



**COUNCIL OF
THE EUROPEAN UNION**

**Brussels, 26 November 2013
(OR. en)**

16501/13

FIN 799

COVER NOTE

From:	Mr Vítor CALDEIRA, President of the European Court of Auditors
date of receipt:	24 October 2013
To:	Mr Linas LINKEVICIUS, 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 2012 together with the Institute's replies

Delegations will find attached the European Court of Auditors' report on the annual accounts of the European Institute for Gender Equality for the financial year 2012.

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

Encl.: Report on the annual accounts of the European Institute for Gender Equality for the financial year 2012 together with the Institute's replies.¹

¹ In English only. The other languages of this report are available on the European Court of Auditors' website: <http://eca.europa.eu/>.

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



EUROPSKI REVIZORSKI SUD
CORTE DEI CONTI EUROPEA
EIROPAS REVĪZIJAS PALĀTA
EUROPOS AUDITO RŪMAI

EURÓPAI SZÁMVEVŐSZÉK
IL-QORTI EWROPEA TAL-AWDITURI
EUROPESE REKENKAMER
EUROPEJSKI TRYBUNAŁ OBRACHUNKOWY
TRIBUNAL DE CONTAS EUROPEU
CURTEA DE CONTURI EUROPEANĂ
EURÓPSKY DVOR AUDÍTOROV
EVROPSKO RAČUNSKO SODIŠČE
EUROOPAN TILINTARKASTUSTUOMIOISTUIN
EUROPEISKA REVISIONSRÄTTEN

Report on the annual accounts
of the European Institute for Gender Equality
for the financial year 2012

together with the Institute's replies

INTRODUCTION

1. The European Institute for Gender Equality (hereinafter “the Institute”, aka “EIGE”), which is located in Vilnius, was established by Regulation (EC) No 1922/2006 of the European Parliament and of the Council¹. 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.

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 (TFEU), the Court has audited:

(a) the annual accounts of the Institute, which comprise the financial statements³ and the reports on the implementation of the budget⁴ for the financial year ended 31 December 2012, and

¹ OJ L 403, 30.12.2006, p. 9.

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

³ These 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.

- (b) the legality and regularity of the transactions underlying those accounts.

The management's responsibility

4. In accordance with Articles 33 and 43 of Commission Regulation (EC, Euratom) No 2343/2002⁵, the management is responsible for the preparation and fair presentation of the annual accounts of the Institute and the legality and regularity of the underlying transactions:

- (a) The management's responsibilities in respect of the Institute'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 officer⁶; making accounting estimates that are reasonable in the circumstances. The Director approves the annual accounts of the Institute 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 the Institute in all material respects.

⁴ These comprise the budgetary outturn account and the annex to the budgetary outturn account.

⁵ OJ L 357, 31.12.2002, p. 72.

⁶ 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.

- (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 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

5. The Court's responsibility is, on the basis of its audit, to provide the European Parliament and the Council⁷ 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 the Institute are free from material misstatement and the transactions underlying them are legal and regular.

6. 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

⁷ Article 185(2) of Council Regulation (EC, Euratom) No 1605/2002 (OJ L 248, 16.9.2002, p. 1).

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.

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

Opinion on the reliability of the accounts

8. In the Court's opinion, the Institute's annual accounts present fairly, in all material respects, its financial position as at 31 December 2012 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

9. In the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2012 are legal and regular in all material respects.

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

COMMENTS ON BUDGETARY MANAGEMENT

11. The Institute has reduced the overall level of carry-overs of committed appropriations from 50 % in 2011 to 32 % in 2012. The carry-overs to 2013 amount to 2,5 million euro and mainly concern title II (administrative expenditure) with 0,3 million euro and title III (operational expenditure)

with 2,1 million euro, representing 23 % and 59 % of the corresponding committed appropriations. Carry-overs for title II mainly relate to commitments made at year-end in connection with the move to new premises, which took place in January 2013. Carry-overs for title III mainly relate to procurement procedures that were concluded late in the year. The Institute does not have a formalised procurement planning and monitoring procedure. In particular, its Annual Work Programme does not include a procurement schedule linked to the planned activities that would define the optimal scope and timing of procurements. However, only 7 % of committed appropriations carried over from 2011 to 2012 have not been used and needed to be cancelled.

