks — Transport programme. Around 90 % of the funding from Eurocontrol and the other stakeholders is in the form of in-kind contributions.

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

The Court's observations:

- **budgetary and financial management**: the final 2010 budget adopted by the Administrative Board included commitment appropriations of EUR 135 million and payment appropriations of EUR 143 million. The utilisation rates for commitment and payment appropriations were 97.3 % and 82.2 % respectively. In 2010, the contributions from members (EUR 55.6 million) together with the outturn of the previous year (EUR 86.5 million) amounted to EUR 142.1 million, against payments of EUR 84.9 million and the carryover of appropriations of EUR 3.7 million euro. This led to a positive budget outturn of EUR 53.5 million and deposits in bank accounts at the end of the year totalling EUR 57.2 million. This is at odds with the budgetary principle of equilibrium.
- **late payment of membership contributions**: the deadline of 1 July 2010 for payment to the Joint Undertaking of the cash contributions for the year from its members was not respected. Delays in payment ranged from 12 to 113 days. Two members had paid no contribution at all by the end of 2010;
- **internal audit function**: in its previous report, the Court pointed out the need to clarify the provision in the Statutes of the Joint Undertaking on the role of the Commission's internal auditor. While the Statutes have not been amended, the Court notes that the Commission and the Joint Undertaking 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. The Administrative Board of the SESAR Joint Undertaking has modified the charter of its internal auditing function accordingly.

The SESAR Joint Undertaking's response:

- **budgetary and financial management**: SESAR considers that it has clearly progressed in respect of the budgetary principle of equilibrium. The 2010 end of year cash balance of EUR 57.2 million is a decrease of 34 % compared to 2009. Of the EUR 55.6 million of contributions from members, EUR 43.8 million was received in the last weeks of the year, to ensure the funding of operations in 2011.
- **contributions:** the total contributions due from the two Members who had not paid by the end of 2010 amount to EUR 18 000. The delay was due to a miscommunication within the consortium of Members. These contributions were received at the beginning of 2011.

Lastly, the Court of Auditors' report contains a **summary of the Joint Undertaking's activities** in 2010. The main task of SESAR JU may be described as follows:

- the SESAR Programme: at the end of 2010, 285 projects were initiated and 232 entered the execution phase; technical assessments ; assessment of the progress of the different work packages towards the SESAR Joint Undertaking Targets;
- communication on the programme : the Joint Undertaking has introduced a structured quarterly reporting which provides the Joint Undertaking with an additional monitoring of the alignment of the Members' efforts with the programme objectives ; validation and verification roadmap;
- putting in place long term research plans ;
- signature of a contract to add low cost airspace users expertise ;
- involvement of the Professional Staff Associations has been assured through the signature by Eurocontrol on behalf of the Joint Undertaking;
- study on wireless communication launched by the Joint Undertaking and 2 contracts signed for an amount of EUR 0.5 million;
- external relation in cooperation with the Commission and Eurocontrol with different strategic areas around the world, in particular Brazil, China, India and the Middle East.

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

2011/2238(DEC) - 08/02/2012

Having regard to the Financial Rules of the SESAR Joint Undertaking adopted by its Administrative Board on 28 July 2009 and having examined the revenue and expenditure accounts for the financial year 2010 and the balance sheet at 31 December 2010 of the SESAR Joint Undertaking, and the report by the Court of Auditors on the annual accounts of the Joint Undertaking for the financial year 2010, accompanied by the Joint Undertaking's replies to the Court's observations, the Council recommends the European Parliament to give a discharge to the Executive Director of the Joint Undertaking in respect of the implementation of the budget for the financial year 2010.

However, the Council considers that observations made in the Court of Auditor's report call for a certain number of remarks:

- the Council welcomes the Court's opinion that, in all material respects, the Joint Undertaking's annual accounts fairly present the financial position as at 31 December 2010 and the results of operations and cash flows for the year then ended, in accordance with the provisions of the Joint Undertaking's Financial Rules, and that the underlying transactions for that financial year are legal and regular;
- as in the previous year, the Council calls on the Joint Undertaking to **improve its financial programming** with the aim of avoiding over-budgeting and reducing the amounts carried over to the next financial year, in line with the budgetary principles of equilibrium and annuality;
- the Council recalls that the internal controls and financial information systems must be completely implemented and business processes formalised. It notes that the financial reporting system was finally put in place, but that the systems were not fully operational yet. It urges the Joint Undertaking to make efforts in order to finalise the integration of all IT systems and to complete the necessary procedures without delay;
- the Council also invites the Joint Undertaking to **clarify its internal audit function** and to amend its Statute accordingly, in line with the information provided by the Commission's Internal Audit Service.
- special attention should be paid to the issue of late payment of membership contributions by Members of the Joint Undertaking, in order to avoid them in the future.

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

2011/2238(DEC) - 04/04/2012 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Monica Luisa MACOVEI (EPP, RO) on discharge in respect of the implementation of the budget of the SESAR Joint Undertaking and called on the European Parliament to grant the Executive Director of the SESAR Joint Undertaking discharge in respect of the implementation of the Joint Undertaking's budget for the financial year 2010.

Noting that the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts for the financial year 2010 are reliable and that the underlying transactions are legal and regular, Members approve the closure of the accounts of the Joint Undertaking for the financial year 2010. However, they make a number of recommendations that need to be taken into account when the discharge is granted.

- **Budget and Financial Management**: Members note 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. Members remind the Joint Undertaking that this situation is against the budgetary principle of equilibrium and they 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. They also underlines 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.
- **Internal control systems**: the committee 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:** Members observe that certain projects have been suspended or cancelled for various reasons. They urge 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:** the committee 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.
- **Internal Audit**: Members welcome 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**: the committee 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 notes 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). Members call 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. They recall that Joint Undertakings are **public-private partnerships** and that as a consequence public and private interests are intertwined. The committee is of the opinion that under the circumstances the **likelihood of conflicts of interest should not be dismissed but addressed properly**. It calls 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.

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

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

2011/2238(DEC) - 10/05/2012 - Text adopted by Parliament, single reading

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.

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

2011/2238(DEC) - 10/05/2012 - Final act

PURPOSE: to grant discharge to the SESAR Joint Undertaking in respect of the implementation of its budget for the financial year 2010.

NON-LEGISLATIVE ACT: Decision 2012/616/EU of the European Parliament on discharge in respect of the implementation of the budget of the SESAR Joint Undertaking for the financial year 2010.

CONTENT: with the present decision, and in accordance with Article 319 of the Treaty on the Functioning of the European Union, the European Parliament grants discharge to the Executive Director of the SESAR Joint Undertaking for the implementation of its budget for the financial year 2010.

This decision is in line with the European Parliament's resolution adopted on 10 May 2012 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 10/05/2012).

A parallel decision, 2012/617/EU, adopted on the same day, approves the closure of this Joint Undertaking's accounts for the 2010 financial year.