

**Governing Board Meeting 12-13 June 2014****Item 4**

DIR/RB(2014)01461

Cedefop's Governing Board Analysis and Assessment of the Annual Activity Report (AAR) 2013

Article 40(2)¹ of Cedefop's Decision of 5 June 2009 on the financial rules requires the Governing Board to send to the budgetary authorities and the Court of Auditors an analysis and assessment of the *annual activity report* (AAR) of the previous financial year (2013), not later than 15 June 2014.

The Governing Board, based on its analysis and assessment of the Director's *Annual Activity Report 2013*:

- takes note of Cedefop's report on the implementation of the annual work programme 2013, and in particular:
- welcomes the fact that the external evaluation finalised in December 2013 found Cedefop to be a highly acknowledged centre of expertise in VET and skills policies inside (as well as outside) the EU and that there is no overlap between Cedefop's work and that of the other EU decentralised agencies;
- welcomes the fact that Cedefop's work is well aligned with and highly relevant to the European policy agenda set for education and training and in the Copenhagen Process until 2020; that the work of Cedefop has been used in establishing major EU policy documents and is also increasingly acknowledged in academic circles; and that Cedefop has been entrusted with important tasks, for example to review progress achieved in implementing joint priorities as set in the new EU policy framework for VET;
- acknowledges the added value of Cedefop's continued support to the European Commission, the Member States and the social partners in the framework of Education and training 2020 and the Bruges Communiqué, in particular in the development and implementation of the common European principles and tools through its studies, comparative analysis and expertise;

¹ Articles 114 and 115 of Cedefop's Decision of 9 January 2014 provide that Article 40(2) of Cedefop's Decision of 5 June 2009 continues to apply in 2014. From 2015 on, the article 47 of the new Cedefop's Decision of 9 January 2014 will apply.

- welcomes the fact that Cedefop, by bringing together the results of its work on skills needs, common European tools and VET's benefits, promoted an interdisciplinary approach that provided added value to the discussions that bridge education and training and the labour market;
- takes note of Cedefop's good cooperation with the Presidencies and its content support for VET-related activities (preparatory work, background information and analyses, contributions to events);
- underlines the importance of Cedefop's contribution to the development of Europass instruments and their high acceptance by European citizens as proved by statistics;
- acknowledges the successful efforts of Cedefop to ensure synergy and complementarity in their work with the works of ETF and Eurofound and its efforts to cooperate and align work with the OECD, ILO, UNESCO, and other international organizations;
- takes note that Cedefop's Performance Measurement System (PMS) is continuously further developed and encourages Cedefop to explore the possibility of linking its PMS indicators to the ABB activities as recommended by the external evaluation;
- notes that the internal audit capability (IAC) functions have been covered either by external contractors or by internal project groups and appreciates that this solution has been effectively applied and that it has contributed to the reduction of administrative costs for the benefit of operational expenditure;
- takes note that two of the high risk areas mentioned in the Strategic Audit Plan 2013 – building issues (facility management) and business continuity – have been closely followed by the Centre as foreseen and requests the Centre to continue these efforts also in 2014; takes also note that the actions in regard to the third high risk area mentioned – formalisation of legal advice – have been completed as planned;
- acknowledges the progress achieved in improving planning and monitoring, and appreciates that 2013, again, a high level of budget implementation has been realised and that the establishment plan has been filled to 98 %;
- acknowledges the positive discharge report of the European Parliament on the budget 2012;
- takes note of the declaration of assurance of the Director and appreciates the information provided on all the underlying building blocks for assurance that underpin the declaration;
- encourages the Centre to follow-up on the recommendations of the external evaluation and to report regularly on the implementation of the agreed action plan;

- encourages the Centre to continue its efforts to focus on central activities to avoid fragmentation, thus, ensuring the most efficient use of available resources;
- appreciates the fact that throughout 2013 Cedefop's management has kept the Governing Board fully informed in various meetings of the Bureau;
- expresses its satisfaction that the recruitment of a new director has been successfully completed and that the new director has taken up his duties. The Governing Board welcomes the smooth transition to the new director;
- is highly satisfied that all Internal Audit Service (IAS) recommendations have been closed and that no IAS recommendations were open by 31 December 2013;
- congratulates the Centre on the fact that the draft final report 2013 of the European Court of Auditors confirms the regularity and legality of the actions in 2013, contains no specific comments, and acknowledges that the Centre has followed up on all comments of previous years;
- congratulates Cedefop's staff and management on the results achieved in 2013 and expresses its satisfaction and appreciation of the high level of commitment and quality of work of the Centre;
- thanks Mr Lettmayr for his services as acting director and Ms. Brugia for her services as acting deputy director until October 2013;
- confirms that the Governing Board's analysis of the Annual activity report 2013 is positive and that the AAR 2013 in its opinion provides the necessary assurance for the positive assessment of the results achieved in 2013.

12 June 2014



Barbara Dorn
Chair of the Governing Board



CEDEFOP

European Centre for the Development
of Vocational Training

Director

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ANNUAL ACTIVITY REPORT 2013

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INTRODUCTION:

Cedefop in brief

Cedefop has been founded in 1975 and has been relocated in 1995 from Berlin to Thessaloniki. It is an independent European body, which receives by decision of the budgetary authorities (European Parliament, Council) the majority of its funds in the form of a Community subvention. Its 'DG de tutelle' of the European Commission is the General Directorate for Education and Culture which is also represented in its Governing Board. In addition, the Governing Board is composed of representatives of all Member States, representing Governments, Employers and Employees.

Cedefop receives additional revenues from the associated countries Norway and Iceland, representatives of which participate in the meetings of the Governing Board. The Governing Board meets once per year but has delegated many of its tasks to a Bureau which convenes 5 times per year and in which all groups (Governments, Social Partners and Commission) are represented. The Governing Board has delegated decision powers to the Bureau for a number of issues; decisions in the Bureau are taken by mutual agreement. All documents in preparation of the meetings and for decision are made available via a "virtual community network" open to all Governing Board Members. If necessary, Governing Board decisions are taken by written procedure.

Cedefop's mission is defined by its Founding Regulation, the Medium Term Priorities (multiannual programme), and the Annual Work Programme.

2013 in brief

Addressing youth unemployment and skills mismatch through more and better vocational education and training (VET) and closer cooperation between all actors was central to Europe's 2013 policy agenda. This has increased the demand for Cedefop's support at the interface between education and training and the labour market.

The high-level event '**Renewing vocational education and training to tackle skill mismatch** – work-based learning and apprenticeship for all' highlighted the need for skills intelligence to inform education and training. This event, which Commissioner Vassiliou attended, contributed to the European alliance for apprenticeships.

The conference on '**The shift to learning outcomes and its impact**' informed the European Commission's initiative on a European area of skills and qualifications. Both events demonstrated that Cedefop's medium-term priorities are fully aligned to the EU policy agenda.

Demand for Cedefop's policy advice, expertise and contributions to European and international conferences remained high. This is also reflected in the increasing number of EU and international policy documents (173 and 43 respectively) using the agency's outcomes and analyses.

As the findings of the external evaluation for the period 2007-10 confirm, Cedefop is increasingly recognised as a leading centre of expertise worldwide on qualifications frameworks and skills. The evaluators attested that the agency has been highly successful in achieving the objectives in its Founding Regulation and does not duplicate any other actors in Europe or internationally.

Acknowledging the quality of its work, the Council entrusted the agency with analysing arrangements to validate non-formal and informal learning and their links to national

qualifications frameworks. Cedefop was also asked to take over the responsibility for the EU Skills Panorama, a central information point on skill needs in Europe.

The European Commission's close follow-up of countries' progress towards the common 2020 goals, requires detailed country specific information. In response, Cedefop reinforced its work on country data and analyses.

In autumn, Cedefop's new Director took up his duties. As he acknowledged, he took over the lead of a vibrant organisation, which is confronted with growing demands but decreasing financial and human resources.

From an administrative point of view, the following developments are noteworthy.

- The EC financial subsidy was implemented at 99.7%.
- The repairs on Cedefop's building have progressed but will only be completed in 2014.

A supplementary budget (1.1 Million EUR) was granted to Cedefop by DG Employment (Delegation Agreement) for the implementation of 'Labour skills demand and supply – anticipation tools – studies' in the period 2014-16. As the delegation agreement does not foresee execution in the year 2013, the corresponding amount is not included in the budget implementation report.

Executive Summary

Key performance indicators for AAR

Cedefop is one of the first EU agencies to have used performance measurement since 2009 collecting evidence on the added value of its work and supporting continuous improvement of its activities. The analysis of Cedefop's performance indicators in 2013 – 21 indicators at the level of outputs, outcomes and organisational impact - confirms alignment of its activities to its strategic objective and medium term priorities and shows increased performance in most areas of work. Cedefop's work remains highly relevant to the European VET and skills policy agenda, is acknowledged as an authoritative source of information and as a well-run organisation.

In 2013 Cedefop's expertise was widely used in particular by EU policy makers. Data show an increase of EU-level policy documents citing Cedefop's analyses and conclusions or including references to its work (173 compared to 169 in 2012). Qualitative analysis shows that work on skills analysis, anticipation and mismatch continues to be cited most frequently (48%). Work on adult learning and transitions is the next most cited (22%) covering mainly financing, work-based learning, VET benefits and validation. The work on policy analysis and reporting on VET developments and systems informed the thematic summaries of the Europe 2020 strategy and the country specific recommendations for the European semester. Most citations were by the European Commission (115 documents) followed by the European Parliament (20 documents). In addition to citations in European Parliament reports, opinions and questions, policy briefings of its research refer to Cedefop as 'the principle institution for research on the topic of Vocational Education and Training'.

In 2013, Cedefop also saw an increased uptake of its policy advice and direct support to its stakeholders compared to previous years. The Centre contributed to 55 EU policy documents (an increase of 110% compared to 2012) which included the Commission documents accompanying the public consultation on the European area for skills and qualifications, and 9 reports on how countries relate their National qualifications to the European Qualification Framework (EQF).

Beyond policy advice provided to stakeholders, Cedefop continued to generate new knowledge and insights in VET by use of its publications and other outputs made available via its website. Demand for short format publications for policy and decision makers (briefing notes) increased by 14% compared to 2012 and five of them appear in the top 10 of the most downloaded publications in 2013. This is linked to a varied use of communication channels (including social media), targeted promotion and mailing strategy. In addition, Cedefop findings continue to be cited in academic literature (431 in the period 2012-13), particularly the work related to the shift to learning outcomes, skills supply and demand in Europe and on validation of non-formal and informal learning.

In 2013 Cedefop continued to reach the wider public raising awareness among citizens with media coverage remaining consistently high (about 500 articles) most of which refer to the latest update of the skills forecast up to 2025. Improvements to the on-line Europass CV and the launch of the European skills Passport in December 2012 contributed to a 41% increase in visits (over 20.85 million) compared to 2012 generating more than 10 million CVS on line in 2013.

Cedefop's administration and internal services have demonstrated significant improvements in 2013. Average time to pay invoices has been reduced further reaching 11 days (well below the target of 28 days), budget execution of the EC financial subsidy remains consistently above the target of 99% (99.77% in 2013) and occupation of the establishment plan (98%) outperformed the target in line with previous year's performance.

The above results indicate that 2013 has been a successful year for Cedefop. The analysis of Cedefop's performance indicators (see annex 6) give a clear signal of trust in the relevance and quality of Cedefop's work to strengthening EU cooperation in VET and contributing to shaping the EU VET policy agenda. Despite horizontal cuts and zero growth budget Cedefop managed to meet its 2013 objectives in an efficient way and address new demands.

Policy highlights of the year

In 2013, European level action to tackle the worryingly high levels of youth unemployment took concrete shape. Youth guarantees, which largely rely on measures related to vocational education and training (VET), were devised and the European Commission launched the European alliance for apprenticeships. Several countries received specific recommendations related to VET. The data on the skills of Europe's adult population published by OECD at the end of the year (PIAAC) point to an increasing skill mismatch in Europe. As Europe's workforce is ageing, this is another challenge and underlines VET's role in support of the growth and jobs agenda.

Improving employment prospects for young people and adults through better VET is central to Cedefop's 2012-14 priorities and remained so for its work in 2013. Nevertheless, the dynamically evolving policy agenda required adjusting to additional requests and demand for new types of information. The external evaluation which covered the period 2007-12 and Cedefop's key performance indicators for 2013 confirm the increased value of the Centre's work to key policy makers at EU level. The agency **has been well recognised as an authoritative source of expertise even beyond the European Union, in particular for its work on qualification frameworks and skills analysis. The findings of its research and analyses have been taken up in academic research. Targeted communication has helped to reach out to citizens.** Systematic promotion helped disseminate and increase the number of downloads of Cedefop's briefing notes addressing policy makers.

As one of the activities to support modernising VET systems, and in line with its mandate, Cedefop analysed countries' progress towards the priorities they agreed to work on in 2010

(Bruges Communiqué). The analysis is based on the input of its European network for VET (ReferNet), its own research, and statistical data. As a result, Cedefop provided an overview of the developments by country for all EU Member States, Norway and Iceland to inform country-specific recommendations within the European semester. Statistical indicators monitoring progress within and across countries complemented the qualitative information.

To support implementation of the common European tools, which are designed to make people's skills and competences more visible and transparent, Cedefop's work in 2013 contributed to their coherence and relevance for citizens. The agency's analyses of national qualification frameworks and its studies on the dynamic developments of VET qualifications at certain levels and level descriptors supported the debates in the advisory group set up by the European Commission. In several countries they also informed national discussions and subsequent revisions of the frameworks.

Despite its increased role in the EU policy agenda, VET still has a low reputation in many countries and only about a quarter of European enterprises engage in training. With its work under its second medium-term priority to provide evidence on the benefits of VET Cedefop aimed to help fill information gaps and raise awareness of the returns this form of education and training can bring to people, organisations and countries,.

Cedefop's skill supply and demand forecasts for the European Union until 2025 were published in spring 2013. They anticipate a gradual return to job growth and an older, but better qualified workforce. Drawing on its data and skills mismatch analysis Cedefop prepared a policy paper together with the OECD for the World Economic Forum meeting at Davos in 2014.

The two flagship conferences held in 2014 on learning outcomes and the need for labour market intelligence to inform citizens and VET provision demonstrated that its medium-term priorities are aligned to the European policy agenda and can respond to its developments, though financial and human constraints made this an increasingly challenging task.

Key conclusions on resource management and internal control effectiveness (executive summary on part 2 and 3)

Cedefop conducts its operations in compliance with the applicable rules and regulations, working in an open and transparent manner and meeting the expected high level of professional and ethical standards.

The Centre has adopted a set of internal control standards, based on Internal Audit Service's model, aimed to ensure the achievement of operational objectives. As required by the Financial Regulation, the Director has put in place the organisational structure and the internal control systems suited to the achievement of the policy and control objectives, in accordance with the standards and having due regard to the risks associated with the environment in which it operates.

Cedefop has assessed the effectiveness of its key internal control systems during the reporting year and has concluded that the internal control standards are effectively implemented.

In addition, the Centre has systematically examined the available control results and indicators, as well as the observations and recommendations issued by internal auditors and the European Court of Auditors. These elements have been assessed to determine their impact on the management's assurance as regards the achievement of control objectives. Please refer to Part 2 for further details.

In conclusion, management has reasonable assurance that, overall, suitable controls are in

place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director, in his capacity as Authorising Officer has signed the Declaration of Assurance.

1. POLICY ACHIEVEMENTS

1.1 Introduction

In 2013, European level action to tackle the worryingly high levels of youth unemployment took concrete shape. The share of jobless youth reached 23% at the end of the year, which with an increasing skill mismatch and the challenges of an ageing population led the European Commission to strengthen the role of vocational education and training (VET) in support of the growth and jobs agenda.

Progress towards the common 2020 goals and an increasing number of country specific recommendations related to VET requires more country-based analysis.

The demand for Cedefop's support and expertise at the interface between education and training and the needs of the labour market has grown even further in 2013.

Part 1 of the Annual Activity Report 2013 outlines Cedefop's key operational achievements for the year 2013. It is structured according to the Centre's medium-term priorities for 2012-2014 and the (ABB) activities described in its work programme 2013. Performance is measured by a set of 21 indicators of the Centre's Performance Measurement System (PMS) at the level of outputs, outcomes and organisational impact (see Annex 6).

1.2 Cedefop's impact and added value in 2013

Cedefop's key performance indicators 2013 indicate further improvements of performance in most areas of work compared to previous years, greater effectiveness and efficiency along with a direct relevance of the Centre's work, expertise and evidence to the European policy agenda.

This is substantiated firstly by the number of EU policy documents citing Cedefop's work, analyses and conclusions (173 documents in 2013 as compared to 169 in 2012) or including references to its work; secondly by the number of Presidency and other EU-level events for which the Centre was requested to provide policy advice or written contributions (from 158 in 2012 to 166 in 2013); and thirdly by the increasing number and wider range of policy documents that Cedefop was asked to help shape (from 26 in 2012 to 55 in 2013). In addition the Centre was entrusted with several new tasks (5 additional mandates in 2013).

This shows the value of Cedefop's work to key policy-makers at EU level and is a clear signal of trust in the quality and the value of its contribution to EU policy. Cedefop is well recognised as an authoritative source even beyond the European Union, in particular for its work on qualification frameworks and skills analysis. This is exemplified inter alia by the increasing number of documents of international organisations - e.g. UNESCO, OECD, ILO, the World Economic forum - that were informed by Cedefop's work (43 documents) or referred to it (70 references).

Beyond policy-makers, the influence of Cedefop's work has also impacted on academic research, with 431 citations of Cedefop publications and studies in academic and scientific literature in the period 2012-2013. Along with an increased demand for Cedefop publications (+12% downloads compared to 2012), this confirms the Centre's solid capacity to generate new knowledge and insight on VET.

At the same time, Cedefop's messages were also better reaching citizens. Europass confirmed its utility to Europe's youth as indicated by a continuously increasing use and in particular the growing number of CVs generated online (more than 10 million in 2013, a 22% increase compared to 2012). Improvements to the Europass CV and Language Passport,

and the launch of the European skills passport in December 2012 contributed to a 41% increase in visits compared to 2012: over 20.85 million compared to 14.81 million in 2012.

Responding to changing user behaviour towards new media, Cedefop has also seen significant growth in demand for its Facebook and Twitter activities, with an increase of over 50% as compared to 2012.

The quality of Cedefop's events is high. As last year, most participants rated events as good or very good (94%) and many reported that they use information gathered at the events to support policy-making or research.

In 2013, the Centre also proved its capacity to react to changing demands and numerous requests for additional activities flexibly (e.g. frequent *ad hoc* requests to help shape EU policy documents, to provide country-based evidence, or conceptual support to new initiatives).

Adaptations of several projects were necessary to address the additional requests. However, the Centre successfully managed to implement its work programme as planned.

The PMS indicators and qualitative analysis for 2013 confirm Cedefop's added value and the utility of its work to different stakeholders. They also confirm that Cedefop is a well-run and efficient organisation.

1.3 Key achievements 2013 in fulfilling Cedefop's mid-term priorities and (ABB) activities

1.3.1 Medium-term priority 1: Supporting modernisation of VET systems

1.3.1.1 ABB Activity: Policy analysis and reporting

Following its mandate in the Copenhagen process to support policy development and provide evidence for policy-making in VET, Cedefop analysed **countries' progress towards the short-term deliverables** agreed in the Bruges Communiqué. Based on the input of ReferNet, the Centre's European network for VET, in 2013, country fiches were updated and finalised for all EU Member States, Norway and Iceland. The fiches were made available to the European Commission to inform country-specific recommendations for the European semester. To prepare for Cedefop's 2014 VET policy monitoring report, focus groups were held with members of the Advisory Committee on Vocational Training (ACVT).

Descriptions of **national VET systems** prepared by ReferNet partners were published online for 29 countries ⁽¹⁾, together with '**Spotlights**' summarising key features, challenges and developments of national VET systems.

