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CORR.

## R E P O R T

of the Committee on Budgetary Control

giving discharge to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions (Dublin) in respect of the implementation of their budget for the 1989 financial year

Rapporteur: Mr Edward KELLETT-BOWMAN

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A Series: Reports - B Series: Motions for Resolutions, Oral Questions - C Series: Documents received from other Institutions (e.g. Consultations)

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= Consultation procedure requiring a single reading

\*\*II 

= Cooperation procedure (second reading) which requires the votes of a majority of the current Members of Parliament for rejection or amendment

\*\*I 

= Cooperation procedure (first reading)

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= Parliamentary assent which requires the votes of a majority of the current Members of Parliament

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On 20 February 1991 the Commission forwarded to the European Parliament, pursuant to Article 206b of the EEC Treaty, the revenue and expenditure accounts and the financial statement of the European Foundation for the Improvement of Living and Working Conditions (the FEACVT) for the 1989 financial year (accompanied by the replies of the Foundation to the comments of the Court of Auditors).

On 18 March 1991 the Council forwarded to Parliament the decision on the discharge to be given to the Administrative Board of the FEACVT in respect of the implementation of their budget for the 1989 financial year.

At the sitting of 15 April 1991 the President of Parliament announced that he had forwarded these documents to the Committee on Budgetary Control.

At its meeting of 29 October 1990 the Committee on Budgetary Control confirmed the appointment of Mr KELLETT-BOWMAN as rapporteur.

At its meeting of 26 February 1991, the Committee on Budgetary Control considered the draft report and adopted the proposal for a decision on the Foundation unanimously.

The following took part in the vote : Price, chairman; Blak, vice-chairman; Kellett-Bowman, rapporteur; Goedmakers, Holzfuß, Langes, Lo Giudice, Marck, Schodruch, Simons (deputizing for Colom i Naval) and Wettig.

The report was tabled on 6 March 1991.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the part-session at which it will be debated.

A

PROPOSAL FOR A DECISION

giving discharge to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions in respect of the implementation of its budget for the 1989 financial year

The European Parliament,

- having regard to the EEC Treaty and in particular Article 206b thereof,
  - having regard to the statement of accounts of the European Foundation for the Improvement of Living and Working Conditions and the report of the Court of Auditors on this subject (C3-0094/91),
  - having regard to the Council decision of 18 March 1991 (C3-0169/91),
  - having regard to the report of the Committee on Budgetary Control (A3-0053/91),
1. Notes the following figures for the accounts of the European Foundation for the Improvement of Living and Working Conditions

1989 FINANCIAL YEAR	ECU
<b>Revenue</b>	6 386 477,16
1. Subsidy from the Commission	6 254 819,19
2. Bank Interest	74 387,59
4. Other	57 270,38
<b>Expenditure</b>	
1. Final budget appropriations	6 471 000,00
2. Commitments	6 428 541,25
3. Unused appropriations	42 458,75
4. Payments	4 848 599,52
5. Carry-overs from 1988 to 1989	1 453 625,10
6. Payments against appropriations carried over	1 392 733,19
7. Appropriations carried over and cancelled (5-6)	60 891,91
8. Carry-overs from 1989 to 1990	1 579 941,73
9. Cancellations (1-4-8)	42 458,75

2. Notes that the Commission has put forward proposals to bring the Foundation's Financial Provisions into line with the revised Financial Regulation of 13 March 1990 applicable to the general budget of the European Communities;

3. Welcomes the growth of activity at the Foundation and regards the expanding demand for its books, pamphlets and reports as a measure of the quality of the Foundation's output;
4. Believes that the new hierarchical table and nomenclature enables the Foundation to comply with the Court's request that authorization and payment officers' duties should be separate;
5. Recommends that the Financial Controller should visit the Foundation at least every two months in order to reduce reliance on the imprest account; recommends that separate accounts be kept for the imprest account, to the extent that it continues to be used; also recommends that the Foundation exploit the facilities for obtaining prior approval by the Financial Controller provided by new communication technologies (electronic visa) as and when they become available;
6. Waits to be convinced that the analytical management accounting requested by the Court can add any cost-benefit to the Foundation's effectiveness;
7. Calls upon the Commission to ensure that the quarterly instalments of the subsidy to the Foundation from the general budget are paid on time and recommends that the usefulness of opening current contra accounts between the Commission and the Foundation be examined by both parties;
8. Considers that the Foundation might be asked to take on the research management sector envisaged in the proposed European Health and Safety Agency, since this falls within the Foundation's existing terms of reference;
9. Believes that circumstances are now such that the remarks against Chapters 3 and 4 of the Foundation's budget should be deleted in the 1992 budget; accepts the Foundation's undertaking to comply with the Court's requests for further transparency in the accounts of the Foundation;
10. Observes that the recently approved extension to Loughlinstown House is proceeding apace; records the fact that the extension will at last provide working conditions for this establishment's staff in keeping with the Foundation's own recommendations for Community standards;
11. Gives discharge to the European Foundation for the Improvement of Living and Working Conditions, in respect of the implementation of its budget for the 1989 financial year, on the basis of the report of the Court of Auditors;
12. Instructs its President to forward this Decision to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions, the Council, the Commission and the Court of Auditors and to have it published in the Official Journal (L series).

