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**ON THE DEVELOPMENT OF THE SECOND GENERATION
SCHENGEN INFORMATION SYSTEM (SIS II)**

Progress Report

January - June 2007

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1. INTRODUCTION

This progress report describes the work carried out by the Commission in the first semester of 2007 on the development of the second generation Schengen Information System (SIS II). It is presented by the Commission to the Council and the European Parliament in accordance with Article 6 of Regulation (EC) No 2424/2001 of 6 December 2001¹ on the development of the second generation Schengen Information System (SIS II). The Council has mandated responsibility for developing SIS II to the Commission, assisted by the SIS II Committee² composed of representatives of the Member States.

As outlined in previous progress reports, there is a clear and regular reporting method in the institutional framework which allows all stakeholders to have a clear view of the project status (both at national and central level) and developments and risks across the entire project. A reporting structure developed in conjunction with the Member States is now being used in the various fora at which the SIS II project status is reported. This structure is also reflected in this report.

2. PROJECT STATUS

2.1. Progress during the period under review

The SIS II Project is divided into three phases. Phase 1 (Detailed Design), formally completed prior to this reporting period delivered all the documents necessary to fully describe the SIS II from a technical perspective. During Phase 2 (Development of the Central System), currently in progress, the system is being developed and deployed. Finally, Phase 3 (Preparation for migration) covers preparatory work for migration to the SIS II system of Member States participating in the SISOne4all project.

Following the adoption of the two Regulations for SIS II at the end of 2006, the SIS II Decision was adopted by the Council on 12 June. As negotiations for the SIS II legal framework were longer than expected, this caused some difficulties for the development of SIS II, in particular for preparing the fundamental design documents for the development of the national and central systems.

Following the go-ahead for the SISOne4all³ project given by the JHA Council in December 2006, a revised schedule for SIS II was prepared, taking account of the impact of the SISOne4all project on SIS II. The revised schedule foresees a target date of 17 December 2008 for making the SIS II system available to all SIS1+ users. The JHA Council in February 2007 took note of this revised schedule. A number of changes to intermediate steps in the schedule were made in April 2007 without affecting the overall end date. All rescheduling has

¹ OJ L 328, 13 December 2001, modified by Council Regulation N° 1988/2006, OJ L 411/1 of 30.12.2006 (the modifications in the 2006 regulation do not concern Article 6).

² Article 2 of Council Decision 2001/886/JHA of 6 December 2001 on the development of the second generation Schengen Information System (SIS II), OJ L 328, 13.12.2001, p. 1–3 and Article 2 of Council Regulation (EC) No 2424/2001

³ The SISOne4all project coordinated by Portugal is a temporary solution for connecting 9 new Member States (Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Czech Republic, Slovakia and Slovenia.) to the existing SIS1+.

taken place in close cooperation with Member State experts, in order to ensure that the overall schedule is realistic.

After complex and lengthy negotiations with the French authorities throughout the first Semester of 2007, the French authorities have confirmed their commitment to participating in operational management during the transitional period. The first of a series of service contracts was signed shortly after the reporting period (early in July). This covers the provision of serviced office space on the main site in France, as from 22 November 2007 (during the development phase). Preparatory work for similar service contracts with Austria is now in progress.

The Factory Acceptance tests of the SIS II central system were completed on schedule and preparations for subsequent phases of testing are in progress. There has been a very positive response from Member States for participating in the Operational System Tests (11 volunteers, well above the minimum requirement for 6 volunteers to allow the tests to go ahead). A draft comitology decision defining the test requirements and procedures for the stages of testing involving the Member States is currently in preparation. A test advisory group has been set up to provide advice to the SIS II Committee on issues relating to the organisation and implementation of tests.

During the reporting period, concerns were expressed that parallel efforts to implement both SISone4all and SIS II may lead to delays in certain Member States' national SIS II projects, due to resource constraints. The Council has stressed on several occasions (including during the session of June 2007), that SISone4all is a temporary solution and that priority must also be given to the development of SIS II.

The Global Schedule for SIS II is provided in annex 3 of this report.

2.1.1. Development of the Central System

As indicated in the previous report, phase 1 was contractually closed at the end of 2006. This entailed completion of an Interface Control Document (ICD) describing how Member States can connect to and use the SIS II and the Detailed Technical Specifications (DTS) describing how the system is to be built and tested and how Member States will communicate with the central system.

