Basic information

2017/2178(DEC) DEC - Discharge procedure	Procedure completed
2016 discharge: European Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA) **Subject** 8.70.03.06 2016 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	STAES Bart (Verts/ALE)	14/09/2017
	Shadow rapporteur SARVAMAA Petri (PPE) LIBERADZKI Bogusław (S&D) MACOVEI Monica (ECR) ALI Nedzhmi (ALDE) DE JONG Dennis (GUE/NGL) VALLI Marco (EFDD) KAPPEL Barbara (ENF)	

Committee for opinion	Rapporteur for opinion	Appointed
LIBE Civil Liberties, Justice and Home Affairs	CHRYSOGONOS Kostas (GUE/NGL)	19/10/2017

European Commission

Commission DG	Commissioner
Budget	OETTINGER Günther

Key events

Date	Event	Reference	Summary
		COM(2017)0365	Summary

26/06/2017	Non-legislative basic document published		
13/09/2017	Committee referral announced in Parliament		
20/03/2018	Vote in committee		
26/03/2018	Committee report tabled for plenary	A8-0111/2018	Summary
18/04/2018	Decision by Parliament	T8-0157/2018	Summary
18/04/2018	Results of vote in Parliament		
18/04/2018	Debate in Parliament		
18/04/2018	End of procedure in Parliament		
03/10/2018	Final act published in Official Journal		

Technical information

Procedure reference	2017/2178(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/10839

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE613.476	30/01/2018	
Committee opinion	LIBE	PE615.184	07/02/2018	
Amendments tabled in committee		PE618.263	02/03/2018	
Committee report tabled for plenary, single reading		A8-0111/2018	26/03/2018	Summary
Text adopted by Parliament, single reading		T8-0157/2018	18/04/2018	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	05941/2018	09/02/2018	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2017)0365	26/06/2017	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N8-0035/2018 OJ C 417 06.12.2017, p. 0194	19/09/2017	Summary

Additional information		
Source	Document	Date
European Commission	EUR-Lex	

Final act	
Budget 2018/1409 OJ L 248 03.10.2018, p. 0299	Summary

2016 discharge: European Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA)

2017/2178(DEC) - 03/10/2018 - 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 2016.

NON-LEGISLATIVE ACT: Decision (EU) 2018/1409 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 2016.

CONTENT: the European Parliament decided 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 for the implementation of the latters budget for the financial year 2016.

This decision is accompanied by a resolution of the European Parliament containing the observations which form an integral part of the discharge decision in respect of the implementation of the general budget of the European Union for the financial year 2016 (*please refer to the summary dated 18.4.2018*).

In this resolution, Parliament noted that 2016 was the most intense and demanding year for the Agency since its establishment and that the Agency nevertheless performed well and delivered its annual work programme in full, carrying out nearly all of its activities as planned and achieving its operational objectives. A number of additional tasks were also assumed through the year.

Parliament noted with satisfaction that the Agency is preparing a revision of its anti-fraud strategy and called on the Agency to report to the discharge authority on the adoption and implementation of the new rules.

On Brexit, it noted that a level of information exchange between the Agency and the Commission that would allow thorough preparation for activities after Brexit has not been completely arranged as some legal aspects, such as access to the systems managed by the Agency and use of data entered by the United Kingdom into them after Brexit, need further elaboration. Parliament called on the Commission to help the Agency with solutions as soon as the negotiation process with the United Kingdom provides them with enough information.

2016 discharge: European Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA)

2017/2178(DEC) - 26/03/2018 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Bart STAES (Greens/EFA, BE) 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 2016.

The committee called 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 2016.

Noting that the Court of Auditors stated that it had obtained reasonable assurance that the annual accounts of the Agency for the financial year 2016 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 Agency for the financial year 2016 was EUR 82 267 949, representing an increase of 21.77 % compared to the year 2015, entirely derived from the Union budget.
- **Comments on the legality and regularity of transactions**: Members condemned the fact that the Agency received and accepted supplies amounting to EUR 2.8 million without having budget and legal commitments (contracts) in place. They called on the Agency to significantly improve budget planning and budget implementation.
- **Budget and financial management**: Members noted that budget monitoring efforts during the financial year 2016 resulted in a budget implementation rate of 97.9 % and that the payment appropriations execution rate was 97.6 %. Members noted that the Agency signed a construction contract for its premises in Strasbourg with a value of EUR 21.5 million in June 2015.
- **Commitments and carry-overs**: Members noted that the committed appropriations for administrative expenditure carried over amounted to EUR 5 million (63 % of committed appropriations), compared to EUR 9 million (50 %) in 2015. These concerned mainly building maintenance and consultancy services to be delivered in 2017. These carry-overs may be justified and do not necessarily indicate weaknesses in budget planning and implementation.

Members also made a series of observations regarding procurement and staff policy, internal audits and the prevention and management of conflicts of interests.

Members expressed concern as to the potential risk for the competitiveness of the **EUR 194 million framework contract award procedure** for the further development and maintenance of the Visa Information System and the Biometrics Matching System (BMS) for a maximum period of six years.

Lastly, Members noted that a level of information exchange between the Agency and the Commission that would allow thorough preparation for activities **after Brexit** has not been completely arranged as some legal aspects, such as access to the systems managed by the Agency and use of data entered by the United Kingdom into them after Brexit, need further elaboration. The Commission is called on to help the Agency with solutions as soon as the negotiation process with the United Kingdom provides them with enough information.

