

## REPORT

**on the annual accounts of the European Union Fundamental Rights Agency for the financial year 2011, together with the Agency's replies**

(2012/C 388/33)

## INTRODUCTION

1. The European Union Fundamental Rights Agency (hereinafter "the Agency"), which is located in Vienna, was established by Council Regulation (EC) No 168/2007<sup>(1)</sup>. The objective of the Agency is to provide the relevant authorities of the Union and its Member States with assistance and expertise when implementing Union law relating to fundamental rights<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, 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 the implementation of the budget"<sup>(5)</sup> for the financial year ended 31 December 2011, and the legality and regularity of the transactions underlying those accounts.

## The Management's responsibility

4. 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 the authorised appropriations<sup>(6)</sup>. The Director is responsible for putting

in place<sup>(7)</sup> the organisational structure and the internal management and control systems and procedures relevant for drawing up final accounts<sup>(8)</sup> 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 Auditor's responsibility

5. The Court's responsibility is to provide, on the basis of its audit, the European Parliament and the Council<sup>(9)</sup> with 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.

6. The Court conducted 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 that the Court plans and performs the audit to obtain reasonable assurance as to whether the annual accounts of the Agency are free of material misstatement and the transactions underlying them are legal and regular.

7. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts and the legality and regularity of the transactions underlying them. The procedures are selected based on the auditor's judgment, including an assessment of the risks of material misstatement of the accounts and of material non-compliance of the underlying transactions with the requirement of the legal framework of the European Union, whether due to fraud or error. In assessing those risks, the auditor considers internal controls relevant to the preparation and fair presentation of the accounts and supervisory and control systems implemented to ensure legality and regularity of underlying transactions, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made, as well as evaluating the overall presentation of the accounts.

<sup>(1)</sup> OJ L 53, 22.2.2007, p. 1.

<sup>(2)</sup> The *Annex* 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 further information on budget implementation and management.

<sup>(4)</sup> The financial statements 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>(5)</sup> The budget implementation reports comprise the budget outturn account and its annex.

<sup>(6)</sup> Article 33 of Commission Regulation (EC, Euratom) No 2343/2002 (OJ L 357, 31.12.2002, p. 72).

<sup>(7)</sup> Article 38 of Regulation (EC, Euratom) No 2343/2002.

<sup>(8)</sup> The rules concerning the presentation of the accounts and accounting by the Agencies are laid down in Chapters 1 and 2 of Title VII of Regulation (EC, Euratom) No 2343/2002 as last amended by Regulation (EC, Euratom) No 652/2008 (OJ L 181, 10.7.2008, p. 23) and are integrated as such in the Financial Regulation of the Agency.

<sup>(9)</sup> Article 185(2) of Council Regulation (EC, Euratom) No 1605/2002 (OJ L 248, 16.9.2002, p. 1).

8. The Court considers 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***

9. In the Court's opinion, the Agency's Annual Accounts<sup>(10)</sup> present fairly, in all material respects, its financial position as of 31 December 2011 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<sup>(11)</sup>.

***Opinion on the legality and the regularity of the transactions underlying the accounts***

10. In the Court's opinion, the transactions underlying the annual accounts of the Agency for the financial year ended 31 December 2011 are legal and regular in all material respects.

This report was adopted by Chamber IV, headed by Mr. Louis GALEA, Member of the Court of Auditors, in Luxembourg at its meeting of 5 September 2012.

*For the Court of Auditors*  
Vitor Manuel da SILVA CALDEIRA  
*President*

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<sup>(10)</sup> The Final Annual Accounts were drawn up on 20 February 2012 and received by the Court on 25 June 2012. 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 <http://www.fra.europa.eu/>.

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<sup>(11)</sup> The accounting rules adopted by the Commission's accounting officer are derived from International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants or, in their absence, International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

