

# **Annual Activity Report**

**2014**

**DG Finance**

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## 0. BUDGET IMPLEMENTATION OVERVIEW

Code	Appropriation type	Type de crédits	Formula	EUR or %
	<b>Appropriations of 2014</b>	<b>Crédits 2014</b>		
A	Initial appropriations	Crédits initiaux		427.905.669,00
B	Final appropriations	Crédits finaux		413.622.875,00
C	Commitments	Engagements		408.449.913,31
D	Commitments in % of final appropriations	Engagements en % des crédits finaux	D=C/B	99%
E	Payments	Paielements		379.505.474,69
F	Payments in % of commitments	Paielements en % des engagements	F=E/C	93%
G	Cancellations of 2014 final appropriations	Annulations de crédits finaux 2014	G=B-C-K	5.172.956,69
H	Cancellations appropriations in % of final appropriations	Annulations en % des crédits finaux	H=G/B	1%
	<b>Appropriations carried over from 2014 to 2015</b>	<b>Crédits reportés de 2014 à 2015</b>		
I	Automatic carryovers from 2014 to 2015	Crédits reportés automatiquement de 2014 à 2015	I=C-E	28.944.443,62
J	Automatic carryovers from 2014 to 2015 in % of commitments	Crédits reportés automatiquement de 2014 à 2015 en % des engagements	J=I/C	7%
K	Non-automatic carryovers from 2014 to 2015	Crédits reportés non-automatiquement de 2014 à 2015		
L	Non-automatic carryovers from 2014 to 2015 in % of final appropriations	Crédits reportés non-automatiquement de 2014 à 2015 en % des crédits finaux	L=K/B	-
	<b>Appropriations carried over from 2013 to 2014</b>	<b>Crédits reportés de 2013 à 2014</b>		
M	Automatic carryovers from 2013 to 2014	Crédits reportés automatiquement de 2013 à 2014		24.783.585,48
N	Payments against automatic carryovers from 2013 to 2014	Paielements sur crédits reportés automatiquement de 2013 à 2014		21.162.098,88
O	Payments against automatic carryovers from 2013 to 2014 in % of automatic carryovers from 2013 to 2014	Paielements sur crédits reportés automatiquement de 2013 à 2014 en % des crédits reportés automatiquement de 2013 à 2014	O=N/M	85%
P	Cancellations of automatic carryovers from 2013 to 2014	Annulations de crédits reportés automatiquement de 2013 à 2014	P=M-N	3.621.486,60
Q	Cancellations of automatic carryovers from 2013 to 2014 in % of automatic carryovers from 2013 to 2014	Annulations de crédits reportés automatiquement de 2013 à 2014 en % des crédits reportés automatiquement de 2013 à 2014	Q=P/M	15%
R	Non-automatic carryovers from 2013 to 2014	Crédits reportés non-automatiquement de 2013 à 2014		0,00
S	Payments of non-automatic carryovers from 2013 to 2014	Paielements sur crédits reportés non-automatiquement de 2013 à 2014		0,00
T	Payments against non-automatic carryovers from 2013 to 2014 in % of non-automatic carryovers from 2013 to 2014	Paielements sur crédits reportés non-automatiquement de 2013 à 2014 en % des crédits reportés non-automatiquement de 2013 à 2014	T=S/R	-
U	Cancellations of non-automatic carryovers from 2013 to 2014	Annulations de crédits reportés non-automatiquement de 2013 à 2014	U=R-S	-
V	Cancellations of non-automatic carryovers from 2013 to 2014 in % of non-automatic carryovers from 2013 to 2014	Annulations de crédits reportés non-automatiquement de 2013 à 2014 en % des crédits reportés non-automatiquement de 2013 à 2014	V=U/R	-
	<b>Assigned revenue in 2014</b>	<b>Recettes affectées 2014</b>		
W	Appropriations from assigned revenue in 2014 (current)	Crédits de dépenses spécifiques sur recettes affectées courants 2014		2.152.236,48
X	Assigned revenue carried over to 2014	Crédits de dépenses spécifiques sur recettes affectées reportés à 2014		190.747,50
Y	Commitments on assigned revenue carried over to 2014	Engagements reportés à 2014 sur crédits de dépenses spécifiques sur recettes affectées		0,00
Z	Payments in 2014 against appropriations from assigned revenue (current and carried-over)	Paielements sur crédits de recettes affectées 2014 (courants et reportés)		865.179,36
AA	Payments in 2014 against assigned revenue in % of assigned revenue in 2014 (current and carried-over)	Paielements sur crédits de recettes affectées 2014 en % des crédits de recettes affectées 2014 (courants et reportés)	AA=Z/(W+X+Y)	37%

## 1. OBJECTIVES

### 1.1. The DG's objectives

DG Finance plays a crucial role in delivering a high level of customer service. It is responsible for Parliament's budgetary and financial affairs, while also contributing very directly to the overall satisfaction of Members and their assistants, providing Members with the necessary means to execute their mandates – managing expenditure related to their allowances and social entitlements, implementing financial support for political groups, non-attached Members, European political parties and foundations and associations of former or current Members, and organising in-house professional language courses. Interdepartmental services for the whole of Parliament, such as the inventory, the travel office and the Crisis Unit, are also managed by DG Finance.

As 2014 was an election year, DG Finance's **prime objective** was to ensure a smooth and efficient transition to the eighth legislature. It successfully managed the impact of the changeover of a considerable proportion of Members and their assistants, coping with substantial increases in workload while ensuring the highest possible level of customer satisfaction.

Most of the specific objectives set for 2014 were linked to the Administrative Work Programme (AWP) for 2012-2014. The AWP contained the following five specific projects for DG Finance:

- Towards a new Financial Management System (FMS)
- Revision of the Financial Regulation
- Members' Portal for social and financial entitlements
- Financing political parties and foundations
- Towards a simplified reservation procedure for travel

The specific objectives initially set out in the AWP have been reviewed through the implementation of the Strategic Execution Framework, presented by the Secretary-General during the Bureau Away Days in October 2014. The associated Parliamentary Project Portfolio (PPP), containing 12 projects for DG FINS, further detailed these objectives:

- Implementation of the new Financial Management System (FMS) programme
- Revision of the travel policy for Members
- Enhancement of financial knowledge inside DG FINS and within Parliament
- Enhancement of the service level for outside clients via the Members' Portal
- Preparatory work to ensure a smooth transition to the new rules on financing for European parties and foundations

In addition, DG FINS has set clear objectives to be achieved in carrying out its core ('business as usual') tasks, establishing targets for assessing its performance.

The most important objectives are the following:

- Efficient and effective execution of core tasks:
  - correctness of payments;
  - timeliness of payments;
  - provision of high-quality services;
  - efficient coordination and supervision of Parliament's budget;
  - effective accounting for Parliament transactions;
- Efficient use of human resources;
- Efficient budgetary management of DG FINS appropriations;
- Legality and regularity of operations (exceptions, observations by ex-ante verifiers, contact with the Court of Auditors and the Internal Auditor Unit).

## **1.2. Feasibility and risk assessment**

However, several types of risk are associated with the tasks of DG Finance. In cooperation with the Risk Manager, DG Finance has analysed its risks and grouped them into normative, strategic and operational risks. The risk analysis and a risk management outline were presented to the Risk Manager on 20 January 2012, and the situation was reviewed and updated at the end of 2012, in 2013 and in 2014.

### **Normative risks**

Normative risks result from inconsistent application of the applicable rules. They are divided into compliance risks in the context of DG Finance's specific financial management, where it acts as authorising officer by delegation, and normative risks arising from the transversal financial management conducted by DG Finance for the institution.

The analysis of compliance risks identified parliamentary assistance and travel expenses as priority sectors for ex-post controls. DG Finance takes the view that, on account of its financial size and the particularities of its financial environment, there is an inherent compliance risk which, notwithstanding any steps that may be taken and the continuous efforts made to improve, cannot be completely eliminated. However, it considers that the residual risks are not 'critical' according to existing guidance on risk management, in the sense that there is no significant likelihood that a material error will occur in the foreseeable future.

In the recent past, an exception to this general conclusion was the risk of failing to meet the deadlines stipulated in Article 67(1)(f) of the Rules of Application for the Financial Regulation for the settlement of payments made by the imprest administrator for the reimbursement of Members' travel and subsistence expenses. However, in 2013 the Members' Travel and Subsistence Expenses Unit reorganised its procedures and made a considerable effort in this area, significantly reducing the length of time taken to settle such payments and bringing it into line with the regulatory requirements during the last few months of the year. As a result, in 2014 DG Finance withdrew this scenario from the risk register.

There were no significant residual risks arising from DG Finance's transversal financial functions. Rather, it may be that the instruments managed by DG Finance provide an appropriate response to risks associated with the financial management of the institution, e.g. the guidance and replies given to financial actors by the Central Financial Unit enhance legal certainty through the Public Procurement Forum (secretariat provided by DG Finance) or the Specialised Financial Irregularities Panel so as to ensure the appropriate examination and handling of reported possible irregularities.

### **Strategic risks**

Strategic risks (linked to the preparation and implementation of the budget, for instance) present no significant residual risks and are sufficiently controlled by the DG. Only the introduction of a new Financial Management System to replace and enhance the applications currently used constitutes a significant risk. This has been included in the risk register.

### **Operational risks**

Particular consideration has been given to operational risks, including a review of DG Finance's Internal Control Framework during the 2011 financial year, and an outline of outstanding actions in this area in 2013. Specific targets have been set for identifying and tackling any risk of ineffective or inefficient management. Performance indicators have been established with a view to the effective execution of core activities (correctness and timeliness of payments, quality of service offered), the efficient use of human resources (formalised work plans for all services) and effective budgetary management (avoiding insufficient appropriations or a significant excess). The operational risks arising from the continuity of the services provided by DG Finance can be considered to be controlled, in particular the continuity of the services provided by the travel agency. This also includes the risk of an interruption or reduction in service quality for travel arrangements resulting from the end of the contract with Parliament's travel agency, either on the expiry of that contract or on account of bankruptcy or other incidents. This risk has now been addressed with the travel agency as from 1 January 2014. Another operational risk consists in the financial burden for the financing of Members' pensions, and specifically the pension fund for the voluntary pension scheme. At the end of 2013, the total actuarial obligation for the pension fund was calculated at EUR 359.1 million and its assets at only EUR 164.5 million, representing a deficit of EUR 194.6 million. However, the deficit is spread over several decades, meaning that the annual burden for Parliament's budget will be limited.

## 2. ASSESSMENT OF RESULTS IN THE LIGHT OF THE OBJECTIVES – USE OF RESOURCES

### 2.1. The DG's environment

The achievement of DG Finance's objectives as regards its core tasks, and of its specific objectives as set out in the AWP, is highly influenced by three external factors:

- the legal framework regulating the DG's work, in particular the Financial Regulation and the associated rules of application, the internal rules on the implementation of Parliament's budget, the Statute for Members of the European Parliament and the associated implementing rules (IMSM), and the Staff Regulations and Conditions of Employment of Other Servants, which include the conditions of employment of accredited assistants, together with Regulation No 2004/2003 on the regulations governing political parties at European level and the rules regarding their funding, and the deliberations of Parliament's political bodies responsible for decisions relating to these regulatory frameworks (Bureau, Quaestors, Committee on Budgets and Committee on Budgetary Control);
- the requirements of its clients (Members and their assistants, trainees, paying agents, service providers, political parties and foundations, political groups, parliamentary associations, service providers for the administration, other DGs and other institutions);
- the availability of resources (human and financial resources, office space, IT hardware and applications) and cooperation with its 'suppliers' (other DGs, external actors).

