2004 discharge: European Centre for the Development of Vocational Training

2005/2106(DEC) - 07/12/2005 - Court of Auditors: opinion, report

This report from the Court of Auditors concerns the annual account of the European Centre for the Development of Vocational Training for the financial year ended 31 December 2004.

The Court states that the Centre's accounts for the financial year 2004 are, in all material respects, reliable. Except for the case of one multiple framework contract, the transactions underlying the Centre's annual accounts, taken as a whole, are legal and regular.

The report shows that the payment appropriations entered in the final budget amount to EUR 16 596 with EUR 16 313 million committed with EUR 12 270 000 paid. EUR 1 317 000 was carried over to 2005 and EUR 836 000 were cancelled.

The Court notes that the Centre's financial regulation provides that a distinction must be made in the budget between commitment appropriations and payment appropriations, but this was not done in the budget published for the financial year 2004. Nonetheless, during the financial year in question the Centre managed its operating appropriations in accordance with the rules governing differentiated appropriations. This approach enabled it to reduce the volume of carry-overs of appropriations to the following financial year and thus to give a more accurate picture of its assets. For forthcoming financial years the Centre still needs to adapt its budget to the type of appropriations it is managing.

The Centre provides its staff with a canteen on its premises. Separate accounts are kept for the canteen's purchases and sales. These accounts are not subjected to the controls provided for in the financial regulation, and are also not included in the Centre's annual accounts. The Centre should rectify this situation.

The revenue and expenditure account for the financial year 2003 showed a loss of EUR 993 310. Pursuant to the provisions of the Centre's financial regulation, this result should have been entered in an amending budget for the financial year 2004.

As regards the issue of procurement, in the case of one multiple framework contract, the Centre selected as its first choice a service provider whose financial bid (amount: EUR 150 000) did not meet the conditions laid down in the specifications. Compared with the bid of the service provider chosen in second place (amount: EUR 94 500), this choice cost the Centre EUR 55 500 more, or over 50 %. More generally, a considerable number of contracts concluded by the Centre with consultants within the framework of its activity programmes were awarded on the basis of negotiated procedures. The competition rules were not always strictly applied in many of the procedures examined by the Court.

The recruitment files examined revealed inconsistencies in the procedures applied and the documents requested in each case. Such inconsistencies could be avoided by adopting a guide on recruitment procedures designed to ensure that they are transparent. The Court's examination of the files of individual members of staff also showed that the staff's financial entitlements are not monitored on a systematic basis. Monitoring would ensure that payments (family allowances, etc.) were no longer made to staff in cases where the grounds for entitlement no longer existed.

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

- it will take the measures necessary to ensure that its budget is presented correctly in future;

- the accounts of the canteen are kept separately for all current expenditure and revenue. They are recorded in a cash-book and are subject to controls, notably by the Greek tax authorities as regards VAT. However, the Centre takes good note of the Court's remark and will explore what possibilities exist to rectify the situation, for example through the use of the imprest Accounts;

- during its work, the Evaluation Committee based itself principally on the cost per day and not on the total cost of the required work, which led to the situation described by the Court. Cedefop will draft instructions for members of evaluation committees to ensure that they take good account of all the elements mentioned in calls for tenders, which will allow their work to be more transparent. In the case of the negotiated procedures, the Centre takes note of the comments made by the Court. The Centre has already put in place an action plan which aims to remedy the shortcomings identified. The new director took up her duties on 16 October 2005. Since then no more negotiated procedures with less than three candidates have been started and great care has been taken to ensure regularity in the tendering procedures;

- the preparation of a guide on recruitment procedures is one of the objectives for 2005. A periodical review of the entitlements to allowances of Cedefop's staff was introduced in 2005.