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*Committee on Budgetary Control*

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**2012/2216(DEC)**

29.1.2013

## **DRAFT REPORT**

on discharge in respect of the implementation of the budget of the SESAR  
Joint Undertaking for the financial year 2011  
(C7-0278/2012 – 2012/2216(DEC))

Committee on Budgetary Control

Rapporteur: Gerben-Jan Gerbrandy

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## 1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

### **on discharge in respect of the implementation of the budget of the SESAR Joint Undertaking for the financial year 2011 (C7-0278/2012 – 2012/2216(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the SESAR Joint Undertaking for the financial year 2011,
- having regard to the Court of Auditors' report on the annual accounts of the SESAR Joint Undertaking for the financial year 2011, together with the replies of the Joint Undertaking<sup>1</sup>,
- having regard to the Council's recommendation of ... (0000/2013 - C7-0000/2013),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>2</sup>, and in particular Article 185 thereof,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002<sup>3</sup>, and in particular Article 208 thereof,
- having regard to Council Regulation (EC) No 219/2007 of 27 February 2007 on the establishment of a Joint Undertaking to develop the new generation European air traffic management system (SESAR)<sup>4</sup>, and in particular Article 4b thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>5</sup>, and in particular Article 94 thereof,
- having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Transport and Tourism (A7-0000/2013),

1. ... the Executive Director of the SESAR Joint Undertaking discharge in respect of the

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<sup>1</sup> OJ C 6, 10.1.2013, p. 46.

<sup>2</sup> OJ L 248, 16.9.2002, p. 1.

<sup>3</sup> OJ L 298, 26.10.2012, p. 1.

<sup>4</sup> OJ L 64, 2.3.2007, p. 1.

<sup>5</sup> OJ L 357, 31.12.2002, p. 72.

implementation of the Joint Undertaking's budget for the financial year 2011;

2. Sets out its observations in the resolution below;
3. Instructs its President to forward this Decision and the resolution that forms an integral part of it to the Executive Director of the SESAR Joint Undertaking, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

## 2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on the closure of the accounts of the SESAR Joint Undertaking for the financial year 2011  
(C7-0278/2012 – 2012/2216(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the SESAR Joint Undertaking for the financial year 2011,
- having regard to the Court of Auditors' report on the annual accounts of the SESAR Joint Undertaking for the financial year 2011, together with the replies of the Joint Undertaking<sup>1</sup>,
- having regard to the Council's recommendation of ... (0000/2013 - C7-0000/2013),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>2</sup>, and in particular Article 185 thereof,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002<sup>3</sup>, and in particular Article 208 thereof,
- having regard to Council Regulation (EC) No 219/2007 of 27 February 2007 on the establishment of a Joint Undertaking to develop the new generation European air traffic management system (SESAR)<sup>4</sup>, and in particular Article 4b thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>5</sup>, and in particular Article 94 thereof,
- having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Transport and Tourism (A7-0000/2013),

1. ... the closure of the accounts of the SESAR Joint Undertaking for the financial year 2011;

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<sup>1</sup> OJ C 6, 10.1.2013, p. 46.

<sup>2</sup> OJ L 248, 16.9.2002, p. 1.

<sup>3</sup> OJ L 298, 26.10.2012, p. 1.

<sup>4</sup> OJ L 64, 2.3.2007, p. 1.

<sup>5</sup> OJ L 357, 31.12.2002, p. 72.

2. Instructs its President to forward this Decision to the Executive Director of the SESAR Joint Undertaking, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

### 3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget for the SESAR Joint Undertaking for the financial year 2011**

**(C7-0278/2012 – 2012/2216(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the SESAR Joint Undertaking for the financial year 2011,
- having regard to the Court of Auditors' report on the annual accounts of the SESAR Joint Undertaking for the financial year 2011, together with the replies of the Joint Undertaking<sup>1</sup>,
- having regard to the Council's recommendation of ... (0000/2013 - C7-0000/2013),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>2</sup>, and in particular Article 185 thereof,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002<sup>3</sup>, and in particular Article 208 thereof,
- having regard to Council Regulation (EC) No 219/2007 of 27 February 2007 on the establishment of a Joint Undertaking to develop the new generation European air traffic management system (SESAR)<sup>4</sup>, and in particular Article 4b thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>5</sup>, and in particular Article 94 thereof,
- having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Transport and Tourism (A7-0000/2013),

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<sup>1</sup> OJ C 6, 10.1.2013, p. 46.

<sup>2</sup> OJ L 248, 16.9.2002, p. 1.

<sup>3</sup> OJ L 298, 26.10.2012, p. 1.

