Basic information

2014/2128(DEC) DEC - Discharge procedure	Procedure completed
2013 discharge: European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA) **Subject** 8.70.03.03 2013 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	CZARNECKI Ryszard (ECR)	09/10/2014
	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
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	A8-0099/2015	Summary
28/04/2015	Debate in Parliament		
29/04/2015	Decision by Parliament	T8-0154/2015	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	2014/2128(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/01596

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee opinion	LIBE	PE541.392	06/02/2015	
Committee draft report		PE539.729	10/02/2015	
Amendments tabled in committee		PE539.759	06/03/2015	
Committee report tabled for plenary, single reading		A8-0099/2015	30/03/2015	Summary
Text adopted by Parliament, single reading		T8-0154/2015	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	N8-0101/2014 OJ C 442 10.12.2014, p. 0326	16/09/2014	Summary

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

Final act	
Budget 2015/1677 OJ L 255 30.09.2015, p. 0311	Summary

2013 discharge: European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)

2014/2128(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 Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (EU-LISA) 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.

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, Members called on the 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 noted that the final budget of the Agency for the financial year 2013 was EUR 61 345 072. The entire budget of the Agency derives from the Union budget.
- **Carry-overs**: Members stated that according to Regulation (EU) No 1077/2011, the Commission was responsible for the Agency's establishment and initial operation until it was granted financial autonomy. They noted with concern delays in the completion of the Agency's accounting system. The budget implementation rates were 96% for commitment appropriations and 67% for payment appropriations. They also noted that **countries associated** with the implementation, application and development of the Schengen acquis and EURODAC-related measures must make a contribution to the Agency's budget. Although Schengen-associated countries were using the systems managed by the Agency in 2013, the Commission's negotiations were still ongoing. Members noted that the budget monitoring efforts during the financial year 2013 resulted in a budget implementation rate of 98.95% and that the payment appropriations execution rate was **28.94% with a high level of committed appropriations carried forward to 2014** due to the fact that the Agency has a number of multiannual contracts related to its core activities.

Members also made a series of observations on procurement procedures, recruitment, prevention and management of conflicts of interest as well as internal controls and audits.

As regards the **reliability of the accounts**, Members noted with concern that the Court's report emphasises the issues related to the valuation of the SIS II, VIS and EURODAC systems in the Agency's accounts. They recalled that the operational management of those systems is the Agency's core task and that the systems were transferred from the Commission to the Agency in May 2013 by way of a non-exchange transaction.

Moreover, Members recalled that, **given its seat is located in Tallinn while its operational activities are carried out in Strasbourg**, management effectiveness would increase and administrative costs would be reduced if all staff were centralised in one location. They also recalled that at the time of the Court's audit, negotiations were ongoing between the Agency and the host Member State. The Agency should inform the discharge authority about the state of play of the negotiations. It called on the Commission to include the advantages and disadvantages of having three different locations in its evaluation report and reflections on practical arrangements and costs with regard to a potential **centralisation of its activities**.

2013 discharge: European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)

2014/2128(DEC) - 29/04/2015 - Final act

PURPOSE: to grant discharge to the European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA) for the financial year 2013.

NON LEGISLATIVE ACT: Decision (EU) 2015/1677 of the European Parliament on discharge in respect of the implementation of the budget of the European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice for the financial year 2013.

CONTENT: with the present decision, the European Parliament grants discharge to the Executive Director of the European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice for the implementation of the latter's 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, the latter notes with concern that the Court's report emphasises the issues related to **the valuation of the SIS II, VIS and Eurodac systems** in the matter of the reliability of the Agency's accounts. Parliament noted moreover, that in the absence of reliable and complete information in respect of the total development cost of those systems, the value of the systems was recorded at their net book values and do not include software development costs.

2013 discharge: European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)

2014/2128(DEC) - 30/01/2015 - Document attached to the procedure

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 operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA), 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, and that the underlying transactions for that financial year are legal and regular.

Nevertheless, the Council made some observations. They may be summarised as follows:

- **establishment of the Agency**: the Council notes that 2013 was the first year of the Agency's financial autonomy and it welcomes the fact that the Agency has taken corrective measures in order to address the weaknesses identified by the Court as regards the development of the Agency's internal control standards and the establishment of insurance coverage for fixed tangible assets. It encourages the Agency to follow up the contributions to be made to the Agency's budget by countries associated with the implementation, application and development of the Schengen acquis and Eurodac-related measures;
- **headquarters**: the Council encourages the Agency to pursue its efforts in order to conclude a headquarters agreement with the host Member State.

2013 discharge: European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)

2014/2128(DEC) - 16/09/2014 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the European Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA) for the financial year 2013, together with the Agency's replies.

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 eu-LISA Agency.

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 annual accounts of the Agency 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. Without calling into question the qualified opinion, the Court draws attention to the valuation of the Schengen Information System (SIS II), the Visa Information System (VIS) and Eurodac (systems) in the Agency's accounts. The operational management of these systems was transferred to the Agency from the Commission in May 2013 by way of a non-exchange transaction and is the core task of the Agency. In the absence of reliable and complete information in respect of their total development cost, they are recorded in the Agency's accounts at their net book values as per the Commission's books and updated at year-end. These values relate mainly to hardware and off-the-shelf software components and **do not include software development costs**.

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.

