

REPORT

on the annual accounts of the Executive Agency for Health and Consumers for the financial year 2011, together with the Agency's replies

(2012/C 388/09)

INTRODUCTION

1. The Executive Agency for Health and Consumers (hereinafter "the Agency"), located in Luxembourg, was set up by Commission Decision 2004/858/EC ⁽¹⁾ and amended by Commission Decision 2008/544/EC ⁽²⁾. The Agency was established for a period beginning 1 January 2005 and ending in 2015 for the management of Union actions in the field of health and consumer policy ⁽³⁾.

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(1), second subparagraph, of the Treaty on the Functioning of the European Union, the Court has audited the annual accounts ⁽⁴⁾ of the Agency, which comprise the "financial statements" ⁽⁵⁾ and the "reports on the implementation of the budget" ⁽⁶⁾ 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 authorised appropriations ⁽⁷⁾. The Director is responsible for putting in place ⁽⁸⁾ the organisational structure and the internal management and control systems and procedures relevant for drawing up the final accounts ⁽⁹⁾ 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 ⁽¹⁰⁾ 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 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.

⁽¹⁾ OJ L 369, 15.12.2004, p. 73.

⁽²⁾ OJ L 173, 3.7.2008, p. 27.

⁽³⁾ The *Annex* summarises the Agency's competences and activities. It is presented for information purposes.

⁽⁴⁾ These accounts are accompanied by a report on the budgetary and financial management of the year which gives *inter alia* an account of the rate of implementation of the appropriations, with summary information on the transfers of appropriations among the various budget items.

⁽⁵⁾ 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.

⁽⁶⁾ The budget implementation reports comprise the budget outturn account and its annex.

⁽⁷⁾ Article 25 of Commission Regulation (EC) No 1653/2004 (OJ L 297, 22.9.2004, p. 6).

⁽⁸⁾ Article 29 of Regulation (EC) No 1653/2004.

⁽⁹⁾ The rules concerning the presentation of the accounts and accounting by the Agencies are laid down in Chapter 1 of Title VI of Regulation (EC) No 1653/2004 as last amended by Commission Regulation (EC) No 651/2008 (OJ L 181, 10.7.2008, p. 15).

⁽¹⁰⁾ Article 14 of Council Regulation (EC) No 58/2003 (OJ L 11, 16.1.2003, p. 1).

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 ⁽¹¹⁾ 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 ⁽¹²⁾.

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 comment which follows does not call the Court's opinions into question.

COMMENT ON THE BUDGETARY AND FINANCIAL MANAGEMENT

12. For Title III – Expenditure related to operational expenditure, an amount of 0,8 million euro, or 46 % of commitments made, was carried forward to 2012. The high level of carry-over is at odds with the budgetary principle of annuality.

This Report was adopted by Chamber I, headed by Mr Ioannis SARMAS, Member of the Court of Auditors, in Luxembourg at its meeting of 25 July 2012.

For the Court of Auditors
Vitor Manuel da SILVA CALDEIRA
President

⁽¹¹⁾ The Final Annual Accounts were drawn up on 12.6.2012 and received by the Court on 29.6.2012. 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/eahc/about/about.html>.

⁽¹²⁾ 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.

ANNEX

Executive Agency for Health and Consumers (Luxembourg)**Competences and activities**

<p>Areas of Union competence deriving from the Treaty</p> <p><i>(Article 168 and 169 of the Treaty on the Functioning of the European Union)</i></p>	<p>A high level of human health protection shall be ensured in the definition and implementation of all Union policies and activities. Union action, which shall complement national policies, shall be directed towards improving public health, preventing human illness and diseases, and obviating sources of danger to human health. Such action shall cover the fight against the major health scourges, by promoting research into their causes, their transmission and their prevention, as well as health information and education. The Union shall complement the Member States' action in reducing drugs-related health damage, including information and prevention.</p> <p>In order to promote the interests of consumers and to ensure a high level of consumer protection, the Union shall contribute to protecting the health, safety and economic interests of consumers, as well as to promoting their right to information, education and to organise themselves in order to safeguard their interests.</p>
<p>Competences of the Agency</p>	<p>Objectives</p> <ul style="list-style-type: none"> — The Agency is responsible for carrying out the implementation tasks for the management of the second Public Health Programme 2008-2013 as adopted by Decision No 1350/2007/EC, the Consumer programme for 2007-2013 as adopted by Decision No 1926/2006/EC and the food safety training measures covered by Regulation (EC) No 882/2004 and Directive 2000/29/EC. — The Agency also manages all the phases in the lifetime of the implementing measures delegated to it in the framework of the programme of Union action in the field of public health 2003-2008, adopted by Decision No 1786/2002/EC of the European Parliament and of the Council of 23 September 2002. <p>Tasks</p> <p>Under the Union programmes mentioned below, the Agency is responsible for implementing the following tasks as defined in the delegation act adopted on 9th September 2008 ⁽¹⁾:</p> <p>Public Health Programme 2003-2008 - Decision No 1786/2002/EC</p> <p>Public Health Programme 2008-2013 - Decision No 1350/2007/EC</p> <p>Consumers Programme 2007-2013 - Decision No 1926/2006/EC</p> <p>Food Safety Training Measures - Regulation (EC) No 882/2004 and Directive 2000/29/EC:</p> <ul style="list-style-type: none"> (a) Managing all the phases of the cycle of projects (for monitoring and dissemination purposes, the Agency shall take the necessary steps to create a database of projects or to continue an existing one, incorporating a project description and the final results); (b) Monitoring projects implemented under these programmes and measures including the necessary checks; (c) Collecting, processing and distributing data and in particular compiling, analysing and transmitting to the Commission all information required to guide implementation of the Union programmes and measures, promote coordination and synergy with other programmes of the Communities, the Member States or international organisations; (d) Organising meetings, seminars, talks, and training measures;

