



Plenary sitting

A9-0074/2021

30.3.2021

REPORT

on discharge in respect of the implementation of the budget of the European
GNSS Agency for the financial year 2019
(2020/2168(DEC))

Committee on Budgetary Control

Rapporteur: Ryszard Czarnecki

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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 2019
(2020/2168(DEC))**

The European Parliament,

- having regard to the final annual accounts of the European GNSS Agency for the financial year 2019,
- having regard to the Court of Auditors' annual report on EU agencies for the financial year 2019, together with the agencies' 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 2019, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 1 March 2021 on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2019 (05793/2021 – C9-0065/2021),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012³, and in particular Article 70 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) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of

¹ OJ C 351, 21.10.2020, p. 7. ECA annual report on EU agencies for the 2019 financial year: https://www.eca.europa.eu/Lists/ECADocuments/AGENCIES_2019/agencies_2019_EN.pdf.

² OJ C 351, 21.10.2020, p. 7. ECA annual report on EU agencies for the 2019 financial year: https://www.eca.europa.eu/Lists/ECADocuments/AGENCIES_2019/agencies_2019_EN.pdf.

³ OJ L 193, 30.7.2018, p. 1.

⁴ OJ L 276, 20.10.2010, p. 11.

the European Parliament and of the Council⁵, and in particular Article 105 thereof,

- having regard to Articles 32 and 47 of 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,
 - having regard to Rule 100 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A9-0074/2021),
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 2019;
 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).

⁵ OJ L 122, 10.5.2019, p. 1.

⁶ 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 2019 (2020/2168(DEC))

The European Parliament,

- having regard to the final annual accounts of the European GNSS Agency for the financial year 2019,
- having regard to the Court of Auditors' annual report on EU agencies for the financial year 2019, together with the agencies' 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 2019, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 1 March 2021 on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2019 (05793/2021 – C9-0065/2021),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012³, and in particular Article 70 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) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council⁵, and in particular Article 105 thereof,

¹ OJ C 351, 21.10.2020, p. 7. ECA annual report on EU agencies for the 2019 financial year: https://www.eca.europa.eu/Lists/ECADocuments/AGENCIES_2019/agencies_2019_EN.pdf.

² OJ C 351, 21.10.2020, p. 7. ECA annual report on EU agencies for the 2019 financial year: https://www.eca.europa.eu/Lists/ECADocuments/AGENCIES_2019/agencies_2019_EN.pdf.

³ OJ L 193, 30.7.2018, p. 1.

⁴ OJ L 276, 20.10.2010, p. 11.

⁵ OJ L 122, 10.5.2019, p. 1.

- having regard to Articles 32 and 47 of 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,
 - having regard to Rule 100 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A9-0074/2021),
1. Approves the closure of the accounts of the European GNSS Agency for the financial year 2019;
 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).

⁶ 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 2019 (2020/2168(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 2019,
 - having regard to Rule 100 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A9-0074/2021),
- A. whereas, according to its statement of revenue and expenditure¹, the final budget of the European GNSS Agency (the ‘Agency’) for the financial year 2019 was EUR 33 589 862,79, representing an increase of 4,22 % compared to 2018; whereas the Agency’s budget derives mainly from the Union budget²;
- B. whereas the Court of Auditors (the ‘Court’), in its report on the Agency’s annual accounts for the financial year 2019 (the ‘Court’s report’), states that the Court obtained reasonable assurance that the Agency’s annual accounts are reliable and that the underlying transactions are legal and regular;

Budget and financial management

1. Notes with satisfaction that the budget monitoring efforts during the financial year 2019 resulted in a budget implementation rate of 100 %, representing the same rate as in 2018; notes furthermore that the execution rate of payment appropriations was 85,95 %, representing an increase of 2,22 % compared to 2018;
2. Notes that in addition to its core budget, the Agency continued to manage a large amount of delegated budget in 2018 to cater for the European Geostationary Navigation Overlay Service (EGNOS), the Galileo Delegation Agreement, the Delegation Agreement for Public Regulated Service and the Horizon 2020 delegation agreement; notes that a total of EUR 290 696 766,98 was committed under a delegated budget in 2019 and EUR 523 494 171,23 made in payments;

Performance

3. Notes that the Agency uses certain measures as key performance indicators to assess the added value provided by its activities and other measures to improve its budget management, such as percentage of successful independent vulnerabilities assessments carried out and commitment and payment rate within prescribed time limits;
4. Welcomes the fact that the Agency has outsourced its accounting services to the

¹ OJ C 430, 20.12.2019, p. 12.

