



EASO/MB/2018/159

Valletta Harbour, 21 December 2018

**DECISION No 42  
OF THE MANAGEMENT BOARD OF THE EUROPEAN ASYLUM SUPPORT OFFICE  
of 21 December 2018**

On the Internal Control Framework of EASO

THE MANAGEMENT BOARD,

HAVING REGARD to the Treaty of the EU and in particular to Articles 310 and 317.

HAVING REGARD to Regulation (EU) No 439/2010 of the European Parliament and of the Council, establishing a European Asylum Support Office (hereinafter referred to as the "EASO Regulation")

HAVING REGARD to Regulation (EC, Euratom) No 966/2012 of the European Parliament and the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union, as amended and in particular Article 208 thereof shall apply to the EASO ('Financial Regulation 2012')

HAVING REGARD to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union ('Financial Regulation 2018'), which amends the previous Financial Regulations, was adopted by legislative act on 30th July 2018

HAVING REGARD to the Commission Decision C(2018) 5120 final of 3.8.2018 on the Internal Rules on the implementation of the budget of the European Union and in particular to Code of professional standards for staff responsible for Financial Verification

HAVING REGARD to Management Board Decision N° 20 of 27 December 2013 on the EASO Financial Regulation and in particular to Articles 5, 30, 44 and 47

HAVING REGARD to the Communication of the Commission on the Revision of the Internal Control Framework C (2017) 2373 of 19 July 2017

HAVING REGARD to Management Board Decision N° 34 of 14 December 2017 adopting a new Internal Control Framework



#### WHEREAS

1. In accordance with Article 310 and 317 of the Treaty of the EU, the Commission is to implement the budget of the EU by having regard to the principle of sound financial management.
2. Pursuant to the principle of sound financial management and in accordance with Article 5 of EASO Financial Regulation, the EASO budget shall be established and implemented in accordance with effective and efficient internal control.
3. In accordance with Article 30 of EASO Financial Regulation "*Internal Control of Budget implementation*", effective internal control shall be based on best international practices and shall include in particular procedures for (a) monitoring of performance, (b) for following up identified internal control weaknesses, and (c) carrying out periodical assessment of the sound functioning of the internal control system. Efficient internal control shall be based particularly on the implementation of an appropriate risk management, a control strategy and the timely application of corrective measures.
4. In accordance with Article 44 of EASO Financial Regulation on the powers and duties of the Authorising Officer ('AO'), the latter shall establish an organisational structure and internal control system in accordance with the minimum standards adopted by the Management Board ('MB') on the basis of equivalent standards laid down by the Commission for its own departments, as well as by having due regard to the risks associated with the management environment and the nature of the action financed.
5. In line with Article 44 of EASO Financial Regulation and the Communication of the Commission on the revision of the Internal Control Framework, the MB shall:
  - a. Adopt the internal control principles and characteristics set out in Chapter II of Communication of the Commission C(2017) 2373 of 19 April 2017 on the Revision of the Internal Control Framework. These shall constitute the minimum standards referred to in Article 44.2 of EASO Financial Regulation.
  - b. Instruct the AO to implement the internal control principles and characteristics in 2018 and to conduct an overall assessment of the presence and functioning of all internal control components at least once a year and for the first time at the latest in the context of the Consolidated Annual Activity Report for 2018.
  - c. Task EASO's Executive Director ('ED') and Responsible Authorising Officers ('RAO') with taking appropriate action to define the baselines for each internal control principle by the end of 2018, taking into account their specificities and risks, and to improve the awareness and understanding of them by all staff, in particular through training, information and support activities.
6. In accordance with Article 74 of the General Financial Regulation 2018, the AO ensures that RAO and their staff receive regularly updated and appropriate information and training concerning the control standards and the methods and techniques available for that purpose and that measures are taken, where needed, to ensure the effective and efficient functioning of the control systems.
7. In accordance with the Commission Decision C(2018) 5120 of 3/8/2018 on the Internal Rules on the implementation of the budget of the European Union, the mission of the financial verifying function is to support the ED to ensure that the internal control objectives defined



in Article 30 (2) "Internal Control of Budget Implementation" of EASO the Financial Regulation are met.

8. In accordance with Article 30 (2) "Internal Control of Budget Implementation" of the EASO Financial Regulation, the internal control objectives are: (1) effectiveness, efficiency and economy of operations; (2) reliability of reporting; (3) safeguarding of assets and information; (4) prevention, detection, correction and follow-up of fraud and irregularities, and (5) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned. The new Internal Control Framework supplements the Financial Regulation and other applicable rules and regulations with a view to aligning the Agency standards to the highest international standards set by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Framework.
9. In accordance with Article 47 of the EASO Financial Regulation, the AO shall report to the MB on the performance of his duties in a form of Consolidated Annual Activity Report ('CAAR') which shall contain in particular
  - a. information on management and internal control systems, and
  - b. a declaration by the AO stating whether he/she has reasonable assurance that the information contained in the reports presents a true and fair view, the resources assigned have been used for their intended purpose and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

The CAAR shall also indicate the results of the operations by reference to the objectives set, the risks associated with the operations, the use made of the resources provided and the efficiency and effectiveness of the internal control systems.



