



EURATOM SUPPLY AGENCY

Director-General

Luxembourg
ESA/AK (Ares)

NOTE FOR THE FILE

Audited annual accounts for the year 2020 of the Euratom Supply Agency Opinion of the Advisory Committee

In our capacities as Director-General of the Euratom Supply Agency (ESA) and as Secretary of the Advisory Committee of ESA, herewith we have the pleasure to confirm that the Audited annual accounts of ESA for the financial year 2020, were submitted to the Advisory Committee (*hereinafter: AC*). They were presented, duly analysed and discussed during the meeting held virtually by videoconference from Luxembourg, on 18 May 2021.

The AC delivered a favourable opinion on ESA's audited accounts for 2020, conditional on submission of a European Court of Auditors' Preliminary Observations assuring the reliability of the accounts and the legality and regularity of the transactions underlying the accounts.

These issues constituted point 5 on the Agenda of its meeting. Enclosed is the excerpt from the draft minutes.

Furthermore, on 31 May 2021, the Chair of the AC, Mr. Pape, received officially the Preliminary observations report of the European Court of Auditors for the audit mission 2020¹, giving its assurance on the reliability of the accounts and the legality and regularity of the transactions underlying the accounts.

Then, the document was transmitted for perusal to the AC members via the CIRCABC platform. Except in case of a reservation expressed by 8 June 2021, the opinion to the audited accounts 2020 was to be deemed favourable. No reservation was received in the indicated period.

Thus, it is deemed that **the AC delivered a favourable opinion on ESA's audited accounts for 2020.**

Remigiusz BARAŃCZYK
Secretary of the Advisory Committee

Agnieszka KAŻMIERCZAK
Director-General

¹ Ares(2021)3566720

Enclosure 1

EXCERPTS FROM THE DRAFT MINUTES

ESA Advisory Committee Meeting, 18 May 2021

[...] QUOTED TEXT BEGINS

5 Audited financial and budgetary statements for the year 2020 (for consultation) (A. Vraila, A. Kaźmierczak)

The Chair gave the floor to Ms Vraila, Accounting Officer of the ESA, who reported on the Agency's Financial Accounts for 2020.

Audited annual accounts 2020

In 2020, the assets owned by the Agency totalled EUR 963 505. They were financed by liabilities of EUR 71 933 (7%) and equity of EUR 891 572 (93%). The fixed assets have increased significantly at EUR 191 937 (EUR 18 879 in 2019) following the development of the IT project Noemi which is considered as an internally generated intangible asset. The ICT project NOEMI (“Nuclear Observatory and ESA Management of Information”) envisages the management of ESA core business, i.e. nuclear supply contracts and data on the market. Cash and cash equivalents have also increased by 15% amounting to EUR 765 220 (EUR 711 493 in 2019) due to increased outstanding commitments resulting from unpaid IT services. The Agency has a capital of EUR 5 856 000.

In the statement of financial performance, total revenues amounted to EUR 220 746 (EUR 217 804 in 2019), whereas administrative expenses amounted to EUR 62 252 (EUR 111 518 in 2019). The administrative expenses were significantly lower due to the capitalisation of IT costs for the ICT project Noemi and due to undelivered publication services and communication activities. Thus, the financial year 2020 resulted in a positive economic result of EUR 158 494 (EUR 106 286 in 2019).

Euratom Supply Agency’s 2020 adopted budget amounted to EUR 230 000. A budget amendment was approved in November 2020 as a response to the pandemic crisis, introducing internal transfers from the COVID-19 affected budget lines (missions, meetings) towards the acceleration of the development of a nuclear-contracts’ IT application. On 31 December 2020, ESA had a budget execution of current year's funds (C1) of EUR 228 949 or 99.54% of commitment appropriations. The executed payments on C1 (current year funds) in 2020 amounted to EUR 51 370 or 22.34% of available appropriations.

ESA’s expenses consist only of administrative costs. ESA’s running costs partly covered by its own budget include staff missions, IT equipment for its own computer centre, information and communication activities, subscriptions and memberships, organisation of meetings and participation in conferences. Salaries are paid by the European Commission in line with the provisions of Article 4 of ESA’s statutes and are not charged to the Agency’s budget. The Agency neither manages operational budget lines nor provides grants. The bulk of the Agency’s administrative expenses, including salaries, premises, infrastructure, training, and some IT equipment, is covered directly by the EU budget and is not acknowledged in the Agency’s accounts. Those costs and the underlying transactions are included in the EU financial annual accounts. According to an internal estimate based on the methodology of the Commission for the average cost of an EU official, in 2020 the Agency's total average cost covered by the Commission amounted to EUR 2 432 000.

At the end of 2020, the Agency had 17 permanent posts (7 administrator posts, one of which vacant, and 9 assistant posts).

The European Court of Auditors' findings on the 2020 accounts

The Agency is annually audited by ECA. The audit mission for the 2020 financial accounts took place between 8-12/2 and 24-26/3/2021. During the closure audit meeting, the ECA reported an observation concerning the principle of annuality based on the high carry-over rate of payments appropriations to 2021. The Agency replied that the carried over amounts indicate the commitment of the Agency to ensure continuity for a multiannual project during the pandemic crisis, while respecting the principle of annuality. However, the Court would confirm the audit results in its Preliminary Observations, which were formally expected at the end of May 2021.

According to the Agency's Statutes, the AC should provide its favourable opinion on the accounts. The Chair proposed that the AC gives an opinion on ESA's financial and budgetary statements conditional to the submission of the European Court of Auditors Preliminary Observations. ESA committed itself to transmitting to the AC members the written audit conclusions upon their delivery. No objections were raised, therefore:

- *Conditional to the submission of a European Court of Auditors' Preliminary observations report assuring the reliability of the accounts and the legality and regularity of the transactions underlying the accounts, the AC delivered a favourable opinion on ESA's audited accounts for 2020².*

[...] QUOTED TEXT ENDS

² The European Court of Auditors' Preliminary Observations on ESA financial Accounts 2020 were received on 31 May 2021 and transmitted to all members of the Agency's Advisory Committee. Unless a reservation was sent by the AC members on their opinion delivered during the meeting, it would be deemed that a favourable opinion was granted to the audited accounts 2020. No reservation was received. Thus, it is deemed that the AC delivered a favourable opinion on ESA's audited accounts for 2020.