

Audit Compendium

Youth unemployment and the integration of young people into the labour market

Audit reports published between 2013 and 2017

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Dear reader,

At the October 2017 meeting of the Contact Committee of European Union Supreme Audit Institutions (SAIs), chaired and hosted by the European Court of Auditors in Luxembourg, the Heads of the SAIs discussed SAIs' possible contribution to restoring EU citizens' trust in national and EU institutions. They also considered new audit products and how to make the results of SAIs' work more widely available to European Union citizens.

This audit compendium is one of those new types of product from the Contact Committee. It complements the Committee's other publications by raising awareness of recent audit work by European Union SAIs.

This first edition focuses on youth employment and the integration of young people into the labour market. It is an issue which stands at the top of the agendas of most EU Member States and of the European Institutions. High levels of employment are a key target of the European Union's Europe 2020 Strategy and significant amounts of public funds are invested by the Member States in tackling youth unemployment and creating jobs. These investments are often supported by EU funding to boost the impact of the national projects, a fact which has not escaped the attention of the EU SAIs, whose aim is to ensure that these funds are being used effectively.

The audit compendium offers a general introduction to youth employment and the role of the EU and Member States in this policy field, and provides an overview of selected audit work by EU SAIs since 2010, including a summary of their work. For more information about these audits, please contact the SAIs concerned.

We hope you will find the audit compendium a useful source of information.



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European Fund for Strategic Investment (EFSI): An investment support mechanism based on a Regulation of the European Parliament and of the Council and implemented through an agreement between the European Investment Bank and the European Commission to mobilise finance for strategic projects around the EU.

Employment Committee (EMCO): The Council's main advisory committee for Employment and Social Affairs in the employment field.

European Social Fund (ESF): Aims to strengthen economic and social cohesion within the European Union by improving employment and job opportunities (mainly through training measures), encouraging a high level of employment and the creation of more and better jobs.

European Structural and Investment Funds (ESIF or ESI Funds): The European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development, and the European Maritime and Fisheries Fund, which were brought together for the 2014-2020 multiannual financial framework under common rules (Regulation (EU) No 1303/2013 - the 'Common Provisions Regulation'). Their overall aim is to reduce regional imbalances across the EU.

European Regional Development Fund (ERDF): The European Regional Development Fund aims at reinforcing economic and social cohesion within the European Union by redressing the main regional imbalances through financial support for the creation of infrastructure and productive job-creating investment, mainly for businesses.

Impact: In performance assessment, the longer-term socio-economic consequences that can be observed a certain time after completion of a project or programme.

Labour mobility: The right of all EU citizens to freedom of movement of workers, as defined by the Treaty on the Functioning of the EU, Article 45. It includes the rights of movement and residence for workers, the rights of entry and residence for family members, and the right to work in another Member State and be treated on an equal footing with nationals of that Member State. Restrictions apply in some countries for citizens of new Member States.

NEET: People who are 'not in employment, education or training'. This group includes unemployed people and inactive people.

Operational programme: A European Commission-approved programme of EU-funded investments by a Member State. It takes the form of a coherent set of priorities comprising measures under which projects are to be co-financed for the duration of the seven-year multiannual financial framework.

Outcome: A change arising from an intervention, usually in relation to its objectives (e.g. trainees who have found employment). Outcomes may be expected or unexpected, positive or negative.

Result: In performance assessment, this is the measurable immediate effect of a project or a programme.

Youth: For the purposes of Youth (un)employment, young people are defined as being between 15 and 25 years of age, or, in some Member States, between 15 and 29.

Youth employment rate: The employment rate is an essential indicator for monitoring the labour market situation. For the 15–29 age group, it is calculated as the proportion of people aged 15–29 who are employed in the total population of this group.

Youth Guarantee: a commitment by all EU Member States to ensure that all young people under the age of 25 receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within a period of four months of becoming unemployed or leaving formal education. It is based on the Council Recommendation adopted in April 2013 following a proposal from the European Commission.

Youth unemployment rate is the percentage of the unemployed in the 15 to 24 age group compared to the total labour force (both employed and unemployed) in that age group.

Youth unemployment ratio is the percentage of unemployed young people compared to the total population of that age group (not only active, but also inactive people, such as students).

ADEM:	Employment Development Agency in Luxembourg
AGS:	Annual Growth Survey
CAT:	Temporary auxiliary contracts
DfE:	Department for Education in UK
ECA:	European Court of Auditors
EES:	European Employment Strategy
EMCO:	Employment Committee
EMMI:	Ministry of Human Resources in Hungary
EPSR:	European Pillar of Social Rights
ERDF:	European Regional Development Fund
ESF:	European Social Fund
EU:	European Union
GCTS:	Graduate Career Tracking System
IEFP:	Principal national authority on employment and training in Portugal (Instituto do Emprego e Formação Profissional)
IPs:	Investment Priorities
ISSAI:	International Standards of Supreme Audit Institutions
JER:	Joint Employment Report
MA:	Managing Authority
MTEESS:	Ministry of Labour, Employment and the Social and Solidarity Economy
NAO:	National Audit Office (UK, Malta)
NEET:	Not in Education, Employment or Training

NRP:	National Reform Programme
OMC:	Open Method of Coordination
p.p.:	Percentage point
SAI:	Supreme Audit Institution
STEM:	Science, Technology, Engineering, Mathematics (components of labour market)
TEU:	Treaty on European Union
TFEU:	Treaty on the Functioning of the European Union
VET:	Vocational education and Training
YEI:	Youth Employment Initiative

The Contact Committee and its work

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The Contact Committee is an autonomous, independent, non-political assembly of the heads of Supreme Audit Institutions (SAIs) of European Union (EU) Member States, together with the European Court of Auditors (ECA). It provides a forum to discuss and address matters of common interest relating to the EU.

Within this context, the Contact Committee commits itself to fostering dialogue and co-operation in audit and audit-related activities. It establishes and promotes common positions on emerging audit and accountability issues and supports its members, the SAIs of EU Candidate Countries and those of Potential Candidate Countries.

By enhancing co-operation between its members, the Contact Committee contributes to effective external audit and accountability in the EU, and helps improve EU financial management and good governance for the benefit of its citizens.

The Contact Committee was established in 1960. Its Chairmanship rotates among SAIs on an annual basis. It has no formal seat or secretariat, and the European Court of Auditors provides administrative support.

Information about the Contact Committee is available at www.contactcommittee.eu.

The situation of young people in the labour market, dramatically affected by the consequences of the economic and financial crisis which started in 2008, is a major challenge for the European Union and its Member States. In spite of a decrease in youth unemployment in most Member States after its 2013 peak, it remains a serious concern: in 2016 4.2 million young Europeans could not find work and the proportion facing long-term unemployment remains high.

Tackling youth employment is mainly a task to be undertaken by national and regional governments. But the European Union supports and, if necessary, complements their efforts to combat unemployment.

The growing number of programmes for, and public funds invested in tackling youth unemployment has prompted many EU Member State Supreme Audit Institutions to include an audit of this subject in their work programmes.

This audit compendium opens with a general overview, including an explanation of the historical evolution of employment policy development in the European Union. This is followed by a description of some of the main issues in youth unemployment.

The second part of this audit compendium summarises the results of selected audits carried out by thirteen Member State SAIs (Belgium, Bulgaria, Germany, France, Hungary, Italy, Lithuania, Luxembourg, Malta, Poland, Portugal, Slovakia, and United Kingdom) and the European Court of Auditors over the past four years. These selected audits addressed important aspects of performance issues, focusing on the efficiency, effectiveness, and/or economy of the employment policies, programmes and projects implemented.

The third part of this audit compendium contains detailed fact-sheets for selected audits carried out by the thirteen Member State SAIs and the European Court of Auditors.

Legal basis and historical evolution

1. The EU shares competences in the area of employment and social policy with the Member States. EU actions include coordinating and monitoring national policies, exchanging best practices, and legislating in the areas of workers' rights and the coordination of social security arrangements. The main legislation on employment policy in the EU has evolved over time; the following chapter presents the main steps in this evolution.

The legal basis for EU Employment policies

2. The legal basis for Employment policy at EU level is Article 3.3 of the Treaty on European Union (TEU): "The Union shall establish an internal market... It shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, **aiming at full employment** and social progress..."

3. Furthermore, the Treaty on the Functioning of the European Union (TFEU) states¹ that "Member States and the Union shall,..., work towards developing a **coordinated strategy for employment** and particularly for promoting a skilled, trained and adaptable workforce and labour markets responsive to economic change ... Member States, through their employment policies, shall contribute to the achievement of the objectives..."

4. In addition, the EU shall² "contribute to **a high level of employment** by encouraging cooperation between Member States and by supporting and, if necessary, complementing their action." Likewise, "**the promotion of employment**" is a common objective of the EU and its Member States in the social and employment fields³.

5. The above articles in the Treaties are the result of a long process of development that started with the Treaty of Rome (1957). The Maastricht Treaty (1992) introduced a Social Policy Agreement and Social Protocol (the Social Chapter⁴) annexed to the Treaty. The Agreement reaffirmed the principles stated a few years before in the Community Charter of the Fundamental Social Rights of Workers (1989)⁵. However it is only with the Treaty of Amsterdam (1997) that the promotion of a high level of employment and social protection was officially introduced as one of the tasks conferred on the European Community. The following Figure 1 shows the main development of legislation and employment policy, in particular the youth employment initiative, starting in 1957.

1 Articles 145 and 146 TFEU.

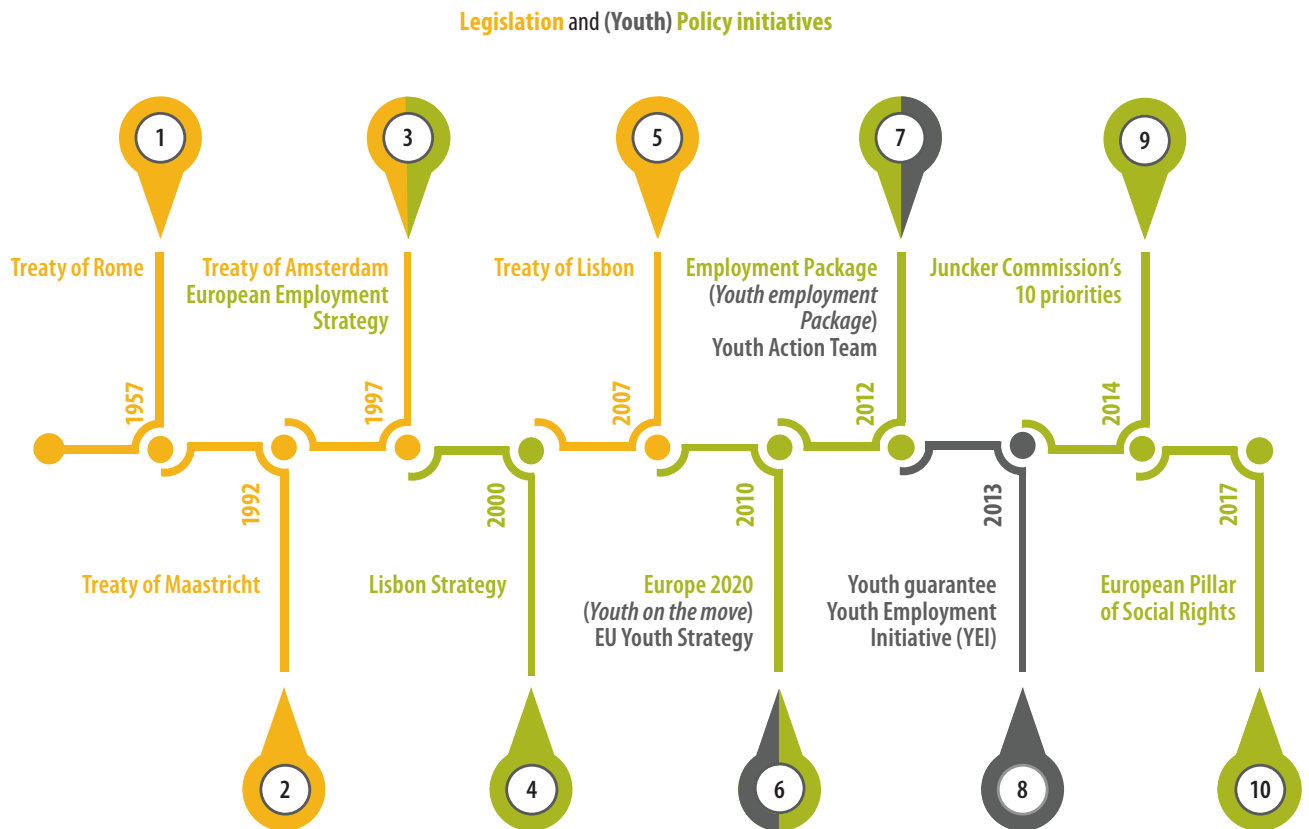
2 Article 147 TFEU.

3 Article 151 TFEU.

4 Protocol No 14 on Social Policy.

5 The Charter recognised as fundamental social rights of workers: freedom of movement; employment and remuneration; improvement of living and working conditions; social protection; freedom of association and collective bargaining; vocational training; equal treatment for men and women; information and consultation and participation for workers; health protection and safety at the workplace; protection of children and adolescents; rights of elderly persons; rights of disabled persons.

Figure 1 - Main legislation and Policy initiatives in the field of Employment (1957-2017) (ECA)



The Treaty of Amsterdam (1997) and the European Employment Strategy

6. With the Amsterdam Treaty (1997) a crucial stage was reached on EU involvement in the area of employment and social policy. A new Employment Title⁶ was added to the Treaty, thus including among the EU objectives the aim of promoting a high level of employment and enabling the EU to adopt guidelines and make recommendations to Member States, within a framework of a 'coordinated-strategy'⁷, namely the European Employment Strategy (EES)⁸, based on an Open Method of Coordination (OMC). This was also the first time that the fight against social exclusion was explicitly mentioned in the Treaties.

7. This new OMC approach involved cooperation between EU and Member States on the basis of common policy guidelines and targets set at EU level, and translating these into national and regional policies. To complement the OMC, a periodic monitoring, evaluation and peer review process was established to support mutual learning⁹. The Treaty also included a provision to set up the Employment Committee (EMCO)¹⁰, a committee with advisory status to promote coordination between Member States on employment and labour market policies.

The Lisbon Strategy (2000) and the integrated employment guidelines

8. The Lisbon Strategy, launched in March 2000, represents a further step forward in recognising the relevance of employment and social issues for EU growth and competitiveness and in extending the OMC to other policy areas. The Lisbon Strategy called for more and better jobs and greater social cohesion by 2010. The main instruments for attaining this goal involved the extension of the OMC to a wide range of policy areas – also encompassing pensions, health and care – known as the “**social OMC**”; and by an enhanced steering and coordinating role for the European Council.

9. The Lisbon Strategy was re-launched in 2005 following a mid-term review with a focus on delivering stronger, lasting growth and creating more and better jobs¹¹. A new governance structure based on a partnership approach between the Member States and the EU institutions was put in place. In the light of the mid-term review of the Lisbon Strategy in 2005, the **employment guidelines** adopted as part of the European Employment Strategy (EES) were incorporated into the **integrated guidelines for growth and jobs**.

6 TITLE VIII in the consolidated version of the Treaty (ex Title Via).

7 European Parliament (2015), [Social and Employment Policy: General Principles, Fact Sheets on the European Union](#).

8 Articles 145-150 TFEU.

9 European Parliament (2016), [Mainstreaming Employment and Social Indicators into Macroeconomic Surveillance](#).

10 Article 150 TFEU.

11 COM (2005) 24, [Working Together for Growth and Jobs: A New Start for the Lisbon Strategy](#).

The Treaty of Lisbon (2007) and the Europe 2020 Strategy (2010): the employment target

10. In 2007 the Treaty of Lisbon introduced other relevant changes to the social and employment objectives of the EU. A new '**horizontal social clause**' stressed that *"in defining and implementing its policies and activities, the Union shall take into account requirements linked to **the promotion of a high level of employment**, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health"*¹².

