

ΕΒΡΟΠΕΪΣΚΑ ΣΜΕΤΗΑ ΠΑΛΑΤΑ  
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

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EUROOPAN TILINTARKASTUSTUOMIOISTUIN  
EUROPEISKA REVISIONSRÄTTEN

Report on the annual accounts of the  
Education, Audiovisual and Culture Executive Agency  
for the financial year 2008

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<sup>1</sup>. The Agency manages programmes decided by the Commission in the educational, audiovisual and cultural fields, including undertaking the detailed implementation of technical projects<sup>2</sup>.

2. The Agency's 2008 administrative budget amounted to 38,2 million euro compared with 36 million euro the previous year. The number of staff employed by the Agency at the end of the year was 362 as compared with 301 the previous year.

## **STATEMENT OF ASSURANCE**

3. Pursuant to the provisions of Article 248 of the Treaty the Court has audited the annual accounts<sup>3</sup> of the Agency, which comprise the "financial statements"<sup>4</sup> and the "reports on implementation of the budget"<sup>5</sup> for the financial year ended 31 December 2008 and the legality and regularity of the transactions underlying those accounts.

4. This Statement of Assurance is addressed to the European Parliament and the Council in accordance with Article 14 of Council Regulation (EC) No 58/2003<sup>6</sup>.

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<sup>1</sup> OJ L 24, 27.1.2005, p. 35.

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

<sup>3</sup> 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.

<sup>4</sup> The financial statements include the balance sheet and the economic outturn 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.

<sup>5</sup> The budget implementation reports comprise the budget outturn account and its annex.

<sup>6</sup> OJ L 11, 16.1.2003, p. 5.

### 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<sup>7</sup>. The Director is responsible for putting in place<sup>8</sup> the organisational structure and the internal management and control systems and procedures relevant for drawing up final accounts<sup>9</sup> 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<sup>10</sup> International Auditing Standards and Codes of Ethics. Those standards require 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

<sup>7</sup> Article 25 of Commission Regulation (EC) No 1653/2004 of 21 September 2004 (OJ L 297, 22.09.2004, p. 10).

<sup>8</sup> Article 29 of Commission Regulation (EC) No 1653/2004 of 21 September 2004 (OJ L 297, 22.09.2004, p. 11).

<sup>9</sup> The rules concerning the presentation of the accounts and accounting by the Agencies are laid down in chapter 1 of Title VI of Commission Regulation (EC) No 1653/2004 of 21 September 2004 (OJ L 297, 22.9.2004, p. 19) as last amended by Commission Regulation (EC) No 651/2008 of 9 July 2008 (OJ L 181, 10.7.2008, p. 15).

<sup>10</sup> International Federation of Accountants (IFAC) and International Standards of Supreme Audit Institutions (ISSAI).

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<sup>11</sup> present fairly, in all material respects, its financial position as of 31 December 2008 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation.

***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 2008 are, in all material respects, legal and regular.

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

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<sup>11</sup> The Final Annual Accounts were drawn up on 7 May 2009 and received by the Court on 16 June 2009. 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](http://www.europa.eu/agencies/executive_agencies/eacea/index_en.htm).

**COMMENTS ON THE BUDGETARY AND FINANCIAL MANAGEMENT**

13. The appropriations carried forward to 2009 amounted to 6,2 million euro (16 % of the budget). An analysis of the commitment carried forward showed that approximately one million euro of these appropriations concern activities not directly related to 2008. This situation is at odds with the principle of annuality.

This report was adopted by the Court of Auditors in Luxembourg at its meeting of 8 October 2009.

