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COVER NOTE

From:	Mr Vítor CALDEIRA, President of the European Court of Auditors
date of receipt:	3 November 2015
To:	Mr Jean ASSELBORN, President of the Council of the European Union
Subject:	Report on the annual accounts of the European Centre for the Development of Vocational Training for the financial year 2014 together with the Centre's reply

Delegations will find attached the European Court of Auditors' report on the annual accounts of the European Centre for the Development of Vocational Training for the financial year 2014.

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

Encl.: Report on the annual accounts of the European Centre for the Development of Vocational Training for the financial year 2014 together with the Centre's reply.¹

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



EUROPEAN
COURT
OF AUDITORS

Report on the annual accounts
of the European Centre for the Development of Vocational Training
for the financial year 2014

together with the Centre's reply

INTRODUCTION

1. The European Centre for the Development of Vocational Training (hereinafter “the Centre”, aka “Cedefop”), which is located in Thessaloniki, was established by Council Regulation (EEC) No 337/75¹. Its core mandate is to serve the development of vocational training at Union level. In order to achieve this objective, it has the task of compiling and disseminating documentation on vocational training systems².

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 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 Centre, which comprise the financial statements³ and the reports on the implementation of the budget⁴ for the financial year ended 31 December 2014, and
- (b) the legality and regularity of the transactions underlying those accounts.

¹ OJ L 39, 13.2.1975, p. 1.

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

³ 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.

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

The management's responsibility

4. The management is responsible for the preparation and fair presentation of the annual accounts of the Centre and the legality and regularity of the underlying transactions⁵:
- (a) The management's responsibilities in respect of the Centre'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 Centre 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 Centre 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 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

⁵ Articles 39 and 50 of Commission Delegated Regulation (EU) No 1271/2013 (OJ L 328, 7.12.2013, p. 42).

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.

⁷ Article 107 of Regulation (EU) No 1271/2013.

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 Centre 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 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 Centre's accounts as stipulated in Article 208(4) of the EU Financial Regulation⁸.

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 Centre's annual accounts present fairly, in all material respects, its financial position as at 31 December 2014 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 2014 are legal and regular in all material respects.

⁸ Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council (OJ L 298, 26.10.2012, p. 1).

This Report was adopted by Chamber IV, headed by Mr Milan Martin CVIKL, Member of the Court of Auditors, in Luxembourg at its meeting of 8 September 2015.

For the Court of Auditors

Vítor Manuel da SILVA CALDEIRA

President

European Centre for the Development of Vocational Training**(Thessaloniki)****Competences and activities**

<p>Areas of Union competence deriving from the Treaty</p> <p><i>(Article 166(1) of the Treaty on the Functioning of the European Union)</i></p>	<p>Collection of information</p> <p>The Union shall implement a vocational training policy which shall support and supplement the action of the Member States, while fully respecting the responsibility of the Member States for the content and organisation of vocational training.</p>
<p>Competences of Cedefop</p> <p><i>(Articles 2 and 3 of Council Regulation (EEC) No 337/75)</i></p>	<p>Objectives</p> <p>In its capacity as the European Union reference centre for vocational education and training, Cedefop provides policy-makers, researchers and professionals with evidence on current trends to enable them to reach soundly based decisions. Cedefop assists the European Commission in promoting and developing vocational education and training (VET) at Union level.</p> <p>Tasks</p> <ul style="list-style-type: none"> – To compile selected documentation and produce data analysis; – to contribute to research development and coordination; – to utilise and disseminate relevant information; – to encourage and support a concerted approach to matters relating to the development of vocational training; – to provide a forum for a broad and diverse public.
<p>Governance</p>	<p>Governing Board</p> <p><i>Composition</i></p> <p>For each Member State:</p> <ul style="list-style-type: none"> (a) one member representing the Government; (b) one member representing employer organisations; (c) one member representing employee organisations. <p>For the European Commission: three members.</p> <p>The members referred to in (a), (b) and (c) are appointed by the Council. The Commission appoints the members who are to represent it. Coordinators from employer and employee organisations at European level and observers from the EEA countries also attend Governing Board and Bureau meetings.</p>

	<p><i>Duties</i></p> <p>To adopt the budget, medium-term priorities (Cedefop's multiannual planning) and work programme and assess and analyse the annual activity report and the annual accounts. To adopt the final budget and the establishment plan.</p> <p>Bureau</p> <p><i>Composition</i></p> <p>The chair and the three vice-chairs of the Governing Board, one coordinator per group and one additional representative of the Commission.</p> <p>Director</p> <p>Appointed by the Commission from a list of candidates submitted by the Governing Board; responsible for the management of Cedefop; implements the decisions of the Governing Board and the Bureau.</p> <p>Internal audit</p> <p>European Commission's Internal Audit Service (IAS).</p> <p>External audit</p> <p>European Court of Auditors.</p> <p>Discharge authority</p> <p>European Parliament, acting on a recommendation from the Council.</p>
<p>Resources made available to the Centre in 2014 (2013)</p>	<p>Final budget</p> <p>17,28¹ (18,53²) million euro</p> <p>Union contribution: 96,9 % (97,4 %)</p> <p>Staff as at 31 December 2014</p> <p>Number of posts in establishment plan: 98 (100)</p> <p>Posts occupied: 95 (98)</p> <p>Other staff</p> <ul style="list-style-type: none"> – contract staff: 23 (23) – seconded national experts: 2 (4) <p>Total staff: 120 (125)</p> <ul style="list-style-type: none"> – operational staff: 87 (91) – administrative staff: 33 (34)
<p>Products and services in 2014 (2013)</p>	<p>Policy analysis and reporting</p> <p>The findings of Cedefop's 2010-2014 review of progress towards the goals set for VET informed policy discussions among Directors-General for Vocational Training (DGVTs) under the Greek and Italian Presidencies and at the meetings of the Advisory Committee for Vocational Training (ACVT). They were also presented at the Cedefop/DGEAC conference held on 29-30 September 2014. Cedefop also contributed to defining new VET priorities. The Centre published brief overviews of national VET systems (<i>Spotlights on VET</i>) and prepared detailed country fiches on VET policies for all Member States, Norway and</p>

