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CORR.

R E P O R T

of the Committee on Budgetary Control

giving discharge to the Management Board of the European Centre for the Development of Vocational Training (Berlin) in respect of the implementation of their budget for the 1989 financial year

Rapporteur : Mr Edward KELLETT-BOWMAN

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A Series Reports - B Series: Motions for Resolutions, Oral Questions - C Series: Documents received from other Institutions (e.g. Consultations)

* = Consultation procedure requiring a single reading

**II = Cooperation procedure (second reading) which requires the votes of a majority of the current Members of Parliament for rejection or amendment

**I = Cooperation procedure (first reading)

*** = Parliamentary assent which requires the votes of a majority of the current Members of Parliament

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On 20 February 1991 the Commission forwarded to the European Parliament, pursuant to Article 206b of the EEC Treaty, the revenue and expenditure accounts and the financial statement of the European Centre for the Development of Vocation Training (CEDEFOP) for the 1989 financial year (accompanied by the replies of the Centre to the comments of the Court of Auditors).

On 18 March 1991 the Council forwarded to Parliament the decision on the discharge to be given to the Management Board of CEDEFOP in respect of the implementation of their budget for the 1989 financial year.

At the sitting of 15 April 1991 the President of Parliament announced that he had forwarded these documents to the Committee on Budgetary Control.

At its meeting of 29 October 1990 the Committee on Budgetary Control confirmed the appointment of Mr KELLETT-BOWMAN as rapporteur.

At its meeting of 26 February 1991, the Committee on Budgetary Control considered the draft report and adopted the proposal for a decision on the Centre unanimously.

The following took part in the vote : Price, chairman; Blak, vice-chairman; Kellett-Bowman, rapporteur; Goedmakers, Holzfluss, Langes, Lo Giudice, Marck, Schodruch, Simons (deputizing for Colom i Naval) and Wettig.

The report was tabled on 6 March 1991.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the part-session at which it will be debated.

A

PROPOSAL FOR A DECISION

giving discharge to the Management Board of the European Centre for the Development of Vocational Training in respect of the implementation of its budget for the 1989 financial year

The European Parliament,

- having regard to the EEC Treaty and in particular Article 206b thereof,
 - having regard to the statement of accounts of the European Centre for Development of Vocational Training and the report of the Court of Auditors on this subject (C3-0095/91),
 - having regard to the Council decision of 18 March 1991 (Doc. C3-0170/91),
 - having regard to the report of the Committee on Budgetary Control (A3-0054/91),
1. Notes the following figures for the accounts of the European Centre for Development of Vocational Training :

1989 FINANCIAL YEAR	ECU
Revenue (total)	8 409 000.00
1. Subsidy from the Commission	8 339 850.67
2. Bank Interest	51 938.02
4. Other	10 901.07
Expenditure	
1. Final budget appropriations	8 409 000.00
2. Commitments	8 321 811.89
3. Unused appropriations	87 188.11
4. Payments	7 150 435.86
5. Carry-overs from 1988 to 1989	1 301 556.87
6. Payments against appropriations carried over	1 147 514.77
7. Appropriations carried over and cancelled (5-6)	154 012.10
8. Carry-overs from 1989 to 1990	1 171 376.03
9. Cancellations (1-4-8)	87 188.11

2. Records the fact that CEDEFOP has reported its finances in ECU;
3. Notes that the Commission has put forward proposals to bring the Centre's Financial Provisions into line with the revised Financial Regulation of 13 March 1990 applicable to the general budget of the European Communities;
4. Waits to be convinced that the analytical management accounting requested by the Court can add any cost-benefit to the Centre's effectiveness;
5. Requests the Commission's Financial Controller to visit the Centre at least every two months in order to visa authorizations and payments so as to reduce the use of the imprest account; recommends that separate accounts be kept for the imprest account, to the extent that it continues to be used; also recommends that the Centre exploit the facilities for obtaining prior approval by the Financial Controller provided by new communication technologies (electronic visa) as and when they become available;
6. Welcomes the Centre's proposals to organize its administration so as to have separated powers over transactions for authorizing officer and accounting officer;
7. Endorses the Court's request that bank interest received by CEDEFOP on deposited advances from the Commission should off-set bank charges but not exchange rate costs, which should be separately reported;
8. Welcomes the fact that the Centre has now taken the necessary steps to obtain access to the more favourable terms for interpreting services available to the Commission;
9. Calls upon the Commission to ensure that the quarterly instalments of the subsidy to the Centre from the general budget are paid on time and recommends that the usefulness of opening current contra accounts between the Commission and the Centre be examined by both parties;
10. Gives discharge to the Management Board of the European Centre for Development of Vocational Training, in respect of the implementation of its budget for the 1989 financial year, on the basis of the report of the Court of Auditors;
11. Instructs its President to forward this Decision to the Management Board of the European Centre for Development of Vocational Training, the Council, the Commission and the Court of Auditors and to have it published in the Official Journal (L series).

