

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 10 May 2012****with 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 2010**

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 2010,
 - 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 2010, together with the Foundation's replies ⁽¹⁾,
 - having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),
 - 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 Communities ⁽²⁾, 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 Conditions ⁽³⁾, 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 Communities ⁽⁴⁾, 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 (A7-0116/2012),
- A. whereas the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts for the financial year 2010 are reliable and that the underlying transactions are legal and regular,
- B. whereas on 10 May 2011 Parliament granted the Director of the European Foundation for the Improvement of Living and Working Conditions discharge for the implementation of the Foundation's budget for the financial year 2009 ⁽⁵⁾, and in its Resolution accompanying the discharge decision, inter alia:
- called 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,

⁽¹⁾ OJ C 366, 15.12.2011, p. 150.

⁽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.

⁽⁵⁾ OJ L 250, 27.9.2011, p. 210.

- called on the Foundation to make sure appropriations are made available only when the corresponding assigned revenue has been received,
 - noted that the Court of Auditors was compelled to comment on the budgetary and financial statement of the Foundation which contained serious shortcomings, signalling weaknesses in its financial organisation,
- C. whereas the overall Agency budget for the financial year 2010 was EUR 20 900 000, which represents an increase of 3,4 % over the financial year 2009; whereas the initial contribution of the Union to the budget of the Agency for 2010 was EUR 19 067 159 compared to EUR 19 450 000 in 2009 ⁽¹⁾, which represents a decrease of 0,97 %,

Follow-up of the Court of Auditors' observations of 2009

1. Acknowledges from its Annual Activity Report (AAR) that the Foundation undertook the commitments and actions below following the Court of Auditors' observations of 2009:
 - the Foundation committed itself to pay closer attention to the fact that, in future, appropriations are only to be made available when the corresponding assigned revenue has been received,
 - the Foundation committed to substantially improve the efforts for the closure of the 2010 accounts through additional training and resources; it was ensured that all deadlines were kept with regard to the 2010 accounts and that no major weaknesses were detected in the provisional 2010 accounts,
 - the missing Register of Exceptions was implemented on 1 July 2010,
 - for staff selection procedures no evidence was found that thresholds which the candidates had to meet for invitation to interviews and for being part of the reserve list were set before examining applications; the Foundation has now included these thresholds in the reports of its Selection Committee,
 - the Foundation took measures to further strengthen evaluation and review procedures in an effort to avoid errors in the procurement procedure in the future;
2. Calls on the Court of Auditors to confirm to the discharge authority that these actions and commitments are sufficient to redress the deficiencies found in the Foundation by the Court in 2009;

Budget and Financial management

3. Recalls that the initial Union contribution to the Agency for 2010 amounted to EUR 19 067 159; notes however that EUR 762 841, which came from the recovery of surplus, was added to this which, as a result, makes a total Union contribution of EUR 19 830 000 for 2010;
4. Takes note from entries in its Annual Accounts that the Foundation published an amended budget totalling EUR 20 848 000 very close to the year-end 2010; regrets the absence of information from the Agency on the reasons behind these changes; calls on the Agency to remedy the situation and inform the discharge authority about this matter;
5. Notes from its AAR that the Foundation had an execution rate of 98 % in terms of committed appropriations; notes in particular from the Annual Accounts that the utilisation rate of the Foundation under Title I (Staff expenditures), Title II (Administration) and Title III (Operational expenditures) were respectively of 99,8 %, 95,1 % and 96 %;

⁽¹⁾ OJ L 64, 12.3.2010, p. 505.

6. Establishes from the Annual Accounts of the Foundation that the utilisation of appropriations carried over from 2009 to 2010 amounted to 96,1 % in payment terms compared to 94,2 % in 2009;

Human Resources

7. Observes from the Foundation's AAR that the percentage of staff posts filled, 91 %, has improved in 2010 compared to 2009 (78 %);

