Basic information

2015/2195(DEC) DEC - Discharge procedure	Procedure completed
2014 discharge: European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA) **Subject** 8.70.03.04 2014 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	VAUGHAN Derek (S&D)	20/08/2015
	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
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
23/07/2015	Non-legislative basic document published	COM(2015)0377	Summary

05/10/2015	Committee referral announced in Parliament		
04/04/2016	Vote in committee		
11/04/2016	Committee report tabled for plenary	A8-0124/2016	Summary
27/04/2016	Debate in Parliament		
28/04/2016	Decision by Parliament	T8-0183/2016	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	2015/2195(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/04229

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE569.761	16/02/2016	
Committee opinion	LIBE	PE575.096	29/02/2016	
Amendments tabled in committee		PE576.954	04/03/2016	
Committee report tabled for plenary, single reading		A8-0124/2016	11/04/2016	Summary
Text adopted by Parliament, single reading		T8-0183/2016	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	N8-0144/2015 OJ C 409 09.12.2015, p. 0275	15/09/2015	Summary

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

Final act	
Budget 2016/1555 OJ L 246 14.09.2016, p. 0331	Summary

2014 discharge: European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)

2015/2195(DEC) - 28/04/2016 - Text adopted by Parliament, single reading

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

Noting that the Court of Auditors has stated that it has obtained reasonable assurances that the Agency's annual accounts for the financial year 2014 are reliable and that the underlying transactions are legal and regular, Parliament adopted by 501 votes to 121 with 7 abstentions, a resolution containing a series of recommendations, which form an integral part of the decision on discharge and which add to the general recommendations set out in the resolution on performance, financial management and control of EU agencies:

- **Agency's financial statements**: Parliament noted the Agency's final budget for the financial year 2014 was EUR 59 380 000, representing a decrease of 3.2% compared to the year 2013. The entire budget of the Agency derives from the Union budget.
- **Emphasis of matter**: Parliament noted 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 stated that the systems were transferred from the Commission to the Agency in May 2013 by way of a non-exchange transaction. It took note 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 in the Agency's accounts at their net book values as per the Commission's books and updated at year-end. It acknowledged the Agency's comment that as long as the book value of the assets transferred by the Commission to the Agency was established in line with the Commission's internal accounting rules, **there was no action that the Agency had to or could have performed** in this respect. It also acknowledged that the value of transferred assets is expected to become **immaterial in the year 2015** due to the yearly application of depreciation of asset value and that as such, for future discharges, this comment will no longer be relevant.
- **Commitments and carryovers**: it noted that the committed appropriations carried over to 2015 were high for administrative expenditure at EUR 15 million (87 %). It acknowledged that these carry-overs mainly resulted from **delayed procurements** for the extension and refurbishment of the Agency's site in Strasbourg. The carry-overs for operational expenditure were high at EUR 24.5 million (85 %) and mainly related to multi-annual contracts for the maintenance of the Agency's IT systems. It therefore called on the Agency to reduce the high level of carry-overs as it is **at odds with the principle of annuality**.
- **Associated countries**: Parliament recalled that according to Regulation (EU) No 1077/2011, 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**.

Parliament also made a series of observations regarding the Agency's budget and financial management, prevention and management of conflicts of interest, as well as on contract award, recruitment and internal audit and control procedures.

Parliament noted that the negotiations between the Agency and France were successfully concluded and that the **seat agreement** was signed for the Agency's operational site in Strasbourg. It is also pleased that the negotiations between the Agency and Estonia were successfully concluded and the seat agreement was signed at the end of 2014.

Lastly, Parliament called for an overall improvement in the prevention of, and the fight against, corruption through a holistic approach, commencing with **better public access to documents and more stringent rules on conflicts of interest,** the introduction or strengthening of transparency registers and the provision of sufficient resources for law enforcement measures, and also through improved cooperation among Member States and with relevant third countries.

2014 discharge: European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)

2015/2195(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 as at 31 December 2014 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 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:

- **software development**: the Council, once again, regretted the shortcomings identified by the Court with regard to the Agency's valuation of the different IT systems transferred from the Commission, in particular, as regards software development costs ensued and urged the Agency to take the appropriate corrective measures;
- **financial programming**: the Council called on the Agency to improve its financial programming and monitoring of the budget implementation, in order to reduce the level of commitments carried over to the next financial year and the amounts cancelled at the end of the following year to the strict minimum, in line with the budgetary principle of annuality. It invited the Agency to put in place reliable procedures for these purposes and welcomes the steps already taken in this regard.

2014 discharge: European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)

2015/2195(DEC) - 11/04/2016 - 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 operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA) for the financial year 2014.

The parliamentary committee calls on the European Parliament to grant the Agency’s Executive Director 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 the Agency’s final budget for the financial year 2014 was EUR 59 380 000, representing a decrease of 3.2% compared to the year 2013. The entire budget of the Agency derives from the Union budget.
- **Emphasis of matter:** Members note 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 note that the systems were transferred from the Commission to the Agency in May 2013 by way of a non-exchange transaction. They take note 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 in the Agency’s accounts at their net book values as per the Commission’s books and updated at year-end. They acknowledges the Agency's comment that as long as the book value of the assets transferred by the Commission to the Agency was established in line with the Commission’s internal accounting rules, **there was no action that the Agency had to or could have performed** in this respect. They also acknowledge that the value of transferred assets is expected to become **immaterial in the year 2015** due to the yearly application of depreciation of asset value and that as such, for future discharges, this comment will no longer be relevant.
- **Commitments and carryovers:** Members note that the committed appropriations carried over to 2015 were high for administrative expenditure at EUR 15 million (87 %). They acknowledge that these carry-overs mainly resulted from **delayed procurements** for the extension and refurbishment of the Agency’s site in Strasbourg. The carry-overs for operational expenditure were high at EUR 24.5 million (85 %) and mainly

related to multi-annual contracts for the maintenance of the Agency's IT systems. They therefore call on the Agency to reduce the high level of carry-overs as it is **at odds with the principle of annuality**.

