Ref. Ares(2015)1361963 - 27/03/2015

ANNEX 1: Statement of the Resources Director

I declare that in accordance with the Commission's communication on clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission[1], I have reported my advice and recommendations to the Director-General on the overall state of internal control in the DG.

I hereby certify that the information provided in Parts 2 and 3 of the present AAR and in its annexes is, to the best of my knowledge, accurate and exhaustive.

Date

Bruxelles, 25/03/2015

Director Shared Resources Directorate

Thierry Cretin

[Signed]

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[1] SEC(2003)59 of 21.01.2003.

ANNEX 2: Human and Financial resources

Human Resources by ABB activity				
Code ABB Activity	**ABB Activity**	**Establishment Plan posts**	**External Personnel**	**Total**
18 02	Internal Security	122	22	144
18 03	Asylum and Migration	91	14	105
18 AWBL-02	Policy strategy and coordination for the Directorate-General for home affairs	61	12	73
	Total	**274**	**78**	**322**

Human Resources by ABB activity				
Code ABB Activity	**ABB Activity**	**Establishment Plan posts**	**External Personnel**	**Total**
18-33 AWBL-01	Shared administrative support for justice and home affairs - SIAC	4	o	4
18-33 AWBL-01	Policy strategy and coordination for the Directorate-General for home affairs - SRD	61	13	74
	Total	**65**	**13**	**78**

Implementation of the global envelope

BUDGET LINES CONCERNED: 18 01 02 11 00 01 TO 18 01 02 11 00 06
(based on information received from BUDG services following 2016 budget circular)

		Appropriations 2014 (C1)			Appropriations carried over from 2013 (C8)	
Budget Position	Title	Appropriations	Commitment	Payment	Appropriations	Payment
18.010211.00	Direct posting	1.370.962			556.461,83	
18.010211.00.01.10	Mission expenses		797.805	698.049		98.578,67
18.010211.00.01.30	Representation expenses		5.285	2.733		2.539,00
18.010211.00.02.20	Meeting costs		357.000	281.419		192.760,02
18.010211.00.02.40	Conference costs		9.465	8.360		690,07
18.010211.00.03	Meetings of committees		201.407	157.929		92.063,91
18.010211.00.06	Further training and management training	94.143	94.143	61.081		43.852,86
Total		**1.465.105**	**1.465.105**	**1.209.571**	**556.461,83**	**430.484,53**

Annex 3 Financial Reports - DG HOME - Financial Year 2014

Additional comments

Annex 3 - Additional information on Financial Reports and Draft Annual Accounts

1. Financial Reports

Commitments (Table 1)

As compared to 2013 the total budget decrease by € 195 M. Budget implementation rate reached only 40.62% of total commitment appropriations . This is due to late adoptions of the legal basis and consequently most of National Programmes have been delayed.

Payments (Table 2)
The implementation of payment appropriations amounts to 98,42% and is comparable with last year. The amount of payments also includes € 80 M for the Schengen Facility for Croatia. Additional payments were made at the end of 2014 from additional sources (such as 2014 amending budget, global transfer, end-of-year transfer).

Breakdown of Commitments to be settled (Table 3)
The amount of RAL decreased by € 407 M compared to the previous year, reflecting the decrease in appropriations as well as increased closure activity. 33,2% of committed amounts remained open as pre-financing payments were paid in during the financial year.

Revenue and Income (Table 7)

The total amount of income sharply decreased compared to 2013 (€ 19,7 M in 2014 vs. € 69,9 M in 2013), mainly explained by the phasing-out of EFTA contribution in SOLID funds (€ 38,7M). A new agreement is currently negotiated for an EFTA participation in the ISF and targeted for signature by the end of 2015.

2. Draft Annual Accounts

Methodology and accounting principles

The annual accounts of DG HOME have been prepared in accordance with the general accounting principles. Estimations have been made where necessary as laid out by the Accountant of the European Commission.
It should be noted that the balance sheet and economic outturn account of Directorate General HOME presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and economic outturn account they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.
Additionally, the figures included in table 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

Balance Sheet (Table 4)

Non-current assets show the long-term share of pre-financings. This amount decreases by € 85 M compared to 2013 mainly explained by the delay in shared management programs (€ 72,8 M) and in directly managed grants (€ 9,8 M), both directly linked to the late adoption of the legal bases and domino-effect on the adoption Annual Work Programme.
Current assets represent short-term pre-financings and short-term receivables. The amount of Short Term Pre-financings halved compared to the previous year mainly coming from Shared Management (due to closing of old programmes and delay in new programmes).

The increase in current liabilities is mainly composed of increase in the accrued charges that increase by € 248 M, reflecting the higher consumption rate reported by Member States of AP2012.

Economic Outturn Account (Table 5)

Operating revenues
Sharp decrease in operating revenues (36,4M€) as compared with 2013 mainly due to reduction from EFTA contributions to the External Borders fund (from 41,4 M€ in 2013 to 2,6M€ in 2014)

Operating expenditure

Operating expenses are three times higher compared to last year, this mainly stems from higher amounts in Shared Management files due to higher budget in last programing year and higher consumption rate

3. Management reporting

Payment time limits (Table 6)

Continuous improvement has been recorded in 2014 regarding the average time to make a payment (17,7 days vs. 19,5 days in 2013). At the same time, the percentage of payments processed in time has also improved (91,53% vs.82,45% in 2013).

Recovery context (Table 8)

The values of recoveries dropped compared to 2013 both in terms of number (-11%) and recovery amount (-29%) including non-qualified (not related to errors and irregularities).
This table shows recovery orders and invoices recorded in the financial system 2014 with a mentioning of error or irregularity as reason for issuing the recovery or reducing the invoice. The AAR 2014 standing instructions foresee using the amount on recovery contexts in recovery orders as a benefit of the ex-post stage. However, for the residual error rate DG HOME takes into account all errors leading to a correction (positive and negative) to assess the benefit of this stage as the final goal is not to recover funds but to guarantee that eligibility rules are correctly applied.

Ageing Balance (Table 9)

This report lists outstanding recovery orders by their year of emission. Only 3 recovery orders remain unpaid from previous years at the end of 2014. The open amount at the year end is € 0,7 M and decrease by 53% compared to last year

Negotiated Procedures (Tables 11 and 12)

Negotiated procedures are used when the price for a good or service has to be established by negotiation. This procedure should be used on an exceptional basis. DG HOME recorded 1 negotiated procedure finalised in 2014, related to the purchase of database licences in the area of terrorism and security and 5 open procedures referring to the ISEC programme.

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2014 (in Mio €)					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 18 Home affairs					
18	18 01	Administrative expenditure of the `Home affairs- policy area	6,16190491	3,77446261	61,25 %
	18 02	Internal Security	776,6202742	424,9498888	54,72 %
	18 03	Asylum and Migration	428,2711372	63,14652162	14,74 %
Total Title 18			1211,053316	491,870873	40,62%
Title 21 Development and Cooperation					
21	21 04	European Instrument for Democracy and Human Rights	0	0	
Total Title 21			0	0	
Total DG HOME			1211,053316	491,870873	40,62 %

** Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal*

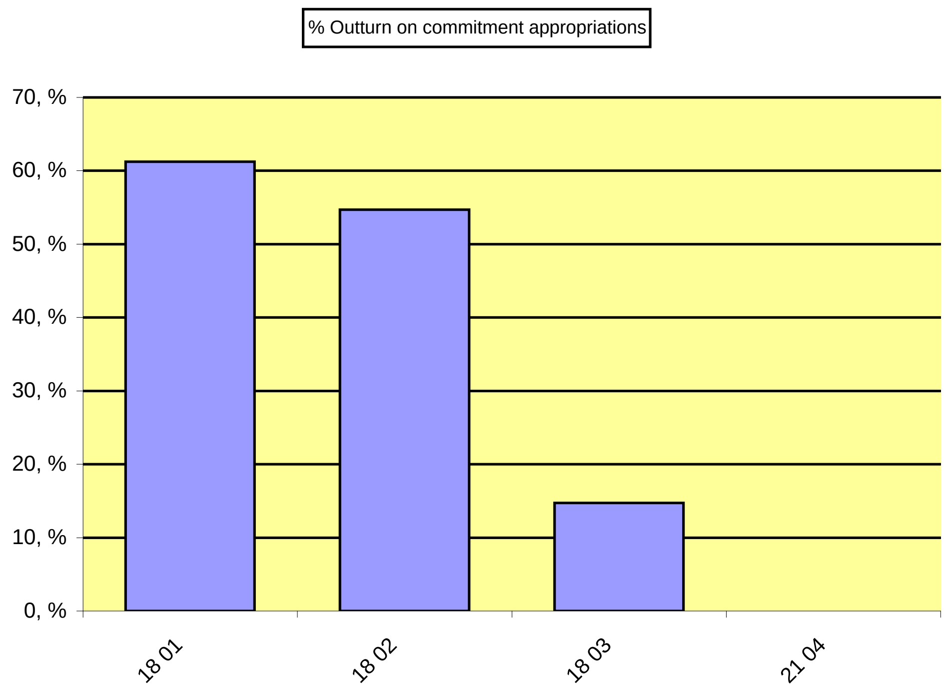

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2014 (in Mio €)					
Chapter			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 18 Home affairs					
18	18 01	Administrative expenditure of the `Home affairs- policy area	8,82514223	4,20728545	47,67 %
	18 02	Internal Security	561,2581398	554,1496914	98,73 %
	18 03	Asylum and Migration	199,8811226	199,4116915	99,77 %
Total Title 18			769,9644046	757,7686683	98,42%
Title 21 Development and Cooperation					
21	21 04	European Instrument for Democracy and Human Rights	0,16598208	0,16598208	100,00 %
Total Title 21			0,16598208	0,16598208	100,00%
	Total DG HOME		770,1303867	757,9346504	98,42 %

** Payment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous payment appropriations for the period (e.g. internal and external assigned revenue).*

