Basic information

2008/2273(DEC) DEC - Discharge procedure	Procedure completed
2007 discharge: European GNSS Supervisory Authority GSA **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	FJELLNER Christofer (PPE-DE)	26/03/2008

Committee for opinion	Rapporteur for opinion	Appointed
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
JURI Legal Affairs	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2922	2009-02-10

European Commission

Commission DG	Commissioner
Budget	KALLAS Siim

Key events

Date	Event	Reference	Summary
23/07/2008	Non-legislative basic document published	SEC(2008)2359	Summary
20/11/2008	Committee referral announced in Parliament		
16/03/2009	Vote in committee		Summary
20/03/2009	Committee report tabled for plenary	A6-0164/2009	
21/04/2009	Debate in Parliament		

23/04/2009	Decision by Parliament	T6-0296/2009	Summary
23/04/2009	Results of vote in Parliament		
23/04/2009	End of procedure in Parliament		
26/09/2009	Final act published in Official Journal		

Technical information

Procedure reference	2008/2273(DEC)
Procedure type	DEC - Discharge procedure
Legal basis	Rules of Procedure EP 102
Stage reached in procedure	Procedure completed
Committee dossier	CONT/6/67295

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE416.330	29/01/2009	
Amendments tabled in committee		PE421.107	23/02/2009	
Committee report tabled for plenary, single reading		A6-0164/2009	20/03/2009	
Text adopted by Parliament, single reading		T6-0296/2009	23/04/2009	Summary

Council of the EU

Document type	Reference	Date	Summary
Document attached to the procedure	05588/2009	23/01/2009	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	SEC(2008)2359	23/07/2008	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N6-0004/2009 OJ C 311 05.12.2008, p. 0001	05/12/2008	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act
Budget 2009/0665 OJ L 255 26.09.2009, p. 0162 Summary

2007 discharge: European GNSS Supervisory Authority GSA

2008/2273(DEC) - 23/01/2009

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 2007, 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 2007.

In doing so, the Council confirms that EUR 810 000 (64%) of the appropriations carried over from 2006 to 2007 (EUR 1.28 million) were used, that the appropriations carried over from 2007 to 2008 amount to EUR 87.32 million and that EUR 1.18 million was cancelled.

Recalling that the Court was unable to publish a statement of assurance concerning the reliability of the Authority's accounts, the Council considers that the implementation of the 2007 budget calls for a certain number of observations to be taken into account when granting discharge. The Council is fully aware that, in 2007, the Authority operated in a very fragile legal environment, without a clear role and framework, due to the fact that the approach of a Galileo private-public partnership was abandoned and that the European Parliament and the Council decided to fund the project from the EU budget, thus changing completely the architecture of the project. However, the Council notes with concern the Court's findings that, at the end of 2007, the process of ownership transfer of the Galileo project's assets from ESA and EGNOS to the Authority was far from being complete and that no inventory of the project assets had been drawn, thus making it impossible to have a thorough overview of them and a precise indication of their value. The Council takes note that the solution to the problem lies in the change in the governance of the project, so that the European Community will become the owner of all the assets of the Galileo project and the EU Commission will be the programming manager acting as an owner on behalf of the Community.

Therefore, in future transfers, **the assets will be directly transferred from ESA and EGNOS to the Commission**. In this context, the Council invites the Authority and the Commission to do their utmost to ensure the transfer of all assets of the Galileo project to the Commission as soon as possible, with due respect of all the financial provisions and procedures in force, and it expects substantial improvements of the Authority's accounts for 2009.

In addition, the Council invites the Authority to adopt clear rules for recording revenue under an accruals accounting system, in particular regarding the funds coming from the Galileo Joint Undertaking, and to adapt its budgetary techniques in order to improve the quality of its financial management.

Furthermore, the Council expresses deep concern regarding the low level of consumption of commitment and payment appropriations for operational activities and the weaknesses in the management of the budget such as an absence of a clear link between the Authority's work programme and the budget, transfers of appropriations neither adequately justified nor documented, late booking of recovery orders and inconsistent presentation of the budget's implementation. The Council calls on the Authority to do its utmost to remedy such weaknesses without further delay, to fully comply with the regulatory provisions in force, in particular regarding transfers, and to improve its performance in respect of its budget reporting.

2007 discharge: European GNSS Supervisory Authority GSA

2008/2273(DEC) - 23/04/2009 - Text adopted by Parliament, single reading

The European Parliament adopted a decision on discharge in respect of the implementation of the budget of the European GNSS Supervisory Authority for the financial year 2007.

Noting that the **European Court of Auditors (ECA) was not in a position to form an opinion with regard to the reliability of the Authority's annual accounts for 2007**, pointing out that the entire architecture of the Galileo project was being revised in 2007 and that the Authority's accounts were prepared in a fragile legal environment, MEPs approve the closure of the accounts of the European GNSS Supervisory Authority.