Members also made a series of observations regarding the Agency's budget and financial management, prevention and management of conflicts of interest, as well as on contract award, recruitment and internal audit and control procedures.

Members note that the negotiations between the Agency and France were successfully concluded and that the **seat agreement** was signed for the Agency's operational site in Strasbourg. They are also pleased that the negotiations between the Agency and Estonia were successfully concluded and the seat agreement was signed at the end of 2014.

Lastly, Members call for an overall improvement in the prevention of, and the fight against, corruption through a holistic approach, commencing with **better public access to documents and more stringent rules on conflicts of interest,** the introduction or strengthening of transparency registers and the provision of sufficient resources for law enforcement measures, and also through improved cooperation among Member States and with relevant third countries.

2014 discharge: European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)

2015/2195(DEC) - 15/09/2015 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA) for the 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 operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA).

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 Foundation, 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 Office'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. Without calling into question this generally favourable 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 is the Agency's core task. 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 (approximately EUR 6.6 million at date of transfer and EUR 2.1 million euro at 31 December 2014). 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: 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:

- **budgetary management**: the Court notes that out of the EUR 6.6 million committed appropriations for staff and operational expenditure which were carried over from 2013 to 2014, EUR 1.7 million euro (26 %) were cancelled in 2014, showing that budgetary needs were overestimated at the end of 2013. Furthermore, committed appropriations carried over to 2015 were very high for administrative expenditure at 87 %. These carry-overs mainly resulted from delayed procurements for the extension and refurbishment of the Agency's site in Strasbourg. Carry-overs of committed appropriations were also high for operational expenditure at EUR 24.5 million (85 %) mainly in relation to multi-annual contracts for the maintenance of the IT systems. The court considers that the high levels of cancelled carry-overs from 2013 and the extent of carry-overs made from 2014 to 2015 is at odds with the budgetary principle of annuality.

The Agency's replies:

- **budgetary management**: the Agency states it has taken steps to improve its capacity to plan, monitor and implement available appropriations. Specific organisational measures, are regular budget implementation reporting, are being implemented. The Agency closely followed the

Financial Regulation as regards carry-forwards, resulting in both automatic and non-automatic carry-overs as allowed by the applicable rules on annuality. As regards non-automatic carry-overs for the Strasbourg site, the Management Board approved these based on a duly justified proposal by the Agency in compliance with applicable rules. The Agency highlights its difficulties regarding the differentiated nature of appropriations regarding commitments carried forward following financial independence, and commitments migrated from DG HOME to the Agency.

Lastly, the Court of Auditors' report contains a **summary of the Agency's activities** in 2014. This is focused on the following:

Budget: EUR 59.38 million in commitment appropriations.

Activities:

- **operational management and evolution of SISII, VIS and EURODAC**;
- **helpdesk**: provide first level support services to users across all systems under the management of eu-LISA;
- **provision of coordination, security and supervision** of relations between 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;
- timely and accurate provision of **statistics and information** on the performance of the systems as provided for in the relevant legal bases;
- **reporting**: fulfilment of all reporting obligations laid down in the establishing Regulation and legal bases for the IT systems under the Agency's management
- **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
- **establishment of an informal network** of security experts with the Member States for the exchange of early warnings in cyber areas, best practices and security incident management.

2014 discharge: European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)

2015/2195(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 operational management of large-scale IT systems in the area of freedom, security and justice (EU-LISA)**.

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 EU-LISA Agency.

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 Agency spent and implemented their budget in 2014. Each agency is subject to its own discharge procedure.

EASO: in 2014, 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 2014**: the accounts of the Office for the year 2014 as presented by the Commission in its document on the consolidated annual accounts of the European Union are as follows:

Commitment appropriations :

- **committed** : EUR 59 million;

- **paid** : EUR 49 million;

- **carried-over** : EUR 10 million.

Payment appropriations :

- **committed** : EUR 72 million;

- **paid** : EUR 54 million;

- **carried-over** : EUR 15 million.

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

2014 discharge: European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)

2015/2195(DEC) - 28/04/2016 - 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 2014.

NON LEGISLATIVE ACT: Decision (EU) 2016/1555 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 2014.

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 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, the latter highlighted issues related to the valuation of the SIS II, VIS and EURODAC systems in the Agency’s accounts. It recalled that the systems were transferred from the Commission to the Agency in May 2013 by way of a non-exchange transaction. 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 in the Agency’s accounts at their net book values as per the Commission’s books and updated at year-end. Parliament acknowledged the Agency's comment that as long as the **book value of the assets transferred by the Commission to the Agency** was established in line with the Commission’s internal accounting rules, there was no action that the Agency had to or could have performed in this respect. It should also be noted that the value of transferred assets is expected to become **immaterial in the year 2015** due to the yearly application of depreciation of asset value and that as such, for future discharges.