

ЕВРОПЕЙСКА СМЕТНА ПАЛАТА  
TRIBUNAL DE CUENTAS EUROPEO  
EVROPSKÝ ÚČETNÍ DVŮR  
DEN EUROPÆISKE REVISIONSRET  
EUROPÄISCHER RECHNUNGSHOF  
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

EURÓPAI SZÁMVEVŐSZÉK  
IL-QORTI EWROPEA TAL-AWDITURI  
EUROPESE REKENKAMER  
EUROPEJSKI TRYBUNAŁ OBRACHUNKOWY  
TRIBUNAL DE CONTAS EUROPEU  
CURTEA DE CONTURI EUROPEANĂ  
EURÓPSKY DVOR AUDÍTOROV  
EVROPSKO RAČUNSKO SODIŠČE  
EUROOPAN TILINTARKASTUSTUOMIOISTUIN  
EUROPEISKA REVISIONSRÄTTEN

Report on the annual accounts of  
the European Environment Agency  
for the financial year 2011

together with the Agency's replies

## **INTRODUCTION**

1. The European Environment Agency (hereinafter "the Agency"), which is located in Copenhagen, was established by Council Regulation (EEC) No 1210/90<sup>1</sup>. 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<sup>2</sup>.

## **INFORMATION IN SUPPORT OF THE STATEMENT OF ASSURANCE**

2. 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 (where relevant) and an analysis of management representations.

## **STATEMENT OF ASSURANCE**

3. Pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union, 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 the implementation of the budget<sup>5</sup> for the financial year ended 31 December 2011, and the legality and regularity of the transactions underlying those accounts.

---

<sup>1</sup> OJ L 120, 11.5.1990, p.1.

<sup>2</sup> The ***Annex*** 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 further information on budget implementation and management.

<sup>4</sup> The financial statements include the balance sheet and the economic outturn account, the cash-flow table, the statement of changes in net assets and a summary of the significant accounting policies and other explanatory notes.

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

#### The Management's responsibility

4. 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<sup>6</sup>. The Director is responsible for putting in place<sup>7</sup> the organisational structure and the internal management and control systems and procedures relevant for drawing up final accounts<sup>8</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 Auditor's responsibility

5. The Court's responsibility is to provide, on the basis of its audit, the European Parliament and the Council<sup>9</sup> with 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.

6. The Court conducted 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 that the Court plans and performs the audit to obtain reasonable assurance as to whether the annual accounts of the Agency are free of material misstatement and the transactions underlying them are legal and regular.

7. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts and the legality and regularity of the transactions underlying them. The procedures are selected based on the auditor's

---

<sup>6</sup> Article 33 of Commission Regulation (EC, Euratom) No 2343/2002 (OJ L 357, 31.12.2002, p. 72).

<sup>7</sup> Article 38 of Regulation (EC, Euratom) No 2343/2002.

<sup>8</sup> The rules concerning the presentation of the accounts and accounting by the Agencies are laid down in Chapters 1 and 2 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.

<sup>9</sup> Article 185(2) of Council Regulation (EC, Euratom) No 1605/2002.

judgment, including an assessment of the risks of material misstatement of the accounts and of material non-compliance of the underlying transactions with the requirement of the legal framework of the European Union, whether due to fraud or error. In assessing those risks, the auditor considers internal controls relevant to the preparation and fair presentation of the accounts and supervisory and control systems implemented to ensure legality and regularity of underlying transactions, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made, as well as evaluating the overall presentation of the accounts.

8. The Court considers 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***

9. In the Court's opinion, the Agency's Annual Accounts<sup>10</sup> present fairly, in all material respects, its financial position as of 31 December 2011 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<sup>11</sup>.

---

<sup>10</sup> The Final Annual Accounts were drawn up on 31/05/2012 and received by the Court on 29/06/2012. 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. They can be found on the following website <http://eca.europa.eu> or [www.eea.europa.eu](http://www.eea.europa.eu).

<sup>11</sup> The accounting rules adopted by the Commission's accounting officer are derived from International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants or, in their absence, International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

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

10. In the Court's opinion, the transactions underlying the annual accounts of the Agency for the financial year ended 31 December 2011 are legal and regular in all material respects.

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

**COMMENTS ON KEY CONTROLS OF THE AGENCY'S SUPERVISORY AND CONTROL SYSTEMS**

12. A payment was made to an international environmental organisation amounting to 6 061 euro which was related to the participation of Agency staff in expeditions organised by this organisation which took place in February and May 2011. No procurement procedure had taken place and no contract was drawn up for these expeditions. Related additional travel costs borne by the Agency were 11 625 euro. The Executive Director was a member of the organisation's board of trustees until April 2011. This constitutes an apparent conflict of interest.

**OTHER COMMENTS**

13. The Agency improved the transparency of recruitment procedures considerably over the years. However, the audit still found confusion between eligibility and selection criteria as regards the relevant years of professional experience. There was also no evidence that the content of, and thresholds for, written tests were determined before applications were examined.

This Report was adopted by Chamber IV, headed by Dr Louis GALEA, Member of the Court of Auditors, in Luxembourg at its meeting of 5 September 2012.

