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REPORT

on discharge in respect of the implementation of the budget of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2008
(C7-0182/2009 – 2009/2111(DEC))

Committee on Budgetary Control

Rapporteur: Véronique Mathieu

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1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2008 (C7-0182/2009 – 2009/2111(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2008,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2008, together with the Foundation's replies¹,
 - having regard to the Council's recommendation of 16 February 2010 (5827/2010 – C7-0061/2010),
 - having regard to Article 276 of the EC Treaty and 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 Communities², and in particular Article 185 thereof,
 - having regard to Regulation (EEC) No 1365/75 of the Council of 26 May 1975 on the creation of a European Foundation for the Improvement of Living and Working Conditions³, and in particular Article 16 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 Regulation (EC, Euratom) No 1605/2002⁴, and in particular Article 94 thereof,
 - 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 Employment and Social Affairs (A7-0088/2010),
1. Grants the Director of the European Foundation for the Improvement of Living and Working Conditions discharge in respect of the implementation of the Foundation's budget for the financial year 2008;
 2. Sets out its observations in the resolution below;

¹ OJ C 304, 15.12.2009, p. 142.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 139, 30.5.1975, p. 1.

⁴ OJ L 357, 31.12.2002, p. 72.

3. Instructs its President to forward this Decision and the resolution that forms an integral part of it to the Director of the European Foundation for the Improvement of Living and Working Conditions, 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 the closure of the accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2008 (C7-0182/2009 – 2009/2111(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2008,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2008, together with the Foundation's replies¹,
 - having regard to the Council's recommendation of 16 February 2010 (5827/2010 – C7-0061/2010),
 - having regard to Article 276 of the EC Treaty and 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 Communities², and in particular Article 185 thereof,
 - having regard to Regulation (EEC) No 1365/75 of the Council of 26 May 1975 on the creation of a European Foundation for the Improvement of Living and Working Conditions³, and in particular Article 16 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 Regulation (EC, Euratom) No 1605/2002⁴, and in particular Article 94 thereof,
 - 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 Employment and Social Affairs (A7-0088/2010),
1. Approves the closure of the accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2008;

¹ OJ C 304, 15.12.2009, p. 142.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 139, 30.5.1975, p. 1.

⁴ OJ L 357, 31.12.2002, p. 72.

2. Instructs its President to forward this Decision to the Director of the European Foundation for the Improvement of Living and Working Conditions, 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).

3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2008 (C7-0182/2009 – 2009/2111(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2008,
- having regard to the Court of Auditors' report on the final annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2008, together with the Foundation's replies¹,
- having regard to the Council's recommendation of 16 February 2010 (5827/2010 – C7-0061/2010),
- having regard to Article 276 of the EC Treaty and 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 Communities², and in particular Article 185 thereof,
- having regard to Regulation (EEC) No 1365/75 of the Council of 26 May 1975 on the creation of a European Foundation for the Improvement of Living and Working Conditions³, and in particular Article 16 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 Regulation (EC, Euratom) No 1605/2002⁴, and in particular Article 94 thereof,
- 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 Employment and Social Affairs (A7-0088/2010),

¹ OJ C 304, 15.12.2009, p. 142.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 139, 30.5.1975, p. 1.

⁴ OJ L 357, 31.12.2002, p. 72.

- A. whereas the Court of Auditors states that it has obtained reasonable assurance that the annual accounts for the financial year 2008 are reliable and that the underlying transactions are legal and regular,
- B. whereas on 23 April 2009 Parliament granted the Director of the European Foundation for the Improvement of Living and Working Conditions discharge for implementation of the Foundation's budget for the financial year 2007¹, and in its resolution accompanying the discharge decision, inter alia:
- deplored the fact that in 2007, as in 2006, the Court of Auditors found weaknesses in recruitment procedures; in particular, the Court of Auditors again found a case where the selection criteria were not defined in conformity with the vacancy notice;
 - was concerned that in three procurement procedures the Court of Auditors found the following anomalies:
 - (a) the financial evaluation procedure for a contract was not clearly specified in the tender documents,
 - (b) the selection criteria did not make it possible to evaluate the financial capacity of the candidates properly,
1. Expresses its satisfaction that the Court of Auditors has declared the annual accounts of the Foundation for the financial year 2008 to be legal and regular;

