REPORT

on the annual accounts of the European Fundamental Rights Agency for the financial year 2008, together with Agency's replies

(2009/C 304/03)

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INTRODUCTION

- The European Union Fundamental Rights Agency (hereinafter 'the Agency'), located in Vienna, was established by Council Regulation (EC) No 168/2007 of 15 February 2007 (1). The objective of the Agency is to provide the relevant authorities of the Community and its Member States with assistance and expertise when implementing Community law relating to fundamental rights (2).
- The Agency's 2008 budget amounted to 15 million euro compared with 14,2 million euro the previous year. The number of staff employed by the Agency at the end of the year was 72 as compared with 57 the previous year.

STATEMENT OF ASSURANCE

- Pursuant to the provisions of Article 248 of the Treaty the Court has audited the annual accounts (3) of the Agency, which comprise the 'financial statements' (4) and the 'reports on implementation of the budget' (5) 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 185(2) of Council Regulation (EC, Euratom) No 1605/2002 (6).

The Director's responsibility

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 (7). The Director is responsible for putting in place (8) the organi-

(1) OJ L 53, 22.2.2007, p. 1.

(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 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.
- (5) The budget implementation reports comprise the budget outturn account and its annex.
- (6) OJ L 248, 16.9.2002, p. 1.
- Article 33 of Commission Regulation (EC, Euratom) No 2343/2002 (OJ L 357, 31.12.2002, p. 72). (8) Article 38 of Regulation (EC, Euratom) No 2343/2002.

sational structure and the internal management and control systems and procedures relevant for drawing up final accounts (9) 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

- 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 (10) 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.
- 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.
- The Court believes that the audit evidence obtained is sufficient and appropriate to provide a basis for the opinions set out below.

Standards of Supreme Audit Institutions (ISSAI).

⁽⁹⁾ The rules concerning the presentation of the accounts and accounting by the Agencies are laid down in chapter 1 of Title VII of Commission Regulation (EC, Euratom) No 2343/2002 as last amended by Commission Regulation (EC, Euratom) No 652/2008 of 9 July 2008 (OJ L 181, 10.7.2008, p. 23) and are integrated as such in the Financial Regulation of the Agency.

(10) International Federation of Accountants (IFAC) and International

Opinion on the reliability of the accounts

10. In the Court's opinion, the Agency's Annual Accounts (11) 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.

OTHER MATTERS

13. For each of its main activities, the Agency's 2008 work programme lists planned projects, outputs and indicators which, however, are not clearly linked to the objectives laid out at the activity level. Objectives and indicators are not specific and measurable, which makes difficult to identify shortfalls and to assess achievements as is foreseen in Article 25.3 of the Framework financial regulation for the Agencies. In order to establish a genuinely activity based budget, the Agency should define precise objectives and establish relevant and measurable performance indicators.

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

⁽¹¹⁾ The Final Annual Accounts were drawn up on 24 April 2009 and received by the Court on 5 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 http://www.fra.europa.eu/fraWebsite/home/home_en.htm

 ${\it Table}$ European Union Agency for Fundamental Rights (Vienna)

Areas of Community competence deriving from the Treaty	Competences of the Agency as specified in Council Regulation (EC) No 168/2007 of 15 February 2007		Governance	Resources made available to the Agency in 2008 (Data for 2007)	Products and services supplied in 2008 (Data for 2007)
Collection of information	Objectives	Main tasks	1 — Management Board	Budget	Raxen
— The Commission may, within the limits and under conditions laid down by the Council in accordance with the provisions of this Treaty, collect any information and carry out any checks required for the performance of the tasks entrusted to it. (Article 284)	— To provide the relevant institutions, bodies, offices and agencies of the Community and its Member States when implementing Community 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.	 To collect, record, analyse and disseminate relevant, objective, reliable and comparable information and data To develop methods and standards to improve the comparability, objectivity and reliability of data at European level To carry out, cooperate with or encourage scientific research and surveys, preparatory studies and feasibility studies To formulate and publish conclusions and opinions on specific thematic topics, for the Union institutions and the Member States when implementing Community law To publish an annual report on fundamental-rights issues covered by the areas of the Agency's activity To publish thematic reports based on its analysis, research and surveys To publish an annual report on its activities To develop a communication strategy and promote dialogue with civil society. 	One independent person appointed by each Member State, one independent person appointed by the Council of Europe and two representatives of the Commission. Duties 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. 2 — Executive Board Composition — Chairperson of the Management Board — Vice-Chairperson of the Management Board — One representative of the Commission — Two other members of the Management Board — The person appointed by the Council of Europe in the Management Board may participate in the meetings of the Executive Board	15 million euro (14,2 million euro) Staff at 31 December 2008: 49 (46) foreseen in the establishment plan, of which occupied: 35 (34) + 23 (11) other staff (contract staff, seconded national experts, interim staff) Total staff: 72 (57) undertaking the following tasks operational: 42 (31) administrative: 24 (21) mixed: 6 (5)	Number of contributions by the 27 national focal points: 219 (245) Number of meetings: 1 (1) Fralex Number of contributions by legal experts 201 (0) Number of meetings 2 (0) Research Reports Number of reports: 6 (4) Number of meetings: 21 (6) Annual Reports: 2 (2) Non-Research materials Various publications: 13 (15) Cooperation with Member States and other Institutions Member States: 9 (7) European Commission: 17 (8) European Parliament: 6 (6) Committee of the Regions: 2 (1) Council of Europe: 25 (4) OSCE: 7 (5) United Nations: 6 (2) Other meetings and round tables: 18 (23)

Areas of Community competence deriving from the Treaty	Competences of the Agency as specified in Council Regulation (EC) No 168/2007 of 15 February 2007		Governance	Resources made available to the Agency in 2008 (Data for 2007)	Products and services supplied in 2008 (Data for 2007)
			3 — Scientific Committee		
			Composition		
			 Eleven independent persons, highly qualified in the field of fundamental rights 		
			 The Management Board shall appoint the members following a transparent call for applications and selection procedure 		
			4 — Director		
			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).		
			5 — External audit		
			Court of Auditors		
			6 — Internal control		
			The Commission's internal audit service		
			7 — Discharge authority		
			Parliament on recommendation by the Council		

Source: Information supplied by the Agency.

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THE AGENCY'S REPLIES

13. The Agency's 2009 Annual Work Programme defines S.M.A.R.T. objectives per activity and therefore the Activity Based Management approach has been improved.

Moreover, mid-2009, the Agency started the implementation of an Activity Based Budget software that will provide clear indicators on the financial and human resources allocated.