Basic information

2013/2230(DEC) DEC - Discharge procedure	Procedure completed
2012 discharge: European Agency for the Management of Operational Cooperation at the External Borders (Frontex) **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	SARVAMAA Petri (PPE)	10/10/2013
	Shadow rapporteur KADENBACH Karin (S&D) GERBRANDY Gerben-Jan (ALDE) STAES Bart (Verts/ALE) ANDREASEN Marta (ECR) DE JONG Dennis (GUE/NGL) VANHECKE Frank (EFD) EHRENHAUSER Martin (NI)	

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	The committee decided not to give an opinion.	
LIBE Civil Liberties, Justice and Home Affairs	MATHIEU HOUILLON Véronique (PPE)	04/11/2013

European Commission

Commission DG	Commissioner
Budget	ŠEMETA Algirdas

Key events

Date	Event	Reference	Summary

26/07/2013	Non-legislative basic document published	COM(2013)0570	Summary
22/10/2013	Committee referral announced in Parliament		
17/03/2014	Vote in committee		
20/03/2014	Committee report tabled for plenary	A7-0181/2014	Summary
02/04/2014	Debate in Parliament		
03/04/2014	Decision by Parliament	T7-0329/2014	Summary
03/04/2014	Results of vote in Parliament		
03/04/2014	End of procedure in Parliament		
05/09/2014	Final act published in Official Journal		

Technical information

Procedure reference	2013/2230(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/14199

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE521.659	27/01/2014	
Committee opinion	LIBE	PE524.743	24/02/2014	
Amendments tabled in committee		PE521.813	25/02/2014	
Committee report tabled for plenary, single reading		A7-0181/2014	20/03/2014	Summary
Text adopted by Parliament, single reading		T7-0329/2014	03/04/2014	Summary

Council of the EU

Document type	Reference	Date	Summary
Document attached to the procedure	05849/2014	05/02/2014	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2013)0570	26/07/2013	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N7-0039/2014 OJ C 365 13.12.2013, p. 0251	10/09/2013	Summary

Additional information		
Source	Document	Date
European Commission	EUR-Lex	

Final act	
Budget 2014/0617 OJ L 266 05.09.2014, p. 0301	Summary

2012 discharge: European Agency for the Management of Operational Cooperation at the External Borders (Frontex)

2013/2230(DEC) - 26/07/2013 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2012, as part of the 2012 discharge procedure.

Analysis of the accounts of the **European Agency for the Management of Operational Cooperation at the External Borders of the Members States (FRONTEX)**.

CONTENT: this Commission document sets out the consolidated annual accounts of the European Union for the financial year 2012 as prepared on the basis of the information presented by the institutions, organisations and bodies of the EU, in accordance with Article 129 (2) of the Financial Regulation applicable to the EU's General Budget, including the European Agency for the Management of Operational Cooperation at the External Borders of the Members States (FRONTEX).

In 2012, the tasks and budget of this agency were as follows:

- **description of the Agency's tasks**: FRONTEX, which is located in Warsaw, was established by Council Regulation (EC) No 2007/2004, amended by Regulation (EC) No 863/2007 of the European Parliament and of the Council. Its main task is to coordinate Member States' activities in the field of the management of external borders and to set up European Border Guard Teams (EBGT) to be deployed during joint operations;
- **the Agency's budget for the 2012 financial year**: the Agency's budget for 2012, as presented in the Commission document on the consolidated annual accounts of the European Union, gives the following figures

  § **Commitment appropriations** :

  - **committed** : EUR 90 million;

  - **paid** : EUR 89 million;

  - **carried-over** : EUR 1 million.

  § **Payment appropriations** :

  - **committed** : EUR 128 million;

  - **paid** : EUR 99 million;

  - **carried-over** : EUR 22 million.

Please refer also to the final accounts of the FRONTEX Agency.

2012 discharge: European Agency for the Management of Operational Cooperation at the External Borders (Frontex)

2013/2230(DEC) - 20/03/2014 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Petri SARVAMAA (EPP, FI) 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 2012, and called on the European Parliament to grants the Executive Director of the Agency discharge in respect of the implementation of the Agency's budget for the financial year 2012.

Noting that the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts of the Agency for the financial year 2012 are reliable, Members **regretted that the Court of Auditors was not able to express an opinion on the legality and regularity of the transactions underlying the accounts.**

They made 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.