11. Three years later, in 2010, **employment** became one of the five **headline targets** of the **Europe 2020 Strategy** – the overarching EU strategy for smart, sustainable, and inclusive growth. The headline target aims to increase the total employment rate for people aged 20 to 64 to 75% by 2020. This objective is accompanied by, and linked to two other headline targets:

- Social inclusion and combating poverty; aimed at lifting at least 20 million people out of the risk of poverty or social exclusion;
- Education; to reduce the proportion of early school leavers to 10%, and increase the percentage of 30-34-year-olds completing tertiary or equivalent education to at least 40%.

12. Since 2010, the headline employment and social targets of the Europe 2020 strategy have served as goals for benchmarking the EES. The EES is implemented through the **European Semester** process, which provides a framework for coordinating and monitoring progress in macroeconomic, fiscal, employment and social policies in recurring yearly cycles, by promoting close policy coordination among EU Member States and EU Institutions. In particular, the implementation of the EES - supported by the work of the Employment Committee (EMCO) – can be broken down into the following four steps in the European Semester:

- **Employment guidelines** are common priorities and targets for employment policies proposed by the European Commission, agreed by national governments and adopted by the EU Council. The employment guidelines were first adopted with the broad economic policy guidelines in an integrated guideline package in 2005 and reformed in 2010 in the light of the Europe 2020 Strategy.
- The European Commission produces a **Joint employment report (JER)** based on (a) the assessment of the employment situation in Europe, (b) the implementation of the Employment Guidelines and (c) an assessment of the Scoreboard of key employment and social indicators. It is published by the European Commission and adopted by the EU Council. The JER is now part of the Annual Growth Survey (AGS).
- **National Reform Programmes (NRPs)** are submitted by national governments and analysed by the European Commission for compliance with Europe 2020. NRPs are based on the guidelines and they also serve as a reference for country-specific recommendations.
- Based on the assessment of the NRPs, the European Commission publishes a series of **Country reports**, analysing Member States' socio-economic policies, and it then issues **Country-specific recommendations**¹³.

12 Article 9 TFEU.

13 See <http://ec.europa.eu/social/main.jsp?catId=101&langId=en>.

13. The Europe 2020 strategy also proposed the creation of seven flagship initiatives. Three of these fall within the areas of employment and social affairs:

- The **Agenda for New Skills and Jobs** aiming at revamping flexicurity policies to make the labour market function better, helping people to develop the skills of tomorrow and improving job quality and working conditions;
- **Youth on the Move** contributes to better education and training, helps young people to study abroad and makes it easier for them to find jobs; and
- The **European Platform against Poverty and Social Exclusion** helps to disseminate best practices and makes funding available in order to support social inclusion and combat discrimination.

14. In 2012 the European Commission adopted an **Employment Package**¹⁴, a set of policy documents looking into how EU employment policies intersected with a number of other policy areas in support of smart, sustainable and inclusive growth. It identified the EU job sectors with the biggest growth potential and the most effective ways for EU countries to create more jobs. It proposed measures to support job creation, restore the dynamics of labour markets, and improve EU governance. The employment Package also included a **Youth Employment Package**.

15. In 2014, the new Juncker Commission set out **ten policy priorities** which would serve as the political mandate for the European Commission's five-year term. The first priority of the political guidelines is "**A new boost for jobs, growth and investment**" and it also includes the launch of an Investment Plan for Europe¹⁵.

16. Recently, on the occasion of the Social Summit in November 2017, the European Parliament, the Council and the European Commission jointly declared their commitment to the European Pillar of Social Rights (**EPSR**)¹⁶, which was first announced by President Juncker in his 2015 State of the Union Address and presented by the European Commission in April 2017. The EPSR sets out 20 key principles and rights structured around three categories: equal opportunities and access to the labour market, fair working conditions, and social protection and inclusion. The Social Pillar is accompanied by a 'social scoreboard' to monitor progress.

14 COM (2012) 173 final.

15 See https://ec.europa.eu/commission/priorities/jobs-growth-and-investment/investment-plan_en.

16 COM (2017) 250.

EU Youth Employment policies and measures

17. The EU mandate in the field of youth employment and its margin of manoeuvre are the same as those described above for adults. They are, however, complemented by a broader EU Youth Strategy. The EU supports young people's employment, employability and social inclusion, especially under its agenda for jobs, growth and investment, the Europe 2020 strategy and through EU funds such as Erasmus+, the European Social Fund (ESF) and the Youth Employment Initiative¹⁷.

The EU Youth Strategy (2010)

18. The **EU Youth Strategy**, agreed by EU Ministers, sets out a framework for cooperation in accordance with Articles 6 and 165 of the TFEU, covering the years 2010-2018. It has two main objectives:

- to create more and equal opportunities for all young people in education and in the labour market;
- to encourage young people to actively participate in society¹⁸.

19. EU youth policy places particular emphasis on increasing the social inclusion of all young people, greater participation in democratic and civic life, and an easier transition to adulthood, with particular emphasis on integration into the world of work¹⁹. The objectives are achieved through a dual approach which includes:

- **Specific youth initiatives**, targeted at young people to encourage non-formal learning, participation, voluntary activities, youth work, mobility and information; and
- **'Mainstreaming' cross-sector initiatives** to ensure that youth issues are taken into account when formulating, implementing and evaluating policies and actions in other fields with a significant impact on young people, such as education, employment or health and well-being.

20. The EU Youth Strategy proposes initiatives in eight areas, including employment and entrepreneurship. The Member States hold the main responsibility for their policies on employment, education, training and youth, but the European Union has a role in supporting Member States' efforts and has been doing so for many years²⁰. The Strategy is implemented by EU Member States with the support of the European Commission.

17 See <http://ec.europa.eu/social/main.jsp?catId=1176&langId=en>.

18 See https://ec.europa.eu/youth/policy/youth-strategy_en.

19 European Commission (2015), *EU Youth Report 2015*.

20 COM (2016) 640 final.

The “Youth on the move” Flagship Initiative (2010)

21. As part of the Europe 2020 strategy for ‘smart, sustainable and inclusive growth’, the “**Youth on the move**” flagship initiative sets out a comprehensive package of education and employment measures for young people, including the **Youth Opportunities Initiative**²¹ (2011) and **Your first EURES Job**²². The overarching goals of the flagship initiative are to improve young people’s education levels and employability, to reduce youth unemployment and to increase the youth employment rate.

22. The **Youth Opportunities Initiative**, adopted by the European Commission in 2011, specifically targeted young people who are not in employment, education or training, and aimed to combine concrete action by Member States and the EU with the priorities identified in:

- the Europe 2020 strategy;
- the June 2011 EU Council conclusions on youth employment²³; and
- the EU Council Recommendation on policies to reduce early school leaving²⁴.

23. **Your first EURES Job** is a “targeted mobility scheme”. These schemes aim to fill vacancies in a certain sector, occupation, country or group of countries, or to support particular groups of workers with a propensity to be mobile, such as young people. The scheme, implemented by national employment services, is open to young candidates (up to age 35) and employers in the EU-28 countries, Norway and Iceland, and aims to find them a job, traineeship or apprenticeship in another Member State.

21 COM (2011) 933 final.

22 See <http://ec.europa.eu/social/main.jsp?catId=993&langId=en>.

23 Council Conclusions 11838/11 of 20 June 2011 on Promoting youth employment.

24 OJ C 191(2011).

The Youth Employment Package and the Youth Action Team (2012)

24. In December 2012, the EU Council gave most EU Member States specific recommendations on how to fight youth unemployment. In the same year, the European Commission proposed a **Youth Employment Package**, a series of measures to help Member States specifically tackle youth unemployment and social exclusion in the light of high and persistent youth unemployment. These measures took the form of:

- A **Youth Guarantee** (April 2013); a commitment by all Member States to ensure that all young people under the age of 25 receive either:
 - a good-quality offer of employment;
 - continued education;
 - an apprenticeship;
 - or a traineeship

within four months of becoming unemployed or leaving formal education. It is based on the Council Recommendation adopted in April 2013 following a proposal from the European Commission.

- A **European Alliance for Apprenticeships** (July 2013), which brings together public authorities, businesses, social partners and vocational education and training (VET) providers, youth representatives, and other key actors to promote apprenticeship schemes and initiatives across Europe. The common goal is to strengthen the quality, supply and image of apprenticeships in Europe. More recently, the mobility of apprenticeships has also emerged as an important topic.
- A **Quality Framework for Traineeships** (March 2014), a Council Recommendation that proposes guidelines for traineeships outside formal education to provide high quality learning content and fair working conditions.

25. Still in 2012, the European Commission, together with the eight Member States with the highest levels of youth unemployment at that time, set up **Youth Action Teams**²⁵ consisting of national experts and EU officials to identify measures to make use of EU funding (including funding from the ESF) which was still available under the 2007-2013 programme period, in order to support job opportunities for young people within small and medium-sized businesses.

Youth Employment Initiative (2013)

26. The Youth Employment Initiative (YEI) provides financial support for the implementation of the Youth Employment Package, and in particular the Youth Guarantee. The YEI is **complementary** to other actions undertaken at national level, in particular with ESF support. The YEI measures are intended to be targeted at young people directly. It exclusively supports young people who are Not in Education, Employment or Training (NEETs), including long-term unemployed youngsters or those not registered as job-seekers in regions with a youth unemployment rate above 25%.

27. The **total YEI budget** (for all eligible EU Member States) is €6.4 billion for the period 2014-20 (€3.2 billion comes from a dedicated Youth Employment budget line complemented by €3.2 billion more from the ESF). The ESF contribution is topped up by the eligible Member States' own financial resources. On 14 September 2016, the European Commission proposed increasing the YEI budget²⁶. To this end, an additional €1.2 billion should be provided to the initiative over the 2017-2020 period, of which €233 million is included in the 2018 draft budget²⁷ and €500 million in an amending budget for 2017²⁸.

Recent Developments (2013-2017)

28. Still in 2013, the European Commission presented a Communication²⁹ which sets out steps to be taken without delay to get young people back into work, education or training. It aims at accelerating the implementation of the Youth Guarantee, boosting investment in young people through the ESF, front-loading the YEI, support for intra-EU labour mobility with EURES³⁰, and developing EU-level tools to help EU countries and firms recruit young people.

29. On 7 December 2016 in its Communication³¹ *Investing in Europe's Youth* the European Commission proposed a renewed effort to support young people in the form of the Youth Package, which proposes three strands of action:

- better opportunities to access employment;
- better opportunities through education and training;
- better opportunities for solidarity, learning mobility and participation.

26 COM (2016) 603 final.

27 See http://ec.europa.eu/budget/biblio/documents/2018/2018_en.cfm#draft_budget01.

28 COM (2017) 222.

29 COM (2013) 447.

30 EURES is an EU Job Mobility Portal. Its purpose is to provide information, advice and recruitment/placement (job-matching) services for the benefit of workers and employers as well as any citizen wishing to benefit from the principle of the free movement of persons. See <https://ec.europa.eu/eures/public/en/homepage>.

31 COM (2016) 940 final.

30. As part of this package, the European Commission launched the European Solidarity Corps³² and presented another Communication on improving and modernising education³³.

Young people: labour market statistics (2008-2016)

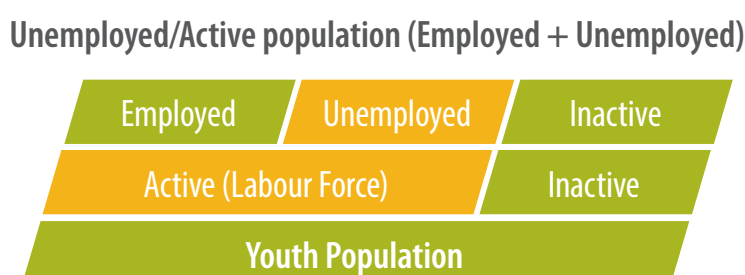
31. The situation of young people in the labour market, dramatically affected by the consequences of the economic crisis which started in 2008, is a major challenge for the European Union. The crisis has hit young people particularly hard. It has widened the gap between those with more and those with fewer opportunities. Some young people are increasingly excluded from social and civic life, putting them at risk of disengagement, marginalisation or even radicalisation³⁴.

32. Many young people struggle to find a good job, which seriously hampers their path towards independence. In spite of a decrease in youth unemployment in most Member States after its 2013 peak, youth unemployment remains a serious concern: in 2016 4.2 million young Europeans could not find work and the proportion facing long-term unemployment remains high.

Youth Unemployment rate

33. The youth unemployment rate is calculated as a fraction of unemployed young people over the young active population (see Figure 2).

Figure 2: Youth unemployment rate explained (ECA)



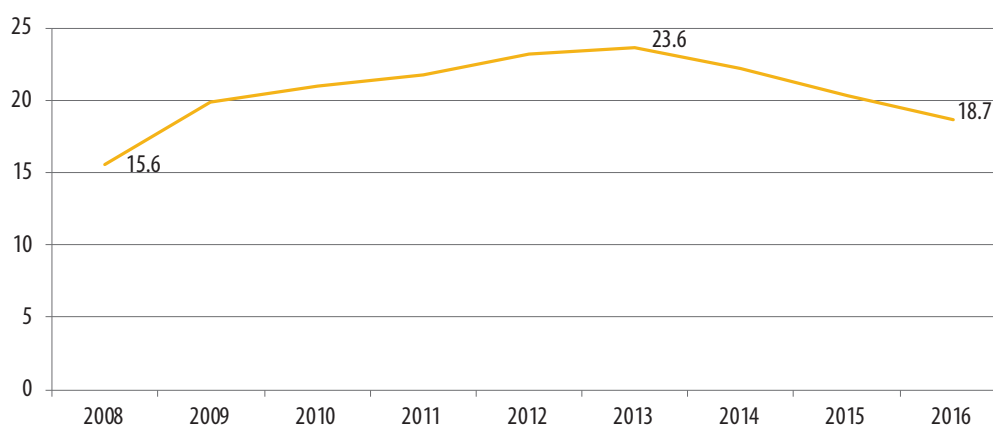
32 COM (2016) 942 final.

33 COM (2016) 941 final.

34 European Commission (2015), [EU Youth Report 2015](#).

34. The youth unemployment rate³⁵ among young people (aged 15-24) was 18.7% in 2016, 4.9 percentage points (p.p.) below the maximum level reached in 2013 (23.6%, see Figure 3). The situation seems to have been improving since 2013, the year when the youth unemployment rate reached its highest level in the EU28 and in most of the EU Member States.

Figure 3 - EU 28 Youth unemployment (15-24), 2008-2016 (Source Eurostat yth_empl_100)



35. Despite these signs of improvement, the youth unemployment rate continues to be particularly high. In addition, youth unemployment is still more than twice the overall unemployment rate, which was 7.5% for the EU28 in 2016.

36. The biggest improvements between 2013 and 2016, in percentage points, were recorded in Croatia (-18.7 p.p.), Hungary (-13.7 p.p.) and Slovakia (-11.5 p.p.). Also in 2016, Greece continued to be the Member State with the highest youth unemployment rate (47.3%), despite a reduction of 11 p.p. from its highest level of 58.3% in 2013. Spain (44.4%) and Italy (37.8%) are the Member States with the next highest youth unemployment rate.

37. In absolute numbers, at EU level there were 1.4 million less young people unemployed in 2016 than in 2013 (a drop from 5.6 million to 4.2 million³⁶).

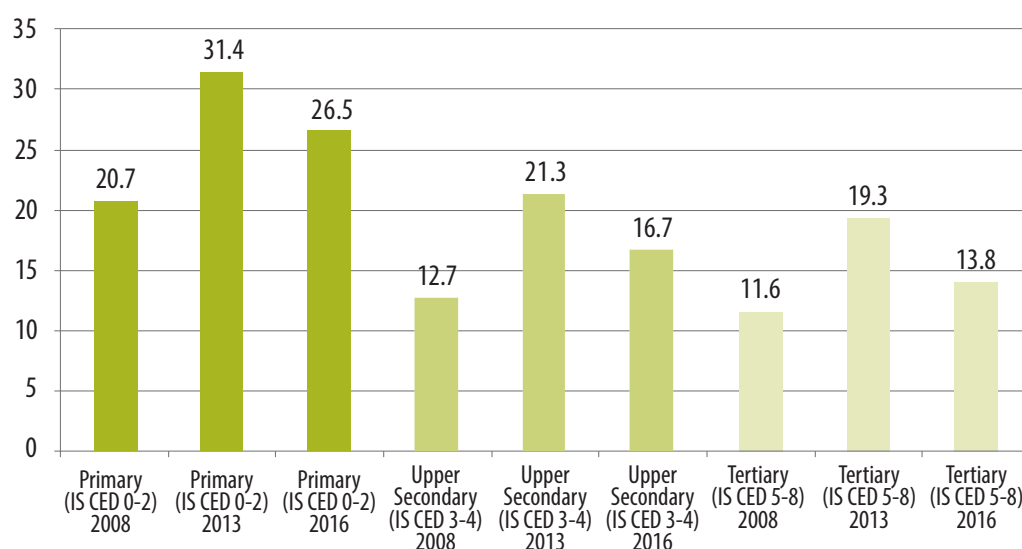
35 The unemployment rate for a given age group expresses unemployed people in that age group as a percentage of the total labour force (both employed and unemployed). An unemployed person is defined by Eurostat, in accordance with ILO guidelines, as someone aged 15 to 74 (or 16 to 74 in Spain, Italy, the United Kingdom, Iceland and Norway) who is a) without work during the reference week; b) available to start work within the following two weeks (or has already found a job to start within the next three months), and c) who has actively sought employment at some time during the preceding four weeks.