The *Spotlight on VET in Ireland* ⁽²⁾ was prepared to support the Irish Presidency and distributed at the March meeting of DGVTs. To support the Lithuanian Presidency, Cedefop released *Vocational education and training in Lithuania - Short description* ⁽³⁾ and a *Spotlight on VET in Lithuania* ⁽⁴⁾ for the DGVTs meeting in November and the Presidency conference 'Role of VET in making education more inclusive'.

⁽¹⁾ All countries participating in ReferNet except Greece and Ireland.

⁽²⁾ <http://www.cedefop.europa.eu/EN/publications/21006.aspx>

⁽³⁾ <http://www.cedefop.europa.eu/EN/publications/21774.aspx>

⁽⁴⁾ <http://www.cedefop.europa.eu/EN/publications/21776.aspx>

In an effort to constantly inform on national VET developments, ReferNet partners prepare *National news on VET* ⁽⁵⁾. In 2013, Cedefop released 58 news. They covered a variety of issues ranging from entrepreneurship to apprenticeships and other actions taken to tackle the rise of (youth) unemployment.

Cedefop's *On the way to 2020: **data for vocational education and training*** was released in May. It used 31 statistical indicators to quantify key policy objectives for VET and lifelong learning. The indicators were presented in two complementary publications which compare European countries and monitor their progress towards EU objectives ⁽⁶⁾ ⁽⁷⁾.

Statistical highlights are short articles of policy and public interest analysing statistical indicators and data. In 2013, to mark the accession of Croatia to the EU, the Centre released a statistical overview of this country ⁽⁸⁾. Other statistical highlights addressed unemployment growth in the EU ⁽⁹⁾, access to further education after graduating from VET ⁽¹⁰⁾, and progress in the EU regarding tertiary education attainment rates ⁽¹¹⁾. Building upon the first findings from the OECD Survey of Adult Skills (PIAAC) published in October and Cedefop's analysis of the headline figures for VET, a statistics highlight was published in December ⁽¹²⁾. Focusing on the relationship between skills, educational orientation and labour market entry, the highlight shows that literacy levels vary across countries and between VET and general education graduates at upper-secondary levels.

The results of Cedefop's pan-European study on the **attractiveness of IVET** fed discussion at the ACVT (Advisory Committee for Vocational Training) meeting in July. The study concludes that many policies to improve VET attractiveness have focused on improving specific characteristics of IVET systems – such as permeability of pathways, opportunities for transition to higher education, standardisation of qualifications systems, or quality assurance. But while these features are important, it is a wider and complex interplay of contextual factors that make an IVET system attractive or not. Demand drivers, such as the composition and strength of the labour market, may have a strong pull or push effect.

1.3.1.2 **ABB Activity: Common European tools, qualifications and learning outcomes**

In 2013, Cedefop's work increasingly focused on supporting the implementation of the common European tools and principles at national and sectoral levels along with initiatives to contribute to their coherence and overall effectiveness.

To support the EU political and institutional process underpinning implementation of the tools, Cedefop continued to provide coordination support, policy advice and expertise to EU-level working groups, committees and networks. These are: the EQF Advisory Group; the ECVET users and steering groups and Forum; the EQAVET steering committee, thematic groups and Forum; the ESCO Board, maintenance Committee and cross-sectoral reference group.

⁽⁵⁾ <http://www.cedefop.europa.eu/EN/about-cedefop/networks/refernet/refernet-national-news-on-vet.aspx>

⁽⁶⁾ <http://www.cedefop.europa.eu/EN/publications/21373.aspx>

⁽⁷⁾ <http://www.cedefop.europa.eu/EN/publications/21408.aspx>

⁽⁸⁾ <http://www.cedefop.europa.eu/EN/articles/21604.aspx>

⁽⁹⁾ <http://www.cedefop.europa.eu/EN/articles/21060.aspx>

⁽¹⁰⁾ <http://www.cedefop.europa.eu/EN/articles/20870.aspx>

⁽¹¹⁾ <http://www.cedefop.europa.eu/EN/articles/21302.aspx>

⁽¹²⁾ <http://www.cedefop.europa.eu/EN/articles/22178.aspx>

Through its analytical and conceptual work, Cedefop promoted **policy/peer learning among Member States and social partners** and provided a strong evidence-base to policy makers on key issues and challenges related to the implementation of the tools. The outcomes of the peer learning (PLA) organised by the EQF Advisory Group on opening up national qualification frameworks (NQFs) to qualifications acquired in non-formal learning contexts – the content of which Cedefop co-shaped – fed directly NQF developments and deepened its analysis.

Cedefop also supported the EQF Advisory Group in developing the 2013-2014 work programme on learning outcomes, thus supporting increased coordination and consistency in this field of work. Bringing together 160 policy makers, social partners, experts and teachers and trainers from 27 countries, **Cedefop's conference 'The shift to learning outcomes and its impact: taking stock of European policies and practices'** (Thessaloniki, 21 and 22 November) discussed how the increasing emphasis on learning outcomes has changed education and training policies and practices in the past decade.

The outcomes of Cedefop's study on **qualifications at EQF level 5** informed directly the implementation of EQF/NQF. It demonstrates the increasingly important role these qualifications play for facilitating flexible learning pathways (e.g. from VET to higher education) and, by providing the possibility to acquire specialised skills, they address directly the needs of the labour market. The study's outcomes were debated at several EU and international events (e.g. the joint meeting of the EQF Advisory Group and the EHEA working group on structural reforms in higher education - Brussels, 25 September 2013, and the Global HR Forum, Seoul 5-7 November ⁽¹³⁾).

Cedefop also deepened its analysis of NQF developments and released an **Analysis and overview of NQF level descriptors in European countries** ⁽¹⁴⁾, the first analysis of this kind at EU level. The study's analytical approach and outcomes formed the basis of discussions with UNESCO, the European Commission and the ETF on how to take forward on-going work on global reference levels for qualifications.

The above comparative analyses and studies fed directly Cedefop's substantial analytical work commenting the (draft and final) **national EQF referencing reports** drafted by Belgium (W), Bulgaria, Cyprus, Greece, Iceland, Italy, Poland, Slovenia and Romania. Cedefop's analysis informed national discussions and respective revisions.

Cedefop contributes to the development of the European standard terminology for skills, competences, occupations and qualifications (**ESCO**). In 2013, Cedefop contributed to developing a terminology on transversal (cross-sectoral) skills and competences. The ESCO qualifications pillar, which Cedefop shaped in 2012, was tested and taken forward by Cedefop in close coordination with its work on international qualifications. To show the practical relevance of this work for European citizens, Cedefop prepared 'mock-ups' to illustrate how ESCO skills, occupations and qualifications can be integrated in the Europass CV online tool. The mock-ups were presented at the conference 'ESCO goes live' (Brussels, 23-24 October) which marked the launch of the first public version of ESCO and gathered more than 250 labour market and education and training stakeholders.

⁽¹³⁾ <http://www.cedefop.europa.eu/EN/news/22145.aspx>

⁽¹⁴⁾ <http://www.cedefop.europa.eu/EN/publications/21919.aspx>

Results from Cedefop's study ***The role of qualifications in governing professions and occupations*** ⁽¹⁵⁾ - published in October – informed EQF/NQFs and ESCO developments.

The European credit system for vocational education and training (**ECVET**) entered its fourth year of implementation in 2013. Taking stock of latest developments, Cedefop published the briefing note *Opportunities and challenges for ECVET, the vocational credit transfer system* ⁽¹⁶⁾ and disseminated it at the ECVET Forum (Prague, 13-14 June) that the Centre organised jointly with the European Commission.

Work on **Europass** focussed on upgrading web resources. A new portal dedicated to Europass interoperability was launched in August, and a new Language Passport and online editor were launched in December. The European skills passport – developed by Cedefop and launched in December 2012 to provide citizens with a portable dossier – was further improved based on users' feedback. Statistics confirm the relevance of this tool for European citizens, especially if attached to the Europass CV (in 2013, over 1.3 million European skills passports were generated online, most of which attached to the Europass CV).

Cedefop's technical advice and support to the European Commission in implementing the **EQAVET** recommendation focused on a strategic objective of the Bruges Communiqué: the preparation of guidelines to assist countries in establishing national common quality assurance frameworks for VET providers. To help strengthen synergy and coherence between **quality assurance and qualifications frameworks**, Cedefop supported the Irish presidency conference on this issue (Dublin, 12-13 March). It also released the briefing note *Quality: a requirement for generating trust in qualifications* ⁽¹⁷⁾. In addition, Cedefop helped shape the peer learning activity of the EQF Advisory Group on how Member States can better link the implementation of the learning outcomes approach and quality assurance arrangements (Leuven, 28-29 November 2013). Jointly with the European Commission and the EQAVET Secretariat, Cedefop organised the Expert Seminar on 'Quality assurance in VET and higher education for improving their permeability' (Brussels, 22-23 October).

Evidence from Cedefop's research on and analysis of the European tools formed the basis for discussions at the **European Parliament working dinner** on 'The European Tools in Education and training: What has been achieved and where do we go from here?' (Brussels, 23 January). The event was hosted by Thomas Mann, Vice-Chair of the Employment Committee of the European Parliament.

Continuous renewal and reform of VET is important to help Europe recover from the current crisis. An important question is better coordination and governance of VET to ensure quality, relevance and inclusion. Cedefop's study *Renewing VET provision: Understanding **feedback mechanisms between initial VET and the labour market*** ⁽¹⁸⁾ was published in November. It makes clear that missing links in the feedback mechanisms between VET and the labour market seriously limit the need to ensure that VET qualifications remain relevant and that the needs of the labour market are reflected in education and training provision.

In light of the high number of jobless youth, especially among the low-qualified, Cedefop reinforced its work on VET's role in helping reduce **early leaving from education and**

⁽¹⁵⁾ <http://www.cedefop.europa.eu/EN/publications/21922.aspx>

⁽¹⁶⁾ <http://www.cedefop.europa.eu/EN/publications/21517.aspx>

⁽¹⁷⁾ <http://www.cedefop.europa.eu/EN/publications/21183.aspx>

⁽¹⁸⁾ <http://www.cedefop.europa.eu/EN/publications/22084.aspx>

training. Building upon articles from ReferNet and information from the related Bruges deliverable, Cedefop drafted the briefing note *Keeping young people in (vocational) education: what works?* ⁽¹⁹⁾. The briefing note was used as ‘scene setter’ for the thematic workshop Cedefop moderated at the Lithuanian Presidency Conference ‘The role of VET in making education more inclusive’ (Vilnius, 12-13 November).

1.3.1.3 ABB Activity: Study visits

Strong demand for study visits continued in 2013. 225 Study Visits were coordinated in the academic year 2012/13 for 2 513 specialists from 34 countries.

The impact of study visits has been significant, participants expressed very high satisfaction rate (98.7%) and confirmed that the information helped them address challenges within their institution (58.7%). Study visits results from the academic years 2008/09, 2009/10 and 2010/11 were summarised in the flyer *Study visits: unlocking the potential for better education and training in Europe* ⁽²⁰⁾, released in February. The conference ‘Promoting change in education and training policy and practice: the value of peer learning’ (September, 2013) reflected on the benefits of the programme on different groups of education and training specialists and decision-makers and on the opportunities they can draw from the Erasmus+ programme.

1.3.2 Medium-term priority 2: Career and transitions: CVET, adult and work-based learning

1.3.2.1 ABB Activity: Adult learning and transitions

Cedefop supported directly implementation of the priorities set in the Bruges Communiqué for continuing vocational education and training (CVET), adult and work-based learning as well as the renewed European Agenda for Adult Learning. It provided expertise and policy advice to the European Commission and its two working groups on quality assurance and financing of adult learning.

Cedefop’s study *Return to Work - work-based learning and the reintegration of unemployed adults into the labour market* ⁽²¹⁾ was released in November. It shows the key role work-based learning programmes can play in getting low-qualified unemployed adults back to learning and into the labour market. The study’s outcomes and the briefing note *Return to learning, return to work* ⁽²²⁾ were debated at the VET conference of the Lithuanian Presidency ‘The role of VET in Making Education More Inclusive’ (Vilnius, 12-13 November 2013).

Cedefop’s research paper *Benefits of vocational education and training in Europe for people, organisations and countries* ⁽²³⁾ was released in June. Summarising Cedefop’s work on VET’s benefits since 2008, it demonstrates what the benefits are, how they are generated and how to maximise them. Building on Cedefop’s 2012 report *From education to working life*, the research paper *Labour market outcomes of vocational education in Europe* ⁽²⁴⁾ –

⁽¹⁹⁾ <http://www.cedefop.europa.eu/EN/publications/22244.aspx>

⁽²⁰⁾ <http://www.cedefop.europa.eu/EN/publications/21039.aspx>

⁽²¹⁾ <http://www.cedefop.europa.eu/EN/publications/22082.aspx>

⁽²²⁾ <http://www.cedefop.europa.eu/en/publications/21952.aspx>

⁽²³⁾ <http://www.cedefop.europa.eu/EN/publications/21465.aspx>

⁽²⁴⁾ <http://www.cedefop.europa.eu/EN/publications/21556.aspx>

released in June – provides further evidence on the returns to VET.

Analysing 400 enterprises, Cedefop's study on **Validation of non-formal and informal learning** in European enterprises reveals that many have already systems in place to assess and record competences of their staff. However, these systems are mostly firm-specific and hardly any of those interact with public validation systems developed in recent years. A summary of the study's findings was released at a seminar ⁽²⁵⁾ that Cedefop organised jointly with the European Commission, (Mechelen, 9-10 April) to mark the start of the follow-up to the 2012 Council Recommendation on validation.

As a direct contribution to the European Alliance for **Apprenticeship**, launched by the European Commission in July 2013, and to stimulate policy discussion, Cedefop organised a **major conference** on '**Renewing vocational education and training to tackle skill mismatch – work-based learning and apprenticeship for all**', which Commissioner Androulla Vassiliou and the German Parliamentary Secretary of State attended. To support discussions at the peer review on VET organised at the DGVT meeting under the Lithuanian Presidency (Vilnius, 11-12 November), Cedefop drafted background papers for the four thematic clusters around which the review was organised: *Introducing apprenticeship-type schemes; Increasing the labour market relevance of VET; Making work based learning and apprenticeships attractive for learners and companies; Introducing the Youth Guarantee*. The background papers are available online ⁽²⁶⁾.

Cedefop's work and expertise on apprenticeship-type work-based learning was acknowledged also in international settings (e.g. the vocational skills development forum organised by the Korean research institute on VET and the Korean Ministry for employment and labour; and the Global HR forum in Korea).

Quality and relevance of work-based learning require that trainers are supported throughout their careers to update their knowledge and skills. Cedefop continued to coordinate – jointly with the European Commission – the thematic working group on professional development of **trainers in VET**. In 2013, the group examined how professional development is provided to trainers in enterprises, with a specific focus on small and medium-sized enterprises.

1.3.3 Medium-term priority 3: Skills and competence analysis

1.3.3.1 ABB Activity: Skills analysis

Throughout 2013, Cedefop supported the development of the **EU Skills Panorama** (EUSP). The Centre's proposal to improve and further develop the platform and its functionalities informed the European Commission's decision to transfer the responsibility and the hosting of the EU Skills Panorama to Cedefop as of January 2014.

Cedefop's 2013 **projections for skill supply and demand** in the European Union were published in spring 2013. In line with earlier forecast, they foresee a gradual return to job growth and an older, but better qualified workforce. The forecasts include Croatia and extend the time horizon from 2020 to 2025. *Roads to recovery: three skill and labour market scenarios for 2025* ⁽²⁷⁾ summarised the key findings.

Cedefop's research paper *Quantifying skill needs in Europe - Occupational skills profiles:*

⁽²⁵⁾ <http://www.cedefop.europa.eu/en/events/21149.aspx>

⁽²⁶⁾ <http://www.cedefop.europa.eu/EN/news/22077.aspx> [accessed on 21.01.14]

⁽²⁷⁾ <http://www.cedefop.europa.eu/EN/publications/21513.aspx>

methodology and application ⁽²⁸⁾ was released in March. It concluded that it is possible to develop occupational skills profiles that can be used to compare skills requirements across sectors, countries and over time. They have the potential to provide essential information for labour market analysis and skills forecasting.

In the briefing note and publication ***Skills for a low carbon Europe*** ⁽²⁹⁾, released in May, Cedefop identified a blueprint for VET to support transition to a low-carbon economy. The full report ⁽³⁰⁾ was presented in Leipzig in July at the global partner event on green skills and greening VET organised jointly by the Federal Institute for Vocational Education and Training (BIBB) and UNESCO-UNEVOC.

Cedefop's work to develop a **Short-term Sector-Based Anticipatory System** continued. Experts' feedback on initial outcomes confirmed the feasibility of setting up a system to identify emerging competences and short-term skill needs at EU and Member State level.

In 2012, the European Training Foundation (ETF), the International Labour Organisation (ILO) and Cedefop decided to pool together their expertise and knowledge to prepare a series of guides on methods to anticipate skill needs in the labour market. On 4 and 5 July 2013, a seminar ⁽³¹⁾ with worldwide experts took place in Thessaloniki to discuss the validity and usefulness of the guides which will appear in 2014.

The publication ***European employer survey on skill needs-Illustrative findings*** ⁽³²⁾ assesses the practicability and options for moving to a large-scale employer survey on skill needs in Europe. The companion volume *User guide to developing an employer survey on skill needs* ⁽³³⁾ was published. Taken together, both publications – released in November – aim to support institutions willing to implement an employer survey by showing how to conduct such a study and the kind of findings it will likely generate.

In 2013, Cedefop finalised, tested and translated in all EU languages the questionnaire of the first **pan-European Skill Mismatch Survey** (EU-MISS), which will be carried in all EU countries in spring 2014. In parallel, the Centre launched a review of skill mismatch policies in EU Member States focusing on matching unemployed workers to available vacancies and on mitigating current or anticipated skill shortages. Finally, with its data and analysis on skill mismatch, the Centre contributed to the work of the Global Agenda Council (GAC) on Employment of the World Economic Forum (WEF) and was represented at the Summit on the Global Agenda 2013 in Abu Dhabi ⁽³⁴⁾. In collaboration with the OECD, Cedefop prepared and delivered a policy paper on skill mismatch for the WEF meeting at Davos in 2014.

Cedefop made a substantial contribution to the skill mismatch session of the EU's expert conference on the Employment and Social Developments in Europe report in February. In addition, findings of Cedefop's analysis on skill mismatch were presented to the Employment Committee ad hoc group (EMCO) in March and to the European Presidency event of the

⁽²⁸⁾ <http://www.cedefop.europa.eu/EN/publications/21142.aspx>

⁽²⁹⁾ <http://www.cedefop.europa.eu/EN/publications/21369.aspx>

⁽³⁰⁾ <http://www.cedefop.europa.eu/EN/publications/21701.aspx>

⁽³¹⁾ <http://www.cedefop.europa.eu/EN/events/21304.aspx>

⁽³²⁾ <http://www.cedefop.europa.eu/EN/publications/22092.aspx>

⁽³³⁾ <http://www.cedefop.europa.eu/EN/publications/22090.aspx>

⁽³⁴⁾ <http://www.weforum.org/events/summit-global-agenda-0>

European Migration Network held in Vilnius in November 2013.

1.3.4 Communication, Information and Dissemination

1.3.4.1 ABB Activity: External communication

Building on achievements of previous years, the focus on cooperation - at European, national and local level – was reinforced, leading to a stronger integration of Cedefop different audiences (e.g. the European Parliament and other EU bodies/agencies, local government organisations, social partners and representatives of the academic world and/or think tanks).

To increase the visibility of the Centre's expertise and encourage knowledge sharing, Cedefop organised 135 conferences, events and meetings attended by 2 578 participants. Results from the Performance Measurement System (PMS) reflect continuing high satisfaction of participants.

Cedefop uses various channels of communication including new media. The conference organised by Cedefop with the participation of Commissioner Androulla Vassiliou, was for example communicated to the public and stakeholders via press releases, Facebook, Twitter, website articles, newsletter items, video clips and interviews, a picture gallery as well as an interactive newspaper.

