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*Plenary sitting*

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**A8-0082/2018**

23.3.2018

# REPORT

on discharge in respect of the implementation of the budget of the European  
GNSS Agency for the financial year 2016  
(2017/2165(DEC))

Committee on Budgetary Control

Rapporteur: Bart Staes

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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 2016  
(2017/2165(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European GNSS Agency for the financial year 2016,
- having regard to the Court of Auditors' report on the annual accounts of the European GNSS Agency for the financial year 2016, together with the Agency's reply<sup>1</sup>,
- having regard to the statement of assurance<sup>2</sup> 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 2016, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 20 February 2018 on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2016 (05941/2018 – C8-0075/2018),
- 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 1605/2002<sup>3</sup>, 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 Council<sup>4</sup>, 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 Council<sup>5</sup>, and in particular Article 108 thereof,
- having regard to Rule 94 of and Annex IV to its Rules of Procedure,

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<sup>1</sup> OJ C 417, 6.12.2017, p. 241.

<sup>2</sup> OJ C 417, 6.12.2017, p. 241.

<sup>3</sup> OJ L 298, 26.10.2012, p. 1.

<sup>4</sup> OJ L 276, 20.10.2010, p. 11.

<sup>5</sup> OJ L 328, 7.12.2013, p. 42.

- having regard to the report of the Committee on Budgetary Control (A8-0082/2018),
- 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 2016;
- 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 2016 (2017/2165(DEC))

*The European Parliament,*

- having regard to the final annual accounts of the European GNSS Agency for the financial year 2016,
- having regard to the Court of Auditors' report on the annual accounts of the European GNSS Agency for the financial year 2016, together with the Agency's reply<sup>1</sup>,
- having regard to the statement of assurance<sup>2</sup> 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 2016, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 20 February 2018 on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2016 (05941/2018 – C8-0075/2018),
- 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 1605/2002<sup>3</sup>, 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 Council<sup>4</sup>, 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 Council<sup>5</sup>, 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 (A8-0082/2018),

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<sup>1</sup> OJ C 417, 6.12.2017, p. 241.

<sup>2</sup> OJ C 417, 6.12.2017, p. 241.

<sup>3</sup> OJ L 298, 26.10.2012, p. 1.

<sup>4</sup> OJ L 276, 20.10.2010, p. 11.

<sup>5</sup> OJ L 328, 7.12.2013, p. 42.

1. Approves the closure of the accounts of the European GNSS Agency for the financial year 2016;
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 2016 (2017/2165(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 2016,
- 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 (A8-0082/2018),
- A. 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, and implementing the concept of performance-based budgeting and good governance of human resources;
- B. whereas, according to its statement of revenue and expenditure<sup>1</sup>, the Union subsidy to the final budget of the European Global Navigation Satellite Systems Agency (the 'Agency') for the financial year 2016 was EUR 29 086 327, representing an increase of 5,36 % compared to 2015;
- C. whereas the Court of Auditors (the 'Court'), in its report on the Agency's annual accounts for the financial year 2016 (the 'Court's report'), states that it has obtained reasonable assurances that the Agency's annual accounts are reliable and that the underlying transactions are legal and regular;

#### ***The Agency's obligations***

1. Reminds the Agency that it must respect the provisions laid down in Articles 109 and 110 of Commission Delegated Regulation (EU) No 1271/2013<sup>2</sup> and that it must fulfil its obligations in the discharge procedure, in particular by replying to the questionnaire sent by the Members of the European Parliament and by answering the questions raised during the 2015 discharge procedure, the so-called follow-up exercise; considers that in 2016 the Agency did not fulfil its obligations by sending its answers too late and thus breached the rules and its obligations; is of the opinion that that this could be considered to be a procedural ground for postponing the discharge; is of the opinion that such a delay should not be repeated;

#### ***Follow-up to the 2014 and 2015 discharges***

2. Notes with concern the number of ongoing corrective measures in response to the

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<sup>1</sup> OJ C 230, 24.06.2016, p.4

<sup>2</sup> 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 No 966/2012 of the European Parliament and of the Council (OJ L 328, 7.12.2013, p. 42).

