2002 Discharge: European Monitoring Centre for Drugs and Drug Addiction

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PURPOSE : to present the report from the Court of Auditors on the financial statements of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2002. CONTENT : this report concerns the results of the audit performed by the Court on the financial statements for the financial year ended 31/12/2002. This examination has enabled the Court to obtain reasonable assurance that the annual accounts for the financial year ended 31 December 2002 are reliable and that the underlying transactions, taken as a whole, are legal and regular. The report states that the appropriations entered in the final budget amount to EUR 10,4 million with EUR 9,5 committed and EUR 8,1 paid. A total of EUR 1,6 million was carried over and EUR 0,7 million has been cancelled. The appropriations carried over from the previous financial year amount to EUR 3,2 million of which EUR 2,8 million has been paid and EUR 0,4 million has been cancelled. The report states that the Monitoring Centre has not taken account of the provisions of the Financial Regulation that apply to carryovers of appropriations. Justification for the commitment proposals totalling EUR 308 300 issued in December 2001 was only provided in the course of the following year. As regards the non-automatic carryovers amounting to EUR 212 400, the decision taken by the Management Board at the end of the financial year is irregular. These carryovers related to Titles I and II appropriations that had not been committed and were unduly transferred to Title III with a view to their being carried over to the next financial year. Concerning the financial statements, the Court notes that the inventory should be more strictly maintained. As regards the legality and regularity of the underlying transactions, the Court states that the Centre's executive director authorised three authorising officers responsible for the Phare project to sign cheques and bank transfer orders. This type of authorisation, delegating accounting officer powers to authorising officers, is incompatible with the principle of segregation of duties. On the issue of personal management, the Court has already had occasion to draw to the Monitoring Centre's attention the necessity of making its personnel management system more rigorous. The audits carried out in 2002 revealed persistent shortcomings such as files without essential documents that made it impossible to assess the justification for the financial entitlements attributed to the members of staff concerned. Similar findings applied to the selection procedures, including: notice imprecise, selection committees' minutes incomplete, criteria for assessing candidates not defined in advance. For example, the organisation and holding of an internal competition in order to give various members of the Centre's staff the status of permanent officials were tainted by various irregularities relating, in particular, to certain candidates' admissibility and the composition of the selection board. The seriousness of the anomalies that it detected led the Commission to lodge objections with the Centre about various aspects of the procedures that had been applied. The Monitoring Centre replies to the Court criticisms. It states in particular it recognises the need to keep automatic carryoversto a minimum, in line with the principle of annuality. As a result of efforts undertaken in this regard, the Monitoring Centre reduced automatic carryovers at the end of 2002 from the previous year's level. The aim of the Management Board's decision was to satisfy the need - which became apparent at the end of the financial year-to finance temporary working premises pending approval of a more permanent solution. As regards the recruitment of temporary staff, the Monitoring Centre's selection procedures are in line with the provisions of Annex III to the Staff Regulations ('Competitions'). With regard to competitions for permanent posts, given the complex nature of the relevant procedures and the shortage of specialised staff in an organisation as small as the Monitoring Centre, shortcomings have been identified, despite the precautions taken, thanks mainly to the involvement of representatives of the Commission in establishing and implementing the procedure. The Monitoring Centre wishes to underline the fact that, ultimately, once detailed checks were carried out by, among others, the specialised services of the Commission, the shortcomings identified did not undermine the validity of the procedure or its outcome. The Monitoring Centre will continue its efforts to make recruitment procedures even more stringent, while at the same time calling on the services of the European Personnel Selection Office (EPSO) as consistently as possible.