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COVER NOTE

From:	Mr Vítor CALDEIRA, President of the European Court of Auditors
date of receipt:	30 October 2014
To:	Mr Linas LINKEVICIUS, President of the Council of the European Union
Subject:	Report on the annual accounts of the European Asylum Support Office for the financial year 2013 together with the Office's replies

Delegations will find attached the European Court of Auditors' report on the annual accounts of the European Asylum Support Office for the financial year 2013.

This report is accompanied by the Office's replies and will shortly be published in the *Official Journal of the European Union*.

Encl.: Report on the annual accounts of the European Asylum Support Office for the financial year 2013 together with the Office's replies.¹

¹ In English only. The other languages of this report are available on the European Court of Auditors' website: <http://eca.europa.eu/>.

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COUR DES COMPTES EUROPÉENNE
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Report on the annual accounts
of the European Asylum Support Office
for the financial year 2013

together with the Office's replies

INTRODUCTION

1. The European Asylum Support Office (hereinafter “the Office”, aka “EASO”), which is located in Valletta, was established by Regulation (EU) No 439/2010 of the European Parliament and of the Council¹. The Office’s task is to support the development of the Common European Asylum System. It was established with the aim of enhancing practical cooperation on asylum matters and helping Member States fulfil their European and international obligations to give protection to people in need. EASO acts as a centre of expertise on asylum. It also provides support to Member States whose asylum and reception systems are under particular pressure.

INFORMATION IN SUPPORT OF THE STATEMENT OF ASSURANCE

2. The audit approach taken by the Court comprises analytical audit procedures, direct testing of transactions and an assessment of key controls of the Office’s supervisory and control system. This is supplemented by evidence provided by the work of other auditors (where relevant) and an analysis of management representations.

STATEMENT OF ASSURANCE

3. Pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union (TFEU), the Court has audited:

¹ OJ L 132, 29.5.2010, p. 11.

- (a) the annual accounts of the Office, which comprise the financial statements² and the reports on the implementation of the budget³ for the financial year ended 31 December 2013, and
- (b) the legality and regularity of the transactions underlying those accounts.

The management's responsibility

4. The management is responsible for the preparation and fair presentation of the annual accounts of the Office and the legality and regularity of the underlying transactions⁴:

- (a) The management's responsibilities in respect of the Office's annual accounts include designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies on the basis of the accounting rules adopted by the Commission's accounting officer⁵; making accounting estimates that are reasonable in the circumstances. The Director approves the annual accounts of the Office after its accounting officer has prepared them on

² These include the balance sheet and the economic outturn account, the cash flow table, the statement of changes in net assets and a summary of the significant accounting policies and other explanatory notes.

³ These comprise the budgetary outturn account and the annex to the budgetary outturn account.

⁴ Article 39 and 50 of Commission Delegated Regulation (EU) No 1271/2013 (OJ L 328, 7.12.2013, p. 42).

⁵ The accounting rules adopted by the Commission's accounting officer are derived from the International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants or, where relevant, the International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

the basis of all available information and established a note to accompany the accounts in which he declares, *inter alia*, that he has reasonable assurance that they present a true and fair view of the financial position of the Office in all material respects.

- (b) The management's responsibilities in respect of the legality and regularity of the underlying transactions and compliance with the principle of sound financial management consist of designing, implementing and maintaining an effective and efficient internal control system comprising adequate supervision and appropriate measures to prevent irregularities and fraud and, if necessary, legal proceedings to recover funds wrongly paid or used.

The auditor's responsibility

5. The Court's responsibility is, on the basis of its audit, to provide the European Parliament and the Council⁶ with a statement of assurance as to the reliability of the annual accounts and the legality and regularity of the underlying transactions. The Court conducts its audit in accordance with the IFAC International Standards on Auditing and Codes of Ethics and the INTOSAI International Standards of Supreme Audit Institutions. These standards require the Court to plan and perform the audit to obtain reasonable assurance as to whether the annual accounts of the Office are free from material misstatement and the transactions underlying them are legal and regular.