HAS ADOPTED THIS DECISION:

## **Article 1**

### **Context**

- 1.1 The new Internal Control Framework consists of five internal control components, 17 principles and characteristics based on the COSO 2013 Internal Control-Integrated Framework<sup>1</sup>.
- 1.2 EASO shall apply the new Internal Control Framework principles and characteristics set out in Annex 1 of this Decision that are based on Chapter II of the Communication of the Commission C(2017)2373 of 19 April 2017 on the Revision of the Internal Control Framework. These principles and characteristics constitute the minimum standards referred to Article 44.2 of the EASO Financial Regulation that are the equivalent standards laid down by the Commission for its own departments.
- 1.3 The internal control components are the control environment, risk assessment, control activities, information and communication, and monitoring activities. They are the building blocks that underpin the structure of the Framework and support EASO in its efforts to achieve its objectives. The five components are interrelated and must be present and applied at all levels of the organization for internal control to be considered effective.
- 1.4 Each component consists of several principles. Working with these principles helps provide reasonable assurance that the objectives of the organisation are met. The principles specify the actions required for internal control to be effective.
- 1.5 The Internal Control Framework also identifies the characteristics of each principle. The characteristics are defined to assist management in implementing internal control procedures and in assessing whether the principles are present and functioning. Management is expected to have persuasive evidence to support their assessment.
- 1.6 This Framework is a basis for reflection, assessment and action across the institution. Its implementation should not be perceived as a bureaucratic requirement. It is a pragmatic exercise in which common sense should be the guiding principle. To ensure a consistent and effective assessment of the internal control system in EASO, the ED, together with management support, will coordinate and disseminate best practices throughout the organisation to ensure a consistent and effective implementation and assessment of the internal control system.

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<sup>1</sup> The full text of the COSO 2013 Internal Control-Integrated Framework is available at [www.coso.org](http://www.coso.org).



## **Article 2**

### **Role and Responsibilities of the Management Board**

2.1 The Management Board (MB) oversees the governance of the Agency, risk management and internal control practices and takes overall political responsibility for management carried out by the ED. In line with Article 44 of EASO FR, the MB is required to:

- Adopt the internal control principles and characteristics set out in Chapter II of Communication of the Commission C(2017) 2373 of 19 April 2017 on the Revision of the Internal Control Framework. These shall constitute the minimum standards referred to in Article 44.2 of EASO Financial Regulation.
- Task the AO to implement the internal control principles and characteristics and to conduct an overall assessment of the presence and functioning of all internal control components at least once a year and for the first time at the latest in the context of the CAAR for 2018.
- The MB will analyse and assess the outcome of the annual overall assessment of the internal control as reported by the AO on the CAAR and will provide an opinion in writing that should include observations and recommendations.

## **Article 3**

### **Role and responsibilities of the Executive Director**

- 3.1 The ED, in his capacity as AO is fully responsible for the implementation of EASO internal controls. The AO shall put in place an organisational structure and internal control system that is in accordance with the principles and characteristics adopted by the MB as listed in Annex 1 to this Decision.
- 3.2 To this end, the MB tasks the ED, to appoint an Internal Control Coordinator (ICC) to support her/him with the setting up, monitoring, implementation, assessment and reporting of the Internal Control Framework.
- 3.3 With the support of the ICC, the ED shall implement the internal control components, principles and characteristics included in Annex 1.
- 3.4 The ED, in collaboration with the ICC and RAOs, should take the appropriate actions to define as soon as possible, the baselines and performance indicators for each internal control principle and characteristics. In this process, the ED shall make sure that EASO specificities, change environment and risks are taken into account, and to improve the awareness and understanding of the internal control systems by all staff, in particular through training, dissemination of best practices, information and support activities to ensure a consistent and effective implementation and assessment of the EASO internal control system across the Agency.
- 3.5 The ED should put in place appropriate working arrangements and communication channels to communicate on timely manner to the MB on internal control deficiencies and significant risks.

- 3.6 The ED shall perform at least once a year an overall assessment of the presence and functioning of the internal control systems and for the first time at the latest in the context of the Consolidated Annual Activity Report (CAAR) 2018. This assessment shall be based on the methodology defined in Annex 2.

