

ΕΒΡΟΠΕΪΣΚΑ ΣΜΕΤΗΑ ΠΑΛΑΤΑ  
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

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IL-QORTI EWROPEA TAL-AWDITURI  
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EUROOPAN TILINTARKASTUOMIOISTUIN  
EUROPEISKA REVISIONSRÄTTEN

**Report on the annual accounts  
of the Euratom Supply Agency  
for the financial year 2011**

**together with the Agency's replies**

## **INTRODUCTION**

1. The Euratom Supply Agency (hereinafter "the Agency"), located in Luxembourg, was created in 1958<sup>1</sup>. Council Decision 2008/114/EC, Euratom<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. The Agency did not receive an own budget to cover its operations since 2008. The Commission bore all costs incurred by the Agency for implementing the 2011 activities. For 2012, the Agency was granted an own budget by the Commission.

## **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 of the Agency<sup>3</sup> for the financial year ended 31 December 2011 and the legality and regularity of the transactions underlying those accounts.

### **The Management's responsibility**

4. As authorising officer, the Director implements the revenue and expenditure in accordance with the financial rules of the Agency, under his own responsibility<sup>4</sup>. The Director is responsible for putting in place<sup>5</sup> the

<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 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>4</sup> Article 33 of Commission Regulation (EC, Euratom) No 2343/2002 (OJ L 357, 31.12.2002, p. 72).

<sup>5</sup> Article 38 of Regulation (EC, Euratom) No 2343/2002.

organisational structure and the internal management and control systems and procedures relevant for drawing up final accounts<sup>6</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>7</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 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

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<sup>6</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>7</sup> Article 185(2) of Council Regulation (EC, Euratom) No 1605/2002.

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>8</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>9</sup>.

***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.

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<sup>8</sup> The Final Annual Accounts were drawn up on 29 June 2012 and received by the Court on 03 July 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. These 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).

<sup>9</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.

**Emphasis of matter**

11. Without calling into question the opinion expressed in paragraph 10, the Court wishes to draw again 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.

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



*Manuel*

Vitor Manuel da SILVA CALDEIRA  
President

**THE AGENCY'S REPLY**

11. The Agency agrees with the conclusion of the Court of Auditors.

In 2011, the Commission adopted the proposal to re-establish a specific budget line for the Euratom Supply Agency. As a result, for 2012 the Agency was granted a subsidy of 98 000 euro by the Commission, with a total budget of 104 000 euro (including the financial revenues) for 2012.