

REPORT**on the annual accounts of the European Monitoring Centre on Racism and
Xenophobia for the 2003 financial year together with the Monitoring Centre's replies**

(2004/C 324/13)

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INTRODUCTION

1. The European Monitoring Centre on Racism and Xenophobia ('the Centre') was established by Council Regulation (EC) No 1035/97 of 2 June 1997 ⁽¹⁾. The Centre's primary tasks are to provide the Union and the Member States with reliable information on racism, xenophobia and anti-semitism in the Union and to cooperate with the Council of Europe in these areas. Table 1 is based on information forwarded by the Centre and gives a brief overview of its responsibilities and activities.

THE COURT'S OPINION

2. This opinion is addressed to the European Parliament and the Council, in accordance with Article 185(2) of Council Regulation (EC, Euratom) No 1605/2002 ⁽²⁾.

3. The Court has examined the annual accounts of the Centre for the financial year ended 31 December 2003. In accordance with Article 12(8) of Council Regulation (EC) No 1035/97, the budget was implemented on the Director's responsibility. This responsibility includes the drawing-up and presentation of the accounts ⁽³⁾, in accordance with the internal financial provisions adopted under Article 12(12) of Council Regulation (EC) No 1035/97. The Court of Auditors is required under Article 248 of the Treaty establishing the European Community to examine these accounts.

4. The Court performed its audit in accordance with its auditing policies and standards. These have been adapted from generally accepted international auditing standards to reflect the specific nature of the Community context. It examined the accounting documents and applied the audit procedures it considered necessary in that context.

5. The Court thus obtained reasonable assurance that the annual accounts for the financial year ended 31 December 2003 are reliable. Subject to the matter described in paragraph 13, the Court obtained reasonable assurance that the underlying transactions, taken as a whole, are legal and regular.

⁽¹⁾ OJ L 151, 10.6.1997, p. 6.

⁽²⁾ OJ L 248, 16.9.2002, p. 1.

⁽³⁾ As required by Article 12(10) of Council Regulation (EC) No 1035/97 the accounts for all the Centre's revenue and expenditure for the financial year 2003 were drawn up on 9 September 2004 and forwarded to the Court of Auditors, which received them on 24 September 2004. A summarised version of those accounts is presented in the tables annexed to this report.

OBSERVATIONS

6. The implementation of the appropriations of the financial year 2003 and the appropriations carried over from the previous financial year is shown in Table 2 ⁽⁴⁾. The Centre's balance sheet and revenue and expenditure account for the financial year 2003 are summarised in Tables 3 and 4.

7. The level of carry-overs of appropriations under Title III, Operating activities, remained high, but was lower than the previous year (36 % in 2003 and 40 % in 2002). The Court once again ⁽⁵⁾ draws the Centre's attention to the necessity of observing the principle of annuality more fully when planning and monitoring its activities.

8. Of the appropriations carried over from the financial year 2002 to the financial year 2003 (1,5 million euro), 20 % were cancelled at the year-end. This is a large percentage, showing that the justification for the automatic carry-overs of 2002 appropriations was poor, especially in the case of provisional commitments. Carry-overs of appropriations must be strictly limited to obligations duly contracted at the close of the financial year.

9. On 3 March 2003 the Centre signed a convention with the Commission concerning the establishment of an information network for the candidate countries in central and eastern Europe. The project receives funding via Phare subsidies totalling 845 000 euro. In accordance with Article 4 of the convention the Centre received an advance of 676 000 euro (80 %) in 2003. Contrary to the principles of budget unity ⁽⁶⁾, the Centre did not use an amending budget to include the amount of the 2003 Phare subsidy in its budget.

10. As the Court has already pointed out, in its 2002 Report ⁽⁷⁾, the Centre should establish an efficient system for managing and monitoring revenue to be collected. A system of that type would avoid the delays that were observed in the issue of recovery orders and the recovery of VAT.

11. As of 31 December 2003 the recovery orders relating to the Austrian authorities' reimbursement of rent for the period May to August 2003 (37 017 euro) had not been drawn up.

⁽⁴⁾ All the tables in the Report were drawn up on the basis of the most exact values possible for the data used. Figures have been rounded, for presentational purposes, which may produce minor differences in totals. A dash indicates a non-existent or zero value and 0,0 indicates a value below the rounding threshold.

⁽⁵⁾ See paragraph 7 of the 2002 report (OJ C 319, 30.12.2003, p. 70).

⁽⁶⁾ See Articles 4 to 6 on the principle of unity and budget accuracy and Article 19(3) of the Centre's financial regulation.

⁽⁷⁾ See paragraph 9 of the Report concerning the 2002 financial year (OJ C 319, 30.12.2003, p. 70).

12. An amount of 333 474 euro of VAT paid in 2000 has still not been recovered. If exchange-rate differences are taken into account, the total is understated by 19 242 euro. The Centre must step up its efforts to obtain the VAT reimbursement. Furthermore, the VAT accounts are not regularly analysed and justified. As an example, one VAT reimbursement of around 78 000 euro had not been included as budget revenue and remained as an entry in a suspense account.