6. The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts and the legality and regularity of the underlying transactions. The procedures selected depend on the auditor's judgement, which is based on an assessment of the risks of material misstatement

⁶ Article 107 of Regulation (EU) No 1271/2013.

of the accounts and material non-compliance by the underlying transactions with the requirements in the legal framework of the European Union, whether due to fraud or error. In assessing these risks, the auditor considers any internal controls relevant to the preparation and fair presentation of the accounts, as well as the supervisory and control systems that are implemented to ensure the legality and regularity of underlying transactions, and designs audit procedures that are appropriate in the circumstances. The audit also entails evaluating the appropriateness of accounting policies, the reasonableness of accounting estimates and the overall presentation of the accounts.

7. The Court considers that the audit evidence obtained is sufficient and appropriate to provide a basis for its statement of assurance.

Opinion on the reliability of the accounts

8. In the Court's opinion, the Office's annual accounts present fairly, in all material respects, its financial position as at 31 December 2013 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

9. In the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2013 are legal and regular in all material respects.

10. The comments which follow do not call the Court's opinions into question. They should be considered in the light of the fact that 2013 was the Agency's first full year of financial autonomy.

COMMENTS ON THE RELIABILITY OF THE ACCOUNTS

11. The basis for an accrual amounting to 40 000 euro relating to expenses and allowances for staff who entered into service in 2013 was not made available in the course of the audit.

COMMENTS ON INTERNAL CONTROLS

12. Of the total number of payments, 446 (18 %) were made after the time limits set in the Financial Regulation. The average delay for late payments was 21 days.

13. Six of the 16 internal control standards have not been fully implemented.

COMMENTS ON BUDGETARY MANAGEMENT

14. The Agency had overestimated its budgetary needs for 2013 by 13 % (2012: 32 %) and only 10,4 million of the 12 million euro budget were committed. Appropriations carried over amounted to 2,5 million euro or 24 % (2012: 65 %) of total committed appropriations, of which 337 031 euro were not covered by a legal commitment. While there is scope for improved budgetary planning, both the overestimation of budgetary needs and the carry-overs of committed appropriations were significantly lower than the previous year.

15. Carry-overs of committed appropriations mainly concern title II (other administrative expenditure) at 540 269 euro, i.e. 31 % of committed appropriations, and title III (operational activities) at 1 841 798 euro (45 % of committed appropriations). They are mostly related to invoices not yet received and/or paid at year-end or where the services in question had not been delivered.

OTHER COMMENTS

16. There is room to improve the transparency of recruitment procedures: questions for interviews and written tests were drafted after examination of the

applications, which increases the risk of questions being influenced by individual applications; the selection committees did not always award scores to all selection criteria included in the vacancy notices; the declaration of conflict of interest signed by selection committee members only considers a personal relationship to constitute a potential conflict of interest and explicitly excludes professional relationships; in the case of one specific recruitment procedure a discrepancy was noted between one eligibility criterion indicated in the vacancy notice and the corresponding selection criterion concerning the number of years of proven professional experience.

FOLLOW-UP OF PREVIOUS YEAR'S COMMENTS

17. An overview of the corrective actions taken in response to the Court's comments from the previous year is provided in **Annex I**.

This Report was adopted by Chamber IV, headed by Mr Milan Martin CVIKL, Member of the Court of Auditors, in Luxembourg at its meeting of 8 July 2014.

For the Court of Auditors

Vítor Manuel da SILVA CALDEIRA
President

Follow-up of previous year's comments

Year	Court's comment	Status of corrective action (Completed / Ongoing / Outstanding / N/A)
2012	The Office's accounting system has not yet been validated by the Accounting Officer.	Completed
2012	A carry-over of 0,2 million euro was not covered by a legal commitment (contract) and was therefore irregular.	N/A
2012	No physical inventory has been performed to ensure that all equipment purchased to set up the Office is included in the register.	Completed
2012	Fifty payments, representing about 20 % of the total amount of payments, were made after the deadlines set by the Financial Regulation.	N/A
2012	Ten of the 16 internal control standards ¹ have not yet been fully implemented.	Ongoing
2012	The budgetary needs for 2012 were considerably overestimated: only 4,8 million euro out of the 7 million euro transferred upon receiving financial autonomy were committed.	N/A