Targeted to the specific information needs of its various target groups, the Centre published 22 issues of electronic newsletters, 23 press releases and 9 briefing notes, supporting major conferences, events and publications. Published in eight languages (nine languages in the second semester), the briefing notes attracted 69 000 downloads in 2013, surpassing the figures for 2012 by 14%. Targeting the broader public, Cedefop's media coverage is reflected by around 500 press clippings.

The number of Cedefop's followers on social media (Facebook, Twitter) increased by more than 50% compared to 2102, thus, surpassing the target of 20% increase set for 2013.

Cedefop also continued its cooperation with the town of Thessaloniki and the Thessaloniki Photo-museum. Cedefop also liaised with the town in the promotion of Thessaloniki's role as EU youth capital in 2014.

1.3.4.2 ABB Activity: Documentation and information

To respond directly to the European VET policy agenda and support Cedefop's policy monitoring and reporting activities, N-VET – national policy monitoring to support EU 2020 – was implemented as a gateway on Cedefop web portal. By offering access to selected key primary documents from all EU member states (e.g. national legislation, policies, initiatives and strategies in VET), N-VET is designed as a dynamic entry point providing evidence of progress made towards the priorities set for VET at EU level.

Cedefop further enhanced its digital library - VET-Bib - the reference bibliographic database on VET issues for the past 30 years. With 2 500 new records in 2013, VET-Bib provides public access to more than 85 800 records. Citizens interested in specific VET-related questions made increasing use of the reference service 'Ask the VET expert', which received 531 information requests in 2013.

1.3.4.3 **ABB Activity: Publications and content management**

In line with Cedefop's communication policy, most publications were published online only (research and working papers), followed by a limited number of printed flagship publications (including printed flyers and brochures). In 2013, 13 publications in English and 9 briefing notes in 8 languages (9 in the second semester ⁽³⁵⁾), were made available as epub-files, the international standard format of e-books.

Despite the shift to electronic publishing and dissemination, hard-copy dissemination was still remarkable: around 22 000 printed publications and 29 000 flyers were distributed at events and conferences, shipped on order or disseminated via stakeholder mailing lists.

Comparing with 2012, the number of downloads on Cedefop's the web portal increased by 23% and the publication downloads by 12%.

⁽³⁵⁾ Lithuanian, the language of the Presidency country of the Council of the European Union, was added

2. MANAGEMENT OF RESOURCES

Assurance is an objective examination of evidence for the purpose of providing an assessment of the effectiveness of risk management, control and governance processes. This examination is carried out by management, who monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors.

This section reports on the control results and other relevant elements that support managements' assurance on the achievement of the internal control objectives. It comprises: (1) Cedefop's assessment of its activities for the management of its resources; (2) the assessment of the results of internal and external audits, including the implementation of audit recommendations; (3) Follow up of the 2012 Discharge of the European Parliament.

2.1 Management of human and financial resources

This section reports and assesses the elements identified by management that support the assurance on the achievement of the internal control objectives. These elements are: a) comprehensive set of processes and documents to plan its annual work programme; b) comprehensive set of processes to monitor and report on the implementation of its annual work programme and the deployment of its human and financial resources; c) processes to monitor and report on legality and regularity.

The Centre has developed a comprehensive set of processes and documents to plan its annual work programme.

- a) A multi-annual programme endorsed by the Governing Board in June 2011, "Medium Term Priorities 2012 -2014", provides the strategic framework for the annual programmes.
- b) An annual work programme 2013 was designed within the framework of the medium term priorities. The Governing Board adopted the final work programme 2013 after the decision of the budgetary authorities on the 2013 budget in December 2012.
- c) Along with the adoption of the annual budget a multi-annual staff policy plan 2013 – 2015 aligned with the human resources needs for the work programme 2013 defined HR policies⁽³⁶⁾ and staff needs, to secure the necessary human and financial resources. The multi-annual staff policy plan was adopted by the Governing Board in December 2012.
- d) Finally, an annual management plan (AMP) has been prepared. It comprises detailed plans for various deliverables (conferences, publications, etc.) and procedures (procurements) as defined in the annual work programme. The AMP has been finalised early January 2013, and is accessible to all staff.

The Centre has also developed a comprehensive set of processes to monitor and report on the implementation of its annual work programme and the deployment of its human and financial resources.

- a) The Director's office, Heads of Areas and Services, the Legal Advisor and selected senior experts meet regularly in Management Team Meetings (4 meetings per year)

⁽³⁶⁾ HR policies allow adjusting the resources to the needs and aiming at strengthening the operations and increasing the effectiveness of the Administrations.

in which systematized reports on financial issues (budget implementation, procurements), human resources developments, and monitoring reports on achievements versus planned objectives based on a Performance Measurement System (PMS) are discussed. In addition, these meetings aid strategic considerations and opinion exchange on policy issues, planning, and other operational and organisational issues.

- b) A mid-term review is conducted in early July and end September to discuss in detail the progress on the implementation of the budget and the work programme and to take corrective/adaptive actions if necessary.
- c) The progress report, the Annual report and the Annual Activity Report are provided to the Governing Board, besides the regular reporting to the Bureau/Governing Board on particular issues such as for instance the results of audits, transfers of appropriations, operational issues – progress and changes - or new strategies.
- d) As requested under Art. 31.4 of the Cedefop Financial Rules⁽³⁷⁾, the list of contracts is posted on the Centre's website.

The Centre has finally developed processes to monitor and report on legality and regularity and is currently deploying its own anti-fraud strategy.

- a) As regards the legality and regularity of the underlying transactions, the objective is to ensure that the estimated annual risk of errors in commitments and payments at the time of the authorisation of the transactions is less than 2%. Cedefop's standard quantitative material threshold is set at EUR 200.000. Deviations from this materiality threshold must be justified in the Annual Activity Report. The details are defined in the attached annex 4.
- b) As foreseen in the Commission's new Anti-Fraud Strategy (CAFS)⁽³⁸⁾ and in the action plan of the Inter Institutional Working Group's road map, the Centre is currently drafting its Anti-Fraud Strategy and it will be adopted by Cedefop Governing Board before the end of 2014.

2.2 Assessment of audit results and follow up of audit recommendations

Cedefop's internal auditor is the Internal Audit Service of the European Commission and the Centre is annually controlled by the European Court of Auditors. The Centre informs the European Parliament annually on the results of the audits through a note on audits.

Following each audit, the Centre draws up an action plan for the implementation of recommendations. A regular monitoring of these actions is carried out by the Internal Control Coordinator. An at least biannually updated consolidated action plan is posted on Cedefop's intranet, accessible to all staff.

2.2.1 European Court of Auditors (ECA)

The Annual Report 2012 on the financial accounts of the Court of Auditors was finalised in autumn 2013 and has been published in the Official Journal. It is based on the results of the audits as performed at Cedefop in December 2012 and March 2013.

⁽³⁷⁾ Cedefop financial rules DIR RB(2014)00032 dated 9 January 2014

⁽³⁸⁾ COM(2011) 376 24.06.2011.

The opinion of the **Court of Auditors regarding the annual accounts 2012** confirms that the Centre's accounts are reliable and that the underlying actions were, taken as a whole, legal and regular without reservation or qualification ⁽³⁹⁾. The report of the Court reflects the fact that Cedefop's internal control system and administration are both working well.

Court of Auditors report 2012 Comments on internal controls	Reply by the Centre	Status / Opened issues
11. The Centre awards grants on an annual basis to a network of national partners ⁽⁴⁰⁾ . Grants per agreement amount between 23 615 euro and 43 620 euro. Grant expenditure, which mainly consist of beneficiaries' staff costs, in the 2012 accounts amounted to 695 337 euro ⁽⁴¹⁾ , representing 4 % of total operating expenditure. The Centre's ex ante verifications of grants consist of a comprehensive desk-analysis of cost claims submitted by grant beneficiaries, as well as a review of certificates obtained from external auditors which were contracted by the beneficiaries or of certificates from independent public officers. The Centre however usually relies on the audit certificates and does not verify the labour costs claimed by beneficiaries on the basis of original supporting documentation. Related ex post verifications were carried out for the last time in 2009. As a result, existing verifications provide only limited assurance.	The Centre scrutinises in detail proposals and cost estimates when assessing grant applications. In the verification process the quality and completeness of deliverables are checked in detail. To address the Court's concerns, as of this year, Cedefop will introduce, in addition to the audit certificates, detailed checks of personnel costs and time sheets for three randomly-selected cases of the 26 to 29 grant payments.	Cedefop has taken structural measures, fully implemented by end 2013.
Comment on Budgetary management	Reply by the Centre	Status / Opened issues
12. Budget implementation rates were high at 100 % for titles I and III and 98 % for title II. While carry-overs of committed appropriations were high for title II at 39 % (673 392 euro), this mainly resulted from reasons beyond the Centre's control, such as delays in the repair works carried out by the Greek authorities on the Centre's premises. These led to a postponement of the	We take note of the observation on carry-overs in Title 2 and confirm our continued commitment to lower these carry-overs.	Cedefop has taken measures, fully implemented by end 2013. The carry-overs of committed appropriations for title II were at 17 % (251 418 euro),

⁽³⁹⁾ Follow up of the Court of Auditor's report on the annual account 2011: the implementation of the comments has been completed.

⁽⁴⁰⁾ National agencies and research institutes mainly

⁽⁴¹⁾ Resulting from final payments and clearing of pre-financings related to grant agreements from previous years. For 2012 grant agreements, only pre-financings were made in 2012 which had not yet led to expenditure.

related maintenance, repair and fitting-out of premises (some 124 000 euro), as well as delays in procuring equipment for the Centre's conference rooms (some 242 000 euro). Part of the carry-overs is attributable to delays in procuring IT equipment (some 172 000 euro).		
Other comments	Reply by the Centre	Status / Opened issues
13. Two recruitment procedures for the post of the Centre's future Director had been launched in 2010 and 2011 and both of them were declared unsuccessful ⁽⁴²⁾ . A third recruitment procedure was launched at the end of 2012 and is still on-going. The Court found that members of the Pre-selection Committee did not sign a declaration of absence of conflict of interests and that questions for interviews and their weightings, as well as the threshold scores for being included in the list of suitable candidates were set after the screening of candidates.	<p>The Centre points out that even though it provides assistance to the pre-selection committee it has no control over the procedure and the decisions of the pre-selection committee or Commission.</p> <p>Evidence indicates that panel members have been aware of the necessity of absence of conflict of interest. Nevertheless, members of the pre-selection committee have in the meantime signed formal declarations following the Court's suggestion.</p>	<p>Fully implemented by end 2013.</p> <p>The new Director took up duties on 16 October 2013.</p>

The second **audit on the 2013 financial accounts** was performed from 4 to 7 March 2014.

On 24 April 2014, the Centre received the draft annual report for the accounts 2013. The draft report contains **no specific comments** and acknowledges that the Centre has followed up on all comments of previous years. It further acknowledges that the transactions underlying the annual accounts 2013 have been legal and regular in all material respects.

2.2.2 Internal Audit Service (IAS)

The desk review done by the IAS in January 2014 and the Annual Internal Audit for 2013 ⁽⁴³⁾ confirm that no recommendation was open on 31 December 2013.

The IAS acknowledged the progress in the implementation of the recommendations of the past audits. The 2012 "Budgeting and Budget execution monitoring" audit report contained 13 recommendations (2 very important and 11 important). One of the 2 very important recommendations and 4 of the important were closed by the end of 2012.

⁽⁴²⁾ In the first recruitment procedure, none of the candidates shortlisted by the Centre's Governing board was appointed by the European commission. In the second recruitment procedure, the Pre-selection Committee considered that none of the proposed candidates met the requirements for being shortlisted and did not submit a list of suitable candidates to the Governing Board.

⁽⁴³⁾ Annual Internal Audit for 2013: Ref. Ares(2014)823603 - 20/03/2014

The remaining very important recommendation was related to the re-evaluation of the migration from FIBUS (Cedefop financial and budgeting system) to ABAC (European Commission financial and budgeting system). In accordance to the action plan, a study has been carried out in 2013 and the final report was presented at the Bureau meeting, 4 December 2013. This recommendation has been closed.

Also the remaining 7 important recommendations have been implemented and closed by the end of 2013.

Therefore, as regards the 2012 “Budgeting and Budget execution monitoring” audit, all recommendations have been closed by 31 December 2013. In consequence, **no IAS recommendations** were open by 31 December 2013.

See below a comprehensive overview of the status of IAS recommendations as of 31 December 2013:

	Recommendations				
Priority	Open on 31/12/2012	New in 2013	Implemented, sent for review and closure in 2013	Open on 31/12/2013	Comments
		Issued			
Critical	0	0	0	0	
Very important	1	0	1	0	
Important	7	0	7	0	
Desirable	0	0	0	0	
Total	8	0	8	0	

Following an IAS Risk Assessment (21 to 23 January 2013), the Internal Audit Service (IAS) has prepared the IAS Strategic Audit Plan 2013-2015 for Cedefop which has been adopted by the Governing Board.

As part of this IAS Strategic Audit Plan 2013-2015 plan, the IAS carried out in 2014 an audit on “External Communication (including Publication and Content Management), Documentation and Information”. The audit team visited Cedefop for preliminary interviews on 5 to 7 February and performed the audit from 31 March to 04 April 2014. No report is yet available.

2.2.3 Internal Audit Capability (IAC)

a) Following a recommendation of the IAS, an **audit/study on FIBUS** and the reasons and consequences of migrating from FIBUS to ABAC has been conducted. The final report has been presented to the Bureau members on 4 December 2013. The main conclusion is as follow: a) The recommendation is that no change currently needs to take place; b) One of the reasons that could trigger a need to change would be the obsolescence of FIBUS technical platform. It has been agreed that Cedefop will keep Fibus and that the technical platform will be monitored (compare AMP2013, p.7, Audit plan).

b) Following a recommendation of the ECA, the 2013 **ReferNet** ex-post controls, on a

sample of 3 partners, have been undertaken following a methodology developed by an external consultant. The final report will be provided early 2014. This methodology will be applied for further ReferNet ex-post controls in the years to come.

c) Cedefop also introduced a system of **ex-post controls** and applied it to five high-value payments selected by the Internal Control Coordinator. The sample selection took account of the size and complexity of the underlying transaction and of the annual risk assessment. Cedefop's accountant designed a comprehensive checklist to validate every aspect of the transaction from contract to payment. The ex-post control confirmed that all transactions had been processed in line with applicable rules and regulations as well as internal procedures (compare AMP 2013, p.7, Audit plan).

d) A working group reviewing Cedefop's ICT strategy and considering a **roadmap to use cloud technology** had been appointed in September 2012. It has studied Cedefop in house ICT services, new ICT technologies such as the cloud technology and has drafted an overall ICT long term strategy as regards ICT architecture. The draft ICT strategy has been finalised by the end of November 2013 and has been approved by the Director (April 2014).

e) Following IAS recommendation, a proposal for **project management training** has been drafted for experts in Cedefop. Following the approval of the Director a specific training has been included in 2014 training plan.

2.3 2012 Discharge of the European Parliament

The discharge report for the year 2012 has been adopted on 4 April 2014 by the European Parliament.

2.3.1 Recommendations for Cedefop Discharge 2012 ⁽⁴⁴⁾:

	Recommendations for Cedefop Discharge 2012	Progress as of 31/12/2013	Status / Opened issues
6	Notes that carry-overs of committed appropriations were high for Title II at 39 %; acknowledges that according to the Court's annual report, this was mainly due to reasons beyond the Centre's control;	The carry-overs of committed appropriations for title II were at 17 % by end 2013.	Implemented. Regularly monitored and reported to the management team.
9	Notes with concern that according to the Court of Auditors' findings, members of the pre-selection committee did not sign a declaration as regards the absence of conflicts of interest for the two recruitment procedures for the post of the Centre's Director, which had been launched in 2010 and 2011 and had been declared unsuccessful; expresses concern that questions for interviews and their weightings, as well as the threshold scores for	The Centre points out that even though it provides assistance to the pre-selection committee it has no control over the procedure and the decisions of the pre-selection committee or Commission. Nonetheless, the Centre has not only followed meticulously the procedure for high-level appointments, it has also done its utmost to disseminate the vacancy notices and to attract good candidates. All procedural aspects (timing, vacancy notice,	Implemented.

⁽⁴⁴⁾ European parliament – Cedefop discharge 2012 – P7_TA-PROV(2014)0303 – 4 April 2014

	inclusion in the list of suitable candidates, were set after the screening of candidates;	<p>publication) have been scrutinised and decided on by Cedefop's Governing Board and DG HR of the Commission.</p> <p>Evidence indicates that panel members for two recruitment procedures had been aware of the necessity of absence of conflict of interest. Nevertheless, members of the pre-selection committee for the 3rd procedure signed formal declarations following the Court's suggestion.</p> <p>The third recruitment procedure for a Director launched in 2012 was successful and the new director took up his duties on 16 October 2013.</p>	
10	Acknowledges that the Centre will assess its policy on the prevention and management of conflicts of interests on the basis of the Commission's Guidelines on the Prevention and Management of Conflicts of Interest in EU Decentralised Agencies; calls on the Centre to inform the discharge authority of the assessment results once available;	<p>Cedefop has a policy of conflict of interest in place.</p> <p>The Centre reviewed its policy during the first semester 2014 and has compared it to the general approach developed with the coordination of the agencies and has adapted it to the situation at Cedefop.</p>	Implemented.

11	Observes that the CVs and declarations of interests of the Governing Board members, as well as the declarations of interests of the Executive Director and senior management, are not publicly available; calls on the Centre to remedy the situation as a matter of urgency;	<p>Cedefop takes note of the parliament's comment.</p> <p>However, there are legal concerns about data protection issues.</p>	The Centre is performing a legal review will consult the Coordination of EU Agencies and its Governing Board, in order to see, how best to implement the EP's request.
12	Regrets that according to the Court of Auditors' annual report, the staff costs claimed by beneficiaries are not usually being verified on the basis of original supporting documentation, even though the Centre's <i>ex ante</i> verifications of grants (awarded on an annual basis to a network of national partners) consist of a comprehensive desk-analysis of cost claims submitted by grant beneficiaries, as well as a review of certificates obtained from external auditors which were contracted by the beneficiaries or of certificates from independent public officers; regrets the fact that related <i>ex post</i>	The Centre scrutinises in detail proposals and cost estimates when assessing grant applications. In the <i>ex-ante</i> verification process the quality and completeness of deliverables are checked in details and a comprehensive desk analysis of cost claims is carried for all beneficiaries. Nevertheless, to address the Court's concerns, as of 2013, Cedefop has introduced as part of <i>ex-ante</i> verification detailed checks of personnel costs for three randomly selected beneficiaries on the basis of supporting documents. Furthermore, the Centre has also introduced <i>ex-post</i> verifications for three randomly-selected cases each year. <i>Ex-post</i>	<p>Implemented.</p> <p>Regularly monitored and reported to the management team.</p>

	<p>verifications were last carried out in 2009 and stresses the need to carry out <i>ex post</i> verifications in order to enhance the procedure; notes with concern that according to the Court of Auditors' findings, <i>ex ante</i> verifications provide only limited assurances and suggests that <i>ex ante</i> verification procedures should be strengthened; calls on the Centre to address this issue and to report to the discharge authority on the steps taken within the framework of the 2012 discharge follow-up;</p>	<p>controls concern all supporting documents, including time sheets, payslips, calculation of daily rates, contracts, invoices, bank statements.</p> <p>The six cases sampled for additional verifications in 2013 (three for <i>ex-ante</i> and three for <i>ex-post</i> verification) cover 25 % of the grant payments. The sample is established on the basis of a matrix of risk factors such as: size of the grant, past experience of the grant beneficiary in managing grants, part of the activity subcontracted, weaknesses identified in the national audit, in the financial reporting or in the management of the work plan. Each year different partners will be controlled and the sample may be increased as necessary.</p>	
14	<p>Requests that the Centre communicate the results and impact its work has on European citizens in an accessible way, mainly through its website;</p>	<p>Cedefop provides evidence to policy makers, mainly the Commission, Member States and social partners. Therefore the direct impact, on the short term, on individual European citizens is limited.</p> <p>As foreseen in the Financial Rules the Cedefop Annual Activity Report is available on its website.</p>	Implemented

2.3.2 Recommendations on common challenges on performance, financial management and control of European Agencies ⁽⁴⁵⁾:

Most of the general recommendations do not concern Cedefop.

