

2005 discharge: European Centre for the Development of Vocational Training

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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 2005.

The Court states that the Centre's accounts for the financial year 2005 are, in all material respects, reliable. Subject to the reservation concerning irregularities in 5 contracts, 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 17 093 000** with zero appropriations being committed. However, EUR 14 381 000 was paid. EUR 1 014 000 was carried over to 2006 and EUR 1 740 000 were cancelled.

The Court notes that the Centre's budget for the financial year 2005 shows a utilisation rate of 90 % of commitment appropriations and approximately 85 % of payment appropriations. However, the appropriations for operating activities were under-utilised (cancellations of 15 % of commitment appropriations, 20 % of payment appropriations and 15 % of appropriations carried over), in particular after the reorganisation of the procedures for awarding contracts. The Centre must fine-tune the programming of its work and ensure that it is monitored more rigorously. In this connection, the Court notes that activity-based management has not been introduced, even though the Centre's financial regulation provides for this form of management with a view to improved performance monitoring.

The Court states that the accounting software (FIBUS) used by the Centre does not allow expired commitments to be blocked and the procedure for the electronic signing of payment orders does not comply with the provisions currently in force. Operations cannot easily be traced within the FIBUS system. The Centre should remedy the shortcomings identified and consider replacing its present accounting software as soon as possible with the new system proposed by the Commission for the Agencies.

Some of the accounting officer's duties are performed by departments for which the authorising officer is responsible. Closure adjustments of around EUR 700 000 were thus made in the accounts on the initiative of the authorising departments, but these departments did not document them. Application of the principle of the segregation of the duties of authorising officer and accounting officer would have prevented such a situation.

The Centre has neither made a risk analysis to date, nor defined the nature and frequency of ex post checks, and there are no descriptions of the management procedures and internal control systems. In 2005, the accounting officer had still not validated the financial information systems.

As regards **staff complaints**, the Centre set up an appeals committee in 2000 to deal with these. In one case, this committee, acting beyond its powers, granted allowances that were not envisaged in the rules in force. In 2005, an important management post was filled via an internal selection procedure when an external procedure would have provided a wider range of candidates. Actually only one candidate participated in the selection and was appointed to the post. Moreover, two of the criteria adopted for the evaluation of applications were not applied strictly enough to ensure the quality of the selection in question. The Court reiterates the observation made in its previous annual report on the need for the Centre to tighten up its recruitment procedures.

The Court examined **six contracts** that were concluded in the financial year 2005. All but one were affected by irregularities. In two of the cases examined, the competition rules had not been observed.

The Court notes that the Centre has set up 17 internet and intranet sites using different types of technology. The management of these sites and the IT systems supporting them is fragmented engendering technical risks and excessive costs.

The Centre responds point by point to the Court's observations and states that it has taken prompt measures to ensure the strict application of the rules governing procurement procedures, and it strictly limited the use of negotiated procedures. Those measures and the weaknesses of the procurement service affected the level of budget execution.

While ensuring the regularity of procedures, the Centre has progressed in improving its planning and will introduce activity based budgeting. The Centre is considering replacing Fibus with the software

proposed by the Commission. Steps have also been taken to reorganise the Finance/Procurement Service and this will also ensure the clearer separation of functions called for by the Court. The Centre is aware that the correct procedure is for the authorising officers (by delegation) to propose the adjustments in question to the accountant. The Centre is working to improve the situation.

The Centre takes note of the remarks of the Court on the issue of recruitment. The appeals committee has been established by the Governing Board as an organ distinct from the director for dealing with complaints to increase objectivity. The Centre considers that it is correct in law and that it is a reasonable use of the power to designate appointing authorities which belongs to every organisation under the staff regulation. In order to foster competition, the Centre has decided end of 2005 to favour the running of internal/interinstitutional and external phases, to increase publicity and to apply EPSO standards for selection. Concerning the two criteria mentioned, the jurisprudence states that it is the responsibility of the jury to appreciate if criteria correspond to the level requested.

Lastly, the Centre has revised and tightened up all procurement and award procedures and taken the necessary measures to adapt the organisation. Checks safeguard that procedures are conducted in a regular way. Specific measures such as suspension of payments and special audits have been taken in regard to former procedures and contracts which have been criticised by the Court or the IAS to contain risks.