

REPORT**on the annual accounts of the European Foundation for the Improvement
of Living and Working Conditions for the financial year 2006 together
with the Foundation's replies**

(2007/C 309/20)

CONTENTS

	<i>Paragraph</i>	<i>Page</i>
INTRODUCTION	1-2	117
STATEMENT OF ASSURANCE	3-6	117
OBSERVATIONS	7-9	117
Tables 1 to 4		118
The Foundation's replies		121

INTRODUCTION

1. The European Foundation for the Improvement of Living and Working Conditions (hereinafter referred to as 'the Foundation') was set up by Council Regulation (EEC) No 1365/75 of 26 May 1975 ⁽¹⁾. Its aim is to contribute to the planning and establishment of better living and working conditions in the European Union by increasing and disseminating knowledge which is relevant to this subject.

2. Table 1 summarises the Foundation's competences and activities. Key data summarised from the financial statements drawn up by the Foundation for the financial year 2006 is presented in Tables 2, 3 and 4 for information purposes.

STATEMENT OF ASSURANCE

3. This Statement of Assurance is addressed to the European Parliament and the Council in accordance with Article 185(2) of Council Regulation (EC, Euratom) No 1605/2002 ⁽²⁾. It was drawn up following an examination of the Foundation's accounts, as required by Article 248 of the Treaty establishing the European Community.

4. The Foundation's accounts for the financial year ended 31 December 2006 ⁽³⁾ were drawn up by its Director, pursuant to Article 16 of Council Regulation (EEC) No 1365/75, and sent to the Court, which is required to provide a statement on their reliability and on the legality and regularity of the underlying transactions.

5. The Court conducted its audit in accordance with the IFAC and INTOSAI International Auditing Standards and Codes of Ethics, insofar as these are applicable in the European Community context. The audit was planned and performed to obtain reasonable assurance that the accounts are reliable and that the underlying transactions are legal and regular.

6. The Court has thus obtained a reasonable basis for the Statement set out below.

Reliability of the accounts

The Foundation's accounts for the financial year ended 31 December 2006 are, in all material respects, reliable.

Legality and regularity of the underlying transactions

The transactions underlying the Foundation's annual accounts, taken as a whole, are legal and regular.

The observations which follow do not call the Court's Statement into question.

OBSERVATIONS

7. The implementation rate for 2006 commitment appropriations was more than 97 %. Carryover rates were 43 % for administrative expenditure (Title II) and 45 % for operating activities (Title III). Thus, the budgetary principle of annuality was not strictly observed.

8. At the year-end 2006, the Foundation signed two contracts for services to be rendered in 2007 for a total value of 305 987 euro. These contracts were covered by 2006 commitment appropriations from Title II — Administrative expenditure. Despite the fact that the above contracts related to services to be rendered exclusively in 2007, they were not charged to the budget of the related financial year.

9. For recruitment procedures the selection criteria were neither decided by selection boards at the outset nor defined in conformity with the vacancy notice. This did not ensure transparent and non-discriminatory procedures.

This report was adopted by the Court of Auditors in Luxembourg at its meeting of 27 September 2007.

For the Court of Auditors
Hubert WEBER
President

⁽¹⁾ OJ L 139, 30.5.1975, p. 1.

⁽²⁾ OJ L 248, 16.9.2002, p. 1.

⁽³⁾ These accounts were drawn up on 15 May 2007 and received by the Court on 3 July 2007.

Table 1

European Foundation for the Improvement of Living and Working Conditions (Dublin)

