



European Schools

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Follow - up of the implementation of recommendations of IAS and Court of Auditors
Board of Governors

Meeting held on 1, 2 and 3 December 2015

Introduction

In order to reinforce the appropriate implementation of the outstanding recommendations given by the Court of Auditors (ECA) and the Internal Audit Service of the European Commission (IAS), the Board of Governors has decided in its meeting in April 2015 to create a Working Group (WG) exercising the function of Audit Progress Committee. The aim of the WG is to:

- better supervise the implementation of the recommendations.
- to give advice and support to the European Schools to comply with the recommendations.
- regularly report to the Budgetary Committee and to the Board of Governors on the state of play of the implementation of recommendations.

The Working Group is chaired by the Secretary-General of the European Schools. Further participants are the Commission (DG HR and DG BUG), IAS and a representative of the delegation of the presidency; the Internal Control Coordinator and the Financial Controller are also part of the WG.

The Working Group met twice so far, on the 9th June and on the 20th October 2015.

The table below shows a summary of the recommendations and their status of implementation as per 15.10.2015: It describes the content of the recommendations, the actions to be taken to remedy the recommendation, a comment upon the status, a proposed due date, the status and the Unit responsible for the implementation.

Opinion of the Budgetary Committee

The Budgetary Committee took note of the progress made on implementation of the recommendations and proposed that the Board of Governors should endorse the actions planned by the OSGES to address the outstanding recommendations. The Commission referred to the proposal made to the OSGES for a Service Level Agreement concerning training, including financial related matters, and recommended that it might be formalised as soon as possible.

Synthesis of controls and audit action plans (IAS 2015, IAS 2014, FC 2012-14, CoA 2012-13)*

Closed	Recommendation has been closed by IAS
Ready for review	OSG regards the action plan as completed, not yet closed by IAS
Partially implemented	Main steps of the action plan have been implemented, but others are outstanding
Outstanding	Major steps of the action still have to be implemented
continuously	Ongoing improvements

Source	No IAS report	Importance	Recommendation	Action Plan	Comment	Due Date	Status	Service responsible		SAP linked	
1	IAS 2014	23	I	Sufficient capacity of legal department of OSG Limited involvement of Head of HR in Complaints Board	No further action needed Head of HR no longer greffier	1 person engaged + contracts with two different lawyers made	Ready for review	Closed	Head of Unit HR	HR	
2	IAS 2014	25	VI	Legal data protection framework of ES' staff and pupils The legal basis for data protection of the European Schools should be clarified, considering the proposals of the EDPS and consulting national lawyers in order to establish a legal framework for the protection of personal data of all staff working for the European Schools as well as of the pupils enrolled.	Data protection rules laid down in national legislation and specific data protection rules in the Regulations for Seconded Staff Members of ES (Memoranda 2010-M-32 and 2010-M-34). Latest update see Memorandum 2015-5-M-4-fr		Ready for review	Ready for review	Head of Unit HR	HR	
3	IAS 2014, CoA 2013	30	I	Transparent and documented processes for identification of the externally recruited Replacement Teachers	The Schools will be asked to provide a short description of the procedure followed to identify and employ replacement teacher.		1. Q. 2016	Outstanding	Head of Unit HR / Schools	HR	
4	IAS 2014	13	VI	Develop and implement procedures for ex-post controls	- Annual financial control plan for approval to BoG - Provide Schools with advice and guidance for possible ex-post controls (not compulsory)		End 15 / 1.Q. 16 1. Q. 2016	Outstanding	Financial Controller	FC	x
5	IAS 2014	28	VI	Implementation of coherent evaluation/appraisal procedures for AAS, PTT and ST staff, and posted on the Learning Gateway.	- Evaluation of AAS every two years + five months after starting - Evaluation of Seconded Teachers in the second and fifth year of their secondment by the Inspectors - Evaluation of the seconded managerial staff at the end of their probationary period and every two years - Evaluation of Locally Recruited Teachers before providing a permanent contract and every four years	- OSG: appraisals are done, but a revision of the template and the process is foreseen - in the schools implementation has started, but SAP implementation has priority => reminder at Bursars' meeting on 23/6 => reminder at Directors' Meeting on 8/6	Spring 2016	Partially implemented	Head of Unit HR	HR	

