Basic information

2015/2182(DEC) DEC - Discharge procedure	Procedure completed
2014 discharge: European GNSS Agency (GSA) **Subject** 8.70.03.04 2014 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	VAUGHAN Derek (S&D)	13/08/2015
	Shadow rapporteur DEUTSCH Tamás (PPE) VISTISEN Anders (ECR) ALI Nedzhmi (ALDE) DE JONG Dennis (GUE/NGL) JÁVOR Benedek (Verts/ALE) VALLI Marco (EFDD) KAPPEL Barbara (ENF)	

Committee for opinion	Rapporteur for opinion	Appointed
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	

European Commission

Commission DG	Commissioner
Budget	GEORGIEVA Kristalina

Key events

Date	Event	Reference	Summary
23/07/2015	Non-legislative basic document published	COM(2015)0377	Summary
05/10/2015	Committee referral announced in Parliament		
04/04/2016	Vote in committee		

08/04/2016	Committee report tabled for plenary	A8-0112/2016	Summary
27/04/2016	Debate in Parliament		
28/04/2016	Decision by Parliament	T8-0191/2016	Summary
28/04/2016	Results of vote in Parliament		
28/04/2016	End of procedure in Parliament		
14/09/2016	Final act published in Official Journal		

Technical information

Procedure reference	2015/2182(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/04236

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE569.769	03/02/2016	
Amendments tabled in committee		PE576.973	04/03/2016	
Committee report tabled for plenary, single reading		A8-0112/2016	08/04/2016	Summary
Text adopted by Parliament, single reading		T8-0191/2016	28/04/2016	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	05584/2016	27/01/2016	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2015)0377	23/07/2015	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N8-0152/2015 OJ C 409 09.12.2015, p. 0353	15/09/2015	Summary

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

Final act	
Budget 2016/1579 OJ L 246 14.09.2016, p. 0383	Summary

2014 discharge: European GNSS Agency (GSA)

2015/2182(DEC) - 28/04/2016 - Final act

PURPOSE: to grant discharge to the European GNSS Agency (GSA) in respect of the Agency's budget for the financial year 2014.

NON LEGISLATIVE ACT: Decision (EU) 2016/1579 of the European Parliament on discharge in respect of the implementation of the budget of the European GNSS Agency for the financial year 2014.

CONTENT: with the present decision, the European Parliament grants discharge to the Executive Director of the European GNSS Agency for the implementation of its budget for the financial year 2014.

This decision is in line with the European Parliament's resolution adopted on 28 April 2016 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 28 April 2016).

Amongst Parliament's main observations in the resolution accompanying the discharge decision, it noted that **the Agency has no insurance coverage for fixed tangible assets**. It called on it to update the discharge authority on the progress made in this area.

2014 discharge: European GNSS Agency (GSA)

2015/2182(DEC) - 28/04/2016 - Text adopted by Parliament, single reading

The European Parliament decided to grant discharge to the Executive Director of the European GNSS Agency in respect of the implementation of the budget for the financial year 2014. The vote on the discharge decision covers the closure of the accounts (in accordance with Annex V, Article 5(1)(a) to its Rules of Procedure).

Noting that the Court of Auditors issued a statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions for the financial year 2014, Parliament adopted by 515 votes to 109, with 10 abstentions, a resolution containing a number of recommendations that needed to be taken into account when the discharge is granted, in addition to the general recommendations that appear in the draft resolution on performance, financial management and control of EU agencies:

- **Agency's financial statements**: Parliament noted that the Union subsidy to the budget of the European GNSS Agency for the financial year 2014 was EUR 25 369 058, representing an increase of 81.55 % compared to 2013.
- **Commitments and carryovers**: Parliament acknowledged the efforts made by the Agency to reduce the level of carry-overs by committing the budget earlier in the year when possible and therefore enabling earlier payments. It noted, furthermore, that the Agency is developing a new budget management tool designed to aid implementation, monitoring and reporting on core and delegated budget with the aim of improving the management of both commitments and payment appropriations. It called on the Agency to inform the discharge authority of the improvements made by introducing that tool.
- **EGNOS**: Parliament noted that with regard to the exploitation of the European Geostationary Navigation Overlay Service ("EGNOS"), the Agency awarded an eight-year service provision contract ("ESP contract") with an initial contract value of EUR 436 million. In 2014, following a direct negotiated procedure, the Agency amended the service contract for an amount of EUR 6.3 million for the purchase and maintenance of 14 satellite signal receivers, 14 signal generators and other equipment relating to EGNOS. It noted with concern that an arrangement between the contractor and its two subcontractors was set up, as under the initial contract, which led to an accumulation of overheads and profits. Parliament noted that the ESP contract was awarded by means of a competitive tender and that it was chosen in order to secure service continuity requirement for "safety-of-life" ("SoL") service based on a qualified and certified system. It observed that the amendment of that contract must be considered to be an **intrinsic and non-separable part of the ESP contract** because it is necessary to secure the maintenance of the system as qualified and the delivery of the SoL service complying with the mandatory certification.

