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THE EUROPEAN UNION**

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From:	Mr Vítor CALDEIRA, President of the European Court of Auditors
date of receipt:	7 November 2013
To:	Mr Linas LINKEVICIUS, President of the Council of the European Union
Subject:	Report on the annual accounts fo the Education, Audiovisual and Culture Executive Agency for the financial year 2012 together with the Agency's replies

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Delegations will find attached the European Court of Auditors' report on the annual accounts of the Education, Audiovisual and Culture Executive Agency for the financial year 2012.

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

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Encl.: Report on the annual accounts of the Education, Audiovisual and Culture Executive Agency for the financial year 2012 together with the Executive Agency's replies.<sup>1</sup>

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<sup>1</sup> 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 Education, Audiovisual and Culture Executive Agency  
for the financial year 2012

together with the Agency's replies

## **INTRODUCTION**

1. The Education, Audiovisual and Culture Executive Agency (hereinafter “the Agency”, aka “EACEA”), which is located in Brussels, was established by Commission Decision 2009/336/EC<sup>1</sup>. The Agency’s task is to manage programmes decided by the Commission in the educational, audiovisual and cultural fields, including undertaking the detailed implementation of technical projects<sup>2</sup>.

## **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 Agency’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:

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<sup>1</sup> OJ L 101, 21.4.2009, p. 26.

<sup>2</sup> The ***Annex*** summarises the Agency’s competences and activities. It is presented for information purposes.

- (a) the annual accounts of the Agency, which comprise the financial statements<sup>3</sup> and the reports on the implementation of the budget<sup>4</sup> for the financial year ended 31 December 2012, and
- (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 2343/2002<sup>5</sup>, the management is responsible for the preparation and fair presentation of the annual accounts of the Agency and the legality and regularity of the underlying transactions:

- (a) The management's responsibilities in respect of the Agency'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 officer<sup>6</sup>; making accounting estimates that are reasonable in the circumstances. The Director approves the

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<sup>3</sup> 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.

<sup>4</sup> These comprise the budgetary outturn account and the annex to the budgetary outturn account.

<sup>5</sup> OJ L 357, 31.12.2002, p. 72.

<sup>6</sup> 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.

annual accounts of the Agency 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 Agency 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 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 Council<sup>7</sup> 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 Agency 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

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

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.

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 Agency'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 comment which follows does not call the Court's opinions into question.

**COMMENT ON BUDGETARY MANAGEMENT**

11. The level of committed appropriations was high at 99 % for both title I (staff expenditure) and title II (administrative expenditure). Although carry-overs of committed appropriations were relatively high for title II at 28 %, they mainly related to services received in 2012 for which invoices had not been issued at year-end (building costs and IT consultancy) and to the multi-annual nature of activities (experts' project reviews and project audits)

This Report was adopted by Chamber IV, headed by Dr Louis GALEA, Member of the Court of Auditors, in Luxembourg at its meeting of 17 September 2013.

*For the Court of Auditors*

Vítor Manuel da SILVA CALDEIRA  
*President*

**Education, Audiovisual and Culture Executive Agency (Brussels)****Competences and activities**

<b>Areas of Union competence deriving from the Treaty</b> <i>(Articles 165(1), 166(1), 167(1) and 173(1) TFEU)</i>	<b>Collection of information</b> <p>The European Union shall contribute to the development of quality education.</p> <p>The European Union shall implement a vocational training policy.</p> <p>The European Union shall contribute to the flowering of the cultures of the Member States.</p> <p>The European Union and the Member States shall ensure that the conditions necessary for the competitiveness of the Union's industry exist.</p>
<b>Competences of the Agency</b> <i>(Council Regulation (EC) No 58/2003; Commission Decision 2009/336/EC, as amended by Decision 2012/797/EU; Commission Decision C(2009) 3355 as amended by Decision C(2012) 9475 final)</i>	<b>Objectives</b> <p>In the framework of the education, culture and industry policies, numerous measures have been taken to promote education, vocational training, audiovisual, culture, youth and active citizenship in the European Union. The main objectives of these measures are to reinforce social cohesion and to contribute to competitiveness, to economic growth and to an ever closer union amongst the people of Europe.</p> <p>These measures include a variety of programmes.</p> <p>The Agency is responsible for managing certain strands of these programmes – e.g. Lifelong learning, Culture, Youth in Action, Europe for Citizens, MEDIA, Erasmus Mundus, MEDIA Mundus and Tempus. In this respect, it implements the aid of the Union, except for tasks which require discretionary powers in translating political choices.</p> <b>Tasks</b> <ul style="list-style-type: none"> <li>– to manage, throughout their duration, the projects implementing the Union programmes entrusted to it and to perform the necessary checks to that end, by adopting the relevant decisions where the Commission has empowered it to do so,</li> <li>– to adopt the instruments of budget implementation for revenue and expenditure and to carry out, where the Commission has empowered it to do so, the operations necessary for the management of the Union programmes and, in particular, those linked to the award of grants and contracts,</li> <li>– to gather, analyse and pass on to the Commission all the information needed to guide the implementation of the Union programmes,</li> <li>– to implement, at EU level, the network of information on education in Europe (Eurydice) and activities intended to improve understanding and knowledge of the field of youth through the collection, analysis and dissemination of information and production of studies and publications.</li> </ul>
<b>Governance</b>	<b>Steering Committee</b> <i>Composition</i> <p>Comprises five members appointed by the European Commission.</p> <i>Duties</i> <p>It adopts the Agency's annual work programme after approval by the European Commission. In addition, it adopts the administrative budget of the Agency and its annual activity report.</p> <b>Director</b> <p>Appointed by the European Commission.</p> <b>External audit</b> <p>European Court of Auditors.</p> <b>Internal audit</b> <p>Internal Audit Capability.  European Commission's Internal Audit Service (IAS).</p>



