



Plenary sitting

A8-0120/2016

8.4.2016

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 2014
(2015/2165(DEC))

Committee on Budgetary Control

Rapporteur: Derek Vaughan

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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 2014 (2015/2165(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 2014,
- having regard to the Court of Auditors' report on the annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2014, together with the Foundation'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 2014, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 12 February 2016 on discharge to be given to the Foundation in respect of the implementation of the budget for the financial year 2014 (05584/2016–C8-0063/2016),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- 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 1605/2002³, and in particular Article 208 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 conditions⁴, 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 Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities⁵,
- 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 Council⁶, and in particular Article 108 thereof,

¹ OJ C 409, 9.12.2015, p. 307.

² OJ C 409, 9.12.2015, p. 307.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 139, 30.5.1975, p. 1.

⁵ OJ L 357, 31.12.2002, p. 72.

⁶ OJ L 328, 7.12.2013, p. 42.

- 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 Employment and Social Affairs (A8-0120/2016),
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 2014;
 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 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 2014 (2015/2165(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 2014,
- having regard to the Court of Auditors' report on the annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2014, together with the Foundation'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 2014, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 12 February 2016 on discharge to be given to the Foundation in respect of the implementation of the budget for the financial year 2014 (05584/2016–C8-0063/2016),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- 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 1605/2002³, and in particular Article 208 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 conditions⁴, 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 Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities⁵,
- 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 Council⁶,

¹ OJ C 409, 9.12.2015, p. 307.

² OJ C 409, 9.12.2015, p. 307.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 139, 30.5.1975, p. 1.

⁵ OJ L 357, 31.12.2002, p. 72.

⁶ OJ L 328, 7.12.2013, p. 42.

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 Employment and Social Affairs (A8-0120/2016),
1. Notes that the final annual accounts of the European Foundation for the Improvement of Living and Working Conditions are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2014;
 3. 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 the 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 2014 (2015/2165(DEC))

The European Parliament,

- having regard to 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 2014;
 - 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 Employment and Social Affairs (A8-0120/2016),
- A. whereas, according to its financial statements, the final budget of the European Foundation for the Improvement of Living and Working Conditions (“the Foundation”) for the financial year 2014 was EUR 20 774 000, representing an increase of 0,73 % compared to 2013;
- B. whereas the Court of Auditors ("the Court") in its report on the Foundation’s annual accounts for the financial year 2014 ("the Court's report"), stated that it had obtained reasonable assurances that those annual accounts were reliable and that the underlying transactions were legal and regular;

Follow-up of 2013 discharge

1. Welcomes the Foundation’s corrective actions regarding the concerns raised by the Court on the physical inventory and fixed assets registration;

Budget and financial management

2. Notes that the Foundation’s budget monitoring efforts during the financial year 2014 resulted in a budget implementation rate of 99,66 % and that the payment appropriations execution rate was 79,80 %; notes with satisfaction that high overall level of committed appropriations indicates commitments being made in a timely manner;

Commitments and carry-overs

3. Notes that the level of committed appropriations carried over to 2015 was 53,7 % for Title III (operational expenditure); acknowledges that those carry-overs related mainly to multi-annual projects, for which activities were implemented and payments were made according to schedule, as well as to one multi-annual project for which implementation was brought forward to 2014, but for which payments are due in only 2015;
4. Acknowledges that, in order to align the multi-annual nature of its projects with the budgetary principle of annuality, the Foundation reports the amount of planned carry-

overs to the Court at the beginning of each year; takes note that that reporting allows the Court to separate the unavoidable carry-overs relating to the multi-annual projects from carry-overs which indicate budgetary planning or implementation deficiencies;

Procurement and recruitment procedures

5. Welcomes the introduction of a new web application for the management of the selection and recruitment process, which was adopted and implemented during 2014; notes that that application will allow for most of the process, previously managed through a number of electronic and paper-based systems, to be organised in a single workflow, with potential savings in time;
6. Notes that the Foundation conducted for the first time in December 2014 a job screening exercise using the common methodology adopted for Union agencies; notes, furthermore, that, according to that exercise, 72,81 % of the Foundation's staff had operational functions, 15,54% had in the administrative support and coordination functions and 11,65 % had neutral functions;