	Common challenges on: Performance, financial management and control of European Agencies Discharge 2012	Progress as of 31/12/2013	Status / Opened issues
39	<p>Welcomes the Commissions undertaking to assess the potential for synergies between agencies in the case of the European Centre for the Development of Vocational Training, the European Training Foundation, the European Foundation for the Improvement of Living and Working Conditions and the European Agency for Safety</p>	<p>Cedefop is closely coordinating with ETF and EUROFOUND to ensure synergy.</p> <p>Each year, in the context of the cooperation framework, the Centre and ETF draft a joint work programme which is annexed to the work programmes of each Agency. Respectively a joint report on the implementation is included in the Annual Reports.</p> <p>Cedefop and ETF have further systematised their cooperation to maximise the benefits for their respective</p>	Implemented

⁽⁴⁵⁾ European Parliament – Performance, financial management and control of EU agencies – P7_TA(2014)0299 – 3 April 2014

	and Health at Work in line with the Roadmap;	<p>mandates through knowledge sharing seminars, collaboration in the area of qualifications development and the implementation of common Union instruments, incorporation of the 2012 reporting progress of candidate countries, as part of the follow up to the Bruges Communiqué on enhanced European Cooperation in Vocational Education and Training. For the period 2014-2017 the two agencies will focus on work-based and work-placed learning, skills mismatching and anticipation, innovation in VET as well as cooperation on communication strategies and library services.</p> <p>A Collaboration agreement was signed between Cedefop and Eurofound in December 2006 and was renewed in January 2014 to ensure further collaboration between the two agencies on information sharing on analytical work and ongoing research, participation in surveys carried out by the respective agencies, cooperation on information and library services. The two agencies also organise one annual review meeting and exchange of draft work programmes before their approval by the respective administrative/governing boards.</p>	
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3. ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS

Cedefop has adopted the new internal Control Standards (ICS) in 2009 aimed to ensure the achievement of policy and operational objectives. The Centre has implemented all ICS and the baseline requirements were fully met by the end of 2012. In addition, as regards financial management, compliance with these standards is a compulsory requirement.

Cedefop has put in place the organisational structure and the internal control systems suited to the achievement of the policy and control objectives, in accordance with the standards and having due regard to the risks associated with the environment in which it operates.

3.1 Report on the implementation of the Risk Management Plan (RMP)

A risk assessment exercise was conducted for 2013⁽⁴⁶⁾, and three issues had been identified as critical and with a medium to high probability and, thus, were included in the annual risk management plan 2013 (which is part of Cedefop's work programme 2013). One of the issues concerned processes, which are only partly under Cedefop's control.

Risk management plan 2013	Progress as of 31/12/2013	Status
<p>1. Substantial delay of works; Damage of cabling and pipes in the surrounding area also could cause interruptions of work and potential loss of data. Non-availability of funds for payments of the works, due to the financial crisis, could leave the building partially in-operational (no conference rooms, few parking places, health and safety risks around the perimeter, semi-access and CCTV operation).</p>	<p>The Greek government is financing the current building repairs and ensures their supervision. The works should have been completed by summer 2012. Following the completion of the new studies carried throughout 2013, works were resumed by the end of 2013 and since March 2014 the 3 main meeting rooms are again available. Until today, no approved revised time schedule for the completion of the remaining works is yet available. Cedefop does not control the implementation, but it is in constant contact with the supervising team (appointed by the Greek authorities), in order to monitor progress and keep its staff and Governing board informed or alert the Greek authorities to difficulties arising. Mitigating actions, thus, will continue.</p>	On-going, again included in the Risk Management Plan 2014.
2 - Implementation of the European	Close cooperation with DG EAC, good planning and close monitoring with	Completed

⁽⁴⁶⁾ The management assessment of risks for 2012 assessed five risks as critical for Cedefop and with a medium to high probability. For three of these risks all mitigation actions have been successfully implemented in 2012. The actions related to the timely implementation of the building repairs are still ongoing. This risk has been re-assessed for 2013 and included again in the 2013 Risk Management Plan, and as works will continue in 2014 it will also be included in the RMP 2014. Equally the risk related to the implementation of the European Skills Passport been re-assessed for 2013 and included again in the 2013 Risk Management Plan.

<p>skills passport:</p> <p>It is a new project and it should be developed and deployed in within a very tight time frame. Any delay in the decision making process, procurement of the external technical assistance or implementation could impact significantly on the cost, quality and planning of the project.</p>	<p>external contractors have allowed a successful and timely implementation of the project.</p>	
<p>3 - Monitoring of short-term deliverables of Bruges Communiqué</p> <p>Various factors could prevent Cedefop to deliver an adequate analysis of progress:</p> <p>(a) Poor delivery of ReferNet partners;</p> <p>(b) Analysis and research do not deliver conclusive information;</p> <p>(c) Absence of substantial progress.</p>	<p>Close monitoring and information of contractor, involvement of project team in data analysis and information and involvement of EC partners have allowed a successful and timely implementation.</p>	<p>Completed</p>

The risk management plan (RMP) is followed up by the internal control coordinator. No new risks emerged as critical and with medium to high probability during the year.

The 2013 risk management plan, including the actions planned to mitigate the risks, is attached in Annex.

3.2 Report on recording non-compliance events and exceptions 2013

The assessment of non-compliance events and exceptions is an important reporting tool. This procedure regarding the reporting and recording of exceptions has been defined by Director's decision DIR 02/2007 dated 6 March 2007. This decision was amended in 2008, 2009 and last in 2011 (DIR 13/2011 dated 13 December 2011).

In 2012, 14 exceptions (one of which was cancelled) and 11 non-compliance events have been recorded.

In 2013, 8 exceptions were recorded compared with 13 in 2012. Seven of which were triggered from non-compliance (NC) events includes the NC event 5/2012 from 2012.

The total value of the exceptions of 2013 amounted to Euro 23 012,13 (compared to 2012: Euro 19 849,18). The highest value recorded was Euro 7 376 (compared to 2012: Euro 12 127,60 and the lowest value was Euro 681 (compared to 2012: Euro 100).

The recorded non-compliance events and exceptions concerned mostly reimbursement for meeting participants. Following the implementation of automatic Fibus alerts, the exceptions related to late submission of mission reimbursements have been drastically reduced from 10 in 2011 to 2 in 2013.

It is recommended to continue to provide training to staff on procedures and to draw attention to the rules, in order to further reduce retroactive NC events in the future.

The 2013 report on exceptions and non-compliance events confirms that Cedefop's internal control system is well functioning.

3.3 Evaluations 2013

The European Commission contracted PPMI to carry out an (external) evaluation of Cedefop. The evaluation started in September 2012 and the final report was delivered to the Commission in December 2013. The evaluation examined whether Cedefop's activities supported the European VET policy agenda and looked at ways to develop Cedefop's role as a resource for European VET policy. The evaluation also considered possible synergies between Cedefop and other EU decentralised agencies.

The evaluation found Cedefop to be a highly acknowledged centre of expertise in VET and skills policies inside (as well as outside) the EU and that there is no overlap between Cedefop's work and that of the other EU decentralised agencies. Cedefop maintains good contacts with key stakeholders and, concerning governance, Cedefop's stakeholders are effectively represented and its Governing Board and Bureau operate smoothly. Cedefop's Performance Measurement System (PMS) is also well developed. High interest in Cedefop's work is expected to continue in the coming years due to the increasing need for comparative research and evidence-based policy advice at EU-level and in Member States. The evaluation also acknowledged that the difficult situation in Cedefop's host country (Greece) affects its employees. The pressures on all EU-agencies to cut budgets and staff while demand is rising, is a challenge Cedefop faces for the future.

The recommendations for Cedefop's future work include the need for Cedefop's to be driven by a clear mission and to ensure that Cedefop is a learning organisation. The evaluation recommends that Cedefop considers providing specific advice to Member States to help in implementing common European tools and initiatives. Cedefop should explore the possibility of linking its PMS indicators more closely with its activities. Stakeholder relationships could be further improved through more interactivity, which would on the one hand mean assuring feedback, but would at the same time give the possibility of obtaining selected input from expert communities.

An action plan has been prepared early 2014.

A working group has evaluated Cedefop's use and storage of personnel data and has proposed a roadmap for the establishment of a unified, single personnel data file. The recommendations have been accepted and will be implemented in 2014 (compare AMP 2013, p. 7, 4.2 Audit plan – Internal Audit Capability).

The evaluation of Europass (end 2012) has been followed up by Cedefop in all parts which referred to Cedefop, however, the implementation of some actions has been suspended until further decisions are taken as regards future policy priorities. (compare AMP 2013, p.7, 3. Evaluation Plan 2013).

In 2013, also the results of a comprehensive staff survey became available and were discussed with the Governing Board and staff. An action plan has been designed in order to address the issues indicated. Even though it is difficult to qualify the results in the absence of a comparison, the picture emerging reflects highly motivated and well aligned staffs who appreciate a competent and supportive management.

3.4 Data protection

In 2013, protection of personal data continued to be a high priority for CEDEFOP. The DPO in cooperation with the data controllers submitted to the European Data Protection Supervisor (EDPS) 1 prior-checkable notifications to be processed under Article 27 for prior-checking, 6 regular notifications were completed and registered locally.

The DPO progress report covering the period January 2013 to December 2013 is attached in

3.5 Conclusion

The effectiveness of the internal control takes in consideration its management, supervision processes and audits reports and in particular:

- a) The planning, monitoring and reporting processes; Guidelines and workflows have been defined. They are updated when needed to be kept in line with the latest rules and regular staff trainings are performed by HR, Finance and Procurement services;
- b) The Performance Measurement System: The indicators were defined in the work programme. Progress is measured against them;
- c) The financial and human resources management processes: Regularly monitored throughout the year;
- d) The Activity Based Budgeting and time recording systems: Regularly monitored throughout the year;
- e) The Annual risk assessment process: A risk assessment is done annually and reviewed. New risks emerging and considered critical and with medium to high probability are added during the year. In such a case the Risk Management Plan is amended accordingly.
- f) Definition of exceptions and non-compliances events: Cedefop has already amended the decision DIR 1/2009 on the recording of exceptions, in December 2011 and takes into consideration the applicable rules in DG BUDG.

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented.

4. MANAGEMENT ASSURANCE

The internal control system is built on under the direct supervision of the management.

Taking account of Cedefop's size, a flat hierarchical structure has been adopted. Heads of Areas delegate various functions such as staff assessment or contract implementation to project managers and Heads of Service.

Heads of Area, Heads of Service, and project managers are involved in the planning, risk assessment as well as in the reporting and monitoring processes. This not only assures alignment of objectives, but also ensures a common understanding of the objectives and the annual Work Programme.

Planning and monitoring tools for the Activity Based Budget, procurement, conferences, and publications have been developed and are used to inform management decisions.

A comprehensive set of procedures and guidelines has been developed to build and implement the Internal Control System. All the main procedures have been documented, backups have been appointed and regular trainings are performed to ensure implementation of the annual work programme and effective controls.

Additionally, area meetings and project team meetings or written briefings by the Heads of Area/Service are used to inform all staff of relevant issues and new developments.

The Director in his capacity as authorising officer and the authorising officers by delegation in their area of responsibility base their assurance declarations on the results of their direct management supervision.

The assurance declarations of the Head of Resources / the Internal Control Coordinator and the declaration of the Accountant (attached to the annual accounts) are annexed to the Annual Activity Report.



DIRECTOR

DIR/RB(2014)01265
Thessaloniki, 13 May 2014**DECLARATION OF THE DIRECTOR**

I, the undersigned,

Director of Cedefop

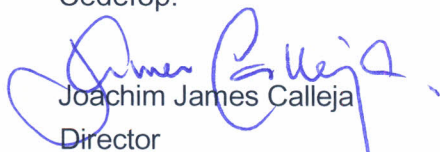
In my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view¹.

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the work of the internal audit capability, the observations of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.

Confirm that I am not aware of anything not reported here which could harm the interests of Cedefop.



Joachim James Calleja
Director

Thessaloniki, 13/5/2014

¹ True and fair in this context means a reliable, complete and correct view on the state of affairs in the Centre.

ANNEXES TO THE ANNUAL ACTIVITY REPORT

- ANNEX 1: Statement of Head of Resources and the Internal Control Coordinator
- ANNEX 2a: Human and Financial Resources
- ANNEX 2b: Activity Based Budget 2013
- ANNEX 3: Final Annual Accounts for 2013 including declaration of the accountant
- ANNEX 4: Definition of materiality criteria
- ANNEX 5: Co-operation between ETF and Cedefop
- ANNEX 6: Cedefop Performance indicators
- ANNEX 7: Risk Management Plan 2013
- ANNEX 8: Key decisions of the Governing Board in 2013
- ANNEX 9: Organisation chart
- ANNEX 10: Report on leaves authorised under the flexitime and compensatory leaves schemes
- ANNEX 11: Progress report of the Data Protection Officer

ANNEX 1

Statement of the Head of Resources and the
Internal Control Coordinator



CEDEFOP

European Centre for the Development
of Vocational Training

AREA RESOURCES

RES/TBG/RB(2014)01213
Thessaloniki, 7 May 2014

STATEMENT OF THE HEAD OF RESOURCES AND THE INTERNAL CONTROL COORDINATOR

TO THE DIRECTOR

I, Thierry Bernard-Guêlle

in my capacity as Head of Resources and authorising officer by delegation, responsible for the Area Resources declare that in accordance with my responsibilities as authorising officer by delegation, as Head of Resources I have reported my advice and recommendations to the director.

I hereby also declare that in accordance with my responsibilities as Internal Control Coordinator I have reported my assessment, advice and recommendations to the director on the overall state of internal control in Cedefop.

I certify that the information provided in parts 2 and 3 of the present Annual Activity Report and in its annexes is, to the best of my knowledge, accurate and exhaustive.

Head of Resources

Thessaloniki,

8 May 2014

ANNEX 2a

Human and Financial Resources



NOTE

Annex 2: Human and Financial Resources

The final budget 2013 amounted to EUR 17.925 million (2012: EUR 19.217 million). The number of posts in the establishment plan 2013 was 100. The number of posts occupied on the 31 December 2012 has been 98 (2012: 99) including 2 job offers made before that date for vacant posts, which translates into an occupation rate of 98 %.

The financial and human resources are regularly monitored throughout the year (see AAR part 2). The main tools are the Activity Based Budget (ABB) reports and the Performance Measurement System (see annex 6)¹.

The Activity Based Budget² (ABB) compact report shows the status of the ABB implementation as of 31 December 2013. As regards human resources allocated to the various activities, some shifts have occurred because of personnel changes, additional activities and related reallocation of staff. Unforeseen departures and postponement of recruitment procedures have led to a total reduction of more than 2 full-time employees (FTEs).

The Total Budget implementation has been above 99.7%. In line with the new budget nomenclature, in 2013 for the first time the contributions of Norway and Iceland were implemented as integrated in the normal budget, not handled and reported on separately.

The main changes from the initial budget to the final budget were the following:

- A transfer of EUR 320,000 was done from title 1 to title 3. A large part of the under-spending in Title 1 was already foreseen at the time of finalisation of the 2013 draft budget (in November 2012) and has been

¹ Used for regular reports to the management team and a two stage mid-term reviews, in early July and mid-September.

² Annex 2 b

partly due to the unfruitful recruitment procedure of a Director in 2012 and staff turnover.

- A supplementary budget (EUR 1.1 Million) has been granted to Cedefop by DG Employment (Delegation Agreement). The decision of DG EMPL to proceed with a Delegation Agreement with Cedefop for the implementation of 'Labour skills demand and supply – anticipation tools – studies' (signed on 18.12.2013) led to the adoption of a BRS (Supplementary and Amending Budget) 1/2013 of EUR 1.1 Million to allow financing that action spanning over three years (2014-2016). The first instalment of EUR 600 000 will be implemented in 2014, the second instalment of EUR 400 000 in 2015 and the last instalment of EUR 100 000 in 2016. The Delegation Agreement does not foresee any execution in the year 2013.

ANNEX 2b

Activity Based Budget 2013

Annex 2 b: Activity Based Budget 2013

This table shows the status of ABB implementation at 31 December 2014

Activity name	*FTE		Title 1	Title 2	Title 3	Total		
	Initial	Current				Initial	Current	(%)
Policy analysis and reporting	29,54	26,44	2.631.630,36	358.031,77	1.191.654,30	4.181.316,43	3.795.337,45	90,77
Common European tools, qualifications and learning outcomes	23,29	24,97	2.279.540,68	282.284,84	1.272.544,01	3.834.369,53	4.165.451,03	108,63
Study visits	9,63	9,41	873.204,45	116.718,28	149.766,45	1.139.689,18	1.148.072,61	100,74
Adult learning transitions	18,80	18,15	1.721.603,39	227.864,15	1.099.939,94	3.049.407,48	3.172.406,48	104,03
Skills analysis	17,69	18,95	1.621.013,04	214.471,50	824.677,80	2.660.162,34	2.834.018,99	106,54
External communication	9,89	8,29	871.083,18	119.929,50	280.950,12	1.271.962,80	961.525,51	75,59
Documentation and Information	13,75	13,93	1.253.512,42	166.699,92	334.542,32	1.754.754,66	1.638.454,06	93,37
ABB	122,59	120,14	11.251.587,52(1)	1.485.999,96	5.154.074,94	17.891.662,42	17.715.265,84	99,01
Budget 2013			11.285.000,00	1.486.000,00	5.154.075,00	17.925.075,00(2)		

*FTE: The FTE comprises of a) the direct staff allocation and b) the redistribution of staff in support or non-core activities. The initial redistribution key is based on the planned costs while the 'current' is based on the activities' actual costs (blocked).

(1) Differences between the ABB and the final budget 2013 in Title 1 (33,412 EUR) correspond to unforeseen staff development.

(2) Total budget comprises:

EU contribution	17.433.900
Norway and Iceland (contributions)	481.175
Cedefop own revenue (Titles 2 & 3)	10.000
Total	17.925.075

ANNEX 3

Final Annual Accounts 2013 including
declaration of the accountant



RES/RB(2014)01462

Thessaloniki, 12 June 2014

Annual Accounts**Financial year 2013**

These accounts have been prepared by the Accounting Officer on 06/05/2014 and drawn up by the Director on 10/06/2014. The opinion of the Governing Board was given on 12/06/2014.

The present annual accounts, together with the opinion of the Governing Board, will be sent to the Commission's Accounting Officer, the Court of Auditors, the European Parliament and the Council on 13/06/2014.

The accounts will be published on the *Community body* website:
<http://www.cedefop.europa.eu>

Thessaloniki, 12 June 2014

Joachim James Calleja
The Director

Stephen Temkow
The Accounting Officer

Introduction

In accordance with Articles 92 and 93 of the financial rules of Cedefop (the European Centre for the Development of Vocational Training), hereafter “the Financial Rules”, adopted by the Governing Board on 9 January 2014 and replacing the former financial rules adopted by the Management Board on 5 June 2009, Cedefop’s annual accounts comprise:

- ❑ the report on budgetary and financial management;
- ❑ the reports on implementation of the budget of the Centre;
- ❑ the financial statements of the Centre.

The accounts are kept in accordance with the provisions of Cedefop Decision of 9 January 2014, as supplemented by a Decision laying down detailed rules for the implementation of that Decision, last amended on 3 June 2014.

The Centre has non-differentiated appropriations for administrative expenditure (Titles 1 and 2) and differentiated appropriations for operational expenditure (Title 3).

