2004 discharge: European Foundation for the Improvement of Living and Working Conditions

2005/2107(DEC) - 05/10/2005 - Court of Auditors: opinion, report

This report from the Court of Auditors concerns the results of the audit carried out by the Court on the annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year ended 31 December 2004. The European Foundation for the Improvement of Living and Working Conditions was set up by Council Regulation 1365/75/EEC of 26 May 1975.

The Court states that its audit was planned and performed to obtain reasonable assurance that the accounts are reliable and the underlying transactions are legal and regular. The Foundation's accounts for the financial year ended 31 December 2004 are, in all material respects, reliable. The transactions underlying the Foundation's annual accounts, taken as a whole, are legal and regular. The observations which follow do not call the Court's opinion into question.

The report shows that the appropriations entered in the final budget amount to EUR 18 080 000 with EUR 18 072 000 committed and EUR 14 929 000 paid. EUR 3 143 000 was carried over to 2005, and EUR 8 000 cancelled. The outstanding commitments carried over from the previous financial year were EUR 3 149 000.

The Court makes the following observations:

-analysis of the appropriations carried over to the 2005 financial year shows that 37 % of the commitments carried over were entered into in December 2004. The majority relate to contracts for studies to be carried out in 2005. This practice demonstrates a lack of consistency between the Foundation' s annual work programme, on the one hand, and the budget estimates, on the other;

-the physical inventory was not exhaustive as no inventory was made of IT equipment. No organisation manual and no annual verification programme have yet been established;

-the revenue and expenditure account for the financial year 2003 shows a loss of EUR 1.3 million. This amount should have been recorded in an amending budget for the financial year 2004.

The Foundation responds point by point to the Court's observations:

-due to unforeseen circumstances, a significant surplus became available in some budget lines and was utilised in December to commence work on research activities relevant for 2004 and 2005. Moreover in order to increase the synergy between Foundation activities, it was decided to use a single tender in 2005 for all services for observatories. As a consequence some of the relevant existing contracts had to be extended in December to bridge the time between the conclusion of those contracts and that foreseen for commencement of a new 2005 contract;

-procedures have now changed to provide for registration in the inventory on the basis of Delivery Dockets. The updating of the financial procedures manual is scheduled for completion in September 2005 and will incorporate an annual programme for verification of inventory items;

-the EUR 1.3 million represents sums due for payment by the Commission to the Foundation. The Commission was contacted during 2004 with regard to establishing an amending budget and has indicated it will examine the issue in 2005.