	Source	No IAS report	Importance	Recommendation	Action Plan	Comment	Due Date	Status	Service responsible		SAP linked
6	IAS 2014 (Not yet closed)	9	VI	- A standard table of content for all categories of staff files and a template for job description for AAS staff for application across all Schools (OSG) - Standard contents and structure for all staff files, description of pedagogical and non-pedagogical functions for seconded and replacement teachers, periodical quality check of the content of staff files and job descriptions of AAS staff annexed to the signed contract (Schools)	OSG will provide a standard table of content for all categories of staff files and a standard template for job descriptions of AAS	- Standard table of content for staff files exists, but to be re-sent - Standard template for a job description exists - OSG: 1 round of job descriptions has been prepared (most posts), room for improvement - in the schools implementation has started => reminder at Bursars' meeting on 23/6 => reminder at Directors' Meeting on 8/6	End 2015	Partially implemented	Head of Unit HR	HR	
7	IAS 2014, CoA 2013, FC 2014	19	VI	- **LINK OF ACCOUNTING SOFTWARE WITH THE ONLINE BANKING SYSTEM (risk of misuse of ES funds) - Payments executed with independence of first and second signatory	- Implementation of new ICT accounting tool (SAP) - Authorising Officer signs important transactions(also recommended by the CoA) - New Memorandum on payment procedures (Ref:2013-10-M-1-en-1/KK)	- Implemented in Belgium, nearly implemented in Luxembourg, Germany & Varese on a good way	1st half of 2016	Outstanding	Head of Accounting and Finance Unit/Project Manager of SAP	HA	x
8	IAS 2014, FC 2014	16	I	Develop and implement a procedure on management of extra-budgetary accounts in order to detect discrepancies	Develop guidelines in form of Memorandum for the whole ES system	(main open issue is the handling of school trips in SAP)	End 2015	Outstanding	Financial Controller	FC	
9	IAS 2014	17	I	Approval of legal commitments by the Authorizing Officer or by the Authorizing Officer by Delegation	Procurement procedures should comply with article 19.4 of the Financial Regulation. Approval of legal commitments: This issue is subject to specific analysis by the financial control unit whenever checking procurement procedures, both at the level of the Central Office and at the level of the different Schools. Specific remarks and recommendations are given in case detection is made about not compliance with this rule stated on article 19.4 of the Financial Regulation. In any case, a specific reminder will be sent to all the Schools about this requirement stated on article 19.4 of the FR	Reminder sent by Financial Control Unit in July 2014	1st half of 2014	Ready for review	Financial Controller	FC	
10	IAS 2014 (Not yet closed)	6	I	Timely approval of entitlements for seconded staff by Financial Controller and introduction of ex-ante sample checks (OSG)	- Update Memorandum 2005-M-110 - Include into ex-post control plan		End 2015	Outstanding	Financial Controller	FC	
				Staff files containing either original documents or authenticated copies (schools) Authenticated means a comparison between the original and the copy as far as this is possible by a staff member	Reminder sent to Schools about the relevant rules	- Applied in the OSG and some Schools, outstanding in others => Reminder at Bursars' meeting on 23/6	End 2015	Partially implemented	Head of Unit HR	HR	
11	IAS 2014 (Not yet closed), FC 2014	7	I	Timely submission of national salary slips of Seconded Teachers	- Letter sent to national authorities (Countries who did not replay have been contacted via the BoG representatives, these will be contacted via the BoG representatives) - Consider possible inclusion in control plan for ex-post controls		Mid 2014	Ready for review	Financial Controller	FC	

