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COVER NOTE

From:	Mr Vítor CALDEIRA, President of the European Court of Auditors
date of receipt:	20 December 2013
To:	Mr Linas LINKEVICIUS, President of the Council of the European Union
Subject:	Report on the annual accounts of the European Schools for the financial year 2012 together with the Schools' replies

Delegations will find attached the European Court of Auditors' report on the annual accounts of the European Schools for the financial year 2012.

This report is accompanied by the Schools' replies.

Encl.: Report on the annual accounts of the European Schools for the financial year 2012 together with the Schools' replies.[1]

[1] In English only. The other languages of this report are available on the European Court of Auditors' website: http://eca.europa.eu/.

ЕВРОПЕЙСКА СМЕТНА ПАЛАТА
TRIBUNAL DE CUENTAS EUROPEO
EVROPSKÝ ÚČETNÍ DVŮR
DEN EUROPÆISKE REVISIONSRET
EUROPÄISCHER RECHNUNGSHOF
EUROOPA KONTROLLIKODA
ΕΥΡΩΠΑΪΚΟ ΕΛΕΓΚΤΙΚΟ ΣΥΝΕΔΡΙΟ
EUROPEAN COURT OF AUDITORS
COUR DES COMPTES EUROPÉENNE
CÚIRT INIÚCHÓIRÍ NA HEORPA
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EUROPEISKA REVISIONSRÄTTEN

Report on the annual accounts

of the European Schools for the financial year 2012

together with the Schools' replies

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INTRODUCTION

Background

1. The Schools' consolidated annual accounts for the financial year ended 31 December 2012[2] were drawn up by the Office of the Secretary-General of the European Schools (hereinafter "the Central Office") and forwarded to the Court of Auditors in accordance with Articles 90 to 92 of the Financial Regulation of the Schools (FR).

2. The appropriations available in the 2012 budget amounted to 283,2 million euro[3] (279,6 million euro in 2011). Revenue received was 273,8 million euro whilst committed expenditure was 268,2 million euro. The contribution of the European Commission in 2012 was 163,9 million euro (also 163,9 million euro in 2011).

3. The annual accounts are the responsibility of the European Schools' Management.

4. The Court transmits its comments to the Secretary-General and to the Heads of the Schools in accordance with Article 93 of the Financial Regulation of the Schools.

Relevant information

Situation in the School of Brussels I

5. In June 2012, the accountant of the Brussels I School informed the Central Office that he had made some irregular payments. Immediate action was taken: he was removed from his post and an official complaint was made to the Belgian authorities. An internal investigation into the bank accounts (for the

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[2] See ***Annex 1*** and ***Annex 2*** which summarise for information purposes the data contained in the Schools' consolidated accounts drawn up by the Central Office.

[3] *Source:* European Schools, Closure of accounts 2012, Volume I.

period 2010-2012) detected suspicious financial movements amounting to about 500 000 euro. Given the size and pervasiveness of this issue, the School of Brussels I is currently launching a procurement procedure for the performance of a forensic audit.

6. A new person was recruited in February 2013 to replace the dismissed staff member. Unfortunately, this person has only been active for three days and has been on sick leave since then. This has resulted in serious difficulties for the closing of the 2012 accounts in Brussels I. It also prevents the School from addressing its structural internal control deficiencies.

The development of the new administrative software project

7. In the field of IT business continuity, one of the two main issues addressed in last year's report[4] has been settled in 2012: a new school management system, "MySchool", has been implemented without major difficulties. However, problems persist with the development of the new administrative software, "New Cobee". Given that the latest tests have shown that the system contains too many bugs and the contractor will be unable to deliver the expected product, the Central Office anticipates that the project will fail. The cost of the project to date is deemed to be 1 million euro. The contract for the development of "New Cobee" does not provide for the payment of penalties or damages to the Schools, in case of project failure.

8. The main concern of the Central Office resides in obtaining an extension of the technical support contract for the servers of the current administrative system, which the Central Office is currently negotiating.

[4] Paragraph 40-43 of the Annual Report 2011 (available on the website of the Court of Auditors www.eca.europa.eu).

Audit scope and approach

9. The Court's responsibility is to issue an annual report on the consolidated annual accounts.

10. The Court conducted its review in accordance with the International Standard on Review Engagements. This Standard requires planning and performing the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of European Schools' personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. The Court has not performed an audit of the consolidated accounts, and, accordingly, it does not express an audit opinion on the consolidated accounts.

