

2004 discharge: European Training Foundation

2005/2116(DEC) - 05/10/2005 - Court of Auditors: opinion, report

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 Training Foundation for the financial year ended 31 December 2004. The Court states that its audit was planned and performed to obtain reasonable assurance that the accounts are reliable and the underlying transactions are legal and regular. The Foundation's accounts for the financial year ended 31 December 2004 are, in all material respects, reliable. The transactions underlying the Foundation'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 18 400 000 with EUR 18 122 000 committed and EUR 16 044 000 paid. EUR 2 078 000 was carried over to 2005, and EUR 278 000 cancelled. The outstanding commitments carried over from the previous financial year were EUR 2 012 000.

The Court makes the following observations:

-the Tempus programmes, which are managed by the Foundation under a Commission mandate, are not shown in the Foundation's budget. This situation does not comply with the principles of unity and budget accuracy, as the Court has pointed out before on several occasions;

-the Foundation sets out the financial information concerning these programmes in an annex to its annual accounts. Managing these programmes is, however, an integral part of the Foundation's work and takes up a significant part of its human and material resources. The Foundation's accounts, which are supposed, amongst other things, to faithfully reflect its revenue and expenditure, cannot simply exclude the expenditure incurred within the framework of these programmes;

-the Foundation's budget published in the Official Journal specifies the revenue and expenditure by title and chapter only, without further subdividing them into articles and items as required by the budgetary principle of specification. Moreover, it does not contain an establishment plan;

-the revenue and expenditure account for the financial year 2003 shows a loss of EUR 1.3 million euro. This balance should have been entered in an amending budget for the financial year 2004.

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

-the implementation from 2005 onward by the Foundation of the modernised EU accounting practices solves the difficulty reported by the Court. Ever since the Court highlighted its concerns, the Foundation has analysed the alternatives to integrate TEMPUS funds into its budget. Due to the characteristics of the mandate given to the Foundation and the applicable financial rules, no satisfactory solution could be found to integrate them in the Foundation's budget. In consequence, the Foundation's 2004 accounts were presented the way used the preceding years. Nevertheless, the Foundation managed these funds with the same rigour as its own budget, and their use has been reported in an annex to the Foundation accounts as well as in the Commission's accounts.

-the costs of publishing the details of the budget in the OJ were felt to be disproportionate for an agency with an annual budget of less than EUR 20 million. The Foundation took care to give to the readers all the necessary indications to obtain a fully detailed electronic version of its budget;

-the Foundation has taken measures to avoid such a situation in the future.