	Source	No IAS report	Importance	Recommendation	Action Plan	Comment	Due Date	Status	Service responsible		SAP linked
12	IAS 2014 (Not yet closed)	8	I	- Introduce binding agreement between school and seconded teacher about timely submission of annual tax declarations (OSG) - Strengthen monitoring of submission of annual tax declarations and collect sufficient contact data before departure of Seconded Teachers (Schools)	New Memorandum 2014-12-M-1/KK	Risk is mitigated as new memorandum foresees holding of departure allowance.	Mid 2014	Ready for review	Head of Accounting and Finance Unit	HA	
13	IAS 2014, CoA 2013	20	I	Proper trainings on Financial Management and on Ethics and Integrity (e.g. workshops with AO, about the FR, procurement procedures)	Training on ethics and Integrity for all relevant staff	Enlarge trainings to further staff (so far Directors, Bursars Olaf Training)	2016	Partially implemented	Head of Unit HR	HR	
					Full day seminar on accruals accounting- versus cash accounting for key accounting staff	Training provided, refresher training will be given at the end of the year, lack of understanding among accounting staff, to reinforce training and guidance.	End 2015	Partially implemented	Financial Controller	FC	
14	IAS 2014, FC 2014	10	VI	Shift from ex-ante controls from the Financial Controller to individual Schools and strengthening of central ex-post controls	- Changes in the text of the Financial Regulation - Memorandum on Segregation of duties - Plan for ex-post controls to be prepared and presented to the Board of Governors	- FR has been adopted - Guidelines on Segregations of duty have been issued, Schools currently provide their proposals how implementation could be assured - BoG and Admin. Boards necessary to change disciplinary procedures, nomination of Acc. Officer etc.	End 2015 Max April 2016	Partially implemented	Financial Controller	FC	X
15	IAS 2014	11	VI	Develop and implement a procedure describing the financial circuits	Analysis and update of the document "description du circuit des dépenses" of April 2011	Mostly covered in the guideline for segregation of duties	1 Q 2016	Partially implemented	Head of Accounting and Finance Unit/	HA	X
16	IAS 2014	18	I	Develop and implement a procedure on accounting software access rights Procedure on Controlling accounting software access rights	Develop procedure on accounting software access rights	- Procedure sent by HR in Jan 2015 - Access rights will be reviewed with the introduction of segregation of duties	2016	Outstanding	Head of Accounting and Finance Unit/Project Manager of SAP	HA	X
17	IAS 2014, CoA 2012	21	I	Written contracts concluded with "outside" translators	Launch a call tender to assess competence of future translators	- Head of procurement started end of August. Procurement cell to be further enlarged in 2016 - Centre de Traduction Luxembourg has been contacted, this is regarded as the way forward.	1st half of 2016	Outstanding	Secretary-General Unit	SG	
18	IAS 2014	22	I	Easily accessible and regularly updated repository of rules	- New Active Directory used for Exchange 2013 authentication The Active Directory for the new domain EURSC.EU has been installed and configured on two domain controller. The new structure based on Organisational Unit is ready. The full provisioning has not been started yet due to SMS database integrity issues. At first, the new Active Directory will be used for Exchange 2013 authentication.	- Microsoft 365 will replace Docee and public folders - Document distribution plan has been developed	2016	Outstanding	Head of ICT Unit	ICT	
19	IAS 2014	29	VI	Standard contract templates for AAS and PTT staff issued by BSGEE	National labour law to be respected for AAS and PTT staff. Nevertheless, with respect to the locally recruited teachers the Office had provided already in 1998 the five schools located in Belgium with a model contract (see Memorandum 98-M-17). The same has been done recently (July 2013) for the three schools located in Germany (see Memorandum 2013-06-M-3)	Further explanation: - Local lawyers have analysed the contracts used in each School, so the locally used contracts apply local law and - if existing - staff regulations / statute (no staff regulation for CdC) - Important is that all Schools apply what is binding according to the staff regulations. For AAS, where a staff regulation exists, the Financial Control Unit perform checks (on salary, step, working hours). - Further standardization difficult as lawyer competent in all national labour laws would be needed. We question the additional value this would bring.	End of 2014	Ready for review	Head of Unit HR	HR	
					Review of model contract for Belgium Schools	Memo for Belgian contracts: 2015-05-M-2	End of 2014	Ready for review		HR	
20	IAS 2014	31	I	Application of standard framework contracts for externally recruited Replacement Teachers by all Schools	Discussion for a standard framework contract (adapted to the legal particularities of each hosting MS) for ad hoc replacements	- to think about: approved list of RT by inspectors + contract - Problem: According to Belgian law contract should become permanent with the third renewal - IAS to check what exists how problem is solved at the Commission	2016	Outstanding	Head of Unit HR	HR	

