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Committee on Budgetary Control

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DRAFT REPORT

on discharge in respect of the implementation of the budget of the European
GNSS Agency for the financial year 2013
(2014/2114(DEC))

Committee on Budgetary Control

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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 2013 (2014/2114(DEC))

The European Parliament,

- having regard to the final annual accounts of the European GNSS Agency for the financial year 2013,
- having regard to the Court of Auditors' report on the annual accounts of the European GNSS Agency for the financial year 2013, together with the Agency's replies¹,
- 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 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of ... on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2013 (00000/2015 – C8-0000/2015),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities³,
- 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 1605/2002⁴, 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 Council⁵, and in particular Article 14 thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in

¹ OJ C 442, 10.12.2014, p. 318.

² OJ C 442, 10.12.2014, p. 318.

³ OJ L 248, 16.9.2002, p. 1.

⁴ OJ L 298, 26.10.2012, p. 1.

⁵ OJ L 276, 20.10.2010, p. 11.

Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities¹,

- 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 Council², and in particular Article 108 thereof,
 - having regard to Rule 94 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A8-0000/2015),
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 2013 / Postpones its decision on granting the Executive Director of the European GNSS Agency discharge in respect of the implementation of the Agency's budget for the financial year 2013;
 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).

¹ OJ L 357, 31.12.2002, p. 72.

² OJ L 328, 7.12.2013, p. 42.

2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on the closure of the accounts of the European GNSS Agency for the financial year 2013 (2014/2114(DEC))

The European Parliament,

- having regard to the final annual accounts of the European GNSS Agency for the financial year 2013,
- having regard to the Court of Auditors' report on the annual accounts of the European GNSS Agency for the financial year 2013, together with the Agency's replies¹,
- 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 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of ... on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2013 (00000/2015 – C8-0000/2015),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities³,
- 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 1605/2002⁴, 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 Council⁵, and in particular Article 14 thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial

¹ OJ C 442, 10.12.2014, p. 318.

² OJ C 442, 10.12.2014, p. 318.

³ OJ L 248, 16.9.2002, p. 1.

⁴ OJ L 298, 26.10.2012, p. 1.

⁵ OJ L 276, 20.10.2010, p. 11.

Regulation applicable to the general budget of the European Communities¹,

- 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 Council², and in particular Article 108 thereof,
 - having regard to Rule 94 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A8-0000/2015),
1. Notes that the final annual accounts of the European GNSS Agency are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European GNSS Agency for the financial year 2013 / Postpones the closure of the accounts of the European GNSS Agency for the financial year 2013;
 3. 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).

¹ OJ L 357, 31.12.2002, p. 72.

² OJ L 328, 7.12.2013, p. 42.

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 2013 (2014/2114(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 2013,
 - having regard to Rule 94 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A8-0000/2015),
- A. whereas, according to its financial statements, the final budget of the European GNSS Agency (“the Agency”) for the financial year 2013 was EUR 80 449 967, representing a decrease of 23,76 % compared to 2012,
- B. whereas according to its financial statements, the contribution of the Union to the Agency's budget for 2013 amounted to EUR 13 973 518, representing an increase of 9,69 % compared to 2012,
- C. whereas the Court of Auditors, in its report on the annual accounts of the European GNSS Agency for the financial year 2013 (“the Court's report”), has stated that it has obtained reasonable assurances that the Agency’s annual accounts are reliable and that the underlying transactions are legal and regular,

Follow-up of 2012 discharge

1. Notes from the Court’s report that regarding one comment made in the Court’s 2011 report and marked as "Ongoing" in the Court's 2012 report, corrective actions were taken and the comment is now marked as "Completed"; notes furthermore that regarding the two comments made in the Court's 2012 report, one corrective action was taken and that this comment is now marked as "Completed" while one is marked as "Not Applicable";
2. Acknowledges from the Agency that it is finalising its conflicts of interests policy; calls on the Agency to adopt the policy as a matter of urgency and to inform the discharge authority on progress made and on the time-frame set out for its completion;

Comments on the legality and regularity of transactions

3. Acknowledges that the Agency is in charge of organising and managing the exploitation of the European Geostationary Navigation Overlay Service (EGNOS); notes that on the basis of a delegation agreement with the Commission, the Agency signed in 2013 a contract for the exploitation of EGNOS for 2014-2021, and for EUR 588 000 000; is concerned that although the competitiveness of the procedure is not called into question by the Court, an eligibility criterion applied in the first phase of the procurement procedure excluding applications from consortia was not in accordance with the rules on

implementation of the Financial Regulation^{1 2};

Budget and financial management

4. Notes that budget monitoring efforts during the financial year 2012 resulted in an overall level of committed appropriations rate close to 100 % and that the payment appropriations execution rate was 80,53 %;

Commitments and carryovers

5. Notes with concern that the level of committed appropriations carried over was high for Title II (Administrative expenditure), amounting to EUR 1 800 000 or 52 %; acknowledges that the main factors contributing to this high level are specific contracts signed at year-end amounting to EUR 900 000, due to a late approval of an amending budget in September 2013; notes furthermore that some EUR 400 000 relate to services supplied but not invoiced in 2013;

Transfers

6. Notes that according to the Agency's annual activity report, as well as the Court's report, the level and nature of transfers in 2013 have remained within the limits of the Agency's financial rules;

Procurement and recruitment procedures

7. Notes that for 2013, neither sampled transactions nor other audit findings have led to any comments on the Agency's procurement procedures in the Court's report;

Internal audit

8. Acknowledges that in 2013, the Commission's Internal Audit Service (IAS) carried out an audit in accordance with its Strategic Audit Plan for 2013-2015; notes furthermore that the IAS carried out an operational risk assessment which resulted in the IAS Strategic Internal Audit Plan for the Agency, listing the proposed audit topics for 2014-2016;
9. Observes that in the course of the risk analysis, the IAS identified certain processes of high inherent risk which could not be considered as auditable within the audit plan, as the controls were assessed as absent or insufficient;
10. Takes note that the IAS performed a follow-up desk review on the implementation of its previous recommendations; notes that neither very important nor critical recommendations were open as of 31 December 2013;
11. Acknowledges that in 2013 the IAS carried out an audit on "Human Resources Management in the Agency"; takes note that it covered the key areas of human resources management, with focus on recruitment, staff appraisal and development, supervision and control as well as on planning and resource allocation; ascertains from the IAS that

¹ Article 116(6) of Commission Regulation (EC, Euratom) No 2342/2002 (OJ L 357, 31.12.2002, p. 1)

² Article 121(5) of Commission Delegated Regulation (EU) No 1268/2012 (OJ L 362, 31.12.2012, p. 1).

the management and control system in place at the Agency provides reasonable assurance concerning compliance with the applicable legal framework and internal procedures;

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12. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of ... 2015¹ on the performance, financial management and control of the agencies.

¹ Texts adopted of that date, P8_TA-PROV(2015)0000