










# Procedure file

| Basic information                          |                                |                     |
|--|--------------------------------|---------------------|
| DEC - Discharge procedure                  | <a href="#">2017/2165(DEC)</a> | Procedure completed |
| 2016 discharge: European GNSS Agency (GSA) |                                |                     |
| Subject<br>8.70.03.06 2016 discharge       |                                |                     |

| Key players         |   |   |            |
|---------------------|---|---|------------|
| European Parliament | Committee responsible                     | Rapporteur  | Appointed  |
|                     | <b>CONT</b> Budgetary Control             |  <a href="#">STAES Bart</a><br>Shadow rapporteur<br> <a href="#">SARVAMAA Petri</a><br> <a href="#">LIBERADZKI Boguslaw</a><br> <a href="#">MARIAS Notis</a><br> <a href="#">ALI Nedzhmi</a><br> <a href="#">VALLI Marco</a><br> <a href="#">KAPPEL Barbara</a> | 14/09/2017 |
|                     | Committee for opinion                     | Rapporteur for opinion  | Appointed  |
|                     | <b>ITRE</b> Industry, Research and Energy | The committee decided not to give an opinion.   |            |
| European Commission | Commission DG<br><a href="#">Budget</a>   | Commissioner<br>OETTINGER Günther   |            |

| Key events |  |                               |         |
|------------|--|-------------------------------|---------|
| 26/06/2017 | Non-legislative basic document published   | <a href="#">COM(2017)0365</a> | Summary |
| 13/09/2017 | Committee referral announced in Parliament |                               |         |
| 20/03/2018 | Vote in committee                          |                               |         |
| 23/03/2018 | Committee report tabled for plenary        | <a href="#">A8-0082/2018</a>  | Summary |
|            |  |                               |         |

|            |   |   |         |
|------------|---|---|---------|
| 18/04/2018 | Results of vote in Parliament           |    |         |
| 18/04/2018 | Debate in Parliament                    |  |         |
| 18/04/2018 | Decision by Parliament                  | <a href="#">T8-0165/2018</a>  | Summary |
| 18/04/2018 | End of procedure in Parliament          |   |         |
| 03/10/2018 | Final act published in Official Journal |   |         |

### Technical information

|                            |                           |
|----------------------------|---------------------------|
| Procedure reference        | 2017/2165(DEC)            |
| Procedure type             | DEC - Discharge procedure |
| Stage reached in procedure | Procedure completed       |
| Committee dossier          | CONT/8/10811              |

### Documentation gateway

|   |  |            |      |         |
|---|--|------------|------|---------|
| Non-legislative basic document                      | <a href="#">COM(2017)0365</a>                                | 26/06/2017 | EC   | Summary |
| Court of Auditors: opinion, report                  | N8-0016/2018<br><a href="#">OJ C 417 06.12.2017, p. 0241</a> | 19/09/2017 | CofA | Summary |
| Committee draft report                              | <a href="#">PE613.459</a>                                    | 25/01/2018 | EP   |         |
| Supplementary non-legislative basic document        | <a href="#">05941/2018</a>                                   | 09/02/2018 | CSL  | Summary |
| Amendments tabled in committee                      | <a href="#">PE618.271</a>                                    | 02/03/2018 | EP   |         |
| Committee report tabled for plenary, single reading | <a href="#">A8-0082/2018</a>                                 | 23/03/2018 | EP   | Summary |
| Text adopted by Parliament, single reading          | <a href="#">T8-0165/2018</a>                                 | 18/04/2018 | EP   | Summary |

### Final act

Budget 2018/1433  
[OJ L 248 03.10.2018, p. 0345](#) Summary

## 2016 discharge: European GNSS Agency (GSA)

**PURPOSE:** presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2016, as part of the 2016 discharge procedure.

Analysis of the accounts of the European Global Navigation Satellite System Agency (GSA).

**CONTENT:** the organisational governance of the EU consists of institutions, agencies and other EU bodies whose expenditure is included in the general budget of the Union.

