EUROPEAN
COURT
OF AUDITORS

Report on the annual accounts of the European Schools for the financial year 2018

together with the Schools' replies

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Executive summary

What is this report about?

I In accordance with the Financial Regulation of the European Schools, we have reviewed the Schools' consolidated annual accounts for the 2018 financial year. We have also reviewed the accounts of the Central Office and the internal control systems (recruitment, procurement and payments) of the Central Office and two of the Schools (Bergen and Varese). Finally, we have reviewed the work of the Schools' external auditor, which examined the accounts and internal control systems of seven Schools before consolidation took place.

What did we find?

II Except for the uncertainty relating to the liability of the European School in Munich covering the salaries of seconded teachers (€ 6,4 million), our review did not reveal further material errors in the final consolidated financial statements for 2018. As some Member States did not confirm their part of the liability of the European School in Munich, its independent external auditor has qualified its opinion to reflect this uncertainty.

III The audit of seven of the Schools by an external auditor revealed errors in the calculation of employee benefits, the recording of receivables and the booking of fixed assets. The consolidated financial statements contained information which differed from that in the financial statements of the Schools. The Schools have corrected the errors in the final accounts. The auditor also qualified its opinion as concerns the liability of the European School in Munich covering the salaries of seconded teachers (see ***paragraph II*** above).

IV Our review of the internal control systems of the Central Office and of the two selected Schools revealed weaknesses in the control environment, in payment systems, in procurement procedures and in the documentation of the recruitment procedures. We also found that they did not comply with the rules on staff recruitment.

V As a result, we are unable to confirm that the Schools' financial management in 2018 was compliant with the Financial Regulation[1], its implementing rules[2] and the Staff Regulations[3].

What do we recommend?

VI The Board of Governors, the Central Office and the Schools should take immediate action to implement a series of recommendations made in this report and those of previous years, to improve their accounting and internal control systems.

VII In particular, we recommend that the Schools address the weaknesses detected in their accounting procedures and in the payment system; and continue to provide training and support to those involved in the preparation of the accounts.

VIII As regards internal control systems, we reiterate our recommendations for improving recruitment, procurement and payment procedures.

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[1] Financial Regulation of 5 September 2017 applicable to the budget of the European Schools (Ref: 2017-12-D-21-en-1).

[2] Rules for implementing the Financial Regulation (Ref: 2014-12-D-11-en-1).

[3] Regulations for Members of the Seconded Staff of the European Schools (Ref: 2011-04-D-14-en-5), Service Regulations for the Locally recruited teachers in the European Schools (Ref: 2016-05-D-11-en-1), Service Regulations for the Administrative and Ancillary Staff (AAS) of the European Schools (Ref: 2007-D-153-en-7).

Introduction

Background

01 The primary legal basis for the European Schools is the Convention setting out their Statute[4]. The Schools' financial and operational management tasks are governed by their Financial Regulation[5] and a set of Staff Regulations[6]. Together these make up the 'General Framework' of rules.

02 The new Financial Regulation entered into force on 1 January 2018. However, some provisions regarding the centralisation of the Accounting Officer function and the timetable for the Court's review of the accounts will apply only as of 31 July 2019[7] and thus do not impact the timetable for the closure of the 2018 financial year. The full centralisation of the Authorising Officer function will be effective as of 1 January 2020.

03 Each School draws up its own annual accounts but the responsibility for preparing, presenting and keeping the accounts now lies with the Central Accounting Officer of the European Schools[8]. For the first time in 2018, the Central Accounting Officer signed off the accounts of the Schools and of the Office of the Secretary-General (the 'Central Office'). The Central Office draws up consolidated annual accounts and forwards them to the Court of Auditors under Articles 71 to 73 of the Schools' Financial Regulation[9].

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[4] Convention defining the Statute of the European Schools (OJ L 212, 17.8.1994, p. 3).

[5] Financial Regulation of 5 September 2017 applicable to the budget of the European Schools (Ref: 2017-12-D-21-en-1).

