

## REPORT

**on the annual accounts of the Euratom Supply Agency for the financial year 2010, together with the Agency's replies**

(2011/C 366/02)

## INTRODUCTION

1. The Euratom Supply Agency (hereinafter 'the Agency'), which is located in Luxembourg, was created in 1958 <sup>(1)</sup>. Council Decision 2008/114/EC, Euratom of 12 February 2008 <sup>(2)</sup> replaced the preceding Statutes of the Agency. The Agency's main tasks are to provide the Union with expertise on the market in nuclear materials and services and to monitor it.

2. In 2010, as in 2009 and 2008, the Agency did not receive any subsidy to cover its operations. The Commission bore the costs incurred by the Agency for implementing the 2010 activities.

## STATEMENT OF ASSURANCE

3. Pursuant to the provisions of Article 287(1), second subparagraph, of the Treaty on the Functioning of the European Union, in conjunction with Article 8 of Decision 2008/114/EC, Euratom of 12 February 2008, 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 December 2010, 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 8 of Council Decision 2008/114/EC, Euratom of 12 February 2008.

**The Director-General's responsibility**

5. As authorising officer, the Director-General <sup>(6)</sup> is responsible for implementing 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 the authorised appropriations. The Director-General is responsible for putting in place the organisational structure and the internal management and control systems and procedures relevant for drawing up final accounts 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.

7. The Court conducted its audit in accordance with the IFAC and ISSAI <sup>(7)</sup> International Auditing Standards and Codes of Ethics. Those standards require the Court to comply with ethical requirements and to plan and perform the audit so as to obtain reasonable assurance as to 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 concerning the amounts and disclosures in the accounts and the legality and regularity of the transactions underlying them. The procedures selected depend on its audit judgement, including an 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 the 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 the accounting policies used and the reasonableness of the 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 opinion concerning the reliability of the accounts.

<sup>(1)</sup> OJ 27, 6.12.1958, p. 534.

<sup>(2)</sup> OJ L 41, 15.2.2008, p. 15.

<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 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 a description of the main accounting policies and other explanatory information.

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

<sup>(6)</sup> The responsibilities of the Director-General are described in Articles 7 and 8 of Decision 2008/114/EC, Euratom.

<sup>(7)</sup> International Federation of Accountants (IFAC) and International Standards of Supreme Audit Institutions (ISSAI).

**Opinion on the reliability of the accounts**

10. In the Court's opinion, the Agency's Annual Accounts<sup>(8)</sup> fairly present, in all material respects, its financial position as of 31 December 2010 and the results of 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 2010 are, in all material respects, legal and regular.

**Emphasis of matter**

12. Without calling into question the opinion expressed in paragraph 11, the Court wishes to draw attention to the following matter. Article 54 of the Treaty Establishing the European Atomic Energy Community provides that the Agency shall have financial autonomy. Article 7 of the Agency's Statutes provides that 'the expenditure of the Agency shall consist of administrative expenses of its staff and of the Committee, as well as expenses resulting from contracts entered into with third parties'. In fact, the Agency has not, since 2008, received a budget. That being the case, the European Commission has directly discharged the Agency's expenses mentioned in Article 7 above. In the Court's view, this situation is at odds with the Statutes of the Agency and the Court considers that the Agency and the Commission should, together with all interested parties, consider measures to eliminate this situation. The Court notes that the Agency intends to request a budget for 2012.

This Report was adopted by Chamber IV, headed by Mr Igors LUDBORŽS, Member of the Court of Auditors, in Luxembourg at its meeting of 6 September 2011.

*For the Court of Auditors*  
Vitor Manuel da SILVA CALDEIRA  
*President*

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<sup>(8)</sup> The Final Annual Accounts were drawn up on 5 May 2011 and received by the Court on 14 June 2011. The Final Annual Accounts can be found on the following website <http://eca.europa.eu> or [http://ec.europa.eu/euratom/accounts\\_en.html](http://ec.europa.eu/euratom/accounts_en.html)

**THE AGENCY'S REPLIES**

13. In order to resolve this situation, it has been agreed to propose to re-establish the specific budget line for the Euratom Supply Agency in the General budget of the EU for 2012. Once adopted, this would represent a major achievement in addressing the current concerns.

On 20 April 2011, the Commission adopted this proposal containing a line No 32 01 06 for the Euratom Supply Agency credited of 98 000 euro.

This proposal has since been submitted to the EU budget authorities for adoption.

In line with the provisions of Article 4 of the Agency Statutes, staff expenditure is and will remain in the budget of the Commission. This Article stipulates that 'staff of the Agency shall be officials of the European Communities' and 'their salaries shall be paid by the Commission'.

On the basis of the experience gained in 2012, ESA will evaluate whether the amount of the requested subsidy would have to be adapted in the future.

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