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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 2009
(C7-0227/2010 – 2010/2167(DEC))

Committee on Budgetary Control

Rapporteur: Georgios Stavrakakis

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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 2009 (C7-0227/2010 – 2010/2167(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 2009,
 - 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 2009, together with the Foundation's replies¹,
 - having regard to the Council's recommendation of 15 February 2011 (5892/2011 – C7-0052/2011),
 - having regard to Article 276 of the EC Treaty and 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 Communities², and in particular Article 185 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 Conditions³, and in particular Article 16 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002⁴ of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Regulation (EC, Euratom) No 1605/2002, and in particular Article 94 thereof,
 - having regard to Rule 77 of, and Annex VI 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 (A7-0108/2011),
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 2009;
 2. Sets out its observations in the resolution below;

¹ OJ C 338, 14.12.2010, p.155.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 139, 30.5.1975, p. 1.

⁴ OJ L 357, 31.12.2002, p. 72.

3. Instructs its President to forward this Decision and the resolution that forms 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 2009 (C7-0227/2010 – 2010/2167(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 2009,
 - 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 2009, together with the Foundation's replies¹,
 - having regard to the Council's recommendation of 15 February 2011 (5892/2011 – C7-0052/2011),
 - having regard to Article 276 of the EC Treaty and 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 Communities², and in particular Article 185 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 Conditions³, and in particular Article 16 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002⁴ of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Regulation (EC, Euratom) No 1605/2002, and in particular Article 94 thereof,
 - having regard to Rule 77 of, and Annex VI 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 (A7-0108/2011),
1. Approves the closure of the accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2009;

¹ OJ C 338, 14.12.2010, p.155.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 139, 30.5.1975, p. 1.

⁴ OJ L 357, 31.12.2002, p. 72.

2. 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 the observations forming an integral part of 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 2009 (C7-0227/2010 – 2010/2167(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 2009,
 - 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 2009, together with the Foundation's replies¹,
 - having regard to the Council's recommendation of 15 February 2011 (5892/2011 – C7-0052/2011),
 - having regard to Article 276 of the EC Treaty and 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 Communities², and in particular Article 185 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 Conditions³, and in particular Article 16 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002⁴ of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Regulation (EC, Euratom) No 1605/2002, and in particular Article 94 thereof,
 - having regard to Rule 77 of, and Annex VI 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 (A7-0108/2011),
- A. whereas the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts for the financial year 2009 are reliable and that the underlying transactions are legal and regular,

¹ OJ C 338, 14.12.2010, p.155.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 139, 30.5.1975, p. 1.

⁴ OJ L 357, 31.12.2002, p. 72.

- B. whereas, on 5 May 2010, Parliament granted the Director of the European Foundation for the Improvement of Living and Working Conditions discharge for implementation of the Foundation's budget for the financial year 2008¹, and in its resolution accompanying the discharge decision, inter alia:
- deplored the fact that in 2008, 2007 and 2006, the Court of Auditors found weaknesses in recruitment procedures,
 - called on the Foundation to take steps to improve the monitoring of its contracts and the programming of its procurement procedures,
 - noted that the amount carried over represented more than 55 % of appropriations (EUR 4 900 000) for the financial year 2008;
- C. whereas the Agency's budget for the year 2009 was EUR 20 200 000 which is a decrease of 3,8 % from the financial year 2008;

Performance

1. Welcomes the Foundation's intention to set out, in 2010, in a table to be annexed to the Court of Auditors' next report, a comparison of the operations that were carried out during the year for which discharge is to be granted and during the previous financial year, so as to enable the discharge authority to assess more effectively its performance from one year to the next;
2. Notes that the Foundation carried out another ex-post assessment exercise of its 2005-2008 work programme after the one already completed in 2007 assessing the Foundation's 2001-2004 work programme; considers this exercise extremely useful for the Foundation, giving it helpful lessons and recommendations with regard to the challenges facing its future programming phase; congratulates the Foundation on demonstrating, by means of that assessment, that:
 - it deployed its financial resources efficiently in supporting implementation of its work programme,
 - it achieved the objectives of the 2005-2008 work programme;
3. Encourages, nevertheless, the Foundation to further develop its "Eurofound Performance Monitoring System" (EPMS) to ensure that the results of its performance monitoring are fed back into management decision-making and planning and that periodic surveys are carried out in order to obtain feedback from target audiences;
4. Supports the external evaluator's recommendation to better define the Foundation's target audiences at a national level (i.e. whether the Foundation should go beyond national authorities and policy-makers and try and reach a broader group of employer bodies and employee bodies) and to set up a network of focal points based on the national authorities represented on its Governing Board;

¹ OJ L 252, 25.9.2010, p. 196.

Governing Board

5. Notes that the external evaluator of the ex-post assessment exercise of the Foundation's 2005-2008 work programme reported that, because of its increased size following enlargement of the Union in 2004, the reduced number of meetings, and the relatively high turnover of members, Foundation's Governing Board was not an effective decision-making body; calls, therefore, on the Foundation to take steps to strengthen the Governing Board's role in providing overall direction to the Foundation; encourages, in particular, the Foundation's Governing Board to make time available for discussion on strategic issues/priorities;

Procurement procedures

6. Notes that the Court of Auditors revealed errors and anomalies in the evaluation of one open procurement procedure which affected its quality; calls, therefore, on the Foundation to take steps to improve its evaluation and review procedure to avoid repetition of such errors in the future;

