



Interne Organisation - Internal Organisation - Organisation interne

Finanzabteilung - Finance Unit - Unité des Finances

# FINANCIAL REGULATIONS

## EPP GROUP

**2019**

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SUBJECT TO MODIFICATIONS DUE TO TRANSLATION

## **Preamble**

The Group's Financial Regulations have again to be modified and improved, with a view to adapting it to the new EC Financial Regulations, Regulation (EU, Euratom) 2018/1046 of the European Parliament and the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union and to the Rules on the use of appropriations from budget item 400 (hereafter 400 Rules) adopted by the Bureau of the European Parliament on 30 June 2003 and subsequently amended.

Nevertheless, when adapting the Financial Regulations of the Group, the uniqueness of parliamentary groups as political bodies and their autonomy vis-à-vis the European Parliament's administration have been taken into account.

The Financial Regulations which came into force on 1 January 2013 emphasise the responsibility, penal and pecuniary, of the authorising officers, who are entrusted with a strict mandate to ensure that the Group's funds are managed in full compliance with all the principles which apply to the implementation of the budget of the European Communities.

All annexes to these Financial Regulations form an integral part of it.

In the case of any changes to the 400 Rules being approved by the Bureau of the European Parliament, these amendments to the Regulations will be reflected in the Financial Regulations of the Group. According to the 400 Rules, the EPP Financial Regulation will be published on the Internet of the European Parliament.

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## **I. General provisions**

1. These Financial Regulations form an integral part of the Rules of Procedure of the Group of the European People's Party (Christian Democrats) (EPP) in the European Parliament.
2. The purpose of the Financial Regulations is to lay down basic rules governing:
  - the establishment and implementation of the estimates of the Group's revenue and expenditure,
  - the implementation of the Group's budget,
  - the accounting,
  - the annual accounts and annual report on the financial position, on the basis of common financial regulations that apply to all political groups.
3. All decisions relating to financial matters fall under the exclusive responsibility of the Group's Presidency .
4. A two-thirds majority of all Group Members present is required to adopt the Group's Financial Regulations and/or any proposals seeking to amend them.

## **II. Establishment of budgets**

5. The Treasurer is responsible, together with the Secretary-General, for establishing each year the draft budgets of the Group's revenue and expenditure for the next financial year, which are first reviewed by the Group's Presidency. The Presidency forwards them to the Group for a decision. Where the Group has not taken a decision by the beginning of the financial year, the system of provisional twelfths based on the current financial year shall apply.

The financial year begins on 1 January and ends 31 December. During the European election year, the financial year is divided into two parts; the first part runs from 1 January to 30 June, the second part runs from 1 July to 31 December.

6. The budgets shall be accompanied by a work programme. The work programme will enumerate the concrete proposals concerning the Group's political strategy and will establish measurable objectives, defining the most appropriate operational and financial resources to achieve those objectives. The work programme will specify the budget lines allocated to the different objectives. It will include and take into consideration, inter alia:

- The calendar of Group meetings outside the seats of the EP.
- All Group initiatives and activities in general (within the EU, towards external and other Institutions, etc).
- All Group “reflection” and policy planning meetings.
- The Group’s staff policy.
- Any other Group initiatives concerning the progress of the European Union and its Institutions.

Every year, preferably in July, the Group’s Presidency will make a half-year balance of the implementation of the budget, on the basis of the relevant documentation prepared by the Group’s Finance Unit indicating the remaining financial resources still available in every budget line at the time of the half-year evaluation. The national delegations will be associated with this exercise.

In order to provide the Group with the necessary information to prepare the work programme of the next financial year, all national delegations should send to the Group Presidency, before 1 November, their activity and spending plans for the next year.

7. When the budgets are drawn up, they must also take account of the decisions of the European Parliament and of the Group on the following points:
- (a) the number of meeting days of the Group and its bodies,
  - (b) contributions and subsidies to certain organisations,
  - (c) extraordinary expenditure,
  - (d) activities of the national delegations,
  - (e) activities of Members having joined the Group in accordance with Rule 5(a) and (b) of its Rules of Procedure,
  - (f) foreseen purchases and acquisitions,
  - (g) the Group’s staff policy for the next year.

