Basic information

2018/2195(DEC) DEC - Discharge procedure	Procedure completed
2017 discharge: European Border and Coast Guard Agency (Frontex) **Subject** 8.70.03.02 2017 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	SARVAMAA Petri (PPE)	26/07/2018
	Shadow rapporteur KADENBACH Karin (S&D) CZARNECKI Ryszard (ECR) ALI Nedzhmi (ALDE) DE JONG Dennis (GUE/NGL) STAES Bart (Verts/ALE) 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	FRANZ Romeo (Verts/ALE)	18/10/2018

European Commission

Commission DG	Commissioner
Budget	OETTINGER Günther

Key events

Date	Event	Reference	Summary
28/06/2018	Non-legislative basic document published	COM(2018)0521	Summary

11/09/2018	Committee referral announced in Parliament		
20/02/2019	Vote in committee		
04/03/2019	Committee report tabled for plenary	A8-0153/2019	Summary
26/03/2019	Decision by Parliament	T8-0285/2019	Summary
26/03/2019	Results of vote in Parliament		
26/03/2019	Debate in Parliament		
26/03/2019	End of procedure in Parliament		
27/09/2019	Final act published in Official Journal		

Technical information

Procedure reference	2018/2195(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/14307

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE626.813	17/12/2018	
Committee opinion	LIBE	PE630.584	23/01/2019	
Amendments tabled in committee		PE634.519	31/01/2019	
Committee report tabled for plenary, single reading		A8-0153/2019	04/03/2019	Summary
Text adopted by Parliament, single reading		T8-0285/2019	26/03/2019	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	05825/2019	31/01/2019	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2018)0521	28/06/2018	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N8-0012/2019 OJ C 434 30.11.2018, p. 0001	18/09/2018	Summary

Additional information		
Source	Document	Date
European Commission	EUR-Lex	

Final act
Budget 2019/1527 OJ L 249 27.09.2019, p. 0305

2017 discharge: European Border and Coast Guard Agency (Frontex)

2018/2195(DEC) - 28/06/2018 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2017, as part of the 2017 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.

This Commission document concerns the **EU's consolidated accounts for the year 2017** 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 with a view to granting discharge.

Discharge procedure: **the final step of a budget lifecycle is the discharge**. It is the decision by which the European Parliament '**releases**' the Commission from its responsibility for management of a given budget by marking the end of that budget's existence. It is granted by the European Parliament on the recommendation of the Council.

The decision is based in particular on the European Court of Auditors reports, in particular its annual report, in which the Court provides a Statement of Assurance (DAS) on the legality and regularity of transactions (payments and commitments).

The procedure results in the granting, postponement or refusal of 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.

All EU institutions and other agencies, bodies and joint undertakings are subject to their own discharge procedures.

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.

In 2016, Frontex's mandate was boosted with the adoption of the European Border and Coast Guard Regulation (EU) 2016/1624. Under the new mandate, the role and activities were significantly expanded with its permanent staff being more than doubled. While the "European Border and Coast Guard Agency" replaces the "European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union", it has the same legal personality and the same name: Frontex.

In 2017, Member States reported a 60% drop in the detections of illegal border crossing along the EU's external border compared to 2016.

As regards Frontex's accounts, these are presented in detail in the document on the consolidated annual accounts of the European Union for 2017:

Commitment appropriations:

- available: EUR 310 million;
- made: EUR 297 million.

Payment appropriations:

- available: EUR 384 million;
- made: EUR 264 million.

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

2017 discharge: European Border and Coast Guard Agency (Frontex)

2018/2195(DEC) - 04/03/2019 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Petri SARVAMAA (EPP, FI) on discharge in respect of the implementation of the budget of the European Border and Coast Guard Agency (Frontex) for the financial year 2017.

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 2017.

Noting that the Court of Auditors stated that it had obtained reasonable assurance that the annual accounts of the Agency for the financial year 2017 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

The final budget of the European Border and Coast Guard Agency for the financial year 2017 was EUR 280 560 000, representing an increase of 20.54 % compared to 2016. This increase was related to the considerable extension of the Agency's mandate in 2017, in response to the migration crisis faced by the Union.

Budget and financial management

The budget-monitoring efforts during the financial year 2017 resulted in a budget implementation rate of 97.63 % representing a slight decrease of 0.27 % compared to 2016. Payment appropriations execution rate was low at 66.42 %, representing a slight increase of 0.35 % compared to 2016. Members noted that the initial budget of the Agency included EUR 8.8 million statutory financial operational reserve for financing the deployment of rapid border interventions and return interventions. The Agency transferred overall EUR 3.8 million from the reserve to its operational budget to fund other activities. Members noted with concern that the transfers are not in compliance with the Agency's financial regulation and called on the Agency to avoid such non-compliant actions in the future.

Members also regretted the high level of cancellations of carryovers from 2016 to 2017, amounting to EUR 11 125 174 and representing 14.96 % of the total amount carried forward, a similar rate as in 2016.