#### **Article 4**

##### **Role and responsibilities of the Responsible Authorising Officers**

- 4.1 RAOs are responsible for assisting the ED in devising and putting in place procedures and systems for:
- evaluating risks deriving from the management environment and the nature of operations;
  - management and internal control which comply with the Internal Control Framework adopted by EASO.
- 4.2 RAOs are expected to take an active role in the annual self-assessment of the internal control system within the Agency and are to promote an internal control culture among their teams.

#### **Article 5**

##### **Roles and responsibilities of the *Internal Control Coordinator***

- 5.1 The Internal Control Coordinator (ICC) is responsible for the coordination of internal control and risk management and supports the ED in overseeing and monitoring the implementation of internal control within EASO. The ICC:
- Acts as a technical coach for the actors involved in the Risk Management process and Internal Control.
  - Promotes Internal Control awareness within EASO and organises additional training if needed.
  - Provides advice on the organisation's Internal Control structure and Risk Management process.
  - Coordinates the set up and implementation of internal control monitoring criteria.
  - Coordinates the internal control self-assessment exercises and ex-post controls.
  - Coordinates the preparation of CAAR part related to Internal Control. In this context, (s)he signs a declaration taking responsibility for the completeness and reliability of management information reporting in line with the Internal Control Framework.
  - Coordinates and monitors relevant action plans (ECA, IAS and OLAF recommendations) and the central risk register.
  - Acts as the contact point for Central Services for matters concerning Internal Control and Risk Management.
  - Acts as the contact point for the implementation of the strategy of structured dialogue with ECA and IAS.
  - Participates in the meetings of the Internal Control Network.
  - Monitors the strategy and results of controls (both financial and non-financial).
  - Adapts the materials received from central services to the specific needs of EASO.



- Monitoring of the Register of Exceptions (Internal Control Principle 12).

## **Article 6**

### **Role and responsibilities of the Finance and Procurement Unit (FPU)**

- 6.1 The FPU Liaise with the ICC on internal control, including but not limited to the implementation and annual assessment of internal control system and exceptions management;
- 6.2 The FPU, in their capacity as EASO's central finance services, support the ICC when providing guidance and training to EASO staff members on Internal Control for the dissemination of best practices across all levels of the Agency;
- 6.3 Ex-ante controls are to be carried out by the FPU to ascertain that the principle of sound financial management is applied. These controls include the assessment of the functioning of the internal control systems in order to report to the ICC of any internal control weakness identified and/or decisions contrary to the internal control principles or to professional rules. Ex-ante controllers should have timely access to the information, documents and IT systems which are necessary to the achievement of their tasks;
- 6.4 Financial Verifying Function should support the ICC to ensure that the internal control objectives defined in Article 30 (2) "Internal Control of Budget Implementation" of the EASO Financial Regulation are met;
- 6.5 Staff responsible for financial verification should have a sufficient knowledge of the overall organisational structure and the internal control systems to understand their role, including the risks that the controls are intended to mitigate, the operations which must be controlled and the depth of the controls required for each of them.

## **Article 7**

### **Annexes**

- 7.1 All Annexes form an integral part of this Decision.


**Article 8**  
**Decision repealed**

- 8.1 Decision No 34 of the Management Board of EASO of 27 November 2017 is repealed and replaced by this Decision.

**Article 9**  
**Enter into force**

- 9.1 This Decision shall enter into force on the date of its adoption by the Management Board.

*Vienne*  
Done in ~~Valletta~~ on 21 December 2018



For the Management Board  
Mag. Wolfgang Taugher  
Chair of the EASO Management Board



## Annex 1: The components, principles and characteristics of EASO Internal Control Framework

<b>CONTROL ENVIRONMENT</b>	<ol style="list-style-type: none"> <li>1. Demonstrates commitment to integrity and ethical values</li> <li>2. Exercises oversight responsibility</li> <li>3. Establishes structure, authority and responsibility</li> <li>4. Demonstrates commitment to competence</li> <li>5. Enforces accountability</li> </ol>
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The control environment is the set of standards of conduct, processes, and structures that provide the basis for carrying out internal control across an organisation. The Management Board and Senior Management set the tone at the top for the importance of internal control, including expected standards of conduct.

### Principle 1: The Agency demonstrates a commitment to integrity and ethical values.

#### Characteristics:

- 1.1. Tone at the top.** The Management Board, the Executive Director and all management levels respect integrity and ethical values in their instructions, actions and behavior.
- 1.2. Standards of conduct.** The Agency's expectations on integrity and ethical values are set out by analogy to those standards of conduct of the Commission and are understood at all levels of the organisation, as well as by entrusted bodies, outsourced service providers and beneficiaries.
- 1.3. Alignment with standards.** Processes are in place to assess whether individuals and departments are aligned by analogy with the Commission's expected standards of conduct and to address deviations in a timely manner.

