

REPORT

on the annual accounts of the European Environment Agency for the financial year 2010, together with the Agency's reply

(2011/C 366/11)

INTRODUCTION

1. The European Environment Agency (hereinafter 'the Agency'), which is located in Copenhagen, was established by Council Regulation (EEC) No 1210/90 of 7 May 1990 ⁽¹⁾. It is responsible for setting up an observation network to provide the Commission, the Parliament, the Member States and, more generally, the public with reliable information on the state of the environment. This information should, in particular, enable the European Union and the Member States to take action to safeguard the environment and assess the effectiveness of such action ⁽²⁾.

2. The Agency's 2010 budget was 50,6 million euro, compared with 39,9 million euro the previous year. The number of staff employed by the Agency at the end of the year was 125, as compared with 133 the previous year.

STATEMENT OF ASSURANCE

3. Pursuant to the provisions of Article 287(1), second subparagraph, of the Treaty on the Functioning of the European Union, the Court has audited the annual accounts ⁽³⁾ of the Agency, which comprise the 'financial statements' ⁽⁴⁾ and the 'reports on the implementation of the budget' ⁽⁵⁾ 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 185(2) of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁶⁾.

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 the authorised appropriations ⁽⁷⁾. The Director is responsible for putting in place ⁽⁸⁾ the organisational structure and the internal management and control systems and procedures relevant for drawing up final accounts ⁽⁹⁾ 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 ⁽¹⁰⁾ 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 of material misstatement and whether the underlying transactions are legal and regular.

8. The Court's audit involves performing procedures to obtain audit evidence of the amounts and disclosures in the accounts and of the legality and regularity of the transactions underlying them. The procedures selected, including its assessment of the risks of material misstatement of the accounts or of illegal or irregular transactions, whether due to fraud or error, depend on its audit judgement. In making those risk assessments, internal controls relevant to the entity's preparation and presentation of accounts are 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.

⁽¹⁾ OJ L 120, 11.5.1990, p. 1.

⁽²⁾ The *Annex* summarises the Agency's competences and activities. It is presented for information purposes.

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

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

⁽⁶⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁷⁾ Article 33 of Commission Regulation (EC, Euratom) No 2343/2002 (OJ L 357, 31.12.2002, p. 72).

⁽⁸⁾ Article 38 of Regulation (EC, Euratom) No 2343/2002.

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

⁽¹⁰⁾ International Federation of Accountants (IFAC) and International Standards of Supreme Audit Institutions (ISSAI).

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 ⁽¹⁾ 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.

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

⁽¹⁾ The Final Annual Accounts were drawn up on 31 May 2011 and received by the Court on 4 July 2011. The Final Annual Accounts can be found on the following website <http://eca.europa.eu> or <http://www.eea.europa.eu/about-us/documents/administrativedocuments/eea-accounts-for-the-year-2009/>

ANNEX

European Environment Agency (Copenhagen)**Competences and activities**

<p>Areas of Union competence deriving from the Treaty</p> <p><i>(Article 191 of the Treaty on the Functioning of the European Union)</i></p>	<p>Environment policy</p> <p>Union policy on the environment shall contribute to pursuit (...) the objectives of preserving, protecting and improving the quality of the environment, protecting human health, prudent and rational utilisation of natural resources, promoting measures at international level to deal with regional or worldwide environmental problems, and in particular combating climate change.</p> <p>Union policy on the environment shall aim at a high level of protection taking into account the diversity of situations in the various regions of the Union. It shall be based on the precautionary principle and on the principles that preventive action should be taken, that environmental damage should as a priority be rectified at source and that the polluter should pay. (...) In preparing its policy (...), the Union shall take account of available scientific and technical data environmental conditions in the various regions of the Union, the potential benefits and costs of action or lack of action, the economic and social development of the Union as a whole and the balanced development of its regions (...).</p>
<p>Competences of the Agency</p> <p><i>(Council Regulation (EEC) No 1210/90)</i></p>	<p>Objectives</p> <p>To set up a European environment information and observation network to provide the Union and the Member States with:</p> <ol style="list-style-type: none"> 1. Objective, reliable and comparable information at European level enabling them to: <ol style="list-style-type: none"> (a) take the requisite measures to protect the environment; (b) assess the results of such measures; (c) ensure that the public is properly informed about the state of the environment. 2. The necessary technical and scientific support <p>Tasks</p> <ul style="list-style-type: none"> — To establish, in cooperation with the Member States, and coordinate the European Environment Information and Observation Network, — to provide the Union and the Member States with the objective information necessary for framing and implementing sound and effective environmental policies, — to assist the monitoring of environmental measures through appropriate support for reporting requirements, — to advise individual Member States on the development, establishment and expansion of their systems for the monitoring of environmental measures, — to record, collate and assess data on the state of the environment, to report on the quality of and pressures on the environment within the territory of the Union, to provide uniform assessment criteria for environmental data to be applied in all Member States and to develop further and maintain a reference centre of information on the environment, — to help ensure that environmental data at European level are comparable and, if necessary, to encourage by appropriate means improved harmonisation of methods of measurement, — to promote the incorporation of European environmental data into international programmes, — to publish a report on the state of, trends in and prospects for the environment every five years,

