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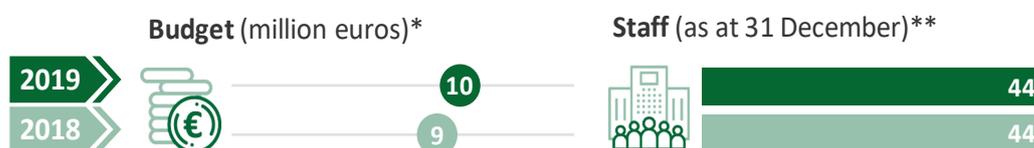
**Report on the annual accounts of the
European Institute for Gender Equality
(EIGE)
for the financial year 2019,
together with the Institute's reply**

Introduction

01 The European Institute for Gender Equality (“the Institute”, or “EIGE”), which is located in Vilnius, was established by Regulation (EC) No 1922/2006 of the European Parliament and of the Council¹. The Institute’s task is to collect, analyse and disseminate information as regards gender equality and to develop, analyse, evaluate and disseminate methodological tools in order to support the integration of gender equality into all Union policies and the resulting national policies.

02 *Graph 1* presents key figures for the Institute².

Graph 1: Key figures for the Institute



* 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 Institute.

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 Institute’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 Institute’s management.

¹ OJ L 403, 30.12.2006, p. 9.

² More information on the Institute’s competences and activities is available on its website: www.eige.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 Institute 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 Institute for the year ended 31 December 2019 present fairly, in all material respects, the financial position of the Institute 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.

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.

Legality and regularity of the transactions underlying the accounts

Revenue

Opinion on the legality and regularity of revenue underlying the accounts

06 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

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

Other matter

08 We note that a case pending before the Court of Justice of the EU (CJEU), case No C-948/19 (Manpower Lit), has a bearing on aspects of our audit opinion. The case concerns several questions asked by the Lithuanian Supreme Court concerning the application of Directive 2008/104/EC of the European Parliament and of the Council⁵, on temporary agency work, to EU Agencies. In particular, the Lithuanian court asked whether the Directive applies to EU Agencies in their capacity as public bodies engaged in economic activities. It also asked whether EU Agencies must apply in full the provisions of Article 5(1) of that Directive concerning the rights of temporary agency workers to basic working and employment conditions, in particular as regards pay. Since the CJEU's ruling with regard to these questions may have an impact on the Court's position concerning the Institute's use of interim workers, the Court will refrain from making any observations, including follow-ups of observations from previous years, until the CJEU has issued a final ruling in this case.

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 Institute's Financial Regulation, management is responsible for preparing and presenting the Institute'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 Institute'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 Institute's management bears the ultimate responsibility for the legality and regularity of the transactions underlying the Institute's accounts.

11 In preparing the accounts, the Institute's management is responsible for assessing the Institute's ability to continue as a going concern. It must disclose, as applicable, any matters affecting the Institute'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 Institute'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 Institute 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

⁵ OJ L 327, 5.12.2008, p. 9.

authorities with statements of assurance as to the reliability of the Institute'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 Institute'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 Institute 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 Institute'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 Institute 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 Institute'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 Institute, 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.

Observations on the legality and regularity of transactions

18 When selecting external experts, the Institute must comply with the principles of non-discrimination and equal treatment set out in Article 237 of Financial Regulation. The Institute had established a list of external experts in several areas of expertise, based on a call for expression of interest open since 2015 and valid until September 2019. We audited two cases. In these cases, we found that the procedures used for selecting and contracting the external experts systematically lacked a solid audit trail (as set out in Article 36(3) of the Financial Regulation). In particular, we saw no

evidence that experts had been assigned to tasks on the basis of pre-defined selection criteria which assessed their merits relative to those of other potential candidates. Therefore, the related payments for the two experts in 2019 for 20 580 euros and 14 478 euros respectively, are irregular. The error is a systematic one, so the entire amount of the payments made in 2019 in connection with this call for expression of interest – 168 738 euros – is irregular.

