Basic information

2014/2113(DEC) DEC - Discharge procedure	Procedure completed
2013 discharge 2013: European Agency for the Management of Operational Cooperation at the External Borders (Frontex) **Subject** 8.70.03.03 2013 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	CZARNECKI Ryszard (ECR)	08/10/2014
	Shadow rapporteur ZDECHOVSKÝ Tomáš (PPE) VAUGHAN Derek (S&D) ALI Nedzhmi (ALDE) DE JONG Dennis (GUE/NGL) JÁVOR Benedek (Verts/ALE) VALLI Marco (EFDD)	

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	GUILLAUME Sylvie (S&D)	10/11/2014

European Commission

Commission DG	Commissioner
Budget	GEORGIEVA Kristalina

Key events

Date	Event	Reference	Summary
30/07/2014	Non-legislative basic document published	COM(2014)0510	Summary

20/10/2014	Committee referral announced in Parliament		
23/03/2015	Vote in committee		
30/03/2015	Committee report tabled for plenary	A8-0094/2015	Summary
28/04/2015	Debate in Parliament		
29/04/2015	Decision by Parliament	T8-0161/2015	Summary
29/04/2015	Results of vote in Parliament		
29/04/2015	End of procedure in Parliament		
30/09/2015	Final act published in Official Journal		

Technical information

Procedure reference	2014/2113(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/01557

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE539.722	02/02/2015	
Committee opinion	LIBE	PE541.388	06/02/2015	
Amendments tabled in committee		PE539.791	06/03/2015	
Committee report tabled for plenary, single reading		A8-0094/2015	30/03/2015	Summary
Text adopted by Parliament, single reading		T8-0161/2015	29/04/2015	Summary

Council of the EU

Document type	Reference	Date	Summary
Document attached to the procedure	05304/2015	30/01/2015	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2014)0510	30/07/2014	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary

CofA	Court of Auditors: opinion, report	N8-0099/2014 OJ C 442 10.12.2014, p. 0308	08/07/2014	Summary

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

Final act	
Budget 2015/1691 OJ L 255 30.09.2015, p. 0356	Summary

2013 discharge 2013: European Agency for the Management of Operational Cooperation at the External Borders (Frontex)

2014/2113(DEC) - 30/07/2014 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2013, as part of the 2013 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 2013 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).

The document contains the figures on which the discharge procedure is based.

Discharge procedure of the EU agencies: the EU Budget finances a wide range of policies and programmes throughout the EU. In accordance with the priorities set by the European Parliament and the Council in the multi-annual financial framework (MFF), the European Commission carries out specific programmes, activities and projects in the field with the technical support of some specialised agencies.

The consolidated annual accounts of the EU provide information on the activities of the institutions, agencies and other bodies of the EU from a budgetary and accrual accounting perspective.

The consolidated reports on the implementation of the general budget of the EU include the budget implementation of all Institutions. **Agencies do not have a separate budget inside the EU budget**; and they are partially financed by a Commission budget subsidy.

Each agency is subject to its own discharge procedure.

FRONTEX: in 2013, 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 2013 financial year**: the Agency's budget for 2013, as presented in the Commission document on the consolidated annual accounts of the European Union, gives the following figures

  § **Commitment appropriations** :

  - **committed** : EUR 95 million;

  - **paid** : EUR 92 million;

  - **carried-over** : 0.

§ **Payment appropriations** :

- **committed** : EUR 116 million;

- **paid** : EUR 79 million;

- **carried-over** : EUR 32 million.

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

2013 discharge 2013: European Agency for the Management of Operational Cooperation at the External Borders (Frontex)

2014/2113(DEC) - 30/03/2015 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Ryszard CZARNECKI (ECR, PL) 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 2013.

It called 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 2013, although the Court of Auditors gave a qualified opinion as to the legality and regularity of the Agency's transactions for the second year running.