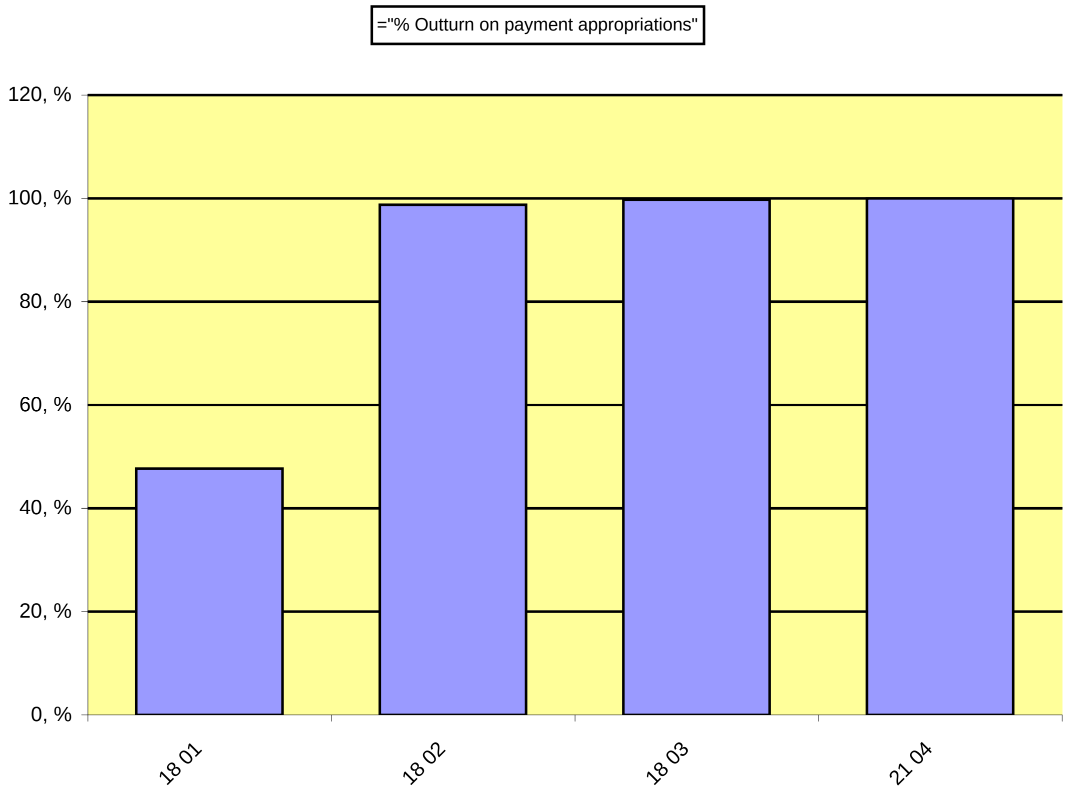

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2014 (in Mio €)									
			2014 Commitments to be settled				Commitments to be settled from	Total of commitments to be settled at end	Total of commitments to be settled at end
Chapter			Commitments 2014	Payments 2014	RAL 2014	% to be settled	financial years previous to 2014	of financial year 2014(incl corrections)	of financial year 2013(incl. corrections)
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
Title 18 : Home affairs									
18	18 01	Administrative expenditure of the `Home affairs- policy area	3,77446261	1,93	1,84174309	48,79 %	0,00	1,84	2,66
	18 02	Internal Security	424,9498888	308,31	116,6413627	27,45 %	765,17	881,82	1079,39
	18 03	Asylum and Migration	63,14652162	18,38	44,76261792	70,89 %	655,78	700,54	908,49
Total Title 18			491,870873	328,63	163,2457237	33,19%	1420,95082	1584,196544	1990,544638
Title 21 : Development and Cooperation									
21	21 04	European Instrument for Democracy and Human Rights	0	0,00	0	#DIV/0	0,20	0,20	0,37
Total Title 21			0	0,00	0	#DIV/0	0,20495731	0,20495731	0,37093939
	Total DG HOME		491,870873	328,63	163,2457237	33,19 %	1421,155777	1584,401501	1990,915577

="Breakdown of Commitments remaining to be settled (in Mio EUR)"

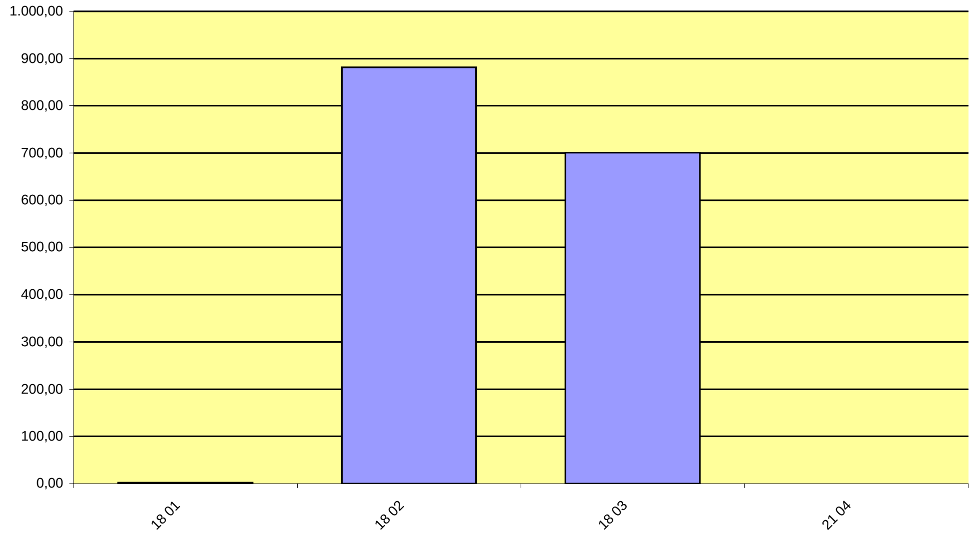

TABLE 4 : BALANCE SHEET

BALANCE SHEET	2014	2013
A.I. NON CURRENT ASSETS	52.890.201,98	137.983.040,59
A.I.2. Property, plant and equipment	0,00	0,00
A.I.6. Non-Current Pre-Financing	52.890.201,98	
A.I.7. OLD LT Pre-Financing	0,00	137.983.040,59
A.II. CURRENT ASSETS	377.965.412,96	807.756.069,06
A.II.2. Current Pre-Financing	377.286.436,81	806.091.157,62
A.II.4. Exchange Receivables	230.143,29	350.911,15
A.II.5. Non-Exchange Receivables	448.832,86	1.314.000,29
ASSETS	**430.855.614,94**	**945.739.109,65**
P.III. CURRENT LIABILITIES	-481.676.218,37	-222.604.305,60
P.III.4. Accounts Payable	-161.927.955,91	-150.872.528,23
P.III.5. Accrued charges and deferred income	-319.748.262,46	-71.731.777,37
LIABILITIES	**-481.676.218,37**	**-222.604.305,60**
NET ASSETS (ASSETS less LIABILITIES)	**-50.820.603,43**	**723.134.804,05**
P.I.2. Accumulated Surplus / Deficit	511.730.253,94	12.965.128,99
Non-allocated central (surplus)/deficit*	-460.909.650,51	-736.099.933,04
TOTAL	**0,00**	**0,00**

It should be noted that the balance sheet and economic outturn account presented in Annex 3 to this Annual Activity Report, represent only the (contingent) assets, (contingent) liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and economic outturn account they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL PERFORMANCE	2014	2013
II.1 REVENUES	-1290139,25	-37645512,81
II.1.1. NON-EXCHANGE REVENUES	-3824101,66	-40100708,71
II.1.1.4. FINES		-3.000.000,00
II.1.1.5. RECOVERY OF EXPENSES	-1.156.347,37	4.315.344,99
II.1.1.6. OTHER NON-EXCHANGE REVENUES	-2.667.754,29	-41.416.053,70
II.1.2. EXCHANGE REVENUES	2533962,41	2455195,9
II.1.2.1. FINANCIAL INCOME	-67.593,95	-371.193,63
II.1.2.2. OTHER EXCHANGE REVENUE	2.601.556,36	2.826.389,53
II.2. EXPENSES	1492020650	536410637,8
II.2. EXPENSES	1492020650	536410637,8
11.2.10.OTHER EXPENSES	10.708.827,64	16.946.464,86
II.2.1. EXP IMPLEM BY MEMBER STATES (SHARED)	1.109.436.762,35	225.438.658,58
II.2.2. EXP IMPLEM BY COMMISS&EX.AGENC. (DM)	132.476.566,80	96.267.714,24
II.2.3. EXP IMPL BY OTH EU AGENC&BODIES (IM)	238.056.076,94	198.087.557,34
II.2.4. EXP IMPL BY 3RD CNTR & INT ORG (IM)	545.382,56	
II.2.6. STAFF AND PENSION COSTS		-335.583,33
II.2.8. FINANCE COSTS	797.034,07	5.826,07
STATEMENT OF FINANCIAL PERFORMANCE	**1.490.730.511,11**	**498.765.124,95**

It should be noted that the balance sheet and economic outturn account presented in Annex 3 to this Annual Activity Report, represent only the (contingent) assets, (contingent) liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and economic outturn account they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

TABLE 6: AVERAGE PAYMENT TIMES FOR 2014 - DG HOME

Legal Times

Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	651	625	96,01 %	12,4096	26	3,99 %	34,42307692
45	33	32	96,97 %	18,96875	1	3,03 %	50
60	192	173	90,10 %	21,12716763	19	9,90 %	194,4210526
90	127	88	69,29 %	48,28409091	39	30,71 %	141,9487179
Total Number of Payments	**1003**	**918**	**91,53 %**		**85**	**8,47 %**	
Average Payment Time	**26,36291127**			**17,72004357**			**119,7058824**

Target Times

Target Payment Time (Days)	Total Number of Payments	Nbr of Payments within Target Time	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
20	206	168	81,55 %	8,172619048	38	18,45 %	34,68421053
30	376	305	81,12 %	15,0557377	71	18,88 %	114,2535211
45	1	1	100,00 %	15			
60	1	1	100,00 %	11			
75	78	42	53,85 %	47,92857143	36	46,15 %	106,3055556
Total Number of Payments	**662**	**517**	**78,10 %**		**145**	**21,90 %**	
Average Payment Time	**32,1163142**			**15,48162476**			**91,42758621**

Suspensions

Average Report Approval Suspension	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
54	31	210	20,94 %	1003	137.745.612,97	19,91 %	691.810.593,09

Late Interest paid in 2014			
DG	**GL Account**	**Description**	**Amount (Eur)**

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2014									
Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	7=3-6
52	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	239803,73	0	239803,73	239803,73	0	239803,73	0
63	CONTRIBUTIONS UNDER SPECIFIC AGREEMENTS	2667754,29	0	2667754,29	2652715,04	0	2652715,04	15039,25
66	OTHER CONTRIBUTIONS AND REFUNDS	16066676,69	1448963,81	17515640,5	15613177,23	1235054,25	16848231,48	667409,02
Total DG HOME		**18974234,71**	**1448963,81**	**20423198,52**	**18505696**	**1235054,25**	**19740750,25**	**682448,27**

TABLE 8 : RECOVERY OF UNDUE PAYMENTS
(Number of Recovery Contexts and corresponding Transaction Amount)

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2014	Error		Irregularity		TOTAL Qualified		TOTAL RC(incl. non-qualified)		% Qualified/Total RC	
Year of Origin (commitment)	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2007							2	25.564,58		
2008			10	540747,25	**10**	**540.747,25**	16	2.055.063,52	62,50%	26,31%
2009			14	278680,22	**14**	**278.680,22**	18	519.932,38	77,78%	53,60%
2010	1	3472,12	8	243569,34	**9**	**247.041,46**	19	2.460.937,46	47,37%	10,04%
2011							29	4.280.709,51		
2012			2	82347,63	**2**	**82.347,63**	21	1.913.744,22	9,52%	4,30%
2013			1	119804,48	**1**	**119.804,48**	13	3.578.972,64	7,69%	3,35%
2014							1	11.852,94		
Sub-Total	**1**	**3472,12**	**35**	**1265148,92**	**36**	**1.268.621,04**	**119**	**14.846.777,25**	**30,25%**	**8,54%**