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 comments:

- **budgetary management**: the Commission was responsible for the establishment and initial operation of the Agency until it was granted financial autonomy on 22 May 2013. The migration of data on commitment and payment appropriations from the Commission to the Agency was a complex process and a reconciliation of the figures between the Commission's and the Agency's accounting systems was finally completed in June 2014. This affected the Agency's payment planning and the preparation of its provisional accounts. According to the Agency's Founding Regulation (9), countries associated with the implementation, application and development of the Schengen acquis and Eurodac-related measures must make a contribution to the Agency's budget. Although Schengen associated countries were using the systems managed by the Agency in 2013 the Commission's negotiations were still ongoing;
- **headquarters agreement**: though the seat of the Agency is in Tallinn, operational activities are carried out in Strasbourg. It is likely that management effectiveness could be increased and administrative costs reduced if all staff were centralised in one location. A headquarters agreement that would clarify the conditions under which the Agency and its staff operate has not yet been signed with the host Member State, Estonia.

The Agency's replies:

- **budgetary management**: the Agency noted that during the handover of responsibilities on operational management of the systems from the European Commission to the Agency there was intensive exchange of information at working level. As the Commission informed the Agency: (i) the migration followed a standard process, already used for the independence of other agencies, (ii) coherence controls by a third independent actor were performed to ensure a safe and complete transfer. As the migration of appropriations following financial independence is a non-recurring exercise, future budgetary implementation reporting is expected to provide the basis for fully detailed analysis;
- **headquarters agreement**: the Agency acknowledges the observation. The only outstanding item subject of negotiations with the Estonian Government is VAT regime applicable to the Agency's staff.

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

Budget: EUR 61.35 million.

Activities:

- operational management and evolution of SISII, VIS and EURODAC;
- helpdesk: provided first level support services to users across all systems under the management of eu-LISA;
- monitoring and evolution of appropriate Service Level Agreements for such systems under the management of the Agency;
- provision of coordination, security and supervision of relations between the Member States and the network provider for the communication infrastructure for SIS II, Eurodac and VIS (sTESTA network);
- participation in preparatory processes to design, develop and implement new systems;
- statistics;
- reporting;
- monitoring of new technologies and solutions relevant for the operational management and evolution of SIS II, VIS, Eurodac and other large-scale IT systems;
- training: provision of bespoke system training plans for national authorities on IT systems managed by the Agency.

2013 discharge: European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)

2014/2128(DEC) - 29/04/2015 - Text adopted by Parliament, single reading

The European Parliament adopted by 553 votes to 113, with 22 abstentions, a decision to grant discharge to the Executive Director of the European Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (EU-LISA) 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).

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 564 votes to 82, with 34 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:

- **Agency's financial statements**: Parliament noted that the final budget of the Agency for the financial year 2013 was EUR 61 345 072. The entire budget of the Agency derives from the Union budget.
- **Carry-overs**: Parliament stated that according to Regulation (EU) No 1077/2011, the Commission was responsible for the Agency's establishment and initial operation until it was granted financial autonomy. It noted with concern delays in the completion of the Agency's accounting system. The budget implementation rates were 96% for commitment appropriations and 67% for payment appropriations. It also noted that **countries associated** with the implementation, application and development of the Schengen acquis and EURODAC-related measures must make a contribution to the Agency's budget. Although Schengen-associated countries were using the systems managed by the Agency in 2013, the Commission's negotiations were still ongoing. Members noted that the budget monitoring efforts during the financial year 2013 resulted in a budget implementation rate of 98.95% and that the payment appropriations execution rate was **28.94% with a high level of committed appropriations carried forward to 2014** due to the fact that the Agency has a number of multiannual contracts related to its core activities.

Parliament also made a series of observations on procurement procedures, recruitment, prevention and management of conflicts of interest as well as internal controls and audits.

As regards the **reliability of the accounts**, Parliament noted with concern that the Court's report emphasises the issues related to the valuation of the SIS II, VIS and EURODAC systems in the Agency's accounts. It recalled that the operational management of those systems is the Agency's core task and that the systems were transferred from the Commission to the Agency in May 2013 by way of a non-exchange transaction.

Moreover, Parliament recalled that, **given its seat is located in Tallinn while its operational activities are carried out in Strasbourg**, management effectiveness would increase and administrative costs would be reduced if all staff were centralised in one location. It also recalled that at the time of the Court's audit, negotiations were ongoing between the Agency and the host Member State. The Agency should inform the discharge authority about the state of play of the negotiations. It called on the Commission to include the advantages and disadvantages of having three different locations in its evaluation report and reflections on practical arrangements and costs with regard to a potential **centralisation of its activities**. It noted that at the time of the Court's audit, negotiations were ongoing between the Agency and the host Member State (Estonia) with the aim of reaching a headquarters agreement.

2013 discharge: European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)

2014/2128(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 operational management of large-scale IT systems in the area of freedom, security and justice (**EU-LISA**) – *new agency*.

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 EU-LISA Agency.

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.

EASO: in 2013, the tasks and budget of the Office were as follows:

- **description of the tasks of EU-LISA**: the Agency was set up under Regulation (EU) No 1077/2011 of the European Parliament and of the Council. Its main aim is to ensure the operational management of the second generation Schengen Information System (SIS II), Eurodac and Visa Information Systems (VIS);
- **EU-LISA's budget for 2013**: the accounts of the Office for the year 2013 as presented by the Commission in its document on the consolidated annual accounts of the European Union are as follows:
  - § **Commitment appropriations** :
    - **committed** : EUR 61 million;
    - **paid** : EUR 61 million;
    - **carried-over** : 0.
  - § **Payment appropriations** :
    - **committed** : EUR 38 million;
    - **paid** : EUR 19 million;
    - **carried-over** : EUR 7 million.

Please refer also to the Final Accounts of the EU-LISA Agency.