



Plenary sitting

A8-0148/2017

31.3.2017

REPORT

on discharge in respect of the implementation of the budget of the European
GNSS Agency for the financial year 2015
(2016/2180(DEC))

Committee on Budgetary Control

Rapporteur: Inés Ayala Sender

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1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the European GNSS Agency for the financial year 2015 (2016/2180(DEC))

The European Parliament,

- having regard to the final annual accounts of the European GNSS Agency for the financial year 2015,
- having regard to the Court of Auditors' report on the annual accounts of the European GNSS Agency for the financial year 2015, together with the Agency's reply¹,
- having regard to the statement of assurance² as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2015, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 21 February 2017 on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2015 (05873/2017 – C8-0066/2017),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002³, and in particular Article 208 thereof,
- having regard to Regulation (EU) No 912/2010 of the European Parliament and of the Council of 22 September 2010 setting up the European GNSS Agency, repealing Council Regulation (EC) No 1321/2004 on the establishment of structures for the management of the European satellite radio navigation programmes and amending Regulation (EC) No 683/2008 of the European Parliament and of the Council⁴, and in particular Article 14 thereof,
- having regard to Commission Delegated Regulation (EU) No 1271/2013 of 30 September 2013 on the framework financial regulation for the bodies referred to in Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council⁵, and in particular Article 108 thereof,
- having regard to Rule 94 of and Annex IV to its Rules of Procedure,

¹ OJ C 449, 1.12.2016, p. 214.

² OJ C 449, 1.12.2016, p. 214.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 276, 20.10.2010, p. 11.

⁵ OJ L 328, 7.12.2013, p. 42.

- having regard to the report of the Committee on Budgetary Control (A8-0148/2017),
- 1. Grants the Executive Director of the European GNSS Agency discharge in respect of the implementation of the Agency's budget for the financial year 2015;
- 2. Sets out its observations in the resolution below;
- 3. Instructs its President to forward this decision, and the resolution forming an integral part of it, to the Executive Director of the European GNSS Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on the closure of the accounts of the European GNSS Agency for the financial year 2015 (2016/2180(DEC))

The European Parliament,

- having regard to the final annual accounts of the European GNSS Agency for the financial year 2015,
- having regard to the Court of Auditors' report on the annual accounts of the European GNSS Agency for the financial year 2015, together with the Agency's reply¹,
- having regard to the statement of assurance² as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2015, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 21 February 2017 on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2015 (05876/2017 – C8-0066/2017),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002³, and in particular Article 208 thereof,
- having regard to Regulation (EU) No 912/2010 of the European Parliament and of the Council of 22 September 2010 setting up the European GNSS Agency, repealing Council Regulation (EC) No 1321/2004 on the establishment of structures for the management of the European satellite radio navigation programmes and amending Regulation (EC) No 683/2008 of the European Parliament and of the Council⁴, and in particular Article 14 thereof,
- having regard to Commission Delegated Regulation (EU) No 1271/2013 of 30 September 2013 on the framework financial regulation for the bodies referred to in Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council⁵, and in particular Article 108 thereof,
- having regard to Rule 94 of and Annex IV to its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control (A8-0148/2017),

¹ OJ C 449, 1.12.2016, p. 214.

² OJ C 449, 1.12.2016, p. 214.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 276, 20.10.2010, p. 11.

⁵ OJ L 328, 7.12.2013, p. 42.

1. Approves the closure of the accounts of the European GNSS Agency for the financial year 2015;
2. Instructs its President to forward this decision to the Executive Director of the European GNSS Agency, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European GNSS Agency for the financial year 2015 (2016/2180(DEC))

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the budget of the European GNSS Agency for the financial year 2015,
- having regard to Rule 94 of and Annex IV to its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control (A8-0148/2017),
- A. whereas, according to its financial statements, the Union subsidy to the final budget of the European GNSS Agency (the “Agency”) for the financial year 2015 was EUR 27 606 414, representing an increase of 8,82 % compared to 2014,
- B. whereas the Court of Auditors (the “Court”), in its report on the annual accounts of the European GNSS Agency for the financial year 2015 (the “Court's report”), stated that it has obtained reasonable assurances that the Agency’s annual accounts are reliable and that the underlying transactions are legal and regular,
- C. whereas in the context of the discharge procedure, the discharge authority stresses the particular importance of further strengthening the democratic legitimacy of the Union institutions by improving transparency and accountability, implementing the concept of performance-based budgeting and good governance of human resources,

Comments on the reliability of the accounts

1. Notes that, according to the Court’s report, the last validation of the accounting systems was performed in 2012; notes that the only system in which the Agency directly inputs accounts-related data is ABAC (Accrual Based Accounting), which is not the property of the Agency and is regularly validated centrally by the Commission’s Directorate-General for Budget (DG Budget);
2. Notes that since the last local system validation, there were no changes to local systems and that the move of the Agency to Prague did not result in any changes in the financial circuits, processes and information flow; observes that the local systems were presented to the Agency’s new accountant prior to acceptance of its mission; notes that regular validation of the accounting systems will take place as stipulated in the service-level agreement between DG Budget and the Agency on the basis of DG Budget’s risk assessment; acknowledges that the risk is currently assessed to be low and the next validation will be carried out in 2020, or, if there are changes to the systems, in 2018;