11. In addition to the review of the consolidated accounts, the Court performed the annual audit of the Central Office, and the cyclical audit of two out of the fourteen European Schools. For the year 2012, the schools selected were Brussels I and Bergen[5]. In this context, procedures for staff recruitment, procurement, payments[6], inventory and application of Internal Control Standards were also examined.

12. The follow up of the recommendations made for the 2011 financial year was performed on the spot for the Brussels II School and by correspondence for the Alicante School. A detailed analysis of the results of the follow up is included in ***Annex 4***.

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[5] The budget appropriations in 2012 were: Brussels I – 34,3 million euro, Bergen – 8,2 million euro, Central Office – 8,8 million euro (*Source:* European Schools, Closure of accounts 2012, Volume I, III and VII).

[6] See ***Annex 3*** - Information on the samples of transactions audited.

CONSOLIDATION OF ACCOUNTS

13. According to Article 87 of the Schools' Financial Regulation "Each School, after discussion and approval by its Administrative Board, shall, not later than 1 April, transmit to the Office of the Secretary-General the information required for drawing up the revenue and expenditure account and the balance sheet". In 2012, four out of 14 schools approved their financial statements after the 1 April deadline[7].

14. There is no software tool to perform the consolidation process. Each School completes Excel spread sheets which are independent from the administrative software. The Accounting Officer of the Central Office confirms interschool receivables and payables via e-mail. This repeatedly leads to errors (corrected during the audit):

- In 2012, the 2011 figures were included for the Karlsruhe School, instead of the 2012 figures. This led to a 77 000 euro understatement of the assets and liabilities in the consolidated balance sheet. Further, the 'Introduction (générale)' data table in the consolidated accounts, omitted the result of the Karlsruhe School, resulting in an understatement of the consolidated result by 124 113 euro;

- In 2011, the consolidation included the Bergen School accounts twice and omitted the Brussels III School data. As a consequence, the assets and liabilities in the consolidated balance sheet were understated by 1,7 million euro. The 2011 figures before correction of this error have been included in the 2012 Consolidated accounts;

- In 2010, the consolidation wrongly showed a surplus carried over from 2009 of 3 355 000 euro instead of 2 897 000 euro. This resulted from the computation as a surplus of the deficit of the Luxembourg II School.

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[7] Six out of 14 in 2011 and 2010.

15. As in previous years, the 2012 accounts of the Schools are prepared on a modified cash basis and are not fully compliant with the accrual based accounting principle. However, the Financial Regulation of the European Schools does not prohibit the adoption of accrual accounting.

16. In the Court's 2010 and 2011 Annual Reports on the European Schools and in its Opinion No 3/2011[8] on a proposal for an amendment to the Financial Regulation of the European Schools, the Court encouraged the European Schools to develop a roadmap and a timetable for the full implementation of accrual based accounting. No steps have been taken in this direction.

ACCOUNTS

17. No accurate information could be obtained to analyse the following three material account balances on the Brussels I School's balance sheet:

G400120 Witholding Tax	-372 774	euro	(Liabilities)
G400140 Social Security	-247 083	euro	(Liabilities)
G400655 Provision for salary-related taxes	948 891	euro	(Assets)

These salary-related balances may be affected by the suspected irregularities and incorrect accounting transactions in Brussels I (see paragraphs 5 and 6).

18. In the accounts of the Central Office, an accrual for 267 000 euro was erroneously booked for maintenance expenditure related to contracts that were signed in 2012 but were only implemented in 2013.

[8] Opinion 3/2011 on a proposal for an amendment to the Financial Regulation of the European Schools adopted on 8 February 2011 (available on the website of the Court of Auditors www.eca.europa.eu).

INVENTORY

19. The provisions of the Memorandum "Administrative and Financial Procedures for the Inventory"[9] were only partially respected by the Central Office and the two Schools visited (Brussels I and Bergen).

20. Neither the Central Office nor the two Schools have carried out a full physical inventory check (stocktake) in the last three years. The Directors of the Schools did not formally nominate the persons to carry out the physical inventory check and the written results were neither kept nor sent to the Financial Controller, as provided for in the Memorandum.

21. The following problems concerning the inventory system have been identified[10]: incorrect calculation of the initial valuation of some assets (Schools of Brussels I and Bergen and Central Office), lack of coordination between the operational inventory and the accounting department (Schools of Brussels I and Bergen), errors in the calculation of depreciation and wrong accounting classification of some assets.