Prevention and management of conflicts of interests and transparency

7. Notes with concern that approximately only half of the Foundation's Governing Board members' CVs and declarations of interest are publicly available on its website; acknowledges that the Foundation has no legal means of enforcing submission of those documents; urges the Foundation's governing board members to submit those documents without delay with a view to increasing transparency;
8. Calls for those Union institutions and agencies which have introduced codes of conduct, including the European Parliament, to step up their implementation measures, such as checks of declarations of financial interests;
9. Encourages the Foundation to better raise awareness of the conflict-of-interest policy among its staff, alongside ongoing awareness-raising activities and the inclusion of integrity and transparency as an obligatory item to be discussed during recruitment procedures and performance reviews;

Internal controls

10. Notes that, following the prioritisation in 2013 of further developing the Foundation's internal control standards ("ICS"), the internal control coordinator, in its annual work plan, focused on the ICS relating to staff allocation and mobility, processes and procedures as well as the assessment of the Foundation's internal control system; notes, moreover, that the Foundation's internal controls committee ("ICC") carried out a self-assessment of internal control weaknesses; takes note of the fact that the conclusion of the assessment was to focus on raising awareness about the ICS among managers; acknowledges that the ICC decided to plan and conduct seminars on each of the selected internal control systems;

Internal audit

11. Ascertains that the major activity in 2014 as regards the Foundations' relations with the

Commission's internal audit service ("IAS") was to follow up on the 2013 IAS audit on customer relations and stakeholder relations management and its three recommendations; takes note of the fact that the Roadmap agreed with the IAS in respect of the three recommendations was implemented in 2014 and various documents were made available to the IAS; acknowledges that the corrective actions implemented by the Foundation were ready for review by the IAS at the year-end and were submitted to the IAS for review;

Other comments

12. Notes from the Court's report that, following the amendment of the Staff Regulations in 2004 by Council Regulation (EC, Euratom) No 723/2004¹, these included provisions that future remuneration of officials recruited before 1 May 2004 should not be less than under the previous Staff Regulations; observes that the Court's audit revealed that this was not complied with and that, in the case of 20 of the 78 officials employed at the time, this led to an underpayment of EUR 128 735 for the period 2005 to 2014; acknowledges that the calculation of the Foundation's salaries is externalised to the Commission's Paymaster's Office; notes that the Foundation undertook necessary actions to remedy that issue;
13. Notes that although the Foundation became operational in 1975, a comprehensive headquarters agreement between the Foundation and the host Member State was not signed during 2014; notes with satisfaction that negotiations with the host Member State, which started in February 2014, were completed and that the signing of the Foundation's seat agreement took place on 10 November 2015; observes that this agreement should promote transparency in respect of the conditions under which the Foundation and its staff operate;
14. Welcomes the successful implementation of the Foundation's four-year work programme; praises the important work performed on the three European surveys: the European Quality of Life Survey, the European Working Conditions Survey and the European Company Survey; notes that the Foundation continued to focus its research on youth unemployment and social cohesion; appreciates its contribution to assessing the impact of the crisis on working and living conditions;
15. Welcomes the conclusion of the three key reports: "Psychosocial risks in Europe", "Labour mobility in the EU: Recent trends and policies" and "Social cohesion and well-being in the EU";
16. Appreciates the research provided by the Foundation and the valuable comparative information and notes their key importance for ensuring evidence-based discussions on social and work-related policies; highlights the particular relevance of the ongoing cooperation between the Foundation and the Committee on Employment and Social Affairs;
17. Acknowledges that the Foundation remained an essential contributor to policy development, the use of its expertise in key Union policy documents remained significant; welcomes the fact that the key performance indicators suggest a high visibility and

¹ Council Regulation (EC, Euratom) No 723/2004 of 22 March 2004 amending the Staff Regulations of officials of the European Communities and the Conditions of Employment of other servants of the European Communities (OJ L 124, 27.04.2004, p. 1)

recognition of the scientific value of the Foundation's research;

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18. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of [xx xxxx 2016]¹ on the performance, financial management and control of the agencies.