Budget and financial management

3. Notes with satisfaction that the budget monitoring efforts during the financial year 2015 resulted in a budget implementation rate of 100 %; notes, furthermore, that the payment appropriations execution rate was 100 %, as well as that this rate incorporates the non-

automatic carry forward of payment appropriations, in order to maximise the use of the remaining payment credits on Title III of the budget;

4. Acknowledges the fact that the Agency's average payment times equalled to 13 days, below the 30 days Commission benchmark and its target of 20 days; notes that the Agency processed a total of 4 267 financial transactions, representing a 24 % increase compared with 2014;
5. Notes that the Agency managed a large amount of delegated budget in 2015 following the signature of three new delegation agreements (EGNOS Exploitation, Galileo Exploitation and Horizon 2020) with the Commission in the course of 2014; observes that an amendment to the Galileo Exploitation delegation agreement was signed in December 2015, assigning a further EUR 300 000 000 to the Agency; notes that a total of EUR 116 067 789 delegated budget was committed in 2015 and EUR 183 108 199 made in payments;
6. Notes from the Court's report that the Agency's audited budgetary implementation report differs from the level of detail provided by most other agencies which demonstrates the need for clear guidelines on the agencies' budget reporting; notes from the Agency that, based on a service-level agreement signed with DG Budget, the Agency's accounts and related reports have been prepared by the Commission's accounting officer and the different level of detail was based on the practices of the Commission's reporting; supports the Commission's intention to establish guidelines for the agencies' budget reporting for the 2016 accounts;

Transfers

7. Notes that the Agency processed eight internal transfers in 2015 which were authorised by its Executive Director; notes that, according to the Agency's annual report and the Court's report, the level and nature of transfers in 2015 have remained within the limits of the financial rules;

Commitments and carry-overs

8. Notes that, according to the Court's report, the level of carry-overs for committed appropriations was at EUR 2 500 000 (42 %) for Title II (administrative expenditure), compared to EUR 3 400 000 (54 %) in 2014; acknowledges that those carry-overs relate mainly to services provided in 2015 for which invoices were not received until 2016, a number of high-value IT contracts, as well as a risk assessment contract signed at the end of 2015; acknowledges, moreover, that those projects, originally planned for 2016, were started in 2015 to utilise funds released from savings on other budget lines;
9. Notes that carry-overs may often be partly or fully justified by the multiannual nature of the agencies' operational programmes, and do not necessarily indicate weaknesses in budget planning and implementation nor are they always at odds with the budgetary principle of annuality, in particular if they are planned in advance and communicated to the Court;

Procurement and recruitment procedures

10. Notes that, according to the Court's report, the Agency experienced a high staff turnover in 2015, with 14 members of staff leaving and 26 joining; acknowledges that, according to the Agency, the high staff turnover results from difficulties in attracting and retaining key staff in a very competitive and technical segment of the employment market, essentially due to its headquarters location and the relatively low correction coefficient affecting salary levels in the Czech Republic; notes, moreover, that the Agency is pursuing all available ways in which to increase its attractiveness, in particular by insisting on the significance of its mission; calls on the Agency and the Commission to report back to the discharge authority on the possible improvements in the attractiveness of the posts at the agency; calls on the Agency to prepare an action plan effectively addressing the issue of high staff turnover;
11. Considers that the staffing policy and procedure should be adapted according to the new tasks that have been conferred on the Agency in compliance with the Interinstitutional Agreement of 2 December 2013; stresses that adequate staffing will enable the Agency to perform its mission and reiterates that failure to achieve such adequate staffing would lead to substantial drawbacks and major risks;
12. Notes, moreover, the necessity of increasing the number of temporary agents' posts in order to ensure the performance of new entrusted tasks; recalls that the gap between tasks and resources bridged through outsourcing proved to be more costly and prevented the Agency from developing and retaining the skills and competencies necessary in order to implement the Union Space policy;

Internal controls

13. Notes that the Agency has put in place business continuity plans (BCP) for the security sites in France, the Netherlands and the United Kingdom; observes that there is no BCP in place for the Agency's headquarters in Prague or for the Agency in its entirety; acknowledges the Agency's decision to focus in priority on securing BCPs for its new sites, based on the assessment that the existing BCP was currently sufficient for its headquarters pending stabilisation of its operations and activities within this location; acknowledges moreover the Agency's intention to proceed to such a BCP update at global level within the coming year; calls on the Agency to inform the discharge authority on BCP updates; asks the Agency, furthermore, for a new evaluation of the correction coefficient affecting salary levels in the Czech Republic in order to restore an adequate balance;

