2002 Discharge: Community Plant Variety Office

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PURPOSE : to present the report from the Court of Auditors on the financial statements of the Community Plant Variety Office concerning the financial year 2002. CONTENT : this report concerns the results of the audit performed by the Court on the the Office's financial statements for the financial year ended 31 December 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. As regards the implementation of the budget, the report states that commitments against the appropriations for the financial year 2002 totalled EUR 8,9 million. Payments made against the commitments amounted to EUR 4,3 million and a total of EUR 3,9 million was carried over. The volume of carryovers remained high, especially in the case of appropriations for operating activities. The monitoring and recovery of non-recurring revenue could be improved. Debit notes are not sent to debtors or, when they are issued, are inadequately monitored from an accounting point of view. The balance sheet as at 31 December 2002 mentions a reserve of EUR 11 029 000. The reserve fund in question is the one provided for in Article 6(2)(d) of the Office's Financial Regulation. As the Office has its own resources, it may establish a reserve fund so as to preserve its self-financing capacity. However, in keeping with the spirit of the basic Regulation, the Court asks the Office to ensure that this reserve does not needlessly exceed its envisaged financial requirements. The Office should continue its efforts to ensure that VAT is correctly entered in the accounts. Furthermore, it should take greater care when submitting its requests for VAT refunds. As regards the procedures for signing contracts, shortcomings were noted in estimates of the volume of services to be provided and in the procedures for evaluating bids. As a result, companies obtained additional contracts worth more than 50 % of the initial contract. The Community Plant Variety Office replies to all of the Court's criticisms. It states that for the follow-up of non-routine operations, the Office will take action to try to improve the follow-up of non-routine receipts. The fees regulation has been revised with the aim of reducing the reserve to a level that is in line with the financial needs of the Office. The Office is considering the possibilities of checking the amounts of bank charges and interest reported by the banks. The Office takes note of the observation of the Court. It will study the ways to improve the management and the follow-up of its VAT accounts. A more explicit reference to the contractual handling of additional tests and their remuneration will be made when amending the contracts with the examination offices. The practice described by the Court has been discontinued. Since the beginning of 2003 provisional commitments are registered as such, rather than as 'pre-commitments'. The Office will insist on receiving invoices in full compliance with the applicable law. The Office intends to take measures to evaluate as precisely as possible the expected values of thecontract.