

REPORT**on the annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2009, together with the Centre's replies**

(2010/C 338/28)

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INTRODUCTION

1. The European Monitoring Centre for Drugs and Drug Addiction (hereinafter 'the Centre'), which is located in Lisbon, was established by Council Regulation (EEC) No 302/93 of 8 February 1993 ⁽¹⁾. Its main task is to collect data on drugs and drug addiction in order to prepare and publish information at European level that is objective, reliable and comparable. The information is intended to provide a basis for analysing the demand for drugs and ways of reducing it, as well as, in general, phenomena associated with the drug market ⁽²⁾.

2. The Centre's 2009 budget amounted to 14,7 million euro, as compared with 15,1 million euro the previous year. The number of staff employed by the Centre at the end of the year was 78, the same as the previous year.

STATEMENT OF ASSURANCE

3. Pursuant to the provisions of Article 287(1), second subparagraph of the Treaty on the Functioning of the European Union the Court has audited the annual accounts ⁽³⁾ of the Centre, which comprise the 'financial statements' ⁽⁴⁾ and the 'reports on implementation of the budget' ⁽⁵⁾ for the financial year ended 31 December 2009 and the legality and regularity of the transactions underlying those accounts.

4. This Statement of Assurance is addressed to the European Parliament and the Council in accordance with Article 185(2) of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁶⁾.

The Director's responsibility

5. As authorising officer, the Director implements the revenue and expenditure of the budget in accordance with

the financial rules of the Centre under his own responsibility and within the limits of authorised appropriations ⁽⁷⁾. The Director is responsible for putting in place ⁽⁸⁾ the organisational structure and the internal management and control systems and procedures relevant for drawing up final accounts ⁽⁹⁾ that are free from material misstatement, whether due to fraud or error, and for ensuring that the transactions underlying those accounts are legal and regular.

The Court's responsibility

6. The Court's responsibility is to provide, on the basis of its audit, a statement of assurance as to the reliability of the Centre's annual accounts and the legality and regularity of the transactions underlying them.

7. The Court conducted its audit in accordance with the IFAC and ISSAI ⁽¹⁰⁾ International Auditing Standards and Codes of Ethics. Those standards require that the Court complies with ethical requirements and plans and performs the audit to obtain reasonable assurance about whether the accounts are free from material misstatement and whether the underlying transactions are legal and regular.

8. The Court's audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts and about the legality and regularity of the transactions underlying them. The procedures selected depend on its audit judgement including the assessment of the risks of material misstatement of the accounts or of illegal or irregular transactions, whether due to fraud or error. In making those risk assessments internal control relevant to the entity's preparation and presentation of accounts is considered in order to design audit procedures that are appropriate in the circumstances. The Court's audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the accounts.

9. The Court believes that the audit evidence obtained is sufficient and appropriate to provide a basis for the opinions set out below.

⁽¹⁾ OJ L 36, 12.2.1993, p. 1. This Regulation and its amendments were repealed by European Parliament and Council Regulation (EC) No 1920/2006 of 12 December 2006 (OJ L 376, 27.12.2006, p. 1).

⁽²⁾ The Table summarises the Centre's competences and activities. It is presented for information purposes.

⁽³⁾ These accounts are accompanied by a report on the budgetary and financial management during the year which gives, inter alia, an account of the rate of implementation of the appropriations with summary information on the transfers of appropriations among the various budget items.

⁽⁴⁾ The financial statements include the balance sheet and the economic outturn account, the cash-flow table, the statement of changes in capital and the annex to the financial statements which includes the description of the significant accounting policies and other explanatory information.

⁽⁵⁾ The budget implementation reports comprise the budget outturn account and its annex.

⁽⁶⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁷⁾ Article 33 of Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 (OJ L 357, 31.12.2002, p. 72).

⁽⁸⁾ Article 38 of Regulation (EC, Euratom) No 2343/2002.

⁽⁹⁾ The rules concerning the presentation of the accounts and accounting by the Agencies are laid down in Chapter 1 of Title VII of Regulation (EC, Euratom) No 2343/2002 as last amended by Regulation (EC, Euratom) No 652/2008 of 9 July 2008 (OJ L 181, 10.7.2008, p. 23) and are integrated as such into the Financial Regulation of the Centre.