Apart from its 'business as usual' tasks, a significant proportion of DG FINS activities in 2014 were linked to the organisation of the smooth transition between the seventh and eighth parliamentary terms, especially in the area of Members' financial and social entitlements.

The main factors relevant to DG Finance's work in the 2014 financial year are summarised in the following table.

<b>Regulatory framework</b>	<p><b><u>IMSM</u></b></p> <ul style="list-style-type: none"><li>• At its meeting of 15 December 2014, the Bureau adopted amendments to the IMSM, introducing the use of electronic signatures for Members' requests for reimbursement of expenses, and scanned copies of supporting documents. This Bureau decision gave the green light for the use of the Members' Portal, which was one of the main DG FINS projects in the AWP.</li></ul> <p><b><u>Internal Rules</u></b></p> <ul style="list-style-type: none"><li>• The new version of the Internal Rules, together with the subordinate documents (including charters and the Minimum Internal Control Standards), was approved by the Bureau at its meeting of 16 June 2014. These rules were published on Parliament's intranet site. This completed the project set out in the AWP concerning the revision of the Financial Regulation.</li></ul>
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	<p><b><u>Financing of political structures</u></b></p> <ul style="list-style-type: none"> <li>• On 13 January 2014, the Bureau adopted its modified decision on the statute and financing of parties and foundations following the entry into force of the new Financial Regulation. For the same reason, amendments to the rules governing financial contributions to parliamentary associations were adopted on 14 April 2014.</li> <li>• On 22 October 2014, Regulation No 1141/2014 of the European Parliament and the Council on the statute and funding of European political parties and European political foundations was adopted, together with Regulation No 1142/2014 amending Regulation No 966/2012 as regards the financing of European political parties, both of which were published in the Official Journal on 4 November 2014 (OJ L 317, pp. 1 and 28). A regulation repealing Regulation No 2004/2003 will come into force on 1 January 2017 and will be applicable for the 2018 grant award procedure for the first time.</li> <li>• The Bureau adopted amendments to the regulations governing the use of appropriations from budget item 400: <ul style="list-style-type: none"> <li>– on 24 February 2014 regarding the definition of the campaign period and adjustments following the entry into force of the new Financial Regulation;</li> <li>– on 14 April 2014 concerning the allocation key for appropriations under budget item 400.</li> </ul> </li> </ul> <p><b><u>Members' pensions under the Statute</u></b></p> <ul style="list-style-type: none"> <li>• Following the budgetary authority's decision to transfer the payment of pensions to former Members under the Statute to the Commission, an administrative agreement was concluded with the Paymaster's Office (PMO). Fruitful and close cooperation with Commission services was established as regards operational arrangements (formats, data transfer, reporting on execution, etc.), resulting in flawless continuity of service when the Commission took over payments on 1 November 2014.</li> </ul>
<p><b>'Client-oriented' service</b></p>	<ul style="list-style-type: none"> <li>• Services for Members and their assistants continued to be improved by enhancing IT systems and carrying on with the development of new instruments such as the Members' Portal, direct invoicing of bookings made by Members through Parliament's travel agency, and a simplified reservation and invoicing procedure for travel.</li> <li>• Significant progress was made by introducing a system of electronic signature by the authorising officer for payment orders. This procedure, based on a paperless system, will be extended to other DGs in the course of 2015 and will apply to all budgetary documents.</li> <li>• The practicalities of the travel agency's operation under the new contract had to be defined and fine-tuned in cooperation with the various cost centres (DG INTE, DG PERS).</li> </ul>



<p><b>Resources</b></p>	<p><b><u>Organisational structure</u></b></p> <ul style="list-style-type: none"> <li>• In July 2014, the General Coordination Unit and the former Directorate C were merged into the new Political Structures Financing and Resources Directorate in order to further boost DG Finance’s resources component.</li> </ul> <p><b><u>Resources</u></b></p> <ul style="list-style-type: none"> <li>• Difficulty of finding suitable candidates for open posts at all levels, in particular candidates with the specific knowledge required for DG Finance.</li> <li>• Owing to staff movements and retirements, all the senior management posts became vacant in 2014 and were subsequently filled.</li> <li>• Continued need to perform DG Finance’s wide variety of tasks in all areas with a relatively moderate staff complement compared with other directorates-general.</li> </ul>
<p><b>European election 2014</b></p>	<p>DG Finance staff actively participated in the welcome activities and stands organised straight after the elections (May to July 2014). The director of the DG’s Directorate A was appointed as head of the task force dealing with the preparations for welcoming new Members and the end-of-mandate formalities for outgoing Members.</p> <p>After the election, the following elements had an impact on DG Finance’s activities:</p> <ul style="list-style-type: none"> <li>• MEPs’ re-election ratio was about 47 %;</li> <li>• the number of MEPs decreased by 2 % (from 766 to 751);</li> <li>• the number of MEPs covered by opt-out arrangements decreased significantly (from 31 to 13);</li> <li>• the number of non-attached Members increased from 31 to 52.</li> </ul>

## 2.2. The DG’s human resources

During 2014, there were considerable changes in the DG’s management posts: a new director-general, three new directors (following two retirements and one of the two directors becoming director-general), four heads of unit (out of 10) and one head of service were appointed in the course of the financial year.

The workload of the units in Directorate B (Members’ Financial and Social Entitlements) was exceptionally high on account of the European elections (and the associated work in relation to outgoing Members, and to new Members and their assistants), requiring an increased staff presence throughout the year.

	Situation as at 01/01/2013	Situation as at 01/01/2014	Staff numbers as at 31/12/2014
	<b>Establishment plan posts</b>		
AD			
Permanent	45	47	41
Temporary	5	5	7
AST			
Permanent	139	135	116
Temporary	1	1	3
Total 1	190	188	167
	<b>Other staff (FTE estimates)</b>		
Contract staff	19	18	24
Seconded national experts			
Agency staff			
Interpreters (ACI)*			
Accredited parliamentary assistants			
Local parliamentary assistants			
Outside staff**	36.5	37	36
Total 2	55.5	55	60
<b>EP total (1+2)</b>	<b>245.5</b>	<b>243</b>	<b>227</b>

\* Number of days converted into FTEs on the basis of an average of 220 days/year.

\*\* Staff made available to Parliament (at the three places of work) under service contracts.

## 2.3. Budget implementation in 2014

### 2.3.1. Initial and final appropriations

#### Appropriations as compared with 2013

The final appropriations for DG Finance amounted to EUR 413 622 875 in 2014, which was 6.5 % higher than the final appropriations in 2013 (EUR 388 269 352). This difference can be explained primarily by the fact that 2014 was an election year.

The additional expenses resulted from compulsory expenditure arising from the election of a new Parliament. This increase was generated by the following elements: transitional end-of-service allowances for Members who were not re-elected (impact: EUR 14.6 million), general expenditure allowance paid to Members who were not re-elected (impact: approximately EUR 4.1 million), salary paid in July 2014 both to newly elected Members and to Members who were not re-elected (impact: approximately EUR 4 million), higher number of journeys in the Member State of election on account of the election campaign (impact: EUR 1.3 million). It should also be borne in mind that 2014 was the first full financial year after Croatia's accession to the European Union. The figures above also include the additional costs arising from that enlargement.

Another element which had a direct impact on the appropriations allocated to DG Finance was the increase in the appropriations allocated for European political parties (impact: EUR 6 million) in view of their special role in the 2014 election campaign.

On the other hand, the election year also generated savings as a result of the lower level of parliamentary business. In addition, paragraph 109 of Parliament's resolution on the draft general budget of the European Union for the financial year 2014 requested a reduction in the number of delegations for Members, in order to achieve additional savings. These elements led to savings of EUR 5.7 million in 2014.

Although the overall number of Members fell slightly following the elections (from 766 in the first six months of the year to 751 in the second), the savings this brought were offset by the fact that fewer Members of the new Parliament (13 compared with 31) are covered by opt-out arrangements, meaning that the financial entitlements of a correspondingly larger number of Members were defrayed from Parliament's budget.

It should also be mentioned that during the 2014 budgetary procedure the budgetary authorities decided to transfer the payment of pensions to former Members under the Statute to the Commission (budget sub-items 1030-01, 1031-01 and 1032-01 in the 2013 nomenclature). Although the impact of this transfer was not huge in 2014 (related expenses amounted to EUR 160 000 in 2013), it will have a positive impact on the DG's future budget.

#### *Changes in available appropriations for 2014*

During 2014, five transfers of appropriations were executed, amounting to a total of EUR 14 282 794. Two of these transfers (C26 and P7) enabled DG Finance to reallocate funds between its budget items.

Transfer C3 was requested to provide the necessary resources for higher than expected expenses relating to Members' salaries and travel costs. The sum of EUR 3 150 000 from 101 (Reserve) was transferred to 1000 (Salaries) to finance the impact of the 2012 adaptation and to 1004 (Ordinary travel expenses) and 1005 (Other travel expenses) to cover the additional needs resulting from a higher than expected number of meetings of interparliamentary delegations outside Brussels and Strasbourg and an increase in travel expenses incurred in the Member State of election.

At the request of DG Personnel, transfer S58 was executed: EUR 1 million was transferred from 4220-01 (Parliamentary assistance – local assistants) to 4220-02 (Parliamentary assistance – accredited assistants) to reallocate funds between expenses linked to accredited and local assistants.

DG Finance also contributed to the end-of year mopping-up transfer (C4). The details of the appropriations offered by DG Finance are summarised in the following table. The impact of the mopping-up transfer on DG Finance appropriations was EUR -16 432 795.

<b>Nomenclature</b>	<b>Heading</b>	<b>Mopping up 2014</b>
1006	General expenditure allowance	-150 000
1010	Accident and sickness insurance and other social security charges	-700 000
1020	Transitional allowances	-900 000
1030	Retirement pensions	-1 300 000
1031	Invalidity pensions	-20 000
1032	Survivors' pensions	-320 000
2310	Financial charges	-24 000
3020	Reception and representation expenses	-60 475
3049	Expenditure on travel agency services	-115 000
3200	Acquisition of expertise: Experts for the Administration	-130 000
4000	Current administrative expenditure and expenditure relating to the political and information activities of the political groups and non-attached Members	-382 916
4020	Funding of European political parties	-80 404
4220	Parliamentary assistance	-12 250 000
<b>TOTAL</b>		<b>16 432 795</b>

The transfers mentioned above reduced the initial appropriations of EUR 427 905 669 by 3.3 %.

### *2.3.2. Final appropriations and appropriations committed*

98.75 % of the EUR 413.6 million in total appropriations available for 2014 were committed. The remaining 1.3 % of appropriations that were uncommitted amounted to EUR 5.2 million. This figure is higher than at the end of 2013 (0.5 %, or EUR 1.8 million) but more similar to the 2012 level (1.7 %, or EUR 6.5 million).

The majority of this amount (EUR 4.4 million) related to budget item 4220 (Parliamentary assistance – local assistants). It should be noted that, owing to the specificity of this type of expense, a considerable amount is regularised at the end of the financial year, as the deadline for submitting claims for reimbursement of expenses for the 2014 financial year was 5 December 2014. In addition, the use of this envelope depends to a large extent on MEPs' needs. In an election year like 2014, it is even more difficult to estimate their needs in the last months of the year with 100 % accuracy.

