

Ministers' Deputies

CM Documents

CM(2016)101 31 May 2016¹

1264 Meeting, 14 September 2016

11 Programme, Budget and Administration

11.2 Financial Statements and Budgetary Management Accounts of
the Enlarged Partial Agreement establishing the European Centre
for Global Interdependence and Solidarity for the year ended
31 December 2015

PART I: Financial Statements

PART II: Budgetary Management Accounts

¹ This document has been classified "restricted" until the date of its examination by the Committee of Ministers.

FINANCIAL STATEMENTS AND BUDGETARY MANAGEMENT ACCOUNTS OF THE ENLARGED PARTIAL AGREEMENT ESTABLISHING THE EUROPEAN CENTRE FOR GLOBAL INTERDEPENDENCE AND SOLIDARITY FOR THE YEAR ENDED 31 DECEMBER 2015

The European Centre for Global Interdependence and Solidarity (North-South Centre) was established by Resolution (89)14 of the Committee of Ministers, adopted on 16 November 1989 at its 85th session by the representatives of the following states: Cyprus, France, Italy, Luxembourg, Malta, Netherlands, Norway, Portugal, San Marino and Spain.

The aim of the Centre is to promote dialogue between North and South, fostering solidarity and raising awareness of global interdependence. The Centre fulfils a dual political role of representing “the voice of the South” within the Council of Europe and of transmitting the values of democracy and human rights in neighbouring regions.

The Centre focuses in particular on training and capacity building for young people and youth organisations with a view to facilitating their participation in decision-making and policy-making at all levels of governance. The Centre also supports the empowerment of women to encourage their role as actors of change at all levels of governance.

The headquarters of the Centre were established in Lisbon thanks to the generosity of the Portuguese government.

The Secretary General keeps accounts in the manner prescribed in Articles 61 to 64 of the Financial Regulations of the Council of Europe. These accounts are made available to the External Auditor before 31 March of the year following the financial year to which the accounts refer for his examination (CM(2016)101). They are submitted for approval to the Executive Committee of the Centre.

The Secretary General herewith presents to the Committee of Ministers the financial statements of the European Centre for Global Interdependence and Solidarity (North-South Centre) for the year ended 31 December 2015.

In the light of the report of the External Auditor, the Committee of Ministers is invited to discharge the Secretary General from responsibility for the financial year ended 31 December 2015 and to this end a draft resolution is submitted to the Committee of Ministers for adoption (see page 3).

CONTENTS	Page
Draft resolution submitted to the Committee of Ministers in its composition limited to the representatives of the member States of the Enlarged Partial Agreement	3
Draft resolution submitted to the Executive Committee in its composition limited to the representatives of the member States of the Enlarged Partial Agreement approving the accounts for the year ended 31 December 2015	4 - 5
I. Financial Statements	
Management report	7
Statement on internal control	8 - 10
Opinion of the External Auditor	11
Statement of Financial Position, Statement of Financial Performance, Cash Flow Statement, Statement of Changes in Net Assets / Equity, Statement of Comparison of Budget and Actual Amounts, Accounting Policies and Notes to the Financial Statements as at 31 December 2015	12 - 31
II. Budgetary Management Accounts	
Certification of the Budgetary Management Accounts	33
Opinion of the External Auditor	34
Statement of budget receipts and expenditure	35 - 37

**Draft Resolution CM/Res(2016)...
concerning the financial statements and the budgetary management accounts of the
Enlarged Partial Agreement establishing the European Centre for Global Interdependence
and Solidarity (North-South Centre)
for the year ended 31 December 2015**

*(Adopted by the Committee of Ministers on ... 2016
at the ... meeting of the Ministers' Deputies)*

The Committee of Ministers, under the terms of Article 16 of the Statute of the Council of Europe, and in its composition restricted to the representatives of the States which were members in 2015 of the European Centre for Global Interdependence and Solidarity (North-South Centre),¹

Having regard to Article 68 of the Financial Regulations of the Council of Europe;

Having regard to the financial statements and the budgetary management accounts of the Enlarged Partial Agreement on the European Centre for Global Interdependence and Solidarity (North-South Centre) for the year ended 31 December 2015, submitted by the Secretary General (CM(2016)101);

Having regard to the decision taken by the Committee of Ministers at the 456th meeting of the Ministers' Deputies (April 1991, item 20) to submit the financial statements and budgetary management accounts of the Centre for approval to the representatives of the member States of the Centre;

Having regard to the decisions NSC/EC(2016)... of the Executive Committee of the Centre regarding the 2015 financial statements and budgetary management accounts;

Having regard to the opinion of the External Auditor;

Having regard to the report of the External Auditor,

Having regard to the report of the Budget Committee,

Decides:

Single article

Discharge is hereby given to the Secretary General in respect of his management of the Enlarged Partial Agreement establishing the European Centre for Global Interdependence and Solidarity (North-South Centre) for the year from 1 January to 31 December 2015.

¹ States concerned: Andorra, Azerbaijan, Cyprus, Croatia, Greece, Liechtenstein, Luxembourg, Malta, Montenegro, Portugal, San Marino, Serbia and Spain.

**Draft Resolution NSC/EC(2016)...
concerning the financial statements and the budgetary management accounts of the
Enlarged Partial Agreement establishing the European Centre for Global Interdependence
and Solidarity (North-South Centre)
for the year ended 31 December 2015**

The Executive Committee of the European Centre for Global Interdependence and Solidarity, in its composition limited to the representatives of the States which were members of the Centre in 2015;¹

Having regard to the financial statements and the budgetary management accounts of the Centre for the financial year 2015, submitted by the Secretary General (CM(2016)101);

Having regard to the opinion of the External Auditor;

Having regard to the report on the financial statements and the budgetary management accounts of the Centre for the financial year 2015 presented by the External Auditor pursuant to Article 72 of the Financial Regulations of the Council of Europe;

Having regard to the report of the Budget Committee;

Having regard to the decision taken by the Committee of Ministers at the 456th meeting of the Ministers' Deputies (April 1991, item 20) to submit the financial statements and budgetary management accounts of the Centre for approval to the representatives of the member States of the Centre;

Having regard to Resolution CM/Res(2011)6, adopted by the Committee of Ministers on 5 May 2011 at the 1113th meeting of the Ministers' Deputies, establishing a new Statute for the European Centre for Global Interdependence and Solidarity (North-South Centre);

Decides:

1. The financial statements and budgetary management accounts of the European Centre for Global Interdependence and Solidarity (North-South Centre) for the year ended 31 December 2015, as submitted by the Secretary General, are hereby approved;
2. The unexpended appropriations for the financial year 2015 amounting to €4 261.06 as shown in the budgetary management accounts presented by the Secretary General, are cancelled.
3. Approval is hereby given to the apportionment of the 2015 financial year net surplus of €4 261.06 among the members of the Enlarged Partial Agreement, as indicated in the appendix to this resolution;
4. The annual financial statements and budgetary management accounts together with the present resolution and the opinion of the External Auditor shall be transmitted to the Committee of Ministers.

¹ States concerned: Andorra, Azerbaijan, Cyprus, Croatia, Greece, Liechtenstein, Luxembourg, Malta, Montenegro, Portugal, San Marino, Serbia, Spain, and Cape Verde, the Holy See and Morocco as non-member States of the Council of Europe.

Appendix to Resolution NSC/EC(2016)...