Members also made a series of observations regarding performance, staff policy, procurement and internal controls.

In particular, they noted that:

- that in 2017 systems and procedures were still in the process of being adapted to cope with the new mandate of the Agency which was updated in 2016;

- all Member States and Schengen associated countries participated in at least one joint operation and that 26 Member States took part as organisers or participants in return operations coordinated and co-financed by the Agency, amounting to two more Member States than in 2016;

- on 31 December 2017, the establishment plan was only 74.43 % filled, with 262 temporary agents appointed out of 352 temporary agents authorised under the Union budget;

- 2017 was the second year of the five-year growth plan that significantly increased resources in the area of the Agency's budget and staff. However, the Agency experiences difficulties in finding staff with the required profiles, often because of the low salary correction coefficient (66.7%);

- the headquarters agreement between the Agency and the Polish government entered into force as of 1 November 2017. This has an effect on several processes of the Agency with major consequences on the working conditions and the management facilities. Members called on the Agency to report to the discharge authority on the resulting projects, in particular the construction of the new headquarters building and the establishment of a European school in Warsaw.

2017 discharge: European Border and Coast Guard Agency (Frontex)

2018/2195(DEC) - 31/01/2019 - Supplementary non-legislative basic document

Having examined the revenue and expenditure accounts for the financial year 2017 and 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 2017, 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 2017.

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 2017 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 2017 are legal and regular in all material respects.

Nevertheless, the following observations were made:

- ***budgetary programming***: while acknowledging the substantially extended mandate, and the increase of the budget and staff since 2016 in the context of the migration crisis, the Council urged the Agency to take immediate actions to ensure an adequate level of control and monitoring in order to remedy the weaknesses found by the Court in the Agency's internal controls system, as well as to prevent weaknesses in future operations, and to undertake measures to solve address the recurrent issue of insufficient proof of expenditure claimed provided by cooperating countries. The Council urged the Agency to implement introduce a simplified cost reimbursement model for operational activities;

- ***carry-overs***: taking account of the Court's changes in its reporting approach on carryovers, as well as the multiannual nature of the Agency's operations, the Council regretted that, again, a high level of commitment appropriations was carried over to 2018. The Council encourages urges the Agency to continue improving its financial programming and monitoring of the budget implementation in order to reduce the unjustified level of commitments carried over and the amounts cancelled at the end of the following year to the strict minimum, in line with the budgetary principle of annuality;

- ***recruitment***: deficiencies were found by the Court in the Agency's procurement and staff recruitment procedures. The Council urged the Agency to further improve its procurement and staff recruitment procedures in order to ensure the effectiveness and the regularity of the processes.

2017 discharge: European Border and Coast Guard Agency (Frontex)

2018/2195(DEC) - 26/03/2019 - Text adopted by Parliament, single reading

The European Parliament decided to grant discharge to the Executive Director of the European Border and Coast Guard Agency (Frontex) for the financial year 2017 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 2017 are reliable and that the underlying transactions are legal and regular, Parliament adopted by 470 votes to 131 with 30 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 draft resolution on performance, financial management and control of EU agencies:

Agency's financial statements

The final budget of the European Border and Coast Guard Agency for the financial year 2017 was EUR 280 560 000, representing an increase of 20.54 % compared to 2016. This increase was related to the considerable extension of the Agency’s mandate in 2017, in response to the migration crisis faced by the Union.

Budget and financial management

The budget-monitoring efforts during the financial year 2017 resulted in a budget implementation rate of 97.63 % representing a slight decrease of 0.27 % compared to 2016. Payment appropriations execution rate was low at 66.42 %, representing a slight increase of 0.35 % compared to 2016.

Members noted that the initial budget of the Agency included EUR 8.8 million statutory financial operational reserve for financing the deployment of rapid border interventions and return interventions. The Agency transferred overall EUR 3.8 million from the reserve to its operational budget to fund other activities. Members noted with concern that the transfers are not in compliance with the Agency’s financial regulation and called on the Agency to avoid such non-compliant actions in the future.

Parliament also regretted the high level of cancellations of carryovers from 2016 to 2017, amounting to EUR 11 125 174 and representing 14.96 % of the total amount carried forward, a similar rate as in 2016.

Members also made a series of observations regarding performance, staff policy, procurement and internal controls.

In particular, they noted that:

- that in 2017 systems and procedures were still in the process of being adapted to cope with the new mandate of the Agency which was updated in 2016;

- all Member States and Schengen associated countries participated in at least one joint operation and that 26 Member States took part as organisers or participants in return operations coordinated and co-financed by the Agency, amounting to two more Member States than in 2016;

- on 31 December 2017, the establishment plan was only 74.43 % filled, with 262 temporary agents appointed out of 352 temporary agents authorised under the Union budget;

- 2017 was the second year of the five-year growth plan that significantly increased resources in the area of the Agency's budget and staff. However, the Agency experiences difficulties in finding staff with the required profiles, often because of the low salary correction coefficient (66.7%);

- the headquarters agreement between the Agency and the Polish government entered into force as of 1 November 2017. This has an effect on several processes of the Agency with major consequences on the working conditions and the management facilities. Parliament called on the Agency to report to the discharge authority on the resulting projects, in particular the construction of the new headquarters building and the establishment of a European school in Warsaw.