The accounts are kept in Euro (Euro), and the revenue and expenditure account and the balance sheet are presented in Euro. Operations are carried out at the monthly accounting rates in force when they are transacted. The Euro exchange rate used for the preparation of the balance sheet is the rate applicable on 31 December.

The subsidies received from Norway and Iceland are treated as assigned revenue, as are the other appropriations received from the Commission.

Certification

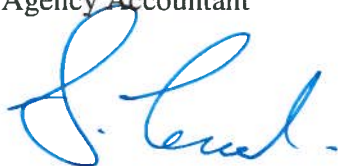
The annual accounts of Cedefop (the European Centre for the Development of Vocational Training) for the year 2013 have been prepared in accordance with Article 94 of the Financial Rules and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions, agencies and joint undertakings (Article 101 of the Financial Rules).

I acknowledge my responsibility for the preparation and presentation of the annual accounts of Cedefop in accordance with Article 50 of the Financial Rules.

I have obtained from the authorising officer, who certified its reliability, all the information necessary for the production of the accounts that show Cedefop's assets and liabilities and the budgetary implementation.

I hereby certify that based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of Cedefop.

Stephen Temkow- Agency Accountant



Thessaloniki 06th May 2014



European Centre for the Development
of Vocational Training

REPORT ON BUDGETARY AND FINANCIAL MANAGEMENT FINANCIAL YEAR 2013

1. INTRODUCTION

1.1. Legal basis – financial rules

This report on budgetary and financial management has been prepared in accordance with Articles 93 and 94 of the Financial Rules

1.2. IT management systems

Budgetary accounting is provided by Fibus, a software application developed within Cedefop which covers general accounting and budgetary accounting.

The various budgetary and financial reports are produced using the Fibus program.

The integration of the two sets of accounts guarantees that all budgetary operations are included in the general accounts.

A reconciliation of the two sets of accounts is included in the Annex.

1.3. Nomenclature of appropriations

The nomenclature of appropriations is defined by the Governing Board (Article 36 of the Financial Rules and Article 12 of the Implementing Rules) and is subdivided into three titles.

- Title 1: Staff
- Title 2: Administrative expenditure
- Title 3: Operational expenditure

In order to provide a more detailed analysis of costs in relation to the work programme, Title 3 is subdivided into chapters, with each Operational Area having its own chapter.

Chapter 32: Research and Policy Analysis (RPA)

Chapter 33: Enhanced cooperation in VET and LLL, including study visits for education and vocational training specialists (ECVL)

Chapter 35: Communication, information and dissemination (CID)

Chapters 30 & 31 concern transversal activities and expenditure related to assigned revenue respectively.

1.4. Management of appropriations

The management of appropriations was partially decentralised to the Areas in 2004 with full decentralisation taking place in 2006. However, the Administration retains centralised responsibility for budgetary records in the computerised system and for the keeping of documents. Since 1 January 2005 each Area has its own budget lines. In the new nomenclature introduced in the 2012 budget, Translation expenses were moved from Chapter 30 to Chapter 35 where a relevant budget line 352 with four budget items (one for each Area) was created, as was also “Establishment of operational documentation” (previously budget line 300) that became a new budget item of budget line 354 “Pilot studies and public relations” under the responsibility and management of Area CID. Publications expenses, previously making the subject of a budget line within each Area’s Chapter, were also moved to Chapter 35 where a relevant budget line 351 with four budget items (one for each Area) was created.

1.5. Non-automatic carryovers of appropriations

No non-automatic carryovers were made from 2013 to 2014.

1.6. Supplementary and amending budget

In December 2013 the Centre was granted a supplementary and amending budget to the value of Euro 1 100 000; Euro 600 000 of this total has been entered in the 2013 budget. No funds relating to the grant were received in 2013. The grant is treated as assigned revenue and is to fund studies requested by DG Employment in the field of labour skills demand and supply.

1.7. Monies received

Amounts received in consideration of expenditure are entered in the accounts as a reduction in the expenditure if they are received in the same financial year as the expenditure is made and as sundry revenue if they are received in a subsequent financial year. Amounts received as interest accruing on bank accounts does not constitute revenue for Cedefop, but is returned to the Commission.

Evolution of commitment appropriations of the European Centre for the Development of Vocational Training (Cedefop) for the financial year 2013

Note Includes Norway and Iceland funds

Article Item	Heading	Initial Budget	Transfers	Estimated Assigned Revenue	Amending budgets	Final Budget
	Title 1 - STAFF EXPENDITURE	11,285,000	-323,600			10,961,400
	Title 2 – INFRASTR. & OPERATING EXPENDITURE	1,482,000	0	4,000		1,486,000
						0
	Title 3 - OPERATIONAL EXPENDITURE					
3 0	TRANSVERSAL ACTIVITIES	395,725	-5,000			390,725
3050	Governing Board meetings	120,000	-6,870			113,130
3070	Transversal technical support	275,725	1,870			277,595
3 1	NON MEMBER STATES AND ASSIGNED REVENUE	0	0		600,000	600,000
3100	Participation of Non-Member states	0	0			0
3122	DG Employment grant				600,000	600,000
32	RESEARCH AND POLICY ANALYSIS	2,359,500	211,460			2,570,960
3200	Missions, meetings, interpretation	226,500	-55,750			170,750
3240	Pilot studies and projects	1,100,000	336,410			1,436,410
3250	ReferNet annual grants (Specific Grant Agreements) (new)	1,033,000	-69,200			963,800
3 3	ENHANCED COOPERATION IN VET and LLL	1,855,000	204,090			2,059,090
3300	Missions, meetings, interpretation	290,000	-9,900			280,100
3340	Exchanges and support for partners	1,435,000	188,990			1,623,990
3350	Study Visits for education and vocational training specialists	130,000	25,000			155,000
3 5	INFORMATION, COMMUNICATION AND DISSEMINATION	537,850	-86,950	6,000		456,900
3500	Missions, meetings, interpretation	40,000	-3,020			36,980
3510	Publications and dissemination	150,750	5,460	6,000		162,210
3520	Translation expenses	119,100	-19,600			99,500
3540	Pilot studies and projects, incl. Library/Documentation	228,000	-69,790			158,210
	Title 3 – TOTAL	5,148,075	323,600	6,000	600,000	6,077,675
	GRAND TOTAL	17,915,075	0	10,000	600,000	18,525,075

Evolution of payment appropriations of the European Centre for the Development of Vocational Training (Cedefop) for the financial year 2013

Note: includes Norway and Iceland funds

Article Item	Heading	Initial Budget	Sum of Transfers	Estimated assigned revenues	Amending Budgets	Final Budget
	Title 1 - STAFF EXPENDITURE	11,285,000	-323,600			10,961,400
	Title 2 – – INFRASTRUCTURE. & OPERATING EXPENDITURE	1,482,000	0	4,000		1,486,000
	Title 3 - OPERATIONAL EXPENDITURE	5,148,075	323,600	6,000	0	5,477,675
	GRAND TOTAL	17,915,075	0	10,000	0	17,925,075

2 BUDGET IMPLEMENTATION 2013

Revenue			Expenditure										
Source of Revenue	Revenue entered in the final budget for the financial year	Revenue received for the financial year	Allocation of expenditure	Final budget appropriations for the financial year					Appropriations carried over from previous years				
				Entered	Committed	Paid	Carried Over	Cancelled	Available	Committed	Paid	Carried Over	Cancelled
Own revenue			Title I Staff (NDA)	10,961,400	10,931,005	10,699,853	231,152	30,395	223,339	223,339	208,835		14,504
Union contribution	17,433,900	17,133,900											
Other subsidies			Title II Administration (NDA)	1,486,000	1,478,732	1,227,314	251,419	7,268	673,392	673,392	649,785		23,607
Other revenue	10,000	32,055	Title III Operational Activities (DA)										
			- CA	4,996,500	4,982,834			13,666	0	0			
			- PA	4,996,500		4,585,793	0	410,707	0		0		0
Assigned revenue	481,175	591,175	Assigned revenue	481,175	481,175	0	481,175	0	2,278,873	2,396,105	1,396,718	882,155	0
Total	17,925,075	17,757,130	Total CA	17,925,075	17,873,746		963,745	51,329	3,175,604	3,292,836		882,155	38,111
			Total PA	17,925,075		16,512,960	963,745	448,370	3,175,604		2,255,337	882,155	38,111
The assigned revenue received exceeds the budget total by 110 000 euro, representing funds received in 2013 against a 2012 budgeted grant.													

. 2.1. Appropriations for the current financial year: Analysis of the use of appropriations and of the main changes compared with 2012.

2.1.1. Title 1: Staff

Budget item and heading		2013			2012		Change comm. %
		Final budget	Comm.	Payments	Comm.	Payments	2013/ 2012
110	Officials and temporary staff occupying a post Includes Social Security contributions, supplementary services and weightings	8,538,700	8,525,889	8,525,889	8,548,683	8,548,683	0%
1111	Seconded national experts	198,135	194,835	194,835	116,814	116,814	67%
1112	Contract staff	1,041,130	1,041,127	1,041,127	1,007,839	1,007,839	3%
1113	Trainees	99,800	94,628	94,628	108,194	108,194	-13%
114	Miscellaneous allowances and grants	261,055	261,051	261,051	254,227	254,227	3%
120	Allowances and expenses on leaving and entering the service	251,470	246,908	143,694	281,505	140,748	-12%
130	Mission expenses	76,480	76,480	65,041	69,000	60,997	11%
143	Medical service	72,700	71,694	60,193	62,224	49,738	15%
149	Other expenditure	83,460	81,290	65,191	106,641	104,373	-24%
150	Training	129,970	129,970	71,237	129,982	84,979	0%
160	Supplementary services	189,500	189,500	160,883	117,825	111,032	61%
170	Representation expenses	19,000	17,633	16,084	21,000	12,971	-16%
TITLE 1 – TOTAL		10,961,400	10,931,005	10,699,853	10,823,934	10,600,596	1%

Significant variations from 2012 to 2013 in commitments can be explained by:

1111 (Seconded national experts) – In 2013 there were more seconded national experts than in 2012.

1113 (Trainees) – Fewer extensions of traineeships were granted in 2013.

1200 (Allowances and expenses on leaving and entering the service) – The higher amount in 2012 had to do with the cost of the selection procedure for a new Cedefop Director.

1300 (Mission expenses) – There was a drop in the missions in 2012 whereas it went back up slightly in 2013.

1430 (Medical service) – The 2013 figures reflect an increased uptake of annual medical visits by staff.

1490 (Other expenditure) – In 2012, there was a temporary increase in support for pre-school fees due to the closure of Cedefop's day care centre. This higher support was discontinued in 2013, resulting in a decrease in expenditure.

1600 (Supplementary services) – Expenditure on this budget line went up mainly due to a high number of translations for administrative purposes.

1700 (Representation expenses) – The decrease reflects a dedicated effort to reduce expenditure on this budget line.

During the financial year under consideration, staff movements were as follows:

	Staff on 31/12/2012	Increase			Reduction			Staff on 31/12/2013
		Internal movements	Recruit.	Total	Internal movements	Depart.	Total	
	(a)	(b)	(c)	(d) = (b + c)	(e)	(f)	(g) = (e + f)	(h) = (a + d - g)
OFF	20			0		2	2	18
TEMP	79		5	5		4	4	80
SNE	3		3	3		2	2	4
CTST	23			0			0	23
Total	125			8			8	125

On 31 December 2013, 98 of the 100 posts on the establishment plan were occupied. This includes posts actually filled (96) and offers of posts made (2) on vacant posts (in line with the Multi Annual Staff Policy Plan approach).

The distribution by grade of occupied posts in the establishment plan is attached to this document in the Annex to the Financial Statements.

2.1.2. Title 2: Infrastructure and operating expenditure

		2013			2012		Change comm. in % 2013/2012
		Final budget	Comm.	Payments	Comm.	Payments	
20	Building	599,640	594,634	533,404	626,169	448,243	-5%
21	IT	510,075	509,500	445,251	587,022	374,351	-13.21%
22	Equipment and furniture	78,475	77,874	25,787	186,167	6,152	-58.17%
23	Administrative expenses	122,800	122,240	110,246	119,212	104,311	2.54%
24	Postal charges and telecommunic ations	166,010	165,984	107,096	194,270	67,292	-14.56%
25	Meeting expenses	9,000	8,500	5,529	5,343	3,843	59.09%
	TITLE 2 - TOTAL	1,486,000	1,478,732	1,227,313	1,718,182	1,004,192	-13.94%

The variation from 2012 to 2013 can be explained by:

- Chapter 20: (Building): Slight decrease (-3.5%) in the expenditure for rent and public utilities mainly due to energy and water saving initiatives implemented; sensible decrease (-11.1%) in the expenditure for cleaning, maintenance and repair, gardening, minor construction and fitting out of premises due to the reduced need for costly maintenance and refurbishment works (in particular as regards the electro-mechanical equipment and the conference rooms), as those had been financed in 2012 in connection with the building repairs; corresponding increase (+10.9%) in the expenditure for security and surveillance of the buildings as an important project for enhancement of the closed circuit monitoring system was implemented and extended to parts of the building that were previously (until completion of the necessary repairs) not in use and thus not covered; the (5.0%) overall decrease results from improved planning and monitoring.
- Chapter 21: (IT Costs): Slightly increased expenditure on software licenses and on outsourced development services to cope effectively with few newly arising operational needs for IT support (including database and network hosting), over-compensated by the decreased expenditure on equipment renewal and enhancing server and storage capacity as existing ICT infrastructure adequately responded to actual requirements; the (13.2%) overall decrease is the result of a rational, effective medium-term ICT strategy.
- Chapter 22: (Equipment and furniture): Expenditure decreased by more than half due to the fact that the major related investment, i.e. the purchase of audio-visual and conference infrastructure systems for the main conference room in the context of the large building repairs project, and of furniture for the refurbishment of a number of working and meeting spaces (offices and new training rooms) had been financed in 2012 while the expenditure on transport equipment remained stable.
- Chapter 23: (Administrative): Slight overall increase due to sensible increase (+75.3%) in other administrative expenditure as this budget line covered in 2013 a larger array of costs (insurances, departmental moves) and lower increases in expenditure for stationery and office supplies (+7.5%) and administrative publications (+45.7%) resulting from additional reporting/communication requirements, over-compensating the high decrease in expenditure for legal matters and services (-57.2%).
- Chapter 24: (Post and telecommunications): The (14.6%) overall decrease is due to much lower expenditure (-62.2%) on telecommunications subscriptions and charges as a result of earlier enhancement/rationalisation initiatives and lower expenditure (-11.5%) on postage on correspondence and delivery charges, over-compensating the increased expenditure (+16.1%) on telecommunication equipment and material for the completion of a high performance network infrastructure.
- Chapter 25: (Meeting expenses): Important increase due to the much higher number of internal coordination/consultation and information meetings generating costs.

This year the Centre will carry forward Euro 482 570 of Title 1 and 2 appropriations; Euro 231 151 for Title 1 and Euro 251 419 for Title 2. These figures relate to non-assigned revenue funds.

The corresponding total figure for the previous year was Euro 896 731.

The fall reflects the efforts made by the Centre over several years to advance its activities earlier in the calendar year, thereby reducing the asymmetry in its annual activities which, in common with most institutions, had been skewed toward year-end.

2.1.3. Title 3: Operational expenditure (commitments), not including assigned revenue

		2013			2012		
Chapter	-	Final budget	Comm.	%	Final budget	Comm.	%
30	Transversal activities	390,725	390,690	99.99%	350,490	350,488	97.59%
32	Area RPA: Research and Policy Analysis	2,570,960	2,569,275	99.93%	2,267,273	2,265,229	97.32%
33	Area ECVL: Enhanced cooperation in VET and LLL	2,059,090	2,053,447	99.73%	1,965,345	1,965,344	99.28%
35	Area CID: Communication, Information and Dissemination	456,900	450,597	98.62%	588,482	573,634	99.46%
	TITLE 3 - TOTAL	5,477,675	5,464,009	99.75%	5,171,590	5,154,695	98.14%

Transversal activities cover the costs relating to the Governing Board meetings and transversal technical support.

Each Area has its own lines for the costs of missions, meetings and interpretation, technical support and study contracts. Budget lines by Area for translation and publications expenses are included in chapter 35 of Area CID.

Cedefop continues to fully utilise all its operational funding year on year with an implementation rate for 2013 above 99%.

Payment appropriations for Title 3 not including assigned revenue came to a total of Euro 4 996 500 of which Euro 4 585 793 were disbursed. Appropriations not committed under Title 3 are cancelled.

2.2. Other classes of appropriations

2.2.1 Assigned revenue received – previous financial year – Class L

	Appropriations carried over	Comm.	Payments	Comm./Bud.	Carried-over	Cancelled
Title 1 – Staff	2,682.33	-	-	0.00%	2,682.33	0
Title 2 - Administrative expenditure	-	-	-	0.00%	0	0
Title 3 - Operational expenditure	480.06	-	-	0.00%	480.06	0
Total	3,162.39	-	-	0.00%	3,162.39	0

Class L Title 3 costs relate to translation and editing costs for the operational areas and onsite technical support. These funds will be utilised in 2014.

2.2.2 Appropriations carried over automatically from 2012 to 2013 – Class A for Titles 1 and 2 (operational expenditure being treated as differentiated appropriations).

	Appropriations carried over	Commitments carried over	Payments	Pay/comm.	Cancelled
Title 1 – Staff	223,338.57	223,338.57	208,834.81	93.51%	14,503.76
Title 2 - Administrative	673,392.46	673,392.46	649,785.09	96.49%	23,607.37
Total	896,731.03	896,731.03	858,619.90	95.75%	38,111.13

Class A represents funds carried over from the previous year.

2.2.3. Assigned revenue

MONITORING TABLE FOR ASSIGNED REVENUE 2013								
Phare projects, third countries	BALANCE carryovers on 31/12/12	New funds	Payment in 2013	Funds returned	Carryover balance	New approp. 2013	Payment in 2013	Balance at 31/12/2013
	a	b	c	d	e=a+b-c-d	e	f	h=d+e-f
New approp. 2013								
Participation Norway 2013						467,228.00	0.00	467,228.00
Participation Iceland 2013						13,947.00	0.00	13,947.00
Total projects 2013						481,175.00	0.00	481,175.00
Contribution Agreement No 30/CE-0538371/00-03	1,188,000.00		455,177.00		732,823.00			732,823.00
Pre-finan. Agreement No 30-CE-0447989/00-61	330,000.40	110,000.00	440,000.40		0.00			0.00
Participation Norway 2012	128,837.26		125,502.80		3,334.46			3,334.46
Participation Iceland 2012	13,947.00		13,947.00		0.00			0.00
Total projects 2012	1,660,784.66	110,000	1,034,627.20	0	736,157.46	0.00	0.00	736,157.46
Sundry assigned revenue	1,221.59				1,221.59			1,221.59
Participation Norway 2011	393,756.00		250,959.88		142,796.12			142,796.12
Participation Iceland 2011	12,089.00		12,089.00		0.00			0.00
Total projects 2011	407,066.59		263,048.88		144,017.71	0.00	0.00	144,017.71
Participation Norway - Iceland 2010	99,041.46		99,041.46		0.00			0.00
Total projects 2010	99,041.46	0	99,041.46	0	0.00			0.00
Commission's Grant regarding building repairs	39.50		0.00		39.50			39.50
Total projects 2009	39.50		0.00		39.50			39.50
Other assigned revenue	480.06		0.00		480.06			480.06
Total projects 2007	480.06		0.00		480.06			480.06
Other assigned revenue 2009 & 2010	1,460.74		0.00		1,460.74			1,460.74
Total assigned revenue	1,460.74		0.00		1,460.74			1,460.74
TOTAL	2,168,873.01	110,000.00	1,396,717.54	0.00	882,155.47	0.00	0.00	1,363,330.47

3. CONCLUSIONS

The following summarises main results and activities of the implementation of the 2013 work programme. The following text is derived from the description of Cedefop's products and services in 2013 in table 1 of the Annex of the 2013 report of the European Court of Auditors.