Apportionment of the surplus of the Budget of the Enlarged Partial Agreement on the European Centre for Global Interdependence and Solidarity for the financial year 2015

Member States of the Council of Europe	Scale of contributions for the financial year 2015 (Resolution NSC/EC(2014)15)	Amount of credit balance
	%	€
ANDORRA	2.6600	113.34
AZERBAIJAN	2.9156	124.24
CYPRUS	2.6600	113.34
GREECE	9.8236	418.59
LIECHTENSTEIN	2.6600	113.34
LUXEMBOURG	2.6600	113.34
MALTA	2.6600	113.34
MONTENEGRO	2.6600	113.34
PORTUGAL	8.1048	345.36
SAN MARINO	2.6600	113.34
SERBIA	2.6600	113.34
SPAIN	46.0000	1 960.10
Non-members of the Council of Europe		
CAP VERDE	2.6600	113.34
HOLY SEE	2.6600	113.34
MOROCCO	6.5560	279.37
TOTAL	100.0000	4 261.06

Part I

Financial Statements of the European Centre for Global Interdependence and Solidarity for the year ended 31 December 2015



MANAGEMENT REPORT

The financial statements of the North-South Centre have been prepared under our responsibility in accordance with International Public Sector Accounting Standards (IPSAS), as required by Article 62 of the Financial Regulations of the Council of Europe.

The Secretary General has responsibility for the sound administrative and financial management of the Council of Europe, of which the North-South Centre is part, and for maintaining an adequate system of internal control to provide reasonable assurance with regard to the reliability of financial reporting and the preparation of the financial statements.

We are of the opinion that these financial statements fairly present the financial situation of the North-South Centre as at 31 December 2015 and its financial performance and cash flows for the year then ended.

Strasbourg, 20 May 2016

Signed

Thorbjørn Jagland
Secretary General

Signed

José Frederico Ludovice
Executive Director
of the North-South Centre

Signed

Alejandro Zamorano
Treasurer

Signed

Francis Dangel
Director General
of Administration a.i.

STATEMENT ON INTERNAL CONTROL 2015

1. SCOPE OF RESPONSIBILITY

As Secretary General I have responsibility for maintaining a sound system of internal control which supports the Organisation's policies, aims and objectives. I also have responsibility for ensuring that funds are safeguarded and properly accounted for, and that they are used economically, efficiently and effectively.

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risks to a reasonable level rather than to eliminate all risks of failures to achieve the Organisation's objectives and ensure compliance with Regulations and Rules. It has been in place in the Council of Europe for the year ended 31 December 2015 and up to the date of approval of the accounts and accords with proper practice.

3. THE INTERNAL CONTROL ENVIRONMENT

The key elements of the internal control environment include:

- Ensuring compliance with established policies and procedures – the Council of Europe has comprehensive Financial Regulations, Instructions, and Rules, together with a comprehensive framework of human resources regulations and policies, which are reviewed at regular intervals. These arrangements promote compliance with norms and best practices in order to ensure that public funds are properly safeguarded and are used economically, efficiently and effectively and in accordance with the authority which governs their use.
- The principles which must be respected by all staff are stated explicitly in the Charter of Professional Ethics. This is supplemented by the Purchasing Code of Ethics, which addresses the issues of conflicts of interest and the receipt of gifts, and by the Rules requiring declarations of conflicts of interest. In order to mitigate the level of risk specifically regarding potential fraud and corruption all members of the Secretariat are required to comply with Rule 1327.
- At the start of each year the Head of the relevant Major Administrative Entity (MAE) sends to the Executive Director of the North-South Centre (CCM 00400) a Letter of Delegation, specifying the details of operation of delegated financial authority and responsibility and underlining internal control responsibilities. Since 1 March 2014, that financial authority and responsibility was delegated to the new Executive Director, Mr José Frederico Ludovice.
- Financial Management and Reporting - the Executive Director, who is the Cost Centre Manager (CCM) of the North-South Centre has access to and receives regular financial management reports which monitor actual income and expenditure against the approved budget. The budget of the Centre, like all Council of Europe Budgets, is based on the expected results of defined activities. Performance is monitored formally by means of a Progress Review Report submitted to the Directorate General (DGII) and by interim reports submitted to North-South Centre statutory bodies.
- Financial information is obtained from, and reliance is therefore placed upon, the Council of Europe's Financial Information Management System (FIMS) and its affiliated IT applications. This system has adequate processes in respect of authorisation levels and access controls, and there is sufficient segregation of duties within the Major Administrative Entities and the Directorate of Programme, Finance and Linguistic Services to complement these controls. The system produces information enabling the preparation of accounts in accordance with IPSAS (International Public Sector Accounting Standards).

4. REVIEW OF EFFECTIVENESS

I have responsibility for reviewing the effectiveness of the system of internal controls. My review is informed by:

- the Executive Director of the North-South Centre who is responsible for the development and maintenance of the internal control framework within the respective administrative entity;
- the work of the Directorate of Internal Oversight throughout the year, and the Director of Internal Oversight's follow-up reports and annual report. The Directorate of Internal Oversight plays a central role in providing the required assurance on internal controls through conducting audits in accordance with its Annual Work Programme which is prepared in consultation with senior managers and approved by myself. Effectiveness is enhanced by ensuring that recommendations are systematically subject to follow-up procedures, and are tracked by a dedicated IT tool;
- the External Auditor, who provides reports on both the compliance of the accounts and on the performance of selected areas of the Organisation;
- the Oversight Advisory Committee (OAC), which advises on
 - the scope, adequacy, efficiency and effectiveness of the Organisation's system of internal and external controls, as well as on risk management, including the internal audit functions, the external audit functions and the implementation of audit recommendations;
 - all corporate governance issues relating to the system of internal and external controls and its performance;
 - any matters of policy requiring corrective action and improvements in the area of internal controls.

Based on the information from these sources, I consider that the internal controls are in general adequate. Weaknesses identified in internal and external audit reports are swiftly addressed, as the high implementation rates for the recommendations show.

5. PROGRESS IN 2015 AND AREAS FOR DEVELOPMENT IN 2016

The North-South Centre followed the work in relation to Risk Management which continued during 2015. A strategic risk register is being finalised along with a Risk Management policy and methodology for the Organisation. Risk Management will be extended throughout the Organisation in 2016 notably through the work on the Project Management Methodology (PMM), the preparation of a "Document Unique d'évaluation des risques" and a co-ordinated and consistent approach to the updating of existing risk registers.

An amended instruction will be issued in early 2016 which will clarify the roles and responsibilities of Directorate of Internal Oversight and the Directorate General of Administration in respect of investigations and inquiries of suspected fraud and corruption. A new instruction specifically on investigations will be issued in early 2016.

In 2015, a web based fraud and corruption reporting system and dedicated phone and email hotlines were developed and publicised. In addition, greater knowledge of staff member's obligations in respect of fraud and corruption was promoted.

Reporting in respect of potential conflict of interests has been strengthened with a revised rule extending the requirement to complete a declaration to all staff involved in procurement and the introduction of a web based reporting mechanism.

In addition, the following issues specific to the North-South Centre have been identified as areas for development in 2016:

- The transparency and performance of the reporting system regarding projects funded by extra-budgetary resources would be improved through a proper codification in FIMS of the corresponding funds commitments.
- An updated version of the administrative and financial manual of the North-South Centre will be produced in cooperation with the Directorate General (DGII) and the Directorate of Programme Finance and Linguistic Services.

