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EUROPEAN COURT OF AUDITORS
COUR DES COMPTES EUROPÉENNE
CÚIRT INIÚCHÓIRÍ NA HEORPA



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EUROPEISKA REVISIONSRÄTTEN

Report on the annual accounts

of the Euratom Supply Agency for the financial year 2008

together with the Agency's replies

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INTRODUCTION

1. The Euratom Supply Agency (hereafter "the Agency"), located in Luxembourg, was created in 1958¹. A Council Decision (2008/114/EC, Euratom) of 12 February 2008² replaced the preceding Statutes of the Agency. The Agency's main tasks are to provide the Community with expertise on the market in nuclear materials and services and to monitor it.
2. In 2008, the Agency did not receive any subsidy to cover its operations. The Commission took charge of all expenses incurred by the Agency for the implementation of the 2008 budget. The commitments carried over from the year 2007 were paid with the unused part of the 2007 subsidy.

STATEMENT OF ASSURANCE

3. Pursuant to the provisions of Article 248 of the Treaty the Court has audited the annual accounts³ of the Agency, which comprise the "financial statements"⁴ and the "reports on implementation of the budget"⁵ for the financial year ended 31 December 2008 and the legality and regularity of the transactions underlying those accounts.

¹ OJ L 27, 6.12.1958, p. 534.

² OJ L 41, 15.2.2008, p. 15.

³ 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.

⁴ 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.

⁵ The budget implementation reports comprise the budget outturn account and its annex.

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 2008⁶.

The Director General's responsibility

5. As authorising officer, the Director General⁷ 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. 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 ISSAI⁸ 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.

⁶ OJ L 41, 15.2.2008, p. 15.

⁷ The responsibilities of the Director General are described in the articles 7 and 8 of Council Decision (2008/114/EC, Euratom) of 12 February 2008.

⁸ International Federation of Accountants (IFAC) and International Standards of Supreme Audit Institutions (ISSAI).

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 Accounts⁹ present fairly, in all material respects, its financial position as of 31 December 2008 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 2008 are, in all material respects, legal and regular.

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

⁹ The Final Annual Accounts were drawn up on 15 May 2009 and received by the Court on 19 June 2009. These can be found on the following website <http://eca.europa.eu> or http://ec.europa.eu/euratom/accounts_en.html.

COMMENTS ON THE BUDGETARY AND FINANCIAL MANAGEMENT

13. In the absence of an autonomous budget, the Agency is *de facto* integrated in the Commission. This situation raises the issue of the need to maintain the Agency in its current form and organisation.

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



EURATOM SUPPLY AGENCY

THE AGENCY'S REPLY

13. The present situation reflects the necessary balance in accordance with the Euratom Treaty between:
- on the one hand, the clear relationship with the European Commission (e.g. the Commission may issue directives and appoints the Director-General of the Agency); and
 - on the other hand a level of legal and financial autonomy (e.g. the Agency co-signs all commercial contracts related to the procurement of nuclear materials, which allows it to ensure the policy of diversification of the sources of supply.)
- In cooperation with the Commission, this provides for initiatives that will reinforce the operability and efficiency of the activities of the Agency.