2012 discharge: European Environment Agency (EEA)

2013/2212(DEC) - 10/09/2013 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the European Environment Agency for the financial year 2012, together with the Agency's reply.

CONTENT: in accordance with the tasks conferred on the Court of Auditors by the Treaty on the Functioning of the European Union, the Court presents to the European Parliament and to the Council, in the context of the discharge procedure, a Statement of Assurance as to the reliability of the annual accounts of each institution, body or agency of the EU, and the legality and regularity of the transactions underlying them, on the basis of an independent external audit.

This audit concerned, amongst others, the annual accounts of the European Environment Agency (EEA).

In the Court's opinion, the **Agency's Annual Accounts fairly present, in all material respects, its financial position as of 31 December 2012** and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its financial rules and the accounting rules adopted by the Commission's accounting officer.

The Court also considers that the **transactions underlying the annual accounts** of the Agency for the financial year ended 31 December 2012 are, in all material respects, **legal and regular**.

The report confirms that the resources made available to the Agency in 2012 amounted to EUR 41.7 million.

The report also makes a series of observations on the budgetary and financial management of the Agency, accompanied by the latter's response. The main observations may be summarised as follows:

The Court's observations:

- internal controls: in 2012, the Agency awarded grants under three major grant programmes to consortia consisting of environmental institutions and bodies in Europe, UN organisations and national environment organisations. Total grant expenditure in 2012 was EUR 11.9 million, representing 27% of the total operating expenditure. The Agency's ex ante verifications before reimbursement of costs claimed by beneficiaries consist of a desk analysis of cost claims. It does not usually obtain from beneficiaries any document to substantiate the eligibility and accuracy of the staff costs claimed, which represent the main part of costs. Ex ante on-the-spot verifications of costs at beneficiary level are rare. Existing controls therefore provide only limited assurance to the Agency's management as to the eligibility and accuracy of the costs claimed by beneficiaries. Improvements in this area are necessary.

The Agency's replies:

- audits: the Agency states that over the past decades, the EEA has accumulated a vast experience in dealing with grant agreements and the cost structure of especially the European Topic Centres. Hence, there is a solid basis upon which cost statements (including staff costs) are evaluated. However, we acknowledge the European Court of Auditors' observation and, based upon a further risk analysis, an action plan has been drawn up to ensure reasonable assurance. The call for

proposals launched in 2013 includes a revised framework partnership agreement in which contractual provisions have been updated. The EEA has decided to increase the number of on-the-spot verifications in line with the Court of Auditors' recommendation.

Lastly, the Court of Auditors' report contains a summary of the **Agency's activities in 2012**. This is focused on the following:

- production of press releases;
- data sets;
- promotional material;
- corporate documents and reports;
- pan-European assessments;
- the state of the Environment report (SOER 2010).