

2020

**Annual report on EU agencies
for the financial year 2020**



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OF AUDITORS

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3.32. Euratom Supply Agency (ESA)

Introduction

3.32.1. The Euratom Supply Agency (“the Agency”, or “ESA”), located in Luxembourg, was created in 1958²⁰³. Council Decision 2008/114/EC, Euratom²⁰⁴, replaced the preceding Statutes of the Agency. The Agency’s main task is to ensure there is a regular supply of nuclear materials, in particular nuclear fuels, to EU users, by means of a common supply policy based on the principle of equal access to sources of supply. *Figure 3.32.1* presents key figures for the Agency²⁰⁵.

Figure 3.32.1 – Key figures for the Agency



* Budget figures are based on the total payment appropriations available during the financial year.

** “Staff” includes EU officials, EU temporary agents, EU contract staff and seconded national experts, but excludes interim workers and consultants.

Source: Annual accounts of the Agency for the financial year 2019 and Final annual accounts of the Agency for the financial year 2020; Staff figures provided by the Agency.

Information in support of the statement of assurance

3.32.2. The audit approach taken by the ECA 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 and an analysis of information provided by the Agency’s management.

3.32.3. Please refer to section 3.1 of the report for the description of the basis for the opinion, responsibilities of management and those charged with governance and the auditor’s

²⁰³ OJ 27, 6.12.1958, p. 534/58.

²⁰⁴ OJ L 41, 15.2.2008, p. 15.

²⁰⁵ More information on the Agency’s competences and activities is available on its website: <http://ec.europa.eu/euratom/index.html>.

Euratom Supply Agency (ESA)

responsibilities for the audit of the accounts and underlying transactions. The signature on page 341 forms an integral part of the opinion.

The Court's statement of assurance provided to the European Parliament and the Council – Independent auditor's report

Opinion

3.32.4. We have audited:

- (a) the accounts of the Euratom Supply Agency which comprise the financial statements²⁰⁶ and the reports on the implementation of the budget²⁰⁷ for the financial year ended 31 December 2020 and
 - (b) the legality and regularity of the transactions underlying those accounts,
- as required by Article 287 of the Treaty on the Functioning of the European Union (TFEU).

Reliability of the accounts

Opinion on the reliability of the accounts

3.32.5. In our opinion, the accounts of the Agency for the year ended 31 December 2020 present fairly, in all material respects, the financial position of the Agency at 31 December 2020, the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with its Financial Regulation and with accounting rules adopted by the Commission's accounting officer. These are based on internationally accepted accounting standards for the public sector.

²⁰⁶ The financial statements comprise the balance sheet, the statement of financial performance, the cash flow statement, the statement of changes in net assets and a summary of significant accounting policies and other explanatory notes.

²⁰⁷ The reports on implementation of the budget comprise the reports which aggregate all budgetary operations and the explanatory notes.

Euratom Supply Agency (ESA)

Legality and regularity of the transactions underlying the accounts

Revenue

Opinion on the legality and regularity of revenue underlying the accounts

3.32.6. In our opinion, the revenue underlying the accounts for the year ended 31 December 2020 is legal and regular in all material respects.

Payments

Opinion on the legality and regularity of payments underlying the accounts

3.32.7. In our opinion, the payments underlying the accounts for the year ended 31 December 2020 are legal and regular in all material respects.

3.32.8. The observations which follow do not call the ECA's opinion into question.

Observations on budgetary management

3.32.9. Carry-overs of committed appropriations were high for Title II (administrative expenditure): they amounted to €177 445, or 80 % of the ESA's appropriations for the entire Title. The carry overs were partially due to the effects of the Covid-19 pandemic. Nearly half (46 %) of the amount carried over from 2020 to 2021 was intended to be used for IT services provided in 2021. This creates risks on the implementation of the payment appropriations of 2021 considering that in the previous years there was high cancellation rate.

The ESA should have used its 2021 budget for those services. In order to respect the principle of annuality, the ESA should further improve its budget planning and its implementation cycles.

Follow-up of previous years' observations

3.32.10. An overview of the action taken in response to the ECA's observations from previous years is provided in the [Annex](#).

Annex – Follow-up of previous years' observations

| Year | ECA's observations | Action taken to respond to ECA's observations (Completed / Ongoing / Outstanding / N/A) |
|------|---|---|
| 2018 | The cancellation rate of budget appropriations carried over from 2017 to 2018 is high, at 21 %, demonstrating unjustified commitments in the previous year. | Completed |

Euratom Supply Agency (ESA)

The Agency's reply

3.32.9. The Noemi project constitutes an investment (EUR 355 000 over 2019-2021) into IT application that will allow the Agency to securely hold and process sensitive data on nuclear contracts. The project replies to the repeated Discharge Authority requests to continue the digitalisation in order to cut down on bureaucracy.

The commitment in December 2020 ensured the continuity of the team to implement the approved project plan.

The Agency recognises the risks connected with the implementation and will proactively ensure monitoring of the project to its delivery.