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DEN EUROPÆISKE REVISIONSRET  
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EUROOPA KONTROLLIKODA  
ΕΥΡΩΠΑΪΚΟ ΕΛΕΓΚΤΙΚΟ ΣΥΝΕΔΡΙΟ  
EUROPEAN COURT OF AUDITORS  
COUR DES COMPTES EUROPÉENNE  
CÚIRT INIÚCHÓIRÍ NA HEORPA



CORTE DEI CONTI EUROPEA  
EIROPAS REVĪZIJAS PALĀTA  
EUROPOS AUDITO RŪMAI

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EUROPEISKA REVISIONSRÄTTEN

Report on the annual accounts of  
the European Agency for Safety and Health at Work  
for the financial year 2008

together with the Agency's replies

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## **INTRODUCTION**

1. The European Agency for Safety and Health at Work (hereinafter “the Agency”), located in Bilbao, 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 health and safety at work, to support national and Community organisations involved in policy making and implementation and provide information on preventive measures<sup>2</sup>.
2. The Agency's 2008 budget amounted to 14,9 million euro approximately the same amount as the previous year. The number of staff employed by the Agency at the end of the year was 64 as compared with 63 the previous year.

## **STATEMENT OF ASSURANCE**

3. Pursuant to the provisions of Article 248 of the Treaty the Court has audited the annual accounts<sup>3</sup> of the Agency, which comprise the “financial statements”<sup>4</sup> and the “reports on implementation of the budget”<sup>5</sup> for the financial year ended 31

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<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> The **Table** summarises the Agency's competences and activities. It is presented for information purposes.

<sup>3</sup> These accounts are accompanied by a report on the budgetary and financial management during the year which gives inter alia an account of the rate of implementation of the appropriations with summary information on the transfers of appropriations among the various budget items.

<sup>4</sup> The financial statements include the balance sheet and the economic outturn account, the cash-flow table, the statement of changes in capital and the annex to the financial statements which includes the description of the significant accounting policies and other explanatory information.

<sup>5</sup> The budget implementation reports comprise the budget outturn account and its annex.

December 2008 and the legality and regularity of the transactions underlying those accounts.

4. This Statement of Assurance is addressed to the European Parliament and the Council in accordance with Article 185(2) of Council Regulation (EC, Euratom) No 1605/2002<sup>6</sup>.

#### The Director's responsibility

5. As authorising officer, the Director implements the revenue and expenditure of the budget in accordance with the financial rules of the Agency under his own responsibility and within the limits of authorised appropriations<sup>7</sup>. The Director is responsible for putting in place<sup>8</sup> the organisational structure and the internal management and control systems and procedures relevant for drawing up final accounts<sup>9</sup> that are free from material misstatement, whether due to fraud or error, and for ensuring that the transactions underlying those accounts are legal and regular.

#### The Court's responsibility

6. The Court's responsibility is to provide, on the basis of its audit, a statement of assurance as to the reliability of the annual accounts of the Agency and the legality and regularity of the transactions underlying them.

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<sup>6</sup> OJ L 248, 16.9.2002, p. 1.

<sup>7</sup> Article 33 of Commission Regulation (EC, Euratom) No 2343/2002 of 23 December 2002 (OJ L 357, 31.12.2002, p. 80).

<sup>8</sup> Article 38 of Commission Regulation (EC, Euratom) No 2343/2002 of 23 December 2002 (OJ L 357, 31.12.2002, p. 80).

<sup>9</sup> The rules concerning the presentation of the accounts and accounting by the Agencies are laid down in chapter 1 of Title VII of Commission Regulation (EC, Euratom) No 2343/2002 of 23 December 2002 (OJ L 357, 31.12.2002, p. 87) as last amended by Commission Regulation (EC, Euratom) No 652/2008 of 9 July 2008 (OJ L 181, 10.7.2008, p. 23) and are integrated as such in the Financial Regulation of the Agency.

7. The Court conducted its audit in accordance with the IFAC and ISSAI<sup>10</sup> International Auditing Standards and Codes of Ethics. Those standards require that the Court complies with ethical requirements and plans and performs the audit to obtain reasonable assurance about whether the accounts are free from material misstatement and whether the underlying transactions are legal and regular.