Performance

8. Underlines that the main activity of the Foundation is to contribute to the establishment of better living and working conditions by increasing and disseminating knowledge relevant to this subject through networks and surveys; observes that 68 % of the Foundation's staff is allocated to these operative activities while the rest of staff is allocated to administrative tasks; considers it therefore of high importance for the discharge authority to assess the efficiency and the effectiveness of the surveys' management process in the Foundation;
9. Notes in particular that in 2010 the Foundation has undertaken the following activities within its Network of European Observatories and surveys:
 - within its European Industrial Relations Observatory (EIRO): 357 information updates added; five representativeness studies; annual updates on pay and working time and industrial action; annual review on industrial relations; six comparative analytical reports,
 - within its European Working Conditions Observatory (EWCO): 107 information updates added; six comparative analytical reports on occupational promotion of migrant workers and the self-employed,
 - within its European Restructuring Monitor (ERM): 1 258 restructuring fact sheets added; four comparative analytical reports,
 - within its second European Quality of Life Survey: secondary analysis report on family life and work,
 - within its third European Quality of Life Survey: preparation of field work,
 - within its fifth European Working Conditions Survey: field work with 44 000 interviews in 34 countries; publication of first findings (résumé),
 - within its European Company Survey: overview report published, secondary analysis on flexibility profiles of companies and on part-time work;
10. Urges the Foundation to register all the decisions of the Governing Board on surveys as the efficiency and effectiveness in communicating these decisions may be affected in the absence of proper standards for documenting decisions made; acknowledges, in particular, that the Foundation is deficient in this respect and that the Chairperson of the Governing Board does not necessarily sign and date the decisions taken;
11. Notes, in addition, that the Foundation's Advisory Committees, responsible for the Governing Board giving input to the preparation and evaluation phases of surveys, do not have Terms of Reference nor Rules of Procedure for the organisation of their meetings; considers that these deficiencies may lead to a misunderstanding of the roles and responsibilities of the Advisory Committees with detrimental effects on the preparation of the surveys; calls therefore on the Foundation to address this situation and inform the discharge authority on the measures taken in this respect;

12. Calls also on the Foundation to put in place written procedures describing its core activities; underlines that this could help the Foundation use its resources effectively and identify possible weaknesses;
13. Notes, nevertheless, the Foundation's efforts to strengthen control measures to improve the quality of its surveys; notes, in particular, that its staff visit some countries where the surveys are carried out to assess how contractors conduct interviews and its staff test the questionnaire used for conducting the surveys by carrying out cognitive interviews on a limited number of elements of the sample in some countries;

Internal audit

14. Notes that, since February 2010, the Foundation's Deputy Director fulfils the role of Internal Control Coordinator; takes note that the annual work plan for internal control is monitored in quarterly meetings of an Internal Control committee with the Head of Administration, Head of Human Resources and Head of Operations;
15. Acknowledges from the Foundation' AAR that the internal audit activities in 2010 were built on the strategic audit plan 2009-2011 which is based on the 2008 risk assessment; notes also that a new risk assessment was carried out in February 2011 resulting in a new strategic audit plan for 2011-2013 with the following topics:
 - Audit on Surveys Management – second phase (2011),
 - Reporting/Building Blocks of Assurance (2012);
16. Notes, moreover, that for 2012/2013 the prospective topics are:
 - HR Management: Recruitment, Training, Appraisal and Promotion System,
 - Products Quality Management/Customer relations/Stakeholders relations management,
 - Document Management,
 - Management of meetings;
17. Notes that the Internal Audit Service (IAS) planned to perform in 2010 an audit on the Foundation's surveys management; is concerned that due to limited availability of key Foundation staff during the audit engagement and incomplete documentation of the surveys management, the IAS was unable to collect sufficient audit evidence with regard to some modules of the risk-based scope; notes, however, that an additional phase of this audit was conducted at the beginning of 2011 and that the results will be presented in the annual internal audit report for 2011; calls on the Foundation to provide the discharge authority with this report in a timely manner;
18. Is concerned that the IAS recommendation on the validation of Accounting Systems has been delayed; notes in particular that this recommendation is considered by the IAS as 'critical'; urges the Foundation, therefore, to take immediate steps in this regard and to inform the discharge authority of the measures taken to redress this deficiency;
19. Establishes that five 'very important' recommendations of the IAS were still open at year-end 2010; notes that these recommendations relate to the need to:
 - document the procedure for surveys management,
 - ensure that the information for the planning of surveys is accurate and of good quality and monitor the planned activities,
 - update procedures manual for procurement and re-enforce compliance and good practice,