¹ Texts adopted of that date, P[8_TA(-PROV)(2016)0000].

26.1.2016

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 2014 (2015/2165(DEC))

Rapporteur: David Casa

SUGGESTIONS

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

1. Expresses its satisfaction that the Court of Auditors has declared the transactions underlying Eurofound's annual accounts for the financial year 2014 to be legal and regular in all material respects and that its financial position as of 31 December 2014 is fairly represented;
2. Welcomes the successful implementation of Eurofound's four-year work programme; praises the important work performed on the three European surveys: the European Quality of Life Survey, the European Working Conditions Survey and the European Company Survey; notes that Eurofound continued to focus its research on youth unemployment and social cohesion; appreciates its contribution to assessing the impact of the crisis on working and living conditions;
3. Welcomes the conclusion of the three key reports: "Psychosocial risks in Europe", "Labour mobility in the EU: Recent trends and policies" and "Social cohesion and well-being in the EU";
4. Appreciates the research provided by Eurofound and the valuable comparative information and notes their key importance for ensuring evidence-based discussions on social and work-related policies; highlights the particular relevance of the ongoing cooperation between Eurofound and the Committee on Employment and Social Affairs;
5. Acknowledges that Eurofound remained an essential contributor to policy development, the use of its expertise in key Union policy documents remained significant; welcomes the fact that the key performance indicators suggest a high visibility and recognition of the

scientific value of Eurofound's research;

6. Acknowledges that the implementation rate of the budget remained high (99,7 %) in 2014 indicating that commitments were made in a timely manner; notes that the level of carry-over in Title III has further increased from the previous year (from 48,6 % to 53,7 %); is satisfied however with the comments in the report on budgetary management relating to these issues;
7. Welcomes Eurofound's corrective actions regarding the concerns raised by the Court of Auditors on the physical inventory and fixed assets registration;
8. Reiterates the earlier comments suggesting that a comprehensive headquarters agreement between the Eurofound and the host Member State would further promote transparency in its operational conditions; acknowledges that Eurofound started negotiations with the Irish authorities; welcomes that the seat agreement was signed in November 2015.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

Date adopted	25.1.2016
Result of final vote	+: 32 -: 8 0: 2
Members present for the final vote	Laura Agea, Guillaume Balas, Enrique Calvet Chambon, David Casa, Ole Christensen, Jane Collins, Lampros Fountoulis, Arne Gericke, Thomas Händel, Marian Harkin, Czesław Hoc, Rina Ronja Kari, Agnieszka Kozłowska-Rajewicz, Kostadinka Kuneva, Jean Lambert, Jérôme Lavrilleux, Jeroen Lenaers, Dominique Martin, Anthea McIntyre, Joëlle Mélin, Elisabeth Morin-Chartier, Emilian Pavel, Georgi Pirinski, Terry Reintke, Sofia Ribeiro, Claude Rolin, Sven Schulze, Jutta Steinruck, Romana Tomc, Renate Weber, Tatjana Ždanoka, Jana Žitňanská
Substitutes present for the final vote	Maria Arena, Amjad Bashir, Lynn Boylan, Miapetra Kumpula-Natri, Paloma López Bermejo, Edouard Martin, Evelyn Regner, Michaela Šojdrová
Substitutes under Rule 200(2) present for the final vote	Eleonora Evi, Anneli Jäätteenmäki

RESULT OF FINAL VOTE IN COMMITTEE RESPONSIBLE

Date adopted	4.4.2016
Result of final vote	+ : 15 - : 4 0 : 0
Members present for the final vote	Louis Aliot, Inés Ayala Sender, Dennis de Jong, Martina Dlabajová, Ingeborg Gräßle, Verónica Lope Fontagné, Monica Macovei, Dan Nica, Gilles Pargneaux, Georgi Pirinski, Petri Sarvamaa, Claudia Schmidt, Bart Staes, Marco Valli, Derek Vaughan, Anders Primdahl Vistisen, Tomáš Zdechovský
Substitutes present for the final vote	Marian-Jean Marinescu
Substitutes under Rule 200(2) present for the final vote	Bodil Valero