In order to verify the expenditure claimed by the cooperating countries, the Agency performed the reasonableness checks prior to payment for joint return operations and joint land/sea/air operations, but it **did not usually request documentation supporting the cooperating countries' entitlements**. Members recalled the need for the effective analysis of the use of Union funds in joint land/sea/air operations. They also noted that 2013 grant transactions were not subject to ex post controls. They called on the Agency to provide the discharge authority with a report on ex post verifications undertaken under the improved verification system and with a detailed analysis of the system's improvements.

On the issue of the **prevention and management of conflicts of interests**, the committee regretted that the Agency did not adopt a clear, comprehensive and objective policy. It called upon the Agency to adopt comprehensive policies for the management of situations concerning conflicts of interests such as: the divestment of the interest by the public official, recusal of the public official from involvement in an affected decision-making process, restriction of access by the affected public official to particular information, re-arrangement of the public official's duties or resignation of the public official from their office.

At the same time, Members 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.

FRONTEX's financial statements: Members noted that the final budget of the Agency for the financial year 2013 was EUR 93.95 million, representing an increase of 4.88% compared to 2012. The Union contribution to the total amount was EUR 85.5 million.

Carryovers: Members noted that budget monitoring efforts during the financial year 2013 resulted in a budget implementation rate of 97.75%, and that the payment appropriations execution rate was 63.98%. They were concerned that EUR 32 million, or 35 % of committed appropriations in 2013, were carried over to 2014, but acknowledged that unforeseen events meant that late amending budgets **remain beyond the Agency's control**. Members took note that the carry-overs include global commitments of EUR 5 200 000, which was the leftover balance of an additional subsidy of EUR 8 200 000, which was made available by the budgetary authorities towards the end of 2013 to deal with unexpected and urgent operational needs. They regretted that the Agency's Financial Regulation, which followed the revised Framework Financial Regulation, remained vague in this matter, even after its revision in 2013.

Members also made a series of observations on transfers and internal audits.

Lastly, the committee noted that although the Agency became operational as early as in 2005, it had only worked on the basis of correspondence and exchanges with the host Member State rather than a comprehensive **headquarters agreement**. It agreed with the Court that such an agreement would further promote transparency in respect of the conditions under which the Agency and its staff operated. It asked the authorities to remedy the situation and asked the Agency to include in its next annual report the implications of the missing agreement.

2013 discharge 2013: European Agency for the Management of Operational Cooperation at the External Borders (Frontex)

2014/2113(DEC) - 29/04/2015 - Final act

PURPOSE: to grant discharge to 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 2013.

NON LEGISLATIVE ACT: Decision (EU) 2015/1691 of the European Parliament on discharge in respect of the implementation of the budget of FRONTEX for the financial year 2013.

CONTENT: with the present decision, the European Parliament grants discharge to the Executive Director of FRONTEX for the implementation of its budget for the financial year 2013.

This decision is in line with the European Parliament's resolution adopted on 29 April 2015 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 29 April 2015).

Amongst Parliament's main observations, it regretted that for 2 consecutive years, **the Court found no reasonable assurances as to the legality and regularity of the Agency's transactions**. Parliament asked the Agency to perform the reasonableness checks prior to payment for joint return operations and joint land/sea/air operations, and to ensure the legality and regularity of all documentation supporting the cooperating countries' entitlements.

2013 discharge 2013: European Agency for the Management of Operational Cooperation at the External Borders (Frontex)

2014/2113(DEC) - 30/01/2015

Having examined the revenue and expenditure accounts for the financial year 2013 and the balance sheet at 31 December 2013 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 2013, 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 2013.

Overall, 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 2013 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 and the accounting rules adopted by the Commission's accounting officer.

However, the Council regrets that the Court issued a **qualified opinion on the legality and the regularity of the transactions** underlying the Agency's accounts due to the lack of sufficient appropriate audit evidence on the effectiveness of *ex-ante* and *ex-post* verifications for joint land/sea/air operations implemented under grant agreements.

