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DRAFT REPORT

on discharge in respect of the implementation of the budget of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2013 (2014/2090(DEC))

Committee on Budgetary Control

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1. PROPOSAL FOR A EUROPEAN PARLIAMENT 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 2013 (2014/2090(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 2013,
- 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 2013, together with the Centre's replies¹,
- having regard to the statement of assurance² as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of ... on discharge to be given to the Centre in respect of the implementation of the budget for the financial year 2013 (00000/2015 – C8-0000/2015),
- 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 Communities³,
- 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 1605/2002⁴, 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 Addiction⁵, 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

¹ OJ C 442, 10.12.2014, p. 201.

² OJ C 442, 10.12.2014, p. 201.

³ OJ L 248, 16.9.2002, p. 1.

⁴ OJ L 298, 26.10.2012, p. 1.

⁵ OJ L 376, 27.12.2006, p. 1.

Regulation applicable to the general budget of the European Communities¹,

- 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 Council², and in particular Article 108 thereof,
 - having regard to Rule 94 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 (A8-0000/2015),
1. Grants the Director of the European Monitoring Centre for Drugs and Drug Addiction discharge in respect of the implementation of the Centre's budget for the financial year 2013 / Postpones its decision on granting the Director of the European Monitoring Centre for Drugs and Drug Addiction discharge in respect of the implementation of the Centre's budget for the financial year 2013;
 2. Sets out its observations in the resolution below;
 3. Instructs its President to forward this decision, and the resolution forming 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).

¹ OJ L 357, 31.12.2002, p. 72.

² OJ L 328, 7.12.2013, p. 42.

2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on the closure of the accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2013 (2014/2090(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 2013,
- 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 2013, together with the Centre's replies¹,
- having regard to the statement of assurance² as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of ... on discharge to be given to the Centre in respect of the implementation of the budget for the financial year 2013 (00000/2015 – C8-0000/2015),
- 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 Communities³,
- 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 1605/2002⁴, 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 Addiction⁵, 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

¹ OJ C 442, 10.12.2014, p. 201.

² OJ C 442, 10.12.2014, p. 201.

³ OJ L 248, 16.9.2002, p. 1.

⁴ OJ L 298, 26.10.2012, p. 1.

⁵ OJ L 376, 27.12.2006, p. 1.

Regulation applicable to the general budget of the European Communities¹,

- 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 Council², and in particular Article 108 thereof,
 - having regard to Rule 94 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 (A8-0000/2015),
1. Notes that the final annual accounts of the European Monitoring Centre for Drugs and Drug Addiction are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2013 / Postpones the closure of the accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2013;
 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 its publication in the *Official Journal of the European Union* (L series).

¹ OJ L 357, 31.12.2002, p. 72.

² OJ L 328, 7.12.2013, p. 42.

3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

with observations forming an integral part of the 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 2013 (2014/2090(DEC))

The European Parliament,

- having regard to 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 2013,
- having regard to Rule 94 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 (A8-0000/2015),
- A. whereas, according to its financial statements, the final budget of the European Monitoring Centre for Drugs and Drug Addiction (“the Centre”) for the financial year 2013 was EUR 16 308 171,83 representing a decrease of 0,05 % compared to 2012,
- B. whereas the overall contribution of the Union to the Centre's budget for 2013 amounted to EUR 15 550 000, representing a decrease of 0,01 % compared to 2012,
- C. whereas the Court of Auditors (“the Court”), in its report on the annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2013 (“the Court’s report”), has stated that it has obtained reasonable assurances that the Centre’s annual accounts are reliable and that the underlying transactions are legal and regular,

Follow-up of 2012 discharge

1. Notes from the Court’s report that regarding two comments made in the Court’s 2011 report and marked as “Ongoing” or “Outstanding” in the Court’s 2012 report, corrective actions were taken and one comment is marked in the Court's report as "Completed" and the other as "Ongoing"; notes furthermore that, for the four comments made in the Court’s 2012 report, one corrective action has been taken in response to the previous year’s comments resulting in the comment being marked in the Court’s report as "Completed", while other three comments are marked as "Ongoing";
2. Acknowledges from the Centre that:
 - a. it has implemented multiple processes and measures to ensure adequate ex ante and ex post verifications and control of costs related to grants for supporting cooperation under the Reitox network; notes that the measures include detailed ex ante controls, written instructions to Reitox National Focal Points (NFP), specific information sessions on the issues at stake, yearly analysis of the financial reporting of each NFP,

on-site ex post verifications;

