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COVER NOTE

From:	Mr Vítor CALDEIRA, President of the European Court of Auditors
date of receipt:	7 November 2013
To:	Mr Linas LINKEVICIUS, President of the Council of the European Union
Subject:	Report on the annual accounts for the European Agency for Safety and Health at Work for the financial year 2012 together with the Agency's replies

Delegations will find attached the European Court of Auditors' report on the annual accounts of the European Agency for Safety and Health at Work for the financial year 2012.

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

Encl.: Report on the annual accounts of the European Agency for Safety and Health at Work for the financial year 2012 together with the Agency's replies.¹

¹ In English only. The other languages of this report are available on the European Court of Auditors' website: <http://eca.europa.eu/>.

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



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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 2012

together with the Agency's replies

INTRODUCTION

1. The European Agency for Safety and Health at Work (hereinafter “the Agency”, aka “EU-OSHA”), which is located in Bilbao, was created by Council Regulation (EC) No 2062/94¹. 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 measures².

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 (TFEU), the Court has audited:

(a) the annual accounts of the Agency, which comprise the financial statements³ and the reports on the implementation of the budget⁴ for the financial year ended 31 December 2012, and

¹ 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).

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

³ 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.

(b) the legality and regularity of the transactions underlying those accounts.

The management's responsibility

4. In accordance with Articles 33 and 43 of Commission Regulation (EC, Euratom) No 2343/2002⁵, the management is responsible for the preparation and fair presentation of the annual accounts of the Agency and the legality and regularity of the underlying transactions:

(a) The management's responsibilities in respect of the Agency's annual accounts include designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies on the basis of the accounting rules adopted by the Commission's accounting officer⁶; making accounting estimates that are reasonable in the circumstances. The Director approves the annual accounts of the Agency after its accounting officer has prepared them on the basis of all available information and established a note to accompany the accounts in which he declares, *inter alia*, that he has reasonable assurance that they present a true and fair view of the financial position of the Agency in all material respects.

⁴ These comprise the budgetary outturn account and the annex to the budgetary outturn account.

⁵ OJ L 357, 31.12.2002, p. 72.

⁶ The accounting rules adopted by the Commission's accounting officer are derived from the International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants or, where relevant, the International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

- (b) The management's responsibilities in respect of the legality and regularity of the underlying transactions and compliance with the principle of sound financial management consist of designing, implementing and maintaining an effective and efficient internal control system comprising adequate supervision and appropriate measures to prevent irregularities and fraud and, if necessary, legal proceedings to recover funds wrongly paid or used.

The auditor's responsibility

5. The Court's responsibility is, on the basis of its audit, to provide the European Parliament and the Council⁷ with a statement of assurance as to the reliability of the annual accounts and the legality and regularity of the underlying transactions. The Court conducts 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 the Court to plan and perform the audit to obtain reasonable assurance as to whether the annual accounts of the Agency are free from material misstatement and the transactions underlying them are legal and regular.

6. The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts and the legality and regularity of the underlying transactions. The procedures selected depend on the auditor's judgement, which is based on an assessment of the risks of material misstatement of the accounts and material non-compliance by the underlying transactions with the requirements in the legal framework of the European Union, whether due to fraud or error. In assessing these risks, the auditor considers any internal controls relevant to the preparation and fair presentation of the accounts, as well as the supervisory and control systems that are

⁷ Article 185(2) of Council Regulation (EC, Euratom) No 1605/2002 (OJ L 248, 16.9.2002, p. 1).

implemented to ensure the legality and regularity of underlying transactions, and designs audit procedures that are appropriate in the circumstances. The audit also entails evaluating the appropriateness of accounting policies, the reasonableness of accounting estimates and the overall presentation of the accounts.

7. The Court considers that the audit evidence obtained is sufficient and appropriate to provide a basis for its statement of assurance.

Opinion on the reliability of the accounts

8. In the Court's opinion, the Agency's annual accounts present fairly, in all material respects, its financial position as at 31 December 2012 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.

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

9. In the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2012 are legal and regular in all material respects.

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

COMMENTS ON BUDGETARY MANAGEMENT

11. The Agency's 2012 budget amounted to 15,3 million euro, out of which 3,2 million euro (22 %) were carried over to 2013. The level of committed appropriations carried over is high for title II (infrastructure) at 36 % and for title III (operational expenditure) at 33 %. For title II, this was mainly caused by

the renewal of annual IT contracts concluded as planned in the fourth quarter of 2012. For title III, the high level resulted from both the multiannual nature of major projects and from delays in the award of specific contracts. The delays mainly result from a decentralised organisation of procurement procedures which prevents effective monitoring of the implementation of the procurement plan.

12. The cancellation rate for title I appropriations for the year 2012 was high at 9,5 % (0,5 million euro) which mainly resulted from frozen recruitment procedures and an anticipated salary increase which had not yet been paid out.