This Commission document concerns the EU's consolidated accounts for the year 2016 and details how spending by the EU institutions and bodies was carried out. The consolidated annual accounts of the EU provide financial information on the activities of the institutions, agencies and other bodies of the EU from an accrual accounting and budgetary perspective.

It is the responsibility of the Commission's Accounting Officer to prepare the EU's consolidated annual accounts and ensure that they present fairly, in all material aspects, the financial position, the result of the operations and the cash flows of the EU institutions and bodies, including the European Global Navigation Satellite System Agency (GSA), with a view to granting discharge.

Discharge procedure: the final step of a budget lifecycle is the discharge of the budget for a given financial year. It represents the political aspect of the external control of budget implementation and is the decision by which the European Parliament, acting on a Council recommendation, "releases" the Commission (and other EU bodies) from its responsibility for management of a given budget by marking the end of that budget's existence. The European Parliament is the discharge authority within the EU.

The discharge procedure may produce three outcomes: (i) the granting; (ii) postponement or; (iii) the refusal of the discharge.

The final discharge report including specific recommendations to the Commission for action is adopted in plenary by the European Parliament and are subject to an annual follow up report in which the Commission outlines the concrete actions it has taken to implement the recommendations made.

Each agency is subject to its own discharge procedure, including the European Global Navigation Satellite System Agency (GSA).

GSA: the Supervisory Authority, whose headquarters are located in Prague (CZ) since 2012, 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.

As regards the Authority's accounts, these are presented in detail in the document on the consolidated annual accounts of the European Union for 2016:

Commitment appropriations:

- available: EUR 3 331 million;
- made: EUR 1 104 million.

Payment appropriations:

- available: EUR 626 million;
- made: EUR 139 million.

For further details on expenditure, please refer to the [final accounts of the GSA](#).

## 2016 discharge: European GNSS Agency (GSA)

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**PURPOSE:** presentation of the EU Court of Auditors report on the annual accounts of the European GNSS Agency for the year 2016, together with the Agency's replies.

**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 focused on the annual accounts of the European GNSS Agency (GSA). The GSA officially took over all tasks previously assigned to the GALILEO Joint Undertaking. The Commission entrusted the exploitation of the European Geostationary Navigation Overlay Service (EGNOS) to the Agency through a delegation agreement.

**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 2016, 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 2016 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. A comment was made by the Court as regards the last validation of the accounting systems which was performed in 2012. The new accountant plans to perform the next validation in 2020.

**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 2016 are legal and regular in all material respects.

The report made 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:** without calling into question its opinion, the Court draws attention to the fact that the United Kingdom (UK) notified the European Council on 29 March 2017 of its decision to withdraw from the European Union. An agreement setting out the arrangements for its withdrawal will be negotiated. The Agency operates both Galileo Security Monitoring Centre and Galileo ground stations that are located in UK territory. The status of the UK within these frameworks remains to be determined;

- **budgetary management:** the Court noted that the level of carry-overs for committed appropriations was high for administrative expenditure at EUR 2.8 million. These carry-overs mainly relate to IT services provided in 2016 for which invoices were not received;
- **internal controls:** it was noted that no Agency-wide annual risk assessment exercise was conducted in 2016 and the Agency's significant risks are not included in its planning documents or activity reports..

**The Agency's replies:**

- **budgetary management:** the Agency stated that the level of cancellations of carry-overs is very low (0.7 % over all budget lines in 2016) and the GSA considers this a far better indication of budget management than the level of carry-overs itself which is unavoidably high given the operational nature of the Agency and the invoicing periods for a large number of high-value administrative contracts, thereby representing a large number of planned carry-overs as opposed to unplanned;
- **internal controls: planning:** the Agency has finalised a corporate risk management policy and procedure. The Agency undertakes quarterly corporate risk management boards, through which the corporate risk register is reviewed and updated.

