

EUROPEAN PARLIAMENT

Working Documents

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DOCUMENT 1-96/83

REPORT

on behalf of the Committee on Budgetary Control

on the discharge to be granted to the Management Board
of the European Centre for the Development of Vocational
Training in respect of the implementation of its
appropriations for the 1981 financial year and the comments
accompanying this decision

Rapporteur: Mr Edward KELLET-BOWMAN

By letter of 31.12.1982 the Commission of the EC sent to the European Parliament the Court of Auditors' report on the discharge to be given to the Management Board of the European Centre for the Development of Vocational Training in respect of the implementation of its appropriations for the 1981 financial year and the comments accompanying this decision.

This report was referred to the Committee on Budgetary Control.

At its meeting on 2 November 1982, the Committee on Budgetary Control confirmed the mandate of Mr. Kellett-Bowman as rapporteur.

At its meeting on 23/25 March 1983, the Committee on Budgetary Control examined the draft report and adopted the Decision unanimously. The motion for a resolution was adopted at the same time.

Participated in the vote:- Mr. Aigner, chairman; Mrs. Boserup, vice-chairman; Mr. Price, vice-chairman; Mr. Kellett-Bowman, rapporteur, Mr. Arndt (deputising for Mr. Lalumière); Mr. Blaney; Mr. Gabert, Mr. Irmer; Mr. Key; Mr. Langes (deputising for Mr. Früh); Mr. Nielsen (deputising for Mr. Jürgens); Mr. Patterson; Mr. Saby; Mrs. Van Hemeldonck; Mr. Wettig.

This report was deposited on 24 March 1983.

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The Committee on Budgetary Control hereby submits to the European Parliament the following proposed decision:

PROPOSED DECISION

on the discharge to be granted to the Management Board of the European Centre for the Development of Vocational Training in respect of the implementation of its appropriations for the 1981 financial year

The European Parliament

- a) having regard to the Treaty establishing the EEC and in particular Article 206b) thereof,
- b) having regard to the revenue and expenditure accounts of the European Centre for the Development of Vocational Training for the 1981 financial year,
- c) recalling that the Treaty of 22 July 1975, duly ratified by all the Member States, conferred on the European Parliament final responsibility in relation to the grant of discharge in respect of the general budget of the EC,
- d) noting the improvements in presentation and internal control that were effected by the Centre following the three previous resolutions adopted by Parliament and taking into account the fact that the Court of Auditors' report in respect of the 1981 financial year reveals no fundamental problems in relation to the management of the Centre's appropriations:

1. Notes the following figures for the accounts of the European Centre for the Development of Vocational Training for the 1981 financial year:

Financial year 1981	ECU
Receipts	3,392,927.53
1 Subsidy from the Commission of the EC	3,373,723.27
2 Bank interest	15,934.09
3 Other	3,270.17
Expenditure	
1 Final budget appropriations	3,736,000.00
2 Commitments	3,392,927.53
3 Appropriations unused (1-2)	343,072.47
4 Payments	2,700,372.14
5 Appropriations brought forward	395,665.86
6 Payments from appropriations brought forward	370,966.30
7 Appropriations brought forward and cancelled (5-6)	24,699.56
8 Appropriations carried forward	692,555.39
9 Appropriations cancelled (1-4-8)	343,072.47

2. Grants a discharge to the Management Board of the European Centre for the Development of Vocational Training, on the basis of the report of the Court of Auditors, in respect of the accounts for the 1981 financial year;

3. Instructs its President to communicate this decision and the attached comments to the Management Board of the European Centre for the Development of Vocational Training, to the Council and the Commission and to the Court of Auditors and to arrange for their publication in the Official Journal (L series)

The Committee on Budgetary Control hereby submits to the European Parliament the following motion for a resolution together with explanatory statement

MOTION FOR A RESOLUTION

embodying the comments accompanying the decision granting a discharge to the Management Board of the European Centre for the Development of Vocational Training in respect of its revenue and expenditure accounts for the 1981 financial year