² OJ C 430, 20.12.2019, p. 12.

Commission from 2015 and that it shares the internal audit capability with the European Chemicals Agency; encourages the Agency to seek further and broader cooperation with the Union agencies;

5. Calls on the Agency to continue to develop its synergies, increase cooperation and exchange of good practices with other Union agencies with a view to improve efficiency in areas such as human resources, building management, IT services and security;
6. Notes that in July 2019 the Agency experienced an incident that resulted in a six-day outage of Galileo services leading to urgent recovery procedures being activated in the affected Galileo infrastructure; notes that the Agency's security accreditation board analysed the file on the 2018-2019 service outages, with particular attention to that in July 2019, and issued a number of points and actions to be addressed in order to increase the robustness of the system; calls on the Agency to report to the discharge authority on the developments in that regard;
7. Notes that four new satellites were put in service in February 2019;
8. Notes that the MyGalileoApp competition in 2019, which involved around 150 teams, awarded a financial prize to 3 new innovative usages of Galileo, supporting Union start-ups and young innovators to grow their business potential;
9. Notes that according to the Court's Special Report on the Future of the Agencies (Court's Special Report) the Agency has very limited autonomy in practice regarding its main task is to exploit the Galileo global satellite navigation system under a delegation agreement with the Commission; calls on the Commission to review the autonomy of the Agency particularly regarding its competencies on implementing the delegation agreement through a number of complex contracts with industrial partners and public sector entities; calls on the Agency to report back on the developments in that regard to the discharge authority;
10. Notes that, according to the Court's Special Report following the audit conducted between March and September 2019, the Agency significantly needs to improve its cooperation with Member States, international bodies and other Union agencies as it was noted that the Agency had only limited information on Member State strategies and actions in supporting the uptake of Galileo services; strongly encourages the Agency to increase its cooperation and knowledge sharing with Member States, international bodies and other Union agencies in order to increase the uptake of Galileo services and to pursue the common purpose to deliver on Union policies in the interest of Union citizens; calls on the Agency to report back on the developments in that regard to the discharge authority;
11. Stresses the importance of increasing the digitalisation of the Agency in terms of internal operations and management procedures; stresses the need for the Agency to continue to be proactive in this regard in order to avoid a digital gap between the agencies at all costs; draws attention, however, to the need to take all the necessary security measures to avoid any risk to the online security of the information processed; recalls also the importance for the Agency to develop greater visibility in the media, internet, and social media in order to make its work known;

Galileo-Incident

12. Regrets that on 10 July 2019, during a system upgrade, a service incident occurred in the Galileo ground infrastructure and that it resulted in a six-day interruption of the Galileo initial navigation and timing services; welcomes, however, that the Commission set up an independent inquiry board (inquiry board) to investigate the incident and provide recommendations to avoid similar incidents in the future;
13. Recalls that the inquiry board found mishandling, a technical anomaly of an equipment, a non-standard configuration of the equipment that was subject to the anomaly, recalls that the inquiry board identified root causes of different nature, related to organisation and management of Galileo, human factors, complex and non-standard system configuration; calls on the Commission and the Agency to consistently follow up the recommendations of the inquiry board, particularly regarding the continuity of service and optimising Galileo's governance as well as ensuring better institutional communication towards users and Member States for crisis situations; invites the Commission and the Agency to regularly inform the discharge authority about the follow up actions;