### Principle 2: The Management Board demonstrates independence from management and exercises oversight of the development and performance of internal control.

#### Characteristics:

- 2.1 The Management Board oversees the Agency's governance, risk management and internal control practices and takes overall political responsibility for management carried out by the Executive Director.** This happens through the use of appropriate working arrangements and communication channels.

- 2.2** *Executive Director oversees the internal control systems and oversees the development and performance of internal control. The Executive Director is supported in this task by the Internal Control Coordinator and other Responsible Authorising Officers (as relevant).*
- 2.3** *In his/her capacity as Authorising Officer, the Executive Director provides a Declaration of Assurance on the appropriate allocation of resources and their use for their intended purpose and in accordance with the principles of sound financial management, as well as on the adequacy of the control procedures in place (see Annex 3).*
- 2.4** *The Internal Control Coordinator and/or the Responsible Authorising Officers responsible for risk management and coordination of internal control<sup>2</sup> plays a key role by coordinating the preparation of their Executive Director's Annual Activity Report. In this context, they sign a declaration taking responsibility for the completeness and reliability of management reporting (see Annex 4). This declaration covers both the state of internal control within the Agency and the robustness of reporting on operational performance. However, responsibility for achieving operational objectives remains with the relevant Heads of Department and the Executive Director.*

**Principle 3: Management establishes, with political oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.**

Characteristics:

- 3.1** *Management structures are comprehensive. The design and implementation of management and supervision structures cover all policies, programmes and activities. In particular, for spending programmes, they cover all management modes, expenditure types, delivery mechanisms and entities in charge of budget implementation to support the achievement of policy, operational and control objectives.*
- 3.2** *Authorities and responsibilities. The Executive Director, as appropriate, delegates authority and uses appropriate processes and technology to assign responsibility and segregate duties as necessary at the various levels of the Agency.*
- 3.3** *Reporting lines. The Executive Director designs and evaluates reporting lines within departments and with entrusted entities to enable the execution of authority, fulfilment of responsibilities, and flow of information.*

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<sup>2</sup> Taking account of the specificities of the Agency and its change environment, this function may be set at a different function or management level (Head of Department / Head of Unit) and/or supported by different functions. In line with the organisational structure of the Agency, this responsibility may be entrusted to two distinct members of the organisation, each covering one of the two sections of the Annual Activity Report. In this case, each of them signs a separate declaration covering their scope of responsibility.



**Principle 4: The agency demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.**

Characteristics:

- 4.1 Competence framework.** The Executive Director defines the competences necessary to support the achievement of objectives and regularly evaluates them across the agency, taking action to address shortcomings where necessary.
- 4.2 Professional development.** The Executive Director provides the training and coaching needed to attract, develop, and retain a sufficient number of competent staff.
- 4.3 Mobility.** The Executive Director promotes and plans staff mobility so as to strike the right balance between continuity and renewal.
- 4.4 Succession planning and deputizing arrangements** for operational activities and financial transactions are in place to ensure continuity of operations.

**Principle 5: The Agency holds individuals accountable for their internal control responsibilities in the pursuit of objectives.**

Characteristics:

- 5.1 Enforcing accountability.** The Agency defines clear roles and responsibilities and holds individuals and entrusted entities accountable for the performance of internal control responsibilities across the organisation and for the implementation of corrective action as necessary.
- 5.2 Staff appraisal.** Staff efficiency, abilities and conduct in the service are assessed annually against expected standards of conduct and set objectives. Cases of underperformance are appropriately addressed.
- 5.3 Staff promotion.** Promotion is decided after consideration of the comparative merits of eligible staff taking into account, in particular, their appraisal reports.



<b>RISK ASSESSMENT</b>	6. Specifies suitable objectives 7. Identifies and analyses risk 8. Assesses fraud risk 9. Identifies and analyses significant change
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*Risk assessment is a dynamic and iterative process for identifying and assessing risks which could affect the achievement of objectives, and for determining how such risks should be managed.*

**Principle 6: The Agency specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.**

Characteristics:

- 6.1 Mission.** *The Agency, its departments and units/sectors have up-to-date mission statements that are aligned across all hierarchical levels, down to the tasks and objectives assigned to individual staff members. Mission statements are aligned with the Agency's responsibilities under the Treaties and the policy objectives set in the legal base.*
- 6.2 Objectives are set at every level.** *The Agency's objectives are clearly set and updated when necessary (e.g. significant changes in priorities, activities and/or the organigram). They are consistently filtered down from the top to the various levels of the organisation, and are communicated and understood by management and staff.*
- 6.3 Objectives are set for the most significant activities.** *Objectives<sup>3</sup> and indicators<sup>4</sup> cover the Agency's most significant activities contributing to the delivery of the Agency's priorities relating to the core business, as well as operational management.*
- 6.4 Objectives form the basis for committing resources.** *Management uses the objectives set as a basis for allocating available resources as needed to achieve policy, operational and financial performance goals.*
- 6.5 Financial reporting objectives.** *Financial reporting objectives are consistent with the accounting principles applicable to the Agency.*
- 6.6 Non-financial reporting objectives.** *Non-financial reporting provides management with accurate and complete information needed to manage the organisation at Agency, department and unit level.*
- 6.7 Risk tolerance and materiality.** *When setting objectives, management defines the acceptable levels of variation relative to their achievement (tolerance for risk) as well as the appropriate level of materiality for reporting purposes, taking into account cost effectiveness.*
- 6.8 Monitoring.** *Setting objectives and performance indicators make it possible to monitor progress towards their achievement.*

<sup>3</sup> Objectives must be SMART (specific, measurable, achievable, relevant and time-framed)

<sup>4</sup> Indicators must be RACER (relevant, accepted, credible, easy to monitor and robust)

**Principle 7: The Agency identifies risks to the achievement of its objectives across the organisation and analyses risks as a basis for determining how the risks should be managed.**

Characteristics:

- 7.1 Risk identification.** The Executive Director identifies and assesses risks at the various organisational levels (Departments, Units, Sectors) and those related to entrusted entities, analysing internal and external factors. Management and staff are involved in the process at the appropriate level.
- 7.2 Risk assessment.** The Executive Director estimates the significance of the risks identified and determines how to respond to significant risks considering how each one should be managed and whether to accept, avoid, reduce or share the risk. The intensity of mitigating controls is proportional to the significance of the risk.
- 7.3 Risk identification and risk assessment** are integrated into the Annual Work Programme and are regularly monitored.

**Principle 8: The Agency considers the potential for fraud in assessing risks to the achievement of objectives.**

Characteristics:

- 8.1 Risk of fraud.** The risk identification and assessment procedures (see principle 7) consider possible incentives, pressures, opportunities and attitudes which may lead to any type of fraud, notably fraudulent reporting, loss of assets, disclosure of sensitive information and corruption.
- 8.2 Anti-fraud strategy.** The Agency as a whole and each Department/Unit/Sector set up and implement measures to counter fraud and any illegal activities affecting the financial interests of the EU. They do this by putting in place a sound anti-fraud strategy to improve the prevention, detection and conditions for investigating fraud, and to set out reparation and deterrence measures, with proportionate and dissuasive sanctions.

**Principle 9: The Agency identifies and assesses changes that could significantly impact the internal control system.**

Characteristics:

- 9.1 Assess changes.** The risk identification process considers changes in the internal and external environment, in policies and operational priorities, as well as in management's attitude towards the internal control system.





<b>CONTROL ACTIVITIES</b>	<i>10. Selects and develops control activities</i> <i>11. Selects and develops general control over technology</i> <i>12. Deploys through policies and procedures</i>
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**Control activities** ensure the mitigation of risks related to the achievement of policy, operational and internal control objectives. They are performed at all levels of the organisation, at various stages of business processes, and across the technology environment. They may be preventive or detective and encompass a range of manual and automated activities as well as segregation of duties.

**Principle 10: The Agency selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.**

Characteristics:

- 10.1 Control activities are performed to mitigate the identified risks and are cost-effective.** They are tailored to the specific activities and risks of each of the Agency's Department/Unit/Sector and their intensity is proportional to the underlying risks.
- 10.2 Control activities are integrated in a control strategy.** The control strategy includes a variety of checks, including supervision arrangements, and where appropriate, should include a balance of approaches to mitigate risks, considering manual and automated controls, and preventive and detective controls.
- 10.3 Segregation of duties.** When putting in place control measures, management considers whether duties are correctly divided between staff members to reduce risks of error and inappropriate or fraudulent actions.
- 10.4 Business continuity plans based on a business impact analysis following corporate guidance are in place, up-to-date and used by trained staff** to ensure that the Agency is able to continue working to the extent possible in case of a major disruption. Where necessary, business continuity plans must include coordinated and agreed disaster recovery plans for time-sensitive supporting infrastructure (e.g. IT systems).

**Principle 11: The Agency selects and develops general control activities over technology to support the achievement of objectives.**

Characteristics:

- 11.1 Control over technology.** In order to ensure that technology used in business processes, including automated controls, is reliable, and taking into account the overall corporate processes, the Executive Director selects and develops control activities over the acquisition, development and maintenance of technology and related infrastructure.
- 11.2 Security of IT systems.** Executive Director applies appropriate controls to ensure the security of the IT systems of which s/he the system owners. S/he does so in accordance with the IT security governance principles, in particular as regards data protection, professional secrecy, availability, confidentiality and integrity.