Iceland. This information informed the 2014 country-specific recommendations of the European Semester. Cedefop used its extensive information on VET policies to showcase national efforts to strengthen VET graduate employability in the context of the Joint Assessment Framework on progress in education and training policy (published in the *2014 Education and Training Monitor*). A selection of policy-relevant statistical indicators on VET was published. These facilitate reviewing the situation in each Member State. Cedefop contributed indicators based on PIAAC data to the OECD flagship publication *Education at a Glance*.

Common European tools, qualifications and learning outcomes

Cedefop coordinated the EQF (European Qualifications Framework) Advisory Group jointly with the European Commission and analysed NQF developments in 36 countries. Outcomes were published in the briefing note *Qualifications frameworks: expanding influence, persisting obstacles*. Support for EQAVET and ECVET continued. The 2014 update of the European Inventory on validation of non-formal and informal learning (33 countries) was published online. Cedefop also published the briefing note *The validation challenge: how close is Europe to recognising all learning?* Visits to the Europass website – managed by Cedefop and available in 27 languages – have reached 102 million since its launch (2014: 21,7 million; 2013: 20,1 million). Users have generated 47 million CVs online (2014: 13,1 million; 2013: 9,8 million). Cedefop carried out targeted research on strengthening the synergy among European tools and debated the findings at a high-level conference (Thessaloniki, 28 and 29 November). In the 2013/14 academic year, Cedefop coordinated the last 245 study visits by 2 709 education and vocational training specialists from 34 countries (the programme came to an end in September 2014).

Adult learning, transitions and apprenticeships

To support the European Alliance for Apprenticeships, Cedefop fostered cooperation at European level and among Member States on the development of apprenticeship-type work-based learning and reviewed the conditions for developing and expanding apprenticeship in different countries. Cedefop and the European Commission organised the European conference on ‘Steering Partnerships for Growth’ (Thessaloniki, 7-8 May) to help countries find potential partners willing to cooperate in developing apprenticeship schemes. For this conference, Cedefop published the briefing note *Developing apprenticeships*. To help young people and workers to manage labour market transitions and achieve positive labour market outcomes, Cedefop published the study *Navigating difficult waters: learning for career and labour market transitions*.

Skills analysis

In 2014 Cedefop took over responsibility for the *EU Skills Panorama*. Cedefop published online its latest skills supply and demand forecasts (for 2013-2025) and contributed to the report by the World Economic Forum’s Global Agenda Council on Employment (of which Cedefop was a member in the period 2012-2014) on *Matching skills and labour market needs in the world economy – Building Social Partnerships for Better Skills and Better Jobs*, which was presented in Davos-Klosters. The briefing note *Skills mismatch: more than meets the eye* was published. The 2nd Cedefop/OECD ‘Green skills’ forum was

organised in Paris in February. With the ETF and ILO, Cedefop produced guides on approaches to anticipate skill needs. It also joined the International Training Centre of the ILO (ITC-ILO) in organising a training course on 'skills needs anticipation and matching'. Cedefop contributed to the OECD and European Union publication *Matching economic migration with labour market needs*.

Organisational impact

Key performance indicators show a high organisational impact: Cedefop's work is widely cited in 97 EU policy documents. Cedefop provided advice and expertise to Presidency events and EU-level senior stakeholder meetings in support of policy implementation (164 contributions). Cedefop organised 69 conferences, workshops and meetings with high-level representatives of EU and national institutions. 92 % of participants considered these events very good or good. Some 600 000 Cedefop publications were downloaded, including 71 000 briefing notes targeting policy makers and published in eight languages. This shows a high level of interest in the knowledge and insights the Centre generates. 745 articles on Cedefop's work appeared in leading European media, including *Die Welt*, the *Times Educational Supplement* and *El País*. Cedefop publications and studies were cited in academic/scientific journals (413 citations in 2013-14).

For more information see www.cedefop.europa.eu (Annual Report and Annual Activity Report 2014).

- ¹ Includes the two negative supplementary amending budgets amounting to a total of -0,7 million euro in 2014.
- ² Includes the assigned revenue from DG EMPL Delegation Agreements amounting to 0,6 million euro in 2013 for the action in 2014.

Source: Annex supplied by the Centre