Staff policy

14. Notes that on 31 December 2019 the establishment plan was 92,81 % implemented, with 129 temporary agents appointed out of 139 temporary agents authorised under the Union budget (compared with 128 authorised posts in 2018); notes that, in addition, 55 contract agents and 3 seconded national experts worked for the Agency in 2019; notes that 10 additional posts were allocated to the Agency for its 2019 establishment plan in addition to one post that was already provided for;
15. Is concerned that according to Court's Special Report the Agency struggles to recruit staff with the necessary technical expertise and in order to compensate for a shortage of posts or national experts, the Agency increasingly outsources core tasks to private contractors, on whom it may then become dependent; calls on the Commission to examine the situation carefully and to provide the Agency with the necessary means to recruit the necessary staff; calls on the Commission to report back to the discharge authority on that matter;
16. Welcomes the Agency's efforts and new measures introduced to attract, recruit and retain highly competent staff;
17. Regrets the persisting geographical imbalances in the composition of the Agency's staff, especially at middle and senior management levels; calls on the Agency to establish a proper representation of nationals from all Member States, while at the same time respecting the competencies and merits of the candidates as indicated in the Article 27 of the Staff Regulations of Officials;
18. Encourages the Agency to pursue the development of a long term Human Resources policy framework which addresses the work-life balance, the lifelong guidance and career development, the gender balance, the teleworking, the geographical balance and the recruitment and integration of people with disabilities;
19. Notes the lack of gender balance in 2019 among the senior management (7 men and 4

women) and on the administrative board (24 men and 5 women); asks the Agency to ensure gender balance at the senior management level in the future; asks the Commission and the Member States to take into account the importance of ensuring gender balance when nominating members to the Agency's administrative board;

20. Is concerned about the large size the agency's management board which makes decision making difficult and generates considerable administrative costs;

Sustainability

21. Regrets that the Agency has not yet adopted CO₂ reduction targets; calls on the Agency to create an environmentally friendly working frame and to reduce its carbon footprint, its energy consumption and to develop a paperless workflow;
22. Regrets that the energy supplied via an operator which does not provide the share of energy sources in detail and that the use of renewable energy by the Agency cannot therefore be determined; invites the Agency to switch to an operator which is capable of providing the details on the energy sources;

Procurement

23. Notes, regarding the follow-up to its the Court's findings in 2018, that legal proceedings had been lodged against the Agency at the Court of Justice of the European Union (CJEU), challenging the outcome of the procurement procedure for a framework contract on the implementation of the Galileo satellite system during the period from 2017 to 2027, amounting to EUR 1,5 billion; notes that the case was abandoned by Eutelsat and cancelled by the CJEU;
24. Notes, regarding the follow-up of previous year's findings of the Court, that the e-procurement procedures' e-submission module did not address the Agency's complex procurement needs, and it was decided that tenders will not be carried out electronically, thus not using any of the e-procurement IT tools developed by the Commission; notes from the Agency's reply that the Agency is resuming contacts with the Commission to evaluate the possibility to use electronic tendering for those procurements for which it may be most opportune; calls on the Agency to report to the discharge authority on developments in that regard;

Prevention and management of conflicts of interest and transparency

25. Notes that not all CVs of administrative board members have been published on the Agency's website; reiterates its calls on the Agency to publish the CVs of all the members of the administrative board and to report to the discharge authority on the actions taken in that regard; notes that the administrative board secretariat as well as the internal control coordinator reminds and urges administrative board members to submit missing documents and that declarations of interest of administrative board are stored on the Agency's document management system;
26. Notes that CVs and declarations of interest of senior management are published on the Agency's website; notes, however, that the CVs and declarations of interest of management staff are not published on the Agency's website; notes that the Agency is waiting for the formal implementation approval of conflict of interest implementing

rules by the Commission in order to publish the CVs of management staff on its website;

27. Underlines the fact that the current ethical framework applying to Union institutions and agencies suffers from considerable drawbacks due to its fragmentation and lack of consistency between existing provisions; highlights that these issues should be addressed by setting up a common ethical framework, ensuring the application of high ethical standards for all Union institutions, bodies, offices and agencies;