Year	Court's comment	Status of corrective action (Completed / Ongoing / Outstanding / N/A)
2012	<p>Committed appropriations of 3,2 million euro have been carried over, representing 65,13 % of total committed appropriations for the period of financial autonomy². These carry-overs concern title I (staff expenditure) at 0,3 million euro, title II (other administrative expenditure) at 1,4 million euro and title III (operational activities) at 1,5 million euro. They are mostly related to invoices not yet received and/or paid at year-end and to pending reimbursements of costs relating to experts. Furthermore, some 0,8 million euro concern refurbishment work carried out at the Office's premises in 2012, for which the payments will be made following final acceptance³. Such a high level of carry-overs is however at odds with the budgetary principle of annuality.</p>	N/A
2012	<p>The amounts of several budget commitments were insufficient to cover the related goods and services delivered. The estimated amount of deliveries not covered was 0,2 million euro, resulting in a corresponding overstatement in the Budget Outturn Account.</p>	N/A

Year	Court's comment	Status of corrective action (Completed / Ongoing / Outstanding / N/A)
2012	<p>EASO coordinates the deployment of Member States' experts to support other Member States in crises (emergency support actions) and reimburses experts' mission costs on a flat-rate basis. Total reimbursed mission costs amounted to some 417 000 euro (24 % of total payments). Flat-rate reimbursements of costs were also made to external participants attending meetings held at EASO's premises. Meeting costs are spread over various budget lines and the total amount is unknown. Although the application of flat rates reduces administrative burdens, they may be higher than the actual costs incurred.</p>	N/A
2012	<p>To host EASO, the Maltese Government offered the building⁴ and the lease agreement with the Maltese Transport Authority stipulates that the premises "are being transferred in a finished state with essential service points being provided". For the building to become functional, however, it needed to be adapted⁵ at an estimated cost of 4,3 million euro, of which 3,8 million euro was to be covered by the Commission. By the end of 2012, most of the work had been completed and advance payments amounting to some 3 million euro had been made to the Maltese Government. Furthermore EASO will pay rent amounting to some 3,7 million euro over a nine-year period.</p>	N/A

Year	Court's comment	Status of corrective action (Completed / Ongoing / Outstanding / N/A)
2012	The Commission had informed the European Parliament and Council about the host arrangements and the fact that the building required some adaptation to be financed by the Maltese Government and the Commission. Although the budgetary authorities were informed about the project, there is no evidence that they were aware of the expected costs and the EU's share thereof.	N/A
2012	There is room to improve the transparency of recruitment procedures: there was no evidence that weightings and threshold scores to be invited for interviews and for being put on the reserve list were set before examination of the applications, or that questions for interviews and written tests were set before the examination of applications.	Outstanding

¹ ICS Nos 3, 4, 5, 6, 8, 9, 10, 11, 13 and 14.

² 40,32 % when taking the full 2012 calendar year into account.

³ Final acceptance was on-going in May 2013.

⁴ Described in the bid as state of the art.

⁵ According to the related grant agreement between the Commission and the Maltese Government, this includes i.e. the modification of office space layout, double glazing, IT and security infrastructure, installation of a conference room, etc.

European Asylum Support Office, EASO (Valletta Harbour, Malta)**Competences and activities**

