Monsieur le Directeur,

J'ai l'honneur de vous transmettre ci-joint un exemplaire, dans toutes les langues officielles de l'Union européenne, du rapport de la Cour des comptes sur les comptes annuels de la Fondation européenne pour l'amélioration des conditions de vie et de travail relatifs à l'exercice 2009, ainsi qu'une copie de la lettre sous couvert de laquelle j'ai communiqué ce rapport à M. Herman FONCK.

Veuillez agréer, Monsieur le Directeur, l'expression de ma haute considération.

Vitor CALDEIRA

Monsieur Jorma KARPPINEN
Directeur de la Fondation européenne pour l'amélioration des conditions de vie et de travail
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Report on the annual accounts
of the European Foundation for the Improvement of Living and Working Conditions
for the financial year 2009

together with the Foundation's replies.
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INTRODUCTION

1. The European Foundation for the Improvement of Living and Working Conditions (hereinafter 'the Foundation'), located in Dublin, was set up by Council Regulation (EEC) No 1365/75 of 26 May 1975. Its aim is to contribute to the planning and establishment of better living and working conditions in the Union by increasing and disseminating knowledge which is relevant to this subject.

2. The Foundation's 2009 budget amounted to 20.2 million euro, compared with 21 million euro the previous year. The number of staff employed by the Foundation at the end of the year was 94, as compared with 87 the previous year.

STATEMENT OF ASSURANCE

3. Pursuant to the provisions of Article 287(1), second subparagraph of the Treaty on the Functioning of the European Union, the Court has audited the annual accounts of the Foundation, which comprise the "financial statements" and the "reports on implementation of the budget" for the financial year ended...

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2 The Table summarises the Foundation's competences and activities. It is presented for information purposes.
3 These accounts are accompanied by a report on the budgetary and financial management during the year which gives inter alia an account of the rate of implementation of the appropriations with summary information on the transfers of appropriations among the various budget items.
4 The financial statements include the balance sheet and the economic outturn account, the cash-flow table, the statement of changes in capital and the annex to the financial statements which includes the description of the significant accounting policies and other explanatory information.
5 The budget implementation reports comprise the budget outturn account and its annex.
31 December 2009 and the legality and regularity of the transactions underlying those accounts.

4. This Statement of Assurance is addressed to the European Parliament and the Council in accordance with Article 185(2) of Council Regulation (EC, Euratom) No 1605/2002.\(^6\)

**The Director’s responsibility**

5. As authorising officer, the Director implements the revenue and expenditure of the budget in accordance with the financial rules of the Foundation under his own responsibility and within the limits of authorised appropriations\(^7\). The Director is responsible for putting in place\(^8\) the organisational structure and the internal management and control systems and procedures relevant for drawing up final accounts\(^9\) that are free from material misstatement, whether due to fraud or error, and for ensuring that the transactions underlying those accounts are legal and regular.

**The Court’s responsibility**

6. The Court’s responsibility is to provide, on the basis of its audit, a statement of assurance as to the reliability of the annual accounts of the Foundation and the legality and regularity of the transactions underlying them.

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\(^8\) Article 38 of Regulation (EC, Euratom) No 2343/2002.

\(^9\) The rules concerning the presentation of the accounts and accounting by the Agencies are laid down in chapter 1 of Title VII of Regulation (EC, Euratom) No 2343/2002 as last amended by Regulation (EC, Euratom) No 652/2008 of 9 July 2008 (OJ L 181, 10.7.2008, p. 23) and are integrated as such in the Financial Regulation of the Foundation.
7. The Court conducted its audit in accordance with the IFAC and ISSAI\textsuperscript{10} International Auditing Standards and Codes of Ethics. Those standards require that the Court complies with ethical requirements and plans and performs the audit to obtain reasonable assurance about whether the accounts are free from material misstatement and whether the underlying transactions are legal and regular.

