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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

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EVROPSKO RAČUNSKO SODIŠČE  
EUROOPAN TILINTARKASTUSTUOMIOISTUIN  
EUROPEISKA REVISIONSRÄTTEN

Report on the annual accounts of  
the Euratom Supply Agency  
for the financial year 2009

together with the Agency's replies



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## INTRODUCTION

1. The Euratom Supply Agency (hereinafter "the Agency"), located in Luxembourg, was created in 1958<sup>1</sup>. A 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 2009, as in 2008, the Agency did not receive any subsidy to cover its operations. The Commission bore the costs incurred by the Agency for implementing the 2009 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<sup>3</sup>, the Court has audited the annual accounts<sup>4</sup> of the Agency, which, comprise the "financial statements"<sup>5</sup> and the "reports on implementation of the budget"<sup>6</sup> for the financial year ended 31 December 2009 and the legality and regularity of the transactions underlying those 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> OJ L 41, 15.2.2008, p.15.

<sup>4</sup> These accounts should be 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>5</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>6</sup> The budget implementation reports should 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 2008<sup>7</sup>.

#### The Director-General's responsibility

5. As authorising officer, the Director-General<sup>8</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>9</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.

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<sup>7</sup> OJ L 41, 15.2.2008, p. 15.

<sup>8</sup> The responsibilities of the Director-General are described in Articles 7 and 8 of Decision 2008/114/EC, Euratom of 12 February 2008.

<sup>9</sup> 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 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.

***Opinion on the reliability of the accounts***

10. 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 2009 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 2009 are, in all material respects, legal and regular.

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<sup>10</sup> The Final Annual Accounts were drawn up on 25 May 2010 and received by the Court on 1 July 2010. 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. These can be found on the following website <http://eca.europa.eu> or <http://ec.europa.eu/eahc/about/about.html>.

***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. In those circumstances, 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.

This Report was adopted by Chamber IV, headed by Mr Igors LUDBORŽS, Member of the Court of Auditors, in Luxembourg at its meeting of 14 and 16 September 2010.

*For the Court of Auditors*

*vmc*

Vitor Manuel da SILVA CALDEIRA

President





**THE AGENCY'S REPLIES**

12. 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).

This provides, in cooperation with the Commission, for initiatives that will reinforce the effectiveness and efficiency of the activities of the Agency.

However, the Agency will, together with all interested parties, consider the most appropriate measures to take into account the Court's comments.

