

RESOLUTION (EU) 2016/1580 OF THE EUROPEAN PARLIAMENT**of 28 April 2016****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 2014**

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 2014,
 - having regard to Rule 94 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A8-0112/2016),
- A. whereas, according to its financial statements, the Union subsidy to the budget of the European GNSS Agency (the 'Agency') for the financial year 2014 was EUR 25 369 058, representing an increase of 81,55 % compared to 2013;
- B. whereas the Court of Auditors ('the Court'), in its report on the Agency's annual accounts for the financial year 2014 (the 'Court's report'), states that it has obtained reasonable assurances that those annual accounts were reliable and that the underlying transactions were legal and regular;

Budget and financial management

1. Notes that the budget monitoring efforts during the financial year 2014 resulted in a budget implementation rate of 99,84 %, as in 2013; notes furthermore that the payment appropriations execution rate was 63,16 %, representing a decrease of 17,37 % compared with the previous year;

Commitments and carry-overs

2. Notes that the level of carry-overs for committed appropriations for Title II (administrative expenditure) was at EUR 3 400 000 (54 %); observes that those carry-overs mainly concerned services provided to the Agency in 2014 for which invoices were not received until 2015, and a number of high-value IT contracts signed at the end of 2014 for which the IT projects were originally planned for 2015 but started in 2014 to utilise funds released from savings on other budget lines;
3. Acknowledges 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; notes, 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; calls on the Agency to inform the discharge authority of the improvements made by introducing that tool;

Procurement and recruitment procedures

4. Notes that, according to the Court's report, 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 436 000 000; takes note of the fact that in 2014, following a direct negotiated procedure, the Agency amended the service contract for an amount of EUR 6 300 000 for the purchase and maintenance of 14 satellite signal receivers, 14 signal generators and other equipment relating to EGNOS; notes 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, with only EUR 3 200 000 of the EUR 6 300 000 relating to direct costs, EUR 1 400 000 to overheads and other costs and EUR 1 700 000 to profits and remuneration of (sub)contractors;

5. Notes that, according to the Court's report, 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; observes 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;

Prevention and management of conflicts of interest and transparency

6. Acknowledges that the Agency's Administrative Board adopted a policy on the prevention and management of conflicts of interests in September 2015; notes, furthermore, that the Agency published on its website the CVs and declarations of interests of its Executive Director and senior management; encourages the members of the Agency's administrative board to submit their declarations of interest for further publication on the Agency's website;
7. Underlines the need to enhance integrity and improve the ethical framework through better implementation of codes of conduct and ethical principles, so as to reinforce a common and effective culture of integrity;
8. States that the annual report of the Agency could play an important role in compliance regarding transparency, accountability and integrity; calls on the Agency to include a standard chapter on those components in its annual report;

Internal audit

9. Ascertains that the Agency reached an agreement with the Commission's Internal Audit Service on an action plan to enhance the procedure for handling of *ex ante* and *ex post* audits on grant management; observes that certain documentation aspects and the corresponding grant management manual need to be improved; calls on the Agency to report to the discharge authority on progress made in that regard;

Internal controls

10. Acknowledges that the Agency's overall compliance with the Internal Control Standards during the financial year 2014 was satisfactory; observes that efforts have been made in areas such as the antifraud strategy, conflicts of interest, risk management and Internal Audit Capability in order to remedy non-compliance; notes, furthermore, that the Agency is making progress in areas where it remains partially compliant, in particular with regard to business continuity and document management; invites the Agency to share with the discharge authority progress made in that regard;

Other comments

11. Notes that, according to the Court's report, the Agency has no insurance coverage for fixed tangible assets with a net book value of EUR 1 000 000; acknowledges 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; asks the Agency to update the discharge authority on the progress made;
12. Notes that the Agency shares its Internal Audit Capability with the European Chemicals Agency in order to create synergies and achieve cost-effectiveness;
13. Takes note of the fact that in 2014, in order to promote its work and to improve its visibility in the host Member State, the Agency organised an open day event at its headquarters in Prague, conferences, public exhibitions and regular public events in collaboration with the Commission;
14. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of 28 April 2016 ⁽¹⁾ on the performance, financial management and control of the agencies.

⁽¹⁾ Texts adopted of that date, P8_TA(2016)0159 (see page 447 of this Official Journal).