Prevention and management of conflicts of interests and transparency

14. Notes that the Agency's administrative board has agreed to request all of its members to complete individual declarations of interest; notes also that the declarations of interest of the chair and deputy chair of the administrative board will soon be published on the website; asks the Agency to gather and publish declarations of interest and CVs without further delay and, by doing so, to allow the public the necessary overview of its senior management and to update the discharge authority on developments relating to this matter;
15. Observes that the Agency investigates and resolves any potential issues relating to the factual accuracy of the given declarations of interests, and administrative board

members are regularly reminded of the importance of fulfilling this obligation and updating their information when necessary;

16. Notes that the Agency has not implemented specific rules in relation to whistleblowers in addition to what is provided for in the Staff Regulations; calls on the Agency to adopt the internal whistleblowing policy in order to foster a culture of transparency and accountability in the workplace, regularly inform and train employees on their duties and rights, ensure protection of whistleblowers from reprisal, follow up the substance of whistleblowers' alerts in a timely manner and put in place a procedure for anonymous internal reporting and publish and provide to the discharge authority annual reports on the number of whistleblower cases and the follow-up received; acknowledges that the Agency has informed staff about its whistleblowing rules; asks the Agency to report to the discharge authority on the establishment and implementation of internal whistleblowing rules;

Communication

17. Notes that the Agency is a main partner in, and the initiator of, the European Space Expo project that visited Luxembourg, Milan, Oslo, Zagreb, Stockholm, Riga, Ljubljana and Athens in 2015, and welcomed hundreds of thousands of local citizens; notes that each Expo visit was the result of collaboration with many local actors including local industry, municipalities and academia; observes also that the Agency was an active partner in the European Economic and Social Committee's 'Science and Society' initiative;
18. Notes with satisfaction that in 2015 the Agency overhauled its website, including updating the content, an analysis of user needs and experience, a benchmarking exercise and restructuring of its information architecture;

Other comments

19. Notes that the Agency's 2015 annual work programme was adopted only in March 2015 and that the adoption of its 2014 to 2020 multi-annual work programme (MAWP) is outstanding; notes, moreover, that the late adoption of key planning documents puts the achievement of the Agency's objectives at risk; acknowledges from the Agency that it was hampered in its development of the MAWP due to the rapidly-changing status of the European GNSS programme, which is managed by the Commission and on which all the Agency's activities are dependent; acknowledges, moreover, that, following the development of further versions of the MAWP and in discussion with the Commission, it was finally decided to include the MAWP as part of the single programming document relating to the period 2017 to 2020; asks the Agency to keep the discharge authority informed of its progress relating to its long-term planning;
20. Notes with concern a significant gender imbalance in the Agency's senior management board members; urges the Agency for this imbalance to be corrected and the results communicated to the discharge authority as quickly as possible;
21. Notes that 126 staff members participated in 2015 in away days for which the cost was EUR 12 077 (EUR 96 per person);

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22. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of [xx xxxx 2017]¹ [on the performance, financial management and control of the agencies].).

¹ Texts adopted of that date, P[8_TA(-PROV)(2016)0000].

INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

Date adopted	22.3.2017
Result of final vote	+: 24 -: 5 0: 0
Members present for the final vote	Inés Ayala Sender, Dennis de Jong, Tamás Deutsch, Martina Dlabajová, Luke Ming Flanagan, Ingeborg Gräßle, Cătălin Sorin Ivan, Jean-François Jalkh, Bogusław Liberadzki, Monica Macovei, Notis Marias, Georgi Pirinski, José Ignacio Salafranca Sánchez-Neyra, Petri Sarvamaa, Claudia Schmidt, Bart Staes, Hannu Takkula, Derek Vaughan, Joachim Zeller
Substitutes present for the final vote	Richard Ashworth, Gerben-Jan Gerbrandy, Benedek Jávor, Karin Kadenbach, Julia Pitera, Patricija Šulin
Substitutes under Rule 200(2) present for the final vote	Raymond Finch, Jens Geier, Piernicola Pedicini, Janusz Zemke

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

24	+
ALDE	Martina Dlabajová, Gerben-Jan Gerbrandy, Hannu Takkula
ECR	Monica Macovei
GUE/NGL	Luke Ming Flanagan, Dennis de Jong
PPE	Tamás Deutsch, Ingeborg Gräßle, Julia Pitera, José Ignacio Salafranca Sánchez-Neyra, Petri Sarvamaa, Claudia Schmidt, Joachim Zeller, Patricija Šulin
S&D	Inés Ayala Sender, Jens Geier, Cătălin Sorin Ivan, Karin Kadenbach, Bogusław Liberadzki, Georgi Pirinski, Derek Vaughan, Janusz Zemke
VERTS/ALE	Benedek Jávor, Bart Staes

5	-
ECR	Richard Ashworth, Notis Marias
EFDD	Raymond Finch, Piernicola Pedicini
ENF	Jean-François Jalkh

	0

Key to symbols:

+ : in favour

- : against

0 : abstention