Strasbourg, 20 May 2016

Signed

Thorbjørn Jagland
Secretary General



PREZES
NAJWYŻSZEJ IZBY KONTROLI
KRZYSZTOF KWIATKOWSKI

KST.410.002.01.2016

Warsaw, 25 May 2016

Mr Thorbjørn Jagland
Secretary General
of the Council of Europe

Opinion of the External Auditor

The NIK audit team has examined the *financial statements of the European Centre for Global Interdependence and Solidarity ("North-South Centre") for the year ended 31 December 2015*, which comprise:

- the Statement of Financial Position,
- the Statement of Financial Performance,
- the Cash Flow Statement,
- the Statement of Changes in Net Assets,
- the Statement of Comparison of Budget and Actual Amounts,
- the summary of the principal accounting policies and other supporting notes.

The External Auditor is responsible for expressing an opinion on these financial statements on the basis of an audit, in accordance with Articles 71 and 72 of the *Financial Regulations and Supplementary Provisions of the Council of Europe*¹.

The Secretary General of the Council of Europe is responsible for the preparation and fair presentation of the financial statements, in accordance with Articles 61 and 62 of the *Financial Regulations*, and for implementing adequate internal control to ensure the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

The NIK team has conducted the external audit in accordance with *International Standards of Supreme Audit Institutions (ISSAI)*, *International Standards on Auditing (ISA)* and Article 71 of the *Financial Regulations*. Our work was planned and performed so as to obtain reasonable assurance that the financial statements are free from material misstatement. The NIK auditors examined amounts and other disclosures in the financial statements, as well as the accounting principles applied and significant estimates and judgments made by the Secretary General in the preparation of the financial statements. We believe that our audit provides a reasonable basis for the opinion:

The financial statements present fairly the financial position of the *European Centre for Global Interdependence and Solidarity ("North-South Centre")* as at 31 December 2015 and the results of its operations and cash flows for the year then ended. They were prepared in accordance with *the International Public Sector Accounting Standards (IPSAS)* and *the accounting policies set out in the notes to the financial statements*; and the transactions were made in accordance with the *Financial Regulations* and budgetary authorisations.

Our observations on the financial statements and the management of the *European Centre for Global Interdependence and Solidarity ("North-South Centre")* in respect of financial year 2015 are presented in a separate chapter of the report to the Committee of Ministers concerning the consolidated financial statements of the Council of Europe.

Signed

¹ Further referred to as: *Financial Regulations*.

NORTH-SOUTH CENTRE FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT

	Notes	31 December 2015 € 000	31 December 2014 € 000
ASSETS			
Current assets			
Cash at bank	2	215	238
Debtors	3	49	30
Total current assets		264	268
Non-current assets			
Fixed assets	4	23	30
TOTAL ASSETS		287	298
LIABILITIES			
Current liabilities			
Creditors	5	(166)	(114)
Deferred income	6	(17)	(64)
TOTAL LIABILITIES		(183)	(178)
NET ASSETS		104	120
Working capital fund reserve	7	91	91
Fixed assets reserve	7	31	31
Other reserves	7	(8)	(8)
(Deficit)/Surplus for the year	7	(10)	6
TOTAL NET ASSETS		104	120

The notes on pages 17 to 31 form part of these financial statements.

NORTH-SOUTH CENTRE FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR

	Notes	2015 € 000	2014 € 000
OPERATING REVENUE			
Obligatory contributions from member States	8	372	582
Accession contributions	9	9	-
Voluntary contributions	10	566	284
Sundry receipts	12	1	1
Total operating revenue		948	867
OPERATING EXPENSES			
Purchase of goods and services	13	(148)	(200)
Fees and travel expenses	13	(436)	(225)
Staff expenses	14	(299)	(314)
Contribution to the Ordinary Budget and to the Pension Reserve Fund	15	(73)	(120)
Fixed assets depreciation and amortisation	4	(7)	(6)
Total operating expenses		(963)	(865)
(Deficit)/Surplus from operating activities		(15)	2
NON-OPERATING REVENUE			
Financial revenue	16	6	5
Financial expenses	16	(1)	(1)
Total non-operating revenue		5	4
(DEFICIT)/SURPLUS FOR THE PERIOD		(10)	6

The notes on pages 17 to 31 form part of these financial statements.

NORTH-SOUTH CENTRE FINANCIAL STATEMENTS**CASH FLOW STATEMENT FOR THE YEAR**

	Notes	2015 € 000	2014 € 000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Obligatory contributions from member States		362	573
Voluntary contributions		519	354
Accession contributions		9	-
Sundry receipts		1	1
Payments			
Staff expenses		(290)	(315)
Suppliers and other payments		(627)	(547)
Net cash flow from operating activities		(26)	66
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets		-	(5)
Net cash flows from investing activities		-	(5)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net interest income		3	3
Net cash flow from financing activities		3	3
Net (decrease)/increase in cash and cash equivalents		(23)	64
Cash and cash equivalents at beginning of period	2	238	174
Cash and cash equivalents at end of period	2	215	238

See note 19 for the reconciliation between the net surplus from operating activities and the net cash flows from operating activities.

The notes on pages 17 to 31 form part of these financial statements.

NORTH-SOUTH CENTRE FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED

	Working capital fund reserve € 000	Fixed assets reserve € 000	Other reserves € 000	Surplus for the year € 000	Total € 000
31 December 2013	91	17	(11)	40	137
2014 surplus	-	-	-	6	6
Allocation to fixed assets reserve	-	14	-	(14)	-
Surplus to be reimbursed to member States	-	-	-	(23)	(23)
Allocation to other reserves	-	-	3	(3)	-
31 December 2014	91	31	(8)	6	120
	Working capital fund reserve € 000	Fixed assets reserve € 000	Other reserves € 000	Surplus for the year € 000	Total € 000
31 December 2014	91	31	(8)	6	120
2015 surplus	-	-	-	(10)	(10)
Allocation to fixed assets reserve	-	-	-	-	-
Surplus to be reimbursed to member States	-	-	-	(4)	(4)
Allocation to other reserves	-	-	2	(2)	-
31 December 2015	91	31	(6)	(10)	106

The notes on pages 17 to 31 form part of these financial statements.

NORTH-SOUTH CENTRE FINANCIAL STATEMENTS

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Original budget	Adjustments to budget	Transfers	Final budget	Actual amounts on comparable basis	Balance compared to adjusted budget	Balance compared to final budget
Notes	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Receipts							
Obligatory contributions from member States	372	-	-	372	372	-	-
Voluntary contributions from member States	20	78	-	98	98	-	-
Contributions from the European Union	360	(60)	-	300	300	-	-
Voluntary contributions - Other	-	50	-	50	50	-	-
Allocations from other budgets	-	70	-	70	70	-	-
Bank interest	4	1	-	5	5	-	-
Accession Croatia	-	9	-	9	9	-	-
Other income	-	1	-	1	1	-	-
Total receipts	756	149	-	905	905	-	-
Expenditure							
Operational expenditure	(253)	(9)	6	(256)	(254)	8	2
Programme expenditure	(503)	(140)	(6)	(649)	(647)	(4)	2
Total expenditure	(756)	(149)	-	(905)	(901)	4	4
Net surplus	-	-	-	-	4	4	4

The notes on pages 17 to 31 form part of these financial statements.

NORTH-SOUTH CENTRE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. STATEMENT OF ACCOUNTING POLICIES

Basis of preparation

The financial statements of the European Centre for Global Interdependence and Solidarity have been prepared in accordance with International Public Sector Accounting Standards (IPSAS), as stated in the Financial Regulations of the Council of Europe.

Transactions are recorded in the financial statements of the period to which they relate. The accounting policies have been applied consistently throughout the period and the amounts presented in these financial statements are denominated in thousands of euros (€K).