Observations on budgetary management

19 In order to respect the principle of transparency stated in the Financial Regulation, the Institute is required to publish its annual budget. It published its 2019 budget at the end of March 2019. However, this budget did not include 550 000 euros of revenue assigned under the Instrument for Pre-Accession Assistance (IPA II) for the implementation of the action “Increased capacity of EU candidate countries and potential candidates to measure and monitor the impact of gender-equality policies (2018-2021)”. These funds had already been received as 100 % pre-financing in December 2018, and a credit note to this effect was issued by the Institute in January 2019. The agreement was amended on 17 December 2019, and the cost of the action was thereby increased by 378 950 euros. This amount was received on 27 December 2019, and a corresponding credit note was issued in February 2020. Under the Financial Regulation⁶, the Institute should have included this information in its budget. It should have included the 550 000 euros in its initial published budget for 2019 with the necessary disclosures. However, it failed to do so⁷.

Observations on internal controls

20 According to the Institute’s Financial Regulation⁸, the authorising officer by delegation may put in place ex post controls to detect and correct errors and irregularities in operations after they have been authorised. The Institute has not carried out ex post controls of operations and budgetary implementation since September 2016. In our opinion, a dedicated ex-post controls programme based on specific risks would contribute to improving the Institute’s internal control environment.

⁶ As required by Articles 21 and 22 of the Financial Regulation.

⁷ As required by Articles 21 and 22 of the Financial Regulation.

⁸ Article 45 EIGE’s Financial Regulation

Follow-up of previous years' observations

21 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)
2017	E-procurement: by the end of 2017 the Institute had introduced e-invoicing for certain procedures, but not e-tendering and e-submission.	Completed
2017	The Institute publishes vacancy notices on its own website and on social media, but not on the website of the European Personnel Selection Office (EPSO).	Completed
2018	The Institute was a defendant in four cases related to three procurement procedures which were brought before EU Courts by unsuccessful tenderers. The award of the contract was annulled on the basis of minor procedural weaknesses. EIGE was ordered by the General Court to reimburse claimants' defence costs in the two cases; the resulting amount of 21 384 euros was paid by EIGE in 2019. The Court joined other two cases and ruled that the total amount of the costs to be reimbursed by the claimant to EIGE is fixed at 17 045 euros; EIGE received the funds in 2020.	Completed

Year	Court's observations	Action taken to respond to Court's observations (Completed / Ongoing / Outstanding / N/A)
2018	EIGE engaged in the use of temporary agency workers (interim workers) through a framework contract with one temporary work agency. The contract did not require the temporary work agency to comply with certain legal requirements (interim workers should work under the same working conditions as workers employed directly by the user undertaking) and there is no evidence that the Institute itself carried out any comparison between the working conditions of its own staff and interim workers. The Institute should analyse the working conditions of its interim workers and ensure they are in line with European and national labour law.	<p style="text-align: center;">Ongoing</p> <p style="text-align: center;">(See paragraph 8)</p>
2018	The Institute did not publish its 2018 budget in the EU's Official Journal, as required by the Financial Regulation.	<p style="text-align: center;">Completed</p>

The Agency's reply

18. EIGE takes note of this observation. EIGE examined the current processes and prepared a new call for expression of interest. New procedures will take into account the findings and improve the justification for the selection of specific expert in comparison to the other experts included in the database.

19. EIGE takes note of this observation. The IPA funds are project-based and not related to a specific year's budget. The funds may be used over many years and EIGE is transferring the amount that is not used each time to the next year's budget. Thus, providing each year the budget with IPA, would make the impression that EIGE is receiving each year additional amount (500.000 euros in year N, 450.000 euros in year N+1, 300.000 euros in year N+2) EIGE has also contacted DG BUDG for the advice on how to handle the situation. DG BUDG has confirmed the approach taken by the Institute.

20. EIGE agrees and takes note of this observation.

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