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		TOTAL Qualified		TOTAL RC(incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES												
NON ELIGIBLE IN COST CLAIMS	9	28386,56	123	7224422,77			**132**	**7252809,33**	135	7.317.403,72	97,78%	99,12%
CREDIT NOTES	12	2652221,32	11	595850			**23**	**3248071,32**	34	4.199.385,39	67,65%	77,35%
Sub-Total	**21**	**2680607,88**	**134**	**7820272,77**			**155**	**10500880,65**	**169**	**11516789,11**	**91,72%**	**91,18%**
GRAND TOTAL	**22**	**2684080**	**169**	**9085421,69**			**191**	**11769501,69**	**288**	**26363566,36**	**66,32%**	**39,83%**

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2014 FOR HOME

	Number at 01/01/2014	Number at 31/12/2014	Evolution	Open Amount (Eur) at 01/01/2014	Open Amount (Eur) at 31/12/2014	Evolution
2008	1	1	0,00 %	128.250,00	128.250,00	0,00 %
2009	2	2	0,00 %	85.659,56	85.659,56	0,00 %
2012	1		-100,00 %	5.767,88		-100,00 %
2013	22		-100,00 %	1.229.286,37		-100,00 %
2014		13			468.538,71	
	26	16	-38,46 %	1.448.963,81	682.448,27	-52,90 %

TABLE 10 : RECOVERY ORDER WAIVERS IN 2014 >= EUR 100.000						
	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments

Total DG	

Number of RO waivers	

TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG HOME - 2014

Procurement > EUR 60,000

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Art. 134.1(b)	1	600.000,00
Total	**1,**	**600.000,00**

TABLE 12 : SUMMARY OF PROCEDURES OF DG HOME EXCLUDING BUILDING CONTRACTS

Internal Procedures > € 60,000		
Procedure Type	**Count**	**Amount (€)**
Exceptional Negotiated Procedure without publication of a contract notice (Art. 134 RAP)	1	600.000,00
Open Procedure (Art. 127.2 RAP)	5	1.514.458,08
TOTAL	**6**	**2.114.458,08**

Additional comments

This negotiated procedure concernes the supply of electronic database licences in the field of CBRN (chemical, biological, radiological and nuclear) terrorism and security. It has been performed in 2013, but concluded only in 2014

TABLE 13 : BUILDING CONTRACTS

Total number of contracts :	
Total amount :	

Legal base	Contract Number	Contractor Name	Description	Amount (€)

No data to be reported

TABLE 14 : CONTRACTS DECLARED SECRET

Total Number of Contracts :	
Total amount :	

Legal base	Contract Number	Contractor Name	Type of contract	Description	Amount (€)

No data to be reported

Annex 4: Methodology for measuring the residual amount at risk and determining its ABB-materiality

Introduction

Deciding whether a weakness is significant is a **matter of judgement** by the Authorizing Officer by Delegation, who remains responsible for the declaration of assurance, including any reservations to it. In doing so, he should **identify the overall impact of a weakness** and **judge whether it is material** enough so that the non-disclosure of the weakness is likely to have an influence on the decisions or conclusions of the users of the declaration. The benchmark for this judgement is the materiality criteria which the AOD sets at the moment of designing the internal control system under his/her responsibility.

For DG HOME, the materiality of residual weaknesses identified (i.e. after mitigating and corrective measures) is assessed on the basis of qualitative and/or quantitative criteria, in line with the Standing Instructions for the preparation of the Annual Activity Report.

The **qualitative assessment** includes an analysis of the causes and the types of error (including whether they are repetitive) to conclude on the nature, context and/or scope of the weaknesses identified. This may refer to significant control system weaknesses or critical issues reported by the Authorizing Officers by Sub-Delegation (or as part of the IcaT exercise), the European Court of Auditors (ECA), the Internal Audit Service (IAS), the (shared) Internal Audit Capability (IAC), DG BUDG or OLAF. Also, the duration and any mitigating controls or corrective actions are taken into consideration.

The **quantitative assessment** aims at estimating any financial impact ("amount at risk") resulting from the errors detected. In line with the standard materiality threshold proposed by the Standing Instructions for the preparation of Annual Activity Reports, DG HOME has set the materiality level for the amount at risk resulting from the residual errors at 2% of payments made over the (multi-annual) programming period (2007-2013) for the relevant ABB activity.

This analysis and the conclusions are presented concisely in the body of the Annual Activity Report where the information reported under each building block is summarised and **which logically supports the five statements** included in the Declaration of Assurance (true and fair view, resources used for the intended purpose, sound financial management, legality and regularity, and non-omission of significant information) **for all significant budget areas**.

DG HOME implements its operational budget through three main different methods of implementation: central direct management (grants, procurement, sometimes cross-subdelegated to other DGs), indirect management (payments to traditional agencies) and shared management. Each of these methods of implementation has a different risk profile and each has its own control and supervision arrangements. Therefore, observed quantified weaknesses should be assessed, per ABB Activity, taking into account the different methods of implementation *within* the ABB Activity.

In addition to and separately from the materiality assessment as described below, DG HOME calculates the weighted average error rate for its total annual expenditure and the resulting amount at risk by applying the relevant (cumulative) detected error rate to the relevant annual payments, for each management mode and type of activity. This weighted average error rate is disclosed along the average recoveries and financial corrections implemented within the last five years to reach a conclusion on the risk exposure and corrective capacity of the DG, which is presented in the AAR Chapter 4.2.

Chapter A – Qualitative criteria for defining significant weaknesses

For all methods of implementation under its operational budget, the different parameters relevant in DG HOME for determining significant weaknesses are the following ones:

Annex 4: Methodology for measuring the residual amount at risk and determining its ABB-materiality

- ✓ **Significant control system weaknesses:** significant control system weakness detected during the period, in reports made by Authorizing Officers by Sub-delegation.

  As far as traditional agencies are concerned, and in the framework of the single audit model, the DG's assurance is mainly based on a verification of the functioning of the control system performed by the Internal Audit Service of the Commission and the Court of Auditors (DAS), and the outcome of the discharge procedure.

- ✓ **Significant shortcoming in internal control standards** appearing in the yearly survey on Internal control standards implementation by management.
- ✓ **Insufficient audit coverage and/or inadequate information from the internal control systems.**
- ✓ **Critical issues outlined by the European Court of Auditors, the Internal Audit Service, DG BUDG, OLAF** and **overall opinion of the (Shared) Internal Audit Capability.**

When assessing the significance of any weaknesses, the following factors are taken into account:

- the nature and scope of the weakness;
- the duration of the weakness;
- the existence of compensatory measures (mitigating controls which reduce the impact of the weakness)
- the existence of effective corrective actions to correct the weaknesses (action plans and financial corrections) which have had a measurable impact.

When significant weaknesses are identified, a quantification of the amount at risk should be carried out when possible (See Chapter B).

In addition, weaknesses which have a significant reputational impact on DG Home Affairs, or indirectly on the Commission, will be reported irrespective of the amount of damage to the DG HOME' administrative and operational budget and will be considered for issuing a reservation on a reputational basis.

CHAPTER B – QUANTITATIVE CRITERIA FOR DEFINING RESERVATIONS

To quantify the potential financial impact of errors detected, it is necessary:

- ✓ **STEP 1: To determine the residual error rate** by
- Determining the percentage of error in the audited sample of the population;
- Determining the level of exposure across the entire population (by applying the detected error rates to the whole value of the population and to deduct the amounts corresponding to any corrective actions taken that have already effectively reduced the exposure);
- ✓ **STEP 2: To determine the "amount at risk"**;
- ✓ **STEP 3: To determine the (financial) materiality**, compared to the relevant payments for a given ABB activity.

Annex 4: Methodology for measuring the residual amount at risk and determining its ABB-materiality

Steps 1 and 2 differ from one activity[1] to another, and are presented in this Chapter. Step 3 is considered at ABB activity level and further explained in Chapter C.

In addition, considering the multi-annual aspects of the programmes managed, especially for grant management (central direct) and shared management, DG HOME favours a *multi-annual approach* by evaluating the *cumulative* budgetary impact of any *residual* errors over the whole programming period. As a consequence, the calculation of errors, corrections and materiality of the residual amount at risk are done on a "cumulative basis".

1. Direct management

1.1 Grants

For the management of grants, the assessment of the residual error rate and amount at risk not detected by the supervision and ex-ante elements of the internal control system is carried out through an analysis of the accumulated results of the ex-post audits.

STEP 1 – Cumulative Residual Error Rate

A. Adequacy of the audit scope

Auditable population (scope of the analysis) *= value of all grants (i.e. final cost claim) relating to the programming period 2007-2013 for which the cost claim was processed before 31st December of the reporting year (= "closed" grants)*

Audited population *= value of "closed" grants audited, relating to the programming period 2007-2013, and for which the audit report was finalised before 31st December of the reporting year*

The External Audit Sector, being staffed with 10 FTE in 2014, performs audits for shared management (DG HOME) and direct management for both DG HOME and DG Justice. Therefore, both Director Generals decided to invest the scarce ex-post resources into a maximum-return & maximum-assurance ex-post strategy. As a consequence, the "*targeted*" sampling strategy is *not risk-based* but rather "maximum-assurance"-based. It aims at detecting and correcting a maximum of anomalies in the DG's operational expenditure and maximising the deterrent effect, by auditing recurrent beneficiaries and/or high-value grants, regardless of their either low, medium or high expected error rates in %.

Over the years, such an approach is not biased by risk factors and is therefore considered representative enough if a sufficient coverage, set at 10% of the auditable population, is reached. Indeed, even with "annual" programmes, a cumulative approach is possible, per (fairly homogeneous) "generation" of programmes, e.g. 2007-2013 (ISEC, CIPS, Community Actions under General Programme Solidarity and Management of Migration Flows, etc.).

In order to apply this methodology of calculation, adequacy of the sampling is assessed before any extrapolation is made possible. To this end, the Director General forms a qualitative opinion on the audited population vs. auditable population in the body of the AAR and eventually determines whether deviations from the multiannual plan are of such significance that they seriously endanger the achievement of the internal control

[1] Management of grants, procurement, payments to the agencies and shared management

objective. In such case, he would then qualify his annual statement of assurance with a reservation.

B. Raw results of the audits finalised since the start of the programming period

(Cumulative) detected error (amount) = *For audited grants, total grant value as initially paid after the ex-ante controls minus grant value as calculated after the ex-post control*[2]

(Cumulative) detected error rate (%) = *Detected error divided by the grant value as initially paid after the ex-ante controls*

C. Determination of the residual error rate

Uncorrected detected errors (amount) = *All detected errors pending recovery*

Cumulative residual error rate in the audited population (%) = *Uncorrected amount divided by audited population*

Residual error rate in the entire population = *(uncorrected errors detected in the audited population plus detected error rate multiplied by the non-audited population) divided by entire population*

STEP 2: Financial exposure from errors in terms of cumulative "amount at risk"

Amount at risk = *uncorrected errors detected plus non-audited population multiplied by (cumulative) detected error rate*

1.2 PROCUREMENT

STEP 1 – Cumulative Residual Error Rate

Procurement-related errors can occur both in contracts awarded by the Commission and in contracts awarded by grant beneficiaries who subsequently submit the expenditure for reimbursement – in all (direct, shared) methods of implementation.

Still, errors incurred by grant beneficiaries are covered under the sections related to grants, whereas this section only covers the errors potentially occurring in contracts awarded by DG HOME.

