



EUROPEAN
COURT
OF AUDITORS

Report on the annual accounts
of the European Union's Judicial Cooperation Unit
for the financial year 2015

together with Eurojust's reply

INTRODUCTION

1. The European Union’s Judicial Cooperation Unit (hereinafter “Eurojust”), which is located in The Hague, was set up by Council Decision 2002/187/JHA¹ with a view to stepping up the fight against serious organised crime. Its objective is to improve the coordination of cross-border investigations and prosecutions between the Member States of the European Union, and between Member States and non-Member States.

2. **Table 1** presents key figures for Eurojust².

TABLE 1: KEY FIGURES FOR EUROJUST

| | 2014 | 2015 |
|--|-------------|-------------|
| Budget (million euro) | 34 | 34 |
| Total staff as at 31 December ³ | 252 | 246 |

Source: data provided by Eurojust.

INFORMATION IN SUPPORT OF THE STATEMENT OF ASSURANCE

3. The audit approach taken by the Court comprises analytical audit procedures, direct testing of transactions and an assessment of key controls of Eurojust’s supervisory and control systems. This is supplemented by evidence provided by the work of other auditors and an analysis of management representations.

STATEMENT OF ASSURANCE

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

¹ OJ L 63, 6.3.2002, p. 1.

² More information on Eurojust’s competences and activities is available on its website: www.eurojust.europa.eu.

³ Staff includes officials, temporary and contract staff and seconded national experts.

- (a) the annual accounts of Eurojust, which comprise the financial statements⁴ and the reports on the implementation of the budget⁵ for the financial year ended 31 December 2015, and
- (b) the legality and regularity of the transactions underlying those accounts.

The management's responsibility

5. The management is responsible for the preparation and fair presentation of the annual accounts of Eurojust and the legality and regularity of the underlying transactions⁶:

- (a) The management's responsibilities in respect of Eurojust's annual accounts include designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies on the basis of the accounting rules adopted by the Commission's accounting officer⁷; making accounting estimates that are reasonable in the circumstances. The Administrative Director approves the annual accounts of Eurojust after its accounting officer has prepared them on the basis of all available information and established a note to accompany the accounts in which he declares, inter alia, that he has reasonable assurance that they present a true and fair view of the financial position of Eurojust in all material respects.
- (b) The management's responsibilities in respect of the legality and regularity of the underlying transactions and compliance with the principle of sound financial management consist of designing, implementing and maintaining an effective and efficient internal control system

⁴ These include the balance sheet and the statement of financial performance, the cash flow table, the statement of changes in net assets and a summary of the significant accounting policies and other explanatory notes.

⁵ These comprise the budgetary outturn account and the annex to the budgetary outturn account.

⁶ Articles 39 and 50 of Commission Delegated Regulation (EU) No 1271/2013 (OJ L 328, 7.12.2013, p. 42).

⁷ The accounting rules adopted by the Commission's accounting officer are derived from the International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants or, where relevant, the International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

comprising adequate supervision and appropriate measures to prevent irregularities and fraud and, if necessary, legal proceedings to recover funds wrongly paid or used.

The auditor's responsibility

6. The Court's responsibility is, on the basis of its audit, to provide the European Parliament and the Council⁸ with a statement of assurance as to the reliability of the annual accounts and the legality and regularity of the underlying transactions. The Court conducts its audit in accordance with the IFAC International Standards on Auditing and Codes of Ethics and the INTOSAI International Standards of Supreme Audit Institutions. These standards require the Court to plan and perform the audit to obtain reasonable assurance as to whether the annual accounts of Eurojust are free from material misstatement and the transactions underlying them are legal and regular.

7. The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts and the legality and regularity of the underlying transactions. The procedures selected depend on the auditor's judgement, which is based on an assessment of the risks of material misstatement of the accounts and material non-compliance by the underlying transactions with the requirements in the legal framework of the European Union, whether due to fraud or error. In assessing these risks, the auditor considers any internal controls relevant to the preparation and fair presentation of the accounts, as well as the supervisory and control systems that are implemented to ensure the legality and regularity of underlying transactions, and designs audit procedures that are appropriate in the circumstances. The audit also entails evaluating the appropriateness of accounting policies, the reasonableness of accounting estimates and the overall presentation of the accounts. In preparing this report and Statement of Assurance, the Court considered the audit work of the independent external auditor performed on the Eurojust's accounts as stipulated in Article 208 (4) of the EU Financial Regulation⁹.

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

⁸ Article 107 of Regulation (EU) No 1271/2013.

⁹ Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council (OJ L 298, 26.10.2012, p. 1).

Opinion on the reliability of the accounts

9. In the Court's opinion, Eurojust's annual accounts present fairly, in all material respects, its financial position as at 31 December 2015 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer.

Opinion on the legality and regularity of the transactions underlying the accounts

10. In the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2015 are legal and regular in all material respects.

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

COMMENTS ON BUDGETARY MANAGEMENT

12. The level of committed appropriations carried over is high for Title II (administrative expenditure) at 1,6 million euro, i.e. 21 % (2014: 1,5 million euro or 20 %). These carry-overs are mainly related to specific contracts for security and hospitality services (0,3 million euro) and for ICT projects, hardware and maintenance (0,6 million euro) as well as consultancy and project costs for the new premises (0,3 million euro), whereby 0,5 million euro were committed late in the year, mostly for services to be provided in 2016.

FOLLOW-UP OF PREVIOUS YEARS' COMMENTS

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

This Report was adopted by Chamber IV, headed by Mr Baudilio TOMÉ MUGURUZA,
Member of the Court of Auditors, in Luxembourg at its meeting of 13 September 2016.

For the Court of Auditors

Vítor Manuel da SILVA CALDEIRA

President

Follow-up of previous years' comments

| Year | Court's comment | Status of corrective action (Completed / Ongoing / Outstanding / N/A) |
|-------------|--|--|
| 2011 | In the report for the financial year 2010, the Court noted that there was scope to reconsider the definition of respective roles and responsibilities between the Director and the College of Eurojust in order to avoid the overlap of responsibilities, currently resulting from the Founding Regulation. No corrective measures were taken in 2011 ¹ . | Ongoing |
| 2014 | The financial impact of salary adjustments and of the increase in the correction coefficient of the previous and the current years, both decided by the budgetary authorities in April 2014, were not included in the initial budget for the year 2014. The shortfall in salary budget of some 1,8 million euro ² required temporary cut-backs on operational expenditure, mainly for data processing and information management projects, as well as substantial transfers from administrative and operating budget lines at the year-end. At the end of November 2014, the shortfall was partly balanced by an amended budget providing additional 1,2 million euro ³ to the agency and commitments were made to catch up with the implementation of the projects. | Ongoing |
| 2014 | The overall level of committed appropriations was high at 99 %. However, for title III (operating expenditure) the level of committed appropriations carried over to 2015 was high at 2,6 million euro, i.e. 35 % (2013: 2,3 million euro, i.e. 32 %). This mainly resulted from the temporary budget shortfall during the year where commitments could only be made late in the year (see paragraph 11) and from granting projects for "Joint Investigation Teams" launched during the last months of 2014 for which payments were not due until 2015. | N/A |

¹ The new Eurojust Regulation is still under consideration by the legislator.

² 2015: 1,7 million euro

³ September 2015: 0,8 million euro

EUROJUST’S REPLY

13. Eurojust accepts the fact that carry-overs to 2016 for title II are relatively high, however refers to the explanations provided by the Court. Eurojust remains vigilant to avoid any unjustified carry-overs, which are not the direct result of the ongoing security requirements and operational expenses.