On 20 April, the Commission delivered updated versions of the ICD (version 2.5) and DTS (DTS 1.3.0). As described in point 2.3 below, a Change Management Board, has been created to give an opinion to the SIS II Committee on issues related to corrections and changes in the technical specifications and implementation of SIS II. These provided a stable basis to streamline national system and central system development and testing for SIS II.

2.1.2. Site Preparations

The SIS II will have its operational Central Unit (CU) located in Strasbourg, France and the Business Continuity Unit (BCU) will be located near Salzburg, Austria. The basic works for upgrading these sites and installation of the SIS II equipment, hardware and software were completed in 2006 and 2007 respectively. However, further contracts are needed for additional items such as pre-fabricated buildings. At the end of the reporting period, the service contract with France, focusing on the provision of fully equipped and serviced

workspace for the project teams during the development period was being finalized at the end of the reporting period.

2.1.3. Network

The scope of the SIS II project includes the provision of a wide area communications network, meeting the requirements of availability, security, geographical coverage and level of service, to allow the national and central systems to communicate.

The network contract for the Member States' part of the SIS II network was signed on 23 February 2007, following the award of the framework contract for s-TESTA on 29 September 2006 (delayed due to the re-launch of the call for tenders, as a result of legal action taken by a disappointed bidder for the original tender procedure) and the award of the specific contract for SIS II at the end of 2006.

Throughout the period, preparations for network roll-out took place, including a site survey questionnaire concerning equipment to be installed for implementation of the SIS II Member State network. The network connecting the Central Unit in Strasbourg and the Business Continuity Unit near to Salzburg was installed in May. Work on network connections in the Member States was still in progress at the end of the reporting period and the network contractor did not manage to install the network in all Member States by the agreed dates. This slippage incurred by the network contractor has been escalated to senior management and is being monitored closely. This is not expected to affect the overall schedule.

2.1.4. Operational management

Article 15 of the SIS II legal instruments provides that, for a transitional period, the Commission will be responsible for the operational management of Central SIS II and its communication infrastructure but allowing for entrusting certain tasks to national public sector bodies in two different countries. The Commission intends to conclude service contracts with France and with Austria for this period, entrusting these Member States with certain tasks for operational management preparations and operational management itself during the transitional period.

Discussions are also continuing with the Main Development Contractor for SIS II, with a view to facilitating a training period from November 2007 and a smooth competency transfer to the French and Austrian authorities, starting in the autumn of 2008.

2.1.5. National Planning and coordination

The SIS II project involves both the Commission and the Member States and can only be achieved if the SIS II national systems are developed and connected on time.

Each month a Working Group meeting for the Member States' national project managers (NPM) is organised within the framework of the SIS II Committee. The purpose of these NPM meetings is to deal with detailed planning issues, risks and activities both at the central and national project levels.

Member States have been asked to submit monthly reports, with a view to providing a detailed update on the state of developments. A revised report format developed by the Commission services in consultation with the Member States' experts was distributed for the first time in April. Member States are asked to report progress on a set of key milestones for

the national projects derived from the global project schedule. Some of the national project milestones depend solely on national factors and others are related to progress in the central project. The development of this reporting mechanism has enhanced the quality, consistency and usefulness of the information available. In various fora, including the Committee provided for by Article 36 of the Treaty on European Union, the Commission has highlighted the importance of regular reporting by all Member States.

In general, the Member States' national projects are progressing well (In June, 20 Member States reported to be on target, one reported recoverable slippage and Nine Member States failed to report).

2.1.6. Tests and system acceptance

The main milestones during the reporting period are as follows:

Technical documentation for testing was made available to the Member States at the end of June.

Factory Acceptance Tests (FAT) to test the developed software on the manufacturer's premises and demonstrate that the developed software covers the major required functionalities correctly, were successfully completed according to plan on 26 April. Experts from Sweden and the Netherlands acted as observers.

A central testing platform was made available in June 2007. This facility will allow Member States to prepare for participation in subsequent stages of the tests.

Preparations are in progress for the System Solution Tests (SST) to test the central system on the central sites without national systems. These tests will be carried out by the main development contractor under supervision of the Commission. Preparation is also in progress for compliance testing to verify the compliance of the National Systems with the reference version of the technical specifications for operational system tests.

