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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 2014
(2015/2165(DEC))

Committee on Budgetary Control

Rapporteur: Derek Vaughan

CONTENTS

	Page
1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION	3
2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION	5
3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION	7

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 xx February 2016 on discharge to be given to the Foundation in respect of the implementation of the budget for the financial year 2014 (xxxxx/2016 – C8-xxxx/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 (A8-0000/2016),
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 xx February 2016 on discharge to be given to the Foundation in respect of the implementation of the budget for the financial year 2014 (xxxxx/2016 – C8-xxxx/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 (A8-0000/2016),
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 (A8-0000/2016),
- 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 annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2014 ("the Court's report"), stated that it had obtained reasonable assurances that the Foundation’s annual accounts for the financial year 2014 were reliable and that the underlying transactions were legal and regular;

Budget and financial management

1. Notes that 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

2. 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;
3. Acknowledges that, in order to align the multi-annual nature of its projects with the budgetary principle of annuality, the Foundation is reporting 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

4. 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;
5. Notes that the Foundation conducted for the first time in December 2014 a job screening exercise using the common methodology adopted for the 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

6. Notes that approximately 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;

Internal controls

7. 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 (ICS); notes, moreover, that the Foundation's internal controls committee (ICC) carried out a self-assessment of internal control weaknesses; takes note 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 ICS;

Internal audit

8. 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 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

9. 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

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)

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 2005-2014; 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;

10. 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;

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11. 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].