### *2.3.3. Appropriations committed and payments made*

Out of the total commitments (EUR 408.4 million), EUR 28.9 million (7.0 %) was not paid during the year and was carried over to 2015. The carryover to 2015 is higher than the corresponding figure for the previous year (EUR 24.8 million in 2014), which can be explained by budget item 4220 (Parliamentary assistance), for which EUR 3.5 million was carried over for the first time now that this was possible under the new Financial Regulation.

The amount carried over can be explained primarily by the need for reimbursement of travel and subsistence expenses, on the one hand, and by the financing of European political parties and foundations, on the other.

The appropriations carried over for budget lines 1004 (EUR 12.2 million) and 1005 (EUR 2.8 million) are intended to cover expenses resulting from the requests presented in accordance with Article 65(4)(a) of the Implementing Measures for the Statute for Members (IMSM). All requests for the reimbursement of travel and subsistence expenses arising from travel undertaken in 2014 must be submitted before 31 October 2015.

For budget lines 4020 (European political parties) and 4030 (European political foundations), 20 % of the appropriations were carried over in order to pay the balance of 20 % of the approved grants after the presentation of financial statements for 2014, as provided for by the rules.

### *2.3.4. Use of automatic and non-automatic carryovers from 2013 to 2014*

The use of appropriations carried over from 2013 to 2014 reached 85 % at the end of the year (EUR 21.2 million out of a total of EUR 24.8 million). The amount of unspent appropriations represented EUR 3.6 million, the majority of which (EUR 2.2 million) relates to unused credits for the financing of European parties and foundations. The payments made to each of the grant beneficiaries followed the implementation of their own individual budgets.

### *2.3.5. Use of appropriations arising from assigned revenue*

#### *2.3.5.1 Specific expenditure appropriations / assigned revenue*

A total of EUR 2 152 235 has been entered as current assigned revenue. The most significant item was budget line 4220 (EUR 1.3 million), followed by budget lines 1006, 1030 and 1010, which are intended to cover the reimbursement of Members' sickness expenses (EUR 283 806, already paid in July for the PMO invoice). All amounts committed were paid.

#### *2.3.5.2 Specific expenditure appropriations / assigned revenue carried over*

The total amount (EUR 190 748) of assigned revenue carried over from 2013 for budget items 1004 (Ordinary travel expenses) and 4000 (Political groups and non-attached Members) was committed and paid in 2014.

## 2.4. Results

The achievement of DG Finance's objectives should be assessed on the basis of three components:

- the activity and performance indicators for DG Finance's core tasks: these key indicators measure, inter alia, the efficiency of the 'client-oriented' services offered and the timeliness and correctness of the financial transactions carried out;
- the one-off activities arising from the 2014 European elections;
- the development of DG Finance projects initially identified in the AWP for 2012-2014 and further detailed in the PPP for DG Finance.

### **Business as usual**

Directorate A (Budget and Financial Services) is responsible for Parliament's budgetary and financial affairs. It assists all Parliament's authorising officers by delegation in drawing up Parliament's budget, supervising its implementation, accompanying the discharge procedure, keeping and closing the accounts and managing the treasury, and provides them with all kinds of support in relation to financial and budgetary matters, including financial training.

In 2014, the Budget Unit handled 80 transfer requests (3 C, 12 P and 65 S transfers) amounting to a total of EUR 123 million. A total of 149 financial statements were verified. The Accounting and Treasury Unit processed almost 45 000 accounting documents and made 314 000 individual payments amounting to a total of EUR 1 641 million, for which 22 000 invoices were received. The Central Financial Unit answered 224 questions submitted to the helpdesk, and organised training courses for almost 700 Parliament staff.

Directorate B (Members' Financial and Social Entitlements) is responsible for managing expenditure related to Members' allowances and social entitlements. Given that 2014 was an election year, the activities of this directorate will be discussed under the section 'One-off activities arising from the 2014 European elections'.

As mentioned above, in July 2014 the General Coordination Unit and the former Directorate C were merged into the new Directorate for Political Structures Financing and Resources in order to further boost DG Finance's resources component. This reorganisation led to an additional workload per staff member in 2014.

The reorganised Directorate for Political Structures Financing and Resources is responsible for the implementation of financial support for political groups, non-attached Members, European political parties and foundations, and associations of former or current Members. It also has the important task of organising in-house professional language courses for Members. Furthermore, interdepartmental services for the whole of Parliament, such as the inventory and the travel office, are managed by the new Directorate C. The budget managed by the Political Structures Financing Unit exceeded EUR 100 million, providing financing for 7 political groups and 52 non-attached Members, together with 13 parties and 13 foundations at European level. A total of 1 750 hours of tuition were given by in-house language teachers.

The new contract concluded with BCD Travel entered into force on 1 January 2014. There was a 12.6 % decrease in the number of transactions compared with 2013, as 2014 was the year of the European elections.

More details concerning DG Finance's specific activity and performance indicators can be found in Annex 6.9.

### **One-off activities arising from the 2014 European elections**

During the 2014 financial year, DG FINS services – especially Directorate B – were focused on tasks aimed at ensuring a smooth transition between the two parliamentary terms. It should be noted that there was a considerable increase in the number of individual requests from MEPs relating to their individual rights and entitlements (salaries, transitional allowance, pensions, termination of assistants' contracts, etc.).

On the other hand, the decrease in certain quantitative figures between 2013 and 2014 is linked mostly to the lower level of activity associated with an electoral year.

The following summary provides an overview of the activities performed by Directorate B:

- Members' financial and social entitlements: preparatory measures were implemented with a view to better organising the end of the mandate for outgoing Members and the beginning of the mandate for newly elected Members (end-of-term vademecum, individual simulations for end-of-term entitlements, preparation of individual re-election files, etc.). DG FINS had to deal with a higher number of individual requests from MEPs concerning their individual rights and entitlements. The most important activity indicators are as follows:
  - number of MEPs receiving a salary under the Statute: 1 176 (735 in 2013);
  - number of MEPs receiving the transitional allowance: 359 (23 in 2013);
  - number of bank accounts registered: 6 758 ( 4 085 in 2013);
  - number of insurance cards issued: 962 (51 in 2013);
  - number of general expenditure allowance payments: 10 340 (9 208 in 2013).
  
- Parliamentary assistance:
  - End of the seventh term: management of the end of local and accredited assistants' contracts, monitoring of correct use of the budgetary envelopes allocated to MEPs.
  - Beginning of the eighth term: in close cooperation with DG PERS, recruitment of new accredited assistants (APAs) within a short period of time, development of IT applications dealing with APAs (GAP V5), enhanced control of new contracts with local assistants and service providers.
  - The number of regularisation files processed in respect of parliamentary assistance was 1 225 (630 in 2013).

In addition, DG FINS staff actively participated in the welcome activities and stands organised straight after the elections (May to July 2014), having an impact in the following areas:

- the task force dealing with the preparations for welcoming new Members and the end-of-mandate formalities for outgoing Members was headed by the director of the DG's Directorate A;
- the Frequently Asked Questions (FAQ) relating to MEPs' financial and social entitlements were revised;
- a flexible, versatile team was set up to take charge of the DG FINS stands during the welcome period;
- special training was provided for the staff involved.

All of these one-off activities resulted in closer collaboration between the various services dealing with Members' social entitlements, leading to the successful delivery of professional services to Members during the welcome period.

### **Projects (DG FINS AWP 2012-2014 and PPP)**

In addition to core tasks, several actions have been identified with a view to improving the performance of financial processes and the efficiency and reliability of the DG's 'client-oriented' services. These actions were initially incorporated into the AWP 2012-2014 in the form of five projects. The introduction of the Strategic Execution Framework and the associated PPP in 2014 led to the implementation of a set of 12 projects under the responsibility of DG FINS, four of which derived from the previous AWP.

The DG's achievements in relation to these projects are described in the following table.

<b>AWP 2012-2014 FINS 2</b>	<b>Revision of the financial rules following the modification of the Financial Regulation</b>
<p>DG FINS services continued to coordinate with the Commission and the Council with a view to adopting a common line on implementation.</p> <p>They also:</p> <ul style="list-style-type: none"> <li>– updated a further series of guidelines on matters of financial management and procurement;</li> <li>– completed the review of the Frequently Asked Questions;</li> <li>– finalised the revision of the Minimum Internal Control Standards and the subordinate texts (adopted by the Bureau on 16 June 2014);</li> <li>– completed the necessary notifications to the Data Protection Officer as to the processing of personal data, including a review of existing notifications and a notification of public procurement processes for Parliament's administration as a whole;</li> <li>– provided individual guidance on request;</li> <li>– maintained contact with the Commission in connection with monitoring the implementation of e-tendering procedures and tools.</li> </ul> <p>In January 2014, DG FINS invited the Resource Directorates and training officers to participate in a survey in order to better define their needs in the training field and seek their collaboration. The replies to this survey which ended in May 2014 were analysed before the summer. On the basis of its results, training modules will be developed and will be presented to the Directorates for Resources.</p>	



<b>FINS PPP1</b>	<b>Enhancing financial knowledge</b>
<p>This project is aimed at reinforcing the general financial knowledge of staff responsible for financial matters within the directorates-general and facilitating the rapid and efficient acquisition of knowledge. An initial meeting took place in December 2014 to establish the working group in charge of the project and set a timetable.</p>	
<b>FINS PPP2 (former AWP 2012-2014 FINS 3)</b>	<b>Enhancing service level to outside clients via MEP portal</b>
<p>The AWP project FINS 3 ('Members' Portal for Financial and Social Entitlements') was aimed at providing Members with a unique entry point for obtaining information on the status and evolution of their financial and social entitlements arising from the Statute for Members and the associated implementing measures.</p> <p>This portal allows, inter alia, the electronic submission of reimbursement requests by Members, consultation of their personal file (remuneration, transitional allowance, pensions, insurance), access to all incoming and outgoing correspondence relating to social entitlements, consultation of MEPs' budgets (e.g. for the parliamentary assistance allowance) at any point, access to documents exchanged with paying agents managing local assistants' employment contracts, follow-up of files relating to travel expenses, and the introduction of an IT system for the management of meetings between Members and DG FINS services.</p> <p>During the reporting period, the portal for active Members was further supplemented with new forms, the incorporation of DG PRES forms and links to the MADIS application. The technical setup permitting the use of digital signatures and the submission of electronic forms was incorporated in line with a Legal Service opinion. The application was used by officials at the welcome stands to assist MEPs in filling out the forms at the start of the new parliamentary term. According to the Legal Service opinion, the submission of supporting documents via the portal and the related archiving required a change in the Implementing Measures for the Statute for Members of the European Parliament (IMSM). At its meeting of 15 December 2014, the Bureau adopted amendments to the IMSM introducing the use of electronic signatures for Members' requests for reimbursement of expenses, together with scanned copies of supporting documents.</p> <p>The portal has now reached the 'go live' phase.</p> <p>As part of the PPP FINS 2 project, further steps (such as additional features for MEPs, access to the portal for former Members, their beneficiaries and paying agents from outside Parliament's premises, and completion of the archives) are envisaged for the coming period, with a target date of December 2015 for the completion of the full-fledged system. The project's success is highly dependent on other functionalities such as security, access to confidential data from outside Parliament by Members, their assistants, former Members and paying agents, and the digital signatures of all stakeholders. The electronic exchange of data with all stakeholders requires the archiving and digitisation of all incoming and outgoing documents exchanged.</p>	