13. In 2003 the Centre placed three contracts (for a total of 181 078 euro) with the same supplier, through the negotiated

procedure, even though each of the contracts exceeded the 13 800 euro ceiling that applies to that procedure and the conditions that allow the limit to be exceeded were inapplicable.

14. The Centre invited applications from internal candidates for two recruitments. In one case there was only one applicant, and in the other only two. In view of the Centre's size, this type of procedure limits competition between candidates.

This Report was adopted by the Court of Auditors in Luxembourg at its meeting of 29 and 30 September 2004.

For the Court of Auditors
Juan Manuel FABRA VALLÉS
President

Table 1
European Monitoring Centre on Racism and Xenophobia (Vienna)

Areas of Community competence deriving from the Treaty	Competence of the Centre as defined in the Council Regulation (Council Regulation (EC) No 1035/97 of 2 June 1997)	Governance	Resources available to the Centre in 2003 (2002 figures)	Products and services supplied in 2003
<p>Collection of information</p> <p>— The Commission may, within the limits and under conditions laid down by the Council in accordance with the provisions of this Treaty, collect any information and carry out any checks required for the performance of the tasks entrusted to it.</p> <p>(Article 284)</p>	<p>Objectives</p> <p>— To provide the Community and its Member States with objective, reliable and comparable data at European level on the phenomena of racism, xenophobia and anti-Semitism</p> <p>— Close cooperation with the Council of Europe in order to avoid duplication and obtain added value</p> <p>Tasks</p> <p>— To study the extent and development of the phenomena of racism and xenophobia</p> <p>— To collect and analyse information, via the European Racism and Xenophobia Information Network (RAXEN) in particular</p> <p>— To carry out scientific surveys</p> <p>— To encourage widespread dissemination of such information</p> <p>— To formulate opinions for the Community and its Member States</p> <p>— To develop indicators and criteria to improve the comparability of data</p> <p>— To publish an annual report on the situation regarding racism and xenophobia.</p>	<p>1. Management Board</p> <p>Composition</p> <p>One independent person appointed by each Member State, one independent person appointed by the European Parliament, one independent person appointed by the Council of Europe and a representative of the Commission.</p> <p>Duties</p> <p>To adopt the work programme and the general annual report.</p> <p>2. Executive Board</p> <p>Composition</p> <p>— Chairman of the Management Board</p> <p>— representative of the Council of Europe</p> <p>— representative of the Commission</p> <p>— one other member of the Management Board (optional)</p> <p>3. Director</p> <p>Appointed by the Management Board on a proposal from the Commission.</p> <p>4. External audit</p> <p>Court of Auditors</p> <p>5. Discharge authority</p> <p>Parliament on a recommendation from the Council</p>	<p>Final budget:</p> <p>6,575 million euro (6,170 million euro) including Community contribution 98,9 % (98,9 %):</p> <p>Staff numbers at 31 December 2003:</p> <p>30 (28) posts in establishment plan, posts occupied: 26 (26)</p> <p>+ 4 (5) other staff (auxiliary contracts, seconded national experts, local and agency staff)</p> <p>Total staff: 30 (31)</p> <p>Assigned to the following duties:</p> <p>operational: 17 (19)</p> <p>administrative: 8 (8)</p> <p>mixed: 5 (4)</p> <p>Non-budgetary:</p> <p>Phare programme: 845 million euro (– million euro), staff: 4 (–)</p>	<p>RAXEN:</p> <p>number of contributions through national focal points: 165</p> <p>number of meetings: 3</p> <p>+ 22 reports in the PHARE programme framework and 3 meetings</p> <p>RESEARCH REPORTS:</p> <p>number of reports: 12</p> <p>number of meetings: 3</p> <p>Cooperation with the member states and the other institutions (number of events organised jointly):</p> <p>— Member States: 19</p> <p>— Commission: 2</p> <p>— European Parliament: 2</p> <p>— Council of Europe: 4</p>

Table 2
European Monitoring Centre on Racism and Xenophobia — Implementation of the budget for the 2003 financial year

Revenue		Expenditure										(million euro)					
		Allocation of expenditure					Appropriations carried over from the previous financial year						Available appropriations (2003 budget and financial year 2002)				
Source of revenue	Revenue entered in the final budget for the financial year	Revenue received	Final budget appropriations					Appropriations carried over from the previous financial year					Available appropriations (2003 budget and financial year 2002)				
			entered	committed	paid	carried over	cancelled	commitments outstanding	paid	cancelled	commitments	paid	cancelled	commitments	paid	cancelled	
Community subsidies	6,5	5,6	2,8	2,7	2,6	0,1	0,1	0,2	0,1	0,1	2,9	2,7	0,1	3,0	2,9	0,1	0,2
Other revenue	0,1	0,2	0,6	0,5	0,4	0,1	0,1	0,1	0,0	0,0	0,6	0,4	0,0	0,6	0,4	0,1	0,1
			3,2	2,8	1,7	1,2	0,4	1,2	1,0	0,2	4,0	2,7	1,2	4,4	2,7	1,2	0,5
Total	6,6	5,8	6,6	6,0	4,7	1,3	0,6	1,5	1,2	0,3	7,5	5,9	1,3	8,1	7,5	1,3	0,9

NB: Totals may include differences due to rounding.

