2016 discharge: European Aviation Safety Agency (EASA)

2017/2158(DEC) - 19/09/2017 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the European Aviation Safety Agency for the year 2016, 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 Aviation Safety Agency (**EASA**). In brief, the Agency has been given specific regulatory and executive tasks in the field of aviation safety.

Statement of assurance: pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union (TFEU), the Court has audited:

- the annual accounts of the Agency, which comprise the financial statements and the reports on the implementation of the budget for the financial year ended 31 December 2016, and
- the legality and regularity of the transactions underlying those accounts.

Opinion on the reliability of the accounts: in the Court's opinion, the Agency's annual accounts present fairly, in all material respects, its financial position as at 31 December 2016 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer.

Opinion on the legality and regularity of the transactions underlying the accounts: in the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2016 are legal and regular in all material respects.

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: without calling into question its opinion, the Court draws attention to the fact that the United Kingdom (UK) notified the European Council on 29 March 2017 of its decision to withdraw from the European Union. An agreement setting out the arrangements for its withdrawal will be negotiated. The Agency's 2016 budget was financed 70 % by fees from the aviation industry and 30 % from European Union funds. A future decrease of the Agency's revenue resulting from the UK's decision to leave the EU is possible.

- **budgetary management**: the Court noted that although 2016 industry-financed activities resulted in a deficit of EUR 7.6 million, budgetary results fluctuate over the years and the Agency has accumulated a EUR 52 million surplus. The Agency's founding Regulation establishes that industry fees levied should be adequate to cover the Agency's cost for the related certification activities. It does not, however, foresee an accumulated surplus. Over the period 2014 to 2016, the Agency spent EUR 9.4 million (EUR 4.4 million in 2016) from its accumulated surplus in financing the EUR 12.4

million refurbishment (and removal) cost for the Agency's relocation to a new building. The Commission also contributed EUR 3 million from the EU budget for this purpose. This financing split between industry and Union contributions was in line with the standard cost allocation methodology employed by the Agency and resulted in these works being financed, in large part from industry fees.

The Agency's replies: the Agency took note of the Court's observation as regards Brexit. A working group has been established and has already performed a first analysis on the potential risks and impact of Brexit.

- **budgetary management**: the Agency intends to amend both its Financial and Fees and charges regulations to better formalise the treatment of an accumulated surplus.

Lastly, the Court of Auditors' report contains a summary of the **Agency's key figures in 2016**:

- **Budget**: EUR 193.4 million.
- **Staff**: 774 including officials, temporary and contract staff and seconded national experts.