The European Parliament,

- having regard to the report of the Court of Auditors on the 1981 accounts (Doc. 1-77/83),
- having regard to the report of the Committee on Budgetary Control (Doc. 1-96/83),

1. Asks the Commission and the Management Board of the European Centre for the Development of Vocational Training to take the necessary measures to comply with the following comment and calls on the Commission to submit a written report by 1 November 1983 on the follow-up to this comment:

As regards financial control

2. Notes the views of the Court of Auditors in regard to the appointment of a deputy financial controller at the Centre.

Explanatory Statement

1. Parliament has given discharge to the European Centre for the Development of Vocational Training in respect of the financial years 1975-1980 on the basis of reports prepared by the Committee on Budgetary Control.

2. A description of the role of this satellite, its origins and its founding regulation are to be found in earlier reports of the Committee on Budgetary Control¹.

3. In these earlier reports, no fundamental problems of an accounting or budgetary control nature were disclosed. Therefore, discharge was granted without reservation, subject to certain procedural matters being adjusted.

Accounts

4. In the case of the 1981 financial year, the Court of Auditors is of the opinion that the Centre's accounts show fairly its revenue and expenditure for 1981.

Exchange rates

5. However, the Court of Auditors is of the opinion that the 1981 balance sheet does not adequately reflect the Centre's financial position at end 1981, because both assets and liabilities are understated. This difference is ascribed by the Court of Auditors to the use of incorrect conversion rates. The Court of Auditors suggested that the value of the Centre's assets and liabilities at the year end should incorporate conversions made at the rate valid on 31 December. In compliance with the comment of the Court of Auditors, the 1982 balance sheet of the Centre incorporated conversions made at the rate valid for 31 December 1982. Therefore, the Committee considers that this matter does not affect, negatively, the grant of discharge for the 1981 financial year.

Imprest Accounts

6. The Court of Auditors found no evidence to justify the extensive use of imprest. Further, it was pointed out, that by virtue of article 43

of Council Regulation 1416/76 recourse to imprests should be limited to the payment of certain categories of expenditure that cannot conveniently be dealt with in another way.

7. The Court of Auditors went on to point out that it considers that:-

'.. excessive and unjustified use of imprest accounts weakens internal control in the Centre by relegating the Financial Controller's checks and approval to the status of an ex post facto control. However, the Court has some sympathy with the Centre's practical difficulties in obtaining the Financial Controller's approval in the case of urgent payments, and suggests that, while the Centre's rules governing the use of imprest should be tightened up, consideration should also be given to the appointment of a deputy Financial Controller to work on the spot in Berlin. The duties of such a post would not be onerous, and the Court does not feel that such an appointment need necessarily lead to an overall increase in staff. Since the official would still report to his superiors in the Commission there would be no fundamental change of principle from the present situation.'

8. The Committee on Budgetary Control considered the view that it should be possible to assign to an official working in Berlin the responsibility of deputy Financial Controller, without increasing the overall organigramme of the Centre. The reaction of the Centre is to indicate that it is not in a position to evaluate the kind of work to be done by the Financial Controller. Further, the Centre is of the view that the duties of a deputy Financial Controller would not be compatible with the duties of the Centre's staff dealing with administrative matters.

9. The Commission, at page 204/205 of OJ no. C344 of 31 December 1982, makes the following comment:-

12.5'Geographical separation makes effective control very difficult. In both cases, the amounts involved are insufficient to warrant the appointment of a financial controller on the spot, while the independence required of such an official rules out a part-time appointment since this would not be entirely under the authority of the Financial Controller.

The Commission has asked its Financial Controller to investigate ways of improving internal control in these two bodies. Arrangements have already been made to back up the documentary checks carried out in Brussels by an on-the-spot audit of imprest accounts to be conducted every three months by Division XX-A-1.'