[More information and a detailed presentation of the indicators of Cedefop's performance measurement system (PMS) is available in the Annual Report 2013 and the Annual Activity Report (www.cedefop.europa.eu).]

Policy analysis and reporting

Cedefop monitors countries' progress towards the short-term deliverables agreed in the Bruges Communiqué. Country fiches were finalised for all EU Member States, Norway and Iceland and were made available to the European Commission to inform the country specific recommendations for the European semester. To prepare for Cedefop's 2014 **VET policy monitoring report**, focus groups with members of the Advisory Committee on Vocational Training (ACVT) discussed effectiveness of policies. **Descriptions of national VET systems** prepared by ReferNet partners were published online for 29 countries. *Spotlight on VET in Ireland* was prepared for the March meeting of the DGVTs. *Vocational education and training in Lithuania - Short description* and *Spotlight on VET in Lithuania* were released for the DGVTs meeting in November and the Presidency Conference on VET. Cedefop's *On the way to 2020: data for vocational education and training* was published.

Common European tools, qualifications and learning outcomes

Cedefop provided **policy advice and expertise to EU-level working groups** to support implementation of EU tools. Cedefop's study on **qualifications at EQF level 5** and its *Analysis and overview of NQF level descriptors in 36 European countries* informed directly EQF/NQF implementation. Cedefop's study *The role of qualifications in governing professions and occupations* was published. A briefing note on **ECVET** opportunities and challenges was released. **Europass** registered 20.85 million visits (*14.8 million*) and 10.16 million CVs generated online (*8.3 million*). A working dinner with the European Parliament discussed achievements and challenges in relation to the European tools. Cedefop's study *Renewing VET provision: Understanding feedback mechanisms between initial VET and the labour market* was published. The briefing note *Keeping young people in (vocational) education: what works?* was drafted for the Lithuanian Presidency Conference on VET.

Adult learning and transitions

Cedefop's study *Return to Work - work-based learning and the reintegration of unemployed adults into the labour market* was debated at the VET conference of the Lithuanian Presidency. Cedefop's studies *Benefits of vocational education and training in Europe for people, organisations and countries* and *Labour market outcomes of vocational education in Europe* were published. Cedefop's study on **Validation of non-formal and informal learning in European enterprises** was finalised and a synthesis disseminated at Cedefop/DG EAC joint seminar marking the start of the follow-up to the 2012 Council Recommendation on validation. To

support the **European alliance for apprenticeship**, Cedefop organised a high-level conference on ‘Renewing vocational education and training to tackle skill mismatch – work-based learning and apprenticeship for all’.

Skills analysis

Cedefop supported the development of the **EU Skills Panorama (EUSP)** for which it will take full responsibility as of 2014. Cedefop’s 2013 projections for skill supply and demand in the European Union were released. ***Roads to recovery: three skill and labour market scenarios for 2025*** summarised the key findings. Cedefop’s research paper ***Quantifying skill needs in Europe - Occupational skills profiles: methodology and application*** was published. A briefing note and publication ***Skills for a low carbon Europe*** were released. Cedefop’s data and analyses on skill mismatch contributed to the work of the **Global Agenda Council (GAC) on Employment of the World Economic Forum (WEF)** and were presented at the Summit on the Global Agenda 2013 in Abu Dhabi.

Organisational impact

Cedefop (external) evaluation for the period 2007–2012 looked at Cedefop’s coherence with European policies, efficiency, impact and synergy with four other EU agencies. It highlighted that: **Cedefop was highly successful** in implementing the objectives in its Founding Regulation and is recognised as a leading centre of expertise worldwide on qualifications frameworks and skills; **Cedefop’s work did not duplicate the activities of any other actors** at European, national or international level; the popularity of its outputs and downloads increased significantly; its events were of high quality and participants satisfaction very high; operations were cost-effective. Cedefop uses a **performance measurement system (PMS)** to help manage and evaluate its impact, efficiency and effectiveness. 173 EU-level policy documents (169) cited Cedefop’s findings. Cedefop’s administration continued supporting operations in an effective and efficient way. A staff survey in 2013 indicated the satisfaction of staff with administrative and support services.

For more information see www.cedefop.europa.eu (Annual Report and Annual Activity Report 2013).

Audits in 2013 confirmed good progress in the implementation of recommendations of previous year audits, which had all been closed by the end of 2013.

The 2013 report of the European Court of Auditors (on the accounts 2012) confirmed the regularity and legality of Cedefop’s transactions and procedures.

Developments in 2013 in the administrative services concentrated on further streamlining procedures, the documentation of workflows and increasing efficiency.

The building repair works are suffering delays for reasons outside Cedefop’s control and were not completed in 2013 as planned. This work is funded by the Greek government and is foreseen to be completed by summer 2014.



REPORTS ON IMPLEMENTATION OF THE 2013 BUDGET

In accordance with Article 97 of the Financial Rules and Article 82 and 83 of the Implementing Rules, the budget implementation reports of the Centre for the financial year 2013 comprise:

- ☒ the report which aggregates all budgetary operations for the year in terms of revenue and expenditure (*previously*: budget outturn account),
- ☒ the explanatory notes, which supplement and comment on the information given in the reports.

1. Report aggregating all budgetary operations

Revenue and expenditure account for the financial year 2013 and 2012

	2013	2012
Revenue		
Own revenue		
Commission contributions	17,133,900.00	16,933,900.00
Sundry revenue		
Assigned revenue	481,175.00	448,051.11
Other Revenue	142,054.94	2,275,078.17
Total revenue (a)	17,757,129.94	19,657,029.28
Expenditure		
<i>Staff – Title 1 of the budget</i>		
Payments	10,699,853.49	10,370,813.48
Appropriations carried over	231,151.51	223,338.57
<i>Administration – Title 2 of the budget</i>		
Payments	1,227,313.75	970,347.77
Appropriations carried over	251,418.66	673,392.46
<i>Operating activities– Title 3 of the budget</i>		
Payments	2,252,849.69	2,035,381.35
Payments against outstanding commitments at 31/12/n-1	2,332,943.12	2,769,074.65
Payment appropriations carried over	-	
<i>Assigned revenue (Grants + third countries and others)</i>		
Payments	1,396,717.54	1,852,745.07
Carryovers including assigned revenue not entered in the budget	1,363,330.47	2,168,872.90
Total expenditure (b)	19,755,578.23	21,063,966.25
Outturn of the financial year (c = a - b)	- 1,998,448.29	- 1,406,936.97
Balance carried over from the previous year		
Cancelled n-1 appropriations carried over (non-differentiated appropriations Titles 1 and 2)	38,111.13	100,157.67
Appropriations carried over from assigned revenue	2,168,873.01	1,314,566.97
Payment appropriations carried over from the previous year (title 3)	-	
Exchange-rate differences	1,862.27	- 2,054.28
Balance for the financial year	210,398.12	5,733.39

2. Explanatory note

The Centre has had differentiated appropriations for Title 3 since 2004, which explains why no carryovers of appropriations for operational activities appear in the calculation of the budget outturn.



CEDEFOP

European Centre for the Development
of Vocational Training

FINANCIAL STATEMENTS

FINANCIAL YEAR 2013

In accordance with Article 96 of the Financial Rules and Article 79, 80 and 81 of the Implementing Rules, the financial statements of the Centre for the financial year 2013 comprise:

- ☒ the balance sheet and the statement of financial performance (*previously*: economic outturn account),
- ☒ the statement of changes in net assets,
- ☒ the cash-flow statement,
- ☒ the notes to the financial statements.

1.1. BALANCE SHEET

		2013	2012
ASSETS			
A. NON CURRENT ASSETS			
Intangible fixed assets		137,302.44	39,077.92
Tangible fixed assets		3,810,673.64	3,809,176.24
	Land and buildings	3,138,629.42	3,380,298.88
	Plant and equipment	207,526.72	41,035.54
	Computer hardware	380,756.12	296,360.55
	Furniture and vehicles	46,733.86	49,454.64
	Other fixtures and fittings	37,027.52	42,026.63
	Leasing	0.00	0.00
	Tangible fixed assets under construction	0.00	0.00
Long-term pre-financing		0.00	0.00
	Long-term pre-financing	0.00	0.00
	<i>LT pre-financing with consolidated EC entities</i>	0.00	0.00
Long-term receivables		5,076.41	5,076.41
	Long-term receivables	5,076.41	5,076.41
	<i>LT receivables with consolidated EC entities</i>	0.00	0.00
TOTAL NON CURRENT ASSETS		3,953,052.49	3,853,330.57
B. CURRENT ASSETS			
Stocks		0.00	0.00
Short-term pre-financing		669,279.48	601,178.53
	Short-term pre-financing	669,279.48	601,178.53
	<i>ST pre-financing with consolidated EC entities</i>	0.00	0.00
Short-term receivables		1,685,400.48	1,116,682.29
	Current receivables	1,436,301.65	956,227.88
	Long-term receivables falling due within a year		
	Sundry receivables	146,510.36	106,561.90
	Other	102,588.47	53,892.51
	-Accrued income	0.00	0.00
	-Deferred charges	102,588.47	53,892.51
	<i>Deferrals and Accruals with consolidated EC entities</i>	0.00	0.00
	<i>Short-term receivables with consolidated EC entities</i>	0.00	0.00
Cash and cash equivalents		340,195.25	1,909,222.57
TOTAL CURRENT ASSETS		2,694,875.21	3,627,083.39
TOTAL		6,647,927.70	7,480,413.96

		2013	2012
LIABILITIES			
A. CAPITAL		4,176,382.09	4,326,419.81
Reserves			
Accumulated surplus/deficit		4,326,419.81	4,527,236.24
Economic result of the year - profit+/loss-		-150,037.72	-200,816.43
B. Minority interest			
C. NON CURRENT LIABILITIES		0.00	0.00
Employee benefits		0.00	0.00
Provisions for risks and charges		0.00	0.00
Other long-term liabilities		0.00	0.00
	Other long-term liabilities	0.00	0.00
	<i>Other LT liabilities with consolidated EC entities</i>	0.00	0.00
	<i>Pre-financing received from consolidated EC entities</i>	0.00	0.00
	<i>Other LT liabilities from consolidated EC entities</i>	0.00	0.00
TOTAL NON CURRENT LIABILITIES		4,176,382.09	4,326,419.81
D. CURRENT LIABILITIES		2,471,545.61	3,153,994.15
Provisions for risks and charges		74,665.36	74,665.36
Accounts payable		2,396,880.25	3,079,328.79
	Current payables	23,223.31	191,217.84
	Long-term liabilities falling due within the year	0.00	0.00
	Sundry payables	4,387.95	13,603.17
	Other	1,680,652.81	1,671,325.20
	- Accrued charges	1,680,652.81	1,671,325.20
	- Deferred income	0.00	0.00
	<i>Deferrals and accruals with consolidated EC entities</i>	0.00	0.00
	<i>Accounts payable with consolidated EC entities</i>	688,616.18	1,203,182.58
	<i>Pre-financing received from consolidated EC entities</i>	657,740.82	1,153,772.89
	<i>Other accounts payable against consolidated EC entities</i>	30,875.36	49,409.69
TOTAL CURRENT LIABILITIES		2,471,545.61	3,153,994.15
TOTAL		6,647,927.70	7,480,413.96

1.2. STATEMENT OF FINANCIAL PERFORMANCE

	2013	2012
Revenues from administrative operations	143,497.19	144,647.89
Other operating revenue	18,243,183.25	18,547,068.40
TOTAL OPERATING REVENUE	18,386,680.44	18,691,716.29
Staff and administrative expenses	-12,714,564.98	-12,671,611.10
Staff expenses	-10,434,075.06	-10,439,419.14
Fixed asset related expenses	-497,372.89	-460,324.89
Administrative expenses	-1,783,117.03	-1,771,867.07
Operational expenses	-5,819,262.64	-6,216,491.54
Other operational expenses	-5,819,262.64	-6,216,491.54
TOTAL OPERATING EXPENSES	-18,533,827.62	-18,888,102.64
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES	-147,147.18	-196,386.35
Financial revenues	0.00	366.16
Financial expenses	-2,890.54	-4,796.24
Movement in pensions (- expense, + revenue)		
SURPLUS/(DEFICIT) FROM NON OPERATING ACTIVITIES	-2,890.54	-4,430.08
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES	-150,037.72	-200,816.43
Extraordinary gains (+)		
Extraordinary losses (-)		
SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS	0.00	0.00
ECONOMIC RESULT OF THE YEAR	-150,037.72	-200,816.43

2. STATEMENT OF CHANGES IN NET ASSETS

Capital	Reserves		Accumulated Surplus / Deficit	Economic result of the year	Capital (total)
	Fair value reserve	Other reserves			
Balance as of 31 December 2012			4,527,236.24	-200,816.43	4,326,419.81
Changes in accounting policies 1)					0.00
Balance as of 1 January 2013 (if restated)	0.00	0.00	4,527,236.24	-200,816.43	4,326,419.81
Other 2)					0.00
Fair value movements					0.00
Movement in Guarantee Fund reserve					0.00
Allocation of the Economic Result of Previous Year			-200,816.43	200,816.43	0.00
Amounts credited to Member States					0.00
Economic result of the year				-150,037.72	-150,037.72
Balance as of 31 December 2013	0.00	0.00	4,326,419.81	-150,037.72	4,176,382.09

3. CASH-FLOW STATEMENT (INDIRECT METHOD)

	2013	2012
Cash Flows from ordinary activities		
Surplus/(deficit) from ordinary activities	-150,037.72	-200,816.43
Operating activities		
<u>Adjustments</u>		
Amortization (intangible fixed assets) +	19,324.15	15,538.94
Depreciation (tangible fixed assets) +	478,048.74	444,785.95
Increase/(decrease) in Provisions for risks and liabilities	0.00	0.00
Increase/(decrease) in Value reduction for doubtful debts	0.00	0.00
(Increase)/decrease in Stock	0.00	0.00
(Increase)/decrease in Long term Pre-financing	0.00	0.00
(Increase)/decrease in Short term Pre-financing	-68,100.95	-257,895.84
(Increase)/decrease in Long term Receivables	0.00	0.00
(Increase)/decrease in Short term Receivables	-568,718.19	-72,422.16
(Increase)/decrease in Receivables related to consolidated EC entities	0.00	0.00
Increase/(decrease) in Other Long term liabilities	0.00	0.00
Increase/(decrease) in Accounts payable	-167,882.14	27,073.85
Increase/(decrease) in Liabilities related to consolidated EC entities	-514,566.40	1,040,067.83
(Gains)/losses on sale of Property, plant and equipment		
Net cash Flow from operating activities	-971,932.51	996,332.14
Cash Flows from investing activities		
Increase of tangible and intangible fixed assets (-)	-597,094.81	-304,298.69
Proceeds from tangible and intangible fixed assets (+)		
Net cash flow from investing activities	-597,094.81	-304,298.69
Net increase/(decrease) in cash and cash equivalents	-1,569,027.32	692,033.45
Cash and cash equivalents at the beginning of the period	1,909,222.57	1,217,189.12
Cash and cash equivalents at the end of the period	340,195.25	1,909,222.57

4. ANNEX

1. Introduction

Cedefop adopted its new Financial Rules (Decision DIR/RB(2014)00032) on 9 January 2014 in conformity with Commission Delegated Regulation (EU) No 1271/2013 of 30 September 2013 on the framework Financial Regulation for the bodies referred to in Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council (“the general Financial Regulation”). In that context, Cedefop applies the accounting rules referred to in Article 152 of the general Financial Regulation to allow its accounts to be consolidated with those of the Commission.

In accordance with Article 248 of Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union, all assets entered in the Centre’s balance sheet are those with a purchase value equal to or higher than the accounting threshold and with a utilisation value higher than one year.

The depreciation of assets is calculated *pro rata temporis* from the time the asset enters into service, whereas its inclusion in the inventory takes place on the basis of its date of delivery.

Cedefop is currently in the process of adopting its draft new Implementing Rules to the Financial Rules adopted on 9 January 2014 (and entered into force on 01.01.2014), which will make the subject of a Governing Board Decision, also due to enter into force on 01.01.2014 (as per DG BUDG instruction of 28.04.2014). Articles 96 to 103 of that draft Decision (referring to Article 106 of the Financial Rules) include detailed provisions in regard to the inventory system.

The accounting threshold depends on the date of purchase of the asset (see table below).

Ref.	from	To	Amount
Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012	1.1.2013		€ 420
Regulation (EC, Euratom) No 2342/2002 of 23 December 2002	1.1.2003	31.12.2012	€ 420
Commission Regulation (EC) No 1687/2001 of 21 August 2001	31.8.2001	31.12.2002	€ 420
Decision 2000/716/EC	1.1.2000	30.8.2001	€ 420
Decision 97/594/EC	1.1.1997	31.12.1999	ECU 400

These assets were depreciated.

The straight line depreciation method was used. The depreciation rates applied are those applied at the Commission, namely:

- ☒ Software and intangible assets: 4 years;
- ☒ land and buildings: 25 years
- ☒ plant and equipment: 4 or 8 years;
- ☒ furniture: 10 years;
- ☒ transport equipment: 4 years;
- ☒ IT equipment: 4 years.

2. Remarks relating to fixed assets

A. Intangible fixed assets

Development costs of new software systems have not been capitalised as they fall below the Agency's threshold of Euro 150 000. They are estimated to be in the region of Euro 35 000.

	Software
A. Purchase value:	
Previous financial year	167,534.91
Additions	117,548.67
Withdrawals or transfers from other headings	
<i>At the end of the financial year:</i>	285,083.58
B. Depreciation:	
Previous financial year	128,456.99
Additions	19,324.15
Transfer from other headings	-
<i>At the end of the financial year:</i>	147,781.14
Net book value (A – B)	137,302.44

B. Tangible fixed assets

	Land and buildings	Plant and equipment	Furniture	Transport equipment	IT equipment	Other tangible assets	Total
A. Purchase value:							
Previous financial year	6,680,900.66	595,355.75	276,843.37	69,397.80	1,206,441.38	172,115.28	9,001,054.24
Additions	11,960.00	204,548.77	9,400.00	1,500.00	250,402.31	1,735.06	479,546.14
Transfer from other headings							-
Withdrawals or transfers from one heading to another							-
<i>At the end of the financial year:</i>	<i>6,692,860.66</i>	<i>799,904.52</i>	<i>286,243.37</i>	<i>70,897.80</i>	<i>1,456,843.69</i>	<i>173,850.34</i>	<i>9,480,600.38</i>
B. Depreciation:							
Previous financial year	3,300,601.78	554,320.21	259,503.26	37,283.27	910,080.83	130,088.65	5,191,878.00
Additions	253,629.46	38,057.59	4,462.33	9,158.45	166,006.74	6,734.17	478,048.74
Transfer from other headings							-
From one heading to another							-
<i>At the end of the financial year:</i>	<i>3,554,231.24</i>	<i>592,377.80</i>	<i>263,965.59</i>	<i>46,441.72</i>	<i>1,076,087.57</i>	<i>136,822.82</i>	<i>5,669,926.74</i>
Net book value (A – B)	3,138,629.42	207,526.72	22,277.78	24,456.08	380,756.12	37,027.52	3,810,673.64

In November 2011 repair works were started to address the building disorders within Cedefop's premises. These repair works are planned to be completed by summer 2014. The cost (estimated amount: Euro 1 500 000) is borne by the Greek Government. No entry has been made in the accounts.

C. Stocks

Cedefop no longer includes a valuation for its stock of publications as their market valuation is negligible.

D. Short-term pre-financing

Pre-financing is a payment intended to provide the beneficiary with a cash advance. The advance is repaid or used for the purpose for which it was provided during the period defined in the agreement. If the beneficiary does not incur eligible expenditures he has the obligation to return the pre-financing advance to Cedefop. The amount of the pre-financing is reduced (wholly or partially) by the acceptance of eligible costs and amounts returned.