[6] Regulations for Members of the Seconded Staff of the European Schools (Ref: 2011-04-D-14-en-5), Service Regulations for the Locally recruited teachers in the European Schools (Ref: 2016-05-D-11-en-1), Service Regulations for the Administrative and Ancillary Staff (AAS) of the European Schools (Ref: 2007-D-153-en-7).

[7] Article 103(5) of the Financial Regulation.

[8] Articles 35 and 67 of the Financial Regulation.

[9] Article 73(2) on the timetable applicable to the Court's observations only applies as of 31st July 2019.

04 Appropriations of €312,2 million[10] were available in the 2018 budget (€307,9 million in 2017). The European Commission's 2018 contribution was €174,5 million[11] (€189,5 million in 2017).

05 By 30 November of each year, under Article 86 of the Financial Regulation, we send a report on the Schools' annual accounts, together with their replies, to the European Parliament, the Council, the Commission and the Board of Governors, which is responsible for giving discharge.

Accounting and control environment

06 The new Financial Regulation was adopted in September 2017 and entered into force on 1 January 2018[12].

07 In 2018, for the fourth year in a row, the Schools prepared their accounts using the accrual accounting principles set out in the International Public Sector Accounting Standards (IPSAS). This accounting / financial system has been operational since 1 January 2015; it provides the technical means to address several weaknesses which we have consistently reported (e.g. weaknesses in the consolidation process, no automatic link between the accounting and payment systems and inefficient financial circuits).

08 In 2018, the Commission's Internal Audit Service (IAS) did not perform any audit or consulting engagements. Instead, it carried out a risk assessment to determine the IAS Strategic Audit Plan 2019 – 2021 and followed up outstanding recommendations marked as ready for review. Based on the risk assessment, the IAS has identified three topics for future audit or consulting work: the allocation and distribution of human resources for non-teaching tasks, IT governance, and controls over the European Baccalaureate.

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[10] Draft consolidated accounts of the European Schools.

[11] Draft consolidated accounts of the European Schools.

[12] Changes with respect to the former Financial Regulation include (a) the Secretary-General becomes authorising officer for the European Schools; (b) a new function of Accounting Officer for the European Schools will be phased in at the Central Office; (c) the timing of the Commission's contribution changes; (d) procurement rules are aligned with those of the EU; (e) the text of the Financial Regulation now includes its implementing rules.

Audit scope and approach

Scope and approach of our engagement

09 It is the Court of Auditors' responsibility to issue an annual report on the consolidated annual accounts[13].

10 We reviewed the consolidated annual accounts based on International Standard on Review Engagements 2400. This standard requires reviews to be planned and performed to obtain limited assurance as to whether the accounts as a whole are free of material misstatement. A review is limited primarily to inquiries into European Schools staff and to analytical procedures applied to financial data; it thus provides less assurance than an audit. As we did not audit the consolidated accounts, we do not express an audit opinion on them.

11 We also reviewed the individual accounts of the Central Office and the internal control systems of the Central Office and two of the thirteen[14] European Schools (Bergen in the Netherlands and Varese in Italy)[15]. This included an examination of staff recruitment, procurement procedures and payments.

12 In addition to our own findings, we drew on reports and other work by the IAS at the Commission and reviewed the work of the Schools' independent external auditor, which examined the accounts and internal control systems of seven Schools[16] before consolidation took place.

13 ***Annex I —*** shows the follow-up to our recommendations made in the 2017 financial year (covering the Brussels IV and Munich Schools, and the Central Office).

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[13] Pursuant to Articles 73 of the Schools' Financial Regulation.

[14] The European School at Culham in the United Kingdom closed definitively on 31 August 2017.

[15] Budget appropriations in 2018: Central Office €12,72 million, Bergen €8,68 million, Varese €19,05 million. See Annual Report of the Financial Controller for the year 2018 (Ref: 2019-02-D-25-en-1).

[16] The independent external auditor examined the accounts of the four Brussels Schools as well as those of the Munich, Karlsruhe and Alicante Schools.

