

2004 discharge: European Monitoring Centre for Drugs and Drug Addiction

2005/2110(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 Monitoring Centre for Drugs and Drug Addiction 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 Agency's accounts for the financial year ended 31 December 2004 are, in all material respects, reliable. The transactions underlying the Agency'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 12 244 000 with EUR 11 951 000 committed and EUR 9 262 000 paid. EUR 1 737 000 was carried over to 2005, and EUR 1 245 000 cancelled. The outstanding commitments carried over from the previous financial year were EUR 2 039 000.

The Court makes the following observations:

- more than a hundred transfers of appropriations were made during the financial year 2004; the transfers made from certain items were compensated for by transfers in the opposite direction. Amendments on this scale make the management of the Monitoring Centre very cumbersome and show that the necessary rigour is not being applied to compliance with the budgetary principle of specification;
- the checks carried out on the implementation of contracts revealed a number of anomalies. Although, considered individually, these anomalies do not call into question the regularity of the transactions concerned, their frequency should induce the Monitoring Centre to strengthen its internal control system;
- no reconciliations between bank balances and the accounts are carried out and the errors in the amounts to be paid are not always detected. Moreover, the accounting officer's instructions to the bank are not countersigned by a second person. As this is a high-risk area, internal control procedures should be strengthened without delay;
- the data concerning fixed assets are compiled with the aid of electronic calculation sheets, which does not guarantee the integrity of the data recorded. A reliable computer system must be used to monitor the fixed assets;

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

- the final budget was adopted only in May 2004 owing to enlargement. Therefore, it was necessary to make numerous transfers in order to ensure the implementation of the work programme;
- the Monitoring Centre has implemented the following measures in order to improve the management of its contracts: a more precise procurement planning in terms of defining requirements; training for managers; the development of standard contract forms; the clarification of the internal procedures used for commitments; and the introduction of checklists for payments and other budgetary operations;

- in order to take account of the Court's observation, the Monitoring Centre put in place a monthly reconciliation procedure in September 2005, providing for the signature of the Accounting Officer and submission to the Authorising Officer. It will implement a countersigning system as soon as possible;
- the implementation of a new, more effective, inventory system made it necessary to use calculation sheets in order to ensure continuity of management. The closure of inventory 2005 will be based on this new system.