



EUROPEAN PARLIAMENT

2009 - 2014

Plenary sitting

A7-0129/2012

12.4.2012

REPORT

on discharge in respect of the implementation of the budget of the European Centre for the Development of Vocational Training for the financial year 2010 (C7-0274/2011 – 2011/2213(DEC))

Committee on Budgetary Control

Rapporteur: Monica Luisa Macovei

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.....	7
ANNEX.....	12
OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS	13
RESULT OF FINAL VOTE IN COMMITTEE.....	15

1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the European Centre for the Development of Vocational Training for the financial year 2010 (C7-0274/2011 – 2011/2213(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Centre for the Development of Vocational Training for the financial year 2010,
 - having regard to the Court of Auditors' report on the annual accounts of the European Centre for the Development of Vocational Training for the financial year 2010, together with the Centre's replies¹,
 - having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),
 - 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 Communities², and in particular Article 185 thereof,
 - having regard to Regulation (EEC) No 337/75 of the Council of 10 February 1975 establishing a European Centre for the Development of Vocational Training³, and in particular Article 12a 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 Regulation applicable to the general budget of the European Communities⁴, 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 (A7-0129/2012),
1. Grants the Director of the European Centre for the Development of Vocational Training discharge in respect of the implementation of the Centre's budget for the financial year 2010;
 2. Sets out its observations in the resolution below;

¹ OJ C 366, 15.12.2011, p. 127.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 39, 13.2.1975, 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 Centre for the Development of Vocational Training, 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 Centre for the Development of Vocational Training for the financial year 2010 (C7-0274/2011 – 2011/2213(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Centre for the Development of Vocational Training for the financial year 2010,
 - having regard to the Court of Auditors' report on the annual accounts of the European Centre for the Development of Vocational Training for the financial year 2010, together with the Centre's replies¹,
 - having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),
 - 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 Communities², and in particular Article 185 thereof,
 - having regard to Regulation (EEC) No 337/75 of the Council of 10 February 1975 establishing a European Centre for the Development of Vocational Training³, and in particular Article 12a 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 Regulation applicable to the general budget of the European Communities⁴, 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 (A7-0129/2012),
1. Approves the closure of the accounts of the European Centre for the Development of Vocational Training for the financial year 2010;
 2. Instructs its President to forward this Decision to the Director of the European Centre for the Development of Vocational Training, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the*

¹ OJ C 366, 15.12.2011, p. 127.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 39, 13.2.1975, p. 1.

⁴ OJ L 357, 31.12.2002, p. 72.

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 Centre for the Development of Vocational Training for the financial year 2010 (C7-0274/2011 – 2011/2213(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Centre for the Development of Vocational Training for the financial year 2010,
 - having regard to the Court of Auditors' report on the annual accounts of the European Centre for the Development of Vocational Training for the financial year 2010, together with the Centre's replies¹,
 - having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),
 - 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 Communities², and in particular Article 185 thereof,
 - having regard to Regulation (EEC) No 337/75 of the Council of 10 February 1975 establishing a European Centre for the Development of Vocational Training³, and in particular Article 12a 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 Regulation applicable to the general budget of the European Communities⁴, 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 (A7-0129/2012),
- A. whereas the Court of Auditors has stated that it has obtained reasonable assurances that the annual accounts of the European Centre for the Development of Vocational Training ("the Centre") for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

¹ OJ C 366, 15.12.2011, p. 127.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 39, 13.2.1975, p. 1.

⁴ OJ L 357, 31.12.2002, p. 72.

