

**REPORT**

**on the annual accounts of the European Agency for Safety and Health at  
Work for the financial year 2005 together with the Agency's replies**

(2006/C 312/05)

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## INTRODUCTION

1. The European Agency for Safety and Health at Work (hereinafter referred to as the Agency) was established by Council Regulation (EC) No 2062/94 of 18 July 1994 <sup>(1)</sup>. The Agency's task is to collect and disseminate information on national and Community priorities in the field of safety and health at work, to support national and Community organisations involved in the formulation and implementation of policy and to provide information on preventive measures.

2. Table 1 summarises the Agency's competences and activities. Key information from the financial statements drawn up by the Agency for the financial year 2005 is presented in Tables 2, 3 and 4.

## STATEMENT OF ASSURANCE

3. This Statement is addressed to the European Parliament and the Council in accordance with Article 185(2) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 <sup>(2)</sup>; it was drawn up following an examination of the Agency's accounts, as required by Article 248 of the Treaty establishing the European Community.

4. The Agency's accounts for the financial year ended 31 December 2005 <sup>(3)</sup> were drawn up by its Director, pursuant to Article 14 of Regulation (EC) No 2062/94, and sent to the Court, which is required to give a statement of assurance on their reliability and on the legality and regularity of the underlying transactions.

5. The Court conducted an audit in accordance with its policies and standards, which are based on international auditing standards that have been adapted to the Community context. The audit was planned and performed to obtain reasonable assurance that the accounts are reliable and the underlying transactions are legal and regular.

<sup>(1)</sup> OJ L 216, 20.8.1994, p. 1. The Regulation was last amended by Council Regulation (EC) No 1112/2005 of 24 June 2005 (OJ L 184, 15.7.2005, p. 5).

<sup>(2)</sup> OJ L 248, 16.9.2002, p. 1.

<sup>(3)</sup> These accounts were drawn up on 29 June 2006 and received by the Court on 4 July 2006.

6. The Court has thus obtained a reasonable basis for the statement expressed below.

**Reliability of the accounts**

The Agency's accounts for the financial year ended 31 December 2005 are, in all material respects, reliable.

**Legality and regularity of the underlying transactions**

The transactions underlying the Agency's annual accounts, taken as a whole, are legal and regular.

The observations which follow do not call the Court's statement into question.

## OBSERVATIONS

7. 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.

8. Implementation of the internal control system was not yet complete in 2005. The Governing Board has not adopted any internal control standards. The questionnaires used for *ex ante* verification of commitments and payments do not cover the operational aspects. There is no risk analysis and there are no checklists to meet the needs of authorising officers and staff who perform operational checks.

9. 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. A review of one recruitment procedure showed that the choices made had not been adequately documented (only a final summary report was drawn up and signed by the members of the selection board). Decisions taken in this area must be rigorously documented in order to ensure the transparency and impartiality of the decisions made.

10. 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.

This report was adopted by the Court of Auditors in Luxembourg at its meeting of 28 September 2006.

*For the Court of Auditors*  
Hubert WEBER  
*President*

Table 1  
European Agency for Safety and Health at Work (Bilbao)

Social provisions	Objectives:	Tasks:	Governance	Resources made available to the Agency in 2005 (2004)	Products and services supplied
<p>Areas of Community competence deriving from the Treaty</p> <p>The Community and the Member States (...) shall have as their objectives (...) improved living and working conditions, so as to make possible their harmonisation while the improvement is being maintained (...).</p> <p>With a view to achieving the objectives of Article 136, the Community shall support and complement the activities of the Member States in the following fields: (a) improvement in particular of the working environment to protect workers' health and safety; (b) working conditions; (...)</p> <p>(Extracts from Articles 136 and 137 of the Treaty)</p>	<p>Competences of the Agency as defined in the Council Regulation (Council Regulation (EC) No 2062/94 of 18 July 1994 as last amended by Council Regulation (EC) No 1112/2005 of 24 June 2005)</p> <p>In order to improve the working environment, as regards the protection of the safety and health of workers as provided for in the Treaty and successive Community strategies and action programmes concerning health and safety at the workplace, the aim of the Agency shall be to provide the Community bodies, the Member States, the social partners and those involved in the field with the technical, scientific and economic information of use in the field of safety and health at work.</p>	<p>to collect, analyse and disseminate information on national and Community priorities and on research, to promote cooperation and the exchange of information, including information on training programmes, to supply the Community bodies and the Member States with information they require to formulate and implement policies, in particular as regards the impact on small and medium-sized enterprises, to make available information on preventive activities, to contribute to the development of strategies and Community action programmes, to set up a network comprising national focal points and topic centres.</p>	<p><b>1. Governing Board</b></p> <p><b>Composition</b></p> <ul style="list-style-type: none"> <li>— 1 representative of the Government of each Member State,</li> <li>— 1 representative of the employers' organisations of each Member State,</li> <li>— 1 representative of the employees' organisations of each Member State,</li> <li>— 3 representatives of the Commission.</li> </ul> <p><b>Task</b></p> <p>To adopt the Agency's work programme, budget and annual general report.</p> <p><b>2. The Director</b></p> <p>Appointed by the Governing Board on a proposal from the Commission.</p> <p><b>3. Committees</b></p> <p>Obligatory consultation of the Commission and the Advisory Committee on Safety and Health at Work in respect of the work programme.</p> <p><b>4. External audit</b></p> <p>Court of Auditors.</p> <p><b>5. Discharge authority</b></p> <p>Parliament on a recommendation by the Council.</p>	<p><b>Final budget:</b></p> <ul style="list-style-type: none"> <li>— 13,7 million euro (10,7 million euro)</li> </ul> <p><b>Including:</b></p> <ul style="list-style-type: none"> <li>— Community subsidy, DG Employment: 96 % (98 %)</li> <li>— Community subsidy, DG Enlargement: 3 % (0 %)</li> </ul> <p><b>Staff at 31 December:</b></p> <p>40 (38) posts in the establishment plan, of which, posts filled: 32 (29)</p> <p>20 (22) other posts (auxiliary contracts, seconded national experts, local staff and employment-agency staff).</p> <p><b>Total staff: 52 (51)</b></p> <p>assigned to operational tasks: 35 (34)</p> <p>administrative tasks: 9 (9)</p> <p>mixed tasks: 8 (8)</p>	<p><b>Building the links — Networking:</b></p> <ul style="list-style-type: none"> <li>— further development of focal point network (implementation of 2nd generation network),</li> <li>— institutional capacity building in Candidate Countries (PHARE programme).</li> </ul> <p><b>Communicating Information:</b></p> <ul style="list-style-type: none"> <li>— European Week 2005 campaign on Noise finishing with a European summit in Bilbao,</li> <li>— 3rd generation web-based information services on occupational safety and health,</li> <li>— launch of global occupational safety and health portal,</li> <li>— targeted campaign programme for EU 10.</li> </ul> <p><b>Developing knowledge:</b></p> <ul style="list-style-type: none"> <li>— information products for national and European Week campaigns 2005 (on Noise) and 2006 (on Young People),</li> <li>— information products on good practice in agriculture,</li> <li>— risk Observatory information products (e.g. reports on noise, MSD and stress, web information on construction and agriculture, among other topics: identification of emerging biological and chemical risks).</li> </ul>

