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A7-0223/2014

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REPORT

on discharge in respect of the implementation of the budget of the European GNSS Agency for the financial year 2012
(C7-0319/2013 – 2013/2231(DEC))

Committee on Budgetary Control

Rapporteur: Petri Sarvamaa

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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 2012 (C7-0319/2013 – 2013/2231(DEC))

The European Parliament,

- having regard to the final annual accounts of the European GNSS Agency for the financial year 2012,
- having regard to the Court of Auditors' report on the annual accounts of the European GNSS Agency for the financial year 2012, together with the Agency's replies¹,
- having regard to the Council's recommendation of 18 February 2014 (05849/2014 – C7-0054/2014),
- 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 Communities², and in particular Article 185 thereof,
- 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 Agency⁴, 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 Regulation applicable to the general budget of the European Communities⁵,
- 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 Council⁶, and in particular Article 108 thereof,
- having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

¹ OJ C 365, 13.12.2013, p. 261.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 276, 20.10.2010, p. 11.

⁵ OJ L 357, 31.12.2002, p. 72.

⁶ OJ L 328, 7.12.2013, p. 42.

- having regard to the report of the Committee on Budgetary Control (A7-0223/2014),
- 1. Grants the Executive Director of the European GNSS Agency discharge in respect of the implementation of the Authority's budget for the financial year 2012;
- 2. Sets out its observations in the resolution below;
- 3. Instructs its President to forward this Decision and the resolution that forms 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 2012 (C7-0319/2013 – 2013/2231(DEC))

The European Parliament,

- having regard to the final annual accounts of the European GNSS Agency for the financial year 2012,
- having regard to the Court of Auditors' report on the annual accounts of the European GNSS Agency for the financial year 2012, together with the Agency's replies¹,
- having regard to the Council's recommendation of 18 February 2014 (05849/2014 – C7-0054/2014),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities², and in particular Article 185 thereof,
- 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 Agency⁴, 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 Regulation applicable to the general budget of the European Communities⁵,
- 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 Council⁶, and in particular Article 108 thereof,
- having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

¹ OJ C 365, 13.12.2013, p. 261.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 276, 20.10.2010, p. 11.

⁵ OJ L 357, 31.12.2002, p. 72.

⁶ OJ L 328, 7.12.2013, p. 42.

- having regard to the report of the Committee on Budgetary Control (A7-0223/2014),
- 1. Approves the closure of the accounts of the European GNSS Agency for the financial year 2012;
- 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 its Decision on discharge in respect of the implementation of the budget of the European GNSS Agency for the financial year 2012 (C7-0319/2013 – 2013/2231(DEC))

The European Parliament,

- having regard to the final annual accounts of the European GNSS Agency for the financial year 2012,
- having regard to the Court of Auditors' report on the annual accounts of the European GNSS Agency for the financial year 2012, together with the Agency's replies¹,
- having regard to the Council's recommendation of 18 February 2014 (05849/2014 – C7-0054/2014),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities², and in particular Article 185 thereof,
- 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 Agency⁴, 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 Regulation applicable to the general budget of the European Communities⁵,
- 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 Council⁶, and in particular Article 108 thereof,

¹ OJ C 365, 13.12.2013, p. 261.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 276, 20.10.2010, p. 11.

⁵ OJ L 357, 31.12.2002, p. 72.

⁶ OJ L 328, 7.12.2013, p. 42.

- having regard to its previous discharge decisions and resolutions,
 - having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A7-0223/2014),
- A. whereas according to its financial statements, the budget of the European GNSS Agency ("the Agency") for the financial year 2012 was EUR 20 848 718, representing a decrease of 46,12 % compared to 2011,
- B. whereas the Court of Auditors has stated that it has obtained reasonable assurances that the Agency's annual accounts for the financial year 2012 are reliable and that the underlying transactions are legal and regular,

Budget and financial management

1. Notes that budget monitoring efforts during the financial year 2012 resulted in a budget implementation rate of 100 % and that the payment appropriations execution rate was 99,99 %;

Commitments and carryovers

2. Acknowledges from the Court of Auditors' report that the overall level of committed appropriations was close to 100 % for all titles;
3. Notes that the carry-over of committed appropriations was relatively high for title II (administrative expenditure) at EUR 1 700 000 (38 %); acknowledges that this was partly due to events beyond the Authority's control, such as the relocation of its seat to Prague in September 2012 (EUR 400 000) and the setting-up of the Galileo Security Monitoring Centre (EUR 400 000) which necessitated the provision of certain goods and services in the last quarter of the year; notes, moreover, that several contracts relating to IT and legal services included in the 2013 work programme were signed in December 2012;

Transfers

4. Notes that an amount of EUR 700 000 was transferred from title I (staff expenditure) to title II in November 2012;

Procurement and recruitment procedures

5. Notes with concern that the Court of Auditors identified weaknesses in the recruitment procedures audited which affected transparency and equal treatment, namely the fact that no threshold scores were determined for admission to written tests and interviews or for inclusion in the list of suitable candidates and the fact that the vacancy notices made no provision for appeals by rejected candidates;
6. Notes that the Court, in its annual audit report for 2012, made no comments as regards the Agency's procurement procedures;

Prevention and management of conflicts of interests and transparency

7. Regrets that the Agency did not answer questionnaire on the management and prevention of conflicts of interests; urges the Agency to report to the discharge authority on the actions it has implemented to become in line with the Court of Auditors' Special Report No 15/2012 and Parliament's recommendations that all agencies develop and implement comprehensive independence policies and procedures, inter alia, by establishing a breach of trust mechanism and clear penalties, or by changing those already in place;
8. Observes that the CVs and declarations of interests of the members of the Administrative Board, as well as the declarations of interests of the Executive Director and senior management are not publicly available; calls on the Agency to remedy the situation as a matter of urgency;

Internal audit

9. Acknowledges from the Agency that in 2012, the Commission's Internal Audit Service (IAS) carried out a risk assessment and a follow-up engagement in accordance with the Strategic Audit Plan of the Agency; notes that there were no open critical or very important recommendations stemming from the previous IAS audit reports; notes, however, 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; notes that the Agency's management submitted an action plan aimed at addressing those weaknesses adequately;

Performance

10. Requests that the Agency communicate the results and impact its work has on European citizens in an accessible way, mainly through its website;

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- 11. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of ... 2014¹ on the performance, financial management and control of the agencies.**

¹ Texts adopted, P7_TA-PROV(2014)...

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	17.3.2014
Result of final vote	+: 15 -: 2 0: 2
Members present for the final vote	Marta Andreasen, Jean-Pierre Audy, Zuzana Brzobohatá, Martin Ehrenhauser, Jens Geier, Gerben-Jan Gerbrandy, Ingeborg Gräßle, Rina Ronja Kari, Monica Luisa Macovei, Jan Mulder, Eva Ortiz Vilella, Paul Rübig, Petri Sarvamaa, Bart Staes, Georgios Stavrakakis, Derek Vaughan
Substitute(s) present for the final vote	Amelia Andersdotter, Philip Bradbourn, Markus Pieper
Substitute(s) under Rule 187(2) present for the final vote	Thomas Ulmer