<sup>4</sup> OJ L 64, 2.3.2007, p. 1.

<sup>5</sup> OJ L 357, 31.12.2002, p. 72.

- A. whereas the SESAR Joint Undertaking ("the Joint Undertaking") was set up in February 2007 to run the Single European Sky Air Traffic Management Research (SESAR) programme that aims to modernise Air Traffic Management in Europe,
- B. whereas the Joint Undertaking started to work autonomously in August 2007,
- C. whereas 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 in accordance with specific agreements with its members,
- D. whereas the Court of Auditors states that it has obtained reasonable assurances that the annual accounts for the financial year 2011 are reliable and that the underlying transactions are legal and regular,
- E. whereas in April 2010 the Court of Auditors delivered Opinion No 2/2010 on the SESAR Financial Rules,
- F. whereas the budget for the 2008-2013 development phase of the SESAR project is EUR 2 100 000 000,

### ***Budget and Financial Management***

- 1. Takes note that the Joint Undertaking's final budget for the financial year 2011 included commitment appropriations of EUR 148 000 000 and payment appropriations of EUR 91 700 000; further acknowledges that the utilisation rates for commitment and payment appropriations were 99,4 % and 82,4 % respectively;
- 2. Notes that, at year-end 2011, the Joint Undertaking had a positive budget outturn of EUR 15 600 000 with revenue of EUR 91 200 000 against payments of EUR 75 600 000; notes that the situation resulted from:
  - the contributions from Joint Undertaking' members: EUR 34 000 000,
  - the outturn of the previous year and other sources of revenue: EUR 57 200 000,
  - payments of the Joint Undertaking: EUR 75 600 000,
  - positive budget outturn: EUR 15 600 000;
- 3. Points out that that year-end deposits in bank accounts totalling EUR 15 300 000 still represents a breach of the budgetary principle of equilibrium; acknowledges that the progress has been positive with deposits in bank accounts representing EUR 57 200 000 at the end of 2010 and EUR 86 800 000 at the end of 2009; calls on the Joint Undertaking to continue to implement concrete measures to attain budget equilibrium;

### ***Internal control systems***



4. Welcomes that in 2011 a review of the Joint Undertaking's business processes carried out by an independent external auditor found the internal control systems to be operating effectively, notes that in April 2012, the Accounting Officer formally validated the underlying business processes, in line with the Financial Rules of the Joint Undertaking albeit not before repeated remarks by the Court of Auditors;

#### ***Internal auditing function***

5. Welcomes the fact that in November 2011, the Administrative Board of the Joint Undertaking adopted a Coordinated Internal Audit Service Strategic Audit Plan for the Joint Undertaking for the period 2012-2014 following the clarification of the operational roles of the Commission's Internal Audit Service and of the Joint Undertaking's internal auditing function; expects to be informed on the results of the implementation of that Strategic Audit Plan and draws the attention to the fact that the Joint Undertaking was set up in February 2007;

#### ***Late payment of membership contributions***

6. Deplores that the deadline for payment of the cash contributions to the Joint Undertaking from its members was not respected; takes note that at the end of August 2011 there remained 17 outstanding recovery orders, totalling EUR 3 700 000 and that one member had paid no annual contribution at all by the end of 2011; notes the Joint Undertaking's reply that the late contribution still pending at year end was cashed in February 2012; urges nevertheless the Joint Undertaking to ensure the respect of the contractual deadlines for the payment of cash contributions by its members that represent 10 % of their global contributions to the project;

#### ***SESAR programme objectives***

7. Acknowledges that the Joint Undertaking was responsible at the end of 2011 for a total of 310 research and development and management projects of which 282 are in execution phase; underlines that the "Development phase" managed by the Joint Undertaking should see its end in 2013; calls on the Joint Undertaking to use all the financial resources made available to it to complete, on schedule, the development of the technology necessary for the deployment of the SESAR programme;
8. Calls on 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;
9. Notes that the Joint Undertaking is designed as a public-private partnership and that public and private interests are intertwined; recalls that the founding members are the Union, represented by the Commission, and Eurocontrol, represented by its Agency together with 15 public and private enterprises from the air navigation industry;

recommends the absolute need, under these circumstances, to ensure that potential conflicts of interest should not be dismissed but addressed properly;

*Other issues*

10. Reiterates its invitation for the Court of Auditors to provide, within a reasonable deadline, a special report to Parliament on the added value of the establishment of the Joint Undertaking for the efficient execution of Union research, technological development and demonstration programmes; further notes that the same report should include an assessment of the effectiveness of the Joint Undertaking's establishment.