Basic information

2011/2233(DEC) DEC - Discharge procedure	Procedure completed
2010 discharge: European GNSS Agency (GSA) **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	MACOVEI Monica (PPE)	03/03/2011
	Shadow rapporteur HERCZOG Edit (S&D) GERBRANDY Gerben-Jan (ALDE) STAES Bart (Verts/ALE) CZARNECKI Ryszard (ECR) SØNDERGAARD Søren Bo (GUE/NGL) ANDREASEN Marta (EFD) EHRENHAUSER Martin (NI)	

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

European Commission

Commission DG	Commissioner
Budget	ŠEMETA Algirdas

Key events

Date	Event	Reference	Summary
26/07/2011	Non-legislative basic document published	COM(2011)0473	Summary

12/10/2011	Committee referral announced in Parliament		
27/03/2012	Vote in committee		
17/04/2012	Committee report tabled for plenary	A7-0127/2012	Summary
10/05/2012	Decision by Parliament	T7-0188/2012	Summary
10/05/2012	Results of vote in Parliament		
10/05/2012	Debate in Parliament		
10/05/2012	End of procedure in Parliament		
17/10/2012	Final act published in Official Journal		

Technical information

Procedure reference	2011/2233(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/07260

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE473.983	06/02/2012	
Amendments tabled in committee		PE483.629	07/03/2012	
Committee report tabled for plenary, single reading		A7-0127/2012	17/04/2012	Summary
Text adopted by Parliament, single reading		T7-0188/2012	10/05/2012	Summary

Council of the EU

Document type	Reference	Date	Summary
Document attached to the procedure	06083/2012	08/02/2012	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2011)0473	26/07/2011	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary

CofA	Court of Auditors: opinion, report	N7-0018/2012 OJ C 366 15.12.2011, p. 0112	25/10/2011	Summary

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

Final act	
Budget 2012/0602 OJ L 286 17.10.2012, p. 0298	Summary

2010 discharge: European GNSS Agency (GSA)

2011/2233(DEC) - 26/07/2011 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2010, as part of the 2010 discharge procedure.

Analysis of the accounts of the **European Global Navigation Satellite System Supervisory Authority (GNSS).**

CONTENT: this Commission document sets out the consolidated annual accounts of the European Union for the financial year 2010 as prepared on the basis of the information presented by the institutions, organisations and bodies of the EU, in accordance with Article 129 (2) of the Financial Regulation applicable to the EU's General Budget, including the European Supervisory Authority (GNSS).

In 2010, the tasks and budget of this Authority were as follows:

- **description of the Authority's tasks**: the GNSS Supervisory Authority, located in Brussels, was set up by Council Regulation (EC) No 1321/2004 . Its main task is 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. Regulation (EC) No 683/2008 of the European Parliament and the Council reduced the responsibilities of the Authority to the control of the security of Galileo systems and to the preparation of their commercialisation.
- **GNSS' budget for the 2010 financial year**: the Authority's budget for 2010 amounted to EUR 15.9 million (compared to EUR 44.4 million the previous year). The number of staff employed by the Agency at the end of the year was 42 as compared with 35 the previous year.

The complete version of the Agency's final accounts may be found at the following address: www.gsa.europa.eu

2010 discharge: European GNSS Agency (GSA)

2011/2233(DEC) - 10/05/2012 - Final act

PURPOSE: to grant discharge to the European GNSS Agency in respect of the implementation of the Agency’s budget for the financial year 2010.

NON-LEGISLATIVE ACT: Decision 2012/602/EU of the European Parliament on discharge in respect of the implementation of the budget of the European GNSS Agency for the financial year 2010.

CONTENT: by means of this Decision, and having regard to Article 319 of the Treaty on the Functioning of the European Union, the European Parliament grants the Executive Director of the European GNSS Agency discharge in respect of the implementation of the Agency’s budget for the financial year 2010.