8. The Court's audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts and about the legality and regularity of the transactions underlying them. The procedures selected depend on its audit judgement including the assessment of the risks of material misstatement of the accounts or of illegal or irregular transactions, whether due to fraud or error. In making those risk assessments internal control relevant to the entity's preparation and presentation of accounts is considered in order to design audit procedures that are appropriate in the circumstances. The Court's audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the accounts.

9. The Court believes that the audit evidence obtained is sufficient and appropriate to provide a basis for the opinions set out below.

\textit{Opinion on the reliability of the accounts}

10. In the Court's opinion, the Foundation's Annual Accounts\textsuperscript{11} present fairly, in all material respects, its financial position as of 31 December 2009 and the

\textsuperscript{10} International Federation of Accountants (IFAC) and International Standards of Supreme Audit Institutions (ISSAI).

\textsuperscript{11} The Final Annual Accounts were drawn up on 29 July 2010 and received by the Court on 2 August 2010. The Final Annual Accounts, consolidated with those of the Commission, are published in the Official Journal of the European Union by 15 November of the following year. These can be found on the following website http://eca.europa.eu or www.eurofound.europa.eu.
results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation.

**Opinion on the legality and the regularity of the transactions underlying the accounts**

11. In the Court’s opinion, the transactions underlying the annual accounts of the Foundation for the financial year ended 31 December 2009 are, in all material respects, legal and regular.

12. The comments which follow do not call the Court’s opinions into question.

**COMMENTS ON THE BUDGETARY AND FINANCIAL MANAGEMENT**

13. Contrary to its Financial Regulation (Article 19), the Foundation’s budget did not provide for specific headings for the various programmes financed from assigned revenue. Moreover, under a programme financed by assigned revenue, the Foundation committed 184 000 euro although the assigned revenue actually received was only 29 000 euro.

14. There were significant delays in the preparation and presentation of the Foundation’s Accounts. The initial provisional accounts presented by the Foundation contained serious shortcomings, pointing to significant weaknesses in the Foundation’s Financial organisation.

**OTHER MATTERS**

15. The Foundation had not yet at the end of 2009 implemented a system for recording and analysing the exceptions to its established policies and procedures (register of exceptions), in spite of the recommendations made by the Internal Audit Service and the Court.

16. For seven audited staff selection procedures, there is no evidence that the thresholds candidates had to meet in order to be invited to interview and those necessary to be put on the reserve list were set by the Selection Board before
examining the applications. These practices put at risk the transparency of the recruitment procedures.

17. One open procurement procedure audited revealed errors and anomalies in the evaluation which affected the quality of the procedure.

This Report was adopted by Chamber IV, headed by Mr Igors LUDBORŽS, Member of the Court of Auditors, in Luxembourg at its meeting of 12 October 2010.

For the Court of Auditors

Vitor Manuel da SILVA CALDEIRA
President

12 Procurement procedure for catering services for 122 000 euro (Contract No 09-1400-01).
# Table - European Foundation for the Improvement of Living and Working Conditions (Dublin)