The controls operated on these operations, i.e. either management's supervision of audits carried out by the (shared) Internal Audit Capability (IAC), the Internal Audit Service (IAS) or the European Court of Auditors (ECA) may result in the detection of compliance errors or irregularities. These are to be classified in two categories for the purpose of assessing their impact on the assurance:

- ✓ **Payment (amount) errors:** i.e. cases where, without the error, the amount paid would have been different. In this case, as long as it remains uncorrected, the difference in amount is to be treated as an error with its consequences on the (cumulative) error rate;

[2] Positive amounts only. In case, following this calculation, the result would be a negative amount, it should be brought back to zero.

- ✓ **Procedural (contract selection and award) errors** are those which seriously impair the application of the principles of "open, fair, transparent competition" and "award to the best qualified bidder", i.e. cases where the contractor selected might have been different if the procedure would have been correct. In these cases, the size of the error is, by default, set at 100% of the transaction amount and included into the calculation of DG HOME' (cumulative) error rate. This is in line with ECA's new approach and is necessary to comply with the principle of transparency and allow stakeholders to compare the Commission's error rate with the one published by the ECA.

STEP 2: Financial exposure from errors in terms of cumulative "amount at risk"

The financial exposure differs depending on the type of errors:

- ✓ For **payment (amount) errors:** the amount at risk is the real actual 'net'[3] financial impact of the errors and its 'quantitative' materiality is considered for a potential financial reservation. These financial procurement errors are taken into consideration for the application of the quantitative materiality criteria (see Chapter C.);

- ✓ For **procedural (contract selection and award) errors,** DG HOME considers that even when the contractor should/could have been different, this does not always mean that the full (100%) value of the contract is 'at risk' (or that the taxpayer's money would be entirely 'lost'). Consequently, these kinds of errors cannot be considered for making a financial reservation (given that in terms of materiality the actual financial impact cannot be quantified in a consistent way with the payment errors) and are therefore not included in the calculation of the actual financial exposure (amount at risk). However, given that DG HOME acknowledges the seriousness of breaching any of the key principles of public procurement, these types of procurement errors are considered for making a potential *reputational* reservation, rather than a financial one (e.g. when affecting a significant part of the related ABB-activity, when being systemic and affecting more/all of DG HOME's procurement processes, when causing a fall-out in press and/or public, etc.).

1.3 CROSS SUBDELEGATIONS

In exceptional circumstances, the authorising officer by delegation may also subdelegate powers to officials in other Directorates-General, either to another Director-General/Head of Service or to the Heads of delegation in third countries ("cross" subdelegation).

Where powers are subdelegated to another Director-General, they may be further subdelegated within his DG/Service and the act authorising subdelegation of powers specifies the conditions and rules of management and control as well as the respective responsibilities.

Based on the reports received from the authorising officers to which DG HOME cross-sub-delegated appropriations, DG HOME is to identify any issue that could impact on the declaration of assurance of the Director General of DG HOME.

In particular, in case ex-post controls were performed, the same logic as for the management of grants internally should be followed (see point 1.). In case no errors

[3] Any correction actually made by the Commission should be deducted from the detected error

were reported by the DG who received the sub-delegation, DG HOME assumes that the amount at risk is equal to zero.

Auditable population (scope of the analysis) *= value of all grants subject to the cross subdelegaltion (i.e. final cost claim) relating to the programming period 2007-2013 for which the cost claim was processed before 31st December of the reporting year (= "closed" grants)*

Audited population *= value of "closed" grants controlled ex-post by the DG who received the subdelegation, relating to the programming period 2007-2013, and for which the audit report was finalised before 31st December of the reporting year*

DG HOME is first to assess if the ex-post strategy of the DG who received the subdelegation is biased by risk factors or not. In case it is biased, DG HOME will estimate the amount at risk in the non-audited population considering other relevant criteria (cf. point B of the current section). In case the sampling method is not biased by risk factors, the adequacy of the sampling coverage is assessed before any extrapolation is made possible.

B. Raw results of the audits finalised since the start of the programming period

(Cumulative) detected error (amount) *= For audited grants, total grant value as initially paid after the ex-ante controls minus grant value as calculated after the ex-post control*

(Cumulative) detected error rate (%) *= Detected error divided by the grant value as initially paid after the ex-ante controls*[4]

C. Determination of the residual error rate

Uncorrected detected errors (amount) = *All detected errors pending recovery*

Cumulative residual error rate in the audited population (%) *= Uncorrected amount divided by audited population*

Residual error rate in the entire population *= (uncorrected errors detected in the audited population plus detected error rate multiplied by the non-audited population) divided by entire population. In case the detected error rate cannot be extended (either because of risk factors being taken into account for extracting the sample subject to ex-post controls or because of insufficient audit coverage), DG HOME is to consider other elements to determine the residual error rate in the entire population. In particular, the residual error rate from other programmes managed by the DG who received the subdelegation and the residual error rate from the same programme within DG HOME.*

STEP 2: Financial exposure from errors in terms of cumulative "amount at risk"

Amount at risk *= uncorrected errors detected plus non-audited population multiplied by (cumulative) detected error rate*

[4] Positive amounts only. In case, following this calculation, the result would be a negative rate, it should be brought back to zero.

Annex 4: Methodology for measuring the residual amount at risk and determining its ABB-materiality

2. Indirect management: Payments to traditional agencies

STEP 1 – Cumulative Residual Error Rate

The Community subsidy is paid to the Agencies through maximum four payments a year, on the basis of an analysis of the real cash flow needs of the Agencies. Once an admissible payment request is registered by DG HOME, payments are made within 30 calendar days. If information comes to the notice of DG HOME which puts in doubt the eligibility of expenditure appearing in a payment request, DG HOME may suspend the time limit for payment for further verifications and/or take any appropriate measures in accordance with the principles of sound financial management. This above mentioned information includes suspicion of irregularity committed by the Agency in the implementation of the subsidy and suspected or established irregularity committed by the Agency in the implementation of a contract or another grant agreement or grant decision funded by the General Budget of the European Union or by any other budget managed by the Agency. If the balance of the budgetary outturn account is positive, it shall be repaid by the Agency to the Commission during the first semester of year N+1 on the basis of a debit note issued by the Commission.

The controls operated on the use of these payments, i.e. either management's supervision of audits carried out by the Internal Audit Service (IAS) or the European Court of Auditors (ECA) may result in the detection of compliance errors or irregularities. These are mainly **payment or recovery (amount) errors:** i.e. cases where, without the error, the amount paid to or recovered from beneficiary would have been different. In this case, as long as it remains uncorrected, the difference in amount is to be treated as an error with its consequences on the (cumulative) error rate.

STEP 2: Financial exposure from errors in terms of cumulative "amount at risk"

The real actual 'net'[5] financial impact of the errors defined under step 1 is considered as amount at risk, and (if very significant) its 'quantitative' materiality is considered for a potential financial reservation (see Chapter C.)

3. Shared management

STEP 1 – Cumulative Residual Error Rate

All programmes are assessed against audit opinions at national and Commission level based on audits carried out on systems and samples of operations. In addition, operational line managers and authorising officers by sub-delegation also assess the level of assurance. The assessment is based on three elements as follows:

1. The first element is the **assessment of the functioning of management and control systems** carried out by the External Audit Sector. This assessment is complemented by taking into account the assessment of the operational units and the regular contacts with national authorities (process of adoption/revision of annual programmes, monitoring visits, SOLID committees, closures of annual programmes, etc.). This leads to the management opinion on the functioning of the management and control systems, on a Directorate-General level.

2. The second element is the **error rate reported *by the (national) audit authorities*** in their annual audit report, based on expenditure incurred for a given annual programme. The External Audit Sector assesses the reliability of the detected error rates for each programme, on the basis of all available information

[5] Any correction actually made by the Commission should be deducted from the detected error

and audit results, including on-the-spot missions, and uses this information as the best estimate of the possible risk for expenditure in the reporting year. In case the detected error rates are not available, not accurate or found not to be reliable, the External Audit Sector either recalculates them when it has sufficient information in the annual audit report to do so or, alternatively, replaces them by flat rates in line with the results of the assessment of the functioning of management and control systems.

3. The third element is the consideration of the multi-annual aspect of the programmes. Indeed, although DG HOME manages annual programmes, they all fall under the multi-annual programming period 2007/8-2013. In addition, for the vast majority of Member States, the management and control system is stable over the programming period, thus allowing for the responsible, certifying and audit authorities to continuous improvements in the management of annual programmes.

    - ✓ For **annual programmes closed or for which closure is in progress**, the External Audit Sector deducts the corrections (recoveries and withdrawals) that have been made *by the responsible authorities* and validated *by the certifying authorities*. This results in a **residual error rate** across that population, validated by management.

    - ✓ For **running annual programmes**, for which only pre-financings were made and closure is not in progress, the external audit sector calculates, at Member State/Fund level an **average expected error rate** based on the residual error rates calculated since the beginning of the programming period, and, if applicable, the outcome of ex-post controls carried out by the external audit sector on previous (closed) programmes.

The assessment of the relevant reports, data and other information available requires the application of professional judgement, namely when weighting contradictory information or considering abnormal statistical results. When taking into account reported corrections, the authorising officer by delegation also assesses that they effectively mitigate the risks identified and that they result in an actual reduction in the level of the error that remains uncorrected in the population.

STEP 2: Financial exposure from errors in terms of cumulative "amount at risk"

The amount at risk is calculated by

* applying the(cumulative) **residual error rate** to the total value of each programme closed since the beginning of the programming period, from which are deducted, if applicable, any correction applied by the Commission (corrections for individual files, flat rate financial corrections and corrections following an ex-post control).

* applying the **average expected error rate** to all pre-financings made since the beginning of the programming period for programmes that are yet not closed.

This is the Directorate General best estimate of expenditure which is not in full conformity with contractual or regulatory provisions and which have not been corrected at the date the annual activity report is signed.

For transparency purposes, the estimation of the amount at risk is presented by Member State classifying the programmes in four categories of levels of assurance in accordance with the assurance they provide as to the legality and regularity of payments made during the reporting year:

- ***Reasonable assurance*** means that there is no material deficiency in key elements of the systems (only minor improvements may be needed in some cases) and both the (cumulative) **residual error rate** and the **average expected error rate are below 2%**;

- ***Reasonable assurance with low risk*** of irregularities covers programmes with a (cumulative) **residual error rate** and an **average expected error rate below 5%**;

- ***Limited assurance with medium risk*** of irregularities covers programmes with a (cumulative) **residual error rate** and an **average expected error rate below 10%**;

- ***Limited assurance with high risk*** of irregularities covers programmes with a (cumulative) **residual error rate** and an **average expected error rate above 10%**.

CHAPTER C: ABB-MATERIALITY OF THE AMOUNT AT RISK UNDER A MULTI-ANNUAL APPROACH

At first, materiality is assessed at the level of an ABB Activity (please refer to the Introduction).

The materiality of the amount at risk is obtained by dividing the *cumulative* total of the amounts at risk as defined following the methodology explained under Chapter B, by the total value of payments made *since the beginning of the programming period*, for a given ABB Activity.

An average cumulative error rate higher than 2% should lead to a reservation, but this would need, in any case, to be further analysed.

