2001 discharge: European Centre on racism and xenophobia

2003/2042(DEC) - 25/09/2002 - Non-legislative basic document

PURPOSE : to present the Court of Auditor's report on the financial statements of the European Monitoring Centre on Racism and Xenophobia for the financial year 2001. CONTENT : the Court of Auditors has examined the financial statements of the Centre for the financial year ended 31 December 2001. This examination has allowed 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 main observations are as follows: The Court states that the implementation of the budget for the financial year 2001 and the appropriations carried over from the previous financial year. Final appropriations for the financial year totalled 5,3 million EUR, 5,1 million of which were committed. Operating appropriations (Title III) amounted to EUR 2,2 million, almost all of which was committed. Payments in respect of the appropriations of the financial year amounted to 3,8 million; 1,4 million were carried over to the following financial year and 0,1 million had to be cancelled. Approximately 50 % of payments in respect of operating appropriations were made during the last three months of the year. Appropriations carried over to 2002 amounted to EUR 1,2 million (twice the previous year's figure) and mainly concerned operating appropriations. The volume of appropriations carried over was due to the late approval of the work programme by the Centre's Management Board and to the slowness in implementing the RAXEN Network which is the main reason for the Centre's creation. It shows the need for the Centre to increase the quality and monitoring of the planning of its operational activities. The appropriations carried over from the financial year 2000 to 2001 amounted to EUR 0,8 million; they were almost all disbursed. Over 40 % of the payments in respect of operating appropriations were made, however, during the last three months of 2001, which indicates that there was inadequate monitoring of the projects financed during the previous financial year. The Court states that at the end of 2001, a considerable number of payments, totalling EUR 297 546, were suspended, in accordance with Article 40 of the Centre's Financial Regulation, on account of the absence of sufficient supporting documents concerning the services actually rendered or the contracting parties' VAT arrangements. These suspended payments included a payment of EUR 70 961 concerning a contribution of EUR 100 000 for a project jointly financed with the Council of Europe. This financing in fact constitutes a subsidy intended mainly to reimburse work carried out beforehand by experts. The Authorising Officer responsible was able neither to give a precise description of the project nor to produce documentary evidence in support of the payment requested. From the point of view of sound financial management, it is not wise to grant retroactive financing which, precisely because it is retroactive, does not give any added value to the actions undertaken by the Centre. The Centre's Director should consider applying Article 61 of the Financial Regulation concerning the responsibility of Authorising Officers. Given that the payment was suspended pursuant toArticle 40 of the Centre's Financial Regulation, the commitment in question should be cancelled. In accordance with the provisions of Article 41 of this same Regulation, the Centre's Management Board may, however, ask, in writing and on its own responsibility, for the suspended payment to be made. The Monitor Centre replied point by point on all of the remarks made by the Court. It states in particular that: - it has already implemented a number of procedures to improve its planning system and the follow up to operational activities, to ensure a sound implementation of its budget; - In order to avoid difficulties, the Centre has decided to follow the recommendation of the Court and to cancel the commitment relating to the common project with the Council of Europe. Furthermore, the Monitoring Centre stated that it is willing to improve permanently the budget management of operational activities. After the current evaluation of the situation, it is intended to introduce the necessary corrections in the internal rules and to complement it with special training sessions.