Internal controls

28. Notes from the Court's report that the Agency has signed working arrangements with the European Space Agency (ESA) on the implementation of the EGNOS and GALILEO programmes, and in 2019 the Agency paid EUR 55,5 million under the EGNOS working arrangement and EUR 223,7 million under the GALILEO working arrangement; notes from the Court's report that there is a risk that the Agency's payments to the ESA may be calculated on the basis of inaccurate costs due to the absence of a comprehensive *ex-ante* or *ex-post* strategy; notes from the Agency's reply that *ex-ante* control is carried out to confirm that payment requests' amounts agree with the respective payment plans and pre-financing stated in working agreements and that *ex-post* control is not applicable as the Agency has a contractual obligation to pay; notes from the Agency's reply that *ex-post* control, in particular full reconciliation of costs and activities against cost claims, will be done by the Agency from 2020 until 2023;
29. Notes from the Court's report that the Agency is experiencing delays in the implementation of its new internal control framework, which was due to be approved in 2019, and in the approval of its business continuity plan, which has been the subject of follow-up enquiries by the Court since 2015 and has been approved only on 15 May 2020, thus constituting major internal weaknesses in the Agency's procedures; notes from the Agency's reply that it intends to finalise its internal control framework in 2020;
30. Notes that the internal audit service (IAS) delivered an audit report on EGNOS Exploitation in November 2019 with five important recommendations and one issue identified for consideration; calls on the Agency to report to the discharge authority on the progress made in that regard;
31. Notes that the internal audit capability performed an audit of the 'Capacity Building of GSA's staff' in 2019 and although the report was not finalised in 2019 but it was planned to include one very important and four important recommendations; calls on the Agency to report to the discharge authority on the progress made in the implementation of these recommendations;
32. Notes that in 2019 the Agency selected an audit firm BDO to perform the three customary external audits on the 2018 activity under three delegation agreements with DG GROW (now DEFIS), EGNOS, Galileo and Horizon 2020 grants, concluding that the funds delegated by DG DEFIS had been properly spent; although certain clerical errors were detected, there were no material findings;
33. Notes, regarding the follow-up actions with regard to the discharge authority's comments in previous years, that the IAS performed an audit on 'IT Governance in

GSA' in 2018 and that the Agency drew up an action plan with six actions to address potential areas for improvement; notes that in March 2020, IAS closed two actions and the Agency prepared all the other documentation relevant for remaining actions and the Agency believes that after the submission of the prepared package the IAS will be able to close most, if not all, of the remaining actions; calls on the Agency to report to the discharge authority on the developments in this regard;

Other comments

34. Notes, in light of comments and observations by the discharge authority related to the Agency's commitment to minimise any negative impact from the UK's decision to withdraw from the Union, that some contracts affected have been re-assigned from UK contractors to companies established in the territory of one of Member States and other contracts have achieved natural expiry before the withdrawal date, and that the back-up site of the Galileo Security Monitoring Centre has been relocated from the UK to Spain, ensuring a continuity of services;

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35. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of ... 2021³ on the performance, financial management and control of the agencies.

³ Texts adopted, P9_TA-PROV (2021)0000.

INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

Date adopted	22.3.2021
Result of final vote	+: 28 -: 2 0: 0
Members present for the final vote	Matteo Adinolfi, Olivier Chastel, Caterina Chinnici, Lefteris Christoforou, Corina Crețu, Ryszard Czarnecki, Martina Dlabajová, José Manuel Fernandes, Raffaele Fitto, Luke Ming Flanagan, Daniel Freund, Isabel García Muñoz, Monika Hohlmeier, Jean-François Jalkh, Pierre Karleskind, Joachim Kuhs, Ryszard Antoni Legutko, Claudiu Manda, Alin Mituța, Younous Omarjee, Tsvetelina Penkova, Markus Pieper, Sabrina Pignedoli, Michèle Rivasi, Petri Sarvamaa, Angelika Winzig, Lara Wolters, Tomáš Zdechovský
Substitutes present for the final vote	Andrey Novakov, Viola Von Cramon-Taubadel

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

28	+
ECR	Ryszard Czarnecki, Raffaele Fitto, Ryszard Antoni Legutko
ID	Jean-François Jalkh
NI	Sabrina Pignedoli
PPE	Lefteris Christoforou, José Manuel Fernandes, Monika Hohlmeier, Andrey Novakov, Markus Pieper, Petri Sarvamaa, Angelika Winzig, Tomáš Zdechovský
Renew	Olivier Chastel, Martina Dlabajová, Pierre Karleskind, Alin Mituța
S&D	Caterina Chinnici, Corina Crețu, Isabel García Muñoz, Claudiu Manda, Tsvetelina Penkova, Lara Wolters
The Left	Luke Ming Flanagan, Younous Omarjee
Verts/ALE	Daniel Freund, Michèle Rivasi, Viola Von Cramon-Taubadel

2	-
ID	Matteo Adinolfi, Joachim Kuhs

0	0

Key to symbols:

+ : in favour

- : against

0 : abstention