REPORT

on the annual accounts of the European Monitoring Centre on Racism and Xenophobia for the financial year 2004 together with the Monitoring Centre's replies

(2005/C 332/14)

CONTENTS

	Paragraph	*Page*
INTRODUCTION	1-2	98
THE COURT'S OPINION	3-6	98
OBSERVATIONS	7-10	98
Tables 1 to 4		100
The Monitoring Centre's replies		104

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* summarises the Centre's competencies and activities on the basis of information it has supplied.

2. For information purposes the annual accounts drawn up by the Centre for the financial year 2004 are summarised in *Tables 2, 3 and 4*.

THE COURT'S OPINION

3. The Court's 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]); it was drawn up following an examination of the Centre's accounts, as required by Article 248 of the Treaty establishing the European Community.

4. The Centre's accounts for the financial year ended 31 December 2004 ([3]) were drawn up by its Director, pursuant to Article 12 of Regulation (EC) No 1035/97, and sent to the Court, which is required to give its opinion on their reliability and on the legality and regularity of the underlying transactions.

5. The Court conducted an audit in accordance with its policies and standards, which are based on international auditing standards that have been adapted to the Community context. The audit was planned and performed to obtain reasonable assurance that the accounts are reliable and the underlying transactions are legal and regular.

([1]) OJ L 151, 10.6.1997, p. 6.

([2]) OJ L 248, 16.9.2002, p. 1.

([3]) These accounts were drawn up on 27 June 2005 and received by the Court on 19 September 2005.

6. The Court has obtained a reasonable basis for the opinion expressed below.

Reliability of the accounts

The Centre's accounts for the financial year ended 31 December 2004 are, in all material respects, reliable.

Legality and regularity of the underlying transactions

Except for the situations described in points 9 and10, the transactions underlying the Centre's annual accounts, taken as a whole, are legal and regular.

OBSERVATIONS

7. The cancellations of the appropriations carried over from the previous financial year remained at the same level (20 %) as last year. There is a need for the Centre to improve the way carry-overs are established ([4]).

8. Internal control standards have been developed. These standards have not yet been formally adopted by the Centre's Management Board as required by its Financial Regulation ([5]). A risk analysis should be carried out in order to assess their relevance. The ex-ante verification checklists should be improved and filled in all cases.

9. The Centre annually carries out a tendering procedure for selecting 25 national focal points under RAXEN ([6]). Contrary to the Centre's rules for the implementation of its financial regulation ([7]), the relative weighting to be applied in order to determine the most economically advantageous offers were included neither in the procurement notice nor the tender documents. One out of the 25 contracts ([8]) was not awarded to the offer identified as being the most economically advantageous.

([4]) Notwithstanding the above the level of carry-over of appropriations under Title III, 'Operating activities' significantly decreased (from 36 % in 2003 to 19 % in 2004). This is the result of a more detailed assessment at year end to identify which obligations will give rise to payments in the following financial year.

([5]) See Article 38(4) of the Centre's financial regulation.

([6]) See Table 1.

([7]) Article 116(3) of the Centre's Regulation laying down detailed rules for the implementation of its Financial Regulation.

([8]) Amounting to 70 000 euro in total.

10. In the case of one contract for the provision of administrative services [1] the documents relating to the tendering procedure used could not be traced. In another similar case, the services were directly awarded although, there was no reason justifying such procedure [2]. In a last case [3], the contract was not awarded to the lowest bidder.

This report was adopted by the Court of Auditors in Luxembourg at its meeting of 5 October 2005.

For the Court of Auditors
Hubert WEBER
President

[1] Maintenance of photocopiers amounting to approximately 25 000 euro.

[2] Security of the building amounting to approximately 92 000 euro.

[3] Printing of Annual Report amounting to approximately 35 000 euro.

Table 1

European Monitoring Centre on Racism and Xenophobia (Vienna)

Areas of Community competence deriving from the Treaty	Competence of the Centre as specified in the Council Regulation (Council Regulation (EC) No 1035/97 of 2 June 1997)		Governance	Resources made available to the Centre in 2004 *(2003 data)*	Products and services supplied in 2004
Free circulation of goods and persons. Freedom of establishment.	**Objectives** — 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. — Close cooperation with the Council of Europe in order to avoid duplication and obtain added value.	**Tasks** — To study the extent and development of the phenomena of racism and xenophobia. — To collect and analyse information, via the European Racism and Xenophobia Information Network (RAXEN), and in particular: — To carry out scientific surveys. — To encourage widespread dissemination of such information. — To formulate opinions for the Community and its Member States. — To develop indicators and criteria to improve the comparability of data. — To publish an annual report on the situation regarding racism and xenophobia.	1. **Management Board** *Composition* 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. *Duties* To adopt the work programme and the general annual report. To adopt the final budget and the establishment plan. To give an opinion on the final accounts. 2. **Executive Board** *Composition* — Chairman of the Management Board — One representative of the Council of Europe — One representative of the Commission — Two other members of the Management Board. 3. **Director** Appointed by the Management Board on a proposal from the Commission. 4. **External audit** European Court of Auditors. 5. **Internal control** The Commission's Internal Audit Service. 6. **Discharge authority** Parliament on a recommendation from the Council.	**Final budget:** 7,9 million euro *(6,6 million euro)* including Community contribution: 99 % *(99 %)*. **Staff numbers at 31 December 2004:** 34 *(30)* posts in establishment plan, posts occupied: 30 *(26)* + 4 *(4)* other staff (auxiliary contract, seconded national experts, local and employment-agency staff). *Total staff*: 34 *(30)* Assigned to the following duties: operational: 21 *(17)* administrative: 8 *(8)* mixed: 5 *(5)*.	**ORAXEN:** number of contributions through the 25 national focal points: 389 Number of meetings: 41 meetings for the external evaluators of ORAXEN, 2 meetings to draw up guidelines for the special study on Roma. **Research reports:** number of reports: 9 number of meetings: — Annual Report: 2 EUMC News: 2 **Cooperation with the Member States and the other institutions** (number of events organised jointly): — Member States: 7 — Commission: 5 — European Parliament: 3 — COR: 3 — Council of Europe: 2 — OSCE: 7 — UN: 4 — Inter-agency: 3 — NRT:4 — ERT:1