Accounts receivable

Receivables are stated at their nominal value. No doubtful debt provision is recognised in respect of receivables related to member States' contributions. For all other receivables, a doubtful debt provision is made on the basis of a review of the outstanding amounts at the end of the reporting period.

Property, plant and equipment

All property, plant and equipment acquired since 1 January 2006 are capitalised and recognised at historical cost less depreciation. Property, plant and equipment acquired before this date were expensed at the time of acquisition. Only items with a unit cost or, if bought in quantity, a combined value of more than €1.5K are capitalised.

Depreciation is calculated on the straight-line method over the estimated useful life of the assets as follows:

Hardware and audiovisual equipment	3 years
Furniture and fittings	5 years
Building installations	10 years
Other property, plant and equipment	3 years

Accounts payable

Payables are stated at their nominal value.

Invoices received from suppliers for goods delivered or services provided and not yet settled are recognised as outstanding liabilities under the "Supplier accounts" heading at the end of the reporting period.

Deferred income

Deferred income is adjusted by the amount of the year-end surplus on the Special Account and allocated the following year to finance activities for which expenditure will be incurred after the reporting date.

NORTH-SOUTH CENTRE FINANCIAL STATEMENTS

Revenue recognition

a) Obligatory contributions of member States

Obligatory contributions are destined to finance the annual activities of the Centre. Income is recognised on an accrual basis as “collection orders” are issued. Obligatory contributions are recognised and reported in the accounts of the periods to which they relate and not as cash is received.

b) Voluntary contributions

Income related to voluntary contributions is recognised when the corresponding expense is incurred. The balance of unspent voluntary contributions relating to future periods is deferred accordingly.

c) Accession contributions

Contributions paid during the year by new member States that join the Centre during the reporting period are in addition to the contributions included in the budget as originally approved. They are shown separately in the Statement of Financial Performance.

d) Financial income

Interest earned on current accounts and from the Centre's short-term deposits is recognised on an accrual basis.

Expense recognition

Accrual accounting is applied to expenses. Invoices paid after the end of the reporting period and relating to the previous financial year are recognised as expenditure for that year.

Segment reporting

Segment information is based on the source of financing of the Centre's activities. This can be the obligatory contributions paid by member States to finance the Centre's budget or voluntary contributions paid to finance additional activities recorded under the Special Account.

Segment information is only available for revenue and expenditure, as assets and liabilities are jointly used by all segments.

Comparison of budget and actual amounts

The Executive Committee of the North-South Centre approves the annual budget including the budget of receipts, operating expenditure and programme expenditure. The budget is adjusted in the course of the financial year in line with actual receipts.

The budgetary and accounting bases differ. The Statement of Comparison of Budget and Actual Amounts compares the original budget and the final budget with actual amounts on a comparable budgetary basis. Explanations are given for differences greater than €15K representing a more than 10% variance.

Note 19 shows the reconciliation of the actual amounts appearing in this statement and in the Cash Flow Statement.

NORTH-SOUTH CENTRE FINANCIAL STATEMENTS

2. CASH AND CASH EQUIVALENTS

Cash intended to cover needs for instant access to funds is held in interest-bearing current bank accounts, which yielded insignificant amounts of interest in 2015 and 2014 on account of the unfavourable trend in average market interest rates.

The cash surplus generated from the timing difference between the receipt of contributions and their actual use is placed on short-term deposit or in savings accounts guaranteeing the funds' availability on a fortnightly basis. The average yield of these funds was 0.88% in 2015 and 1.04% in 2014.

The increase in the funds available on the current accounts can mainly be ascribed to a voluntary contribution (€50K) received at the year-end. The overall treasury remains stable at the end of 2015 and 2014.

The breakdown as at 31 December 2015 and 2014 is as follows:

	31 December 2015 € 000	31 December 2014 € 000
Current accounts		
Société Générale	120	80
BPI	4	2
Banco Espírito Santo (Novo Banco)	6	6
	<u>130</u>	<u>88</u>
Short-term money market deposits		
BNP-Paribas	10	150
Société Générale	75	-
	<u>85</u>	<u>150</u>
Total cash and cash equivalents	<u>215</u>	<u>238</u>

3. DEBTORS

	31 December 2015 € 000	31 December 2014 € 000
Unpaid obligatory contributions		
Cape-Verde	29	19
	<u>29</u>	<u>19</u>
Late payment interest		
Cape-Verde	6	4
	<u>6</u>	<u>4</u>
Autres débiteurs		
VAT to be recovered	9	4
Bank interest	3	3
Other	2	-
	<u>14</u>	<u>7</u>
	<u>49</u>	<u>30</u>

NORTH-SOUTH CENTRE FINANCIAL STATEMENTS

4. FIXED ASSETS

Under the Council of Europe fixed assets accounting policy, which was introduced in 2006, only items with a unit cost or, if bought in quantity, a combined value of more than €1.5K are capitalised. These items are stated at historical cost less depreciation. All property, plant and equipment acquired before 1 January 2006 were expensed when acquired.

There have been no fixed assets additions or disposals in 2015.

Changes in fixed assets and related depreciation and amortisation for the year were as follows:

	31 December 2014 € 000	Additions € 000	Disposals € 000	31 December 2015 € 000
Cost				
Software	8	-	-	8
Audiovisual equipment	1	-	-	1
Office and computer equipment	7	-	-	7
Furniture and fittings	32	-	-	32
Building installations	21	-	-	21
Total cost	69	-	-	69
	31 December 2014 € 000	Depreciation/ Amortisation during the year € 000	Disposals € 000	31 December 2015 € 000
Depreciation / Amortisation				
Software	(3)	(2)	-	(5)
Audiovisual equipment	(1)	-	-	(1)
Office and computer equipment	(7)	-	-	(7)
Furniture and fittings	(24)	(3)	-	(27)
Building installations	(4)	(2)	-	(6)
Total depreciation / amortisation	(39)	(7)	-	(46)
Total net book value	30			23

5. CREDITORS

	31 December 2015 € 000	31 December 2014 € 000
Suppliers	(110)	(64)
Social contributions to be paid	(4)	(2)
General Budget	(35)	(19)
Previous year's surplus to be deducted from following year's contributions	(4)	(23)
Provision for employee leave entitlement	(13)	(6)
	(166)	(114)

NORTH-SOUTH CENTRE FINANCIAL STATEMENTS

“Suppliers” corresponds to invoices received but not yet settled as at the end of 2015 and 2014.

The line “General Budget” shows the amounts due by the Centre at the end of 2015 and 2014 for transactions with the General Budget.

The “previous year's surplus to be deducted from the following year's contributions” corresponds to amounts due to member States in respect of the allocation of the surplus for the previous year, in accordance with the resolutions adopted by the Executive Committee and the Committee of Ministers on approving the accounts.

The provision for employee leave entitlement corresponds to the value of staff's unused leave entitlement at the end of 2015 and 2014.

6. DEFERRED INCOME

Deferred income corresponds to funds received from contributors in 2015 or earlier, but for which the corresponding expenditure will be incurred after the reporting date. The deferred income balance includes the year-end surplus on the Special Account.

	31 December 2015 € 000	31 December 2014 € 000
Deferred income	(17)	(64)

7. NET ASSETS

	31 December 2015 € 000	31 December 2014 € 000
Working capital fund reserve	91	91
Fixed assets reserve	31	31
Other reserves	(8)	(8)
(Deficit)/Surplus for the year	(10)	6
	104	120

a) A working capital fund reserve was created in 1991 to cover expenditure against voluntary contributions pending their receipt (Resolution MS/NS (93)1 and decision taken at the 6th meeting of the member States, 5 November 1991).

b) Other reserves corresponds to the impact on net assets of the reconciliation items, other than fixed assets, between budgetary and IPSAS accounting.

c) The fixed assets reserve represents the impact of the capitalisation of property, plant and equipment.

