

2007 discharge: European Agency for the Management of Operational Cooperation at the External Borders Frontex

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PURPOSE: presentation of the report by the Court of Auditors on the 2007 annual accounts of the European Agency for the Management of Operational Coordination at the External Borders of the Member States (FRONTEX).

CONTENT: the Court of Auditor's report includes a detailed section on the Agency's expenditure and an analysis of the expenditure, as well as the Agency's replies.

- **Analysis of the accounts by the Court:** in its report, the Court makes a number of observations in particular as regards the carry-over of appropriations. The Agency's budget is mainly financed by subsidies from the Commission. EUR 38.4 million of the 2007 commitment appropriations were consumed, including EUR 13.3 million that were paid out and EUR 22.4 million that were carried over. Non-automatic carry-overs amounted to 300 000. Unused appropriations of EUR 6.4 million were cancelled. Overall, nearly 70% of the appropriations available for 2007 were not spent. This high level of carry-overs and cancellations indicates significant weaknesses in the programming and monitoring of the Agency's activities. A substantial part of these commitments were made on the basis of excessive costs estimations. As a consequence, it is likely that the budgetary surplus to be reimbursed to the Commission disclosed in the balance-sheet at the end of the year is understated. Other reasons for the increase in carry-overs were that the partner countries were often very late in sending their final requests for reimbursement and that the Agency encountered difficulties in meeting payment deadlines. The high amount of cash detained by the Agency stays unused on excessively low interest bearing bank accounts as no treasury management policy exists. An analysis of the Register of exceptions clearly shows recurrent problems in the Agency's commitment system. The rules applied for the implementing measures to the Staff Regulations concerning the minimum number of years of experience required for a given position differ from those agreed between the Agencies and the European Commission. This was at odds with the principle of equal treatment.
- **Agency's replies:** the Agency's states that due to the complexity of cooperation operations between Member States, commitments were made late in 2007. This situation affected the volume of payments in 2007 and led to significant carry-overs. However, the Agency underlines that the monitoring of the expenditure has improved significantly in 2007. Monthly budget implementation reports have been prepared and are distributed to the management. There has been a problem with claims for reimbursement given the difficulties of Member States to collect all invoices in due time. The Agency applied the principles of the Staff Regulations which stipulates that in order to address specific needs of the Institutions, labour market conditions prevailing in the Community may also be taken into account when recruiting.