Accounting

14 When preparing the 2018 accounts, the Schools applied accrual accounting principles as defined in the IPSAS. An external consultant assisted the Schools in preparing the consolidated accounts. The latest version, which we received in July 2019, included corrections proposed by the independent external auditor for four of the Schools audited, as well as corrections of the errors we identified in the consolidated accounts.

15 Although the quality of the accounts has improved, both we and the external auditor detected a number of weaknesses which were corrected in the final version of the consolidated accounts:

- the Alicante School erroneously applied an average seniority of 3 years instead of 8,33 years when calculating employee benefits;
- the Karlsruhe School presented credit balances of €11 000 as accounts receivable;
- the Brussels III School accounted for lockers worth €160 000 as cost instead of capitalising and amortising them;
- at the Central Office, intangible assets amounting to € 395 288 acquired in 2018 could not be reconciled to the underlying invoices.

16 The consolidated accounts of the Schools contain under 'Employee benefits' a liability amounting to € 6,4 million[17] of the European School in Munich that covers the salaries of seconded teachers. According to an agreement concluded between the European Patent Office in Munich (EPO) and the Board of Governors of the European Schools, the EPO contributes to the running costs of the School and this amount includes the salaries of the teachers seconded by the Member States. The Munich School then reimburses these salaries to the Member States concerned. On this liability, the external auditor of the Munich School has qualified its opinion because some Member States did not confirm their part of the liability.

17 We noted that the components of the net assets and equity in the consolidated financial statements were classified differently than in the individual financial statements of the schools, as prepared by the accounting correspondent in each

[17] This amount is material as it represents about 10 % of the consolidated liabilities of the European Schools.

school and signed off by the Central Accounting Officer. We also noted that the presentation of the consolidated cash flow statement did not match the consolidated financial statements. The Schools corrected both errors in the final version of the consolidated accounts.

Internal Control System

Administrative operations

18 At the Bergen School, a contract with an insurance company to manage two pension schemes had been signed with effect from 1 January 2017. However, no subsequent action had been taken as of March 2018 due to the absence of key staff. To solve this problem, the School signed a pension management contract with an insurance broker as an emergency measure. From that point on, the administrative staff of the School were able to implement the contract. The absence of key staff was also the reason the School had problems with replying to our requests during this audit.

19 This repeated situation shows that the School does not have the necessary human resources to ensure the continuity of its administrative operations. It is cause for concern, in particular because the European Medicines Agency is relocating to Amsterdam and its staff members may wish to send their children to the School.

Recruitments

20 The procedures for the recruitment of administrative staff at the Schools[18] state that selection committees should decide on selection criteria and their weighting. These procedures also refer to an evaluation sheet on which the members of selection committees document their evaluations. The Central Office uses these evaluations sheets but the Bergen School does not use them at all and the Varese School uses them only occasionally. Neither of the Schools documented the selection criteria and their weighting, or the decision-making process, and the outcome of the selection procedure took the form of a list ranking the candidates without any supporting documentary evidence.

21 Furthermore, we identified additional issues with the selection procedure. When looking for an IT-specialist, the Central Office concluded after the interview that the only remaining candidate was not suitable for the post. Before the final selection decision was formalised, a private agency suggested a candidate. The Central Office invited this candidate for an interview and eventually selected him, although he never

[18] Article 4c) of the Recruitment policy and procedure applicable to the administrative and ancillary staff of European Schools (2015-08-D-8-en-1).

applied for the job and did not pass the pre-selection procedure. In another case, the Varese School did not comply with the one-week deadline for inviting the pre-selected candidates and did not invite a candidate living outside Europe for the interview although she fulfilled all the pre-selection criteria.

Procurement

22 Overall, the management of the procurement procedures is improving. Nevertheless, we noted the following weaknesses:

- The Bergen School did not always make a budgetary commitment before signing the contracts. We could not obtain evidence as to how widespread this practice was;
- Although the Varese School signed the award decision for a contract in early December 2018, it only committed the funds in late January 2019 and signed the contract in early February 2019, more than one month after the contractor had started to deliver the service concerned;
- In the Central office, the provision of translation services has still not been put to tender, despite the overall amount of the services being above the threshold set in Article 4 of Directive 2014/24/EU on Public Procurement. We pointed out this issue in our Annual Reports for 2010 to 2015 on the Schools.

