2005 discharge: European Environment Agency

2006/2158(DEC) - 19/12/2006

This report from the Court of Auditors concerns the results of the audit carried out by the Court on the annual accounts of the European Environment Agency for the financial year ended 31 December 2005.

The Court states that its audit was planned and performed to obtain reasonable assurance that the accounts are reliable and the underlying transactions are legal and regular. The Agency's accounts for the financial year ended 31 December 2005 are, in all material respects, reliable.

The report shows that the appropriations entered in the final budget amount to **EUR 32 144 000** with EUR 32 062 000 committed and EUR 26 137 000 paid. EUR 5 995 000 was carried over to 2006, and EUR 12 000 cancelled. The outstanding commitments carried over from the previous financial year were EUR 7 893 000.

The Court makes the following observations:

- the Agency committed nearly all the appropriations in its budget for the financial year 2005. Nevertheless, it is noted that the carry-over rate (over 30 %) for commitments for its operating activities (Title III) is high. The Agency should ensure a reduction in carry-overs, whose volume hampers the management of the following year's appropriations, which subsequently creates delays in implementation or even increases them;

- there is no description of the internal control systems. The authorising officers have not provided a formal description of the systems that they use for supplying and substantiating accounts information and the accounting officer has therefore still not been able to validate them;

- there are shortcomings in the authorising officer's annual activity report in that it does not supply adequate information on the results of the year's activities in relation to the objectives established, the associated risks, the use of resources and the functioning of the internal control systems;

- during the audit of the procedures for the recruitment of temporary staff, it was observed that certain internal provisions concerning the joint nature of the selection committees and the inalterability of the selection criteria adopted beforehand did not comply with the provisions of the conditions of employment of other servants of the Communities;

- in the procurement field, the Court found shortcomings in respect of evaluation criteria. There is no specific information on how information on prices should be taken into account. This situation leads to unjustified discrepancies in the appraisal of tenders.

The Agency responds point by point to the Court's observations.

Firstly, it states that percentage carry-over has been reduced progressively in recent years and dropped to 31 % for Title III in 2005. Given that most of the Title III contracts for example with topic centres allow work until the end of the calendar year with final deliveries and payments of up to 30 % in the following year, it is difficult to reduce Title III carryover much further than currently achieved. The internal control systems are under continuous development.

As regards the annual activity reports for 2003 and 2004, the EEA has tried to accommodate the requirements of the annual activity report within the Annual Report required under EEA's founding

regulation. EEA has not been able to do so and hence from 2005 onwards it produces separate reports. The two 2005 reports were sent to the Court and others on 15 June 2006.

As from 2006, the Staff Committee has been requested to appoint an equal number of representatives and all procurement procedures have been strengthened.