Lastly, the Court of Auditors report also contained a summary of the Agencies key figures in 2016:

- Budget: EUR 626.4 million (payment appropriations).
- Staff: 160 including officials, temporary and contract staff and seconded national experts.

## 2016 discharge: European GNSS Agency (GSA)

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Having examined the revenue and expenditure accounts for the financial year 2016 and the balance sheet as at 31 December 2016 of the European GNSS Agency (GSA), as well as the Court of Auditors' report on the annual accounts of the Agency for the financial year 2016, 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 2016.

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 2016 and the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with the provisions of the Agency's Financial Regulation, and that the underlying transactions for 2016 are legal and regular in all material respects.

The Council welcomed the achievements made by the Agency with regard to the revision of its budgetary implementation report and the finalisation of the corporate risk management policy and procedure.

While regretting that a high level of commitment appropriations was carried over to 2017, the Council called on the Agency to improve its financial programming and monitoring of the budget implementation, in order to reduce the level of commitments carried over to the following financial year to the minimum strictly necessary, in line with the budgetary principle of annuality.

## 2016 discharge: European GNSS Agency (GSA)

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The Committee on Budgetary Control adopted the report by Bart STAES (Greens/EFA, BE) on discharge in respect of the implementation of the budget of the European GNSS Agency for the financial year 2016.

The committee called 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 2016.

Noting that the Court of Auditors stated that it had obtained reasonable assurance that the annual accounts of the Agency for the financial year 2016 were reliable and that the underlying transactions were legal and regular, Members called 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](#):

- Agencies financial statements: Members noted that the Union subsidy to the final budget of Agency for the financial year 2016 was EUR 29 086 327, representing an increase of 5.36 % compared to 2015.
- Agencies obligations: in 2016 the Agency did not fulfil its discharge obligations as regards replying to the questions raised during the 2015 discharge procedure. Members considered that this could be considered to be a procedural ground for postponing the discharge. Such a delay should not be repeated.
- Budget and financial management: budget monitoring efforts during the financial year 2016 resulted in a budget implementation rate of 100 %. The Agency continued to manage a large amount of delegated budget in 2016 following the signature of two new delegation agreements (EGNOS Exploitation and Galileo Exploitation) in the course of 2016.
- Commitments and carry-overs: the level of carry-overs for committed appropriations was high at EUR 2 806 212 (45 %) for administrative expenditure in 2016, compared with EUR 2 511 309 (42 %) in 2015. These carry-overs mainly relate to IT services provided in 2016 for which invoices were not received. The level of cancellations of carry-overs of the Agency is very low (0.7 % overall budget lines in 2016). The Agency considered this to be a better indication of budget management than the level of carry-overs itself.

Members also made a series of observations regarding transfers, the prevention and management of conflicts of interests, procurement and staff policy and internal audits and controls.

They pointed out that the Agency has still not adopted a whistleblowing policy. The Agency will start the process of adoption of a whistleblowing policy on the basis of the Commission's implementing rules for agencies, which are expected to be finalised in 2018.

Members also noted that the Agency operates the Galileo Security Monitoring Centre and the Galileo ground stations, both of which are located on United Kingdom territory. The status of the United Kingdom within those frameworks remains to be determined. The report called on Agency to work in close cooperation with the Commission regarding the Brexit negotiations in order to be sufficiently prepared to minimise any negative operational or financial impact that may occur.

Lastly, Members expressed disappointment that the Agency's visibility is still not satisfactory. They called on it to be more proactive in presenting its mission and work to the wider public and to increase its overall visibility.

## 2016 discharge: European GNSS Agency (GSA)

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The European Parliament decided to grant discharge to the Executive Director of the European GNSS Agency in respect of the implementation of the Agency's budget for the financial year 2016, and to approve the closure of the accounts for the financial year in question.