Payments

General

23 In our 2012 to 2016 Annual Reports, we criticised the absence of an automatic link between the accounting and payment systems. All Schools put an automatic link in place during the first half of 2017. However, they were unable to configure their electronic payment systems in such a way as to accept only payments from the accounting software[19]. Therefore, despite the automatic link, staff can still enter payments manually in the electronic payment system.

24 To reduce the risk of making payments outside the accounting system, in previous years the Schools applied a system requiring two staff members to sign each

[19] Paragraph 26 of our 2015 Annual Report.

payment. In 2013[20], the Secretary-General set an indicative threshold of €60 000, above which one of the two signatories had to be the authorising officer. We were not in a position to confirm the full implementation of the dual signature process in the Bergen School since only the first signature was recorded and the audit trail was therefore incomplete.

25 In November 2018, the Central Office updated the accounting software used by the Schools. Due to an unspecified human error, the approval workflows for individual invoices paid between end of March and early November 2018 were erased from the accounting system, at the Central Office and in all the schools. As a result, we could not check if the invoice approval workflows supporting the payments made during that period were correct, or verify whether the basic principles set out in the Memorandum on the implementation of segregation of duties in the financial circuits[21] had been complied with. This problem was mitigated in the Varese School because approval workflows were also kept on paper.

Sample of payments

26 Most of the errors we found in payment transactions at the Central Office and at the two Schools we visited resulted from a weak management of commitments:

- In the Central Office, a number of legal commitments were not covered by a budgetary commitment. This was particularly the case for contracts running for more than one year. We also found a case of a 2017 expenditure being paid on 2018 appropriations ;
- In the Varese School, the commitment covering the departure allowance of seconded teachers was made after the departure of the staff member in receipt of the allowance.

27 Other errors resulted from weaknesses in the control environment. In both the Central Office and the Bergen School, expenditure was charged to the wrong account or covered by a commitment made on another account.

28 We also found that mission expenses were not treated in a harmonised way. For instance, the templates for mission expense claims used in the Bergen and Varese Schools were different from the template used in the Central Office. All templates

[20] Memorandum 2013-10-M-1-en-1/KK.

[21] Memorandum 2018-09-M-2-en-1.

were paper documents and there was no IT tool to ensure automatic calculation of mission expenses.

29 Additionally, as in previous years, we noted several cases of non-compliance with the rules on mission expenses:

- In the Bergen School, advance payments for missions were not justified by supporting documents and were not covered by a commitment. In addition, mission claims were not signed by the authorising officer responsible;
- In the Varese School, claim forms were not signed by the person who went on mission and by their authorising officer.

Declarations of the Central Accounting Officer

30 In 2018, the Central Accounting Officer of the European Schools signed the statements of assurance for all Schools and the Central Office for the first time. Two of the statements contained a reservation: for the Karlsruhe School, the Central Accounting Officer justified the reservation by referring to a lack of recording of material extra-budgetary activities in the accounts. As the Karlsruhe School registered the extra-budgetary activities in the final version of the accounts, the Central Accounting Officer removed this reservation. For the Luxembourg I School, the reservation was based on a difference between the accounting entries for fixed assets and actual assets held by the School, as well as on two unreconciled balance sheet items. In addition, there were various points which the Central Accounting Officer brought to the attention of the administrative boards of most Schools, mainly regarding extra-budgetary activities (e.g. lack of recording of some of these activities in the accounts) and the lack of validation of the accounting system.

Conclusions and recommendations

31 Based on our limited assurance review, we did not identify any material errors in the final consolidated financial statements for 2018 except for the uncertainty relating to the liability of the European School in Munich covering the salaries of seconded teachers. As some Member States did not confirm their part of this liability, which amounts to € 6.4 million, the independent external auditor has qualified its opinion to reflect this uncertainty.