Therefore, in the event where the average cumulative error rate is higher than the 2% materiality threshold at ABB level, the Directorate-General would assess the details of each ABB activity separately in order to identify the appropriate level *within* the ABB activity (e.g. programme, Member State, etc.) at which a reservation needs to be issued and corrective measures applied to remedy the control weaknesses identified.

ANNEX 5: Internal Control Templates for budget implementation (ICTs)

ICT 1: Expenditure in shared management: 2007-2013 and 2014-2020 programming periods

Stage 1 – Negotiation and assessment/approval of spending proposals (2017-2013 and 2014-2020 programming periods):

Main control objectives: Ensuring that the Commission (COM) adopts the actions that contribute the most towards the achievement of the policy objectives (effectiveness)

Main risks	Mitigating controls	How to determine coverage frequency and depth	How to estimate the costs and benefits of controls	Control indicators
The actions financed[1] do not adequately reflect the policy objectives or priorities. For example: Actions put forward by the Member States (or regions) do not contribute effectively to the thematic objectives and the Union priorities specific to each Fund. Incorrect calculation of EU contribution Actions put forward by the Member States (or regions) do not comply with the content laid out in the related Regulations or other sector-specific rules. Failures to observe procedural	Internal consultation (financial and policy aspects), hierarchical validation at DG-level for each programme: actions proposed for co-financing under the Programmes are assessed by checking compliance with the scope and purpose of the Fund, the coherence with the multiannual programmes and the EU strategic 2007-2013 guidelines guidelines and the specific objectives of the Regulation, where appropriate, the rules on eligibility of expenditure and target groups. The assessment of the programmes covers the implementation methods and the selection process, ensuring equal treatment under calls for proposals and the application of the principle of best value for money in procurement procedures.	**Coverage / Frequency**: 100%. **Depth**: checklist, guidelines and lists of requirements in the relevant regulatory provisions.	**Costs**: estimation of cost of staff involved in the validation of the spending proposals put forward by the Member States. (Part of the) cost of SFC 2007 **Benefits**: Adopted programmes have a clear intervention logic, allowing the Commission to evaluate their impact	**Effectiveness**: % of annual programmes adopted % of financial allocation approved **Efficiency**: Time-to-pre-financing payment (and % of payments within delays) Average time to adopt/revise an annual programme **Cost-effectiveness**: Average cost of analysis (adoption and revision) of an annual programme as a % of the average

[1] For Home affairs, the different actions, programmes and projects of the general programme “Solidarity and management of Migration flows”.

requirements.	Inter-service consultation (including all relevant DGs) Adoption of each annual programme by Commission Decision.		[*non-quantifiable individually*]	value of an adopted programme)

<u>Stage 2</u> – <u>Implementation of operations (Member States) (2007-2013 programming period):</u>

A. Setting up of the systems

Main control objectives: ensuring that the management and control systems are adequately designed

Main risks	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
Management and control systems are not compliant with the applicable rules	Member States are primary responsible for the setting up of an adequate management and control system (MCS). It is subsequently approved and signed by the three authorities required under the basic act (responsible authority, certifying authority and audit authority). In addition, the audit authority confirms, by signing the document, that what is described provides a reliable picture of all the management and control systems. European Commission desk reviews of all system descriptions. Changes are requested/recommended where necessary. Approval of the multi-annual programmes is launched only when the analysis of the (revised version of the) description resulted in an unqualified opinion or a qualified opinion with limitations (i.e. qualifications not amounting to any doubts about the compliance of the system with the basic act). (Preliminary audit) missions are undertaken on an	**Coverage / Frequency**: 100% desk reviews of the descriptions of the management and control systems. 100% review of audit authorities audit strategies. **Depth**: verification (desk review with detailed checklist + audit missions where necessary) of descriptions of management and control systems communicated by the Member States. The review of the audit strategies is carried out against a detailed	**Costs:** estimation of cost of staff involved in the validation of the management and control systems on paper **Benefits**: amounts associated with systems for which the Commission audit work did not reveal substantial compliance problems at a later stage of the implementation period *[not quantifiable individually]*	**Effectiveness:** % of Management and Control Systems which received an unqualified or qualified with limitations opinions before the adoption of annual programmes Number of systems for which serious weaknesses were found on-the-spot despite the validation, on paper, of the management and control system **Efficiency**: Systems for which serious weaknesses were found on-the-spot despite the validation, on paper, of the management and control system (% of total MCS checked on paper) **Cost effectiveness:** average cost of the review of a management and control system as a % of the average value of allocations covered by the MCS under review

	ad-hoc basis to some Member States to check the initial description submitted. Comments on all national audit strategies	check-list.		

B. ***Member States controls to prevent, detect and correct errors within the declared certified expenditure***

Main control objectives: ensuring that the declarations of expenditure submitted to the Commission for each 2007-2013 annual programme are legal and regular

Main risks	Mitigating controls	How to determine coverage, frequency and depth	Control indicators
The bodies responsible for the management and control of Union funds do not provide the information required by the regulations. (Annual) declaration of expenditure submitted to the Commission includes expenditure which is irregular or non-compliant with EU and/or national eligibility rules and legislation. More specifically, the funding of the projects does not comply with the rules on the *eligibility of expenditure* specified in the EU regulations, or in the rules laid down at national/ regional level, such as: - beneficiaries declaring ineligible or incorrectly calculated costs such as incorrectly calculated staff costs, incorrect allocation of overhead costs, overcharging of staff costs,	*Management verifications*: first level checks by the Responsible Authorities. The following checks are carried out: - Desk checks of all expenditure based on supporting documents, including progress reports by final beneficiaries, etc.; - On-the-spot visits to a number of projects selected on a risk based analysis to verify delivery of the project outputs (investment, services) and reality and eligibility of expenditure declared; - Correction of irregular expenditure and recovery of EU funds as appropriate; - Drawing up of progress and final reports on the implementation of the annual programmes summarising the implementation of the entire programme, which are scrutinised by the Commission *Certification, audit opinion and annual audit report* by the certifying and audit authorities Each declaration of expenditure is checked and certified as correct by the certifying authority. The assurance is based on its own desk checks and, if necessary, on-the-spot-verifications and the information on checks performed by the responsible and audit authorities. The certifying authority shall verify the recovery of any EC	**Coverage**: as provided for by the regulatory framework. In particular, the verifications carried out by the Responsible Authority cover administrative, financial, technical and physical aspects of projects, as appropriate and include 100% administrative and financial verifications of the applications for reimbursement sent by the final beneficiaries. System audits covering all key processes and a sample of project audits (covering at least 10% of each annual programme declared expenditure). **Depth**: - management verifications: performance of first-level checks (administrative and on the spot controls). - certification: verification carried out by the certifying authorities of the Member State, with the aim to verify that the first level checks carried out by the management authorities have been effectively carried out and that the expenditure being declared for reimbursement is accurate, results from a reliable accounting system, and complies with	**Effectiveness**: Detected error rates as reported by the Audit Authorities Unqualified annual audit opinions of the Audit Authorities, out of which % validated by the Commission

costs incurred before or after the duration of annual programme; ineligible projects, beneficiaries, or participants, costs incurred for operations which have not been decided on by the responsible authority; - EU and/or national *public procurement rules* are breached by beneficiaries (incorrectly or unlawful awarded contract, etc.).	financing found to have been unduly paid. It shall keep an account of amounts recoverable and amounts recovered. The Audit Authority performs system audits and carries out substantive testing of projects to cover 10% of expenditure by programme closure; it passes on findings of systems weaknesses and irregular expenditure found to the Responsible Authority and to the certifying authority for correction; it issues an annual control report on the work carried out and conclusions drawn. For qualified and adverse opinions from the Audit authority on the functioning of the management and control system, the responsible authority shall ensure that an adequate action plan is implemented by the responsible authority to restore effectively the functioning of the system.	applicable Community and national rules. They typically consist of desk checks and on-the-spot-verifications where necessary. - audit opinion: system audits and audits of operations on a sample basis	

Stage 3 – Monitoring and supervision of the execution, closure of annual programmes and ex-post control (2007-2013 programming period)

Main control objectives: ensuring that the expenditure reimbursed from the EU budget is eligible and regular

Main risks	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
The management verifications and subsequent controls by the Member States have failed to detect and correct ineligible costs or calculation errors. More specifically, cases of non-compliance with the EU and/or national rules are not prevented, detected and/or corrected by the different layers of control in a Member State, resulting in: "Errors" (ineligible costs reimbursed due to the complexity of the rules) remaining undetected and uncorrected before the end of the control cycle "Irregularities" (intentional over claims, fictitious subcontracting/outputs) remaining undetected	Commission checks of: - progress (if applicable) and final reports on the implementation of annual programmes; - annual declaration of expenditure. - assessment of annual audit report Assessment of annual summaries Use of a computerized system to calculate EU contribution due for each annual programme Own Commission monitoring visits	**Coverage: 100%** Verification of information provided in the final reports on the implementation of annual programmes, annual audit reports and annual audit opinions. **Depth**: desk checks and/or on-the-spot monitoring and audits based on risk assessment; verification of the quality and reliability of the information based on Commission's own	**Costs**: Part of the cost of SFC2007 Cost of Commission monitoring activities (including bilateral and technical meetings, review of annual summaries and cost of the externalisation of monitoring visits) Cost of Commission staff checking MS annual	**Effectiveness**: Number of annual programmes with a reported error rate assessed as reliable (and not subject to an adjustment) % of the expenditure for which the

and uncorrected The audit work carried out by the audit/certifying authorities is not sufficient to obtain adequate assurance on the submitted declarations of expenditure, because of e.g.: Inadequate certification/ audit methodology, due to lack of expertise within the Member States and/or bad specifications Inadequate audit strategy The Commission services have failed to take appropriate measures to safeguard EU funds, based on the information it received. In particular, Commission has not withheld or suspended payments where provided for in the sector specific rules despite the detection of systemic errors which call into question the reliability of the management and control systems of the Member States concerned, or the legality and regularity of the underlying transactions. Commission has not excluded from Union financing expenditure for which disbursements have been made in breach of applicable law. Financial corrections mechanisms do not compensate in an adequate manner the errors uncovered, resulting in not all material issues being resolved at the closure of the programmes. Unwarranted assurance is being provided in the AAR (based on e.g. incorrectly estimated error rates).	Own Commission audits with substantive testing to confirm the effective functioning of the systems. In cases where weaknesses or failures to apply legal bases requirements are noted, the Commission will require the Member States to correct any system weaknesses and irregular expenditure found. The Commission will ensure that corrective measures concerning key elements of the systems have been taken into account before confirming that further payments can be made. Technical and bilateral meetings with MS: regular contacts with Responsible Authorities, SOLID Committees and general guidance on the interpretation and application of the regulatory framework (including clarifications on eligibility rules): preparation of the closure package, financial corrections to be applied for irregularities in the application of public procurement rules in contracts co-financed under the Funds, Commission guidelines on principles, criteria and scales for financial corrections, etc. Withholding and suspensions of payments Financial corrections (implemented by Commission) Audits by the European Court of Auditors	audit work; 'validation' and where necessary adjusting of error rates reported by MS to calculate a cumulative residual error risk (RER);	reports on implementation and audit reports Cost of audit missions and guidance to audit authorities **Benefits**: Errors prevented [unquantifiable], Errors detected and corrected (amount of financial corrections) at closure stage (including flat rate financial corrections); Errors detected by Ex-post controls	Commission can rely on the work of the AA (where applicable) Best estimate of (residual) amount at risk per MS **Efficiency**: Time-to-final payment (and % of payments within delays) **Cost Effectiveness:** Cost of control/financial management of the Commission checks and assessment (% of total open programmes)