⁽¹⁰⁾ International Federation of Accountants (IFAC) and International Standards of Supreme Audit Institutions (ISSAI).

Opinion on the reliability of the accounts

10. In the Court's opinion, the Agency's Annual Accounts⁽¹⁾ present fairly, in all material respects, its financial position as of 31 December 2009 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation.

Opinion on the legality and the regularity of the transactions underlying the accounts

11. In the Court's opinion, the transactions underlying the Centre's annual accounts for the financial year ended 31 December 2009 are, in all material respects, legal and regular.

12. The comments which follow do not call the Court's opinions into question.

COMMENTS ON THE BUDGETARY AND FINANCIAL MANAGEMENT

13. The Centre carried forward 339 000 euro of its 2009 appropriations for Title II — Administrative expenditure (26 %), 250 000 euro of which corresponded to commitments without any payment, mostly for activities related to 2010. Appropriate instructions and procedures for the analysis of potential carry-forwards should be put in place so as to reduce the volume of appropriations carried forward to the minimum necessary to cover the amounts still due against the year's commitments. Alternatively, the programming and the monitoring of activities should be improved with a view to reducing carry-forwards.

14. Pursuant to the decision of the Translation Centre's Management Board to redistribute part of its accumulated surplus, in December 2009 the Centre received a refund of 177 976 euro from the Translation Centre. As this amount was not a reimbursement, it should have been returned to the Commission, according to its instructions. Instead, the funds were used to pay for extra translation services, above the limit in its budget and no amending budget was proposed.

This Report was adopted by Chamber IV, headed by Mr Igors LUDBORŽS, Member of the Court of Auditors, in Luxembourg at its meeting of 14 and 16 September 2010.

For the Court of Auditors
Vítor Manuel da SILVA CALDEIRA
President

⁽¹⁾ The Final Annual Accounts were drawn up on 22 June 2010 and received by the Court on 6 July 2010. The Final Annual Accounts, consolidated with those of the Commission, are published in the *Official Journal of the European Union* by 15 November of the following year. These can be found on the following website <http://www.emcdda.europa.eu/html.cfm/index115776EN.html> or www.emcdda.europa.eu

Table

European Monitoring Centre for Drugs and Drug Addiction (Lisbon)

| Areas of Union competence deriving from the Treaty | Competences of the Centre (Regulation (EC) No 1920/2006 of the Parliament and of the Council of 12 December 2006) | | Governance | Resources made available to the Centre in 2009 (Data for 2008) | Products and services in 2009 (Data for 2008) |
|---|---|---|---|---|--|
| <p>The Union shall complement the Member States' action in reducing drugs-related health damage, including information and prevention.</p> <p>(Article 168(1) of the Treaty on the Functioning of the European Union)</p> | <p>Objectives</p> <p>To provide the Union and its Member States with factual, objective, reliable and comparable information at Union level concerning drugs, drug addiction and their consequences.</p> <p>The Monitoring Centre is to focus on the following priority areas:</p> <ol style="list-style-type: none"> (1) monitoring the state of the drugs problem, and emerging trends, in particular those involving multi-drug use; (2) monitoring the solutions and providing information on best practices; (3) assessing the risks of new psychoactive substances and maintaining a rapid information system; (4) developing tools and instruments to help Member States to monitor and evaluate their national policies and the Commission to monitor and evaluate Union policies. | <p>Tasks</p> <ul style="list-style-type: none"> — To collect and analyse data. — To improve data-comparison methods. — To disseminate data. — To cooperate with European and international bodies and organisations and with third countries. — To identify new developments and changing trends. | <p>1 — Management Board</p> <p>Comprises one representative from each Member State, two representatives of the Commission and two independent experts appointed by the European Parliament.</p> <p>It adopts the work Programme, the general activities report and the budget.</p> <p>2 — Director</p> <p>Appointed by the Management Board at the Commission's proposal.</p> <p>3 — Scientific Committee</p> <p>Delivers opinions. It consists of at most 15 well-known scientists appointed in view of their excellence by the Management Board following a call for expressions of interest. The Management Board may also appoint a panel of experts to the extended Scientific Committee for risk assessment of new psychoactive substances.</p> <p>4 — External audit</p> <p>Court of Auditors.</p> <p>5 — Discharge authority</p> <p>Parliament, acting on a recommendation from the Council.</p> | <p>Budget</p> <p>14,72 million euro (15,06 million euro). Union subsidy 97,44 % (93,61 %).</p> <p>Staff at 31 December 2009</p> <p>Number of posts in establishment plan: 82 (82)</p> <p>Posts occupied: 78 (78)</p> <p>+ 26 (26) other staff (auxiliary contracts, contract staff and temporary replacements)</p> <p>Total staff: 104 (104)</p> <p>Allocated to</p> <p>operational: 62,5 (62)</p> <p>administrative and IT support: 30 (32)</p> <p>mixed: 11,5 (10)</p> | <p>Network</p> <p>The Centre runs a computerised network for the collection and exchange of information called the 'European Information Network on Drugs and Drug Addiction' (Reitox); this network connects national drug information networks, specialist centres in the Member States and the information systems of international organisations working with the Centre.</p> <p>Publications</p> <ul style="list-style-type: none"> — Annual report on the state of the drug problem in Europe; 23 (23) language versions, publication and interactive website). — Selected issues (2 (3) issues, publication, EN, multilingual summaries 23 language versions). — Statistical bulletin and interactive website containing over 350 (350) tables, 100 (100) graphs. — General activities report — annual, EN. — Drugnet Europe newsletter — 4 issues, EN (4). — Drugs in Focus (policy briefings) — 2 (1) issues, 25 language versions. — EMCDDA Scientific Monograph — 1 (1), EN. — EMCDDA Insights — 1 (3), EN. — EMCDDA thematic papers — 4 (0). — Joint publications — 1, EN; 1, 23 language versions (0). |

