



CEDEFOP

European Centre for the Development
of Vocational Training



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CEDEFOP

CONSOLIDATED ANNUAL ACTIVITY REPORT (CAAR) 2014

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⁽¹⁾ 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

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**GOVERNING BOARD'S ANALYSIS AND ASSESSMENT****Cedefop's Governing Board Analysis and Assessment of Cedefop's Consolidated Annual Activity Report (CAAR) 2014**

Article 47 of Cedefop's Decision of 9 January 2014 on the financial rules requires the Governing Board to send to the Court of Auditors, the Commission, the European Parliament and the Council the consolidated annual activity report of the previous financial year together with its assessment, no later than 1 July.

The Governing Board, based on its analysis and assessment of the Director's Consolidated Annual Activity Report 2014:

- takes note of Cedefop's report on the implementation of the annual work programme 2014, and in particular:
- welcomes the fact that Cedefop's work is well aligned with and highly relevant to the European policy agenda set for education and training (Education and Training 2020) and for VET, in particular (Copenhagen Process, Bruges communiqué); that the results of the agency's work and its expertise were used extensively for EU-level policy documents also during this transitional year when several originally planned decisions were postponed as the new Commission only took office in November;
- acknowledges the added value of Cedefop's continued support to the European Commission, Member States and social partners in the framework of Education and Training 2020 and the Copenhagen process (Bruges communiqué, 2010) through its research, analyses and expertise, in particular: the agency's contribution to the development, implementation, interaction and promotion of the common European tools and principles which help make citizens' qualifications, skills and competences better understandable and comparable; the agency's review of countries' achievements in the agreed deliverables for the period 2011-14 which has informed the discussions on a new set of common priority areas for VET.
- that Cedefop has, as in the past, been entrusted with important tasks, for example to take care of the 2014 update of the European inventory on validating non-formal and informal learning, examine the feasibility of a mobility scoreboard for VET or to develop and maintain the EU skills panorama in cooperation with the European Commission;
- welcomes the fact that Cedefop has moved towards supporting Member States and social partners more directly as recommended in its 2013 external evaluation by piloting thematic country reviews on apprenticeships and organising policy learning events;
- welcomes the fact that Cedefop has reinforced its work on apprenticeships; acknowledges the added value of the agency's support to the European alliance for apprenticeships and the ET2020 working group on VET through its reviews, events and

expertise;

- acknowledges the added value of Cedefop's expertise on the interaction between skills, qualifications, education and training and the labour market which has informed EU-level and international efforts to reduce skills mismatch and ease education and career transitions;
- takes note of Cedefop's good cooperation with the EU Presidencies and its content support for VET-related events and activities (background information and analyses, contributions to events);
- underlines the importance of Cedefop's contribution to the development of Europass and their high acceptance by European citizens as proved by statistics;
- acknowledges the successful efforts of Cedefop to ensure synergy and complementarity in its work with that of ETF and Eurofound and its efforts to cooperate and align work with the OECD, ILO, UNESCO, and other world-leading actors like the World Economic Forum;
- congratulates the Centre on its overall performance as attested by its indicators which confirm the findings of its external evaluation (end 2013) stating that Cedefop is a highly acknowledged centre of expertise in VET and skills policies inside (as well as outside) the EU and that its work does not overlap with that of other decentralised EU agencies;
- takes note that Cedefop's performance measurement system (PMS) has been internally reviewed with the objective to refine it, develop it further, and explore the possibility of better linking indicators to ABB activities as recommended by the external evaluation;
- notes that the 'other sources of assurance' functions (former internal audit capability - IAC) 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 remaining high risk areas requiring mitigating actions in the IAS Strategic Audit Plan 2013-15 – business continuity and building issues (facility management) – have been closely followed up as planned and invites the Centre to continue these efforts also in 2015;
- is highly satisfied that the Centre has implemented all audit recommendations planned for 2014 (from the agreed action plan of the IAS audit on external communication and stakeholders management) and that no IAS very important recommendations were open by 31 December 2014; invites the Centre to continue follow-up and implementation of the remaining recommendations planned for 2015;
- congratulates the Centre on the fact that the European Court of Auditors' Preliminary observations with a view to a report on Cedefop's annual accounts 2014 confirms the regularity and legality of the underlying transactions in all material aspects and contains no specific comments; congratulates the Centre for having implemented and closed all

recommendations from previous years;

- acknowledges the progress achieved in improving planning and monitoring, and appreciates again in 2014 the high level of budget implementation realised (98.93%) and the establishment plan's occupation of 97%;
- acknowledges the positive discharge report of the European Parliament on the budget 2013;
- appreciates the fact that throughout 2014 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 Deputy Director was successfully completed and that the new Deputy Director took up her duties on 1 September 2014; welcomes the smooth transition to the new Deputy Director;
- takes note of the declaration of assurance of the Director and appreciates the information provided on all underlying building blocks for assurance that underpin the declaration;
- congratulates Cedefop's staff and management on the results achieved in 2014 and expresses its satisfaction and appreciation of the high level of commitment and quality of work of the Centre despite financial and human resource constraints;
- confirms that the Governing Board's analysis of the Consolidated Annual Activity Report 2014 is positive and, in its opinion, provides the necessary assurance for the positive assessment of the results achieved by Cedefop in 2014.

The Governing Board adopted its analysis and assessment at its meeting on 11 June 2015.

Date

12.6.15 

Barbara Dorn
Chair of the Governing Board

INTRODUCTION – CEDEFOP IN BRIEF

Cedefop is one of the EU's oldest decentralised agencies. Founded in 1975 ⁽²⁾, it was relocated from Berlin to Thessaloniki, Greece in 1995. Cedefop supports the European Commission, EU Member States and social partners in developing and implementing vocational education and training (VET) policies.

Cedefop is governed by a Board made up of three delegates from each Member State representing the government, employers' and employees' organisations reflecting the tripartite relationships which are fundamental to successful VET; and three members representing the European Commission. The latter are nominated by the Commission, while social partner and government representatives are appointed by the Council. The Governing Board convenes once a year. To increase efficiency and reinforce supervision of content, administrative and budgetary management, the Governing Board has delegated decision-making powers to a small-sized Bureau in which all groups are represented (governments, social partners and Commission). The Bureau meets five times per year. Bureau decisions are taken by mutual agreement. All documents in preparation for the meetings and for decision are made available via an 'online community network' open to all Governing Board members. If necessary, Governing Board decisions are taken by written procedure.

Cedefop 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 Union subvention. Until November 2014, its 'partner DG' in the European Commission was the General Directorate for Education and Culture. With the new Commission taking office, the General Directorate for Employment, Social Affairs and Inclusion (EMPL) was assigned this role ⁽³⁾. Cedefop receives additional revenues from the associated countries Norway and Iceland. Representatives of these countries also participate in the meetings of the Governing Board and Bureau as observers.

Cedefop's activities are guided by its Founding Regulation, strategic objective, and medium-term priorities (multiannual programme). Cedefop's strategic objective is to contribute to designing and implementing policies for an attractive VET that promotes excellence and social inclusion and to strengthening European cooperation in developing, implementing and analysing European VET policy. The strategic objective is supported by three medium-term priorities ⁽⁴⁾:

- 1) Supporting modernisation of VET systems;
- 2) Careers and transitions – Continuing VET, adult and work-based learning;
- 3) Analysing skills and competence needs to inform VET provision.

The medium-term priorities steer the activities of Cedefop's annual work programmes and ensure continuity of its work allowing the necessary flexibility to respond to changing needs.

⁽²⁾ Council Regulation of 10 February 1975 establishing the European Centre for the Development of Vocational Training (Cedefop) EEC No 337/75, Official Journal of the European Communities, L 39, 13.2.1975 as last amended by Council Regulation EC No 2051/2004.
http://www.cedefop.europa.eu/EN/Files/Consolidated_version_Founding_Regulation_EN_01975R0337-20041221-en.pdf

⁽³⁾ Mission letter by President Juncker to Commissioner Thyssen of 1 November 2014
http://ec.europa.eu/commission/2014-2019/thyssen_en. SEC(2014) 572 final (not publically available).

⁽⁴⁾ Cedefop's medium-term priorities initially covered the period 2012-2014. They have been extended until 2015 by decision RB(2014)01117 of the Governing Board and until 2016 by decision RB(2015)00369.

EXECUTIVE SUMMARY

2014 in brief

Although 2014 was a transitional year in EU-level policy making, demand for Cedefop support was high. Better links between education and training and the labour market to improve young people's employability was central to the Greek and Italian Presidency policy agendas. Two thirds of Member States were recommended to make their VET more relevant, effective and efficient and many started to put *youth guarantees* in place.

Expanding work-based learning opportunities, in particular apprenticeships, has been a main feature of this work which Cedefop supported in different ways. 'Steering partnerships for growth', the event organised jointly with the European Commission in May 2014, encouraged cross-country cooperation on apprenticeships and sowed the seeds for several initiatives that have received Erasmus+ support. Thematic country review pilots assisting Lithuania and Malta to develop and expand apprenticeship schemes that suit their specific contexts have attracted other countries' interest (Greece, Italy and Slovenia). As a result, this strand of work will continue in 2015. These feats were part and parcel of Cedefop's support to the European alliance for apprenticeships. Promoting policy learning and country reviews are main pillars of the Agency's reinforced support to Member States and social partners – a follow-up to the proposal made in the recent external evaluation.

Skills audits are seen as a basis to ensure effective *youth guarantee* measures and an important step when certifying skills and competences people have acquired outside formal education and training. That Cedefop was asked to coordinate and contribute to the 2014 update of the European validation inventory is a sign of trust in its expertise on tools and principles that can make it easier for citizens to progress in learning and working within and across countries. With the conference 'Stepping up a pace' Cedefop stimulated a future-oriented debate to ensure that these European tools are synergized, more widely known and used. The conference conclusions 'revisit and link them better' and create a 'front-office' that helps users better understand their value aimed to inform the European Commission's reflections on how to take the tools forward and make them more relevant to end users at both ends of the spectrum – technical and citizens' level. The recognition of the agency's long-standing expertise in this field is reflected in Cedefop's performance measurement system: demand for contributions by Cedefop to stakeholder meetings and to EU-level policy documents related to the European tools has the highest shares.

2014 also saw the review of what countries had achieved in commonly agreed priorities for VET. In line with its mandate, Cedefop prepared its report 'Stronger VET for better lives' based on its systematic analyses of countries' progress towards the 22 deliverables and overall objectives set in Bruges in 2010. The findings informed the Commission's work on country specific recommendations (European semester) and, together with discussions at the conference 'Building European VET – Time to move on', the reflections on a set of new deliverables until 2020 decided under the Latvian Presidency.

Invitations from international organisations prove that Cedefop has built a reputation as a Centre of expertise on interaction between skills, education and training and the labour market also beyond the EU's borders. The joint events and publications with OECD on

green skills and jobs; its contribution to the OECD's 2014 edition of *Education at a glance* which focused on the widely discussed adult skills survey; its participation in the World Economic Forum's global agenda councils on employment and future jobs and its contribution to the report *Matching skills and labour market needs* – are some examples that bear witness to this success.

The popularity of the Briefing note on *Skills mismatch: more than meets the eye* (with 8000 downloads top of all publications) is just one example confirming the relevance of the agency's work to the policy agenda. Analysis of EU-level documents shows that take up of Cedefop's findings is not limited to those on education and training or employment issues. This clearly signals trust in its work, as do proposals by the Commission, the European Economic and Social Committee (EESC) and European social partners to tap its expertise for future tasks. While the use of its work on skill needs and supply has become 'common standard', Cedefop's support for modernizing VET systems follows suit. Closer analysis of the policy documents confirms that Cedefop's medium-term priorities, activities and projects complement one another and are fully aligned with the EU policy agenda.

Towards the end of the year, Cedefop experienced a change in governance, with DG Employment becoming its new 'partner DG' in line with the reallocation of portfolios to the new Commissioners. The transition was smooth and cooperation at all levels established a very constructive *rapport*.

Cedefop's performance measurement system (PMS) is an integral part of its planning and reporting processes. Focusing on outcomes, performance indicators show how and by whom Cedefop's work is used and the effect it has. Cedefop also monitors how its administration and internal services contribute to achieving Cedefop's objectives. Starting in 2009, Cedefop was among the first European agencies to use performance measurement to support transparent reporting to stakeholders and promote a culture of continuous improvement among its staff.

Cedefop's PMS is fully integrated into the organisation's internal control standards and building blocks of assurance (building block of assurance 3 - Planning and risk management processes and building block of assurance 6 - Evaluation and audit 4 ⁽⁵⁾). By clarifying the organisation's expected impact and outcomes, the PMS also contributes to the organisation's mission to be 'clearly defined in up-to-date and concise mission statements, developed from the perspective of Cedefop's target groups and stakeholders' (Building block of assurance 1, Mission).

⁽⁵⁾ Ref: Note DIR/2009/380 on Internal Control Standards dated 15 September 2009;

Key Performance Indicators	
References to Cedefop's work in 97 EU policy documents and in 31 policy documents of international organisations (OECD, Council of Europe, UNESCO)	Key policy user - European Commission (64%) followed by the European Parliament (8%) and the EU social partners (5%).
164 contributions to EU-level senior stakeholder meetings that support policy implementation 78 contributions to other conferences and events including key note speeches to major events such as EU OECD dialogue on international migration and mobility, the European jobs and skills summit, the World Economic Forum Summit on the Global Agenda and the meeting on Global NQF inventory and Global reference levels for qualifications with ETF and UNESCO.	
413 citations in academic literature in 2013-14	Most frequently quoted topics are those related to skills supply and demand in Europe, the shift to learning outcomes, skills for green jobs and on validation of non-formal and informal learning.
Budget execution at 98.93% Occupation of the establishment plan 97% Average time to pay invoices 12.5 days	High levels of effectiveness and efficiency of Cedefop's administration and internal services.
114 publications	
69 events organised	
2 098 visitors at Cedefop events	
2 700 participants from 34 countries in 245 study visits taking place in 32 countries	
745 media articles referring to Cedefop's outcomes	
331 000 visits to Cedefop website	
22 million visits to Europass website	
600 000 Cedefop publications downloaded	

Key performance indicators show high organisational impact: Cedefop's work is widely cited in 97 policy documents of the EU. Cedefop provided advice and expertise to Presidency events and EU-level senior stakeholder meetings that support policy implementation (164 contributions). 69 conferences, workshops and meetings with high level representatives of EU and national institutions were organised by Cedefop. 92% of participants considered the events very good or good. 600 000 Cedefop publications were downloaded, including 71 000 briefing notes targeting policy makers and published in eight languages. This shows high interest in the knowledge and insights the Agency generates. 745 media articles reported on Cedefop's work in leading European media including Die Welt, The Times of Malta, the Times Educational Supplement and El Pais. Academic/scientific journals cited Cedefop publications and studies (413 citations in 2013-14). Facebook followers increased by 33% adding to 5 800 followers; Twitter followers increased by 36% to count 2 800 followers.

The 2014 report of the European Court of Auditors on the accounts 2013 contains no specific comments and acknowledges that Cedefop has followed up on all recommendations of previous years. It further acknowledges that the transactions underlying the annual accounts 2013 have been legal and regular in all material respects.

The 2015 report of the European Court of Auditors on the accounts 2014 contains no specific comments and further acknowledges that the transactions underlying the annual accounts 2013 have been legal and regular in all material respects.

The Centre implemented all audit recommendations planned for 2014 (from the agreed action plan of the IAS audit on external communication and stakeholders management) and no IAS very important recommendations were open by 31 December 2014.

The discharge report of the European Parliament on Cedefop's budget 2013 emphasises that the Centre's work is highly relevant to the Union vocational education and training and skills policy agenda. The report is positive in relation to the Centre's budget and financial management, the follow up of the 2012 discharge, Procurement and recruitment procedures, internal controls and internal audit. It also welcomes the measures taken by the Centre with regard to cost effective and environment-friendly solutions.

Completion of the building repair works continues to be delayed, although significant progress was recorded by the end of 2014. The Greek government is financing the repair works and ensures their supervision. The Centre has no direct control on the implementation. It is however in close contact with the supervising team appointed by the Greek authorities, monitors progress and keeps its Governing Board regularly informed.

Developments in 2014 in the administrative services concentrated on further streamlining procedures and increasing efficiency.

1. PART I: POLICY ACHIEVEMENTS OF THE YEAR

1.1. Medium-term priority 1: Supporting modernisation of VET systems

1.1.1. ABB Activity: Policy analysis and reporting

The year 2014 took stock of progress accomplished by countries and at European level towards the strategic objectives set for VET in 2020 in the Bruges Communiqué ⁽⁶⁾ and actions in Member States to implement agreed short-term deliverables. Following its mandate in the Copenhagen process, Cedefop **analysed the main developments in VET** in the past four years. Outcomes highlighted the Communiqué's strong impact and showed an increasing emphasis on work-based learning and apprenticeships and more focus on measures to reduce early leaving from education and training.

Findings of Cedefop's 2014 monitoring and analysis of VET policy developments informed discussions at the ACVT enlarged Bureau and the meetings of the DVGTS and the ACVT. They were also presented at the conference '**Building European VET – Time to move on**' ⁽⁷⁾ where participants debated progress and obstacles to reforms and discussed priorities for 2015-17. The conference concluded that pursuing common priorities within a voluntary framework has made European VET stronger in the past years. Discussions in small working groups zoomed in on four thematic areas where achieving progress appears challenging: monitoring labour market outcomes and ensuring feedback to VET provision, the use of incentives in VET, the role of VET for innovation and key competences in VET.

To support the Greek and Italian Presidencies of the EU, **descriptions of the national VET system in Greece** ⁽⁸⁾ and **in Italy** ⁽⁹⁾ – prepared with ReferNet partners – were released.

A total of twenty-five country '**Spotlights**' were published online summarising key features, challenges and developments of the national VET systems in European countries ⁽¹⁰⁾. The new unified approach to display VET system charts eases cross-country comparisons.

Cedefop provided **analytical input and country-based information** to the 'policy analysis sessions' held in February in the Commission as contribution to the country specific recommendations (CSR) 2014. Based on the input of ReferNet and evidence from Cedefop's work and other sources, Cedefop provided the Commission with updated country fiches summarising the achievements towards the Bruges short-term deliverables. Further, the Agency contributed to the discussions of DVGTS and ACVTs on new short-term deliverables for the period 2015-2020 (expected to be endorsed in Riga in June 2015).

On the way to 2020: data for vocational education and training policies – update ⁽¹¹⁾ presents 32 indicators to provide critical information about the position of each country in

⁽⁶⁾ http://ec.europa.eu/education/policy/vocational-policy/doc/brugescom_en.pdf

⁽⁷⁾ <http://www.cedefop.europa.eu/events/BuildingEuropeanVET2014/index.html>

⁽⁸⁾ Cedefop (2014). <http://www.cedefop.europa.eu/node/12004>

⁽⁹⁾ Cedefop (2014). <http://www.cedefop.europa.eu/node/12040>

⁽¹⁰⁾ NO, LV, FI, EE, UK, SI, PL, HU, NL, GR, RO, MT, LU

relation to the priorities of European VET and lifelong learning policy. This statistical material is also available in an online interface that allows comparisons between countries. Three **'Statistical highlight'** were published in 2014 focusing on the increase of the demand for science, technology, engineering and maths (STEM) skills ⁽¹²⁾, on the OECD survey of adult skills (PIAAC) ⁽¹³⁾ and on early school leaving and rates of young people not in employment, education or training ⁽¹⁴⁾.

