



**COUNCIL OF
THE EUROPEAN UNION**

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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 Translation Centre for the Bodies of the
European Union for the financial year 2011 together with the Centre's replies

Sir,

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 Translation Centre for the Bodies of the European Union for the financial year 2011.

This report is accompanied by the Centre'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 Translation Centre for the Bodies of the European Union for the financial year 2011 together with the Centre's replies.

ЕВРОПЕЙСКА СМЕТНА ПАЛАТА
TRIBUNAL DE CUENTAS EUROPEO
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



CORTE DEI CONTI EUROPEA
EIROPAS REVĪZIJAS PALĀTA
EUROPOS AUDITO RŪMAI

EURÓPAI SZÁMVEVŐSZÉK
IL-QORTI EWROPEA TAL-AWDITURI
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EUROOPAN TILINTARKASTUSTUOMIOISTUIN
EUROPEISKA REVISIONSRÄTTEN

Report on the annual accounts
of the Translation Centre for the Bodies of the European Union
for the financial year 2011

together with the Centre's replies

INTRODUCTION

1. The Translation Centre for the Bodies of the European Union (hereinafter "the Centre"), which is located in Luxembourg, was created by Council Regulation (EC) No 2965/94¹. The Centre's task is to provide any European Union institutions and bodies which call upon its services with the translation services necessary for their activities².

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 Centre'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 Centre, which comprise the "financial statements"⁴ and the "reports on the implementation of the budget"⁵ for the financial year ended 31 December 2011, and the legality and regularity of the transactions underlying those accounts.

¹ OJ L 314, 7.12.1994, p. 1.

² The ***Annex*** summarises the Centre'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.

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

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 Centre, 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 Centre 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 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 Centre are free of material misstatement and the transactions underlying them are legal and regular.

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 Centre.

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

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

¹⁰ The Final Annual Accounts were drawn up on 27 June 2012 and received by the Court on 29 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 www.cdt.europa.eu.

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.

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 Centre 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. The Centre's 2011 budget amounted to 51,3 million euro¹² compared with 55,9 million euro the previous year. The 2011 budget outturn decreased to 1,2 million euro in 2011 as compared with 8,3 million euro in 2010. This mainly results from a 15 % decrease in revenues, reflecting the Centre's new pricing policy which aims to align prices of products with their costs.

FOLLOW-UP OF PREVIOUS YEAR'S OBSERVATIONS

13. Continuing the trend from last year, the accumulated budget surplus decreased from 9,2 million euro in 2010 to 3,0 million euro in 2011. This reduction is the net effect of the 2011 budget surplus and allocations to reserves for pricing stability and for exceptional investments.

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

¹² Amended budget (OJ C 375, 22.12.2011, p. 5-7); including budget transfers.

Translation Centre for the Bodies of the European Union (Luxembourg)**Competences and activities**

Areas of Union competence deriving from the Treaty	The representatives of the Member States' governments adopted by mutual agreement a declaration concerning the creation, under the aegis of the Commission's translation departments in Luxembourg, of a Translation Centre for the bodies of the Union, which would provide the necessary translation services for the operation of the bodies and services whose seats were established by the Decision of 29 October 1993.
Competences of the Centre <i>(Council Regulation (EC) No 2965/94 as last amended by Council Regulation (EC) No 1645/2003)</i>	<p>Objectives</p> <p>To provide the necessary translation services for the operation of the following bodies:</p> <ul style="list-style-type: none"> - the European Environment Agency; - the European Training Foundation; - the European Monitoring Centre for Drugs and Drug Addiction; - the European Medicines Agency; - the European Agency for Safety and Health at Work; - the Office for Harmonisation in the Internal Market (<i>Trademarks and Designs</i>); - the European Police Office (<i>Europol</i>) and the Europol Drugs Unit. <p>Bodies set up by the Council other than the above may use the Centre's services. The institutions and bodies of the European Union which already have their own Translation Services may, if need be, call upon the Centre's services on a voluntary basis.</p> <p>The Centre plays a full part in the work of the Interinstitutional Translation Committee.</p> <p>Tasks</p> <ul style="list-style-type: none"> - To make arrangements for cooperation with the bodies and institutions; - To participate in the work of the Interinstitutional Translation Committee.
Governance	<p>Management Board</p> <p><i>Composition</i></p> <ul style="list-style-type: none"> - one representative per Member State; - two representatives from the Commission; - one representative from each body or institution calling upon the Centre's services. <p><i>Tasks</i></p> <p>To adopt the Centre's annual budget and work programme, establishment plan and annual report.</p> <p>Director</p> <p>Appointed by the Management Board on a proposal from the Commission.</p> <p>External audit</p> <p>Court of Auditors.</p> <p>Internal audit</p> <p>The Commission's internal audit service (<i>IAS</i>).</p> <p>Discharge authority</p> <p>Parliament acting on a recommendation from the Council.</p>

Resources made available to the Centre in 2011 (2010)	Final Budget 51,3 (55,9) million euro Staff 225 (225) provided in the establishment plan, of which 205 (215) were occupied. + 14 (10) contract agents Total staff: 219 (225), undertaking the following tasks: - operational: 107 (110) - administrative: 112 (115)
Products and services 2011 (2010)	Number of pages translated 712 813 (819 598) Number of pages by languages - official languages: 704 613 (813 907) - other languages: 8 200 (5 691) Number of pages per client - Bodies: 676 925 (805 529) - Institutions: 3 888 (14 069) Number of pages translated by freelances 436 445 (448 160)

Source: Information supplied by the Centre.

CDT - Translation Centre for the Bodies of the European Union

CDT - Centre de traduction des organes de l'Union européenne

THE CENTRE'S REPLIES

The Centre has taken note of the Court's report.