DEBTORS AND CREDITORS

22. There is no designated account for doubtful debtors in the accounting plan of the Schools. As a consequence, debtors and doubtful debtor balances are not differentiated in the balance sheet. For example, at the School of Bergen, out of a total debtor balance of 391 000 euro, 385 000 euro can be considered as doubtful and at the School of Brussels I, out of the total receivables of

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[9] According to the Memorandum "Administrative and Financial Procedures for the Inventory" approved in 2006, at least every 3 years (i.e. for the first time due by 2009), a physical check of assets must be carried out to verify that the inventory is complete and accurate, and the assets recorded in the inventory are in fact present in the school.

[10] Issues raised in prior audits and applicable to the 2011 accounts are mentioned in ***Annex 4*** - Follow-up of the Court's recommendations raised in the Annual Report 2011 (Recommendation 3).

1 251 000 euro, 450 744 euro can be considered as doubtful. The doubtful debts consist mainly of unpaid school fees from previous years.

23. The receivables and payables on the balance sheets of the Schools of Bergen and Brussels I aggregate several accounts leading to a misrepresentation of the Brussels I School's true financial position:

(a) The 1 251 000 euro receivable on the Brussels I balance sheet, is composed of 214 000 euro of uncollected school fees and a 949 000 euro provision for salary related taxes (see paragraph 17);

(b) The Brussels I supplier account is made of three main account balances: social security, withholding tax and suppliers;

24. On the Brussels I School balance sheet, the following errors were found in the liabilities accounts:

(a) The account for suppliers contains debit amounts for a total of 340 000 euro. These debit amounts should not be included on the supplier account as a liability but should be included as a debit balance in the assets.

(b) Further, the audit of the supplier account revealed it has not been sufficiently analysed during the closing of accounts at year-end: three erroneous transactions result in a 109 000 euro understatement of the supplier account balance, and 109 000 euro overstatement of the 2012 result (understatement of expenditure).

(c) Another liability account (extra-budgetary account 'résultats gestion') shows a 120 000 euro debit balance composed of cash advances received from parents. This balance should be transferred as a cash balance to the asset side of the balance sheet.

STAFF ISSUES

Classification of staff

25. The grid on the occupational categories and posts for the administrative and ancillary staff (AAS) of the Brussels I School does not reflect the current situation of the School.

Recruitment

26. The recruitment process of AAS staff at the Brussels I and Bergen Schools was insufficiently documented to support the decisions taken by the Schools' management, resulting in a lack of transparency.

27. The main common weaknesses of the recruitment process of AAS staff were:

- the analysis and grading of the applications was either not or insufficiently documented;
- the evaluation reports of candidates contained no or very little information on how the evaluation was carried out.

PROCUREMENT

Central Office

28. The procurement procedure launched for the acquisition of the new school management software package (see paragraph 7) has only been concluded for a two-year-duration. The short duration of this contract exposes the Central Office to the risk of incurring high maintenance costs after expiration of the contract or to the risk of having to set up a new system in a very short time frame.

29. Several problems were also identified as regards the application of exclusion and selection criteria; in other procurement procedures, the

documentation of the evaluation phase was incomplete and unclear elements in tenders were adjusted or interpreted without obtaining confirmation from the tenderer.

30. In two procurement procedures, the Authorising Officer did not formally issue an award decision, as required by the Rules for Implementing the Financial Regulation[11].

Bergen School

31. In two cases, the School launched a hybrid procedure that combined elements of restricted, open and negotiated procurement procedures. In several procedures, the School applied an incorrect definition and an inconsistent use of the selection and award criteria.

32. In one case, for a total contract value of 19 638 euro, the winning tenderer failed to submit evidence regarding the exclusion criteria. Instead of being awarded the contract, this tenderer should have been excluded from the procedure.

Brussels I School

33. In four procurement procedures, the Authorising Officer did not formally issue an award decision, as required by the Rules for Implementing the Financial Regulation. In addition, the written records of the evaluation of tenders are signed solely by the Bursar (Administrateur) instead of by all members of the evaluation committee.

[11] Article 88.3 of the Rules for Implementing the Financial Regulation (document 2011-07-D-18-en-1).

PAYMENTS

Ex-ante verification

34. All transactions should be subject to ex-ante verification[12]. The legal base[13] requires that payment orders be accompanied by the original supporting documents. These documents must be certified or accompanied by a certificate confirming the correctness of the amounts to be paid.

