2005 discharge: European Monitoring Centre for Racism and Xenophobia

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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 2005. 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 8 279 000** with EUR 7 608 000 committed and EUR 6 290 000 paid. EUR 1 408 000 was carried over to 2006 and EUR 581 000 cancelled.

In its report, the Court states that although the rate of commitment for the appropriations for the financial year 2005 was over 90 %, it was found that more than 50 % of the commitments for administrative expenditure were carried over and that in general there was a high rate of cancellation of the appropriations carried over (between 15 % and 25 %, depending on the title). This situation shows that there is still a need for the Centre to improve its expenditure planning and the way it monitors the implementation of this expenditure.

The Court noted that no activity-based management had been brought in, despite the Centre's financial regulation making provision for its introduction, on the lines of that applied to the general budget, with a view to improving the monitoring of performance. In this context, achieving the Centre's aims should not mean merely carrying out a series of tasks. It should rather be seen as contributing to the goals laid down in its basic Regulation. The Centre's work programme should, in principle, express this contribution in operational and measurable terms.

The Court states that the Centre had no system for planning and managing its equipment acquisitions. Furthermore, it did not make any cyclical checks on its inventory, although this would have improved the inventory's reliability.

Morever, the Centre's internal control system suffered from various shortcomings. The financial circuits set up by the authorising officer had not been described. The systems whereby the authorising officer and his delegates supplied information to the accounting officer had in particular not been validated by the latter.

The principle of the segregation of duties was not applied strictly, especially between the duties of initiation and verification. Furthermore, for commitments the lists of ex ante verifications should include sound financial management criteria.

As regards the recruitment procedure, the Court highlights that the rule whereby members of the selection boards must always be of a grade equivalent to or higher than that of the post to be filled was not always complied with.

In addition, the invitations to tender issued by the Centre do not offer much by way of explanation as regards the minimum quality of bids and the weighting of price factors. As a result of this situation, an adequate level of transparency cannot be guaranteed and risks are entailed as regards the quality of the

products and services to be provided. Barring a specific reason to the contrary, the price-quality ratio method should be used as it ensures that the goods and services to be purchased are of the highest possible quality.

The Centre responds point by point to the Court's observations. Firstly, it states that the high rate of the administrative appropriations carried forward is due to the fact that the Procurement Section was created late in 2005. Tenders were launched after this, in order to ensure the legality of the procedures. A procedure has been put in place to decrease the level of cancelled carry-overs. Future budgetary transfers will be fully documented.

The Annual Work Programme 2006 has been prepared in a format which meets the needs of Article 40 of the Framework FR, setting the key activities, objectives, tasks, output, performance

indicators, and outcome/impact of the work of the Centre. Consequently, the Annual Activity Report for year 2006 will be drawn corresponding to the structure of the Work Programme thus providing the required performance indicators and performance review based on quantifiable data.

The Centre also states that:

- an inventory management application has been procured and is currently configured and installed;
- an inventory count is planned to be performed in the last quarter of the year;
- the financial workflows were changed to improve internal controls over transactions and adhere to the requirements of the Financial Regulation.

Whilst the EUMC's staffing table foresees a total of only 37 posts, it is very difficult and, in some cases impossible, to constitute boards with agents having at least the same grade of the position to be filled. The Centre will consider improving the clarity of information provided in the call for tenders and shall apply the method of 'price/quality' ratio where it is deemed to be appropriate.