



EUROPEAN
COURT
OF AUDITORS

**Report on the annual accounts of the
Translation Centre for the Bodies of the
European Union (CdT)
for the financial year 2019,**

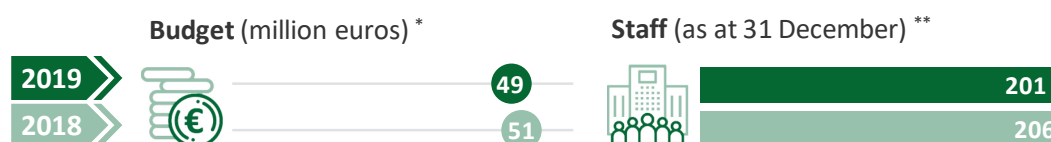
together with the Centre's reply

Introduction

01 The Translation Centre for the Bodies of the European Union (“the Centre”, or “CdT”), which is located in Luxembourg, was created by Council Regulation (EC) No 2965/94¹. The Centre's task is to provide any European Union institutions and bodies with the translation services necessary for their activities.

02 *Graph 1* presents key figures for the Centre².

Graph 1: Key figures for the Centre



* Budget figures are based on the total payment appropriations available during the financial year.

** “Staff” includes EU officials, EU temporary agents, EU contract staff and seconded national experts, but excludes interim workers and consultants.

Source: Consolidated annual accounts of the European Union for the financial year 2018 and Provisional consolidated annual accounts of the European Union Financial year 2019; Staff figures provided by the Centre.

Information in support of the statement of assurance

03 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 information provided by the Centre’s management.

¹ OJ L 314, 7.12.1994, p. 1.

² More information on the Centre’s competences and activities is available on its website: www.cdt.europa.eu.

The Court's statement of assurance provided to the European Parliament and the Council – Independent auditor's report

Opinion

04 We have audited:

- (a) the 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 2019 and
- (b) the legality and regularity of the transactions underlying those accounts

as required by Article 287 of the Treaty on the Functioning of the European Union (TFEU).

Reliability of the accounts

Opinion on the reliability of the accounts

05 In our opinion, the accounts of the Centre for the year ended 31 December 2019 present fairly, in all material respects, the financial position of the Centre at 31 December 2019, the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with its Financial Regulation and with accounting rules adopted by the Commission's accounting officer. These are based on internationally accepted accounting standards for the public sector.

Other matter

06 In relation to the events occurred and the facts known after the date of the transmission of the Provisional annual accounts by the Centre relating to the effects of the crisis arising from the COVID-19, the Centre did not make appropriate disclosures in the final annual accounts on the impact of COVID-19

³ The financial statements comprise the balance sheet, the statement of financial performance, the cash flow statement, the statement of changes in net assets and a summary of significant accounting policies and other explanatory notes.

⁴ The reports on implementation of the budget comprise the reports, which aggregate all budgetary operations and the explanatory notes.

measures on the Centre's current and anticipated operations, as reasonably known at the date of the transmission of the final annual accounts.

Legality and regularity of the transactions underlying the accounts

Revenue

Opinion on the legality and regularity of revenue underlying the accounts

07 In our opinion, revenue underlying the accounts for the year ended 31 December 2019 is legal and regular in all material respects.

Payments

Opinion on the legality and regularity of payments underlying the accounts

08 In our opinion, payments underlying the accounts for the year ended 31 December 2019 are legal and regular in all material respects.

Basis for opinions

09 We conducted our audit in accordance with the IFAC International Standards on Auditing (ISAs) and Codes of Ethics and the INTOSAI International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the 'Auditor's responsibilities' section of our report. We are independent, in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) and with the ethical requirements that are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance

10 In accordance with Articles 310 to 325 of the TFEU and the Centre's Financial Regulation, management is responsible for preparing and presenting the Centre's accounts on the basis of internationally accepted accounting standards for the public sector and for the legality and regularity of the transactions underlying

them. This includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error. The Centre's management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the official requirements which govern those statements. The Centre's management bears the ultimate responsibility for the legality and regularity of the transactions underlying the Centre's accounts.

