2002 Discharge: European Agency for Safety and Health at Work

2003/2246(DEC) - 15/10/2003 - Non-legislative basic document

PURPOSE : to present the report from the Court of Auditors on the financial statements of the European Agency for Safety and Health at Work for the financial year 2002. CONTENT : this report concerns the results of the audit performed by the Court on the financial statements for the financial year ended 31 December 2002. This examination enabled the Court to obtain reasonable assurance that the annual accounts for the financial year ended 31 December 2002 are reliable and that the underlying transactions, taken as a whole, are legal and regular. The report states in particular that the appropriations available for the financial year amounted to EUR 20 million, consisting of EUR 13,2 million of the financial year and EUR 6,8 million in carryovers from the previous financial year. Of the 2002 appropriations, a total of EUR 12,5 million was committed and payments of EUR 6,2 million made against them. The balance of appropriations was either carried over (6 million) to 2003 and 1 million has been cancelled. The carryovers mainly concerned Title III of the budget and represented more than 70 % of the commitments entered into. The Court once again draws the Agency's attention to the fact that it should programme its activities in a way that complies better with the annuality principle and should also improve the monitoring of its activities. Generally speaking, the audit of the budgetary accounts revealed shortcomings in the coordination between the authorising officer for expenditure and the department responsible for financial monitoring. Moreover, there was no formal procedure for reconciling the authorising officer for expenditure's estimates of the volume of appropriations to be carried over with the amounts calculated on the basis of the financial department's accounts. The Agency should take the necessary steps to improve the effectiveness of its internal control system. The Court states that no physical inventory has been taken since 1997. The inventory lists are not reliable. They contain inaccuracies, are not complete and do not take into account disposals that should have been carried out. Moreover, despite the Court's previous recommendations , in which it asked the Agency to apply the rules adopted by the Commission, the Agency does still not carry out any depreciation of its fixed assets. As regards the legality and regularity of the underlying transactions, the Court highlights that the Agency financed 51 projects under a EUR 4 million programme in favour of small and medium-sized enterprises. Checks carried out on a sample of seven projects showed up various failings. No formal procedure was introduced for carrying out on-the-spot checks of the reality of expenditure declared by beneficiaries. In four cases, the Agency's final evaluation report showed significant differences between the product promised by the beneficiaries and the final product; nevertheless, the aid was paid in full, or almost in full. The Court draws attention to the responsibility of the competent departments and recommends that appropriate measures be introduced. The Agency concluded a number of contracts for various technical and administrative services. These contracts were poorly monitored. In five cases they were extended without any legal basis. The Agency replies to the criticisms made by the Court. It states in particular that it wishes to note the fact that 60% of the total carryovers are for the SME scheme, which has a strict two-year implementation cycle. In the framework of the new Financial Regulation, the Agency is looking into options to properly implement the programmes and, simultaneously, to respect the principle of annuality of the budget. The Agency intends to improve its systems of internal control. In 2003, the Agency contracted an accounting firm to undertake a complete updating of all aspects of the management of its fixed asset. The Agency would like to draw the attention of the Court to the fact that all available resources have been dedicated to conducting an in-depth assessment of the final activity reports and the final financial reports provided by the 51 project holders. Following those examinations, the Agency did not pay the full grant to half of the project holders. In the four specific cases mentioned by the Court, the Agency considered that despite the shortcomings in the final products the objectives of the project were reasonably achieved and, consequently, that the project holders deserved the full payment of the grant.