The Research Paper **Attractiveness of initial vocational education and training** ⁽¹⁵⁾ investigates the state of play in EU Member States as well as in selected non-EU countries. It concludes that many policies aiming at improving attractiveness of VET have focused on improving specific characteristics of IVET systems. While IVET systems' features are important, a wider range of factors make an IVET system attractive. In particular exogenous demand drivers, such as the labour market composition, or wider societal factors may influence students' choice, such as the educational context and the views of family members.

1.1.2. ABB Activity: Common European tools, qualifications and learning outcomes

Cedefop continued to support the European Commission, Member States, social partners and other stakeholders in **developing and implementing the commonly agreed European tools and principles** ('Education and training 2020' framework for cooperation in education and training; VET communiqués since 2002 with the Bruges communiqué in 2010; and relevant Council recommendations and resolutions). The aim of this work is to make qualifications more transparent, ease mobility of learners and workers and promote lifelong learning. Cedefop's work provides a strong evidence base for all who (co)shape VET policies. Its analyses show that development and implementation of the tools has stimulated (reforms of) VET and lifelong learning policies at all levels, strengthening dialogue and interaction between education and training and labour market stakeholders.

Cedefop's 5th annual overview and analysis of **NQF developments in Europe** shows that qualifications frameworks are increasingly becoming an integral part of Europe's education and training systems. More countries refer to NQF levels when developing or updating qualification standards and curricula. Increasingly, countries see NQF as a tool for reform in education and training. However, to reach its full operational stage all relevant users need to be aware of their added value and use them.

The outcomes of other Cedefop studies and analyses also informed the implementation of EQF/NQF. The working paper **'Qualifications at level 5: progressing in a career or to**

⁽¹¹⁾ Cedefop (2014). <http://www.cedefop.europa.eu/node/11984>

⁽¹²⁾ Cedefop (2014). <http://www.cedefop.europa.eu/en/publications-and-resources/statistics-and-indicators/statistics-and-graphs/rising-stems>

⁽¹³⁾ Cedefop (2014). <http://www.cedefop.europa.eu/en/publications-and-resources/statistics-and-indicators/statistics-and-graphs/adult-skills-and-vet>

⁽¹⁴⁾ Cedefop (2014). <http://www.cedefop.europa.eu/en/publications-and-resources/statistics-and-indicators/statistics-and-graphs/keeping-young-people>

⁽¹⁵⁾ Cedefop (2014). <http://www.cedefop.europa.eu/node/12000> (deliverable from 2013)

higher education' ⁽¹⁶⁾ and the briefing note 'The hidden potential of level 5 qualifications' ⁽¹⁷⁾ showed that these qualifications play an important role in providing access to employment and career advancement. They also enable further learning and progression to higher education. This double function makes them attractive to learners and employers.

Cedefop's increased analytical work in 2014 also fed the **EQF referencing process**. Cedefop drafted comments on ten countries' (draft and final) national reports explaining how they relate their national qualification levels to the EQF. Cedefop's analysis shows that countries are putting considerable effort in preparing credible and reliable reports explaining in detail terminological and conceptual links to the EQF. However, they encounter several challenges such as the use of learning outcomes when assigning qualifications to NQF levels; or how to involve all stakeholders, including social partners, and improve cooperation with those verifying that higher education qualifications are in line with the three-cycle Bologna framework. To inform the next stage of work, Cedefop analysed the comments made by the EQF advisory group on the 26 national reports submitted between September 2009 and June 2014. This analysis shows that the referencing process has worked in line with the EQF Recommendation (2008) and the ten referencing criteria.

Discussions within the EQF Advisory Group pointed to the need for a better understanding of **international sectoral qualifications (ISQ)** awarded by bodies operating outside the direct jurisdiction of national authorities. To help understand better the different national policies and approaches used to relate these qualifications to the NQFs a sub-group was set up as a sub-group of EQF Advisory Group. Cedefop was invited to provide analytical support to its work and proposed a common definition of ISQ illustrated with concrete examples.

Cedefop continued to support the development of a standard **European classification of skills, competences, occupations and qualifications (ESCO)**. Work in 2014 focused on the conceptual development of the skills and competence pillar. This entailed continued work on a terminology for transversal skills and competences and preparatory work to develop a methodology for using learning outcomes in the skills and competence pillar. Cedefop's analysis informed discussions of two workshops organised by the Commission in February. Drawing on the conclusions of the workshops, Cedefop drafted a series of notes for the ESCO Board as a basis for the work towards a fully operational ESCO in 2017.

Cedefop published the 2014 update of the **European Inventory on validation of non-formal and informal learning** ⁽¹⁸⁾ which includes 36 reports for 33 countries, eight thematic reports and two case studies ⁽¹⁹⁾. It shows that countries are progressing towards the goal of

⁽¹⁶⁾ Cedefop (2014). <http://www.cedefop.europa.eu/EN/publications/23886.aspx>

⁽¹⁷⁾ Cedefop (2014). 'The hidden potential of level 5 qualifications'
<http://www.cedefop.europa.eu/EN/publications/24057.aspx>

⁽¹⁸⁾ <http://www.cedefop.europa.eu/en/events-and-projects/projects/validation-non-formal-and-informal-learning/european-inventory>

⁽¹⁹⁾ Thematic reports: Awareness rising, Competence assessment in the private sector, Current approaches to skills audits in the public sector, multi-level governance, Guidance and counselling, Research themes on validation, Validation and early school leavers, validation methods. Case studies: Kompetenz mit System Austria, validation of self-acquired learning and credits transfer in web design and computer animation (CREATE)

establishing validation arrangements by 2018 as stipulated in the 2012 Council Recommendation ⁽²⁰⁾, although at a slow pace. An increasing number of countries is developing or reviewing their national strategies for validation but awareness of its benefits still remains weak among citizens and other stakeholders in most European countries. The outcomes of the inventory were summarised in the briefing note ‘The validation challenge: how close is Europe to recognising all learning?’ ⁽²¹⁾.

The inventory corroborates the findings from Cedefop’s reference publication ‘**Use of Validation by enterprises for Human Resource and Career Development purposes**’ ⁽²²⁾. Based on interviews in ten selected European countries ⁽²³⁾, 20 case studies and a survey of more than 400 European enterprises, findings reveals that correctly assessing skills and competence is important in European companies’ recruitment and human resource management. Outcomes are mostly firm-specific and employees will normally not be able to use them outside the company in question. This leads to a multiplicity of firm-specific standards within the business community. The study also reveals that enterprises’ efforts in competence assessment are not really linked to public validation arrangements.

The European credit system for vocational education and training (ECVET) entered its fifth year of implementation in 2014. Cedefop’s report ‘**Monitoring ECVET implementation strategies in Europe in 2013**’ ⁽²⁴⁾ looks into how far 38 countries/regions have come in testing, using, and committing to applying ECVET in qualifications. Cedefop’s analysis shows mixed support for ECVET in relation to national VET reforms. ECVET seems not to reach those countries that already have credit transfer systems for VET in place and those with predominantly apprenticeship-based IVET. The outcomes of Cedefop’s analysis informed the European Commission’s external evaluation of the ECVET implementation.

In May, Cedefop held a workshop on ‘**The role of credit transfer systems in opening access, admission and exemption between vocational education and training (VET) and higher education**’ ⁽²⁵⁾. Participants discussed to what extent it is necessary and possible to make the two credit transfer systems compatible, comparable and complementary, and how they interact with validation of non-formal and informal learning. While keeping their distinctive features in terms of learning types, VET and higher education are becoming increasingly intertwined and complementary. Higher education tends to include more work-based/practical learning while VET is increasingly catering for analytical, critical thinking, active citizenship and values that are essential for today’s society.

In 2014, Cedefop focused on the continuous improvement of the **Europass** web resources to better meet users’ needs. The content of the ICT self-assessment grid was finalised and the tool will be integrated into the Europass CV in 2015. A cover letter online editor was

⁽²⁰⁾ <http://www.cedefop.europa.eu/en/news-and-press/news/council-recommendation-validation-non-formal-and-informal-learning>

⁽²¹⁾ Cedefop (2014). <http://www.cedefop.europa.eu/en/publications-and-resources/publications/9092>

⁽²²⁾ Cedefop (2014). <http://www.cedefop.europa.eu/EN/publications/23963.aspx>

⁽²³⁾ Denmark, Finland, France, Germany, Ireland, Lithuania, the Netherlands, Norway, Romania, Spain.

⁽²⁴⁾ Cedefop (2014). <http://www.cedefop.europa.eu/EN/publications/22409.aspx>

⁽²⁵⁾ Cedefop (2014). <http://www.cedefop.europa.eu/EN/events/22602.aspx>

launched in April and a more intuitive, optimised, online editor with responsive layout compatible with tablets was launched in October. A prototype of CV template for blind and visually-impaired users was developed in cooperation with the Thessaloniki school for blinds. Statistics confirm the relevance of Europass for citizens (21.75 million visits in 2014 - 4.3% increase compared to 2013 and 13.63 million Europass documents created online – 34% increase compared to 2013).

In 2014, Cedefop continued to support the European Commission in implementing the **EQAVET recommendation** and generated further knowledge on quality assurance in VET through research. Cedefop contributed to the work of the EQAVET steering committee, annual forum and its two working groups on: (i) facilitating the development of a quality approach for VET providers in line with EQAVET; and (ii) supporting VET systems to address the interrelation between the EQAVET framework and existing quality management systems/instruments.

The workshop in October on **Quality Requirements of New Forms and Contexts of Teaching and Learning** brought together higher education and VET teachers with longstanding experience in e-learning, policy makers and EU stakeholders. Participants discussed advantages and challenges that media-driven learning presents for students, teachers and educational institutions. The workshop confirmed that quality plays a key role in this type of education. Quality matters also because there is an increased need to reassure students and society of the real value and currency of qualifications. The discussions also concluded that qualitative e-learning costs more than it is generally thought.

To show which technical and conceptual conditions would be necessary to simplify and better focus the European tools and principles, Cedefop examined the EU tools from the following perspectives: (a) learning outcomes; (b) individuals; (c) credit transfer; (d) quality assurance; and (e) the labour market. Cedefop's outcomes were debated at the conference 'Stepping up the pace: The European tools: relevant to citizens and the labour market' (28-29 November). Building upon and adding evidence to the main conclusions of the consultation on a European Area of skills and qualifications (European Commission, June 2014), the results fed directly the Commission's work on the next stage of the EU tools and principles.

1.1.3. ABB Activity: Study visits

Cedefop's coordinating role of the **study visits programme** ended in June 2014. Among the four study visits specifically addressed to policy and decision makers one focused on the role of social partners in developing NQFs. Study visits publications continued to be popular in Cedefop's web portal, accounting for 16% of all Cedefop's publications.

1.2. Medium-term priority 2: Career and transitions – Continuing VET, adult and work-based learning

1.2.1. ABB Activity: Empowering adults and young people

Empowering young people

Cedefop in 2014 contributed directly to the European Alliance for Apprenticeships by: stimulating policy discussion and policy learning; supporting cooperation at EU level and among Member States and social partners; investigating the conditions for developing and expanding apprenticeships in different countries.

First, Cedefop organised with the European Commission the ‘European conference **“Steering Partnerships for Growth”**’⁽²⁶⁾ (Thessaloniki, 7-8 May) to help countries find potential partners willing to cooperate in developing apprenticeship schemes. On the eve of the above conference, Cedefop published the briefing note **‘Developing apprenticeships’**⁽²⁷⁾. It confirms that the development of apprenticeships heavily depends on employers’ commitment to provide training places and in-company training and design curricula in cooperation with schools and training centres.

Second, in May Cedefop launched **thematic country reviews** looking into apprenticeship systems of Lithuania and Malta on a pilot basis. To support the review, Cedefop drafted country background papers with a special focus on quality apprenticeships’ role to: combat youth unemployment and attract more people to work-based learning (Lithuania); and integrate apprenticeship programmes better into formal education and training, and certified through qualifications referenced to the NQF (Malta). Country background papers were discussed during the first policy learning event organised by Cedefop which gathered stakeholders from both countries in Thessaloniki in September 2014.

Third, Cedefop in close coordination with the Commission continued to provide strategic and expert input to the **ET2020 working group on VET**, focusing on apprenticeship until 2015. For the country workshop organised in Paris in June, as well as the working group meetings held in Brussels in March and November, Cedefop drafted background documentation on attractiveness, guidance and support to SMEs based on the findings of its activities.

Fourth, the workshop **‘Costs and benefits of apprenticeship’**⁽²⁸⁾ was organised in November to debate different methods and tools for measuring costs and benefits of apprenticeship at company level and test their applicability in different European contexts.

In the light of the worryingly high number of jobless youth, Cedefop reinforced its work on **VET’s role in helping reduce early leaving from education and training**. At a workshop in June participants discussed the early findings of Cedefop’s study on VET’s effect on the

⁽²⁶⁾ Cedefop (2014). <http://www.cedefop.europa.eu/EN/events/22591.aspx>

⁽²⁷⁾ Cedefop (2014). <http://www.cedefop.europa.eu/EN/publications/23915.aspx>

⁽²⁸⁾ <http://www.cedefop.europa.eu/en/events-and-projects/events/costs-and-benefits-apprenticeship-company-perspective>

dropout rate. These reveal that in countries where vocational pathways account for a large share of education and training, rates of early school leaving are below the EU target for 2020 (10%). Building on Cedefop's research, a joint Eurydice-Cedefop report on 'Tackling Early Leaving from Education and Training in Europe: Strategies, Policies and Measures' was published ⁽²⁹⁾.

Empowering adults

To address the challenges adults are facing in the labour market, Cedefop also provides evidence and comparative analysis on work-based learning in CVET. Outcomes of its study '**work-based learning approaches in CVET in Europe: policies and practices**' were discussed at a workshop in October. Findings indicate that work-based learning appears to be framed by policies and governance systems.

Taking stock of a selection of Cedefop's past work and the latest outcomes of its monitoring of VET policy report, as well as Commission's studies, preliminary results of Cedefop's '**stocktaking in CVET**' informed discussions at the DGVTs meeting under the Italian Presidency in October. The results reveal that CVET benefits for individuals, companies and society need to be better promoted in order to stimulate concerted actions.

The **policy handbook on access to and participation in CVET** ⁽³⁰⁾ was widely disseminated, including at the DGVT meeting under the Italian Presidency. An EU-level deliverable of the Bruges communiqué, the handbook provides policy guidance illustrated by examples of effective practices. It is addressed to member states, social partners, enterprises and other VET stakeholders to help them further extend access to and increase participation in CVET, and to reinforce high-quality provision.

In 2014, Cedefop also launched a **new database on financing of adult learning** ⁽³¹⁾ which provides information on design and performance of cost-sharing schemes implemented in 27 EU countries ⁽³²⁾. The database covers training funds, tax incentives, grants, vouchers/individual learning accounts, loans, training leave and payback clauses.

Building upon the contribution of the European Commission, Cedefop and the thematic working group on professional development of **trainers in VET** ⁽³³⁾ to the objective set in the Bruges communiqué, Cedefop published '**Guiding principles on professional development of trainers in VET**' ⁽³⁴⁾ followed by a promotional flyer 'EU, be proud of your trainers' ⁽³⁵⁾. The outcomes of the working group were discussed at the Greek Presidency

⁽²⁹⁾ European Commission/EACEA/Eurydice/Cedefop (2014): http://eacea.ec.europa.eu/education/eurydice/documents/thematic_reports/175EN.pdf

⁽³⁰⁾ Cedefop (2014) <http://www.cedefop.europa.eu/en/publications-and-resources/publications/6125>

⁽³¹⁾ <http://www.cedefop.europa.eu/FinancingAdultLearning/> (deliverable from 2013)

⁽³²⁾ Croatia not covered

⁽³³⁾ Thematic working group aiming at collecting good practice and developing guiding principles on the changing roles, competences and professional development of VET teachers and trainers

⁽³⁴⁾ Cedefop (2014). <http://www.cedefop.europa.eu/EN/news/24007.aspx>

⁽³⁵⁾ Cedefop (2014) <http://www.cedefop.europa.eu/EN/publications/24580.aspx>

conference 'Addressing skills mismatches through work-based learning in VET' (March) and at the ACVT meeting (June).

The research paper '**Macroeconomic benefits of vocational education and training**' ⁽³⁶⁾ builds on and expands the body of research on the relationship between education and productivity growth. The analysis Cedefop carried out in six EU Member States ⁽³⁷⁾ suggests that general and vocational skills complement each other but that the impact of skills on productivity is more pronounced in countries where VET is based on apprenticeship training. The analysis further suggests that developing a mix of vocational and general qualifications at various levels will ultimately increase productivity performance.

The research paper '**Navigating difficult waters: learning for career and labour market transitions**' ⁽³⁸⁾ presents 125 individual biographies in five EU countries ⁽³⁹⁾. The study identifies four critical dimensions to the successful management of adults' career changes and transitions: the development of occupational identity as individuals move through the labour market; lifelong learning; the role of educational institutions to support in mid-career development or changes; and career development and management skills.

Although labour demand will continue to be weak in the coming years, Cedefop's skill forecasts point to another challenge already visible in some countries: a falling labour supply and shortages as the population ages. Tackling the lack of labour and addressing skill shortages may require not only bringing more inactive and women into the labour force, but also encouraging economic migration. The working paper '**Valuing diversity: guidance for labour market integration of migrants**' ⁽⁴⁰⁾ raises awareness of the critical contribution that quality guidance services can make to the migrants' integration.

The outcomes of Cedefop's activities on empowering adults fed directly the work of the European Commission's **ET 2020 working group on adult learning** to which the Centre provided continuous advice and expertise.

1.3. Medium-term priority 3: Analysing skills and competence needs to inform VET provision

1.3.1. ABB Activity: Skills analysis

Less than three months after formally taking over the responsibility of the **EU Skills Panorama** project and prototype website, Cedefop launched both an improved Panorama website ⁽⁴¹⁾ and an open call for tender ⁽⁴²⁾ to redesign the existing web portal prototype in

⁽³⁶⁾ Cedefop (2014). <http://www.cedefop.europa.eu/node/11982> (deliverable from 2013)

⁽³⁷⁾ DK, DE, FR, NL, SE, UK

⁽³⁸⁾ Cedefop (2014). <http://www.cedefop.europa.eu/node/12024>

⁽³⁹⁾ DK, DE, ES, FR, IT

⁽⁴⁰⁾ Cedefop (2014). <http://www.cedefop.europa.eu/node/12036>

⁽⁴¹⁾ <http://euskillspacepanorama.cedefop.europa.eu>

⁽⁴²⁾ Official Journal of the European Union 2014/S 053-087482

the medium-term. The aim is to transform the Panorama into a new dynamic, interactive web platform to serve as a reference portal for information on skills, job prospects and labour market intelligence in Europe and support informed decision-making by policy-makers and career advisors. To improve accessibility to data and intelligence on skill needs and to provide concise factual and relevant information on trends in occupations, sectors and skills, Cedefop produced more than 40 'Analytical Highlights' on various occupations, sectors or skills and learning issues.