Source: Data supplied by the Centre. These tables summarise the data supplied by the Centre in its own accounts.

Table 3

European Monitoring Centre on Racism and Xenophobia — Revenue and expenditure account for the financial years 2003 and 2002

	(1 000 euro)	
	2003	2002
Revenue		
Community subsidies	7 318	4 320
Other revenue	374	
Financial revenue	21	43
PHARE revenue	676	
Total revenue (a)	8 389	4 363
Expenditure		
<i>Staff — Title I of the budget</i>		
Payments	2 618	2 416
Appropriations carried over	64	187
<i>Administration — Title II of the budget</i>		
Payments	412	377
Appropriations carried over	51	60
<i>Operating activities — Title III of the budget</i>		
Payments	1 678	1 686
Appropriations carried over	1 162	1 234
<i>PHARE expenditure</i>		
Payments	377	
Appropriations carried over	694	
Total expenditure (b)	7 055	5 960
Outturn for the financial year (a – b)	1 334	– 1 597
Balance carried over from the previous financial year	– 1 579	– 8
Appropriations carried over, cancelled	301	52
Appropriations for re-use from the previous financial year, not used	38	151
Exchange-rate differences	5	2
Amounts refunded to the Commission		– 179
Balance for the financial year	98	– 1 579

NB: Totals may include differences due to rounding.

Source: Data supplied by the Centre. These tables summarise the data supplied by the Centre in its own accounts.

Table 4

European Monitoring Centre on Racism and Xenophobia — Balance sheet at 31 December 2003 and 31 December 2002

(1 000 euro)

ASSETS	2003	2002	LIABILITIES	2003	2002
Fixed assets			Own capital		
Computer software	72	70	Own capital	108	183
Computer equipment	148	140	Balance for the financial year	98	- 1 579
Equipment and furniture	250	235	<i>Subtotal</i>	207	- 1 396
Depreciation	- 362	- 262	Current liabilities		
<i>Subtotal</i>	108	183	Automatic carry-overs	1 277	1 482
Current assets			Sundry accounts payable	275	225
Community subsidies	23	13	VAT to be paid	454	507
Advances	0	1	PHARE liabilities	694	
Sundry accounts receivable	77	66	<i>Subtotal</i>	2 700	2 214
Recoverable VAT	456	541			
PHARE subsidy	169	0			
<i>Subtotal</i>	725	621	Suspense accounts and adjustment accounts		
Cash accounts			Sums to be reused		99
Bank accounts	2 073	113	<i>Subtotal</i>	0	99
<i>Subtotal</i>	2 073	113			
Total	2 906	917	Total	2 906	917

NB: Totals may include differences due to rounding.

Source: Data supplied by the Centre. The tables summarise the data supplied by the Centre in its own accounts.

THE MONITORING CENTRE'S REPLIES

7. In 2003 the execution of the budget and the implementation of the Work Programme were again affected adversely by the low level of payment appropriations available to the EUMC. In July 2003 the EUMC requested additional payment appropriations that were ultimately received only in December 2003. The EUMC would also like to emphasise the fact that in some Member States the official data that is used by the RAXEN network is not published until September. Despite all of the above, the level of carry-overs has decreased in comparison to 2002, as indicated by the Court. The EUMC will continue its efforts to further improve the situation.

8. The EUMC agrees with the observation made by the Court and has taken appropriate measures in 2003 to prevent this occurring in the future.

9. The EUMC decided not to publish its PHARE budget in an amending budget because the project dealt with non-Member States, therefore it was not within the scope of the EUMC's mandate as defined in its basic regulation. However, given the Court's observation, the EUMC has included the PHARE project budget in its amending budget 2004.

10 and 11. The EUMC agrees with the observation made by the Court and has taken measures to improve the controls over the creation of recovery orders.

12. The EUMC re-calculated and re-submitted its claim for the reimbursement of the amount of EUR 333 474 in VAT outstanding, which the Austrian authorities settled in June 2004. Regarding the EUR 78 000, the EUMC has amended its accounts accordingly. The VAT is now analyzed on a regular basis.

13. The EUMC agrees with the Court's observations and has, as a result, re-enforced internal controls with the introduction of a procurement helpdesk and additional training. The EUMC would like to point out that an open call for tender had been planned for 2003 but could not be implemented due to a lack of human resources (see reply to point 14). The EUMC made an open call for tender in 2004 for a framework contract for the organisation of meetings. The company that won this tender is the same company that was used throughout 2003. The fact that this company was selected following the correct procurement procedure in the years prior to 2003, in the opinion of the EUMC, suggests that there were no material adverse financial consequences.

14. Internal competitions are not an infringement of the staff regulations. Given the small size of the EUMC and the absence of permanent posts, a decision was made to fill the vacant temporary posts via internal competition so as to provide staff with a certain career perspective and to fill two key positions as rapidly as possible. The EUMC has, however, decided that in the future internal competitions will only be made if a certain level of competition is guaranteed.