- document financial circuits,
- put in place *ex-post* controls methodology,

notes from the Foundation's AAR that the three 'very important' recommendations on Financial Management are reported as implemented by the Foundation while the Annual Internal Audit Report establishes that they suffer delay with respect to the original action plan of the Foundation; calls, therefore, on the Foundation and IAS to inform the discharge authority of the actual status of these particular recommendations;

20. Urges the Foundation to properly address the recommendations issued by the IAS and to inform the discharge authority about the measures taken in this respect;
21. Observes, nevertheless, in the Foundation's AAR that following the IAS recommendation on Financial Management in 2009, the procedure for the *ex-post* verification was reviewed and updated with a risk assessment for the justification of the sample size selection;
22. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this Resolution;
23. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its Resolution of 10 May 2012 ⁽¹⁾ on the performance, financial management and control of the agencies.

⁽¹⁾ Texts adopted, P7_TA(2012)0164 (see page 388 of this Official Journal).

EUROPEAN PARLIAMENT RECOMMENDATIONS OVER THE PREVIOUS YEARS

European Foundation for the Improvement of Living and Working conditions	2006	2007	2008	2009
Performance	n.a.	n.a.	Calls on the Foundation to set out a diachronic analysis of operations carried out in this and previous years, similarly to the <i>ex-post</i> analysis done in the previous years	<ul style="list-style-type: none"> — Encourages the Foundation to further develop its 'Eurofound Performance Monitoring System' to ensure that the results of its performance monitoring are fed back into management decision making & planning & that periodic surveys are carried out in order to obtain feedback from target audiences — Supports the external evaluators recommendation to better define the Foundations target audiences at national level & to set up a network of focal points based on national authorities represented on its Governing Board
Operating appropriations carried over	The implementation rate for 2006 commitment appropriations was more than 97 %. Carryover rates were 43 % for operating activities. Thus, the budgetary principle of annuality was not strictly observed	n.a.	The Foundation should take action to prevent shortcomings in the planning and programming, in order to fulfil the principle of annuality	<ul style="list-style-type: none"> — Calls on the Foundation to make sure appropriations are made available only when the corresponding assigned revenue has been received — Notes that the Court of Auditors was compelled to comment on the budgetary & financial statement of the Foundation which contained serious shortcomings, signally weaknesses in the financial organisation of the Foundation
Budget transfers without supporting documents	n.a.	n.a.	Budget transfers were not properly justified	n.a.
Procurement procedures	n.a.	Anomalies regarding the financial evaluation procedure and selection criteria not allowing proper performance of an evaluation of the final capacity of the candidates	Calls on the Foundations to take steps to improve the monitoring of its contracts and the programming of its procurement procedures	Calls on the Foundation to take steps to improve its evaluation & review procedure to avoid repetition of errors in its procurement procedure in the future

European Foundation for the Improvement of Living and Working conditions	2006	2007	2008	2009
Human Resources	The recruitment procedure are not completely transparent and non-discriminatory	The recruitment procedure are not completely transparent and non-discriminatory	<ul style="list-style-type: none"> — Calls on the Foundations to take steps to make better provision in advance for the departure of key staff member; to enter staff number in the activity report in a transparent manner — Improvements have been undertaken in the Foundation's recruitment procedures 	Calls on the Foundation to provide evidence of its staff selection decisions to guarantee the transparency of the recruitment procedures. Urges the Foundation to rapidly redress the situation & inform the discharge authority as to the progress made.
Internal Audit	Calls on improving the financial management: i.e. two contracts were not charged to the budget of the related year	— Calls on improving the financial management: i.e. recoverable VAT for the 2007 financial year of EUR 376 611 was not claimed by the end of the year	<ul style="list-style-type: none"> — Calls on the Foundation to take steps to improve its financial statements — Calls on the Foundation to take steps to fulfil 28 out of 54 recommendations made by the Internal Audit Service → i.e. to put in place the internal control standards; to follow up the implementation of other internal control standards; to introduce an effective planning and monitoring system 	<ul style="list-style-type: none"> — 2 out of the 8 recommendations of the IAS have been implemented — Urges the Foundation to implement the recommendations of the IAS Financial Management report without delay & inform the discharge authority on the progress made in this respect