<b>FINS PPP3</b>	<b>EP/PMO interface</b>
<p>Following the budgetary authority's decision to transfer the payment of pensions to former Members under the Statute to the Commission, Directorate B services finalised an administrative agreement with the PMO regarding the payment of such pensions. Fruitful and close cooperation was established with Commission services as regards operational arrangements (formats, data transfer, reporting on execution, etc.), resulting in flawless continuity of service when the Commission took over payments on 1 November 2014.</p>	
<b>FINS PPP4 (former AWP 2012-2014 FINS 1)</b>	<b>Financial Management System</b>
<p>The Financial Management System (FMS) project is aimed at improving the visibility and the availability to top management (Secretary-General and directors-general) of decision-critical information on available resources (human, IT and financial) and their use, at achieving efficiencies by standardising and automating key central financial processes, and at providing a solution to the approaching technical obsolescence of existing IT applications, in particular the general and budgetary accounting systems and the payments system.</p> <p>The drawing-up of the Functional Blueprint document, including implementation, started in September 2013. The initial release of the v1 document, consisting of Parliament's requirement collection and solution proposal for the core SAP, was delivered by the implementation partner in February 2014, but was subject to discussion until its adoption in October 2014. This acceptance was conditional on the v2 document addressing issues relating to authorisation and integration and defining the scope of a very large number of legacies to be interfaced with the SAP solution designed.</p>	
<b>FINS PPP7</b>	<b>Improved financial training</b>
<p>This project is aimed at reinforcing the general financial knowledge of staff responsible for financial matters in the directorates-general and facilitating the rapid and efficient acquisition of knowledge through more targeted provision of training.</p> <p>During the reporting period, the process of reviewing the provision of training in order to align it with the specialised training needs of Parliament's financial departments was started, with a survey of the DGs, evaluation of the results and preparatory steps (pilot course, contact with the Commission and the Court of Auditors, and participation in Commission and ECA courses of particular relevance).</p>	
<b>FINS PPP8 (former AWP 2012-2014 FINS 5)</b>	<b>Improving the travel policy on the basis of the results of the working group 'Groupe de travail sur l'émission des titres de transport des députés'</b>
<p>The main objective of this project is to implement the conclusions of the working group on Members' transport. To this end, Parliament's travel policy should be re-examined to make it more cost-efficient and to simplify processes for MEPs so as to improve the services provided by the administration in this area.</p>	

In 2014, close collaboration between the Travel Organisation Service (TOS) and the Travel and Subsistence Expenses Unit led to improvements in several areas:

- Simplification and harmonisation of procedures: as regards reservation procedures, training courses were run by the Member's Travel and Subsistence Expenses Unit and the Missions Unit in cooperation with the TOS on behalf of BCD Travel. Simplifications were also made in the field of reimbursement of Members' travel expenses through, for example, the successful automation of payments to MEPs, thereby reducing the administrative burden.
- Negotiations with carriers: more than a dozen contracts were signed with airline companies, rail companies and hotels, resulting in substantial savings. These contracts were normally negotiated with the Commission in the lead. Furthermore, rates related specifically to Parliament's needs, such as rates originating in the Member States, were able to be negotiated in collaboration with the Member's Travel and Subsistence Expenses Unit. This approach will be continued in 2015.
- Risk assessment: through enhanced cooperation with the various internal and external actors involved in travel (airline companies, travel agencies, etc.), DG FINS services developed their knowledge and improved the quality of controls during the reporting period.
- Quality review: a complaint register was set up in 2014 with the aim of monitoring the quality of services delivered to Members.

**FINS PPP9**  
**FINS PPP10**

**Establishment of the grant authority**  
**Preparing the transition to the new rules on financing**  
**for European Parties and Foundations**

The remaining project of the Political Structures Financing and Inventory Unit in the AWP 2012-2014 (AWP FINS 4 ('Financing Political Parties and Foundations')) was finalised with the adoption of Regulation No 1141/2014 of the European Parliament and of the Council of 22 October 2014 on the statute and funding of European political parties and European political foundations, and of Regulation 1142/2014 of the European Parliament and of the Council amending Regulation No 966/2012 as regards the financing of European political parties, and their publication in the Official Journal on 4 November 2014 (L 317, pp. 1 and 28).

Regulation No 1141/2014, repealing Regulation No 2004/2003, will come into force on 1 January 2017 and will therefore be applicable to the grants award procedure for 2018.

Regulation No 1141/2014 introduces elements additional to the existing system of party financing, which require two different projects within the PPP as part of Parliament's Strategic Execution Framework:

- the new funding system separates the procedure for the recognition of parties and foundations resulting in the establishment of a European legal personality from the procedure for awarding grants and contributions;
- the attribution of a European legal personality and registration in the register fall under the competence of an 'Authority for European political parties and European political foundations' in accordance with Article 6 of Regulation No 1141/2014;

- Parliament (DG Finance) will remain competent for the allocation of contributions and grants to parties and foundations.

The new funding system for political parties and foundations is dealt with by DG FINS projects 9 ('Authority for parties and foundations') and 10 ('New rules on financing'), in particular as regards the division of tasks between the Authority and Parliament services. Project 9 concerns the establishment of the Authority, which calls for close collaboration among Parliament, the Council and the Commission and is thus beyond the responsibilities of DG FINS. The establishment of a separate pre-structure could therefore be envisaged with a view to coordinating the necessary steps to be taken both within Parliament and with the Council and the Commission. Project 10 ('Preparing the transition to the new rules on financing of European parties and foundations') concerns activities under the sole responsibility of Parliament (DG FINS).

Consideration is currently being given to a new text identifying the necessary changes to the Bureau decision.

**FINS PPP11**

**Digitalisation of procedures for the financing of political and information activities of non-attached Members**

Financing of the political and information-related activities of non-attached Members (NI) is processed directly by Parliament services.

This project is aimed at enhancing digitisation in order to streamline and facilitate the management of these activities, from application to approval and payment.

The objective is to create an IT-based 'portal' serving as interface through which non-attached Members can download, complete and upload standardised forms with electronic signatures in order to request payment or reimbursement for political and information-related activities, and can further view their accounts and manage their budgets (as referred to in section 2.9 of the Rules on the Use of Appropriations from Budget Item 400). Replies from, and the activities of, the competent Parliament services will also be standardised and channelled through this 'portal', which will allow easy access to the relevant regulatory framework.

The start-up phase has been finalised, and the concept and documentation forwarded to DG Finance's Information Technology and Inventory Unit and to DG ITEC. The Political Structure Financing Unit is currently awaiting a response from DG ITEC as regards the business analyses and the joint development of the project blueprint.

**3. EVALUATION AND EFFECTIVENESS OF INTERNAL CONTROLS, INCLUDING AN OVERALL ASSESSMENT OF THE CONTROLS' COST EFFECTIVENESS (ARTICLE 66(9) OF THE FINANCIAL REGULATION)**

The 2011 in-depth review of the implementation of DG Finance's internal control framework was concluded with the publication on 9 January 2012 of specific instructions from the authorising officer by delegation on improvements to the Internal Control Framework (GEDA D(21012)616). These included revised approaches to the system of performance indicators (Internal Control Standard (ICS) 10), annual management plans (ICS 9), procedure manuals (ICS 15), ethics and integrity (ICS 1) and mail registration and filing systems (ICS 13).

In 2012, DG FINS adopted its Filing Plan (CARDOC) and the Budget and Verification Service examined the units' archiving and registration procedures and drafted detailed instructions, taking into account the recent Bureau decisions on treatment of confidential information in document management, and personal data protection issues. These instructions were adopted by the Director-General in December 2012.

In 2013-2014, the implementation of the internal control framework was subject to discussions in DG FINS management meetings, and reminders concerning all outstanding matters were sent to all services. The overall situation as regards the internal control framework in 2013 was outlined in the Activity Report of 31 December 2013.

At the end of 2014, there were a few outstanding matters relating to the following standards:

ICS No 15 (new ICS No 8): in 2010, DG Finance's operational units adopted procedure manuals for most of the budget posts they manage. In 2013 they were asked by the DG to update existing manuals and to adopt procedure manuals for the few missing financial subsystems and for other essential subsystems, even if they do not have a direct financial impact. This was done in 2013 for several budget items, but the process was not completed. The outstanding work mainly concerns items for which essential elements of the management framework are still under review. The remaining manuals will be updated as soon as this review is concluded.

ICS No 16 (new ICS No 8): the financial circuits in place, in conformity with the rules, ensure the segregation of duties. FINORD recognises as incompatible the roles of initiator, ex-ante verifier and authorising officer; the FINORD administrator could be an initiator but not an ex-ante verifier or an authorising officer; the accountant is not an authorising officer, etc. The FINORD administrator verifies annually that active access rights in FINORD correspond to appointment decisions. The only concern in respect of segregation was the need to better formalise the procedures for granting and withdrawing access rights to the local computer applications producing batch payments, since operating such applications has a similar effect as initiating payments. The recent instructions on registration and archiving include clear requirements for the Information Technology and Inventory Unit to review all active access rights and for the operational units to confirm and closely monitor those rights. The IT Unit is currently working on those requirements.

#### **4. CONCLUSIONS**

During the financial year in question, DG Finance faced many challenges resulting from substantial changes in senior management and from the reorganisation of Directorate C.

Furthermore, 2014 was an election year, which had a direct impact on DG Finance's core business. In addition to its core tasks, DG Finance had to deal with one-off activities and devoted considerable effort and resources to making the transition between the seventh and eighth parliamentary terms a smooth and successful one.

It should be noted that during this busy period the DG's services continued to fulfil their commitments in terms of the quality of services offered. The DG is continuing its effort to develop and simplify the financial services provided to Members and to improve the efficiency and effectiveness of the financial process. It may be concluded that in 2014 DG Finance successfully fulfilled the tasks assigned to its services.

## 5. DECLARATION BY THE AUTHORISING OFFICER BY DELEGATION

Following the restructuring of the Directorate General in September 2014, the intermediate report relating to the period from 1 January 2014 to 31 August 2014 (GEDA Note D(2014)48953) has been established by the authorising officer by delegation, M. Roger Vanhaeren, who gave on 15 October 2014 its reasonable assurance on the information contained in this report.

I, the undersigned, Didier KLETHI

Director-General of Directorate-General for Finance

hereby declare, in my capacity as authorising officer by delegation for the period from 1 September 2014 to 31 December 2014, that I have reasonable assurance that:


- a) the information contained in the report presents a true and fair view;
- b) the resources assigned to the activities described in the report have been used for their intended purpose and in accordance with the principle of sound financial management;
- c) the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgment and on the information at my disposal, such as the results of self-assessment, ex post controls and remarks by the Internal Audit Service, as well as the lessons learned from the reports of the Court of Auditors for financial years prior to that for which this declaration is being made.

I also confirm that I am not aware of anything not reported here that could be prejudicial to the interests of the institution.

