Basic information

2008/2000(DEC) DEC - Discharge procedure	Procedure completed
2006 discharge: European GNSS Supervisory Authority **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	MARTIN Hans-Peter (NI)	27/03/2007

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2847	2008-02-12

European Commission

Commission DG	Commissioner
Budget	KALLAS Siim

Key events

Date	Event	Reference	Summary
31/01/2008	Non-legislative basic document published	N6-0002/2008	Summary
19/02/2008	Committee referral announced in Parliament		
26/03/2008	Vote in committee		Summary
03/04/2008	Committee report tabled for plenary	A6-0127/2008	
22/04/2008	Decision by Parliament	T6-0162/2008	Summary
22/04/2008	Results of vote in Parliament		
22/04/2008	Debate in Parliament		
22/04/2008	End of procedure in Parliament		
31/03/2009	Final act published in Official Journal		

Technical information

Procedure reference	2008/2000(DEC)

Procedure type	DEC - Discharge procedure
Legal basis	Rules of Procedure EP 102
Stage reached in procedure	Procedure completed
Committee dossier	CONT/6/57875

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE398.665	13/02/2008	
Amendments tabled in committee		PE402.789	06/03/2008	
Committee report tabled for plenary, single reading		A6-0127/2008	03/04/2008	
Text adopted by Parliament, single reading		T6-0162/2008	22/04/2008	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	05843/2008	29/01/2008	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N6-0004/2008 OJ C 309 19.12.2007, p. 0001	15/11/2007	Summary
OS	Non-legislative basic document	N6-0002/2008	31/01/2008	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Budget 2009/0237
OJ L 088 31.03.2009, p. 0262 Summary

2006 discharge: European GNSS Supervisory Authority

2008/2000(DEC) - 22/04/2008 - Final act

PURPOSE: to grant discharge to the European GNSS Supervisory Authority Aviation Safety Agency for the financial year 2006.

LEGISLATIVE ACT: Decision 2009/237/EC of the European Parliament on the discharge for the implementation of the budget of the European GNSS Supervisory Authority for the financial year 2006.

CONTENT: with the present decision, the European Parliament grants discharge to the Executive Director of the European GNSS SupervisoryAuthority for the implementation of the Agency’s budget for the financial year 2006.

This decision is in line with the European Parliament’s resolution adopted on 22 April 2008 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 22/04/2008).

2006 discharge: European GNSS Supervisory Authority

2008/2000(DEC) - 22/04/2008 - Text adopted by Parliament, single reading

The European Parliament adopted, by 559 votes in favour, 16 against and 39 abstentions, a Decision to grant the Executive Director of the European GNSS Supervisory Authority discharge in respect of the implementation of its budget for the financial year 2006. The decision to grant discharge also constitutes closure of the accounts of this EU agency.

At the same time, the Parliament adopted by 517 votes in favour, 10 against and 37 abstentions, a Resolution containing the comments which form part of the decision giving discharge. The report had been tabled for plenary by Hans-Peter **MARTIN** (NI, AT) on behalf of the Committee on Budgetary Control.

As is the case for all EU agencies, Parliament's Resolution is divided into two parts: part one contains general comments on EU agencies, while part two focuses on the specific case of the Authority.

1) General comments on the majority of EU agencies: the Parliament notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled **more than EUR 1 billion** and that the number of agencies is constantly increasing. The number of agencies subject to the discharge procedure evolved from 8 in 2000 to 20 in 2006. It concludes therefore that the auditing/discharge process has become cumbersome and disproportionate compared to the relative size of the agencies and that, in the future, this type of procedure should be simplified and rationalised for decentralised agencies.

On the basis of the financial analysis, the Parliament is of the following opinion:

- **Fundamental considerations**: given the constantly increasing number of agencies, the Parliament requests that, before the creation of a new agency, the Commission provide clear explanations regarding agency type, objectives of the agency, internal governance structure, products, services, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy. It also requests that each agency be governed by a yearly performance agreement which should contain the main objectives for the coming year and that the performance of the agencies be regularly audited by the Court of Auditors (and extend the financial analysis of expenditure to also cover administrative efficiency and effectiveness). More generally, the Parliament takes the view that, in the case of agencies, which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts in order to reduce the assigned revenue for the agencies and therefore also lower administrative costs of the EU. It recalls that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations etc., and considers that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions rather than for small agencies. Therefore, it is necessary to seek a rapid solution in order to enhance the effectiveness of the legislation by grouping the administrative functions of various agencies together or by establishing implementing rules which are better adapted to the agencies. The Parliament also insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years and revise the budget requested by the particular agency accordingly. If the Commission does not undertake this revision, the Parliament invites **the competent committee to revise, itself, the budget in question to a realistic level**. At the same time, the Parliament recalls that it expects the Commission to present every five years a study on the added value of every existing agency and to not hesitate to close an agency if it is deemed useless by the analysis. Such an assessment is expected as soon as possible given that this type of assessment has yet to be presented. Furthermore, the Parliament insists that recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be aligned with their real cash requirements.
- **Presentation of reporting data**: noting that there is no standard approach among the agencies with regard to the presentation of information, the Parliament recalls that it already invited the directors of the agencies to accompany their annual activity report with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors General of the Commission. It therefore asks the Commission to amend its standing instructions to the agencies and to produce a harmonised model for presenting information, including: i) an annual report intended for a general readership on the body's operations, work and achievements; ii) financial statements and a report on implementation of the agency’s budget; iii) an activity report of the Directors of the agency (as requested by the Parliament since 2005); iv) a declaration of assurance signed by the body's director.

