Basic information

2015/2181(DEC) DEC - Discharge procedure	Procedure completed
2014 discharge: European Agency for the Management of Operational Cooperation at the External Borders (Frontex) **Subject** 8.70.03.04 2014 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	VAUGHAN Derek (S&D)	19/08/2015
	Shadow rapporteur DEUTSCH Tamás (PPE) VISTISEN Anders (ECR) ALI Nedzhmi (ALDE) DE JONG Dennis (GUE/NGL) JÁVOR Benedek (Verts/ALE) VALLI Marco (EFDD) KAPPEL Barbara (ENF)	

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	MACOVEI Monica (ECR)	19/11/2015

European Commission

Commission DG	Commissioner
Budget	GEORGIEVA Kristalina

Key events

Date	Event	Reference	Summary
		COM(2015)0377	Summary

23/07/2015	Non-legislative basic document published		
05/10/2015	Committee referral announced in Parliament		
04/04/2016	Vote in committee		
08/04/2016	Committee report tabled for plenary	A8-0115/2016	Summary
27/04/2016	Debate in Parliament		
28/04/2016	Decision by Parliament	T8-0190/2016	Summary
28/04/2016	Results of vote in Parliament		
28/04/2016	End of procedure in Parliament		
14/09/2016	Final act published in Official Journal		

Technical information

Procedure reference	2015/2181(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/04201

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE569.768	10/02/2016	
Committee opinion	LIBE	PE575.097	19/02/2016	
Amendments tabled in committee		PE576.972	04/03/2016	
Committee report tabled for plenary, single reading		A8-0115/2016	08/04/2016	Summary
Text adopted by Parliament, single reading		T8-0190/2016	28/04/2016	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	05584/2016	27/01/2016	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2015)0377	23/07/2015	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N8-0151/2015 OJ C 409 09.12.2015, p. 0342	08/09/2015	Summary

Additional information		
Source	Document	Date
European Commission	EUR-Lex	

Final act	
Budget 2016/1576 OJ L 246 14.09.2016, p. 0375	Summary

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

2015/2181(DEC) - 28/04/2016 - 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 2014.

NON LEGISLATIVE ACT: Decision (EU) 2016/1576 of the European Parliament on discharge in respect of the implementation of the budget of FRONTEX for the financial year 2014.

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 2014.

This decision is in line with the European Parliament's resolution adopted on 28 April 2016 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 28 April 2016).

Amongst Parliament’s main observations in the resolution accompanying the discharge decision, it noted that considerable improvements were noted in both ex ante and ex post verifications of expenditure claimed by cooperating countries under grant agreements. It called on the Agency to fully **explore the possibility of cooperation** with the audit authorities set up under the External Border Fund and the Internal Security Fund and to report back to the discharge authority on the evaluation of such cooperation.

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

2015/2181(DEC) - 27/01/2016 - Supplementary non-legislative basic document

Having examined the revenue and expenditure accounts for the financial year 2014 and the balance sheet at 31 December 2014 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 2014, accompanied by the Agency's replies to the Court's observations, the Council recommended 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 2014.

The Council welcomed the Court's opinion that, in all material respects, the Agency's annual accounts present fairly 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 the Agency's Financial Regulation, and that the underlying transactions for 2014 are legal and regular in all material respects.

Nevertheless, the Council has made some observations which may be summarised as follows:

- **audit certificates**: while welcoming the improvement in both ex-ante and ex-post verifications of expenditure under grant agreements, the Council recommended the Agency to improve the documentation requested to cooperating countries, including the issuing of audit certificates;

- **carry-overs**: while acknowledging the multiannual nature of operations, the Council called upon the Agency to improve its financial programming and monitoring of the budget implementation in order to reduce the number of budgetary transfers and the level of commitments carried over to the next financial year to the strict minimum, in line with the budgetary principle of annuality;
- **grant agreements**: the Council encouraged the Agency to examine during the upcoming review of its founding regulation, whether more efficient and cost-effective funding mechanisms could be used to address the increasing number of grant agreements and the magnitude of related expenditure to be verified by the Agency;
- **associated countries**: the Council invited the Agency to refine the calculation of contributions from Schengen associated countries (Switzerland, Liechtenstein, Iceland and Norway) and to update the contributions of non-Schengen countries.

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.

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

2015/2181(DEC) - 08/04/2016 - Committee report tabled for plenary, single reading

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.

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

2015/2181(DEC) - 23/07/2015 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2014, as part of the 2014 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 2014 as prepared on the basis of the information presented by the institutions, organisations and bodies of the EU, in accordance with Article 148 (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.

On this basis, the Financial Controller of the European Commission ensures the certification of the consolidated accounts as declared by the institutions, agencies and bodies of the European Union.

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.

This document sets out how the Agencies spent and implemented their budget in 2014. Each agency is subject to its own discharge procedure.

FRONTEX: in 2014, the tasks and budget of this agency were as follows:

- **description of the Agency's tasks**: FRONTEX, which is located in Warsaw (PL), 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 2014 financial year**: the Agency's budget for 2014, as presented in the Commission document on the consolidated annual accounts of the European Union, gives the following figures

Commitment appropriations :

- **committed** : EUR 99 million;

- **paid** : EUR 97 million;

- **carried-over** : 2 million.

Payment appropriations :

- **committed** : EUR 130 million;

- **paid** : EUR 94 million;

- **carried-over** : EUR 33 million.

Please refer also to the Report on budgetary and financial management 2014.

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

2015/2181(DEC) - 28/04/2016 - Text adopted by Parliament, single reading

The European Parliament decided 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) in respect of the implementation of the Agency's budget for the financial year 2014. The vote on the discharge decision covers the closure of the accounts (in accordance with Annex V, Article 5(1)(a) to its Rules of Procedure).

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, Parliament adopted by 494 votes to 123, with 16 abstentions, a resolution containing 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**: Parliament noted 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**: Parliament noted that considerable improvements were noted in both *ex-ante* and *ex-post* verifications of expenditure claimed by **cooperating countries under grant agreements**. It acknowledged from the Agency that it introduced in June 2013 a more comprehensive, risk-based system of *ex-ante* controls. It observed that the Court finds that the documentation supporting the expenditure claimed by those countries is **not always sufficient**. It noted that audit certificates would add further assurance on the legality and regularity of grant transactions. It called on the Agency to keep the discharge authorities informed of the solution they reach. Parliament 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.

Third countries' contributions to the Agency's budget: Parliament highlighted the issue of **third countries' contributions to the Agency's budget**. It took 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. It also took 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. It acknowledged 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.

Parliament noted 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. It noted that contractual relationships between the Agency and the Member States' authorities could pave the way for more efficient and transparent financial management.

Members also noted 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 recalled 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. Parliament pointed 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.

Headquarters: lastly, Parliament noted 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. It stated that such an agreement would further promote transparency in respect of the conditions under which the Agency and its staff operate. It recalled that the requirement to establish a headquarters agreement was introduced in the Agency's amended regulation in 2011. Negotiations are still ongoing with the government of the host Member State. It urged the Agency and the government of the host Member State to conclude a headquarters agreement as soon as possible.