36 Source: Eurostat, code [une_rt_a].

Youth Unemployment rate by Education level

38. Level of educational attainment is an important factor in young people’s future working lives. Figure 4 illustrates that the higher the educational attainment, the lower the youth unemployment rate recorded. The unemployment level of young people with a low level of education (26.5%) is twice as high as those with a tertiary education (13.8%). A similar difference (10 p.p.) can also be identified for young people with an upper secondary level of education.

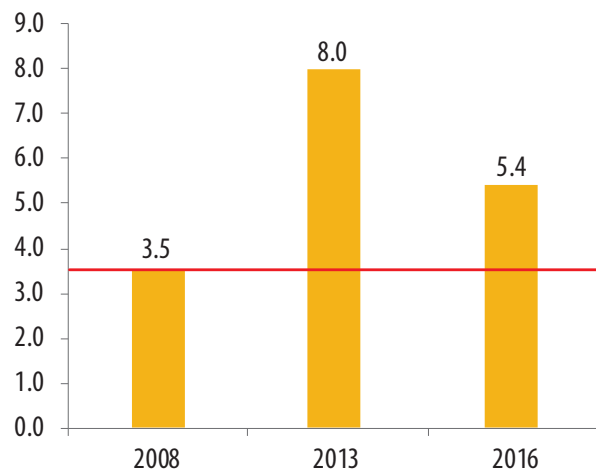
Figure 4 - EU28 Youth Unemployment by Educational level, 2008-2016 (Source Eurostat, yth_empl_090)



39. From a comparative perspective, for all three groups the changes from 2013 to 2016 show an improvement (-5 p.p.). However, for all educational levels attained, the youth unemployment rate in 2016 is still higher than that recorded in 2008. It means that youth unemployment has not yet returned to pre-crisis levels. Furthermore, the data indicates that young people with a tertiary education also encountered increasing difficulty in finding jobs during the economic crisis. On top of this, the economic crisis created a significant challenge for young graduates in many countries, because they often find themselves overqualified for the opportunities available in the labour market³⁷.

Long-Term Youth unemployment

Figure 5 - EU28 Long-term Youth unemployment rate, 2008-2016 (Source Eurostat, yth_empl_120)



40. The situation of unemployed young people is further complicated if they spend a long time without being able to find a job. Long-term unemployment periods³⁸ have significant consequences for the working future of young people: the longer a young person remains unemployed, the more difficult entry into the labour market becomes.

41. Since the start of the financial and economic crisis in 2008, the long-term youth unemployment rate (12 months or longer) in the EU28 has increased by 1.9 p.p. (from 3.5% in 2008 to 5.4% in 2016). The highest value was recorded in 2013 (8%). Since then a positive trend has emerged (-2.6 p.p.), but the long-term youth unemployment rate is still far higher than the pre-crisis level (Figure 5).

42. At Member State level, Greece (25.1%) and Italy (19.4%) are the two Member States with the highest long-term youth unemployment rate in 2016. They are also the ones that have recorded the biggest increases since 2008, standing at 17.3 p.p. for Greece and 11.3 p.p. for Italy in 2013. The other three countries with a long-term youth unemployment rate of over 20% in 2013 (Spain, Croatia and Slovakia), demonstrated remarkable improvements in 2016.

38 The long-term unemployment rate is the proportion of people who have been unemployed for 12 months or more, in relation to the total number of unemployed people in the labour market.

Unemployed Youth as percentage of the total youth population (Youth Unemployment Ratio)

43. A large number of young people are not part of the active population, which is the reference used to calculate youth unemployment (see Figure 6). Indeed, many young people are still studying full time and are not working or looking for a job. The Youth unemployment ratio also takes into account this proportion of the youth population and shows the proportion of unemployed young people in relation to the total youth population (employed, unemployed and inactive)³⁹.

Figure 6 - Youth Unemployment Ratio explained

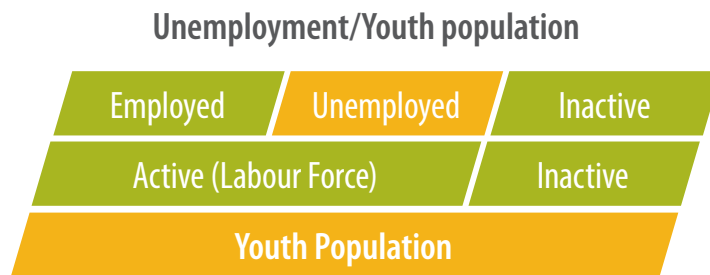
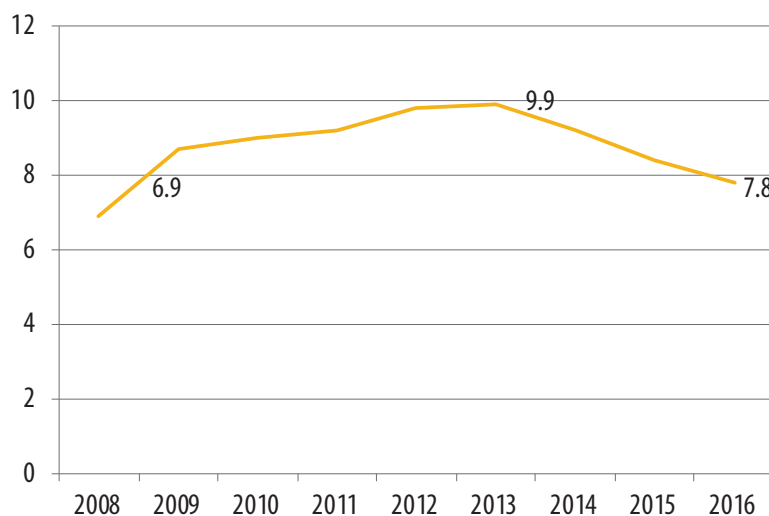


Figure 7 - EU28 Youth unemployment ratio, 2008-2016 (Source Eurostat yth_empl_140)



39 For an additional explanation, see Eurostat, Unemployment statistics: http://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics.

44. The youth unemployment ratio in 2016 was 7.8%, 0.9 p.p. higher than in 2008 (6.9%), but 2.1 p.p. below the maximum level reached in 2013 (9.9%, see Figure 7). At Member State level, analysis reveals how widely the situation differs across Europe from one country to another.

45. Spain (14.7%), Greece (11.7%) and Croatia (11.6%) are the Member States which recorded the highest youth unemployment ratio in 2016. In total, 14 Member States had an increased youth unemployment ratio of at least 1 percentage point between 2008 and 2016. Conversely, over the same period the United Kingdom (-1.7 p.p.) and Germany (-2.0 p.p.) both recorded a decrease.

46. A comparison between unemployment rates and the unemployment ratio indicates a very difficult situation for young people in Greece, Spain, Italy, and Cyprus. Jobless young people in these countries constitute a relatively high proportion of both the entire workforce and of the population aged 15 to 24.

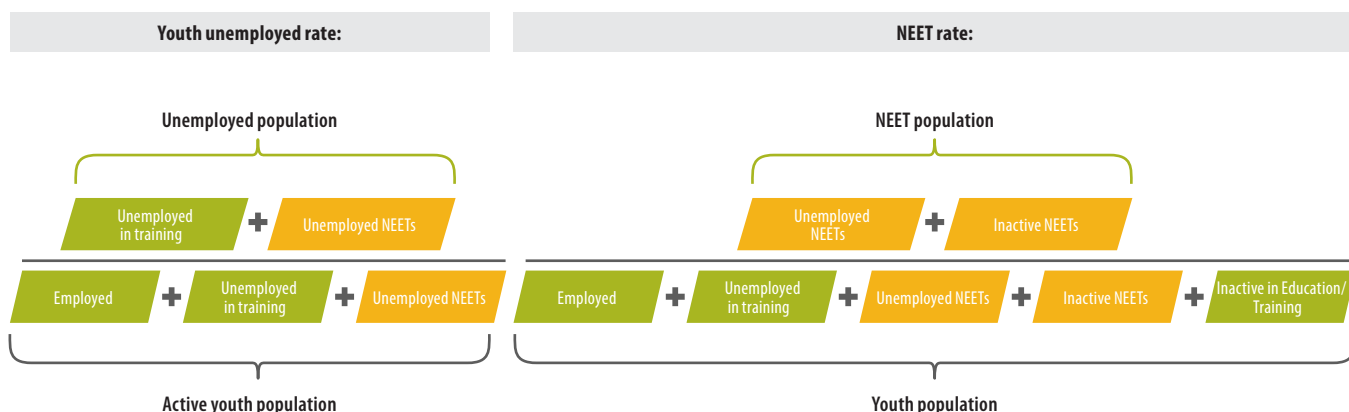
NEETs rate

47. In addition to the group of unemployed young people (i.e. those available to start work and actively seeking employment), there is another large and important group of young people who are less motivated to be proactive and, therefore, have even more difficulty in entering the labour market. These are inactive young people who are not in education or training and are referred to as inactive NEETs. Taken together, the two groups (“unemployed” and “inactive” NEETs) aged 15 to 24 form a distinct population called “NEETs”⁴⁰. The NEET rate measures the percentage of young people not in employment, education or training over the total youth population, in a similar way to the youth unemployment ratio.

48. The main difference from the youth unemployment rate is that the NEET rate also takes into account the large category of “inactive” young people. For this reason, the NEET rate is lower than the youth unemployment rate in percentage terms, while in absolute numbers the NEET population is higher than the unemployed one.

40 See ECA Special Report No 5/2017: Youth unemployment – have EU policies made a difference? An assessment of the Youth Guarantee and the Youth Employment Initiative.

Figure 8 - Youth unemployment rate vs NEET rate

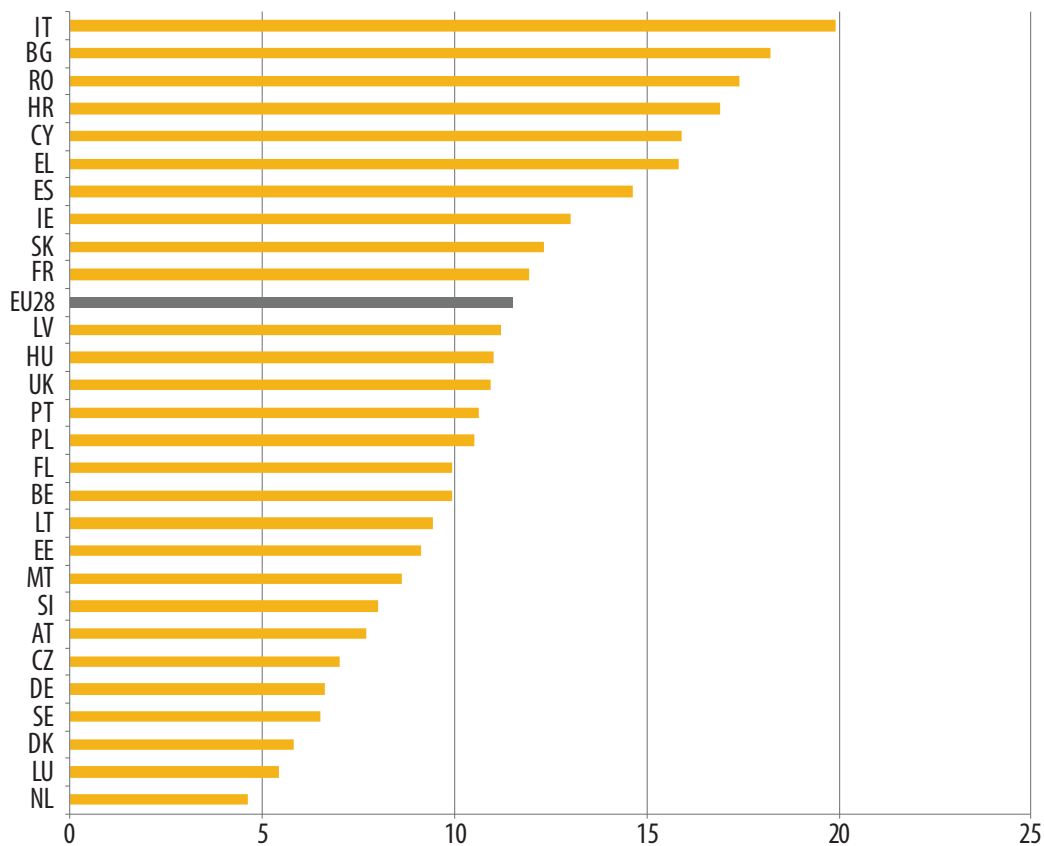


Source: European Court of Auditors.

49. Between 2008 and 2013, at EU28 level the NEET rate increased by 2.1 p.p. to 13.0%. It then decreased by 1.5 p.p. to 11.5% in 2016. The situation is variable at Member State level. As shown in Figure 9, in 2016 10 Member States recorded a NEET rate higher than the EU28 average. Italy (19.9%), Bulgaria (18.2%) and Romania (17.4%) were the Member States with the highest NEET rates in 2016.

50. From a comparative perspective, the Member States that recorded the largest increases between 2008 and 2016 were Cyprus (+6.0 p.p.), Romania (+5.8 p.p.) and Croatia (+5.3 p.p.).

Figure 9 - NEET Rate at Member State level, 2016 (Source Eurostat, yth_empl_150)



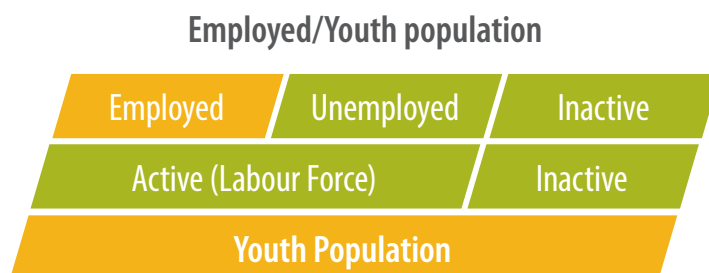
51. The turning point was in 2013: almost all Member States reached their maximum NEET rate in 2013 and their situation slowly started to improve afterwards.

52. However, in 2016 only eight Member States had a NEET rate lower than they had in 2013 (Belgium, Denmark, Ireland, Latvia, Luxembourg, Hungary, Sweden and the United Kingdom).

Youth employment rate

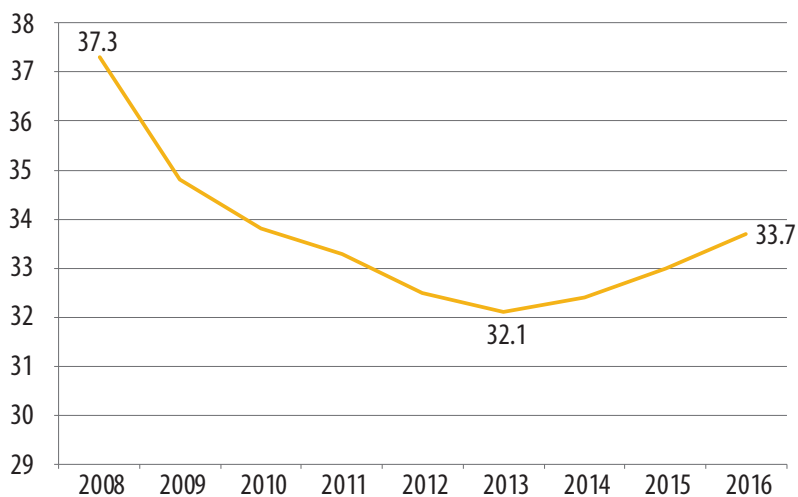
53. While the indicators we have looked at until now provide an overview of the young unemployed or inactive population, the youth employment indicator helps to understand whether the percentage of young people that do have a job is increasing or not. The youth employment rate is calculated as the percentage of employed young people over the total youth population (see Figure 10).