Based on the mandate from the Council ⁽⁴³⁾, Cedefop **latest skill supply and demand forecasts** ⁽⁴⁴⁾ highlight Europe's employment challenge for the period 2013 to 2025. Forecast data indicates that employment in the EU is projected to grow by about 2% over the period 2013-2020 but the EU's target of 75% of people aged 20 to 64 being in a job by 2020 looks beyond reach. Unemployment will fall by 2020, but not only because people will find jobs. The labour force will also shrink. On the bright side, all indicate that the EU is on course to surpass the educational attainment of 40% of 30-34 year olds having a tertiary level qualification and the benchmark on early school leaving is also likely to be met. Although the trend towards a high skill-intensive labour market is slowed down by lower economic growth, the forecast indicates that the share of jobs employing higher-qualified labour will continue to increase. Despite this trend, when expansion (new jobs created) and replacement (job openings because people leave the labour market) demand are combined, around half of jobs will continue to require medium-level qualifications, many of which are vocational.

In 2013, Cedefop had been testing its revised employer survey instrument in eight countries to measure changing skill needs in Europe and explore the optimal survey sampling design. The objective of the workshop '**Employer survey on skill needs in Europe: Survey instrument and sampling design**' ⁽⁴⁵⁾ was to make a final review of the instrument and sampling design and discuss the recommendations for a full-scale implementation. Despite the interest of the instrument and of the results generated, the major concern raised by Cedefop after pilot testing and assessment of sampling design was ensuring value for money in rolling out a complex survey at a pan-European level while ensuring sufficient precision of estimates for all occupations in all countries. Following Cedefop's recommendation, the European Commission considered that the costs and risks associated with the survey would at this stage likely outweigh the benefits and so decided not to proceed. The difficulties likely encountered in implementing the survey at European level would however be considerably reduced at national or sectoral level. In consequence, Cedefop will make the questionnaire and guidelines available to interested parties.

The employer survey pilot results and the Centre's latest skill forecast were presented at various events, including a conference on matching education with the needs of public services in the labour market, co-organised by the European centre of employers and

⁽⁴³⁾ Council conclusions on "New Skills for New Jobs: the way forward", adopted on 7 June 2010. http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/lisa/114962.pdf

⁽⁴⁴⁾ <http://www.cedefop.europa.eu/en/events-and-projects/projects/forecasting-skill-demand-and-supply/skills-forecasts-main-results>

⁽⁴⁵⁾ <http://www.cedefop.europa.eu/node/10581>

enterprises providing public services (CEEP) and the European federation of education employers (EFEE) ⁽⁴⁶⁾.

Matching skills and jobs has become a high-priority policy concern, as mismatches may result in an underutilisation of existing human capital and in job vacancies not being filled. Since the global economic crisis, skills mismatch has become more prominent and many employers report difficulties in finding suitably skilled workers, even in economies with high levels of employment. In this context, the report produced by the World Economic Forum's Global Agenda Council on Employment (of which Cedefop was a member in the period 2012-2014) - **'Matching skills and labour market needs in the world economy - Building Social Partnerships for Better Skills and Better Jobs'** ⁽⁴⁷⁾ - presents a set of policy recommendations to enhance the skills matching to labour market needs by building social partnerships. The recommendations are developed in the WEF policy paper presented in January in Davos-Klosters and which Cedefop's expertise in skill mismatch contributed to shape. In the period 2014-2016, Cedefop will continue its collaboration with the WEF through participation, together with other leading world institutions and experts, in the Global Agenda Council on the Future of Jobs. The Council started its work in the autumn and met at the Summit on the Global Agenda organised by the WEF in November in Dubai.

The briefing note **'Skills mismatch: more than meets the eye'** ⁽⁴⁸⁾ sheds light on mismatch rooted in education and training as well as economic developments and labour market structures. To ensure that young people can acquire skills that are in demand, and adults can refresh and replenish them, it calls for employer commitment and reinforced cooperation between governments and social partners. Such cooperation should develop at all levels and subsectors of education and training. It should aim to develop short-term training to address swiftly skill deficits, for example in innovative sectors, as well as tackling longer-term changes in labour market needs.

To deepen the understanding of skills and skill mismatch in Europe, Cedefop undertook in 2014 the first **pan-European skills survey** ⁽⁴⁹⁾. The survey asked about 48,000 adult employees across all 28 Member States about their skills, how they are used in their jobs and have developed over their careers. The aim is to understand better how individuals' qualifications and skills are matched (or not) with the changing skill demands and complexities of their jobs. The survey also looks at the extent to which their skills are developed and used in their workplace. The survey results – to be released in 2015 – will help develop European policies on initial and continuing VET and for employment.

Experts from international organisations met at the **2nd Cedefop/OECD Green skills forum** ⁽⁵⁰⁾ in Paris in February, to discuss how environmental policies can successfully be implemented in combination with policies for job creation and social inclusion. The need to

⁽⁴⁶⁾ Cedefop (2014). <http://www.cedefop.europa.eu/node/8681>

⁽⁴⁷⁾ http://www3.weforum.org/docs/GAC/2014/WEF_GAC_Employment_MatchingSkillsLabour_Market_Report_2014.pdf

⁽⁴⁸⁾ Cedefop (2014). <http://www.cedefop.europa.eu/node/12002>

⁽⁴⁹⁾ Cedefop (2014). <http://www.cedefop.europa.eu/node/8702>

⁽⁵⁰⁾ <http://www.oecd.org/innovation/greenskillsforum2014.htm>

share experience and cooperate in the creation of knowledge as we move from a high-carbon to a low-carbon society was underlined. Although progress has been made, environmental progress is still driven by policy and regulation rather than market demand. The tipping point from which green will be the new mainstream has not yet been reached. Only then will we see substantial creation of new greener jobs, and possession of green skills will be required in many professions and honoured by employers. Throughout the year, Cedefop also contributed to the Inter-agency Working Group on Greening TVET and Skills Development ⁽⁵¹⁾, to DG CNECT-DG JRC meeting on ICT, skills and employment issues ⁽⁵²⁾, to the European Network on Regional Labour Market Monitoring conference on Sustainable economy and sustainable employment and to ETUI-ETUC conference 'Europe at a crossroads'.

Cedefop contributed to the OECD and European Union publication 'Matching economic migration with labour market needs' ⁽⁵³⁾ with a chapter on projected labour market imbalances. The chapter investigates the extent to which the economies of EU member states are likely to encounter aggregate skill imbalances by the year 2020, and assesses the necessity of appropriate policies. Results highlight that meeting the respective EU2020 employment targets is dependent on considerable activation efforts by several EU member states, which will have to outweigh existing policies.

Throughout the year, Cedefop participated in several working and expert groups related to skill needs in Europe but also in Latin America, where Cedefop was invited to participate to four international seminars on skills for productivity (Peru, Chili, Brazil, Mexico) organised jointly by the Inter-American Development Bank and the European Union, Latin America and the Caribbean Foundation (EU LAC). At the invitation of the OECD, Cedefop made a written and keynote contribution to the EU-OECD roundtable on economic mobility and migration with an analysis of future labour supply imbalances in the EU. Cedefop was also invited to attend the 'European Jobs & Skills Summit' hosted by Institute for Public Policy Research (IPPR) and the JP Morgan Foundation. The summit launched a major multi-year project on the future of employment and skills policy and practice across Europe.

1.4. Communication, information and dissemination

1.4.1. ABB Activity: External communication

Communication activities focused on raising the profile of VET and communicating the key messages to Cedefop's stakeholders and the media. Following the revision of Cedefop's Communication Strategy, a new integrated communication plan was introduced, improving alignment and efficiency of Cedefop's external communication activities to increase visibility of the Centre's work.

⁽⁵¹⁾ Meetings satellite to OECD-Cedefop 2nd Green Skills Forum 2014 and UNESCO-UNEVOC's global forum Skills for Work and Life Post-2015

⁽⁵²⁾ DG CNECT-DG JRC/IPTS digital economy research programme workshop on ICT skills, jobs and growth

⁽⁵³⁾ http://www.oecd-ilibrary.org/social-issues-migration-health/matching-economic-migration-with-labour-market-needs/projected-labour-market-imbalances-in-europe-policy-challenges-in-meeting-the-europe-2020-employment-targets_9789264216501-12-en

In May the first issue of Cedefop's new print magazine 'Skillset and match' was published, a second issue followed in September. Disseminated to about 1 500 key stakeholders, both issues were very well received. Efforts continued to bring together different stakeholders and to foster cooperation on joint events and conferences, both at local and European level. Following European elections in May, Cedefop maintained and renewed its contacts with MEPs and with the EMPL Committee. In 2014, the directorate intensified the *rapprochement* with the European Parliament. The director addressed the *Eurochambres* European Parliament of Enterprises as well as the European Parliament's Committee on Employment and Social Affairs and held over ten one-to-one meetings with MEPs from different Political Groups. This has led in 2015 to a more structured and ongoing participation of expert colleagues in EP activities on greening jobs, mismatching and skill needs.

It paved the way for cooperation in 2015 on matching skills and jobs. Contacts with the EESC were also renewed and cooperation for 2015 was put in place. Key visiting groups in 2014 comprised a group of Members of the German Parliament and a high-level group from Argentina.

1.4.2. ABB Activity: Documentation and information

To increase efficiency and streamline resources, the library service underwent a major re-organisation in 2014, following the discontinuation of the physical library. The new 'Research Support Centre' focuses on a limited number of support activities to Cedefop experts. The re-organisation also led to the termination of a number of services (e.g. European training thesaurus, online bibliographies, VET alert newsletter). Aleph, a resource-intensive library software, was replaced by a lighter solution, using a Framework Contract from DG IT. Records management and archives activities continued to provide in 2014 a unified in- and outgoing mail registration system and ensured access to authentic and reliable records, preserving the Centre's 'memory'.

1.4.3. ABB Activity: Publications and content management

In line with Cedefop's communication policy, publishing activities continued to focus on electronic publication formats while only the annual work programme, the annual report, information booklets and flyers were printed. Addressing specifically the needs of e-readers and other mobile devices, Cedefop produced 32 eBooks, complementing the standard pdf-format of its electronic publications (research and working papers). Despite the strategic shift to electronic publishing and dissemination, hard-copy dissemination still remained an important communication tool. In 2014 more than 7 300 printed publications and 8 000 flyers were distributed at events and conferences or disseminated to stakeholders through mailing lists.

Cedefop's Web portal underwent a major makeover and the new platform was launched in November. The new Web portal provides several new interactive features (e.g. integrated twitter feed, interactive maps), new content types (e.g. photo galleries, videos clips, databases, country data), easier navigation and also allows interlinking of content to improve content discovery. In 2014 the Web Portal counted a traffic decrease of about 20%, largely due to the closure of the Study Visits Programme. However, the engagement level of Cedefop's online users in terms of page views and visit duration improved.

2. PART II (A): MANAGEMENT

Cedefop's administration and internal services support operations effectively and efficiently. 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.

2.1. Governing Board

In 2014, Cedefop continued to report regularly to the Governing Board members on risks and control issues. Moreover, updates on audits and evaluation (ECA, IAS, and IAC) are regular agenda items in Bureau, Enlarged Bureau ⁽⁵⁴⁾ and Governing Board meetings. Related key issue discussed with the Bureau/Governing Board included:

a) Bureau meeting on 28 February 2014:

- Annual Management Plan 2014 ⁽⁵⁵⁾ including Evaluation plan 2014, Audit Plan 2014, Risk Assessment 2014 (generic risks and risk assessment by activities/projects);
- Update on Audits - European Court of Auditors, Internal Audit Service and Internal Audit Capability ⁽⁵⁶⁾.

b) Bureau meeting on 24-25 April 2014:

- Action Plan - Follow-up of external evaluation of Cedefop ⁽⁵⁷⁾.

c) Governing Board meeting on 12-13 June 2014:

- Action Plan External evaluation of Cedefop ⁽⁵⁸⁾

d) Enlarged Bureau meeting on 2 October 2014:

- Presentation by the Internal Audit Service of the European Commission on the outcomes of the audit on external communication and stakeholder management ⁽⁵⁹⁾; the audit report, the action plan and the reply from the IAS were included in the meeting documents ⁽⁶⁰⁾;

⁽⁵⁴⁾ In compliance with Article 3(5) of its revised Rules of Procedure, the Governing Board may decide to enlarge the Bureau for meetings with strategic issues for future Governing Board decisions. – OJ C182 of 04.08.2006, p.2.

⁽⁵⁵⁾ RB(2014)00146 – Item 8

⁽⁵⁶⁾ RB(2014)00263 - Item 8a

⁽⁵⁷⁾ RB(2014)01018 - Item 6

⁽⁵⁸⁾ Item 11

⁽⁵⁹⁾ RB(2014)02081 - Item 6

⁽⁶⁰⁾ RB(2014)02182 - Item 6 bis

- Update on audits and evaluations - Report on implementation of the agreed action plan, audit results and follow-up of audit recommendations, IAC report, Annual Reporting ⁽⁶¹⁾.

e) Bureau meeting on 8-9 December 2014:

- Action plan to follow-up Cedefop's external evaluation (62);
- Update on audits and evaluations (63);
- Mission Charter of the Internal Audit Service in relation to traditional agencies and independent bodies ⁽⁶⁴⁾.

Significant items adopted by the Governing Board in 2014 include:

- a) the Agency's annual work programme 2014, adopted in January 2014 after the decision of the budgetary authorities on the 2014 budget in December 2013. The annual work programme was designed directly within the framework of the multi-annual programme endorsed by the Governing Board in June 2011 ('medium-term priorities 2012-2014');
- b) the annual budget and establishment plan 2014;
- c) the extension of the medium-term priorities for one more year, until 2015;
- d) the multiannual staff policy plan (MASSP) 2015-2017 and the Estimates of Revenues and expenditure for the year 2015;
- e) the Agency's annual report 2013 and the Governing Board's analysis and assessment of the annual activity report 2013 ⁽⁶⁵⁾;
- f) the opinion on the Final Accounts 2013;
- g) Cedefop's financial rules and related implementation rules;
- h) Cedefop's anti-fraud strategy ⁽⁶⁶⁾;
- i) Cedefop's policy on preventing and managing conflicts of interests;
- j) the appointment of Cedefop's Deputy Director on the basis of the final report of the pre-selection committee for the recruitment procedure Cedefop/2013/03/AD ⁽⁶⁷⁾.
- k) the breakdown of Cedefop's budget and establishment plan 2015;

⁽⁶¹⁾ RB(2014)02068 - Item 7d

⁽⁶²⁾ RB(2014)02690 - Item 11a

⁽⁶³⁾ RB(2014)02687 - Item 12d

⁽⁶⁴⁾ RB(2014)02785 - Item 12d bis

⁽⁶⁵⁾ The Annual Report differs from the Consolidated Annual Activity Report in several aspects: it relates almost exclusively to the content work in pursuance of the Centre's mission and highlights performance. The Consolidated Annual Activity Report is requested by the Financial Regulation (Article 47 FR); it is the Director's report to the GB and includes financial issues addressing regularity, legality and risk issues.

⁽⁶⁶⁾ The Commission developed a Common Approach on EU decentralised agencies that requires a set of anti-fraud measures to be put in place in the agencies - RB(2014)02387 adopted on 22 October 2014

⁽⁶⁷⁾ <http://www.cedefop.europa.eu/en/about-cedefop/recruitment/vacancies/deputy-director>

The Bureau reported to the Governing Board on the key issues the Bureau/Enlarged Bureau dealt with since the Governing Board meeting in June 2014 (reporting sent out in January 2015).

A list of key decisions adopted by the Governing Board in 2014 is available in annex X.

2.2. Major developments

For EU-level education and training policy development, 2014 was a transitional year. The policy framework was under scrutiny: from Europe's 2020 strategy, to the Education and training framework (ET2020) and the deliverables and objectives for VET set out in the Bruges Communiqué. Decision-making has been postponed to 2015, as the new European Commission only took office in autumn.

In the new European Commission, responsibility for Cedefop and more particularly for skills, qualifications, VET and adult learning were moved under Commissioner Marianne Thyssen and the Directorate General for Directorate for Employment, Social Affairs and Inclusion (EMPL).

As from January 2014, Cedefop started applying the revised Financial Rules and their Implementing Rules. The revised regulatory framework required increased efforts and several adaptations. The new EU Staff Regulations also entered into effect and were progressively implemented.

Concerning the EC roadmap for a Common approach to European Union Agencies, discussions on Cedefop's revised founding regulations took place on several occasions. In February, April and October, the European Commission provided the Bureau with updates on the state of play of consultations regarding a possible reform of the governance structure of tripartite agencies in the context of the common approach. At its meeting of 12-13 June, the Governing Board was informed that the Commission was performing a comprehensive review of the founding acts of Cedefop, OSHA and Eurofound to assess, on a case by case basis, the opportunity to launch a revision of the founding regulations.

In the above context, 2014 was particularly challenging year for Cedefop in planning its future orientations and activities. In light of the EP elections and a new Commission coupled with pressing challenges for European VET, a working group was set up in February 2014 to advise management on strategic objectives and actions that should take the Centre to 2020. As a result a restructuring process of the operational areas was tabled for discussion at the last Bureau meeting of 2014 for implementation in early 2015. The Governing Board also decided to extend Cedefop's Medium Term Priorities for another year until 2015.

2014 also marked the 'end of an era': the study visits programmes for education and vocational training specialists and decision-makers, and specifically social partners, came to an end. From 1985 onwards, Cedefop had managed the programme dedicated to VET and, since 2008, coordinated its successor programme for education and training more generally. Over these years, more than 27 000 education and training specialists and decision makers participated in over 2 600 visits. The wealth of experience gained, however, will not be lost. The outcomes of the last round of visits will feed into related Cedefop activities, as did

previous ones. Cedefop's nearly 30 years of experience and enabling dialogue between different actors in the worlds of education and training and employment will feed into its new strands and ways of working: thematic country reviews and policy learning fora.

Following the retirement of the former Deputy Director (and Acting Director for the period 2010-2013), the recruitment procedure for the selection of a new Deputy Director was successfully finalised in June and the successful candidate took up duties on 1 September 2014.

2.3. Budgetary and financial management

This section summarises information presented in Cedefop Report on Budgetary and Financial Management for the financial year 2014 ⁽⁶⁸⁾.

Rate and type of implementation of appropriations

In 2014, Cedefop continued to utilise essentially all of its available funding with a budget execution of the EC financial subsidy at 98.93%. In particular:

- Title 1 final budget of Euro 9 997 579 saw total commitments of Euro 9 832 702 (98.4% utilisation rate);
- Title 2 final budget of Euro 1 775 305 saw total commitments of Euro 1 771 724 (99.8% utilisation rate);
- Title 3 final budget of Euro 4 979 865 saw total commitments of Euro 4 964 034 (99.7% utilisation rate).

The budget revenue available and executed in 2014 included, besides the EC contribution, an amount of EUR 523 017 of contributions from associated countries Norway and Iceland, and an amount of EUR 15 000 of miscellaneous own revenue. The overall rate of execution of this total budget 2014 was 98.93%.

Indication of commitments for actions that will extend for more than one financial year; major items only

In 2014, four study contracts resulting from corresponding open procurement procedures gave rise to commitments extending for more than one financial year, which were booked on Title 3 (Operational activities) of the budget. Title 3 appropriations are differentiated appropriations and multi-year in nature. Relevant information is given in the table below.

