



EUROPEAN
COURT
OF AUDITORS

Report on the annual accounts
of the European Agency for Safety and Health at Work
for the financial year 2015

together with the Agency's reply

INTRODUCTION

1. The European Agency for Safety and Health at Work (hereinafter “the Agency”, aka “EU-OSHA”), which is located in Bilbao, was created by Council Regulation (EC) No 2062/94¹. The Agency's task is to collect and disseminate information on national and Union priorities in the field of health and safety at work, to support national and Union organisations involved in policymaking and implementation and provide information on preventive measures.

2. **Table 1** presents key figures for the Agency².

TABLE 1: KEY FIGURES FOR THE AGENCY

	2014	2015
Budget (million euro)	17,3	16,9
Total staff as at 31 December ³	65	65

Source: data provided by the Agency.

INFORMATION IN SUPPORT OF THE STATEMENT OF ASSURANCE

3. The audit approach taken by the Court comprises analytical audit procedures, direct testing of transactions and an assessment of key controls of the Agency's supervisory and control systems. This is supplemented by evidence provided by the work of other auditors and an analysis of management representations.

¹ OJ L 216, 20.8.1994, p. 1. The Regulation was last amended by Regulation (EC) No 1112/2005 (OJ L 184, 15.7.2005, p. 5).

² More information on the Agency's competences and activities is available on its website: www.osha.europa.eu.

³ Staff includes officials, temporary and contract staff and seconded national experts.

STATEMENT OF ASSURANCE

4. Pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union (TFEU), the Court has audited:

- (a) the annual accounts of the Agency, which comprise the financial statements⁴ and the reports on the implementation of the budget⁵ for the financial year ended 31 December 2015, and
- (b) the legality and regularity of the transactions underlying those accounts.

The management's responsibility

5. The management is responsible for the preparation and fair presentation of the annual accounts of the Agency and the legality and regularity of the underlying transactions⁶:

- (a) The management's responsibilities in respect of the Agency's annual accounts include designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies on the basis of the accounting rules adopted by the Commission's accounting officer⁷; making accounting estimates that are reasonable in the circumstances. The Director approves the annual accounts of the Agency after its accounting officer has prepared them on the basis of all available information and established a note to accompany the accounts in which he declares, inter alia, that he has reasonable assurance that they present a true and fair view of the financial position of the Agency in all material respects.

⁴ These include the balance sheet and the statement of financial performance, the cash flow table, the statement of changes in net assets and a summary of the significant accounting policies and other explanatory notes.

⁵ These comprise the budgetary outturn account and the annex to the budgetary outturn account.

⁶ Articles 39 and 50 of Commission Delegated Regulation (EU) No 1271/2013 (OJ L 328, 7.12.2013, p. 42).

⁷ The accounting rules adopted by the Commission's accounting officer are derived from the International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants or, where relevant, the International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

- (b) The management's responsibilities in respect of the legality and regularity of the underlying transactions and compliance with the principle of sound financial management consist of designing, implementing and maintaining an effective and efficient internal control system comprising adequate supervision and appropriate measures to prevent irregularities and fraud and, if necessary, legal proceedings to recover funds wrongly paid or used.

The auditor's responsibility

6. The Court's responsibility is, on the basis of its audit, to provide the European Parliament and the Council⁸ with a statement of assurance as to the reliability of the annual accounts and the legality and regularity of the underlying transactions. The Court conducts its audit in accordance with the IFAC International Standards on Auditing and Codes of Ethics and the INTOSAI International Standards of Supreme Audit Institutions. These standards require the Court to plan and perform the audit to obtain reasonable assurance as to whether the annual accounts of the Agency are free from material misstatement and the transactions underlying them are legal and regular.

7. The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts and the legality and regularity of the underlying transactions. The procedures selected depend on the auditor's judgement, which is based on an assessment of the risks of material misstatement of the accounts and material non-compliance by the underlying transactions with the requirements in the legal framework of the European Union, whether due to fraud or error. In assessing these risks, the auditor considers any internal controls relevant to the preparation and fair presentation of the accounts, as well as the supervisory and control systems that are implemented to ensure the legality and regularity of underlying transactions, and designs audit procedures that are appropriate in the circumstances. The audit also entails evaluating the appropriateness of accounting policies, the reasonableness of accounting estimates and the overall presentation of the accounts. In preparing this report and Statement of Assurance, the Court considered the audit work of the independent external auditor performed on the Agency's accounts as stipulated in Article 208(4) of the EU Financial Regulation⁹.

⁸ Article 107 of Regulation (EU) No 1271/2013.

⁹ Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council (OJ L 298, 26.10.2012, p. 1).

8. The Court considers that the audit evidence obtained is sufficient and appropriate to provide a basis for its statement of assurance.

Opinion on the reliability of the accounts

9. In the Court's opinion, the Agency's annual accounts present fairly, in all material respects, its financial position as at 31 December 2015 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer.

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

10. In the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2015 are legal and regular in all material respects.

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

COMMENTS ON BUDGETARY MANAGEMENT

12. The level of committed appropriations carried over for title II (administrative expenditure) remains high at 364 740 euro, i.e. 26 % (2014: 443 412 euro, i.e. 34 %). These carry overs mainly concern services that are contracted for a period covering two calendar years as well as IT services which had not yet been fully delivered or been invoiced by the end of 2015.

13. The level of committed appropriations carried over for title III (operational expenditure) remains high at 3 383 052 euro, i.e. 41 % (2014: 4 277 160 euro, i.e. 42 %). These carry overs mainly concern large scale research projects with a duration of more than one year, as well as a board meeting held in January 2016 which had to be organised in the last quarter of 2015.

FOLLOW-UP OF PREVIOUS YEARS' COMMENTS

14. An overview of the corrective actions taken in response to the Court's comments from previous years is provided in ***Annex I***.

This Report was adopted by Chamber IV, headed by Mr Baudilio TOMÉ MUGURUZA,
Member of the Court of Auditors, in Luxembourg at its meeting of 13 September 2016.

For the Court of Auditors

Vítor Manuel da SILVA CALDEIRA

President

Follow-up of previous years' comments

Year	Court's comment	Status of corrective action (Completed / Ongoing / Outstanding / N/A)
2014	<p>The overall level of committed appropriations was 99 % as in 2013. However, the level of committed appropriations carried over to 2015 for Title II (administrative expenditure) was high at 443 412 euro, i.e. 34 % (2013: 601 426 euro, i.e. 30 %).</p> <p>These mainly relate to the purchase of goods and services, as planned, at the end of the year in connection with the Agency's fitting out of its new premises, with the renewal of annual IT contracts and the cost of audit services</p>	N/A
2014	<p>In 2005 new EU Staff Regulations entered into force, including provisions that future remunerations of officials recruited before 1 May 2004 should not be less than under the previous EU Staff Regulations. The Court's audit revealed that this was not complied with and, in the case of 1 of the 26 officials employed at that time, this led to an underpayment of 5 300 euro for the period 2005 to 2014. The Agency will make the supplementary salary payments in due course.</p>	Completed

THE AGENCY'S REPLY

The Agency has taken note of the Court's report.