35. At the School of Brussels I, numerous weaknesses regarding the ex-ante verification process were identified, e.g. inadequate segregation of duties in the approval process of invoices, payments issued without correct supporting documents and bulk processing of payment transactions.

36. The lack of rotation of staff on sensitive posts (the mandate of Bursars (Administrateurs) and Accounting Officers has no limitation in time) combined with the long mandate of the Authorising Officers (9 years), results in an insufficient level of internal control. This weakness concerns all Schools.

Translation expenditure

37. The Central Office has not yet implemented the Court's recommendation to sign contracts with freelance translators[14]. The total annual amount spent by the Central Office on freelance translation services in 2012 was approximately 267 000 euro. Under the current arrangements, the selection of the freelance translators and the allocation of the translation jobs to them are not transparent (no call for tender has been organised; there is no feedback and ranking system for the shortlisted translators).

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[12] Article 8.3 Rules for Implementing the Financial Regulation of the European Schools.

[13] Article 42 of the Financial Regulation of the European Schools.

[14] See ***Annex 4*** - Follow-up of the Court's recommendations raised in the Annual Report 2011 (Recommendation 6).

Execution of payments

38. In order to make online bank payments, each School must use a suitable tool on the local market (e.g. Schools in Belgium use a web-based tool called ISABEL). As the accounting system of the Schools is not linked to such online web solutions for electronic bank transfers, each bank transfer has to be entered individually into the online banking system. This situation can lead to errors and omissions. The Central Office is currently amending the procedures the Schools need to follow regarding payments. Should the development in the field of administrative software proceed as planned, the implementation of the package considered by the Schools (SAP) will allow for an integrated accounting and payment system.

39. There are no rules or guidelines on the creation or modification of standing payment data. For example, in Bergen, the Accounting Officer has the power to enter and modify beneficiary data (names, bank accounts, etc.). There is no formal approval required from the Authorising Officer. This creates an internal control breach in the segregation of duties.

CONCLUSION

40. Given the circumstances that enabled the accountant in Brussels I to make irregular payments and continuing accounting weaknesses identified by the Court in previous years[15], the Court is not in a position to comment on the legality of transactions recorded in the 2012 accounts. This calls into question the accountability framework for the European Schools.

RECOMMENDATIONS

41. The Governing Board should take immediate action to address the following recommendations:

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[15] See ***Annex 4*** - Follow-up of the Court's recommendations raised in the Annual Report 2011.

Accruals accounting

1.1. To adopt accrual based accounting using a new software package (including a specific module for consolidating the Schools' accounts and producing financial statements);

1.2. Meanwhile, the Central Office should obtain an extension of the technical support for the current servers from the manufacturer to cover the year 2014;

Payments control system

1.3. The Central Office needs to adjust the Memorandum on Payment Procedures so that the Authorising Officer approves payments in the electronic payment system and all additions and modifications to standing payment data;

Sensitive posts

1.4. The internal control weakness regarding the management of sensitive functions (Accounting Officers and Bursars) should be corrected through the implementation of a rotation system of these staff members among the Schools;

Situation of the Brussels I School

1.5. The School of Brussels I needs to overhaul its financial and accounting function;

1.6. The three material account balances on the balance sheet of Brussels I need to be analysed and cleared;

Accounting rules and organisation

1.7. The Schools should respect the deadline of 1 April for the transmission to the Central Office of information required for drawing up the revenue and expenditure account and the balance sheet;

1.8. The Account Closure Report for each School should correctly present all material balances that are different in nature;

1.9. The accounting plan should be completed with a current asset account for doubtful debtors as well as a provision account for doubtful debtors. The presentation of the Inventory section of the Account Closure Report, for each School, should show the total acquisition value (gross carrying amounts) and the accumulated depreciation per asset class. Further, the Central Office needs to ensure that all Schools carry out a physical check every three years (e.g. by setting up a dedicated team of Central Office staff to help the Schools);

Procurement procedures

1.10. The Central Office should issue binding instructions to Schools on procurement procedures and should review the current arrangements with freelance translators.

This Report was adopted by Chamber IV, headed by Dr Louis GALEA, Member of the Court of Auditors, in Luxembourg at its meeting of 22 October 2013.