8. The Court's audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts and about the legality and regularity of the transactions underlying them. The procedures selected depend on its audit judgement including the assessment of the risks of material misstatement of the accounts or of illegal or irregular transactions, whether due to fraud or error. In making those risk assessments internal control relevant to the entity's preparation and presentation of accounts is considered in order to design audit procedures that are appropriate in the circumstances. The Court's audit also includes evaluating the appropriateness of accounting policies used and, the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the accounts.

9. The Court believes that the audit evidence obtained is sufficient and appropriate to provide a basis for the opinions set out below.

***Opinion on the reliability of the accounts***

10. In the Court's opinion, the Agency's Annual Accounts<sup>11</sup> present fairly, in all material respects, its financial position as of 31 December 2008 and the results of

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<sup>10</sup> International Federation of Accountants (IFAC) and International Standards of Supreme Audit Institutions (ISSAI).

<sup>11</sup> The Final Annual Accounts were drawn up on 19 June 2009 and received by the Court on 30 June 2009. The Final Annual Accounts, consolidated with those of the Commission are published in the Official Journal of the European Union by 15 November of the following year. These can be found on the following website <http://eca.europa.eu> or <http://osha.europa.eu/en/about/finance/>.

its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation.

***Opinion on the legality and the regularity of the transactions underlying the accounts***

11. In the Court's opinion, the transactions underlying the annual accounts of the Agency for the financial year ended 31 December 2008 are, in all material respects, legal and regular.

12. The comments which follow do not call the Court's opinions into question.

**COMMENTS ON THE BUDGETARY AND FINANCIAL MANAGEMENT**

13. For operational expenditure (Title III), the Agency carried forward 3,4 million euro of which approximately 1 million euro concerned commitments which were entirely related to 2009. These carry over artificially decreased the budgetary outturn by the same amount and thus reduced the level of repayments to the Commission. This situation is at odds with the principle of annuality.

14. For one framework contract<sup>12</sup> that was frequently used by the Agency, total expenditure for 2008 surpassed the limit stated in the contract notice by 200 000 euro. The framework contract was expected to run from March 2006 to March 2010. The use of a framework contract beyond its maximal value is irregular. The Agency should have launched a new public procurement procedure for a new framework contract as soon as possible. If the scope of a contract significantly changes in the course of its execution, as was the case here, the supply or services concerned should be retendered (best practice).

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<sup>12</sup> Framework service contract for the organisation and management of public campaigns (Total foreseen value: 6 million euro).

This report was adopted by the Court of Auditors in Luxembourg at its meeting of 8 October 2009.

