

2000 discharge: European Foundation for the Improvement of Living and Working Conditions EFILWC budget Dublin

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PURPOSE : to present the report from the Court of Auditors on the financial statements and the management of the European Foundation for the improvement of the living and working conditions for the financial year ended 31 December 2000. **CONTENT** : through this audit, the Court obtained a reasonable assurance that accounts for the financial year ended 31 December 2000 are reliable and that the underlying operations are, taken as a whole, legal and regular. With regard to the implementation of the budget, the budget for 2000 amounted to EUR 15 million against EUR 14,8 million in 1999, representing an increase of 1,4%. Of this total, EUR 14,4 million was committed of which EUR 3,6 million was carried over the financial year 2001 and EUR 0,5 million was cancelled. The Court highlights the fact that in 2000, the Foundation again made heavy use of carryovers of appropriations. By far the largest part was in Title III with EUR 3,2 million or 89% of total carryovers. As was the case last year for Title III, the appropriations carried over were in excess of the financial payments for the year. The continued high level of under-implementation of the appropriations for the year, as well as the high level of carryovers, is evidence of weaknesses in the Foundation's monitoring of its annual programme, a situation which has shown little improvement compared to the previous year. As regards the budgetary and general accounting system, in its 1999 Annual Report, the Court referred to the weakness of the Foundation's accounting systems. In 2000, this shortcoming still exists: the S12 budgetary accounting system had only been partially tested. The general accounts were still kept using a spreadsheet, with the attendant risk. The introduction in 2000 of the SAGE general accounting system had to be abandoned as it was unable to handle the electronic management of bank payments. The replacement system chosen was still not operational in April 2001. The monitoring of the implementation of the Foundation's work programme and of the financial implementation of projects was hampered throughout the year by an inability to obtain from the accounts financial data on individual projects. Moreover, in 2000, the Foundation continued to make excessive use of the imprest account. Payments represented 18% of all payments in 2000 (the equivalent figure in 1999 was 20%). As regards the management of human resources, since 1997, the Foundation has not drawn up staff reports, as it is required to do. Under these circumstances, promotions for 1999 and 2000 were approved without consideration being given to this essential means of comparing employees' relative merits. In addition, the organisation and documentation of staff files are very inconsistent, although files on staff recruited more recently are more complete and better organised. In 2000 the Foundation's budget authorised a staff of 85 employees, however, the number actually employed was only 72; the shortfall was partially covered by 12 employment-agency staff recruited through a private company. On average, the number of staff has increased more slowly than the Foundation's workload. However, the Foundation should take great care to maintain control of the increase in salary costs and administrative expenditure which is greater than the increase in its activities over the 1995-2000 period. The Foundation should keep a close eye on changes in its salary costs and administrative expenditure. It might be preferable for the Foundation, in the case of posts involving support and administrative activities which require qualifications of an administrative nature, to join forces with the Community Institutions and other decentralised bodies with a view to recruiting staff on the broadest possible basis. More specifically, there was an increase in salary costs of only 0.4% compared to an increase in staff of 4%. The actual increases in salary costs are due largely to the increase in the weighting factor for Ireland from 93,6 in 1996 to 116,5 in 2000. In effect this has resulted in an increase of 24,5% in salary costs.