

# EUROPEAN PARLIAMENT

2004



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*Committee on Budgetary Control*

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**2006/2157(DEC)**

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## DRAFT REPORT

on the discharge for the implementation of the budget of the European  
Monitoring Centre for Drugs and Drug Addiction for the financial year 2005  
(C6-0390/2006 – 2006/2157(DEC))

Committee on Budgetary Control

Rapporteur: Edit Herczog

## CONTENTS

	Page
1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION .....	3
2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION .....	5
3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION .....	8
OPINION OF THE COMMITTEE ON CIVIL LIBERTIES, JUSTICE AND HOME AFFAIRS .....	11

## 1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on the discharge for the implementation of the budget of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2005  
(C6-0390/2006 – 2006/2157(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2005<sup>1</sup>,
- having regard to the Court of Auditors' report on the final annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2005, together with the Centre's replies<sup>2</sup>,
- having regard to the Council's recommendation of .. March 2007 (0000/2007 - C6-xxxx/2007),
- having regard to the EC Treaty, and in particular Article 276 thereof,
- 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>3</sup>, and in particular Article 185 thereof,
- having regard to Council Regulation (EC) No 302/93 of 8 February 1993 on the establishment of a European Monitoring Centre for Drugs and Drug Addiction<sup>4</sup>, and in particular Article 11a 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<sup>5</sup>, and in particular Article 94 thereof,
- having regard to Rule 71 of and Annex V 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 (A6-xxxx/2007),

1. Grants the director of the European Monitoring Centre for Drugs and Drug Addiction discharge for the implementation of the Centre's budget for the financial year 2005;

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<sup>1</sup> OJ C 266, 31.10.2006, p. 43.

<sup>2</sup> OJ C 312, 19.12.2006, p. 86.

<sup>3</sup> OJ L 248, 16.9.2002, p. 1. Regulation as amended by regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p. 1).

<sup>4</sup> OJ L 36, 12.2.1993, p.1, Regulation as last amended by Regulation (EC) No 1651/2003 (OJ L 245, 29.9.2003, p. 30).

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

2. Sets out its comments in the resolution below;
3. Instructs its President to forward this decision and the resolution that forms an integral part of it to the director of the European Monitoring Centre for Drugs and Drug Addiction, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the Official Journal of the European Union (L series).

## 2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

### **on closing the accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2005 (C6-0390/2006 – 2006/2157(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2005<sup>1</sup>,
- having regard to the Court of Auditors' report on the final annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2005, together with the Centre's replies<sup>2</sup>,
- having regard to the Council's recommendation of .. March 2007 (0000/2007 - C6-xxxx/2007),
- having regard to the EC Treaty, and in particular Article 276 thereof,
- 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>3</sup>, and in particular Article 185 thereof,
- having regard to Council Regulation (EC) No 302/93 of 8 February 1993 on the establishment of a European Monitoring Centre for Drugs and Drug Addiction<sup>4</sup>, and in particular Article 11a 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<sup>5</sup>, and in particular Article 94 thereof,
- having regard to Rule 71 of and Annex V 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 (A6-xxxx/2007),

1. Notes that the final annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial years 2004 and 2005 are as follows:

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<sup>1</sup> OJ C 266, 31.10.2006, p. 43.

<sup>2</sup> OJ C 312, 19.12.2006, p. 86.

<sup>3</sup> OJ L 248, 16.9.2002, p. 1. Regulation as amended by regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p. 1).

<sup>4</sup> OJ L 36, 12.2.1993, p.1, Regulation as last amended by Regulation (EC) No 1651/2003 (OJ L 245, 29.9.2003, p. 30).

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

**Revenue and expenditure account for the financial years 2004 and 2005 (in EUR 1000)**

	2005	2004
<b>Revenue</b>		
Subsidies from the Commission	12 000	11 730
Subsidies from Norway	516	514
Assigned revenue	190	211
Miscellaneous revenue	93	33
<b>Total revenue (a)</b>	<b>12 799</b>	<b>12 488</b>
<b>Budgetary expenditure for the financial year</b>		
<i>Staff - Title I of the budget</i>		
Payments	5 762	5 832
Appropriations carried over	154	122
<i>Administration - Title II of the budget</i>		
Payments	1 094	1 088
Appropriations carried over	650	356
<i>Operating activities - Title III of the budget (except assigned revenue)</i>		
Payments against payment appropriations for the financial year	4 159	2 342
Appropriations carried over		1 260
<i>Assigned revenue (PHARE and third countries)</i>	101	201
<b>Total expenditure (b)</b>	<b>11 920</b>	<b>11 200</b>
<b>Outturn for the financial year (a-b)</b>	<b>879</b>	<b>1 288</b>
<b>Balance carried over from the previous financial year</b>	<b>1 508</b>	<b>295</b>
<b>Appropriations carried over and cancelled</b>	<b>1 239</b>	<b>245</b>
<b>Sums for re-use from the previous financial year not used</b>	<b>-58</b>	<b>15</b>
<b>Refunds to the Commission</b>	<b>-1 508</b>	<b>-3</b>
<b>Refunds to Norway</b>	<b>-128</b>	<b>81</b>
<b>Exchange-rate differences</b>	<b>1</b>	<b>-1</b>
<b>Balance for the financial year (EC grant + Norway contribution)</b>	<b>1 933</b>	<b>1 920</b>

<b>Norway Grant 2005</b>	<b>-516</b>
<b>Balance for the financial Year only EC Grant</b>	<b>1 417</b>

Source: Information supplied by the Monitoring Centre - This table summarises the data provided by the Monitoring Centre in its own annual accounts

2. Approves closing the accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2005;
3. Instructs its President to forward this decision to the director of the European Monitoring Centre for Drugs and Drug Addiction, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the Official Journal of the European Union (L series).