The Operational System Tests (OST) aim to test the Central System against functional specifications impacted by the interaction of different national systems. This will test the Central System with a set of connected national systems. As stated above, twelve countries (Austria, Cyprus, Germany, Denmark, Greece, Finland, Hungary, Italy, Netherlands, Norway, Portugal and Sweden) have volunteered to participate in these tests which are scheduled to commence in November. This positive result exceeds the original expectation and the minimum requirement of having 6 Member States for these tests to go ahead. The Commission services and the test contractor are working closely with the Member States to accommodate the increased number of participants.

2.1.7. Preparations for Migration and Integration

The SISone4all project impacts on the migration phase of SIS II, in particular, due to the increased number of countries involved. A document showing possible impacts on SIS II implementation of the old alerts that will be transferred from SIS1+ and a document on data mapping, describing how the various fields in a SIS1+ alert will be presented in SIS II, have been disseminated to Member States. Technical indications have also been made available, in order to define work to be carried out by Member States for cleansing of SIS1+ data in preparation for SIS II.

2.1.8. *Legal Instruments*

As mentioned in the previous report, the two first pillar SIS II legal instruments were adopted on 20th December 2006⁴. However, due to national parliamentary reservations, adoption of the 3rd pillar Council Decision on the establishment, operation and use of the second generation Schengen information system (SIS II)⁵ remained pending. After the lifting of the last reservation in June, the Decision was approved by the Council on 12 June. The absence of the final component of the SIS II legal framework has caused some difficulties. In particular, adoption of this text is a pre-requisite for creating the new regulatory committee, which shall be consulted on the draft SIS II implementing measures, including the Sirene Manual for SIS II.

2.1.9. *Progress with items subject to comitology*

The decisions on SIS II network requirements were adopted by the Commission on 16th March, following the positive opinion given by the SIS II Committee by written procedure on 30 January 2007.

Work on a draft Commission decision to define the SIS II test requirements and procedures, involving MS experts, commenced early in 2007 (see also point 2.3 below concerning the test advisory group).

2.2. Project management, finance, risk analysis and communication

2.2.1. *Project management*

As reported in the previous period, a Project Support Office (PSO) was created in the last quarter of 2006, in order to reinforce monitoring, risk assessment, and follow-up of deliverables. This support office, implemented via a contract with the Quality Insurance Contractor for the SIS II project under supervision of the Commission, carried on its activities during the current reporting period, including the drafting of monthly progress reports.

Other developments during the reporting period include the creation of the Change Management Board and the Test Advisory Group (see point 2.3 below) and the preparation of Work packages and quality indicators for new deliverables. The latter will allow control over each individual intermediate deliverable and more control over quality, ensuring that payments are based on final acceptance. Work of the Project Management board is covered in point. 2.2.4 below.

⁴ Regulation (EC) N° 1987/2006 of the European Parliament and of the Council of 20 December 2006 on the establishment, operation and use of the second generation Schengen Information System (SIS II), OJ L 381/4 of 28.12.2006 and Regulation (EC) N° 1986/2006 of the European Parliament and of the Council of 20 December 2006 regarding access to the second generation Schengen Information System (SIS II) by the services in the Member States responsible for issuing vehicle registration certificates, OJ L 381/1 of 28.12.2006

⁵ Proposal for a Council Decision on the establishment, operation and use of the second generation Schengen information system (SIS II) – COM(2005) 230 final of 31.5.2005

2.2.2. *Planning and budget*

The total appropriations for SIS II activities provided for in the 2007 General Budget amount to €20,000,000 (of which 5,000,000 were entered into the reserve). A financing decision with a total budget of €19,000,000 was adopted by the Commission on 22 February 2007. The main components of expenditure during 2007 are site preparation, the network, management of operations, external assistance for developing monitoring and quality control, security audit, studies, preparatory work for the SIS II information campaign and changes to SIS II due to the impact of SISone4All.

Progress with financial implementation is satisfactory. 59.52% of the total SIS II appropriations have been committed and payments corresponding to 16.65% of payment appropriations have been made.

2.2.3. *Risk analysis*

In accordance with best practice, the risks which have the potential to impact on the schedule or outcome of the project are identified, assessed and monitored on an ongoing basis.