OTHER COMMENTS

12. The Court identified shortcomings in the documentation of recruitment procedures. There is no evidence that questions for written tests and interviews, as well as their respective weightings were prepared before the examination of the applications.

FOLLOW-UP OF PREVIOUS YEAR'S COMMENTS

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

This Report was adopted by Chamber IV, headed by Dr Louis GALEA, Member of the Court of Auditors, in Luxembourg at its meeting of 9 July 2013.

For the Court of Auditors

Vítor Manuel da SILVA CALDEIRA
President

ANNEX I***Follow-up of previous year's comments***

Year	Court's comment	Status of corrective action (Completed / Ongoing / Outstanding / N/A)
2011	The high level of carry-over is at odds with the budgetary principle of annuality.	Outstanding
2011	The Court identified the need to improve the documentation of physical inventory-taking for fixed assets and of the estimation of accrued charges.	Completed
2011	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 procedure for the implementation of the Internal Control Standards and management adopted an action plan to be implemented in 2012.	Ongoing

ANNEX II**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"> – To collect, analyse and disseminate relevant comparable and reliable information as regards gender equality; – to develop methods to improve the objectivity, comparability and reliability of data at European level; – 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 policies and to support gender mainstreaming in all Union institutions and bodies; – to carry out surveys on the situation in Europe as regards gender equality; – to set up and coordinate a European Network on Gender Equality; – to organise ad-hoc meetings of experts to support the Institute's research work; – in order to raise EU citizens' awareness of gender equality, to organise, with relevant stakeholders, conferences, campaigns, meetings at EU-level, and present the findings and conclusions to the Commission; – to 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; – to develop dialogue and cooperation with non-governmental and equal opportunities organisations, universities and experts, research centres, social partners; – to set up documentation resources accessible to the public; – to make information on gender mainstreaming available to public and private organisations; – to provide the Union institutions with information 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 concerned and one member representing the Commission, appointed by the Commission. The members are appointed 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. The Council and the Commission aim to achieve a balanced representation between men and women on the Management Board. The members appointed by the Council shall represent eighteen Member States in the order of the rotating Presidencies.</p> <p><i>Duties</i></p> <ul style="list-style-type: none"> – To adopt the annual and mid-term work programmes, the budget and annual report; – adopt the internal rules of the Institute and rules of procedure of the Management Board.

	<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 designated by the European Parliament representing other relevant organisations specialised in gender equality issues, three members designated by the Commission.</p> <p><i>Duties</i></p> <p>Supports the Director in ensuring the excellence and independence of the Institute's activities, 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; implementation of effective monitoring and evaluation procedures relating to the Institute's performance.</p> <p>External audit</p> <p>European Court of Auditors.</p> <p>Internal audit</p> <p>European Commission's Internal Audit Service (IAS).</p> <p>Discharge authority</p> <p>European Parliament on a recommendation from the Council.</p>
Resources made available to the Institute in 2012 (2011)	<p>Final Budget</p> <p>7,7 (7,5) million euro of which the Union subsidy is 100 % (100 %)</p> <p>Staff as at 31 December 2012</p> <p>30 (27) posts foreseen in the establishment plan, of which occupied: 30 (26);</p> <p>21 (8) other staff (contract staff, seconded national experts, trainee).</p> <p>Total staff as at 31 December 2012</p> <p>51 (35), undertaking the following tasks:</p> <ul style="list-style-type: none"> – operational: 37 (24) – administrative: 11 (8) – mixed: 3 (3)
Products and services in 2012 (2011)	<p>Focal Areas:</p> <p>Comparable and reliable data and indicators on gender equality; collecting and processing methods and good practices for gender equality work; resource and documentation centre; awareness-raising, networking and communication.</p> <p>Number of studies launched: 7 (6)</p> <p>Number of contributions to Presidency countries: 2 (2)</p> <p>Number of experts' and working group meetings: 23 (19)</p> <p>International conferences: 1 (1)</p> <p>Number of research reports: 2 (2)</p> <p>Annual reports: 1 (1)</p>

Source: Information supplied by the Institute.