- B. whereas on 10 May 2011 Parliament granted the Director of the Centre discharge for the implementation of its budget for the financial year 2009¹, and in its resolution accompanying the discharge decision, inter alia:
- called on the Centre to apply more effectively the budgetary principles of specification and transparency,
 - took note that the Centre has carried appropriations forward (31 % of the administrative expenditure - Title II) and cancelled payment appropriations (24 % of total appropriations for operating activities),
 - called on the Director of the Centre to provide more specific information on the content of the 15 recommendations still opened on 31 December 2008 and the 14 new recommendations still opened on 31 December 2009, in both cases by the Internal Audit Service (IAS),
 - called on the Centre to inform the discharge authority of the steps taken in respect of the procedure for decommitments in order to improve transparency of the inventory assets,
- C. whereas the overall budget of the Centre for the financial year 2010 was EUR 18 300 000, which represents a decrease of 1,6 % compared to 2009,
- D. Whereas the contribution of the Union to the budget of the Centre for the financial year 2010 was EUR 16 920 000, which represents an increase of 2 % compared with 2009,

Budget and financial management

1. Notes from the Centre's annual accounts for the financial year 2010 (CAA) that in mid-December 2010 the Centre was granted a supplementary and amending budget to the value of EUR 810 000 to fund studies requested by DG Employment in the field of skill need forecasting;
2. Takes note of the Governing Board's statement in its opinion on the Centre's 2010 final Annual Account that the 2010 budget financed by the Union contribution has been 99 % implemented; 3. Notes also from the CAA that the representation expenses and the meeting expenses increased respectively by 233 % and 37 % compared with 2009; acknowledges receipt of the justification for these increases in such expenses by letter of 23 February 2012; notes in particular that the increase in representation expenses was generated by the organisation of a reception for the departure of the former Director; invites the Centre to limit representation and meeting expenses to real needs;
3. Observes that the Centre receives annual contributions from two non-Member States who benefit from its work; notes that Norway and Iceland's contribution to the Centre's budget for the financial year 2010 amounted to EUR 421 308; recalls that these funds are managed as assigned revenue, requiring them to be committed for specific projects; notes that in 2010 the target for using these funds was not met by the Centre; stresses

¹ OJ L 250, 27.9.2011, p. 130.

that, for the financial year 2009, the Court of Auditors already commented on the Centre's shortcomings in using these funds; acknowledges receipt of the explanation for this situation by letter of 23 February 2012; welcomes in this respect the fact that, in 2011, the target was reached and 100 % of the planned budget was executed; takes note of the Centre's statement that the 2010 foreseen target was not reached due to the postponement of repairs to the Centre's buildings ; notes also the Centre's commitment to exhaust the previous years' contributions from Norway and Iceland in 2012; calls on the Centre to keep the discharge authority informed of the use of these contributions;

Carryover appropriations

4. Notes from the CAA that the Centre carried forward from 2010 to 2011 EUR 794 700 of Title I (Staff) and Title II (Administrative expenditure) appropriations; recalls that automatic carryovers of appropriations only concern expenses related to Titles I and II;
5. Notes also from the CAA that a non-automatic carryover was made to the value of EUR 55 910 relating to expenditure under Title II;
6. Notes some improvements as cancelled payment appropriations were down from 24 % in 2009 to 14 % in 2010; welcomes, in addition, the Centre's commitment to further reduce its carryovers by monitoring through standardised templates of budget execution (commitments, payments) and procurement progress;
7. Calls nevertheless on the Centre to put further efforts into reducing carryover appropriations in order to respect the principle of annuality more fully; reminds the Centre that this can be done by improved refinements to its programming and monitoring system and by initiating contracting earlier in the calendar year;

Transfers

8. Welcomes the fact that the Centre was able to assure the discharge authority that it effectively applied the principle of transparency by regularly reporting to its Governing Board on all transfers between budget lines throughout the year; notes, in particular, that as of 20 September 2011 five transfers of commitment appropriations (of a maximum of EUR 35 000) had been made by the Centre between budget lines and that the Governing Board was regularly informed of those transfers; calls nevertheless on Centre to reduce as much as possible those transfers in order also to apply the principle of specification;

Human resources (HR)

9. Acknowledges that the Director left the Centre on 15 October 2010 at the end of its mandate to take up another position at the Italian agency for vocational education and training, employment, and social policy;
10. Observes from its Annual Activity Report (AAR) that on 31 December 2010 the Centre employed 96 staff, 5 posts fewer than provided for in its establishment plan; notes that 24 contract staff and 5 seconded national experts were also added to the total number of

staff and the ratio between operational and administrative staff distribution was of 90/35;