Done at Luxembourg

on 6 February 2015

  
Signature

## 6. ANNEXES

### 6.1. Budget outturn reports for 2014 / 6.1. Relevés d'exécution budgétaire 2014

#### 6.1.1 Situation of current appropriations on 31 December 2014: DG FINS

Source: FINORD

Poste	Intitulé	Crédits Initiaux	Virements Budg. Suppl.	Crédits Actuels	Engagements contractés	% Util.	Paiements effectués	% Util.	Crédits disponibles
1000	Indemnités	73.643.709	1.300.000	74.943.709	74.881.314	99,9%	74.881.314	100,0%	62.395
1004	Frais de voyages ordinaires	65.400.000	1.150.000	66.550.000	66.550.000	100,0%	54.313.003	81,6%	0
1005	Autres frais de voyage	6.800.000	700.000	7.500.000	7.500.000	100,0%	4.664.375	62,2%	0
1006	Indemnité de frais généraux	43.418.000	-150.000	43.268.000	43.215.516	99,9%	43.215.516	100,0%	52.484
1007	Indemnités de fonctions	180.000	0	180.000	171.050	95,0%	171.050	100,0%	8.950
1010	Couverture des risques d'accident et de maladie et autres charges sociales	3.368.000	-900.000	2.468.000	2.339.883	94,8%	2.339.883	100,0%	128.117
1012	Interventions spécifiques en faveur des députés handicapés	301.000	200.000	501.000	239.224	47,7%	239.224	100,0%	261.776
1020	Indemnités transitoires	15.784.819	-900.000	14.884.819	14.766.194	99,2%	14.766.194	100,0%	118.625
1030	Pensions d'ancienneté (FID)	11.744.000	-1.300.000	10.444.000	10.422.837	99,8%	10.422.837	100,0%	21.163
1031	Pensions d'invalidité (FID)	310.000	-20.000	290.000	282.186	97,3%	282.186	100,0%	7.814
1032	Pensions de survie (FID)	2.810.541	-320.000	2.490.541	2.454.828	98,6%	2.454.828	100,0%	35.713
1033	Régime de pension volontaire des députés	32.000	0	32.000	25.284	79,0%	25.284	100,0%	6.716
1050	Cours de langues et d'informatique	500.000	0	500.000	500.000	100,0%	492.136	98,4%	0
2310	Charges financières	65.000	-24.000	41.000	19.598	47,8%	17.098	87,2%	21.402
2320	Frais juridiques et dommages	10.000	0	10.000	0	0,0%	0	0,0%	10.000
2380	Autres dépenses de fonctionnement administratif	40.000	0	40.000	40.000	100,0%	7.891	19,7%	0
3020	Frais de réception et de représentation	234.400	-60.474	173.926	173.925	100,0%	86.403	49,7%	1
3049	Frais de prestations de l'agence de voyages	2.100.000	-115.000	1.985.000	1.985.000	100,0%	1.643.592	82,8%	0
3200	Acquisition d'expertise	770.000	-130.000	640.000	600.213	93,8%	69.571	11,6%	39.787
4000	Dépenses administratives de fonctionnement, activités politiques et d'information des groupes politiques et des membres non-inscrits	59.800.000	-382.916	59.417.084	59.416.002	100,0%	58.317.787	98,2%	1.082
4020	Financement des partis politiques européens	27.794.200	-80.404	27.713.796	27.713.795	100,0%	22.171.035	80,0%	1
4030	Financement des fondations politiques européennes	13.400.000	0	13.400.000	13.393.989	100,0%	10.715.189	80,0%	6.011
4220	Assistance parlementaire	99.000.000	-13.250.000	85.750.000	81.359.078	94,9%	77.809.078	95,6%	4.390.922
4400	Frais de réunion et autres activités des anciens députés	200.000	0	200.000	200.000	100,0%	200.000	100,0%	0
4420	Coûts des réunions et autres activités de l'Association parlementaire européenne	200.000	0	200.000	200.000	100,0%	200.000	1	0
<b>Total</b>		<b>427.905.669</b>	<b>-14.282.794</b>	<b>413.622.875</b>	<b>408.449.918</b>	<b>98,7%</b>	<b>379.505.475</b>	<b>92,9%</b>	<b>5.172.957</b>



6.1.2 Situation of automatic carryovers on 31 December 2014: DG FINS

Source: FINORD

Poste	Intitulé	Crédits reportés	Crédits Actuels	Engagements contractés	% Util.	Paiements effectués	% Util.	Reste à payer
1004	Frais de voyages ordinaires	14.503.933	14.503.933	14.503.933	100,0%	13.275.442	91,5%	1.228.491
1005	Autres frais de voyage	1.448.215	1.448.215	1.448.215	100,0%	1.431.848	98,9%	16.366
1050	Cours de langues et d'informatique	38.836	38.836	38.836	100,0%	38.836	100,0%	0
1406	Observateurs	31.901	31.901	31.901	100,0%	2.302	7,2%	29.600
2310	Charges financières	2.434	2.434	2.434	100,0%	1.909	78,4%	525
2380	Autres dépenses de fonctionnement administratif	32.210	32.210	32.210	100,0%	19.761	61,3%	12.449
3020	Frais de réception et de représentation	75.108	75.108	75.108	100,0%	35.092	46,7%	40.016
3049	Frais de prestations de l'agence de voyages	354.847	354.847	354.847	100,0%	353.390	99,6%	1.458
3200	Acquisition d'expertise	824.794	824.794	824.794	100,0%	774.150	93,9%	50.644
4000	Dépenses administratives de fonctionnement, activités politiques et d'information des groupes politiques et des membres non-inscrits	674.145	674.145	674.145	100,0%	553.404	82,1%	120.741
4020	Financement des partis politiques européens	4.317.160	4.317.160	4.317.160	100,0%	3.135.416	72,6%	1.181.744
4030	Financement des fondations politiques européennes	2.480.002	2.480.002	2.480.002	100,0%	1.540.549	62,1%	939.452
<b>Total</b>		<b>24.783.585</b>	<b>24.783.585</b>	<b>24.783.585</b>	<b>100,0%</b>	<b>21.162.099</b>	<b>85,4%</b>	<b>3.621.487</b>

6.1.3 Situation of specific expenditure appropriations/assigned revenue on 31 December 2014: DG FINS

Source: FINORD

Poste	Intitulé	Crédits an. précédente	Crédits an. Cumulés	Crédits Actuels	Engagements contractés	% Util.	Paiements effectués	% Util.	Crédits disponibles
1004	Frais de voyages ordinaires	0	41.176	41.176	41.176	100,0%	41.176	100,0%	0
1006	Indemnité de frais généraux	0	340.292	340.292	320.292	94,1%	320.292	100,0%	20.000
1010	Couverture des risques d'accident et de maladie et autres charges sociales	0	110.525	110.525	110.525	100,0%	110.525	100,0%	0
1030	Pensions d'ancienneté (FID)	0	217.926	217.926	190.616	87,5%	190.616	100,0%	27.311
1031	Pensions d'invalidité (FID)	0	3.598	3.598	3.598	100,0%	3.598	100,0%	0
1032	Pensions de survie (FID)	0	8.525	8.525	8.225	96,5%	8.225	100,0%	300
3049	Frais de prestations de l'agence de voyages	0	50.265	50.265	0	0,0%	0	0,0%	50.265
4000	Dépenses administratives de fonctionnement, activités politiques et d'information des groupes politiques et des membres non-inscrits	0	38.666	38.666	0	0,0%	0	0,0%	38.666
4220	Assistance parlementaire	0	1.341.262	1.341.262	0	0,0%	0	0,0%	1.341.262
<b>Total</b>		<b>0</b>	<b>2.152.236</b>	<b>2.152.236</b>	<b>674.432</b>	<b>31,3%</b>	<b>674.432</b>	<b>100,0%</b>	<b>1.477.805</b>

6.1.4 Situation of specific expenditure appropriations/assigned revenue carried over on 31 December 2014: DG FINS

Source: FINORD

Poste	Intitulé	Crédits initiaux	Crédits Actuels	Engagements contractés	% Util.	Paiements effectués	% Util.	Crédits disponibles
1004	Frais de voyages ordinaires	9.078	9.078	9.078	100,0%	9.078	100,0%	0
4000	Dépenses administratives de fonctionnement, activités politiques et d'information des groupes politiques et des membres non-inscrits	181.670	181.670	181.670	100,0%	181.670	100,0%	0
<b>Total</b>		<b>190.748</b>	<b>190.748</b>	<b>190.748</b>	<b>100,0%</b>	<b>190.748</b>	<b>100,0%</b>	<b>0</b>

6.1.5 Situation of revenues on 31 December 2014: DG FINS

Source: FINORD

Poste	Intitulé	Crédits Initiaux	Virements Budg. Suppl.	Crédits Actuels	Engagements contractés	Paiements effectués	Solde des engagements E.C.	Crédits disponibles
4000	Produit de l'impôt sur les traitements, salaires et indemnités des membres de l'institution, des fonctionnaires, des autres agents et des bénéficiaires d'une pension	0	0	0	0	19.477.415	19.477.415	0
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19.477.415</b>	<b>19.477.415</b>	<b>0</b>

## 6.2. Report on compliance with payment time limits

## 6.2. Rapport sur le respect des délais de paiement

The following table presents the statistics produced by FINORD on the delays in the payments of invoices (after eliminating the payments for parties, foundations and groups, which are technically assimilated to invoices).

Invoices paid in 2014		Default interest payable automatically (> €200)	Default interest payable on request (<=€200)	No default interest payable	Total
Paid within the time limit	Number of invoices			596	596
	Total invoiced (€)			6.343.559,98	6.343.559,98
Paid outside time limit	Number of invoices	1	5		6
	Total invoiced (€)	176.694,84	165.005,80		341.700,64
	Amount of default interest (€)	758,82	149,43		908,25
Total number of invoices		1	5	596	602
Total invoiced (€)		176.694,84	165.005,80	6.343.559,98	6.685.260,62
Amount of default interest (€)		758,82	149,43		908,25

1. In 2014, there was one case of an invoice paid beyond its 30-days regulatory deadline. This has generated late-payment-interest higher than €200 (Art. 106 of FR-IR), which was automatically paid to the supplier. It is the first case recorded in the last four years (2011-2014). However the payment's delay was caused by the technical closure of FINORD at the end of the year (between mid-December 2013 and mid-January 2014).
2. For 5 cases (exactly as in 2013), the maximum delays for payment were exceeded but the resulting interest in each case was lower than €200. These interests are payable only on the request of the creditor within two months after the late payment. Since for these cases the 2-month period has expired without such a request, these had no financial consequence on DG Finance. A preliminary examination of the corresponding lists shows that these 5 cases of delays are well spread between 4 different officials, 3 services and 3 budget lines and therefore, they appear to have an exceptional character, without any systemic effect. Moreover, the invoices represent only 0.8% of the total number of invoices or 2.5% of the total amount (€165,006 out of €6,685,260, representing the total amount of invoices excluding payments to parties, foundations and groups). For comparison, the corresponding figures for 2013 were 0.8 %, respectively 0.6%. The increase in the relative value of the delayed invoices (from 0.6% in 2013 to 2.5% in 2014) is explained by one payment towards the travel agency, which accounted for almost €160,000 from the total of €165,006.
3. The potentially generated interest (cumulated for all delayed invoices) remained however on a very low level, at €149 in 2014, comparable with previous years (€220 in 2011, €87 in 2012 and €15 in 2013). The increase in the absolute value (from €15 in 2013 to €149 in 2014) is again explained by the payment to the travel agency, which accounted for €141 from the total of €149.

