Basic information

2012/2201(DEC) DEC - Discharge procedure	Procedure completed
2011 discharge: European GNSS Agency (GSA) **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	GERBRANDY Gerben-Jan (ALDE)	29/02/2012
	Shadow rapporteur SARVAMAA Petri (PPE) AYALA SENDER Inés (S&D) STAES Bart (Verts/ALE) BRADBOURN Philip (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
25/07/2012	Non-legislative basic document published	COM(2012)0436	Summary
13/09/2012	Committee referral announced in Parliament		

19/03/2013	Vote in committee		
21/03/2013	Committee report tabled for plenary	A7-0065/2013	Summary
16/04/2013	Debate in Parliament		
17/04/2013	Decision by Parliament	T7-0164/2013	Summary
17/04/2013	Results of vote in Parliament		
17/04/2013	End of procedure in Parliament		
16/11/2013	Final act published in Official Journal		

Technical information

Procedure reference	2012/2201(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/10542

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE497.853	28/01/2013	
Amendments tabled in committee		PE497.854	26/02/2013	
Committee report tabled for plenary, single reading		A7-0065/2013	21/03/2013	Summary
Text adopted by Parliament, single reading		T7-0164/2013	17/04/2013	Summary

Council of the EU

Document type	Reference	Date	Summary
Document attached to the procedure	05753/2013	01/02/2013	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2012)0436	25/07/2012	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N7-0035/2013 OJ C 388 15.12.2012, p. 0208	16/10/2012	Summary

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

Final act	
Decision 2013/0612 OJ L 308 16.11.2013, p. 0329	Summary

2011 discharge: European GNSS Agency (GSA)

2012/2201(DEC) - 25/07/2012 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2011, as part of the 2011 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 2011 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 2011, 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 and 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 2011 financial year**: the Authority's budget for 2011, as presented in the Commission document on the consolidated annual accounts of the European Union, gives the following figures:
  - forecasted income budget: EUR 8 million;
  - entitlements established: EUR 39 million;
  - amounts received: EUR 39 million;
  - outstanding: EUR 0 million.

The complete version of the Authority's final accounts may be found at the following address:

http://www.gsa.europa.eu/gsa/more-information#Financial%20Documents

2011 discharge: European GNSS Agency (GSA)

2012/2201(DEC) - 16/10/2012 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the European GNSS Agency (GSA) for the financial year 2011, 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, the **Agency's Annual Accounts fairly present, in all material respects, its financial position as of 31 December 2011** and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation.

The Court also considers that the **transactions underlying the annual accounts** of the Agency for the financial year ended 31 December 2011 are, in all material respects, **legal and regular**.

The report confirms that the Agency's 2011 budget amounted to EUR 38.7 million and that the number of staff employed by the Agency 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:

Court's comments:

- budgetary and financial management: the Court notes that ex-post audits carried-out for the Agency by an external audit firm in respect of grant payments made in previous years under the Sixth Framework Programme for Research and Development (FP6) frequently called into question the declarations of cost made by the beneficiaries. At the end of 2011, the amounts in dispute were estimated at EUR 1.7 million or **5% of the audited grants**. In 2011, the Agency made grant payments under the Seventh Framework Programme for Research and Development (FP7) amounting to EUR 5.8 million. In order to verify the expenditure claimed by the beneficiaries (private and public entities performing research), the Agency, although it performs reasonableness checks, does not usually request supporting documentation that would address the risk of ineligible expenditure.
- assets: the Court had qualified its opinion on the reliability of the Agency's 2010 accounts on the grounds of **incorrect accounting treatment of tangible fixed assets related to the Galileo satellite programme**. These assets were incorporated in two satellites that were launched in October 2011. On 27th September 2012 the Court received confirmation from DG ENTR that these assets are now under the control of the Commission and are not to be capitalised in the Agency's accounts according to International accounting standards. The Court considers that there is no longer the basis for a qualification on such grounds for 2011.
- recruitment: as noted in the previous year's report, the staff selection procedures audited showed that the 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.

Agency's replies:

- 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. The final findings of the auditors show that the costs for the sample audited were overstated by EUR 455 836.66 or 1.4% of the audited grants. The GSA plans to recover most of the amounts found to be incorrect by our external auditors, pending agreement with the European Commission;
- as regards the assets, in 2011, the Agency carried out 1 195 payment requests, out of which 140 (11.72%) with some delay. The result of the audit findings is highly influenced by some very particular but in large amounts transactions e.g. transfers of unused funds to the EC and highly complex grant agreement payments. In addition, due to the small size of the Agency, payments during holiday periods can easily be delayed due to the lack of back-ups in some key operational and administrative positions. Improved financial circuits have been implemented from April 2012, which should help reduce to the minimum payment delays;
- on recruitment, the GSA has revised the selection procedure. Since 2012, the pre-selection panel determines the threshold scores at the stage of designing Vacancy Notice.