8. The presentation of the budgets shall include two parts:

- Revenue
- Expenditure

The parts shall be subdivided into chapters, articles and, where necessary, items. The balance of the last financial year shall be entered in one of the two parts.

Unused appropriations from a financial year may be transferred to the following financial year up to a maximum of 50% of the annual appropriations received from the European Parliament’s budget.

Amounts exceeding 50% shall be repaid to Parliament’s budget after the accounts have been closed and the external auditor’s report submitted to the Secretary General of the European Parliament.

Neither a national delegation (as far as the decentralised funds allocated to it by the Group are concerned) nor the Group, can transfer to the next financial year unused appropriations exceeding 50% of the annual appropriations received from Parliament (in the case of the Group) or from the Group (in the case of national delegations).

The budget shall be presented on the basis of the binding common layout established for all Political Groups in the 400 Rules.

(a) Revenue

The Group's revenue derives in particular from the annual payments received from the European Parliament

- from the interest revenue on these sums,
- from transfers from the previous year.

(b) Expenditure

Expenditure covers in particular:

- the cost of the Group's secretariat,
- the cost of the Group's political activities,
- the cost of the Group's information policy.

The detailed enumeration of expenditure shall be set out in a chart of accounts of items agreed jointly by all political groups. It may involve funds both for centralised Group activities and for decentralised activities.

All revenue and expenditure is included in the budget with their full amounts. No revenue may be generated, no commitment or payment made without reference to a chapter, an item or a line within the budget.

### **III. Implementation of budget and accountability**

#### Prior authorisation

9. Decisions on the implementation of the budget are the responsibility of the Political Groups. The budget shall be implemented in full compliance with the principle of prior authorisation by the competent Group authority and in accordance with the principle that authorisation and validation of expenditure on the one hand and accounting on the other are separate functions.

When seeking prior authorisation for expenditure by the Group, the following procedures must be applied by Group Members and officials:

- a) Any request by Group Members involving expenditure by the Group in the framework of budget lines B5.2 (Other meetings and conferences), B5.3 (Representation expenses) or any special project carried out in the name of the EPP Group must be made in writing, in a letter addressed to the Group's

President before the event and with copies to the Group's Treasurer, the Secretary-General and the Head of the Finance Unit in the Group's Secretariat.

The name and the logo of the EPP Group must be clearly and prominently mentioned in connections with any political or information activity financed by the appropriations entered under Item 400.

The request will explain in detail the activity and expenditure proposed, as well as its foreseen duration, and will quantify the expected costs attached to it. Any request will only be considered authorised when the Group's Presidency has given its approval to it in one of its meetings.

The requests for authorisation shall be submitted to the consideration of the Group's Presidency in a single document, reviewed by the Group's Finance Unit and included in the agenda and dossier of the Presidency meeting concerned, presenting them in a summarised but clear form and with indication of the expenditure involved to outline the availability of funds and the conformity of the requests with the Group's rules.

A debate and specific decision on any of the proposals contained in the document will take place whenever so requested by any Member of the Presidency. Otherwise all proposals contained in the document will be considered approved at the end of the meeting.

b) In the case of expenses incurred by Members for missions carried out in the name of the EPP Group outside the European Union, each request must be first submitted to the Chairmen of the working groups responsible for the policy area related to the proposed mission and justified in writing.

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When the amount involved is not higher than €10.000, the Group's Treasurer, in concertation with the Secretary-General, can approve it without having to consult the Group Presidency.

c) The new 400 Rules of the EP provide that travel expenses for missions carried out in the name of the EPP Group and of European content inside the country of election (in a locality at least 150 km from the Member's residence) can be paid from budget line 400.

Each request must first be submitted to the Treasurer of the Group and be justified in writing. An estimate of the expenditure must be attached to each travel request.

