

**NOTE****Report of the Acting Director to the Discharge Authority on measures taken in light of the Discharge Authority's recommendations of 2017**

REFERENCE: *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 2017 (018/2178(DEC))*

1. INTRODUCTION

Article 107 par. 2 of Cedefop's decision on the Financial Rules of 1 July 2019 states: 'At the request of the European Parliament or the Council, the executive director shall report on the measures taken in the light of those observations and comments. The executive director shall send a copy thereof to the Commission and the Court of Auditors'.

This report provides an overview of the measures taken by Cedefop in light of the observations and comments from the Discharge Authority related to the implementation of the budget for the financial year 2017 with the aim of further improving the Agency's operations.

2. EUROPEAN PARLIAMENT'S OBSERVATIONS AND MEASURES TAKEN BY CEDEFOP

TITLE	No	Recommendation	Centre's reply	Status
Cancellation of carryovers	2	Notes with concern that the cancellation of carryovers from 2016 to 2017 amounted to EUR 52 767, representing 5,06 % of the total amount carried over, an increase of 2,31 % in comparison to 2016;	Commitments are carried over at the year end to cover the cost of expenses incurred during the year in question and for which no invoice has been received at the year end. These are generally estimated costs and will tend to exceed the actual cost in order to ensure sufficient funds are available when it comes to pay these items.	Completed

			<p>Hence we would expect "cancellations" or savings on these brought forward commitments, not only because the actual cost came in at a lower price than estimated (e.g. removal costs, missions, external training) but also because the expenditure failed to materialise (e.g. cost of staff medicals).</p> <p>Although the payment appropriations are deemed to be "cancelled" with regard to Cedefop's budget the actual funds (euros) are returned to the Commission at the end of the year.</p> <p>In Title 1, Euro 152,891 were brought forward and Euro 23,813 were deemed to be cancelled. Of this figure, Euro 11,484 relate to allowances and expenses on entering and leaving the service. This consists mainly of an estimate of the funds required to fund candidates for forthcoming interviews as well as their travel and subsistence. The estimate is made without knowledge of how many candidates will be invited or their place of departure. The estimate will always exceed the actual cost to ensure adequacy of funds.</p> <p>In Title 2, Euro 445,546 were brought forward and Euro 28.954 were deemed to be cancelled. Of this figure Euro 14,398 relate to software purchase and development of external services where both projects were completed and maintenance carried out at a lower cost than anticipated.</p>	
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Performance	8	<p>Notes the Centre's close cooperation with the European Training Foundation and the European Foundation for the Improvement of Living and Working Conditions, formalised in collaboration agreements; notes with satisfaction that the Centre and the European Union Agency for Network and Information Security signed a service-level agreement which enables them to share conference facilities and storage space among other synergies; emphasises in this context that the Centre is one of the four Agencies on social policies; expresses its disappointment with the outcome in this respect of the Interinstitutional Working Group (IIWG) on decentralised agencies, as no specific proposals were developed to merge or co-locate agencies concentrating on related policy fields; asks the Centre to cooperate with the three other Agencies on social policies to investigate possible mergers;</p>	<p>Cedefop would like to point to the results of the external evaluation conducted in 2017¹ stating that Cedefop's and the other agencies' added value lies in the uniqueness of outputs that are not available elsewhere in terms of thematic coverage and geographical scope and which could not be more efficiently implemented at other levels or by other institutions.</p> <p>Assessing different scenarios regarding the agencies' future, including possible mergers, the evaluators concluded that reinforced cooperation emerged as a feasible option that combines the advantages and minimises the disadvantages of the these scenarios (see also response to point 10 below). Mergers were considered by the evaluators a high-risk strategy with no apparent cost-savings. Cedefop's recast founding regulation, which came into force in February 2019 takes up the outcome of the external evaluation of the four agencies within DG Employment's remit recommending reinforced cooperation (e.g. Preamble Art 7, Article 2 (4) and Art 2 (5)).</p> <p>In this context, Cedefop would like to underline its long-standing endeavour to create synergies, added value and efficiency gains through cooperation with the agencies working in related fields and within the European Agencies network. Also, the recast Founding regulation foresees that the European Parliament will appoint an independent expert as a member of Cedefop's Management Board. The EP will therefore have even better insight into the nature of Cedefop's work, our cooperation with other agencies in the various fields and the potential</p>	ONGOING
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¹ Ares (2018)1929597

			<p>for further efficiency gains.</p> <p>In 2018, complementarity manifested itself in</p> <ul style="list-style-type: none"> • Cedefop's joint venture with Eurofound on the skills forecast: Cedefop's 2018 skills demand and supply projections for 2030 were used by Eurofound to assess the tasks to be performed in jobs to 2030; Eurofound contributed to the conference where Cedefop released its new data and the Agencies' findings were published in a joint report • throughout 2018 Cedefop and Eurofound cooperated to prepare alternative scenarios and skills forecasts on the future of manufacturing, a project sponsored by DG Internal Market, Industry, Entrepreneurship and SMEs and the European Parliament. • the Eurofound-Cedefop collaboration to prepare a joint European company survey; • the Cedefop-ETF review of progress in countries' joint priorities for VET; • the cooperation with ETF and UNESCO on the global inventory of regional and national qualification frameworks with • the joint publication on skill needs anticipation systems and approaches with ETF, ILO and OECD <p>Currently, Cedefop is working on an action plan to follow up the Commission's recommendations on reinforced cooperation with the other agencies also consulting with them to ensure coordinated approaches and efficiency gains where feasible.</p>	
Performance	10	Notes that the Centre was subjected to external evaluation as required by the financial rules, covering the period 2013 to 2016; notes that the final report of	The external evaluation of Cedefop's performance in the period 2011-16, conducted in 2017, had two objectives: 1) to assess Cedefop individually and 2) from a comparative	ONGOING