B.

EXPLANATORY STATEMENT

EUROPEAN FOUNDATION FOR THE IMPROVEMENT OF LIVING AND WORKING CONDITIONS

INTRODUCTION

1. Pursuant to Article 69 of Council Regulation (EEC) 1365/75, the Court of Auditors examined the accounts and the financial management of the Foundation for the financial year 1989. The rapporteur for the Committee on Budgetary Control visited the Foundation in January 1991.

IMPLEMENTATION OF THE 1989 BUDGET

2. The appropriations available to the Foundation for financial year 1989 totalled 6,47 mECU of which 4,85 mECU were paid out during the year, 1,58 mECU were carried forward to 1990 and 0,04 mECU were cancelled. Cancellations as a percentage of appropriations available were significantly lower in 1989 (0,62%) than in 1988 (4,83%). As in previous years, the relatively high proportion of funds carried over (24.4%) reflects the Foundation's use of non-differentiated appropriations where many payments take place in the year following commitment.
3. Previous reports by the Committee on Budgetary Control in the context of the discharge procedure, most recently in relation to financial year 1988, have highlighted the shortcomings in presentation of accounts arising from the Foundation's outdated financial provisions. The revised Financial Regulation applicable to the general budget of the European Communities was adopted in March 1990. The Foundation's financial provisions should therefore be brought into line with the latter regulation so far as is compatible with the Foundation's particular situation, and the rapporteur is pleased to note that the Commission has now brought forward the necessary proposals.
4. The Foundation's Annual Report for 1989 records a considerable growth in enquiries compared with 1988 as well as increased demand for its information booklets, newsletter and specialised periodicals, and meetings spanning a wide range of topics.

SEPARATION OF DUTIES

5. During his visit the rapporteur took part in discussions on the Foundation's proposals to align its establishment in such a way that the overlapping of responsibilities of authorizing and accounting officers criticised by the Court of Auditors are obviated. The rapporteur considers the Foundation's proposals to be satisfactory.

IMPREST ACCOUNT

6. In its report for 1989, the Court of Auditors finds that the Foundation makes too much use of the imprest account procedure (some 42% of 1989 expenditure other than salaries or 29% of total expenditure was disbursed from the imprest account). The decision to set up an imprest account arose from the need to overcome the problem of physical distance which led to delays in obtaining

prior approval from the Commission's Financial Controller in Brussels. Nevertheless modern communication technologies, including the prospect of electronic visa, should increasingly make it possible to surmount the obstacle of geographical distance and thus reduce recourse to the imprest account procedure.

7. To the extent that the imprest account continues to be used, the Foundation should keep specific accounts for it.

#### **ANALYTICAL MANAGEMENT ACCOUNTING**

8. As requested by Parliament's discharge decision concerning financial year 1988, the Foundation began preparatory work in 1989 for the introduction of an analytical accounting system which was implemented in early 1990. However the rapporteur is not yet convinced that such an exercise can produce any significant additional cost-benefit to the Foundation's effectiveness.

#### **PAYMENT OF THE FOUNDATION'S SUBSIDY FROM THE GENERAL BUDGET**

9. As a result of late payment of the last instalment of the Commission subsidy to the Foundation for 1989, there was a negative balance of 2,3 mECU. The Court suggests (paragraph 4.3) that reciprocal current accounts in the Commission's and the Foundation's books could permit resolution of the apparent contradiction between the obligation to pay within a fixed time-limit and adaptation of the payment schedules to accord with actual needs.

#### **AMENDMENT OF BUDGETARY REMARKS**

10. The remarks against the budget heading relating to the Foundation (1991 budget heading B3-420) divide operating expenditure into two chapters (Chapter 3 : Improvement of living conditions; Chapter 4 : Improvement of working conditions). This separation was originally intended to ensure that sufficient attention would be devoted to matters relating to the environment. The rapporteur considers that it is no longer necessary for the formal separation to appear in the remarks in the budget.

#### **EUROPEAN HEALTH AND SAFETY AGENCY**

11. The subsistence of the research management sector envisaged in the proposed European Health and Safety Agency falls within the Foundation's existing terms of reference. The rapporteur therefore feels that this sector should be entrusted to the Foundation to avoid duplication of effort.

#### **CONCLUSIONS**

12. The rapporteur recommends that discharge be granted.