**6.3 List of exceptions – derogations from the rules**  
**6.3 Liste des exceptions - dérogations à la réglementation**

**Exceptions to procedures**

Decisions to make an exception to the applicable procedures and rules							
Document ref	Authorising officer	Subject matter	Amount	Verifiers' opinion		Decision	
				favourable with statement/ unfavourable	Reasons	Authorising officer	Reasons
ED 574/30087	Roger Vanhaeren	External Audit of accounts of political parties and foundations	7.120 €	Conforme avec observation	In 2013, a financial commitment was introduced in Finord concerning the audits of political parties and foundations but the corresponding amount was insufficient following the subsequent increase of the number of foundations. A supplementary commitment was made only in 2014, after the audits had been concluded. The observation in Finord reminded to the relevant financial actors the provisions of Article 86.1 of the Financial Regulation	Roger Vanhaeren	ED approved (in fact, the problem was that the ED should have been made earlier, when the number of foundations was increased and before asking the private audit firm to carry out the audit of the new foundation)
OD 525/115	Sune Hansen	Salaries to Members for July 2014	8.894.76 €	Conforme avec observation	The July payroll included the salaries to a significant number of new Members. The bank accounts of these new Members were introduced in the appropriate computer application and were cross-checked, on the one hand by other operators and on the other hand, by automatic coherence checks in the application itself. However, the exact nature and the extend of these checks could not be presented satisfactorily to the ex ante verifiers before the payment. For this reason, the verifiers could not gain satisfactory assurance from the operational controls and, given the limited time available, they carried out a complete check on a significant sample of bank accounts, before the validation and the payment	Sune Hansen	OD approved, following validation by the ex ante verifiers

## Waivers/cancellations of receivables

Receivable waiver/cancellation procedures				
Document ref.	Authorising officer	Subject matter	Amount	Authorising officer's reasons for waiver/cancellation
RO 675/111	Roger Vanhaeren	Waiving of recovery following the advice of Legal Service	16.715 €	The waiving decision was concluded in full respect of Art. 4(9a) of EP Internal Rules (in force as of 01/07/2014) and of Art. 91(1) of the Rules of Application (RAP) of the Financial Regulations. It was duly substantiated by the authorising officer by delegation. It was concluded that the foreseeable cost of the recovery would exceed the amount receivable.
RO 158/397	Roger Vanhaeren	Waiving of recovery following the decision of the Court of Justice of the European Union in the Case C-447/13 P	409.352,16 €	The Court adopted this decision on the grounds that the recovery procedures were exceeding the reasonable delays. DG FINS services took steps to improve the monitoring of the outstanding recoveries and especially to ensure their quicker treatment.
RO 14/129	Roger Vanhaeren	Waiving of recovery following the decision of the Court of Justice of the European Union in the Case C-447/13 P	46.550,88 €	The Court adopted this decision on the grounds that the recovery procedures were exceeding the reasonable delays. DG FINS services took steps to improve the monitoring of the outstanding recoveries and especially to ensure their quicker treatment.
RO 690/129	Roger Vanhaeren	Waiving of recovery due to technical procedures	66.537,82 €	The initiation and validation of the recovery order was done before all the administrative procedures available to the MEP (according to Art. 72 of the MEPs Statute) have been used. Therefore, it was waived from technical and procedural reasons and it has been renewed in January 2015 for the same amount, in line with the provisions of the MEPs Statute.

**6.4 Long-term contractual obligations**  
**6.4 Obligations contractuelles de longue durée – situation Décembre 2014**

	Contractant	Objet	Durée <sup>(1)</sup>		Valeur totale marché	Dépense contractuelle	Type de renouvellement <sup>(2)</sup>	Description des mesures de contrôle
			Contrat	Marché				
De janvier au octobre 2014	VANBREDA INTERNATIONAL	Assurance accident des députés Du 01.01.2014 au 30.06.2014	3 ans	5 ans	1.300.000 €	194.000 €	Contrat <u>clôturé fin juin 2014</u>	Possibilité de controle ex-post
	COMMISSION (PMO)	Accord administratif remboursement des frais médicaux des députés	3 ans	open-ended	-	254.062,28 €	Reconduction tacite	Possibilité de contrôle ex-post
	I3 Consortium	Projet RFIS Gestion de projet II	2 ans	5 ans	Framework	237.175,52 €	Reconduction tacite et prolongation	Possibilité de contrôle ex-post
	Deloitte	Projet RFIS Gestion de changement II	2 ans	4 ans + 6 mois d'exécution	Framework	271.042,27 €	Réconduction tacite	Possibilité de contrôle ex-post
	BCD Travel Belgium	Agence de voyages pour le Parlement européen	2 ans	5 ans	9.990.600 €	1.642.832,88 €	Réconduction tacite	Possibilité de contrôle ex-post

(1) Indiquez s'il s'agit de mois ou années, voire si la durée est indéterminée

(2) Indiquez s'il s'agit d'un renouvellement manuel ou automatique



**6.5 Exceptional negotiated procedures - Articles 53, 134 and 135 RAP**

**6.5 Procédures négociées exceptionnelles - articles 53, 134 et 135 RAP**

Nom/s de/s l'attributaire/s	Objet	Montant	Base juridique	Motif	Candidats		Critères d'acceptabilité	Référence du marché	Date Avis FMP
					Invités	Pour négociations			
<u>Lot 1</u> AMADEUS Benelux Medialaan, 30 B-1800 Vilvoorde	Services pour l'obtention du PNR des billets d'avion	<50.000 €	art. 134.1b)	Marché dont l'exécution ne peut être confiée qu'à un seul opérateur économique déterminé	1	1	Capacité technique pour retrouver l'historique des billets d'avion (PNR, Personal Number Record) ainsi que de fournir une assistance technique dans ce domaine.	EP/FINS 2013-102 Marché interinstitutionnel pour le Parlement européen et le Comité Économique et social européen	Pas d'avis du FMP car procédure d'un montant inférieur à 60.000 EUR
<u>Lot 2</u>	Plateforme TRAVELPORT Lot infructueux								
<u>Lot 3</u>	Plateforme SABRE Lot infructueux								

## **6.6. Results of ex-post controls**

### **6.6. Résultat des évaluations ex-post**

Beyond the routine ex ante verifications, the Budget and Verification Service of DG FINANCE carries out ex post verifications on an ad hoc basis. Their objectives are:

- a) to ensure that the management procedures actually applied are sufficient to ensure correct transactions and, eventually, to make proposals for improvement;
- b) to address certain inherent limitations to the ex-ante verifications, mainly due to the nature and the organisation of the schemes / budget posts. They are planned in such a way as to have a supplementary effect to the ex-ante verifications.

They are based on a risk analysis where all budget posts are assessed on the basis of a set of risk factors and they are prioritised according to the identified risks. The ex post verifications are emphasising the budget posts with the highest risks.

Furthermore, since 2013, the Budget and Verification Service has established a structured approach on the preliminary assessment of the internal controls incorporated in the local computer applications. This is based on a checklist, including questions on the documentation of the system, the existence of users' manuals and training, granting access rights and passwords, checks on data input, existence of log-books and coherence checks, communication with other applications, reconciliations with FINORD, etc. This control work is also particularly useful in the context of the future examination of the computer applications by the Accounting Officer, in view of the validation of these applications according to Article 68.1 (e) of the Financial Regulation and Article 56 of the Application Rules.

In 2014, the Budget and Verification Service did not carry out extensive ex post control work because an election year usually requires extra workload for the ex ante verification: for example, the verification of the bank accounts of the new Members, of some 400 payments for the transitional allowance to departing Members, etc.

The ex post control work in 2014 was limited to the

- conclusion of the discussions with the Operational Unit and preparation of the report for Parliamentary Assistance (overview of the findings in the AAR 31/12/2013);
- conclusion of the discussions with the Operational Unit and preparation of the report for Invalidity and Survivors' Pensions (overview of the findings in the AAR 31/12/2013);
- completion of the ex post control made in 2013 on the Retirement Pensions with the examination of additional cases specific to the retroactive indexation of the French pensions made at the end of 2013.

The overall impression from the controls made on the retirement pensions was rather positive, in the sense that no financial errors were detected.

However, our examination confirmed the need for certain improvements to be introduced, most of them already recommended following previous controls:

- a) To examine the possibilities for better documentation of the lack of other pensions from national authorities, which will have to be deducted from those paid by EP,
- b) To identify certain documents missing from the beneficiaries' files,
- c) To use operational checklists, so that to improve the documentation of the work actually executed by the operators of these pensions
- d) To examine the possibilities of introducing coherence checks in the computer application PEVIDE, so that the management of the scheme become more efficient.
- e) Formalising the communication with the French and Italian National Assemblies on the legal provisions applied and the calculations made for the payment of the national pensions, so that to ensure that the pensions paid by EP are in line with those paid by these Member States.

## **6.7. Sensitive posts**

### **6.7. Fonctions sensibles**

In 2007, DG FINS carried out an enquiry on the sensitive posts, on the basis of the instructions applicable at that time. The results of that enquiry and of the annual reviews of the situation of sensitive posts were included in the Annual Activity Reports of the Director General from 2007 to 2010.

In 2011, DG PERS, in co-operation with DG FINS, proposed a new methodology for identifying sensitive posts. This methodology broadened the scope and improved the identification of sensitive posts. It attached importance to the control environment for compensating the risks resulting from the "sensitive" character of certain posts and offered a flexible set of reactions for compensating for any residual risks.

DG Finance adopted a "bottom-up" approach in order to identify in a reliable manner the sensitive posts but also to increase awareness of the Units about the risks resulting from such posts and for encouraging them to adopt appropriate compensating controls.

According to the method and to the checklist adopted, each Unit had to assess each post on the basis of 12 criteria, of which 4 criteria concerned the assessment of the risks resulting from the post and 8 criteria concerned the assessment of the control environment. Each post could be assessed up to a maximum 120 points.

The method included a comparison of the risk points to the points attributed to the compensating controls. If the difference was positive (i.e. if the total risk was assessed as higher than the control environment), then it had been recommended to the Units to have an interview with the post holders, in order to assess their awareness of the related risks and to listen to their views as to possible / necessary improvements.

Following this interview, the Head of Unit had to make his judgement as to if he could accept the residual risks. He had also been asked to propose appropriate actions for improving the control environment and reducing the risks at an acceptable level. These could take the following forms:

- a) Re-organisation of services, with the view to modifying the environment for the performance of the sensitive tasks
- b) Reinforcing the control environment of the sensitive tasks
- c) Rotation of the specific sensitive tasks performed by the job holder or a more general rotation within the same administrative environment, so that staff members change all tasks
- d) Mobility, so that the job holder may be transferred to a different administrative environment (other DG or other Directorate, etc.) to exercise different tasks.

The checklists of each Unit were then reviewed by the management of the DG. In general, the assessment of the sensitivity of the DG Finance posts showed that there are many posts of a "sensitive character" in the sense that they can influence decisions, mainly financial (e.g. initiators), they often provide access to sensitive information (e.g. Members' financial rights, bank accounts, etc.), they require specialised knowledge, etc. However, the assessment showed that the existing "control environment" is sufficient to compensate for the resulting risks. In certain cases however, this assessment identified the need for introducing further improvements in the control environment.

Following the first application of this system in 2011 in DG Finance, the Secretary General took over the methodology as general approach for all administrative sub-systems of the General-Secretariat and charged the Central Financial Unit of DG Finance to convey this methodology to the other DGs in 2012.