Court's comments in 2014 and 2015 related to the insurance coverage, the validation of the accounting system, the business continuity plan and the high staff turnover; calls on the Agency to complete as many corrective actions as possible in 2018;

### ***Budget and financial management***

3. Notes that the budget monitoring efforts during the financial year 2016 resulted in a budget implementation rate of 100 %; notes furthermore that the payment appropriations execution rate was 82,42 %;
4. Notes that the Agency continued to manage a large amount of delegated budget in 2016 following the signature of two new delegation agreements (EGNOS Exploitation and Galileo Exploitation) in the course of 2016; notes that a total of EUR 1 074 000 000 delegated budget was committed in 2016 and EUR 111 600 000 made in payments;

### ***Commitments and carry-overs***

5. Notes that, according to the Court's report the level of carry-overs for committed appropriations was high at EUR 2 806 212 (45 %) for Title 2 (Administrative expenditure) in 2016, compared with EUR 2 511 309 (42 %) in 2015; acknowledges that these carry-overs mainly relate to IT services provided in 2016 for which invoices were not received;
6. Acknowledges that the level of cancellations of carry-overs of the Agency is very low (0,7 % overall budget lines in 2016); notes that the Agency considers this to be a better indication of budget management than the level of carry-overs itself;
7. Notes that carry-overs may often be partly or fully justified by the multiannual nature of the agencies' operational programmes, do not necessarily indicate weaknesses in budget planning and implementation and are not always at odds with the budgetary principle of annuality, in particular if they are planned in advance and communicated to the Court;

### ***Transfers***

8. Notes that six internal transfers were processed in 2016, all of them authorised by the Executive Director as they concerned transfers of amounts either within Titles or below 10 % between Titles;

### ***Staff policy***

9. Notes that at the beginning of 2016, the Agency employed 99 temporary agents, 36 contract agents and 4 seconded national experts, for a total of 139 staff; notes that at the end of 2016, the Agency employed 113 temporary agents (out of 113 posts authorised under the Union budget), 43 contract agents and 4 seconded national experts, bringing the total number of staff up to 160;
10. Notes with concern that according to the number of posts occupied on 31 December 2016, the gender balance ratio was 36 % female to 64 % male staff;
11. Welcomes the Agency's implementation of numerous measures to increase its attractiveness both externally and internally, e.g. by highlighting the significance of its



mission, by broadening the dissemination of its vacancies and simplifying them, by clarifying benefits for staff and by enhancing a cross-departmental collaborative environment in order to address the issue of high staff turnover; calls on the Agency to report to the discharge authority on the impact of those measures;

12. Stresses that work-life balance should be part of the staff policy of the Agency; notes that the budget spent on well-being activities amounts to approximately EUR 84,70 per staff corresponding to 1,1 day; observes that the average number of days' sick leave in 2016 was 7,1 days per member of staff;
13. Appreciates the fact that the Agency adopted a new policy on protecting the dignity of the person and preventing harassment in 2017; supports the training sessions organised to increase staff awareness and suggests to regularly organise training and information sessions on the matter;
14. Notes with satisfaction that the Agency did not receive any complaints, lawsuits or reported cases linked to hiring or dismissal of staff in 2016;

### ***Procurement***

15. Notes that the average payment time of the Agency was 14 days, well below the Commission's 30-day benchmark and its target of 20 days; notes that the Agency processed a total of 4 740 financial transactions, representing an 11 % increase compared with 2015;
16. Notes that, according to the Court's report, on 15 December 2016 the Agency signed a framework contract on the exploitation of the Galileo satellite system during the period 2017 to 2027, amounting to EUR 1 500 000 000; notes, moreover, that the contract was awarded following a public procurement procedure; notes that one of the tenderers involved has launched legal proceedings against the Agency at the Court of Justice of the European Union (the 'Court of Justice'), challenging the outcome of the procurement procedure; acknowledges that the ruling of the Court of Justice will decide on the legality and regularity of the procurement procedure concerning the framework contract and all related specific contracts and future payments; points out that the first payments were expected to be made in 2017;

### ***Prevention and management of conflicts of interests, transparency and democracy***

17. Notes that the Agency published its top management's declarations of interest and short CVs on its website;
18. Points out that the Agency has still not adopted a whistleblowing policy; notes, however, from the follow-up report that the Agency will start the process of adoption of a whistleblowing policy on the basis of the Commission's implementing rules for agencies, which are expected to be finalised in 2018; calls on the Agency to report to the discharge authority on the adoption and implementation of its whistleblowing rules;

