2005 discharge: European Maritime Safety Agency

2006/2164(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 Maritime Safety Agency for the financial year ended 31 December 2005.

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 2005 are, in all material respects, reliable.

The report shows that the appropriations entered in the final budget amount to **EUR 35 360 000** with EUR 15 176 000 committed and zero being paid. EUR 494 000 was carried over to 2006 and EUR 19 690 000 cancelled (payment appropriations).

The Court makes the following observations:

- the implementation of the budget for the financial year 2005 was affected by delays observed in staff recruitment, as shown by the commitment rate of less than two-thirds of the budgeted appropriations under Title I (staff expenditure). This situation had repercussions on the utilisation of appropriations for administrative expenditure (Title II, with two-thirds of appropriations committed) and, in particular, on the utilisation of appropriations for operating activities (Title III), with a payment rate of only 33 %;

- that activity-based management has not been brought in, even though the Agency's financial regulation made provision for its introduction, on the model that was applied to the general budget with a view to better monitoring of performance;

- the computerised accounting system for the general accounts allows direct changes to be made to accounting records without corrective journal entries. Moreover, the register of liabilities to be entered in the balance sheet should be checked more carefully: they are actually overestimated by at least EUR 92 000 (i.e. almost 10 % of current liabilities) corresponding to goods and services not yet received at 31 December 2005;

- the documentation of transactions, a prerequisite for a valid system of internal control, shows some weaknesses. Files which relate to commitments and payments are often incomplete or confused, which makes transactions difficult to trace. It is also difficult to monitor contracts entered into by the Agency;

- contract clauses which provide for pre-financing are not standardised with regard to the provision of bank guarantees;

- there are various shortcomings in the management of public procurement. For one contract made up of several lots, the composition of the tender evaluation committee did not comply with the regulatory requirements. In addition, the file concerning the awarding of one lot contained incomplete documentation.

The Agency responds point by point to the Court's observations. It states that the implementation of the budget for the financial year 2005 did suffer from delays in recruitment. A recruitment plan has been established in order to prevent similar delays in 2006. For Titles II and III the payment rates should be higher in 2006, especially for anti-pollution for which contracts have already been signed and payments scheduled.

An activity-based budget management document was presented at the Agency's Administrative Board meeting in June 2006. This document describes the different activities of the Agency and relates them to the corresponding budgets. This initial activity-based management approach will be refined during

the second half of 2006.

Since April 2006, the Agency has been using ABAC, the Commission's accounting system, which does not allow accounting records to be changed without corrective journal entries. Following the Court's observation, particular attention will be given to the register of liabilities to be entered into the balance sheet within the framework of the procedure for processing the automatic carry-overs for 2006-2007.

Following an observation by the Court, the Agency's financial service has revised the control lists, in particular in the field of commitments, payments and the award of contracts. A control list of the supporting documents to be included in a contract award file will be made available to the staff concerned. The database concerning the monitoring of contracts concluded by the Agency will be updated as soon as possible.

Following an observation by the Court, harmonisation of the processing of advance payments and associated guarantees will be introduced.

It is true that one company selected had not provided a list of similar projects which it had carried out, but this request was only conditional.