A monthly risk analysis is performed by the main SIS II contractor concerning aspects of the SIS II project covered by the main development contract (development of central system and national interface and provision of support and training services). In a similar fashion, Member States monitor the risks at national project level on an ongoing basis, identifying those which they “own” (ie risks within the confines of their national projects) and those which they do not “own” entirely (ie risks which may depend on progress at the central level). Commission services assess the overall risks to the project (global project risks), comprising the tasks of the main contractor, the national projects, procurement of network services, preparation of the operational sites and adoption of the legal instruments. These risks are constantly reviewed by the Commission’s project team and the contractor, and with the Member States in the SIS II Committee framework.

The Commission services have put in place actions to mitigate risks for matters within their competence. However, external factors are very prominent in the risk profile for this project, due to the complex nature and the number of stakeholders involved. The primary global project risks identified for the reporting period are described below.

Overview of the main risks

- (1) Slippage with testing due to delays in network connections for the Member States (see also risk concerning contractor under-performance below)
- (2) Delay to the SIS II project/timetable in certain Member States posed by the SISone4ALL, primarily due to the transfer of resources at Member State level from the SIS II projects to SISone4ALL
- (3) Delays in the development of Member States' systems
- (4) Slippage or delay arising from further Member State requests to change the specifications for the system
- (5) Slippage in SIS II development and testing due to contractor underperformance

- (6) Inconsistency and incompatibility of data in alerts transferred from SIS1 to SIS II
- (7) Schedule for testing too tight (risk owned commonly with the Member States)
- (8) Delays in the finalization of service contracts for operational management.

The following risk was identified and mitigated during the reporting period:

- (9) Risk of not having sufficient human resources available in time in the Commission

Further information on risks is given in Annex II.

2.2.4. Project management board

In addition to Commission services and the project's contractors, representatives of the four Presidencies until the start of operations and a representative of the C.SIS are invited to attend the Project Management Board. This board met four times during the period covered by this report.

Further information on meetings during the reporting period and meetings scheduled for the next reporting period is given in Annex 1.

2.2.5. SIS II Task Force

The SIS II Task Force created at the end of 2006, following agreement by the JHA Council on 5 October 2006, continued to report to the presidency on matters concerning SIS II. Monthly reports drafted by the Task Force covering key developments with SIS II and the main risks were presented to the Article 36 Committee by the Presidency.

The Task Force made 15 visits to Member States⁶ in the first half of 2007, in order to assess developments with national projects.

2.3. SIS II Committee meetings

The Commission is assisted in the development of SIS II by the SIS Committee⁷, in accordance with the management and regulatory procedures as prescribed in the Council Decision and Council Regulation of 6 December 2001. The Committee is composed of delegates from the 27 EU Member States⁸, Norway, Iceland, Eurojust and Europol. Switzerland has participated in the SIS II Committee meetings since 17 November 2004. Since October 2004, the SIS II Committee has also been competent for VIS issues, in accordance with Council Decision 2004/512. There were six meetings of the SIS II Committee in the period under report.

⁶ Belgium, Austria, Czech Republic, Germany, Estonia, Finland, Greece, Hungary, Italy, Lithuania, Latvia, Netherlands, Poland, Slovakia, Slovenia.

⁷ In accordance with the recently adopted SIS II legal instruments, it is necessary to set up a new committee to assist the Commission in taking decisions concerning SIS II Implementing Measures, including the SIRENE Manual.

⁸ Since their accession at the beginning of 2007, Bulgaria and Romania have been full members of the SIS II Committee

In addition to regular SIS II Committee meetings, meetings with Member States' experts are organised by Commission services to discuss detailed technical issues. These meetings generally focused on issues of concern to the Member States and issues arising from specific project deliverables.

The SIS II Committee has created a working group known as the "test advisory group" (TAG), in order to provide it with an opinion on issues relating to the organisation and implementation of tests. This group (composed of representatives from Austria, Germany, the Netherlands, Portugal, Sweden, the Commission, the main development contractor and third party experts) held its first meeting on 31 May.