## ANNEX

## European Union Agency for Fundamental Rights (Vienna)

## Competences and activities

<p><b>Areas of Union competence deriving from the Treaty</b></p>	<p><b>Collection of information</b></p> <ul style="list-style-type: none"> <li>— The Commission may, within the limits and under conditions laid down by the Council acting by a simple majority in accordance with the provisions of the Treaties, collect any information and carry out any checks required for the performance of the tasks entrusted to it. (Article 337)</li> </ul>
<p><b>Competences of the Agency</b></p> <p><i>(Council Regulation (EC) No 168/2007)</i></p>	<p><b>Objectives</b></p> <ul style="list-style-type: none"> <li>— To provide the relevant institutions, bodies, offices and agencies of the Union and its Member States when implementing Union law with assistance and expertise relating to fundamental rights in order to support them when they take measures or formulate courses of action within their respective spheres of competence to fully respect fundamental rights.</li> </ul> <p><b>Tasks</b></p> <ul style="list-style-type: none"> <li>— To collect, record, analyse and disseminate relevant, objective, reliable and comparable information and data;</li> <li>— To develop methods and standards to improve the comparability, objectivity and reliability of data at European level;</li> <li>— To carry out, cooperate with or encourage scientific research and surveys, preparatory studies and feasibility studies;</li> <li>— To formulate and publish conclusions and opinions on specific thematic topics, for the Union institutions and the Member States when implementing Union law;</li> <li>— To publish an annual report on fundamental-rights issues covered by the areas of the Agency's activity;</li> <li>— To publish thematic reports based on its analysis, research and surveys;</li> <li>— To publish an annual report on its activities;</li> <li>— To develop a communication strategy and promote dialogue with civil society.</li> </ul>
<p><b>Governance</b></p>	<p><b>Management Board</b></p> <p><i>Composition</i></p> <p>One independent person appointed by each Member State, one independent person appointed by the Council of Europe and two representatives of the Commission.</p> <p><i>Duties</i></p> <p>To adopt the budget, work programme and annual reports. To adopt the final budget and the establishment plan. To give an opinion on the final accounts.</p> <p><b>Executive Board</b></p> <p><i>Composition</i></p> <ul style="list-style-type: none"> <li>— Chairperson of the Management Board;</li> <li>— Vice-Chairperson of the Management Board;</li> <li>— One representative of the Commission;</li> <li>— Two other elected members from the Management Board;</li> </ul>

	<p>— the person appointed by the Council of Europe in the Management Board may participate in the meetings of the Executive Board.</p> <p><b>Scientific Committee</b></p> <p><i>Composition</i></p> <p>— Eleven independent persons, highly qualified in the field of fundamental rights;</p> <p>— Appointed by the Management Board shall appoint the members following a transparent call for applications and selection procedure.</p> <p><b>Director</b></p> <p>— Is appointed by the Management Board on a proposal from the Commission and after opinions of the European Parliament and the Council of the European Union (who will state their preference).</p> <p><b>External audit</b></p> <p>Court of Auditors.</p> <p><b>Internal control</b></p> <p>The Commission's Internal Audit Service.</p> <p><b>Discharge authority</b></p> <p>Parliament on a recommendation from the Council.</p>
<p><b>Resources made available to the Agency in 2011 (2010)</b></p>	<p><b>Final Budget</b></p> <p>20,180 million euro (20,214) of which the Union subsidy is 99 % (99 %)</p> <p><b>Staff as at 31 December 2011</b></p> <p>72 (72) foreseen in the establishment plan, of which occupied: 70 (69) + 22 (18) other staff (contract agents, seconded national experts)</p> <p>Total staff: 94 (90), undertaking the following tasks:</p> <p>operational: 59 (55)</p> <p>administrative: 29 (29)</p> <p>mixed: 6 (6)</p>
<p><b>Products and services 2011 (2010) <sup>(1)</sup></b></p>	<p><b>RAXEN</b></p> <p>Number of contributions by the national focal points: 1 (162)</p> <p>Number of meetings: 0 (1)</p> <p><b>FRALEX</b></p> <p>Number of contributions by legal experts: 0 (131)</p> <p>Number of meetings: 0 (0)</p> <p><b>FRANET <sup>(2)</sup></b></p> <p>Number of contributions by the 29 national focal points: 29 (0)</p> <p>Number of meetings: 2 (0) (1 with 5 representatives of contractors and 1 with 60 representatives of contractors)</p>

**Research Reports**

Number of reports: 26 plus 113 language versions (37, incl. lang. versions)

Number of meetings: 11 (20)

Annual reports: 2 plus 2 language versions (3, incl. lang. versions)

Annual report Summary: 1 plus 4 lang. versions

Factsheets: 10 plus 149 language versions

Poster: 1

**Non-Research Materials**

Various FRA publications: 5 plus 27 language versions (3)

**Key Conferences and Events**

Fundamental Rights Conference: 1 (1)

Diversity Day Event: 1 (2)

FRA Symposium: 1 (1)

**Cooperation with Member States and other Institutions**

Member States: 13 (12)

Council of the EU: 9 (6)

European Commission: 18 (20)

European Parliament: 10 (5)

Court of Justice of the EU: 1 (0)

Committee of the Regions: 3 (2)

European Economic and Social Committee: 1 (1)

Fundamental Rights Platform: 3 (2)

Council of Europe: 10 (16)

European Investment Bank: 1 (0)

OSCE: 3 (3)

United Nations: 2 (6)

External Stakeholders: 48 (30)

Specialised Bodies (NHRIs and Equality Bodies): 4 (7)

Other Meetings and Round Tables: 20 (20)

(1) Please note that for year 2011, we have separated reports from factsheets, and we also explicitly state the total amount of language versions for each category.

(2) FRANET replaces RAXEN and FRALEX networks.

Source: Information supplied by the Agency.

**THE AGENCY'S REPLY**

The Agency has taken note of the Court's report.

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