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

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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 Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union (Frontex) 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 note that Frontex's final budget for the financial year 2014 was EUR 97 945 077, representing an increase of 4.25 % compared to 2013.

- **Legality and regularity of transactions:** Members note that considerable improvements were noted in both *ex-ante* and *ex-post* verifications of expenditure claimed by **cooperating countries under grant agreements**. They acknowledge from the Agency that it introduced in June 2013 a more comprehensive, risk-based system of *ex-ante* controls. They observe that the Court finds that the documentation supporting the expenditure claimed by those countries is **not always sufficient**. They note that audit certificates would add further assurance on the legality and regularity of grant transactions. They call on the Agency to keep the discharge authorities informed of the solution they reach.

Members also made a series of observations regarding commitments and carryovers, the prevention and management of conflicts of interest, as well as on internal audit procedures.

Members highlight the issue of **third countries' contributions to the Agency's budget**. They take note from the Court's report that there is a need to refine the calculation of contributions from the non-Union countries that are parties to the "Schengen agreement" (Switzerland, Liechtenstein, Iceland and Norway), in order to better reflect the related legal provisions. They also take note that the contributions to the Agency's budget from the United Kingdom and Ireland have remained stable for many years despite the considerably extended range of activities in which the United Kingdom and Ireland are involved. They acknowledge from the Agency that its "Management Board Working Group on budget and accounts" is reviewing this issue and is to **submit to the Agency's Management Board a recommendation and way forward** with regard to those contributions.

Members note with concern the high and constantly increasing number of grant agreements, as well as the magnitude of related expenditure to be verified and reimbursed by the Agency, which indicate that a more efficient and cost-effective alternative funding mechanism could be used to finance Agency's operational

activities. They note that contractual relationships between the Agency and the Member States' authorities could pave the way for more efficient and transparent financial management.

They also note that, when a Member State deploys officers and/or technical equipment to the Agency's coordinated operations, the Member State signs the Operational Plan drafted by the Agency and the host Member State, which clearly indicates the terms of the operational cooperation. They recall that **no provision is laid down granting participating Member States the freedom to use different ways and means to achieve a given policy objective**, as the grant instrument suggests, because the Operational Plan needs to be implemented in the manner agreed upon without deviation unless amended. They point out that the new proposal for establishing a Border and Coast Guard goes even further and that it proposes a proactive role for joint operations and return activities, which does not go hand in hand with the features of a grant as a financial instrument. Members urge the Commission to consider this when proposing founding regulations in future.

Lastly, Members note that, although the Agency became operational as long ago as 2005 and has pursued its operations since then, it has only worked on the **basis of correspondence and exchanges with the host Member State** rather than on the basis of a comprehensive headquarters agreement. They urge the Agency and the government of the host Member State to conclude a headquarters agreement as soon as possible.