



# ETUCE Internal Audit

## Internal Auditors'

### Report on Accounts for 2009

#### **1. General Points**

- 1.1 The internal auditors have been very pleased to note the clarity in the handling of accounts and the clear and open presentation. The administration, organisation, transparency and transparency of the financial arrangements are of a very high standard. The work of the accountant, Roger Jonckeer and his administrative support has been a crucial factor in maintaining such a high standard. Their analysis and care seems essential for the general performance of the ETUCE.
- 1.2 The accounts have undergone professional auditing by Ernst and Young thereby providing financial security for the transactions made and in their words giving "a true and fair view of the Association's financial position and the results of its operations". As internal auditors our responsibility lies more in the general political consideration of those processes and the long-term financial security of the organisation.
- 1.3 The separation of Foundation and ETUCE accounts is an essential element of operation. The viability of the organisation is to a large extent depending on the continuation of external (EU) funding.

#### **2. The Foundation.**

- 2.1. The Foundation is operating in an independent framework.
- 2.2. The fiscal year 2009 activities:
  - At the end of last fiscal year, the payment of the final grant for four Grant Agreements was expected: two from the European Commission : "Truce – Violence in schools" amounting to €82,689 and "Social Dialogue IV" amounting to €87,435 and two from the Education, Audiovisual and Culture Executive Agency (EACEA) : "Teachers for a Social Europe" amounting to €16,000 and "Europe Needs Teachers" amounting to €18,599. The exact expected amount of three grants was received during this fiscal year, only for "Truce -Violence in schools" the European Commission excluded €421 from its final payment. The total money collected was transferred to ETUCE.
  - Activities relating to 4 Agreements signed last year were completed: "Social Dialogue V", "Work-related Stress II", "ELFE 2" and "Gender Equality". The final reports for 3 Agreements were submitted to the European Commission and to EACEA in, respectively, December 2009, January 2010 and February 2010, the one for "Gender Equality" will be submitted in March 2010. The Foundation is waiting for the approval of the Commission and EACEA and for the payment of the

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final grant of those 4 projects. Total expected final grants for the 4 Agreements amounts to €285,621.

- The Foundation signed 3 new Grant Agreements with the European Commission: “Teacher Trade Unions concerned about Violence at School – Cyber Harassment (Violence II)”, “Performing and Improving the Sectoral Social Dialogue (Social Dialogue VI)”, and “Assessing the Impact of the Economic Crisis on Social Dialogue in the Education Sector (Crisis)” and 1 Grant Agreement was signed with EACEA: “Trans-regional cooperation in LLL among education stakeholders (Co-Reg-LLL)”. The activities of 3 Agreements started at the end of the fiscal year and will be finalized during next fiscal year, activities for the last one, “Co-Reg-LLL”, will start in March 2010. Advances of respectively €55,723, €44,436, €56,779, and €83,866 were paid by the Commission and EACEA. Only the advances relating to “Violence II” and “Crisis” were transferred to ETUCE in 2009, as the advances for “Social Dialogue VI” and for “Co-Reg-LLL” were received during the very last days of December, the Foundation transferred them to ETUCE in 2010
- 2.3. The Agency of European Commission (EACEA) requires for a number of projects a bank guarantee to cover advances. The ING Bank guaranteed advances from the EACEA: for “Teachers for a Social Europe” and for “Elife2”. Where a deposit to secure the bank guarantee can be provided, it ensures interest is paid on the reserve and the bank then only charges 1 % for its service.
- The internal auditors noted that one of the the guarantees operated with a deposit and thereby bringing some financial benefits. Only one guarantee cost the Foundation in bank charges because the need to ensure adequate cash flow meant a deposit was not possible.
- 2.4. The bank charges total of 3,387 € was higher than budgeted for (euro 2,780) and also higher than 2008. These charges with the costs of audit are an inevitable financial drain. The internal auditors expect, however, bank charges to be lower in 2010 as no bank guarantee is required for 2010 projects.
- 2.5. It is essential that all participants in seminars, conferences, meetings which are part of ETUCE projects present their claims and receipts promptly, otherwise there is a risk of further delay in payment to the Foundation when the system is already a protracted one. The internal auditors recommend the use of deadline dates for the submission of expenses related to projects.
- 2.6. The Foundation at the end of 2009 had assets of 514,741.00 €, but this very positive public face has to acknowledge that its long term liabilities were for the same amount. However, it is very pleasing to see that the Foundation is in a strong and increasingly sound financial position. The close of year saw a minimal loss of 45,36 €.
- 2.7. Congratulation is due in particular to the skill of staff who always strive to maximise grants by regularly monitoring projects so that opportunities are not lost to maximise where projects could come into the budget and to evaluate whether the focus for the expenditure is appropriate. The understanding of the operations which are influenced by varying attitudes of different Agencies and regular monitoring to keep up to date are guaranteed by the effort, ability and understanding of these complexities by the staff.



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2.8. Although the internal auditors noticed a minor omission (of less than 100 € for the Brussels regional tax), the budget planning for 2010 appears nevertheless realistic and sound.

#### **3. The ETUCE-CSEE.**

3.1 The increase in dues from 0.313 in 2008 to 0.324 in 2009 has brought an increase in income of euro 856,411 € against 816,754 € in 2008. In there is a surplus of 30,617 €. This is an improvement on last years' deficit of 33.641 €.

3.2 A major factor has been a very careful control on staff expenditure. Although the internal auditors welcome careful control, there is a continued concern that the situation may ultimately place excessive burdens on remaining staff and recommend the situation be kept under regular review.

3.3 A major part of expenditure of the ETUCE is that of the costs of representatives and staff costs. There is a valuable benefit from project activities which is helping the ETUCE.

3.4 The dependence on due payment from EI is now settled and regular payments are made. ETUCE has no control over the invoice membership figures, their reliability or the pressure to achieve full dues. Any failure within the EI system has a cost-implication for the dues in ETUCE. Internal auditors are aware that EI continues to update its invoice figures and urge all member organisations to operate positively with EI to ensure this happens.

3.5 The main areas of activity reflected closely expenditure in previous years.

#### **4. Conclusion.**

The internal auditors appreciated the clarity and organisation of the information provided. Due to efforts of the secretariat, past deficit levels have been inverted into a small surplus. The Internal auditors appreciate the inclusion of asset depreciation which is essential to ensure the future replacement of equipment. The internal auditors support accessing all relevant opportunities to increase the income from the EU Commission through the Foundation, but wish to indicate that there are limits to this.

Finally, the internal auditors wish to thank the staff for all their support and assistance in compiling this report and for their valuable and skilful handling of the finances throughout the year.

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