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A8-0079/2015

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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 2013 (2014/2087(DEC))

Committee on Budgetary Control

Rapporteur: Ryszard Czarnecki

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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 2013 (2014/2087(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 2013,
- 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 2013, together with the Centre'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 17 February 2015 on discharge to be given to the Centre in respect of the implementation of the budget for the financial year 2013 (05304/2015 – C8-0054/2015),
- 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 337/75 of the Council of 10 February 1975 establishing a European Centre for the Development of Vocational Training⁵, 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

1 OJ C 442, 10.12.2014, p. 42.

2 OJ C 442, 10.12.2014, p. 42.

3 OJ L 248, 16.9.2002, p. 1.

4 OJ L 298, 26.10.2012, p. 1.

5 OJ L 39, 13.2.1975, 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 (A8-0079/2015),
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 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 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).

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 Centre for the Development of Vocational Training for the financial year 2013 (2014/2087(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 2013,
- 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 2013, together with the Centre'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 17 February 2015 on discharge to be given to the Centre in respect of the implementation of the budget for the financial year 2013 (05304/2015 – C8-0054/2015),
- 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 337/75 of the Council of 10 February 1975 establishing a European Centre for the Development of Vocational Training⁵, 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

1 OJ C 442, 10.12.2014, p. 42.

2 OJ C 442, 10.12.2014, p. 42.

3 OJ L 248, 16.9.2002, p. 1.

4 OJ L 298, 26.10.2012, p. 1.

5 OJ L 39, 13.2.1975, 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 (A8-0079/2015),
1. Notes that the final annual accounts of the European Centre for the Development of Vocational Training are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Centre for the Development of Vocational Training for the financial year 2013;
 3. 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 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 Centre for the Development of Vocational Training for the financial year 2013 (2014/2087(DEC))

The European Parliament,

- having regard to 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 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 (A8-0079/2015),
- A. whereas, according to its financial statements, the final budget of the European Centre for the Development of Vocational Training (“the Centre”) for the financial year 2013 was EUR 17 925 075, representing a decrease of 6,72 % compared to 2012,
- B. whereas, according to its financial statements, the overall contribution of the Union to the Centre's budget for 2013 amounted to EUR 17 133 900, representing an increase of 1,18 % compared to 2012,
- C. whereas the Court of Auditors (“the Court”), in its report on the annual accounts of the European Centre for the Development of Vocational Training for the financial year 2013 (“the Court's report”), has stated that it has obtained reasonable assurances that the Centre’s annual accounts are reliable and that the underlying transactions are legal and regular,

Follow-up of 2012 discharge

1. Notes from the Court’s report that regarding two comments made in the Court’s 2011 report and marked as "Ongoing" in the Court's 2012 report, corrective actions have been taken and both recommendations are marked in the Court's report as "Completed"; notes furthermore that for the three comments made in the Court’s 2012 report, two corrective actions have been taken in response to the previous year's comments and are now marked as “Completed” whereas one is marked as "Not Applicable";
2. Acknowledges from the Centre that:
 - after following the Court's recommendation to ensure that the pre-selection committee signs declarations of interests in order to avoid conflicts of interest, the recruitment process for high level officials has been successful;
 - it has reviewed and adapted its policy of conflicts of interest; calls on the Centre to inform the discharge authority about the results of the policy review and on the

adaptations made to the situation at the Centre;

- it is undertaking actions regarding the publication of the curricula vitae of the members of the Governing Board and declarations on the absence of conflicts of interest; notes with concern that the Centre has not fully remedied this issue, and calls on the Centre to implement corrective actions and to inform the discharge authority about the results as a matter of urgency;
- the information about the Centre's activities is provided mainly to the Commission, Member States and social partners, therefore making its direct impact on Union citizens limited in the short term; notes moreover that the Centre's annual report is made publicly available on the Centre's website;
- in the context of the cooperation framework, it is coordinating with the European Training Foundation and the European Foundation for the Improvement of Living and Working Conditions in order to maximise their synergies and knowledge sharing;

Budget and financial management

3. Notes that budget monitoring efforts during the financial year 2013 resulted in a budget implementation rate of 98,95 % and that the payment appropriations execution rate was 92,39 %;
4. Ascertains from the Centre that the planned underspending in Title I, due to savings and postponement of recruitment has covered expenditure in Title II and Title III linked to requirements for services and deliverables anticipated in the work programme; acknowledges that following the Court's remarks from 2012, the carry-overs of Title 2 commitment appropriations were brought below the 20 % threshold to 17 % in 2013 compared to 37 % in 2012;

Procurement and recruitment procedures

5. Notes that for the year 2013, neither sampled transactions nor other audit findings have led to any comments on the Centre's procurement procedures in the Court's report;
6. Acknowledges from the Centre's annual report that its establishment plan for the year 2013 had 100 posts, of which 51 were AD posts and 49 were AST posts; takes note furthermore that there were more temporary than permanent posts in both function groups;
7. Takes note that at year-end, the Centre employed 96 staff based on the establishment plan and two job offers were made for the vacant AD posts; acknowledges furthermore that two posts were kept vacant so that they can be cut in 2014, in response to the Commission request for a 5% staff cut over the next years;

Internal controls

8. Acknowledges from the Centre that new ex post and ex ante verification measures have been implemented in order to respond to the concerns expressed by the Court in 2012;

notes moreover that the ex post measures comprise of detailed checks of personnel costs for three randomly selected beneficiaries on the basis of all supporting documentation, including time sheets, payslips, the calculation of daily rates, contracts, invoices and bank statements;

9. Takes note that the Centre has finally developed processes to monitor and report on legality and regularity and is currently deploying its own anti-fraud strategy;