NORTH-SOUTH CENTRE FINANCIAL STATEMENTS

8. CONTRIBUTIONS FROM COUNCIL OF EUROPE MEMBER AND NON-MEMBER STATES

	2015 € 000	2014 € 000
MEMBER STATES OF THE COUNCIL OF EUROPE		
Andorra	10	10
Azerbaijan	11	10
Cyprus	10	10
Greece	36	37
Italy	-	200
Liechtenstein	10	10
Luxembourg	10	10
Malta	10	10
Montenegro	10	10
Portugal	30	29
San Marino	10	10
Serbia	10	10
Slovenia	-	10
Spain	171	171
	<hr/> 328	<hr/> 537
NON-MEMBER STATES OF THE COUNCIL OF EUROPE		
Cape Verde	10	10
Holy See	10	10
Morocco	24	25
	<hr/> 372	<hr/> 582

Italy and Slovenia withdrew from the Enlarged Partial Agreement on the North-South Centre in 2015. Iceland withdrew in 2014.

9. ACCESSION CONTRIBUTIONS

Croatia acceded to the North-South Centre on 18 February 2015 and paid a partial annual contribution of €9K. There was no new accession in 2014.

	2015 € 000	2014 € 000
Accession Croatia	9	-
	<hr/> 9	<hr/> -

NORTH-SOUTH CENTRE FINANCIAL STATEMENTS

10. VOLUNTARY CONTRIBUTIONS

Voluntary contributions received during the year but unspent at the year-end are recorded as deferred income and recognised as income when they are spent.

Voluntary contributions recognised as income during the period were as follows:

	2015 € 000	2014 € 000
Portugal	98	20
Morocco	-	10
European Union	371	323
Aga Khan Foundation	50	-
Other	-	1
Voluntary contributions received in cash	<u>519</u>	<u>354</u>
Adjustment of the special account deficit / (surplus) to deferred income	<u>47</u>	<u>(70)</u>
Voluntary contributions recorded as income	<u>566</u>	<u>284</u>

11. SERVICES IN KIND

The North-South Centre benefits from services in kind provided by various organisations cooperating in the implementation of activities. The contributions in kind received by the Centre are estimated at €58K. Since 2012, the Centre occupies premises made available by the Portuguese Ministry of Foreign Affairs. Overall, the contributions in kind received in 2015 by the Centre are estimated at €138K (€150K in 2014).

	2015 € 000	2014 € 000
Rental value of the premises provided by Portugal	80	80
Various partners cooperating in the organisation of:		
North-South Prize	7	8
Lisbon Forum	4	4
Youth and Development University	35	49
World Forum for the Intercultural Dialogue	3	-
Mediterranean University on Youth and Global Citizenship	9	6
Other	-	3
	<u>58</u>	<u>70</u>
Total contributions in kind	<u>138</u>	<u>150</u>

NORTH-SOUTH CENTRE FINANCIAL STATEMENTS

12. SUNDRY RECEIPTS

	2015 € 000	2014 € 000
Registration fees for seminars	-	1
Other	1	-
	<u>1</u>	<u>1</u>

13. OPERATING EXPENSES

	2015 € 000	2014 € 000
Purchase of goods and external services	(113)	(180)
Interpretation, translation and documents	(35)	(20)
Purchase of goods and services	<u>(148)</u>	<u>(200)</u>
Experts' travel expenses	(299)	(128)
Other travel expenses	(31)	(45)
Consulting	(106)	(52)
Fees and travel	<u>(436)</u>	<u>(225)</u>

The decrease in "Purchase of goods and services" can be explained by a decline in resources allocated to the annual budget of the North-South Centre in 2015 following the withdrawal of two member States and by the fact that the Secretariat of the Centre has supported the organisation of certain activities previously outsourced to third parties. This resulted in an increase in other lines, such as Experts' travel expenses and consulting. Overall, the increase recorded under "Fees and travel" is due to the increase in the number of activities implemented in 2015. These activities are funded mainly by extrabudgetary resources and correspond to a large extent to the establishment of the joint management agreement signed with the European Union which was completed at the end of the year.

14. STAFF EXPENSES

Staff expenses and number of employees were as follows:

	2015 € 000	2014 € 000
Permanent staff expenses	(124)	(184)
Temporary staff expenses	(168)	(132)
Provisioned leave entitlement	(7)	2
	<u>(299)</u>	<u>(314)</u>
Number of employees as at 31 December (*)	<u>8</u>	<u>6</u>

(*) permanent and temporary staff

In 2015, despite the 0.4 % wage increase, the decrease in permanent staff costs is partially offset by an increase in temporary staff costs. This variation is explained by the departure of two permanent staff in 2015 and by a more frequent use of temporary staff to strengthen the Centre's resources.

NORTH-SOUTH CENTRE FINANCIAL STATEMENTS

15. CONTRIBUTION TO THE GENERAL BUDGET AND THE PENSION RESERVE FUND

The North-South Centre benefits from common services such as telecommunications, purchase and maintenance of IT hardware, central administration and other expenditure financed from the Ordinary Budget.

A fixed sum contribution based on the number of permanent and temporary staff, as estimated for the period, is paid to the Ordinary Budget. The North-South Centre also pays a contribution to the Pension Reserve Fund, corresponding to the employer share of retirement cover for serving staff.

Following a decision taken by the Ministers' Deputies at their 1099th meeting on 23 November 2010 (CM(2010)143) concerning logistical support for externally financed projects, the Centre paid into the "Logistical Support" (LS) special account a fixed sum contribution for temporary staff financed with voluntary contributions plus a 2.3% levy on voluntary contributions received. This decision was replaced by a decision taken at the 1185th meeting on 19-20 November 2013 (CM(2013)123), setting a levy of 7% for all voluntary contributions relating to contracts signed on or after 1 January 2014.

The breakdown of these contributions in respect of the reporting period is as follows:

	2015 € 000	2014 € 000
Ordinary Budget	(36)	(50)
Pension Reserve Fund	(21)	(39)
"Logistical Support" special account (LS)	(16)	(16)
"Programme" special account	-	(15)
	<u>(73)</u>	<u>(120)</u>

16. FINANCIAL REVENUE AND EXPENSES

	2015 € 000	2014 € 000
Interest on short-term deposits	3	4
Late payment interest on contributions	3	1
Total financial revenue	<u>6</u>	<u>5</u>
Bank charges	(1)	(1)
Total financial charges	<u>(1)</u>	<u>(1)</u>
Net financial revenue	<u>5</u>	<u>4</u>

Net financial revenue remained stable despite the overall decline in the euro-zone interest rates during the period, thanks to the increase in late payment interest on Cape Verde's contributions.

NORTH-SOUTH CENTRE FINANCIAL STATEMENTS

17. EMPLOYEE BENEFITS

The Council of Europe operates three defined benefit pension schemes, which also provide health cover for retired staff members and their dependants. Staff of the North-South Centre are covered by these pension schemes, for which the Centre pays an annual contribution to the Pension Reserve Fund (see note 15).

The future pension benefits liability is not held by the North-South Centre but is transferred to the General Budget through the payment of the annual contribution.

On account of the turnover of the North-South Centre's staff within the Council of Europe it is very difficult and costly to estimate the employee benefits obligation for such a relatively small number of staff. IPSAS 25 provides that, for multi-employer schemes, where an entity is unable to determine its share of scheme assets and obligations, it should be accounted for in the same way as for any other defined benefit plan; accordingly, only the expenses corresponding to contributions to the Pension Reserve Fund for the relevant financial year are recorded.