Performance

2. Notes that in 2007 the Foundation carried out an ex-post assessment of its 2001-2004 work programme in order to determine its impact, added value and effectiveness; congratulates the Foundation on having demonstrated, by means of that assessment, that the planned operations were duly completed; notes, further, that recent information included in the assessment of the Agencies ordered by the Commission in 2009 showed that in 2008 as well the Foundation duly completed its planned operations;
3. Congratulates the Foundation on launching another ex-post assessment exercise, in this case of its 2005-2008 work programme; calls on the Foundation, therefore, to keep it informed of the results of that assessment so that it can determine more effectively the Foundation's impact, added value and effectiveness during that specific period;
4. Calls on the Foundation to set out, in its table to be annexed to the Court of Auditors' next report, a comparison of operations carried out during the year for which discharge is to be granted and in the previous financial year so as to enable the discharge authority to assess more effectively its performance from one year to the next;

Operating appropriations carried over

5. Notes that, according to the Court of Auditors, the amount carried over represented more than 55% of appropriations (EUR 4 900 000) for the financial year 2008; acknowledges, however, the Foundation's reply to the effect that shortcomings exist, but that the level of

¹ OJ L 255, 26.9.2009, p. 190.

appropriations carried over is lower than indicated by the Court of Auditors (10%) by virtue of the fact that its annual programming in any case made provision for 45% of the appropriations under Title 3 to be carried over, in view of the duration of the study contracts and the Foundation's payment schedule; stresses, nevertheless, that this state of affairs indicates shortcomings in the planning and programming of the Foundation's operational activities and is at odds with the principle of annuality; calls on the Foundation, therefore, to take action to prevent this situation recurring in future and then inform the discharge authority of what it has done;

Budget transfers without supporting documents

6. Notes the Court of Auditors' statement that budget transfers were not properly justified, since no estimate of needs had been provided and the Administrative Board had not been informed; congratulates the Foundation, however, on having now remedied this shortcoming;

Procurement procedures

7. Calls on the Foundation to take steps to improve the monitoring of its contracts and the programming of its procurement procedures, by issuing new invitations to tender well before the corresponding contracts come to an end; in that connection, emphasises the fact that the Court of Auditors states that in two cases the Foundation improperly extended a contract beyond the maximum authorised duration and that in another case it failed to provide any justification for using a negotiated procedure;

Human resources

8. Calls on the Foundation's management to take steps, as part of its human resources management policy and in keeping with its obligations concerning implementation of the budget, to make better provision in advance for the departure of key staff members;
9. Calls on the Foundation to enter staff numbers, including contract staff (87 persons), in the activity report in a transparent manner;
10. Congratulates the Foundation on having introduced, in 2008, recruitment procedures consistent with the recommendations made by the Court of Auditors in the last two years; in particular, notes that on this occasion the Court of Auditors no longer identifies shortcomings in the Foundation's recruitment procedures (for example as regards the selection criteria) which were such as to undermine the transparency and non-discriminatory nature of those procedures;

Internal audit

11. Expresses concern at the fact that the Foundation's financial statements for 2008 were inadequate and inconsistent with the 2007 accounts and consequently required substantial correction in the course of the audit; notes that this state of affairs can be explained by the fact that the Foundation was forced to recruit a temporary member of staff for a short period of time in order to close the 2008 accounts and that, in addition, the handover from one accounting officer to the next was not seamless; calls on the Foundation, therefore, to take steps to ensure that such a situation does not recur in the future;

12. Acknowledges that 26 out of the 54 recommendations made by the Internal Audit Service (IAS) have been implemented since 2006; notes that, amongst the 28 which still need to be implemented, eight are considered to be 'very important'; in particular, urges the Foundation to put in place the remaining internal control standards (i.e. delegation for financial actors), to follow up the implementation of other internal control standards (i.e. effective coordination of the internal control system and compliance of procurement procedures with the Financial Regulation and its implementing rules), and to introduce an effective planning and monitoring system (e.g. by setting up a risk assessment system in respect of the Foundation's activities, putting in place an activity-based methodology and monitoring IT tools);

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13. Refers for other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of xx April 2010¹ on the performance, financial management and control of the agencies.

