



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 4 December 2012

16795/12

FIN 927

COVER NOTE

from:	Mr Vítor CALDEIRA, President of the Court of Auditors
date of receipt:	13 November 2012
to:	Mrs Erato KOZAKOU-MARCOULLIS, President of the Council of the European Union

Subject:	Report on the annual accounts of the European Institute for Gender Equality for the financial year 2011 together with the Institute's replies
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Madam,

I enclose in all the official languages of the European Union a copy of the Court of Auditors' report on the annual accounts of the European Institute for Gender Equality for the financial year 2011.

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

(Complimentary close).

(s.) Vítor CALDEIRA

Encl.: Report on the annual accounts of the European Institute for Gender Equality for the financial year 2011 together with the Institute's replies.

ЕВРОПЕЙСКА СМЕТНА ПАЛАТА
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EVROPSKÝ ÚČETNÍ DVŮR
DEN EUROPÆISKE REVISIONSRET
EUROPÄISCHER RECHNUNGSHOF
EUROOPA KONTROLLIKODA
ΕΥΡΩΠΑΪΚΟ ΕΛΕΓΚΤΙΚΟ ΣΥΝΕΔΡΙΟ
EUROPEAN COURT OF AUDITORS
COUR DES COMPTES EUROPÉENNE
CÚIRT INIÚCHÓIRÍ NA HEORPA



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EUROPEISKA REVISIONSRÄTTEN

Report on the annual accounts
of the European Institute for Gender Equality
for the financial year 2011

together with the Institute's replies

INTRODUCTION

1. The European Institute for Gender Equality (hereinafter "the Institute"), which is located in Vilnius, was established by Regulation (EC) No 1922/2006 of the European Parliament and of the Council of 20 December 2006¹. The Institute's task is to collect, analyse and disseminate information as regards gender equality and to develop, analyse, evaluate and disseminate methodological tools in order to support the integration of gender equality into all Union policies and the resulting national policies². The Institute became fully autonomous in 2010.

INFORMATION IN SUPPORT OF THE STATEMENT OF ASSURANCE

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

STATEMENT OF ASSURANCE

3. Pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union, the Court has audited the annual accounts³ of the Institute, which comprise the "financial statements"⁴ and the "reports on the

¹ OJ L 403, 30.12.2006, p. 9.

² The ***Annex*** summarises the Institute's competences and activities. It is presented for information purposes.

³ These accounts are accompanied by a report on the budgetary and financial management during the year which gives further information on budget implementation and management.

⁴ The financial statements include the balance sheet and the economic outturn account, the cash-flow table, the statement of changes in net assets and a summary of the significant accounting policies and other explanatory notes.

implementation of the budget”⁵ for the financial year ended 31 December 2011, and the legality and regularity of the transactions underlying those accounts.

The Management’s responsibility

4. As authorising officer, the Director implements the revenue and expenditure of the budget in accordance with the financial rules of the Institute, under his own responsibility and within the limits of the authorised appropriations⁶. The Director is responsible for putting in place⁷ the organisational structure and the internal management and control systems and procedures relevant for drawing up final accounts⁸ that are free from material misstatement, whether due to fraud or error, and for ensuring that the transactions underlying those accounts are legal and regular.

The Auditor’s responsibility

5. The Court’s responsibility is to provide, on the basis of its audit, the European Parliament and the Council⁹ with a statement of assurance as to the reliability of the annual accounts of the Institute and the legality and regularity of the transactions underlying them.

6. The Court conducted its audit in accordance with the IFAC International Standards on Auditing and Codes of Ethics and the INTOSAI International

⁵ The budget implementation reports comprise the budget outturn account and its annex.

⁶ Article 33 of Commission Regulation (EC, Euratom) No 2343/2002 (OJ L 357, 31.12.2002, p. 72).

⁷ Article 38 of Regulation (EC, Euratom) No 2343/2002.

⁸ The rules concerning the presentation of the accounts and accounting by the Agencies are laid down in Chapters 1 and 2 of Title VII of Regulation (EC, Euratom) No 2343/2002 as last amended by Regulation (EC, Euratom) No 652/2008 (OJ L 181, 10.7.2008, p. 23) and are integrated as such in the Financial Regulation of the Institute.

⁹ Article 185(2) of Council Regulation (EC, Euratom) No 1605/2002.

