Report on the annual accounts
of the Education, Audiovisual and Culture Executive Agency
for the financial year 2009

together with the Agency’s replies
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INTRODUCTION

1. The Education, Audiovisual and Culture Executive Agency (hereinafter "the Agency"), located in Brussels, was set up by Commission Decision 2005/56/EC of 14 January 2005. The Agency manages programmes decided by the Commission in the educational, audiovisual and cultural fields, including undertaking the detailed implementation of technical projects.

2. After the adoption of two amending budgets, the Agency's 2009 administrative budget was 47.7 million euro, compared with 38.2 million euro the previous year. The number of staff employed by the Agency at the end of the year was 414, as compared with 362 the previous year.

STATEMENT OF ASSURANCE

3. Pursuant to the provisions of Article 287(1), second subparagraph, of the Treaty on the Functioning of the European Union, the Court has audited the annual accounts of the Agency, which comprise the financial statements and the reports on implementation of the budget for the financial year ended 31 December 2009 and the legality and regularity of the transactions underlying those accounts.


2 The Table summarises the Agency'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 inter alia an account of the rate of implementation of the appropriations with summary information on the transfers of appropriations among the various budget items.

4 The financial statements include the balance sheet and the economic output account, the cash-flow table, the statement of changes in capital and the annex to the financial statements which includes the description of the significant accounting policies and other explanatory information.

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

The Director's responsibility

5. As authorising officer, the Director implements the revenue and expenditure of the budget in accordance with the financial rules of the Agency under his own responsibility and within the limits of authorised appropriations. The Director is responsible for putting in place the organisational structure and the internal management and control systems and procedures relevant for drawing up final accounts as prepared by the Agency’s accounting officer 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 Court's responsibility

6. The Court’s responsibility is to provide, on the basis of its audit, a statement of assurance as to the reliability of the annual accounts of the Agency and the legality and regularity of the transactions underlying them.

7. The Court conducted its audit in accordance with the IFAC and ISSAI International Auditing Standards and Codes of Ethics. Those standards require


10 International Federation of Accountants (IFAC) and International Standards of Supreme Audit Institutions (ISSAI).
that the Court complies with ethical requirements and plans and performs the audit to obtain reasonable assurance about whether the accounts are free from material misstatement and whether the underlying transactions are legal and regular.

8. The Court’s audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts and about the legality and regularity of the transactions underlying them. The procedures selected depend on its audit judgement including the assessment of the risks of material misstatement of the accounts or of illegal or irregular transactions, whether due to fraud or error. In making those risk assessments internal control relevant to the entity’s preparation and presentation of accounts is considered in order to design audit procedures that are appropriate in the circumstances. The Court’s audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the accounts.

9. The Court believes 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

10. In the Court’s opinion, the Agency’s Annual Accounts present fairly, in all material respects, its financial position as at 31 December 2009 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation.

11 The Final Annual Accounts were drawn up on 31 May 2010 and received by the Court on 9 July 2010. 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.europa.eu/agencies/executive_agencies/eacea/index_en.htm.
Opinion on the legality and the regularity of the transactions underlying the accounts

11. In the Court’s opinion, the transactions underlying the annual accounts of the Agency for the financial year ended 31 December 2009 are, in all material respects, legal and regular.

12. The comments which follow do not call the Court’s opinions into question.

OTHER MATTERS

13. With regard to staff selection procedures, neither the thresholds that candidates had to meet in order to be invited to interview nor those necessary to be put on the reserve list were fixed in advance; they were set by the selection boards after the evaluation and ranking of the candidates. These practices put at risk the transparency of the recruitment procedures.

This Report was adopted by Chamber IV, headed by Mr Igors LUDBORŽS, Member of the Court of Auditors, in Luxembourg at its meeting of 14 and 16 September 2010.

For the Court of Auditors

Vítor Manuel da SILVA CALDEIRA
President
Table - Education, Audiovisual and Culture Executive Agency (Brussels)

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| The European Union shall contribute to the development of quality education. | **Objectives**
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. These measures include a variety of programmes.

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"] (including the new "Action 2") and "Tempus"). In this respect, it implements the aid of the Union, except for programme evaluation, strategic studies and any other task which requires discretionary powers in translating political choices. | **Tasks**
- To manage, throughout their duration, the specific projects entrusted to it in the context of the implementation of the programmes of the Union.
- 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 programmes of the Union and, in particular, those linked to the award of grants and contracts.

1. **Steering Committee**
Comprises five members appointed by the European Commission.

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.

2. **Director**
Appointed by the European Commission.

3. **External audit**
Court of Auditors.

4. **Discharge authority**
Parliament, acting on a recommendation from the Council.

**Budget**
The 2008 administrative budget of the Agency has reached 48 million euro (38 million euro in 2008) (100% financed by the general budget of the European Union).

The Agency has managed 629 million euro related to the programmes and projects delegated by the Commission to the Executive Agency (492 million euro in 2008).

**Staff at 31 December 2009**
1) Temporary staff: 99 posts for temporary staff in the establishment plan (92 in 2008)
Post occupied: 91 (85 in 2008),
2) Contract staff: 327 contract staff (303 in 2008)
Posts occupied: 323 (277 in 2008)
3) Total staff: 414 posts occupied (382 in 2008)

**Allocated to**
Operational: 340
Administrative: 74

- The following activities and results were performed in 2009:
  - Regarding the Agency administrative budget, 46 million euro were committed (97%) and 41 million euro were paid (85%) to cover staff expenses, infrastructure costs and administrative expenses linked to operational activities.
  - Regarding the operational budget, 625 million euro were committed (99.3%) to cover the award of grants and contracts and 528 million euro were paid (99.9%).
  - A range of simplification measures were implemented to improve management processes and procedures for beneficiaries and to harmonize and accelerate internal working procedures. They include in particular contracting by decision, the introduction of lump sum and flat rate payments, the electronic submission of proposals, framework partnership agreements, rationalisation of grants and consolidation of experts' comments.

- The following outputs were produced in 2009:
  - 31 calls for proposals and 3 programme guides were published for all programmes 2007-2013. The relevant selection processes were organized on schedule,
  - 8 InfoDays and a range of projects' kick off meetings took place in 2009,
  - About 4 100 projects were selected for grant award,
  - 4700 contracts were signed,
  - Around 7 960 payments were carried out,
  - 5 462 projects were closed in 2009,
  - 6 calls for tenders / procurement procedures were launched for the supply of studies and services,
  - 154 audits were closed in 2009, whereas 58 new audits were launched and all on-the-spot missions carried out.

Source: Information supplied by the Agency.
13. The Agency has taken note of the Court’s finding and amended its procedure in order to mention in the vacancy notice not only the number of candidates to be put on the reserve list but also the number of highest scoring candidates to be interviewed.