32 The independent external auditor had previously audited seven Schools and given an unqualified audit opinion except for the European School in Munich (see ***paragraph 31)*** . In addition, the auditor found weaknesses in the application of accrual accounting in the accounts of the Schools in Alicante, Karlsruhe and Brussels III. These particularly affected provisions for employee benefits, the recording of payables and receivables and the capitalisation of fixed assets. Our examination of these audit reports and the underlying working papers did not reveal material weaknesses. (***paragraphs 14*** to ***17***).

Recommendation 1 – Accounting

The Schools should address the weaknesses in the preparation of individual accounts and in their consolidation by developing adequate procedures, guidelines and training measures to improve accruals-based accounting.

Timeframe: Immediate

33 While the internal control system at Varese School showed limited weaknesses, there are still significant weaknesses in the systems of the Central Office and the Bergen School. The independent external audit reports also revealed weaknesses in internal control procedures. We are thus unable to confirm that the European Schools' financial management was compliant with the General Framework of rules (***paragraphs 18*** to ***29***).

Recommendation 2 – Internal control system

The Schools should address the weaknesses in the design and in the operation of the internal control system and allocate sufficient resources to develop an action plan to improve its effectiveness.

Timeframe: Immediate

34 Our review showed that human resources are limited at the Bergen School and it is not in a position to ensure the continuity of its administrative operations when key staff are absent (***paragraphs 18*** and ***19***).

Recommendation 3 – Administrative operations

The Bergen School should be allocated a sufficient level of resources to ensure that it can continue to carry out all its administrative tasks.

Timeframe: Immediate

35 Regarding the recruitment of staff, we found that the Bergen and Varese Schools did not document the selection procedures properly and that some procedures at the Central Office and the Varese School did not follow the different phases set out in the Service Regulation (***paragraphs 20*** and ***21).***

Recommendation 4 – Recruitment

We reiterate our recommendation from previous years that the Schools should document each step of the selection procedure. Moreover, the procedures on the selection of staff set out in the Regulations should be applied strictly and should not exclude candidates that fulfil all the pre-selection criteria.

Timeframe: Immediate

36 Overall, the management of procurement procedures improved. Nevertheless, we still found weaknesses related to the timing of the budgetary commitment and the signature of the contract, as well as the documentation of the procedure (***paragraph 22***).

Recommendation 5 – Procurement

The Central Office and the Schools should ensure that:

- Budgetary commitments are made before the signature of the contracts;
- Contracts are signed before the associated goods and services are delivered;

- The Central Office put the provision of translation services to tender.

Timeframe: Immediate

37 Our review found weaknesses in payment procedures. The erasure from the SAP system of the invoice approval workflows for payments made between end of March and early November 2018 is of particular significance. Other weaknesses related to the management of commitments and the mission expenses. We also found that the electronic payment system and the dual signature arrangements put in place following our previous years´ recommendations were not fully working (***paragraphs 23*** to ***29***).

Recommendation 6 – Payments

The Central Office should:

- take all necessary steps to identify the reasons for the erasure of the invoice approval workflows and ensure that all necessary actions are taken to prevent it from happening again;
- clarify its guidelines regarding provisional commitments to the Schools to ensure that, from the start of the year, these commitments fully cover contracts and other obligations that run for the whole financial year;
- provide the Schools with a common template for mission expenses claims and with clear guidelines on procedure.
- look into setting up of an automatic calculation system to process mission expenses and mitigate the risk of errors due to manual calculations.

Moreover, we reiterate our recommendations from previous years that the Central Office and the Schools implement payment procedures more rigorously for all types of financial transactions, and ensure that all the necessary steps are taken to guarantee that the dual signature arrangement continues to be used until a valid alternative can be found.

Timeframe: Immediate

This Report was adopted by Chamber V, headed by Mr Lazaros S. LAZAROU, Member of the Court of Auditors, in Luxembourg at its meeting of 26 November 2019.