<p>Areas of Union competence deriving from the Treaty</p> <p><i>(Article 3 of the Treaty on the European Union and Articles 67, 78 and 80 of the Treaty on the Functioning of the European Union)</i></p>	<p>The Union shall offer its citizens an area of freedom, security and justice without internal frontiers, in which the free movement of persons is ensured in conjunction with appropriate measures with respect to external border controls, asylum, immigration and the prevention and combating of crime.</p> <p>The Union shall develop a common policy on asylum, subsidiary protection and temporary protection with a view to offering appropriate status to any third-country national requiring international protection and ensuring compliance with the principle of non-refoulement. This policy must be in accordance with the Geneva Convention of 28 July 1951 and the Protocol of 31 January 1967 relating to the status of refugees, and other relevant treaties.</p> <p>For that purpose, measures should be adopted for a common European asylum system comprising: a uniform status of asylum for nationals of third countries, valid throughout the Union; a uniform status of subsidiary protection for nationals of third countries who, without obtaining European asylum, are in need of international protection; a common system of temporary protection for displaced persons in the event of a massive inflow; common procedures for the granting and withdrawing of uniform asylum or subsidiary protection status; criteria and mechanisms for determining which Member State is responsible for considering an application for asylum or subsidiary protection; standards concerning the conditions for the reception of applicants for asylum or subsidiary protection; partnership and cooperation with third countries for the purpose of managing inflows of people applying for asylum or subsidiary or temporary protection.</p> <p>In the event of one or more Member States being confronted by an emergency situation characterised by a sudden inflow of nationals of third countries, provisional measures may be adopted for the benefit of the Member State(s) concerned.</p> <p>The policy of the Union on asylum and its implementation shall be governed by the principle of solidarity and fair sharing of responsibility, including its financial implications, between the Member States.</p>
<p>Competences of the Office</p> <p><i>(Regulation (EU) No 439/2010 of the European Parliament and of the Council establishing a European Asylum Support Office)</i></p>	<p>Objectives</p> <p>EASO contributes to the implementation of a Common European Asylum System. EASO's purpose is to facilitate, coordinate and strengthen practical cooperation among Member States on the many aspects of asylum, such as: providing practical and operational support to Member States; providing operational support to Member States with specific needs or Member States subject to particular pressure on their asylum systems; providing scientific and technical assistance for EU policymaking and legislation in all areas having a direct or indirect impact on asylum.</p> <p>Tasks</p> <ul style="list-style-type: none"> – Permanent support: supporting and stimulating the common quality of the asylum process through common training, a common asylum curriculum and common Country of Origin Information. – Special support: tailor-made assistance, capacity building, relocation, specific support and special quality-control processes. – Emergency support: organising solidarity for Member States confronted with particular pressures by providing temporary support and assistance to repair or to rebuild the asylum system. – Information and analysis support: sharing and merging information and data, analysis and assessment: not only comparing and sharing information, but also common trend analysis and common assessment. – Third country support: supporting the external dimension, supporting partnerships with third countries to reach common solutions, for example by capacity building and regional protection programmes, and coordinating Member States' actions on resettlement.

Governance	<p>Management Board</p> <p><i>Composition</i></p> <p>The EASO Management Board is composed of one member from each Member State except Denmark, two members from the European Commission and one non-voting member from the UNHCR. All members are appointed on the basis of their experience, professional responsibility and high degree of expertise in the asylum field.</p> <p>Croatia was invited to attend all meetings of the Management Board and other relevant meetings as an observer until 1 July 2013, when it became a full member of EASO following the entry into force of the Treaty of Accession between the EU and Croatia of 9 December 2011.</p> <p>Denmark, Iceland, Liechtenstein, Norway and Switzerland are invited to attend all meetings of the Management Board and other relevant meetings as observers.</p> <p><i>Tasks</i></p> <p>The key functions of the Management Board, as the governing and planning body of EASO, are outlined in Article 29 of the EASO Regulation and include the appointment of the Executive Director and the adoption of EASO's work programmes and annual reports, and of EASO's general budget. It has overall responsibility for ensuring that EASO performs its duties effectively.</p> <p>Executive Director</p> <p>The Executive Director, who is independent in the performance of his tasks, is the legal representative of the Office and is responsible, inter alia, for the administrative management of EASO and for the implementation of the work programme and the decisions of the Management Board. The Executive Director of EASO, Dr Robert K. Visser, took up office on 1 February 2011. His term of office is five years, renewable once for a further three years.</p> <p>Consultative Forum</p> <p>EASO has set up a Consultative Forum in accordance with Article 51 of the EASO Regulation. The Consultative Forum enables EASO to ensure close dialogue with civil society organisations and relevant competent bodies. The Consultative Forum constitutes a mechanism for the exchange of information and pooling of knowledge between EASO, civil society organisations and relevant bodies operating in the asylum field. In accordance with the EASO Regulation, the Consultative Forum meets in plenary at least once a year. In addition, EASO has an annual consultation calendar to organise its various consultation methodologies and activities, i.e. expert meetings, workshops, seminars and online consultation.</p> <p>Internal audit</p> <p>European Commission's Internal Audit Service (IAS).</p> <p>External audit</p> <p>European Court of Auditors.</p> <p>Discharge authority</p> <p>European Parliament acting on a recommendation from the Council.</p>
Resources made available to the Office in 2013	<p>Final Budget</p> <p>12 million euro</p> <p>Staff as at 31 December 2013</p> <p>Authorised posts (temporary staff): 45. Posts occupied: 44</p> <p>Other posts (contract staff and SNEs): 32. Posts occupied: 27</p> <p>Total posts: 77</p> <p>Posts occupied: 71, by staff assigned to the following duties:</p> <ul style="list-style-type: none"> – operational tasks: 43 – administrative and support tasks: 28