The SIS II Committee has also created a "Change Management Board" (CMB), in order to provide it with advice on classification, qualification and the potential impact of correction of reported issues. It also advises the Committee on possible solutions, the implementation of issues which have been reported, requested changes and the scheduling of releases. This working group, which reports to the SIS II Committee, met 5 times during the reporting period.

Further information on meetings during the reporting period and meetings scheduled for the next reporting period is given in Annex 1.

3. COUNCIL MEETINGS

Commission services take part in the meetings of the Council Working Groups responsible for the Schengen Information System, presenting them with an oral report on the progress of the SIS II project on a monthly basis. The Commission services also provide a monthly written report on the SIS II project to the Article 36 Committee covering progress with the project and risks.

The SIS II project was discussed at the meetings of the JHA Council during the period under report. The Commission continued to keep the Council informed of the risks to which the project is exposed and of the likely risks. The JHA Council of February took note of the re-scheduling of SIS II to take account of the impact of SISone4all. The conclusions on SIS II adopted during the June JHA Council confirmed that top priority must be given to developing SIS II and to making it available on schedule. The European Council of 21-22 June 2007 re-confirmed the importance of completing the work on SIS II on schedule.

4. PRIORITIES FOR THE NEXT REPORTING PERIOD

Top priority will be given to ensuring that the local SIS II network connections are completed in time to allow the next wave of testing involving the Member States to go ahead on schedule.

The Compliance Test is due to be finalized with at least six Operational System Tests (OST) Member States by mid November, and the System Solution Tests are due to be completed by mid October 2007. The OST with at least six users is scheduled to start in November 2007.

Preparations for operational management for SIS II will carry on, including negotiation on the service contracts with France and with Austria. Work with the main development contractor will also continue, with a view to facilitating a smooth competency transfer to the French (and, where applicable, the Austrians), including the organisation of training.

The draft decision to define the scope and responsibilities of tests with MS involvement is due to be submitted for adoption by the Commission during the forthcoming reporting period, following completion of consultations and comitology procedures.

Work on the SIRENE manual, the implementing rules and the proposed long term solution for operational management will be continued.

Preparations for migration will be continued. Discussions on this matter with Member States, in the framework of the SIS II Committee, are planned for after the summer.

5. CONCLUSIONS

In the first half of the year development work continued on schedule and the initial phases of testing such as the Factory Acceptance Tests were completed successfully. There has been a positive response from Member States volunteering to participate in the Operational System Tests. With regard to infrastructure, the first service contract with France for the provision of fully equipped and serviced workspace for the project teams was due to be signed shortly after the reporting period. Network roll-out progressed, but due to the issues described above, was carefully monitored towards the end of the reporting period, in order to allow the next wave of testing to take place according to schedule.

Annex I

SIS II Committee and Working Group Meetings

a) Meetings held during the reporting period

JANUARY	
11	Project Management Board
16	SIS II Working Group
24	SIS II Committee Meeting (existing committee)/ SIS II Working Group 'National Project Managers' Meeting

FEBRUARY	
7	Change Management Board
9	SIS II Working Group 'National Project Managers' Meeting
23	SIS II Committee Meeting (existing committee)

MARCH	
1	SIS II Working Group 'National Project Managers' Meeting
8	Project Management Board/ Change Management Board
22	SIS II Committee Meeting (existing committee)

APRIL	
11	SIS II Working Group 'National Project Managers' Meeting/ Change Management Board
27	SIS II Committee Meeting (existing committee)

MAY	
3	Project Management Board
4	Operational Systems Tests (OST) Working Group
23	SIS II Working Group 'National Project Managers' Meeting
30	Change Management Board
31	SIS II Committee Meeting (existing committee)/ Test Advisory Group

JUNE	
7	Project Management Board/ Change Management Board
19	Test Advisory Group
27	SIS II Working Group 'National Project Managers' Meeting
28	SIS II Committee Meeting (existing committee)

b) Meetings scheduled for the forthcoming reporting period

JULY	
4	Change Management Board
3	Test Advisory Group
10	Test Advisory Group
17	Test Advisory Group
25	Operational Systems Tests (OST) Working Group/ Test Advisory Group
26	SIS II Committee Meeting (existing committee)/ SIS II Working Group 'National Project Managers' Meeting
31	Test Advisory Group