Moreover, the Parliament adopted by 423 votes to 8, with 23 abstentions, a resolution with observations which form an integral part of the decision to grant discharge. These observations can be summarised as follows:

- **Incomplete statement of assurance**: the Parliament regrets that the ECA was not in a position to form an opinion with regard to the reliability of the Authority's annual accounts for 2007. Noting the ECA's explanation that it carried out its audit when the Galileo project and the role of the Authority were under revision and the new legal framework still incomplete, the Parliament notes that, in the meantime, Regulation (EC) No

683/2008 entered into force, under which the Commission is the manager of the Galileo and EGNOS programmes and the Community the owner of all tangible and intangible assets created or developed under the programmes. It also notes that the Authority will establish its annual accounts for 2008 under the new legal framework;

- **Budget implementation**: the Parliament regrets the low consumption level of commitment and payment appropriations for operational activities of the Authority, the absence of a clear link between the Authority's work programme and the budget, transfers neither justified nor documented, repeated late booking of recovery orders and an inconsistent presentation of budget implementation. It therefore calls on the Authority to report on the action taken following the ECA's observations with regard to budget implementation, and on the results achieved, in its report on budgetary and financial management for 2008;
- **Uncertainties with regard to Galileo and EGNOS project assets**: the Parliament considers that, under Regulation (EC) No 683/2008, the Community is the owner of the Galileo and EGNOS project assets. It regrets however that the process of transferring these assets from the Authority to the Commission only started in December 2008. It therefore calls on the Authority to do its utmost in order to clarify the situation with regard to Galileo and EGNOS project assets in its annual accounts for 2008;
- **The Authority's role in the winding-up of the Galileo Joint Undertaking (GJU)**: the Parliament is concerned by the ECA's critical remarks as to how certain assets were transferred from the GJU to the Authority and recorded in the Authority's accounts. According to the Parliament, the winding-up of the GJU, including the role played by the Authority, must be thoroughly examined by the discharge authority, on the basis of the ECA's audit results. It therefore calls on the Court to put particular emphasis on the takeover of the GJU's activities and assets by the Authority and to publish its audit results in a special report before the 2009 summer break.

In addition to these recommendations, the Parliament refers to the recommendations that appear in its resolution on financial management and control of EU agencies - see 2008/2207(INI) - adopted in parallel.

2007 discharge: European GNSS Supervisory Authority GSA

2008/2273(DEC) - 05/12/2008

PURPOSE: to present the Court of Auditors report on the 2007 accounts of the European GNSS (Global Navigation Satellite System) Supervisory Authority.

BACKGROUND: the Supervisory Authority for the European Global Navigation Satellite System (GNSS) was set up as a Community Agency by 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. The Authority took over responsibility for its financial operations in September 2006 and 2007 is its first full year of activity.

Council Regulation (EC) No 1942/2006 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 (GJU) had not been able to finalise before its winding-up on 31 December 2006. In 2007, the Galileo Joint Undertaking transferred EUR 80.5 million to the Authority in addition to the EUR 70 million already transferred at the end of 2006.

Although the Authority had been set up to monitor the deployment phase of the Galileo project, this approach was abandoned due to a dispute on the issue of the risks relating to the project. In November 2007, the Council decided to relinquish the concession-contract option and to fund construction (deployment) from the EU budget. The entire architecture of the project had thus to be redesigned and the Commission lodged a proposal to amend Regulation No 1321/2004 on 19 September 2007. This proposal does not clarify the Authority’s new role and refers, without any further detail, to delegation agreements to be concluded by the Authority and the ESA (European Space Agency) regarding the management of the programme’s funds and the ownership of its assets.

It was in this fragile legal environment that the Authority’s accounts were prepared at the end of 2007 and that the Court now establishes its report, with a statement of assurance presenting a number of reservations. Therefore, while the transactions underlying the Authority’s annual accounts are, taken as a whole, legal and regular, **the same cannot be said for the reliability of the accounts**.