With reference to these missions it is advisable to respect the following rules:

- reimbursement is charged to the centralised budget of the Group.
- the location of the mission must take place at a distance of more than 150 km from the Member's residence

- before the start of the mission, the Member must have sent a mission request to the Finance Unit and the Treasurer of the Group
- reimbursement will be made on the basis of the cost of the journey or on the basis of the cost of 1st class travel by train if the journey was made by car.

d) Any request by officials of the Group involving expenditure of any kind by the Group must be made in a commitment of expenditure form. The Heads of Directorates, if they agree to the expenditure, will sign it and forward it to the Head of Finance Unit for verification of compliance with the rules and availability of funds and, where necessary according to these Regulations, to the Secretary- General.

It is understood that routine implementation, through individual expenditure commitments throughout the year, of current expenditure, unless of an extraordinary nature, and when falling within the provisions of the Group's budget and work programme, does not require explicit approval by the Group Presidency. As regards expenditure under budget line B.6 (publications), the Group may decide to set up an advisory body on the Group's publications.

#### Authorising officers

10. The Group is responsible for the use of the appropriations put at its disposal by the European Parliament.

The Group, represented by its President, delegates the function of authorising officer in the Group's Secretary-General who acts as main delegate authorising officer.

The Secretary-General establishes the regime of delegations and sub-delegations of the authorising officer's functions to other officials of the Group, and appoints the delegate authorising officer and the sub-delegate authorising officers.

The official appointed as delegate authorising officer acts as Head of the Finance Unit. The Secretary-General will ensure that the delegate and sub-delegate authorising officers have and receive the necessary training in budgetary matters.

The Group's Presidency will appoint the names of the Group's delegate and sub-delegate authorising officers as well as their concrete responsibilities and competencies, with an indication of the amount limits per operation and the budget lines (chapters, articles and items) for which they are responsible.

The Secretary-General, in his capacity as main delegate authorising officer, and in agreement with the Group's Treasurer, can at any moment decide to put an end to any of the delegations or sub-delegations and/or appoint new delegate and sub-delegate officers. Sub-delegate authorising officers cannot delegate their functions without explicit and written authorisation of the delegate authorising officer.



The Secretary-General, assisted by the Head of the Group's Finance Unit, is the principal interlocutor with the Court of Auditors and with the specialised Departments of the European Parliament.

The delegate and sub-delegate authorising officers are responsible for committing expenditure in their respective areas of competence and within the scope of the responsibilities and competence delegated to them by the Group's Secretary-General. When committing expenditure the sub-delegate authorising officers will act in agreement with the Secretary-General. The delegate authorising officer is moreover responsible for validating expenditure and entitlements and issuing recovery and payment orders. Only officials of the European Institutions can act as delegate and sub-delegate authorising officers.

The delegate authorising officer will produce a yearly report of activities, containing all relevant information on the Group's financial situation and on the main aspects of the management of the Group's budget.

He/she will first submit this report to the Group Secretary-General before the third week of the month of January. The report will refer to the accounts of the previous financial year. The report will be accompanied by a declaration, signed by the delegate authorising officer, confirming the sincerity and reliability of the information contained in the report and that the Group's financial resources have been used for the purposes and objectives set out in the budget and work programme and in conformity with the principles of legality and sound financial management, on the basis of the authorising officer's own judgement and on the information deriving from the internal controls and audit mechanisms set up by the Group. It will also single out the main difficulties and risks found in the management of the Group budget. The delegate authorising officer will also inform, on a monthly basis and in writing, the main delegate authorising officer (the Secretary-General) of any fact that may put at risk the sound management of the Group's appropriations or that might prevent the Group from reaching its budgetary goals and of the state of execution of the budget.

11. The delegate authorising officer carries the exclusive responsibility for:
  - The establishment, verification and running of the management and internal control systems for the implementation of the Group's budget.
  - The validation of expenditure.
  - The verification that the payments made liberate the Group of its debts and are made within no more than 30 calendar days from the date on which an admissible payment request is registered.
  - Any procedure concerning public procurement.
  - The preparation and issuing of any invoices and credit notes in the case of recovery procedures.

