Basic information

2016/2179(DEC) DEC - Discharge procedure	Procedure completed
2015 discharge: European Agency for the Management of Operational Cooperation at the External Borders (Frontex) **Subject** 8.70.03.05 2015 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	AYALA SENDER Inés (S&D)	05/08/2016
	Shadow rapporteur ZDECHOVSKÝ Tomáš (PPE) FITTO Raffaele (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	JEŽEK Petr (ALDE)	12/10/2016

European Commission

Commission DG	Commissioner
Budget	GEORGIEVA Kristalina

Key events

Date	Event	Reference	Summary
		COM(2016)0475	Summary

11/07/2016	Non-legislative basic document published		
04/10/2016	Committee referral announced in Parliament		
22/03/2017	Vote in committee		
31/03/2017	Committee report tabled for plenary	A8-0137/2017	Summary
26/04/2017	Debate in Parliament		
27/04/2017	Decision by Parliament	T8-0186/2017	Summary
27/04/2017	Results of vote in Parliament		
27/04/2017	End of procedure in Parliament		
29/09/2017	Final act published in Official Journal		

Technical information

Procedure reference	2016/2179(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/07487

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE593.859	06/02/2017	
Committee opinion	LIBE	PE595.380	15/02/2017	
Amendments tabled in committee		PE600.899	07/03/2017	
Committee report tabled for plenary, single reading		A8-0137/2017	31/03/2017	Summary
Text adopted by Parliament, single reading		T8-0186/2017	27/04/2017	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	05873/2017	07/02/2017	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2016)0475	11/07/2016	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N8-0138/2016 OJ C 449 01.12.2016, p. 0208	13/09/2016	Summary

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

Final act	
Budget 2017/1723 OJ L 252 29.09.2017, p. 0324	Summary

2015 discharge: European Agency for the Management of Operational Cooperation at the External Borders (Frontex)

2016/2179(DEC) - 13/09/2016 - 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 2015, 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 focused on the annual accounts of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States (Frontex). The Agency's task is to coordinate the Member States' activities in the field of the management of external borders (support for operational cooperation, technical and operational assistance, and risk analysis).

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 2015;
- 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 2015 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer. However, it gave a qualified opinion on the reliability of the accounts. **The Agency underestimated the cost incurred in 2015, but not yet invoiced, for prefinanced services related to maritime surveillance by EUR 1 723 336**. This underestimation affected the accrued charges and resulted in a material misstatement in the Agency's balance sheet and statement of financial performance.

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 2015 are legal and regular in all material respects.

The report made 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 stated that the *ex post* audit to Iceland carried out by the Agency in October 2015 detected irregular payments totalling EUR 1.4 million related to the depreciation of a vessel participating in seven joint operations from 2011 to 2015. The Icelandic coastguard had claimed reimbursement of depreciation for that vessel even though it had exceeded the useful life provided for in the Agency's guidelines. Whilst the Agency has the right to recover irregular payments made in the last 5 years, it announced the recovery

of only the payments made since January 2015, amounting to EUR 600 000. The Court recalled that the Commission, under ISF Borders and Visa, reimburses Member States' purchases of means, such as vehicles or vessels as well as running costs such as fuel consumption or maintenance. The Agency also reimburses such costs to participants in joint operations. There is therefore an unaddressed risk of double funding;
- **budgetary management**: the Court noted that the level of carry-overs for committed appropriations was high for administrative and operational expenditure due to IT contracts extending beyond the year-end.
- **costs declared**: the Court recalled that States participating in border operations declare the costs incurred on the basis of cost claim sheets which comprise 'fixed expenses' (depreciation and maintenance), 'variable expenses' (mostly fuel) and 'mission expenses' (mostly allowances and other crew expenses). The costs declared are based on **real values and follow national standards** leading to divergent approaches among participating states which creates a particularly burdensome system for all parties involved. The Court in its Special Report 12/2016 recommended that agencies should use simplified cost options whenever appropriate to avoid such inefficiencies.

