2001 discharge: European Agency for safety and health at work

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PURPOSE : to present the report from the Court of Auditors on the financial statements of the European Agency for Safety and Health at Work concerning the financial year 2001. CONTENT : the Court of Auditors has examined the financial statements of the European Agency for Safety and Health at Work for the financial year ended 31 December 2001. This examination has allowed the Court to obtain reasonable assurance that the annual accounts for the financial year ended 31 December 2001 are reliable and that the underlying transactions, taken as a whole, are legal and regular. The main observations made by the Court are as follows. The report states that the appropriations available for the financial year amounted to EUR 14 million, consisting of EUR 12 million for the financial year 2001 and EUR 2 million in carry-overs from the previous financial year. In addition to its budgetary allocation, the Agency received a subsidy from the Commission of EUR 624 000 for a multiannual operation to prepare the candidate countries for membership. A total of EUR 126 959 of these appropriations was committee din 2001 and payments of EUR 17 048 were made, with the balance being carried over. Of the appropriations for the financial year 2001, EUR 11.3 million was committed and payments were made for EUR 5.0 million, or 44% of the commitments entered into. The balance of the appropriations was either carried over (EUR 6.2 million) or cancelled (0.8 million). Out of the operating appropriations (Title III), which totalled EUR 7.6 million, a sum of EUR 7.3 million was committed, of which 1.5 million was paid out and EUR 5.8 million had to be carried over the following financial year. The balance was cancelled. The very large total for carryovers of operating appropriations is due to the fact the Commission entrusted the Agency with a important measure (EUR 4.5 million) during the course of the financial year 2001. The time required for its preparation meant that it could not be implemented in 2001 and all the appropriations allocated to it had to be carried over to the financial year 2002 irrespective of this fact, however, the carry-over rate for operating appropriations is still very high and the Agency should continue to improve the quality and monitoring of the programming of its activities. The appropriations carried over from the previous financial year totalled EUR 2 million, EUR 1.7 million of which related to Title III. Out of these appropriations, payments totalling EUR 1.7 million were made, EUR 1.5 million of which related to Title III, and the balance was cancelled. - Regarding the financial statements : the Agency does not depreciate its fixed assets. It should apply the valuation and depreciation rules adopted by the Commission so that the values entered in the balance sheet provide a faithful picture of the goods comprising its assets. The Agency should step up the measures already taken to minimise the risk of repayments being made twice over and must therefore reimburse mission expenses to the persons it invites to its offices on the basis of original documents, rather than copies. The S12 budgetary accounting system used by the Agency should not allow the operations for a financial year to be amended after the closure date (15 January after the following financial year), except in the cases provided for tin the rules. As regards the application of the financial provisions, on 23February, the Agency implemented the budget heading relating to the field of 'Research-Work and Safety' by signing a contract valued at EUR 225 000, even though the available appropriations amounted to just EUR 185 000. In order to cover the shortfall of EUR 40 000 between the available appropriations and the contract amount, the Agency used appropriations entered under a different budget heading relating to a programme for small and medium sized enterprises, without submitting any justification. This practice does not comply with the principle of budgetary specification. Lastly, the Court remarks that the Agency systematically carries over the entire balance of provisional commitments to the following financial year without justifying this one the basis of order forms that have already been issued. The Agency has commented on the main observations made by the Court. In particular, it states that there was a high carryover rate for operating appropriations from 2001 to the next financial year. This was due to the fact that of the EUR 5.8 million mentioned by the Court, EUR 4.5 million directly concerned the 'SME Funding scheme 2001 to 2002' which was a new activity desired by the European Parliament and entrusted to the Agency by the Commission. As for the rest, within the limits of the statutory framework

in which it operates, the Agency has made every effort to limit its rate of appropriations carried over. In addition, the Agency is constantly seeking to put suitable tools in place or to improve those already in use with a view to producing a lasting improvement in the quality and monitoring of its programming of activities.