Noting that the Court of Auditors has stated that it has obtained reasonable assurances that the Agency's annual accounts for the financial year 2016 are reliable and that the underlying transactions are legal and regular, Parliament adopted by 550 votes to 114 with 29 abstentions, a

resolution containing a series of recommendations, which form an integral part of the decision on discharge and which add to the general recommendations set out in the [resolution on performance, financial management and control of EU agencies](#):

- Agency's financial statements: Members noted that the Union subsidy to the final budget of Agency for the financial year 2016 was EUR 29 086 327, representing an increase of 5.36 % compared to 2015.
- Agency's obligations: in 2016 the Agency did not fulfil its discharge obligations as regards replying to the questions raised during the 2015 discharge procedure. Members considered that this could be considered to be a procedural ground for postponing the discharge. Such a delay should not be repeated.
- Budget and financial management: budget monitoring efforts during the financial year 2016 resulted in a budget implementation rate of 100 %. The Agency continued to manage a large amount of delegated budget in 2016 following the signature of two new delegation agreements (EGNOS Exploitation and Galileo Exploitation) in the course of 2016.
- Commitments and carry-overs: the level of carry-overs for committed appropriations was high at EUR 2 806 212 (45 %) for administrative expenditure in 2016, compared with EUR 2 511 309 (42 %) in 2015. These carry-overs mainly relate to IT services provided in 2016 for which invoices were not received. The level of cancellations of carry-overs of the Agency is very low (0.7 % overall budget lines in 2016). The Agency considered this to be a better indication of budget management than the level of carry-overs itself.

Members also made a series of observations regarding transfers, the prevention and management of conflicts of interests, procurement and staff policy and internal audits and controls. They welcomed the fact that the Agency has adopted a new policy for the protection of human dignity and the prevention of harassment. They pointed out, however, that the Agency has still not adopted a whistleblowing policy. The Agency will start the process of adoption of a whistleblowing policy on the basis of the Commission's implementing rules for agencies, which are expected to be finalised in 2018.

The Agency completed the public procurement procedure on the exploitation of the Galileo satellite system during the period 2017 to 2027, amounting to EUR 1.5. Since the outcome of the procedure has been challenged, the ruling of the Court of Justice will decide on the legality and regularity of the procurement procedure concerning the framework contract.

Members also noted that the Agency operates the Galileo Security Monitoring Centre and the Galileo ground stations, both of which are located on United Kingdom territory. The status of the United Kingdom within those frameworks remains to be determined. Parliament called on the Agency to work in close cooperation with the Commission regarding the Brexit negotiations in order to be sufficiently prepared to minimise any negative operational or financial impact that may occur.

Lastly, Members called on the Agency to be more proactive in presenting its mission and work to the wider public and in increasing its overall visibility.

## 2016 discharge: European GNSS Agency (GSA)

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**PURPOSE:** to grant discharge to the European GNSS Agency (GSA) in respect of the Agency's budget for the financial year 2016.

**NON-LEGISLATIVE ACT:** Decision (EU) 2018/1433 of the European Parliament on discharge in respect of the implementation of the budget of the European GNSS Agency for the financial year 2016.

**CONTENT:** the European Parliament decided to grant discharge to the Executive Director of the European GNSS Agency for the implementation of its budget for the financial year 2016.

This decision is accompanied by a resolution of the European Parliament containing the observations which form an integral part of the discharge decision in respect of the implementation of the general budget of the European Union for the financial year 2016 (please refer to the summary dated 18.4.2018).

In this resolution, Parliament noted that the Agency operates the Galileo Security Monitoring Centre and the Galileo ground stations, both of which are located on United Kingdom territory. It pointed out that the status of the United Kingdom within those frameworks remains to be determined. The Agency is called on to work in close cooperation with the Commission regarding the Brexit negotiations in order to be sufficiently prepared to minimise any negative operational or financial impact that may occur.

It also noted with disappointment that the Agency's visibility remains unsatisfactory and that the Agency does not sufficiently highlight the work carried out by the Union in the Agency's field of activity. Parliament called on the Agency to be more proactive in presenting its mission and work to the wider public and in increasing its overall visibility.