MED programmes. Special report 1/96 Court of Auditors

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OBJECTIVE: this special report submitted by the Court of Auditors relates to the management of the MED programmes (in particular, MED-Urbs, MED-Campus, MED-Media, MED-Avicenne et MED-Invest) from 1992 to 1994. An audit of these programmes has revealed serious irregularities both in the financial management of the projects and in their implementation. At the same time, the Court has made a series of recommendations to the Commission so that improvements might be provided for in the future in the management of the resources allocated. CONTENT: the main complaints made by the Court with regard to this issue relate, on the one hand, to the overall system for managing the programmes and, in particular, to the delegation of some of its powers to third parties and, on the other hand, to the implementation of the projects themselves. - As regards the overall system for managing the programmes, the Court notes that the Commission subcontracted the administration and financial management to the Trans-Mediterranean Networks Agency (ARTM), a non-profit-making organization established specifically for the purpose, with technical monitoring contracted out to consulting firms. The Court feels that the manner in which the system operated gave rise to serious irregularities because: . the powers conferred upon ARTM were equivalent to a delegation of the powers of the Commission which was not authorized in this instance; . excessive recourse was made to private contracts; . the involvement of consulting firms in the design and preparation of projects created serious confusion of interest in the management of their funds; . the resources and procedures for monitoring the implementation of the programmes were inadequate; . the financial management of the programmes at the level of both the Commission and the ARTM was inadequate. - As regards the implementation of the projects themselves, the Court took the view that irregularities abounded: . concerning financial and accounting matters: the contracts concluded with ARTM did not respect the basic requirements of sound financial management (e. g. slipshod accounting etc.), the network partners did not fulfil their obligations as regards co-financing and ineligible expenditure was financed (in some cases, systematically, e.g. personnel costs); . concerning matters relating to sound financial management: the award of contracts following competitive tendering was the exception rather than the rule etc.; . concerning the impact of the projects, the Court took the view that not enough assessments were carried out before and after the completion of the measures and that, overall, the direct impact of the MED programmes still remains to be proven. Finally, certain weaknesses were observed in the implementation of the projects from the time of their original design (e.g. lack of authority of the network coordinators, limited autonomy of the members of the networks) as well as weaknesses in the management instruments (e.g. limited role of Technical Assistance Offices). RECOMMENDATIONS: in the view of the Court, the Commission should in future: - review the design, management and implementation of these programmes. The Court takes the view that no new programme should be implemented before adequate resources have been made available and the structures properly evaluated; - ensure that external organizations called upon to assist it should not have delegated to them functions and responsibilities which it should exercise itself: in particular, it must remain responsible for the execution of the programmes and the budgetary resources devoted to them; - considerably strengthen the concept and status of the networks and define the obligations of each member in a contract, compliance therewith being a basic condition for the granting of funds; - provide for annual audits so that the accounts of all the organizations involved may be monitored; - ensure that the networks are viable in the long term. In particular, it must decide clearly whether or not to maintain the principle of cofinancing; - provide for adequate human resources to cope with its obligations without systematically entrusting to third parties tasks for which it is responsible. The Court drew the specific attention of the budgetary authority to this last point, in the context of the considerable increase in the funds allocated to the Mediterranean countries under the MED programmes.