Figure 10 - Youth Employment Rate explained



54. At EU28 level, even if slight signs of improvement have been recorded since 2013, the difference between 2008 and 2016 is still negative. While in 2008 youth employment was 37.3%, in 2016 it was 3.6 p.p. lower (33.7%, see Figure 11).

Figure 11 - Youth Employment Rate, 2008-2016 ((Source Eurostat, yth_empl_020)



55. Once again, the situation differs significantly at Member State level: while only nine Member States (Denmark, Germany, Estonia, Malta, The Netherlands, Austria, Finland, Sweden and the United Kingdom) had a youth employment rate higher than the EU28 average, the vast majority (the remaining 19 Member States) presented a rate below the average.

56. In four Member States (Bulgaria, Greece, Spain and Italy), the youth employment rate is in fact below 20%, which means that only one or fewer than one young people out of five are employed.

57. From a comparative perspective, in 2016 only seven Member States were in a better situation than in 2008, namely the Czech Republic, Estonia, Lithuania, Luxembourg, Hungary, Poland and Sweden.

58. The situation is further complicated by the high percentage of temporary contracts⁴¹ among young workers in several Member States. Temporary contracts are an important step in the transition from education into the labour market. However, relatively high rates of temporary employment among young people can also be seen as an indicator of career insecurity⁴².

59. At EU28 level, young temporary employees represented 43.8% of the total number of employees. In ten Member States the proportion of young people with temporary work was even higher. This is the case for Germany, Spain, France, Italy, Croatia, the Netherlands, Poland, Portugal, Slovenia and Sweden.

41 A temporary contract is a fixed-term contract which will terminate if certain objective criteria are met such as the completion of an assignment or the return of the employee who has been temporarily replaced (Eurostat).

42 European Commission (2015), [EU Youth Report 2015](#).

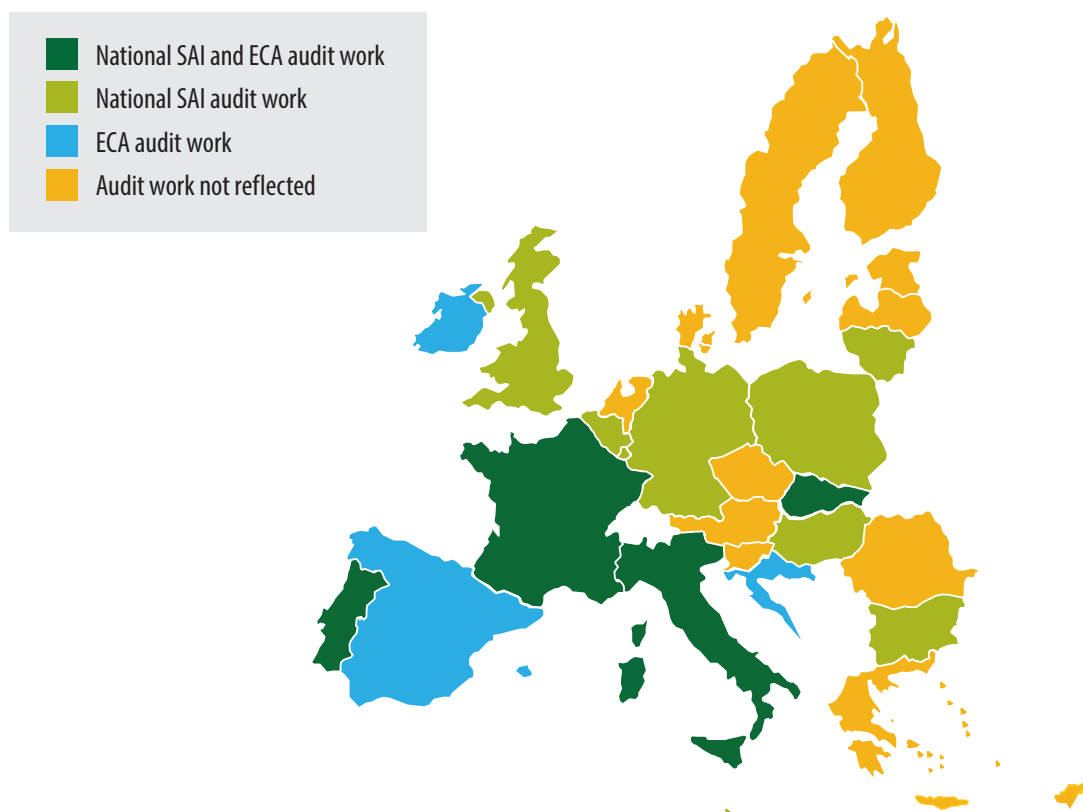
PART II – Overview of work done by the SAIs

Introduction

60. Youth unemployment deservedly stands near the top of the agenda for the European Commission and many Member State governments. The attention given to youth unemployment has given an impetus to many initiatives at national and European Union level. These initiatives engage a broad spectrum of stakeholders involved in education and social services. This interest has also mobilised a large amount of public funding aimed at improving young people's chances of getting jobs. The growing number of programmes for tackling youth unemployment, and the public funds invested in this issue have prompted SAIs to include these types of measures in their work.

61. This part of the audit compendium summarises the results of selected audits carried out by thirteen Member State SAIs⁴³ and the European Court of Auditors over the past four years. The ECA itself conducted its audit in seven Member States⁴⁴. The geographical coverage of the audits presented in the compendium is presented in Figure 12.

Figure 12 - Work of European Union SAIs reflected in the compendium



43 Belgium, Bulgaria, Germany, France, Hungary, Italy, Lithuania, Luxembourg, Malta, Poland, Portugal, Slovakia, United Kingdom.

44 Ireland, Spain, France, Croatia, Italy, Portugal and Slovakia.

62. The audits covered in this compendium addressed performance issues affecting the policies and projects in question, or included important aspects of performance assessment. This means that the SAIs focused on the efficiency, effectiveness, and/or economy of the policies, programmes and projects implemented.

Audit methodology

63. SAIs carry out their audits in accordance with international audit standards (ISSAIs) and relevant implementing standards developed at national level to ensure the quality of audit work and reports.

64. The audit methodology and procedures were selected and applied individually to ensure that the audit task was performed as effectively as possible. Where relevant, and as required by the division of competences within the Member State, the SAIs carried out their audits by working together with regional audit institutions. Two audits covered in this report were conducted as part of an international coordinated audit (see the contributions of the Bulgarian and Hungarian SAIs).

65. Where relevant, auditors reviewed EU policies and the application of the legal framework across Member States, and examined evidence specific to the national context. An important part of the work was the analysis of large sets of data (Hungary, Luxembourg and Slovakia). Furthermore, the SAIs scrutinised funds allocated from national budgets.

66. Some audits included an international analysis. For instance, the French SAI analysed the implementation of aid in seven regions and compared them with similar expenditure in Germany, Switzerland, Denmark, the Netherlands and the United Kingdom.

67. The analysis of documents was supplemented by interviews with relevant national and regional authorities. Auditors also interviewed individuals who had benefited from employment measures. Surveys were organised to obtain a wider spectrum of opinions or reach a larger number of respondents.

Audited period

68. The effects of structural measures and the impact of programmes are often difficult to audit at an early stage. Audits covered in this compendium focused on multiannual programmes implemented between 2010 and 2016 and typically covered a period of three years.

69. The following **Table** presents an overview of the main objective/focus of the audit work of the SAIs. Some audits combined two or more of these focus areas. For instance, the evaluation of employment programmes was often complemented by assessing policy objectives and the relevant monitoring system. Three of these audits (Malta, Portugal and the ECA) included a scrutiny of the ESF or European Regional Development Fund (ERDF). This is because structural funds have often been used to boost the effects of the national programmes.

70. In addition to the above, two audits covered specific projects directly offering jobs in the public sector to young people (Italy, Poland). These took the form of apprenticeships in public administration or the protection of cultural heritage.

Table - Overview of European SAIs' audit work reflected in this audit compendium

SAI	Audit title	Main focus area					
		Implementation of employment policy	Education system	Job seeking support	Monitoring systems	Direct employment projects	EU funds
Belgium	Aligning the education system and the labour market		✓				
Bulgaria	Monitoring of the career outcomes and migration of university graduates	✓			✓		
Germany	Support for young people with skills gaps	✓		✓			
France	Employment access for young people – building pathways, adapting state support	✓		✓			
Italy	Audit of the national project “500 Young People for Culture”					✓	
Lithuania	Taking advantage of vocational training possibilities	✓	✓				
Luxembourg	2011 and 2014 Special Reports on measures to combat unemployment			✓	✓		
Hungary	Coordinated audit of the Graduate Career Tracking System				✓		
Malta	Contribution of the Structural Funds to the Europe 2020 Strategy in the Areas of Employment and Education	✓			✓		✓
Poland	Traineeships and work placements for unemployed people in public administration offices					✓	
Portugal	Audit of the Strategic Plan to Promote Youth Employability – “Impulso Jovem”	✓		✓	✓		✓
Slovakia	Audit on the efficient and effective use of national budget resources allocated to prepare graduates of selected universities for success in the labour market, and on the achievement of selected economic indicators and indicators applied in the learning and teaching process		✓				
United Kingdom	Delivering value through the apprenticeships programme		✓	✓			
European Court of Auditors	Youth unemployment – have EU policies made a difference? An assessment of the Youth Guarantee and the Youth Employment Initiative	✓			✓		✓

Implementation of employment policies

Audit objectives

71. Seven SAIs audited the implementation of employment policies or programmes. In most cases, they usually verified whether the relevant legislation was effective and enabled appropriate support for precisely defined target groups. They also assessed the functioning of the existing management, monitoring and control systems.

72. In three cases, the SAIs assessed whether EU support channelled via the Member States' operational programmes was designed and implemented effectively and contributed to the implementation of the EU's strategic goals in the field of employment and education (the Europe 2020 Strategy).

Main audit observations

73. The effectiveness and efficiency of the programmes and measures audited varied significantly. Issues considered problematic in one project did not raise concerns in other audits.

74. Auditors found that nationwide schemes sometimes did not take into account young people's real needs or the experience gained from operating previous schemes. Therefore the efficiency of state support to young jobseekers varied widely. One audit showed that the effects of intensive and short-term approaches are better than long-term support.

75. Many players in the employment market offered support and solutions for young people, which resulted in too many schemes being put in place. Sometimes, new measures competed with the existing and more attractive alternatives. This led to situations where apprentices supported for entry-level training benefited from more support schemes. Moreover, the authorities responsible were unable to explain why such a level of overlapping support was necessary. This demonstrates that employment agencies failed to assess whether the eligibility criteria for training support had been met in all cases. In another case, the auditors concluded that agency funding should be based on their achievements and the nature of their target groups.

76. In some cases, the management, monitoring and control of programmes and measures were not backed by an efficient information and management system. Auditors also raised doubts about the volume of funds allocated by Member States to implement particular actions. Finally, deficiencies in management information systems led to implementing measures being partially incoherent with those envisaged.

Adaptation of education systems

Audit objectives

77. Four audits analysed the problem of youth unemployment from the perspective of the effectiveness of education systems. This notably included the alignment of the terms of reference, planning, and content of curricula with the labour market's actual needs.

78. In one case, the auditors assessed whether training centres met the needs of the labour market and were used as intended. In another case, they checked the efficient use of public funds - the relation between the number of university students and the grants allocated from the national budget. This evaluation included the contribution of grants to the success of graduates in the labour market.

Main audit observations

79. Action plans developed for secondary education achieved limited results due to a lack of well-developed criteria. As a result, the range of courses successfully adapted to the needs of the market remained limited. Auditors found some qualification standards and educational tools inconsistent or incompatible. Moreover, there was little incentive to provide such courses.

80. In Lithuania, the auditors found that despite the investments to improve training infrastructure, in half of the bodies audited the number of students had not increased over the previous two years. This was partly due to the fact that more than half of these centres were used for less than five hours a day.

81. Auditors in Slovakia found that universities produced too many graduates who could not find employment in their areas of study, and there was insufficient correlation with the needs of the labour market. This notably applied to the system of financing higher education. Rather than basing funding of universities on the success of their graduates in the labour market, most funds were allocated purely according to the number of students registered.

82. However, there were also positive findings. Employers in some Member States (Belgium, the United Kingdom) were generally satisfied with the quality of labour market-oriented training. In some cases students also appreciated the curricula – in a survey conducted in Slovakia almost all graduates indicated that they highly valued the quality of their university education, even if only half would have chosen to study the same subject again. On the other hand, apprentices in the United Kingdom were less positive about the quality of delivery.

Enhancement of job-search measures

Audit objectives

83. In the five audits assessing the capacity of jobcentres and similar projects to facilitate job placement (e.g. the apprenticeship programme in the United Kingdom), the SAIs focused on the effectiveness and efficiency of the initiatives taken to foster youth employment.

84. These audits often covered more issues, such as the adequacy of policy frameworks and the relevant monitoring systems. Therefore certain observations made in other parts of this analysis are also relevant to this section.

Main audit observations

85. It was difficult to assess the audits' achievements as the link between the measures and the employability of the participants was often hard to establish. The efficiency of state support to young jobseekers varied widely. For example, auditors in the Luxembourg SAI found that the data gathered were inconclusive, as there was no indication of jobseeker employability. The French auditors stated that the efficiency of state support to young jobseekers varied widely and regional stakeholders must combine their efforts to work together more effectively and improve follow-up for young unemployed people.

86. An audit carried out in Portugal showed that the management and control measures in the plan for improving youth employability were not supported by an efficient aggregation of data and a suitable management system. In consequence, the implementation far from met the expected objectives due to delays and competition with other existing and more attractive internship programmes.

87. As regards an apprenticeship programme audited in the United Kingdom, the department responsible had not defined how it would use the increase in apprenticeship numbers to deliver productivity improvements. The process of developing new training standards had been resource-intensive for employers and had taken longer than envisaged. While employers reported high levels of satisfaction with the quality of the training offered and benefits experienced, apprentices provided a less optimistic view on quality of delivery. In addition, the Education Inspectorate considered that around one fifth of providers needed to improve their training quality.

Monitoring systems

Audit objectives

88. Monitoring and the management of data collection are vital for evidence-based decision-making processes. It enables the current state-of-play of any policy or programme to be assessed adequately and is indispensable for deciding on future improvements.

89. Audits of the Bulgarian and Hungarian SAIs focused on monitoring measures designed to follow up on graduates' careers. The SAIs assessed the effectiveness of arrangements to monitor university graduates' careers and migration.

90. The other audits checked whether the monitoring systems in place had been properly established and were capable of providing accurate and reliable management information. Robust monitoring was considered to be an indispensable enabler for setting up a decision-support tool which provided feedback to educational institutions offering tailored training. Sound information was also required to help orient young people in their career choices.

Main audit observations

91. Establishing a robust and reliable monitoring system in a complex environment is a challenging task. In some cases monitoring systems were used effectively. This, in turn, showed that the relevant organisations performed their tasks well, in accordance with the targets for all the project stages. Such systems provided effective support to the decision-making process, by, for instance, delivering data related to the nature of graduates' employment. Thanks to reliable information, some of the educational institutions involved reached or exceeded the required objectives.

92. Despite the efforts made by the competent authorities and their resulting achievements, the SAIs also found less successful cases, where measures were not always effective. These errors and weaknesses can be categorised as follows:

- incorrect design - procedures or responsibilities for the collection, collation, analysis and assessment of data on participants were not precisely defined. For instance, it was unclear how much national funding Member States had allocated to particular measures. On top of that, the figures were inconclusive as there was no indication of jobseeker employability;
- improper use - the management, monitoring and control of certain measures were not supported by an efficient information aggregation and management system. In consequence, data was not used when determining, for instance, the number of students to be admitted to university courses;
- outdated or irrelevant data - work on establishing performance indicators was only carried out in the initial stages. There were limits on the tracking of certain graduate categories. Fragmentary and incomplete data adversely affected the ability to update the initial assessments of youth employment measures.