Contributions to the pension schemes are estimated at €13K for 2016.

NORTH-SOUTH CENTRE FINANCIAL STATEMENTS

18. SEGMENT INFORMATION AND RECONCILIATION OF BUDGETARY AND NET ACCOUNTING RESULTS

The table below presents the Statement of Financial Performance analysed by source of financing. It combines budgetary and IPSAS reporting. The IPSAS adjustments are accounting entries compliant with IPSAS but not included in the budgetary management accounts. The Centre's three activity areas (global education, youth cooperation and empowerment of women) are financed with obligatory and voluntary contributions. Voluntary contributions, notably those from the European Union, are recorded in the Special Account and are used to finance pluri-annual activities in accordance with donors' priorities. The Centre's budget is however annual in nature and is mainly financed by obligatory contributions. It is used for the running of the Centre and its principal activities (the Lisbon Forum and the University on Youth and Development) and contributes 21% to the Joint Management Agreement with the European Union.

	North-South Centre Budget		Voluntary contributions Special Account		TOTAL		IPSAS Adjustments		TOTAL	
	2015 € 000	2014 € 000	2015 € 000	2014 € 000	2015 € 000	2014 € 000	2015 € 000	2014 € 000	2015 € 000	2014 € 000
OPERATING REVENUE										
Obligatory contributions from member States	372	582	-	-	372	582	-	-	372	582
Accession contributions	9	-	-	-	9	-	-	-	9	-
Voluntary contributions	519	344	-	10	519	354	47	(70)	566	284
Allocation from other budgets	-	-	519	344	519	344	(519)	(344)	-	-
Sundry receipts	1	-	-	1	1	1	-	-	1	1
Total operating revenue	901	926	519	355	1 420	1 281	(472)	(414)	948	867
OPERATING EXPENSES										
Purchase of goods and services	(34)	(78)	(114)	(127)	(148)	(205)	-	5	(148)	(200)
Fees and travel expenses	(59)	(113)	(377)	(112)	(436)	(225)	-	-	(436)	(225)
Staff expenses	(233)	(302)	(60)	(14)	(293)	(316)	(6)	2	(299)	(314)
Contribution to the General Budget and to the Pension Reserve Fund	(57)	(89)	-	-	(57)	(89)	-	-	(57)	(89)
Allocation to the special account	(519)	(344)	(16)	(31)	(535)	(375)	519	344	(16)	(31)
Depreciation and amortisation	-	-	-	-	-	-	(7)	(6)	(7)	(6)
Total operating expenses	(902)	(926)	(567)	(284)	(1 469)	(1 210)	506	345	(963)	(865)
Surplus / (deficit) from operating activities	(1)	-	(48)	71	(49)	71	34	(69)	(15)	2
NON-OPERATING REVENUE										
Net financial revenue	5	4	-	-	5	4	-	-	5	4
Total non-operating revenue	5	4	-	-	5	4	-	-	5	4
Surplus / (deficit) on the special account brought forward	-	-	65	(6)	65	(6)	(65)	6	-	-
NET SURPLUS/(DEFICIT)	4	4	17	65	21	69	(31)	(63)	(10)	6

NORTH-SOUTH CENTRE FINANCIAL STATEMENTS

19. NOTE TO THE CASH FLOW STATEMENT

Net cash flows from operating activities amounted to (€26K) in 2015 and €66K in 2014. The reconciliation of net cash flows from operating activities to the net surplus from operating activities is as follows:

	31 December 2015 € 000	31 December 2014 € 000
(Deficit)/Surplus from operating activities	(15)	2
Non-cash movements		
Capitalisation, depreciation and amortisation of fixed assets	7	6
Increase/(Decrease) in payables	46	(8)
(Decrease)/Increase in deferred income	(47)	70
(Increase) in debtors	(17)	(4)
Net cash flow from operating activities	(26)	66

20. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

The Executive Committee of the Centre approves the annual budget for the period 1 January to 31 December. The budget includes the budget of receipts, operating expenditure and programme expenditure. The budget is adjusted in the course of the financial year in line with actual receipts. It does not include the Special Account, which is pluri-annual in nature and is principally financed with voluntary contributions.

The “Transfers” column in the Statement of Comparison of Budget and Actual Amounts corresponds to expenditure authorisations transferred between budget lines. The “Budget adjustments” column shows adjustments of receipts and expenditure authorisations in relation to the original budget and in line with actual receipts.

Transfers

The “Transfers” column in the Statement of Comparison of Budget and Actual Amounts corresponds to expenditure authorisations transferred between budget lines. In 2015 an amount of €6K was transferred to the line “operational expenditure”, following the identification of a balance under “staff expenses”.

Budget adjustments

The original budget was increased by €149K in line with actual receipts recognised in 2015. These resources come mainly from voluntary contributions from Portugal (€80K) and the Aga Khan Foundation (€50K) and allocations from the General Budget (€71K) corresponding to the activities financed by the European Union for the program “Towards Strengthened Democratic Governance in the Southern Mediterranean” (South Programme - II) of which part of the activities have been implemented by the North-South Centre. Croatia also paid an amount of €9K following its accession during 2015. These additional resources were however impacted by a reduction in the contribution of the European Union, initially estimated at €360K and which finally amounted to €300K at the end of the year.

NORTH-SOUTH CENTRE FINANCIAL STATEMENTS

The final balance in comparison with the final budget is €4K, the same as in 2014 (€4K). It is due to a surplus of €2K on the line for operational expenditure and €2K on the line of programme expenditure.

The Statement of Financial Position, Statement of Financial Performance, Cash Flow Statement and Statement of Changes in Net Assets are presented on an accrual basis using a classification based on the nature of expenses. The Statement of Comparison of Budget and Actual amounts is presented on a modified cash basis.

As required by IPSAS 24 a reconciliation between the actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual Amounts and the actual amounts in the Statement of Cash Flows is presented below.

	Operating activities € 000	Investing activities € 000	Financing activities € 000
Actual amount on a comparable basis to the budget presentation	4	-	-
Basis differences	17	-	3
Timing differences	-	-	-
Entity differences	(47)	-	-
Actual amount in the cash flow statement	(26)	-	3

The financial statements and budget documents are prepared for the same period. There is therefore no reconciliation timing difference. There is however an entity difference: the budget is prepared solely for annual activities, whereas the financial statements consolidate the annual budget and the pluri-annual activities implemented under the Special Account.

There is also a basis difference, in that the financial statements are prepared on an accrual basis and the budget on a modified cash basis.

The modified cash basis of accounting entails recognising collection orders or payment authorisations issued and commitments entered into in respect of the current financial year as receipts or expenditure of that year regardless of the resulting cash flows.

21. POST-BALANCE SHEET EVENTS

As from 1 January 2016, Bulgaria acceded to the Enlarged Partial Agreement on the North-South Centre and contacts with Tunisia have continued with a view to its accession. In addition, Romania took the political decision in 2015 to accede to the Centre and has started the process of internal legislative steps with a view to completing the accession process in 2016.

With regard to voluntary contributions, a financing agreement with the European Union for the period 2016-2018 is being finalised. This agreement will allow continuity of the work developed since 2009 in the field of global interdependence and solidarity awareness, in the member states and in candidates to the European Union, through education for global citizenship and youth cooperation in Europe and beyond.

There has been no other post-balance sheet event which would require disclosure in or adjustment of the financial statements for the year ended 31 December 2015.