- Archiving and storage of all supporting documents and ensuring that data in computer systems and subsystems are saved periodically and kept in a safe place.
- Preparing the annual report to the Group Presidency on the implementation of the Group budget.

The Group provides all authorising officers with an integrated computer system that allows them to properly manage the resources and expenditure for which they are responsible. The use of this system by authorising officers to manage and control any operations is obligatory.

Whenever an authorising officer considers that the instructions received might imply financial irregularities or might run counter to the principle of sound management, he/she informs immediately in writing his/her authorising officer from whom he/she has received the delegation (with copy of the information to the Group's Secretary-General in the case of the sub-delegate authorising officers). If the instructions are confirmed in writing he/she is discharged of the final responsibility concerning the consequences of the instructions. The authorising officer must nevertheless carry out the instructions unless they constitute a breach of criminal law or of the relevant safety standards.

In respect of funds earmarked for decentralised measures, national delegations and individual Members can benefit from the advice, prior to any spending, that the Finance Unit and the ex-ante controller can offer them. If no request or consultation has been made in advance to the ex-ante controller of decentralised expenses or the delegate authorising officer, any such expenditure that does not comply with this Financial Regulation, as well as with the EP Bureau Decision on the 400 Rules, will not be validated and reimbursed.

12. The purpose of the validation of expenditure by the authorising officers shall be to verify the correctness and conformity of expenditure in the light of existing provisions, in particular:
- the rules issued by Parliament for all political groups,
  - the availability of appropriations,
  - compliance with the principles of sound financial management,
  - that the supporting documents are in order,
  - the legality and amount of the sum due,
  - the existence of the creditor's claim,
  - the conditions under which payment falls due,
  - the charging of expenditure to the correct item in the budget.

The authorising officer responsible for validating expenditure shall personally verify the supporting documents or shall verify on his own responsibility whether this has been done.

### Management and control measures

13. The delegate authorising officer will describe, in a document accessible to all Members and officials of the Group, attached to these Financial Rules as Annex I, the management and internal control measures adopted to ensure sound financial management of the Group's budget. The sub-delegate authorising officers, under the direction of the delegate authorising officer, will define and document the modalities of daily management and control concerning the credits entrusted to them and include them in the above-mentioned document. This set of measures will be updated regularly when necessary.

The document mentioned in the preceding paragraph will:

- Establish who are all authorising officers, the ex-ante controller, the internal auditor, the accountants, the credit managers ("gestionnaires") and the operational managers, as well as their concrete tasks, the budget lines for which they have a responsibility and the extent of that responsibility, and the persons who might replace them in case of absence.
- Describe the organisational structure concerning the implementation of the Group budget, the existing management and control procedures and the functions of all participants.
- Define and describe the chosen indicators of financial activity (i.e., orders of payment, external activities, number of public procurement procedures, co-financed activities, invoices processed, etc).

Control measures will be set up to ensure that:

- All persons involved in the implementation of the Group budget have access to adequate, complete, precise and reliable information concerning all aspects of the tasks entrusted to them.
- That all procedures, instructions and financial rules in force are respected.
- The public goods entrusted to the Group are protected and their value preserved.
- The resources put at the disposal of the Group are used in an economical and efficient way, in accordance with the principle of sound financial management.
- Verification takes place as regards the attainment of the objectives defined in the work programme that accompanies the Group budget.
- The risks of error, mismanagement and fraud are detected and prevented.

The delegate authorising officer will appoint an ex-ante controller, who will be a member of the Group's Finance Unit but not an authorising officer. The ex-ante controller, who, in the implementation of the tasks assigned to him/her, will be fully independent from the officers initiating the expenditure and from the authorising officers responsible for validating the expenditure in question, will verify the conformity with the Financial Regulations of any commitment of expenditure and its corresponding preparatory documentation and, whenever he/she deems it appropriate, will carry out ex-post verifications that operations

financed by the budget are being or have been correctly implemented. He/she will receive written instructions from the delegate authorising officer describing the extent, frequency and modalities of the minimum controls to be carried out. He/she can carry out any additional controls deemed necessary. The Head of the Group's Finance Unit will ensure that he receives all information on all requests for expenditure and commitments of expenditure.