11 In preparing the accounts, the Centre's management is responsible for assessing the Centre's ability to continue as a going concern. It must disclose, as applicable, any matters affecting the Centre's status as a going concern, and use the going concern basis of accounting, unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

12 Those charged with governance are responsible for overseeing the Centre's financial reporting process.

The auditor's responsibilities for the audit of the accounts and underlying transactions

13 Our objectives are to obtain reasonable assurance about whether the accounts of the Centre are free from material misstatement and the transactions underlying them are legal and regular, and to provide, on the basis of our audit, the European Parliament and the Council or the other respective discharge authorities with statements of assurance as to the reliability of the Centre's accounts and the legality and regularity of the transactions underlying them. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit will always detect a material misstatement or non-compliance when it exists. These can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

14 For revenue, we verify subsidies received from the Commission or cooperating countries and assess the Centre's procedures for collecting fees and other income, if any.

15 For expenditure, we examine payment transactions when expenditure has been incurred, recorded and accepted. This examination covers all categories of payments (including those made for the purchase of assets) other than advances at the point they are made. Advance payments are examined when the recipient

of funds provides justification for their proper use and the Centre accepts the justification by clearing the advance payment, whether in the same year or later.

16 In accordance with the ISAs and ISSAIs, we exercise our professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the accounts and of material non-compliance of the underlying transactions with the requirements of the legal framework of the European Union, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement or non-compliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the overriding of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the accounts, including the disclosures, and whether the accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Centre to express an opinion on the accounts and transactions underlying them. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

- Considered the audit work of the independent external auditor performed on the Centre's accounts as stipulated in Article 70(6) of the EU Financial Regulation, where applicable.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit. From the matters on which we communicated with the Centre, we determine those matters that were of most significance in the audit of the accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

17 The observations which follow do not call the Court's opinion into question.

Observation on the legality and regularity of transactions

18 The Centre had signed contracts with IT companies for the provision of IT services. These contracts were formulated in such a way that could imply the assignment ("mise à disposition") of temporary agency workers instead of the provision of clearly defined IT services or products. Interim workers can only be deployed on the basis of contracts with authorised temporary work agencies and in accordance with the provisions of Directive 2008/104/EC of the European Parliament and of the Council⁵, and with the specific rules adopted by the Member States in the transposition of that Directive. The use of IT service contracts for the provision of labour would not be in compliance with EU social and employment rules., The value of payments made in this connection in 2019 was 1 207 560 euros. The Centre should make sure that contracts avoid any confusion between the procurement of IT services and the deployment of interim workers. However, since a case concerning the application of Directive 2008/104/EC of the European Parliament and of the Council, on temporary agency work to EU Agencies is currently pending before the Court of Justice (CJEU), the Court will refrain from making observations on the regularity of the Centre's approach concerning this matter until the CJEU has issued a final ruling in this case.

⁵ OJ L 327, 5.12.2008, p. 9.

Follow-up of previous years' observations

19 An overview of the action taken in response to the Court's observations from previous years is provided in the **Annex**.

This Report was adopted by Chamber IV, headed by Mr Alex Brenninkmeijer, Member of the Court of Auditors, in Luxembourg on 22 September 2020.

For the Court of Auditors

A handwritten signature in black ink, appearing to read 'K-H Le', written in a cursive style.

Klaus-Heiner Lehne
President

Annex - Follow-up of previous years' observations

Year	Court's observations	Action taken to respond to Court's observations (Completed / Ongoing / Outstanding / N/A)
2016	In 2016, cash and short term deposits held by the Centre decreased to 34,2 million euros (38,3 million euros at the end of 2015) and reserves to 31,1 million euros (34 million euros at the end of 2015).	Ongoing
2017	There is a need to clarify the future mandate and business model of the Centre.	Ongoing
2017	E-procurement: by the end of 2017, the Centre had introduced e-invoicing for certain procedures, but not e-tendering and e-submission.	Completed

The Centre's reply

18. The Centre is using framework contracts ITS awarded by the European Parliament to procure this type of IT services. It has been included as participating agency in the call for quite long time now, and the Centre also joined the last call for tender organised by the Parliament on this subject. This call for tenders is interinstitutional and it is to be noted that all EU institutions except the Commission are also using the very same contracts for provision of IT services and consultancy. Therefore, as regard the contractual clauses for the framework contract and specific contracts, the Centre is using the clauses drafted by the European Parliament. Contrary to the interim contract that the Centre also use for other purposes, what the Centre requests to the contractor for each specific contract on the basis of these ITS framework contracts is not a specific person, but a specific profile of IT specialist who possess the required technical skills and know-how to be able to pursue the project or the mission on which they have to work. Indeed, the work is carried out either as projects with specified deliverables which the contractor has to deliver, or under a more general mission consisting of various tasks to be delivered by the contractor. It is also to be noted that the contractors are also sharing the Centre's opinion that this service is not to be considered as interim worker service.

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