In 2012, DG Finance reviewed and updated the assessment for the posts with modifications in the tasks / functions. Also, it completed its examination with the assessment of the posts in the newly creating unit dealing with the Restructuring of the Financial Information Systems (rFIS). This assessment showed a relatively sensitive character of these new posts but the corresponding "risks" were considered as "acceptable". Furthermore, in 2012, it implemented a number of open actions in relation to the posts identified in 2011 as sensitive, namely in the Accounting and Treasury Unit, the Travel Office and the Political Structures Financing and Inventory Unit. The measures included the withholding of signature rights, the reinforced supervision by the Head of Unit, a clearer separation of responsibilities and additional checklists.

During 2013, DG Finance reminded to the services that if new posts are created or if job descriptions are changed, their "sensitivity" should be assessed and the management should be informed of any possible risks and of the necessary control measures adopted.

On the basis of the assessment work made and the improvements introduced, DG Finance takes the view that any risks identified, as resulting from the sensitive posts, could be considered as acceptable or sufficiently compensated by the existing control environment. However, it will be necessary to monitor the situation in the coming years, mainly in the framework of the ex post controls and of the activity reports, so that to identify further risks which may exist and the most appropriate actions which may be required to further improve the control environment.

## 6.8. Assessment of the implementation minimum internal control standards

## 6.8. Evaluation de la mise en oeuvre des normes minimales de contrôle interne

### Self-assessment summary table

(based on 2002 standards)

2002 standard No	2014 standard No	Achieved	Almost	Partly	Started	To be started / NA
<b>Section 1: Control environment</b>						
1. Ethics and integrity	2	X				
2. Mission, role and tasks	1	X				
3. Staff competences	3	X				
4. Staff performance	3, 4	X				
5. Sensitive posts	7	X				
6. Delegation	7	X				
<b>Section 2: Performance and risk management</b>						
7. Setting of objectives	5	X				
8. Multiannual programming	n/a	X				
9. Annual Work Programme (AWP)	5	X				
10. Monitoring performance against objectives and indicators	5	X				
11. Risk analysis and management	6	X				
<b>Section 3: Information and communication</b>						
12. Ad hoc management information	12, 13	X				
13. Mail registration and archiving systems	11, 12	X				
14. Reporting of irregularities	12	X				
<b>Section 4: Control activities</b>						
15. Documentation of procedures	8, 13		X			
16. Separation of tasks	8		X			
17. Supervision	9	X				
18. Recording of exceptions	8	X				
19. Business continuity	10	X				
<b>Section 5: Audit and evaluation</b>						
20. Identification and correction of internal control weaknesses	15	X				
21. Audit reports	16	X				
22. Annual review of internal control	15	X				

2014 standards/2002 standards conversion table (for information only)

N° norme 2014	N° norme 2002	achevée	presque	en partie	démarrée	à démarrer / NA
<b>Section 1: Mission statement and values</b>						
1. Mission statement	2					
2. Ethical and organisational values	1					
<b>Section 2: Human resources</b>						
3. Allocation of staff and mobility	3					
4. Staff assessment and development	3, 4					
<b>Section 3: Planning and risk management</b>						
5. Objectives and performance indicators	7, 9, 10					
6. Risk management procedure	11					
<b>Section 4: Operations and control activities</b>						
7. Operational set-up	5, 6					
8. Processes and procedures	15, 18					
9. Management oversight	17					
10. Business continuity	19					
11. Document management	13					
<b>Section 5: Information and financial reporting</b>						
12. Information and communication	13, 14					
13. Accounting and financial information	12					
<b>Section 6: Evaluation and auditing</b>						
14. Evaluation of activities	n/a					
15. Evaluation of internal control systems	20, 22					
16. Audit reports	21					

**Comments on the outcome of the annual self-assessment of MICS performance**

1. Standards assessed as '**achieved**' – good practices

Standard no	Title	Remarks on achievements
1	Ethics and integrity	<u>Achieved</u> : following instructions of the DG in January 2012, the Services reminded to their staff members the provisions in the code of conduct and other relevant documents.
2	Mission, role and tasks	<u>Achieved</u> : setting of annual objectives is part of the first periodic report and of the annual staff assessment procedure, the job description is a requirement for publishing a vacancy, the individual objectives for staff members are set annually in the staff reports, etc.
3	Staff competence	<u>Achieved</u> : Job requirements are mentioned in the vacancy notices, recruitment interviews are structured and are carried out in the presence of officials from other services and / or of the HR official, training needs for staff are discussed in the annual staff assessment procedure and in the management meetings, etc.

4	Staff performance	<u>Achieved</u> : staff reports follow the general procedures established by DG PERS.
5	Sensitive posts	<u>Achieved</u> : Full assessment of all DG FINS posts was made in 2011 and the few identified risk cases were followed up. In 2012, DG FINS co-ordinated the same exercise through all DGs on the basis of its own procedures adopted and applied in 2011. The issue of sensitive posts was also discussed in the management meetings of 15/1/2013 and of 22/5/2013. It was particularly reminded that if new posts are created or if job descriptions are changed, their "sensitivity" should be assessed and the management should be informed of any possible risks and of the necessary control measures adopted.
6	Delegation	<u>Achieved</u> : Delegations and sub-delegations are made according to the established procedures, they are co-ordinated by the Budget Unit of DG FINS, delegation decisions can be introduced in FINORD only by the FINORD administrator, etc. Additional rules were established by the AO for the sub-delegation in the case of tender procedures (Note on the re-organisation of tender procedures of 14.12.2011 (GEDA D(2011)60931). Also, in the management meeting of 22/5/2013, it was reminded to the Units that delegations for non-financial matters should be given in case of an absence exceeding one day.
7	Setting of objectives	<u>Achieved</u> : In 2012, following proposals of the working group and discussion in the management meetings of 14/12/2011, DG FINS made clear the specific objectives (or targets) to be achieved when carrying out its core tasks. These are referred to in chapter 1 of the AAR.
8	Multiannual programming	<u>Achieved</u> : The financial statements for the preparation of the annual budget include objectives and budgetary estimates for the 3 following years, for each budget post. DG FINS activities requiring expenditure over several budget years are closely monitored (cf. actuarial studies for the different pensions for Members, provisions for the possibility by Members to request certain reimbursements until 31 October of the subsequent year, taking into account the specificities of election years, carry-overs etc.). DG FINS monitors budgetary needs for major projects of the EP lasting over longer periods, in particular the building sector, <i>inter alia</i> to ensure consistency with the credits available under the Multiannual Financial Framework.
9	Annual Management Plan	<u>Achieved</u> : DG Instructions to Services in January 2012 to introduce work plans and activity reports in the form of summary tables outlining their tasks, quantifying the human resources available, presenting their activity indicators and indicating the human resources (man-days) devoted to each of the main task.
10	Monitoring performance	<u>Achieved</u> : Please see below Annex 9 to this Report.



11	Risk management	<u>Achieved:</u> Risk management policy has been reviewed in 2011 on the basis of the new risk management manual of EP and discussions with the EP Risk Management Service. Please see chapter 3 of this Activity Report. Since risk is meant to be the "uncertainty on the achievement of objectives", the progress on the performance assessment through indicators (please see ICS No 7, 9 and 10) will provide further useful information in respect of risk management. Every year, DG FINS meets twice with the EP Risk Manager and discusses various issues and it updates the risk register.
12	Ad hoc management information	<u>Achieved:</u> In 2012, the Budget and Verification Service prepared summary monthly reports on the execution of the budget, supplementing the existing monthly tables on budget implementation and briefed the Authorising Officer by delegation on a weekly basis on important budgetary developments and potential risks. Also, budget implementation and risks were regularly discussed in the DG FINS Management meetings.
13	Mail registration and filing systems	<u>Achieved:</u> In 2008, DG FINS archives were decentralised at the level of Units, which adopted their own archiving procedures. In 2012, DG FINS adopted its Filing Plan (CARDOC) and the Budget and Verification Service examined the archiving and registration procedures of the Units and drafted detailed instructions, taking into account the recent Bureau decisions on treatment of confidential information and in document management as well as, personal data protection issues. These instructions were adopted by the Director General in December 2012. The procedures for the registration of contacts with Members and assistants are partially under revision.
14	Reporting improprieties	<u>Achieved:</u> This standard is covered by the actions mentioned under ICS No 1. Also, in the management meeting of 22/5/2013, DG Finance reminded to the services that if they identify a serious error in the processing of claims, they should inform the hierarchy of the problem and of the steps that they intend to take for its settlement.
17	Supervision	<u>Achieved:</u> Supervision arrangements have been adopted by the Units, as appears in the manuals and confirmed from the replies in the framework of the sensitive posts enquiry. Ex post controls are carried out by the Budget and Verification Service, following the annual risk analysis for all budget posts.
18	Recording exceptions	<u>Achieved:</u> Exceptions and other observations are recorded in FINORD by the ex-ante verifiers and outlined in Annex 3 of the Annual Activity Report.

19	Continuity of operations	<p><u>Achieved:</u> In 2012, the Budget and Verification Service reviewed existing information in this respect with a special emphasis in aspects concerning the initiation of payments for Parliamentary Assistance, the signature of payments by the Imprest administrator, the annual closure by the Inventory team, the risk of strike by the Travel Agency staff, the frequency of back up of computer files, etc. It appears that despite some small "risks" which may exist given a certain shortage of staff, the Units are aware of the need for "continuity of operations" and took appropriate steps (recruitment, back-up officials, etc.) to address these issues. Furthermore in 2013, DG Finance reminded to the services that for all posts and especially for those with management duties and/or with key functions (e.g. authorising officers by sub-delegation, operational and financial initiators, verifiers, etc.), there should always be a staff member as a back-up, able to take up their tasks, if need be. Managers should keep their hierarchy regularly informed on the state of play of the various operations. Especially when managers are to leave or to change service, they should prepare a hand-over, in the form of the "dossier de transmission" proposed by DG PERS, outlining the outstanding matters, those implying risks in their work and, where applicable, the "state of existing operations" in the meaning of Article 5(11) of the Internal Rules, informing and facilitating thus their successor to deal with them afterwards.</p> <p>Further, the minimum level of staff presence necessary to guarantee proper functioning and continuity of the services in different situations has been defined for each service.</p>
20	Recording and correction of internal control weaknesses	<p><u>Achieved:</u> For weaknesses identified during the ex post controls or in the daily management, there is a follow up either on the basis of correspondence with the Units concerned or on the basis of a follow up control two years after the initial recommendations were addressed. In the case of recommendations addressed by the IAS, there is a monitoring system for implementation (please see ICS No 21 below).</p>
21	Audit reports	<p><u>Achieved:</u> The observations included in the Audit Reports by the Internal Auditor and / or the Court of Auditors are followed up at central level to ensure that the recommended actions for improvement are implemented by the competent services. This task is facilitated by the bi-annual reporting of outstanding actions by the IAS, which started from 2012.</p>
22	Annual review of internal control	<p><u>Achieved:</u> A detailed review of the Internal Control Framework in DG FINS took place in 2011. In 2012 and 2013, beyond the annual review, specific aspects of ICF were followed up (performance assessment, registration and archiving, etc).</p>

2. Standards assessed as '**almost achieved**' – further work required

Standard no	Title	<u>Measures to be taken</u>
15	Documentation of procedures	<u>Almost achieved</u> : In 2010, the Operational Units of DG Finance adopted procedure manuals for most of the budget posts that they manage. In 2013 they were asked from the DG to update the existing manuals and to adopt procedure manuals for the few missing financial sub-systems and for other essential sub-systems, even if they do not have a direct financial impact. This work was made in 2013 for several budget-posts but was not completed. The outstanding work concerns mainly posts where essential elements of the management framework are reviewed before the European elections. The remaining manuals will be updated as soon as this review is concluded.
16	Segregation of duties	<u>Almost achieved</u> : The financial circuits in place, in conformity to the rules, ensure the segregation of duties: FINORD recognises as incompatible the roles of initiator, ex ante verifier and authorising officer; the FINORD administrator could be an initiator but not an ex ante verifier or an authorising officer; the Accountant is not an authorising officer, etc. The Finord administrator verifies annually that active access rights in FINORD correspond to the appointment decisions. The only concern in respect of segregation had been the need to better formalise the procedures for granting and withdrawing access rights to the local computer applications producing batch payments because operating such applications has a similar effect as initiating payments. The instructions on registration and archiving mentioned under ICS No 13 include clear requirements for the Co-ordination Unit to review all active access rights and for the operational Units to confirm and closely monitor these rights. This Unit is currently working on this in cooperation with the Budget Verification Service.