The ex-ante controller must indicate to the delegate authorising officer, in writing and with copy to the Secretary-General, his/her disconformity with any commitment of expenditure which in his/her view does not comply with the Financial Regulations and with the principle of sound financial management, and note his/her refusal of conformity in the computer system. The delegate authorising officer may overrule the ex-ante controller's objections doing so in a written and duly justified decision, and must note his decision in the computer system. Otherwise he will cancel the operation affected by the refusal of the ex-ante controller.

The delegate and sub-delegate authorising officers, the ex-ante controller and the internal auditor will meet regularly to:

- re-evaluate the existing management and control procedures.
- update the document (Annex I of these Financial Regulations) describing the work and procedures of the Group's Financial Unit, and the existing management and control systems.
- adapt the integrated computer system to the management and control measures if necessary.

The Group Secretary-General and the Head of the Finance Unit will ensure that all responsible officials undergo the necessary training in internal control procedures and budgetary accounting, and that their tasks are carried out with the necessary confidentiality, objectivity, competence and integrity and in a flexible way suited to the real needs of the Group.

#### Internal auditor

14. The Group Presidency will appoint among the officials of the EPP Group an internal auditor, responsible for checking that management and control systems operate satisfactorily. The chosen official will have good knowledge of budgetary accounting, bookkeeping and the Financial Regulations in force as well as user knowledge of the computer applications used by the Group.

The internal auditor, who will be fully independent from the Group's Finance Unit will encourage improvements in the way in which operations are carried out and ensure sound financial management, while helping the authorising officers to put in place and fine-tune the management and control procedures. The Group Secretary-General and the Head of the Finance Unit will ensure that the internal auditor enjoys total independence in the exercise of his/her functions as well as unlimited access to all the information concerning the implementation of the budget.

The internal auditor always addresses himself directly to the Group Secretary-General and the Head of the Group's Finance Unit and will be responsible before the Group Presidency for assessing and identifying possible risks and for the verification of the good functioning of the systems and procedures surrounding the budget implementation. His/her reports will seek to provide the authorising officers and the ex-ante controller with evaluations and recommendations on the financial activities audited. Before addressing any report in writing to the Secretary-General and the Head of the Finance Unit, the internal auditor will hold a meeting with the delegate or sub-delegate authorising officer concerned by the audit report, with a view to jointly discussing the contents of the report and the measures envisaged in it. The report will include the remarks that the authorising officer in question might have on it.

The internal auditor will ensure, among other things, that:

- Check-lists are established concerning the supporting documents and control measures requested for every type of dossier, including those linked to the integrated computer system.
- The provisions concerning the conservation and filing of supporting documents are appropriate.
- Information is provided to all other Group financial staff on the areas where improvement is necessary and/or possible.
- The internal instructions for the Group Finance Unit and to all Group Members and officials are clear and updated.
- All officials involved in the implementation of the budget apply the principle of sound financial management (i.e. try to obtain the best results in an efficient manner, at the lowest possible cost, and ensure transparency in the decision-making process, etc.).
- The control measures in place are adequate, pertinent and efficient.
- Where possible performance indicators are set up and updated.
- The Group's financial resources are used in an economical, relevant and efficient way, and the Group Financial Regulations are respected.
- Checks are regularly carried out to verify that bank account details communicated by the payees are still valid and correct.
- There is a serious follow-up of the decisions and reports, which refer to the Group's budget and financial activity, coming from:
  - Parliament's Budgetary Control Committee.
  - The Court of Auditors.
  - The Bureau of the European Parliament.
  - Its own written remarks and advice to the authorising officers or other staff of the Group's Finance Unit.