- **Legality and regularity of transactions underlying the accounts**: Members regretted that the Court of Auditors could not obtain sufficient appropriate audit evidence on the legality and regularity of the audited grant transactions related to the Agency's activities in 2012, which amount to EUR 56 000 000, representing 63 % of the operating expenditure. They remarked that the Agency stated measures had been taken to justify certain expenditure and they called on the Agency to come up with a mutually acceptable solution, which took into account the Court of Auditors' audit standards.
- **Financing, budget and financial management**: Members recalled that the Agency's overall budget for 2012 amounted to EUR 84 000 000.
- **Implementation rate of appropriations**: the report observed that the budget monitoring efforts during the financial year 2012 resulted in a budget implementation rate of 98.86 % and that the payment appropriations execution rate was 75.23 %. Notes with concern that the level of carry-overs is excessive, as it was in 2011, and is at odds with the budgetary principle of annuality;
- **Recruitment procedures**: the committee noted that the Court of Auditors had identified shortcomings in the Agency's recruitment procedures which affect transparency and equal treatment of candidates, and it awaited clarification.

Lastly, they asked FRONTEX to strengthen transparency and prevent conflicts of interests, as well as make publicly available the Declarations of Interests of certain members.

2012 discharge: European Agency for the Management of Operational Cooperation at the External Borders (Frontex)

2013/2230(DEC) - 10/09/2013 - 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 year 2012, together with Frontex'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).

In the Court's opinion, Frontex**'s Annual Accounts fairly present, in all material respects, its financial position as of 31 December 2012** 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.

However, the Court **gives a disclaimer of opinion on the legality and regularity of the transactions underlying the accounts**. In 2012, expenditure related to grants amounted to EUR 56 million, representing 63 % of total operating expenditure. In order to verify the expenditure claimed by beneficiaries the Agency performs reasonableness checks prior to payment but does not usually request supporting documentation. However, no 2012 expenditure has yet been verified. In the absence of effective ex ante and ex post verifications, there is no assurance on the legality and regularity of the 2012 transactions related to grants.

The Court has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and, accordingly, **the Court does not express an opinion on the legality and regularity of the transactions underlying the accounts.**

The report confirms that Frontex's 2012 budget amounted to EUR 89.6 million.

The report also makes a series of observations on the budgetary and financial management of Frontex, accompanied by the latter's response. The main observations may be summarised as follows:

The Court's observations:

- budgetary management: the Court notes that the Agency's 2012 budget amounted to EUR 89.6 million of which EUR 21.8 million (25 % of committed appropri-ations) were carried over to 2013. Such a high level of carry-overs is excessive and at odds with the budgetary principle of annuality;

- recruitment: the recruitment procedures examined showed significant shortcomings affecting transparency and the equal treatment of candidates.

Frontex's reply:

- regularity of transactions: the beneficiaries of Frontex are the national border guard authorities of Member States and Schengen Associated Countries. When claiming for reimbursement, they must certify that all information provided is full, reliable and true. Frontex does not consider, therefore, that effective ex ante controls are absent, but they are based on declarations made by public authorities and plausibility checks. However, Frontex undertook measures to strengthen the ex ante control framework and since June 2013, a risk based ex ante control system has been put in place;

- carry-overs: commitments for activities financed out of the 2012 budget were made very late in the year and will partly be implemented in 2013 only;

- recruitment: Frontex states it will improve its recruitment procedures.

Lastly, the Court of Auditors' report contains **a summary of Frontex's activities in 2012**. This is focused on the following:

- provide necessary assistance to the development and operation of a European border surveillance system (EUROSUR);
- organisation of 17 joint operations;
- coordinated joint return operations with 2 110 people returned;
- 3 503 days operational days accumulated in all joint operations (the number of operational man-days accumulated equals to 117 114);
- organising Frontex Situation Centre (FSC) : situational report ; *Frontex-One-Stop-Shop*) ;
- media contributions ;
- training ;
- partnership and cooperation with third countries: working arrangements were concluded with the Immigration Service of Nigeria and with the National Security Council of Armenia, increasing the overall number of working arrangements to 18 ;
- cooperation with EU institutions and bodies and international organisations.

2012 discharge: European Agency for the Management of Operational Cooperation at the External Borders (Frontex)

2013/2230(DEC) - 05/02/2014

Having examined the revenue and expenditure accounts for the financial year 2012 and the balance sheet at 31 December 2012 of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States (FRONTEX), as well as the Court of Auditors' report on the annual accounts of the Agency for the financial year 2012, accompanied by the Agency's replies to the Court's observations, the Council recommends 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 2012.

