2001 discharge: European Environment Agency

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PURPOSE ; to present the Court of Auditor's report on the financial statements of the European Environment Agency for the financial year 2001. CONTENT : the Court of Auditors has examined the financial statements of the European Environmental Agency 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 ad that the underlying transactions, taken as a whole are legal and regular. The main observations made by the Court of Auditors are as follows. Concerning the implementation of the budget : the implementation of the appropriations for the financial year 2001 and of the appropriations carried over from the previous financial year are summarise din this report. Final appropriations for the financial year totalled EUR 21.7 million, 20.9 million (96%) of which were committed. EUR 10.3 million (i.e. 97%) of the EUR 10.6 million of operating appropriations (Title III) were committed. Payments in respect of the appropriations for the financial year totalled EUR 13.2 million, i.e. 63% of the amounts committed. A sum of EUR 8.1 million has to be carried over to the following financial year and EUR 0.4 million had to be cancelled. The appropriations carried over to 2002 essentially concern operating appropriations, which account for EUR 6.9 million. The increase when compared with the previous financial year is EUR 2.5 million. The increase shows that the Agency needs to improve the quality and monitoring of the planning of its activities. The appropriations carried over from the financial year 2000 to 2001 totalled EUR 5.4 million, EUR 4.4 million of which were settled. One EUR 1 million therefore had to be cancelled. In view of these cancellations, which represent an increase when compared with the previous financial year in terms of both absolutely and relative value, the Agency should be note rigorous in evaluating the validity of the amounts which it carries over. It shows that all the appropriations for the financial year for translation and terminology service (EUR 337 000) were committed in a single operation in December 2001 and no payment was made. The corresponding worksheets (order forms for the work entrusted to the Translation Centre) totalled EUR 18 040. The balance of EUR 318 592 was carried over without justification, contrary to Article 6 of the Financial Regulation applicable to the Agency, and should have been cancelled. In its report concerning the financial year 2000, the court emphasised the unjustified carry-over of appropriations from 2000 for translations to be done in 2001. The checks carried out show that the payments in 2001 using appropriations carried over from 2000 should have been made using appropriations for the financial year 2001. Moreover, as regards the purchase of goods and services, the court states that efforts have been made so far by the Agency to improve its system for planning purchases and for setting it with a multiannual context context should be pursued and extended. Greater formalisation would enable comparisons to be made between estimates and actual outcomes with a view to improving the accuracy of subsequent estimates. In its 1999 and 2000 Annual Reports concerning the Agency, theCourt highlighted weaknesses in the management of contracts, in particular when payment requests were being handled. An examination of the files on the payments made in 2001 showed once again that the financial files do not always contain supporting documents but only a certificate of the authenticity and compliance of the work carried out. The Court also states that the Agency does not participate in the Interinstitutional Group for the Harmonisation of Purchasing Procedures and, for this reason, it does not take part in interinstitutional invitations to tender or in exchanges of information about the purchasing of goods and services. For everyday purchases, it tries to develop forms of cooperation with the branch offices of the Community bodies in Copenhagen. The criteria for evaluating bids are defined in general terms which makes quantitative evaluation difficult. The bids are assessed by an evaluation committee made up of three member which gives its opini on the basis of documents submitted by the tenderers. In general, the Agency tends to favour invitations to tender. In one case, the restricted procedure was used even though the nature and value of the contract required publication in the Official Journal. The Agency has responded to the observations made by the Court. The main points are as follows. The Agency recognises an increase in carry-forward appropriations and is fostering a tighter planning of its activities. It should be noted however that the Agency is in a growth phase, with an increasing budget, and also that part of the

appropriations that were carried forward to 2002 relate to earmarked multiannual budget funds. The Agency, during the year 2001, put specific emphasis on assuring annuality for its administrative titles and hence be more rigorous in evaluating the validity of amounts carried over. In doing so it was decided not to use some of the carry-forward appropriations for outstanding payments, and to provide a better implementation basis for the budgetary management for the coming years. The Agency foresees its translation requirements as part of the annual publication planning, which is conducted in parallel to the development of its work programme. The Translation Centre invoices its services on an annual basis, so even if some advance payment may be made during they ear, the total work carried out by the Centre for the Agency during they ear can only be determined after the end of the year. As a consequence, the bulk of the payments corresponding to the work entrusted to the Translation Centre during the period 1 January 2001 to 31 December 2001 was finally paid in March 2002, thanks to the appropriations that had been carried over for this purpose from 2001 to 2002. The Agency inventory system is now in place as acknowledged by the Court. The synchronisation between the accounts and the inventory, specifically on depreciation and exchange rates, will be further developed through regular reconciliations and a yearly inventory stock taking. The Agency has established a Memorandum of Understanding both with Eurostat and with the Joint Research Centre and it also has to be noted that an extensive annual consultation takes place on the mutual work programmes. It is however recognised that the Agency must continue to foster furtherintegration and cooperation with other Community bodies and institutions in order to share resources and capacities. In addition, the Agency recognises the need to develop more specific guidelines to enable more quantitative evaluation by tender evaluation Committees and expects to have such guidelines in place by the autumn 2002. Lastly, the Agency agreed that the price ceilings as defined in some framework contracts are of internal nature and should not be part of the agreements with contractors.