Source: Information provided by the Agency.

## EUROPEAN AGENCY FOR SAFETY AND HEALTH AT WORK

Table 2

## Implementation of the budget for the financial year 2005

Source of revenue	Revenue		Expenditure										Appropriations for the financial year and carried over from the previous financial year			
	Revenue entered in the final budget for the financial year	Revenue collected	Expenditure allocation		Final budget appropriations			Appropriations carried over from the previous financial year			Appropriations for the financial year and carried over from the previous financial year			cancelled		
			final	committed	paid	carried over	cancelled	available	paid	cancelled	available	committed	paid		cancelled	
Community subsidies	13 200	12 208	Title I Staff	4 579	3 796	3 435	75	1 069	60	42	18	4 639	3 856	3 477	75	1 087
Phare	358	340	Title II Administration	1 501	1 406	1 052	331	118	248	187	61	1 749	1 654	1 239	331	179
Other revenue	180	217	Title III Operating activities	7 300	7 090	4 589	2 213	498	2 549	2 224	325	9 849	9 639	6 813	2 213	823
			Phare	358	172	133	225	—	0	0	—	358	172	133	225	—
<b>Total</b>	<b>13 738</b>	<b>12 765</b>	<b>Total</b>	<b>13 738</b>	<b>12 464</b>	<b>9 209</b>	<b>2 844</b>	<b>1 685</b>	<b>2 857</b>	<b>2 453</b>	<b>404</b>	<b>16 595</b>	<b>15 321</b>	<b>11 662</b>	<b>2 844</b>	<b>2 089</b>

Table 3

Revenue and expenditure account for the financial year 2005 <sup>(1)</sup>

	2005
<b>Operating revenue</b>	
Community subsidies	13 673
Other subsidies/revenue	92
<b>Total (a)</b>	<b>13 765</b>
<b>Operating expenses</b>	
Staff	3 312
Administration	1 679
Operating activities	8 584
<b>Total (b)</b>	<b>13 575</b>
<b>Operating result (c = a - b)</b>	<b>190</b>
Other income (d)	0
Other charges (e)	7
<b>Economic result (f = c + d - e)</b>	<b>183</b>

<sup>(1)</sup> Data for the financial year 2004 are not shown as they are not comparable with the data for 2005 because of the change in the accounting principles applied.

Table 4

Balance sheet at 31 December 2005 and 2004 <sup>(1)</sup>

	2005	2004
<b>Assets</b>		
Fixed Assets	339	325
Receivables	596	426
Cash and cash equivalents	3 392	3 117
<b>Total</b>	<b>4 327</b>	<b>3 868</b>
<b>Liabilities</b>		
Accumulated surplus/deficit	1 637	1 637
Economic result for the year	183	0
Current liabilities	2 507	2 231
<b>Total</b>	<b>4 327</b>	<b>3 868</b>

<sup>(1)</sup> Data for the financial year 2004 have been restated to allow comparison with those for 2005.

Source: Data compiled by the Agency. These tables summarise the data supplied by the Agency in its annual accounts.

## THE AGENCY'S REPLIES

7. The Agency 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.

8. 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.

9. 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.

10. The Agency is taking measures to improve the documentation of contract processes.