Areas of Community competence deriving from the Treaty	Competences of the Foundation as defined in Council Regulation (EEC) No 1365/75 of 26 May 1975; amended by Council Regulation (EC) No 1111/2005 of 24 June 2005		Governance	Resources available to the Foundation (2005 data)	Activities and services provided
<p>The Community and the Member States, having in mind fundamental social rights, ... shall have as their objectives... improved living and working conditions, ... the Community shall support and complement the activities of the Member States in the following fields; ... b) working conditions; c) social security and the social protection of workers; d) protection of workers where their employment contract is terminated; e) the information and consultation of workers; f) representation and the collective defence of the interests of workers and employers, including co-determination; g) conditions of employment for third-country nationals; h) the integration of persons excluded from the labour market; i) equality between men and women...'</p> <p>(Articles 136 and 137 of the Treaty)</p>	<p>Objectives</p> <p>The aim of the Foundation shall be to contribute to the establishment of better living and working conditions by increasing and disseminating knowledge which is relevant to this subject. In particular, it is required to consider the following areas:</p> <ul style="list-style-type: none"> — man at work, — organisation of work and particularly job design, — problems peculiar to certain categories of workers, — long-term aspects of the improvement of the environment, — the distribution of human activities in space and in time. 	<p>Tasks</p> <ul style="list-style-type: none"> — to foster the exchange of information and experience in these fields, — to facilitate contact between universities, study and research institutes, economic and social administrations and organisations, — to carry out studies or to conclude study contracts and to provide assistance for pilot projects, — to cooperate as closely as possible with existing specialised institutes in the Member States and at international level. 	<ol style="list-style-type: none"> 1. The Governing Board (GB) <ul style="list-style-type: none"> — from each Member State: 1 government representative, 1 representative from employers' organisations and 1 workers' representative, — 3 representatives from the Commission. 2. The Bureau of the GB <ul style="list-style-type: none"> — consists of 11 members; 3 members from each of the social partners and the governments, 2 from the Commission, — it monitors the implementation of decisions of the GB and takes measures to ensure proper management between GB meetings. 3. The Director is appointed by the Commission from a list of candidates submitted by the GB, he implements the decisions of the GB and the Bureau of the GB and manages the Foundation. 4. The Advisory Committees are composed of up to 3 members from the Commission, governments and the social partners, with the aim of advising on the implementation of major projects and the assessment of results. 5. External audit The Court of Auditors. 6. Discharge given by the Parliament on a recommendation by the Council. 	<p>Final budget for 2006</p> <p>19,8 million euro (19,3)</p> <p>Including a Community subsidy of: 98,9 % (98,8%)</p> <p>Staff in December 2006</p> <p>94 (94) posts provided for in the establishment plan; Posts occupied: 89 (82)</p> <p>Other staff:</p> <p>Seconded National Experts and employment-agency staff: 1 (12)</p> <p>Contract staff: 9 (3)</p> <p>Total staff employed: 99 (94)</p> <p>assigned to the following tasks:</p> <ul style="list-style-type: none"> — operational: 58 (54) — administrative: 32 (32) — mixed: 4 (5) 	<p>Monitoring and surveys</p> <ul style="list-style-type: none"> — Establishment of one Network of European Observatories (NEO) covering the former three networks attached to the European Industrial Relations Observatory (EIRO), the European Working Conditions Observatory (EWCO) and the European Restructuring Monitor (ERM), — Fourth Working Conditions Survey: first results, — First Company Survey: first results. <p>Employment and restructuring</p> <ul style="list-style-type: none"> — Studies on the Food & Beverage sector and Knowledge Intensive Businesses Services, — Geographical and Labour Market Mobility in Europe: report, — Attractive Workplaces for All: a contribution to the Lisbon Strategy at company level, — Labour Supply in Care Services: report. <p>Work-life balance and Working Conditions</p> <ul style="list-style-type: none"> — Fourth Working Conditions Survey, — 15 years of European working surveys: trend report, — Measuring Job Satisfaction in surveys, — Working-time reports based on the Company survey. <p>Industrial Relations (IR) and Partnership</p> <ul style="list-style-type: none"> — Working Time and Pay Developments, — European Works Councils: reports and case studies, — IR Country Profiles, — Capacity Building for Social Dialogue: reports on New Member States and Turkey.