CONTENT: the Court of Auditor’s report includes a detailed section on the Authority’s expenditure and an analysis of the expenditure, as well as the Authority’s replies:

- **Analysis of the accounts by the Court**: in its report, the Court criticises the Authority in a very large number of areas. The main criticisms can be summarised as follows: the Authority’s final 2007 budget was EUR 436.5 million. The budget was mainly financed from Commission subsidies, transfers from the Galileo Joint Undertaking (GJU) and third countries contributions. The appropriations actually made available to the Authority (EUR 210 million) were substantially lower than the EUR 436.5 million initially foreseen due to the delays incurred by the Galileo programme. Even with a de facto 50% budget reduction, the Court notes that the consumption level of commitment and payment appropriations for operational activities was low. Moreover, there were weaknesses in the management of the budget in addition to the inconsistent presentation of the budget’s implementation. The Court also notes problems in managing assets: at the end of 2007, the process of ownership transfer of the Galileo project’s assets was far from complete. Despite the signature of transfer agreements between the interested parties (GJU, ESA and the Authority), no list of the Galileo project’s assets held by the ESA had been established at the end of 2007, so the Authority was unable to disclose their existence in its accounts. Furthermore, the Court notes that there is no up-to-date accurate inventory of the EGNOS assets and no indication of their value in the Authority’s accounts. At the same time, the Court notes misjudgements when taking account of certain amounts in the Authority’s balance sheet: prefinancing was not included in the Authority’s accounts; certain liquid assets were only partially taken into account; a manifest error in the accounts (the recording of a certain number of amounts in the Authority’s balance sheet presents serious shortcomings). That is why the Court considers that, in future, the Authority should adopt clear rules for recording revenue under an accruals accounting system;

- **The Agency’s replies**: the Authority offers several clarifications with regard to these criticisms. It notes that it is taking the necessary action to improve its performance in respect of its budget reporting. It attributes the majority of the accounting errors to the legal uncertainty surrounding

the Galileo project and to the lack of a clear definition of its tasks and functions. The Authority considers that an inventory of the project's assets is needed to clarify the situation. The Authority also clarifies, to a certain extent, the origin of the prefinancing, but some uncertainties remain as to the role of the Authority in the Galileo and EGNOS projects and its control over the corresponding amounts.

2007 discharge: European GNSS Supervisory Authority GSA

2008/2273(DEC) - 23/04/2009 - Final act

PURPOSE: to grant discharge to the European GNSS Supervisory Authority Aviation Safety Agency for the financial year 2007.

LEGISLATIVE ACT: Decision 2009/665/EC of the European Parliament on the discharge for the implementation of the budget of the European GNSS Supervisory Authority for the financial year 2007.

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 2007.

This decision is in line with the European Parliament's resolution adopted on 23 April 2009 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 23/04/2009). The decision to grant discharge is also an approval of the closure of the accounts of this EU agency.

2007 discharge: European GNSS Supervisory Authority GSA

2008/2273(DEC) - 23/07/2008 - Non-legislative basic document

PURPOSE: to present the final accounts of the European GNSS (Global Navigation Satellite System) Supervisory Authority for the financial year 2007.

CONTENT: this document sets out a detailed account of the implementation of the Authority's budget for the financial year 2007, which can be summarised as follows:

(1) Final budget: EUR 210 million, including a 4% Community subsidy.

(2) Staff: the Authority, which is based in Brussels (Belgium), officially set out 46 posts in its establishment plan. 39 of those posts are currently occupied + 10 other posts (contract agents, seconded national experts and interim staff).

(3) Activities in 2007: the Authority concentrated on the following activities:

Galileo system:

- support to the Commission regarding the alternatives for Galileo after termination of the Concession negotiations and regarding preparation of the Full-Operational-Capability deployment phase;
- restart of the formal Mission Requirements Document Change Control Board;
- launch of Galileo Performance Monitoring and Analysis Facility;
- contribution to task forces and work groups for frequencies;
- certification requirements and certification plan for the Committee on Galileo Certification;
- draft standards for Galileo in aviation and maritime sectors.

European Geostationary Navigation Overlay System (EGNOS):

- structuring of the EGNOS operational phase through agreement of a baseline for the EGNOS framework agreement between the Authority, the Commission, the ESA and the Egnos Operator and Infrastructure Group;
- assistance to the Commission for the EGNOS master-plan;
- update of the EGNOS System Safety Case (issuance of the EGNOS certification plan and new versions of the Design Safety Case and Operations Safety Case);
- modification to EGNOS Mission Requirements Document;
- monitoring of the EGNOS operations qualification;
- production of a statement of work for the contract with the future EGNOS service provider.

Systems security:

- establishment of the System Safety and Security Committee and participation in the Galileo Security Board;
- technical management of the System specific Security Requirements Statement for Galileo;
- production, validation and application of security documents for EGNOS;
- definition of the Galileo Security Monitoring Centre.

Market development:

- definition of market development tools;
- support to EGNOS market entry.

Research and development:

- management of 61 projects under the 6th framework program for research transferred by the Galileo Joint Undertaking;
- preparation and launch of the 1st call for GNSS R&D under the 7th framework programme for research;
- implementation of a web-based knowledge management and dissemination tool.

The complete version of the final accounts may be found at the following address: http://www.gsa.europa.eu/