***Principle 12: The Agency deploys control activities through corporate policies that establish what is expected and in procedures that put policies into action.***

**Characteristics:**

- 12.1 Appropriate control procedures ensure that objectives are achieved.** *The control procedures assign responsibility for control activities to the department or individual responsible for the risk in question. The staff member(s) put in charge perform the control activities in a timely manner and with due diligence, taking corrective action where needed. Management periodically reassesses the control procedures to ensure that they remain relevant.*
- 12.2 Exception reporting** *is one of the management tools used to draw conclusions about the effectiveness of internal control and/or the changes needed in the internal control system. A system is in place to ensure that all instances of overriding controls or deviations from established processes and procedures are documented in exception reports (ex-ante) or non-compliance (ex-post). All instances of ex-ante overriding controls or deviations must be justified and approved before action is taken, and logged centrally.*
- 12.3 The impact assessment and evaluation** *of expenditure programmes and activities, legislation and other non-spending activities are performed by analogy in accordance with the guiding principles of the Commission's better regulation guidelines, to assess the performance of EU interventions and analyses options and related impacts on new initiatives.*

<b><u>INFORMATION AND COMMUNICATION</u></b>	13. <i>Uses relevant information</i> 14. <i>Communicates internally</i> 15. <i>Communicates externally</i>
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*Information* is necessary for the organisation to carry out internal control and support the achievement of objectives. *External communication* provides the public and stakeholders with information on the Agency's policy objectives and actions. *Internal communication* provides staff with the information it needs to achieve its objectives and to carry out day-to-day controls.

**Principle 13: The Agency obtains or generates and uses relevant quality information to support the functioning of internal control.**

Characteristics:

**13.1 Information and document management.** Executive Director identifies the information required to support the functioning of the internal control system and the achievement of Agency's objectives. Information systems process relevant data, captured from both internal and external sources, to obtain the required and expected quality information, in compliance with applicable security, document management and data protection rules. This information is produced in a timely manner, and is reliable, current, accurate, complete, accessible, protected, verifiable, filed and preserved. It is shared within the organisation in line with prevailing guidelines.

**Principle 14: The Agency internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.**

Characteristics:

**14.1 Internal communication.** The Agency and the Executive Director communicate internally about their objectives, challenges, actions taken and results achieved, including but not limited to the objectives and responsibilities of internal control.

**14.2 Separate communication lines,** such as whistleblowing hotlines, are in place at Agency level and in line with Commission guidance (and Commission communications), to ensure information flow when normal channels are ineffective.

**Principle 15: The Agency communicates with external parties about matters affecting the functioning of internal control.**

Characteristics:

**15.1 External communication:** The Agency ensures that the external communication is consistent, relevant to the audience being targeted, and cost-effective. The Agency establishes clear responsibilities to align Agency communication activities with the Agency's political priorities and narrative of the institution.

**15.2 Communication on internal control.** The Agency communicates with external parties on the functioning of the components of internal control. Relevant and timely information is communicated externally, taking into account the timing, audience, and nature of the communication, as well as legal, regulatory, and fiduciary requirements.



## **MONITORING ACTIVITIES**

- 16. Conducts ongoing and/or separate assessments
- 17. Assesses and communicates deficiencies

Continuous and specific assessments are used to ascertain whether each of the five components of internal control is present and functioning. Continuous assessments, built into business processes at different levels of the organisation, provide timely information on any deficiencies. Findings are assessed and deficiencies are communicated and corrected in a timely manner, with serious matters reported as appropriate.

**Principle 16: The Agency selects, develops, and performs ongoing and/or separate assessments to ascertain whether the components of internal control are present and functioning.**

### Characteristics:

- 16.1 Continuous and specific assessments.** The Executive Director continuously monitors the performance of the internal control system with tools that make it possible to identify internal control deficiencies, register and assess the results of controls, and control deviations and exceptions. In addition, when necessary, the Executive Director carries out specific assessments, taking into account changes in the control environment. Ongoing assessments are built into business processes and adjusted to changing conditions. Both kinds of assessment must be based on the general principles set out in Annex 2.
- 16.2 Sufficient knowledge and information.** Staff performing ongoing or separate assessments has sufficient knowledge and information to do this, specifically on the scope and completeness of the results of controls, control deviations and exceptions.
- 16.3 Risk-based and periodical assessments.** The Agency varies the scope and frequency of specific assessments depending on the identified risks. Specific assessments are performed periodically to provide objective feedback.

