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COVER NOTE

From:	Mr Vítor CALDEIRA, President of the European Court of Auditors
date of receipt:	13 October 2015
To:	Mr Jean ASSELBORN, President of the Council of the European Union
Subject:	Report on the annual accounts of the European Asylum Support Office for the financial year 2014 together with the Office's reply

Delegations will find attached the European Court of Auditors' report on the annual accounts of the European Asylum Support Office for the financial year 2014.

This report is accompanied by the Office's reply 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 2014 together with the Office's reply.¹

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



EUROPEAN
COURT
OF AUDITORS

Report on the annual accounts
of the European Asylum Support Office
for the financial year 2014

together with the Office's reply

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 systems. This is supplemented by evidence provided by the work of other auditors 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:

- (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 2014, and
- (b) the legality and regularity of the transactions underlying those accounts.

¹ OJ L 132, 29.5.2010, p. 11.

² These include the balance sheet and the statement of financial performance, 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.

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 Executive Director approves the annual accounts of the Office after its accounting officer has prepared them on 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

⁴ Articles 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.

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

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 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. In preparing this report and Statement of Assurance, the Court is supposed to consider the audit work of the independent external auditor performed on the Office's accounts as stipulated in Article 208(4) of the EU Financial Regulation⁷.

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 annual accounts of the Office present fairly, in all material respects, the financial position of the Office as at 31 December 2014 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 of the Office for the period from 1 January to 31 December 2014 are legal and regular in all material respects.

10. The comments which follow do not call the Court's opinions into question.

⁷ Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council (OJ L 298, 26.10.2012, p. 1).

COMMENTS ON THE LEGALITY AND REGULARITY OF TRANSACTIONS

11. The Office, in its budget management system (ABAC) for the year 2014, carried over budgetary commitments amounting to some 1,3 million euro which were not covered by legal commitments. This is in contradiction with the Financial Regulation. Following the Court's audit, the Office decided to correct the irregular carry overs and this is reflected in its final accounts for the year 2014. However, since the 2014 financial period was already closed, correction in the system was no longer possible and needs to be done in the 2015 financial period.

COMMENTS ON INTERNAL CONTROLS

12. The Office made 1 062 (28,6 %) payments after the time limits set in the Financial Regulation. The average delay for late payments was 24 days.

COMMENTS ON BUDGETARY MANAGEMENT

13. Of the 689 875 euro of non-differentiated committed appropriations carried over from 2013, 146 417 euro (21,2 %) were cancelled in 2014 (2013: 16,5 %). This indicates weaknesses in the Agency's budget planning and is at odds with the budgetary principle of annuality. Cancellations are mainly related to interim services and staff training courses as well as to administrative support services and translation costs.

14. The Office implemented commitment appropriations of only 12,4 million euro, i.e. 84,7 % of the approved budget (2013: 10,5 million euro, i.e. 87,3 %). The level of committed appropriations for title II (administrative expenditure) carried over to 2015 was high at some 608 848 euro, i.e. 27,9 % (2013: 540 269 euro, i.e. 30,7 %) and mainly related to advisory and IT consultancy services delivered in 2014 but not yet invoiced or still to be delivered in 2015.

OTHER COMMENTS

15. The Office has a high staff turn-over, 14 staff left the Office in 2014, including four in key positions. This high turn-over of staff causes a considerable risk to the achievement of the objectives set in the annual and multi-annual work programme.

16. According to a decision by the Executive Director, participants in meetings organized by EASO are classified in one of the three categories (A, B or C) for cost reimbursements. Total 2014 reimbursements to meeting participants amounted to 997 506 euro. Category “A” participants, who are supposed to assume a specific duty in the meetings, receive a flat rate reimbursement for travel and daily subsistence costs, whereas Category “B” participants receive a flat rate reimbursement for travel costs only. Category “C” participants are not eligible for any reimbursement. The number of participants classified as recipients of category “A” reimbursements increased from 61 % in 2013 to 69 % in 2014. There is no documentation justifying the classification of participants in the three categories.

FOLLOW-UP OF PREVIOUS YEARS’ COMMENTS

17. An overview of the corrective actions taken in response to the Court's comments from the previous years 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 September 2015.