In addition, the following observations need to be made:

- **supplier balances**: the Council recommends to monitor supplier balances more regularly and to analyse differences in a timely manner;
- **carry-overs**: while acknowledging the multiannual nature of operations, the Council calls on the Agency to improve its financial programming and monitoring of the budget implementation in order to improve budget execution and to reduce the number of budgetary transfers and the level of commitments carried over to the next financial year to the strict minimum;
- **headquarters**: the Council encourages the Agency to pursue efforts to conclude a headquarters agreement with the host Member State.

2013 discharge 2013: European Agency for the Management of Operational Cooperation at the External Borders (Frontex)

2014/2113(DEC) - 08/07/2014 - 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 2013, 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 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 2013;
- 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 2013 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.

Basis for a qualified opinion on the legality and regularity of the transactions underlying the accounts: in the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2013 are legal and regular in all material respects **except for matters described below**:

In 2013, expenditure related to grants amounted to EUR 32 million, representing 39% of total expenditure. In order to verify the expenditure claimed by cooperating countries, the Agency performed reasonableness checks prior to payment for all types of financed operations (joint return operations and joint land/sea/air operations). Documentation supporting the cooperating countries' entitlements has usually been requested for joint return operations, but not for joint land/sea/air operations implemented under grant agreements signed before June 2013.

Although a more comprehensive system of ex ante verifications was introduced for grant agreements signed since June 2013, the majority of 2013 transactions resulted from grant agreements signed before that date.

The Agency carries out ex post controls on grants which cover transactions from previous years. **None of the 2013 grant transactions was subject to this cycle of ex post controls**.

In the absence of sufficient appropriate audit evidence on the effectiveness of ex ante verifications and ex post verifications on 2013 transactions there is **insufficient assurance as to the legality and regularity** of the 2013 grant transactions related to joint land/sea/air operations.

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:

- **reliability of accounts**: the Court noted that suppliers' statements at year-end were reconciled with considerable difficulty. It considered that there is a need to monitor supplier balances more regularly and to analyse differences in a more timely manner;
- **budgetary management**: some EUR 32 million or 35% of committed 2013 appropriations were carried over to 2014. Although the multiannual nature of the Agency's operations and the heightened risk of unforeseen events represent a particular challenge in respect of annual budget planning and implementation, there is still scope for improved budget monitoring to help reduce the level of carry-overs. Although the global commitment was made to cover the related operations in 2014, the Agency's Financial Regulation does not provide a clear basis for such carry-overs;
- **headquarters**: Frontex became operational in 2005 and has, to date, worked on the basis of correspondence and exchanges with the host Member State. However a comprehensive headquarters agreement between the Agency and the Member State has not been signed. Such an agreement would further promote transparency in respect of the conditions under which the Agency and its staff operate.

Frontex's reply:

- **reliability of accounts**: Frontex acknowledges the view of the Court with regard to the reasonableness checks prior to payments and the introduction of reinforced ex ante controls as of June 2013. The statistical sample of the Court for the audit 2013 did unfortunately not include transactions falling under the reinforced ex ante control system. Thus the functioning of the reinforced ex ante control system was not audited, although in place for seven months in 2013;
- **budgetary management**: the Agency noted that continuous efforts are made to reduce the rate of carry-overs. An improved control over the financing of operational activities which are of a multiannual nature is needed. Frontex managed to reduce the number of transfer compared to 2012 by 30 % and will continue its efforts;
- **headquarters**: Frontex has requested repeatedly the Polish authorities to conclude a Headquarters Agreement, with no success. Recently, Polish authorities have expressed willingness to start negotiations and exchanges are under way.

Lastly, the Court of Auditors' report contains a summary of **Frontex's activities in 2013**. This is focused on the following:

Budget: EUR 93.95 million of which the Union subsidy is EUR 87.7 million.