3. Standards assessed as '**partly achieved**' or '**started**' – weaknesses and practices

N/A

4. Standards assessed as '**to be started**' or '**non-applicable**'

N/A

## 6.9. Activity and performance indicators / 6.9. Indicateurs d'activité et de performance

Directorate	Unit	Topic	Metric	2013	2014	Comments
Directorate General	Budget and Verification Service	Risk management	Number of transactions verified	1,923	1910	
		Risk management	Number of requests for transfer of credits prepared	11	5	The drop in the number of transfers points towards an improved anticipation of credits within DG FINS.
		Risk management	Number of cases of establishment or modification of rights validated	57	872	The significant increase from 2013 to 2014 is due to the specificity of an electoral year. 410 cases were related to new MEPs (for the salaries) while 417 cases concerned the transitional end of service allowance for outgoing MEPs.
		Tenders support	Number of opinions provided	16	7	
		Tenders support	Number of controls in tender/contracts documents	19	12	
		Tenders support	Number of Validations MARCHES/CONTRATS/BCDES DANS WEBCONTRACT POUR PREPARATION BASE DONNEE SAP	0	27	Since 01/01/2014 all tender-related contracts have to be booked in Webcontracts.
		Budgetary Documents	Number of payment orders	1,359	1408	
		Budgetary Documents	Average delay of validation of payment orders (calendar/working days)	4.4/3.1	3.9/2.8	The number of payments varied little compared to 2013, but the verifying time could be decreased.
		Budgetary Documents	Number of regularisation of imprest payments	373	620	
		Budgetary Documents	Average delay of validation of regularisation of imprest payments (calendar/working days)	5.9/4.2	4.6/3.3	Although the number of regularisations has increased considerably, these could have been validated faster on average.
		Budgetary Documents	Number of commitments	129	124	
		Budgetary Documents	Average delay of validation of commitments (calendar/working days)	1.8/1.3	1.8/1.3	
		Budgetary Documents	Number of recovery orders	62	73	
		Budgetary Documents	Average delay of validation of recovery orders (calendar/working days)	19.3/13.8	6.3/4.5	To be noted that the average in 2013 was considerably distorted by 3 RO settled in more than 100 days. In the absence of those 3 Ros, the average delay would drop to 4,0 days, respectively 2,9 days. The sharp drop of the average days between 2014 and 2013 should be red in this context.
Directorate A	Budget Unit	Budget	Number of reminders for periodic activity reports	2	0	
		Budget	Number of transfers approved	62	80	
		Financial statements	Number of financial statement treated	256	149	
		Administrative works	Number of emails treated	5,301	4,027	
	Accounting and Treasury Unit	Payments	Average time period between the receipt of the payment orders and the sending of the corresponding payment instructions to the bank (working days)		1,5	
		Payments	Time period between the payment instructions given to the bank and the receipt of the funds by the Parliament's Information Offices (working days for payments in EUR / working days for payments in other EU currencies)		1 / 2	
		Payments	Average time period between the receipt of invoices and the sending of the invoices to the competent Authorising Officer's Services (working days)		1	
		Miscellaneous	Number of observations by the Court of Auditors on the financial accounts of Parliament		0	
	Central Financial Unit	Helpdesk	Number of questions in writing	276	224	
		Helpdesk	Number of registered questions outside helpdesk	44	21	
		Training	Number of regular training courses (and participants)	65 (716)	74 (640)	
		Training	Number of participants to specific training sessions	83	45	8 specific training sessions held in 2014 (5 in 2013)
		Public procurement	Number of files treated	18	18	
		Public procurement	Number of referrals for opinion exceptional negotiated procedures	21	17	
Miscellaneous		Number of overrulings recorded	17	10		
Miscellaneous		Pct of invoices paid outside the applicable deadlines	9%	12%		
	Miscellaneous	Total amount of interests paid	€0.162	€14.863		
Members' salaries and Social Entitlements Unit	Salaries	Number of MEPs receiving the statutory salary	735	1.176	Increase due to the impacts of the electoral year	
	Salaries	Number of "opt-out" MEPs	31	13		
	Transitional allowance	Number of beneficiaries of transitional allowance	7	359	Increase due to the impacts of the electoral year	
	Pensions	Number of beneficiaries of invalidity pension (PEAM Annex II)	4	4		
	Pensions	Number of beneficiaries of survivor's pension (PEAM Annex I)	48	44		
	Pensions	Number of beneficiaries of retirement pension (including survivors) (PEAM Annex III)	375	386		
	Pensions	Number of beneficiaries of the additional pension scheme (including survivors) (PEAM Annex VII)	646	720	Number of sitting MEP who are deferred P: 88	
	Pensions	Number of beneficiaries of "old age scheme" (statutory pensions schemes)	12	22		
	Pensions	Number of beneficiaries of "survivors scheme" (statutory pensions schemes)	5	12		
	Insurance	Accidents: Number of claims initiated	13	14		
	Insurance	Accidents: Number of claims closed	21	15		
	Insurance	Accidents: Number of pending claims	20	13		
	Insurance	Accidents: average claim processing length (weeks)	110	64		
	Insurance	Theft and loss: Number of claims initiated	27	22		
	Insurance	Theft and loss: Number of claims closed	24	21		
	Insurance	Theft and loss: Number of pending claims	6	1		
	Insurance	Theft and loss: average claim processing length (weeks)	11	6		
	Insurance	Repatriation: Number of claims initiated	9	6		
	Insurance	Repatriation: Number of claims closed	6	7		
	Insurance	Repatriation: Number of pending claims	5	4		
	Insurance	Repatriation: average claim processing length (weeks)	10	6		
	MEPs with	Number of beneficiaries	2	6		
	Medical expenses	Number of claims processed	2,846	2,747		

Directorate B	Parliamentary Assistance and Members' General Expenditure Unit	Medical expenses	Number of MEPs in opt out" situation	55	59		
		Medical expenses	Number of insurance cards issued	51	962	Increase due to the impacts of the electoral year	
		Miscellaneous	Number of bank accounts (MEPs) under management	4.085	6.758	2673 bank accounts have been created/modified in 2014	
		Parliamentary assistance	Number of regularisation files treated	630	1.225	2 regularisation exercises took place in 2014	
		Parliamentary assistance	Number of reminders and letters sent to paying agent and MEP's	1.073	3.971	Reinforcement of controls in 2014	
		Parliamentary assistance	Parliamentary assist. allowance (new introductions and modifications of files)	22.577	24.643		
		Parliamentary assistance	Number of payments and other related operations (January to December)	81.005	68.117	Decrease due to the impacts of the electoral year	
		Parliamentary assistance	Files modifications and new contracts of accredited assistants	2.001	2.401		
		Parliamentary assistance	Files missions "three places of work"	9.634	8.991		
		Parliamentary assistance	Files missions "outside three places of work)	4.647	3.880	Decrease due to the impacts of the electoral year	
		General expenditure allowance	Number of payments of General Expenditure allowance	9.208	10.340	Decrease due to the impacts of the electoral year	
		General expenditure allowance	Amounts deducted from General Expenditure allowance	531	468		
		Miscellaneous	Number of accountancy orders FINORD established	73	139		
	Members' Travel and Subsistence Expenses Unit	Settlement/Cash office	Total number of records of expenses	221.688	216.153		
		Settlement/Cash office	Total amount of settlements	€74.313.491	€71.047.866	Decrease due to the impacts of the electoral year	
		Settlement/Cash office	Number of recovery orders	1.580	1.165	With the introduction of double validation, There was substantially less recovery and complementary notes in the second semester. Nevertheless, the introduction of an important number of itinerary in the system for the new term has still generated corrections post payment for travel allowances (ID/IT)	
		Settlement/Cash office	Total amount of recovery orders	€489.529	€234.954		
		Settlement/Cash office	Number of complementary payments	614	547		
		Settlement/Cash office	Total amount of complementary payments	€60.972	€52.165,00		
		Settlement/Cash office	Total amount regularised	€93.308.885	€73.789.481	Decrease of the amount linked to the electoral year	
Settlement/Cash office		Errors detected during the control of pre-payments	17	5	This check has been dropped in July after the introduction of the new double validation system		
Imprest payments		Total number of bank transfers executed	20.769	34.043	Increase due to the introduction of automatic payment of daily allowances		
Imprest payments		Total amount of payments executed	€74.293.210	€70.669.532	Decrease of the amount linked to the electoral year		
Imprest payments		Delays in the payment: reimbursement requests presented to the cash office (days)	5	5			
Imprest payments		Delays in the payment: BCD invoices (days)	4	4			
Directorate C		Travel Office and Members' Professional Training Unit	Travel office	Airline tickets	48.003	41.323	The decrease of 12,6 % compared to 2013 is linked to the fact that 2014 was the year of European elections. There was no parliamentary activity between the 18 April and 30 June 2014 and therefore less travel. In addition, the number of delegations authorised for the second half of the year was very limited.
			Travel office	Refund airline tickets	8.319	7.034	
			Travel office	Rail and Ferry tickets	61.839	56.994	
			Travel office	Refund rail and ferry tickets	5.455	6.380	
			Travel office	Hotel bookings	21.999	16.126	
	Travel office		Refund hotel bookings	2.298	1.296		
	Professional training		Language courses abroad reimbursed	102	92		
	Professional training		Language courses in Brussels/Strasbourg/home country reimbursed	183	182		
	Professional training		Purchase of self-learning material reimbursed (mainly language material)	14	15	Including distance language courses	
	Professional training		Computer courses	12	22		
	Professional training		Payment orders	309	328		
	Professional training		Hours followed with EP professors	1.848	1.750		
	Professional training		Number of MEPs having followed language courses abroad	74	78		
	Professional training		Number of MEPs having followed internal language courses	112	163		
	Professional training		Number of MEPs having followed external language courses in BXL/SXB/home country	100	115		
	Professional training		Number of MEPs having followed external computer course	11	20		
	Professional training		Number of MEPs having purchased a self-learning material	12	10		
	Professional training		Number of errors detected	0	0		
	Professional training		Number of corrections made (recoveries, compensations, additional payments...)	5	2		