2003 discharge: European Centre for the Development for vocational training ECDVT budget

2004/2050(DEC) - 30/12/2004

This report from the Court of Auditors concerns the results of the audit carried out by the Court on the annual accounts of the European Centre for the Development of Vocational Training for the financial year ended 31 December 2003.

The Court has obtained reasonable assurance that the annual accounts for the financial year ended 31 December 2003 were reliable and that the underlying transactions, taken as a whole, were legal and regular.

The report highlights that the appropriations entered in the final budget amount to EUR 14.7 million of which EUR 15.4 million were committed with EUR 11.3 million paid. EUR 4.2 million were carried over from the previous financial year and no appropriations were cancelled.

In its report, the Court states that in 2003 the Centre received Phare subsidies and contributions from third countries including Norway amounting to EUR 791 844. Contrary to the principles of budgetary unity and accuracy, the Centre did not use an amending budget to include the amount of these 2003 subsidies in its budget.

The Court notes that the Centre's new financial regulation and the detailed rules for its implementation were adopted by the Management Board on 31 March 2003. These rules specify that a new internal audit system is to be set up. Changes to the Centre's financial organisation and its accounting system were not yet complete at the end of the year. In accordance with the Centre's financial regulation, the accounting officer is to validate the systems laid down by the authorising officer to supply or justify accounting information. There has been no such validation.

The Court highlights that the Centre has set up a 'contracts unit' to ensure that contracts to be awarded for studies are correct, but this unit is not informed about the procedures that are under way until the selection reports have been signed. It is unable to do anything to prevent irregularities at the initial stages (choice of procedure, examination of invitations to tender and publicity measures). Extending

this unit's powers appears especially necessary insofar as a study of various files has brought to light inconsistencies and formal errors in the management of contract award procedures.

The Court states that in 2003 the Centre had a list of potential contractors following a call for expressions of interest (CEI) which was issued in 2000. This list was drawn up and centralised under the authority of the permanent Chairman of the Evaluation Boards. By means of this list, the Centre was able to launch a restricted procedure among the potential contractors on the list, without the need to publish or declare selection criteria. In 2003, five files on restricted procedures using CEIs were examined. In three cases (total contract value: 79 800 euro) giving rise to payments in 2003, the successful contractors did not appear on this list and no explanation was given for this situation. In view of this finding, the relevance of the existence of such a list of contractors could be called into question. The Court notes, moreover, that as the list has not been updated, the Centre gives a somewhat inconsistent picture of its selection procedures.

Lastly, on examination, recruitment files and a number of individual files were found to have formal and documentary shortcomings which prevented the necessary transparency with regard to the decisions taken on recruitment and the financial impact of those decisions when calculating pay.

Responding point by point to the observations made by the Court, the Centre states that it ought to have normalised the receipt of funds relating to the subsidy from the non-member countries and to the 'Phare' contract by means of a supplementary and amending budget.

The necessary financial adaptation due to the financial reform began in 2003 and should be completed in 2005. As regards the adaptation of the accounting system, the Centre is making the necessary changes in accordance with the priorities set. The Centre makes clear that it is correct that the accounting system has still not been validated. This is due to the changes that must still be made to fully implement the accounting reform. The validation should take place in the course of 2005.

The Reform and the complexity of procurement and contract management issues in conjunction with the difficulties presented by a decentralised modus operandi reinforced the need for a centralised system of procurement and contract management operations. In this regard, and following the Director's Decision 2004/1, the Legal and Contract Management Service is solely in charge of direct centralised procurement and contract management at Cedefop and in this capacity takes care of and transacts all formal, legal and administrative tasks related to all stages and aspects of procurement at Cedefop. Finally, and as evidenced by the documentation provided to the Court of Auditors, the Centre would like to stress that the procedures which led to the awarding of all contracts were in compliance with the applicable rules.

Regarding the abovementioned contracts, Cedefop would like to point out that either the contracts concern the year 2002 or are low-value contracts. The Centre states that even though their names did not appear on the list presented to the auditors (as a result of difficulties related to decentralised operations at that time), their status as qualified potential contractors cannot be disputed.

Lastly, the Centre would like to stress that the procedures which led to the awarding of the contracts at issue were in compliance with the applicable rules.