Budget line	Title of procedure	Signed	Expires	Final amount of contract
3240	AO/RPA/VKVET-NSOFRO/Real-time LMI/010/14	09.01.2015	31.03.2016	156,000.00 € (committed in 2014)
3240	AO/RPA/PMDFON/LMI in Guidance/007/14	28.11.2014	28.02.2016	170,333.00 € (committed in 2014)

⁽⁶⁸⁾ RB(2015)00829

Budget line	Title of procedure	Signed	Expires	Final amount of contract
3340	AO/ECVL/JB-EVGAR/2016-Validation-Inventory/014/14	19.12.2014	31.12.2016	291,166.00 € (committed in 2014)
3340	AO/ECVL/ARANI-LSALVA/Low Skilled/005/14	29.10.2014	28.12.2015	253,570.00 € (committed in 2014)

Information on transfers and amending budgets

Cedefop made 64 transfers between budget lines, the majority being for small amounts of less than Euro 10,000 to maximise efficiency of use of funds available; the net effect between Titles being to:

- decrease Title 1 appropriations by Euro 426 270;
- increase Title 2 appropriations by Euro 225 305;
- increase Title 3 appropriations by Euro 200 965.

In December 2013 the Centre was granted a Delegation Agreement, reflected in a corresponding supplementary and amending budget, to the value of Euro 1 100 000; Euro 600 000 of this total was entered in the 2013 budget for the action in 2014 and the corresponding funds were received in early 2014. No funds to be entered in the 2014 budget were foreseen in the Delegation Agreement. The grant is treated as external assigned revenue and aims at funding studies and activities requested by DG Employment in the field of labour skills demand and supply.

Additionally, two amending budgets were approved by the Governing Board in 2014 to incorporate in Cedefop's budget the retroactive impact of the decisions of the EU judicial and legislative authorities concerning the regularisations of staff's remunerations. These decisions date back to 2011 and resulted in significant retroactive negative salary corrections for EU staff working in Greece. The savings, totalling Euro 696 151 (510 151 + 186 000), were returned to the Commission by way of these amending budgets.

Appropriations carried forward to the following financial year and implementation of appropriations carried forward from the previous financial year

Title 1 appropriations carried forward to 2015 were Euro 126,187 or 1.3% of available funds;

Title 2 appropriations carried forward to 2015 were Euro 425,877 or 24% of available funds;

Title 3 appropriations are differentiated appropriation and multi-year in nature.

Of Euro 231 152 Title 1 appropriations brought forward, Euro 23 039 were cancelled.

Of Euro 251 419 Title 2 appropriations brought forward, Euro 16 910 were cancelled.

% of procurement procedure types used

53 procurement procedures have been processed in 2014.

Type of procedure	Number	%	Comments
Open	15	30.9%	Of which 1 (1.8%) is a call for proposals
Negotiated	38	69.1%	Of which 3 (5.5%) are calls for proposals

Information on interest charged by suppliers through late payments (> 30 days)

Not applicable.

Summary information on budgetary operations

The high rate of budget execution indicates that the Centre provides an effective and efficient utilisation of funds. In 2014, following identification and quantification of the impact of the salary-related decisions of the judicial and legislative authority for the period 2011-2014, Cedefop reduced its budget by 3.87% via two BRS, this being reflected in the amount of EC contribution requested. Further adaptation of the allocation of appropriations on the various budget lines via transfers, of a total value of 5.30% of the initial budget, allowed for covering all operating and operational needs as outlined in the Work Programme (even the unforeseen ones that arose in the course of the year) and reaching total execution of 98.93%.

2.4. Human Resources management

Implementation of the Staff Regulations reform progressed through adoption of several new rules, including increasing working hours to 40 per week. In the work-life balance perspective, special part-time arrangements in the form of time credits were introduced. Work also started on the preparation of teleworking arrangements as well as on the introduction of new appraisal and promotion systems.

In 2014, Cedefop remained actively committed to equal opportunities in recruitment and employment. On 31 December 2014 the overall gender balance at Cedefop was 59% female to 41% male. Women are well represented at all grades. Cedefop also aims to ensure a geographical balance.

Cedefop's learning and development policy was refocused to free additional resources for staff professional development. Emphasis was placed on experts' communication and transversal skills in a perspective of increased support for Member States, as recommended by Cedefop's latest external evaluation. Internal peer learning activities complement these efforts. Following a recommendation of the Internal Audit Service (IAS), project management training was organised for ICT staff but also for staff more widely, to promote efficiency and effectiveness across staff categories. The learning and development strategy was updated to reflect these new priorities.

In 2014, Cedefop conducted the first job screening exercise, as part of the benchmarking required by the new Framework Financial Regulation. The scope of Job screening is to assess the efficient use of internal resources. Cedefop used the Agency-adapted methodology of the Commission, which categorises jobs as: operational (frontline activities), administrative support and coordination (enablers of core business activities) and neutral (intermediate/mixed).

The results of the screening exercise show that close to 70% of resources are directly dedicated to frontline activities; about 8% of staff has tasks of an intermediate nature and 22% of resources are dedicated to administrative support and coordination. This favourable balance towards operational activities is the result of a sustained efficiency drive in the administrative services and processes over the last years (see Annex IVb for more detailed information).

2.5. Assessment by management

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; d) internal control system and e) safeguarding of assets.

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

- 1) The multi-annual programme endorsed by the Governing Board in June 2011, 'Medium Term Priorities 2012-2014', provides the strategic framework for the annual programmes.
- 2) The annual work programme 2014 is designed within the framework of the medium term priorities. The Governing Board adopted the final work programme 2014 on 13 January 2014 (written procedure launched in December 2013). The risk management plan - which results from an in depth ex-ante assessment of the generic risks and risks by project and by ABB activity - is an integral part of the annual work programme. The work programme also includes a set of indicators within Cedefop's Performance Measurement System (PMS).
- 3) Along with the adoption of the annual budget (estimate of revenue and expenditure) a multi-annual staff policy plan sets out the human resources (and related budget) required for the implementation of the annual work programme. The multi-annual staff policy plan was adopted by the Governing Board on 3 February 2014.
- 4) Finally, the annual management plan (AMP) 2014 was prepared. The AMP comprises detailed planning for the Agency's key deliverables (e.g. conferences, publications, procurement procedures) as outlined in the annual work programme. The AMP includes the evaluation plan 2014, audit plan 2014, and risk assessment 2014 (generic risks at the level of the organisation and risk assessment by ABB activities and projects).

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

- 1) The Director, Deputy Director and Heads of Areas meet on a weekly basis. The aim of these meetings, chaired by the Director, is to monitor developments in all operational and support activities and take decisions on issues related to financial

and human resource management, activities including outreach involvement of management and experts as well as the day-to-day administration of the Centre. Follow-up actions are reviewed on a regular daily basis.

- 2) The Director, Deputy Director, Heads of Areas and Services, the Legal Advisor and selected senior experts meet in Management Team Meetings (four meetings per year) in which systematised reports on financial issues (budget implementation, procurements), human resources developments, and monitoring reports on achievements compared to the planned objectives are discussed. Achievements are monitored through the performance indicators and targets set in the annual work programme. In addition, these meetings aid strategic considerations and opinion exchange on policy issues, planning, and other operational and organisational issues.
- 3) A budgetary mid-term review is conducted in early July and September to discuss in detail progress on the implementation of the budget and the work programme and to agree on corrective actions as necessary. The 'budget correspondents' assigned to each Area provide regular monitoring of the budget throughout the year.
- 4) The progress report, the annual report and the consolidated annual activity report are discussed with the Governing Board, besides the regular reporting to the Bureau/Governing Board on the results of audits, budget implementation, transfers of appropriations. Bureau members are also systematically informed on key changes that may occur in the implementation of the work programme.
- 5) As requested under Art. 31.4 of the Cedefop Financial Rules ⁽⁶⁹⁾, the list of contracts is posted on the Centre's website.

c) The Centre has developed processes to monitor and report on legality and regularity and has deployed its own anti-fraud strategy ⁽⁷⁰⁾ and a policy on prevention and management of conflicts of interests ⁽⁷¹⁾.

- 1) As regards the legality and regularity of 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 ⁽⁷²⁾. Deviations from this materiality threshold must be justified in the Annual Activity Report.
- 2) As foreseen in the Commission's new Anti-Fraud Strategy (CAFS) ⁽⁷³⁾ and in the action plan of the Inter Institutional Working Group's road map, Cedefop adopted its Anti-Fraud Strategy on 22 October 2014, along with the Policy on prevention and management of conflicts of interests at Cedefop. Attached to the Anti-fraud strategy is an internal procedure on reporting on irregularities, including legal framework and basic principles which has been issued by Cedefop's management already in 2008 (DIR/CFL/2008-312 dated 20 June 2008). Furthermore, a step-by-step approach for reference is available to all staff.

⁽⁶⁹⁾ Cedefop financial rules DIR RB(2014)00032 dated 9 January 2014

⁽⁷⁰⁾ RB(2014)02387 adopted on 22 October 2014

⁽⁷¹⁾ RB(2014)02388 adopted on 22 October 2014

⁽⁷²⁾ See annex VII - Materiality

⁽⁷³⁾ COM(2011) 376 24.06.2011

d) Revised Internal Control standards are in place since 2009 and were adopted by Cedefop's Governing Board. They are structured in six building blocks (Mission and values, Human Resources, Planning and risk management processes, Operations and control activities, Information and financial reporting and Evaluation and Audit). The Internal Control Standards are systematically monitored and followed-up.

e) With regard to safeguarding of assets, regular controls and checks are in place. The Commission control structures are in place. They are tested and have proven to be sound. Procedures and recordkeeping concerned with the safeguarding of assets and reliability of financial records are designed to provide assurance that:

- 1) Transactions are executed in compliance with management's (delegated) authorisation.
- 2) Transactions are recorded as necessary to permit preparation of financial statements in conformity with the Agency's Financial Rules and to maintain accountability for assets.
- 3) Access to assets is restricted through the hierarchical structure of verifications and in line with the Financial Rules.
- 4) The recorded value of assets is compared with existing asset checks e.g. inventory controls and bank reconciliations at reasonable intervals.

The opinion of the Court of Auditors on the annual accounts 2014 confirmed that the Centre's accounts are reliable in all material respects. The report also reflects that Cedefop's internal control system and administration are working well. The European Court of Auditors sent on 12 May 2015 the Court's observations on the annual accounts of the Centre as adopted by Chamber IV on 28 April 2015. In the Court's opinion, the Centre's annual accounts present fairly, in all material respects, its financial position as at 31 December 2014. The transactions underlying the annual accounts for the year 2014 are considered legal and regular in all material respects.

2.6. Budget implementation tasks entrusted to other services and entities

Not applicable to Cedefop

2.7. Assessment of audit results during the reporting year

Cedefop's internal auditor is the Internal Audit Service of the European Commission (IAS) and the Agency is annually controlled by the European Court of Auditors. The Agency informs the European Parliament annually on the results of the audits through a note on audits. This information note was produced on 17 July 2014.

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

2.7.1. Internal Audit Service (IAS)

Following a Risk Assessment (21-23 January 2013), the Internal Audit Service (IAS) prepared the IAS Strategic Audit Plan 2013-2015 for Cedefop which was endorsed by the Bureau on 21 March 2013. The plan includes four audit topics: 1) External Communication and Stakeholder management; 2) Procurement, including fraud prevention and legal advice; 3) Business continuity and 4) IT project management and related IT Governance processes.

As part of the agreed Strategic Audit Plan, in 2014 the IAS carried out an audit on 'External Communication and Stakeholder management'. The audit combined preliminary interviews (5-7 February 2014) and fieldwork (31 March-4 April 2014). The final Audit Report, received on 18 June 2014, contained five recommendations (one very important and four important). By end 2014, the 'very important' recommendation was partially implemented and therefore downgraded to 'important'. The action plan drafted as a result of the audit is being implemented as planned and all recommendations should be implemented by the end of 2015. The final audit report and the agreed action plan were sent to the Bureau and Governing Board ⁽⁷⁴⁾ and presented to the Bureau at its meeting on 2 October 2014 ⁽⁷⁵⁾.

See below an overview of the status of IAS recommendations as of 31 December 2014:

Priority	Recommendations			
	Open on 31/12/2013	New in 2014	Implemented, sent for review and closure in 2014	Open on 31/12/2014
		Issued		
Critical	0	0	0	0
Very important	0	1	1	0
Important	0	4	2	3
Desirable	0	0	0	0
Total	0	5	3	3

2.7.2. Other sources of assurance

Following a recommendation of the IAS, an audit/study on Fibus and the reasons and consequences of migrating from Fibus to ABAC was carried out and finalised in 2013. The resulting decision was that no immediate change needed to take place but the Agency would conduct an annual internal focused technical review of the Fibus operating platform. The first review took place in November 2014. The review concluded that there is no

⁽⁷⁴⁾ RB(2014)02337

⁽⁷⁵⁾ RB(2014)02081 and RB(2014)02182

immediate technological threat on Fibus, to keep Fibus and to conduct a new technical review at the end of 2015.

Following a recommendation of the European Court of Auditors, ReferNet ex-post controls were undertaken on a sample of three ReferNet partners following a methodology developed in 2013 by an external consultant. Based on a framework contract of DG BUDG, Cedefop contracted the company Moore & Stephens which conducted the ex-post controls in 2014 on a sample of three ReferNet partners for the financial year 2013. Cedefop received the final report early 2014. The same methodology was applied for the financial year 2014 and Cedefop received the report on 28 April 2015.

The system of ex-post controls introduced by Cedefop in 2013 was again applied in 2014 to five high-value payments selected at random 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.

As a follow up to the project group on green initiatives phase 1 (PGGI 1) that had developed a Cedefop Environmental Policy and an action plan for 2014-2015, a second project group on green initiatives phase 2 (PGGI 2) was appointed in November 2014 ⁽⁷⁶⁾. The group's results will inform the finalisation of a roadmap (including indicators and targets) for a greener Cedefop.

A project team on Health and Safety was appointed in November 2014. A methodology for health and safety risk assessment was developed jointly by Human Resources and Facilities. The risk assessment will provide the basis for an action plan and for the development of a comprehensive health and safety policy in 2015.

Following an IAS recommendation, a proposal for project management training was drafted for experts in Cedefop ⁽⁷⁷⁾. Following the approval of the Director a specific training was conducted in autumn 2014.

An internal working group reviewed Cedefop's Performance Measurement System, focusing on the cost-efficiency of existing performance indicators, the relation between indicators and intended use, their validity and reliability as well as their interpretations and use by the different target groups. The working group's recommendations will be implemented in 2015.

2.7.3. European Court of Auditors (ECA)

The Court of Auditors' Annual Report on Cedefop's financial accounts 2013 was finalised in autumn 2014 and published in the Official Journal ⁽⁷⁸⁾. It is based on the results of the audits

⁽⁷⁶⁾ RB(2014)02512

⁽⁷⁷⁾ PM²

⁽⁷⁸⁾ OJ 2014/C 442/05

performed at Cedefop in December 2013 and March 2014. **The opinion of the Court of Auditors on the annual accounts 2013 confirms that the Centre's accounts are reliable in all material respects and that the results of its operations and its cash flows for the year are in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer.** The report confirms that the underlying actions are, taken as a whole, legal and regular without reservation or qualification. **The report also reflects the fact that Cedefop's internal control system and administration are working well and acknowledges that the Centre has followed up on all comments and recommendations from previous years.**

On the accounts 2014, the European Court of Auditors carried out its first visit from 1 to 5 December 2014. This audit concerned mainly procedures for commitments, payments, procurement and recruitment. This mission as well as the desk review following the first visit did not lead to any preliminary findings. According to the new audit arrangements for the annual audits under Article 208 (4) and Article 107 of the new FR, Cedefop contracted an external company based on a framework contract with DG BUDG. The 2014 accounts have been audited by an external audit company 'MAZARS' from 2 to 6 March and 16 to 18 March 2015. The audit did not lead to any preliminary findings.

The European Court of Auditors sent on 12 May 2015 the Court's observations on the Centre's annual accounts 2014 as adopted by Chamber IV on 28 April 2015. In the Court's opinion, the Centre's annual accounts present fairly, in all material respects, its financial position as at 31 December 2014 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer. The transactions underlying the annual accounts for the year ended 31 December 2014 are legal and regular in all material respects.

2.8. Follow up of recommendations and action plans for audits

Cedefop is systematically following up on all audits and recommendations received. To allow a regular monitoring of all actions, Cedefop draws up an action plan for the implementation of all recommendations. All actions are included in a consolidated action plan which is updated at least biannually and is accessible to all staff.

Cedefop is also following up closely on the recommendations received from the Discharge Authority.

In addition to the audits conducted by the IAS and ECA, Cedefop has also developed several procedures and tools to allow ex-post and ex-ante controls throughout the year and further ensures that controls and actions are in place and implemented.

Cedefop adopted its Anti-fraud strategy on 22 October 2014. The action plan of the anti-fraud strategy is updated on a yearly basis and is included in the Annual Management Plan. The actions are also included in the Centre's consolidated action plan.

2.9. Follow up of observations from the discharge authority

The discharge report for the year 2013 was adopted on 29 April 2015 by the European Parliament. The draft report has been forwarded to the Bureau at its meeting on 27-28 April 2015.

The table below outlines the recommendations for Cedefop discharge 2013, related progress and status on 31 December 2014.

Rec. no.	Recommendations for Cedefop Discharge 2013	Progress as of 31/12/2014	Status / Opened issues
2	Acknowledges from the Centre that it has reviewed and adapted its policy of conflicts of interest; calls on the Centre to inform the discharge authority about the results of the policy review and on the adaptations made to the situation at the Centre.	On the basis of the Commission's Guidelines on the Prevention and Management of Conflicts of Interest in EU Decentralised Agencies as well as consultations with other Agencies via the Inter-Agency networks, Cedefop finalised its review of potential and real situations of conflicts of interest. Subsequently, Cedefop's Governing Board adopted in October 2014 a new comprehensive Policy on the Prevention and Management of Conflicts of Interests which includes procurement procedures, recruitment procedures as well as such concerns related to the members of the Governing Board. Cedefop has adapted the Policy to the situation of Cedefop insofar as Cedefop acts primarily as a research body without commercial or regulatory interests, in contrast to other Agencies. The relevant service of the Commission has also given its agreement to the Policy	
2	Acknowledges from the Centre that it is undertaking actions regarding the publication of the curricula vitae of the members of the Governing Board and declarations on the absence of conflicts of interest; notes with concern that the Centre has not fully remedied this issue, and calls on the Centre to implement corrective actions and to inform the discharge authority about the results as a matter of urgency.	In line with its Policy on the Prevention and Management of Conflicts of Interests of 22 October 2014, Cedefop requested the member of the Governing Board to sign and submit declarations of absence of conflicts of interests. As the publication of these declarations requires the consent of the GB members, they have been posted on the website if and when the consent was provided. As regards the Curricula Vitae (CVs) of the GB members, Cedefop has invited the GB members to submit their CVs to Cedefop for publication on its website for transparency reasons. However, due to EU data protection rules, there is no legal obligation to post the CVs on the internet, as also confirmed by the opinion on conflicts of interests of the	Implemented Further actions are being followed up.

