2013 discharge: European Foundation for the Improvement of Living and Working Conditions (Eurofound)

2014/2088(DEC) - 08/07/2014 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU 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 2013, together with the Foundation's reply.

CONTENT: in accordance with the tasks conferred on the Court of Auditors by the Treaty on the Functioning of the European Union, the Court presents to the European Parliament and to the Council, in the context of the discharge procedure, a Statement of Assurance as to the reliability of the annual accounts of each institution, body or agency of the EU, and the legality and regularity of the transactions underlying them, on the basis of an independent external audit.

This audit concerned, amongst others, the annual accounts of the European Foundation for the Improvement of Living and Working Conditions (EUROFOUND).

Statement of assurance: pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union (TFEU), the Court has audited:

- the annual accounts of the Foundation, which comprise the financial statements and the reports on the implementation of the budget for the financial year ended 31 December 2013;
- the legality and regularity of the transactions underlying those accounts.

Opinion on the reliability of the accounts: in the Court's opinion, the Foundation's annual accounts present fairly, in all material respects, its financial position as at 31 December 2013 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer.

Opinion on the legality and regularity of the transactions underlying the accounts: in the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2013 are legal and regular in all material respects.

The report also makes a series of observations on the budgetary and financial management of the Foundation, accompanied by the latter's response. The main observations may be summarised as follows:

The Court's observations:

- **reliability of the accounts**: the Court noted weaknesses in the physical inventory. Tests carried out by the Court revealed that not all fixed assets were barcoded and recorded in the register and accounts. Equipment with a value of more than EUR 200 000 had been expensed instead of being capitalised, the error was corrected following the Court's audit;
- **budgetary management**: the level of committed appropriations carried over to 2014 was high at 35.6% for administrative expenditure and 48.6% for operating expenditure. Carry-overs of committed appropriations mainly related to procurement of IT hard- and software;
- **headquarters**: the Foundation became operational in 1975 and has, to date, worked on the basis of correspondence and exchanges with the host Member State. However, a comprehensive

headquarters agreement between the Foundation and the Member State has not been signed. Such an agreement would further promote transparency in respect of the conditions under which the Foundation and its staff operate.

The Foundation's replies:

- **reliability of the accounts**: the physical inventory report was in the meantime finalised and published. Mistakes in relation to barcoding and registration have been rectified. Due to the low value of the items involved they are not considered assets and, therefore, the impact of these mistakes on the financial accounts was zero;
- **budgetary management**: the Foundation noted that the high level of carry-overs relating to services originally planned for 2014 (43% of all unplanned carry-overs) are due to the decisions on staff salaries for 2011 and 2012 which were taken late in 2013 and led to some available budget left. To ensure a high level of budget execution it was decided to use up the available funds according to the advice received from the Commission;
- **headquarters**: for over 30 years Eurofound had quite detailed arrangements with the Irish government on the application of the Protocol on Privileges and Immunities. Nevertheless, in early February Eurofound started negotiations on this topic with a view to come to an agreement with the Irish government by the end of 2014.

Lastly, the Court of Auditors' report contains a summary of the **Foundation's activities in 2013**. This is focused on the following:

Budget: EUR 20.6 million.

Activities:

- European Restructuring Monitor (ERM) and other tools to increase labour market participation and combating unemployment by creating jobs, improving labour market functioning and promoting integration;

- monitoring and updating the activities of the European Working Conditions Observatory (EWCO);
- monitoring and updating the activities of the European Industrial Relations Observatory (EIRO);
- quality of life survey;
- communication and sharing ideas and experiences. Eurofound website saw 2 060 195 user visits.