Source: Information sent by the Centre.

Table 2

European Monitoring Centre on Racism and Xenophobia — Implementation of the budget for the financial year 2004

(1 000 euro)

Revenue			Expenditure													
				Final budget appropriations					Appropriations carried over from the previous financial year			Available appropriations (2004 budget and financial year 2003)				
Source of revenue	Revenue entered in the final budget for the financial year	Revenue received	Allocation of expenditure	entered	committed	paid	carried over	cancelled	commitments outstanding	paid	cancelled	appropriations	committed	paid	carried over	cancelled
Community subsidies	7 800	5 675	Title I Staff	3 316	2 730	2 645	85	586	64	47	17	3 380	2 794	2 692	85	604
			Title II Administration	746	484	447	37	262	51	34	17	797	535	481	37	279
Other revenue	100	558	Title III Operating activities	3 838	3 097	2 352	745	741	1 162	955	207	5 000	4 259	3 307	745	947
Total	**7 900**	**6 233**	**Total**	**7 900**	**6 311**	**5 444**	**867**	**1 589**	**1 277**	**1 036**	**241**	**9 177**	**7 588**	**6 480**	**867**	**1 830**

NB: Totals may include differences due to rounding.
Source: Data supplied by the Centre — This table summarises the data supplied by the Centre in its annual accounts.

Table 3

European Monitoring Centre on Racism and Xenophobia — Revenue and expenditure account for the financial years 2004 and 2003

(1 000 euro)

	2004	2003
Revenue		
Community subsidies	5 675	7 318
Other revenue	455	374
Financial revenue	21	21
Phare subsidy	82	676
Total revenue (a)	**6 233**	**8 389**
Expenditure		
Staff — Title I of the budget		
Payments	2 645	2 618
Appropriations carried over	85	64
Administration — Title II of the budget		
Payments	447	412
Appropriations carried over	37	51
Operating activities — Title III of the budget		
Payments	2 352	1 678
Appropriations carried over	745	1 162
Assigned revenue (Phare and other)		
Payments	7	376
Appropriations carried over	0	694
Total expenditure (b)	**6 318**	**7 055**
Outturn for the financial year (a – b)	**– 85**	**1 334**
Balance carried over from the previous financial year	98	– 1 579
Appropriations carried over, cancelled	241	301
Appropriations for re-use from the previous financial year, not used	0	37
Amounts due written off	– 23	0
Exchange-rate differences	0	5
Balance for the financial year	**231**	**98**

NB: Totals may include differences due to rounding.
Source: Data supplied by the Centre — This table summarises the data supplied by the Centre in its annual accounts.

Table 4

European Monitoring Centre on Racism and Xenophobia — Balance sheet at 31 December 2004 and 31 December 2003

(1 000 euro)

Assets	2004	2003	Liabilities	2004	2003
Fixed assets			**Own capital**		
Computer software	82	72	Own capital	123	108
Computer equipment	206	148	Balance for the financial year	231	98
Furniture and other equipment	252	250	*Subtotal*	*354*	*206*
Depreciation	– 417	– 362	**Current liabilities**		
Subtotal	*123*	*108*	Automatic carry-overs of appropriations	866	1 277
Current assets			Automatic carry-overs of assigned revenue and Phare	41	694
Community subsidies	0	23	Taxes and other related expenditure	113	454
Recoverable VAT	159	456	EC Commission	214	0
Phare subsidy	0	169	Sundry accounts payable	111	275
Sundry accounts receivable	138	77	*Subtotal*	*1 345*	*2 700*
Subtotal	*297*	*725*			
Cash accounts					
Bank accounts	1 279	2 073			
Subtotal	*1 279*	*2 073*			
Total	**1 699**	**2 906**	**Total**	**1 699**	**2 906**

NB: Totals may include differences due to rounding.
Source: Data supplied by the Centre — This table summarises the date supplied by the Centre in its annual accounts.

THE MONITORING CENTRE'S REPLIES

7. The EUMC has taken measures to reduce the level of carry-overs at the year end. The EUMC continues to improve controls so as to ensure that the amounts carried over reflect more accurately the value of outstanding obligations.

8. The Internal Audit Capability has presented internal control standards to the Executive Board in February 2005, in view of their formal adoption in October 2005 after examination. A risk analysis is being carried out. The Internal Audit Capability has reviewed the existing checklists. More relevant checklists integrated into SI2 will be put in place before the end of 2005.

9. EUMC is reviewing its procedures and new ones will be issued before the end of 2005 to avoid the repetition of the situations described by the Court.

10. The directly awarded contract concerned security services which were considered to be sensitive and therefore not fit for a general invitation to tender. In 2005, the EUMC has launched a call for tender in order to test this specific market.