Internal audit

10. Notes that the Commission's Internal Audit Service (IAS) carried out a full risk assessment in order to determine the audit priorities for the following three years, which resulted in the final strategic audit plan listing the proposed audit topics for 2013-2015; acknowledges from the Centre that the final strategic audit plan was endorsed by the Centre's Governing Board in June 2013;
11. Observes that in the course of that risk analysis, the IAS identified certain processes of high inherent risk which could not be considered as auditable within the audit plan as the controls were assessed as absent or insufficient; acknowledges from the Centre that its management submitted an action plan aimed at addressing these weaknesses which will be followed up by the IAS during the next in-depth risk assessment;
12. Takes note that the IAS followed up the implementation of its earlier recommendations in 2013 through a desk review of the information provided by the Centre on the status of very important, important or desirable recommendations; acknowledges that no critical or very important recommendations were open as of 31 December 2013;

Other comments

13. Welcomes the exemplary measures taken by the Centre with regard to cost-effective and environment-friendly solutions; encourages the Centre to continue with this good practice;
14. Notes with regret that the repair works on the Centre's building continue to be delayed and will only be completed in 2014;
15. Emphasises that the Centre's work is highly relevant to the Union vocational education and training (VET) and skills policy agenda; notes its concern that unless the low economic demand driving high unemployment is reversed, this demand will foster and perpetuate the mismatch and obsolescence of skills through over-qualification and unemployment; acknowledges the Centre's key achievements in 2013 in its field of activity; notes furthermore that the Centre is undertaking its first pan-European skills survey (eu-SKILL);
16. Points out the positive experience of some Member States with dual education systems; notes, however, that dual education should not be seen as a sure-fire solution to high youth unemployment;

17. Commends the Centre on the outcomes of the 2013 evaluation by the Commission, which recognised it as a leading centre of expertise worldwide on qualifications frameworks and skills and that it had an important impact on strengthening the cooperation between VET policy stakeholders in Europe;

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18. 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

10.2.2015

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 2013
(2014/2087(DEC))

Rapporteur: Marian Harkin

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. Expresses its satisfaction that the Court of Auditors has declared the transactions underlying the Centre's annual accounts for the financial year 2013 to be legal and regular and that its financial position as of 31 December 2013 is fairly represented;
2. Welcomes the completion of the corrective actions by the Centre in reaction to the Court's comments in the previous year, as well as to Parliament's recommendations;
3. Emphasises that the Centre's work is highly relevant to the Union vocational education and training (VET) and skills policy agenda; notes its concern that unless the low economic demand driving high unemployment is reversed, it will foster and perpetuate the mismatch and obsolescence of skills through over-qualification and unemployment; acknowledges the Centre's key achievements in 2013 in its field of activity; notes furthermore that the Centre is undertaking its first pan-European skills survey (eu-SKILL);
4. Points out the positive experience of some countries with dual education systems; notes, however, that dual education should not be seen as a sure-fire solution to high youth unemployment;
5. Welcomes the continued high budget implementation rate (99,71 %); appreciates that the carry-over of Title II commitment appropriations (17 % in 2013) was reduced below the 20 % threshold, compared to 37 % in 2012;

6. Notes with regret that the repair works on the Centre's building continue to be delayed and will only be completed in 2014;
7. Commends the Centre on the outcomes of the 2013 evaluation by the Commission, which recognised it as a leading centre of expertise worldwide on qualifications frameworks and skills and that it had an important impact on strengthening the cooperation between VET policy stakeholders in Europe.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	29.1.2015
Result of final vote	+: 42 -: 6 0: 2
Members present for the final vote	Laura Agea, Guillaume Balas, Tiziana Beghin, Brando Benifei, Vilija Blinkevičiūtė, Enrique Calvet Chambon, David Casa, Ole Christensen, Lampros Fountoulis, Arne Gericke, Marian Harkin, Danuta Jazłowiecka, Agnes Jongerius, Rina Ronja Kari, Jan Keller, Ádám Kósa, Agnieszka Kozłowska-Rajewicz, Zdzisław Krasnodębski, Kostadinka Kuneva, Jean Lambert, Jérôme Lavrilleux, Jeroen Lenaers, Verónica Lope Fontagné, Thomas Mann, Anthea McIntyre, Joëlle Mélin, Elisabeth Morin-Chartier, Georgi Pirinski, Marek Plura, Sofia Ribeiro, Maria João Rodrigues, Claude Rolin, Anne Sander, Sven Schulze, Siôn Simon, Jutta Steinruck, Romana Tomc, Yana Toom, Marita Ulvskog, Renate Weber, Tatjana Ždanoka, Jana Žitňanská, Inês Cristina Zuber
Substitutes present for the final vote	Tania González Peñas, Richard Howitt, Paloma López Bermejo, António Marinho e Pinto, Edouard Martin, Helga Stevens, Monika Vana

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	23.3.2015
Result of final vote	+: 21 -: 5 0: 0
Members present for the final vote	Inés Ayala Sender, Ryszard Czarnecki, Dennis de Jong, Tamás Deutsch, Martina Dlabajová, Ingeborg Gräßle, Bernd Kölmel, Bogusław Liberadzki, Verónica Lope Fontagné, Monica Macovei, Georgi Pirinski, Petri Sarvamaa, Claudia Schmidt, Bart Staes, Michael Theurer, Marco Valli, Derek Vaughan, Anders Primdahl Vistisen, Joachim Zeller
Substitutes present for the final vote	Caterina Chinnici, Iris Hoffmann, Monika Hohlmeier, Benedek Jávor, Andrey Novakov, Julia Pitera, Miroslav Poche
Substitutes under Rule 200(2) present for the final vote	Laura Ferrara