The observations in the Court of Auditors' report in relation to the financial year 2012 call for some comments by the Council, which may be summarised as follows:

- in general, the Council welcomes the Court's opinion that, in all material respects, the Agency's annual accounts present fairly its financial position as at 31 December 2012 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of the Agency's Financial Regulation.
- **Regularity of the underlying accounts**: **the Council regrets that the Court issued a disclaimer of opinion on the legality and the regularity of the transactions underlying the Agency's accounts due to the lack of sufficient appropriate audit evidence**, and encourages the Agency to take appropriate actions, in line with its ex-post audit strategy, and to proceed with the verification of expenditure for the year 2012.
- **Controls**: moreover, the Council calls on the Agency to address the internal control weaknesses identified by the Court regarding the management of fixed assets, notably the establishment of a procedure for their disposal and the registration of fixed assets not in use, and to complete the physical inventory of all assets owned by the Agency.
- **Carry-overs**: the Council invites the Agency to continue to improve its financial programming and monitoring of the budget implementation, with the aim to improve budget execution and to reduce budgetary transfers and amounts carried over to the next financial year, in line with the budgetary principles of specification and annuality.
- **Recruitment**: finally, the Council encourages the Agency to pursue efforts in order to address the shortcomings detected by the Court regarding its staff recruitment procedures.

2012 discharge: European Agency for the Management of Operational Cooperation at the External Borders (Frontex)

2013/2230(DEC) - 03/04/2014 - Text adopted by Parliament, single reading

The European Parliament adopted a decision concerning the discharge to be granted to the Executive Director of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union (FRONTEX) in respect of the implementation of the Agency's budget for the financial year 2012. The vote on the discharge decision approved the closure of the accounts (in accordance with Annex VI, Article 5(1) of the Rules of Procedure of the European Parliament.

Noting that the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts of the Agency for the financial year 2012 are reliable but that it could not obtain sufficient appropriate audit evidence on the legality and regularity of the underlying transactions, Parliament adopted by 472 votes to 70, with 22 abstentions, a resolution containing a series of recommendations that form an integral part of the discharge decision and as well as the general recommendations that appear in the draft resolution on performance, financial management and control of EU agencies.

These recommendations are summarised as follows:

- **Legality and regularity of transactions underlying the accounts**: Parliament regretted that the Court of Auditors could not obtain sufficient appropriate audit evidence on the legality and regularity of the audited grant transactions related to the Agency’s activities in 2012, which amount to EUR 56 million, representing 63% of the operating expenditure. It remarked that the Agency stated measures had been taken to justify certain expenditure and they called on the Agency to come up with a mutually acceptable solution, which took into account the Court of Auditors’ audit standards.
- **Commitments and carryovers**: it noted that budget monitoring efforts during the financial year 2012 resulted in a budget implementation rate of 98.86% and that the payment appropriations execution rate was 75.23%. It noted that the level of carry-overs is excessive, as it was in 2011, and is at odds with the budgetary principle of annuality.
- **Recruitment procedures**: Parliament noted that the Court of Auditors had identified shortcomings in the Agency’s recruitment procedures which affect transparency and equal treatment of candidates, and it awaited clarification.
- **Performance**: Parliament requested that the Agency communicate the results and impact its work has on European citizens in an accessible way, mainly through its website.

It acknowledged that the Agency has put in place several measures to manage and prevent situations of conflicts of interests and developed a detailed disciplinary procedure. It called on the Agency to indicate whether or not it has established a specific policy for the prevention and management of conflicts of interests based on the Commission's guidelines.

2012 discharge: European Agency for the Management of Operational Cooperation at the External Borders (Frontex)

2013/2230(DEC) - 03/04/2014 - Final act

PURPOSE: to grant discharge to the European Agency for the Management of Operational Cooperation at the External Borders (FRONTEX) for the financial year 2012.

NON-LEGISLATIVE ACT: Decision 2014/617/EU of the European Parliament on discharge in respect of the implementation of the budget of the European Agency for the Management of Operational Cooperation at the External Borders for the financial year 2012.

CONTENT: with the present decision, the European Parliament grants discharge to the Executive Director of the FRONTEX in respect of the implementation of its budget for the financial year 2012.

This decision is in line with the European Parliament's resolution adopted on 3 April 2014 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 3 April 2014).

Amongst the main observations made, Parliament regretted that because of the **materiality and pervasiveness of the matter described on the basis of a disclaimer of opinion**, the Court of Auditors was not able to express an opinion on the legality and regularity of the transactions underlying the accounts. It therefore invited FRONTEX to find a solution that addresses the audit standards of the Court of Auditors.