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**COVER NOTE**

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from: Mr Vítor CALDEIRA, President of the Court of Auditors  
date of receipt: 18 October 2012  
to: Mrs Erato KOZAKOU-MARCOULLIS, President of the Council of the  
European Union

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Subject: Report on the annual accounts of the European Agency for Safety and Health  
at Work for the financial year 2011 together with the Agency's replies

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Sir,

I enclose in all the official languages of the European Union a copy of the Court of Auditors' report on the annual accounts of the European Agency for Safety and Health at Work for the financial year 2011.

This report is accompanied by the Agency's replies and will shortly be published in the Official Journal of the European Union.

(Complimentary close).

(s.) Vítor CALDEIRA

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Encl.: Report on the annual accounts of the European Agency for Safety and Health at Work for the financial year 2011 together with the Agency's replies.

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  
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EUROPEISKA REVISIONSRÄTTEN

Report on the annual accounts  
of the European Agency for Safety and Health at Work  
for the financial year 2011

together with the Agency's replies

## **INTRODUCTION**

1. The European Agency for Safety and Health at Work (hereinafter "the Agency"), which is located in Bilbao, was created by Council Regulation (EC) No 2062/94<sup>1</sup>. The Agency's task is to collect and disseminate information on national and Union priorities in the field of health and safety at work, to support national and Union organisations involved in policymaking and implementation and provide information on preventive measures<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

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<sup>1</sup> OJ L 216, 20.8.1994, p. 1. The Regulation was last amended by Council Regulation (EC) No 1112/2005 (OJ L 184, 15.7.2005, p. 5).

<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.

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.

#### 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

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

<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.

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 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

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<sup>10</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://osha.europa.eu/en/about/finance/>.

the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer<sup>11</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.

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

**COMMENTS ON BUDGETARY AND FINANCIAL MANAGEMENT**

12. The Agency's 2011 budget amounted to 16,4 million euro compared with 15,5 million euro the previous year. The cancellation rate for appropriations doubled, from 4 % in 2010 to 8 % (1,3 million euro) of the total budget for 2011, indicating difficulties in the implementation of the actions foreseen in the annual work programme and in complying with the budgetary principle of annuality.

13. Between 16 September and 31 December 2011, all the financial operations (budget and legal commitments, payments) effected by delegated authorising officers were made on the basis of obsolete delegations which had not been renewed after the arrival of the new Director.

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<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.

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

14. Whereas the Agency's Financial Regulation and the corresponding Implementing Rules provide for a physical inventory at least every three years, the latest physical inventory was carried out in 2006.

**OTHER COMMENTS**

15. In contrast to the other two European Agencies based in Spain (OHIM in Alicante and CFCA in Vigo), a seat agreement had not been concluded.

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 Agency for Safety and Health at Work (Bilbao)****Competences and activities**

