2001 discharge: European Monitoring Centre for drugs and drug addiction

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PURPOSE : to present the Court of Auditor's report on the financial statements of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2001. CONTENT : the Court of Auditors has examined the financial statements of the European Monitoring Centre for Drugs and Drug Addiction 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 Court states that the final appropriations for the financial year totalled EUR 9.2 million, 8.8 million of which were committed. Of the operating appropriations (Title III), which totalled EUR 3.3 million, 3.2 million were committed. Payments in respect of the appropriations for the financial year totalled EUR 6.5 million; 2.5 million were carried over to the following year and a total of EUR 0.3 million had to be cancelled. Only 59% of the operational appropriations committed were disbursed in the course of the financial year. Appropriations carried over to 2002 totalled EUR 2.4 million (27% of commitments). These were mainly operational appropriations, a total of EUR 1.4 million of which were carried over (44% of commitments). The significant extent of these carry-overs demonstrates the need for the Centre to improve the quality and the monitoring of its programming activities. In its report, the Court takes note of several elements relating to the financial management of the Monitoring Centre. For instance, it state that the Centre still has not incorporated in its financial regulation the amendments made to the Financial Regulation applicable to the general budget concerning VAT. The Centre signed a contract with the Commission for the purpose of preparing the countries which are candidates for accession for participation in the Centre's activities. A separate budget of EUR 1 056 139 was allocated to this project to provide for the recruitment of three auxiliary members of staff to implement the contract. For 6 months the costs of the salaries of these three members of staff, totalling EUR 81 439 were wrongly charged to the Centre's budget. This situation was not regularise until October 2001. In addition, the Court states that the proposal for commitments of the appropriations relating to this project are not always accompanied by supporting documents which would allow an assessment of the justification for committing these amounts. A contract for a duration of 2 years and involving an amount of EUR 20 000 was awarded to an expert who was to manage a website for the Centre. In fact, this was an extension of a previous contract and no steps were taken to launch an invitation to tender. The Court of Auditors states that the Centre should elaborate a monitoring system with a formal and well-documented structure, which would enable it to analyse the discrepancies between forecasts and actual requirements. Lastly, the Court notes that the Centre does not ensure systematic monitoring of the markets for the goods and services it intends to acquire. Fir its everyday purchases it turns to its usual suppliers. One argument put forward by the Centre to justify its recourse to direct agreements to renew or extendcontracts is the quality of the services rendered and its concern to ensure their continuity. This reasoning disregards the aim of the rules governing purchases, which is to stimulate competition by having recourse to the market. One restricted invitation to tender launched with a view to acquiring office computers for an amount of around EUR 80 000 included a condition that the tenderers should already have supplied the Centre with similar equipment. A restriction of this kind, which has no base whatsoever in law, is entirely unjustified. The Centre replies to the observations made by the Court of Auditors. It states in particular that : - as a general rule, the list of imprest payments is submitted on a monthly basis to the accounting officer and financial controller. Exceptionally, the lists for the months of July, August and September were presented together. The Centre will take steps to ensure that these presentations are carried out regularly on a monthly basis and takes note of the Court's suggestions relating to the carrying-out of unannounced checks in addition to the usual monthly checks; - as regards the payments made to the three auxiliary members of staff recruited under the Phare-European Monitoring Centre for Drugs and Drug Addiction programme were paid by means of the same administrative and accounting system as the rest of the staff and, therefore, their salaries were initially charged to the Centre's

budget pending the implementation of an ad hoc administrative and financial structure; - the Centre does not always have the necessary resources to undertake the systematic monitoring of the markets. It is correct that in certain cases of contract renewal/extension, the Centre wished to give priority to ensuring the continuity and maintaining the quality of the service provided. In the future, the Centre will make an effort to stimulate competition while retaining these aspects which it deems to be important. Lastly, the Centre accepts the Court's comment and has already eliminated this condition for invitations to tender launched in 2002.