Programmes offering direct employment

Audit objectives

93. This last type of project audited provided jobs directly to young people. One offered apprenticeships in public administration (in Poland) and the other project provided jobs in preserving Italian cultural heritage. In both cases the auditors assessed how the projects had been implemented and what results had been achieved.

Main audit observations

94. Recruitment for the apprenticeships in Poland was not transparent – most public entities did not publish information about vacancies and recruitment procedures on their websites. Moreover, some were unprepared for accommodating larger numbers of apprentices and participants were sometimes given the simplest tasks, such as photocopying. In addition, the mentoring system did not always function well – there were cases where a mentor was responsible for excessive numbers of clients which meant that the mentoring was sometimes without real substance.

95. The cultural heritage project was implemented in accordance with its aims – providing training to young people and restoring cultural heritage, often by relaunching abandoned initiatives. The auditors were also critical of the complexity of rules and bureaucratic procedures, equipment shortages or obsolete equipment, funding shortfalls and insufficient time for completing complex tasks. In some cases there was a high turnover of apprentices, resulting in an increased workload and staff shortages.

96. In general, the overall reception of the projects was positive and participants in both projects appreciated the opportunity they had been given.

Publicity

97. All reports included in this compendium were published on the relevant SAIs' websites. To increase media response, the publication of reports was usually complemented by press releases.

98. Some SAIs' communication approach includes presentations to key stakeholders, typically national parliaments or their specialised committees, and relevant governmental bodies and agencies.

99. Further to this, some SAIs presented their reports in international conferences and seminars. This usually applied to cases when EU funds had been used or the audit had been carried out as part of international cooperation.

Follow-up of audits

100. All SAIs, as a matter of principle and good practice, follow up on their recommendations. The approach depends on the internal rules of each SAI. This may take the form of tracking the implementation of each recommendation or is carried out as part of another audit task.

101. Follow-up was typically carried out between six months and three years after the deadline for implementing the recommendations, in line with the SAIs' internal rules. Some SAIs follow up their audits without committing to any particular timeline.

102. Of the reports included in this compendium, one SAI had already completed the follow-up audit and another does not plan further checks in this respect.



European Court of Auditors

Youth unemployment – have EU policies made a difference? An assessment of the Youth Guarantee and the Youth Employment Initiative

Overview

103. This report examines the progress made by the EU Youth Guarantee, which was established by a Council recommendation to ensure that under-25s receive an offer of employment, education, apprenticeship or training within four months of leaving school or losing a job. It also evaluates the Youth Employment Initiative (YEI), which increased financial support for those who were struggling the most. The audit found limited progress and results which fall short of expectations.

104. The YEI has an approved budget of 6.4 billion euro, made up from a specific new 3.2 billion euro EU budget line, to be matched by 3.2 billion from national European Social Fund (ESF) allocations.

How the audit was conducted

105. The main auditees were the European Commission and implementing bodies in seven Member States: Ireland, Spain, France, Croatia, Italy, Portugal and Slovakia. The bodies audited were, among other things, directly involved in implementing Youth Guarantee programmes and/or managing YEI and ESF Operational Programmes which targeted youth unemployment.

106. Evidence was obtained from documentary reviews at the EU and national levels and interviews with the national authorities responsible. The auditors conducted an analysis of the evidence collected and an examination of a sample of individuals who had benefited from YEI subsidised offers.

107. In total, 190 person weeks were dedicated to the task from planning to publication. The audit team consisted of a Head of task supported by nine auditors. The team was composed in a way which enabled the auditors to carry out audit procedures in all selected Member States.

108. The audit was carried out between September 2015 and March 2017.

Main observations

109. While the seven Member States visited had made progress in implementing the Youth Guarantee and some results had been achieved, the situation at the time of the audit - more than three years after the adoption of the Council Recommendation - fell short of the initial expectations raised at the launch of the Youth Guarantee, which aimed to provide a good quality offer of employment, traineeship, apprenticeship or continued education to all NEETS (young people “Not in Education, Employment, or Training”) within four months.

110. None of the Member States visited had yet ensured that all NEETs had had the opportunity to take up an offer within four months, helping them to join the labour market in a sustainable way. One important contributing factor is that it was not possible to address the whole NEET population with the resources available from the EU budget alone.

111. It was also unclear how much in national funds Member States had allocated to implementing the Youth Guarantee.

112. In addition, the audit concluded that the contribution of the Youth Employment Initiative to the achievement of the Youth Guarantee objectives in the five Member States visited was very limited at the time of the audit.

Recommendations

113. Among the key points raised, the Member States and the Commission should:

- manage expectations by setting realistic and achievable objectives and targets;
- perform gap assessments and market analyses prior to setting up the schemes and;
- improve their monitoring and reporting systems.

Moreover, the Member States should:

- establish a complete overview of the cost of the Youth Guarantee, and tailor schemes to available funding; and
- ensure that offers match participants’ profiles and labour market demand, leading to employment.

Finally, the Commission should:

- ensure that Member States demonstrate how EU-funded youth employment measures will adequately address their needs.

Publication and follow-up

114. The report was published in early April 2017. At this time, briefings were held in Brussels for the press and stakeholders. It was then presented to the European Parliament’s Budgetary Control (CONT) and Employment (EMPL) Committees and to the European Council’s Working Party on Social Questions in late April 2017.

115. In addition, in May 2017 a high-level conference was organised in Brussels at the premises of the European Parliament to discuss the conclusions of the report. Recognised experts from the EU institutions, practitioners and representatives of young people and employers, as well as other public and private stakeholders, exchanged views and ideas regarding the EU’s youth employment schemes and discussed ways forward for measures to boost youth employment.

116. As a standard procedure, a follow-up will be undertaken to the report three years after its publication.

Expected impact

117. The report and its recommendations are intended to contribute to the improvement of policy in the following areas:

- better policy design, targeting and the setting of more realistic objectives based on a thorough needs analysis for similar policy initiatives at EU level in the future;
- increased transparency of EU and national public funds allocated to the Youth Guarantee in Member States;
- more targeted project selection in Member States to better address detected needs, providing individually tailored support which matches the labour market’s needs, thus ensuring the sustainability of the results achieved; and
- more comprehensive, timely and robust data collection methods in Member States to enable policy analysis and amendments based on the evidence collected from projects that have already been implemented.



Belgian Court of Audit

Cour des Comptes/Rekenhof/Rechnungshof

Audit report on aligning the education system and the labour market

Overview

118. In 2014, the Belgian Court of Audit carried out an audit on the alignment of the education system and the labour market. The Court of Audit investigated the alignment of secondary education with the labour market, which had yet to be optimised. Many students in the large technical and vocational curricula left the third grade of secondary school with qualifications which were not as useful in the labour market as they could be. Although the 2009 Qualifications Framework Decree partly ensured better alignment there were problems in its implementation with regard to scope, timeline and lack of information.

How the audit was conducted

119. The SAI based its performance audit on the following questions:

- What is the Flemish government's general policy on aligning education and the labour market?
- Is the training offer geared to the needs of the labour market?
- Is the content of training focused on what students need to know and be able to do in order to exercise a profession?

120. The audit outlines the problems and policies regarding alignment, and highlights two aspects related to determining subjects taught in the major upper secondary education colleges, including planning and content. The SAI used rules and regulations, official documents and the administration's files for its audit. It examined the curricula for 2007-2010, 2010-2014 and 2014-2015. The audit team of two auditors held interviews with staff of the Department of Education, the Agency for Quality Assurance in Education and Training, the Education Inspectorate, the Agency for Educational Services, and seven employment sectors.

Main observations

Flemish education and labour market policy

121. The Flemish policy for aligning the education system and the labour market consists of various components: the Science, Technology, Engineering and Mathematics (STEM) action plan, the Flemish qualification structure, workplace-based learning, consolidating learning and working, enhancing vocational training, the vocational pillar ('beroepskolom') and the regional technology centres. So far, the STEM action plan has yielded limited results. In order to reform secondary education, the Flemish government started screening training courses. A 2009-2014 policy note on education highlighted specific shortages and alignment issues for secondary and higher education in relation to the labour market.

Role of the Flemish government

122. The Flemish government can establish new training courses in response to social, educational or technological developments and the needs of the labour market. The government determines the procedures and criteria for approving new training courses, based on existing needs, and proposals are submitted to a committee of official representatives and experts. The auditors found, however, that well-developed criteria were often lacking. There are rules on creating and changing training courses but no binding rules on dealing with outdated training. Two types of qualifications are defined: professional and educational.

Procedure and legislation

123. Any labour market participant can submit proposals for new courses to the validating committee. In 2006, the government decided to evaluate secondary education by screening all branches of study to update and rationalise the existing range of courses. A master plan for reforming secondary education based on European key competences was established, incorporating new training courses with updated content, to improve alignment, and replacing types of education by study domains while maintaining the grade structure. Current legislation is geared towards orienting new training to the labour market. However, the SAI found that the range of courses successfully geared towards the market remained limited. Moreover, it found that the Flemish government was offering little incentive to provide such courses. In future, educational qualifications will be based on specific final qualifications and professional qualifications, so that schools and institutions do not offer courses for which there is no demand on the labour market.

124. The SAI concluded that the labour sectors are in general satisfied with the quality of labour market oriented training, with occasional qualitative shortcomings and, above all, a lack of technicians who had completed secondary education.

125. The Flemish government wished to align training better with the labour market by fully implementing the 2009 decree, amended in 2011, on qualification structure and by applying the STEM action plan, which is expected to yield better results in the long run. To date, however, its implementation of the decree has been slow, and the decree continues to raise concerns even after its amendment.

Recommendations

- The Flemish government and administration should continue screening training courses in order to form a clear opinion on their relevance to the current labour market;
- The government should update or discontinue outdated training courses;
- Introduce a regulated scheme to ensure that schools discontinue labour market oriented training which does not meet the needs of the labour market, and encourage schools to offer the training needed;
- Broadly based legal rules on qualifications;
- Educational staff involved at an earlier stage in the creation of professional qualifications;
- The government could check the use of descriptors for the final qualifications;
- The government should take measures to ensure that the relevance of professional qualifications is adequately demonstrated;
- Professional competence profiles validated by the Flemish authorities must be complete and meet needs.

Publication and follow-up

126. The audit report was presented to the Flemish parliament and published in November 2014. The report and the press release can be found on the SAI's website (www.rekenhof.be).

127. The Minister of Education endorsed the report and asked why, according to the SAI, it is not clear how the competence-oriented approach and the descriptor elements can be applied to personal development, and wondered if labour market partners could be involved earlier in setting up professional qualifications. She also stated the need for a comprehensive approach to changing the range of educational options.

Expected impact

128. The implemented recommendations are expected to contribute to better aligning the education system with labour market needs. In future, curricula will need to state final and professional qualifications clearly. However, this competence-oriented approach also entails risks, and it is unclear how this approach fits with the wider mission of education in terms of society and personal development.



Bulgarian National Audit Office

Сметна палата на Република България

Audit on monitoring of the career outcomes and migration of university graduates

Overview

129. This audit report assesses the effectiveness of arrangements to monitor the career outcomes and migration of university graduates.

130. The performance of monitoring activities was assessed against the following criteria:

- clear rules for tracking the careers of university graduates;
- system had been put in place for monitoring careers;
- prerequisites for monitoring migration processes;
- the actual monitoring of those processes among higher education graduates.

How the audit was conducted

131. The audit covered the period from 1 January 2013 to 31 December 2015 and examined the actions of multiple state bodies and institutions to monitor graduate career outcomes and migration processes.

Main observations

132. A number of documents at EU and national level address the need to gather information on graduate career outcomes. The current legal instruments establish in principle that the various bodies entrusted with implementing higher education and employment policies must cooperate through the exchange of information, but they do not lay down procedures or responsibilities for the collection, collation, analysis and assessment of data on graduates.

133. Universities have set up systems with which to track and monitor graduate careers. At the vast majority of universities, the collection methods and sources used are not robust enough, meaning that the data collected are not exhaustive or up-to-date.

134. The Bulgarian University Ranking System is a reliable tool for monitoring graduate careers, as it uses data from objective, centralised sources. There are limitations on the tracking of certain graduate categories: those graduating abroad, those not making social security contributions and unemployed individuals not registered with the employment service.

135. Because the graduate data provided by the ranking system is reliable, it can safely be used by the Ministry of Education and Science when determining higher education funding and admissions policy but this was not done during the audited period. In 2016, the Ministry set up a link between university admissions and funding, and career outcomes; this helped to strengthen the role of the ranking system in this regard.

136. The European Parliament and the Commission have stressed the seriousness of the problems which asymmetrical mobility and the 'brain drain' pose for Member States, and have highlighted the need to tackle this issue both nationally and at EU level. Bulgaria's policy on the management of migration processes among graduates focuses on two main areas – persuading Bulgarian expats to return home and attracting highly qualified foreigners to the country – and is expressed in a number of strategic documents.

137. Measures to monitor the career outcomes and migration of university graduates are not effective because:

- policy on the migration of highly qualified workers is extremely fragmented;
- clear objectives, specific measures or responsibilities for tracking graduates' careers are absent for the bodies entrusted with managing migration processes;
- there is little regulation of the collection and analysis at national level of information on worker migration ;
- the systems for monitoring graduate migration are unreliable, both nationally and within the departments concerned.

138. Despite certain limitations, the Bulgarian University Ranking System has proved very effective in monitoring the career outcomes of graduates at national level.

Recommendations

139. The audit resulted in the following recommendations.

The Minister of Labour and Social Policy should:

- Conduct an impact analysis of the policy for managing migration processes among highly qualified workers and of the need for policy changes.
- Perform an analysis of:
 - the characteristics and limitations of the information available on the migration of highly qualified workers and the possible ways of overcoming those limitations;
 - the possibilities for setting up a mechanism for collecting, exchanging and consolidating information on the migration of highly qualified workers, whether Bulgarian or from abroad, and establishing a logical link.
- Draw up legislation establishing a dedicated body or structure to be charged with collecting and analysing information on labour migration processes in Bulgaria.
- Set up a national system for monitoring labour migration processes, including migration of university graduates.
- Negotiate a suitable mechanism for the inter-ministerial and inter-departmental sharing of information on labour migration, including that of highly qualified workers, in the light of the New Skills Agenda for Europe adopted by the Commission in 2016 and European Parliament Resolution 2015/2281(INI).

The Minister of Education and Science should:

- Review the indicators in the action plan for implementing the Strategy for the Development of Higher Education in the Republic of Bulgaria.
- Establish the specific characteristics and objectives of a national ‘education for a career’ roadmap, together with indicators for monitoring its implementation.
- Draw up legislation on the functioning of the Bulgarian University Ranking System to ensure it is operationally robust and reliable.
- Improve the functionality of the register of APOSTILLE certificates with a view to expanding its capability to sort and extract the data needed for policy-making.
- In the framework of the inter-ministerial committee on educational matters concerning Bulgarians living abroad, monitor the implementation of education policy to Bulgarian communities and individuals outside the country in terms of the outcomes of measures to encourage those with roots in Bulgaria to continue their education at Bulgarian universities, and thus assess the impact of these measures.
- Assist the Minister of Labour and Social Policy with the analyses referred to in paragraphs 1 and 2 above.

Publication and follow-up

140. The audit report was adopted by decision of the Bulgarian Audit Office on 24 April 2017, sent to the National Assembly and was the subject of a press release. It was presented on 31 May 2017 at a Europe 2020 seminar in Malta.

141. Follow-up checks on the recommendations will be made after the deadline for their implementation (April 2018).

Expected impact

142. The audit is expected to improve the effectiveness of activities to monitor the career outcomes and migration of university graduates and support the authorities concerned.



German Federal Court of Auditors

Bundesrechnungshof

Audit of support for young people with skills gaps

Overview

143. The German Federal Employment Agency provides advice and financial support for people seeking employment or training in Germany and matches them to suitable positions. It is an autonomous public agency, funded by contributions from employers and employees, and receives grants and reimbursements from the federal budget.