At year-end outstanding pre-financing amounts are valued at the original amount(s) paid, less: amounts returned, eligible amounts cleared and value reductions.

Most pre-financing derives from ReferNet activities where grant pre-financings (representing 60 % of the maximum amount of the grant specified in the agreements) are normally paid by Cedefop within 45 days following the signing of the grant agreement, as defined in art.5 of the grant agreements.

E. Short term receivables

Consisting of:

- a) current receivables, chiefly of VAT charges to be recovered from Member States,
- b) sundry receivables, being advances on missions and school fees,
- c) deferred charges, being expenses paid in 2013 but relating to 2014.

Analysis of Accounts Receivable		
	2013	2012
VAT charges to be recovered from all EU countries	1 436 301.65	952 849.49
Staff related advances including school, canteen VAT and mission advances	146 510.36	106 561.90
Deferred charges i.e. expenses paid in advance e.g. insurance	102 588.47	53 892.51
Other small sundry advances	0.00	3 378.39
	<u>1 685 400.48</u>	<u>1 116 682.29</u>

Note: Euro 516 784 of the above VAT debt, being funds due from 2011 activities, was received on the 11th February 2014. Cedefop has for several years experienced delays in recovering the VAT owed by the Greek state.

F. Long term provision

There are no long term provisions in the 2013 accounts.

G. Provisions for risks and charges

Provisions for risks and charges are recognised when CEDEFOP has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. In 2013 it was not necessary to make any provision.

In 2011 a provision of Euro 74 665.36 was made for suspended salary increases relating to the inflationary adjustment. Associated with this increase was a potential saving to the Agency following the reduced weighting factor. This saving was not included in the accounts but was estimated to be Euro 103 611 and was considered as a contingent asset. A similar inflation adjustment for 2012 also remains unpaid at the end of 2013. The agency has chosen not to make a provision for this cost as it will be offset by the 2012 reduction in the weighting factor.

It is anticipated that these outstanding issues will be resolved during the course of 2014. The provision will remain in place until such time as a settlement is reached.

H. Accounts payable

Consisting of:

a) current payables, relating chiefly to invoices received from suppliers at the end of 2013 to be processed in 2014,

b) sundry payables, payables relating to amounts to be paid from assigned revenue or to staff costs e.g. withheld taxes,

c) accrued charges, expenses relating to 2013. Figure derived from an analysis of invoices received in 2014 combined with an estimate of the value of works performed by suppliers provided by Cedefop project managers.

	2013	2012
Accrued costs	1,453,214	1,446,626
Accrued leave	227,439	224,700
Total	1,680,653	1,671,326

d) amounts payable to consolidated entities, being chiefly pre-financing received from the Commission. The total to be paid decreased from Euro 1 203 183 in 2012 to Euro 688 616 in 2013. This figure consists of:

	2013	2012
Surplus on Budget Account	210,398	5,734
Remainder of Building Grant 250K	40	40
Grants Received 2012 & 2011	1,188,000	2,178,000
Less amount dispersed or recognised as accrued expenditure	- 740,697	- 1,030,000
Interest on Bank Accounts	4,726	22,092
Accrued expenses with consolidated EC entities	26,149	27,317
Total	688,616	1,203,183

I. Contingent Liabilities

Contingent liabilities at the end of 2013 amounted to Euro 4 632 809 (Euro 4 842 800 in 2012) representing standing financial commitments to suppliers not appearing on the balance sheet.

J. Pension Obligations

Cedefop's staff are members of the European Communities Pension Scheme which is a defined benefit pension plan.

A defined benefit plan is a pension plan that generally defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age and years of service. Cedefop's staff contribute 10.25% of their basic salaries to the pension scheme and an additional 20.5% contribution is made by the European Commission. The cost to the European Commission is not reflected in the agency's accounts.

Future benefits payable to Cedefop staff under the European Communities Pension Scheme are accounted for in the accounts of the European Commission. No provisions for such pensions are made in these accounts.

3. Notes to the financial statements

A. Revenue

Revenue and corresponding receivables are measured at the fair value of the consideration received or receivable and are accounted for in the period to which they relate. Cedefop's main source of revenue is the annual contribution from the European Commission. Calculation of this revenue is based on the results of the statement of financial performance. A positive result is shown as a liability and returned to the Commission the following year. As the disbursement or commitment of funds is a factor in the budgetary outturn it also forms part of the final calculation of revenue.

The amount received from the Commission is thus reduced by Euro 210 398 (representing the balance on the Statement of financial Performance for 2013) when calculating the revenue.

The table below shows a detailed breakdown of the other sources of revenue.

Analysis of Revenue in the Economic Result Account 2013		
Funds received from the Commission	17,133,900	
Less net surplus on the Budgetary Outturn Account	<u>-210,398</u>	
		16,923,502
Grant Income		
Remaining funds on Agreement n° 30/CE-0447989/00-61	70,000	
Agreement n° 30/CE-0538371/00-03 disbursed	455,177	
Accrued expenses against above grant	<u>285,520</u>	
		810,697
Other Operational Income		
Norway	467,228	
Iceland	13,947	
Reimbursements	<u>27,810</u>	
		508,985
		<u>18,243,183</u>
Revenue from Administrative operations		
Canteen	142,785	
Commission	712	
		<u>143,497</u>
		<u>18,386,680</u>
	Total Income	18,386,680

B. Expenditure

Expenditure and corresponding payables are measured at their fair value and accounted for in the period to which they relate.

Cedefop's statements follow the format used by the Commission and divide expenses into three categories: Administrative expenses, Operational Expenses and Financial expenses.

a) Administrative expenses. These are subdivided into three sub-categories:

- i) staff expenses, these costs essentially (although not entirely) correspond to Title 1 budget lines. Staff expenses are sometimes considered “administrative expenses”; it should be noted that approximately 66% of these costs relate to operational personnel and should be interpreted as operational costs.
- ii) fixed asset expenses, relating to depreciation costs (see above for further details).
- iii) other administrative expenses, essentially following the Title 2 budget costs. These include such items as utilities, telecommunications, IT and building upkeep.

b) Operational expenses corresponding to Title 3 costs.

The 2013 figure of Euro 5 819 263 is slightly lower than the corresponding 2012 figure of Euro 6 216 491. The report on Budgetary and Financial Management above gives a description of the various operational areas to which Cedefop is committed. A large part of these costs relate to commissioning research, organising study visits, meetings and publication costs for the dissemination of Cedefop's research and policy work. As mentioned in the administrative expenses these costs do not include the personnel costs of staff engaged in operational work.

c) Financial expenses relating to bank charges.

C. Economic Result for the Year

The deficit of Euro 150 038 (0.8% of Revenue) is in the same region as last year's deficit of Euro 200 816. Total Revenue and Expenditure are consistent year on year.

4. Reconciliation between budgetary result and economic result

Cedefop's financial statements are prepared on an accruals basis, where transactions are recorded in the period to which they relate. The result for the year using this basis is indicated in the economic outturn account. However, the agency uses a modified cash accounting system for preparing the statement of financial performance and its other budgetary reporting. In this system only the payments made and revenues received in the period are recorded, together with payment appropriations that are carried forward.

The difference between the budgetary result and the economic result is made up as follows:

Reconciliation of the accrual based result with the budget result

	2013	2012
Economic result	-150,037.72	-200,816.43
<i>Adjustment for accrual items (items not in the budgetary result but included in the economic result)</i>		
Adjustments for Accrual Cut-off (reversal 31.12.N-1)	-1,671,325.20	-1,637,876.43
Adjustments for Accrual Cut-off (cut-off 31.12.N)	1,680,652.81	1,671,325.20
Unpaid invoices at year end but booked in charges	46,168.02	211,477.96
Depreciation of intangible and tangible fixed assets	497,372.89	460,324.89
Provisions	0.00	0.00
Value reductions	-1.25	26.01
Recovery Orders issued in 2013 and not yet cashed	0.00	-2,789.68
Prefinancing given in previous year and cleared in the year	601,178.53	343,282.69
Prefinancing received in previous year and cleared in the year	-700,696.80	-43,513.00
Payments made from carry over of payment appropriations	858,619.90	759,307.63
Increase in prepayments to suppliers & reverse N-1 invoices	-260,173.92	-153,863.94
<i>Adjustment for budgetary items (item included in the budgetary result but not in the economic result)</i>		
Asset acquisitions (less unpaid amounts)	-597,094.81	-304,298.69
New pre-financing paid in 2013 and remaining open as at 31.12.2013	-669,279.48	-601,178.53
New pre-financing received in 2013 remaining open as at 31.12.2013	210,398.12	1,153,733.39
Budgetary recovery orders issued before 2013 and cashed in the year	3,533.53	1,471.61
Payment appropriations carried over to 2014	-1,845,900.64	-3,065,603.93
Cancellation of unused carried over payment appropriations from previous year	38,111.13	100,157.67
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	2,168,873.01	1,314,566.97
Total	210,398.12	5,733.39
Budgetary result	210,398.12	5,733.39

5. Distribution by grade of occupied posts in the 2013 establishment plan

Annex A

	Categories Grades	Permanent posts	Temporary posts
	AD 16	-	-
	AD 15	-	1
	AD 14	-	1
	AD 13	-	2
	AD 12	6	3
	AD 11	1	8
	AD 10		9
	AD 9	-	4
	AD 8	-	3
	AD 7	-	7
	AD 6	-	5
	AD 5	-	1
		7	44
	AST 10	1	1
	AST 9	-	1
	AST 8	2	2
	AST 7	1	6
	AST 6	4	3
	AST 5	4	6
	AST 4		11
	AST 3	-	4
	AST 2	-	1
	AST 1	-	-
		12	35
		19	79
		Total	98
		Vacant	2
Some permanent posts are occupied by staff on temporary contracts, hence the differences with the table on page 11.			

ANNEX 4

Definition of materiality criteria



DIRECTOR

DIR/JCA/tbg/cvla/RB(2014)01171
Thessaloniki, 02 May 2014

NOTE

Annex 4 – Materiality criteria

REFERENCE: Standing instruction for Cedefop's Annual Activity 2013 – RB(2014) 00530 – 12 March 2014

Introduction:

Materiality criteria define the elements for determination of significant weaknesses that should be subject to a formal reservation in the assurance declaration of the Authorising Officer in the context of the Annual Activity Report.

The definition of the following criteria has been informed by the EC Guidelines for defining materiality and the references made in the standing instructions for the Annual Activity Report of the Commission.

The decision whether a weakness is significant, remains a matter of judgement of the Authorising Officer (by Delegation). In this judgement the overall impact of a weakness needs to be identified and an assessment needs to be made on whether the issue is material enough so that would have an influence on the decisions or conclusions of the users of the assurance declaration. Further consideration may in some cases also take the tolerability of risks of error into account.

Assessment criteria:

In consequence judgement needs to be based on a qualitative and a quantitative assessment. In addition, reputational events may be considered.

The qualitative assessment of a weakness (deficiency) should first consider if the type of deficiency falls within the scope of the assurance declaration which refers to the use of resources, sound financial management, and legality and regularity of transactions.

Second, in considering the significance of the materiality criteria, one should include the nature and scope of the weakness, the duration of the weakness, the existence of mitigating actions reducing the impact of the weakness and the existence of corrective actions (action plans and financial corrections) which have had measurable impact.

Third, in quantitative terms it is necessary to quantify the financial impact which may refer to the monetary value of the identified problem; or the amount considered erroneous; or the amount considered at risk.

The proposed standard quantitative materiality threshold is **2 %**.

Considerations:

Related to Cedefop's overall budget for 2013, the 2 % threshold would define an amount of about EUR 358 000.

Considering potential cases this amount seems too high. Thus, the (standard) quantitative threshold should be set at **EUR 200 000**.

Cedefop activities are defined in a much more detailed way than EC activities and usually have much lower financial resources at their disposal. Thus, to introduce a materiality threshold at activity level does not really make much sense at all. In fact most weaknesses or deficiencies conceivable would refer to generic services and procedures which should be compared with the Cedefop budget.

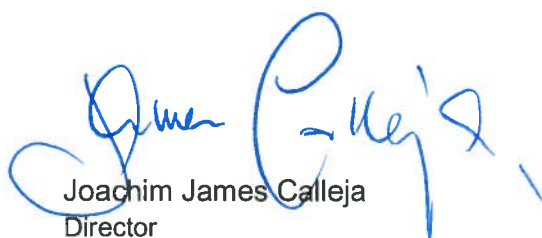
In conclusion:

The Cedefop standard quantitative materiality threshold is therefore being set at **EUR 200 000**.

Deviations from this materiality threshold must be fully justified in the Annual Activity Report.

It is however necessary to underline that some deficiencies also below this threshold may be deemed significant on the basis of the qualitative assessment.

In addition, it may be considered that specific reputational events on the basis of specific assessments may give rise to a reservation.



Joachim James Calleja
Director

ANNEX 5

Co-operation between ETF and
Cedefop



Co-operation between the European Training Foundation and Cedefop

Progress Report 2013

Cedefop's mission is to support the development of European vocational education and training policies and contribute to their implementation. Cedefop works with the European Commission, the Member States and social partners and responds to their distinct needs as they develop and implement different aspects of European VET policy.

ETF operates under the framework of the EU's external relations policies and provides support to the European Commission and countries and territories outside the EU that receive assistance through the EU's Enlargement, Neighbourhood and Development and Co-operation policies.

Both Cedefop and ETF support the European commission in the field of vocational education and training in a lifelong learning context. The respective operations of Cedefop and ETF are distinguished by distinct mandates established by their Founding Regulations.

The differences in the operational focuses of Cedefop and the ETF are also delineated in the functions that they conduct under their mandates. The ETF carries out activities involving the following key actions: thematic and technical advice in human capital development to EU services (European Commission: DG Education and Culture, DG Enlargement, DG Development and Cooperation, DG Employment, Social Affairs and Inclusion, DG Enterprise and Industry, DG Home Affairs; and the European External Action Service) and in support of the external relation programmes (IPA, ENPI, DCI) in programming and project cycle; policy advice to partner country governments and stakeholders on policy solutions appropriate to the problems they face and capacity building of key actors, including governments, in the field of education and training and employment. The ETF also disseminates information on approaches and trends in vocational education reform being followed in the EU. Cedefop aims to generate new insights and fill knowledge gaps undertaking strategic research and comparative analyses to support EU objectives in VET, providing policy advice to and raising awareness among stakeholders and the wider public. Cedefop's work aims to: (a) promoting European VET and lifelong

learning policy by providing evidence and analysis; and (b) strengthen European cooperation, by supporting Member States to implement common European tools and principles, share policy priorities, and exchange experience.

Without prejudicing the distinctive mandates and functions of either Cedefop or ETF, the shared focus on vocational education and training offers potential synergies through co-operation. Cedefop offers information and reports on EU experiences that can be useful to guide Candidate and neighbouring Countries on how they may be able to follow EU trends in education and training during the Enlargement process. Likewise, ETF's work supports Candidate Countries during reporting of progress being made under the Copenhagen process. More generally, Cedefop's work provides a pool of European research on vocational education and training policies that can be partially shared with partner countries and territories.

The potential for the synergies and complementarities is recognised in the Founding Regulations of both agencies. In particular, ETF's Council Regulation requires ETF and Cedefop to systematise their co-operation in the framework of a joint annual work programme annexed to their annual work programmes. This report is subsequently provided to the European Parliament as part of their annual reporting processes.

Report of ETF – Cedefop Co-operation 2013

During 2013, ETF and Cedefop further systematised their co-operation to maximise the benefits for their respective mandates. This resulted in co-operating for the 2013 reporting progress of Candidate Countries as part of the follow up of the Bruges communiqué on reinforcement of cooperation in VET, in organising a knowledge sharing seminar, collaboration in the area of qualifications development and implementation of the common EU instruments, in skill matching and anticipation.

Progress in the implementation of the Bruges communiqué in Candidate countries

Cedefop and the ETF cooperated in 2013 to update country fiches and deliverable fiches for all participating countries in the implementation of the Bruges communiqué and provide further analysis for the European Commission.

In addition, Candidate Countries that are involved in the Lifelong Learning programme (Croatia for the first semester of 2013 and Turkey) participated in the study visit programme of Cedefop on the same basis as Member States.

Knowledge Sharing

In 2013, the ETF and Cedefop conducted one knowledge sharing seminar. The event took place in Thessaloniki on 25 April 2013 and focused on the ETF's work on: a)

Croatia and b) work-based learning. The second knowledge sharing seminar was postponed to 2014.

In cooperation with ETF work started to integrate Croatia in ReferNet and in Cedefop's reporting exercise. In June 2013, Cedefop made a presentation at the 'hand-over' conference in Zagreb. Based on a request by the European Commission, Cedefop and ETF jointly prepared the draft for a Spotlight on VET in Croatia on the occasion of its accession to the EU which was disseminated at the DGVT meeting in autumn. ETF participated to the annual Refernet plenary meeting that took place in Thessaloniki on 5 and 6 November 2013. The plenary meeting was preceded by an induction meeting for the new Croatian and Danish partners.

ETF also participated to Cedefop's workshop 'Apprenticeship: governance modes and financing approaches' that took place in Thessaloniki on 20-21 May 2013.

Cedefop organised with ETF (also with Eurofound and EU-OSHA) as joint event on 'The European social model, a key driver for competitiveness. The four agencies' contribution', that took place on 25 September 2013 at the European Parliament.

Qualifications Development

As confirmed in the Bruges Communiqué, Cedefop and ETF have also cooperated to integrate and align their analyses of NQF developments into the world-wide overview of developments prepared in cooperation with UNESCO. Cedefop covered the EU2020 countries, ETF the partner countries and UNESCO the third countries developments. The three institutions jointly presented the finding of the report to senior officials preparing the Asia-Europe ministerial meeting (Kuala Lumpur, 12-14 May 2013).

ETF also contributed to the Cedefop monitoring of National qualifications frameworks development in Europe (covering 36 countries) by providing information on Croatia, Turkey, FYROM, Montenegro and Serbia.

ETF made a presentation in the Cedefop conference on the "The shift to learning outcomes and its impacts". ETF participated in the seminar on the validation of non-formal and informal learning organised by Cedefop and the European Commission under the Irish presidency.

Skills matching and anticipation

Since 2012 the European Training Foundation (ETF), the International Labour Organisation (ILO) and Cedefop have decided to pool together their expertise and knowledge to prepare a series of guides on methods to anticipate skill needs in the labour market. The guides are intended to provide a comprehensive toolbox to support countries which aim to develop a sound evidence base on skill supply and demand in the labour market. Guides cover methods and topics such as: forecasting

and foresight, the sectoral anticipation of skill needs, analysing skills mismatch, employers and enterprise surveys as well as tracer studies of entrants in the labour market. On 4 and 5 July 2013, a seminar with worldwide experts took place in Thessaloniki to discuss the validity and usefulness of the guides which will be published in 2014.

Administrative Co-operation

In line with the joint work programme for 2013, co-operation also took place at the administrative level, when applicable.

