2014 discharge: European Agency for the Management of Operational Cooperation at the External Borders (Frontex)

2015/2181(DEC) - 08/09/2015 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States (Frontex) for the financial 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 Agency for the Management of Operational Cooperation at the External Borders of the Member States (Frontex).

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;
- 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: the Court considers that 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:

- **legality and regularity of the transactions**: the Court states that considerable improvements were noted in both ex ante and ex post verifications of expenditure claimed by cooperating countries under grant agreements. However, documentation from cooperating countries supporting the expenditure claimed is not always sufficient. Moreover, no audit certificates were requested, although the rules of application of the EU's Financial Regulation recommend this for grants above specific thresholds. The Court considers that audit certificates would add further assurance on the legality and regularity of grant transactions;
- **budgetary management**: the level of carry-overs for committed appropriations was high for administrative and operational expenditure, the main reason being year-end purchases related to the

move to the Agency's new building in December 2014, and the multiannual nature of the Agency's operations;

- **external contributions to Frontex's budget**: the Court notes the high and constantly increasing number of grant agreements and the magnitude of related expenditure to be verified and reimbursed by Frontex. The Court raises the question whether more efficient and cost-effective alternative funding mechanisms could be used. Furthermore, it feels that there is a need to refine the calculation of contributions from Schengen associated countries (Switzerland, Liechtenstein, Iceland and Norway) to better reflect the related legal provisions. Lastly, contributions to the Agency's budget from the United Kingdom and Ireland (which are non-Schengen countries) have remained stable for many years despite the considerably extended range of activities in which they are involved. The Court considers that a review of their contributions is therefore overdue.

The Agency's replies:

- **legality and regularity of the transactions**: the Agency welcomes the statement of the Court with regard to the significant improvements in its verifications. With regard to the request for audit certificates, the Agency states such certificates were already made in 2010. Despite a briefing for beneficiaries, the audit certificates were not issued by independent audit bodies;
- **budgetary management**: the Agency indicates that operational expenditure depends significantly on the timely submission of reimbursement claims for grants by Member States (the delay between the final date of the deployment of an officer or aircraft/vessel to a Frontex coordinated joint operation and the submission of the claim ranges on average between 4 to 6 months);
- **external contributions to Frontex's budget**: the Agency fully shares the view of the Court that the grant mechanism is neither the appropriate nor the most efficient instrument to finance Frontex coordinated operations. It will review the methodology for calculating the contributions from the Schengen Associated Countries, while bearing that in the legal provision some wording such as 'budgeted' remains unclear. After this review, the methodology will be laid down in the proper legal format (including for the United Kingdom).

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

Budget: EUR 97.8 million, of which the Union subsidy is EUR 86.6 million.

Activities:

- work of the Risk Analysis Unit (essentially, producing reports: 60 strategic reports as well as 456 analytical products supporting the planning, implementation and evaluation of Joint Operations);
- work of the Joint Operations Unit which organised **21 joint operations: 2 271third-country nationals were returned**, during 45 joint operations coordinated by Frontex. The total number of operational days accumulated in all joint operations amounted to 4 499;
- work of Frontex Situation Centre: situational reports; Frontex-One-Stop-Shop, the information exchange platform between Frontex and external partners;
- activities of the Pooled Resources Unit (organising events, developing the European Border Guards Teams and Technical Equipment pools);
- organising 189 training activities;
- research and development with all countries of the Schengen area regarding best practice guidelines in the area of Automated Border Control;
- partnership and cooperation with third countries (intensifying work with partners and the signing of a cooperation plan between Frontex and Turkey);
- cooperation with EU Bodies and international organisations.