2002 Discharge: European Foundation for the Improvement of Living and Working Conditions EFILWC, Dublin

2003/2241(DEC) - 15/10/2003 - Non-legislative basic document

PURPOSE : to present the report from the Court of Auditors on the financial statements of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2002.
CONTENT : this report consists of the results from the audit performed by the Court on the financial statement of the European Foundation for the Improvement of Living and Working Conditions (EFILWC) for the financial year ended 31 December 2002. This examination has allowed the Court to obtain reasonable assurance that the accounts for the financial year ended 31 December 2002 are reliable and that the underlying operations are, taken as a whole, legal and regular. The report states in particular that the appropriations entered for the financial year amounted to EUR 17,4 million. An amount of EUR 17,3 million was committed, of which EUR 13,3 million resulted in payments and 4 million were carried over. The carryovers represented nearly 50 % of the year's commitments for operational activities (Title III). An amount of EUR 0,1 million was cancelled. As regards the outstanding commitments from the previous year (EUR 3,6 million) and amount of EUR 3,5 million were paid and EUR 0,1 million were cancelled. The large amount of carryovers relating to operational activities shows that the Foundation needs to monitor and programme them better. The Foundation's accounting system is characterised by a great heterogeneity in the tools it uses. This means the data has to be re-entered and reprocessed many times, which is a potential source of error. The Foundation does not have an integrated system for monitoring fixed assets and calculating depreciation. It uses two separate databases, which are managed by two different departments. As regards the underlying transactions, the report states that the Foundation's Financial Regulation provides for the possibility of concluding contracts with suppliers by private treaty where the tender procedure is unsuccessful. Thus, in a call for tenders, the price range envisaged for two bid packages was between EUR 25 000 and EUR 35 000. As the call for tenders produced no results, they were allocated by private treaty for EUR 53 500 and EUR 86 000 respectively. The Court suggests that the Foundation should improve the transparency of its procedures by specifying more clearly the conditions on the basis of which it makes use of the tender procedure. The Foundation has replied to the criticisms made by Court. It states in particular that for the cases where contracts are repetitive in nature, the timing of contracting procedures has, where possible, been brought forward. The Foundation is currently implementing measures to improve the integration of its accounting systems. It is the clear intention of the Foundation to ensure that, if such cases arise in the future, the limits applied to the original call for tenders will normally apply to the negotiated procedure ('private treaty').