<p><b>Areas of Union competence deriving from the Treaty</b></p> <p><i>(Articles 151 and 153 of the Treaty on the Functioning of the European Union)</i></p>	<p>The Union and the Member States ... shall have as their objectives the promotion of employment, improved living and working conditions, so as to make possible their harmonisation while the improvement is being maintained, proper social protection, dialogue between management and labour, the development of human resources with a view to lasting high employment and the combating of exclusion.</p> <p>With a view to achieving the objectives of Article 151, the Union shall support and complement the activities of the Member States in the following fields:</p> <ul style="list-style-type: none"> <li>(a) improvement in particular of the working environment to protect workers' health and safety;</li> <li>(b) working conditions;</li> <li>(e) the information and consultation of workers;</li> <li>(h) the integration of persons excluded from the labour market, without prejudice to Article 166;</li> <li>(i) equality between men and women with regard to labour market opportunities and treatment at work;</li> <li>(j) the combating of social exclusion.</li> </ul>
<p><b>Competences of the Agency</b></p> <p><i>(Council Regulation (EC) No 2062/94)</i></p>	<p><b>Objectives</b></p> <p>In order to improve the working environment, as regards the protection of the safety and health of workers as provided for in the Treaty and successive strategies and action programs concerning health and safety at the workplace, the aim of the Agency shall be to provide the Union and the Member States, the social partners and those involved in the field with technical, scientific and economic information of use in the field of safety and health at work. <i>(Article 2).</i></p> <p><b>Tasks</b></p> <ul style="list-style-type: none"> <li>- To collect, analyse and disseminate information on national and Union priorities and on research;</li> <li>- To promote cooperation and the exchange of information, including information on training programmes;</li> <li>- To supply the Union bodies and the Member States with the information they require for formulating and implementing policies, in particular as regards the impact on small and medium-sized enterprises;</li> <li>- To make available information on preventive activities;</li> <li>- To contribute to the development of strategies and Union action programmes;</li> <li>- To set up a network comprising national focal points and topic centres.</li> </ul>
<p><b>Governance</b></p>	<p><b>Governing Board (GB)</b></p> <ul style="list-style-type: none"> <li>- 1 representative of the Government of each Member State;</li> <li>- 1 representative of the employers' organisations of each Member State;</li> <li>- 1 representative of the employees' organisations of each Member State;</li> <li>- 3 representatives of the Commission;</li> </ul> <p>Members and alternate members from the first three categories shall be appointed from the members and alternate members of the Advisory Committee on Safety and Health at Work. <b>Bureau of the GB</b></p> <ul style="list-style-type: none"> <li>- Chair and 3 vice-chairs of the Board;</li> <li>- Coordinators from each of the three interest groups ;</li> <li>- 1 additional member from each of the groups and the Commission.</li> </ul> <p><b>Director</b> is appointed by the Governing Board on the basis of a short-list from the Commission.</p> <p><b>Committees</b></p> <p>Obligatory consultation of the Commission and the Advisory Committee on Safety and Health at Work in respect of the work program and budget.</p> <p><b>External audit</b></p> <p>Court of Auditors.</p> <p><b>Discharge authority</b></p> <p>European Parliament, acting on a recommendation from the Council.</p>