	<p>(e) Helping to evaluate the programme's impact, in particular the annual and/or mid term evaluation of implementation of the programmes, and implementing the follow-up actions on evaluations decided by the Commission;</p> <p>(f) Disseminate the results of the information operations planned and implemented by the Commission;</p> <p>(g) Producing overall control and supervision data;</p> <p>(h) Participating in preparatory work on financing decisions.</p>
Governance	<p>Steering Committee</p> <p>Comprises five members appointed by the European Commission. The members of the Steering Committee are appointed for two years.</p> <p>It adopts the Agency's annual work programme after approval by the European Commission. In addition, it adopts the administrative budget of the Agency and its annual activity report.</p> <p>Director</p> <p>Appointed by the European Commission for four years.</p> <p>External audit</p> <p>The European Court of Auditors.</p> <p>Discharge Authority</p> <p>The European Parliament following a recommendation from the Council.</p>
Resources made available to the Agency in 2011 (2010)	<p>Final Budget</p> <p>The Agency's administrative budget for 2011 amounted to 7,04 million euro.</p> <p>Staff at 31 December 2011</p> <p>On 31 December 2011, the Agency employed 49 statutory staff members, including 11 temporary staff and 38 contract staff.</p>
Products and services 2011 (2010)	<p>1. Monitoring of the 2005, 2006, 2007, 2008 and 2009 grants provided under the Public Health programme (PHP) 2003-2008, successfully finalized negotiations for grants under the 2009 Calls for proposals, including projects, Conferences, Operating Grants, Joint Actions and managed Call for proposals 2011. Calls and grants and contracts awarded under the 2008 calls for proposals and for tenders of the 2007 – 2013 Consumer Programme (CP) and projects awarded under the 2007, 2008 and 2009 calls for tender under Food Safety Training Measures.</p> <p>2.1. PHP work programme</p> <ul style="list-style-type: none"> — Execution of the 2011 Call for proposals "Public Health programme". 173 proposals were received. Of those 115 were applications for projects, 10 for Joint Actions, 25 for Operating Grants and 27 for Conferences. — Management of contracts with international organisations, including the running of projects transferred by DG SANCO to the Agency. — Launching and contracting of the Calls for tender in the Work Programme 2010 of the Health Programme. Nine Calls for tender were launched for DG SANCO. — Launching of the Calls for proposals 2012: In addition to the 2011 Call for proposals (see above), EAHC launched the 2012 Calls for proposals according to its 2012 Work Plan published in the EU Official Journal on 8 December 2011.

- Contribution to DG SANCO policies: Preparation of the Impact Assessment for the new Public Health Programme proposal (PHP3): the EAHC produced a series of “tailor-made case studies”, on individual actions or Programme areas that substantially contributed to the goals of the second PHP. The Agency also developed a new reporting template with the objective to provide to SANCO colleagues a better assessment of the impact of actions funded under PHP1/PHP2 and their relevance in the policy making process. Tested in December 2011 on a sample of 10 final reports, validated by the resulting reviews, the template will be used as from 2012.