The Agency's replies:

- **legality and regularity of the transactions**: the Agency stated that it will further improve its procedure for estimating the costs to be accrued. The implementing rules to the Frontex Financial Regulation provide that the Authorising Officer may waive recovery of an established amount where recovery is inconsistent with the principle of proportionality. The Agency will continue its efforts to reduce the amounts of carry-overs in view of honouring better the annuality principle. The Authorising Officer announced the recovery of EUR 600 000. He also announced not to reimburse EUR 200 000due in 2016;
- **budgetary management**: Frontex acknowledged the explanations provided by the Court on the amounts of carry-overs;
- **costs declared**: the Agency agreed with the Court that reimbursing costs based on real values is cumbersome and the introduction of unit costs is a viable option, which the Agency will pursue. Furthermore, the proposal for the Border and Coast Guard Agency may likely remove the obligation to use grants, which will pave the way for using new funding mechanisms for the Agency beyond grants.

Lastly, the Court of Auditors' report also contained a **summary of the Agency's key figures in 2015**:

- **Budget**: EUR 145.3 million (in commitment appropriations).
- **Staff**: 309 including officials, temporary and contract staff and seconded national experts.

2015 discharge: European Agency for the Management of Operational Cooperation at the External Borders (Frontex)

2016/2179(DEC) - 31/03/2017 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Inés AYALA SENDER (S&D, ES) 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 2015.

The committee 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 2015.

Noting that the Court of Auditors stated that it had obtained reasonable assurance that the annual accounts of the Agency for the financial year 2015 were reliable and that the underlying transactions were legal and regular, Members called 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 noted that the final budget of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union (now European Border and Coast Guard Agency) for the financial year 2015 was EUR 143.3 million, representing an increase of 46.31 % compared to 2014. The increase was mainly due to two amendments for the relevant operations in the Mediterranean amounting to EUR 28 million.
- **Reliability of the accounts**: Members noted that the Court issued a qualified opinion on the reliability of the Agency's accounts. The basis being the underestimation of the cost incurred in 2015 but not yet invoiced for pre-financed services related to maritime surveillance by EUR 1 723 336. They acknowledged that the Agency has already taken corrective measures to prevent such issues from taking place in the future. They noted, in the Court's opinion, except for the effects of the matter regarding the underestimation of the incurred but not yet invoiced costs, **the Agency's annual accounts present fairly, in all material respects, its financial position as at 31 December 2015** 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.

Members detected however irregular payments in Iceland as well as double funding relating to the Internal Security Fund (ISF).

Members also made a series of observations regarding the budget and financial management, commitments and carry-overs, the prevention and management of conflicts of interests, transfers and internal audits.

The report recalled that in previous years the high and constantly increasing number of grant agreements, as well as the magnitude of related expenditure to be verified by the Agency, indicated that a more efficient and cost-effective **alternative funding mechanism** could be used to finance the Agency's operational activities. Members acknowledged that the Agency's new founding regulation has removed the term "grants" as the contractual instrument for the operational activities between the Agency and the institutions of the Members States. They hoped that this modification will allow the Agency to streamline the financial management of its operational activities.

Lastly, they welcomed both the contribution of the Agency to saving more than **250 000 people at sea in 2015** and the support provided to national authorities in hotspot areas in relation to the identification and registration of migrants, return-related activities and Union internal security.

2015 discharge: European Agency for the Management of Operational Cooperation at the External Borders (Frontex)

2016/2179(DEC) - 27/04/2017 - 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 2015.

NON-LEGISLATIVE ACT: Decision (EU) 2017/1723 of the European Parliament on discharge in respect of the implementation of the budget of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union (now European Border and Coast Guard Agency (Frontex)) for the financial year 2015.

CONTENT: with the present decision, the European Parliament grants discharge to the executive director of the European Border and Coast Guard Agency discharge in respect of the implementation of the Agency's budget for the financial year 2015.

This decision is in line with the European Parliament's resolution adopted on 27 April 2017 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 27 April 2017).