### ***Main achievements***

19. Welcomes the three main achievements identified by the Agency in 2016, namely that

it:

- completed the EUR 1 500 000 000 procurement on the Galileo Service Operator;
- updated its delegation agreement with the Commission regarding Galileo;
- completed negotiations of and signed a working arrangement with the European Space Agency (ESA) on Galileo;

### ***Internal audit***

20. Notes that in 2016, the Internal Audit Service (IAS) conducted an audit of the Agency's planning, monitoring and reporting process; highlights the fact that the audit reported no critical findings; notes, moreover, that in 2016, the IAS announced plans to execute a periodic risk assessment of the Agency in April 2017;

### ***Internal controls***

21. Notes that the last assessment on compliance with the Internal Control Standards took place in October 2015 and that it showed that the Agency is compliant with all but one of the 16 Internal Control Standards — 'Business Continuity'; notes, moreover, that subsequently, in 2016, the Agency initiated a corporate business continuity assessment; calls on the Agency to report to the discharge authority on the outcome of that assessment;
22. Notes that, according to the Court's report, the IAS concluded in its audit report dated November 2016, that no Agency-wide annual risk assessment exercise had been conducted in 2016 and that the Agency's significant risks are not included in its planning documents or Activity reports; observes, in addition, that the IAS noted that the terminology used for the various elements of the performance measurement system was not consistent, therefore hampering performance monitoring; notes that the Agency and the IAS agreed a plan to take corrective action; acknowledges that the Agency has implemented the IAS findings with respect to risk management and that in Q4 2016 the Agency has finalised a corporate risk management policy and procedure;

### ***Other comments***

23. Notes that the Agency operates the Galileo Security Monitoring Centre and the Galileo ground stations, both of which are located on United Kingdom territory; points out that the status of the United Kingdom within those frameworks remains to be determined; calls on the Agency to work in close cooperation with the Commission regarding the Brexit negotiations in order to be sufficiently prepared to minimise any negative operational or financial impact that may occur;
24. Notes with disappointment that the Agency's visibility is still not satisfactory and that it does not sufficiently highlight the work carried out by the Union in the Agency's field of activity; calls on the Agency to be more proactive in presenting its mission and work to the wider public and to increase its overall visibility;

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25. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of ...2018<sup>1</sup> on the performance, financial management and control of the agencies.

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<sup>1</sup> Texts adopted of that date, P8\_TA-PROV(2018)0000.

## INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

<b>Date adopted</b>	20.3.2018
<b>Result of final vote</b>	+ : 19 - : 5 0 : 0
<b>Members present for the final vote</b>	Nedzhmi Ali, Inés Ayala Sender, Zigmantas Balčytis, Dennis de Jong, Tamás Deutsch, Martina Dlabajová, Raffaele Fitto, Ingeborg Gräßle, Cătălin Sorin Ivan, Jean-François Jalkh, Arndt Kohn, Notis Marias, José Ignacio Salafranca Sánchez-Neyra, Petri Sarvamaa, Claudia Schmidt, Bart Staes, Indrek Tarand, Marco Valli, Derek Vaughan, Tomáš Zdechovský, Joachim Zeller
<b>Substitutes present for the final vote</b>	Karin Kadenbach, Julia Pitera, Miroslav Poche

## FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

19	+
ALDE	Nedzhmi Ali, Martina Dlabajová
PPE	Tamás Deutsch, Ingeborg Gräßle, Julia Pitera, José Ignacio Salafranca Sánchez-Neyra, Petri Sarvamaa, Claudia Schmidt, Tomáš Zdechovský, Joachim Zeller
S&D	Inés Ayala Sender, Zigmantas Bal ųytis, C t ųlin Sorin Ivan, Karin Kadenbach, Arndt Kohn, Miroslav Poche, Derek Vaughan
VERTS/ALE	Bart Staes, Indrek Tarand

5	-
ECR	Raffaele Fitto, Notis Marias
EFDD	Marco Valli
ENF	Jean-François Jalkh
GUE/NGL	Dennis de Jong

0	0

Key to symbols:

+ : in favour

- : against

0 : abstention