		European Data Protection Supervisor (EDPS). It should be noted that such publication of CVs cannot be enforced by Cedefop unless consent of the respective member of the GB is obtained. It should also be noted in this context that in contrast to other Agencies, Cedefop is primarily a research body that has neither links to industry or business nor regulatory interests so that conflicts of interests are less likely to occur.	
9	Takes note that the Centre has finally developed processes to monitor and report on legality and regularity and is currently deploying its own anti-fraud strategy.	The Centre adopted its own anti-fraud strategy in October 2014. The anti-fraud action plan will be reviewed every year and is part of Cedefop's Annual Management Plan.	Implemented
14	Notes with regret that the repair works on the Centre's building continue to be delayed and will only be completed in 2014.	<p>The Centre is closely following up on the implementation of the remaining building works;</p> <p>All complementary studies have been completed;</p> <p>All works related to building foundations and ground settlements have been completed;</p> <p>The reinforcement of the slabs of the 3 main conference rooms was implemented and all conference rooms are available since March 2014.</p>	The Centre is closely following up on the issue and is in contact with the Greek Public administration, which is responsible for the execution and completion of Cedefop's building repair works.

PART II (B): EXTERNAL EVALUATIONS

The periodic external evaluation of Cedefop, required by the financial regulation ⁽⁷⁹⁾ was carried out by PPMI, a Lithuanian-based consultancy firm, for the European Commission and was completed in December 2013. The evaluation examined Cedefop's role in supporting European VET policy-makers between 2007 and 2012 and how it responded to new demands in the light of developments in European VET policy over that period.

The evaluation found Cedefop:

- had been highly successful in implementing its objectives;
- work on modernising VET systems and analysing skills is highly esteemed;
- is recognised as a leading centre of expertise worldwide on qualifications frameworks and skills;
- had an important impact on strengthening cooperation between VET policy stakeholders in Europe.

The evaluation also examined possible synergies between Cedefop, the ETF, Eurofound and EU-OSHA. It concluded that Cedefop did not duplicate activities of any other actors at European, national or international level.

The evaluation report made recommendations on how Cedefop can develop and strengthen its role. Cedefop agreed an action plan to follow up these recommendations which was presented to the Bureau at its meeting of 24-25 April 2014 together with a table providing detailed overview of the recommendations and related actions. A follow-up table to report on the implementation of the actions of the external evaluation was in the file of the Governing Board for its meeting of 12-13 June 2014 (Item 11) and an updated follow-up was discussed at the Bureau meeting 8-9 December 2014 (Item 11 a).

In agreement with the European Commission (DG Education and Culture), seven of the 23 recommendations and related actions were 'closed' in 2014.

⁽⁷⁹⁾ Article 27(4) of the Financial Regulation applicable to the general budget of the European Communities specifies that "In order to improve decision-making, institutions shall undertake both ex ante and ex post evaluations in line with guidance provided by the Commission. Such evaluations shall be applied to all programmes and activities which entail significant spending and evaluation results disseminated to spending, legislative and budgetary authorities." and Article 21.3b of the implementing rules specifies that "activities financed on an annual basis shall have their results evaluated at least every six years."

3. PART III: ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS

Cedefop adopted revised internal Control Standards (ICS) in 2009 aimed to ensure the achievement of policy and operational objectives. The Centre 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 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 the Agency operates.

3.1. Risk Management

The Centre's risk assessment exercise is a form of ex-ante evaluation. It considers generic risks at organisational level as well as at ABB activity/project level. Risks are evaluated based on their potential impact on the organisation (scale 1 to 5) and likelihood that risks will materialise (scale 1 to 5). Multiplication of the two indicators provides the risk level. Residual risks scoring 15 or higher become part of the risk management plan and are closely followed up by management, including through regular checks on impact of mitigating actions and assessment of developments. Residual risks are a result of assessment of original risk levels and impact of mitigating actions. The risk management plan is an integral part of the annual work programme.

For the work programme 2014, as a result of the risk assessment, management concluded that risks at activity/project level are well controlled and thus risk levels are below the benchmark.

As regards generic risks at organisational level, two issues were identified scoring 15 points or above and were in consequence included in the 2014 risk management plan:

1. Unforeseen (external) demands from stakeholders;
2. Restoration work on Cedefop's building.

The risk management plan (RMP) and related mitigating actions are followed up by the internal control coordinator.

The 2014 risk management plan, including the actions planned to mitigate the risks, is attached in Annex IX.

3.2. Compliance and effectiveness of Internal Control Standards

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

- a) the planning, monitoring and reporting processes: already existing guidelines and workflows are updated when needed to be kept in line with the latest rules and which

- are the object of regular staff trainings performed by Human Resources, Finance and Procurement services;
- b) the Performance Measurement System against which progress is measured;
 - c) the financial and human resources management processes, regularly monitored throughout the year;
 - d) the Activity Based Budgeting (ABB) and time recording systems, regularly monitored throughout the year;
 - e) the risk assessment process that is performed annually and reviewed throughout the year to consider emerging risks. The Risk Management Plan is amended in case critical and highly probable new risks are identified.
 - f) the annual report on exceptions and non-compliances events. In 2014, four exceptions were recorded, triggered from non-compliance events. One additional non-compliance event was recorded which did not trigger an exception ⁽⁸⁰⁾. The 2014 report ⁽⁸¹⁾ confirms that Cedefop's internal control system is well functioning.
 - g) the ex-post control procedures on payments and evaluations, as well as the procedure on ex-ante control on procurement procedures provide an additional assurance that controls are in place and well-functioning.

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.

⁽⁸⁰⁾ Recorded non-compliance events and exceptions concerned two late submissions of mission reimbursements and two concerned contractual conditions

⁽⁸¹⁾ RB(2015)00042

4. PART IV: MANAGEMENT ASSURANCE

4.1. Review of the elements supporting assurance

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

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

Heads of Area, Heads of Service and project managers are closely and actively 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, events and publications have been developed and are used to inform management decisions.

A comprehensive set of procedures and guidelines was developed to build and implement the Internal Control System. All main procedures have been documented, backups appointed and regular trainings 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 areas of responsibility base their assurance declarations on the results of their direct management supervision. Statements of assurance delivered to the Director by the Deputy Director, Internal Control Coordinator (ICC), Heads of Area and Heads of Service represent an additional layer of internal control.

4.2. Reservations (where applicable)

Not applicable.

4.3. Overall conclusion on assurance (where applicable)

Not applicable.



DIRECTOR

Thessaloniki, 4 June 2015
RB(2015)01526**DECLARATION OF THE DIRECTOR**

I, the undersigned,

Director of Cedefop

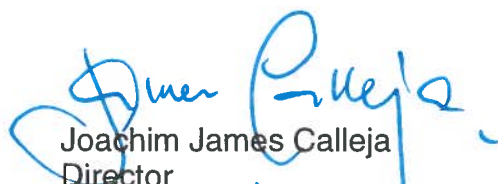
In my capacity as authorising officer

Declare that the information contained in this report gives a true and fair view ⁽¹⁾,

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
5/6/2015

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

ANNEXES

5.1. Annex I: Core business statistics

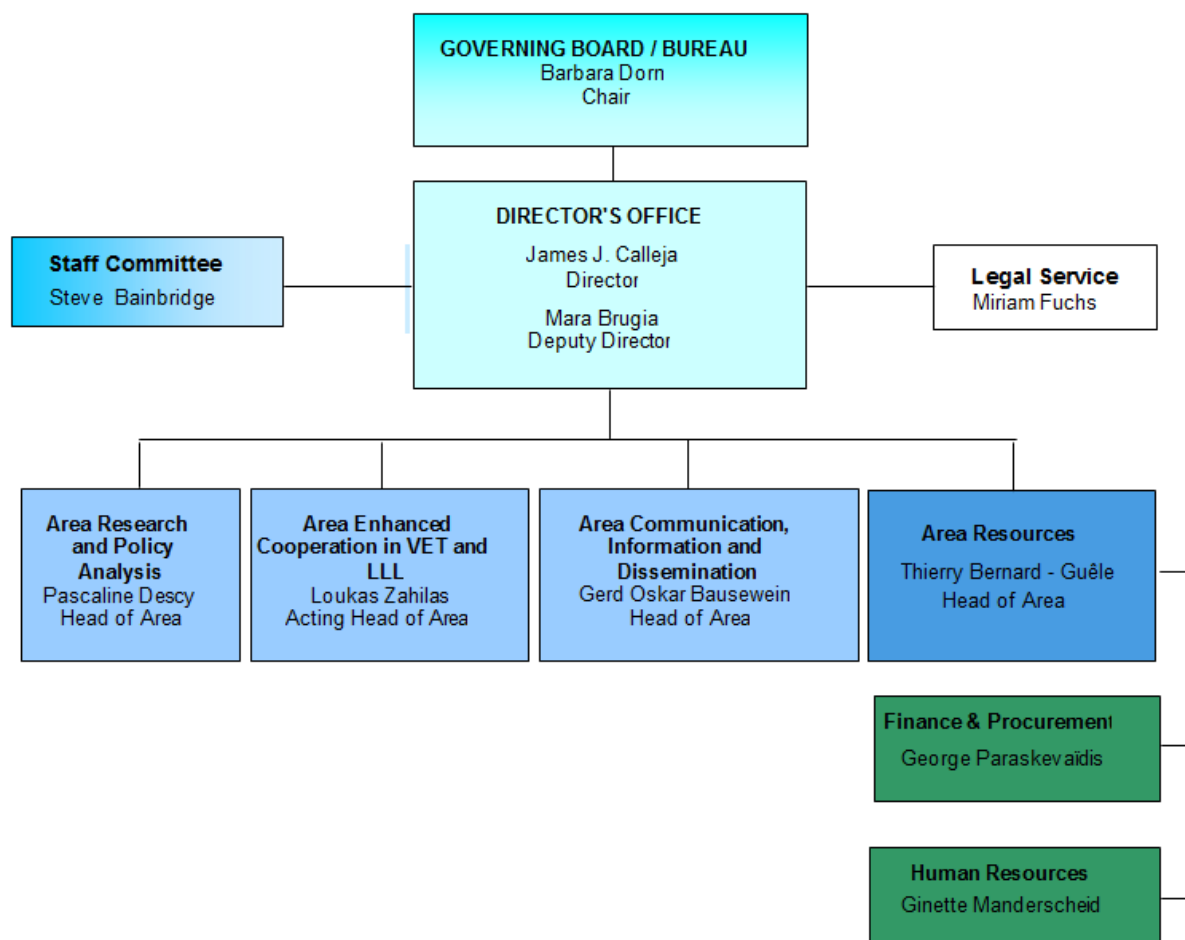
		2012	2013	2014
Outcome indicators				
Policy advice provided to stakeholders	Policy documents citing Cedefop work			
	by EU institutions	169	173	97
	by international organisations	68	43	31
	Policy documents to the preparation of which Cedefop has participated			
	of EU institutions	26	55	127
	of international organisations	2	4	7
	Participation in Presidency events and meetings of senior stakeholders or which support policy	158	166	164
New knowledge and insights generated	Downloads of publications/working papers/other			
	Total downloads	764,000	857,000	802,000
	Publication downloads	569,000	636,000	600,000
	Citations of Cedefop publications/studies in the literature	479	491	413
Raised awareness among stakeholders and the education and training or wider VET community	Web site traffic			
	Visits	410,000	413,000	331,000
	Page views	1,201,000	1,119,000	929,000
	Participation in conferences and events	91	88	78
	Quality of events organised by Cedefop (participants thought event was very good or good)	94%	94%	92%
	Study visit outcomes among stakeholders and the education and training community (satisfaction rate)	93%	97%	95%
Raised awareness among citizens	Europass outcomes among citizens			
	Visits to Europass website	14.81 m	20.85 m	21.75 m
	Downloads of Europass documents	10.54 m	13.45 m	15.98 m
	Creation of Europass documents online (incl. CV, Skills Passport, Language Passport)	8.31 m	10.16 m	13.63 m
	Media coverage, take-up of articles and press releases	525	492	745

5.2. Annex II: Statistics on financial management

		2012	2013	2014
Outcome indicators				
Efficient and effective support services	Internal support services – Resources			
	Percentage of establishment plan filled	97%	98%	97%
	% of budget executed	99.76%	99.77%	98.93%
	Timeliness of payments (number of days to make payments)	14.10	11	12.5

5.3. Annex III: Organisational chart

Cedefop organisation chart (situation on 31 December 2014)



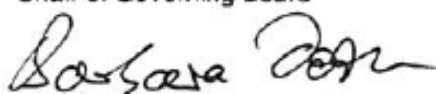
5.4. Annex IV: Establishment plan and additional information on Human Resources management

Annex IV a: Establishment plan

EUROPEAN CENTRE FOR THE DEVELOPMENT OF VOCATIONAL TRAINING		
Categories and grade	Table of posts	
	2014	
	Permanent posts	Temporary posts
AD16		
AD15		1
AD14		1
AD13		2
AD12	6	3
AD11		9
AD10		8
AD9		4
AD8		5
AD7		6
AD6		5
AD5		
Total AD	6	44
AST11		
AST10	1	2
AST9		2
AST8	2	2
AST7	1	6
AST6	4	3
AST5	4	6
AST4		10
AST3		4
AST2		1
AST1		
Total AST	12	36
	18	80
Grand Total	98	

Adopted by the Governing Board by written procedure
10 January 2014

Barbara Dorn
Chair of Governing Board



Annex IV b: Results of the screening exercise 2014 ⁽⁸³⁾

<i>Job Type (sub) category</i>	<i>Year N-1 (%)</i>	<i>Year N (%)</i>
<i>Administrative support and Coordination</i>		22.50%
Administrative Support		20.83%
Coordination		1.67%
<i>Operational</i>		69.17%
General operational activities		0%
Programme Management & Implementation		64.17%
Top Operational Coordination		5.00%
Evaluation & Impact Assessment		0%
<i>Neutral</i>		8.33%
Accounting, finance, non-operational procurement, contract management and quality management, internal audit and control		8.33%
Linguistic activities		0%

⁽⁸³⁾ In 2014 only the column corresponding to the 'Year N' is to be filled in.

5.5. Annex V: Human and financial resources by activity

On 31 December 2014, 95 of the 98 posts on the establishment plan were occupied which translates into an occupation rate of 97%.

During the financial year under consideration (2014), staff movements were as follows:

	Staff on 31/12/2013	Increase			Reduction			Staff on 31/12/2014
		Internal movements	Recruit.	Total	Internal movements	Depart.	Total	
	(a)	(b)	(c)	(d)=(b+c)	(e)	(f)	(g)=(e+f)	(h)
OFF	18			0			0	18
TEMP	80			0		3	3	77
SNE	4			0		2	2	2
CTST	23			0			0	23
Total	125			0			5	120

The final budget 2014 amounted to EUR 17.275 million (2013: EUR 17.925 million).

The total 2014 budget implementation has been 98.93%. In line with the new budget nomenclature, since 2013 the contributions of Norway and Iceland are 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 Supplementary and Amending Budget 1/2014 for retroactive correction – regularisations of remunerations regarding inflation rates 2011-2012 and salary weightings for EU staff in Greece from July 2013 to June 2014;
- A Supplementary and Amending Budget 2/2014 for retroactive correction – change of salary weightings for EU staff in Greece since July 2014;

Activity Based Budget 2014

CEDEFOP

ABB DECEMBER 2014

Compact report

Activity Name	*FTE		Title 1	Title 2	Title 3	Total		
	Initial	Current				Initial	Current	(%)
Policy analysis and reporting	24.70	25.59	2,151,918.19	310,859.94	1,475,088.48	3,937,866.61	3,619,902.62	91.93%
Common European tools, qualifications and learning outcomes	26.10	24.55	2,508,631.71	328,608.76	1,125,919.97	3,963,160.44	3,584,040.15	90.43%
Study visits	4.95	4.59	425,545.05	62,219.11	46,102.68	533,866.84	435,369.04	81.55%
Empowering adults and young people	22.60	23.63	1,956,731.62	284,550.79	1,176,211.19	3,417,493.60	3,548,298.48	103.83%
Skills analysis	24.85	23.52	2,225,232.73	312,803.66	1,081,436.49 ⁽¹⁾	3,619,472.88	3,549,017.20	98.05%
External communication	7.17	8.00	685,164.22	90,040.02	112,998.13	888,202.37	867,253.31	97.64%
Documentation and information	12.79	11.64	1,166,775.06	160,917.58	284,159.94	1,611,852.58	1,307,397.07	81.11%
ABB :	123.16	121.52	11,119,998.59	1,549,999.86	5,301,916.88	17,971,915.33 ⁽²⁾	16,911,277.87	94.10%
Budget 2014 :			10,423,849.00	1,550,000.00	5,301,917.00	17,275,766.00 ⁽³⁾		

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

(1) Not included DG EMPL Delegation Agreement No VS/2013/0554 (BRS 1/2013): 600.000 EUR for the "European Skills Panorama" project.

(2) Initial total budget comprises:
 EU Subsidy: 17.433.900,00 EUR
 N&I contributions: 523.017,00 EUR
 Cedefop own revenue (Title 3): 15.000,00 EUR

 TOTAL: 17.971.917,00 EUR

(3) Final total budget comprises:
 (*) EU Subsidy: 16.737.749,00 EUR
 N&I contributions: 523.017,00 EUR
 Cedefop own revenue (Title 3): 15.000,00 EUR

 TOTAL: 17.275.766,00 EUR

(*) Including the two 2014 negative BRS amounting 510.151 EUR and 186.000 EUR respectively.



Governing Board Meeting
10-11 June 2015
 RB(2015)01583

OPINION OF THE GOVERNING BOARD ON THE FINAL ANNUAL ACCOUNTS 2014

The Governing Board:

- having regard to Article 12a(6) of Regulation No 337/75 of the Council of 10 February 1975 establishing the Centre as last amended in 2004 and the financial rules applicable to the European Centre for the Development of Vocational Training adopted on 9 January 2014, and in particular Article 99(3) on the submission of accounts;
 - having regard to the annual accounts of the Centre for 2014 together with the Consolidated Annual Activity Report (CAAR) 2014, which takes into account the remarks of the Court of Auditors;
 - having regard to the Director's statutory declaration in the annual activity report 2014 and his expression of confidence in the checks and operation of the Centre's internal control system;
 - having regard to the declaration of the accountant and of the internal control coordinator in the consolidated annual activity report;
 - having regard to the report of the Court of Auditors (May 2015);
- (1) declares it has reasonable assurance, on the basis of the facts in its possession, that the annual accounts for the financial year 2014 are reliable and that the underlying transactions, taken as a whole, are legal and regular;
 - (2) notes that the Centre's Consolidated Annual Activity Report for 2014 includes complete financial information;
 - (3) notes with satisfaction the high implementation rate with over 98,93 % of Cedefop's budget committed, and that 95 of the establishment plan's 98 posts were filled at 31 December 2014;



- (4) congratulates the Centre on the fact that the Court of Auditor's draft report contains no observations on the 2014 accounts;
- (5) expresses its satisfaction with the performance of the Centre and its staff and asks management and staff to continue their efforts.

The Governing Board, in consequence, confirms hereby its positive assessment of the annual accounts 2014 and expresses its opinion that it has the necessary assurance that the annual accounts 2014 provide a true and fair view of Cedefop's financial position and that the underlying actions have been legal and regular in all material aspects.

Opinion adopted at the Governing Board meeting on 11 June 2015.

12. 6. 15 Barbara Dorn

Barbara Dorn
Chair of the Governing Board

[Handwritten signature]



Thessaloniki, June 2015

FINAL

Annual Accounts

Financial year 2014

These accounts have been prepared by the Accounting Officer on 13/05/2015 and drawn up by the Director on 14/05/2014. The opinion of the Governing Board was given on 11/06/2015.

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 19/06/2015.

