2008 discharge: European Aviation Safety Agency EASA

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PURPOSE: to present the report of the Court of Auditors on the 2008 accounts of the European Aviation Safety Agency (EASA).

CONTENT: in the Court's opinion, the Agency's Annual Accounts present fairly, in all material respects, its financial position as of 31 December 2008 and the results of its operations and its cash flows for the year then ended. The transactions underlying the annual accounts of the Agency for the financial year ended are, in all material respects, legal and regular.

The Court of Auditor's report includes a detailed section on the European Aviation Safety Agency's expenditure and an analysis of the expenditure, as well as the Agency's replies.

- **The Court's analysis of the accounts**: in its report, the Court makes a number of observations, particularly with regard to budgetary and financial management. It notes that a high level of appropriations was carried forward to 2009 (over EUR 53 million which is at odds with the principle of annuality. It also notes that in its first amending budget the Agency transferred about EUR 6.6 million (15%) of staff-related expenditure to operating expenditure in order to finance additional costs for the enterprise resource planning system (EUR 4.3 million) and the increased cost for outsourced certification activities. The significant level of transfers of staff appropriations to operating expenditure indicates unrealistic recruitment planning as well as shortcomings in the budgeting and the monitoring of the enterprise resource planning system. The 2008 economic outturn for certification tasks amounted to almost EUR 10 million. This indicates that the system of annual flat fees generated income which is significantly above the actual cost. The Court suggests that the Agency should analyse this development and establish a monitoring system at the level of certification projects to make sure that, over the entire project duration, the fees levied do not deviate significantly from the actual cost. Lastly, the Court states that the Agency's 2008 work programme lists for each main activity the planned actions, priority objectives and indicators. Actions are often neither described in such a way as to be measurable nor are they clearly linked to objectives. This situation makes it difficult to identify shortfalls and to monitor progress at all levels of activity. The Agency should define precise and measurable objectives together with relevant performance indicators and promote the achieving of results.
- **The Agency's replies**: the majority of the commitments and appropriations carried forward, which are inherent to the Agency's business cycle, correspond to advance payments received from applicants and late invoicing by the National Aviation Authorities. The commitments carried forward relating to the implementation of the enterprise resource planning system (ERP) resulted from a delay in signing the contract for the service. The transfer was due to the higher than expected difficulty in recruiting staff with specific expertise which has slowed down the process of the internalisation of certification tasks, a number of resignations and a high number of internal applicants who succeeded in external recruitment processes (approx. 25) opened in 2008. The Agency states that this is the first full year of implementation of certification tasks under the new fees and charges regulation. It is continuing to perform in-depth analysis on the objective reasons explaining such a surplus, for example a high amount of overtime for Certification work which was not considered as a cost in the accounting system. This analysis will form the basis of the eventual review of the charging system with the Commission and the Industry. The Agency is in the process

of attaining certification against the ISO9001:2008 system and part of which is the development of objectives and key performance indicators (KPIs), the quality of which has been improved in the 2010 work programme.