- **General findings by the Court of Auditors**: the Parliament refers to certain recurring findings by the Court, including the disbursement of subsidies paid by the Commission (not sufficiently justified estimates of the agencies' cash requirements), the non implementation of the ABAC accounting system by some agencies or the accrued charges for untaken leave which are accounted for by some agencies. It calls for rapid measures in these areas as well as improvements to the internal audit procedures of the agencies. The Parliament also calls on the agencies to consider an inter-agency disciplinary board, as some individual agencies have difficulty in setting up their own disciplinary boards due to their size.

- **Draft inter-institutional agreement**: the Parliament recalls the Commission's draft Interinstitutional agreement on the operating framework for the European regulatory agencies (see ACI/2005/2035), which was intended to create a framework for the creation, structure, operation, evaluation and control of the European regulatory agencies, and awaits its adoption as soon as possible. It particularly welcomes the Commission's commitment to bring forward a Communication on the future of the regulatory agencies during the course of 2008.

2) Specific points concerning the GNSS Authority: the Parliament regrets that the Court of Auditors identified weaknesses in the operation of the management and control systems of the GNSS Authority. It takes note that, from 1 January 2007, the Authority has been the owner of all tangible and intangible assets of the Galileo Programme and recalls that the handover of activities from the Galileo Joint Undertaking to the Authority started in December 2006 with the transfer of several sums and rights related to the previous administrative and financial structure. Furthermore, it notes from the Council conclusions adopted following its meeting of 3 December 2007 that the estimated cost for the GNSS programmes for the period 2007-2013 amounts to EUR 3.4 billion and that the project will be financed by public funds. It concludes therefore that, although an EU agency, the Authority as the owner of all the Galileo assets will carry out a role quite unlike that of any other regulatory agency, and that by virtue of the substantial amounts in its balance sheet will, in future, require particularly closer scrutiny than other bodies. In this respect, the Parliament notes that the winding-up of the Galileo Joint Undertaking will be the subject of a specific report by the Court during 2008.

2006 discharge: European GNSS Supervisory Authority

2008/2000(DEC) - 15/11/2007 - Court of Auditors: opinion, report

PURPOSE: presentation of the Court of Auditors report on the 2006 accounts of the GNSS Supervisory Authority.

CONTENT: The report indicates that the appropriations entered in the Authority’s budget for the 2006 financial year amounted to **EUR 6.963 million.** EUR 704 000 were paid and EUR 3.108 million were committed. From this overall amount, EUR 2.403 million were carried over into 2007 and EUR 3.855 million were cancelled.

Court’s financial analysis: the Court states that the Authority’s 2006 accounts are, in all material respects, reliable. The transactions underlying the Authority’s annual accounts for the financial year ended 31 December 2006, taken as a whole, are legal and regular. Although, the Court makes a series of observations they do not call its statement into question.

The Court examined a representative sample of 80 transactions identified weaknesses in the operation of the management and control systems. In 12 cases, the initiating official for the transaction did not have the delegated authority and the appropriate financial circuit was not followed. In two cases, the Authority’s authorising officer did not approve a budgetary commitment before entering into a legal commitment, contrary to the requirements of the Financial Regulation.

Since 1 January 2007, the Authority is the owner of all tangible and intangible assets created or developed during the development phase of the Galileo Programme. A part of the assets were transferred from the Galileo Joint Undertaking in December 2006. Due to the absence of agreement between three of the members of the Joint Undertaking and the Authority, the transfer of the further identified assets of EUR 65 million was delayed until mid 2007.