Amongst Parliament’s main observations in the resolution accompanying the discharge decision, it noted that, according to the Court's report, Frontex did not sufficiently address the existing potential for conflicts of interest when setting up teams managing the negotiations of joint operation grants. It called on the Agency to introduce measures and an appropriate policy to safeguard the principles of transparency and ensure the absence of conflicts of interest on the part of negotiation teams. Formal conflict of interest policies for external experts, internal staff and governing board members should be set up.

Parliament welcomed the contribution of the Agency to saving more than 250 000 people at sea in 2015 and the increase in the Agency's search and rescue capacity following the tragic events of spring 2015.

As regards the headquarters, Parliament noted with satisfaction that on 23 January 2017 the Agency and the Polish Government initialled the draft headquarters agreement.

2015 discharge: European Agency for the Management of Operational Cooperation at the External Borders (Frontex)

2016/2179(DEC) - 11/07/2016 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2015, as part of the 2015 discharge procedure.

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

CONTENT: the organisational governance of the EU consists of institutions, agencies and other EU bodies whose expenditure is included in the general budget of the Union.

The EU's operational expenditure of these institutions takes different forms, depending on how the money is paid out and managed.

From 2014 onwards, the Commission classifies its expenditure as follows:

- **Direct management**: the budget is implemented directly by the Commission services.
- **Indirect management**: the Commission confers tasks of implementation of the budget to bodies of EU law or national law, **such as the EU agencies**.
- **Shared management**: under this method of budget implementation tasks are delegated to Member States. About 80 % of the expenditure falls under this management mode covering such areas as agricultural spending and structural actions.

This Commission document concerns the EU's consolidated accounts for the year 2015 and details how spending by the EU institutions and bodies was carried out. The consolidated annual accounts of the EU provide financial information on the activities of the institutions, agencies and other bodies of the EU from an accrual accounting and budgetary perspective.

It is the responsibility of the Commission's Accounting Officer to prepare the EU's consolidated annual accounts and ensure that they present fairly, in all material aspects, the financial position, the result of the operations and the cash flows of the EU institutions and bodies, including the European Agency for the Management of Operational Cooperation at the External Borders (Frontex), with a view to granting discharge.

Discharge procedure: the final step of a budget lifecycle is the discharge of the budget for a given financial year. It represents the political aspect of the external control of budget implementation and is the decision by which the European Parliament, acting on a Council recommendation, "releases" the Commission (and other EU bodies) from its responsibility for management of a given budget by marking the end of that budget's existence. The European Parliament is the discharge authority within the EU.

The discharge procedure may produce three outcomes: (i) the granting; (ii) postponement or; (iii) the refusal of the discharge.

The final discharge report including specific recommendations to the Commission for action is adopted in plenary by the European Parliament and are subject to an annual follow up report in which the Commission outlines the concrete actions it has taken to implement the recommendations made.

Each agency is subject to its own discharge procedure, including Frontex.

FRONTEX: the Agency, 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.

As regards Frontex's accounts, these are presented in detail in the document on the consolidated annual accounts of the European Union for 2015:

Commitment appropriations:

- **committed**: EUR 152 million;
- **paid**: EUR 151 million;
- **carried-over**: EUR 1 million.

Payment appropriations:

- **committed**: EUR 180 million;
- **paid**: EUR 125 million;
- **carried-over**: EUR 50 million.

For further details on expenditure, please refer to final accounts of Frontex.

2015 discharge: European Agency for the Management of Operational Cooperation at the External Borders (Frontex)

2016/2179(DEC) - 27/04/2017 - 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 2015.

The vote on the discharge decision covers the closure of the accounts (in accordance with Annex IV, 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 2015, Parliament adopted by 492 votes to 124, with 3 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 resolution on performance, financial management and control of EU agencies.