	Source	No IAS report	Importance	Recommendation	Action Plan	Comment	Due Date	Status	Service responsible		SAP linked
21	IAS 2014	32	VI	Implementation of a generic provision on planning teaching capacity Increase transparency on the calculation of locally recruited teachers needed for the Budgetary Committee and BoG		The Schools' planning is very complicated, taking into account a huge number of variants. We invite IAS to have another look and to focus on certain topics: - Preparation of the timetable - cost sharing - Locally recruited teachers	End of 2014	Ready for review	Directors of the Schools	Dir.	
22	IAS 2014 (Not yet closed), CoA 2013	4	VI	- Rules for recruitment procedure of AAS and application across all Schools (OSG) - Specific procedure followed by Schools regarding the selection and recruitment of AAS staff(School Directors)	Memorandum on "recruitment of AAS" provided by OSG and based on consultation by BURSARS (2015-08-D-1-en-1 Recruitment policy and Procedure applicable to the Administrative and Ancillary Staff of the European Schools)		End of 2015	Ready for review	Head of Unit HR	HR	
23	IAS 2014, FC 2014, CoA 2013	12	VI	Develop and implement a procedure for ex-ante controls	-Check-list including operational and financial verification (for the decentralised ex-ante control) Revision of the 2011 document (for the centralised ex-ante control)	- Generic checklist has been provided as part of the Guideline on Segregation of duties - detailed checklist for salaries, contracts and recruitments will be provided - Threshold to be set for schools for the control of transactions by the FC, threshold to be removed from time to time to verify some transactions below the threshold (to be applied 2016)	End of 2015 / 1 quarter 2016	Outstanding	Financial Controller	FC	X
24	IAS 2014, FC 2014	27	I	Consistency check related to the annual adjustments	Annual checks made by the Schools (2005- M-110 Annex 1)	Up-date / modify memo	2016	Partially implemented	Financial Controller	FC	
					Controls on the Schools by the Financial Control Unit (2005- M-110 Annex 1)	To be included in the plan of ex-post controls prepared for the BoG for December 2015 or April 2016	2016	Outstanding			
25	IAS 2014	14	I	Central financial monitoring	Development of key financial indicators for SAP ICT accounting tool	A list of key financial indicators has been defined on the basis of the new Budget Nomenclature, some parts of the SAP implementation are still pending, so far no reports can be produced.	2nd half of 2015/ first half of 2016	Partially implemented	Head of Accounting and Finance Unit	HA	X
26	IAS 2014	15	I	Develop and implement a procedure for third party files (vendors + employees)	- Analysis of inserting data of third parties in bookkeeping system and in ISABEL - Secure treatment of financial Master Data	-Procedure defined for creation/modifications of third party files (financial data) and implemented in SAP for external vendors (suppliers)	2nd half 2015	Partially implemented	Head of Accounting and Finance Unit/Financial Controller	HA	X
27	IAS 2014 (Not yet closed), FC 2014	3	I	Check differential allowance calculation for seconded staff of each EU nationality and develop relevant guide	Guidance by OSG for the calculation of the salary of seconded staff (Art. 49.2.a and b)	To consult the national administrations via the Board of Governors to receive confirmation for the calculation, then to circulate to schools	Second half 2016	Outstanding	Head of Accounting and Finance Unit/Financial Controller	HA	
					Reminder sent to Schools for tax related adjustments as mentioned in Art. 49.2 c, according to Memoranda 2000-M-57/GP, 2007-M-11/MR/an and 2007-M-35/MR	Related to recommendations IAS 8	Mid 2014	Ready for review			
28	CoA 2013			• OSG involved in the implementation of the Internal Control Standards • Guidance to Schools	• Address risk management at the level of ES as a systematic process • Register of exceptions (ICS n° 14)	- Register of exceptions in place - Risk Management guideline and templates developed, OSG Risk map ready for BoG meeting in December, first risk registers to be prepared by the Schools for Administration Boards in January/February - Proposal for Internal Control Standards has been developed, approval outstanding	2016	Partially implemented	OSG	SG	
29	IAS 2014	24	I	Disclosure of all significant legal matters(with potential financial impact) in the financial statements	Last revision of the Financial Regulation decided about introduction of accrual based accounting system	- First application of accruals based account for closure 2015 - Steering Committee and Working Group have started their work - Support from PwC - Training in 2nd week of December	End 2015	Partially implemented	Head of Accounting and Finance Unit	HA	X