**Principle 17: The Agency assesses and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including the Management Board and senior management, as appropriate.**

### Characteristics:

- 17.1 Deficiencies.** With the support of the Internal Control Coordinator and other Responsible Authorising Officers (as relevant) in charge of risk management and internal control, the Executive Director considers the results of the assessments of how the internal control system is functioning within the Agency. Deficiencies are communicated to management and to the departments responsible for taking corrective action. They are reported in the Consolidated Annual Activity Report and to the Management Board and senior management, as appropriate.

**The term 'internal control deficiency'** means a shortcoming in a component or components and relevant principle(s) that reduces the likelihood of the Agency achieving its objectives. There is a major deficiency in the internal control system if management determines that a component and one or more relevant principles and its characteristics are not present or functioning or that components are not working together. When a major deficiency exists, the Executive Director



*cannot conclude that it has met the requirements of an effective system of internal control. To classify the severity of internal control deficiencies, management has to use judgment based on relevant criteria contained in regulations, rules or external standards. The Agency communicates internal control deficiencies in a timely manner to the Management Board.*

- 17.2 Remedial action.** *Corrective action is taken in a timely manner by the staff member(s) in charge of the processes concerned, under the supervision of their management. With the support of the Internal Control Coordinator in charge of risk management and internal control, the Executive Director monitors and takes responsibility for the timely implementation of corrective action.*

## **Annex 2 — General principles for the assessment of internal control**

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*A system of internal control allows management to stay focused on the Agency's pursuit of its operational and financial objectives. In addition, the Financial Regulation requires that the budget must be implemented in compliance with effective and efficient internal control.*

*The Executive Director, supported by the Internal Control Coordinator must be able to demonstrate not only that he/she has put controls in place but also that these controls take account of the risks involved and that they work as intended.*

*Internal control principle 16 states that the Executive Director must carry out continuous and specific assessments to ascertain whether the internal control systems and their components are present and functioning. They must carry out an overall assessment of the presence and functioning of all internal control components at least once a year.*

*Internal control principle 17 states that the Agency must assess and communicate internal control deficiencies in a timely manner to senior management and the Management Board, as appropriate.*

*Even though the principles and their characteristics are straightforward, their implementation in practice, and therefore the assessment of their implementation, can vary.*

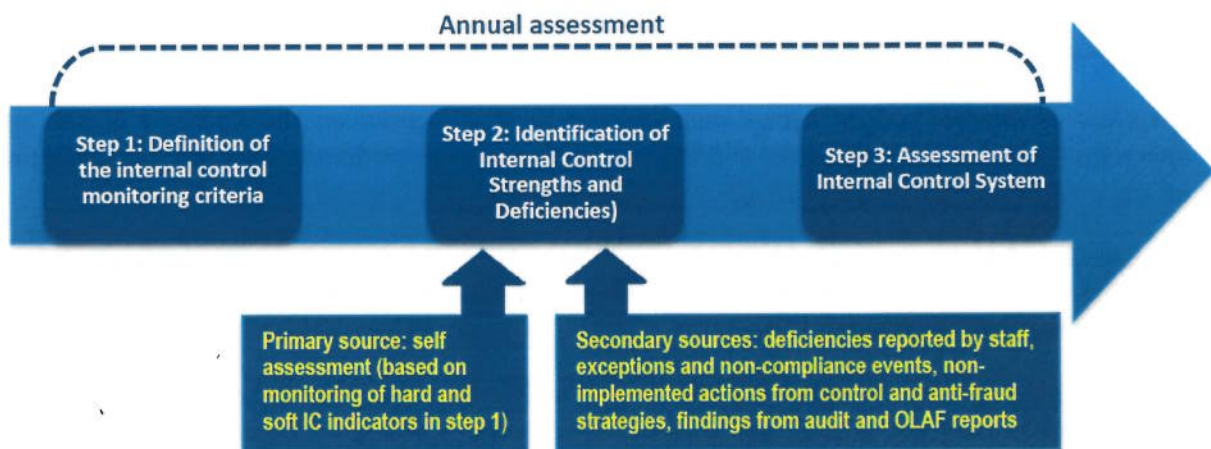
*Therefore, before assessing its internal control system, the Executive Director, with the collaboration of the Internal Control Coordinator and Responsible Authorising Officers, must set and document its own baseline for each principle, as best adapted to the Agency's specificities and risk environment. This should be done through an Executive Director Decision. The adaptation of baselines by the Executive Director must nevertheless observe the mandatory provisions defined at Agency level and particularly those on the Financial Regulation and Staff Regulations. These baselines are a starting point for effective internal control, from which regular monitoring and specific assessments can be implemented.*

*The baselines should be expressed in terms of relevant and pertinent quantitative and qualitative indicators. Where possible, these indicators should be quantitative.*

