2003 discharge: European Training Foundation

2004/2058(DEC) - 30/12/2004

This report from the Court of Auditors sets out the annual accounts of the European Training Foundation (ETF) for the 2003 financial year.

On the whole, the Court has obtained reasonable assurance that the annual accounts for the year ended 31 December 2003 are reliable and that the underlying transactions are legal and regular.

The final budget appropriations entered for 2003 amount to EUR 17.7 million with EUR 17.5 million committed and EUR 15.5 million paid. EUR 2 million was carried over to 2004 and EUR 200 000 was cancelled.

In its report, the Court highlights that in 2003, the Foundation made payments of EUR 23.1 million on behalf of the Commission for those programmes and, on 31 December 2003, the balance of the relevant bank accounts amounted to 24,2 million euro. About 20 % of the staff employed by the Foundation work full-time on these programmes. As the Court mentioned in previous reports (1999, 2001 and 2002), no data relating to these programmes appear in the budget or in the balance sheet; the Foundation presents the relevant financial information in an annex to its annual accounts. This does not comply with the budgetary principles of unity and accuracy.

The Court also states that, in 2003, the Foundation concluded two agreements with donors (total amount EUR 500 000). These agreements are correctly disclosed in the accounts but the Foundation did not produce a supplementary and amending budget.

Due to payment delays by the Commission, the Foundation was unable to meet its financial commitments. The Foundation had to make in November 2003 a temporary transfer of EUR 1 million from bank accounts dedicated to the Tempus programme to its own bank accounts.

This operation was done without informing either the Governing Board, or the Commission. In accordance with Article 43(1) of the Foundation's financial regulation, the accounting officer is required to validate the systems put in place by the authorising officer on accounting information. This validation did not take place during the financial year.

An analysis of five selection procedures showed that the process for selecting candidates for the interview (pre-selection phase) is not formalised in a transparent way. In many cases the selection criteria are neither laid down before the interview, nor is their use documented in the files.

The European Training Foundation has responded to the Court's observations. It makes clear that at the time the Annual Accounts for 2003 were first drawn up, it was not clear yet under which rules the Tempus conventions had to be reported in the budget and in other financial statements. ETF decided to report about these amounts in detail in an annex, while coming to a clear agreement with the Commission services on the presentation of accounts 2005.

The ETF takes note of the Court's remark. From 2004 onward, any donation will be integrated into an amended budget which will be submitted for approval to the Governing Board and subsequently published.

The ETF states that in January 2004 when the first instalment of ETF 2004 subvention could not be paid to ETF in time, it had again to rely on a temporary transfer out of Tempus funds to overcome an urgent financial shortfall.

Learning from the previous occurrence, ETF formally informed the Commission and the chairman of the Governing Board through a letter dated 16 January 2004. Since that date, an arrangement has been agreed with the Commission to reduce the risk that such situations arise in the future. The Accounting Officer validated the systems with a note in June 2004.

Since April 2004, applications are stored in a computerized database, where the screening of candidates against eligibility criteria is recorded. Eligible candidates are then assessed independently by each of the members of the selection committee, against pre-defined criteria. The shortlist of the candidates to be interviewed is the result of the average score of these independent assessments. Also the performance of interviewed candidates is scored independently by each member of the selection committee, against pre-defined criteria. A more systematic and comprehensive documentation of all steps is kept on file.