











# Procedure file

Basic information		
DEC - Discharge procedure	<a href="#">2018/2209(DEC)</a>	Procedure completed
2017 discharge: European Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA)		
Subject 8.70.03.02 2017 discharge		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Budgetary Control	 <a href="#">SARVAMAA Petri</a>	26/07/2018
		Shadow rapporteur	
		 <a href="#">KADENBACH Karin</a>	
		 <a href="#">CZARNECKI Ryszard</a>	
		 <a href="#">ALI Nedzhmi</a>	
		 <a href="#">STAES Bart</a>	
		 <a href="#">KAPPEL Barbara</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
	 Civil Liberties, Justice and Home Affairs	 <a href="#">FRANZ Romeo</a>	18/10/2018
European Commission	Commission DG <a href="#">Budget</a>	Commissioner OETTINGER Günther	

Key events			
28/06/2018	Non-legislative basic document published	<a href="#">COM(2018)0521</a>	Summary
11/09/2018	Committee referral announced in Parliament		
20/02/2019	Vote in committee		
01/03/2019	Committee report tabled for plenary	<a href="#">A8-0145/2019</a>	Summary
26/03/2019	Results of vote in Parliament		
26/03/2019	Debate in Parliament		
26/03/2019	Decision by Parliament	<a href="#">T8-0278/2019</a>	Summary

26/03/2019	End of procedure in Parliament		
27/09/2019	Final act published in Official Journal		

Technical information	
Procedure reference	2018/2209(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/14339

Documentation gateway					
Non-legislative basic document		<a href="#">COM(2018)0521</a>	28/06/2018	EC	Summary
Court of Auditors: opinion, report		<a href="#">N8-0012/2019</a> <a href="#">OJ C 434 30.11.2018, p. 0001</a>	18/09/2018	CofA	Summary
Committee draft report		<a href="#">PE626.806</a>	17/12/2018	EP	
Committee opinion	LIBE	<a href="#">PE630.604</a>	17/01/2019	EP	
Supplementary non-legislative basic document		<a href="#">05825/2019</a>	31/01/2019	CSL	Summary
Amendments tabled in committee		<a href="#">PE634.512</a>	31/01/2019	EP	
Committee report tabled for plenary, single reading		<a href="#">A8-0145/2019</a>	01/03/2019	EP	Summary
Text adopted by Parliament, single reading		<a href="#">T8-0278/2019</a>	26/03/2019	EP	Summary

Final act
Budget 2019/1506 <a href="#">OJ L 249 27.09.2019, p. 0268</a>

## 2017 discharge: European Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA)

**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 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 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.

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-LISAs accounts, these are presented in detail in the document on the consolidated annual accounts of the European Union for 2017:

Commitment appropriations:

- available: EUR 158 million;
- made: EUR 155 million.

Payment appropriations:

- available: EUR 78 million;
- made: EUR 67 million.

For further details on expenditure, please refer to the [final accounts of the eu-LISA Agency](#).

## 2017 discharge: European Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA)

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**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 for the year 2017, together with the Agency's reply.

**CONTENT:** the Court of Auditors carried out the audit 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).

In brief, 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 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.

The report also makes a series of observations on the budgetary and financial management of the Agency, accompanied by the Agency's response. The main observations may be summarised as follows:

The Court's observations

Financial management and performance

EU-LISA currently manages three separate, non-integrated large-scale IT systems (SIS II, VIS and Eurodac) all dealing with data in the Union's policy area of freedom, security and justice. Such approach may prevent the Agency from realizing economies of scale and synergies between the different systems. Current considerations to extend the Agency's mandate to the management of several additional IT systems in coming years make this matter even more acute. The Agency should, in consultation with the Commission and Member States, prepare a detailed cost-benefit analysis to support a discussion on the future development strategy for the systems.

The Court stated that the project for the construction of a new building on the Strasbourg site suffered considerable delays.

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). By the end of 2017, the Agency had introduced e-invoicing and e-tendering for certain procedures, but not e-submission.