*For the Court of Auditors*

Vítor Manuel da Silva Caldeira

*President*

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

Areas of Community competence deriving from the Treaty	Competences of the Agency as defined in the Council Regulation (Council Regulation (EC) No 2062/94 of 18 July 1994 as amended by Council Regulation (EC) No 1112/2005 of 24 June 2005)		Governance	Means available to the Agency in 2008 (Data for 2007)	Products and services provided during 2008
<p><b>Social provisions</b></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:</p> <p>(a) improvement in particular of the working environment to protect workers' health and safety;</p> <p>(b) working conditions: (...)</p> <p><i>(Extracts from Article 136 and 137 of the Treaty)</i></p>	<p><b>Objectives</b></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 programs concerning health and safety at the workplace, the aim of the Agency shall be to provide 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><b>Tasks</b></p> <p>- To collect, analyze and disseminate information on national and Community priorities and on research.</p> <p>- To promote cooperation and the exchange of information, including information on training programs.</p> <p>- 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.</p> <p>- To make available information on preventive activities.</p> <p>- To contribute to the development of strategies and Community action programmes.</p> <p>- To set up a network comprising national focal points and topic centres.</p>	<p><b>1. Governing Board</b></p> <p><i>Composition</i></p> <p>- 1 representative of the Government of each Member State.</p> <p>- 1 representative of the employers' organizations of each Member State.</p> <p>- 1 representative of the employees' organizations of each Member State.</p> <p>- 3 representatives of the Commission.</p> <p>Members and alternate members from the first three categories shall be appointed from the members and alternate members of the Advisory Committee on Safety and Health at Work</p> <p><i>Task</i></p> <p>To adopt the Agency's work program, budget and annual general report.</p> <p><b>2. Bureau</b></p> <p><i>Composition</i></p> <p>- Chair and 3 vice-chairs of the Board</p> <p>- Coordinators from each of the three interest groups</p> <p>- 1 additional member from each of the groups and the Commission</p> <p><i>Task:</i></p> <p>Overseeing the preparation and follow-up of the Board's decisions</p> <p><b>3. The Director</b></p> <p>Appointed by the Governing Board on a proposal from the Commission.</p> <p><b>4. 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 and budget.</p> <p><b>5. External audit</b></p> <p>European Court of Auditors.</p> <p><b>6. Discharge authority</b></p> <p>Parliament on a recommendation by the Council.</p>	<p><b>Budget</b></p> <p>- 14,9 million euro (14,9 million euro)</p> <p>Including :</p> <p>- Community subsidy, DG Employment: 96,5 % (93,8 %)</p> <p>- Community subsidy, DG Enlargement: 2,4 % (2,9 %)</p> <p><b>Staff at 31 December 2008</b></p> <p>44 (42) posts in the establishment plan,</p> <p>of which, posts filled : 41 (38)</p> <p>Posts vacant: 3 (4)</p> <p>23 (25) other posts (contract staff, seconded national experts and local staff).</p> <p>Total staff : 64 (63)</p> <p>assigned to operational tasks : 45 (47)</p> <p>administrative tasks : 10 (9)</p> <p>mixed tasks : 9 (7)</p>	<p><b>European Risk Observatory (ERO):</b></p> <p>- Completion of Phases I and II of the European Survey of Enterprises on New and Emerging Risks (ESENER).</p> <p>- Publication of reports (occupational skin diseases and dermal exposure, exposure to vibration).</p> <p>- Data collection on waste management and on respiratory diseases.</p> <p><b>Working Environment Information:</b></p> <p>- Data collection of good practice case studies and links to good practice information providers on road transport</p> <p>- Establishment of a network of European organizations which can provide OSH economic incentives</p> <p>- Publication of an MSD prevention report</p> <p>- Publication of a wide range of products for the Healthy Workplace Campaign 2008/09 (HWC)</p> <p>- Establishment of a risk assessment resource database on the Agency's website for the HWC 2008/09</p> <p>- Publications of good practice information materials for the HORECA sector;</p> <p>- Six E-facts on Cleaning Workers</p> <p>- Extension of the Agency's website good practice area, in particular in the fields of Construction, Health Care and Accident Prevention</p> <p>- Participation in seminars, conferences and other events.</p> <p><b>Communication, Campaigning and Promotion:</b></p> <p>- 'Lighten the Load' Summit – campaign on musculoskeletal disorders.</p> <p>- 'Healthy Workplaces Campaign. Good for you. Good for Business.' – European campaign on risk assessment.</p> <p>- Multilingual web-based and printed information products on occupational safety and health.</p> <p>- Monitoring and evaluation: evaluation report of European campaigns on young workers, musculoskeletal disorders and small and medium-sized enterprises.</p> <p><b>Networking and Coordination:</b></p> <p>- Further development of focal point network</p> <p>- Liaison with European and International organizations</p> <p>- Institutional capacity building in Candidate and Potential Candidate Countries</p>



## **THE AGENCY'S REPLIES**

13. The Agency notes the Court's comments and will improve its monitoring and planning of operational expenditure to avoid committing significant funds at the year-end.

Although the commitments and specific contracts referred to were signed towards the year-end, the process to specify the contracts had been started in July but the complexities of the projects meant that it took much longer than originally anticipated to finalize them, resulting in the significant carry-over highlighted by the Court.

14. A public procurement for a new framework contract for the organisation and management of public campaigns has been prepared and launched in July 2009.

The fact that annual expenditure on the current contract has run at higher rates than initially forecast is mainly explained by the need to discontinue a long-standing subsidy scheme (with an annual budget in the region of 1 million euros) for the Agency's network of focal points on the recommendation of external evaluators and the Internal Audit Service. Making further use of this framework contract was a key element in the alternative support scheme put in place in 2008 to replace the subsidy scheme without impacting adversely on the Agency's ability to run pan-European campaigns.