2.2. CP work programme

- Calls for proposals. 7 Calls for proposals were launched in 2011.
- Exchange of Officials (GPSD/CPC). Within the framework of the Calls for the exchange of officials, the Agency awarded 20 grants, which allowed enforcement officials from several Member States to share their working experience and knowledge of the implementation of Directive 2001/95 EC of the European Parliament and of the Council of 3 December 2001 on General Product Safety and of Regulation (EC) No 2006/2004 of the European Parliament and of the Council of 27 October 2004 on Consumer Protection Cooperation. The number of proposals submitted in 2011 has increased slightly compared with 2010 (22 applications in 2010 to 24 in 2011).
- Joint Actions (GPSD/CPC). Agency co-funded a project that aims at exchanging and implementing best practices between the Member States, thereby improving cross-border cooperation and increasing consumer product safety. The product specific activities involved market surveillance on: food imitation child appealing products, children’s fancy dresses, laser pointers, ladders and visibility clothing & accessories.
- Operating Grants for European Consumer Organisations. Within the framework of the Call concerning Operating Grants for European consumer organisations and consumer organisations in the standardisation process, the Agency signed partnership grant agreements with BEUC (Bureau Européen des Unions de Consommateurs) and ANEC. (European Association for the Coordination of Consumer Representation in Standardisation), respectively.
- ECC-Net. The ECC-Net aims to provide consumers with information on cross-border shopping and to help resolve cross-border complaints and disputes. In 2010, ECC-Net handled over 71 000 cases. This number represents a 15 % of increase of consumer cases compared with 2009. The Agency launched a Call for proposals for the provision of financial contributions to ECCs in 2011. This led to the conclusion of 29 grant agreements. Given the enhanced visibility of the network among consumers in Europe, the Agency launched a study in order to improve the quality and attractiveness of the ECC national websites. At present, all ECCs are in the process of implementing the recommendations made in the study.
- Calls for tender. Calls for tender and 4 requests for specific services were launched.
- European School Diary. The Europa Diary is a school Diary, for students in secondary school, aimed as a tool for homework and other school related notes. Several Commission General Directorates and other EU institution contribute with content and funding. During 2010, a Framework contract was awarded and signed with contractor Generation Europe Foundation for the development, printing and distribution of the 2011/2012 edition of the Europa Diary and Teacher’s guide. As manager of the Framework contract, the Agency coordinated and monitored the implementation of this project: it approved 21 contracts from different Commission Directorates General and the Economic and Social Committee.

- DOLCETA. Following the conclusion of a Framework Contract, the Agency signed an initial specific contract for the take over of the Dolceta website by a new contractor. After considering the results of the external evaluation on “consumer education, information and capacity building actions”, two more requests for services were launched. These are aimed at maintaining and hosting the existing website and improving the teacher’s corner.
- Consumer Market Studies. Two specific contracts were signed under the consumer market studies Framework Contract. Also, with the aim of collecting data to better understand, monitor and take account of the consumers’ interest in the internal market, the Agency signed a contract to carry out a survey for monitoring 51 consumer markets in 27 Member States.
- Information campaign on consumer’s rights in Romania: In 2011, the Agency concluded three contracts for the implementation of an information campaign on consumers’ rights in Romania. The campaign is scheduled for launch in Spring 2012.
- In 2011, the Agency concluded five Framework Contracts for consumer behavioural studies. Two request for studies have been launched by DG SANCO and DG JUST.

2.3. BTSF work programme

- Monitoring of the contracts transferred by DG SANCO related to projects awarded under the 2007 and 2008 Calls for tender and contracts awarded from the tender 2009. Following an agreement with DG SANCO a block of six contracts signed under the BTSF was transferred to the Agency. The Agency monitored programmes defined within seven new contracts awarded from the Calls for tender launched in 2009.
- During 2011, the Agency took over from DG SANCO almost the complete execution of the BTSF Initiative. All contracts signed by the Commission in 2008 and 2009 were executed in a timely manner and received outstanding evaluation scores from participants.
- Throughout 2011, almost 6 000 participants, mostly Member States officials were trained in 133 different sessions or workshops organized throughout the EU.
- Monitoring of the contracts awarded under Calls for tender of 2009 (7 contracts) and 2010 (15 contracts).
- Launching and awarding 2011 Calls for tender.

3. Generation and dissemination of information on the Public Health programme, Consumer Programme, projects financed by BTSF programme and the Executive Agency’s activities in 2011.

(¹) Commission Decision of 9 September 2008 - delegating powers to the Agency.

Source: Information supplied by the Agency.

THE AGENCY'S REPLIES

12. EAHC takes note of the Court's observations, on the level of commitment appropriations carried forward in Title III, operational expenditure of the Agency's operating budget.

Over the years, efforts have been made by the Agency, in order to reduce the level of these appropriations carried forward, thereby improving the annuality of the budget implementation. For instance, appropriations carried forward in the budget's Title III (expressed in % of commitments made) decreased from 73 % in 2007 (first year of operation of the Agency) to 59 % in 2010 and 46 % in 2011.

This positive trend will be maintained in the future. Actions planned in the Agency's Work Programme, particularly in Title III of its operating budget, will continue - as much as possible - to be implemented earlier in the year.
