

# 2008 discharge: European Foundation for the Improvement of Living and Working Conditions

## EUROFOUND

2009/2111(DEC) - 08/10/2009

**PURPOSE:** to present the Court of Auditors report on the annual accounts of the European Foundation for the Improvement of Living and Working Conditions (EUROFOUND) for the financial year 2008.

**CONTENT:** in the Court's opinion, the Foundation's Annual Accounts present fairly, in all material respects, its financial position as of 31 December 2008 and the results of its operations and its cash flows for the year then ended. The transactions underlying the annual accounts of the Foundation for the financial year ended are, in all material respects, legal and regular.

The Court of Auditors report includes a detailed section on the expenditure of the European Foundation as well as an analysis of the expenditure in the accounts and the Foundation's replies.

- **The Court's analysis of the accounts:** the Court states that for operational expenditure, the amount carried forward was more than 55 % of the appropriations. This situation was at odds with the principle of annuality. It indicates weaknesses in the programming of the operational activities of the Foundation. Comments were also made as regards the accounting principles and budget transfers. It notes that the closure of the 2008 accounts was handled by a short-term employee recruited through an employment agency. The hand-over report submitted by the previous Accounting Officer was unsatisfactory and incomplete and a proper transition between the previous Accounting Officer and the new one was not ensured. As a result, the quality of the financial statements in several areas (e.g. fixed assets, accrued expenses, assigned revenue, VAT, etc.) was unsatisfactory, showed inconsistencies with the 2007 accounts and therefore required important adjustments during the audit. With regard to procurement procedures, in one case the use of a negotiated procedure was not justified. In two other cases, the Foundation irregularly extended contracts beyond the maximum duration permitted. The Foundation should aim to improve the monitoring of its contracts and the programming of its procurement procedures, launching new tenders well before the corresponding contracts come to an end.
- **The Foundation's replies:** the Foundation state that the already in its annual programming an amount of 45% was planned to be carried forward due to the duration of study contracts and our payment schedule. The weakness to be improved exists but is much smaller than indicated. As regards the Accounting Officer, a certified accountant was therefore recruited on a temporary basis to ensure a proper closure of the Annual accounts. All problems in the accounts arising from the hand-over between the old and new Accounting Officer have now been corrected. As regards procurement, the Foundation states a new tender procedure is currently in progress to set up a multiannual framework contract for legal services. In addition, it has set up a project management system which includes a separate template for the planning of procurement and for the management of contracts to assist the timely programming of procurement procedures.