FOLLOW-UP OF PREVIOUS YEAR'S COMMENTS

13. An overview of the corrective actions taken in response to the Court's previous year's comments is provided in **Annex I**.

This Report was adopted by Chamber IV, headed by Dr Louis GALEA, Member of the Court of Auditors, in Luxembourg at its meeting of 17 September 2013.

For the Court of Auditors

Vítor Manuel da SILVA CALDEIRA
President

Follow-up of previous year's comments

Year	Court's comment	Status of corrective action (Completed / Ongoing / Outstanding / N/A)
2011	The high cancellation rate for appropriations indicates difficulties in the implementation of the actions foreseen in the annual work programme and in complying with the budgetary principle of annuality.	Ongoing
2011	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.	Completed
2011	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.	Completed
2011	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.	Ongoing

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

Areas of Union competence deriving from the Treaty <i>(Articles 151 and 153 of the Treaty on the Functioning of the European Union)</i>	<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"> (a) improvement in particular of the working environment to protect workers' health and safety; (b) working conditions; <ul style="list-style-type: none"> (e) the information and consultation of workers; (h) the integration of persons excluded from the labour market, without prejudice to Article 166; (i) equality between men and women with regard to labour market opportunities and treatment at work; (j) the combating of social exclusion.
Competences of the Agency <i>(Council Regulation (EC) No 2062/94)</i>	<p>Objectives</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 (Article 2).</p> <p>Tasks</p> <ul style="list-style-type: none"> – To collect, analyse and disseminate information on national and Union priorities and on research, – to promote cooperation and the exchange of information, including information on training programmes, – 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, – to make available information on preventive activities, – to contribute to the development of strategies and Union action programmes, – to set up a network comprising national focal points and topic centres.
Governance	<p>Governing Board (GB)</p> <ul style="list-style-type: none"> – One representative of the Government of each Member State. – One representative of the employers' organisations of each Member State. – One representative of the employees' organisations of each Member State. – Three representatives of the Commission. – 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. <p>Bureau of the GB</p> <ul style="list-style-type: none"> – Chair and three vice-chairs of the Board. – Coordinators from each of the three interest groups. – One additional member from each of the groups and the Commission. <p>Director is appointed by the Governing Board on the basis of a short-list from the Commission.</p>

	<p>Committees</p> <p>Obligatory consultation of the European Commission and the Advisory Committee on Safety and Health at Work in respect of the work programme and budget.</p> <p>External audit</p> <p>European Court of Auditors.</p> <p>Discharge authority</p> <p>European Parliament, acting on a recommendation from the Council.</p>
<p>Resources available to the Agency in 2012 (2011)</p>	<p>Budget</p> <p>16,4 (16,4) million euro of which:</p> <ul style="list-style-type: none"> – Union subsidy, DG Employment: 89,0 % (91,0 %) – Other Union subsidy, DG Employment: 5,9 % (- %) – Other Union subsidy, DG Enlargement: 3,9 % (8,0 %) – Other: 1,2 % (1,0 %) <p>Staff at 31 December 2012</p> <p>44 (44) posts provided for in the establishment plan, of which, 42* (41) posts were occupied.</p> <p>Other staff:</p> <ul style="list-style-type: none"> – Seconded National Experts: 0 (0) – contract staff: 25 (26) (one of which financed from earmarked funds) – local staff: 1 (1) <p>Total staff employed: 68 (68)</p> <p>Allocated to:</p> <ul style="list-style-type: none"> – operational activities: 48 (50) – administrative tasks: 10 (10) – mixed tasks: 9 (8)
<p>Products and services in 2012</p> <p><i>(Collecting and analysing information)</i></p>	<p>EUROPEAN RISK OBSERVATORY: ANTICIPATING CHANGE</p> <p>Specific objective 1: To provide a basis for priority setting for OSH research and actions via identifying and monitoring trends and anticipating new and emerging risks related to OSH by carrying out a large-scale foresight study</p> <p>The Foresight project anticipating the longer-term risks associated with the fast-growing area of 'green' jobs has been completed. The project ended with a policy workshop aimed at testing and consolidating the various scenarios that had been developed, and to see how they could lead to various policy options for addressing the issues that the project had raised.</p> <p>A report highlighting the gaps that exist in our awareness of the potential risks involved in handling nanomaterials was published together with a database of examples of good practice in the management of manufactured nanomaterials, as well as highlighting such initiatives as do exist to communicate the risks of manufactured nanomaterials.</p> <p>Specific objective 2: To provide input for more focused research and prevention efforts via the review and analysis of research on risk factors and health outcomes</p> <p>The collaborative website OSHwiki has been further developed with the addition of 'seed articles' in preparation for preliminary launch in 2013 and full launch in 2014. The OSHwiki will enable authorised users to add to and modify the information it will make available, and it will cover important topics which are dealt with by many OSH organisations throughout the world.</p> <p>Specific objective 3: To support priority setting for OSH research and actions via the provision of an overview of safety and health at work in Europe based on historical and current data</p> <p>The Agency's Economic Incentives project was finalised, having examined the measures that countries in Europe have taken to encourage good OSH performance, for example lower accident insurance premiums or tax rates, better banking terms such as lower interest rates, and state subsidies. A guide was published providing advice to the institutions that can offer such incentives.</p> <p>Specific objective 4: To stimulate debate about, and ensure the relevance of, the observatory's findings through discussion and consolidation with target groups and beneficiaries</p>