B

EXPLANATORY STATEMENT

EUROPEAN CENTRE FOR THE DEVELOPMENT OF VOCATIONAL TRAINING (BERLIN)

INTRODUCTION

1. Pursuant to Article 69 of Council Regulation (EEC) 1416/76, the Court of Auditors examined the Centre's annual accounts for 1989.

IMPLEMENTATION OF THE 1989 BUDGET

2. The appropriations available to CEDEFOP for financial year 1989 totalled 8.41 m ECU of which 7.15 m ECU were paid out during the year, 1.17 m ECU were carried forward to 1990 and 0.09 m ECU were cancelled. Cancellations as a percentage of appropriations available were significantly lower in 1989 (1.07%) than in 1988 (4.12%). As in previous years, the relatively high proportion of funds carried over to 1990 (13.91%) reflects the Centre's use of non-differentiated appropriations where many payments take place in the year following commitment.

3. Previous reports by the Committee on Budgetary Control in the context of the discharge procedure, most recently in relation to financial year 1988, have highlighted the shortcomings in presentation of accounts arising from the Centre's outdated financial provisions. The revised Financial Regulation applicable to the general budget of the European Communities was adopted in March 1990. The Centre's financial provisions should therefore be brought into line with the latter regulation, so far as is compatible with the Centre's particular situation, and the rapporteur is pleased to note that the Commission has now brought forward the necessary proposals.

ANALYTICAL ACCOUNTING BY RESEARCH OBJECTIVES

4. In the discharge decision relating to financial year 1988 (paragraph 3), Parliament recommended that the Centre conduct a pilot exercise in analytical accounting by research objective to ascertain the usefulness of such a method of accounting. During 1990 the Centre's administration duly undertook a retrospective pilot exercise in respect of financial year 1989 on the basis of a methodology which it devised for the purpose. It is in the process of completing a similar exercise in respect of 1990 and intends to conduct a further exercise for 1991.

5. To assess the usefulness of this approach, however, it would first be necessary to ensure that the Centre's management makes full use of the results when determining research priorities and strategies for subsequent years.

IMPREST ACCOUNT

6. In its report for 1989, the Court of Auditors finds that the Centre's imprest account is used as the main method of payment, especially for operating expenditure (some 62% of 1989 expenditure other than salaries was disbursed from the imprest account). The decision to set up an imprest account arose from the need to overcome the problem of physical distance which led to delays in obtaining prior approval from the Commission's Financial Controller in Brussels. Nevertheless modern communications technologies, including the prospect of electronic visa, should increasingly make it possible to surmount the obstacle of geographical distance and thus reduce recourse to the imprest account procedure.

7. To the extent that the imprest account continues to be used, the Centre should keep specific accounts for it.

SEPARATION OF DUTIES

8. In its report for 1989, the Court points to the overlap in the duties of authorizing officer and accounting officer. This is an issue to which the Court has consistently drawn attention in the past but which is due essentially to the small size of the Centre's staff. The Centre is proposing to realign its establishment so that the over-lapping of responsibilities criticised by the Court are obviated.

INTERPRETATION EXPENSES

9. The CEDEFOP organizes interpreting for the meetings it arranges, using free-lance interpreters who are members of the International Association of Conference Interpreters (AIIC). Hitherto, however, the Centre has not taken advantage of the special terms agreed between the Commission and the AIIC which could have yielded a saving of between 25% and 40% of its expenditure on interpreting. The rapporteur endorses the Court's recommendation that the Centre take the necessary steps to obtain access to the more favourable terms for interpreting services available to the Commission.

PAYMENT OF THE CENTRE'S SUBSIDY FROM THE GENERAL BUDGET

10. Under existing rules, the Commission's subsidy to the centre is paid by instalment on the 15th day of each quarter on the basis of the estimate of revenue and expenditure and in accordance with actual requirements. The Court found that a deficit had arisen in the Centre's accounts for 1989 as a result of late payment of the quarterly instalments. In addition, the Court suggests that current contra accounts between the Commission and the CEDEFOP be opened to overcome the apparent contradiction between the obligation to pay within a fixed time-limit and the adjustment in accordance with actual needs.

CONCLUSION

11. The rapporteur recommends that discharge be granted.