These recommendations may be summarised as follows:

- **Agency's financial statements**: Parliament noted that the final budget of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union (now European Border and Coast Guard Agency) for the financial year 2015 was EUR 143.3 million, representing an increase of 46.31 % compared to 2014. The increase was mainly due to two amendments for the relevant operations in the Mediterranean amounting to EUR 28 million.
- **Reliability of the accounts**: Parliament noted that the Court issued a qualified opinion on the reliability of the Agency's accounts. The basis being the underestimation of the cost incurred in 2015 but not yet invoiced for pre-financed services related to maritime surveillance by EUR 1 723 336. It acknowledged that the Agency has already taken corrective measures to prevent such issues from taking place in the future. It noted, in the Court's opinion, except for the effects of the matter regarding the underestimation of the incurred but not yet invoiced costs, **the Agency's annual accounts present fairly, in all material respects, its financial position as at 31 December 2015** 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. Members detected however irregular payments in Iceland as well as double funding relating to the Internal Security Fund (ISF).

Parliament also made a series of observations regarding the budget and financial management, commitments and carry-overs, transfers and internal audits.

It noted that Frontex did not sufficiently address the existing potential for **conflicts of interest** when setting up teams managing the negotiations of joint operation grants. It called on the Agency to **introduce measures and an appropriate policy to safeguard the principles of transparency** and ensure the absence of conflicts of interest on the part of negotiation teams.

Parliament recalled that in previous years the high and constantly increasing number of grant agreements, as well as the magnitude of related expenditure to be verified by the Agency, indicated that a more efficient and cost-effective **alternative funding mechanism** could be used to finance the Agency's operational activities. It acknowledged that the Agency's new founding regulation has removed the term "grants" as the contractual instrument for the operational activities between the Agency and the institutions of the Members States. Members hoped that this modification will allow the Agency to streamline the financial management of its operational activities.

Lastly, Parliament welcomed both the contribution of the Agency to saving more than **250 000 people at sea in 2015** and the support provided to national authorities in hotspot areas in relation to the identification and registration of migrants, return-related activities and Union internal security. It welcomed the support provided to national authorities in hotspot areas in relation to the identification and registration of migrants, return-related activities and Union internal security and the signature of an operational cooperation agreement with Europol to deter cross-border crime and migrant smuggling.

2015 discharge: European Agency for the Management of Operational Cooperation at the External Borders (Frontex)

2016/2179(DEC) - 07/02/2017 - Supplementary non-legislative basic document

Having examined the revenue and expenditure accounts for the financial year 2015 and the balance sheet at 31 December 2015 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 2015, 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 2015.

The Council welcomed the Court's opinion that the transactions underlying the Agency's annual accounts for the year ended on 31 December 2015 are legal and regular in all material respects.

However, the Council regretted that the Court issued a **qualified opinion on the reliability of the Agency's accounts due to the underestimation of costs incurred in 2015 of services related to maritime surveillance** that resulted in a material misstatement in the Agency's balance sheet and statement of financial performance. The Council called on the Agency to fully recover irregular payments identified by the Court related to the depreciation of a vessel participating in joint operations. It also called on the Agency to address the risks of double funding of the same actions under the Internal Security Fund.

The Council made the following observations:

- **financial programming**: the Council noted that a high level of commitment appropriations was carried over to 2016. It encouraged the Agency to continue improving its financial programming and monitoring of the budget implementation, in order to reduce the level of commitments carried over to the following financial year to the minimum strictly necessary;
- **reimbursement of costs**: the Council noted the cumbersome system of reimbursing costs based on real values. It invited the Agency to consider simplified cost options in order to achieve its policy objectives more efficiently;
- **recruitment**: the Council encouraged the Agency to continue improving its recruitment procedures in order to ensure transparency and equal treatment of candidates;
- **monitoring balances**: the Council recommended the Agency to continue monitoring supplier balances more regularly and to improve the documentation supporting the expenditure claimed by cooperating countries, including by audit certificates, to ensure the legality and regularity of transactions;
- **associated countries**: the Council invited the Agency to continue refining the calculation of contributions from Schengen associated countries (Switzerland, Liechtenstein, Iceland and Norway) to reflect better the related legal provisions.