A workshop on carcinogens and occupational cancer organised by EU-OSHA summarised our current knowledge on relevant exposures and causes and circumstances of work-related cancer.

Together with the European Transport Safety Council, the Agency organised an awareness-raising event on the subject of OSH in the road transport sector, with a particular focus on worker participation in OSH initiatives.

As part of its on-going project on 'mainstreaming' OSH into education, the Agency published a factsheet and series of case studies on good practice in training teachers in OSH, and in delivering risk education. The Agency has also participated in a number of meetings and workshops, including one organised by the World Health Organization and another by the European Network of Education and Training in Occupational Safety and Health.

The Agency uses its Twitter account to promote its actions through social media and currently has some 6 000 followers.

Specific objective 5: To help policy-makers and providers of OSH information in giving better support to enterprises through the implementation of surveys to collect real-time information on OSH management and key emerging OSH risks

Four secondary analysis reports based on the Agency's 2009 European Survey of New and Emerging Risks (ESENER) were published in 2012: 'Management of occupational health and safety and health at work', 'Worker representation and consultation on health and safety,' 'Factors associated with effective management of psychosocial risks at work,' and 'Drivers and barriers for Management of psychosocial risk management in European enterprises: an exploration of drivers, barriers and needs.'. In addition, a report synopsis was published that summarises the main findings of these four studies: 'Understanding workplace management of safety and health, psychosocial risks and worker participation through ESENER'.

An ex post evaluation of ESENER was published in December 2012, which generally validated the approach taken and identified some points that could be improved in a future edition. The report was presented to the Prevention and Research Advisory Group (PRAG).

Specific objective 6: To seek a current consensus on research priorities in OSH, and to encourage national OSH research institutes to set joint priorities, exchange results as well as encourage the inclusion of OSH requirements in research programmes

A final draft report on OSH research priorities in the EU for the years 2013-20 was submitted by the Agency's Topic Centre at the end of September 2012.

WORKING ENVIRONMENT INFORMATION: SHARING KNOWLEDGE ON GOOD PRACTICE AT WORKPLACE LEVEL

Specific objective 1: To develop useful, practical and high-quality information products to support the Healthy Workplaces Campaigns

Around 20 products have been developed for the start of the 2012-13 campaign "Working together for risk prevention", amongst them the Campaign Guide, co-branded products with the European social partners, case studies and the website.

Specific objective 2: To strengthen prevention measures via the provision of useful and practical good practice information on priority sectors and topics

Literature reviews on employers' and workers' motivation to deal with workplace health promotion (WHP) were produced, together with three e-facts on tobacco (for employers, smokers and non-smokers), which have been promoted through a mini campaign on World No Tobacco Day. Further e-Facts on work-life balance, on health promotion of young workers and on mental health promotion have been published.

EU-OSHA took part in a joint meeting on mainstreaming OSH into education with the ILO and NIOSH in Turin where the NAPO teaching materials were presented.

Specific objective 3: To support prevention measures via ensuring the continued relevance of existing information products

Information on REACH and CLP multilingual section on the Agency's website was updated to draw attention to the changes in EU Chemicals legislation, with a specific focus on workplace issues. This was done in the context of a mini-campaign including sectoral organisations, social partners, related Commission services, national policy makers, and the national REACH helpdesks. EU-OSHA's work on dangerous substances, including information aimed at SMEs, was presented at the SLIC Chemex group meeting and at the ACSH WP Chemicals meeting.

Specific objective 4: To improve the implementation and quality of risk assessments in micro and small enterprises (1-49 employees) via increased awareness on the need to do risk assessment and how to do it

The Agency further developed the Online interactive Risk Assessment (OiRA) tool project at both EU level and at Member State level. Basic development of the software approached completion in 2012 and saw a limited number of new functionalities being developed to better meet the needs identified by OiRA partners. Following a usability test, new developments were initiated to improve

the user-friendliness of the tool. The Agency was very active in the promotion and the development of the OiRA community, with tools being taken up widely at national level and through the sectoral social dialogue committees at EU level.

Networking and Coordination

Further development of focal point network, the Governance of the Agency and liaison with European and International organisations.

Institutional capacity building in Candidate and Potential Candidate Countries (earmarked funds).

Programming and evaluation coordination.

Source: Information supplied by the Agency.
