2005 discharge: European Training Foundation

2006/2163(DEC) - 19/12/2006

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 Training Foundation for the financial year ended 31 December 2005. The Court states that the Foundation's accounts for the financial year ended 31 December 2005 are, in all material respects, reliable. The transactions underlying the Foundation's annual accounts, taken as a whole, are legal and regular.

The report shows that the appropriations entered in the final budget amount to **EUR 26 342 000** with EUR 22 378 000 committed and EUR 16 295 000 paid. EUR 9 636 000 was carried over to 2006, and EUR 411 000 cancelled.

In its report the Court states that although the commitment rate for the appropriations for the financial year is high (practically 100 % for the Foundation's own activities), the Foundation's attention is drawn to the high rate (over 40 %) of carry-overs of commitments for operating activities (Title III). A similar situation prevails for the implementation of MEDA and Tempus activities. According to the Court, the Foundation should ensure that it programmes its activities better.

As in previous years, and in infringement of its financial regulation, the Foundation only published a summary of its budget in the Official Journal. The budget nomenclature lacks balance: two items contain amounts that represent nearly 10 % of its budget. Moreover, most of the budget headings for operating expenditure (Title III) are broken down in a detailed manner at item level according to the destination principle. The level of detail is such as to require numerous transfers. Furthermore, a lack of coordination between the financial unit and the operational units leads to additional transfers.

The final accounts have been characterised by delays and difficulties to establish them in compliance with existing rules.

The Court highlights that the Foundation has still not finished introducing its system of internal control. There is no complete description of the systems of internal control or even a formal account of the procedures used. There is no analysis of operational risks and the ex-post checks have still not been set up. Moreover, the accounting officer has not yet validated the accounts information and inventory systems.

Generally speaking, the supervision and control of operations and financial and budgetary reports are inadequate. Given the risks associated with this situation, the Foundation should make it a priority to resolve it.

The Court also notes shortcomings in the field of documentation were found in two staff selection procedures: the rejection of applicants without justification in the files and the lack of information on the criteria used for selecting the candidates in the pre-selection phase.

The Foundation responds point by point to the Court's observations and states that most of the amount carried forward (i.e. 83%) is related to commitments corresponding to activities completed in 2005 for which requests for payments have not been received in due time.

As far as the Tempus and the MEDA activities are concerned, the rate on carry over is adversely affected since the corresponding conventions are not annual and do not coincide with the financial year.

Following preceding Court’s remarks, the 2006 budget has been published in the Official Journal of the European Union in full detail including the establishment plan. ETF intends to review, within the regulatory requirements, its budget structure at the occasion of the 2007 budget procedure to address some of the identified weaknesses.

For the future, ETF will take appropriate measures to remedy to the situation described by the Court. ETF is aware that the Accounting Officer needs to validate the accounts information and inventory systems. In the meantime, ETF accounting officer will work on the validation of systems on the basis of the methodology used in the Commission.

As regards recruitment, the Foundation highlights that since 2004, ETF has introduced a comprehensive format for the selection board reports which makes information such as individual notes taken by individual panel members — redundant. ETF will study the possibility to give more information on the selection phase.