For the Court of Auditors

Klaus-Heiner LEHNE
President

Annex

Annex I — Follow-up to the recommendations in our 2017 Annual Report

Our recommendations (paragraphs 37 to 41 of the Report on the accounts of the European Schools for the financial year 2017)	European Schools		Central Office	Comments
	Brussels IV	Munich		
	Implemented Yes/No/NA/in progress	Implemented Yes/No/NA/in progress	Implemented Yes/No/NA/in progress	
Recommendations on accounting issues				
The Court recommended that the Schools address the weaknesses described in paragraph 15 of the report and develop adequate procedures, guidelines and training measures to improve their accruals-based accounting.	In progress			Progress has been made in improving the quality of accounts, but weaknesses persist (see also ***paragraphs 15*** and ***17***).
Recommendations on recruitment procedures				
The Schools should apply rigorous staff selection rules and properly document each stage of the recruitment procedure.	In progress			Some progress has been made, but there are still weaknesses (see also ***paragraphs 20*** and ***21***).
Recommendation on payment procedures				
The Central Office should develop guidelines for the management of extra-budgetary items to ensure they are handled identically throughout the European School system. The Court recommended that the Central Office and the Schools implement payment procedures more rigorously for all types of financial transactions, and ensure that all the necessary steps are taken to guarantee that the dual signature arrangement continues to	In progress			A link has been established between the accounting software and the payment system for all Schools. However, payments can still be entered manually (see also ***paragraphs 23, 24 and 26 to 29***).

apply until a valid alternative can be found. The Central Office should clarify its guidelines to the Schools regarding provisional commitments to ensure that, form the start of the year, these commitments fully cover contracts and other obligations that run for the whole year.		

2019-10-D-48-EN-2
Original.

Updated REPLIES OF THE EUROPEAN SCHOOLS TO THE RECOMMENDATIONS OF THE COURT OF AUDITORS IN THE FRAMEWORK OF ITS ANNUAL REPORT FOR THE FINANCIAL YEAR 2018 (to the ones sent on 31st October -document of the Court "Preliminary observations with a view to a Report on the annual accounts of the European Schools for the financial year 2018").

Accounting

The OSG has issued procedures and guidelines on accounting procedures and organizes regular information and training sessions with the accountants of the Schools. In particular, during the financial year 2018, and already in the framework of the centralization of the Accounting Officer function set out by the new Financial Regulation of 2017, in the regular meetings with the accountants of the Schools special attention was paid to provide guidance regarding closing related processes. Furthermore, a project was launched in October 2018 to review the existing chart of accounts, and the reviewed chart has been in place since the beginning of 2019. As a result of the continuous efforts done in the last years in this area, the overall quality of the accounts has improved, as the Court points out in paragraph 15.

Efforts will continue in this direction in order to minimize weaknesses in the future. In this line, already in the financial year 2019, an intensive 3 days training on the International Public Sector Accounting Standards (IPSASs) was organized in June, in cooperation with the firm PWC. In addition, preparatory work has already started for the development of an accounting manual which envisages to detail an important number of accounting transactions as a guide tool, also for new staff entering the Schools for business continuity purposes, and in order to support the continuous improvement of the quality of the financial statements produced by the Schools, in line with the requirements of the International Public Sector Accounting Standards (IPSASs).

The European Schools would like to underline that seven Schools were subject to an audit (namely Alicante, Brussels I, II, II and IV, Karlsruhe and Munich) of their financial

statements 2018 by an independent external auditor (the firm Deloitte), performed in accordance with the International Standards on Auditing (ISAs). Some errors were detected by the auditors in the provisional version of the accounts, and corresponding proposals for adjustment were made. After their implementation, an unqualified opinion was given in the final version of the accounts in six out of them (four Schools in Brussels, Alicante and Karlsruhe) which is considered the most positive possible audit opinion in accordance with the ISAs. For the School of Munich, the audit work proved to be more complex, account taken in particular of the special regime of the School as regards reimbursement of national emoluments of staff seconded, and the opinion of the external auditors according to the audit report for the School received on 21st of November is a qualified one (with a reserve), and more precisely expressing that "*the annual accounts give a true and fair view of the school's net equity and financial position as of 31 December 2018 and of its results for the year then ended, in accordance with the Financial Regulation applicable to the budget of the European Schools, taking into account also the International Accounting Standards IPSAS",* with the exception of the issue leading to the reservation: recorded debts for the repayment of the teachers' national salaries towards several member states of the European Union.