144. New legislation was introduced in 2011 enabling the Federal Employment Agency's local offices to offer grants to employers who, through entry-level on-the-job training (Einstiegsqualifizierung), provide support to young people struggling to access the labour market. The aim of such training is to provide suitably qualified young people with a foundation for acquiring professional skills. It is intended as a gateway to professional company-based training for the target group. The financial support is also meant to provide incentives for employers to offer on-the-job training and hence increase businesses' training capacity.

145. The German SAI has a mandate to audit the Federal Employment Agency. The audit examined whether the new legislation had proven effective, identifying issues with the support.

146. Between 2011 and 2015, the local employment agencies provided support totalling almost 174 million euro for entry-level training — an average of around 35 million euro per year.

How the audit was conducted

147. The main auditees were the Federal Employment Agency and five employment agencies in four Länder (federal states).

148. The audit team selected the local employment agencies by region and by the number of grants provided. It selected and examined a sample of these grants. The auditors also examined IT processes and statistical data, and interviewed specialist and management staff from the local employment agencies.

149. The team spent a total of 154 working days obtaining evidence in the field.

150. This was an in-depth audit of measures funded in 2013 and 2014 and the audit was carried out in June and July 2015. The audit team examined whether the local employment agencies:

- had properly examined employers' applications for grants to pay apprentices' wages,
- had provided young people with adequate mentoring during entry-level training,
- had monitored the success of the support.

151. The auditors also examined the extent to which the Federal Employment Agency had supervised the local employment agencies in supporting entry-level training.

Main observations

152. Application procedure

- In almost one in every ten cases examined, the local employment agencies failed to assess whether the eligibility criteria for entry-level training support had been met, or failed to do so in a timely manner. In some cases, the people supported were ill-suited to the training objective or had already completed professional training abroad.
- In half of the cases examined, valid, legally-required 'integration contracts' were lacking. In a further 26% of the cases examined, the agencies did not specify, in a valid integration contract that support for entry-level training was one of the benefits provided.
- Support for entry-level training is a discretionary benefit. In all cases examined, the agencies funded the entry-level training to the maximum amount and for the maximum permitted duration of 12 months. In none of these cases was any evidence provided as to why the maximum support was necessary.
- In some cases, the apprentices supported for entry-level training were simultaneously benefiting from other measures to help them find work. In some cases, the employer was the sponsor for these other measures, too, meaning that it received benefits under both. However, it is not permitted to fund two full-time measures simultaneously.

153. Mentoring by local employment agencies

In half of the entry-level training programmes lasting at least three months, the agencies did not make any contact with the apprentices. Nor, in more than a quarter of these cases, did they make any contact with the employer.

154. Follow-up

The organisation receiving support must legally certify the skills and knowledge imparted. In the vast majority of cases where entry-level training was not followed by vocational training, no certificates were provided. In some cases, agencies did not retain copies of certificates.

Recommendations

155. Application procedure

- Before approving any grant, the local agencies are required to hold a face-to-face consultation with the prospective apprentice to examine the legal requirements and document the outcome. When supervising the local agencies, the Federal Employment Agency needs to ensure that they carefully check that all eligibility requirements have been met before funding any entry-level training. The agencies should ensure that prospective apprentices are well-suited to the profession for which they are seeking training.
- The local agencies should improve their administrative practices and conclude integration contracts with all the people seeking training, as required by law. The integration contracts should set out the objectives and stipulate what is expected both of the agencies and of the prospective apprentices, along with the benefits to be provided.
- The Federal Employment Agency should ensure that all agencies exercise proper discretion. This involves informing them in greater detail about their duty to exercise discretion, about what it means to exercise discretion and about their duty to manage the funding prudently. Furthermore, the Agency needs to prevent undue double funding.

156. Mentoring by local employment agencies

The agencies should mentor apprentices and employers more closely during entry-level training than they had done to date, in order to avoid drop-outs, and support apprentices in finding vocational training afterwards.

157. Follow-up

Better use should be made of information on the knowledge and skills imparted during the entry-level training when subsequently matching apprentices to positions.

Publication and follow-up

158. The final audit report was published on the German SAI's website on 13 July 2017 (<https://www.bundesrechnungshof.de/en/veroeffentlichungen>).

159. The German SAI reserves the right to scrutinise whether the Federal Employment Agency and the local agencies are implementing the support properly.

Expected impact

Local employment agencies are expected to provide proper, cost-effective support for entry-level training. The Federal Employment Agency is expected to ensure, as part of its monitoring, that support is properly implemented. The aim is that support for entry-level on-the-job training should indeed serve as a gateway to company-based professional training for apprentices struggling to find work.



French Court of Auditors

Cour des comptes

Employment access for young people – building pathways, adapting state support.

Overview

160. The structure of the French labour market puts young people at a particular disadvantage and their unemployment rate is twice that of the wider population. It takes them longer to find stable employment, they are more commonly faced with job insecurity and involuntary part-time work, and they have a high poverty rate. For several decades, a number of assistance measures implemented by a range of operators have been rolled out to rectify this situation, including financial support to companies hiring young people, support by the French employment service and access to training.

161. This state support system cost 10.5 billion euros in 2015, and this cost is rising but the results obtained in terms of access to long-term employment do not match the stated targets or the resources that have been mobilised.

How the audit was conducted

162. The audit was conducted jointly with the French regional Courts of Auditors. The auditees were the French Ministries responsible for Employment, National Education, Higher Education, the French unemployment agency and other organisations involved in business and jobs. The implementation of aid was analysed in seven regions of France and international comparisons were made with Germany, Switzerland, Denmark, the Netherlands and the United Kingdom. The French Chamber of Commerce also carried out a survey which gathered the views of around one thousand business leaders with regard to state aid and youth employment.

163. The audit used data on the employment of young people aged 15 to 25 over the period 2010 to 2015 and focused on the effectiveness and efficiency of the measures taken to foster youth employment. It involved analysis of employment statistics, budget allocations and performance of contracts, together with interviews with individuals.

Main observations

164. Access to employment for young people has deteriorated both in terms of quantity and quality. They are faced with increasing difficulties, resulting in higher unemployment rates, and a mismatch between their qualifications and their employment, which is often unstable.

165. These difficulties are significantly more severe for young people without any recognised qualifications, the long-term unemployed, those who have migrated to France, and those who live in the most underprivileged urban and rural areas, therefore policies to foster youth employment should be targeted at these groups first. The dual nature of the labour market, which protects those in work but offers short-term, unstable work for others, puts newcomers at a disadvantage compared to those already working. The efficiency of state support to young jobseekers varies widely according to the policy instruments used: the effects of intensive and short-term approaches are greater than those of long-term support carried out by governmental agencies.

166. State funding should be prioritised for the policy instruments that have proved most effective and coordination should be improved between the numerous operators that take part in youth employment support. Nationwide schemes are very often developed without taking into account the real needs of young people, or the experience gained from previous schemes, and too many schemes have been developed. The various regional stakeholders must combine their efforts to work together more effectively and improve follow-up of young unemployed people. Results are not sufficiently taken into account when devising schemes and allocating resources, and agency funding should be based on the results of the support they put in place and the nature of their target groups.

Recommendations

167. The Court of Auditors issued two Guidelines:

- concentrate state support more on the young people who have the greatest difficulty in accessing work;
- prioritise rapid responses and intensive measures;

168. and 12 recommendations:

- reduce the duration of subsidised contracts;
- make it easier to move from subsidised contracts to training leading to qualifications;
- gradually redeploy the budget for subsidised contracts to more intensive support programmes;
- implement an attendance check on programmes for which allowances are paid;
- establish a single joint body for each programme, similar to that which already exists for the Youth Guarantee, to take decisions on the admission and follow-up of young people;

- rationalise and improve the management of local employment offices by pooling administrative, financial and project management functions;
- draw up a multi-annual contract for each local employment office, setting objectives and a performance evaluation framework;
- allocate young people to programmes on the basis of a common set of criteria ;
- create a means of tracking individual progress and the results of the programmes using a common identifier;
- reduce the number of support programmes and simplify their content ;
- give operators greater freedom in the use of their resources to organise the content of the support, in exchange for performance-related remuneration;
- promote access to training for young people seeking work.

169. Overall, the Court of Auditors recommended giving lower priority to subsidised contracts, which result in deadweight effects in both the private and public sectors, and making more use of traditional forms of sandwich training.

Publication and follow-up

170. The report was published in September 2016. A press release was issued on 5 October 2016. It can be read on the Court of Auditors' website at <https://www.ccomptes.fr/en/publications/employment-access-young-people>.

171. Follow up of the Court of Auditors' recommendations will be carried out at the end of 2017.

Expected Impact

172. The rationalisation and improved management of youth employment schemes in France, in order to raise the economic and social prospects of young people in France who enter the job market in the future.



Italian Court of Accounts

Corte dei Conti

Audit of the national project “500 Young People for Culture”

Overview

173. On 6 December 2013 the Ministry of Cultural Heritage and Tourism approved a special programme to develop the inventory-taking, cataloguing and digitalisation of cultural heritage. A three-phase training plan was drawn up for execution following the selection of 500 young people to undergo one year of training in this field.

174. The project therefore had a dual purpose. First, it aimed to tackle youth unemployment, in line with the European Union recommendation of 22 April 2013, and, second, it sought to protect, enhance and revive cultural heritage at risk of deterioration and to boost the tourism industry using resources for emergency measures.

175. The plan comprised three different nationwide projects. The first, named “Territory: excellence”, was aimed at the online representation of cultural/touristic paths, taking in monuments, archaeological sites, architecture and collections. The second, named “Great war and peace processes: places and content”, offered online courses on places and historical accounts making up the collective memory of WW1. The third project in the training programme related to intangible cultural heritage, focusing on audio-visual sources.

176. The Italian Ministry of Cultural Heritage allocated 2.5 million euro for the 2014 financial year to implement the “500 Young People for Culture” project, which was then to be supplemented by funds from the EU budget.

177. The audit examined planning-related aspects, project selection criteria, procedures for selecting trainees, procedural steps, the state of implementation of the training programmes (from a temporal, financial and accounting perspective) and the managerial impact of the activities.

How the audit was conducted

178. The audit focused on the Ministry of Cultural Heritage and Tourism’s selection of trainees and the activities carried out in relation to the cataloguing and digitalisation of cultural heritage in deterioration.

179. Essentially, the audit methodology involved documentary reviews and analyses. The *Magistrato* responsible for the audit sent two notes to the Ministry of Cultural Heritage to enquire as to the activities carried out, the procedures used, the timing of the various phases and the use of the funds available.

180. Since the training took place throughout the country, the principal contact for the adversarial procedure was the Department of Central Administration within this Ministry, and the corresponding Central Budget Office (the external accounting office of the Ministry of Economy and Finance) close to the Ministry of Cultural Heritage.

181. The audit team was composed of the *Magistrato* and five supporting officials.

182. This financial and performance audit was carried out between April 2016 (when the first note was sent to the Ministry of Cultural Heritage) and October 2016 in relation to the period 2013-2015.

Main observations

183. Several positives emerged from the programme.

184. Project selection was performed in accordance with the aims of training young people and increasing digital heritage. As at 30 April 2016, there were several inventories, catalogues and digitalised items populating the databases of the three central institutes. The institutes deemed the programme useful and were able to relaunch abandoned initiatives.

185. On the whole, participant evaluations were very positive. The course was rated “excellent” by 119 out of 140 trainees.

186. On the other hand, the most relevant criticism concerned the difficulty in managing trainee selection was illustrated, inter alia, in the high number of trainees withdrawing from the programme and being replaced. The main reasons for doing so include the low grants provided, a posting outside their home region or the lack of stability.

187. Another criticism related to the slow progress of projects due to excessively bureaucratic procedures. 28 out of 144 projects were less than half complete by 30 June 2016, their scheduled completion date.

188. The stakeholders provided feedback on a form and complained of equipment shortages (or obsolete equipment), funding shortfalls, insufficient time for completion of complex tasks, organisational gaps, increased workload and staff shortages.

189. From an accounting perspective, significant savings were made, amounting to 18.5% of the allocated sum, the full use of which would have enabled more young people to be trained.

Recommendations

190. In future, such programmes should:

- explore every opportunity on the private labour market;
- improve participants' skills;
- map tourist/cultural routes;
- sign agreements with the regions upon conclusion of programmes to create innovative start-ups.

Publication and follow-up

191. The report was approved by the Central Chamber of Performance Audit on 29 September 2016.

192. It was published officially and on the website, and sent to Parliament and the Government on 7 October 2016. There was a related press release.

193. The *Corte dei conti* received follow-up from the authorities in April 2017. The only point of relevance concerned the possibility for the young trainees to be added to a professional list of cultural heritage experts in the future.

Expected impact

194. The report and its recommendations should improve youth training policy, the timing of projects, incentives for beneficiaries, and the link with the job market, thus aiding similar future initiatives.



National Audit Office of Lithuania

Lietuvos Respublikos valstybės kontrolė

Public Audit Report: Taking advantage of vocational training possibilities

Overview

195. Vocational training (VET) policy and meeting labour market needs are important factors in the competitiveness and long-term well-being of the state.

196. In 2014 only 33% of the country's youth population opted for VET (the EU average is 50%), while others, upon completing their general education, immediately applied to higher education institutions or entered the labour market without any vocational training. Around 22% of the population were employed without having acquired a certified qualification.

197. During the EU financial support period of 2007–2013, most attention and funding was targeted at three areas of VET activity: educational infrastructure, improving the qualifications of teaching staff and updating educational content. The attractiveness and quality of VET depends on this combination.

198. From 2012 to 2015, a total of 42 practical training centres for specific sectors opened their doors in Lithuania, and 118 million euros were invested in them. The centres were established in 33 of 74 VET institutions (45%) and were equipped with the latest practical training equipment to train any of the country's residents wishing to acquire a qualification or to develop an existing qualification. The decision was made to provide vocational trainers with technological skills, which are an important part of work in a new practical training base, and so internships were organised for them in various business enterprises.

199. In order to ensure that the services provided by educational establishments meet the needs of the labour market and are flexible, investments were made to formulate qualifications and update vocational education content, resulting in 10 new qualification standards, 60 modular vocational training programmes and 14 sectoral education tools. Institutions will have to transition to a module-based VET system by the year 2021.

200. The percentage of young people studying at VET institutions and adults participating in life-long learning programmes in Lithuania is one of the lowest in the European Union. This fact prompted the National Audit Office to analyse whether the investments made in VET are improving its quality and appeal.

201. The purpose of the audit was to assess whether the development of the training centres met the changing needs of the labour market; were they being used as intended, were the VET programmes renewed and were the technical skills of training staff regularly updated.

How the audit was conducted

202. The subjects of this audit were the Lithuanian Ministry of Education and Science, as well as the Qualifications, Vocational Education and Training Development Centre.

203. Of the 33 VET institutions, 18 (55%), hosting 26 of the country's 42 training centres (62%), were selected for audit. About 400 students receiving training at the centres and about 200 vocational educators working there were surveyed, and representatives from seven associated business structures and three colleges were interviewed.

204. The audit covered the period 2012–2014, and data from 2015 was also used for the impact analysis.

Main observations

205. The audit discovered that the equipment was used very differently at different VET institutions and was not always available to all age groups. New qualification standards, modular VET programmes and educational tools were not always developed with consistency and were frequently incompatible.

206. A total of 118 million euros had been invested in improving VET infrastructure, but in about half of the institutions audited the number of students in the initial training programmes at the training centres had not increased over the previous two years.

- The resources of 60% of these centres were only used up to 5 hours a day because not all of the institutions began offering new vocational training programmes, no specific objectives were set to market the centres' new facilities and no solutions were devised to fund courses to train new students or educators.
- There was no consistent method for setting training service fees.
- About 500 000 euros had been allocated to develop qualification standards, but these standards were not enacted. About 1 million euros had been allocated to develop modular VET programmes but only 24 of 60 had been registered and only nine had begun to be tested at VET institutions in 2015. This was because there was no consistent process for implementing the projects, the documents describing the qualification standards were not comprehensive, the qualification standards had not been fully assessed before registration, and the relevant legislation had been amended so that some programmes no longer complied with it.
- Only a few vocational educators participated in the project activities, and training was discontinued after the project ended.