NORTH-SOUTH CENTRE FINANCIAL STATEMENTS

22. RELATED PARTIES

The North-South Centre is an Enlarged Partial Agreement forming part of the Council of Europe. The Council of Europe is governed by a Committee of Ministers composed of representatives of all the member States. They do not receive any remuneration from the Council, however the member States should be considered as related parties. The information concerning transactions with member States is provided in notes 3, 8 and 9.

The overall budget of the Council of Europe comprises a number of different budgets which are grouped for IPSAS accounting purposes in three sets of accounts: Eurimages, the North-South Centre and the General Budget. The North-South Centre (NSC) and the General Budget are considered as related parties. However, there are no transactions between Eurimages and the NSC. The breakdown of transactions with the General Budget is as follows:

General Budget	
31 December 2015 € 000	31 December 2014 € 000

Expenses	(101)	(135)
Income	71	-
Creditors	(35)	(19)

The Council is placed under the direct control of the member States, and has no ownership interest in associations or joint ventures.

23. KEY MANAGEMENT REMUNERATION

The Council Secretariat is managed by the Secretary General, who directs the Secretariat assisted by the Deputy Secretary General and other senior managers and officers. They are remunerated by the Council of Europe. Details of the remuneration paid to the Secretary General and other senior managers are given in the consolidated financial statements of the Council of Europe.

The North-South Centre pays no remuneration to the Centre's Executive Director, who has been placed at its disposal by the Portuguese authorities. Mr José Frederico Ludovice, a Portuguese diplomat, was placed at the Centre's disposal by the Portuguese authorities as from 7 March 2014.

The key management personnel and their close family members did not receive any loans from the Council.

Staff members are exonerated from the payment of taxes on the purchase of a limited quantity of alcohol and tobacco products. They can also purchase a limited quantity of tax-free petrol.

Expatriate staff members are exonerated from the payment of VAT on the acquisition of vehicles and on their replacement on a four-yearly basis.

All staff also receive exemption from the payment of income tax on the remuneration received from the Council.

NORTH-SOUTH CENTRE FINANCIAL STATEMENTS

24. GOING CONCERN

Following an evaluation conducted and prepared under the aegis of the Directorate of Internal Oversight (DIO) based on the decision of the Deputies at their 1171st meeting on 29 May 2013, the Committee of Ministers approved on the 10 September 2015, at their 1234th meeting, decision CM/Inf(2015)16 that welcomes the evaluation report and encourages the Centre to pursue its activities in light of the new line of action endorsed at their 1171st meeting (29 May 2013). This new line of action underlines that the objective of the Centre is that civil society, in particular youth and women, is empowered through intercultural dialogue and global education to play an active role in member States and neighbouring regions. It also recognises that the Centre offers neighbourhood regions and those beyond the neighbourhood's borders a unique forum for dialogue and structured cooperation between all dimensions of the "quadrilogue": governments, parliaments, local authorities and civil society.

For the fourth consecutive year, in 2015 the Lisbon Forum received financial support from the Council of Europe's South Programme - "Strengthening democratic reform in the southern neighbourhood" and the second Joint Management Agreement, signed with the European Union in 2013, entered its last year of implementation, while promising conversations for a renewal and extension of this cooperation beyond 2015 were established with the European Commission. In addition the Aga Khan Development Network made a voluntary contribution of €150K that will be paid in three instalments between 2015 and 2017.

Despite the budgetary reduction due to the departure of Italy and Slovenia in 2015, the accession of Croatia in 2015 and the consistent mobilisation of voluntary contributions and contributions in kind allowed the Centre to cope with the impact of those withdrawals and to implement its Programme of activities as planned.

In the light of the above the Centre is considered to constitute a going concern for 2016.

Part II

Budgetary Management Accounts of the European Centre for Global Interdependence and Solidarity for the year ended 31 December 2015

COUNCIL OF EUROPE



CONSEIL DE L'EUROPE

The budgetary management accounts of the North-South Centre have been prepared in accordance with Article 63 of the Financial Regulations of the Council of Europe.

These accounts fairly present the budgetary performance of the Centre for the year ended 31 December 2015.

Strasbourg, 20 May 2016

Signed

Francis Dangel
Director General of Administration a.i.



PREZES
NAJWYŻSZEJ IZBY KONTROLI
KRZYSZTOF KWIATKOWSKI

KST.410.002.01.2016

Warsaw, 25 May 2016

Mr Thorbjørn Jagland
Secretary General
of the Council of Europe

Opinion of the External Auditor

The NIK audit team has examined the *budgetary management accounts of the European Centre for Global Interdependence and Solidarity ("North-South Centre") for the year ended 31 December 2015*, which comprise: budgetary results and balance of the Special Account of the North South Centre.

The External Auditor is responsible for expressing an opinion on these budgetary management accounts on the basis of an audit, in accordance with Articles 71 and 72 of the *Financial Regulations and Supplementary Provisions of the Council of Europe*¹.

The Secretary General of the Council of Europe is responsible for the preparation and fair presentation of the budgetary management accounts, in accordance with Articles 61 and 63 of the *Financial Regulations*, and for implementing adequate internal control to ensure the preparation of budgetary accounts that are free from material misstatements, whether due to fraud or error.

The NIK team has conducted the external audit in accordance with *International Standards of Supreme Audit Institutions (ISSAI)*, *International Standards on Auditing (ISA)* and Article 71 of the *Financial Regulations*. The work was planned and performed so as to obtain reasonable assurance that the budgetary management accounts are free from material misstatements. The budgetary management accounts were examined, as well as the application of accounting principles, and the presentation of the budgetary management accounts. We believe that our audit provides a reasonable basis for the following opinion:

The budgetary management accounts properly reflect the financial records and transactions of the European Centre for Global Interdependence and Solidarity ("North-South Centre") for the year ended 31 December 2015; they were prepared in accordance with the *Financial Regulations* and other rules or applicable instructions issued by the Committee of Ministers; and the transactions were effected in accordance with the *Financial Regulations* and budgetary authorisations.

Our observations on the budgetary management accounts of the *European Centre for Global Interdependence and Solidarity ("North-South Centre")* in respect of the Financial Year 2015 are presented in a separate chapter of the report on the budgetary management accounts of the Council of Europe.

Signed

¹ Further referred to as: *Financial Regulations*.

NORTH-SOUTH CENTRE BUDGETARY MANAGEMENT ACCOUNTS

The information related to the 2015 budgetary management accounts for the North-South Centre is included in the documents CM(2016)100add and CM(2016)100add2.

The **objective** of this document is to present the budgetary management accounts (end of year budgetary position) of each budget comprising the Programme and Budget.

Each **budgetary position** includes the following elements:

- **Receipts** (obligatory contributions, invoices raised in respect of goods or services delivered, and any other income);
- **Expenditure** incurred during the financial year;
- A summary of **transfers** appropriations;
- The balance of **unspent appropriations**;
- The budget outcome of the **prior year**;
- The report of **any other element** subject of a specific decision when the budget was approved, including the salary ceiling and the tables of posts & positions.

This budgetary information is completed by the Progress Review Report (CM/Inf(2016)10) and the RBB database extract (DD(2016)330) presenting for each programme line the results achieved and the resources utilised.

The budgetary position is presented for each budget following the same basic structure. These tables are presented in Euros, in accordance with the presentation of the budget as approved.

The "Adjustments" column shows adjustments to receipts and expenditure authorisations in relation to actual receipts.

The "Transfers" column corresponds to expenditure authorisations transferred between budget lines.