Lastly the Court of Auditors' report contains a summary of the **Agency's activities in 2011**. 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);
- research and development in the framework of the European research programmes and implementation/update of a web-based knowledge management and dissemination tool.

2011 discharge: European GNSS Agency (GSA)

2012/2201(DEC) - 01/02/2013

Having examined the revenue and expenditure accounts for the financial year 2011 and the balance sheet at 31 December 2011 of the European GNSS Agency, as well as the Court of Auditors' report on the annual accounts of the Agency for the financial year 2011, 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 2011.

The observations in the Court of Auditors' report in relation to the financial year 2011 call for some comments by the Council, which may be summarised as follows:

- the Council welcomes the Court's opinion that, in all material respects, the Agency's annual accounts present fairly its financial position as at 31 December 2011 and the results of its operations and its 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;
- nevertheless, the Council urges the Agency to **implement tighter controls** in order to ensure an effective verification of the expenditure claimed by the beneficiaries of grants under the Sixth and Seventh Framework Programmes for Research and Development. Moreover, it takes note of the Agency's plan to recover most of the amounts incorrectly disbursed and will pay the utmost attention to its implementation;

- the Council notes with interest the recent implementation of improved financial procedures aimed at reducing payment delays and encourages the Agency to pursue its efforts to address the shortcomings detected by the Court in its staff recruitment procedures.

2011 discharge: European GNSS Agency (GSA)

2012/2201(DEC) - 21/03/2013 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Gerben-Jan GERBRANDY (ADLE, NL) on discharge to be granted to the Executive Director of the European GNSS Agency in respect of the implementation of the Agency's budget for the financial year 2011.

Noting that the Court of Auditors stated that it has obtained reasonable assurances that the Agency's annual accounts for the financial year 2011 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:

- **Financing, budget and financial management**: the Agency's budget for the financial year 2011 was EUR 38.7 million, which was contributed by the Union (EUR 8.2 million operating subsidy and 30.5 million operational funds), and represents a major increase from 2010 (almost EUR 16 million). Members draw the Agency's attention to the Court of Auditors' finding that in 2011, payments amounting to EUR 4.8 million (22 % of the amount paid during the year) were made after the deadlines stipulated in the Financial Regulation. They also observe a certain number of delays in payments to the Agency's project contractors.

Lastly, Members made a series of observations as regards **a certain number of contested claims relating to grants given for projects under the 6th and 7th RTD Framework Programmes**, and managed by the Agency, as well as the Agency's recruitment procedures.

2011 discharge: European GNSS Agency (GSA)

2012/2201(DEC) - 17/04/2013 - Text adopted by Parliament, single reading

The European Parliament adopted a decision on discharge to be granted to the Executive Director of the European GNSS Agency in respect of the implementation of the Agency's budget for the financial year 2011. The vote on the decision to grant discharge covers the closure of the accounts (in accordance with Annex VI, Article 5(1) of the European Parliament's Rules of Procedure).

Noting that the Court of Auditors stated that it has obtained reasonable assurances that the Agency's annual accounts for the financial year 2011 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 draft resolution on performance, financial management and control of EU agencies:

- **Financing, budget and financial management**: Parliament recalls that the Agency's budget for the financial year 2011 was EUR 38.7 million, which was contributed by the Union (EUR 8.2 million operating subsidy and 30.5 million operational funds), and represents a major increase from 2010 (almost EUR 16 million). It draws the Agency's attention to the Court of Auditors' finding that in 2011, payments amounting to EUR 4.8 million (22 % of the amount paid during the year) were made after the deadlines stipulated in the Financial Regulation. Members also observe a certain number of delays in payments to the Agency's project contractors.
- **Recruitment procedures**: Parliament notes the lack of transparency in the recruitment procedures. It encourages, therefore, the Commission to allow for a certain degree of simplification of the Staff Regulations in regard to the agencies.

Lastly, Parliament made a series of observations as regards **a certain number of contested claims relating to grants given for projects under the 6th and 7th RTD Framework Programmes**, and managed by the Agency.

2011 discharge: European GNSS Agency (GSA)

2012/2201(DEC) - 17/04/2013 - 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 2011.

NON-LEGISLATIVE ACT: Decision 2013/612/EU of the European Parliament on discharge in respect of the implementation of the budget of the European GNSS Agency for the financial year 2011.

CONTENT: by means of this Decision, and having regard to Article 319 of the Treaty on the Functioning of the European Union (TFEU), 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 2011.

The Decision is in accordance with the European Parliament's resolution of 17 April 2013 and includes a series of observations that are an integral part of the Decision on discharge (please see the summary of 17 April 2013).

Decision 2013/613/EU, adopted on the same date, approves the closing of the accounts for this Community Agency for the financial year 2011.