2012 discharge: European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)

2013/2211(DEC) - 10/09/2013 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2012, together with the Centre's reply.

CONTENT: in accordance with the tasks conferred on the Court of Auditors by the Treaty on the Functioning of the European Union, the Court presents to the European Parliament and to the Council, in the context of the discharge procedure, a Statement of Assurance as to the reliability of the annual accounts of each institution, body or agency of the EU, and the legality and regularity of the transactions underlying them, on the basis of an independent external audit.

This audit concerned, amongst others, the annual accounts of the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA).

In the Court's opinion, the **Centre's Annual Accounts fairly present, in all material respects, its financial position as of 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 rules and the accounting rules adopted by the Commission's accounting officer.

The Court also considers that the **transactions underlying the annual accounts** of the Centre for the financial year ended 31 December 2012 are, in all material respects, **legal and regular**.

The report confirms that the Centre's 2012 budget amounted to EUR 16.32 million.

The report also makes a series of observations on the budgetary and financial management of the Centre, accompanied by the latter's response. The main observations may be summarised as follows:

The Court's observations:

- internal controls: in 2012, the Centre gave grants to Member States' national drug monitoring centres (beneficiaries) in order to support cooperation under the REITOX network. Total grant expenditure in 2012 was EUR 2.6 million, representing 16 % of total operating expenditure. The Centre does not usually obtain from beneficiaries any documents to substantiate the eligibility and accuracy of the costs claimed. Ex post on-the-spot verifications of costs at beneficiary level are rare. Existing controls therefore provide only limited assurance to the Centre's management as to the eligibility and accuracy of the costs claimed by beneficiaries. For the transactions audited by the Court supporting documentation was obtained by the Centre on the Court's behalf which provided reasonable assurance as to their legality and regularity. Improvements are needed in this area;
- headquarters: the Centre currently bears the annual cost of about 200 000 euro for unused office space in its former building and in the new Headquarters. The Centre should continue, in cooperation with the Commission and National Authorities, to seek adequate solutions for this unused office space.

The Centre's replies:

- audit: the Agency states that the EMCDDA has put in place and implemented several processes to ensure adequate ex ante and ex post verifications taking into account the risks at stake. In this context, grant beneficiaries are requested to send a full overview of their expenses (statement of expenses) as well as final financial and activity reports which allow EMCDDA to check the eligibility and accuracy of the costs claimed. In order to further improve the system in place, EMCDDA has taken measures to improve the audit methodology;
- headquarters: EMCDDA continues actively to look for an adequate solution to sell or lease the premises concerned as well as rationalising and reducing the maintenance costs for the Mascarenhas building, namely by revising the security settings and some patterns for consumption of utilities.

Lastly, the Court of Auditors' report contains a summary of the Centre's activities in 2012. This is focused on the following:

- running a computerised network for the collection and exchange of information called the 'European Information Network on Drugs and Drug Addiction' (Reitox);
- various publications (e.g. annual report on the state of the drug problem in Europe; publication on selected issues; statistical bulletin and interactive website);
- setting-up/updating/content development of public EMCDDA website;
- publication of promotional brochures, media products, press releases and fact sheets;
- taking part in international conferences and organising scientific and technical meetings.