Parliament also made a series of observations regarding the financial and budgetary management of the Agency, in particular payment transfers, contract award, recruitment, control and internal audit procedures.

Parliament acknowledged that the Agency's Administrative Board adopted a policy on the **prevention and management of conflicts of interests** and encouraged the members of the Agency's administrative board to submit their declarations of interest for further publication on the Agency's website.

Lastly, Parliament noted that the Agency has **no insurance coverage** for fixed tangible assets with a net book value of EUR 1 million. It acknowledged that the Agency is currently analysing risks, value and criticality of each asset owned in order to assess the type of insurance which would suit its requirements. It asked the Agency to update the discharge authority on the progress made.

2014 discharge: European GNSS Agency (GSA)

2015/2182(DEC) - 08/04/2016 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Derek VAUGHAN (S&D, UK) on discharge in respect of the implementation of the budget of the European GNSS Agency for the financial year 2014.

The parliamentary committee calls on the European Parliament to grant the Executive Director of the Agency discharge in respect of the implementation of the agency's budget for the financial year 2014.

Noting that the Court of Auditors issued a statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions for the financial year 2014, Members call on Parliament to approve the closure of the Agency's accounts. They made, however, a number of recommendations that needed to be taken into account when the discharge is granted, in addition to the general recommendations that appear in the draft resolution on performance, financial management and control of EU agencies:

- **Agency's financial statements:** Members noted that the Union subsidy to the budget of the European GNSS Agency for the financial year 2014 was EUR 25 369 058, representing an increase of 81.55 % compared to 2013.
- **Commitments and carryovers:** Members acknowledged the efforts made by the Agency to reduce the level of carry-overs by committing the budget earlier in the year when possible and therefore enabling earlier payments. They note, furthermore, that the Agency is developing a new budget management tool designed to aid implementation, monitoring and reporting on core and delegated budget with the aim of improving the management of both commitments and payment appropriations. They call on the Agency to inform the discharge authority of the improvements made by introducing that tool.

Members also made a series of observations regarding payment transfers, contract award, recruitment, control and internal audit procedures.

Members acknowledge that the Agency's Administrative Board adopted a policy on the **prevention and management of conflicts of interests** and encourage the members of the Agency's administrative board to submit their declarations of interest for further publication on the Agency's website.

Lastly, Members note that the Agency has **no insurance coverage** for fixed tangible assets with a net book value of EUR 1 000 000. They acknowledge that the Agency is currently analysing risks, value and criticality of each asset owned in order to assess the type of insurance which would suit its requirements. They ask the Agency to update the discharge authority on the progress made.

2014 discharge: European GNSS Agency (GSA)

2015/2182(DEC) - 27/01/2016 - Supplementary non-legislative basic document

Having examined the revenue and expenditure accounts for the financial year 2014 and the balance sheet as at 31 December 2014 of the European GNSS Agency, as well as the Court of Auditors' report on the annual accounts of the Agency for the financial year 2014, accompanied by the Agency's replies to the Court's observations, the Council recommended the European Parliament to give a discharge to the Executive Director of the Agency in respect of the implementation of the budget for the financial year 2014.

The Council welcomed the Court's opinion that, in all material respects, the Agency's annual accounts present fairly its financial position as at 31 December 2014 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of the Agency's Financial Regulation, and that the underlying transactions for 2014 are legal and regular in all material respects.

Nevertheless, the Council has made some observations which may be summarised as follows:

- **financial programming**: the Council considered that the Agency should improve its financial programming and monitoring of the budget implementation, especially regarding administrative expenditure for IT contracts, in order to reduce the level of commitments carried over to the next financial year to the strict minimum, in line with the budgetary principle of annuality;
- **procurement procedures**: the Council invited the Agency to closely monitor the appropriateness of overheads and other indirect costs accruing during the life-time of its service contracts, in line with the budgetary principle of sound financial management.

2014 discharge: European GNSS Agency (GSA)

2015/2182(DEC) - 15/09/2015 - 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 2014, together with the Agency's reply.

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 2014, and
- 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 2014 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 2014 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:

- **budgetary management**: the Court stated that the level of carry-overs for committed appropriations was high for administrative expenditure, reaching 54 %. These carry-overs mainly concerned services provided to the Agency in 2014 for which invoices were not received until 2015 (IT contracts);
- **public procurement**: in 2013, the Agency had awarded an 8-year service contract for the exploitation of the European Geostationary Navigation Overlay Service (EGNOS) with a value of EUR 436 million (initial contract) to a contractor. In 2014, following a direct negotiated procedure, GSA amended the initial contract for an amount of EUR 6.3 million for the purchase and maintenance of 14 satellite signal receivers and 14 signal generators and some other equipment in relation to EGNOS. An arrangement between the contractor and its two subcontractors was set up, as under the initial contract, which led to an accumulation of overheads and profits. Out of this amount, only EUR 3.2 million related to direct costs (materials, labour, transport and insurance, travel and subsistence). Overheads and other costs accounted for EUR 1.4 million and profits and remuneration of sub-contractors for EUR 1.7 million.

