European Central Bank ECB. 1st annual report 2001

2002/2092(COS) - 12/09/2002 - Court of Auditors: opinion, report

PURPOSE : to present the report by the Court of Auditors on the audit of the operational efficiency of the management of the European Central Bank (ECB) for the financial year 2001. CONTENT : the Court has already published three reports for the financial years 1998, 1999 and 2000 which reviewed the budget management and monitoring, the internal audit systems, the project management and monitoring systems and human resources management of the European Central Bank. In 2001, the Court reviewed budgetary management and internal audit. As regards the budgetary reviews, the Court's report shows that the final budget amounted to EUR 511 million (plus 52%, EUR 175 million above the initial budget). The final expenditure amounted to EUR 431 million or 84% of the revised budget. The largest expenses were EUR 118 million on the banknote contingency reserve, EUR 106 million for staff and staff related expenditure and EUR 78 million for consultancy and external costs (mainly related to the Euro 2002 information campaign). During 2001, six supplementary budgets were approved. One budget transfer and a mid-year review were also adopted. At the same time a new budget-reporting scheme reducing the number of the number of yearly budget monitoring reports from four to two was introduced. EUR 45 million were carried over to the ECB's 2002 budget (EUR 8 million are related to projects and EUR 37 million to the Banknote Contingency Reserve). There is no written rule covering such carry-overs. The accounts show an overall underspending of 16%. The ECB Business Units underspending amounted to 8%, ECB projects underspending to 13% and the ECB Banknote Contingency Reserve to 28%. The year 2001 was a crucial year for the ECB as it assumed the responsibility for the launch of the fiduciary euro. Budget revisions and underspending are thus understandable if related to this unique historical event. The Court recommends that the ECB adopt rules on carryovers. Concerning the internal audit, the Court obtained reasonable assurance that the Directorate is properly independent and that its performance is in accordance with professional standards. Concerning the reply of the European Central Bank, the report states that the ECB welcomes the report and takes note of the various points raised by the Court. The ECB states that is conducted a first and very limited budget carry-forward exercise from the financial year 2001 to the financial year 2002. The guiding principles for the first implementation of this exercise were approved by the Executive Board in early 2002. At the same time, the Executive Board concluded that, for future years, a formalisation of the carry-forward practice should be considered, on the basis of experience gained and after further consideration of the tools required to support a carry-forward routine, e.g. a centralised system for the registration of financial commitments.