Products and services in 2013	<p>EASO's activities can be divided into five focus areas: permanent support, special support, emergency support, information and analysis support and third country support.</p> <p>Permanent support: With regards to <u>training</u>, EASO organised 13 train-the-trainer sessions, developed three new training modules and updated six modules already existing, developed two training handbooks and a training cockpit, designed a new learning path, organised the Annual Didactic Seminar, two training National Contact Points meetings and a meeting with the training reference group.</p> <p>EASO's work on <u>quality</u> of asylum processes and decisions included the development of the EASO quality matrix, the organization of four thematic practical cooperation meetings and a meeting of the national contact points on quality.</p> <p>With regards to <u>Country of Origin Information</u> (COI), EASO adopted the COI Network Approach, created three COI specific networks on Syria, Somalia and Pakistan, made available through the Common European COI Portal 2108 new COI documents, organised two meetings of the National Common Portal Administrators, two meetings of the Strategic COI Network and ten country specific workshop and seminars. In addition, EASO produced a comparative analysis on the Western Balkans and delivered a training of the COI portal.</p> <p>In the field of <u>unaccompanied minors</u>, EASO issued a publication entitled "<i>EASO age assessment practice in Europe</i>", organized four practical cooperation meetings, an annual conference on unaccompanied minors and conducted a research on family tracing.</p> <p>EASO updated the <u>list of languages available</u> for direct translation within the Member States, participated in relevant meetings of the JHA Agencies of <u>trafficking in human beings</u> and strengthen the cooperation with members of the <u>Courts and Tribunals</u>.</p> <p>Special support: EASO provided <u>special support to Sweden and to Italy</u>. In case of Sweden, EASO delivered specific training on two EASO modules, while in the case of Italy, EASO contributed in the implementation of a Special Support Plan comprising 45 support activities. Twenty-five experts were deployed within ten support teams, delivering six thematic workshops on Dublin and COI, mapping the reception system of Italy and providing training to the Italian judiciary. In addition EASO organized two practical cooperation meetings on <u>relocation</u>, participated in the first Annual Relocation Forum and was involved in the <u>Task Force Mediterranean</u>, being eight actions earmarked for EASO.</p> <p>Emergency support: EASO provided emergency support to Greece and to Bulgaria, deploying forty-nine experts within twenty-five Asylum Support Teams. An EASO-UNHCR project for Greece on processing of pending cases was implemented and an emergency exercise with Frontex in the Romanian and Hungarian border was conducted. EASO organized three meetings of the Asylum Intervention Pool National Contact Points.</p> <p>Information and analysis support: EASO published its Annual Report on the state of asylum in the EU in 2012, three quarterly asylum reports and twelve monthly asylum reports. Moreover, EASO developed the stage II of its Early warning and Preparedness System.</p> <p>Third country support: EASO adopted the External Action Strategy, participated in the Prague Process and in the EU Mobility Partnerships with Tunisia and Morocco and the dialogue on migration, mobility and security with Jordan. A project with these three countries was agreed in December 2013 in the context of the European Neighbourhood Partnership Instrument. Finally, EASO organized two practical cooperation meetings, one on resettlement and one on the external dimension of the CEAS and participated in two workshops of the Technical Assistance and Information Exchange (TAIEX) instrument.</p> <p>With regard to EASO's organisation, EASO organised four Management Board meetings, adopted three Management Board decisions, signed a working agreement with UNHCR and with FRA, held its third Consultative Forum meeting and consulted the civil society on various topics. EASO adopted its Multi-Annual Work Programme 2014-2016. Finally, an evaluation on the impact of EASO practical cooperation on asylum and on the CEAS was carried out by the European Commission in 2013.</p>
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Source: Annex supplied by the Office.