|--------------------------------------------------|--------------------------------------------------------------------------------------------------|-----------|-------------------------------------------------------------|----------------------------------|
| The Union and the Member States, having in mind fundamental social rights such as these set out in the European Social Charter signed at Turin on 18 October 1961 and in the 1989 Community Charter of the Fundamental Social Rights of Workers, shall have as their objectives the promotion of employment, improved living and working conditions, so as to make possible their harmonisation while the improvement is being maintained, proper social protection, dialogue between management and labour, the development of human resources with a view to lasting high employment and the combating of exclusion. | **Objectives**  
- The aim of the Foundation shall be to contribute to the establishment of better living and working conditions by increasing and disseminating knowledge which is relevant to this subject. In particular, it is required to consider the following areas:  
  - man at work,  
  - organisation of work and particularly job design,  
  - problems peculiar to certain categories of workers,  
  - long-term aspects of the improvement of the environment,  
  - the distribution of human activities in space and in time. | **Gifts**  
- to foster the exchange of information and experience in these fields,  
- to facilitate contact between universities, study and research institutes, economic and social administrations and organisations,  
- to carry out studies or to conclude study contracts and to provide assistance for pilot projects,  
- to cooperate as closely as possible with existing specialised institutes in the Member States and at international level. | **Budget**  
- 20,2 million euro  
- (21,0 million euro) | **Monitoring and surveys**  
- Network of European Observatories (EIRO) 507 information updates added; five representativeness studies; annual updates on pay and working time; annual review on industrial relations  
- European Working Conditions Observatory (EWC) 123 information updates added; comparative analytical reports on occupational promotion of migrant workers and the self-employed  
- European Restructuring Monitor (ERM) 216 restructuring fact sheets added; six comparative analytical reports. | **Tasks**  
- from each Member State: one government representative, one representative from employers organisations and one worker representative, three representatives from the Commission.  
- The Governing Board (GB)  
- consists of 11 members, three members from each of the social partners and the governments, two from the Commission,  
- it monitors the implementation of decisions of the GB and takes measures for the proper management between GB meetings. | **Staff at 31 December 2009**  
- 101 posts provided for in the establishment plan, of which 61 (78) were occupied. | **Surveys**  
- 2nd European Quality of Life Survey: overview report based on 35,000 interviews in 31 countries published. Secondary analysis reports on family life and work; subjective well-being; quality of society and public services; social exclusion.  
- 6th European Working Conditions Survey: preparation of field work  
- European Company Survey: Field work completed in 30 countries; first results published (resumes) |  | **Other Staff**  
- Seconded National Experts: 0 (0) | **Employment and competitiveness**  
- European Restructuring Monitor case studies  
- Impact of globalisation on selected sectors (contribution to DG Employment's sector studies)  
- Undeclared work (measures from 27 countries)  
- The economic crises and employment (Report 'Restructuring in recession')  
- Industrial relations and workplace development  
- Working conditions and social dialogue  
- Global comparison of working conditions  
- Industrial relations and sustainability  
- European Company Statute  
- The national industrial relations systems in the EU  
- Links between quality of work and performance . | **Contract Agents: 13 (9)** | **Social cohesion and quality of life**  
- Company initiatives to reconcile employment with care  
- Role of local authorities in the integration of migrants  
- Active inclusion of young people with disabilities  
- Monitoring quality of life in Europe  
- Mobility friends | **Total Staff employed: 94 (87)** | **Communication and sharing ideas and experience**  
- 152 443 print publications disseminated; 637 new web and print publications, 803 contacts and briefing meetings with European level policy makers, 1.6 million user sessions; media activities resulted in reaching 114 million European citizens; 272 enquiries from journalists. | **Allocated to**  
- Operating activities: 82 (56) | **Promotion campaigns: two resource packs (Recession, Poverty and social exclusion)**  
- Foundation Forum 2009: 'Global recession – Europe's way out'  
- Foundation Seminar Series 'Maintaining employment in times of crises'  
- 23 exhibitions and 40 visits to Eurofound. | **Administrative tasks: 28 (27)** |  | **Mixed: 4 (4)** |  |
EUROFOUNDS REPLIES

13. For the assigned revenue financial programmes, Eurofound will make sure that these will be presented in sufficient details in future budgets. At the time of the creation of the commitment mentioned in the observation, a legally binding contract with the financing party amounting to 184 000 euro was in place. Based on this contract 29 000 euro were received in 2009 and the balance of 155 000 euro will be received in November 2010. Moreover, no payment was made against this commitment of 184 000 Euro in 2009. Nevertheless, Eurofound will make sure that, in the future, appropriations are made available only when the corresponding assigned revenue has been received.

14. Eurofound will ensure, through additional training and resources, the correct implementation of year-end procedures and adherence to the deadlines for the presentation of its accounts.

15. Eurofound implemented a Register of Exceptions on 1 July 2010.

16. In all cases, thresholds were set at the beginning of the recruitment process. Eurofound will make sure that these are documented in the reports of the Selection Committee.

17. Eurofound will strengthen its evaluation and review procedures in an effort to avoid such errors in the future.