2005 discharge: European Monitoring Centre for Drugs and Drug Addiction

2006/2157(DEC) - 19/12/2006

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 2005.

The Court states that the Agency's accounts are, in all material respects, reliable and that the transactions underlying the Agency'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 12 816 000** with zero appropriations committed and EUR 10 933 000 paid. EUR 1 088 000 was carried over to 2006 and EUR 796 000 cancelled.

The Court makes the following observations:

- the utilisation rate of commitment appropriations is greater than 90 %, whereas the corresponding rate for payment appropriations is only 85 %. Expenditure on administration shows a high carry-over rate of almost 40 %. This situation is the result of concentrating purchases in the latter part of the year, which has concomitant risks for the quality of acquisition procedures.

The Court is of the opinion that the Centre should manage its procurement policy better, in order to avoid carrying over appropriations, which makes management more cumbersome;

- regarding the management, the Centre has prepared an activity-based budget. This initiative must be taken further with a view to improved performance monitoring and evaluation of its effectiveness by introducing analytical accounts so that the cost of the Centre's various activities can be ascertained;

- in its previous report, the Court noted that only the accounting officer's signature was needed for the bank accounts, and the Centre undertook to implement a countersigning system.

As at February 2006, no such system had yet been introduced. The fixed asset inventory systems are not included in the general accounts. Without a reliable labelling system, the traceability of the assets entered in the inventory cannot be assured;

- there are deficiencies in the staff recruitment procedures. In one selection procedure, the selection board was not composed in accordance with the parity principle established in the Staff Regulations. In another case, the successful candidate had not obtained the best assessment in the selection procedure;

- at the end of 2004, a member of staff was sent on a long-term (two-year) mission to Brussels. It has not been possible to ascertain the purpose of this mission, which had cost around EUR 70 000 (in pay and allowances) by the end of 2005, and the person concerned did not have a heavy workload. When the mission was terminated, he was seconded to the Commission, yet the Centre continued to pay his salary;

- a number of anomalies were revealed in the course of checks on procurement and contracting procedures. In two cases, the earliest date for the receipt of bids after the date of the invitation to tender was not adhered to. In one supplementary contract procedure, the value of the works exceeded the ceilings laid down in the regulations. In two cases audited, there was no formal decision concerning the appointment of the members of the committee responsible for opening the bids or the members of the evaluation committee. Lastly, in one case the contract value was clearly under-estimated, which infringed the principle of the equal treatment of tenderers.

The Monitoring Centre responds point by point to the Court’s observations. In particular, it has taken note of the Court’s observation and has taken steps to improve the planning of its calls for tenders, spreading them more evenly over the year. It will continue its efforts which, in 2005, allowed it to increase the rate of utilisation of payment appropriations compared with 2004 levels (from 77 % to 85 %), especially with regard to administrative expenditure (Title II).

In addition, the Monitoring Centre has taken note of the Court’s observation and will continue to develop its activity-based management system. In place since 2001, this system calculates the cost of the Monitoring Centre’s projects and programmes, though strictly speaking it is not an analytical accounting system.

From 2006, the Monitoring Centre established an automatic link between budgetary and general accounting and implemented a double signature system for the management of its bank accounts. Reconciliation between the accounts and the inventory is scheduled for the month of January following the end of the relevant financial year. In addition, in July 2006 the Monitoring Centre completed a physical check of its inventory items. The results of this check were entered in a dedicated computer system.

Pending a final agreement with the Commission on the rules for implementing the Staff Regulations, the Monitoring Centre will continue to apply the principles governing Community recruitment procedures to all its selection procedures.

As its staff complement is relatively small, the Monitoring Centre ensures at all times that a representative of the Staff Committee participates in the selection committees as a full member. In future, the Monitoring Centre will state explicit reasons why it selected the successful candidate if the selection deviates from the ranking drawn up by the selection committee.

The Monitoring Centre terminated the mission with effect from 31 May 2005. At the end of 2005, the Monitoring Centre decided, in accordance with Article 38 of the Staff Regulations, to second the staff member in question to the Commission for a duration of 9 months, without the possibility of extension. As agreed with the Commission, the salary of this staff member would be paid by the Monitoring Centre.

The Monitoring Centre has also taken the following steps in particular:

- to improve the planning of its calls for tenders, above all to keep emergency cases to a minimum;
- to provide a more structured use of framework contracts;
- to formalise the appointment of members of the tender opening and evaluation committees;
- to provide greater support to authorising officers by delegation and to managers in the awarding of contracts and the granting of subsidies.