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*Committee on Employment and Social Affairs*

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**2011/2201(DEC)**

3.1.2012

# **DRAFT OPINION**

of the Committee on Employment and Social Affairs

for the Committee on Budgetary Control

on Discharge 2010: EU general budget, Section III, Commission  
(2011/2201(DEC))

Rapporteur: Csaba Óry

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## 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. Notes that employment and social affairs account for 18% of expenditure on the Community's Cohesion Policy, with a vast majority of expenditure in this policy area (94%) funded from the European Social Fund (ESF);
2. Welcomes, therefore, the fact that, in the context of the resources allocated to the European Social Fund (ESF), the utilisation rate for commitment appropriations was 100% (EUR 10.8 billion) and for payment appropriations 87,9% (EUR 7.1 billion); recognises that the lower rate for payment appropriations arose because some commitments were not made until the last quarter of the year; acknowledges the Commission's efforts to improve financial management;
3. Welcomes, therefore, the finding of the Court of Auditors in its investigations that it has been possible to reduce the error rate to 7.7%; is surprised at the Court of Auditors' observation that EU directives were not properly transposed into national public procurement legislation, and therefore looks to the Commission to improve its supervision of transposition into national law and audit the admissibility of projects that receive funding;
4. Acknowledges the Commission's efforts to ensure by means of bilateral and multilateral training exercises that the Member States provide the beneficiaries and the implementing bodies on a continuous basis with training, information, advice and guidance with a view to reducing the error rate;
5. Renews its call for the Member States to be required to report on the implementation of the funding instruments, and supports the Court of Auditors' call for regular scrutiny by the Commission of the use of the ESF;
6. Regrets that the recommendations of the Court of Auditors on the contribution of the ESF to combating early school leaving have as yet been only partially implemented by the Commission;
7. Recalls that it is for the Directorate-General for Employment, Social Affairs and Inclusion which administers the funds, to adopt appropriate measures to prevent fraud and corruption; welcomes the close cooperation with the European Anti-Fraud Office (OLAF); calls for assurances that national judicial authorities will also continue to investigate and punish instances of fraud in the ESF;
8. Welcomes the Commission's efforts to secure comprehensive accountability from all Member States by means of annual inspection reports from auditing bodies and annual summary reports, and considers that the Commission should extend its auditing to include a communication to Parliament on the added value of EU funding;

9. Underlines the specific needs of target groups and project leaders in the ESF; suggests that the co-financing of projects should also include voluntary activities in non-profit-making organisations and contributions in kind; calls on project leaders to furnish an updated survey by Member State and by project on the administrative costs of the ESF;
10. Regards it as essential, particularly with regard to the financing of the Globalisation Fund, to set benchmarks for the unit costs of the various funded measures, and highlights the fact that the Globalisation Fund has financed only 21 projects with a total of EUR 105 m, while appropriations of up to EUR 500 m were available; looks therefore to the Commission, in view of the importance of the Fund for the reintegration of unemployed people, to support the Member States more effectively in selecting appropriate projects for funding from the Globalisation Fund;
11. Calls on the Court of Auditors to audit the other budget headings in the area of social and employment policy as well and to determine why full use is not being made of the resources available.
12. Looks to the Commission to produce detailed evaluation reports on the pilot projects.