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

Thessaloniki / Date 25.5.2015


The Director
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 Governing 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, adopted by the Governing Board on 3 June 2014 and replacing the former implementing rules adopted by the Governing Board on 17 December 2010.

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 external assigned revenue, as are the other appropriations received from the Commission.

Certification

The final annual accounts of Cedefop (the European Centre for the Development of Vocational Training) for the year 2014 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 13 May 2015

REPORT ON BUDGETARY AND FINANCIAL MANAGEMENT FINANCIAL YEAR 2014

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 application.

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 transversal activities & use of assigned revenue respectively.

1.4. Management of appropriations

The management of appropriations was decentralised to the Areas in 2006. However, the Administration retains centralised responsibility for budgetary records in the computerised system and for the keeping of documents. 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 budgeted within each Area’s Chapter, were also moved to Chapter 35 where a relevant budget line 351 with four budget items was created.

1.5. Non-automatic carryovers of appropriations

No non-automatic carryovers were made from 2014 to 2015.

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 was entered in the 2013 budget. Funds relating to the grant were received in 2014. The grant is treated as external assigned revenue and is to fund studies requested by DG Employment in the field of labour skills demand and supply.

Additionally two amending budgets were approved by the Governing Board in 2014 to incorporate in Cedefop's budget the retroactive impact of the decisions of the EU judicial and legislative authorities concerning the regularisations of staff's remunerations. These decisions date back to 2011 and resulted to significant negative salary corrections for EU staff working in Greece. The savings, totalling Euro (510 151 + 186 000) 696 151, were returned to the Commission by way of these amending budgets.

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. As of 2014 amounts received as interest accruing on bank accounts constitutes revenue for Cedefop.

1.8. Debit Notes

The Centre issued twenty debit notes for a total value of Euro 33 259. Their breakdown being: the request for Iceland's 2014 contribution (Euro 13 947), two requests for the return of unspent grant funds (total Euro 2 446) and sundry claims for expenses to be reimbursed –

the vast majority being travel related - (Euro 16 866). All amounts other than Iceland's contribution were received in the year.

Evolution of commitment appropriations of the European Centre for the Development of Vocational Training (Cedefop) for the financial year 2014

Article Item	Heading	Initial 2014 Budget	Transfers	Estimated Assigned Revenue	Amending budgets	Final Budget
	Title 1 - STAFF EXPENDITURE	11,120,000	-426,270	0	-696,151	9,997,579
	Title 2 - ADMINISTRATIVE	1,550,000	225,305	0		1,775,305
	Title 3 OPERATING EXPENDITURE	5,286,917	200,965	15,000		5,502,882
3 0	TRANSVERSAL ACTIVITIES	200,000	28,585			228,585
3050	Governing Board meetings	130,000	-34,565			95,435
3070	Transversal technical support	70,000	63,150			133,150
3 1	NON MEMBER STATES AND ASIGNED REVENUE	0	0			0
3100	Participation of Non-Member states	0	0			0
3122	DG Employment Delegation Agreement	0	0			0
3 2	RESEARCH AND POLICY ANALYSIS	2,471,000	224,765			2,695,765
3200	Missions, meetings, interpretation	238,000	-67,840			170,160
3240	Pilot studies and projects	1,177,000	330,360			1,507,360
3250	ReferNet annual grants (Specific Grant Agreements)	1,056,000	-37,755			1,018,245
3 3	ENHANCED COOPERATION IN VET and LLL	1,900,000	17,470			1,917,470
3300	Missions, meetings, interpretation	355,000	-73,775			281,225
3340	Exchanges and support for partners	1,525,000	96,350			1,621,350
3350	Study Visits for education and vocational training specialists	20,000	-5,105			14,895
3 5	INFO, COMMUNICATION AND DISSEMINATION	715,917	-69,855	15,000		661,062
3500	Missions, meetings, interpretation	38,000	-10,235			27,765
3510	Publications and dissemination	127,700	43,430	15,000		186,130
3520	Translation expenses	101,500	-26,635			74,865
354	Documentation databases and public relations	448,717	-76,415			372,302
	GRAND TOTAL	17,956,917	0	15,000	-696,151	17,275,766

Evolution of payment appropriations of the European Centre for the Development of Vocational Training (Cedefop) for the financial year 2014

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	11,120,000	-426,270		-696,151	9,997,579
	Title 2 – INFRASTRUCTURE & OPERATING EXPENDITURE	1,550,000	225,305			1,775,305
	Title 3 - OPERATIONAL EXPENDITURE	5,286,917	200,965	615,000	0	6,102,882
	GRAND TOTAL	17,956,917	0	615,000	-696,151	17,875,766

Estimated Assigned Revenue consists of estimated Euro 15,000 of and internally generated assigned revenue and other income and Euro 600,000 grant funds received from DG Employment in the field of labour skills demand and supply. The corresponding commitment appropriations were booked in the 2013 accounts.

2 BUDGET IMPLEMENTATION 2014

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)	9,997,579	9,832,702	9,706,515	126,187	164,877	231,152	231,152	208,113		23,039
Union contribution	16,737,749	16,333,900											
Other subsidies			Title II Administration (NDA)	1,775,305	1,771,724	1,345,847	425,877	3,581	251,419	251,419	234,509		16,910
Other revenue	15,000	10,043	Title III Operational Activities (DA)										
			- CA	4,979,865	4,964,034			15,831	0	0			
			- PA	4,979,865		4,387,080	0	592,785	0		0		0
Assigned revenue	1,123,017	1,109,070	Assigned revenue	1,109,070	523,017	0	1,109,070	0	1,363,330	1,113,662	1,113,375	249,956	0
Total	17,875,766	17,453,013	Total CA	17,861,819	17,091,477		1,661,134	184,289	1,845,901	1,596,232		249,956	39,949
			Total PA	17,861,819		15,439,443	1,661,134	761,242	1,845,901		1,555,996	249,956	39,949

2.1. Appropriations for the current financial year: Analysis of the use of appropriations and of the main changes compared with 2013.

2.1.1. Title 1: Staff

Budget item and heading		2014			2013		Change comm. %
		Final budget	Comm.	Payments	Comm.	Payments	2014/ 2013
110	Officials and temporary staff occupying a post (includes Social Security contributions, supplementary services and weightings)	7,863,300	7,755,120	7,755,120	8,525,889	8,525,889	-9%
1111	Seconded national experts	170,100	170,024	170,024	194,835	194,835	-13%
1112	Contract staff	997,869	987,598	987,598	1,041,127	1,041,127	-5%
1113	Trainees	81,400	81,393	81,393	94,628	94,628	-14%
114	Miscellaneous allowances and grants	181,000	180,390	180,390	261,051	261,051	-31%
120	Allowances and expenses on leaving and entering the service	233,290	216,337	167,629	246,908	143,694	-12%
130	Mission expenses	75,600	75,591	71,289	76,480	65,041	-1%
143	Medical service	62,200	60,745	44,806	71,694	60,193	-15%
149	Other expenditure	73,800	71,538	71,443	81,290	65,191	-12%
150	Training	144,000	125,903	80,046	129,970	71,237	-3%
160	Supplementary services	96,020	90,850	80,890	189,500	160,883	-52%
170	Representation expenses	19,000	17,212	15,886	17,633	16,084	-2%
	TITLE 1 – TOTAL	9,997,579	9,832,702	9,706,515	10,931,005	10,699,853	-10%

Significant variations from 2013 to 2014 in commitments can be explained by:

1111 (Seconded national experts) – In 2014 there were fewer seconded national experts due to unforeseen departures.

1113 (Trainees) – In 2014 less money was committed due to the fact that no extensions of traineeships were granted.

1140 (Miscellaneous allowances and grants) – Less money was spent on this commitment as the rules on granting the annual travel (Art. 8 of Annex VII of the Staff Regulations) changed with the reform of 01/01/2014. This means that fewer staff members are entitled to the annual travel and the actual amounts granted are reduced.

1200 (Allowances and expenses on leaving and entering the service) – The higher amount in 2013 was related to the cost of the selection procedure for a new Deputy Director.

1430 (Medical service) – The 2014 figures reflect a change of provider (hospital) for the annual medical exams following a procurement procedure which has led to a decrease in price of exams.

1490 (Other expenditure) – In 2013, the cost of digitisation of personal files was committed on this budget line. This was a one-off cost and therefore has led to a decrease in commitments in 2014.

1600 (Supplementary services) – Expenditure on this budget line went down mainly due to a decrease in the number of legal translations.

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 31/12/2013	Increase			Reduction			Staff on 31/12/2014
		Internal movements	Recruit.	Total	Internal movements	Depart.	Total	
	(a)	(b)	(c)	(d) = (b + c)	(e)	(f)	(g) = (e + f)	(h) = (a + d - g)
OFF	18			0			0	18
TEMP	80			0		3	3	77
SNE	4			0		2	2	2
CTST	23			0			0	23
Total	125			0			5	120

On 31 December 2014, 95 of the 98 posts on the establishment plan were occupied. One post was kept vacant in order to be cut in 2015 in line with the required reduction of staff.

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

		2014			2013		Change comm. in % 2014/2013
		Final budget	Comm.	Payments	Comm.	Payments	
20	Building	645,650.00	644,523.85	597,951.93	594,634	533,404	8%
21	IT	625,315.00	625,284	395,418.25	509,500	445,251	23%
22	Equipment and furniture	130,040.00	129,066	91,150.03	77,874	25,787	66%
23	Administrative expenses	96,080.00	95,074	76,173.80	122,240	110,246	-22%
24	Postal charges and telecommunic ations	265,420.00	265,076	176,801.00	165,984	107,096	60%
25	Meeting expenses	12,800.00	12,700	8,352.37	8,500	5,529	49%
	TITLE 2 TOTAL	1,775,305.00	1,771,724.28	1,345,847.38	1,478,732	1,227,313	19.81%

The variation from 2013 to 2014 can be explained by:

- Chapter 20: (Building): slight increase (+2.7%) in expenditure for public utilities mostly due to high electricity fees and significant increase (+24.5%) on cleaning and maintenance due to the last stage of repair works and restart of large conferences. This has been offset by the decrease (-22.3%) in security expenditure which saw significant investment in 2013; overall increase of 8.0% reflecting a more intensive use of the building than in the previous year.
- Chapter 21: (IT Costs): increased expenditure (+5.6%) on data-processing equipment due to investments in servers/storage in order to enhance the capacity and respond to Business Continuity Plan needs (non-recurrent expenditure); a more significant increase (+29.5%) on software purchase and development to cover implementation of the new MoU-SLA on CERT-EU, security and auditing of storage; the overall increase of 22.7% allowed Cedefop to ensure due coverage of its ICT needs in 2014 and in the foreseeable mid-term.
- Chapter 22: (Equipment and furniture): important increase (+64.6%) in expenditure for purchase of technical equipment due to the revamping needs of the conference rooms and new meeting and training rooms; very significant increase (+222.4%) in expenditure for furniture to equip the new rooms (referring however to low amounts); important decrease (-44.4%) in expenditure for transport equipment (also low amounts involved), as use of service vehicles was further rationalised and fuel costs diminished significantly; overall increase of close to 65.7%, largely reflecting the completion stage of the rooms refurbishing and revamping project.
- Chapter 23: (Administrative): a significant decrease in expenditure on stationery and office supplies (-58.6%) and on other administrative expenditure (-35.4%) due to rationalisation and savings efforts; important increase (+77.5%) in legal expenses due to extra obligations and small increase (+6.2%) on publications of administrative nature, but referring to relatively low amounts; overall decrease of 22.2% actually due to efficient financial management of the general administrative activity.
- Chapter 24: (Post and telecommunications): decreased expenditure (-20.7%) on postal charges due to lower tariffs applied and reduced volume of outgoing paper mail; increased expenditure (+35.8%) on telecommunications subscriptions and charges due to much higher volume of electronic communication flows internally and externally and larger use of the web as working tool; significant increase in expenditure (+74.8%) for purchase, installation and maintenance of telecommunications material due to important investments to extend backbone latency, to acquire Access point equipment and to enhance power supply capacity (non-recurrent expenditure); the overall increase of 59.7% seriously fostered Cedefop's telecommunications capacity in the mid-term, thereby contributing to pursuing the ever more demanding operational priorities and challenges.
- Chapter 25: (Meeting expenses): important increase (+49.4%) due to fully exploiting the completely refurbished and revamped meeting rooms in organising a number of high-level, large conferences, including hosting two inter-agencies events, and numerous internal enhanced coordination meetings.

This year the Centre will carry forward Euro 552 064 of Title 1 and 2 appropriations; Euro 126 187 for Title 1 and Euro 425 877 for Title 2. These figures relate to non-assigned revenue funds.

The corresponding total figure for the previous year was Euro 482 570.

The Centre continues 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 towards the year end.

2.1.3. Title 3: Operational expenditure (commitments),

Chapter		2014			2013		
		Final budget	Comm.	%	Final budget	Comm.	%
30	Transversal activities	228,585	228,581	100.00%	390,725	390,690	99.99%
32	Area RPA: Research and Policy Analysis	2,695,765	2,695,439	99.99%	2,570,960	2,569,275	99.93%
33	Area ECVL: Enhanced Cooperation in VET and LLL	1,917,470	1,917,203	99.99%	2,059,090	2,053,447	99.73%
35	Area CID: Communication, Information and Dissemination	661,062	645,828	97.70%	456,900	450,597	98.62%
	TITLE 3 - TOTAL	5,502,882	5,487,051	99.71%	5,477,675	5,464,009	99.75%

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 2014 of 99.75%.

Payment Appropriations excluding grant and Norway and Iceland funds

Heading	Initial 2014 Budget	Transfers	Estimated Assigned Revenue	Amendments and Refunded	Payments	Balance
Title 1 - STAFF EXPENDITURE	11,120,000	-426,270				
Title 2 - ADMINISTRATIVE	1,550,000	225,305				
Title 3 OPERATING EXPENDITURE	4,748,900	200,965	15,000	0	-4,387,080	577,785
TOTAL	17,418,900	0	0	0	0	0
Norway & Iceland	523,017					
GRAND TOTAL	17,941,917	0	15,000	0	-4,387,080	577,785

Payment appropriations for Title 3, excluding Norway and Iceland funds, came to a total of Euro 4 748 900 of which Euro 4 387 080 were disbursed.

Note, the significant saving in personnel costs and slower Title 3 disbursements enabled the Agency to reduce its final subsidy request by Euro 500 000, additionally the reduction in the year-end cash security buffer requirements allowed the Agency to return Euro 600 000 to the Commission, the effect being to reduce the Agency's budget surplus and make for a more efficient use of treasury resources.

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

	Appropri. 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 2015.

2.2.2 Appropriations carried over automatically from 2013 to 2014 – 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	231,151.51	231,151.51	208,112.75	90.03%	23,038.76
Title 2 - Administrative	251,418.66	251,418.66	234,508.80	93.27%	16,909.86
Total	482,570.17	482,570.17	442,621.55	91.72%	39,948.62

Class A represents funds carried over from the previous year.

2.2.3. Assigned revenue

MONITORING TABLE FOR ASSIGNED REVENUE 2014								
DG EMPL projects & third countries	BALANCE: total carryovers on 31/12/13	New funds	Payment in 2014	Funds returned	Carryover balance - present	New approp. 2014	Payment in 2014	Balance
	a	b	c	d	e=a+b-c-d	e	f	h=d+e-f
Contribution Agreement No VS/2013/0554						600,000.00	63,025.00	536,975.00
Participation Norway 2014						509,070.00		509,070.00
Participation Iceland 2014						0.00		0.00
Total projects 2014	0.00	0.00	0.00	0.00	0.00	1,109,070.00	63,025.00	1,046,045.00
Participation Norway 2013	467,228.00	0.00	467,228.00		0.00			0.00
Participation Iceland 2013	13,947.00	0.00	13,947.00		0			0.00
Total projects 2013	481,175.00	0.00	481,175.00		0			0.00
Contribution Agreement no30/CE- 0538371/00-03	732,823.00		471,752.00		261,071.00			261,071.00
Participation Norway 2012	3,334.46				3,334.46			3,334.46
Total projects 2012	736,157.46	0.00	471,752.00	0.00	264,405.46			264,405.46
Sundry assigned revenue	1,221.59				1,221.59			1,221.59
Participation Norway 2011	142,796.12		97,422.52		45,373.60			45,373.60
Total projects 2011	144,017.71		97,422.52		46,595.19			46,595.19
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	1,363,330.47	0.00	1,050,349.52	0.00	312,980.95	1,109,070.00	63,025.00	1,359,025.95

3. CONCLUSIONS

The following summarises the main results and activities of the implementation of the 2014 work programme. The text of this section is derived from the description of Cedefop's products and services in 2014 in the annex II of the 2014 Specific Annual Report (SAR) of the European Court of Auditors.

[More information and a detailed presentation of the indicators of Cedefop's performance measurement system (PMS) are available in the Annual Report 2014 and the Annual Activity Report (www.cedefop.europa.eu).]

ABB activity: Policy analysis and reporting

Findings of Cedefop's 2010-2014 review of progress towards the goals set for VET informed policy discussions among Directors General for Vocational Training (DGVTS) under the Greek and Italian Presidencies and at the meetings of the Advisory Committee for Vocational Training (ACVT). They were also presented at the Cedefop/DGEAC conference held on 29-30 September 2014. Cedefop also contributed to defining new VET priorities. Cedefop published brief overviews of national VET systems (Spotlights on VET) and prepared detailed country fiches on VET policies for all Member States, Norway and Iceland. This information informed the 2014 country-specific recommendations of the European Semester. Cedefop used its extensive information on VET policies to showcase national efforts to strengthen VET graduate employability in the context of the Joint Assessment Framework of progress in education and training policy (published in the 2014 Education and Training Monitor). A selection of policy-relevant statistical indicators on VET was published. It facilitates reviewing the situation in each Member State. Cedefop contributed to the OECD flagship publication Education at a Glance with indicators based on PIAAC data.

ABB activity: Common European tools, qualifications and learning outcomes

Cedefop continued to coordinate the EQF (European Qualifications Framework) Advisory Group jointly with the European Commission and analysed NQF developments in 36 countries. Outcomes were published in the Briefing note 'Qualifications frameworks: expanding influence, persisting obstacles'. Support to EQAVET and ECVET continued. The 2014 update of the European Inventory on validation of non-formal and informal learning (33 countries) was published online. Cedefop also published the Briefing note 'The validation challenge: how close is Europe to recognising all learning?'. Visits in the Europass website – managed by Cedefop and available in 27 languages – reached 102 million since its launch (2014: 21,7 million; 2013: 20,1 million). Users generated 47 million CVs online (2014: 13,1 million; 2013: 9,8 million). Throughout 2014 Cedefop carried out targeted research on strengthening synergy between the European tools and debated the findings at a high level Conference (Thessaloniki, 28 and 29 November) which brought together more than a hundred experts, policy-makers and social partners from 20 different countries. In the academic year 2013/14, Cedefop coordinated the 245 last study visits for 2709 education and vocational training specialists from 34 countries (the programme came to an end in September 2014).

ABB activity: Adult learning, transitions and apprenticeships

To support the 'European alliance for apprenticeships' Cedefop fostered cooperation at European level and among Member States in the development of apprenticeship-type work-based learning and reviewed the conditions for developing and expanding apprenticeship in different countries. Cedefop organised with the European Commission the conference 'Steering Partnerships for Growth' (Thessaloniki, 7-8 May) to help countries identify potential partners to work jointly on apprenticeships across borders. On the eve of the conference, Cedefop published the briefing note 'Developing apprenticeships'. To support young people and workers to manage labour market transitions and achieve positive labour market outcomes Cedefop published the study 'Navigating difficult waters: learning for career and labour market transitions'.