Standards of Supreme Audit Institutions. These standards require that the Court plans and performs the audit to obtain reasonable assurance as to whether the annual accounts of the Institute are free of material misstatement and the transactions underlying them are legal and regular.

7. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts and the legality and regularity of the transactions underlying them. The procedures are selected based on the auditor's judgment, including an assessment of the risks of material misstatement of the accounts and of material non-compliance of the underlying transactions with the requirement of the legal framework of the European Union, whether due to fraud or error. In assessing those risks, the auditor considers internal controls relevant to the preparation and fair presentation of the accounts and supervisory and control systems implemented to ensure legality and regularity of underlying transactions, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made, as well as evaluating the overall presentation of the accounts.

8. The Court considers that the audit evidence obtained is sufficient and appropriate to provide a basis for the opinions set out below.

Opinion on the reliability of the accounts

9. In the Court's opinion, the Institute's Annual Accounts¹⁰ present fairly, in all material respects, its financial position as of 31 December 2011 and the results of its operations and its cash flows for the year then ended, in accordance with

¹⁰ The Final Annual Accounts were drawn up on 6 June 2012 and received by the Court on 13 June 2012. The Final Annual Accounts, consolidated with those of the Commission, are published in the Official Journal of the European Union by 15 November of the following year. These can be found on the following website <http://eca.europa.eu> or <http://www.eige.europa.eu/>.

the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer¹¹.

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

10. In the Court's opinion, the transactions underlying the annual accounts of the Institute for the financial year ended 31 December 2011 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 AND FINANCIAL MANAGEMENT

12. Total budgetary appropriations amounted to 7,5 million euro compared with 5,9 million euro the previous year. Budgetary commitments were made for an amount of 6,7 million euro. Appropriations carried over to 2012 amount to 3,3 million euro, 50 % of total commitments. This high level of carryover is at odds with the budgetary principle of annuality.

COMMENTS ON KEY CONTROLS OF THE INSTITUTE'S SUPERVISORY AND CONTROL SYSTEMS

13. The Court identified the need to improve the documentation of physical inventory taking for fixed assets and of the estimation of accrued charges.

14. The European Commission's Internal Audit Service carried out a "Limited review of the implementation of Internal Control Standards" at the Institute in December 2011. The Institute accepted the recommendations to finalise the

¹¹ The accounting rules adopted by the Commission's accounting officer are derived from International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants or, in their absence, International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

procedure for the implementation of the Internal Control Standards and management adopted an action plan to be implemented in 2012.

This Report was adopted by Chamber IV, headed by Dr Louis GALEA, Member of the Court of Auditors, in Luxembourg at its meeting of 11 September 2012.

For the Court of Auditors

Vítor Manuel da SILVA CALDEIRA
President

Annex**European Institute for Gender Equality (Vilnius)****Competences and activities**

Areas of Union competence deriving from the Treaty <i>(Articles 2 and 3 of the Treaty of the European Union)</i>	<p>The Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail.</p> <p>It shall combat social exclusion and discrimination, and shall promote social justice and protection, equality between women and men, solidarity between generations and protection of the rights of the child.</p>
Competences of the Institute <i>(Regulation (EC) No 1922/2006 of the European Parliament and of the Council)</i>	<p>Objectives</p> <p>To contribute to and strengthen the promotion of gender equality including gender mainstreaming in all Union policies and the resulting national policies, and the fight against discrimination based on sex, and to raise EU citizens' awareness of gender equality.</p> <p>Tasks</p> <ul style="list-style-type: none"> - Collect, analyse and disseminate relevant comparable and reliable information as regards gender equality; - develop methods to improve the objectivity, comparability and reliability of data at European level; - develop, analyse, evaluate and disseminate methodological tools in order to support the integration of gender equality into all Union policies and the resulting national policies and to support gender mainstreaming in all Union institutions and bodies; - carry out surveys on the situation in Europe as regards gender equality; - set up and coordinate a European Network on Gender Equality; - organise ad-hoc meetings of experts to support the Institute's research work; - in order to raise EU citizens' awareness of gender equality, organise, with relevant stakeholders, conferences, campaigns, meetings at EU-level, and present the findings and conclusions to the Commission; - disseminate information regarding positive examples of non-stereotypical roles for women and men in every walk of life, present its findings and initiatives designed to publicise and build on such success stories; - develop dialogue and cooperation with non-governmental and equal opportunities organisations, universities and experts, research centres, social partners; - set up documentation resources accessible to the public; - make information on gender mainstreaming available to public and private organisations; - provide information to the Union institutions on gender equality and gender mainstreaming as well as to accession and candidate countries.
Governance	<p>Management Board</p> <p><i>Composition</i></p> <p>Eighteen representatives appointed by the Council, on a proposal from each Member State and one member representing the Commission, appointed by the Commission on the basis of the highest standards of competence and a broad range of relevant and trans-disciplinary expertise in the area of gender equality. A balanced representation between men and women on the Management Board is strived for. The members appointed by the Council shall represent eighteen Member States in the order of the rotating Presidencies.</p> <p><i>Duties</i></p> <p>To adopt the annual and mid-term work programmes the budget and annual report. To adopt the internal rules of the Institute and rules of procedure of the Management Board.</p>

