



EUROPEAN PARLIAMENT

2014 - 2019

Committee on Budgetary Control

25.11.2014

WORKING DOCUMENT

<Titre>on European Court of Auditors' Special Report No 3/2014 (2013 Discharge) "Lessons from the European Commission's development of the second generation Schengen Information System (SIS II)" </Titre>

Committee on Budgetary Control

Rapporteur: Monika Hohlmeier

Introduction

In 2001 in view of the planned enlargement of the European Union and likelihood of the expansion of the Schengen zone, the Council charged the Commission with the development of the second generation of the Schengen Information System (SIS II) and fixed the target date for completion as December 2006. The Commission delivered the central system more than 6 years later than planned and at 8 times the initial budget costs set at 14.6 million Euros. Additionally, in 2007, due to the delay, an upgrade to SIS I – SISone4all - had to be

DT\1041439EN.doc

PE537.479v04-00

EN

United in diversity

EN

implemented which de facto covered most of the features for which SIS II was initially planned.

ECA findings

The ECA arrived at the conclusion that the reasons for the major delay and significant overspending stem from the following:

- The initial project deadline was unrealistic;
- Key-decision making was unclear to the stake-holders;
- The Commission did not update its 2003 global project budget until 2010;
- System requirements constantly evolved during the preparation of the project to meet the needs of users which made the implementation of the project difficult until 2010;
- The Commission did not allocate sufficient staff and the personnel attributed to the project fluctuated too rapidly causing lack of supervision and loss of institutional memory;
- The main development contractor delivered an underperforming system in the first part of the project;
- Working relations between some Member States and the Commission were poor;

The delays and overspending occurred due to weakness in the Commission's management in a challenging governance context.

The ECA underlined that the Commission learnt the lesson from the poor management of the project in the years 2001-2008 and since 2009 significantly improved the flaws which resulted in improvement of implementation and finalisation of the project in April 2013.

ECA recommendations

In light of its findings the ECA recommended that the Commission should:

1. base the project timetable for the development of large-scale IT systems on a technical analysis of the tasks to be performed, taking into account the risks and complexity of the project;
2. include all large-scale IT projects under its responsibility in its corporate governance arrangements. When outsourcing development work, the Commission should ensure that it manages and supervises the work of the development contractor effectively;
3. ensure that the stakeholders understand the needs of the end-users;
4. ensure that the key project decisions are traceable in the documentation even after the completion of the project;
5. maintain an effective overall coordination of the project even if the project requires development of different sub-systems;
6. develop large-scale IT systems using inter-linked building blocks in order to ensure that contracts addressing development of them can be split into smaller carefully

defined blocks aiming at better defined calls for tenders and thus saving taxpayers money;

7. pass on the lessons learnt from the mistakes in implementation of the project to other directorates-general and EU institutions in order to avoid them in the future;
8. evaluate whether the expected benefits of SIS II were achieved, especially in the light of the implementation of the SISone4all upgrade;

Recommendations by the rapporteur for possible inclusion in the 2013 Commission discharge report

1. Welcomes the findings and recommendations of the European Court of Auditors' Special Report No 3/2014 on the Lessons from the European Commission's development of the second generation Schengen Information System (SIS II);
2. Criticises the European Commission for not having provided enough expert staff at the outset of the project neither in terms of technical implementation nor of quality assessment related to the SIS II project;
3. Recommends to integrate every major IT-project in the IT-governance procedure and to include not only experts from DG Informatics but also from other DGs as well as extern experts, in order to benefit better from intern expert knowledge;
4. Recommends that the European Commission should benefit from the Member States' expertise right from the start of every major project and to set up an expert panel consisting of representatives of the Member States in charge of the project; the panel's mission and competencies of its members should be clearly defined;
5. Criticises that both the European Commission who was meant to inter alia represent the interests of the SIS II-end users and the leading stakeholders were not even aware of the technical and end users' requirements at the outset of the project;
6. Expects that for future projects the European Commission in cooperation with the member states establishes at the outset of the project an exact profile of technical and end-users' requirements to be met;
7. Considers it as a waste of taxpayers' money that the European Commission has published a general call for proposals for the project without having clearly defined its requirements;
8. Recommends that the European Commission should establish a realistic business plan and timetable for future IT-projects, based on clearly defined requirements in form and content and a clear analysis of costs and time planning taking into account the risks and complexity of the project;
9. Criticises that the European Commission has tried several times to cover up the delays and exceeding costs;
10. Requests the highest possible transparency in future IT-projects in terms of a continuous information cycle vis-à-vis the respective competent committee, especially when it comes to vital decisions triggering consecutive project's phases or unforeseen changes of costs, time planning or alternative solutions;

11. Is of the opinion that the conditions to enforce indemnification claims should not have been limited in the contract with the main contractor agent; future contracts should have an effective penalty mechanism to ensure a timely delivery meeting required standards.
12. Criticises that the European Commission has not ended the contract with the main contractor agent despite the poor results delivered in the first project phase;
13. Criticises that the European Commission has not insisted on a component based development system for the implementation of SIS II. Had there been introduced linkable work blocks, complete elements could have been handed over to another contractor agent in order to avoid the binding to one specific contractor agent;
14. Criticises that the European Commission has exceeded the value of the original contract by eight times of the original value by renegotiating the contract, despite article 126 I e of the implementing rule of the financial regulation which foresees that the value of the contract shall not exceed more than 50 % of its original value;
15. Notes that in this regard article 134 I b of the application rule of the financial regulation might have to be revised; the technical or artistic binding to one specific contractor agent according to article 134 I b may not circumvent the protective provision in article 134 I e and allow the multiplication of the original value of the main contract to a disproportionate extend¹²;
16. Notes that in the case of a considerable multiplication of the original costs of the project or major changes in terms of the expected benefits, risks or alternative solutions, the budget authority should have to give its prior approval;
17. Condemns the rededication of budgetary funds without approval of the budget authority in several cases;
18. Welcomes the guidelines for project management PM², recommended by DG Informatics since 2011; on the basis of those guidelines the leading project committee has to approve the introduction of the next project steps, which is known as the so called "approval gates".
19. Highlights the need to look forward, as by the end of this decade SIS II might come to saturation and SIS III will be needed; hopes in this regard that the preparations of the SIS III will be significantly better conducted.

¹ Commission Regulation (EC, Euratom) No 2342/2002 (23 December 2002) of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/ 2002 on the Financial Regulation applicable to the general budget of the European Communities;

² Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union;