ABB activity: Skills analysis

In 2014 Cedefop took over responsibility for the EU Skills Panorama. Cedefop published online its latest skill supply and demand forecasts 2013-2025 and contributed to shape the report of the World Economic Forum's Global Agenda on Employment (of which Cedefop was a member in the period 2012-2014) 'Matching skills and labour market needs in the world economy - Building Social Partnerships for Better Skills and Better Jobs' presented in Davos-Klosters. The briefing note 'Skills mismatch: more than meets the eye' was published. The '2nd Cedefop/OECD Green skills forum' was organised in Paris in February. With the ETF and ILO, Cedefop produced guides on approaches to anticipate skill needs. It also jointly organised with the International Training Centre of the ILO (ITC-ILO) a training course on Skills Needs Anticipation and Matching. Cedefop contributed to the OECD and European Union publication 'Matching economic migration with labour market needs'.

Organisational impact

Key performance indicators show high organisational impact: Cedefop's work is widely cited in 97 policy documents of the EU. Cedefop provided advice and expertise to Presidency events and EU-level senior stakeholder meetings that support policy implementation (164 contributions). 69 conferences, workshops and meetings with high level representatives of EU and national institutions were organised by Cedefop. 92% of participants considered the events very good or good. 600 000 downloads of Cedefop publications were recorded, including 71 000 briefing notes targeting policy makers and published in eight languages. This shows high interest in the knowledge and insights the Agency generates. 745 media articles reported on Cedefop's work in leading European media including Die Welt, the Times Educational Supplement and El Pais. Academic/scientific journals cited Cedefop publications and studies (413 citations in 2013-14).

Audits in 2014 confirmed good progress in the implementation of the recommendations. All recommendations from previous years were closed by the end of 2013 and the new recommendations issued in 2014 are implemented in accordance with the agreed action plan. The Court's visit in December 2014 resulted in no comments or findings.

The 2014 report of the European Court of Auditors (on the accounts 2013) contains no specific comments and acknowledges that Cedefop has followed up on all recommendations of previous years. It further acknowledges that the transactions underlying the annual accounts 2013 have been legal and regular in all material respects.



Developments in 2014 in the administrative services concentrated on further streamlining procedures and increasing efficiency.

Completion of the repair works, mainly in the former day care centre premises and the landscaping continues to be delayed, although significant progress was recorded at the end of 2014. All complementary studies have been completed and all works related to building foundations and ground settlements have been completed by the end of 2014.

The reinforcement of the slabs of the 3 main conference rooms has been implemented and all conference rooms have been available since March 2014.

All ancillary remaining internal and external works should be completed within the first quarter of 2015. The supervising Company contracted by the Greek Government has provided a draft action plan and process to monitor the state of the building for at least the next 10 years, starting in 2015.

REPORTS ON IMPLEMENTATION OF THE 2014 BUDGET

In accordance with Article 97 of the Financial Rules and Articles 82 and 83 of the Implementing Rules, the budget implementation reports of the Centre for the financial year 2014 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 2014 and 2013

	2014	2013
Revenue		
Own revenue		
Commission contributions	16,333,900.00	17,133,900.00
Sundry revenue		
Assigned revenue	1,109,070.00	481,175.00
Other revenue	10,042.66	142,054.94
Total revenue (a)	17,453,012.66	17,757,129.94
Expenditure		
<i>Staff – Title 1 of the budget</i>		
Payments	9,706,515.43	10,699,853.49
Appropriations carried over	126,186.81	231,151.51
<i>Administration – Title 2 of the budget</i>		
Payments	1,345,847.38	1,227,313.75
Appropriations carried over	425,876.90	251,418.66
<i>Operating activities– Title 3 of the budget</i>		
Payments	1,841,625.44	2,252,849.69
Payments against outstanding commitments at 31/12/n-1	2,545,454.98	2,332,943.12
Payment appropriations carried over	-	-
<i>Assigned revenue (Grants + third countries and others)</i>		
Payments	1,113,374.52	1,396,717.54
Carryovers including assigned revenue not entered in the budget	1,359,025.95	1,363,330.47
Total expenditure (b)	18,463,907.41	19,755,578.23
Outturn of the financial year (c = a - b)	-1,010,894.75	-1,998,448.29
Balance carried over from the previous year		
Cancelled n-1 appropriations carried over (non-differentiated appropriations Titles 1 and 2)	39,948.62	38,111.13
Appropriations carried over from assigned revenue	1,363,330.47	2,168,873.01
Payment appropriations carried over from the previous year (Title 3)	-	-
Exchange-rate differences	-8,749.74	1,862.27
Balance for the financial year	383,634.59	210,398.12

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.

FINANCIAL STATEMENTS

FINANCIAL YEAR 2014

In accordance with Article 96 of the Financial Rules and Articles 79, 80 and 81 of the Implementing Rules, the financial statements of the Centre for the financial year 2014 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

		2014	2013 Revised
ASSETS			
A. NON CURRENT ASSETS			
Intangible fixed assets		118,191.19	137,302.44
Tangible fixed assets		3,584,319.24	3,810,673.64
	Land and buildings	2,884,773.26	3,138,629.42
	Plant and equipment	232,716.95	207,526.72
	Computer hardware	396,138.36	380,756.12
	Furniture and vehicles	34,464.80	46,733.86
	Other fixtures and fittings	36,225.87	37,027.52
	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		3,707,586.84	3,953,052.49
B. CURRENT ASSETS			
Stocks		0.00	0.00
Short-term pre-financing		367,131.60	698,762.66
	Short-term pre-financing	367,131.60	698,762.66
	<i>ST pre-financing with consolidated EC entities</i>	0.00	0.00
Short-term receivables		1,860,493.67	1,685,400.48
	Current receivables	1,348,557.54	1,436,301.65
	Long-term receivables falling due within a year		
	Sundry receivables	400,840.43	146,510.36
	Other	106,564.70	102,588.47
	-Accrued income	11,242.31	0.00
	-Deferred charges	95,322.39	102,588.47
	<i>Deferrals and Accruals with consolidated EC entities</i>	0.00	0.00
	<i>Short-term receivables with consolidated EC entities</i>	4,531.00	0.00
Cash and cash equivalents		419,571.48	340,195.25
TOTAL CURRENT ASSETS		2,647,196.75	2,724,358.39
TOTAL		6,354,783.59	6,677,410.88

		2014	2013 Revised
LIABILITIES			
A. CAPITAL		4,411,939.22	4,611,601.25
Reserves			
Accumulated surplus/deficit		4,611,601.25	4,326,419.81
Economic result of the year - profit+/loss-		-199,662.03	-285,181.44
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		0.00	0.00
D. CURRENT LIABILITIES		0.00	0.00
Provisions for risks and charges		0.00	74,665.36
Accounts payable		1,942,844.37	1,991,144.27
	Current payables	60,549.07	23,223.31
	Long-term liabilities falling due within the year	0.00	0.00
	Sundry payables	4,366.58	4,387.95
	Other	696,208.63	989,396.83
	- Accrued charges	696,208.63	989,396.83
	- 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>	1,181,720.09	974,136.18
	<i>Pre-financing received from consolidated EC entities</i>	1,181,720.09	943,260.82
	<i>Other accounts payable against consolidated EC entities</i>	0.00	30,875.36
TOTAL CURRENT LIABILITIES		1,942,844.37	2,065,809.63
TOTAL		6,354,783.59	6,677,410.88

1.2. STATEMENT OF FINANCIAL PERFORMANCE

	2014	2013 Revised
Revenues from administrative operations	159,080.35	143,497.19
Other operating revenue	17,033,408.45	17,957,663.25
TOTAL OPERATING REVENUE	17,192,488.80	18,101,160.44
Staff and administrative expenses	-11,867,332.56	-12,720,150.89
Staff expenses	-9,471,960.09	-10,400,759.50
Fixed asset related expenses	-546,337.09	-497,372.89
Administrative expenses	-1,849,035.38	-1,822,018.50
Operational expenses	-5,521,468.52	-5,092,937.57
Other operational expenses	-5,521,468.52	-5,092,937.57
TOTAL OPERATING EXPENSES	-17,388,801.08	-17,813,088.46
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES	-196,312.28	288,071.98
Financial revenues	0.00	0.00
Financial expenses	-3,349.75	-2,890.54
Movement in pensions (- expense, + revenue)		
SURPLUS/(DEFICIT) FROM NON OPERATING ACTIVITIES	-3,349.75	-2,890.54
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES	-199,662.03	285,181.44
Extraordinary gains (+)		
Extraordinary losses (-)		
SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS	0.00	0.00
ECONOMIC RESULT OF THE YEAR	-199,662.03	285,181.44

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 2013			4,326,419.81	-150,037.72	4,176,382.09
Changes in accounting policies				435,219.16	435,219.16
Balance as of 1 January 2014 (revised)	0.00	0.00	4,326,419.81	285,181.44	4,611,601.25
Other					0.00
Fair value movements					0.00
Movement in Guarantee Fund reserve					0.00
Allocation of the Economic Result of Previous Year			285,181.44	-285,181.44	0.00
Amounts credited to Member States					0.00
Economic result of the year				-199,662.03	-199,662.03
Balance as of 31 December 2014	0.00	0.00	4,611,601.25	-199,662.03	4,411,939.22

3. CASH-FLOW STATEMENT (INDIRECT METHOD)

	2014	2013 Revised
Cash Flows from ordinary activities		
Surplus/(deficit) from ordinary activities	-199,662.03	285,181.44
Operating activities		
<u>Adjustments</u>		
Amortization (intangible fixed assets) +	42,955.96	19,324.15
Depreciation (tangible fixed assets) +	503,381.13	478,048.74
Increase/(decrease) in Provisions for risks and liabilities	-74,665.36	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	331,631.06	-97,584.13
(Increase)/decrease in Long term Receivables	0.00	0.00
(Increase)/decrease in Short term Receivables	-175,093.19	-568,718.19
(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	-255,883.81	-859,138.12
Increase/(decrease) in Liabilities related to consolidated EC entities	207,583.91	-229,046.40
Net cash Flow from operating activities	380,247.67	-971,932.51
Cash Flows from investing activities		
Increase of tangible and intangible fixed assets (-)	-300,871.44	-597,094.81
Proceeds from tangible and intangible fixed assets (+)		
Net cash flow from investing activities	-300,871.44	-597,094.81
Net increase/(decrease) in cash and cash equivalents	79,376.23	-1,569,027.32
Cash and cash equivalents at the beginning of the period	340,195.25	1,909,222.57
Cash and cash equivalents at the end of the period	419,571.48	340,195.25

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 also adopted on 3 June 2014 its new Implementing Rules to the Financial Rules adopted on 9 January 2014 (and entered into force on 01.01.2014), which make the subject of a Governing Board Decision (DIR/RB(2014)01414) that also entered into force on 01.01.2014 (as per DG BUDG instruction of 28.04.2014). Articles 96 to 103 of that Decision (referring to Article 106 of the Financial Rules) include detailed provisions in regard to the inventory system.

Changes to the calculation of accruals and pre-financing given to suppliers.

In 2014 Cedefop introduced a new method of calculating accruals whereby the figure is derived primarily from an analysis of invoices received in the following year plus those amounts where services or goods have been received but invoices are yet to be registered. This approach to the recognition of accrued expenses differs from previous years which included an internally generated estimate of the value of works performed by suppliers. The new approach offers a more transparent figure supported by third party documentation and is more in keeping with recognised accountancy practice.

Similarly pre-financing given to suppliers had in previous years been adjusted to incorporate an estimate of work performed by suppliers. This estimate is no longer included in the 2014 calculation to arrive at more tangible result.

As 2013 year-end adjustments are reversed in 2014 they consequently impact the 2014 Economic Results. In order to account for previous year’s overstatement the new methods of calculation were applied to 2013. These changes in accounting treatment result in an increase in the Accumulated Reserve of Euro 435 219. See above statement.

Revision of 2013 Financial Statements.

These accounts incorporate the restated figures hence comparatives are with the revised 2013 accounts.

The table below gives details of the revised and the original 2013 figures and their differences.

Balance Sheet	2013 Revised	2013 Original	Difference
Short-term pre-financing given	698,762.66	669,279.48	29,483.18

Accrued charges	989,396.83	1,680,652.81	-691,255.98
Pre-financing received from consolidated EC entities	943,260.82	657,740.82	285,520.00
Total			-435,219.16

Economic Result			
Operating revenue	17,957,663.25	18,243,183.25	-285,520.00
Staff expenses	-10,400,759.50	-10,434,075.06	33,315.56
Administrative expenses	-1,822,018.50	-1,783,117.03	-38,901.47
Operational expenses	-5,092,937.57	-5,819,262.64	726,325.07
Total			435,219.16

2. Remarks relating to fixed assets

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.

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 calculated at Euro 130 000. Non capitalised research costs were also incurred to the value of Euro 75 030.

	Software
A. Purchase value:	
Previous financial year	285,083.58
Additions	23,844.71
Withdrawals or transfers from other headings	-10,206.51
<i>At the end of the financial year:</i>	298,721.78
B. Depreciation:	
Previous financial year	147,781.14
Additions	42,955.96
Transfer from other headings	-10,206.51
<i>At the end of the financial year:</i>	180,530.59
Net book value (A – B)	118,191.19

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	6,692,860.66	799,904.52	286,243.37	70,897.80	1,456,843.69	173,850.34	9,480,600.38
Additions	-	97,308.88	772.36	-	172,333.19	6,612.30	277,026.73
From other headings							-
From one heading to another		-54,874.27			-189,948.80		244,823.07
<i>At the end of the financial year:</i>	6,692,860.66	842,339.13	287,015.73	70,897.80	1,439,228.08	180,462.64	9,512,804.04
B. Depreciation:							
Previous financial year	3,554,231.24	592,377.80	263,965.59	46,441.72	1,076,087.57	136,822.82	5,669,926.74
Additions	253,856.16	72,118.65	3,882.96	9,158.46	156,950.95	7,413.95	503,381.13
From other headings							-
From one heading to another		-54,874.27			-189,948.80		-244,823.07
<i>At the end of the financial year:</i>	3,808,087.40	609,622.18	267,848.55	55,600.18	1,043,089.72	144,236.77	5,928,484.80
Net book value (A – B)	2,884,773.26	232,716.95	19,167.18	15,297.62	396,138.36	36,225.87	3,584,319.24

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 mid-2015. The conclusions on page 16 give more detail regarding the works carried out. The cost of these works is borne by the Greek Government hence no entry has been made in the Cedefop 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/she 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 where a tangible benefit or product has been received as explained in the introduction to the notes on page 28.

At year-end outstanding pre-financing amounts are valued at the original amount(s) paid, less amounts returned, eligible amounts cleared and/or 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 2014 but relating to 2015,
- d) recovery from staff of large weighting factor adjustment, to be cleared in 2015.

Analysis of Accounts Receivable		
	2014	2013
VAT charges to be recovered from all EU countries	1 331 379.21	1 436 301.65
Staff related advances including school, canteen VAT and mission advances	157 894.15	146 510.36
Staff recovery of weighting factor adjustment	242,429.08	0.00
Iceland 2014 contribution	13,947.00	0.00
Deferred charges, i.e. expenses paid in advance e.g. insurance	95 322.39	102 588.47
Accrued Income	11,242.31	0.00
Accrued Income from Consolidated Entities	4,531.00	0.00
Other small sundry items	3,748.53	0.00
	<u>1 860 493.67</u>	<u>1 685 400.48</u>

Note: Cedefop has for several years experienced delays in recovering the VAT owed by the Greek state. It continues to make every effort to ensure receipt of these monies.

F. Long term provision

There are no long term provisions in the 2014 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 2014 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 potential 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 remained unpaid at the end of 2013. The agency chose not to make a provision for this cost as it was to be offset by the 2012 reduction in the weighting factor.

In 2014 these outstanding adjustments were finally realised resulting in a significant reduction in staff's weighting factor allowance which, as it has been backdated to 2011, resulted in a windfall saving in salary costs in 2014 of Euro 696K. This saving was returned to the Commission by means of two amending budgets.

The above provision of Euro 74 665.36 was consequently reversed in the 2014 accounts.

H. Accounts payable

Consisting of:

- a) current payables, relating chiefly to invoices received from suppliers at the end of 2014 to be processed in 2015,
- 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 2014. See page 28 for details on the changes to accrual calculation introduced in 2014.

	2014	2013 Revised
Accrued costs	482,990	761,958
Accrued leave	213,218	227,439
Total	696,208	989,397

- d) amounts payable to consolidated entities, being chiefly pre-financing received from the Commission. The total to be paid increased from Euro 974 136 in 2013 (Revised) to Euro 1 181 720 in 2014. This figure consists of:

	2014	2013 Revised
Surplus on Budget Account	383,635	210,398
Remainder of Building Grant 250K	40	40
Grants Received 2013	1,188,000	1,188,000
Less amount dispersed on above grant	- 926,929	- 455,177
Grants Received 2014	600,000	-
Less amount dispersed	- 63,025	-
Interest on Bank Accounts	-	4,726
Accrued expenses with consolidated EC entities	-	26,149
Total	1,181,720	974,136

I. Contingent Liabilities

Contingent liabilities as at 31st December 2014 amounted to Euro 5 577 894 (Euro 5 324 065 in 2013 Revised) 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 10.10% of their basic salaries to the pension scheme and an additional 20.20% 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 383 635 (representing the balance on the Statement of Financial Performance for 2014) when calculating the revenue.

In order to ensure effective use of Commission funds Cedefop chose, in its final subsidy request, to forego Euro 500 000 of the available monies. Additionally in December the in-house forecasting system allowed the agency to accurately predict the necessary funds required to see through the year end. This enabled the agency to return an additional Euro 600 000.

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

Analysis of Revenue in the Economic Result Account 2014		
Funds received from the Commission	16,333,900	
Less net surplus on the Budgetary Outturn Account	<u>-383,635</u>	
		15,950,265
Grant Income		
Agreement n° 30/CE-058371//03 disbursed	471,752	
Agreement n° VS/2013/0554 disbursed	63,025	
		534,777
Other Operational Income		
Norway	509,070	
Iceland - accrued	13,947	
Accrued Income from unspent grants	11,242	
Accrued Income from Consolidated entity	4,531	
Reimbursements & Sundry	<u>9,576</u>	
		548,366
		<u>17,033,408</u>
Revenue from Administrative operations		
Canteen	158,613	
Commission	467	
		<u>159,080</u>
	Total Income	17,192,489

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.

All salary calculations giving the total staff expenses included in the Statement of financial performance of the Agency are externalized to the Office for administration and payment of individual entitlements (also known as the Paymaster's Office-PMO) which is a central office of the European Commission.

The PMO's mission is to manage the financial rights of permanent, temporary and contractual staff working at the Commission, to calculate and to pay their salaries and other financial entitlements. The PMO provides these services to other EU institutions and agencies as well. The PMO is also responsible for managing the

health insurance fund of the Institutions, together with processing and paying the claims of reimbursement from staff members. The PMO also manages the pension fund and pays the pensions of retired staff members. PMO is being audited by the European Court of Auditors.