	<p>Experts' Forum</p> <p><i>Composition</i></p> <p>Members from competent bodies specialised in gender equality issues, one representative designated by each Member State, two members representing other relevant organisations specialised in gender equality issues designated by the European Parliament, three members designated by the Commission.</p> <p><i>Duties</i></p> <p>Supports the Director in ensuring the excellence and independence of activities of the Institute, constitutes a mechanism for an exchange of information in relation to gender equality issues and the pooling of knowledge, and ensures close cooperation between the Institute and competent bodies in the Member States.</p> <p>The Director is appointed by the Management Board on the basis of a list of candidates proposed by the Commission after an open competition.</p> <p><i>Duties</i></p> <p>Responsible for performance of the tasks referred to in Regulation (EC) No^o1922/2006, preparing and implementing the Institute's annual and medium-term programmes of activities; preparing the meetings of the Management Board and the Experts' Forum; preparing and publishing the annual report; all staff-related matters, matters of day-to-day administration; and the implementation of effective monitoring and evaluation procedures relating to the performance of the Institute.</p> <p>External audit</p> <p>The Court of Auditors.</p> <p>Internal control</p> <p>The Commission's Internal Audit Service.</p> <p>Discharge authority</p> <p>The European Parliament on a recommendation from the Council.</p>
Resources made available to the Institute in 2011 (2010)	<p>Final Budget</p> <p>7,5 (5,9) million euro of which the Union subsidy is 100% (100%)</p> <p>Staff as at 31 December 2011</p> <p>27 (25) foreseen in the establishment plan, of which occupied: 26 (23), 8 (4) other staff (contract agents, seconded national experts, trainee).</p> <p>Total staff</p> <p>35 (29), undertaking the following tasks</p> <ul style="list-style-type: none"> - Operational: 24 (18) - Administrative: 8 (8) - Mixed: 3 (3)
Products and services in 2011 (2010)	<p>Focal Areas: Comparable and reliable data and indicators on Gender equality; collecting and processing methods and practices for Gender equality work; Resource and Documentation Centre; Awareness-raising, Networking and Communication.</p> <p>Number of studies launched 6 (8)</p> <p>Number of contributions to Presidency countries 2 (2)</p> <p>Number of experts meetings and working group 19 (12)</p> <p>International Conference 1 (0)</p> <p>Number of Research reports: 2 (0)</p> <p>Annual Reports: 1 (1)</p>
Source: Information supplied by the Institute.	

THE INSTITUTE'S REPLY

12. Agreed. As of 2011 EIGE has introduced adequate budget implementation reporting and monitoring. As discussed already with the Court in 2011, for carry forward EIGE has introduced acceptable ceilings by Title, e.g.: Title I up to 10%; Title II up to 20%; Title III up to 35%. Being in the start-up phase, in 2011 we expected and still expect in 2012 to have a higher % of carry forward, in particular for Title III – operational activities. From 2013 onwards EIGE will operate within the ceilings.

13. Agreed. All EIGE assets will be duly documented, labelled and recorded. In addition, EIGE will develop and implement “EIGE’s Inventory Procedure” in order to assure proper management of our assets. The documented procedure will take effect upon signature of a Director’s decision during last quarter of 2012. The estimation of the accrual charges will be improved.

14. Agreed. EIGE action plan adopted and under implementation. The Court will be informed on the progress prior to their next mission to Vilnius.