Internal control systems

Administrative Operations

The OSG notes the recommendation in this area more precisely about the allocation of sufficient resources to the School of Bergen in the context as well of the expected results of the ongoing consulting engagement on Human Resources allocation and distribution of non-teaching tasks in the European Schools system performed by the Internal Audit Service of the European Commission.

Recruitments procedures

The OSG takes good note of the Court's recommendations and express its commitment to continue efforts to ensure that staff selection rules are fully respected and that an appropriate documentation of the processes is kept at all stages. It is to be mentioned that a Memorandum on recruitment policy applicable to administrative and ancillary staff has been disseminated to the Schools in the first semester of 2019 including more precise and detailed guidelines for every step of the recruitment procedure.

Procurement procedures

The Office takes note of the Court's comments and continues its effort to minimize errors in this area, taking into consideration the overall improvement in this area over the last years mentioned as well in this and last year's report of the Court.

In this context the OSG has taken action on the following points to address the weakness identified and more particular:

- Guidelines on the treatment of provisional commitments have been presented in the meetings with the Deputy Directors for Finance and Administration and the Directors in May 2019 and reiterated during the trainings in SAP (Verificators and Authorising Officers) in order to reassure and underline the necessity of the prior existence of the budgetary commitment before the conclusion of any legal commitment (Art. 54 of the Financial Regulation);
- Mandatory ex-ante checklists for all the types of procurement procedures have been presented and disseminated to the Schools in June in order to reassure all steps in each procedure are followed and respected and business continuity within Schools is reassured.
- The OSG is aware of the irregular situation regarding translations and has been exploring solutions that are workable technically and financially viable. The OSG has been in contact with European Commission services in order to analyze the possibility to sign a SLA that would enable the European Schools to use Commission's translation services and related software. We are hopeful that solutions can be found and that such an arrangement can be finalized during the course of 2020. In the meantime, it can be mentioned that it has been signed a Service Level Agreement (SLA) with the Translation Centre in Luxembourg where costs are much higher and rapidity of execution slower, that is the reason why the contract is used only when translations are not needed in urgency.

Payments procedures

The OSG acknowledges the unfortunate event of the loss of the workflows, during the transition phase of the new configuration of SAP in November 2018, which relates more specifically to the approval of the individual accounts payable documents introduced in SAP during the period from 23 March to 5 November 2018. This means that there is in fact trace of the signatories of the corresponding payment proposals in which these accounts payable documents were included for subsequent payment. The OSG has taken action to reassure that appropriate checks in SAP on back up activity are made on a regular basis.

The OSG takes note of the Court's recommendation for implementing a common template for the mission expenses claims along with harmonized guidelines on the procedure and the possibility of an automated tool for calculation in order to avoid manual mistakes, although the latter one might entail further investigation on the development possibilities and budget implicated. It is to be underlined though that the review of the documents in this area in the Schools visited and the OSG did not reveal any mistakes.

As far as the dual signature is concerned, European Schools are in the process of the centralization of all payments of the system, to be effective by the end of the year. The Unit of the Central Accounting Officer is in place since August 2019 and the necessary steps are being taken for their configuration as signatories in the online banking software. The two signatures: the one of the Accounting Correspondent and of the Central Accounting Officer/Team shall be effective by the end of 2019 for all payments as foreseen in the Charter of Tasks and responsibilities of the central accounting officer, of his/her assistants at the OSGES and of the local accounting officers ´Correspondents´. In the meantime, the two signatories, the Accounting Correspondent and the Authorsing Officer of the Schools are in place in the banking systems, in line with the Memorandum on payment procedures, transitorily in force until the full centralization of payments is effective. Moreover, since November 2018 the profiles of all the actors in financial circuits have been revised and defined in SAP accounting software in order to reassure a proper segregation of duties as previewed in the financial rules and in the corresponding Memorandum, including the centralization of the roles of the Authorising Officer and the Accounting Officer functions.

Giancarlo MARCHEGGIANO
Secretary-general

25th of November 2019