*Since the principles are interdependent, sometimes it is impossible to fully quantify the effective implementation of each individual principle other than through generic qualitative indicators. Nonetheless, effective implementation can be assessed based on a variety of sources of evidence (e.g. process reviews, register of exceptions, reporting of internal control weaknesses, management supervision and ad-hoc verification, financial verification and ex-post controls, surveys and interviews, management self-assessments, audit reports, stakeholder feedback). The baselines may be adapted in subsequent years in order to make sure monitoring activities remain appropriate and up-to-date.*

*The assessment of whether the internal control system reduces the risk of not achieving an objective to an acceptable level should follow three logical steps, leading to the identification of internal control deficiencies at the level of each principle as shown in the graph below:*





To ensure the consistent and effective assessment of the internal control system in the Agency, the Internal Control Coordinator and Responsible Authorising Officers, as relevant, will regularly share best practices. In this context, the Internal Control Coordinator will exchange views for defining ex-ante assessment criteria for the principles and characteristics, with the input of those Responsible Authorising Officers and Units most qualified and experienced in particular areas. The following three steps need to be followed to define the assessment criteria:

- a) Setting of baselines at the beginning of the year (where you are now);
- b) Define the indicators to overall assess performance of the principles and characteristics;
- c) Set out the targets we expect to reach by the end of the year (where we want to be) so that we can benchmark with the pre-defined baselines.

Therefore, EASO shall define, as soon as possible, the monitoring criteria (baselines, indicators and targets) for each principle and characteristic. To this end EASO will follow the detailed guidelines provided by DG BUDG and particularly the Internal Control Framework of the Commission Implementation Guide<sup>5</sup>.

In the meantime, the internal control assessment for 2018 will be based on compliance of the characteristics and the starting point to define the monitoring criteria for the internal control self-assessment in 2019.

As minimum, the following information should be included in the Consolidated Annual Activity Report by the Authorising Officer when reporting on the compliance and effectiveness of the Internal Control Standards:

- Methodology applied for assessment of the compliance and effectiveness of the minimum standards (principles and characteristics).

<sup>5</sup> Ref. Ares(2017)3293999 - 30/06/2017

[https://myintracomm.ec.testa.eu/budgweb/EN/man/icrm/Documents/icf\\_implementation\\_guide.pdf](https://myintracomm.ec.testa.eu/budgweb/EN/man/icrm/Documents/icf_implementation_guide.pdf)



- *Information on the minimum standards (principles and characteristics) with which the agency does not comply yet (fully or partially), the reasons for this and the planned actions to address the situation, including target dates;*
- *Information on the minimum standards with which the agency is considered fully compliant, efficient and effective.*
- *Information on how effectively the minimum standards for reporting year are implemented against the pre-defined monitoring criteria (baselines, targets & indicators).*
- *Conclusions as to the overall appreciation of the effectiveness of the internal control system and whether applicable the impact on the declaration of assurance.*



### ***Annex 3: Declaration of Assurance by the Authorising Officer***

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*I, the undersigned,*

*Executive Director of EASO*

*In my capacity as Authorising Officer for the operating and administrative of the budget of EASO, I declare that the information contained in this report gives a true and fair view.<sup>6</sup>*

*I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.*

*This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, [the work of the Internal Audit Service — delete this if not applicable] [and the lessons learned from the reports of the Court of Auditors — delete this if not applicable] for years prior to the year of this declaration.*

*I confirm that I am not aware of anything not reported here which could harm the interests of EASO.*

*[However the following reservations should be noted: .....] (delete this sentence if not applicable)*

*Place ....., date .....*

*.....*

*(signature)*

*[Name of the ED]*

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<sup>6</sup> True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG/Executive Agency.





**Annex 4: Declarations on the completeness and reliability of management report**

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**[a] Declaration by the Internal Control Coordinator in charge of risk management and internal control**

*I, the undersigned,*

*In my capacity as [Internal Control Coordinator] in charge of risk management and internal control, I declare that in accordance with Decision N° 40 of the Management Board of EASO of 21 December 2018 on the Internal Control Framework, I have reported my advice and recommendations on the overall state of internal control to the Executive Director.*

*I hereby certify that the information provided in Section 2 of the present Consolidated Annual Activity Report and in its annexes is, to the best of my knowledge, accurate and complete.'*

*Place ....., date .....*

.....

*(signature)*

*[Name Surname and capacity]*

**[b] Declaration by the Head of Department/Unit taking responsibility for the completeness and reliability of management reporting on results and on the achievement of objectives:**

*I, the undersigned,*

*In my capacity as [Head of Department or Unit - delete as applicable] taking responsibility for the completeness and reliability of management reporting on results and on the achievement of objectives, hereby certify that the information provided in Section 1 of the present Annual Activity Report and in its annexes is, to the best of my knowledge, accurate and complete.*

*Place ....., date .....*

.....

*(signature)*

*[Name Surname and capacity]*

