2003 discharge: European Foundation for the Improvement of Living and Working Conditions

2004/2060(DEC) - 30/12/2004

This report from the Court of Auditors presents the financial statements of the European Foundation for the Improvement of Living and Working Conditions for the 2003 financial year.

The Court has obtained reasonable assurance that the annual accounts for the financial year ended 31 December 2003 were reliable and that underlying transactions were, taken as a whole, legal and regular.

The report states that the appropriations entered in the final budget amount to EUR 16.8 million with EUR 16.8 million committed and EUR 13.7 million paid. EUR 3.1 was carried over to 2004. No appropriations were cancelled.

The Court highlights the fact that the Foundation signed an agreement with the Commission in the context of the Phare programme. Under this agreement, the Foundation received an allocation of one EUR 1 million, of which EUR 639 000 were received in 2003. These funds were managed outside the budget. An amending budget should have been drawn up.

The revenue and expenditure account shows a loss which has accumulated over several financial years and which the Foundation has asked the Commission to reimburse. The Commission has regarded the corresponding payment as part of the subsidy for the financial year 2003, which means that the loss has not been discharged. Under the new provisions of the Foundation's financial regulation, if the balance of the outturn account for a particular year is negative, an amending budget must be drawn up for the following year.

The Foundation's financial regulation provides that the accounting officer is to validate the systems laid

down by the authorising officer to supply or justify accounting information. This validation did not take place during the financial year.

The Court notes a problem with the division of tasks between the Foundation and other Agencies. Certain aspects have in practice been dealt with by other Agencies which have been set up since then (European Environment Agency, European Agency for Safety and Health at Work). The Foundation on the other hand has developed the analysis of other, more specific, aspects such as industrial relations.

The planning of the Foundation's work programme ought to be reviewed in consultation with the other Agencies that deal with subjects related to its area of activity so as to ensure that the basic priorities are well covered, to develop possible synergies and to avoid repeating work already carried out. The review of the Foundation's basic regulation which has been proposed by the Commission ought to be the occasion to do it.

The Foundation has replied to the comments made by the Court. It notes that the Phare activity, not being explicitly covered by the Foundations establishing regulation, was not judged appropriate

for integration it in its budget. The Foundation takes note of the observation of the Court and will include Phare financing in his future budgets.

The Foundation is in contact with the Commission's services to clarify the issue of the accumulated deficit and the treatment of future deficits or surpluses. Provision for the internal control function was finalized with the introduction of a financial and operational verification function in November 2003. This function and other control work is carried out by a specialised unit. The function of internal

audit is provided by the Commission's Internal Audit Service. The Accounting Officer relies on the validations performed by the Commission's services, which have provided the accounting systems in use by the Foundation.

Lastly, as regards the development of its programmes, the Foundation has achieved synergies with other agencies to the effect that each deals with complementary aspects within common thematic competences in order to avoid duplication of work. This has been formalised in joint declarations e.g. with the European Agency for Safety and Health at Work in Bilbao.