### 3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**with observations forming an integral part of the decision on the discharge for the implementation of the budget of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2005  
(C6-0390/2006 – 2006/2157(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2005<sup>1</sup>,
  - having regard to the Court of Auditors' report on the final annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2005, together with the Centre's replies<sup>2</sup>,
  - having regard to the Council's recommendation of .. March 2007 (0000/2007 - C6-xxxx/2007),
  - having regard to the EC Treaty, and in particular Article 276 thereof,
  - 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>3</sup>, and in particular Article 185 thereof,
  - having regard to Council Regulation (EC) No 302/93 of 8 February 1993 on the establishment of a European Monitoring Centre for Drugs and Drug Addiction<sup>4</sup>, and in particular Article 11a 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<sup>5</sup>, and in particular Article 94 thereof,
  - having regard to Rule 71 of and Annex V 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 (A6-xxxx/2007),
- A. whereas the Court of Auditors stated that it obtained reasonable assurance that the annual accounts for the financial year ended 31 December 2005 were reliable, and that, the underlying transactions, taken as a whole, were legal and regular,

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<sup>1</sup> OJ C 266, 31.10.2006, p. 43.

<sup>2</sup> OJ C 312, 19.12.2006, p. 86.

<sup>3</sup> OJ L 248, 16.9.2002, p. 1. Regulation as amended by regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p. 1).

<sup>4</sup> OJ L 36, 12.2.1993, p.1, Regulation as last amended by Regulation (EC) No 1651/2003 (OJ L 245, 29.9.2003, p. 30).

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

- B. whereas on 27 April 2006 Parliament gave discharge to the director in respect of the implementation of the Centre's budget for the for the 2004 financial year<sup>1</sup> and in the resolution accompanying the discharge decision Parliament, inter alia
- regrets the very high level of transfers made; urges the Centre to respect more closely the budget originally set by the Budgetary Authority;

***General points concerning the majority of EU Agencies requiring individual discharge***

1. Considers that the ever growing number of Agencies does not always reflect the real needs of the Union and its citizens;
2. Invites the Commission therefore to present a cost-benefit study before the setting up of any new Agency;
3. Calls on the Court of Auditors to give its opinion on the cost-benefit study before Parliament takes its decision;
4. Invites the Commission to present every five years a study on the added value of every existing Agency; invites all relevant institutions in the case of a negative evaluation of the added value of an Agency to take the necessary steps by reformulating the mandate of that Agency or by closing it;
5. Invites the Court of Auditors to create an additional chapter in its Annual Report, devoted to all Agencies to be discharged under the Commission's accounts in order to have a much clearer picture of the use of EU funds by Agencies;
6. Notes that the number of Agencies is constantly increasing and there is an even higher need for the Directorates-General of the Commission charged with the setting-up and monitoring of Agencies to develop a common approach to Agencies; a structure similar to the one created by the Agencies for coordination among the DGs concerned would be a pragmatic way forward towards a common approach by the Commission on all matters relating to the Agencies;
7. Invites the Commission to improve administrative and technical support to Agencies, taking into account the growing complexity of the Community's administrative rules and technical problems;
8. Welcomes the considerable improvements in the coordination among EU Agencies, which allows them to tackle recurring problems and makes cooperation with the Commission and Parliament more efficient;
9. Calls upon the Agencies to improve their cooperation and benchmarking with actors in the field;
10. Calls upon the Commission to come up with a proposal to harmonise the format of the annual reporting by the Agencies to develop performance indicators which would allow a comparison of their efficiency;

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<sup>1</sup> OJ L 340, 6.12.2006, p. 85.

11. Invites the Agencies to present at the beginning of every year performance indicators against which they could be measured;
12. Invites all Agencies increasingly to use SMART objectives which should lead to more realistic planning and implementation of goals;
13. Considers that the Agencies' work programmes should express their contributions in operational and measurable terms and that due consideration should be given to the Commission's Internal Control Standards;

### ***Specific Points***

14. Notes that the utilisation rate of commitment appropriations is greater than 90 %, whereas the corresponding rate for payment appropriations is only 85 %. Expenditure on administration shows a high carry-over rate of almost 40%; Invites the Centre to manage its procurement policy better, in order to avoid carrying over appropriations, which makes management more cumbersome;
15. Welcomes that for the purposes of management, the Centre has prepared an activity-based budget; Invites the Centre to take further this initiative with a view to improved performance monitoring and evaluation of its effectiveness by introducing analytical accounts so that the cost of the Centre's various activities can be ascertained;
16. Invites the Centre to include the fixed asset inventory systems into the general accounts as without a reliable labelling system, the traceability of the assets entered in the inventory cannot be assured;
17. Notes deficiencies in the staff recruitment procedures; Invites the Centre to apply recruitment procedures correctly;
18. Notes that at the end of 2004, a member of staff was sent on a long-term (two-year) mission to Brussels; Invites the centre to explain fully this procedure;
19. Notes that a number of anomalies were revealed in the course of checks on procurement and contracting procedures; Invites the Centre to fully apply procurement and contracting procedures in order to avoid similar situations as in 2005.

**OPINION OF THE COMMITTEE ON CIVIL LIBERTIES, JUSTICE AND HOME  
AFFAIRS**