James Calleja

Director Cedefop

Done in Thessaloniki,

Madlen Serban














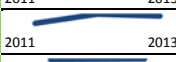















Director ETF

Done in Turin,

ANNEX 6

Cedefop Performance indicators

Cedefop performance indicators: 1 January to 31 December 2013

Type	Indicator	2013	Trend 2011-2013
Outcome PMS indicators			
Policy advice provided to stakeholders	EU policy documents citing Cedefop work	173	
	EU Mandates and assignments given to Cedefop in policy documents (new ones)	5	
	EU policy documents to the preparation of which Cedefop has participated	55	
	Participation in Presidency events and meetings of senior stakeholders or which support policy	166	
New knowledge and insights generated	Downloads of publications/working papers/other <i>Total downloads</i>	857,000	
	<i>Publication downloads</i>	636,000	
	Citations of Cedefop publications/studies in the literature	431	
Raised awareness among stakeholders and the education and training or wider VET community	Web site traffic		
	<i>Visits</i>	413,000	
	<i>Unique visitors</i>	269,000	
	<i>Visits by returning visitors</i>	156,000	
	<i>Returning visitors</i>	54,000	
	<i>Page views</i>	1,119,000	
	Participation in conferences and events	88	
	Quality of events organised by Cedefop (participants thought event was very good or good)	94%	
	Study visit outcomes among stakeholders and the education and training community (satisfaction rate)	97%	
Raised awareness among citizens	Europass outcomes among citizens		
	<i>Visits to Europass website</i>	20.85 m	
	<i>Downloadsof Europass documents</i>	13.45 m	
	<i>Creation of Europass documents online</i>	10.16 m	
	Media coverage, take-up of articles and press releases	492	
	Quality of events for the local community (in Cedefop, in Greece)	*	
Efficient and effective support services	Internal support services - Resources		
	<i>Percentage of establishment plan filled</i>	98%	
	<i>Duration of selection procedures</i>	94	
	<i>Training intensity</i>	8.00	
	<i>% of budget executed</i>	99.77%	
	<i>Timeliness of payments (number of days to make payments)</i>	11	
	<i>Timeliness of procurement procedures (number of days for open procedures)</i>	178	
	<i>Success rate of procurement processes(for open and negotiated procedures)</i>	94.87%	
Output PMS indicators			
	Number of publications/working papers § 5 Working Papers, 8 Research Papers, 8 Information series, 22 Newsletters, 9 Briefing notes, 9 Flyers, 86 Translations (including briefing notes)	147	
	Number of meetings/events organised by Cedefop	135	
	Number of news items published on website	322	
	Number and types of visitors at Cedefop events (some visit more than once)	2578	
	Number of study visits	225	

ANNEX 7

Risk Management Plan 2013

Annex 7: Risk Management Plan 2013

Issue/project	Description of risk	Planned action (comment)	Responsible
1. Unforeseen external demands by stakeholders	Delivery/quality is affected as demands from stakeholders, including European institutions, are not backed up by additional resources and, thus, are overextending the available resources without allowing activities to be well planned and aligned. This may also affect Cedefop's reputation.	Monitoring of developments, anticipation of needs, communication of Cedefop objectives and cutting of activities of the work programme if necessary help to mitigate these risks; regular reporting to Governing Board on changes of work programme.	Management
2. Building restoration and follow-up works	The risk that the building repairs are not successfully completed had already been included in previous risk management plan, implementation of mitigating actions is ongoing. Works so far have been conducted according to the designs however substantial delays required additional mitigating actions to minimize effects on staff .	Close monitoring of the works to be put in place. Information on problematic developments to supervising company and Greek government. Regular information to staff (this risk has also been included in the risk management plans 2009, 2010, 2011 and 2012).	Facilities/ Resources/ external risk)
3. Skills Panorama and skillsnet	<p>a) The Panorama still requires substantial developments when handed over to Cedefop;</p> <p>b) Continuous uncertainty regarding the IT governance of the project leads Cedefop to have to react to last minute changes and to take over the IT/Web side of the project at short notice;</p> <p>c) Reluctance by the EC to provide Cedefop with extra resources to manage the skills panorama - this endangers WP 2014.</p>	<p>a) Cedefop will, by end March 2013, clearly set minimum functional requirements for the Panorama to be handed over. This will provide guidance and a clear vision of where the product will need to be at the end of the year;</p> <p>b) close monitoring of discussions between EAC and EMP in relation to where the Panorama should be hosted and close monitoring of software and technology used by the contractor to develop the website;</p> <p>c) Staff and budget requirements needed for the maintenance of the panorama (content and technology as necessary) are set by Cedefop by end April 2013 for a first discussion in the Bureau. Final agreement is reached by June 2013, when the GB meets.</p>	Head of Area RPA, project managers

ANNEX 8

Key decisions of the Governing
Board in 2013

KEY DECISIONS OF THE GOVERNING BOARD 2013

Cedefop's Governing Board met on 11 and 12 June 2013 in Thessaloniki. The meeting was chaired by Ms Laurence Martin (Employees' Group – France). In 2013 the governance function was also exercised through written procedures (see list below).

At its meeting of 11 and 12 June 2013, the Governing Board:

- elected its Chair and Vice-Chairs and decided on the composition of the Bureau (see current situation on Cedefop's website: <http://www.cedefop.europa.eu/EN/about-cedefop/governance/governing-board.aspx>);
- heard the presentations of the short-listed candidates for the selection of a new Director of Cedefop and decided on the list of candidates to be submitted to the European Commission;
- adopted its [analysis and assessment of the Annual Activity Report 2012](#);
- adopted its opinion on the final accounts of the Centre for 2012 (Decision of 12 June 2013);
- agreed to the procedure for preparing the work programme 2014 (enlargement of the Bureau).

By delegation of the Governing Board, the Bureau approved at its meeting on 21 March 2013 the Internal Audit Service (IAS European Commission) Strategic Audit Plan for 2013-2015.

In 2013, Cedefop's Governing Board adopted through the written procedure the following documents:

- The breakdown of Cedefop's budget 2013 and the Establishment plan 2013 (written procedure launched in December 2012)/ A Corrigendum of the breakdown of Cedefop's budget 2013 was signed by the Chair on 1/2/2013.
- The work programme 2013 (written procedure launched in December 2012);
- The decision of the Governing Board on the Chair of the GB and on the Employees' Group Members of the Pre-Selection Committee for the recruitment of a new director of Cedefop (22 February 2013); the decision of the Governing Board on the Employees' Representative in the Bureau (8 March 2013);

- the Estimate of Revenue and Expenditure 2014 and the Multi Annual Staff Policy Plan (MASPP) 2014-2016;
- the Annual Report 2012;
- the minutes of the GB meeting of 11 and 12 June 2013;
- the Decision on revised rules for reimbursement of experts invited to Cedefop meetings (5 November 2013);
- the Decision on the vacancy notice for a new Deputy Director of Cedefop (6 November 2013);
- the Decision on the Composition of the Pre-Selection Committee (PSC) for the recruitment of a new deputy director (6 November 2013);
- the Decision on transformation of posts (18 December 2013);
- the Decision on transfer between titles (18 December 2013);
- a Supplementary and Amending Budget 1/2013 (19 December 2013).

The Enlarged Bureau considered the Progress Report on the work programme 2013 and held an exchange of views on the draft work programme 2014 at its meeting on 9 October 2013.

The Bureau of Cedefop's Governing Board met on 1 February in Berlin, on 21 March in Brussels, on 10 June (eve GB), and on 4 and 5 December 2013 in Thessaloniki.

In December 2013 the Bureau reported to the Governing Board on main issues the Bureau dealt with since the Governing Board meeting in June 2013.

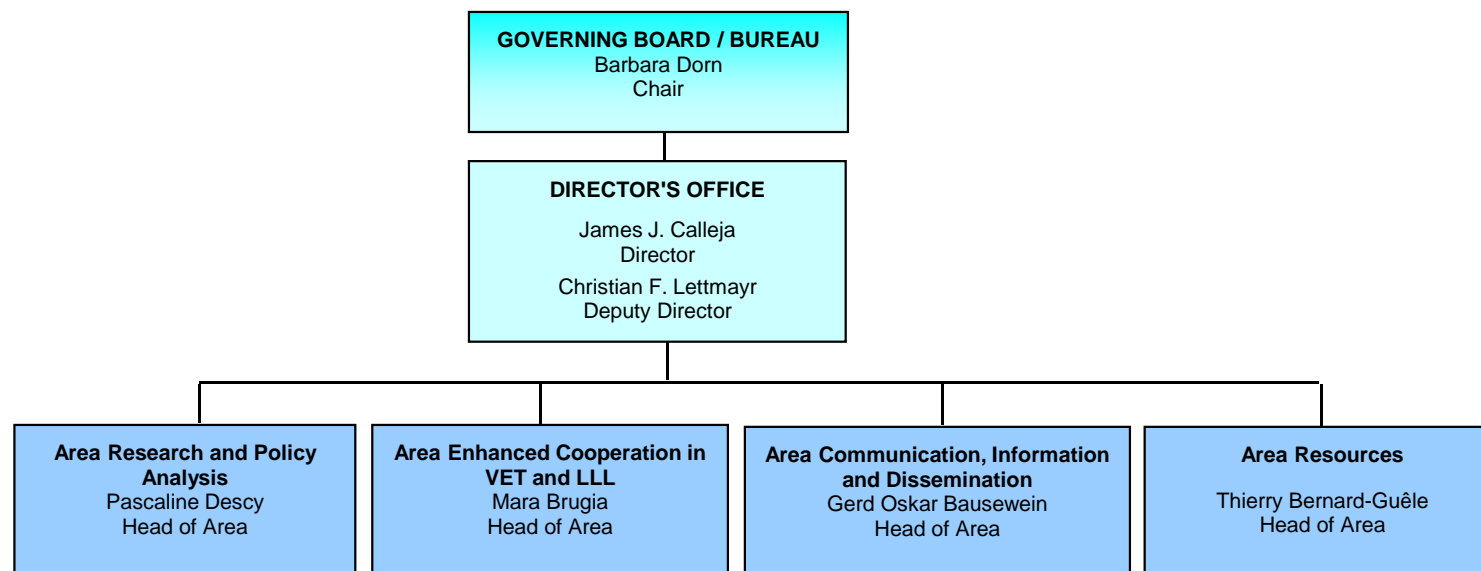
The written procedures for the adoption of the work programme 2014 and of Cedefop's budget 2014 (breakdown by budget line) and Cedefop's new Financial Rules were launched in December 2013.

ANNEX 9

Organisation chart

Annex 9:

CEDEFOP organisation chart (situation on 31 December 2013)



ANNEX 10

Report on leaves authorised under
the flexitime and compensatory
leaves schemes

Annex 10 – Report on leaves authorised under the flexitime and compensatory leaves schemes

	A	B	C = B/A	D	F = B - D	G = F/A	H = D/A
Category	Number of staff members	Total extra days worked	Average total days worked	Total Compensation Days Taken	Net extra days worked ¹	Average net extra days worked	Average days of compensation
AD 14	2	49.8	24.9	13.0	36.8	18.4	6.5
AD 12	3	121.5	40.5	27.5	94.0	31.3	9.2
AD 11	10	271.9	27.2	68.0	203.9	20.4	6.8
AD 10	4	267.3	66.8	32.0	235.3	58.8	8.0
AD 9	3	106.2	35.4	24.5	81.7	27.2	8.2
AD 8	4	132.5	33.1	45.5	87.0	21.8	11.4
AD 7	4	56.4	14.1	27.0	29.4	7.4	6.8
AD 6	6	166.6	27.8	37.0	129.6	21.6	6.2
AD 5	10	205.2	20.5	61.0	144.2	14.4	6.1
AST 10	1	17.5	17.5	10.0	7.5	7.5	10.0
AST 9	2	41.9	21.0	19.0	22.9	11.5	9.5
AST 7	6	108.5	18.1	39.0	69.5	11.6	6.5
AST 6	4	64.2	16.1	31.0	33.2	8.3	7.8
AST 5	5	71.5	14.3	18.0	53.5	10.7	3.6
AST 4	15	174.9	11.7	81.5	93.4	6.2	5.4
AST 3	9	108.7	12.1	42.5	66.2	7.4	4.7
AST 2	4	31.8	8.0	17.5	14.3	3.6	4.4
FG IV	3	53.8	17.9	23.5	30.3	10.1	7.8
FG III	6	114.6	19.1	42.5	72.1	12.0	7.1
FG II	10	152.7	15.3	48.0	104.7	10.5	4.8
FG I	1	9.9	9.9	0.0	9.9	9.9	0
SNE	4	52.6	13.2	21.5	31.1	7.8	5.4

¹ Net extra days worked: Accounting the total number of extra days worked less the number of compensation days taken throughout the year.

ANNEX 11

Progress report of the Data
Protection Officer



NOTE TO THE DIRECTOR

Progress Report January - December 2013

1. Introduction

The objective of this document is to report on the progress of data protection issues at Cedefop and, in particular, to present the activities carried out by their Data Protection Officers. This report covers the period January to December 2013.

2. Management summary

Protection of personal data is a high priority for Cedefop and compliance with all the processing operations is a necessary quality of proper governance and cooperation with the EDPS. Cedefop DPOs have continued this year the activities of promoting data protection, disseminating information, providing consultation and cooperation with the data protection stakeholders (controllers, data subjects, and the Staff Committee), and externally with the DPO network and the EDPS. To this end, the DPOs cooperated with the controllers as well as the staff in all the matters involving protection of personal data. The DPOs took an active position on consulting the EDPS for all the relevant matters as well as responded to communications and requests of the EDPS. The DPOs have attended the DPO network meetings and EDPS meetings. As far as the administrative work is concerned, the DPOs updated the inventory and register with the processing operations and notifications that were established this reporting period.

The consultations of the DPO on data protection addressed to the EDPS have returned valuable knowledge and have answered questions raised.

Ensuring proper implementation of Regulation 45/2001 requires an effort and time dedication from controllers and services in parallel to their day to day operations representing additional workload. The part-time job allocation of the DPOs is supplemented with the work of a full-time trainee, thus, facilitating the continuation of data protection work at Cedefop. In addition, and according to a recommendation of the EDPS for providing additional resources to the Data Protection duties and tasks, Cedefop's acting Director appointed a 2nd part time DPO to the Data Protection duties of the Centre, Mr Jesús Bustamante was assigned to the DPO duties with an effect date of 1st of January 2012.

3. Activities

The activities of the DPOs for this year were concentrated on finalising the notifications of the processing operations under article 25 as well as 27. DPOs advised and provided information regarding data protection issues to staff, experts, project managers and senior management. In addition, they carried out the following activities:

1. The DPOs replied to the EDPS's summer 2013 exercise on monitoring compliance of EU institutions and bodies with Article 24 of Regulation (EC) 45/2001 and the report on the status of Data Protection Officers by submitted to them a copy of the inventory, registry according to the information that the EDPS requested,
2. The DPOs participated in the workshop organised in Brussels on e-Communications that took place in June 12,
3. The DPOs provided an Information Session to all staff members where two topics were covered, a) ICT Security awareness and b) Data Protection awareness.

The DPOs attended the following DPO network meetings and trainings:

1. DPO Network Meeting, Lisbon 28-2 and 1-3 2013 Mission # 20130014
2. EDPS Training for DPOs – Brussels Mission # 20130096
3. EDPS Workshop electronic communications Brussels, Mission # 20130129
4. DPO Network Meeting, Brussels Mission # 20130150, 20130266,

3.1 Figures and facts

DPOs submitted to the EDPS the following notifications to be processed under Article 27 for prior-checking cases:

Pending notifications with the EDPS

1. Part time work (Health) submitted to the EDPS 2012-0384.

Regular notifications have also been completed in the Register for the following processing operations that contain personal data:

1. CDFNOT053-Posting of interviews on Cedefop website (draft)
2. CDFNOT057-Staff-Survey-2012 (registered)
3. CDFNOT058-RPA-National-Experts-onSF (registered)
4. CDFNOT059-Cedefop-Events (draft)
5. CDFNOT060-Telephone-Cascade-System (registered)
6. CDFNOT061-Transfer-of-Cedefop-staff-2-the-EC (registered)

Consultation to the DPO:

No consultations to the DPO have been made during the reporting period.

3.2 Data Protection Register

In accordance with article 26 of Regulation 45/2001, the DPOs maintain a Data Protection Register where all processing operations are recorded. The DPOs are required to give access to the notifications of the processing operations of Cedefop to anyone requesting information. Thus, the register is made publicly available on the Intranet of Cedefop. It consists of a XML file called *inventory* (frequently updated), designed in order to make more accessible the search for a specific processing operation, and the *register* which consists of all processing operations of personal data which have been notified to the DPO. Each notification in the register consists of four folders: notification, legal Basis, information to the data subjects and annexes.

3.3 Follow-up of EDPS' recommendations

The DPOs have also undertaken the follow-up of the EDPS recommendations with the data controllers.

4. Information

Informing on data protection matters is one of the main duties of the DPOs. General information on data protection issues including rules and regulations are available on the DPO intranet page. Additionally, data controllers will find information on their obligation to notify the DPOs for every processing operation

that involves personal data, a template notification form and guidelines on how to fill in the notification.

Data subjects who feel that their rights have been infringed can find information on the Data Protection intranet page on the procedure for lodging a complaint before the European Data Protection Supervisor and the necessary form to be downloaded and sent.

The Data Protection officers may invite experienced DPO colleagues from other EU Institutions and bodies to make presentations related to Data Protection issues, have discussions and answer questions to the staff, the staff committee and the data controllers, an activity that depends on budget and external DPOs availability and willingness.

Moreover one information-training session was delivered to the staff members by the DPO, on 25 of September 2013.

4.1 To controllers

According to article 4 (1) of GB of Implementing Rules Concerning Data Protection at Cedefop, the DPOs advise the data controllers on matters concerning the application of data protection provisions. Thus, the DPOs have had consultation meetings concerning especially the “e-mail this page” feature of the Cedefop Webportal, data protection issues related to Europass Mobility, consultation and meeting participation on the implementation of proxy system.

4.2 To data subjects

Informal meetings have taken place during the year with data subjects and data controllers in data protection related issues, all questions have been answered in a timely fashion.

4.2.1 Internal data subjects

A specific effort is continuously required from the controllers to clearly separate the process of notification to the DPO from the process of information to the data subjects.

4.2.2 External data subjects

The announcements and privacy statements placed on the Cedefop's web site, procurement files, and selections procedures make external data subjects aware of our compliance with the Regulation, as well as the way Cedefop processes their data. Raising awareness for external data subjects is not an easy task. However, efforts will continue in this direction.

5. Cooperation

The cooperation program includes cooperation, on one hand, with the EDPS and the network of DPOs of EU institutions and bodies, and, on the other hand, with Cedefop services.

5.1 Cooperation with the EDPS and the network of DPOs

The DPOs have the obligation to respond to the EDPS's requests but also to cooperate and consult with the EDPS whenever necessary. The DPO Network introduced a training session for all DPO on ICT related topics, this training session took place during the Fall meeting in Brussels hosted by the EDPS, one of the Cedefop DPOs delivered sessions on ICT cloud services, and ICT security issues related to Data Protection.

5.2 Cooperation with Cedefop services

An important task of the DPO is to cooperate, inform and raise awareness among the controllers about the data protection related matters, principles of data protection and processes that need to be notified. Information sessions, meetings and consultations are organized by the DPO whenever needed. The DPOs have actively participated in the meetings related to the implementation of a proxy system, drawing attention to the possible privacy infringement consequences and the ways of making such systems comply with data protection rules.

Additionally, the DPOs are open for a cooperation scheme as follows:

1. Staff Committee
2. Internal Audit Service of the European Commission
3. The Court of Auditors of the European Union

6. Resources

6.1 Human Resources

The dedication of time during the period of January-December 2013 has been 20% (~60 working days) of two temporary posts.

6.2 Budget

An estimated expenditure for the data protection activities during the specified period of this report can be summarized as follows:

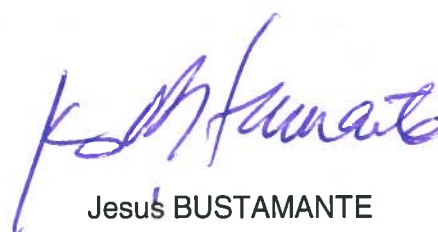
Activity	Amount
Mission costs for DPO/EDPS Network meetings, EDPS training and EDPS workshop attendance	5,200.49 €
Training cost	0 €
DPO ¹ (AD11/01) ~1 month 12,170.92 € x 1 =	~ 12,170.92 €
DPO (AD8/2) ~2 months 9,177.75 € x 2 =	~ 18,355.50 €
Total	~ 35,726.91 €

7 Communication tools

The data-protection-officer@cedefop.europa.eu mail account is available for any questions or comments regarding data protection issues at Cedefop:



Spyros ANTONIOU



Jesus BUSTAMANTE

¹ These are the average monthly figures based on the Human Resources (HR) numbers fed into the Activity Based Budget (ABB)