The Decision is in accordance with the European Parliament’s resolution of 10 May 2012 and includes a series of observations that are an integral part of the Decision on discharge (please see the summary of 10 May 2012).

Decision 2012/603/EU, adopted on the same date, approves the closing of the accounts for this Community Agency for the financial year 2010.

2010 discharge: European GNSS Agency (GSA)

2011/2233(DEC) - 25/10/2011 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the European GNSS Agency (GSA), together with the Agency's reply.

CONTENT: in accordance with the tasks conferred on the Court of Auditors by the Treaty on the Functioning of the European Union, the Court presents to the European Parliament and to the Council, in the context of the discharge procedure, a Statement of Assurance as to the reliability of the annual accounts of each institution, body or agency of the EU, and the legality and regularity of the transactions underlying them, on the basis of an independent external audit.

This audit concerned, amongst others, the annual accounts of the European GNSS Agency.

In the Court's opinion, although the Agency's Annual Accounts fairly present, in all material respects, its financial position as of 31 December 2010 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation, **it gave a qualified opinion in the reliability of the accounts**. During 2010 the Agency purchased tangible fixed assets related to the Galileo programme in the amount of EUR 4.4 million which, in the Court's view, represents an understatement of the economic outturn account by the same amount.

Nevertheless, the Court considers that **the transactions underlying the annual accounts** of the Agency for the financial year ended 31 December 2010 are, in all material respects, **legal and regular.**

The report confirms that FRONTEX's 2010 budget amounted to EUR 15.9 million, and that the number of staff it employed at the end of the year was 42.

The report also makes a series of observations on the budgetary and financial management of the Agency, accompanied by the latter's response. The main observations may be summarised as follows:

The Court's observations:

- budgetary and financial management: as regards the Seventh Framework Programme/Galileo/ Second Call grant procedures, the evaluation process did not clearly distinguish between selection and award criteria;
- evaluation of grant agreements: as regards the Sixth Framework Programme (FP6)/ Third Call, in two grant agreements audited, the cost claims submitted by the beneficiaries were based on standard rates, instead of actual costs. This was not in compliance with the non-profit principle for EU financial contributions. Five audited grants, related mainly to the Sixth Framework Programme, showed delays of between one and three years for their implementation;
- assets: following the entry into force of Regulation (EC) No 683/2008, most of the activities and assets related to the EGNOS and Galileo programmes were transferred to the Commission in December 2009. At 31 December 2010, the status of 2 million euro held by the Agency in respect of technical support from the European Space Agency had still to be determined.
- recruitment: in the staff selection procedures audited, threshold scores were not determined for admission to written tests and interviews or for inclusion in the list of suitable candidates. These practices jeopardised the transparency of the recruitment procedures.

The Agency's responses:

- **assets**: the GSA did not record this equipment as assets in its accounts for the following reasons: (i) the objective of the IOV/FOC phase is to assess the technical feasibility of the system, which was not validated in 2010; (ii) according to the Matimop Arrangement the equipment was never intended to be acquired by the GSA and was never and shall never be in GSA's control; (iii) from an accounting perspective it was found not prudent to recognise an asset without any economic benefit/value for the GSA; (iv) based on the above and in line with a Commission's consistent accounting practice in such a situation, the costs for the equipment were booked as research expenditure in 2010;
- **evaluation of calls for proposals**: GSA follows standard FP7 evaluation processes, which stipulate a set of eligibility criteria and another set of evaluation criteria. However, the GSA is currently revising the latest FP7 Commission guidelines and rules to ensure absolute compliance ahead of the signature of the third call FP7 grant agreements. Although standardised financial capacity checks were performed, they were not documented appropriately. The GSA is upgrading the internal procedures to ensure that every any financial capacity check is filed accordingly. The grant agreements managed by the GSA for FP6 had been inherited from the predecessor of the GSA, the Galileo Joint Undertaking (GJU). The GJU and the European Space Agency (ESA) had established their FP6 rules, slightly different from the European Commission rules.
- **recruitment**: the GSA has revised the selection procedure. Since 2011, the pre-selection panel determines the threshold scores before the written tests are completed and before the interviews have taken place.