The Agency is only responsible for the communication to the PMO of reliable information allowing the calculation of the staff costs. It is also responsible to check that this information has been correctly handled in the monthly payroll report used for accounting payroll costs. It is not responsible for the calculation of the payroll costs performed by PMO

Staff costs essentially (although not entirely) correspond to Title 1 budget lines. Staff expenses are sometimes considered “administrative expenses” but it should be noted that the Centre employs a large number of experts performing operational tasks and approximately 66% of staff costs relate to operational personnel and hence should be interpreted as operational costs.

In 2014 outstanding adjustments were finally settled relating to inflation increases but more significantly to a large drop in the weighting factor for Greece. These savings were backdated to 2011 and resulted in a windfall saving in salary costs in 2014 of Euro 696K.

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 2014 figure of Euro 5 521 467 compares to the corresponding 2013 Revised figure of Euro 5 092 938. 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, 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 199 662 (1% of Revenue) compares to last year’s revised surplus of Euro 285 181. As revenue attributable to the subsidy is approximately Euro 1m less than in 2013 (see above) so too is the cost of personnel.

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:

	2014	2013 Revised
Economic result	-199,662.03	285,181.44
<i>Adjustment for accrual items (items not in the budgetary result but included in the economic result)</i>		
Adjustments for Accrual Cut-off (reversal 31.12.2013)	-989,396.83	-1,671,325.20
Adjustments for Accrual Cut-off (cut-off 31.12.2014)	696,208.63	989,396.83
Unpaid invoices at year end but booked in charges	59,059.82	46,168.02
Depreciation of intangible and tangible fixed assets	546,337.09	497,372.89
Provisions	-74,665.36	0.00
Value reductions	-52.47	-1.25
Recovery Orders issued in 2014 and not yet cashed	-29,720.31	0.00
Prefinancing given in previous year and cleared in the year	698,762.66	601,178.53
Prefinancing received in previous year and cleared in the year	-534,777.20	-415,176.80
Payments made from carry over of payment appropriations	442,621.55	858,619.90
Increase in prepayments to suppliers & reverse 2013 invoices	-38,901.94	-260,173.92
<i>Adjustment for budgetary items (item included in the budgetary result but not in the economic result)</i>		
Asset acquisitions (less unpaid amounts)	-300,871.44	-597,094.81
New pre-financing paid in 2014 and remaining open as at 31.12.2014	-367,131.60	-698,762.66
New pre-financing received in 2014 remaining open as at 31.12.2014	983,634.59	210,398.12
Budgetary recovery orders issued before 2014 and cashed in the year	0.00	3,533.53
Payment appropriations carried over to 2015	-1,911,089.66	-1,845,900.64
Cancellation of unused carried over payment appropriations from previous year	39,948.62	38,111.13
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	1,363,330.47	2,168,873.01
Adjustments Total	583,296.62	-74,783.32
Budgetary result	383,634.59	210,398.12

5. Distribution by grade of occupied posts in the 2014 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	-	9
	AD 10	-	7
	AD 9	-	4
	AD 8	-	5
	AD 7	-	6
	AD 6	-	4
	AD 5	-	-
		6	42
	AST 10	1	2
	AST 9	-	2
	AST 8	2	2
	AST 7	1	6
	AST 6	4	3
	AST 5	4	6
	AST 4	-	9
	AST 3	-	4
	AST 2	-	1
	AST 1	-	-
		12	35
		18	77
		Total	95
		Vacant	3

5.7. Annex VII: Materiality criteria

NOTE

Annex VII — Materiality criteria

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 Consolidated 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 Consolidated 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 2014, 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 Consolidated 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.



Joachin James Calleja
Director

5.8. Annex VIII: Cooperation with EU agencies

5.8.1. Cedefop-ETF cooperation

Since 1997, Cedefop and ETF have developed a formal cooperation within the framework of their own specific missions and responsibilities. This systematic collaboration leads to more efficiency, economies of scale and increased service levels. According to the framework of cooperation covering the period 2014-17 the two agencies aim to strengthen their synergy further through more structured and medium-term cooperation in projects and joint activities of common concern to the Commission and to each of the agencies' stakeholders and regulatory functions. This ensures complementarity of activities of the two agencies in VET policy reporting, EU tools and qualifications, work-based and workplace learning, skills matching and anticipation.

Cedefop and ETF experts were involved in events and projects of mutual interest organised by both agencies. Two joint thematic meetings were convened in 2014 to ensure knowledge-sharing and complementarity in activities. The first was organised in Turin in January and the issues discussed were: EQF/NQF developments focusing on qualifications EQF level 5; learning outcomes approach; and skills matching and anticipation. The second was organised in Thessaloniki and discussed capacity-building and communication strategies.

Cedefop, ETF and ILO have been engaged since 2013 in a joint endeavour to promote learning about skills anticipation and matching. Part of this effort is preparation of six guides on various methods and approaches that will be used to anticipate skill needs. The guides take a very practical stance and are aimed at national/regional authorities, sector organisations and/or public employment services. The joint Cedefop/ETF/ILO workshop on methods for anticipating skill needs ⁽⁸⁴⁾ held in Prague in March 2014 aimed to present and validate final drafts of three guides of the compendium ⁽⁸⁵⁾. The full compendium (six volumes) will be released in 2015.

Cedefop, ETF and ILO teamed up with the International Training Centre of the ILO (ITCILO) to organise a training course on skills needs anticipation and matching. The course aimed to share knowledge on methods and practices for skills anticipation and matching that the three institutions jointly possess. The course was designed to help participants obtain a good understanding of drivers of change which impact skills demand and the reasons why imbalances occur in the labour market and their consequences. It offered an opportunity to understand critical questions, objectives and components of LMI, institutional roles and responsibilities, various quantitative and qualitative methods used as well as tools for skill needs anticipation and matching of skills supply and demand in the labour market.

Joining an OECD initiative, Cedefop, ILO and ETF contributed to finalising a questionnaire for countries on activities carried out to anticipate and analyse skill needs in the labour market and how the results are used to shape education, employment and migration policies. Based on the information collected, Cedefop will prepare an EU-wide analysis, which will be published in 2015.

⁽⁸⁴⁾ Cedefop (2014). <http://www.cedefop.europa.eu/EN/events/22430.aspx>

⁽⁸⁵⁾ Guide on tracer studies, guide on use of labour market information (LMI) and guide on employers' skills surveys.

5.8.2. Cedefop-Eurofound cooperation

As agreed in their action plan for 2014, the two agencies shared information and experience on Cedefop's skill mismatch survey and Eurofound's European company and working conditions surveys. Following a confidentiality agreement, Cedefop received access to company survey data for its work on skills mismatch. As in previous years, Cedefop and Eurofound exchanged their draft work programmes and discussed areas for synergy and cooperation in the following year. Outcomes of discussions fed into the joint action plan for 2015 which was included in both agencies' work programmes. As part of this action plan Cedefop and Eurofound agreed to organise a joint event to mark the 40th anniversary of both agencies founded in 1975 following a proposal by the European Economic and Social Committee. Planning for the joint event 'Workplace learning and innovative work organisation: a benefit for both employers and employees', which will be held in cooperation with the EESC at its premises in Brussels in November 2015, commenced at the end of the year.

Looking for economies of scale and increased service levels through coordinated strategies, the library and information services of both agencies exchanged practice and experience and discussed a possibility of applying common approaches when cooperating with information vendors. They also explored whether using a common platform would be feasible and useful. In a context of Cedefop's work to revise its performance measurement system, the agencies also exchanged information and experience on the EU agencies' network on performance development.

5.9. Annex IX: Risk Management Plan

Issue	Responsible in Cedefop	Risk	Planned actions
Unforeseen (external) demands from stakeholders	Management	Such demands from stakeholders including European Institutions cannot be backed up with the necessary resources, as available resources are overstretched. Cedefop, thus, may not be able to plan respective actions properly which may either affect quality of such actions or affect delivery of other actions from which capacities are detracted. This may affect quality of work and Cedefop's reputation.	Cedefop informs Governing Board/Bureau Members regularly about changes in its work programme. Close monitoring of developments allows the Centre to anticipate demands and thus enables the Centre to integrate such activities appropriately or adjust the annual work programme in line with available resources and such demands.
Restoration work on Cedefop's building	Management/ Resources	Further delays in construction works prolong the phase during which Cedefop cannot make full use of its conference facilities; works may only provide a temporary solution for the next couple of years without solving underlying problems of geological earth movements.	Cedefop is not directly responsible for the works overseen by Egnatia Odos on behalf of, and financed by the Greek government. However, Cedefop closely follows developments and whenever necessary informs the ministry of any problems. Cedefop discusses new findings and proposed solutions with Egnatia Odos and follows implementation of works. This issue has been part of Cedefop's risk management plans since 2009. The original date of completion has been seriously delayed (since June 2012). However, there are indications that the works can be finalised in 2014. The Governing Board is regularly updated on developments.

5.10. Annex X: Key decisions of the Governing Board

5.10.1. Adopted during Governing Board meeting on 12-13 June 2014

- Analysis and assessment of the Annual Activity Report 2013;
- Opinion on the final accounts of the Centre for 2013;
- Procedure for preparing the work programme 2015 (enlargement of the Bureau – see below);
- Considered the final report of the Pre-Selection Committee for the recruitment of a new Deputy Director for Cedefop, heard the presentations of the candidates short-listed for the post and decided (by secret vote) on the appointment of the Deputy Director (Decision of 13 June 2014);
- Decision adopting implementing provisions of the Commission by analogy on part-time work (Art. 55a of the Staff Regulations and Annex IV).

5.10.2. Endorsed by the Bureau at its meeting of 8 and 9 December 2014

Mission Charter of the Internal Audit Service of the European Commission in relation to bodies set up under the Treaty on the Functioning of the European Union (TFEU) and the Euratom Treaty having legal personality and receiving contributions charged to the budget.

5.10.3. Adopted by written procedure

Adoption date	Adopted documents/Decisions
9 January 2014 (written procedure launched in December 2013)	Cedefop's financial rules
10 January 2014 (written procedure launched in December 2013)	Cedefop's Budget 2014 (breakdown by budget line) and Cedefop's Establishment Plan 2014
13 January 2014 (written procedure launched in December 2013)	Cedefop's Work Programme 2014
3 February 2014	Estimate of Revenue and Expenditure for 2015 and Multi Annual Staff Policy Plan (MASPP) 2015-17
3 February 2014	Decision adopting implementing provisions by analogy (Commission decisions on implementing provisions relevant to the Revised Staff Regulations which entered into effect on 1 January 2014)
2 April 2014	Cedefop's Annual Report 2013
25 April 2014	Decision on the extension of the Medium-Term Priorities 2012-14 for one more year until 2015
13 May 2014	Decision on enlargement of the Bureau meeting prior to the Governing Board meeting of 12-13 June 2014 (see below)
3 June 2014	Decision laying down detailed rules for the implementation of the financial rules
24 September 2014	Decision on derogations from the implementing provisions to the staff regulations pursuant to article 110 (appraisal, promotion,

Adoption date	Adopted documents/Decisions
	leave on personal ground for officials and unpaid leave for temporary and contract staff, engagement and use of temporary agents, teleworking)
22 October 2014	Supplementary and Amending Budget 1/2014 (retroactive correction – regularisations of remunerations regarding inflation rates 2011-2012 and salary weightings Greece from July 2013 to June 2014)
22 October 2014	Cedefop's Anti-fraud Strategy
22 October 2014	Policy on prevention and management of conflicts of interests at Cedefop
19 December 2014	Supplementary and Amending Budget 2/2014 (retroactive correction – change of salary weightings Greece since July 2014)
19 December 2014	Decision on implementing provisions pursuant to Staff Regulations (Commission rules on working time, derogation from the Commission implementing provisions on the appraisal and reclassification of contract staff, pending the finalisation of corresponding draft model decision for Agencies)
19 December 2014	Breakdown of Cedefop's budget 2015 and Establishment Plan 2015
23 December 2014	Work programme 2015.

5.11. Annex XI: Report on leaves authorized under the flexitime and compensatory leave schemes

	A	B	C=B/A	D	F=B-D	G=F/A	H=D/A
Cat.	No.of staff members	Total extra days worked	Average total days worked	Total Compensation days taken	Net extra days worked ⁽⁸⁶⁾	Average net extra days worked	Average days of compensation
AD 14	1	49.2	49.2	0.0	49.2	49.2	0.0
AD12	3	113.9	38.0	8.5	105.4	35.1	2.8
AD 11	10	237.1	23.7	84.5	152.6	15.3	8.5
AD 10	4	305.7	76.4	13.0	292.7	73.2	3.3
AD 9	4	104.9	26.2	48.5	56.4	14.1	12.1
AD 8	3	98.3	32.8	47.5	50.8	16.9	15.8
AD 7	4	65.0	16.3	45.0	20.0	5.0	11.3
AD 6	6	141.5	23.6	61.5	80.0	13.3	10.3
AD 5	11	221.1	20.1	102.5	118.6	10.8	9.3
AST 10	1	14.1	14.1	11.5	2.6	2.6	11.5
AST 9	2	43.8	21.9	27.0	16.8	8.4	13.5
AST 8	2	18.2	9.1	16.5	1.7	0.9	8.3
AST 7	5	105.6	21.1	62.5	43.1	8.6	12.5
AST 6	3	26.9	9.0	12.5	14.4	4.8	4.2
AST 5	9	88.2	9.8	37.5	50.7	5.6	4.2
AST 4	13	97.8	7.5	50.5	47.3	3.6	3.9
AST 3	9	106.8	11.9	62.5	44.3	4.9	6.9
AST 2	3	20.5	6.8	12.5	8.0	2.7	4.2
FG IV	3	49.8	16.6	25.0	24.8	8.3	8.3
FG III	6	70.8	11.8	32.0	38.8	6.5	5.3
FG II	10	108.4	10.8	51.0	57.4	5.7	5.1
FG I	2	11.6	5.8	0.0	11.6	5.8	0.0
SNE	2	20.8	10.4	18.5	2.3	1.1	9.3

⁽⁸⁶⁾ Net extra days worked: Accounting the total number of extra days worked less the number of compensation days taken throughout the year.

5.12. Annex XII: Report of the Data protection officer

NOTE TO THE DIRECTOR

Data Protection Progress Report January - December 2014

1. Introduction

The objective of this document is to report on the progress of data protection issues in Cedefop and, in particular, to present the activities carried out by its Data Protection Officers. This report covers the period January to December 2014.

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. The Cedefop DPOs have continued this year the activities of promoting data protection, disseminating information, providing consultation, cooperation and support internally 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. In addition to all the above, Cedefop hosted the 36th DPO Network EDPS meeting on the 6-7 of November 2014. We took this opportunity to have additional meetings between the EDPS and Cedefop's management as well as between Cedefop's Data Controllers and the EDPS senior staff and section leaders which gave the opportunity to discuss Data

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DPO-annual-progress-report-2014.docx

Protection issues. Hosting the DPO network meeting by Cedefop has raised the levels of awareness on Data Protection both at the management level as well as among data controllers and staff.

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.

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 DPO attended a training course organised by the IVIR from the Information Law School of the University of Amsterdam
2. The DPOs provided an Information Session to all staff members where a presentation on Data Protection was provided, as well as an interactive quiz with questions on data protection.

The DPOs attended the following DPO network meetings and trainings:

1. DPO Network Meeting, Brussels 11-13 June in Brussels
Mission # 20140138
2. DPO Training 7-11 July 2014 - Amsterdam Mission # 20140187
3. DPO network meeting hosted by Cedefop (no missions involved)
4. Visit to the EDPS Offices in December 8th and Attendance of 5th European Data Protection Conference in Brussels, Mission # 20140207

3.1 Figures and facts

The DPOs did not submit to the EDPS any notifications to be processed subject to prior-checking under Article 27. It notes there were no new processing operations that fall under this article taking place at the Centre.

The registry and Inventory have been updated with new notifications for processing operations that contain personal data and fall under Article 25 (normal processing):

1. CDFNOT053-Posting of interviews on Cedefop website (draft)
2. CDFNOT059-Cedefop-Events (draft)

3. CDFNOT061-Transfer-of-Cedefop-staff-2-the-EC (Registered)
4. CDFNOT062-Redesign of the web portal 2014 (interviews) (Registered)
5. CDFNOT063- Scanning-of-the-Personal-files-of-Cedefop staff (Registered)
6. CDFNOT064-Declaration of honour on Absence of Conflict of Interest (Draft)
7. CDFNOT065- Recording and analysis of stakeholder interviews, surveys and/or meetings for the requirements gathering activities of the EU Skills Panorama (EUSP) (Registered)
8. CDFNOT066- DPO EDPS Network meeting (Registered)

Consultation to the DPO:

1. Use of Photographs taken in a 2005 activity and purpose of being displayed during 2014 outside Emile Rousseau meeting room.
2. How to make sure that security staff entry data is not visible by default by the HR staff, but only in cases where a staff member makes a request.

The DPO made a note to the file indicating the merge of two activities that were dealing with the pre-employment medical examination, originally, the HR was handling the pre-employment medical examination and the Accounting officer was the controller of the payment of these invoices. Now HR is the controller of both steps of this procedure as they oversee all the elements of the hiring of new staff.

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.

1. A set of retention periods that was reduced after the recommendation of the EDPS, more specifically,
 - a) Access control (clock-in) data are deleted on a 12-month rolling basis
 - b) Flexitime data is deleted on a 12-month rolling basis

c) a 3-year retention period for leave and special leave is applied

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 in the Data Protection intranet page information about the procedure for lodging a complaint before the European Data Protection Supervisor and the necessary form to be downloaded and sent.

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 controller. This activity depends on budget and external DPOs availability and load.

Moreover an information-training session was delivered to the staff members by the DPO, on 24 of November 2014.

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 Web portal, data protection issues related to Europass Mobility, consultation and meeting participation on the implementation of proxy system.

4.2 To data subjects

An induction procedure has been introduced at Cedefop whereby an information session is now presented by the DPOs to all new staff members regarding the Data Protection Regulation. This is an ex-ante approach in informing new staff members of their rights and responsibilities as regards to the role that they take at Cedefop and depending on their duties, they are more specifically informed as regarding being processors but also data controllers. This is a very positive step in getting the proper information at the time of entry into service. At the same time, informal meetings have also taken place during the year with data subjects and data controllers in data protection related issues.

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. It is important to note that Data Protection notices are external communication tools to inform the data subjects and the public of the roles of the different processing operations. Internal Policies are also maintained up to date with the rules that control the processing operations.

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

Furthermore this year, a co-operation between the Cedefop DPOs and the Data Protection Authority in Athens was also established. During the DPO and EDPS Network meeting in November, The Cedefop DPOs asked the DPA for an expert to come and give a presentation. The DPA sent Mr Konstantino Lymnioti who made a presentation on DLP (Data Leakage Prevention) to the participants of the meeting.

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 DPOs 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 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 wherever 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 2014 has been 25% (~100 working days) of two temporary posts.

A full time trainee with Legal background allocated to the Data Protection Officers under the "Office of the Director" between October 2014 and December 2014.

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	2,799.79 €
Training cost	1,100.00 €
DPO Network meeting hosted by Cedefop 6 and 7 November 2014	580.00 €
DPO ¹ (AD11/01) ~2 month 12,170.92 € x 2 =	~ 24,341.84 €
DPO (AD8/2) ~1.5 months 9,177.75 € x 1.5 =	~ 13,766.63 €
DPO Trainee 3 months	~ 3,000.00 €
Total	~ 45,588.26 €

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

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:


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