Budgetary management

7. Calls on the Foundation to make sure that appropriations are made available only when the corresponding assigned revenue has been received; notes, in fact, that the Court of Auditors reported that, contrary to its Financial Regulation (Article 19), the Foundation's budget did not provide for specific headings for various programmes financed from assigned revenue; notes, moreover, that under a programme financed by assigned revenue, the Foundation committed EUR 184 000, although the assigned revenue actually received was only EUR 29 000;
8. Regrets that the Court of Auditors was compelled to comment on the budgetary and financial statement of the Foundation, especially to the effect that the initial provisional accounts presented by the Foundation contained serious shortcomings, pointing to significant weaknesses in the financial organisation of the Foundation; welcomes the Foundation's confirmation that it will ensure, through additional training and resources, that its implementation of year-end procedures and its adherence to the deadlines for the presentation of its accounts is correct;

Human resources

9. Calls on the Foundation to provide evidence of its staff selection decisions (e.g. evidence of candidate thresholds at the beginning of the recruitment process) in order to guarantee the transparency of the recruitment procedures; notes, in fact, that the Court of Auditors reported irregularities in this respect for seven audited staff selection procedures; acknowledges, in particular, that there was no evidence as to what thresholds candidates had to meet in order to be invited to interview and that those necessary for them to be put on the reserve list were set by the Selection Board even before examining the applications;

10. Notes, in particular, that weaknesses on recruitment procedures have already been identified by the discharge authority since 2006; urges, therefore, the Foundation to rapidly redress the situation and inform the discharge authority as to the progress made;
11. Welcomes nevertheless the Foundation's confirmation that, in the future, it will strengthen the documentation of recruitment procedures.

Internal audit

12. Welcomes the Foundation's implementation on 1 July 2010 of a system for recording and analysing the exceptions to its established policies and procedures ("register of exceptions");
13. Acknowledges that, 2 out of the 8 recommendations of the Internal Audit Service (IAS)'s "follow-up of earlier recommendations" have been implemented; notes that the recommendations that are considered to be "very important" mainly relate to the effectiveness of the internal control system (i.e. "annual work plan for ensuring internal control", "review sensitive posts" and "procedures for communicating improprieties"); calls, therefore, on the Foundation to rapidly implement them;
14. Notes also that in 2009 the IAS carried out an audit on Financial Management and put forward two "critical" and six "very important" recommendations out of 15; is concerned that the two critical findings relate to the accounting post (i.e. "position to be filled by a temporary agent or an official", "powers to be aligned with recommendations of the Commission's Accounting Officer") and the validation of accounting systems, while the six "very important" findings concern the need to better document its financial circuits, procurement design and planning, ex-post controls, reimbursement rules and exception reporting; urges, therefore, the Foundation to implement without delay the IAS' recommendations and to inform the discharge authority on the progress made in this respect;

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15. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of May 2011¹ on the performance, financial management and control of the agencies.

¹ Texts adopted, P7_TA-PROV(2011).

2.2.2011

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 Foundation for the Improvement of Living and Working Conditions for the financial year 2009 (C7-0227/2010 - 2010/2167(DEC))

Rapporteur: Csaba Öry

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. Draws attention to the Court of Auditors' confirmation that the annual accounts for a budget of EUR 20 200 000 fairly present Eurofound's actual financial position as at 31 December 2009 and that Eurofound's operations and cash flows for the financial year 2009 are in accordance with its financial rules;
2. Expresses its satisfaction that the Court of Auditors has declared the operations underlying Eurofound's annual accounts for the financial year 2009 to be legal and regular;
3. Regrets that the Court of Auditors was compelled to comment on the budgetary and financial statement of Eurofound, especially to the effect that the initial provisional accounts presented by Eurofound contained serious shortcomings, pointing to significant weaknesses in Eurofound's financial organisation; welcomes Eurofound's confirmation that it will ensure, through additional training and resources, that its implementation of year-end procedures and its adherence to the deadlines for the presentation of its accounts is correct;
4. Welcomes in addition Eurofound's confirmation that, in the future, it will strengthen the documentation of recruitment procedures.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	1.2.2011
Result of final vote	+: 45 -: 1 0: 0
Members present for the final vote	Regina Bastos, Edit Bauer, Philippe Boulland, Milan Cabrnock, David Casa, Alejandro Cercas, Ole Christensen, Sergio Gaetano Cofferati, Marije Cornelissen, Tadeusz Cymański, Frédéric Daerden, Karima Delli, Sari Essayah, Richard Falbr, Ilda Figueiredo, Thomas Händel, Marian Harkin, Roger Helmer, Nadja Hirsch, Stephen Hughes, Liisa Jaakonsaari, Danuta Jazłowiecka, Martin Kastler, Ádám Kósa, Jean Lambert, Veronica Lope Fontagné, Olle Ludvigsson, Elizabeth Lynne, Thomas Mann, Csaba Öry, Siiri Oviir, Rovana Plumb, Konstantinos Poupakis, Sylvana Rapti, Licia Ronzulli, Elisabeth Schroedter, Jutta Steinruck, Traian Ungureanu
Substitute(s) present for the final vote	Georges Bach, Raffaele Baldassarre, Kinga Göncz, Ria Oomen-Ruijten, Evelyn Regner, Csaba Sógor, Dirk Sterckx, Gabriele Zimmer

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	21.3.2011
Result of final vote	+: 20 -: 1 0: 2
Members present for the final vote	Marta Andreasen, Jean-Pierre Audy, Inés Ayala Sender, Jorgo Chatzimarkakis, Tamás Deutsch, Martin Ehrenhauser, Jens Geier, Ingeborg Gräßle, Iliana Ivanova, Elisabeth Köstinger, Monica Luisa Macovei, Aldo Patriciello, Crescenzo Rivellini, Bart Staes, Georgios Stavrakakis, Søren Bo Søndergaard
Substitute(s) present for the final vote	Thijs Berman, Zuzana Brzobohatá, Derk Jan Eppink, Christofer Fjellner, Ivailo Kalfin, Marian-Jean Marinescu, Véronique Mathieu