2004 discharge: Translation Centre for the Bodies of the European Union

2005/2113(DEC) - 05/10/2005 - Court of Auditors: opinion, report

This report from the Court of Auditors concerns the annual accounts of the Translation Centre for the bodies of the European Union for the financial year ended 31 December 2004.

The Court is of the opinion that the Centre's accounts for the financial year 2004 are, in all material respects, reliable. The transactions underlying the Centre's annual accounts, taken as a whole, are legal and regular.

The report shows that the appropriations entered in the final budget amount to EUR 29 824 000 with EUR 21 001 000 committed and EUR 19 248 000 paid. EUR 1 753 000 was carried over to 2005 and EUR 8 823 000 was cancelled. The outstanding commitments carried over from the previous year amount to EUR 1 216 000.

The Court highlights that the dispute over rent between the Centre and the Luxembourg authorities was resolved in 2004. Consequently there was no longer any need for the balance-sheet provision that had been created to cover the risks arising from this dispute. In order to remove this provision, the Centre, by means of an amending budget, increased its expenditure by the amount of the provision and at the same time offset this by entering a negative amount in a provision heading. This operation calls for the following two remarks:

- the entry in the budget of amounts which did not correspond to the requirements of the financial year does not comply with the principle of budgetary accuracy;

- the Centre's recording of the provision in its revenue and expenditure account would have sufficed from the point of view of the legality and transparency of the transaction.

The Centre cancelled appropriations for the financial year 2004 amounting to EUR 8,8 million. Even if EUR 4,1 million of these cancellations concerned provisions, the volume of the remaining cancellations is still too high (16 % of expenditure appropriations).

The conflict, which is already an old one, over the payment by the Centre to the Commission of employer' s contributions in respect of its employees' pension rights has not yet been resolved. In order to deal with the financial uncertainty resulting from this conflict, the Centre created provisions which, at the end of 2004, amounted to EUR 7,5 million, or more than a quarter of its balance sheet total. As the Court pointed out in its previous report, the Centre must step up its efforts to settle this dispute and thus liquidate this provision.

The Centre responds point by point to the Court's observations :

- the Centre introduced this operation in an amending budget for the sake of transparency and in order to inform the Management Board thereof as soon as possible, without waiting for the accounts to be closed. It should be noted that the outturn for the financial year was unaffected by the application of this approach. The Centre takes note of the Court's observation and will seek to improve its budgetary estimates.