

Committee on Budgetary Control  
The Chair

ANNEX I

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Mr Antonio Tajani  
President of the European Parliament  
Brussels

**Subject: Opinion of the Budgetary Control Committee on the use of the appropriations for financial year 2016 by the ENF Group with regard to the 'Rules on the use of appropriations from budget item 400'**

Dear President,

Thank you for your letter dated 11 January 2018. In this letter you informed me that **out of the eight financial reports** in respect of the financial year 2016 submitted by political groups, **seven were approved by the Bureau**. The financial report of the ENF group, however, received a qualified opinion from the external auditors. The Bureau subsequently asked the ENF Group to provide further clarifications.

In your letter you explained that, further to the Bureau request, the auditor of the ENF Group provided the Parliament with three tables detailing the expenditure that had given rise to their qualified opinion. In addition, the treasurer of the ENF Group sent a reply to the Secretary-General reacting to the auditors' opinion. Finally, Parliament's competent service delivered a note evaluating the initial and supplementary reports, as well as the note from the ENF treasurer.

On the basis of these documents, you requested a CONT opinion pursuant to Article 2.7.4 of the Rules on the use of appropriations from budget item 400, adopted by the Bureau on 30 June 2003. CONT coordinators approved the opinion at their meeting of 19 March 2018 which was subsequently endorsed by CONT committee on 22 March 2018. Please find enclosed the opinion of the CONT committee on the above-mentioned issue.

Yours sincerely,



Dr Inge Gräßle

## OPINION FOR THE BUREAU

### on the use of the appropriations for financial year 2016 by the ENF Group with regard to the 'Rules on the use of appropriations from budget item 400'

The Committee on Budgetary Control,

- having regard to Article 2.7.4 of the Rules on the use of appropriations from budget item 400 (the Rules),

#### *Comments on the qualified audit opinion of the ENF group*

1. Notes with concern that the external auditors of the ENF Group issued a qualified opinion in its initial and supplementary audit report with regard to the execution of the budget during the financial year 2016 by the ENF Group; the reports enumerate several instances of non-compliance with the dispositions laid out in Parliament's Rules, in particular a lack of adequate supporting documentation, non-compliance with the procurement procedures set out in the Rules and several cases of non-compliance with the principle of sound financial management; takes note that these non-compliant expenses are related to payments made in 2016;
2. Takes the view that where the costs were not supported by adequate evidence, the funds should be recovered from the ENF Group; this seems to be applicable to costs for up to EUR 38 889,91;
3. Is of the opinion that, in cases of non-compliance with the procurement rules (article 2.3 of the Rules), the amounts spent in breach of the rules, with higher than the allowed threshold for the political groups' procurement procedures, and without supporting evidence received, should be recovered; in addition, the amounts related to payments made without procurement procedure and showing possible conflicts of interests should be recovered; this seems to be applicable to costs for up to EUR 388 278,60;
4. Considers that the representation costs should be reasonable and spent according to the principle of sound financial management, as defined by each individual political group; insists that the costs identified by the external auditor as non-compliant with this principle should be reimbursed to the Parliament; acknowledges that the ENF group adopted its internal guidelines limiting the expenditure for meals and gadgets only in 2017, and that these guidelines cannot be applied retroactively for the 2016 expenditure; emphasises however, notwithstanding the non-existence of these guidelines in 2016, that meals costing EUR 400 per person are not reasonable nor compatible with the principle of sound financial management, and therefore not acceptable; the same should apply to 110 individual Christmas gifts worth EUR 100 each;
5. Asks the ENF Group to communicate to the Bureau and the CONT Committee the recipients of the 228 bottles of champagne, as well as of additional 6 bottles of a value of 81 EUR;
6. Is of the opinion that the internal control system of the ENF Group should be reinforced, mainly by:
  - including a definition of reasonable costs for gifts and representation in its



- internal rules;
- registering gifts exceeding the value of 60 EUR and its recipients;
- restricting the reimbursement of food and beverage gift items from the budget item 400, except for gadgets valued less than 1 EUR;
- communicating clearly the internal guidelines on the use of appropriations to each Member;

*Recommendations for improved management of the political groups' funds*

7. Believes that each political groups should set by itself the rules for gifts and representation costs; insists that these rules should be compatible with the principle of sound financial management; emphasises the expenses related to gifts and representation costs should be constantly monitored by the financial service of each group;
8. Insists that the political groups should not offer gifts to their own Members paid from EU funds;
9. Underlines that officials and agents working for political groups have to comply with the provisions set out in the Code of conduct as adopted by the EP Bureau and Staff regulations; stresses that political groups should not offer gifts to their own staff or to any EU official or agent in EU institutions, which were paid from the EU funds;
10. Demands that gifts to third parties be individually documented as of a value of EUR 60; asks the financial services of each political group to reject claims for these kinds of the gifts without the required supporting documentation, or for these amounts to be reimbursed to the Parliament further to the audit;
11. Recalls that all Groups should follow their own financial rules in accordance with the "Rules on the use of appropriations from budget item 400"; invites the political groups to update their internal financial rules and guidelines in light of experiences made, before the end of this legislative period; insists that these updated rules and guidelines should be clearly communicated to Members, and published on the Parliament's Internet site as required by the "Rules on the use of appropriations from budget item 400";
12. Calls on the political groups to propose possibly a revision to the "Rules applicable to appropriations from budget item 400" in light of experiences made, before the end of this legislative period, and to communicate its proposal for revision to the competent body of the EP;