The Authority’s replies: the Authority indicates that the transactions examined by the Court had taken place during a period of start-up where the Authority’s staff was limited in number and was gathering experience while at the same time dealing with a heavy workload. The Authority’s situation has much improved since and specific attention has been and is being paid to the training of staff and the improvement and documentation of procedures. Lastly, the Authority confirms that, to date, 97 % of the GALILEO Joint Undertaking’s assets of EUR 65 million has been received by the Authority and that the issues having slowed down the transfer are resolved.

2006 discharge: European GNSS Supervisory Authority

2008/2000(DEC) - 31/01/2008 - Non-legislative basic document

PURPOSE: to present the report by the Court of Auditors on the 2006 accounts of the European GNSS (Global Navigation Satellite System) Supervisory Authority.

CONTENT: this document offers a detailed overview of the expenditure of the Authority for the 2006 financial year. It shows that the official final budget of the Supervisory Authority was **EUR 7 million** for 2006 (the first year of real activity by the Agency), an amount comprising a 100% Community subsidy.

In terms of personnel, the Authority, whose headquarters are in Brussels (Belgium) officially comprised 39 posts, 18 of which were occupied + 5 other posts (auxiliary contracts, seconded national experts and employment agency staff), currently making a total of 23 posts assuming operational, administrative or mixed tasks. Expenditure on personnel amounted to EUR 522 000 (paid).

To recap, the GNSS Supervisory Authority was established as a Community agency by virtue of Council Regulation (EC) No 1321/2004 to manage the public interests relating to the European GNSS programmes and to act as the regulatory authority for the programme during the deployment and operational phases of the Galileo Programme (see CNS/2003/0177).

Council Regulation (EC) No 1942/2006 (see CNS/2006/0090) extended the mandate of the Authority to cover the activities of the development phase (first phase of the Galileo Programme which the Galileo Joint Undertaking was not able to finalise before its winding-up on 31 December 2006.

The Authority began operations in 2006. Initially, all the financial transactions of the Authority were carried out on its behalf by the Directorate-General for Energy and Transport. Following the installation of the necessary financial systems, the Authority took over responsibility for its financial operations in September 2006. The handover of activities from the Galileo Joint Undertaking to the Authority started in December 2006 with the transfer of EUR 70 million and the rights and obligations related to the 6th Research Framework Programme, MEDA, EGNOS and other contracts. This is why, although the Community subsidy and other revenue for the Authority in 2006 was just over EUR 7 million, the total assets of the Authority amounted to EUR 76.6 million at the end of 2006.

During the 2006 financial year, the Authority focused its activities on the following actions:

Setting-up of the GSA

- Financial autonomy in September 2006;
- 18 posts filled and 13 others recruited at 31.12.2006;
- Move to new premises was planned and prepared;
- Plan for establishing the System Safety and Security Committee approved on 30.11.2006 and call for nominations issued on 13.12.2006;
- Preparation of the documentation and signing of the transfer of the activities of the GJU (except for the In-Orbit-Validation phase and international activities);
- Introduction of the basic elements of communication (logo, graphics).

Galileo and EGNOS systems

- Draft certification plan for EGNOS;
- Preparation and approval of an ESA/GSA agreement by the Administrative Board;
- Contribution to defining a policy for managing the GNSS intellectual property rights.

Concession

- Support given to the GJU negotiating team for the concession contract;
- Start-up of consultations on introducing the accounting rules for recording tangible and intangible assets.

It should be noted that the complete accounts of the Authority may be found at the following website: http://www.gsa.europa.eu/

2006 discharge: European GNSS Supervisory Authority

2008/2000(DEC) - 29/01/2008 - Supplementary non-legislative basic document

Based on the observations contained in the revenue and expenditure account and the balance sheet of the European Global Navigation Satellite System Supervisory Authority (GNSS Authority) for the financial year 2006, as well as on the Court of Auditor's report and the Authority's replies to the Court's observations, the Council recommends that the Parliament grant the Director of the Authority discharge in respect of the implementation of the budget for the financial year 2006.

In doing so, the Council specifies that the appropriations carried over from 2006 to 2007 amount to EUR 6.7 million and that a total of EUR 2.8 million was cancelled.

Recalling that the Court of Auditors was able to obtain reasonable assurance that the Authority's annual accounts were, in all material aspects, reliable, the Council believes that there is a certain number of observations that must be taken into consideration when providing the discharge on the implementation of the 2006 budget, particularly regarding the following points:

- **Management and internal control of the Authority:** the Council calls on the Authority to continue to work towards rectifying the shortcomings linked to the functioning of management and control systems, as noted by the Court, and welcomes the particular attention paid to the training of staff and improving the documentation of procedures;
- **Transfer of assets:** the Council also notes that, in mid 2007, the Authority received the remainder (EUR 65 million) of the assets of the GALILEO Joint Undertaking which had been delayed and the issues that slowed down the transfer were resolved.