The Agency's reply:

- **budgetary management**: the Agency stated that carry-overs of committed appropriations were high for administrative expenditure and reached around EUR 3.4 million, i.e. 54 %;
- **public procurement**: the GSA confirmed that ESSP industrial organisation may lead to accumulation of overheads and profits. However, this is in line with the 8-year EGNOS Service Provision contract (the ESP contract), which was awarded through a competitive tender to ESSP for the services procured. The ESP contract type -direct single service contract- was chosen in order to secure service continuity requirement for Safety-of-Life (SoL) service based on qualified/certified system; yet, it functions effectively as a framework contract (FWC). Therefore the ESP amendment for EUR 6.3 million for the purchase and maintenance of 14 satellite receivers and 14 signal generators cannot be seen as a standalone procurement and ensuing contract but it must be considered as an intrinsic and non-separable part of the ESP contract necessary to secure the maintenance of the system as qualified and the delivery of the SoL service complying with the mandatory certification. It follows that the freely chosen industrial setup of main ESP contract also had to be respected.

Lastly, the Court of Auditors' report contains a summary of the **Agency's activities in 2014**. This is focused on the following:

Budget: EU subsidy of EUR 25.3 million. In addition, the GSA manages under delegation from the European Commission operational activities linked to the exploitation and commercialization of the EGNOS and Galileo systems. For this type of activity, the level of open commitments managed by the Agency by the end of 2014 was of EUR 694.3 million. Payments managed linked to delegated activity amounted to EUR 130.7 million euro in 2014.

Activities:

- **security**: security accreditation of the systems and sites, Galileo System-specific Security requirements, Crypto Distribution Authority/Flight Key Cell activities;
- **support to Public Regulated Service (PRS)**, including PRS Pilot Projects and procurement of pre-operational PRS receivers; Galileo Security Monitoring Centre; preparation of Galileo Security Monitoring Centre (GSMC); provision of the GSMC Nucleus;
- **market development**: market analysis and publication of GNSS Market Reports; market readiness for the launch of Galileo early services; market development actions focused on receiver manufacturers to foster Galileo penetration in consumer and professional markets; implementation of adoption roadmaps for EGNOS in all priority markets with special focus on aviation and road transport; management of projects under the 7th Framework Programme for Research; maximisation of the projects' results and achievement of strategic objectives; dissemination of the results of R & D;
- **EGNOS and Galileo Exploitation**: preparatory activities for Galileo exploitation; EGNOS operations and services provision; operation of GNSS Service Centre helpdesk;
- **general administration**: information and outreach including EGNOS market communications, PRS awareness-building and corporate communications activities.

2014 discharge: European GNSS Agency (GSA)

2015/2182(DEC) - 23/07/2015 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2014, as part of the 2014 discharge procedure.

Analysis of the accounts of the **(GSA)**.

CONTENT: this Commission document sets out the consolidated annual accounts of the European Union for the financial year 2014 as prepared on the basis of the information presented by the institutions, organisations and bodies of the EU, in accordance with Article 148 (2) of the Financial Regulation applicable to the EU's General Budget, including the European GNSS Agency (GSA).

The document contains the figures on which the discharge procedure is based.

On this basis, the Financial Controller of the European Commission ensures the certification of the consolidated accounts as declared by the institutions, agencies and bodies of the European Union.

Discharge procedure of the EU agencies: the EU Budget finances a wide range of policies and programmes throughout the EU. In accordance with the priorities set by the European Parliament and the Council in the multi-annual financial framework (MFF), the European Commission carries out specific programmes, activities and projects in the field with the technical support of some specialised agencies.

The consolidated annual accounts of the EU provide information on the activities of the institutions, agencies and other bodies of the EU from a budgetary and accrual accounting perspective.

The consolidated reports on the implementation of the general budget of the EU include the budget implementation of all Institutions. **Agencies do not have a separate budget inside the EU budget**; and they are partially financed by a Commission budget subsidy.

This document sets out how the Agencies spent and implemented their budget in 2014. Each agency is subject to its own discharge procedure.

GSA: in 2014, the tasks and budget of this Authority were as follows:

- **description of the Authority's tasks**: the GNSS Supervisory Authority was set up by Council Regulation (EC) No 1321/2004 and its main task is to manage the public interests relating to the European GNSS programmes and to act as the regulatory authority for the programme during the deployment and operational phases of the Galileo Programme. Regulation (EC) No 683/2008 of the European Parliament and the Council reduced the responsibilities of the Authority to the control of the security of Galileo systems and to the preparation of their commercialisation. The GSA’s headquarters is located in Prague (CZ) since 2012.
- **GNSS' budget for the 2014 financial year**: the Authority’s budget for 2014, as presented in the Commission document on the consolidated annual accounts of the European Union, gives the following figures:

Commitment appropriations :

- **committed** : EUR 2 095 million;

- **paid** : EUR 693 million;

- **carried-over** : EUR 1 402 million.

Payment appropriations :

- **committed** : EUR 407 million;

- **paid** : EUR 150 million;

- **carried-over** : EUR 257 million.

Please refer also to the final accounts of the GSA.