ICT 2: Grants direct management

Stage 1: Programming, evaluation and selection of proposals

A - Preparation, adoption and publication of the Annual Work Programme and Calls for proposals

Main control objectives: Ensuring that the Commission selects the proposals that contribute the most towards the achievement of the policy or programme objectives (effectiveness); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy)

Main risks It may happen (again) that…	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators for stages 1A and 1B
Delays occur in adopting the Financing Decision or AWP. The AWP is published later than 31 March of the year of implementation. The AWP/Call does not adequately reflect the objectives pursued and/or the eligibility, selection and award criteria are not adequate to ensure the evaluation of the proposals The AWP/Call overlaps or is incompatible with other programmes (by own DG or other DGs) The AWP/Call does not contain the information required in the regulatory framework (FR 84, 128; RAP 94, 188, 189) Calls for proposals and AWPs are not adequately published.	Communication between the financial and policy units on objectives/instruments (regular meetings) Hierarchical validation within the authorising department Inter-service consultation, including all relevant DGs Adoption by the Commission Use of templates based on DG BUDG templates Templates-based verification; comitology procedure Publication procedure	**Coverage** **:**100% of all AWPs/calls **Frequency**: during the preparation of each AWP/call **Depth**: Templates includes a list of the requirements of the regulatory provisions identified.	**Costs**: estimation of cost of staff involved in the preparation and validation of the annual work programme and calls. **Benefits**: higher performance of reaching the objectives/better quality results of the call	**Effectiveness:** Awarded budget over available budget Average points elected over average total eligible Number of litigation cases over redress procedures **Efficiency:** Time to publication **Cost-effectiveness**: Total costs for Stage 1 over number of projects evaluated Total costs for Stage 1 over value of projects evaluated

B - Selecting and awarding: Evaluation, ranking and selection of proposals

Main control objectives: Ensuring that the most promising projects for meeting the policy objectives are among (a good balance of) the proposals selected (effectiveness); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy)

Main risks **It may happen (again) that…**	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Control indicators for stages 1A and 1B**
Delays due to request of missing documents (the grant application does not contain all information and supporting documents required for its evaluation A beneficiary is awarded several grants from the EU budget for a single action (Risk of double financing/risk of non-cumulative award) The pre-announced selection and award criteria are not adequately and consistently applied for the evaluation of proposals The action is not clearly defined in the grant application A grant is awarded for an action which has already begun but the applicant cannot demonstrate the need for starting the action prior to signature of the grant agreement or notification of the grant decision	Detailed procedures for calls foresee time to gather missing documents Where relevant, crossed checks with other DGs on possible double-financing if grants have been awarded to the same beneficiary by other DG (ABAC/LEF) The Guide for applicant and the kick-off meetings ensure a common understanding of the requirements. Very detailed application forms have been developed and used since 2013 calls. Since 2013, it is made clear that the actions starts after the signature of the grant agreement.	**Coverage:** 200% -300% checks (checked at least by 2-3 independent evaluators) and double checked by internal committee. Where relevant, proposals are crossed checked with other DGs, checks made depending on programme **Depth:** cross checking where appropriate for specific cases (FTS)	**Costs:** estimation of cost of staff involved in the evaluation and selection of proposals. Cost of the appointment of experts and of the logistics of the evaluation. **Benefits:** best quality projects selected.	Please refer to the indicators above for stages 1A and 1B

Stage 2: Contracting: Transformation of selected proposals into legally binding grant agreements

Main control objectives: Ensuring that the actions and funds allocation is optimal (best value for public money; effectiveness, economy, efficiency); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy)

Main risks **It may happen (again) that…**	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Control indicators**
The beneficiary lacks operational and/or financial capacity to carry out the actions. Budget resources are not sufficiently) available (on time) The grant agreement is signed late; the time to grant is not respected. The grant agreement does not contain all applicable provisions Complexity due to the obligation to have multi partners structure for each project The estimated budget of the grant application significantly overestimates the amounts necessary to carry out the action or WP and this is not identified in the recommendations of the evaluation committee	Review and checks during the contracting phase of technical action plan and budget for consistency and plausibility; in-depth financial verification and taking appropriate measures for high risk beneficiaries. Project Officers implement evaluators' recommendations in discussion with selected applicants. Strict follow up of budget appropriations; the payment clause is customized if the payment appropriations are not available on time. Internal reporting Hierarchical validation within the authorising department. Use of Commission contractual templates. The budget is checked before the award decision, which increases the economy and efficiency of the distributions of funds.	**Coverage** - 100% of the selected proposals and beneficiaries are scrutinised. - 100% of drafts grant agreements. **Depth** may be determined after considering the type or nature of the beneficiary and/or of the modalities (e.g. substantial subcontracting) and/or the total value of the grant.	**Costs**: Estimation of cost of staff involved in the contracting process. **Benefits**: Difference between the budget value of the proposals and that of the corresponding grant agreements. No/value of awards decisions transformed into grant agreements Maximize the use of available commitments	**Effectiveness:** Value of grant agreements signed over grant amounts requested in applications (%) **Efficiency Indicators:** Time-to-Grant **Cost effectiveness:** Total cost of staff for Stage 2 over total value of grant agreements signed Total cost of staff for Stage 2 over total number of grant agreements signed

Stage 3: Monitoring the execution. This stage covers the monitoring the operational, financial and reporting aspects related to the project and grant agreement

Main control objectives: ensuring that the operational results (deliverables) from the projects are of good value and meet the objectives and conditions (effectiveness & efficiency); ensuring that the related financial operations comply with regulatory and contractual provisions (legality & regularity); prevention of fraud (anti-fraud strategy); ensuring appropriate accounting of the operations (reliability of reporting, safeguarding of assets and information)

Main risks **It may happen (again) that…**	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Control indicators**
Risk of poor financial management by beneficiaries and intermediaries The Commission reimburses non eligible costs; risk of irregular transactions to be proceeded with. The beneficiary unduly obtain financial profit as a result from systemic or recurrent errors, irregularities, fraud, etc Changes to contracts are not properly documented or authorised Payments are made late (interest claims)	Programme website, guidance notes, ex-ante sector guidance, information meetings with beneficiaries, helpdesk at COM Controls carried out by operational desks on technical implementation report in order to deliver the “conforme aux faits” Controls carried out by financial desks on financial and legal matters in order to deliver the “bon à payer” Network of Financial Initiating Agents (FIA) New checklists have been developed in 2012 to better reflect the roles of the parties involved in the financial circuits Clarifying procedure on verifying the non-profit rule Procedure for registration of exceptions Monthly reporting to management on late payments	**Coverage**: 100% of files **Depth:** - for desk checks of expenditure: control with reference to corroborative documents (progress reports and final technical implementation report but no reference to underlying documents in case of desks checks). - for controls carried out for “conforme aux faits”: control with reference to corroborative documents (technical implementation report) and eventually corroborative information incorporating an element of independent oversight (e.g. audit certificate or other verification) but no reference to underlying documents - for controls carried out for “bon à payer”: control without reference to underlying documents, but with reference to and including access to the underlying documentation (e.g. timesheets, invoices, physical verification, etc) corroborative documents (technical implementation report) and eventually corroborative information incorporating an element of independent oversight (e.g. audit certificate or other verification)	**Costs**: estimation of cost of staff involved in the actual management of running projects. **Benefits**: budget value of the costs claimed by the beneficiary, but rejected by the project officers. (ineligible amounts in cost claims)	**Effectiveness:** Budget amount of the cost items rejected (ineligible costs in cost claims) over total value of cost claims **Efficiency indicators:** Time-to-payment **Cost-effectiveness:** Total costs for Stage 3 over total number of claims processed Total costs for stage 3 over total value of claims processed

Stage 4: - Ex-Post controls

A - Reviews, audits and monitoring

Main control objectives: Measuring the effectiveness of ex-ante controls by ex-post controls; detect and correct any error or fraud remaining undetected after the implementation ex-ante controls (legality & regularity; anti-fraud strategy); addressing systemic weaknesses in the ex-ante controls, based on the analysis of the findings (sound financial management); Ensuring appropriate accounting of the recoveries to be made (reliability of reporting, safeguarding of assets and information)

Main risks **It may happen (again) that…**	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Control indicators for stages 4A and 4B**
Risk of irregular expenditure co-financed remaining undetected Risk of fraudulent activities remaining untracked	At any time during the implementation period and for 5 years after partial or final payment, the Commission can carry out on the spot controls and/or audits with substantive testing of a sample of transactions. Ex-post controls are performed by the Shared Resources Directorate for DG Home Affairs and DG Justice. The auditable population is represented by files where final payment was made in year N to N-4.	**Coverage:** As a general rule, between 15 and 25% of the expenditure of an annual programme checked over the 5 years period. Ex-post controls are made based on a risk assessment **Depth**: Control with reference to and including access to the underlying documentation that is available at the stage of the process in question, for all inputs and outputs (e.g. timesheets, invoices, physical verification, etc). Possibly, the auditors will also perform controls with reference to fully independent corroborative information (e.g., database which justifies certain elements of the claim, 3rd party or Commission assessment of milestones achieved, etc.)	**Costs**: Estimation of cost of staff involved in the coordination and execution of the audit strategy .Cost of the appointment of audit firms for the outsourced audits. **Benefits**: Prevented amount (deterrent effect), not quantifiable Detected amount	**Effectiveness:** Residual error rate Number of projects with errors; Follow-up ratio: Number of files followed-up by AOSD within 3 months (target 90%) **Efficiency indicators:** Recovery Implementation ratio; N° of recovery orders (RO) issued after ex-post audit (target set as 75% by end-March N+1) **Cost effectiveness** Total (average) annual cost of audits compared with benefits (%)

B - Implementing results from ex-post audits/controls

Main control objectives: Ensuring that the (audit) results from the ex-post controls lead to effective recoveries (legality & regularity; anti-fraud strategy); Ensuring appropriate accounting of the recoveries made (reliability of reporting)

Main risks **It may happen (again) that…**	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Control indicators for stages 4A and 4B**
The errors, irregularities and cases of fraud detected are not addressed or not addressed timely	Systematic registration of audit/control results to be implemented by the operational units. Financial and operational validation of recovery in accordance with financial circuits. Authorisation by Authorising Officer Working Group on the coherence of ex-post/ex-ante controls in Shared Resources Directorate Through a regular analysis, the audit team ensures that the recommendations (issue of recovery orders or supplementary payments) were implemented.	Coverage: 100% of final audit results *with a financial impact.*	**Costs**: estimation of cost of staff involved in the implementation of the audit results. **Benefits**: corrected amount.	Please refer to the indicators above for stages 4A and 4B

ICT 3 - Procurement direct management

Stage 1: Procurement

A - Planning Needs assessment & definition of needs Selection of the offer & evaluation

Main control objectives: Effectiveness, efficiency and economy. Compliance (legality and regularity).

