2013 discharge: European GNSS Agency (GSA)

2014/2114(DEC) - 16/09/2014 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the European GNSS Agency for the year 2013, together with the Agency's reply (GSA).

CONTENT: in accordance with the tasks conferred on the Court of Auditors by the Treaty on the Functioning of the European Union, the Court presents to the European Parliament and to the Council, in the context of the discharge procedure, a Statement of Assurance as to the reliability of the annual accounts of each institution, body or agency of the EU, and the legality and regularity of the transactions underlying them, on the basis of an independent external audit.

This audit concerned, amongst others, the annual accounts of the European GNSS Agency (GSA).

Statement of assurance: pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union (TFEU), the Court has audited:

- the annual accounts of the Agency, which comprise the financial statements and the reports on the implementation of the budget for the financial year ended 31 December 2013;
- the legality and regularity of the transactions underlying those accounts.

Opinion on the reliability of the accounts: in the Court's opinion, the Agency's annual accounts present fairly, in all material respects, its financial position as at 31 December 2013 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer.

Opinion on the legality and regularity of the transactions underlying the accounts: in the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2013 are legal and regular in all material respects.

The report also makes a series of observations on the budgetary and financial management of the Agency, accompanied by the latter's response. The main observations may be summarised as follows:

The Court's observations:

- **legality and regularity of transactions**: the Agency is in charge of organising and managing the exploitation of the European Geostationary Navigation Overlay Service (EGNOS) which is the first pan-European satellite navigation system. On the basis of a delegation agreement with the Commission, the Agency signed a contract for the exploitation of EGNOS for the 2014 to 2021 period for an amount of some EUR 588 million. Although the competiveness of the procedure is not called into question, 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;
- **budget management**: in 2013, carry-overs of committed appropriations were high for administrative expenditure at 52%. This is mainly due to specific contracts signed at year-end (EUR 900 000), following the late approval of an amending budget in September that provided additional funds to the Agency.

The Agency's reply:

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legality and regularity of transactions: the Agency noted that the express exclusion of consortia was in that sense only translating a fact for the sake of transparency. More generally the Agency appreciates the Court's recognition that this exclusion did not affect the conduct of the procedure which de facto achieved effective competition, as demonstrated by the submission of five applications;

- **budgetary management**: the Agency noted that a rather large volume of commitments was made at the end of the year due to the late approval of the amending budget. The amendment was initially planned in March, but not finally adopted until mid-September. The GSA was compelled to put them on hold until the approval of the amending budget and its exact amount was certain. Other carry-overs were largely due to services for the new Galileo Security Monitoring Centre site in France.

Lastly, the Court of Auditors' report contains **a summary of the Agency's activities in 2013**. This is focused on the following:

Budget: EUR 53.3 million consisting of the EU subsidy of EUR 13.9 million, which is the operating subsidy from the Commission, and EUR 39.4 million in operational funds provided by the Commission to perform delegated tasks.

Activities:

- support for the European Commission in the implementation of the EGNOS and Galileo programmes;
- Systems Security (Security Accreditation of the systems and sites, Galileo System specific Security requirements, Flight Key Cell activities);
- support for Public Regulated Service — PRS (Preparation of the PRS User Segment);
- preparatory activities for EGNOS and Galileo exploitation;
- market development activities;
- research/development.