		<p>the evaluation should have been received in 2018; calls on the Centre to report to the discharge authority on the results of that evaluation;</p>	<p>perspective together with the other agencies within DG Employment's remit – Eurofound, ETF and EU-OSHA – to consider potential areas for closer cooperation, future synergies, efficiency gains and scenarios in the lights if the 'common approach' adopted in 2012, the revision of these Agencies' Founding regulations and the Commission's proposal to set up a European Labour Authority. The reports were received in spring 2018 (Ares (2018)1929597). Evaluation outcomes were used by the Commission to inform the revision of Cedefop's Founding regulation which came into force in February 2019.</p> <p>1) For Cedefop, the evaluators' assessment was overall positive, in particular concerning skills anticipation, thematic country reviews and policy learning fora. It confirmed that:</p> <ul style="list-style-type: none"> • Cedefop work is complementary and does not overlap with that of the other agencies, Commission services, institutions and networks; • Cedefop successfully supported the development of EU vocational education and training and skills policies and contributed to their implementation; • the quality of Cedefop outputs and contributions met stakeholder needs • the Agency had proved flexibility and adapted its work to changing socio-economic and political context, newly emerging issues and ad-hoc requests. The report noted, however, the additional workload and prioritisation challenge this had caused. • Cedefop had accomplished its tasks successfully despite its financial and human resource constraints. <p>Cedefop's measures to reinforce human resources for its content-</p>
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			<p>related work through redeployment were acknowledged but further efforts to achieve efficiency gains should be made. The communication activities and reinforcement of its Brussels office, as well as the shift to paperless publications and online visualisation tools, were positively assessed. Generally, the evaluators proposed to aim for a more consistent approach to performance indicators among the agencies.</p> <p>In terms of accountability, transparency, performance assessment, effectiveness and efficiency, Cedefop was considered to have performed successfully during the evaluation period. The Agency had already been in line with several of the provisions/criteria outlined in the Common Approach from its outset. Cedefop was among the few agencies that had adopted an Anti-Fraud Strategy by 2015.</p> <p>2) Also the outcomes of the cross-agency evaluation were generally positive while highlighting areas for improvement. It confirmed the good quality of the agencies' work despite budgetary and HR constraints, their alignment to the EU agenda and the uniqueness of their outputs/ services. While the Agencies' mandates suggested potential overlaps, this was not the case in practice. Neither would there be any overlaps with the labour authority (ELA) that the Commission had proposed. The evaluators proposed, however, that the Agencies reinforce cooperation and engage in joint value creation and cross-agency learning. Closer cooperation was also recommended in the programming stage and in view of more consistent performance indicators and sharing support services.</p> <p>In spring 2019, the Commission presented its conclusions of the</p>	
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			<p>Agencies' overall and individual performance in a staff working document including indications on ways to achieve further efficiency and synergies. For Cedefop, it recommends that the Agency should continue its efforts to reinforce its operational areas and revise the presentation of some of its performance indicators. Recommendations provided to all four agencies relate to:</p> <ul style="list-style-type: none"> • policy support for the EU and the Member States: ensuring flexibility and structured reprioritising mechanisms to be able to adapt to changing EU priorities and unforeseen needs; providing staggered outputs and updates; balancing demand driven support to Member States and research activities; • outputs and services: ensuring quality of their deliverables, better outreach and targeted communication activities, including with the help of their management board members; • organisation, process and performance: improving the balance between operational and administrative functions; aligning performance measurements systems; • governance: clarifying the roles of different institutional actors; making decision-making more efficient; providing training to management board members; • a structured common framework for reinforced cooperation among the agencies. <p>As requested by the Commission, Cedefop is working on an action plan in response to the recommendations and is liaising with the other agencies to ensure coordinated approaches.</p>	
Staff policy	12	Notes the departure of the Centre's head of service for human resources in April 2017 as well as the departure of the Centre's	The new head of HR took up duties in January 2019. Since November 2017 following the former Director's decision to fully	ONGOING

