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DRAFT 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 2013
(2014/2088(DEC))

Committee on Budgetary Control

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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 2013 (2014/2088(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 2013,
- 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 2013, 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 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of ... on discharge to be given to the Foundation in respect of the implementation of the budget for the financial year 2013 (00000/2015 – C8-0000/2015),
- 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 Communities³,
- 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 1605/2002⁴, 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 Conditions⁵, 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

¹ OJ C 442, 10.12.2014, p. 275.

² OJ C 442, 10.12.2014, p. 275.

³ OJ L 248, 16.9.2002, p. 1.

⁴ OJ L 298, 26.10.2012, p. 1.

⁵ OJ L 139, 30.5.1975, p. 1.

Regulation applicable to the general budget of the European Communities¹,

- 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 Council², 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 (A8-0000/2015),
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 2013 / Postpones its decision on granting 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 2013;
 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).

¹ OJ L 357, 31.12.2002, p. 72.

² OJ L 328, 7.12.2013, p. 42.

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 2013 (2014/2088(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 2013,
- 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 2013, 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 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of ... on discharge to be given to the Foundation in respect of the implementation of the budget for the financial year 2013 (00000/2015 – C8-0000/2015),
- 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 Communities³,
- 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 1605/2002⁴, 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 Conditions⁵, 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

¹ OJ C 442, 10.12.2014, p. 275.

² OJ C 442, 10.12.2014, p. 275.

³ OJ L 248, 16.9.2002, p. 1.

⁴ OJ L 298, 26.10.2012, p. 1.

⁵ OJ L 139, 30.5.1975, p. 1.

Regulation applicable to the general budget of the European Communities¹,

- 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 Council², 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 (A8-0000/2015),
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 2013 / Postpones the closure of the accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2013;
 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).

¹ OJ L 357, 31.12.2002, p. 72.

² OJ L 328, 7.12.2013, p. 42.

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 2013 (2014/2088(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 2013,
 - 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 (A8-0000/2015),
- A. whereas, according to its financial statements, the final budget of the Foundation for the Improvement of Living and Working Conditions (“the Foundation”) for the financial year 2013 was EUR 20 624 300, representing a decrease of 3,76 % compared to 2012,
- B. whereas the Court of Auditors, in its report on the annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2013 (“the Court’s report”), has stated that it has obtained reasonable assurances that the Foundation’s annual accounts are reliable and that the underlying transactions are legal and regular,

Follow-up of 2012 discharge

1. Acknowledges from the Foundation that information on the impact of its activities on Union citizens is provided on its website, mainly through the yearly publication of strategic documents such as the Foundation's annual activity report and many Union policy documents related to the area of life and work;

Comments on the reliability of the accounts

2. Notes from the Court’s report that the Foundation carried out a comprehensive physical inventory exercise at the end of 2013 and the beginning of 2014 and that the physical inventory report wasn’t finalised by February 2014 when the Court’s audit took place; notes with concern that the tests carried out by the Court revealed that not all fixed assets were barcoded and recorded in the register and accounts, that certain equipment was expensed instead of capitalised, and that the correct starting date for the calculation of the depreciation charge for some of the assets could not be traced;
3. Acknowledges from the Foundation that the physical inventory report was finalised and published after the Court’s audit took place and that the errors in relation to registration

and barcoding were rectified; notes furthermore that the Foundation now registers the required documentation to ensure the proper tracing of the correct starting date for the calculation of the assets' depreciation;

4. Acknowledges from the Foundation that the weaknesses in the area of fixed assets registration and accounting were largely due to the transition period towards a new asset accounting system; notes that the deficiencies identified were remedied by the full implementation of the new system and changes in the internal workflows;

Budget and financial management

5. Notes from the Foundation that budget monitoring efforts during the financial year 2013 resulted in a budget implementation rate of 99,50 % and that the payment appropriations execution rate was 78,10 %;

Commitments and carry-overs

6. Notes with concern that the level of committed appropriations carried over to 2014 was high at 35,60 % for Title II (administrative expenditure) and 48,60 % for Title III (operating expenditure);
7. Acknowledges from the Foundation that Title II carry-overs were mainly due to the procurement of IT hardware and software, urgent and unexpected repair works and refurbishment works already contracted and planned for the beginning of 2014, and that Title III carry-overs resulted mainly from multiannual projects for which activities were already implemented, as well as from unplanned carry-overs such as increased budget for several projects with enhanced scope and quality, translation services ordered at year end and late invoicing by contractors;

Procurement and recruitment procedures

8. Notes that neither sampled transactions nor other audit findings have led to any comments on the Foundation's procurement procedures in the Court's report, which contains no comments neither concerning its recruitment procedures;

Prevention and management of conflicts of interests and transparency

9. Acknowledges from the Foundation that it has adopted its conflicts of interests policy during 2014; welcomes the fact that the declarations of interests, as well as CVs of the Director and senior managers, have been published on its website; observes that although the Foundation requested the CVs of the Management Governing Board members and alternates to be published on its website, they are still not publicly available; calls on the Foundation to remedy this deficiency as a matter of urgency;

Internal audit

10. Acknowledges from the Foundation that in 2013 the Commission's Internal Audit

Service (IAS) conducted an audit of the two-way communication between the Foundation and its customers and stakeholders, in order to determine whether its objectives are achieved effectively and efficiently; acknowledges that that audit showed that the Foundation's management and control systems were functioning effectively and efficiently; notes that in its audit, the IAS made three recommendations to the Foundation, one of which was marked as “Very Important”;

11. Ascertains from the Foundation that all the recommendations made by the IAS in 2012 and in the previous years had been implemented and were closed by the IAS in January 2014;

Other comments

12. Notes with concern that although the Foundation became operational in 1975, a comprehensive headquarters agreement between the Foundation and the host Member State has not yet been signed;
13. Acknowledges from the Foundation that negotiations with the host Member State have started in February 2014; notes that a draft agreement in which most of the previous contentious matters were resolved was presented to the Foundation, and looks forward to the final round of negotiations and subsequent signing of an agreement; calls on the Foundation to inform the discharge authority on the outcome of the negotiations;

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14. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of ... 2015¹ on the performance, financial management and control of the agencies.

¹ Texts adopted of that date, P8_TA-PROV(2015)0000.