2016 discharge: European Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA)

2017/2178(DEC) - 19/09/2017 - 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 2016, 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 focused 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**). As a reminder, the core mission of this Agency is to fulfil the operational management tasks for the Second Generation Schengen Information System (SIS II), the Visa Information System (VIS) and Eurodac.

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 2016;
- 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 2016 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 2016 are legal and regular in all material respects.

The report also 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:

- **budgetary management**: appropriations carried over under administrative expenditure are high with EUR 5 million. They mainly concern building maintenance and consultancy services to be delivered in 2017. Such high level of carry-overs to cover next year's activities is in contradiction with the budgetary principle of annuality.

The Agency's replies:

- **budgetary management**: according to the Agency, the carry-overs are constantly revised and planned with the objective of reducing them over time to the strictly necessary and only when the operation is justified.

Lastly, the Court of Auditors' report contained a summary of the **Agency's key figures in 2016**:

- **Budget**: EUR 82.3 million in payment appropriations.
- **Staff**: 144 including officials, temporary and contract staff and seconded national experts.

2016 discharge: European Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA)

2017/2178(DEC) - 26/06/2017 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2016, as part of the 2016 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: 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.

This Commission document concerns the EU's consolidated accounts for the year 2016 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 operational management of large-scale IT systems in the area of freedom, security and justice (EU-LISA), 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 the **eu-LISA**.

eu-LISA: the Agency, based in Tallinn (EE) 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).

As regards the eu-LISA's accounts, these are presented in detail in the document on the consolidated annual accounts of the European Union for 2016:

Commitment appropriations:

- available: EUR 85 million;
- made: EUR 80 million.

Payment appropriations:

- available: EUR 104 million;
- made: EUR 94 million.

For further details on expenditure, please refer to the final accounts of the eu-LISA Agency.

2016 discharge: European Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA)

2017/2178(DEC) - 18/04/2018 - Text adopted by Parliament, single reading

The European Parliament decided 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) in respect of the implementation of the Institute's budget for the financial year 2016, and to approve the closure of the accounts for the financial year in question.

Noting that the Court of Auditors has stated that it has obtained reasonable assurances that the agency's annual accounts for the financial year 2016 are reliable and that the underlying transactions are **legal and regular**, Parliament adopted by 553 votes to 133 with 5 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:

- **Follow-up to the 2013 and 2015 discharges: there are** a number of outstanding issues and ongoing corrective measures in response to the Court's comments in 2013 and 2015 related to a framework contract for the procurement of services and to the relation between the Agency and Schengen associated countries. Parliament urged the Agency to take corrective actions without further delay.
- **Agency's financial statements**: the final budget of the Agency for the financial year 2016 was EUR 82 267 949, representing an increase of 21.77 % compared to the year 2015, entirely derived from the Union budget.
- **Comments on the legality and regularity of transactions**: Members condemned the fact that the Agency received and accepted supplies amounting to EUR 2.8 million without having budget and legal commitments (contracts) in place. They called on the Agency to significantly improve budget planning and budget implementation.
- **Budget and financial management**: budget monitoring efforts during the financial year 2016 resulted in a budget implementation rate of 97.9 % and that the payment appropriations execution rate was 97.6 %. Members noted that the Agency signed a construction contract for its premises in Strasbourg with a value of EUR 21.5 million in June 2015.
- **Commitments and carry-overs**: Members noted that the committed appropriations for administrative expenditure carried over amounted to EUR 5 million (63 % of committed appropriations), compared to EUR 9 million (50 %) in 2015. These concerned mainly building maintenance and consultancy services to be delivered in 2017. These carry-overs may be justified and do not necessarily indicate weaknesses in budget planning and implementation.

Members also made a series of observations regarding procurement and staff policy, internal audits and the prevention and management of conflicts of interests. They expressed concern as to the potential risk for the competitiveness of the **EUR 194 million framework contract award procedure** for the further development and maintenance of the Visa Information System and the Biometrics Matching System (BMS) for a maximum period of six years.

Members also observed with concern that the growing operational risk facing the Agency's operations is related to **understaffing** of the Agency. Reducing staff and outsourcing work increase the risks of 'revolving doors' and information leaks. They went on to deplore the **lack of gender balance** among posts occupied by 31 December 2016, given that the ratio was 28 % female to 72 % male members of staff.

Lastly, Members noted that a level of information exchange between the Agency and the Commission that would allow thorough preparation for activities after Brexit has not been completely arranged as some legal aspects, such as access to the systems managed by the Agency and use of data entered by the United Kingdom into them **after Brexit**, need further elaboration. The Commission is called on to help the Agency with solutions as soon as the negotiation process with the United Kingdom provides them with enough information.

2016 discharge: European Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA)

2017/2178(DEC) - 09/02/2018 - Supplementary non-legislative basic document

Having examined the revenue and expenditure accounts for the financial year 2016 and the balance sheet as at 31 December 2016 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 2016, 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 2016.

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 2016 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 2016 are legal and regular in all material respects.

Nevertheless, the following observations were made:

- **procurement**: the Council regretted the deficiencies found by the Court in the Agency's procurement procedures and urges the Agency to take appropriate actions in order to ensure the principles of economy, transparency and equal treatment of tenders;
- **financial programming**: the Council called on the Agency to continue improving its financial programming in order to reduce the level of commitments carried over to the next financial year to the minimum strictly necessary. The Council stressed the need to respect the principles of annuality and of sound financial management, avoiding advance payments as a means of maximizing the budgetary execution at year-end;
- **IT issues**: lastly, the Council encouraged the Agency to pursue its efforts to improve the efficiency of its internal IT processes as already agreed in an action plan between the Agency and the Commission's Internal Audit Service.