2017 discharge: European Border and Coast Guard Agency (Frontex)

2018/2195(DEC) - 18/09/2018

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the European Border and Coast Guard Agency for the financial year 2017 (Frontex), together with the Agency's replies.

CONTENT: the Court of Auditors carried out the audit on the annual accounts of the European Border and Coast Guard Agency (Frontex).

In brief, the Agency's main task is to ensure European integrated border management at the external borders with a view to managing the crossing of the external borders efficiently. This includes addressing migratory challenges and potential future threats at those borders, thereby contributing to addressing serious crime with a cross-border dimension, to ensure a high level of internal security within the Union in full respect for fundamental rights, while safeguarding the free movement of persons within it.

Statement of assurance and reliability of the accounts

The Court considered that:

- the Agency's annual accounts present fairly, in all material respects, its financial position as at 31 December 2017 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;

- the transactions underlying the annual accounts for the year ended 31 December 2017 are legal and regular in all material respects.

It was noted that the Agency's grant expenditure increased considerably from EUR 123 million (2016) to EUR 167 million (2017). Unlike previous years, in 2017 the Agency did not carry out any ex post verifications on grant expenditure reimbursements. It considered that their ex ante verifications performed before reimbursement had improved and, once the ex ante coverage reached a certain level, could now provide the necessary assurance. However, the Court has consistently reported since 2014 that proof of expenditure claimed by cooperating countries is often insufficient which was also confirmed by this year's audit results.

In response to the migration crisis faced by the Union, the mandate of the Agency was considerably extended in 2016. The Agency's budget increased by 75 % in 2016 and its 2017 budget was again 21 % higher than that of the previous year. Staff increased by 18 % in 2016 and by another 43 % as compared to the previous year. Systems and procedures are still in the process of being adapted to cope with the new mandate and circumstances.

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

Procurement

Following an open call for tender, the Agency received four tenders for ferry services to transport migrants within Greece. Three tenders passed the selection criteria while one was excluded. The only contract award criterion was price. In April 2017 the Agency signed a EUR 2 million framework contract for a period of three years with the ferry company offering the lowest price. However, the contractors transport capacity was seasonally limited and they struggled to perform the contract, leading the Agency to cancel the contract by the end of 2017. In order to ensure service continuity, the Agency signed a new framework contract for the remaining period. The Agency did not negotiate the conditions for this replacement contract. The direct award of the replacement contract was irregular.

Budgetary management

The Agency again cancelled a high level of committed appropriations carried over from the previous year for reimbursements of expenditure to countries cooperating in joint operations with EUR 7.7 million (2016: EUR 5.6 million. This demonstrates that cooperating countries considerably over-estimated again the expenditure to be reimbursed by the Agency.

Financial management and performance

Agencies should introduce a single solution for the electronic exchange and storage of information with third parties participating in public procurement procedures (e-procurement). As the same requirement exists for all EU Institutions, the Commission is developing a comprehensive IT solution covering all phases of public procurement procedures. The Commission launched tools for electronic invoicing (e-invoicing), for the electronic

publication of documents related to contract notices (e-tendering) and for the electronic submission of tenders (e-submission). According to the Commission, by the end of 2017 the Agency had introduced e-invoicing and e-tendering for certain procedures, but not e-submission.

The Agency's replies

Procurement

Frontex considered that the continuation of the services needed to be secured, until a new contractor was be selected. Taking into account the market limitations for the required services in the region (very few economic operators), the most appropriate option identified was to use a 'bridging contract' with the company which was second best in the initial tender procedure for the selection of ferry operators. Hence this was not a continuation of already closed tendering procedure. Frontex took into consideration that the company had previous experience in providing ferry services for Frontex with very positive feedback; the ferry proposed met all minimal technical requirements. The contractor was willing to provide the services under the same conditions which were required and offered during the initial tender procedure.

Budgetary management

The Agency stated that in order to minimalise a risk of high cancellations, in Q4 of 2016 Frontex addressed beneficiaries with a request to submit their requests for final payment for deployments completed in the 2nd half of 2016 and to provide Frontex with precise estimations of costs to be borne in case of ongoing (Dec. 2016) or planned deployment (Jan. 2017) within 2016 operational activities. The main aim of these requests was to identify any overestimations. Despite certain positive outcomes of this action the level of carry-over appropriations remained relatively high.

Financial management and performance

Frontex is in a process of setting-up of e-Submission tools.

Lastly, the Court of Auditors' report also contained a summary of the Agency's key figures in 2017:

Budget

EUR 281 million.

Staff

526 including officials, temporary and contract staff and seconded national experts.