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	Ten of the 16 internal control standards have not yet been fully implemented.	Ongoing
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
2013	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.	N/A
2013	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.	Outstanding
2013	Six of the 16 internal control standards have not been fully implemented.	Ongoing
2013	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.	N/A

Year	Court's comment	Status of corrective action (Completed / Ongoing / Outstanding / N/A)
2013	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.	N/A
2013	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.	Ongoing

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

<p>Areas of Union competence deriving from the Treaty <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 <i>(Regulation (EU) No 439/2010 of the European Parliament and of the Council establishing a European Asylum Support</i></p>	<p>Objectives 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>

<i>Office)</i>	<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>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</p>

	<p>online consultation.</p> <p>Internal audit European Commission's Internal Audit Service (IAS).</p> <p>External audit European Court of Auditors.</p> <p>Discharge authority European Parliament acting on a recommendation from the Council.</p>
<p>Resources made available to the Office in 2014 (2013)</p>	<p>Final Budget 15 663 975 euro (12 million euro)</p> <p>Staff as at 31 December 2014 Authorised posts (temporary staff): 51 (45). Posts occupied: 48 (44) Other posts (contract staff and SNEs¹): 33 (32). Posts occupied: 31 (27) Total posts: 84 (77) Posts occupied: 79² (71), by staff assigned to the following duties: – operational tasks: 45 (43) – administrative and support tasks: 34 (28)</p>
<p>Products and services in 2014</p>	<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 training, EASO delivered 13 train-the-trainer sessions, organized 3 regional training events, developed 1 new training module and updated 4 already-existing modules, developed 2 training handbooks and 1 Annual Training Report based on the training cockpit, organised the Annual Didactic Seminar, 1 training event on National Contact Points meetings and initiated the process for the certification of the EASO training system.</p> <p>EASO's work on quality of asylum processes and decisions included a thematic mapping of access to procedure, identification of persons with special needs and special procedures, the development of a publication on Quality Tool on Personal Interview, the organization of 3 thematic meetings, 8 working group meetings and a meeting of the national contact points on quality. EASO furthermore strengthened its cooperation with the members of the Courts and Tribunals, organizing an annual conference and 3 experts' meetings and developing a practical tool on Article 15(c) of the Qualification Directive. In the area of trafficking in human beings, EASO coordinated, from October 2012 to October 2014, a report on "Joint Activities" developed by the Justice and Home Affairs Agencies to address THB and organized 1 expert meeting.</p> <p>An EASO practical cooperation conference on unaccompanied minors and 4 thematic meetings were organized; a publication on family tracing and the evaluation of the "EASO age assessment practice in Europe" publication were initiated.</p> <p>With regards to Country of Origin Information (COI), EASO further developed the COI portal which served 580 active users, created 4 new COI specific networks on Iran, Iraq, Russia and Afghanistan, organised 2 meetings 4 training events for the National Common Portal Administrators, 2 meetings of the Strategic COI Network and 13 country specific workshop and seminars. In addition, EASO</p>

produced 2 COI reports (on Somalia and on Chechnya) and a publication on “Tools and tips for online COI research”.

Special support: special support was provided to Italy, completing the implementation of the special support plan which started in 2013, and, as from June 2014, to Cyprus. EASO organized 6 pilot projects on joint processing of asylum applications and 6 practical cooperation meetings on tools to provide support, contingency planning, relocation and reception. EASO participated in the Annual Resettlement and Relocation Forum and a mapping of resettlement cycles in Member States was completed. Furthermore EASO, in collaboration with other stakeholders, implemented 8 actions within the framework of the Task Force Mediterranean.

Emergency support: EASO provided emergency support to Greece and to Bulgaria completing the implementation of the respective Operating Plans. EASO organized 2 meetings of the Asylum Intervention Pool National Contact Points.

Information and analysis support: EASO published its Annual Report on the state of asylum in the EU in 2013 with inputs from approximately 40 stakeholders. In addition, EASO developed 3 quarterly asylum reports, 12 monthly asylum reports and 7 ad hoc reports. Moreover, EASO organized 2 meetings with the Group of Provision of Statistic (GPS), fully implemented stage II of its Early warning and Preparedness System and developed a proposal for its stage III.

Third country support: EASO started the implementation of its EASO external dimension strategy, particularly through the implementation of a European Neighbourhood and Partnership Instrument (ENPI) project with Jordan, Tunisia and Morocco. EASO established an External Dimension Network and organized 2 practical cooperation meetings and translated into Arabic an EASO training module.

With regard to **EASO’s organisation and cooperation with stakeholders**, EASO organised 3 Management Board meetings, adopted 3 Management Board decisions, signed a working arrangement with eu-LISA, held its 4th Consultative Forum meeting and consulted civil society on various topics. In 2014 EASO chaired the network of the JHA Agencies, within which EASO organized 3 contact group meetings and the Heads of JHA Agencies meeting. Finally, EASO strengthened its internal and external communication: a communication strategy was adopted, press releases and newsletters were regularly issued and an EASO info day was organized in Member States and in the European Parliament.

In 2014 the external evaluation of EASO was launched.

¹ As of 31.12.2014, the number of authorised SNE posts decreased from 14 to 12.

² Including offer letters submitted as of 31.12.2014.

Source: Annex supplied by the Office.