This indicates that an explanation of the variance is available later in the document

	Final Budget	Adjustments Budget	Transfers	Final Budget	Actual Expenditure/ Receipts (a)	Balance compared to Adjusted Original Budget	Balance compared to Final Budget	Actual Expenditure/ Receipts
	€	€	€	€	€	€	€	
Staff expenditure	159 722 300	0	172 682	159 894 982	159 526 198	196 102	368 785	1
Staff	140 748 200	0	172 682	140 920 882	140 552 098	196 102	368 785	1
Contributions to the Pension Reserve Fund	18 974 100	0	0	18 974 100	18 974 100	0	0	18 057 600
Non staff expenditure	85 345 300	0	(172 682)	85 172 618	84 089 366	1 255 934	1 083 252	84 286 299
Grant to investments special accounts	4 845 000	0	0	4 845 000	4 845 000	0	0	4 945 000 (1)
Other expenditure (b)	80 500 300	0	(172 682)	80 327 618	79 244 366	1 255 934	1 083 252	79 341 299
Total Expenditure (c)	245 067 600	0	0	245 067 600	243 615 564	1 452 036	1 452 036	240 459 560
Contributions	237 944 700	0	0	237 944 700	237 944 700	0	0	237 445 700
Contributions	237 944 700	0	0	237 944 700	237 944 700	0	0	237 445 700
(d)	7 122 900	0	0	7 122 900	7 107 594	15 306	15 306	6 647 002
Organised services (e)	5 308 500	0	0	5 308 500	5 308 500	0	0	5 274 100
Revenue net of charges	850 000	0	0	850 000	626 860	223 140	223 140	722 970
Provision for bad debts	0	0	0	0	(5 578)	5 578	5 578	(1 600)
Balance from previous year	439 000	0	0	439 000	439 000	0	0	0
Other income	525 400	0	0	525 400	738 812	(213 412)	(213 412)	651 532
Total Receipts	245 067 600	0	0	245 067 600	245 052 294	15 306	15 306	244 092 702
Net surplus/(deficit)					1 436 730			3 633 142

(a) A provision carried forward from the previous year for the 2015 salary adjustment is included in "Balance from previous year".

(b) "Other expenditure" includes an amount of €2 174 850 relating to investment expenditure (see chapter IV - Supplementary information).

In the same section, explanatory notes at the end of each budget following each table cover differences greater than €15K representing a variance of more than 10%.

**BUDGET OF THE ENLARGED PARTIAL AGREEMENT
ESTABLISHING THE EUROPEAN CENTRE FOR GLOBAL INTERDEPENDENCE
AND SOLIDARITY**

BUDGETARY RESULTS

	2015							2014	
	Original Budget	Adjustments to Budget (a)	Transfers	Final Budget	Actual Expenditure/ Receipts	Balance compared to Adjusted Original Budget	Balance compared to Final Budget	Actual Expenditure/ Receipts	
	€	€	€	€	€	€	€	€	
Staff expenditure	252 800	8 592	(5 807)	255 584	253 787	7 604	1 797	341 471	
Staff	232 000	8 592	(5 807)	234 784	232 987	7 604	1 797	302 771	
Contributions to the Pension Reserve Fund	20 800	0	0	20 800	20 800	0	0	38 700	
Non staff expenditure	503 100	140 651	5 807	649 558	647 094	(3 343)	2 464	584 995	
Other expenditure	503 100	140 651	5 807	649 558	647 094	(3 343)	2 464	584 995	
Total expenditure (b)	755 900	149 242	0	905 142	900 881	4 261	4 261	926 466	(1)
Contributions	751 900	68 215	0	820 115	820 115	0	0	925 966	
Obligatory contributions	371 900	0	0	371 900	371 900	0	0	582 000	
Voluntary contributions from member States	20 000	78 215	0	98 215	98 215	0	0	20 000	
Voluntary contributions from European Union	360 000	(60 000)	0	300 000	300 000	0	0	322 966	
Other voluntary contributions	0	50 000	0	50 000	50 000	0	0	1 000	
Other receipts	4 000	81 028	0	85 028	85 028	0	0	4 598	
Grant from other budgets (c)	0	70 525	0	70 525	70 525	0	0	0	
Financial income net of charges	4 000	811	0	4 811	4 811	0	0	4 222	
Other income	0	9 692	0	9 692	9 692	0	0	376	
Total receipts	755 900	149 242	0	905 142	905 142	0	0	930 564	
Net surplus/(deficit) (d)					4 261			4 098	

- (a) The adjustment of €149 K corresponds to the contribution from Croatia (€9 K) following its accession, contributions from donors in line with the revenue actually received (€139 K), social security reimbursements (€1 K), financial products (€1 K) and other negative sundry receipts.
- (b) "Total expenditure" split by operational/programme expenditure is available hereafter.

	2015	2014
	€	€
Operational expenditure	338 638	463 212
Programme expenditure	562 244	463 255
Total	900 881	926 466

- (c) The grant from other budgets concerns a joint programme on Strengthened Democratic Governance in the Southern Mediterranean which is being partly carried out by the North South Centre.
- (d) The surplus of the Partial Agreement will be reimbursed to member States as outlined in the draft resolution on page 3 to 5.

EXPLANATION OF VARIANCES**(1) Total Expenditure:**

The variance compared to the Original Budget relates principally to additional voluntary contributions from donors which were transferred to the Centre's special account (€139 K).

SPECIAL ACCOUNT
TO THE ENLARGED PARTIAL AGREEMENT ESTABLISHING THE EUROPEAN CENTRE
FOR GLOBAL INTERDEPENDENCE AND SOLIDARITY
(NORTH SOUTH CENTRE)

BALANCE AS AT 31/12/2015

	Cumulative Appropriations as at 31/12/2014	Appropriations credited in 2015	Cumulative Appropriations/ Receipts authorised as at 31/12/2015	Accumulated Expenditure/ Receipts as at 31/12/2015	2015 Expenditure/ Receipts	Balance as at 31/12/2015
	€	€	€	€	€	€
North South Centre	1 078 684	560 713	1 639 397	1 582 747	566 095	56 650
European Union-Council of Europe joint programme Towards a Strengthened Democratic Governance in the Southern Mediterranean", South Programme II (2015/DG PROG/JP/3319)	0	70 525	70 525	66 896	66 896	3 629
LC Training & CB Youth	220 864	42 974	263 838	253 661	45 527	10 177
Intercultural dialogue	130 563	89 000	219 563	197 094	68 041	22 469
Dialogue, Human Rights, Democracy & Development	187 257	18 215	205 471	204 783	29 710	688
Joint Management Agreement 2013-2015	540 000	340 000	880 000	860 314	355 921	19 686
Projects finalised as at 1 January 2015	6 845 128	(1 974)	6 843 154	6 843 154	0	0
Total Expenditure	7 923 811	558 740	8 482 551	8 425 901	566 095	56 650
Voluntary contributions from member States of the Partial Agreement			(21 841)	(21 841)	0	
Other receipts			20 291	20 291	0	
Previous year's result			883 995	883 995	0	
Allocation from the North-South Centre Budget (a)			7 192 178	7 152 178	518 740	
Balance brought forward on 01/01/2001			407 928	407 928	0	
Total Receipts			8 482 551	8 442 551	518 740	
Balance as at 31/12/2015				16 650		

- (a) The receipts in the **North-South Centre** Special Account come from voluntary contributions and the European Union contribution for Joint Programmes. So as to show all of the resources made available to the North-South Centre within a single framework, all external contributions are recorded as receipts in the Centre's main budget and are then allocated to the "Programmes" Special Account as grants.