2016 discharge: European Foundation for the Improvement of Living and Working Conditions (Eurofound)

2017/2148(DEC) - 23/03/2018 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Bart STAES (Greens/EFA, BE) on discharge in respect of the implementation of the budget of the European Foundation for the Improvement of Living and Working Conditions (Eurofound) for the financial year 2016.

The committee called on the European Parliament to grant the Director of the Foundation discharge in respect of the implementation of the Foundation's budget for the financial year 2016.

Noting that the Court of Auditors stated that it had obtained reasonable assurance that the annual accounts of the Foundation for the financial year 2016 were reliable and that the underlying transactions were legal and regular, Members called on Parliament to approve the closure of the Foundation's accounts.

They made, however, a number of recommendations that needed to be taken into account when the discharge is granted, in addition to the general recommendations that appear in the draft resolution on performance, financial management and control of EU agencies:

- **Foundation's financial statements**: the final budget of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2016 was EUR 20 789 500, representing a decrease of 1.72 % compared to 2015.
- **Budget and financial management**: budget monitoring efforts during the financial year 2016 resulted in a budget implementation rate of 99.99 % and that the payment appropriations execution rate was 84.80 %, representing a decrease of 2.55 % compared to 2015.
- Members expressed concern about the negative budgetary impact of the growing Irish country coefficient which increasingly risks undermining the financial capability of the Foundation to deliver on its mandate. They expect action to be taken by the Institutions of the Union to offset the effects.
- **Commitments and carry-overs**: the level of committed appropriations carried forward to 2017 was high at EUR 2.8 million (43 %) for operational expenditure, compared to EUR 2.1 million (31 %) in 2015, mainly in relation to projects (studies and pilot schemes) going beyond the year end. The report recommended to the Foundation that it may consider introducing differentiated budget appropriations in order to better reflect the multiannual nature of operations and unavoidable delays between the signature of contracts, deliveries and payments. Carry-overs may often be justified and do not necessarily indicate weaknesses in budget planning and implementation.

Members also made a series of observations regarding the prevention and management of conflicts of interests, procurement and staff policy and internal controls and audits.

They recalled that **staffing cuts** have been implemented with great difficulty and reiterated their concern towards any further cuts which would limit the agencies' ability to carry out their mandate.

On internal audits, Members noted with satisfaction that the Foundation and the internal audit service (IAS) agreed on a plan to take corrective action against the weaknesses found in the Foundation's management of projects, mainly in relation to governance arrangements, monitoring and reporting.

Members also noted how strongly the Foundation has contributed to combating poverty and fraudulent contracting of work in several actions across the Union.