

**RESOLUTION OF THE EUROPEAN PARLIAMENT****of 3 April 2014****with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2012**

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2012,
  - having regard to the Court of Auditors' report on the annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2012, together with the Centre's replies <sup>(1)</sup>,
  - having regard to the Council's recommendation of 18 February 2014 (05849/2014 – C7-0054/2014),
  - having regard to Article 319 of the Treaty on the Functioning of the European Union,
  - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities <sup>(2)</sup> ('the Financial Regulation'), and in particular Article 185 thereof,
  - having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 <sup>(3)</sup>, and in particular Article 208 thereof,
  - having regard to Regulation (EC) No 1920/2006 of the European Parliament and of the Council of 12 December 2006 on the European Monitoring Centre for Drugs and Drug Addiction <sup>(4)</sup>, and in particular Article 15 thereof,
  - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities <sup>(5)</sup>,
  - having regard to Commission Delegated Regulation (EU) No 1271/2013 of 30 September 2013 on the framework financial regulation for the bodies referred to in Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council <sup>(6)</sup>, and in particular Article 108 thereof,
  - having regard to its previous discharge decisions and resolutions,
  - having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A7-0185/2014),
- A. whereas, according to its financial statements, the budget of the European Monitoring Centre for Drugs and Drug Addiction ('the Centre') for the financial year 2012 was EUR 16 317 000 representing an increase of 0,26 % compared to 2011,

<sup>(1)</sup> OJ C 365, 13.12.2013, p. 158.

<sup>(2)</sup> OJ L 248, 16.9.2002, p. 1.

<sup>(3)</sup> OJ L 298, 26.10.2012, p. 1.

<sup>(4)</sup> OJ L 376, 27.12.2006, p. 1.

<sup>(5)</sup> OJ L 357, 31.12.2002, p. 72.

<sup>(6)</sup> OJ L 328, 7.12.2013, p. 42.

- B. whereas the overall contribution of the Union to the Centre's budget for 2012 amounted to EUR 15 550 920, representing an increase of 0,98 % compared to 2011,
- C. whereas the Court of Auditors has stated that it has obtained reasonable assurances that the Centre's annual accounts for the financial year 2012 are reliable and that the underlying transactions are legal and regular,

#### **Follow-up of the 2011 discharge**

1. Notes from the Court of Auditors' annual report that four corrective actions taken in response to the previous year's comments are marked as 'completed', one is marked as 'ongoing' and one is marked as 'outstanding';
2. Acknowledges from the Centre that:
  - no solution to the problem of selling or leasing the unused office space has been found, even though the Centre actively seeks an adequate solution; acknowledges, furthermore, that the Centre has further rationalised and reduced its maintenance costs by revising security settings and reducing energy consumption,
  - the third evaluation of the Centre by the Commission was completed in 2012 and that the action plan to follow-up on the recommendations resulting from the evaluation exercise has been prepared by the Centre and endorsed by its Management Board, defining detailed measures to be taken during the 2013-2015 work programme,
  - a revision of the Centre's internal processes was made to reduce the volume of carry-overs which resulted in a reduction of 16 % of the appropriations carried forward from 2012 to 2013, compared to the previous year,
  - a treasury policy related to minimising and spreading financial risk aimed at periodically monitoring the possible risk has been put in place,
  - a revision of the Centre's policy on exceptions has been put in place in order to explicitly cover any exception that reflects a deviation from any rule formally adopted and in force at the Centre,
  - its recruitment processes were adjusted to provide for the definition of the content of written tests and interviews before the selection board examines the applications received;

#### **Budget and financial management**

3. Notes that budget monitoring efforts during the financial year 2012 resulted in a budget implementation rate of 99,74 % and that the payment appropriations execution rate was 98,5 %;

#### **Commitments and carry-overs**

4. Acknowledges that the Court of Auditors' annual audit has found no notable issues as regards the level of carry-overs in 2012; commends the Centre for adhering to the principle of annuality and for the timely execution of its budget;

#### **Transfers**

5. Notes with satisfaction that according to the annual activity report as well as the Court of Auditors' audit findings, the level and nature of transfers in 2012 have remained within the limits of the financial rules; commends the Centre for its good budgetary planning;

#### **Procurement and recruitment procedures**

6. Notes that for the year 2012, neither sampled transactions nor other audit findings have led to any comments on the Centre's procurement procedures in the Court of Auditors' annual audit report;
7. Notes that the Court of Auditors made no comments in its annual audit report for 2012 as regards the Centre's recruitment procedures;

**Comments on internal controls**

8. Notes with concern that according to the Court of Auditors' annual audit report, the Centre does not usually obtain any documents from beneficiaries to substantiate the eligibility and accuracy of the costs claimed in relation to grants for supporting cooperation under the Reitox network and that *ex post* on-the-spot verifications of costs at beneficiary level are rare; calls on the Centre to address the issue by accepting the Court of Auditors' recommendation of having a random verification of supporting documents and a higher coverage of beneficiaries by on-the-spot verifications which could considerably increase assurances; calls on the Centre to report to the discharge authority, within the framework of the 2012 discharge follow-up, on the steps taken;
9. Notes with concern that no *ex post* verifications were carried out for any transactions made after 2008, except for grants; calls on the Centre to address the issue and to report to the discharge authority, within the framework of the 2012 discharge follow-up, on the steps taken;

**Other comments**

10. Notes with concern from the Court of Auditors' annual audit report that the Centre currently bears the annual cost of about EUR 200 000 for unused office space in its former building and in the new headquarters; calls on the Centre, as a matter of priority, to work in cooperation with the Commission and national authorities to seek adequate solutions for this unused office space, and to report to the discharge authority, within the framework of the 2012 discharge follow-up, on the steps taken;

**Prevention and management of conflicts of interests and transparency**

11. Acknowledges that the Centre will review its policy on the prevention and management of conflicts of interests on the basis of the Commission's Guidelines on the Prevention and Management of Conflict of Interest in EU Decentralised Agencies; calls on the Centre to inform the discharge authority on the assessment results once available;
12. Observes that the CVs and declarations of interests of the members of the Management Board and the senior management of the Centre, as well as the declaration of interests of the Executive Director, are not publicly available; calls on the Centre to remedy the situation as a matter of urgency;

**Internal audit**

13. Acknowledges from the Centre that in 2012 the Commission's Internal Audit Service (IAS) submitted a three-year strategic audit plan for the Centre on 27 November 2012 and that it was endorsed by the Centre's Management Board at its meeting of 6-7 December 2012; notes that the IAS did not carry out any audits at the Centre in 2012; notes that the IAS carried out a follow-up of its earlier recommendations and found that at the cut-off date of 31 December 2012, one very important recommendation was still being implemented, while two had been implemented but were subject to confirmation from the IAS;

**Performance**

14. Requests that the Centre communicate the results and impact its work has on European citizens in an accessible way, mainly through its website;
15. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 3 April 2014 <sup>(1)</sup> on the performance, financial management and control of the agencies.

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<sup>(1)</sup> Texts adopted, P7\_TA(2014)0299 (see page 359 of this Official Journal).