	<ul style="list-style-type: none"> — to stimulate the development of environmental forecasting techniques, exchanges of information on technologies for preventing or reducing damage to the environment, methods of assessing the costs of damage to the environment and the costs of environmental preventive, protection and restoration policies, and — to ensure the broad dissemination of reliable and comparable environmental information, in particular on the state of the environment, to the general public and, to this end, to promote the use of new telematics technology for this purpose.
Governance	<p>1 — Management Board</p> <p><i>Composition</i></p> <ul style="list-style-type: none"> — One representative per member country, — two representatives of the Commission, — two scientists appointed by the European Parliament. <p><i>Tasks</i></p> <p>To adopt the multiannual and annual work programmes and ensure their implementation.</p> <p>2 — Executive Director</p> <p>Appointed by the Management Board on a proposal from the Commission.</p> <p>3 — Scientific Committee</p> <p>Consisting of qualified figures in the field of the environment, designated by the Management Board.</p> <p>4 — External audit</p> <p>Court of Auditors.</p> <p>5 — Discharge authority</p> <p>Parliament, acting on a recommendation from the Council.</p>
Resources made available to the Agency in 2010 (2009)	<p>Budget</p> <p>50,6 (39,9) million euro of which Union subsidy: 70 % (87 %).</p> <p>Staff at 31 December 2010</p> <p>Number of posts in the establishment plan: 133 (133);</p> <p>Posts occupied: 125 (121) plus 76 (56) other posts (contract staff and seconded national experts);</p> <p>Total staff number: 201 (177) posts.</p>
Products and services in 2010	<p>During 2010, in addition to regular, ongoing activities and specific work for the Spanish and Belgian presidencies, the Agency placed extra emphasis on five major areas dealt with briefly below:</p> <p>Biodiversity</p> <ul style="list-style-type: none"> — ‘Assessing biodiversity in Europe — the 2010 report’ and the short thematic assessment series ‘10 messages for 2010’. — In collaboration with the European Commission, the Agency developed a ‘baseline’ — a starting point for comparisons representing the current state of biodiversity — to measure trends in biodiversity, and consequently the effectiveness of policies. Furthermore, all existing information about nature and biodiversity in Europe was brought together under a European information portal BISE (Biodiversity Information System for Europe). <p>Global Monitoring for Environment and Security (GMES)</p> <p>In October 2010, the EC published its ‘Regulation on GMES and its initial operations’ (for the period 2011-2013) to contribute to the establishment of GMES as an operational programme by 2013.</p>

GMES also contributes to the implementation of 'Shared Environmental information Systems' principles and is an integral part of the Group on Earth Observations.

Keeping an Eye on Earth

After the successful addition of Airwatch to the initial Waterwatch in late 2009, work in 2010 focussed especially on the development of version 3 of the Eye on Earth platform. This will facilitate the inclusion of more environmental themes, enable citizen science activities in Eye on Earth, and provide a platform for global sharing of data.

State of the Environment report (SOER) 2010

SOER 2010 comprises four core components that reflect the broad range of information needs of our stakeholders:

- A Synthesis report — an integrated analysis based on the other assessments and further Agency's activities,
- Part A: an exploratory assessment of global megatrends relevant for the European environment,
- Part B: 13 Europe-wide thematic assessments of key environmental topics,
- Part C: assessments of the environment for 38 European countries.

The Agency also continued to collaborate closely with DG Environment, ESTAT and the Joint Research Centre in the 'Group of Four' to streamline environmental reporting. The Agency takes the lead in the following five areas: climate change, air quality, water and marine environment, biodiversity and land use.

Source: Information supplied by the Agency.

THE AGENCY'S REPLY

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