

European Communities

EUROPEAN PARLIAMENT

Working Documents

1982 - 1983

1 April 1982

DOCUMENT 1-33/82

REPORT

drawn up on behalf of the Committee on Budgetary
Control

on the discharge to be granted to the Administrative
Board of the European Foundation for the Improvement
of Living and Working Conditions in respect of the
implementation of its appropriations for the 1980
financial year and the comments accompanying this
decision

Rapporteur : Mr Edward KELLETT-BOWMAN

At its meeting on 28/29 January 1982, the Committee on Budgetary Control confirmed the mandate of Mr. KELLETT-BOWMAN as rapporteur for the discharge to be granted to the administration board of the European Foundation for the Improvement of Living and Working Conditions in respect of the 1980 financial year.

At its meeting on 15/17 March 1982, the Committee on Budgetary Control considered the draft report and adopted the proposed decision and the motion for a resolution by 13 votes in favour and 5 abstentions.

Took part in the vote : Mrs Boserup, acting chairman; Mr Price, vice-chairman; Mr Kellett-Bowman, rapporteur; Mr Arndt (deputising for Mr Lalumière); Mr Battersby, Mr Boyes (deputising for Mr Orlandi); Mr Früh, Mr Georgiadis (deputising for Mr Gabert); Mr Irmer, Mr Key, Mr Mart, Mr Nielsen (deputising for Mr Jurgens); Mr Patterson, Mr Ryan, Mr Saby, Mr Konrad Schön, Mrs Van Hemeldonck, Mr Wawrzik (deputizing for Mr Notenboom).

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The Committee on Budgetary Control hereby submits to the European Parliament the following proposed decision:

Proposed decision

on the discharge to be granted to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions in respect of the implementation of its appropriations for the 1980 financial year

The European Parliament,

- having regard to the Treaty establishing the EEC and in particular Article 206b thereof,
 - having regard to the revenue and expenditure accounts of the European Foundation for the Improvement of Living and Working Conditions for the 1980 financial year
 - having regard to the report of the Court of Auditors on the 1980 accounts (Doc. 1-934/81)
 - having regard to the report of the Committee on Budgetary Control (Doc. 1-33/82);
- (a) recalling that the Treaty of 22 July 1975, duly ratified by all the Member States, conferred on the European Parliament final responsibility in relation to the grant of discharge in respect of the general budget of the EC;
- (b) considering that this responsibility extends also to the satellites and subsidiary bodies of the EC;
- (c) noting the improvements in presentation and internal control that were effected by the Foundation following the two previous resolutions adopted by Parliament;¹

¹ OJ no. L180, page 13, 14.7.80
OJ no. L342, page 4, 28.11.81

1. Notes the following figures for the accounts of the European Foundation for the Improvement of Living and Working Conditions:

Financial Year	1980 EUA	%
<u>Revenue</u>		
From the Commission part of the budget	2,576,544.35	97.5
Bank interest	52,525.69	2.0
Other	13,697.23	0.5
Total	<u>2,642,767.27</u>	<u>100.0</u>
<u>Expenditure</u>		
Budget appropriations	2,700,000.00	100)
Commitments	2,642,767.28	97.9)
Appropriations unused	57,232.72	2.1)
Payments	1,784,936.50	
Appropriations brought forward from previous year	865,067.21	
Payment from appropriations brought forward	851,541.11	
Unused appropriations brought forward	13,526.10	
Appropriations carried forward	857,830.68	

2. Grants a discharge to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions, on the basis of the report of the Court of Auditors, in respect of the accounts for the financial year 1980;

3. Draws attention to its resolution embodying the comments accompanying this decision granting a discharge and asks the Commission of the EC to report to it on the measures taken following those comments;

4. Instructs its President to communicate this decision and the attached comments to the Council, the Commission of the EC, the Court of Auditors and to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions, and to arrange for their publication in the Official Journal (L series).

The Committee on Budgetary Control hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

containing the comments accompanying the decision granting a discharge to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions in respect of its revenue and expenditure accounts for the 1980 financial year.

The European Parliament

1. Asks the Commission, the Council, the Court of Auditors and the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions to take the necessary measures to comply with the following comments and calls on the Commission to submit a written report by 1 November 1982 on the follow-up to these comments;

Grant of Discharge

2. Notes that the Commission has, at last, submitted proposals for the amendment of the financial provisions that apply to the European Foundation for the Improvement of Living and Working Conditions designed to bring them into line with the principle reflected in Article 206b of the EEC Treaty as amended by the Treaty of 22 July 1975 and urges the Council to ensure that the steps for completing these changes are carried into effect rapidly;

Social welfare provisions

3. Welcomes the modification of the social security system applicable to the staff of the Foundation and expects that this may pave the way for other measures leading to the opening up of opportunities for staff mobility between the Foundation and the Institutions but deplores the failure of the Council (i) to consult Parliament in regard to the modification in question and (ii) to take account of retrospection as favoured by Parliament;

Attention to living conditions

4. Notes that, in its initial programmes, the Foundation has dealt primarily with the improvement of working conditions and urges the Foundation to take account, to the fullest possible extent, of the ways in which living conditions could be ameliorated ;

Annuality

5. Endorses the views expressed by the Court of Auditors as regards respect for the principle of annuality and asks the Foundation to make every effort to ensure that all income and expenditure of a particular year is taken up as such;

Systems and procedures

6. Notes that the recommendations made by the Court of Auditors in regard to personal files, cash and banking procedures, evaluation of the cost of proposed research contracts, vouching of checks on payment documents and the physical marking of **movable assets** have been received in a positive spirit by the Foundation and invites the Court of Auditors to comment further on the application of these reforms in its report on the 1981 accounts of the Foundation ;

Involvement of the Commission

7. Welcomes the evidence of the fact that the responsible members of the Commission are taking a close interest in the work of the Foundation and expects that this will be reflected in the use to be made by the Commission of the results of the research done by the Foundation;

Economic use of resources

8. Approves of the use being made of modern equipment and techniques by the Foundation, especially the farming out of translation and printing work, and urges the other institutions and bodies of the EC (i) to study the positive effects in economy and efficiency that result from having recourse to outside agencies, (ii) to draw the necessary conclusions from the experience of the Foundation and (iii) to report back on the ensuing changes in their procedures;

Operational outlay

9. Observes that the Foundation has developed an appropriate infrastructure for coping with a larger volume of work and considers that Chapter 3 appropriations should be adequate to finance an expanding programme of activity.

