

# 2006 discharge: European Aviation Safety Agency (EASA)

2007/2058(DEC) - 15/11/2007

**PURPOSE:** to present the report of the Court of Auditors on the 2006 accounts of the European Aviation Safety Agency.

**CONTENT:** the report notes that the appropriations entered in the Agency's budget for the financial year in question amount to **EUR 65.663 million** in payment appropriations, of which EUR 60.312 million was committed (as commitment appropriations in the context of differentiated appropriations) and EUR 42.714 million was paid as payment appropriations. Out of this general amount, EUR 19.251 million was carried over to 2007 (payment appropriations) and EUR 3.698 million was cancelled.

The Court notes that the accounts for the financial year are reliable in all material aspects and that the underlying transactions of the Agency's accounts are, on the whole, legal and regular.

**Analysis of the accounts by the Court:** the Court states that, at the end of 2006, the appropriations carried over for title II (administrative expenditure) were about 40 % of the commitments and for title III (non-differentiated operational expenditure) were about 50 %. For the same titles, more than 15 % of the appropriations were cancelled. Contrary to its financial regulation, the Agency used its differentiated payment appropriations carried over from 2005 despite the fact that it had enough payment appropriations for 2006. Thus, the budgetary principle of **annuality** was not strictly observed.

For its 2006 certification activities, the Agency's cost analysis system showed costs of about EUR 48 million versus revenue of about EUR 35 million. According to the Court, the Agency, in cooperation with the Commission, must review the current fees scheme in order to ensure that the Agency's costs for the certification activities are covered by its fees.

Furthermore, the Court notes that the short-term receivables amounted to approximately EUR 14 million, of which 20 % were more than three months old. The Agency has not yet implemented an effective claim management system, possibly including interest on late payment.

Finally, for a contract with an external consultant (value = EUR 221 000) and for the renewal of an agreement for travel services signed in 2004 (annual market value of approximately EUR 1.5 million), the Agency had recourse to the negotiated procedure for reasons of urgency, which were not justified and rather reflected insufficient programming.

**The Agency's replies:** the Agency considers the criticisms point by point and notes that the carried over differentiated payment appropriations were related to activities to be paid by the fee income. The Agency had to use differentiated payment appropriations carried over from 2005 because the 2006 fee income was insufficient to cover the cost of its certification activities and to offset the impact of the change from differentiated to non-differentiated appropriations from 1 January 2007 (the Financial Regulation does not provide a procedure for making such a change).

In terms of the costs of certification, the Agency notes that the new fees and charges regulation (EC) No 593/2007, which entered into force on 1 June 2007, should generate revenue sufficient to cover the cost of the certification activities. The Agency also states that it has decided to implement, during 2007 and 2008, an integrated management system that will further increase the level of detail in monitoring the cost of its activities.

The agency also specifies that, during 2006, the follow up of receivables was impacted by the burden of old 2005 recoverable amounts for which sufficient information was not always available. The Agency notes that it is continuing its efforts to make this information more reliable and to reduce the delays in the collection of receivables. Moreover, since December 2006, the Agency has been sending out systematic reminders and is charging interest in case of late payment.

Lastly, the Agency takes note of the Court's observation concerning the management of short-term receivables.