*For the Court of Auditors*

Vítor Manuel da Silva Caldeira  
*President*

**Table- Education, Audiovisual and Culture Executive Agency (Brussels)**

Areas of Community competence deriving from the Treaty	Competences of the Agency as defined in Commission Decision 2005/56/EC of 14 January 2005		Governance	Resources made available to the Agency in 2008	Activities and outputs in 2008
<p>The Community shall contribute to the development of quality education.</p> <p><i>(Article 149(1) of the Treaty)</i></p> <p>The Community shall implement a vocational training policy.</p> <p><i>(Article 150(1) of the Treaty)</i></p> <p>The Community shall contribute to the flowering of the cultures of the Member States.</p> <p><i>(Article 151(1) of the Treaty)</i></p> <p>The Community and the Member States shall ensure that the conditions necessary for the competitiveness of the Community's industry exist.</p> <p><i>(Article 157(1) of the Treaty)</i></p>	<p><b>Objectives</b></p> <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 Community 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" and "External Cooperation Windows"). In this respect, it implements the community aid, except for programme evaluation, strategic studies and any other task which require discretionary powers in translating political choices.</p>	<p><b>Tasks</b></p> <p>- To manage, throughout their duration, the specific projects entrusted to it in the context of implementation of Community programmes.</p> <p>- 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 Community programmes and, in particular, those linked to the award of grants and contracts.</p> <p>- To gather, analyse and pass on to the Commission all the information needed to guide the implementation of the Community programmes.</p> <p>- To implement, at Community level, the network of information on education in Europe (Eurydice) for the collection, analysis and dissemination of information and the production of studies and publications.</p>	<p><b>1 – Steering Committee</b> Comprises five members appointed by the European Commission.</p> <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> <p><b>2 - Director</b> Appointed by the European Commission.</p> <p><b>3 - External audit</b> Court of Auditors.</p> <p><b>4 - Discharge authority</b> European Parliament acting on recommendation by the Council.</p>	<p><b>Budget</b></p> <p>1) <i>Operational budget</i> 488 million euro for the management of Community programmes and projects delegated to the Executive Agency and implemented by the Agency on the Commission's responsibility.</p> <p>2) <i>Administrative budget</i> 38 million euro for operating the Executive Agency as an independent body (99,8 % subsidy entered in the general budget of the European Communities).</p> <p><b>Staff at 31 December 2008</b></p> <p>1) <i>Temporary staff</i> 92 posts for temporary staff in the establishment plan Post occupied: 85.</p> <p>2) <i>Contractual staff</i> 303 contractual staff Posts occupied: 277</p> <p>3) <i>Total staff: 362</i></p> <p>4) <i>Jobs allocation:</i> Operational: 295 Administrative: 65 Mixed: 2</p>	<p><b>a) Activities and outputs in 2008</b></p> <p>* In accordance with its mandate and in compliance with the principle of sound financial management, the Executive Agency has achieved the management of certain strands of the new generation of programmes (2007-2013) in the educational, audiovisual and cultural fields, including studies, national organisms and additional calls for proposals. The Executive Agency also implemented the actions delegated from 2007 in the area of external cooperation in higher education and training.</p> <p>* In parallel, the Agency pursued the management of the ongoing Erasmus Mundus programme (2004-2008) and the tasks aiming at the completion of the previous generation of programmes expiring end 2006.</p> <p>* The Executive Agency enhanced cooperation with its parent DGs: EAC, INFSO and AIDCO.</p> <p><b>b) Results achieved in 2008 (indicators)</b></p> <p>*34 calls for proposals and 3 programme guides were published for all programmes 2007-2013; the relevant selection processes were organized on schedule. About 3 900 projects were selected for grant award, and 5 000 contracts were signed (out of which 1 100 concern renewal of projects and designated beneficiaries). Around 7 800 payments were carried out and 5 250 projects closed in 2008.</p> <p>* Budget execution rates reached 99 % for commitment appropriations and 97 % for payment appropriations (operational budget).</p> <p>* 9 calls for tenders / procurement procedures were launched for the performance of studies and services.</p> <p>* A range of simplification measures was implemented to improve management processes and procedures towards beneficiaries and to harmonize and accelerate internal working procedures. They include in particular contractualisation by decision, the introduction of lump sum and flat rate payments and the electronic submission of proposals.</p> <p>* Recruitment measures were initiated in 2008 to take over the management of the European Eurydice unit from 1.9.2008.</p> <p>* Communication activities were implemented consistent with those launched by the parent DGs; a range of projects' kick off meetings and 4 InfoDays took place in 2008.</p> <p>* 200 audits were closed whereas 93 new audits were planned and launched in 2008.</p>

Source: Information supplied by the Agency.

### **THE AGENCY'S REPLIES**

13. The appropriations carried forward to 2009 amounted to 6.2 million euro (16 % of the budget), which amounts to a reduction of 4 % when compared to 2008.

These appropriations cover the activities taking place in 2009 for which preparatory activities had commenced already in 2008.

Nonetheless, the Agency will continue its efforts to reduce the volume of appropriations being carried over.