Main risks **It may happen (again) that…**	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Control indicators for stages 1A and 1B**
Precise procurement needs not clearly defined Inappropriate choice of procurement procedure and calculation of threshold due to the in-depth knowledge necessary. Procurement is highly regulated. Detailed rules exist with even more in depth guidance based on experience and jurisprudence of court judgements The best offer/s are not submitted due to the poor definition of the tender specifications	Procurement needs are clearly defined and justified from an economic or operational point of view and approved by the Authorising Officer. Technical training in procurement. Ex-ante sector ensures continuous support in procedural matters Financial circuits involving ex-ante verifications with procedural expertize New checklists have been developed in 2012 to better reflect the roles of the parties involved in the financial circuits Selection criteria clearly defined and approved by the Authorising officer	**Coverage**: 100% of calls for tender **Frequency**: every time necessary, during the preparation of a call	**Costs**: estimation of cost of staff involved **Benefits**: best offers received, **(not quantifiable)**	**Effectiveness:** Number of projected tender cancelled; Numbers of “valid” complaints or litigations cases filed **Efficiency/cost-effectiveness**: average cost per tender

B – Evaluation and selection of the offers

Main control objectives: Effectiveness, efficiency and economy. Compliance (legality and regularity). Fraud prevention and detection

Main risks **It may happen (again) that…**	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Control indicators for stages 1A and 1B**
Risk of delay and lengthy evaluation process Insufficient quality of the evaluation report, which may have impact on the award decision; errors or mismanagement risk costing substantial resources (human and financial), if they are contested, even unsuccessfully, especially if they reach the courts; Conflict of interests Non-compliance with legal and regulatory formalities (publication, transparency, time limits, opening of tenders, etc)) The risk of over-dependency of contractors is high due to the limited number of economic providers/need for specialist knowledge (large scale IT systems, EURODAC)	An evaluation committee is set up to prepare the selection of the contractors, except for low value contracts; An advisory body is consulted with regard to procurement files on a mandatory/voluntary basis (HPC); adequate communication to unsuccessful tenderers. Declaration of lack of conflict of interest (required for each member of committee but also for the manager); Every member of staff with significant financial responsibility may be defined as occupying a “sensitive post”. Staff should not occupy a sensitive post for more than five years. Transparency measures: calls for tender are published in the Official Journal and on the Europa website. Updated information and FAQ are posted regularly on the website; physical protection of the offers submitted (locked room and segregation between original and copies) Procedures are set up to analyse the risk of over-dependency of contractors. Sound competition among providers together with quality and affordability of services of providers is ensured by periodic reviews (development of prices, business trends, main players, market shares, any barriers to entrants, etc)	**Coverage:** 100% of the offers analysed. **Depth**: all documents transmitted; in terms of justification of the draft award decision 100% of the members of the opening committee and the evaluation committee 100% checked.	**Costs**: estimation of staff costs involved **Benefits**: Compliance with Financial Regulation (rejected files HPC) Number of litigations/complaints to courts/Ombudsman	Please refer to indicators above for stages 1A and 1B

Stage 2: Financial transactions

Main control objectives: Ensuring that the implementation of the contract is in compliance with the signed contract

Main risks It may happen (again) that…	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
Non-compliance with the legal and regulatory requirements Lack of necessary experience and skills or inadequate arrangements for monitoring the contractor's performance and for verifying the final services/supplies work Delayed payments causing late interests	Standards contracts of DG BUDG are used. The specific models developed for the IT contracts have been also approved by SecGen and DG BUDG; computerized accounting system is used to record the contracts and the transactions related to the contracts in ABAC. The financial circuit put in place in DG Home Affairs is model 3 "decentralized circuit with central counterweight", where the operational initiation and verification functions as well as the financial initiation function are executed within each directorate. The ex-ante financial verification is performed by the Shared Budget, Control and Ex-post audits Unit (SRD.01) Monthly follow-up of time to pay through reporting (monitoring of invoices due to avoid late interest)	**Coverage:** 100% of the contracts are controlled. **Depth**: all documents transmitted	**Costs**: estimation of cost of staff involved. **Benefits**: Amount of irregularities, errors and overpayments prevented by the controls (credit notes)	**Effectiveness:** Amount of penalties Amount of errors and rregularities averted over total payments (credit notes/recovery context) **Efficiency:** Time-to-pay Late interest payment **Cost-efficiency** % of costs over annual amount disbursed

Stage 3: Supervisory measures

Main control objectives: Ensuring that any weakness in the procedures (tender and financial transactions) is detected and corrected

Main risks **It may happen (again) that…**	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Control indicators**
An error or non-compliance with regulatory and contractual provisions, including technical specifications, or a fraud is not prevented, detected or corrected by ex-ante control, prior to payment	Verification that processes are working as designed: • Risks are assessed at the programme level within the yearly risk analysis exercise. A follow-up of critical risks for DG Home Affairs is ensured every 6 months. For important risks corrective measures were taken to mitigate the risks • Internal control standard were complied with. All audit instances are entitled to perform audits on procurement (Court of Auditors, Internal Audit Service, and Internal Audit Capacity).	**Coverage**: Court of Auditors' audit based on MUS sample on all payments in a year+IAS audit plan **Depth**: review of the procedures implemented (procurement and financial transactions)	**Costs**: estimation of cost of staff involved. **Benefits**: Amounts detected associated with fraud & error. Deterrents & systematic weaknesses corrected.	Results of the assessment of implementation of Internal Control Standard 8 "Processes and procedures"

ICT 4 – Expenditure in indirect management

Stage 1: - Operations: monitoring, supervision, reporting Ex-Post controls

Main control objectives: Ensuring that the Commission is fully and timely informed of any relevant management issues encountered by the entrusted entity, in order to possibly mitigate any potential financial and/or reputational impacts (legality & regularity, sound financial management, true and fair view reporting, anti-fraud strategy).

Main risks It may happen (again) that…	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators for stages 4A and 4B
The agency does not respect the provisions of article 60.2 of FR, art 38 of RAP The agency does not respect the provisions of article 60.3 of the FR	The agencies are audited by IAS of the COM (as internal auditor) and by the Court of Auditors (as external audit) The COM is member in the Management Board of the agency The Memoranda of Understanding signed with agencies regulate financial relations between the partner DG and the agency	Coverage: 100% of agencies are supervised Frequency: management board meetings, yearly CoA report; IAS audits Depth: control around the entity	**Costs**: estimation of cost of staff involved in the actual monitoring of the agency **Benefits**: the (average annual) total budget amount entrusted to agency	**Effectiveness:** Number of serious IAS and CoA findings of control failures; budget amount of the errors concerned; **Efficiency/cost-efficiency indicators:** Cost over amount entrusted to agency

Stage 2: Commission contribution: payment or suspension/interruption

Main control objectives: Ensuring that the Commission fully assesses the management situation at the entrusted entity, before either paying out the (next) contribution for the operational and/or operating budget of the entity, or deciding to suspend/interrupt the (next) contribution (legality & regularity, sound financial management, anti-fraud strategy).

Main risks It may happen (again) that…	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
The Commission does not suspend/interrupt payments despite the detection of systemic errors which call into question the reliability of the ICS of the agency, the L&R of transactions.	Memoranda of Understanding signed with each agency specify the conditions for interruptions/suspension of payments	**Coverage:** 100% of the payments made to agencies **Frequency**: quarterly **Depth**: information provided by internal/external auditors	**Costs**: estimation of cost of staff involved in the OV and FV of the contribution payments/recoveries **Benefits**: the (average annual) total budget amount entrusted to the agency; budget recovered or not paid out;	**Effectiveness:** Budget amount of the suspended/interrupted payments **Efficiency indicators:** Time-to-pay **Cost effectiveness:** Average cost per agency

ANNEX 8: Decentralised agencies for which DG HOME is parent DG

Heading 3a: Freedom, security and justice	Implementation of commitment appropriations		Implementation of payment appropriations	
	M€	**%**	**M€**	**%**
Frontex	86,81	100	79,50	100
EASO	14,66	99,05	12,10	100
Europol	86,51	97,38	86,51	97,38
Cepol	9,37	91,53	9,37	91,53
EMCDDA	14,99	98,68	14,99	98,68
Eu-LISA	59,41	99,95	42,60	99,93
Total	**271,75**	**98,74**	**245,07**	**98,66**

ANNEX 9: Performance information included in evaluations

Title of the Evaluation:	**Application report in accordance with Article 19 of Directive 2008/115/EC of the European Parliament and of the Council of 16 December 2008 on common standards and procedures in Member States for returning illegally staying third-country nationals, OJ L 348/98 of 24.12.2008 - Commission Communication on EU Return Policy (COM(2014)199)**
ABB activity:	18 02 – Security and safeguarding liberties
Type of evaluation:	Regulatory instrument
Summary of performance related findings and recommendations:	The Commission Communication on EU Return policy follows on the obligtaion fo rthe Commission to report on the implementation of the Return Directive, the main piece of EU acquis on return as well as to the political commitment made by the Commission when the amended FRONTEX Regulation was adopted in 2011 to report on the monitoring of return operations coordinated by FRONTEX. The assessment made in this context showed that the Return Directive has positively influenced national law and practice regarding voluntary departure and has been a driver for change in forced return monitoring. It contributed to a convergence — and overall to a reduction — of maximum detention periods across the EU and there has also been consistent movement towards a wider implementation of alternatives to detention across Member States. It also limited Member States' ability to criminalise mere irregular stay, and its procedural safeguards have contributed to more legal security. Joint ownership of and support for the key policy objectives of this new EU policy have gradually developed. All Member States now generally accept the following policy objectives: • *respect for fundamental rights;* • *fair and efficient procedures;* • *reduction of cases in which migrants are left without clear legal status;* • *primacy of voluntary departure;* • *promotion of reintegration and fostering of alternatives to detention.* Despite the fact that Member States have generally ensured that the Return Directive is transposed in their national law, there is still scope for improvement in the practical implementation of the Directive and of return policies in general, ensuring respect for fundamental rights standards (e.g. detention conditions, effective legal remedies) and effectiveness (e.g. faster procedures and higher rates of — voluntary — return).
Availability of the report on Europa:	http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2014:0199:FIN:EN:PDF