EXPLANATORY STATEMENTIntroduction

1. In two previous reports,¹ the Committee on Budgetary Control described the work of the European Foundation for the Improvement of Living and Working Conditions (EFILWC), its legal basis, procedures, tasks, accounting system and control aspects. In view of this, it is not necessary to go into these particulars once again in the present text.

Social welfare arrangements

2. The European Parliament has asked that the social security system applicable to the staff of the EFILWC should be modified so as to bring it into line with the system that applies to the EC staff generally.² The Committee has learned with satisfaction that the Council has reformed the system along the lines suggested by Parliament. However, it is regretted that (i) the Council did not formally consult Parliament in regard to the revision and (ii) the possibility of retrospective application was not used.

Grant of discharge

3. Parliament has urged, in the two reports referred to in paragraph 1, that the financial provisions that apply to the EFILWC should be amended so that the discharge arrangement for the Foundation be brought into line with the provisions of the Treaty of 22 July 1975. The Committee is pleased to note that, finally, the Commission has transmitted the proposal for the amendment of the regulation³ in question.

Breakdown of total expenditure

4. For information, particulars of the percentage breakdown of the EFILWC expenditure are shown at annex I. It is noteworthy that operating expenditure accounts for about 50% of total expenditure in the four years 1978 to 1981, with a downward trend. Two comments need to be made: firstly, the EFILWC has now built up the infrastructure for taking on a larger workload but to do so would need a larger allocation in chapter III to cover increased operating expenditure; secondly, some operating expenditure is shown at present under chapters I and II. The EFILWC has been invited to examine

¹ Doc. 1-726/79 and Doc 1-251/81

² OJ no. L.180, page 15, 14.7.80

³ OJ no. L.154, page 1, 24.5.76

the presentation of its budget with a view to ensuring a more precise distribution of outlay over the three main chapters.

Carry forwards

5. The level of appropriations brought forward from 1979 to 1980 at 865,067.21 EUA was on the high side and inspired the ECA remark - which is endorsed by the Committee - that appropriations voted for a particular financial year should be used in that year so as to respect the principle of annuality and so as to avoid giving the misleading impression that excessive appropriations are available. ¹

Attention to living conditions

6. The Committee on the Environment, Public Health and Consumer Protection and the Court of Auditors have drawn attention to the fact that the EFILWC appears to concentrate on the study of ways of improving working conditions without investigation how living conditions can be ameliorated. The representatives of the EFILWC have undertaken to fulfil its mandate by covering both aspects of its responsibilities.

Recourse to outside agencies

7. In the matter of translation and printing, the Committee noted with approval that the EFILWC has recourse to outside agencies for translation and printing work. This results in appreciable savings and ensures the kind of flexible operation that the other institutions should note and emulate.

Contact with other institutions and bodies

8. The Committee reiterates its view that the EFILWC should keep in close contact with the institutions of the EC specialised bodies and national institutes so that its findings may have the widest possible audience.

¹ The substantial carry overs from 1980 to 1981 are attributable to the operation of the provisional twelfths system until the 1980 budget was adopted on 9 July 1980.

Conference centre

9. The Committee approves of the fact that the rent received for the hiring out of the conference centre at the EFILWC more than covers the current costs as the following table shows:

	Conference Centre	(IR £)
	1979	1980
Revenue	3071	5517
Expenditure	3047	4911

The view was expressed that the surplus receipts ought to be made available to cover depreciation and running costs.'

Staff chart

10. For information, the staff chart of the EFILWC is set out at Annex 2. It should be noted that there is a clear line of delegation of responsibility, something which is of major importance in any Community body.

Discharge for 1980

11. Having considered the report of the Court of Auditors on the 1980 accounts of the EFILWC, having read the replies of the Foundation and having heard the oral explanations furnished by the responsible officials of the Foundation, the Committee on Budgetary Control recommends that discharge be granted in respect of the 1980 accounts.

Other committees involved

12. The Committee on Budgetary Control confines its work to those aspects of the Foundation which fall within its purview. It is for other committees of Parliament to follow-up practical aspects of the work of the Foundation.

EXPENDITURE OF EFILWC BY CHAPTER

	%age of	
	Total Expenditure	Budget Appropriations
	<u>Chapter I - Staff Expenditure</u>	
1976	19	35
1977	33	67
1978	33	54
1979	33	69
1980	40	100
1981	42	99
	<u>Chapter II - Administrative Expenditure</u>	
1976	81	59
1977	42	91
1978	16	75
1979	12	82
1980	10	93
1981	12	99
	<u>Chapter III - Operating Expenditure</u>	
1976	0	0
1977	25	82
1978	51	92
1979	55	94
1980	50	97
1981	46	98
	<u>TOTAL</u>	
1976		50
1977		80
1978		78
1979		83
1980		98
1981		99

Source - Court of Auditors

EUROPEAN FOUNDATION

ORGANISATIONAL STRUCTURE 1980

(on basis of approved staff table 1980)

per July 1980

(31 A, B, C officials)