At the end of the financial year the internal auditor prepares an annual report, addressed to the Group's Secretary-General and the Head of the Finance Unit, enumerating the contents of the audit reports made through the year (weaknesses spotted, recommendations made, and measures taken accordingly).

Accountancy

15. The Presidency shall appoint the accounting officer and the assistant accounting officers. It shall compile a list of individuals who are authorised to open and make use of accounts on behalf of the Group. Such arrangements may be allowed only for two authorised signatories upwards of a maximum amount fixed by the Presidency on condition that one of them is the accounting officer or the assistant accounting officer. The accounting officer shall carry out collection and payment operations and shall be responsible for recording them properly in the accounts. The duties of authorising officer, accounting officer, ex-ante controller and internal auditor shall be mutually incompatible.
16. The accounting officer shall be responsible for executing payments. Each payment request must be addressed to the accounting officer together with a document signed by the competent delegate authorising officer stating:
  - ◆ the financial year,
  - ◆ the chapter and article in the budget and, where appropriate, any other subdivision,
  - ◆ the amount of the payment and currency,
  - ◆ the name, address and bank details of the payee,
  - ◆ the nature of the expenditure.
17. The accounting officer shall record the corresponding sums by cost type, centre, activity and payee under the bookkeeping system applicable to all political groups. He shall then activate payment via the Group's bank accounts. Cash payments shall be made only in duly justified exceptional cases.
18. The accounting officer shall, on the basis of bank statements, record entries in the financial accounts and settle the accounts of payees.
19. Where, on account of still available appropriations and foreseeable commitments during the financial year, transfers of appropriations between individual chapters or overspending of the general budget seem likely, the matter shall be referred, depending on the actual circumstances, to the following:
  - the Presidency for Chapters 1-9 with concrete proposals by the Treasurer and the Secretary-General,
  - the Plenary Assembly where overspending of the general budget is involved.
20. No commitments of expenditure may be made in the absence of the corresponding appropriations. Appropriations must be monitored in such a way as to ensure that the conduct of parliamentary business and the activity of the secretariat are not impeded through lack of funds.

#### **IV. Bookkeeping and supporting documentation**

21. The commitment and validation of expenditure as well as the various stages in the work of the accounting officer must be documented in writing.
22. The following documents must be attached to any payment request:
  - the commitment of expenditure,
    - the original invoice indicating the nature, quantity and description of the consignment,
  - proof of payment in the form of a receipted transfer slip,
  - or a copy of the bank statement in the event of payments intended for third parties that have made advance payments,
  - other forms of proof (photographs, newspaper articles or directions to geographical locations).

The following documentation must be provided for personnel expenditure:

- basis of calculation,
- contract,
- proof of deduction of insurance contributions and accident insurance or evidence of exemptions,
- in the case of work contracts, the contract as well as a certificate accepting the services provided must be produced, in addition to the invoice.

When settling the mission expenses of members and staff, the presentation of the respective forms authorising the mission, duly completed, is an essential requisite for any reimbursement by the Group.

23. Supporting documents must be numbered in chronological order.
24. Receipts identifying the recipient must be produced for all cash payments.
25. An inventory shall be established and maintained of all capitalised goods (in excess of €420 per item with a useful lifetime of more than one year) acquired by the Group and financed by the appropriations on budget line 400. The inventory will indicate the location of the goods. The Group will, for the management of the inventory accounting and in collaboration with the services of the European Parliament, use the IT system as well as the labelling system utilised by Parliament to manage its own inventories.

At the end of each financial year, the value of the inventory, sub-divided by types of assets, shall be registered in the Group's accounting records with specific items bought during that year.

26. The Group must keep the bookkeeping vouchers, as well as all documents pertaining to the implementation of the annual budget of the Group, for at least five years after the discharge granted by the Group to the Presidency and the Secretary-General.
27. As a general rule, only original documents must be produced.
28. The accounts shall be drawn up in Euro.
29. Expenditure which is incurred no later than 31 December (30 June and 31 December respectively in European election years) relating to activities which have taken place during the current financial year, may be entered as expenditure in the revenue and expenditure account if the actual payments are made no later than 31 January the following year and 31 July during the election year of the European Parliament.