AUGUST	
7	Test Advisory Group
21	Test Advisory Group
29	Change Management Board

SEPTEMBER	
11	Test Advisory Group
12	SIS II Working Group 'National Project Managers' Meeting
13	SIS II Committee Meeting (existing committee)/ Change Management Board
14	Project Management Board / Operational Systems Tests (OST) Working Group

OCTOBER	
2	Possible Change Management Board
10	Possible Change Management Board
11	Project Management Board
18	SIS II Working Group 'National Project Managers' Meeting
19	SIS II Committee Meeting (existing committee)

NOVEMBER	
7	Change Management Board
8	Project Management Board
21	SIS II Working Group 'National Project Managers' Meeting
22	SIS II Committee Meeting (existing committee)

DECEMBER	
12	Change Management Board
13	Project Management Board
18	SIS II Working Group 'National Project Managers' Meeting
19	SIS II Committee Meeting (existing committee)

Overview of the main risks

- (1) Risk of slippage with testing due to delays in network connections for the Member States (see also risk concerning contractor under-performance below)

Likelihood : critical Impact : high

Actions: This has been escalated to top management and the contractor has been given a final deadline for delivering network connections in time to allow the next wave of testing to commence. The contractor is being followed up very closely and is required to report on a weekly basis.

- (2) **Delay to the SIS II project/timetable posed by the SISone4all**

During the reporting period there was a risk of delay to the SIS II, primarily due to the transfer of resources (personel and budget) at Member State level from the SIS II projects, in order to implement SISone4all. Many Member States (especially the EU-10) had admitted that they are already stretched for resources/expertise for their national SIS II implementation.

Likelihood : high Impact : medium

Actions: Throughout the reporting period, JLS-B3 stressed to the Member States at every opportunity and at all levels that these are serious risks and emphasised that priority must be given to SIS II. Funding for SIS-related projects is also available under the new External Borders Fund.

- (3) **Delays in the development of Member States' systems**

There is a risk that some Member States may not be ready on time with their national projects, resulting in a delay in the go-live date and delayed migration and integration.

Likelihood : medium Impact : high

Actions: JLS-B3 has put in place tools to encourage more effective and accurate reporting by the Member States and the number of MS reporting improved considerably during the reporting period. The Council's SIS II Task Force plays an important role in information gathering and follow-up at national level and has prepared a schedule of visits. The Commission in collaboration with Member States is developing strategies to reduce impacts, in the event that a Member State were to be late.

- (4) **Risk of slippage or delay arising from further Member State requests to change the specifications for the system**

Likelihood : medium Impact : medium

Actions: A new approach for handling changes has been agreed on with a clearer definition of change management procedures and of the division of responsibilities, including those of the Change Management Board.

(5) Risk of inconsistency and incompatibility of data in alerts transferred from SIS1 to SIS II

Likelihood : Low/medium but may become more important Impact : medium

Actions: An analysis of the likely volume of data concerned was made during the reporting period, together with work to identify possible solutions. Work is ongoing with the Member States to further analyse the situation. SIS II has been designed within certain rules to process SIS1 alerts during a transitional period.

(6) Risk of slippage with testing due to the tight schedule (risk for Commission services and the MS)

Likelihood : medium Impact : high

Actions: The Commission services have clarified part of the test specifications. The possibility of adjusting the schedule (without affecting end dates) has been re-examined. As Member States have requested the performance of global data processing tests before the system goes live, it is necessary to clarify these tests. Given that each test phase may require, the issue of a new release of the system's interface, the Commission services will examine the possibility for improved release planning with fixed release dates

(7) Delays in the finalization of service contracts for operational management

Likelihood: initially high but reduced significantly in the reporting period Impact : medium

Actions : Regular discussions with the French authorities, with a view to achieving consensus on outstanding points in the first service contract. A similar approach will be followed for subsequent contracts, including those with Austria.

At the end of the reporting period, the first service contract with France was due to be signed shortly.

The following risk was identified and was no longer significant at the end of the reporting period:

(8) Risk of not having sufficient human resources available in time in the Commission

Original likelihood and impact : high

Additional personnel were allocated to this project at the beginning of the reporting period. However, due to the time required to complete central recruitment formalities, there was a risk that key persons would not arrive in time. All recruitment files were followed up closely and regular contacts were maintained with the central recruitment services. This risk was no longer significant at the end of the reporting period.