- b. it has revised its rules defining the requirements for ex post exercises in order to explicitly link the ex post verification to the results of the risk assessment; notes that the latest risk assessment exercise in 2014 confirmed the existence of certain medium to high risks likely to justify ex post verification, which are mostly of a technical nature related to IT security and software configuration;

Comments on the legality and regularity of transactions

3. Notes from the Court's report that the Centre launched a procurement procedure to rent office equipment over a four year period and that the technical requirements were subject to a significant modification during the course of the procedure; is concerned that the technical requirements were further adjusted for the conclusion of the contract, in accordance with the option announced in the published specifications, leading to a decrease in the contract value; regrets that the information published on the contract's price structure was not sufficiently clear, which led to a misinterpretation by one bidder who therefore had a smaller chance of being awarded the contract;
4. Notes with concern that the evaluation criteria for the abovementioned procedure were not sufficiently specific to ensure full transparency and the equal treatment of bidders; observes that the abovementioned weakness affected the efficiency and effectiveness of this procurement procedure, as well as creating the risk of hindering the competition;
5. Acknowledges from the Centre that the relevant contract notice was published via the information system for European public procurement, which imposes some restrictions on the information that can be published; acknowledges furthermore that all tenderers were treated equally and evaluated in accordance with the established and published award criteria and method; calls on the Centre to nonetheless improve its procurement processes and to report to the discharge authority on the measures taken;

Budget and financial management

6. Notes that budget monitoring efforts during the financial year 2013 resulted in a budget implementation rate of 99,73 % and that the payment appropriations execution rate was 97.71 %; acknowledges from the Court's report that the high overall level of committed appropriations indicated the commitments being made in a timely manner;

Commitments and carry-overs

7. Acknowledges that the Court's annual audit has found no notable issues as regards the level of carry-overs in 2013; takes note of the Centre's compliance with the principle of annuality and the timely execution of its budget;

Prevention and management of conflicts of interests and transparency

8. Acknowledges from the Centre that it has reviewed its policy on the prevention and management of conflicts of interests in line with the Commission's guidelines; notes

that the revised policy was approved by the Centre's Management Board at its meeting of 4 and 5 December 2014; looks forward to the publication of declarations of interests of the Management Board, senior management and the Director;

Internal audit

9. Acknowledges from the Centre that an updated state of implementation of its three-year strategic audit plan for the period 2013-2015 was sent to the Commission's Internal Audit Service (IAS); notes furthermore that in 2013 the IAS carried out an audit on budgeting and monitoring within the Centre, which resulted in three very important recommendations; ascertains from the Centre that two recommendations were implemented, one of which is considered to be closed by the IAS, while the other awaits the IAS' review and recommendation for closure; notes furthermore that one recommendation is at an advanced stage of implementation;
10. Takes note that the IAS followed up the implementation of its earlier recommendations and closed the four remaining very important ones relating to audits prior to 2013; acknowledges that no critical recommendations were open as of 31 December 2013;

Other comments

11. Acknowledges from the Centre that it continues to pursue its efforts in resolving the issue of its unused former building; notes that the Centre was contacted by a potential lessee and that it requested the help of the Portuguese authorities to facilitate the lease; takes note that the negotiations with the Portuguese authorities are ongoing; calls on the Centre to inform the discharge authority on future developments;
12. Takes note that the "Cais do Sodre Religio" building remains mostly unused as only a few expressions of interest for leasing the building materialised into concrete proposals; acknowledges that negotiations for a short-term lease are currently ongoing with an offer well below the renting costs endured by the Centre and that it is negotiating with the building's landlord for a possible reduction of the rent in order to neutralise rental costs as much as possible ; calls on the Centre to inform the discharge authority about future developments once more information is available;

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13. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of ... 2015¹ on the performance, financial management and control of the agencies.

¹ Texts adopted of that date, P8_TA-PROV(2015)0000