#### **V. Opening of imprest accounts and advances**

30. In urgent and/or specially justified cases (such as the Group's external offices), imprest accounts may be set up for the payment of certain kinds of expenditure. All expenditure incurred by the imprest administrator must have been foreseen in a previous evaluation of the expenditure. The imprest administrator will be authorised to provisionally validate and pay expenditure on the instructions of the authorising officer responsible. The maximum amount may not exceed €30.000 for each item of expenditure. Imprest administrators will receive adequate training.
31. The commitment of expenditure must specify:
  - details of the order, name of the imprest administrator, whether a bank account is to be opened in the name of the Group, the procedures to replenish the imprest, etc.
  - the maximum amount of advances, and their purpose,
  - deadlines for submitting supporting documents,
  - the duration of the imprest account.

#### **VI. Public Procurement**

32. Unless the provider is an institution or a provider with whom the European Parliament administration has a framework contract being in force at the time



of the procurement, following an invitation to tender, all purchases must be made through procurement procedures, account being taken of political groups' specific circumstances, which are as follows:

- a negotiated procedure with at least five candidates may be used for contracts with a value of more than €60.000; there must be at least three valid tenders before a decision is taken;
- a negotiated procedure with at least three candidates must be used for contracts with a value of between €15.000 and €60.000;
- for any contract with a value of more than €15.000, a single tender shall be sufficient.

The choice of supplier or provider must be substantiated and all the procurement-related documents must be kept by the authorising officer.

Contracts shall be awarded in accordance with Article 167(4) of the Financial Regulation through a procedure taking into account Article 164(4).

Political groups may award a contract by negotiated procedure on the basis of a single tender, by way of derogation from the provisions of this article, in case the conditions referred to in Articles 6.4 of Annex 1 of the Financial Regulation are fulfilled.

The value of the contracts cannot exceed the amount of the respective ceiling of the public procurement contracts (EUR 15.000/60.000), based on the entire parliamentary term (5 years) from the same decision maker (either the delegation or individual MEP) and for the same project.

## **VII. Accounting and annual report on the financial position**

33. The Group's Plenary Assembly shall approve at the end of each financial year the financial accounts of the past financial year and shall grant a discharge to the Presidency and the Secretary-General on the basis of a report by the Head of the Finance Unit referred to in Article 30 of the Group's Rules of Procedure. In any case the discharge must take place no later than the end of the following year and nine months after the clearance of the accounts.
34. Furthermore the annual accounts of the Group shall be submitted to an external audit. The Head of the Financial Unit shall draw up his written report within four months after the Group accounts and the external audit report on the accounts should be sent to the Secretary General of the European Parliament who forwards it to the Bureau of the European Parliament. The examination by the external auditors shall be carried out in accordance with the mandate issued by the Bureau of the European Parliament. The external auditors should issue management letters formulating recommendations and observations on weaknesses noted and a certificate of the reliability of the accounts and the regularity of the operations financed.

35. The Treasurer shall make a quarterly report to the Presidency on the current state of budgetary implementation.
36. No later than 30 April of the year after the appropriations have been made available, the Group shall submit to the Secretary General of the European Parliament an audited report on the utilisation of appropriations for the past financial year, to be transmitted to the Court of Auditors. This report shall comprise a statement of income and expenditure, a balance sheet and a standardised statement, issued by the external audit body, certifying the regularity of the accounts and their conformity with these rules. These reports shall be made available to the public.

**ANNEX I****GUIDE TO MANAGEMENT AND CONTROL MEASURES****Guide to management and Internal Control Measures**

The minimum standards for Internal Control for the European Parliament can be divided into five sections:

- 1. Control Environment**
- 2. Performance and Risk Management**
- 3. Information and Communication**
- 4. Control Activities**
- 5. Audit and Evaluation**

These have been incorporated by the Finance Unit of the Group where appropriate, as follows:

**1) Control Environment****a) Ethics and integrity**

The Group should ensure that each employee of the Finance Unit has up-to-date and complete documentation covering:

- The 400 Rules
- The Presidency decisions with financial consequences
- The Vademecum
- The Group's Financial Rules

Also there should be systematic provision of information to staff on the Group's Intranet site.

