

REPORT**on the financial statements of the European Monitoring Centre on Racism and Xenophobia
(Vienna) (Period from 1 May to 31 December 1998), together with the Centre's replies**

(1999/C 372/09)

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OPINION OF THE COURT

1. This report is addressed to the Management Board of the European Monitoring Centre on Racism and Xenophobia (the Centre) in conformity with Article 12(11) of Council Regulation (EC) No 1035/97 ⁽¹⁾.

2. The Court has examined the financial statements of the Centre for its first financial year from 1 May to 31 December 1998. In accordance with Article 12(8), of Regulation (EC) No 1035/97, the budget was implemented under the responsibility of the Executive Director. This responsibility included the drawing up and presentation of the financial statements ⁽²⁾ in accordance with the internal financial provisions, as provided for under Article 12(12) of 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.

3. The Court undertook its audit in accordance with its audit policies and standards. These have been adapted from generally accepted international auditing standards to reflect the specific characteristics of the Community context. Accordingly, the Court carried out such tests of the accounting records and other audit procedures as it deemed necessary in the circumstances. Through the audit, the Court obtained a reasonable basis for the opinion expressed below.

4. This examination has allowed the Court to obtain reasonable assurance that the accounts for the financial year ended 31 December 1998 are reliable and that the underlying transactions are, taken as a whole, legal and regular.

MAIN OBSERVATIONS CONCERNING THE IMPLEMENTATION OF THE BUDGET OF THE EUROPEAN MONITORING CENTRE ON RACISM AND XENOPHOBIA (VIENNA) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 1998***Budgetary and general accounts***

5. The Centre has not yet established a proper accounting system in accordance with prevailing regulations. This should be done without further delay so that the Centre can establish an accurate accounting system covering budgetary as well as general accounts.

Carry-overs

6. The documentation justifying the amounts carried over is insufficient as most of the carry-overs relate to provisional commitments.

Advisory Committee on Procurements and Contracts (ACPC)

7. The Centre operated in temporary premises during 1998. Permanent premises have now been found. In order to be able to make proper investment decisions for the permanent premises an ACPC should be established for the Centre.

This report was adopted by the Court of Auditors in Luxembourg at its meeting of 13 and 14 October 1999.

For the Court of Auditors

Jan O. KARLSSON
President

⁽¹⁾ OJ L 151, 10.6.1997, p. 1.

⁽²⁾ As required under Article 12(10) of Regulation (EC) No 1035/97, the accounts for the Centre's revenue and expenditure for the financial year 1998 were drawn up on 18 March 1999 and forwarded to the Centre's Management Board, the Commission and the Court of Auditors. The Court received these accounts on 19 March 1999. A summarised version of these financial statements is presented in the tables attached to this report.

Table 1

Balance sheet as at 31 December 1998

(ECU 1 000)

Assets	1998	Liabilities	1998
Current assets		Fixed capital	
Amounts recoverable from the Commission	42	Balance for the financial year	- 42
Salary advances	78		
Recoverable VAT	14		
<i>Subtotal</i>	134	<i>Subtotal</i>	- 42
Cash accounts		Current liabilities	
Bank accounts	310	Automatic carry-overs of appropriations	292
		Salary payable	118
<i>Subtotal</i>	310	Social liabilities	29
		Commission account	42
Suspense account	9	VAT	14
		<i>Subtotal</i>	495
Total assets	453	Total liabilities	453

Source: Prepared by the Court of Auditors on the basis of data from the Centre.

Table 2

Revenue and expenditure account for the financial year 1998

(ECU 1 000)	
1998	
Revenue	
Subsidy received from the Commission	500
Miscellaneous revenue	4
Total revenue	504
Expenditure	
Staff expenditure — Title I of the budget	
Payments ⁽¹⁾	212
Appropriations carried over	120
Administrative expenditure — Title II of the budget	
Payments	14
Appropriations carried over	61
Operating expenditure — Title III of the budget	
Payments	29
Appropriations carried over	111
Total expenditure	547
Out-turn for the financial year	
Exchange rate differences	- 43
	1
Balance for the financial year	- 42

⁽¹⁾ An amount of ECU 69 000 relating to additional salary and salary deductions is to be paid during 1999.

Source: Prepared by the Court of Auditors on the basis of data from the Centre.

REPLIES OF THE EUROPEAN MONITORING CENTRE ON RACISM AND XENOPHOBIA*On Item 5: Budgetary and general accounts*

Until 1 July 1999, the number of statutory agents did not exceed four (2 A, 1 B, 1 C) including the Director, due to the length of the recruitment procedure of the staff of the Centre. In March 1999, the Management Board nominated an accountant (the B agent) for the transitional period until the accountant post is filled. The recruitment procedure is now at the final stage and the accountant should take up his post in the coming weeks.

Furthermore, in June the Board decided to start the technical discussions to introduce in the Centre the SI 2 common system for financial and accounting system. Until this has been achieved the Centre will use the accounting system with specialised software.

On Item 6: Carry-overs

From the middle of July to the end of September 1998, the Director was the only agent appointed in the Centre. The transfer of the entire financial files, which were previously under the responsibility of the European Commission, took several weeks, therefore during this period the Centre had to cover the starting phase with provisional commitments. The regularisation was achieved early in 1999.

On Item 7: Advisory Committee on Procurements and Contracts

Regarding the limited number of agents in the Centre and the necessary separation of responsibilities, an internal ACPC could not be established before July 1999. The Management Board has to decide at its meeting of September 1999 the formal installation of this ACPC. For the transitional period, the Centre had to constitute an ad hoc ACPC to prepare the decisions to be taken for the permanent premises.