	<p><b>Discharge authority</b></p> <p>European Parliament acting on a recommendation from the Council.</p>
<p><b>Resources made available to the Agency in 2012 (2011)</b></p>	<p><b>Budget</b></p> <p>The 2012 administrative budget of the Agency remained at 50 (50) million euro (100 % financed by the general budget of the European Union).</p> <p>The Agency has managed 728 (621) million euro related to the programmes and projects delegated by the Commission to the Executive Agency.</p> <p><b>Staff as at 31 December 2012</b></p> <p>Temporary staff: 103 (102) posts for temporary staff in the establishment plan Post occupied: 99 (102)</p> <p>Contract staff: 335 (336) contract staff posts Posts occupied: 329 (331)</p> <p>Total staff: 428 (433) posts occupied by staff undertaking the following tasks:</p> <p>Operational: 351 Administrative: 77</p>
<p><b>Products and services in 2012 (2011)</b></p>	<p><b>Communication</b></p> <ul style="list-style-type: none"> <li>- Organisation of two Info days, participation in 16 Info days organised by National Agencies/Structures and several other information sessions in Brussels, update of EVE<sup>1</sup> database with project results, organisation of events in cooperation with parent Directorates-General (DGs).</li> <li>- Kick-off meetings were organised in Brussels for new project coordinators and partners.</li> <li>- Thematic cluster meetings and meetings with project coordinators were held in different locations.</li> </ul> <p><b>Selections</b></p> <ul style="list-style-type: none"> <li>- 28 calls for proposals were published as well as one call for tenders.</li> <li>- The corresponding detailed fact sheets (or descriptions) of selected proposals (compendia) were published on the Agency's website.</li> <li>- Management of the approximately 13 000 proposals received.</li> <li>- Selection of approximately 3 500 projects and 439 Erasmus University Charters.</li> </ul> <p><b>Monitoring visits</b></p> <ul style="list-style-type: none"> <li>- More than 431 follow-up meetings (on site or in Brussels) with project participants were organised in order to monitor project implementation.</li> </ul> <p><b>Simplification measures</b></p> <ul style="list-style-type: none"> <li>- The use of e-forms was extended to cover more actions, i.e. 75 % of all applications.</li> <li>- Simplified contracting was expanded (decisions instead of grant agreements) for some actions.</li> <li>- The lump sum calculation method was refined and applied to more actions.</li> <li>- Greater use was made of remote expert briefings and remote project evaluation to evaluate actions.</li> <li>- Audit certificates were drawn up to simplify financial reporting and will be gradually deployed.</li> <li>- A financial information kit to enhance guidance for beneficiaries was finalised and made available.</li> </ul> <p><b>Cooperation with parent DGs</b></p> <ul style="list-style-type: none"> <li>- Organisation of four Steering Committee meetings.</li> <li>- Periodic coordination meetings on the delegated programmes with the parent DGs Operational Directors (three meetings per year).</li> <li>- Assistance to the parent DGs in the preparation of the next generation of programmes.</li> <li>- Providing information on programme implementation to the Commission on request.</li> <li>- Contribution to the 2nd interim evaluation of the Agency, including support for a satisfaction</li> </ul>

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	<p>survey on applicants and beneficiaries.</p> <ul style="list-style-type: none"><li>- Close collaboration with parent DGs in the preparation of the new programmes for 2014-2020.</li></ul> <p><b>Policy support</b></p> <ul style="list-style-type: none"><li>- Continuous management of the Eurydice network for policy support in the field of education; it has been also extended to the field of youth.</li><li>- Several reports produced by the Eurydice unit.</li></ul> <p><b>Audits</b></p> <p>120 audits under the 2011 audit plan are being implemented. 114 new audits are scheduled under the 2012 audit plan.</p> <p><b>Contracts and projects:</b></p> <p>5 027 contracts were signed, 4 738 projects were closed.</p> <p><b>Mandate</b></p> <ul style="list-style-type: none"><li>- The mandate of the Agency has been extended in 2013. The extension was adopted by the Commission in December.</li></ul>
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<sup>1</sup> Electronic platform for the dissemination and exploitation of results of projects supported by programmes managed by the European Commission in the fields of education, training, culture, youth and citizenship.

*Source:* Information supplied by the Agency.

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