2001 discharge: European Center for the Development of Vocational Training ECDVT, Thessalonica

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PURPOSE : to present the report from the Court of Auditors on the financial statements of the European Centre for the Development of Vocational Training (ECDVT) for the financial year 2001. CONTENT : this report concerns the results of the audit performed by the Court of the financial statements of the European Centre for the Development of Vocational Training for the financial year ended 31 December 2001. This examination has enabled the Court to obtain reasonable assurance that the annual accounts for the financial year ended 31 December 2001 are reliable and that the underlying transactions, taken as a whole, are legal and regular. The report shows final appropriations for the financial year totalled 13,5 million euro, almost all of which were committed. Payments in respect of the appropriations of the financial year amounted to 10,6 million euro; 2,8 million euro were carried over to the following financial year. The appropriations carried over to 2002 concerned mainly operating appropriations (Title III), amounting to 2,2 million euro, i.e. over 40 % of the appropriations committed. The Centre should pursue its efforts to increase the quality and monitoring of the planning of its activities. The report also states that the accounting system's possibilities regarding electronic signatures should be fully exploited (electronic signatures should be an option open not only to the Accounting Officer and administrative staff but also to the Authorising Officers) in order to uphold the principle of the separation of duties. Concerning the application of the financial provisions, the report states that the Centre has an imprest of account with a ceiling of 2 000 000 euro. This figure is still too high. Moreover, there is no limit to the amount of individual payments that may be made. The Centre should continue its efforts to apply purchasing procedures more strictly as has already been pointed out on several occasions in previous reports. Thus two contracts were concluded directly with the suppliers of the services without observing the relevant rules. In order to carry out its tasks, the Centre receives a subsidy from the Commission which forms the bulk of its budgetary revenue. This revenue is intended to cover its administrative expenditure and operating expenditure arising from its programme of activities. The headings over the budgetary items relating to operating expenditure do not, however, correspond to those of the tasks assigned to the Centre. Moreover, the activity report does not clearly indicate the link between the operating activities described and the Centre's tasks. This absence of link with the tasks may also be seen in the organisation chart of staff assigned to operating activities. These inconsistencies between, on the one hand, the tasks laid down by the Centre's Regulation and, on the other hand, the distribution of its financial resources, the organisation of its activities and the allocation of its human resources result in the FIBUS system not being able to establish a link between the Centre's tasks and the implementation of its programme of activities as the latter is reflected in the implementation of its budget. The report specifically states that the Centre should take care to ensure greater consistency between the tasks assigned to itby the basic legislation and the distribution of the financial and human resources granted to it. The practical organisation of its activities should also reflect the Centre's objectives more closely. In order to make its activity more transparent and to be able to audit the effectiveness of its management, a recognisable link between the Centre's objectives and the organisation and the implementation of its activities should be established. The ECDVT replies point by point on all of the criticisms made by the Court. It states in particualr that: - as regards electronic signatures, the Centre's IT section is currently undertaking the relevant training to the staff concerned; - concerning the separation of tasks, this is currently ensured as, at present, the hard copy 'paper' document has ultimate validity. Whilst it was the case, in 2001, that not all authorising officers signed in FIBUS, this is now the practice; - the Centre will table a new draft decision on the creation of an imprest account and limiting its ceiling to EUR 100 000, which corresponds to expenditure in the year 2001; - the Centre has also set up a working group on activity-based budgeting which will refine its activity-based-budget approach for 2003; - the2003 work programme will be the first

one with in the framework of the new 2003 to 2006 medium-term priorities. That work programme will give clear indications of activities and outputs for the working areas based on the Centre's basic tasks. Also in 2003, the Centre will, via an acti-track system, ensure maximum transparency of the time spent on specific activities.