Recommendations

- 207.** The audit made a number of recommendations to both institutions audited, including:
- ▶ Evaluating the grounds for acquiring training equipment and allocating renovation funding, and the compatibility of these measures with labour market needs;
 - ▶ Detailed recommendations for increasing the effective use of the training centres;
 - ▶ Calculating fees to generate income;
 - ▶ Ensuring that standards, programmes and tools are compatible, consistent and registered;
 - ▶ Setting requirements for VET committees and deadlines for deliverables;
 - ▶ Revising programmes according to new legislation and standards to ensure they are relevant;
 - ▶ Organising training for vocational educators.

Publication and follow-up

208. The audit report was published with a press release on 28 February 2016. It is available on the website of the [Lithuanian National Audit Office](#) with summaries in English and Lithuanian. The results of the audit were also presented by the National Audit Office to the Lithuanian Parliament Committees on Audit and on Education, Science and Culture.

209. A standard follow-up procedure is in place to track implementation of each recommendation.

Expected impact

210. If the recommendations are implemented properly they will lead to increased use of the practical training centres, funds could be generated to renew equipment, VET programmes would be better aligned with labour market needs, vocational educators would be trained further, and better use would be made of a planned additional investment of approximately 57 million euros in the infrastructure of the practical training centres and in up-to-date educational content.



Court of Auditors of the Grand-Duchy of Luxembourg

Cour des Comptes du Grand-Duché de Luxembourg

2011 and 2014 follow up report on measures to combat unemployment

Overview

211. The Court's initial special report covered the period from 2006 to 2009 and was published in 2011. The audit objective was to assess youth employment measures after three years of implementation, and specifically the employment support contract and the initial employment contract, introduced by the Law of 22 December 2006.

212. The 2014 follow-up report covered the period from 2012 to 2014 and included a Youth Guarantee section. As the Youth Guarantee was due to be launched in June 2014, the Court checked whether the stakeholders had taken the necessary steps for an effective launch.

213. Between 2007 and 2009, state financing of youth employment measures, i.e. the employment support contract and the initial employment contract, amounted to around 12.3 million euro, paid via the Employment Fund.

214. Between 2012 and 2014, the expenditure allocated from the state revenue and expenditure budget to these measures amounted to around 68 million euros.

215. The main aim of the special report published in 2011 was to review the decisions and measures voted for by the Chamber of Deputies (Luxembourg Parliament) in the context of the Law of 22 December 2006 promoting job retention and establishing special measures on security and environmental policy.

216. One goal of the so-called "5611" act was to review the legislation on measures to foster youth employment with the main objective of increasing their effectiveness in integrating young people fully in the labour market.

217. The proposed legislative changes put an end to the practice of temporary auxiliary contracts for young people in both the public and private sectors. In 2006, the employment support contract (public sector) and the initial employment contract (private sector) were the only youth employment measures in place.

218. The follow-up report in 2014 was published at the request of the Chamber of Deputies. The President of the Chamber of Deputies informed the Court that the committee for controlling budget implementation wished the Court of Auditors to check what action had been taken by the Ministry of Labour and Employment in response to the observations and recommendations made in its special report.

How the audit was conducted

219. The main auditees were the Ministry of Labour, Employment and the Social and Solidarity Economy (MTEESS) and the Employment Development Agency (ADEM). The Court interviewed the management of both organisations and analysed the documents provided in order to identify, collect and validate the information required to draw up observations and recommendations in the special reports.

220. The team comprised the Vice-President of the Court of Auditors and three auditors.

221. The initial audit was carried out between May 2010 and October 2010. The follow-up audit took place between December 2013 and June 2014.

Main observations

222. During the Court's 2011 audit of youth employment measures, it found that the figures were inconclusive, as there was no indication of jobseeker employability as a result of the measures. The authorities concerned said that they lacked the necessary tools to assess the effectiveness of the measures. In its 2014 audit, the Court found that no updated assessment of youth employment measures had been carried out. Work on establishing performance indicators was only in the initial stages.

223. The Court also noted that a cooperation agreement was used for the Youth Guarantee, a tool which had not been used since 2006 and had only been involved in pilot projects.

224. The Court also suggested that with the launch of the Youth Guarantee in June 2014, the ADEM staff shortages could become even more problematic, further endangering the achievement of the objectives of the cooperation agreement.

Recommendations

225. The Court's 2011 report highlighted the need for an assessment system based on performance indicators. The Court considers that the objectives and performance of new organisations must be determined from the outset so that the fight against unemployment can be assessed.

226. The Court also recommended implementing a multiannual plan for the new body. This would provide a framework for general policy, strategic choices, medium-term activities and tasks, and the financial and human resources needed.

227. In 2014, the Court reiterated its recommendations regarding the need to assess youth employment measures, recommending that the effectiveness of measures such as the employment-support contract and employment-initiation contract should be discussed nationally and internationally.

228. On certain set dates, for example after two years of application, the competent minister should be required to inform the Chamber of Deputies of the quantitative (number of beneficiaries having signed a contract of this type) and qualitative (number of beneficiaries having found employment) development of the measures adopted.

229. The Court believes measures must be assessed after a certain period so that any corrections can be made or the measure discontinued if it has failed to achieve the anticipated results.

Publication and follow-up

230. The special reports on measures to combat unemployment were presented to the Chamber of Deputies on 7 April 2011 and 13 October 2014, respectively.

231. The reports were then published on the Court of Auditors' website and press releases were issued.

232. The Chamber of Deputies' commission for the execution of the budget follows up the Court's special reports, reporting on the action taken by the authorities concerned in response to the Court's recommendations. The follow-up report was presented on 30 March 2015.

233. The Court of Auditors' future work programme also includes a special report on the Youth Guarantee.



State Audit Office of Hungary

Állami Számvevőszék

Coordinated audit of the Graduate Career Tracking System

Overview

234. The European Parliament resolution of 20 April 2012 on the modernisation of the European higher education systems highlighted the need to track the employment of new graduates in order to measure the extent to which higher education meets the requirements of the labour market. The European Parliament called upon Member States to collect and publish data showing the correlation between qualifications for different professions and the job opportunities in those professions.

235. Several European Parliament and European Commission documents refer to the risk of a ‘brain drain’ – especially for Member States in Central, Eastern and Southern Europe – as a result of an increasing number of new graduates deciding to work abroad. For this reason, as part of the Network on Europe 2020 Strategy, the SAIs of Hungary, Romania and Bulgaria agreed to carry out a cooperative audit. This was coordinated by the State Audit Office of Hungary, and was a performance audit focusing on effectiveness.

236. The objective of the audit was to highlight good practices in career tracking systems, with special regard to tracking the careers of graduates employed in other Member States.

237. The audit carried out on this topic in Hungary by the State Audit Office focused on the set-up and operation of the Graduate Career Tracking System (GCTS) implemented in the framework of EU tenders. GCTS is a decision-support system which provides feedback to higher education institutions providing training on the quality and use of their training, and orients young people in their career choices.

How the audit was conducted

238. The audit covered the period from 1 January 2011 to 31 October 2015 and the entities audited were the Ministry of Human Resources (EMMI), the Education Authority and six selected Hungarian universities.

239. It was carried out in line with professional auditing standards and in accordance with performance audit principles. Evaluation of the information and documents needed to respond to audit questions involved the

following processes: observation, formulation of questions (request for information), comparison and analysis. The audit was carried out by evaluating the responses to the questions, using data from certificates, and taking into account the legal provisions in force in the audited period.

Main observations

240. The Hungarian Graduate Career Tracking System consists of two levels. The central body organises the collection, integration and analysis of data across the country, sets up a database, develops the methodology and provides support to the institutions, while the higher education institutions collect and analyse individual data and prepare reports for the central body.

241. The decentralised system is able to deliver data relating to the nature of graduates' employment, and allows universities to include their own questions in the questionnaire. This decentralisation increases motivation to sustain the system and use the data received, and has also resulted in various examples of good practice.

242. In Hungary, GCTS data is used in decision-making both at government level and at universities. The online information system established on the basis of GCTS data provides detailed information about the chances of employment after graduation for students preparing for entrance exams into universities/colleges. Many people visit the website containing this information.

243. All the higher education institutions involved in the audit achieved or exceeded the required number of participants using data from the system. Furthermore, four institutions achieved the objective of involving 90% of graduates in the questionnaires, and two universities exceeded this target.

244. However there was a decreasing willingness by the target groups polled to respond. The falling response rate weakens the reliability of data, and also threatens the system's sustainability.

245. The State Audit Office concluded that the organisations performed their tasks well, in accordance with the targets for all the stages: planning, coordination, development and monitoring. The centralised planning – especially planning for various professions - created useful methods and guidelines. The active, close cooperation between the centralised and institutional organisations also supported the successful implementation of GCTS.

Recommendations

246. The audit recommended that the Graduate Career Tracking database should contain more reliable information on graduates working abroad, that the EMMI should further encourage graduates to respond to the online questionnaires and that the data collected should be shared in a form which allows data mining. The audit also found a number of concrete examples of good practice which it recommended.

Publication and follow-up

247. The State Audit Office of Hungary published its audit report on 6 October 2016 and also prepared an analysis of the topic based on the audit results.

248. The analysis focused primarily on two key problems uncovered by the audit: why the graduates polled were rather unwilling to respond, and why data on the employment of recent graduates abroad was not used. Although the response rate can, of course, be increased by improving technical conditions and by reducing questionnaire length, the analysis still considers strengthening the bond between higher education institutions and graduates to be most important. It also stated that more emphasis should be given to increasing the reliability of the GCTS database during the operation and development of the GCTS, thus enabling the employment characteristics of graduates working abroad to be examined in greater detail.

Expected impact

249. On the basis of the audit's recommendations, a European initiative should be taken to track graduates and improve knowledge of their career or further education progress, to support improvements in career guidance, programme design, institutional strategy and policy-making. The design of the questionnaire should be changed and graduates made more aware of it. More precise infographics and databases about the different professions should be created, with interactive information-sharing which supports data mining.



National Audit Office of Malta

Uffiċċju Nazzjonali tal-Verifika (Malta)

Contribution of the Structural Funds to the Europe 2020 Strategy in the Areas of Employment and Education

Overview

250. This report examined whether projects and other activities in the ESF and ERDF operational programmes were designed and implemented in such a way as to make an effective contribution to realising the Europe 2020 Strategy in the fields of employment and education, and whether the initial results of these interventions supported this understanding. This task was mandated by the Contact Committee of the Supreme Audit Institutions (SAIs) to the Working Group on Structural Funds. This parallel audit was carried out in collaboration with the SAIs of ten Member States.

251. Overall annual public expenditure in the area audited is €113,645,000 (this includes education and employment), out of which €20,800,000 (ESF Axis 1) is related to employment (in general, not just youth employment).

How the audit was conducted

252. The main auditee was the Managing Authority in Malta and the audit covered a period from 2014 to 2016. In addressing the set objectives, the Maltese National Audit Office (NAO) referred to a range of information sources. The research undertaken included a review of literature related to the European Union (EU), an in-depth analysis of the relevant legal framework, and documentation drawn up specifically for the Maltese context. The EU-related literature referred to was the Europe 2020 Strategy, as well as guidance documents for the Investment Priorities, the performance framework, and the application of the legal framework across Member States.

253. Of particular relevance to this audit was the pertinent legislation that addressed the various facets of the functions of the operational programmes (OPs). Specifically, the relevant legal framework included three EU Regulations from 2013 (1301/2013, 1303/2013 and 1304/2013) which deal with the common and general provisions on the Regional and Social Development Funds, Cohesion Fund, the Agricultural Fund for Rural Development, and the Maritime and Fisheries Fund.

254. Documentation specifically relating to the Maltese context comprised Malta's Partnership Agreement, the 2015 National Reform Programme (NRP), the Council recommendations and the country-specific recommendations,

the adopted OPs, eligibility rules and ex-ante evaluations, as well as internal documentation drawn up by the Planning and Priorities Co-ordination Division (in its capacity as the Managing Authority) in addressing the headline targets identified in the Europe 2020 Strategy.

255. During the course of this audit, the NAO held semi-structured interviews with the Managing Authority. Aside from interviews held, the NAO requested supporting documentation and clarifications when required. The interviews were based on a standard interview guide adopted by the Working Group. This document was divided into three main parts, namely:

- general information to provide an overview of the operational programmes across Member States relating to education and employment;
- the design of the OPs, to provide insight into how the audited OPs were drawn up and whether these aligned with meeting the Europe 2020 targets; and
- the implementation of the OPs, addressing the approved projects selected for review, to establish the extent to which these projects had contributed or would in future contribute to achieving the Europe 2020 headline targets.

256. The fieldwork was carried out between May 2016 and November 2016.

Main observations

257. With regard to the preparation of the OPs, the NAO established that they were drawn up following extensive reviews of national priorities, risks and challenges, involving all the ministries at national level and coordinated by the Programming Unit to provide an element of uniformity of approach. Furthermore, the recommendations put forward in the ex-ante evaluations were in the vast majority of cases duly assimilated. The NAO concluded that the OPs were clearly aligned with the national needs, Council recommendations, and the risks and challenges identified.

258. The NAO considered generally that the indicators selected would contribute to the overall achievement of the Europe 2020 targets. There were, however, a couple of shortcomings in specific Investment Priorities where detailed workings were not provided and information was unclear. The NAO deemed the result indicators for OP I as achievable, despite the absence of some details, and those for OP II, for which more information was provided, to be realistic and generally ambitious.

259. With regard to the potential efficiency and effectiveness of the projects, there were clear links between the projects and their specific objectives and result indicators, and adequate guidance was provided.

260. The systems in place to monitor indicators were adequate and provided for the timely collection and analysis of data. The Monitoring Committees contained representation from all the relevant authorities except for the Audit Authority, from which input was sought on an ad hoc basis.

261. Applicants were provided with sufficient guidance on the OPs and projects, on how to apply, and could attend information sessions.

262. Good practice was evident in the setting up of the Inter-Ministerial Coordination Committee and the subsidiary Sectoral Sub Committees to maximise resources and minimise overlap and duplication of effort. The Committees provided strategic input and guidance with respect to the 2014-2020 programming period.

Recommendations

263. Aside from some specific shortcomings on the indicators, as pointed out in the above observations, the NAO does not have any general recommendations of sufficient materiality or that address broad areas of risk to warrant further discussion. It must be noted that the timing of this review, at a relatively early stage in the programming period, effectively limited this Office in its analysis.

Publication and follow-up

264. The report was published electronically on the web page of the NAO on 1 February 2017. The publication was accompanied by a press release. No follow-up has yet been undertaken.

Expected impact

265. Should the OPs be reviewed, the NAO is of the opinion that the findings and conclusions of this report should be taken into consideration.



Supreme Audit Office of Poland

Najwyższa Izba Kontroli

Traineeships and work placements for unemployed people in public administration offices

Overview

266. Public administration offices have set up suitable organisational arrangements for traineeships intended for students and graduates and work placements for the unemployed⁴⁵. However, the quality of these is not always as high as required. Consequently, this has affected their usefulness in helping participants to gain employment. At the same time, graduate unemployment is one of the key problems of the labour market which, according to the national Human Capital Development Strategy 2020, is a consequence of, inter alia, a mismatch between the existing needs on the one hand, and the level and scope of traineeships and work placements on the other.

How the audit was conducted

267. The auditees comprised 24 public entities: 17 public administration offices (two ministries, five provincial offices, five municipal/local authorities and five district authorities) and seven universities from six provinces.

268. The entities were selected on the basis of the highest number of traineeships and work placements for the unemployed organised in 2013, 2014 and the first half of 2015.

269. The audit scope covered traineeships and work placements for students and for the unemployed.

270. The audit concerned the period from 1 January 2013 until completion of audit activities in each audited unit and was carried out between 17 September and 31 December 2015.

45 In Poland work placements concerns a process of acquiring practical skills by an unemployed person who performs tasks in a place of work and does so without concluding an employment contract.

Main observations

271. The public administration offices were generally well prepared for traineeships and work placements. In two exceptional cases, the entities accepted too many participants and exceeded their organisational capacity. Traineeships are governed by contracts or agreements between the offices and colleges or universities, and work placements are covered by contracts between the offices and labour offices. Apprentices and trainees are assigned to mentors, however there have been cases where the mentors had a significant number of people assigned to them (up to 12 people). In the case of university mentors, the mentoring was sometimes notional, since some traineeships took place during a holiday period when mentors were on leave. There were cases in which one mentor was responsible for a particularly significant number of students (in extreme cases the number exceeded 800 people during the academic year).

