



EUROPEAN  
COURT  
OF AUDITORS

## **Preliminary observations**

**with a view to an annual report on EU agencies  
for the financial year 2018, and more specifically the  
European Foundation for the Improvement of Living and  
Working Conditions (Eurofound)**

## 3.15. European Foundation for the Improvement of Living and Working Conditions (Eurofound)

### Introduction

**3.15.1.** The European Foundation for the Improvement of Living and Working Conditions (hereinafter “the Foundation”, or “Eurofound”), which is located in Dublin, was established by Council Regulation (EEC) No 1365/75<sup>116</sup>, repealed by Regulation (EU) 2019/127 of the European Parliament and of the Council<sup>117</sup>. The Foundation’s task 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.

**3.15.2.** *Table 1* presents key figures for the Foundation<sup>118</sup>.

**Table 1: Key figures for the Foundation**

	2017	2018
Budget (million euros) <sup>119</sup>	20	21
EU statutory staff as at 31 December <sup>120</sup>	100	101

Source: data provided by the Foundation.

<sup>116</sup> OJ L 139, 30.5.1975, p. 1.

<sup>117</sup> OL L 30, 31.1.2019, p. 74.

<sup>118</sup> More information on the Foundation’s competences and activities is available on its website: [www.eurofound.europa.eu](http://www.eurofound.europa.eu).

<sup>119</sup> Budget figures are based on payment appropriations.

<sup>120</sup> Staff includes EU officials, EU temporary and EU contract staff and seconded national experts.

European Foundation for the Improvement of Living and Working Conditions  
(Eurofound)

## The Court's statement of assurance provided to the European Parliament and the Council – Independent auditor's report

### Opinion

#### 3.15.3. We have audited:

- a) the accounts of the Foundation which comprise the financial statements<sup>121</sup> and the reports on the implementation of the budget<sup>122</sup> for the financial year ended 31 December 2018 and
- b) the legality and regularity of the transactions underlying those accounts

as required by Article 287 of the Treaty on the Functioning of the European Union (TFEU).

#### Reliability of the accounts

##### Opinion on the reliability of the accounts

**3.15.4.** In our opinion, the accounts of the Foundation for the year ended 31 December 2018 present fairly, in all material respects, the financial position of the Foundation at 31 December 2018, the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with its Financial Regulation and with accounting rules adopted by the Commission's accounting officer. These are based on internationally accepted accounting standards for the public sector.

##### Other matter

**3.15.5.** Without calling into question the opinion expressed above, the Court draws attention to the fact that the annual accounts of the Foundation were verified by an independent external auditor and that the Court considered the verification

---

<sup>121</sup> The financial statements comprise the balance sheet, the statement of financial performance, the cash flow statement, the statement of changes in net assets and a summary of significant accounting policies and other explanatory notes.

<sup>122</sup> The reports on implementation of the budget comprise the reports which aggregate all budgetary operations and the explanatory notes.

European Foundation for the Improvement of Living and Working Conditions  
(Eurofound)

results when preparing its own audit opinion, as stipulated in Article 70(6) of the EU Financial Regulation. Under International Standards on Auditing, an auditor making use of another auditor's results is required to review their reliability. This review work is ongoing and the Court's opinion on the reliability of the accounts is subject to confirmation of the reliability of the independent external auditor's results.

### Legality and regularity of the transactions underlying the accounts

#### Revenue

##### Opinion on the legality and regularity of revenue underlying the accounts

**3.15.6.** In our opinion, revenue underlying the accounts for the year ended 31 December 2018 is legal and regular in all material respects.

#### Payments

##### Opinion on the legality and regularity of payments underlying the accounts

**3.15.7.** In our opinion, payments underlying the accounts for the year ended 31 December 2018 are legal and regular in all material respects.

**3.15.8.** The observations which follow do not call the Court's opinion into question.

### Observations on internal controls

**3.15.9.** In 2014, the Commission, on behalf of more than 50 EU Institutions and bodies (including Eurofound), signed a framework contract with one contractor for the acquisition of software, licences and the provision of related IT maintenance and consultancy. Due to the volatility of the software market the contract contains no price list, and the framework contractor acts as an intermediary between the Foundation and suppliers that can address the Foundation's needs. For these intermediary services the framework contractor is entitled to uplifts of two to nine percent of the suppliers'

European Foundation for the Improvement of Living and Working Conditions  
(Eurofound)

prices. In 2018, total payments to the framework contractor amounted to 88 166 euro. The ex-ante controls performed by Eurofound were not effective, as they did not check whether the prices and uplifts charged by the framework contractor were correct. The framework contract itself may restrict competition, as there is no evidence that the framework contractor chooses suppliers on a competitive basis. The Foundation should adapt ex-ante controls on payments under such contracts and ensure there is a competitive procedure for all procurements<sup>123</sup>.

### Information on internal audit service reports and external evaluations

**3.15.10.** In 2018, the Commission's Internal Audit Service issued an audit report on "Prioritisation of activities and allocation of resources (HR and financial) in Eurofound"<sup>124</sup>. The Foundation and the IAS agreed on a plan to take corrective action.

**3.15.11.** An external evaluation of the EU agencies under the remit of DG Employment (Eurofound, Cedefop, ETF and EU-OSHA) was carried out in 2018, on behalf of the Commission, with regard to their relevance, effectiveness, efficiency, coherence and EU value-added<sup>125</sup>.

### Follow-up of previous years' observations

**3.15.12.** An overview of the corrective action taken in response to the Court's observations from previous years is provided in the [Annex](#).

---

<sup>123</sup> The 2014 framework contract has expired in the meantime and the design of the succeeding framework provides for greater promotion of fair competition.

<sup>124</sup> We did not verify the audit work.

<sup>125</sup> We did not verify the evaluation work.

European Foundation for the Improvement of Living and Working Conditions (Eurofound)

## Annex - Follow-up of previous years' observations

Year	Court's observations	Status of corrective action (Completed / Ongoing / Outstanding / N/A)
2016	In its Report on the annual accounts for 2014, the Court reported underpayments to staff for the period 2005 to 2014 in relation to the transition to the new EU Staff Regulations in 2005. The Foundation should analyse again any possible mistakes.	Completed
2016	The high level of budget carry-overs is in contradiction with the budgetary principle of annuality. The Foundation may consider introducing differentiated budget appropriations.	Completed
2016	The Foundation's founding regulation does not explicitly require external evaluations of its activities.	Completed
2017	There is a need to strengthen the accounting officer's independence by making him directly responsible to the Foundation's Director (administrative) and Governing Board (functional).	Completed
2017	E-procurement: by the end of 2017 the Foundation had introduced e-invoicing and e-tendering for certain procedures, but not e-submission.	Ongoing