¹ Texts adopted, P7_TA-PROV(2010)...

25.2.2010

OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

for the Committee on Budgetary Control

on discharge in respect of the implementation of the budget of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2008
(C7-0182/2009 - 2009/2111(DEC))

Rapporteur: Ingeborg Gräßle

SUGGESTIONS

The Committee on Employment and Social Affairs calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Draws attention to the Court of Auditors' confirmation that the annual accounts for a budget of EUR 21 million fairly presents the Foundation's actual financial position as of 31 December 2008 and that its operations and cash flows for that financial year are in accordance with the Foundation's financial rules; notes the change of accounting officers and the problems found by the European Court of Auditors;
2. Expresses its satisfaction that the Court of Auditors has declared the annual accounts of the Foundation for the financial year 2008 to be legal and regular;
3. Calls upon the Foundation's management to take steps, as part of its human resources management policy and in keeping with its obligations concerning implementation of the budget, to make better provision in advance for the departure of key staff members;
4. Notes the findings of the ECA that EUR 4.9 million (more than 55%) of operational expenditure was carried forward without sufficient justification¹; notes that reserves of cash and cash equivalents have doubled to EUR 6.3 million since 2006; calls for in-depth consideration to be given to ways of ensuring that the Foundation's specific needs in terms of multiannual contracts can be met in a manner consistent with programming and

¹ Report on the annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2008, together with the Foundation's replies (OJ C 304, 15.12.2009).

budget forecasts adjusted to reflect the actual annual needs;

5. Welcomes the Foundation's readiness to correct the weaknesses in the procurement procedures to which attention was drawn in the previous year; calls for a stronger commitment to, and greater vigilance in monitoring, the structures and processes required for proper procurement procedures;
6. Calls on the Foundation to enter staff numbers, including contract staff (87 persons), in the activity report in a transparent manner.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	22.2.2010
Result of final vote	+: 28 -: 13 0: 0
Members present for the final vote	Regina Bastos, Edit Bauer, Milan Cabrnock, David Casa, Alejandro Cercas, Ole Christensen, Derek Roland Clark, Sergio Gaetano Cofferati, Marije Cornelissen, Tadeusz Cymański, Frédéric Daerden, Karima Delli, Proinsias De Rossa, Frank Engel, Sari Essayah, Richard Falbr, Ilda Figueiredo, Marian Harkin, Roger Helmer, Nadja Hirsch, Danuta Jazłowiecka, Martin Kastler, Adam Kósa, Jean Lambert, Veronica Lope Fontagné, Olle Ludvigsson, Elizabeth Lynne, Elisabeth Morin-Chartier, Csaba Óry, Siiri Oviir, Konstantinos Poupakis, Sylvana Rapti, Licia Ronzulli, Elisabeth Schroedter, Jutta Steinruck, Traian Ungureanu
Substitute(s) present for the final vote	Vilija Blinkevičiūtė, Marielle Gallo, Joe Higgins, Ria Oomen-Ruijten, Evelyn Regner, Birgit Sippel

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	23.3.2010
Result of final vote	+: 21 -: 2 0: 0
Members present for the final vote	Jean-Pierre Audy, Jorgo Chatzimarkakis, Ryszard Czarnecki, Luigi de Magistris, Tamás Deutsch, Martin Ehrenhauser, Jens Geier, Ingeborg Gräßle, Martin Häusling, Ville Itälä, Iliana Ivanova, Bogusław Liberadzki, Monica Luisa Macovei, Christel Schaldemose, Theodoros Skylakakis, Bart Staes, Georgios Stavrakakis, Søren Bo Søndergaard
Substitute(s) present for the final vote	Thijs Berman, Zuzana Brzobohatá, Esther de Lange, Christofer Fjellner, Ivailo Kalfin, Véronique Mathieu, Olle Schmidt, Derek Vaughan