272. The vast majority of offices visited did not pay training allowances to mentors, even though the relevant regulation (regulation on vocational apprenticeship) provides for such allowances if the mentor is not (at least partially) exempted from work duties during the period of traineeship. The auditors pointed out that it is unjust that under existing law the mentors of students from public schools are eligible for the additional funding while this is not the case for the mentors of students from private schools (for instance they may work in the same space and perform the very same activities).

273. The exchange of information between universities and offices is not fully functional, in particular in the case of the traineeship programme. Mentors in the offices did not have any contact with the representatives of the universities and some traineeships were carried out outside the programme scope.

274. After the initial adaptation period, unemployed young people on work placements generally performed tasks which were similar to those carried out by office employees. For traineeships and work placements, the participants were given the simplest tasks, often purely mechanical, such as photocopying (this was the case for one third of apprentices).

275. The Supreme Audit Office's auditors also noted other shortcomings in nine of the offices (over 50%). These shortcomings concerned health and safety training; for example the training sessions were run by unauthorised people. In two offices personal data were processed by apprentices and trainees who did not hold the relevant authorisation, which is not compliant with the provisions of the Personal Data Protection Act.

276. In the ministries and provincial offices audited, only 75 people took part in the traineeships over the audited period, which equals one quarter of the number envisaged in the government's pilot traineeship programme. The measure was designed to increase the openness of offices to trainees and provide quality traineeships.

277. In only 52.5% of cases did work placements for unemployed people in public administration offices lead to employment within three months of completion, because the offices could not guarantee employment due to competition procedures.

278. In three offices, the final opinions issued about the trainees were generic – they were written in the same terms and drawn up according to the model format, which has limited their usefulness for possible future employers.

Recommendations

279. The Supreme Audit Office has demonstrated that there is a need for closer cooperation between the bodies recommending traineeships, and work placement with the units in which they are held, and for appropriate action by public authorities in order to:

- publish the vacancies, together with the rules and criteria for admission;
- require traineeship / work placement programmes from the bodies recommending traineeships and work placement in every case;
- make a fair assessment of traineeships and work placements, and identify specific skills acquired by the trainees;
- enable students to participate in voluntary internships, such as graduate traineeships;
- evaluate the traineeships and work placements organised in a given office.

280. The Supreme Audit Office also noted that allowances were not provided for the mentors of private school students and submitted a relevant proposal to the Prime Minister.

Publication and follow-up

281. The information on the audit results was approved by the President of the Supreme Audit Office on 6 June 2016 and the press release about the audit results was published on 18 August 2016 on the Supreme Audit Office's website.

282. In total, the auditors produced 60 post-audit conclusions which the heads of audited entities approved for implementation.

Expected impact

283. The report and the conclusions arising from it are expected to contribute to improving work placements and traineeships by making recruitment for placements and traineeships more transparent, increasing the number of high-quality work placements and traineeships, and increasing the scope and intensity of co-operation between universities/colleges and organisations offering work placements.



Portuguese Court of Auditors

Tribunal de Contas

Audit of the Strategic Plan to Promote Youth Employability – “Impulso Jovem”

Overview

284. The audit was developed at the request of the Portuguese Parliament, with a general objective of assessing the management and control systems and implementation of the “Impulso Jovem” Strategic Plan, including:

- characterising the Strategic Plan covering initiatives to promote youth employability - "Impulso Jovem" - in terms of its organisational structure, decision-making process, and management and control system;
- analysing the objectives of the plan and the appropriateness of the resources allocated to it;
- assessing the extent to which the "Impulso Jovem" plan (June 2012 to December 2013) had achieved its objectives in terms of physical and financial execution.

285. The period audited was June 2012 to December 2013.

286. The targets of the “Impulso Jovem” Strategic Plan were to mobilise 932.3 million euro in European funds (204.7 million euro from the ESF and 727.6 million euro from the ERDF).

How the audit was conducted

287. The main auditee was the principal national authority on employment and training, the “Instituto do Emprego e Formação Profissional (IEFP)”, but the audit also consulted the Certifying Authority for the ESF and ERDF, the Managing Authorities and Intermediate Bodies of the main operational programmes involved, and other public entities involved in implementing and executing the “Impulso Jovem” Strategic Plan.

288. The audit was developed in accordance with generally accepted methods and techniques contained in the Audit and Procedures Manual of the Tribunal de Contas.

289. In order to confirm the eligibility requirements and review the procedures for controlling and monitoring the “Impulso Jovem” and the payments made, non-statistical samples were selected.

290. The verifications carried out took into account all the axes and measures covered by the Strategic Plan, and involved the auditing of projects from every axis.

291. The audit was the responsibility of one Member of the Tribunal de Contas and was approved by the plenary session of the 2nd Section of the Tribunal de Contas. All the other six Members provided their comments.

292. The audit team consisted of three auditors coordinated by one chief auditor.

293. The audit was carried out between December 2013 and November 2016.

Main observations

294. The management, monitoring and control of the “Impulso Jovem” plan were not supported by an efficient information aggregation and management system.

295. The results show that the implementation was very far removed from the measures which were initially envisaged. This was due in part not only to a difficult economic environment, but also to the fact that there were setbacks in the implementation of some new measures, which led to the related support measures also being postponed. Another factor which contributed to these results was that when the first stages of the plan were created it was in competition with the existing and more attractive “Internships Program”, which involved lower participation costs for beneficiaries and / or promoters and could therefore offer a longer internship period, and covered the Lisbon region.

296. The initial investment forecast for the “Impulso Jovem” was around €932.3 million, the approved investment was €444.3 million and the investment for execution was €187.4 million, giving an execution rate of 42.2%.

297. As a proportion of the total number of unemployed people under the age of 30 enrolled in employment centres on December 31, 2012 (171 994 people) young people employed under the “Impulso Jovem” plan (93 989 people) account for about 54.6% of the total, with 23.0% (39 736) no longer enrolled in employment centres.

298. The IEFP did not know the level of employability in the various training areas.

Recommendations

299. Considering that the National Plan for the Implementation of a Youth Guarantee, included in the new programming period 2014-2020, followed the “Impulso Jovem” Plan, the recommendations were to:

- ensure an aggregated and articulated global information system;
- evaluate the results of employability by training area;
- monitor the development of young people with a low level of education, their level of success in completing the training and their integration into the labour market;
- intensify the on-the-spot checks as compared with the checks in the “Impulso Jovem” plan.

Publication and follow-up

300. The report was delivered to the Portuguese Parliament on 6 January 2017 and was published electronically on the web page of the Tribunal de Contas. The publication was accompanied by a presentation note.

301. As a standard procedure, a follow-up operation is to be undertaken on the report six months after its publication. Until such time as all the recommendations have been implemented (or definitely rejected for implementation with a relevant accompanying justification, or have expired for other objective reasons) the audit team will proceed with a new assessment of the status of the remaining recommendations every year.

Expected impact

302. The report and its recommendations are expected to produce:

- improvements in the information system that supports the management and policy decisions;
- better knowledge of the connection between training areas and employability;
- better tracking of the integration of young people with low levels of schooling into the labour market;
- enhanced control procedures in these types of grants.



Slovak Supreme Audit Office

Najvyšší kontrolný úrad Slovenskej republiky

Audit on the efficient and effective use of national budget resources allocated to prepare graduates of selected universities for success in the labour market, and on the achievement of selected economic indicators and indicators applied in the learning and teaching process

Overview

303. This audit focused on the development of the number of people studying at universities in relation to grants from the national budget. It also examined how the grants contributed to the success of graduates in the labour market.

304. In 2013, the labour market in Slovakia offered no more than a thousand jobs for university graduates. In the second quarter of 2013, over 27 000 people with a university degree were unemployed. The audit found that Slovak higher education produces a surplus of graduates and there is no correlation between the needs of the labour market and the types of graduate produced by universities.

How the audit was conducted

305. The main auditees were the Slovak Ministry of Education, and ten Slovak public universities.

306. Economic and other data were analysed, synthesised, compared and categorised. A review of student success rates was carried out at selected faculties and an employment survey was based on data from Labour Offices. A questionnaire was developed for university graduates in order to collect information about their success in the labour market and satisfaction with the quality of education. Documents reviewed included the Final Account of the Ministry of Education budget section, Annual Reports on the implementation of universities' budgets, Annual Activity Reports, grant agreements etc.

307. The objective of the audit was to examine if there was efficient and effective use of national budget resources allocated to prepare graduates of selected universities for success in the labour market, by asking six questions about: how effectively government funds had been used to increase graduate employment, whether those funds had achieved their objectives, the speed with which jobseekers found jobs, the correlation of staffing with student results, student satisfaction with education and employer involvement in education.

308. The audit was carried out between 27 May and 6 December 2013.

Main observations

309. In general, universities produced too many graduates who could not find employment in their areas of study, and there was insufficient correlation with labour market needs. The allocation of funds from the national budget to individual universities is only partially conditional on the success of graduates in the labour market. Universities are awarded grants mainly on the basis of student numbers, with 10% to 20% of grants being unused and therefore carried forward to the following year. A high student ratio per professor resulted in a higher proportion of unemployed students per professor. In 2010 to 2012 over 15% of graduates failed to enter the labour market, giving a short-term inefficient use of national budget resources of 55 570 000 euro. The audit questionnaire showed that more than 60% of graduates considered that they were using their university training and 26.3% were permanently employed. More than 90% valued the quality of their university education highly but only 52% would have chosen to study the same subject.

Recommendations

310. A number of recommendations were made to address graduate unemployment and ensure a greater focus on providing students with the training and skills required for the labour market by improving information, cooperation and incentives. The main recommendations are listed below:

- review the grant allocation methodology comprehensively and consider favouring universities whose graduates are demonstrably more successful in the labour market;
- reassess objectives and set new objectives in sub-programme 077 11 – *Providing university education and managing universities*;
- the Ministry of Education and public universities should cooperate with the Social Insurance Agency and the Ministry of Labour to create tools to make up-to-date and reliable data available to monitor graduate success in the labour market;
- the Ministry of Education should adapt the fund allocation framework so that it supports universities whose graduates are demonstrably successful in the labour market;
- review the National Reform Plan for the next period;
- expand the Employment Services Information System to link universities with Labour Offices so that universities have online access to data concerning their graduates' situation in the labour market;
- harmonise graduate profile descriptions and categorise individual fields of study according to the study programme scheme;
- introduce an indicator to monitor the number of students who fail to complete their studies;
- increase the weighting coefficient for labour market success.

Publication and follow-up

311. The report was published on 7 January 2014 and presented to the Prime Minister, the Minister of Education, and relevant Slovak Parliamentary committees.

312. The implementation of its recommendations will be followed up in future audits.

Expected impact

313. The report and recommendations should help to increase the efficient and effective use of budget resources for higher education and improve the employment rate for university graduates.



UK National Audit Office

Delivering value through the apprenticeships programme

Overview

314. This report examined whether the Department for Education (DfE) could demonstrate that the increasingly employer-led apprenticeships programme was achieving value for money.

315. Successive governments have considered apprenticeships to be a key way of developing skills, and they are therefore a crucial part of plans for growth and improved productivity, in addition to improving outcomes for young people and boosting diversity in the workplace. It is thought that, without government intervention, employers would not invest an economically optimal amount in training, including apprenticeships.

316. There had been significant growth in the number of apprenticeships in recent years and the DfE was expanding the apprenticeships programme further, while making it increasingly employer-led and employer-funded. Significant changes to support delivery of the programme included a policy objective to facilitate new apprenticeships, new apprenticeship standards to be set by employer groups and core funding from a levy on employers.

How the audit was conducted

317. The main auditee was the DfE, which was currently in the early stages of a complex transition programme with regard to apprenticeships. The NAO report was intended to inform how it managed that transition, and to evaluate the efforts made so far to increase the value achieved from the increasingly employer-led apprenticeships programme. This performance audit covered three main areas:

- defining the programme's aims and measuring success;
- improving the quality of individual apprenticeships;
- managing risks to apprenticeship quality and value.

318. The audit evidence was collected between December 2015 and May 2016.

319. Semi-structured interviews and visits were carried out with five oversight bodies, seven training providers, 19 employers and representative bodies from the automotive, construction and professional services industries, two local enterprise partnerships and ten stakeholder representative groups.

Main observations

320. With regard to defining the programme's aims and measuring its success, the DfE had not set out how it would use the increase in apprenticeship numbers to deliver improvements in productivity, and how it would influence the mix of apprenticeships in order to deliver the best value. Nor had it defined what 'success' would look like in the reformed programme. Research showed that different apprenticeships offer significantly different benefits, but it was unclear how the DfE planned to use this evidence.

321. The quality of individual apprenticeships was to be improved by introducing employer-designed apprenticeship standards. Many of the employers and training providers involved in designing and delivering apprenticeships supported the principles behind the new standards, but more work was needed to raise awareness of them. In practice, the process of developing the new standards had been resource-intensive for employers and had taken longer than the DfE envisaged. Some employers and industry representative groups were concerned that the approach was leading to a large number of narrow, overlapping standards which limited acquisition of transferable skills.

322. Employers reported high levels of satisfaction with the quality of the training offered and benefits experienced, but surveys of apprentices provided a less clear view on quality of delivery and the Education Inspectorate considered that around one fifth of providers needed to improve their training quality. The DfE was managing individual risks to apprenticeship quality and value associated with delivery of components of the current change programme in an appropriate way. It was also developing a more effective approach to managing cross-cutting risks to the programme's success, but further progress was necessary and it had not yet established what information it would need to monitor key behavioural risks and spot signals that risks were maturing.

Recommendations

323. The DfE should:

- Set out the planned overall impact on productivity and growth, along with short-term key performance indicators to measure the programme's success;
- Ensure that the timescale for further development of standards remained realistic, and was communicated clearly to employers and providers;
- Improve the way that it handled key risks, interdependencies and contingencies across the various elements of the programme;

- Do more to understand how employers, training providers and assessment bodies might respond to ongoing reforms, and develop robust ways of reacting quickly should instances of market abuse emerge;
- Determine the respective roles of government bodies and the Institute for Apprenticeships, with particular regard to: overseeing the quality of apprenticeship training; and collecting and analysing relevant data and metrics.

Publication and follow-up

324. The report was published on 6 September 2016, with an associated press release. It was discussed in the House of Commons Public Accounts Committee on 12 October 2016 and the Committee published its own report on 30 November 2016, to which the DfE responded as part of the standard procedure. The audit findings were also presented at a Westminster Employment Forum event in February 2017.

325. The NAO routinely follows up on implementation of its recommendations by liaising with the audited body. In March 2017, DfE published a formal Benefits Realisation Strategy for the Apprenticeships programme which included performance measures such as improved earnings for successful apprentices, more apprentices progressing to sustained jobs or other educational opportunities, and more apprentices from ethnic minorities, with learning disabilities, and from disadvantaged backgrounds.

326. The Institute for Apprenticeships began operating on 3 April 2017.

Expected Impact

327. The report and its recommendations should help to improve policy by producing an enhanced set of programme targets and performance measures to more easily establish if the programme is a success. This would in turn improve the process for introducing employer-designed apprenticeship standards, leading to better management of risks such as exploitation of the apprenticeship system and the new apprenticeship levy arrangements.

List of participating EU SAIs' audit work linked to youth unemployment since 2010

328. This list provides an overview of EU SAIs' audit work which has – in full or partially – touched upon youth unemployment or the integration of young people into the labour market. For more information about the relevant audit, please contact the SAI concerned.

Belgium

- Afstemming tussen onderwijs en arbeidsmarkt, november 2014 [*Aligning the education system and the labour market, published November 2014*]

Bulgaria

- Мониторинг на реализацията и миграцията на завършилите висше образование, 04.2017 г. [*Audit on monitoring of the career outcomes and migration of university graduates, published April 2017*]
- Професионално образование за заетост, публикуван през м. Май 2016 г. [*Vocational education for employment, published 2016*]
- Осигуряване на заетост на младежите със средства от ЕС по Оперативна програма „Развитие на човешките ресурси“, публикуван през м. Ноември 2014 г. [*Provision of youth employment using EU funds under the Operational Programme "Human Resources Development", published November 2014*]
- Реализиране на завършилите висше образование на пазара на труда, публикуван през м. Октомври 2013 г. [*Graduate career outcome, published October 2013*]
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