**b) Mission, role and tasks**

The Group should ensure that each employee of the Finance Unit has an updated job description. These job descriptions should be kept up-to-date and be maintained and included as part of each Personnel file.

**c) Staff competence**

The Finance Unit should define together with the Human Resources Unit the knowledge and skills required for each job within the Unit. There should be an annual appraisal of each employee and full training for new employees. There should be opportunities to ensure that training needs, both external and internal, are met as soon as possible.

## d) Staff Performance

The employees of the Finance Unit should have their performance reviewed at least annually, and should have the opportunity to discuss with his/her reporting officer.

## e) Sensitive posts

Given that certain posts could be potentially vulnerable to undue financial influences, the Finance Unit should define an appropriate rotation and mobility policy.

## f) Delegation of limits

The limits by delegation to authorising officers by delegation and sub-delegation must be clearly defined and communicated in writing. Delegation must be proportionate to the importance of the decisions to be taken, risks involved and contractual commitments.

## 2) Performance and Risk Management

## a) Setting of objectives

Objectives should be verifiable and meaningful with practical measurement criteria, which should be communicated to staff.

## b) Multi-annual programming

At the beginning of each legislature the Finance Unit should establish a "road-map" of measures to be set in place to achieve the objectives intended, and the methods by which the programme should be achieved.

## c) Annual management plan

The Finance Unit should establish an annual management plan which incorporates objectives and progress indicators, and the financial and human resources necessary to achieve them.

## d) Monitoring performance

Monitoring performance against objectives and key performance indicators, particularly indicators for economy, efficiency and effectiveness, should be established for each Group activity. Management should receive reports on a regular basis for each activity and should compare results with the objectives set.

e) Risk analysis and management

The Finance Unit should, at least once a year, systematically analyse risks in relation to the main activities of the Group, and draw up appropriate action plans to address them and assign staff responsible for implementing those plans.

### 3) Information and Communication

a) Ad hoc management information

Management and Group staff members will regularly receive reliable and readily accessible information on the implementation of the budget and the use of resources.

b) Mail registration and filing systems

The Group should systematically register incoming mail to ensure timely process by the Finance Unit. Supporting documentation for accounts should be filed in a clear, logical and easily accessible manner.

c) Reporting improprieties

Ad hoc procedures, in addition to reporting to the direct superior, will be established and communicated to staff to enable them to report suspected improprieties.

### 4) Control Activities

a) Documentation of procedures

Group procedures must be fully documented, be kept up to date and be available to all relevant staff.

b) Segregation of duties

The functions of initiation, verification and authorisation of each transaction must be kept separate and carried out by different people.

c) Supervision

The Group should establish appropriate supervision arrangements including ex-post control of a sample of financial transactions to ensure that the procedures set up by management are carried out effectively.

d) Recording exceptions

The Group should establish appropriate arrangements to ensure that all instances of overriding of controls or deviations from established policies and procedures under exceptional circumstances are documented, justified and approved by the chief authorising officer.

e) Continuity of operations

The Group should establish appropriate arrangements to ensure the continuity of operations at any moment, such as the absence or replacement of an official, particularly for the roles of initiator, vericator and authorising officer.

## 5) Audit and Evaluation

a) Recording and correction of internal control weaknesses

A clearly defined procedure must be established for the identification of internal control weaknesses, and for any related updating of procedures, by the internal auditor. In consultation with the units, directorates concerned, weaknesses in internal control should be corrected.

b) Audit reports

On the basis of audit reports received (Court of Auditors, external and internal), the Group should review the recommendations therein and note the action taken in response to them.

c) Annual review of internal control

An annual review of internal control arrangements for the Group must act as a basis for the Chief Authorising Officer's report on internal control in the Annual Activity Report.