



ETUCE Internal Audit

Internal Auditors'

Report on Accounts for 2011

1. General Points.

- 1.1 The internal auditors have again been very pleased to note the clarity in the handling of accounts and the clear and open presentation. The administration, organisation, 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 level of activities is to a large extent dependant on the continuation of external (EU) project funding.
- 1.4 2011 was the first year of the new structure through which activities previously managed by the Pan European EI will go through ETUCE. This does not affect the Foundation but is reflected in the accounts for ETUCE-CSEE. The structural changes will necessitate a closer look at budgetary headings. In 2011 these headings had been inherited from 2010 and it is acknowledged that there will be a need for further rationalisation within the new structural context.
- 1.5 Careful control on staff expenditure has been maintained. Although the internal auditors welcome careful control, there has been concern that the level of workload involved in major conference planning and maintaining 5 Projects must be monitored and the auditors are pleased that the situation has been and will continue to be kept under regular review.

2. The Foundation.

- 2.1. The Foundation is operating in an independent framework.
- 2.2. Activities during the fiscal year 2011:
 - At the end of last fiscal year, an amount of €174.823,36 representing the payment of the final grant for four Grant Agreements was expected: three from the European Commission : "Violence II", "Social Dialogue VI", and "Crisis" and one from the Education, Audiovisual and



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Culture Executive Agency (EACEA) : “Co-Reg-LLL” . For all, the exact expected amount was received during this fiscal year. The total collected money was transferred to ETUCE.

- Activities relating to the project “Teachers work-related stress: European-wide survey, assessment, comparison and evaluation of the Impact of Psychosocial Hazards on Teachers at their Workplace (Stress III)”, signed last year, were completed and the final report will be sent end of March 2012. For that project, as at December 31, 2011, the Foundation is expecting a final Grant of € 114.180,63. The activities for “Co-Reg-LLL” were finalized in February 2011, the final report was sent in May 2011 and the EACEA sent the final payment of €29.543,90 in August 2011.
 - In addition, three projects for which the Foundation signed a Partnership Agreement with Eurocommerce, EFEE and CEEP were finalized this year.
 - The Foundation signed four new Grant Agreements with the European Commission and one with EACEA: “Teacher trade union actions challenging gender stereotypes and gender segregation in the labour market” (Gender 2), “Social Partners in education concerned about Violence in Schools: How to Prevent and Mitigate Third-Party Violence and Harassment in Schools » (Third party violence), “Recruitment and retention in the Education Sector, a matter of social dialogue” (Recruitment & Retention), “Exploratory phase to assess the feasibility of developing a European level education sector council on employability and skills” (Skills Council) and “Teacher Unions preventing early school leaving through the use of ICT in education” (ICT in Education). The last one, “ICT in Education”, is a Grant Agreement for an action with multiple beneficiaries with 30 months duration, signed between 6 co-beneficiaries located in the European Union and 2 co-beneficiaries located outside the European Union. Advances of €342.142,90 were paid by the Commission and EACEA before the end of the fiscal year. The Foundation transferred the money to ETUCE in February 2012 outside of the accounting period.
 - The Foundation also signed 3 Partnership Agreements with low financial implications with GEW, SPI and FORTH. An additional Partnership Agreements with TUCEP is waiting for the approval of the European Commission.
- 2.3 As specified in the Service Agreement signed between the Foundation and ETUCE, ETUCE supported the Foundation for the 2011 fiscal year by refunding €401,52 operating expenditures.
- 2.4. The bank accounts as at December 31, 2011 show a balance of €443.090,15. The balance sheet shows total assets amounting to €557.965,97.
- 2.5. For 2011, the bank net interests after taxes reach €1.048,90 where the yearly bank charges amount to €111,31 ending in a profit of €937,59. This profit is added to the profits carry over from previous years, reaching €944,51.
- 2.6. The budget for 2012 foresees an excess of income versus expenditures of €1.155,00.
- 2.7. It is essential that all participants in seminars, conferences, meetings which are part of ETUCE projects present their claims and receipts promptly to avoid any risk of further delay in payment to the Foundation when the system is already a protracted one.



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2.8 Congratulation is due in particular to the skill of staff who always work hard 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.

3. The ETUCE-CSEE

3.1 In 2011, the income from the membership dues developed thanks to three factors.

- i. The 3.5% yearly increase approved by the ETUCE General Assembly in 2009, increasing the Per Capita rate from €0.335 in 2010 to €0.346 in 2011.
- ii. Thanks to the new European structure, the EI Pan-European dues were added to the ETUCE dues, the Per Capita rate increase from €0.346 to €0.444 for the members located in EU/EFTA and from €0.00 to €0.98 for the members located outside EU/EFTA that were not members of the ETUCE in the past.
- iii. The number of members paid decreased from 3.226.737 to 3.096.473 members.

The combination of those 3 factors brought an increase in income of €306,883 against 2010 which includes €280,258 increase coming from the change in structure and €26,626 coming from the two other factors. The change of the European structure as well as bringing additional income, also brought additional expenditures. Even if it is not possible to calculate exactly how much additional expenditures relates to the new structure, it is fair to write, based on the previous EI Pan-European budgets and actual figures, that those additional expenditures are close to the additional income with the exception of the rent and maintenance costs that EI stopped invoicing to ETUCE.

3.2 In addition to the income from the membership dues, a small income of €3,195 was obtained thanks to bank interests and an amount of €29,046, representing the surplus as at the year end on December 31st 2010 of the EI Pan-European activities, was transferred to ETUCE by EI. Those 2 additional incomes brought the total income to €1,232,370 where the total expenditures reached €1,237,436 and the costs allocated to the EC Project activities reached €21,617, ending in a surplus of €16,552 as compared to the 2010 surplus of €18,520.

3.3 New by-laws were adopted by the Extra-ordinary General Assembly of ETUCE held on November 22, 2010. On a financial perspective, the new European structure created by the new by-laws means that all European activities, the ones managed previously by the EI Pan-European organization and the ones managed by ETUCE, are merged as from 2011 into one European Regional structure under the name ETUCE and therefore the incomes and expenditures relating to those previously separated activities will also be merged into the new ETUCE, increasing the budget of the old ETUCE by approximately a third.

3.4 This important increase of activities and budget for ETUCE does not impact the Foundation. The Foundation activities are limited by its Statutes, to sign Grant Agreements with the European



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Commission and to collect advances and grants from the European Commission that are afterwards transferred to ETUCE. A Service Agreement signed between the Foundation and ETUCE foresee that all financial risks and profits are solely supported by ETUCE. Therefore the change brought to the activities and budget of ETUCE will not affect the activities and budget of the Foundation

4. Conclusion.

The internal auditors again very much appreciated the clarity and organisation of the information provided to facilitate this audit. It was particularly appreciated that data was forwarded well in advance of the audit meeting together with very full explanation

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

Brian Cookson

Hugo Deckers