For the Court of Auditors

Vítor Manuel da SILVA CALDEIRA
President

ANNEX 1

Consolidated revenue and expenditure account for the financial years 2012 and 2011 - as presented in consolidated accounts of the Schools (with surplus of previous year presented separately)

(1 000 euro)

	2012	2011
Revenue		
Subsidies received from the Commission	163 883	163 975
Other revenue	109 910 ([1])	110 875 ([2])
Total revenue (a)	**273 793**	**274 850**
Expenditure		
Settled at the close of the financial year	262 615	268 719
Committed and carried over to the following financial year	5 594	5 090
Total expenditure (b)	**268 209**	**273 809**
Result for the financial year (a-b)	**5 584**	**1 041**
Exchange-rate differences	50	23
Appropriations carried over from the previous financial year and not used	644	562
Surplus previous year carried forward	4 118	2 549
Other results	0	5
Balance for the financial year	**10 396**	**4 180**

([1]) Includes 55,6 million euro in salary payments to teachers seconded by the Member States, 19 million euro contribution of the European Patent Office, 13 million euro as Category II fees, 17,1 million euro as Category III fees and 5,2 million euro from other financing sources

([2]) Includes 56,2 million euro in salary payments to teachers seconded by the Member States, 18,8 million euro contribution of the European Patent Office, 14,2 million euro as Category II fees, 16,6 million euro as Category III fees and 5,1 million euro from other financing sources

Source: European Schools. These tables summarise the data supplied by the Schools in their own financial statements which are prepared on a modified cash basis

ANNEX 2

Consolidated balance sheets as at 31 December 2012 and 31 December 2011

(1 000 euro)

Assets	2012	2011	Liabilities	2012	2011
Budget			**Budget**		
Net fixed assets([1])	4 164	3 993	Own capital	4 164	3 993
Debtors	10 442	9 036	Reserves	2 796	2 745
Banks	27 404	20 686	Balance for the financial year	10 465	4 180
Cash	625	30	Appropriations carried over from year n to n+1	5 574	5 058
			Third-party accounts	11 812	10 286
			Entitlements to be recovered	7 824	7 483
Subtotal	**42 635**	**33 745**	**Subtotal**	**42 635**	**33 745**
Off-budget([2])			**Off-budget([2])**		
Stocks	272	191	Reserve from previous years	2 607	2 386
Third-party accounts	249	163	Results	583	590
Banks	3 006	3 011	Third-party accounts	373	413
Cash	36	24			
Subtotal	**3 563**	**3 389**	**Subtotal**	**3 563**	**3 389**
TOTAL	**46 198**	**37 134**	**TOTAL**	**46 198**	**37 134**

([1]) The value of assets made available free of charge by Member States, such as buildings, is not included

([2]) Off-budget transactions concern extracurricular activities for the financial management of which the Schools are responsible (e.g. school trips, book supplies, etc.); they are handled exclusively at balance-sheet level (revenue and expenditure do not appear in the Schools' revenue and expenditure account).

Source: European Schools. These tables summarise the data supplied by the Schools in their own financial statements which are prepared on a modified cash basis.

ANNEX 3

Information on the samples of transactions audited

The following table provides information on the size of the samples audited in different fields

	Staff recruitment	Procurement procedures	Payments
Central Office	Administrative and Ancillary staff: 3 Seconded staff: 3 Part-time teachers: N/A	Negotiated (Article 70 IR) : 1 Negotiated (below 6 000 euro) : 2 Negotiated (6 000 – 25 000 euro): 2	Budgetary payments: 25 for a total value of 331 555 euro
Brussels I	Administrative and Ancillary staff: 3 Seconded staff: 3 Part-time teachers: 3	Restricted with publication in the Official Journal (above 60 000 euro): 1 Negotiated (6 000-60 000 euro): 3 Negotiated (6 000 – 25 000 euro): 1	Budgetary and extra budgetary payments: 25 for a total value of 852 266 euro
Bergen	Administrative and Ancillary staff: 3 Seconded staff: 3 Part-time teachers: 3	Open with publication in the Official Journal (above 60 000 euro): 2 Negotiated (below 6 000 euro) : 2 Negotiated (6 000 – 25 000 euro) : 1	Budgetary and extra budgetary payments: 25 for a total value of 109 564 euro

ANNEX 4

Follow-up of Court's recommendations raised in the Annual Report 2011

The following table provides information on follow-up of the Court's recommendations made in the Annual Report 2011:

Court's recommendations (paragraph 44 of the Report on the accounts of the European Schools for the financial year 2011)	European School				Central Office	Comments
	Brussels I	Bergen	Brussels II	Alicante		
	Implemented Yes/No/NA /in progress	Implemented Yes/No/NA /in progress	Implemented Yes/No/NA /in progress	Implemented Yes/No/NA /in progress	Implemented Yes/No/NA /in progress	
Recommendation No 1: The Court reiterates its recommendation to the Board of Governors to adopt accruals accounting and encourages the Schools' management to study the possibility of integrating it into the new accounting software.	No	No	No	No	No	This general recommendation has been made, in both 2010 and 2011, for all Schools. The latest development regarding the new accounting software is that the Central Office anticipates a failure of the project (paragraphs 7 and 8 of the report). The Central Office will purchase an existing software package which .allows for accrual based accounting. Its implementation would create the conditions for moving to accrual based accounting. It should be noted that Schools alone cannot fully implement this recommendation, as this is a decision to be taken by the Board of Governors and implemented in all European Schools with the help of the Office of the Secretary General. The Board of Governors did not instruct the management of the Schools to develop a roadmap and a timeframe for implementing the principle of an accrual based accounting. Moreover, the need of applying this principle is not fully accepted by the Board of Governors and the Schools' management.

Recommendation No 2: The New Cobee software project should include a specific module for consolidating the Schools' accounts and producing consolidated financial statements.	N/A	N/A	N/A	N/A	No	The development of the "New Cobee" software is likely to be stopped, as results do not meet expectations. Anticipating a possible failure of the "New Cobee" project, the Office of the Secretary General is looking to start a procurement procedure to acquire an existing software package (probably SAP, in the line of the Commission and other Institutions). The Central Office intends to include a module for consolidating the Schools' accounts in the software package to be acquired.
Recommendation No 3: The management of the Schools should take measures to respect the deadline of 1 April for the transmission to the Central Office of information required for drawing up the revenue and expenditure account and the balance sheet	No	Yes	Yes	Yes	N/A	In 2012, four out of fourteen Schools approved their financial statements after the 1 April deadline, showing an improvement compared to 2011 when six Schools were concerned. The most significant delays, of more than four weeks, concern the Schools of Brussels I, Luxembourg I and Mol. The fourth School, Munich, approved the financial statements with a delay of only three days.
Recommendation No 4: The presentation of the Inventory section of the Account Closure Report, for each School, should show the total acquisition value (gross carrying amounts) and the accumulated depreciation per asset class. The Central Office should correctly apply the provisions of the Memorandum on Administrative and Financial Procedures for the Inventory and also provide guidance to	No	No	Yes	Yes	Yes	The Schools of Brussels II and Alicante have now correctly implemented the audit recommendation. Nevertheless, given that the same issue was encountered at the Schools of Brussels I and Bergen in 2012, it is clear that the Central Office did not issue sufficient guidance to the Schools in order to correctly apply the provisions of the Memorandum on Administrative and Financial Procedures for the Inventory. The developments noted in the field of accounting software indicate that it will be feasible to include a module for the management of the inventory. However, this software module should be linked to other tools (e.g. bar code readers) and implemented in all schools.

Schools in this respect. It should also consider the possibility of acquiring or developing an inventory management tool.						The School of Alicante and Brussels II have implemented a solution for managing the inventory, based on bar code labels and a bar code reader. The 2012 audit showed that a similar inventory management system is implemented in the School of Bergen. However, no such system has been implemented yet in the Central Office or the audited School of Brussels I.
Recommendation No 5: The accounting plan should be completed with a current asset account for doubtful debtors as well as a provision account for doubtful debtors.	N/A	N/A	N/A	N/A	No	The Central Office did not add a current asset account for doubtful debtors as well as an account for the provisions for doubtful debtors.
Recommendation No 6: The Central Office should provide more guidance to Schools on procurement procedures. In particular, the Central Office should review the current arrangements with freelance translators.	N/A	N/A	N/A	N/A	No	No change noted regarding the recommendation made in 2011. The Central Office did not accept the recommendation to launch a call for tenders for translation services or to participate in an inter-institutional call for tenders mainly because the current prices paid for such services are lower than those paid by the other Institutions. However, it should be stressed that the current arrangements with translators are not based on contracts, which entails significant risks as regards quality, confidentiality, respect of deadlines and prices.
Recommendation No 7: The Central Office should ensure that a new viable school management software solution is acquired and is implemented before the technical support for the current servers is discontinued by the manufacturer.	N/A	N/A	N/A	N/A	YES	In 2012, an externally developed software application, 'MySchool', has been acquired and implemented. The software is fully operational and meets the requirements.