<p><b>Resources available to the Agency in 2011 (2010)</b></p>	<p><b>Budget</b></p> <p>16,4 (15,5) million euro of which:</p> <ul style="list-style-type: none"> <li>- Union subsidy, DG Employment: 91,0 % (94,0 %)</li> <li>- Union subsidy, DG Enlargement: 8,0 % (3,4 %)</li> <li>- Other: 1,0 % (2,6 %)</li> </ul> <p><b>Staff at 31 December 2011</b></p> <p>44 (44) posts provided for in the establishment plan, of which, 41 (41) posts were occupied</p> <p>Other Staff:</p> <ul style="list-style-type: none"> <li>- Seconded National Experts: 0 (0)</li> <li>- Contract Agents: 26 (25) (One of which financed by earmarked funds)</li> <li>- Local agents: 1 (1)</li> </ul> <p>Total staff employed: 68 (67)</p> <p>Allocated to:</p> <ul style="list-style-type: none"> <li>- Operational activities: 50 (49)</li> <li>- Administrative tasks: 10 (10)</li> <li>- Mixed tasks: 8 (8)</li> </ul>
<p><b>Products and services in 2011</b></p> <p><i>(Collecting and analysing information)</i></p>	<p><b>European Risk Observatory: anticipating change</b></p> <p>Dissemination of results of the European Survey of Enterprises on New and Emerging Risks (<b>ESENER</b>): additional national events to launch and disseminate the report and summary (published in 22 languages).</p> <p>Completed Phase 2 of foresight on 'safety and health impact of technological innovations in green jobs by 2020'. Phase 3 was started, including seven scenario-building workshops with experts and policy-makers.</p> <p>Publications on:</p> <ul style="list-style-type: none"> <li>- Foresight of new and emerging risks to OSH associated with new technologies in 'green jobs' by 2020': Phase 1 – key drivers of change, and Phase 2 – key technologies;</li> <li>- OSH in figures: Occupational safety and health in the transport sector — an overview;</li> <li>- Emergency services: a literature review on occupational safety and health risks;</li> <li>- Workplace violence and harassment: a European picture;</li> <li>- Online summary of the "Women and OSH" seminar.</li> </ul> <p>Finalisation of the "OSHWiki" online platform and the 78 articles which were commissioned from expert authors.</p> <p><b>Working Environment Information: sharing knowledge on good practice at workplace level</b></p> <p>Provision of OSH expertise to the European campaign on safe maintenance, including participation in national and international events, and publication of:</p> <ul style="list-style-type: none"> <li>- Factsheets –(Legionella and legionnaires' disease, Safe maintenance in agriculture);</li> <li>- Maintenance in Agriculture - A Safety and Health Guide;</li> <li>- European good practice awards 2010/11 - a European campaign on safe maintenance;</li> <li>- Legionella and Legionnaires' disease: a policy overview;</li> <li>- Three E-facts to support the Safe Maintenance campaign.</li> </ul> <p>Launch of the Online Interactive Risk Assessment Tool (OiRA) project at the World Congress on Safety and Health at Work.</p> <p>Development of OiRA tools in 10 countries, and discussions for development in another eight.</p> <p>Publication of factsheets, reports and case studies on road transport, safety culture, mental health promotion, economic incentives and safe maintenance.</p> <p><b>Communication, Campaigning and Promotion</b></p> <p>European campaign on Safe Maintenance: second and final year. Good practice awards ceremony; Summit; European Campaign Assistance Package; 53 official EU campaign partners; development of an online campaigning toolkit; preparation of 2012-2013 campaign <i>Working together for risk prevention</i>.</p> <p>Multilingual web-based and printed publications and information products, tools and services on occupational safety and health.</p> <p>Promotion of OSH information including projects on OSH and transport; OSH and environmental tobacco smoke; women at work; ESENER findings (four national seminars in 2011).</p> <p>Public launch of the OiRA project (online interactive risk assessment) and development of an OiRA promotion and diffusion strategy.</p> <p>Active or passive participation in more than 160 OSH events, exhibitions and conferences.</p>

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Development and pilot testing of a teachers' toolkit featuring the popular animated character Napo.  
Photo competition *focus on risk prevention*; healthy workplaces documentary film award.  
Development and fieldwork of a pan-European opinion poll on public attitudes to OSH.  
Monitoring and evaluation: website usability study; evaluation of healthy workplaces film award;  
review of Salus cartoon characters; media monitoring.

**Networking and Coordination**

Further development of focal point network, the Governance of the Agency and liaison with European and International organisations.  
Coordination of Heads of Agencies' network and of Heads of Administration network.  
Institutional capacity building in Candidate and Potential Candidate Countries (earmarked funds).  
Evaluation of EU-OSHA's 2009-2013 Strategy.

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*Source:* Information supplied by the Agency.

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## **THE AGENCY'S REPLY**

12. The levels of budget implementation for the financial year 2011 were generally better than the previous year, in particular as regards cancellations of C8 appropriations and reduction of carry forward of C1 appropriations for Title III – Operational activities.

The higher cancellation rate for 2011 appropriations is partly due to some vacant posts and to the need not to engage in a major activity (OSHwiki) until international cooperation was secured (World Conference).

13. It was the Agency's understanding that previous delegations remained valid.

Having noted that this assumption was not supported by the Court during the on-site audit, new delegations confirming all previous delegations were signed on 2.3.2012 by the current Director.

14. The Agency notes the CoA's recommendation and will carry out a comprehensive physical check of all its assets by the end of 2012.

15. The Agency has striven for a seat agreement for many years. Negotiations with the Spanish Authorities are on-going and are expected to be finalized in 2012.