11. Takes note of the Governing Board's statement in its opinion on the Centre's 2010 final Annual Account that the recruitment procedures for all five open posts were in progress or had been successfully completed by 31 December 2010;
12. Welcomes the fact that the Centre finalised an online tool for recruitment RECON - Recruitment Online, in 2010, which will help the Centre increase the speed and efficiency of its recruitment;

Performance

13. Notes with satisfaction that the Centre made available, as requested by the discharge authority, Gantt charts for all key operational activities of 2011; reminds the Centre that these charts outline, in a concise way, the amount of time spent by each staff member on a project and encourage an approach geared towards achieving results;
14. Notes from the Centre's AAR that the performance measurement system (PMS) has been fully implemented and encourages the Centre to further develop qualitative assessments to supplement the more quantitative PMS indicators;

Internal audit

15. Takes note from the Centre that it has still to implement certain IAS recommendations made in the context of the HR-management 2008 and the Ethics 2009 audits; acknowledges receipt of explanatory information by letter of 23 February 2012; welcomes the fact that for the 2008 HR-management audit, 13 of the 14 recommendations have been implemented; welcomes in addition the fact that for the 2009 Ethics audit, 16 of the 17 recommendations have been implemented; calls on the Centre to inform the discharge authority of the implementation progress of the remaining recommendations;
16. Notes from the Centre's AAR that in 2010 the IAS performed a risk assessment of ICT; welcomes the implementation of all actions planned by the Centre as at 31 December 2011, following the findings of this IT risk assessment;
17. Also, takes note that in April 2010 the IAS made another audit on the Centre's AAR and Building Block of Assurance within the Centre; acknowledges from the Centre that the IAS final report was made available to the Centre on 5 July 2010 and that this report provided reasonable assurance in respect of achieving of the annual reporting, including the Director's declaration of assurance; welcomes the information provided by the Centre by letter of 23 February 2012 to the effect that all seven of the IAS recommendations have been implemented by end of December 2011;
18. Observes from its AAR that the Centre has started to implement new Internal Control Standards (ICS) in 2009 and baseline requirements were fully met by the end of 2010 with the exceptions of ICS 8 and ICS 10; welcomes the information received by letter of 23 February 2012 to the effect that all baseline requirements for ICS 8 were fully met by end of 2011; takes note of the Centre's commitment to meet the baseline requirements

for ICS 10 during the first semester of 2012;

Internal Audit Capability (IAC)

19. Notes from the Centre's AAR that the IAC audit plan 2010 envisaged several *ex-post* and in process audits of procurement procedures, notably for the study of contracts and grant procedures; further notes that following an IAC audit of grant procedures the Centre proceeded to recover amounts paid to national grant beneficiaries totalling EUR 23 647,67;
20. Is concerned that the IAC left the Centre on 31 August 2010; is of the view that the IAC's reports could lead to further improvements in the internal control measures for procurement and grant procedures;
21. Acknowledges nevertheless observations from the Centre that the IAC functions are now covered either by external contractors (for example, an audit of the Centre's financial software (FIBUS) was contracted out and concluded in 2011) or by internal project groups;
22. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this resolution;
23. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of ... 2012 on the performance, financial management and control of the agencies.

