

2005 discharge: European Agency for Safety and Health at Work

2006/2159(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 Agency for Safety and Health at Work 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 13 738 000** with EUR 12 464 000 committed and EUR 9 209 000 paid. EUR 2 844 000 was carried over to 2006, and EUR 1 685 000 cancelled.

The Court makes the following observations:

- the commitment rate for appropriations entered in the budget for the financial year 2005 was over 90 %. Nevertheless, the carry-over rate remained high for operating expenditure (Title III), at 30 %, whereas the cancellation rate for appropriations carried over was close to 15 %. Such a situation should prompt the Agency to improve its programming and adhere to it more strictly. The management of the budget shows a high number of transfers of appropriations between budget lines. The supporting documentation for these transfers is inadequate. Moreover, no control mechanism has been put in place to check that the rules and limits applicable to transfers are observed;
- implementation of the internal control system was not yet complete in 2005. The Governing Board has not adopted any internal control standards;
- the general implementing provisions concerning the recruitment of staff to the Agency do not specify the criteria and formalities to be observed at the various stages in the selection of candidates;
- the Court's examination of public procurement procedures showed that often no supporting evidence was given for the tender evaluation committee's assessments of the quality of the bids. Furthermore, the evaluation reports are signed only by the authorising officer responsible and not by all the members of the tender evaluation committee. In order that the principle of transparency may be respected, decisions taken during a tendering procedure must be rigorously documented.

The Agency responds point by point to the Court's observations. Firstly, it states that it is in the process of improving its financial management. Its global carry-over rate has been reduced from 27 % in 2004 to 20 % in 2005 and cancellation of carry-overs has been reduced from nearly 900 000 euros in 2004 to about 400 000 euros in 2005. Concerning the transfer of appropriations, the Agency is taking measures to improve its budget management.

Internal Control Standards have been adopted by the Governing Board in March 2006. Operational verification of transactions is done by each unit in accordance with the nature of the operation. This procedure will be formalized. The Agency is developing a systematic approach to risk analysis.

For each competition the criteria for the pre-selection of candidates to be interviewed are agreed by a Selection Committee nominated by the Director. Nevertheless, the Agency is taking measures to improve the documentation of the selection processes. Lastly, the Agency is taking measures to improve the documentation of contract processes.