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					<p>Social Cohesion and Quality of Life</p> <ul style="list-style-type: none"> — EurLIFE database updates, — Ageing Workforce and Age Management: reports and case studies, — Employment guidance services for people with disabilities. <p>Communication and sharing ideas and experience</p> <ul style="list-style-type: none"> — 332 publications, 53 press releases, 40 % increase in web use, 16 % increase of press cuttings — Promotion campaigns 'Your work, your life; balance company needs with worker satisfaction' and 'Fourth Working Conditions survey: what workers say', — Foundation Forum 2006 'Competitive Europe, Social Europe — Partners or Rivals?' — Company Network Seminars — Foundation Seminar Series 'Flexicurity and Employability' — National Outreach Centres covering AU, BE, ES, FI, FR, HU, IT, LUX, SP, UK, — Exhibitions at Employment week in Brussels and at the PES conference in Oporto.

Source: Information supplied by the Foundation.

Table 2

European Foundation for the Improvement of Living and Working Conditions (Dublin) — Implementation of the budget for the financial year 2006

(1 000 euro)

Revenue			Expenditure								
Source of revenue	Revenue entered in the final budget for the financial year	Revenue collected	Allocation of expenditure	Appropriations for the financial year					Appropriations carried over from previous financial year		
				entered	committed	paid	carried over	cancelled	available	paid	cancelled
Community subsidy	19 000	19 000	Title I Staff (NDA)	9 931	9 894	9 774	120	37	157	152	5
Other subsidies	540	241	Title II Administration (NDA)	1 530	1 463	862	634	34	507	482	24
Other revenue	220	265	Title III Operating activities (NDA)	8 299	7 860	4 612	3 558	129	3 954	3 713	241
Total	19 760	19 506	Total	19 760	19 217	15 248	4 312	200	4 618	4 347	270

Source: Data supplied by the Foundation — This table summarises the data supplied by the Foundation in its annual accounts. Revenue collected and payments are estimated on a cash basis.

Table 3

European Foundation for the Improvement of Living and Working Conditions (Dublin)
— Economic outturn account for the financial years 2006 and 2005

(1 000 euro)

	2006	2005
Operating revenue		
Community subsidies	19 000	18 600
Other subsidies	517	—
Other revenue	248	366
Total (a)	19 765	18 966
Operating expenses		
Staff expenses	8 908	8 035
Fixed asset related expenses ⁽¹⁾	724	576
Other administrative expenses	2 106	2 117
Operational expenses	7 409	8 581
Total (b)	19 147	19 309
Surplus/(deficit) from operating activities (c = a - b)	618	- 343
Financial operations revenue (e)	—	—
Financial operations expenses (f)	10	9
Surplus/(deficit) from non-operating activities (g = e - f)	- 10	- 9
Economic result for the year (h = c + g)	608	- 352

⁽¹⁾ Increase due to corrections following a physical inventory done in 2006.

Source: Data supplied by the Foundation — This table summarises the data provided by the Foundation in its annual accounts: these accounts are drawn up on an accrual basis.

Table 4

European Foundation for the Improvement of Living and Working Conditions (Dublin)
— Balance sheet at 31 December 2006 and 2005

(1 000 euro)

	2006	2005
Non-current assets		
Intangible fixed assets	84	22
Tangible fixed assets	2 388	2 778
Current assets		
Short-term pre-financing	344	539
Short-term receivables	690	505
Cash and cash equivalents	3 111	3 244
Total assets	6 617	7 088
Current liabilities		
Provisions for risks and charges	274	189
Accounts payable	1 643	2 806
Total liabilities	1 917	2 995
Net assets		
Accumulated surplus/deficit	4 093	4 445
Economic result for the year	608	- 352
Total net assets	4 701	4 093
Total liabilities and net assets	6 618	7 088

THE FOUNDATION'S REPLIES

7. Measures will be taken to reduce significantly the carry-over rate for Title II in 2007. Taking into account the average duration of our study contracts (18 months) and our payments schedule, unavoidably about 35 % of Title 3 credits had to be carried over.

8. Due to the fact that the mentioned contracts had to start on 1 January 2007 and that the budget 2007 was not yet

established at the time, the mentioned services had to be committed at the latest in December 2006. However, from 2007 onwards they will be committed against the appropriations of the following year.

9. Since March 2007, all vacancy notices include a clear indication of whether success in tests is a precondition for success in the competition.