ANNEX

European Parliament recommendations over the past years

European Centre for the Development of Vocational Training	2006	2007	2008	2009
Performance	n.a.	-Objectives and performance indicators are often not measurable→ the Centre should improve its programming. It should establish a clear and consistent link between the set objectives and the implementation of the budgetary resources needed to achieve them	-Calls on the Agency to set SMART objectives and RACER indicators, as well as to make a Gantt diagram→ promoting a result-oriented approach -Calls on the Agency to set out a diachronic analysis of operations carried out in this and the previous years -Calls on Centre and the European Training Foundation to publish a detailed follow-up report on the cooperation agreement in their 2009 activity report	-Calls on the Centre to set out a clear comparison of the operations that were carried out during the year for which discharge is to be granted and during the previous financial year
Budgetary and Financial management	-The principle of specification was not strictly observed: 43 % of the commitments were carried over to the following financial year. For operating activities more than 20 % of the payment appropriations were cancelled. High number of budget transfers -Transparency issues in the procurement procedures	n.a.	-Weaknesses in the programming and monitoring of differentiated appropriations for operating activities: 25 % of the payment appropriations were carried forward	-Calls on the Centre to apply more effectively the budgetary principles of specification and transparency
Human Resources	-Transparency issues: in two cases, the Centre did not check correctly the necessary professional experience required by the vacancy notice during the pre-selection phase	n.a.	n.a.	-Notes that the Centre has introduced changes in its recruitment procedures following remarks by the Court of Auditors in its 2009 report calling on the Centre to further improve transparency; welcomes, the Centre's initiative, since June 2010, in respect of questions in written tests and interviews before pre-selection
Internal Audit	-The internal control procedures were not complete	n.a.	-Calls on the Agency to fulfil 15 out of 30 recommendations made by the IAS: i.e. human resources management (staff performance, setting personal objectives and fixing the roles and responsibilities of the Staff Committee)	-Calls on the Director of the Centre to provide specific information on the content of the 15 recommendations made on 31 Dec 2008 & the new 14 recommendations made on the 31 Dec 2009 in both cases by the IAS -Calls on the Centre to inform the discharge authority of the steps taken in respect of procedure for decommitments in order to improve transparency of the inventory of assets. In addition the Centre started to document the main control processes

15.2.2012

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 Centre for the Development of Vocational Training for the financial year 2010
(C7-0274/2011 – 2011/2213(DEC))

Rapporteur: Csaba Öry

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 18 300 000 fairly present the Centre's actual financial position as at 31 December 2010 and that the Centre's operations and cash flows for the financial year 2010 are in accordance with its financial rules;
2. Expresses its satisfaction that the Court of Auditors has declared the operations underlying the Centre's annual accounts for the financial year 2010 to be legal and regular.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	13.2.2012
Result of final vote	+: 38 -: 1 0: 2
Members present for the final vote	Regina Bastos, Pervenche Berès, Vilija Blinkevičiūtė, Philippe Boulland, Alejandro Cercas, Derek Roland Clark, Marije Cornelissen, Frédéric Daerden, Karima Delli, Thomas Händel, Marian Harkin, Roger Helmer, Nadja Hirsch, Martin Kastler, Ádám Kósa, Jean Lambert, Veronica Lope Fontagné, Olle Ludvigsson, Thomas Mann, Elisabeth Morin-Chartier, Csaba Óry, Siiri Oviir, Rovana Plumb, Konstantinos Poupakis, Sylvana Rapti, Licia Ronzulli, Elisabeth Schroedter, Joanna Katarzyna Skrzydlewska, Jutta Steinruck, Traian Ungureanu, Andrea Zaroni, Inês Cristina Zuber
Substitute(s) present for the final vote	Georges Bach, Tamás Deutsch, Sergio Gutiérrez Prieto, Anthea McIntyre, Antigoni Papadopoulou, Evelyn Regner
Substitute(s) under Rule 187(2) present for the final vote	Phil Bennion, Zuzana Brzobohatá, Anna Záborská

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	27.3.2012
Result of final vote	+: 25 -: 0 0: 1
Members present for the final vote	Jean-Pierre Audy, Ryszard Czarnecki, Tamás Deutsch, Martin Ehrenhauser, Jens Geier, Gerben-Jan Gerbrandy, Cătălin Sorin Ivan, Iliana Ivanova, Bogusław Liberadzki, Monica Luisa Macovei, Jan Mulder, Eva Ortiz Vilella, Aldo Patriciello, Crescenzo Rivellini, Petri Sarvamaa, Theodoros Skylakakis, Bogusław Sonik, Bart Staes, Georgios Stavrakakis, Søren Bo Søndergaard, Michael Theurer
Substitute(s) present for the final vote	Amelia Andersdotter, Zuzana Brzobohatá, Edit Herczog, Véronique Mathieu, Derek Vaughan
Substitute(s) under Rule 187(2) present for the final vote	Salvador Garriga Polledo, Louis Grech