2007 discharge: European Union Fundamental Rights Agency FRA

2008/2257(DEC) - 05/12/2008

PURPOSE: to present the Court of Auditor's report on the annual accounts of the European Union Fundamental Rights Agency (formerly the European Monitoring Centre on Racism and Xenophobia) for the financial year 2007.

CONTENT: the report notes that the appropriations entered in the Agency's budget for the financial year in question amount to **EUR 14.191 million**, of which EUR 13.947 million was committed and EUR 6.516 million was paid. EUR 7.454 million was carried over to 2008 and EUR 221 000 was cancelled.

The Court notes that the accounts for the financial year are reliable in all material aspects and that the underlying transactions of the Agency's accounts are, on the whole, legal and regular.

- **The Court's analysis of the accounts**: the Court notes that the Agency's final budget for 2007 amounted to EUR 14.2 million as compared with EUR 9.3 million allocated to the EUMC the previous year. Almost all the budget was committed (EUR 13.9 million) but EUR 7.5 million was carried over. The **high level of carry-overs** was due to the extension of the mandate of the Agency in March 2007. This extension delayed the adoption of the Agency's new work programme and the nomination of a new director and consequently the implementation of the activities planned for 2007. Due to the extension of its mandate the Agency, through amendments to its budget and various transfers, decreased by EUR 798 000 the staff expenditure budget lines, avoiding cancellations of unused appropriations for staff expenditure at the year end. With regard to **procurement** procedures, in one case, the published financial evaluation method indirectly decreased the relative importance of the price criterion. This may have deterred some potential bidders and was not in line with the principle of sound financial management.
- **The Agency's replies**: the Agency considers the criticisms point by point and notes that it has taken all the necessary measures to make up the delays highlighted by the Court in order to minimise cancellations of carried-over appropriations. The objective to cancel less than 10% of carry-overs shall be closely monitored during 2008. The Agency also states that the transfers and the amending budgets were necessary because of the difficulties linked to the extension of the Agency's mandate which impaired the implementation of the initially foreseen activities. In the future, the Agency will continue to improve the programming of its activities. Finally, the Agency notes that the financial evaluation method used was fully compliant with the Financial Regulation. However, to ensure that the best value for money is obtained, the Agency will introduce the evaluation method now proposed by the Commission services.