*For the Court of Auditors*

Vítor Manuel da SILVA CALDEIRA  
*President*

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

<p><b>Areas of Union competence deriving from the Treaty</b></p> <p><i>(Article 191 of the Treaty on the Functioning of the European Union)</i></p>	<p><b>Environment policy</b></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><b>Competences of the Agency</b></p> <p><i>(Council Regulation (EEC) No 1210/1990)</i></p>	<p><b>Objectives</b></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"> <li>1. Objective, reliable and comparable information at European level enabling them to: <ol style="list-style-type: none"> <li>(a) take the requisite measures to protect the environment;</li> <li>(b) assess the results of such measures;</li> <li>(c) ensure that the public is properly informed about the state of the environment.</li> </ol> </li> <li>2. The necessary technical and scientific support</li> </ol> <p><b>Tasks</b></p> <ul style="list-style-type: none"> <li>- To establish, in cooperation with the Member States, and coordinate the European Environment Information and Observation Network.</li> <li>- To provide the Union and the Member States with the objective information necessary for framing and implementing sound and effective environmental policies.</li> <li>- To assist the monitoring of environmental measures through appropriate support for reporting requirements.</li> <li>- To advise individual Member States on the development, establishment and expansion of their systems for the monitoring of environmental measures.</li> <li>- 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.</li> <li>- 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.</li> <li>- To promote the incorporation of European environmental data into international environment monitoring programmes.</li> <li>- To publish a report on the state of, trends in and prospects for the environment every five years, supplemented by indicator reports focussing upon specific issues.</li> <li>- 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.</li> <li>- 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 use of new telematics technology for this purpose.</li> <li>- To cooperate actively with other union bodies and programmes and other international bodies and in areas of common interest with those institutions in countries which are not members of the Union, taking account of the need to avoid duplication of effort.</li> <li>- To support the Commission in the process of exchange of information on the development of environmental assessment methodologies and best practice and in the diffusion of information on the results of relevant environmental research and in a form which can best assist policy development.</li> </ul>

<b>Governance</b>	<p><b>Management Board</b></p> <p><i>Composition</i> One representative of each Member State, one of each EEA member country, two representatives of the Commission, and two scientists appointed by the European Parliament.</p> <p><i>Tasks</i> To adopt the multiannual and annual work programmes and to ensure their implementation and to adopt the annual report on the Agency's activities.</p> <p><b>Executive Director</b> Appointed by the Management Board on a proposal from the Commission.</p> <p><b>Scientific Committee</b> Consisting of qualified persons in the field of the environment, designated by the Management Board.</p> <p><b>External audit</b> European Court of Auditors.</p> <p><b>Discharge authority</b> European Parliament, acting on a recommendation from the Council.</p>																												
<b>Resources made available to the Agency in 2011 (2010)</b>	<p><b>Final Budget</b> 62,2 million euro (50,6 million euro) Union subsidy: 66 % (80 %)</p> <p><b>Staff as of 31 December 2011</b> Number of posts in the Establishment plan: 134 (133) Posts occupied: 132 (125) plus 82 (76) other posts (contract staff and seconded national experts). Total staff numbers: 214 (201) posts assigned to the following tasks: - operational 90 (89) - administrative 43 (43) - mixed 1 (1)</p>																												
<b>Products and services in 2011 (2010)</b>	<table border="0"> <tr><td>Articles</td><td>13</td></tr> <tr><td>Highlights</td><td>46</td></tr> <tr><td>Press releases</td><td>9</td></tr> <tr><td>Speeches</td><td>1</td></tr> <tr><td>Web articles</td><td>3</td></tr> <tr><td>Data sets</td><td>30</td></tr> <tr><td>Indicators</td><td>12</td></tr> <tr><td>Maps, graphs,</td><td>271</td></tr> <tr><td>Promotional matr</td><td>5</td></tr> <tr><td>Corporate docs</td><td>2</td></tr> <tr><td>Reports</td><td>7</td></tr> <tr><td>Technical reports</td><td>30</td></tr> <tr><td>Pan-European assessments</td><td>1</td></tr> <tr><td>SOER2010</td><td>1</td></tr> </table>	Articles	13	Highlights	46	Press releases	9	Speeches	1	Web articles	3	Data sets	30	Indicators	12	Maps, graphs,	271	Promotional matr	5	Corporate docs	2	Reports	7	Technical reports	30	Pan-European assessments	1	SOER2010	1
Articles	13																												
Highlights	46																												
Press releases	9																												
Speeches	1																												
Web articles	3																												
Data sets	30																												
Indicators	12																												
Maps, graphs,	271																												
Promotional matr	5																												
Corporate docs	2																												
Reports	7																												
Technical reports	30																												
Pan-European assessments	1																												
SOER2010	1																												

Source: Information supplied by the Agency.

## **THE AGENCY'S REPLY**

12. The payment made was for food and accommodation for staff whilst on the research stations. On being informed in April 2011 of a potential perception of a conflict of interest by the European Court of Auditors, the Executive Director immediately resigned from the board of trustees, to safeguard the agency and ensure that the final scientific outcomes would not be jeopardized. In light of the discharge process for 2010, the Management Board and the EEA administration have strengthened the conflict of interest policy of the EEA to avoid any potential problems in the future.

13. The agency takes note of the Court's comments and has already initiated the process to implement the recommendations.