| Areas of Union competence deriving from the Treaty | Competences of the Centre (Regulation (EC) No 1920/2006 of the Parliament and of the Council of 12 December 2006) | | Governance | Resources made available to the Centre in 2009 (Data for 2008) | Products and services in 2009 (Data for 2008) |
|--|---|--|------------|--|--|
| | | | | | <p>— Drug profiles — 3 new (5) and 11 updated (6), DE, EN, FR.</p> <p>— Technical and scientific studies, including Articles and scientific summaries 23 (53).</p> <p>— Scientific posters: 22 (0).</p> <p>— Data collection, validation, storage and retrieval system (Fonte).</p> <p>Other websites:</p> <p>Set-up/updating/content development of public EMCDDA website including:</p> <p>— Country overviews,</p> <p>— Drug treatment overviews,</p> <p>— European legal database on drugs,</p> <p>— Evaluation instruments bank,</p> <p>— Best practice portal (exchange on drug demand reduction action),</p> <p>— Thematic pages,</p> <p>— Publications database.</p> <p>Promotional brochures: 1 EN; 1, 25 language versions (6)</p> <p>Media products: 145 (177) miscellaneous products, 12 news releases (5 in 23 languages) and 6 fact sheets, EN.</p> <p>Participation in international conferences/meetings: 174 (203)</p> <p>Organisation of technical and scientific meetings: 29 (35).</p> |

Source: Information supplied by the Centre.

THE CENTRE'S REPLIES

13. The amount carried forward corresponds to 2 % of the EMCDDA's total budget commitments in 2009. This amount reflects an improvement compared to the previous year, as it represents a reduction of 25 % compared to the appropriations carried forward from Title II of the EMCDDA's 2008 budget.

Part of the carried forward amount concerns commitments that were affected by the move of the EMCDDA to its new premises, which delayed some procurement and budget operations to the last quarter of 2009.

The EMCDDA has taken measures to further reduce, as much as is possible, the volume of appropriations carried forward.

14. In accordance with Article 19(e) of the Financial Regulation applicable to the EMCDDA and pursuant to consolidated practice from previous years, the EMCDDA managed the appropriations received from the Translation Centre (177 976 euro) as an internal assigned revenue arising from the repayment of amounts previously paid. As such, the abovementioned appropriations were automatically made available when they were received and were used to meet translation needs that had been identified in the 2009 planning of activities. For the future, given that the issue at stake concerns several EU agencies, the EMCDDA is ready to take the measures that may be required to deal with this issue in accordance with a common approach.