Lastly the Court of Auditors' report contains a **summary of the Agency's activities** in 2010. These may be described as follows:

- support to the European Commission in the implementation of the EGNOS and Galileo programmes;
- strengthening of the Galileo and EGNOS systems security;
- market development (EGNOS market entry; development of international activities in Latin America, Israel, China and Africa);
- information and outreach (EGNOS Information Portal and 'Growing Galileo 2009' event);
- research and development.

2010 discharge: European GNSS Agency (GSA)

2011/2233(DEC) - 08/02/2012

Having examined the revenue and expenditure accounts for the financial year 2010 and the balance sheet at 31 December 2010 of the European GNSS Agency, as well as the Court of Auditors' report on the annual accounts of the Agency for the financial year 2010, accompanied by the Agency's replies to the Court's observations, the Council recommends the European Parliament to give a discharge to the Executive Director of the Agency in respect of the implementation of the budget for the financial year 2010.

However, the Council considers that observations made in the Court of Auditor's report call for a certain number of remarks:

- the Council welcomes the Court's opinion that, in all material respects, the Agency's annual accounts fairly present the financial position as at 31 December 2010 and the results of operations and cash flows for the year then ended, in accordance with the provisions of the Agency's Financial Regulation, and that the underlying transactions for that financial year are legal and regular;
- it **regrets the Court's qualified opinion as regards tangible fixed assets related to the Galileo programme** which were purchased by the Agency and have been recorded as research expenditure, but should have instead been classified as assets held for transfer. It is concerned about the resulting understatement of the Agency's assets and of its economic outturn account for a considerable amount. It urges the Agency to remedy this understatement without delay, and to establish a correct classification of these assets. In addition, it asks the Agency to **urgently determine the status of the amount held by the Agency in respect of technical support from the European Space Agency**;
- the Council notes with concern the weaknesses identified by the Court in the Agency's grant procedures. It calls on the Agency to clearly distinguish between selection and award criteria in its evaluations, and to systematically assess the applicants' financial capacity;
- the Council regrets that the Agency did not detect errors in cost claims submitted by beneficiaries of certain grant agreements. It stresses the importance of verifying the compliance with existing rules for the calculation of costs;
- furthermore, the Council is concerned about **delays in the implementation of grants managed by the Agency**. It insists on a careful evaluation of the related activities before deciding on any amendments to existing grant contracts;
- lastly, it regrets that the Agency has again put at risk the **transparency of recruitment procedures** by not determining thresholds to be met in order to be invited to written tests and interviews or for inclusion on the list of suitable candidates.

2010 discharge: European GNSS Agency (GSA)

2011/2233(DEC) - 17/04/2012 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Monica Luisa MACOVEI (EPP, RO) on discharge to be granted to the Executive Director of the European GNSS Agency discharge in respect of the implementation of the Agency’s budget for the financial year 2010.

Noting the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts of the Agency for the financial year 2009 are reliable and that the underlying transactions are legal and regular, Members approve the closure of the Agency’s accounts. However, they make a number of recommendations that need to be taken into account when the discharge is granted, in addition to the general recommendations that appear in the draft resolution on performance, financial management and control of EU agencies:

- **Reliability of the accounts**: Members note that, in keeping with the accounting practice of the Galileo programme, components in the amount of EUR 4.4 million and that these assets have been recorded as **research expenditure** instead of being classified as assets held for transfer by the Agency to the Commission. They note that, in the report sent to Parliament, the Agency explained why these components were dealt with in its accounts;
- **Grant procedures**: Members call on the Agency to rectify the deficiencies identified by the Court of Auditors in the evaluation process as regards the FP7/Galileo/Second Call grant procedures which has a
- budget of EUR 26 million. They acknowledge in particular the Court of Auditors' observations according to which the criteria for assessing the applicants’ financial capacity were not defined and although the status of the applicant determined the maximum reimbursement rate, such status was not verified by the Agency. They urge the Agency to remedy the weaknesses found by the Court of Auditors on two grant agreements within the Sixth Research Framework Programme (FP6)/ Third Call;
- **Consistency of the Annual Work Programme(AWP) and the AAR**: Members note that the Agency’s AAR does not necessarily mirror its AWP and that the objectives of its AWP are rather vague and therefore is quite difficult to assess and check whether they have been fulfilled. They urge the Agency, therefore, to improve its AWP in order to allow the discharge authority to better evaluate the efficiency of the Agency;
- **Humans resources**: Members urge the Agency to improve the selection procedures in order not to jeopardise the transparency of recruitment; acknowledges the Court of Auditors' observations according to which in the staff selection procedures audited, threshold scores were not determined for admission to written tests and interviews or for inclusion in the list of suitable candidates. The Agency launched 16 recruitment processes and reached a total headcount of 40 by the end of 2010;
- **Internal audit**: lastly, Member note that at the end of 2010 there were no critical recommendations open by the Internal Audit Service.

2010 discharge: European GNSS Agency (GSA)

2011/2233(DEC) - 10/05/2012 - Text adopted by Parliament, single reading

The European Parliament adopted a decision to grant discharge to the Executive Director of the European GNSS Agency in respect of the implementation of the Agency’s budget for the financial year 2010. The decision to grant the discharge also closes the accounts for the Agency for that year.

Noting the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts of the Agency for the financial year 2009 are reliable and that the underlying transactions are legal and regular, Parliament adopted a resolution containing a number of recommendations that need to be taken into account when the discharge is granted, in addition to the general recommendations that appear in the resolution on performance, financial management and control of EU agencies:

- **Reliability of the accounts**: Parliament notes that, in keeping with the accounting practice of the Galileo programme, components in the amount of EUR 4.4 million and that these assets have been recorded as **research expenditure** instead of being classified as assets held for transfer by the Agency to the Commission. It notes that, in the report sent to Parliament, the Agency explained why these components were dealt with in its accounts;

- **Budget and financial management**: Parliament notes that the budget execution rate of the Agency reached 97 % for expenditure financed by the Union operation subsidy and 89 % for the operational activities financed from earmarked revenue. It is concerned that under Title III the Agency's execution rate in terms of payments was only of 60 % compared to 97 % in 2009;

- **Grant procedures**: Parliament calls on the Agency to rectify the deficiencies identified by the Court of Auditors in the evaluation process as regards the FP7/Galileo/Second Call grant procedures which has a budget of EUR 26 million. It acknowledges in particular the Court of Auditors' observations according to which the criteria for assessing the applicants' financial capacity were not defined and although the status of the applicant determined the maximum reimbursement rate, such status was not verified by the Agency. It urges the Agency to remedy the weaknesses found by the Court of Auditors on two grant agreements within the Sixth Research Framework Programme (FP6)/ Third Call;
- **Consistency of the Annual Work Programme(AWP) and the AAR**: Parliament notes that the Agency's AAR does not necessarily mirror its AWP and that the objectives of its AWP are rather vague and therefore is quite difficult to assess and check whether they have been fulfilled. It urges the Agency, therefore, to improve its AWP in order to allow the discharge authority to better evaluate the efficiency of the Agency;
- **Human resources**: Parliament urges the Agency to improve the selection procedures in order not to jeopardise the transparency of recruitment. It acknowledges the Court of Auditors' observations according to which in the staff selection procedures audited, threshold scores were not determined for admission to written tests and interviews or for inclusion in the list of suitable candidates. The Agency launched 16 recruitment processes and reached a total headcount of 40 by the end of 2010;

- **Internal audit**: lastly, Parliament notes that at the end of 2010 there were no critical recommendations open by the Internal Audit Service.