		<p>legal advisor and the resulting additional workload for the remaining staff; calls on the Centre to report to the discharge authority of any developments in this regard;</p>	<p>externalise Cedefop's legal service, Cedefop no longer employs an internal legal advisor. The legal needs are covered through services provided by a number of external providers by way of service level agreements or contracts with external law firms/lawyers. The Legal Function is coordinated under the supervision of the Directorate.</p> <p>Cedefop plans to reassess the way its legal function is run with a view to ensuring better efficiency and sound financial management.</p>	
	14	<p>Notes with regret from the Court's report that two recruitment procedures for management positions were considered to be irregular; notes the Centre's reply in this regard and expects that this concern will be addressed properly; urges the Centre to report to the discharge authority on the measures taken to respond to this observation;</p>	<p>Acknowledging the comment from the Court on the irregularity of the two recruitment procedures, Cedefop carried out an in-depth assessment of both procedures and cancelled one of them.</p> <p>Moreover, Cedefop is undergoing a thorough process to improve selection procedures more generally. As part of this undertaking, Cedefop has already revised its conflict of interests procedure. Furthermore, the improvements focus on: ensuring compliance through designing criteria that can be effectively assessed by Selection Boards; increased controls carried out by HR; and ensuring that the composition of Selection Boards is in line with the rules and well-justified. The vacancy notice model has been improved substantially to ensure increased transparency and clarity of criteria. The improvements are currently put in practice with a vacancy notice published in July 2019.</p>	ONGOING
	15	<p>Notes with regret that the transparency of recruitment processes is not always fully given; therefore welcomes the suggestion of the Court to publish vacancy notices also on the</p>	<p>Publishing on the EPSO website has until now not been feasible due to the prohibitive translation costs. However, EPSO has recently opened up for publishing only in English provided that the job title is</p>	COMPLETED

		website of the European Personnel Selection Office (EPSO) in order to increase publicity; takes note of the Centre's reply that it already publishes some vacancies on EPSO and that translating all vacancy notices in the Union languages would considerably increase costs;	available in all 27 languages. This change enables Cedefop to use the EPSO website for dissemination of the vacancy notices. The first vacancy notice published in 2019 was published on the EPSO website.	
Procurement	16	Notes that, according to the Court's report, by the end of 2017 the Centre was not yet using any of the tools launched by the Commission aimed to introduce a single solution for the electronic exchange of information with third parties participating in public procurement procedures (e-procurement); notes that, according to the Centre's report, it has planned to implement the necessary electronic measures in late 2018; calls on the Centre to report to the discharge authority on the progress made regarding this matter;	The Agency uses the e-Tendering and the e-Submission tools since December 2018, when the first three open procedures were launched with the use of the tools. All new open procedures are since then launched with the use e-Tendering and e-Submission.	COMPLETED
Prevention and management of conflicts of interests and transparency	17	Notes the Centre's existing measures and ongoing efforts to secure transparency, prevention and management of conflicts of interests, and whistleblower protection; points out with concern, however, that the Centre does not publish the CVs of its senior management on its website, and that the Centre's senior management, in-house experts and assistants declare potential conflicts of interest only as they occur according to Centre's policy on the prevention and management of conflict of interests since 2014; calls on the Centre to report to the discharge authority on the measures taken in	To prevent, detect, monitor and deal with situations of potential or actual conflicts of interests, Cedefop requests staff members who act in a situation where a conflict of interest may arise to declare potential or actual interests (e.g. when acting as members of selection boards in recruitment procedures or opening and evaluation committees in procurement procedures). Furthermore, Cedefop has updated its guidelines on reporting conflict of interest in selection and recruitment processes and examples of situations which could constitute a conflict of interest of a Selection Board member and should be reported. A Selection Board member must report any	ONGOING

		this regard;	<p>potential or actual conflicts of interests, also beyond those described in this document, which may impair, or objectively appear to impair, his or her independence and objectivity in the procedure.</p> <p>Guidelines on reporting conflict of interest in evaluation and opening committees are also available.</p> <p>Cedefop will in future publish the CVs of its senior management.</p>	
	18	Reiterates its call for the Centre to make public the minutes of its management board meetings;	<p>Detailed rules for the application of Regulation (EC) No 1049/2001 have been drafted, explicitly specifying that Management Board meetings shall be made 'directly accessible to the public in electronic form'. Following final consultation with the Executive Board, these rules are expected to be adopted by the Management Board by written procedure by September 2019. The minutes of subsequent Management Board meetings will henceforth be made publically available in a dedicated section of Cedefop's web portal</p>	ONGOING
	19	Reiterates the need to urgently implement independent disclosure, advice and referral mechanisms with sufficient budgetary resources, in order to help reporting persons use the right channels to disclose their information on possible irregularities affecting the financial interests of the Union, while protecting their confidentiality and offering needed support and advice in line with the proposal for a directive on the protection of persons reporting on breaches of Union law (2018/0106 (COD)) which is currently under interinstitutional negotiations;	<p>An independent disclosure, advice and referral body for whistle-blowers was established by appointing Cedefop's Internal Control Coordinator as the Agency's ethics and integrity correspondent as well as assuming the role of the European Anti-Fraud Office Correspondent. The Internal Control Coordinator was appointed as Ethics Officer. The Ethics officer is the central channel through which staff can report wrongdoings while ensuring independence and confidentiality.</p> <p>Cedefop proposed to Eurofound, ETF and EU-OSHA to share a common approach and to support each other when needed. Discussions are ongoing.</p>	ONGOING



Thessaloniki, 19 August 2019

Mara Brugia
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