

2004 discharge: European Monitoring Centre for Racism and Xenophobia

2005/2109(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 on Racism and Xenophobia for the financial year ended 31 December 2004. The European Monitoring Centre on Racism and Xenophobia was established by Council Regulation 1035/97/EC of 2 June 1997.

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 observations which follow do not call the Court's opinion into question.

The report shows that the appropriations entered in the final budget amount to EUR 7 900 000 with EUR 6 311 000 committed and EUR 5 444 000 paid. EUR 867 000 was carried over to 2005, and EUR 1 589 000 cancelled. The outstanding commitments carried over from the previous financial year were EUR 1 277 000.

The Court makes the following observations:

- the cancellations of the appropriations carried over from the previous financial year remained at the same level (20 %) as last year. There is a need for the Centre to improve the way carryovers are established;
- internal control standards have been developed. These standards have not yet been formally adopted by the Centre's Management Board as required by its Financial Regulation. A risk analysis should be carried out in order to assess their relevance;
- the Centre annually carries out a tendering procedure for selecting 25 national focal points under RAXEN. Contrary to the Centre's rules for the implementation of its financial regulation, the relative weighting to be applied in order to determine the most economically advantageous offers were included neither in the procurement notice nor the tender documents. One out of the 25 contracts was not awarded to the offer identified as being the most economically advantageous. In the case of one contract for the provision of administrative services the documents relating to the tendering procedure used could not be traced. In another similar case, the services were directly awarded although, there was no reason justifying such procedure. In a last case, the contract was not awarded to the lowest bidder.

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

- the Centre has taken measures to reduce the level of carryovers at the year end. It continues to improve controls so as to ensure that the amounts carried over reflect more accurately the value of outstanding obligations;
- the Internal Audit Capability has presented internal control standards to the Executive Board in February 2005, in view of their formal adoption in October 2005 after examination. A risk analysis is being carried out. The Internal Audit Capability has reviewed the existing checklists. More relevant checklists will be put in place before the end of 2005;

- the Centre is reviewing its procedures and new ones will be issued before the end of 2005 to avoid the repetition of the situations described by the Court;
- the directly awarded contract concerned security services which were considered to be sensitive and therefore not fit for a general invitation to tender. In 2005, the Centre has launched a call for tender in order to test this specific market.