Budgetary management

The Agency entered into global commitments for a total amount of EUR 69.9 million, to cover future expenditure related to new tasks and IT systems which were initially foreseen to be entrusted to the Agency in 2017 but for which the legal basis was not yet adopted by year-end (Eurodac recast and Dublin allocation system) or only shortly before (Entry/Exit system Regulation adopted on 30 November 2017). The corresponding payment appropriations were reduced by two amending budgets by EUR 85.6 million, from EUR 153.3 million in the initial voted budget to EUR 67.7 million in the final adopted budget.

The Agency's replies

Financial management and performance

In December 2017, the Commission put forward two proposals for a Regulation establishing a framework for interoperability between EU information systems (in the borders and visa areas as well as in the police and judicial cooperation, asylum and migration areas). Moreover, revision of mandate of the Agency (in the final stages to be adopted) establishes the responsibility for the development of interoperability actions subject to the adoption of the relevant legislative proposals.

The Agency confirmed the delay in the implementation of construction project in Strasbourg.

As regards e-submission, technical issues in the platform managed by EC-DG DIGIT prevented the use of the tool; as other agencies, the Agency was therefore not in a position to reliably deploy the platform in 2017. Once the platform becomes stable, the Agency intends to use it in its procurement activities.

#### Budgetary management

The Agency stated that the scenario and associated risks relating to the future expenditure of new tasks and IT systems were identified already in 2016, and reflected in the Agency's estimates of revenue and expenditure 2017. Throughout the year, the Management Board was regularly kept informed on the risk and constraints of adopting large global commitments due to the delays in the adoption of the legal basis of the new tasks.

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

#### Budget

EUR 79 million in payment appropriations.

#### Staff

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

## 2017 discharge: European Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA)

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Having examined the revenue and expenditure accounts for the financial year 2016 and the balance sheet as at 31 December 2017 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 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:

- procurement: once again, the Council regretted the weaknesses found by the Court in the Agency's procurement procedures and called on the Agency to take appropriate actions in order to ensure the effectiveness of the process, as well as the full implementation without unjustified delay of electronic public procurement;
- financial management: the Agency is called upon to continue improving its financial programming and monitoring of budget implementation with a view to limit the use of corrective measures to the strict minimum, in line with the budgetary principle of sound financial management;
- IT issues: the Council encouraged the Agency to pursue its efforts to improve the efficiency of its internal IT processes and to address the issue of the over-reliance and dependency on external contractors.

## 2017 discharge: European Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA)

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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 Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA) for the financial year 2017.

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 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

Members noted that the final budget of the Agency for the financial year 2017 was EUR 155 801 818, representing a significant increase of 89.38 % compared with 2016. This increase was related to the additional tasks of the Agency.

#### Budget and financial management

Budget-monitoring efforts during the financial year 2017 resulted in a budget implementation rate of 100 %, representing an increase of 2.1 %

compared with 2016. Payment appropriations execution rate was 91.53 %, representing an increase of 0.68 % compared with 2016.

Although the Agency paid the full price for construction works for its new premises in Strasbourg in 2016, the work is still not finalised, due to the inability of the contractor to deliver, and that only 70 % of the works are covered by the accepted works progress reports.

The cancellations of carry-overs from 2016 to 2017 amounted to EUR 658 000, representing 12.20 % of the total amount carried over, representing a notable increase of 7.11 % in comparison with 2016.

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

In particular, they noted that:

- the Agency underwent an external evaluation in 2016 which concluded that the Agency fulfils its mandate effectively and suggested particular ways of improving its operations and identified potential opportunities to extend its mandate;
- on 31 December 2017 the establishment plan was only 87.02 % executed, with 114 temporary agents appointed out of 131 temporary agents authorised under the Union budget;
- the Agency should continue its efforts to ensure staff retention and development within the Agency. Members welcomed how the Agency handled the substantially increased workload in 2017 despite the high turnover in expert staff;
- the relocation to new premises in Strasbourg suffered considerable delays and that there have been several failings on the part of the contractor responsible.

## 2017 discharge: European Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA)

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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) 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 496 votes to 107 with 35 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](#):

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- the Agency's existing measures and ongoing efforts to secure transparency, prevention and management of conflicts of interests, and whistleblower protection were acknowledged;
- the relocation to new premises in Strasbourg suffered considerable delays and that there have been several failings on the part of the contractor responsible.