Activities:

- monitoring of the risk analysis unit (through reporting);
- monitoring of joint operations: 19 joint operations organised, coordination of joint return operations with 2152 third country nationals returned. The total number of operational days accumulated in all joint operations amounted to 2 832;
- organising Frontex Situation Centre (FSC) : situational report ; *Frontex-One-Stop-Shop*);
- establishment of the Pooled Resources Unit (PRU) (events, the development of the European Border Guards Teams (EBGT) and Technical Equipment (TE) pools, etc);
- training for experts;
- research and development with all Schengen and Eurosur countries;
- partnership and cooperation with third countries: working arrangements were concluded with the competent authorities of Azerbaijan as regards cooperation on border security/management related matters;
- cooperation with EU institutions and bodies and international organisations.

2013 discharge 2013: European Agency for the Management of Operational Cooperation at the External Borders (Frontex)

2014/2113(DEC) - 29/04/2015 - Text adopted by Parliament, single reading

The European Parliament adopted by 497 votes to 180, with 14 abstentions, a decision to grant discharge 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) for the financial year 2013. 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).

Parliament regretted that for two consecutive years, the Court found **no reasonable assurances** as to the legality and regularity of the Agency's transaction.

- **Supporting documents**: in order to verify the expenditure claimed by the cooperating countries, the Agency performed the reasonableness checks prior to payment for joint return operations and joint land/sea/air operations, but it **did not usually request documentation supporting the cooperating countries' entitlements**. Members recalled the need for the effective analysis of the use of Union funds in joint land/sea/air operations. They also noted that 2013 grant transactions were not subject to ex post controls. They called on the Agency to provide the discharge authority with a report on *ex post* verifications undertaken under the improved verification system and with a detailed analysis of the system's improvements.
- **Conflicts of interests**: Parliament regretted that the Agency did not adopt a clear, comprehensive and objective policy. It called upon the Agency to adopt comprehensive policies for the management of situations concerning conflicts of interests such as: the divestment of the interest by the public official, recusal of the public official from involvement in an affected decision-making process, restriction of access by the affected public official to particular information, re-arrangement of the public official's duties or resignation of the public official from their office.

Noting that the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts of the Agency for the financial year 2013 are reliable, and that the underlying transactions are legal and regular, Parliament adopted by 511 votes to 159, with 22 abstentions, a resolution containing a number of recommendations that form an integral part of the discharge decision and as well as the general recommendations that appear in the resolution on performance, financial management and control of EU agencies:

- **FRONTEX's financial statements**: Parliament noted that the final budget of the Agency for the financial year 2013 was EUR 93.95 million, representing an increase of 4.88% compared to 2012. The Union contribution to the total amount was EUR 85.5 million.
- **Carryovers**: Parliament noted that budget monitoring efforts during the financial year 2013 resulted in a budget implementation rate of 97.75%, and that the payment appropriations execution rate was 63.98%. It was concerned that EUR 32 million, or 35% of committed appropriations in 2013, were carried over to 2014, but acknowledged that unforeseen events meant that late amending budgets **remain beyond the Agency's control**. Members took note that the carry-overs include global commitments of EUR 5 200 000, which was the leftover balance of an additional subsidy of EUR 8 200 000, which was made available by the budgetary authorities towards the end of 2013 to deal with unexpected and urgent operational needs. They regretted that the Agency's Financial Regulation, which followed the revised Framework Financial Regulation, remained vague in this matter, even after its revision in 2013.

Parliament also made a series of observations on transfers and internal audits.

Lastly, Parliament noted that although the Agency became operational as early as in 2005, it had only worked on the basis of correspondence and exchanges with the host Member State rather than a comprehensive **headquarters agreement**. It agreed with the Court that such an agreement would further promote transparency in respect of the conditions under which the Agency and its staff operated. It asked the Agency to provide the discharge authority with an update on the state of play of the negotiations.