Title of the Evaluation:	**Ex-post evaluation of the Schengen part of the temporary Cash-flow and Schengen Facility 2007-2009 for Bulgaria and Romania**
ABB activity:	18 02 – Security and safeguarding liberties
Type of evaluation:	Expenditure programme
Summary of performance related findings and recommendations:	The Schengen part of the temporary Cash-flow and Schengen Facility (Schengen Facility II), whose objectives were "*to finance actions at the new external borders of the Union for the implementation of the Schengen* acquis *and external border control"*, has been implemented in a successful manner in Bulgaria and Romania in the period 2007-2010. It provided a total of 476 million euros to these two countries. The evaluation concluded that both the objectives and the effects of the instrument were pertinent to the needs related to the accession of Bulgaria and Romania to the Schengen area (inadequate and obsolete fleet at the maritime borders, inadequate air surveillance, inadequate mobility of the border police, obsolete communication infrastructure, non-existent national Schengen Information System etc.). It also concluded that the Facility had been effective. Overall, it played a crucial role in ensuring that both countries were considered technically prepared to join the Schengen Area in 2011. It allowed upgrading the surveillance of the future external border, border checks, IT and communication systems and visa management. Investments into the surveillance of the Black Sea border of Bulgaria increased the accuracy of the detection of objects from 90% to 98-99%; the time necessary for patrol vessels to leave the port was reduced from 40 to 15 minutes; purchased vessels were up to three times faster than the old ones. As regards its efficiency, the evaluation showed the prices of some equipment purchased under the Schengen Facility II were similar with the prices of comparable equipment purchased under the Schengen Facility I. However, the evaluation recommended that external independent experts should be used by the national authorities to assess tender specifications to allow for a higher level of competition. The evaluation concluded that the investments were complementary to and coherent with investments from other sources (World Bank, IBRD, Phare etc.). For the sustainability, the evaluation concluded that most Schengen Facility II measures would not have had a continued impact if they had not been supported by further expenditure on maintenance and training. The evaluation concluded that while the investment under the Schengen Facility contributed to the prevention of irregular migration across the future external borders of Bulgaria and Romania and to the security in these two countries, the impact of the Schengen Facility investments on the security within the Schengen Area remains limited until Bulgaria and Romania join it. Although the non-accession of Bulgaria and Romania to the Schengen Area has so far had limited impacts on the effectiveness of the Schengen Facility investments, the continued postponement of accession to Schengen will most likely lead to a situation where parts of the investment will have been unnecessary or will require significant upgrades.
Availability of the report on Europa:	http://ec.europa.eu/smart-regulation/evaluation/search/download.do?documentId=12413265 ; http://ec.europa.eu/smart-regulation/evaluation/search/download.do?documentId=12418342 ; http://ec.europa.eu/smart-regulation/evaluation/search/download.do?documentId=12408188 ;

Title of the Evaluation:	**Internal Evaluation of the European Asylum Support Office (EASO)**
ABB activity:	18 02 Security and safeguarding liberties
Type of evaluation:	Internal Commission activity
Summary of performance related findings and recommendations:	This evaluation by the Commission on the impact of EASO on practical cooperation on asylum and on the Common European Asylum System (CEAS) follows up on the 2011 Communication on enhanced intra-EU Solidarity in the field of asylum. An external evaluation with a broader scope has been commissioned by EASO in 2014 in accordance with Article 46 of the EASO regulation and is currently going on. The key findings of the evaluation, based on questionnaires, interviews and focus groups, include the following issues: • Need for a better link between the various EASO initiatives including by developing analysis that go beyond the expertise of a single EASO centre in order to harness the full potential of the whole agency. • Importance of increasing the quality and quantity of the information communicated by EASO vis-à-vis the Member States but also towards civil society. • The engagement by some Member States could be increased. It was stressed that the small size of some national administrations might be a key constraint to the deployment of asylum support teams • The impact of the EASO communication and the capacity of the Agency to ensure that its products reach final users could be improved. Recommendations related mainly to further support to be provided for the CEAS implementation, to crisis management, enhancement of internal efficiency and better cooperation with Member States. More specifically: • EASO should ensure that appropriate information management systems are in place to channel all of its initiatives towards the effort of supporting the implementation of Article 33 of Dublin Regulation; • EASO should also reflect on how to facilitate the participation of small national administrations that have significant difficulties in taking part in the Agency's activities due to their limited staff; • EASO should reinforce linkages between the different centres and areas of activities in order to harness the cross-cutting potential of its activities; • EASO should revise the role of the National Contact Points in order to reduce their number and enhance their mandate in particular to inform about EASO activities in their national administration; • EASO should monitor systematically the participation of Member States in EASO initiatives and their impact in terms of policy follow-up in order to have informed discussions at the Management Board; • EASO should further promote its initiatives and activities across Member States administrations to make sure that final users (e.g. case workers) are aware of the products of the Agency;
Availability of the report on Europa:	Not available at "Europe web site" http://www.eumonitor.eu/9353000/1/j9vvik7m1c3gyxp/vjifurofllwr

Annex 10. Assurance level and amount at risk per Member State

	Total Payments per level of assurance (in € million)																							
Member States	**REASONABLE ASSURANCE**				**REASONABLE ASSURANCE WITH LOW RISK**				**LIMITED ASSURANCE WITH MEDIUM RISK**				**LIMITED ASSURANCE WITH HIGH RISK**				Total **all Funds**				**Programming period 2007 - 2013**			
	EBF (2007-2013)	**EIF (2007-2013)**	**RF (2008-2013)**	**ERFIII (2008-2013)**	**EBF (2007-2013)**	**EIF (2007-2013)**	**RF (2008-2013)**	**ERFIII (2008-2013)**	**EBF (2007-2013)**	**EIF (2007-2013)**	**RF (2008-2013)**	**ERFIII (2008-2013)**	**EBF (2007-2013)**	**EIF (2007-2013)**	**RF (2008-2013)**	**ERFIII (2008-2013)**	**EBF (2007-2013)**	**EIF (2007-2013)**	**RF (2008-2013)**	**ERFIII (2008-2013)**	**Number of Programmes under reservation**	**Number of interruptions of payment deadlines**	**Average risk rate (%)**	**Total estimated NET amount at risk in € million**
Austria (AT)	9.58	10.3	10.6	24.7	-	-	-	-	-	-	-	-	-	-	-	-	9.6	10.3	10.6	24.7	-	-	0.39%	0.214
Belgium (BE)	7.8	6.5	16.5	11.3	4.3	1.3	-	11.8	1.3	1.1	-	-	-	-	-	-	13.4	8.8	16.5	23.1	-	-	1.48%	0.914
Bulgaria (BG)	20.2	-	1.7	-	-	2.8	-	7.1	-	-	0.1	-	-	-	-	-	20.2	2.8	1.9	7.1	-	-	1.06%	0.339
Switzerland (CH)	-				-				11.2				-				11.2				-	-	5.00%	0.558
Cyprus (CY)	20.5	3.0	4.8	7.5	-	0.4	0.6	-	-	-	-	-	-	-	-	-	20.5	3.3	5.4	7.5	-	-	0.33%	0.121
Czech republic (CZ)	-	-	-	-	-	-	-	-	8.4	9.5	2.4	3.3	-	-	-	-	8.4	9.5	2.4	3.3	-	-	5.00%	1.178
Denmark (DK)	5.3				-				-				-				5.3				-	-	0.00%	-
Estonia (EE)	22.5	4.9	1.5	1.8	-	0.8	-	-	-	-	-	-	-	-	-	-	22.5	5.7	1.5	1.8	-	-	0.25%	0.079
Finland (FI)	42.3	5.7	3.6	11.0	-	-	-	-	-	-	-	-	-	-	-	-	42.3	5.7	3.6	11.0	-	-	0.01%	0.006
France (FR)	49.5	-	49.9	5.7	27.4	33.9	-	26.0	-	-	-	9.6	-	6.4	-	-	76.9	40.2	49.9	41.3	-	-	1.42%	2.968
Germany (DE)	50.2	-	3.5	52.2	-	58.8	11.6	6.5	-	17.1	5.7	-	-	-	-	-	50.2	76.0	20.8	58.7	-	-	2.11%	4.348
Greece (EL)	-	11.3	-	-	-	-	-	-	83.4	-	62.6	15.5	20.5	-	-	18.4	103.9	11.3	62.6	33.9	-	-	5.59%	11.828
Hungary (HU)	38.9	8.5	4.3	6.3	-	-	-	-	-	-	-	-	-	-	-	-	38.9	8.5	4.3	6.3	-	-	0.33%	0.190
Ireland (IE)		4.4	3.0	5.3		-	-	-		-	-	-		-	-	-		4.4	3.0	5.3	-	-	0.31%	0.039
Iceland (ISL)	0.3				-				-				-				0.3				-	-	0.00%	-
Italy (IT)	-	105.7	-	-	-	-	32.5	57.5	149.4	-	-	-	-	-	-	-	149.4	105.7	32.5	57.5	-	-	2.73%	9.427
Latvia (LV)	13.1	6.0	2.2	2.4	-	-	0.4	-	-	-	-	-	-	-	-	-	13.1	6.0	2.7	2.4	-	-	0.11%	0.026
Lithuania (LT)	116.3	4.6	2.5	3.0	-	-	-	-	-	-	-	-	-	-	0.3	-	116.3	4.6	2.8	3.0	-	-	0.24%	0.309
Luxembourg (LU)	0.3	2.5	1.1	2.0	-	-	-	-	-	-	-	-	-	-	-	-	0.3	2.5	1.1	2.0	-	-	0.48%	0.028
Malta (MT)	36.8	1.2	2.9	5.3	-	-	-	5.1	13.9	-	-	-	-	-	-	-	50.7	1.2	2.9	10.4	-	-	1.53%	0.996
Norway (NO)	8.2				-				-				-				8.2				-	-	0.00%	-
Poland (PL)	-	12.3	9.1	9.3	13.4	1.1	1.6	1.6	32.5	-	1.5	-	-	-	-	-	45.9	13.4	12.2	10.8	-	-	3.03%	2.494
Portugal (PT)	13.7	5.0	2.1	0.7	-	-	-	-	-	5.1	2.6	1.3	-	-	-	-	13.7	10.2	4.7	2.0	-	-	1.41%	0.430
Romania (RO)	41.4	4.0	5.2	2.7	-	-	-	-	-	5.1	-	-	-	-	-	-	41.4	9.1	5.2	2.7	-	-	0.11%	0.063
Slovakia (SK)	6.9	3.5	0.7	4.6	-	-	1.6	-	-	-	1.6	-	-	-	-	-	6.9	3.5	4.0	4.6	-	-	1.22%	0.231
Slovenia (SI)	31.7	3.3	2.1	2.1	-	-	-	-	-	-	-	-	-	-	-	-	31.7	3.3	2.1	2.1	-	-	0.10%	0.039
Spain (SP)	-	24.5	19.5	5.7	-	-	-	-	136.8	42.7	27.0	2.2	52.7	-	-	-	189.5	67.2	46.5	7.9	-	-	5.55%	17.253
Sweden (SE)	7.1	0.6	2.2	20.3	-	0.7	-	-	-	3.8	7.5	33.7	-	3.5	-	-	7.1	8.6	9.6	54.1	-	-	3.46%	2.742
The Netherlands (NL)	10.4	5.3	0.4	17.4	-	5.0	15.4	3.2	8.1	-	1.7	-	-	-	-	-	18.5	10.4	17.5	20.7	-	-	1.40%	0.938
The United Kingdom (UK)		3.9	64.3	37.4		50.3	-	-		5.8	-	-		-	-	-		60.0	64.3	37.4	-	-	1.70%	2.743
TOTAL per Fund	553.0	236.9	213.7	238.8	45.1	155.1	63.8	118.7	444.8	90.2	112.6	65.6	73.2	9.9	0.3	18.4	1116.1	492.1	390.4	441.6	0.0	0.0		
TOTAL per Assurance level	**1,242.40**				**382.74**				**713.26**				**101.73**				**2,440.13**				**0**	**0**	**2.48%**	60.501