	Source	No IAS report	Importance	Recommendation	Action Plan	Comment	Due Date	Status	Service responsible		SAP linked
30	IAS 2014	26	I	Coherent training policy for ES staff by BSGEE concluding a SLA with DG HR	Analysis of training needs for AAS members and inclusion in the abstract job description		Mid 2015-Mid 2016	Outstanding	Head of Unit HR	HR	
					- WG for new framework of teachers' training mandated by JBI		2016 (new organisation into force)	Outstanding	President of the Board of Inspectors		
					Annual trainings for management staff by the OSG (2010-D-531-en-5)	Memo: General Framework for the organisation of in-service training for management staff		Ready for review	Deputy Secretary-General	SG	
31	IAS 2015	1	I	Ensure application of the four-eye principle for the vendor master data	- OSG has already put in place the following SAP inherent control: Whenever the bank account number of a vendor is encoded, changed or deleted the systems blocks the vendor for further use until the AO has agreed on this change and unblocked the vendor in SAP - It will be investigated, if on top an automatic workflow, which is difficult and expensive to develop, is needed.		already in place	Ready for review	Head of Accounting and Finance Unit/Project Manager of SAP	HA	x
32	IAS 2015	2	I	Ensure that at least two persons are responsible for every banking operation	- In the Memorandum on payment procedures (Ref. 2013-10-M-1-en-1/KK) it is stated that "payment transfer orders require two duly authorized officials." A deviation is only foreseen if an effective link between the accounting software and the electronic banking system is in place. - The School, where according to the bank authorizations one person was able to sign, was reminded of this rule and took immediate action and changed the authorizations at the bank.		already in place	Ready for review			
33	IAS 2015	3	I	Introduce a procedure to regularly monitor the access rights of persons authorised to perform banking operations.	- Once the Financial Control Unit starts to perform ex-post control one of these controls will be to review the bank access rights of each School on a yearly basis. - Explore if an update of the memorandum on payment procedures is necessary.		2016	Outstanding	Financial Controller	FC	
34	IAS 2015	4	I	Proceed with the invoicing and ensure people are trained to use the SAP invoicing module	- Problems at the Schools with the billing module are followed up very quickly. - Key User Meetings usually take place every month. This gives the Schools the opportunity to address their problems and learn about progress/changes/improvements.		End of 2015	Partially implemented	Head of Accounting and Finance Unit/Project Manager of SAP	HA	
35	IAS 2015	6	I	Formalise and document the process of cash flow forecasting and reporting	- For Schools with a huge number of cat. III students it is very difficult to forecast when they will receive the payment from the parents. - Stated this, the possibility of a basic cash flow forecasting will be investigated. It needs to add value and compensate the workload involved.	It might be useful to think from another perspective: - Tighter deadlines for school fee payments, increase reminders - Change payment scheme for Commission payments (e.g. 2 instead of 4 payments = review of FR)	Mid 2016	Outstanding	Financial Controller with Schools	FC	

Source	No IAS report	Importance	Recommendation	Action Plan	Comment	Due Date	Status	Service responsible		SAP linked
FC 2014			Financial Control Unit continues providing advice and developing new procedures	Advice already given during the period covered by the report			continuously	Financial Control Unit		
FC 2014			Further monitoring and assessment of the new procedure in salary scale based on professional experience	<ul style="list-style-type: none"> Ex-post checks on a sample basis focusing on this issue Verification of salaries and allowances will be high priority 	FC will perform checks whether the changes that have been implemented in 2011 have been fully and correctly implemented (checks will be part of the ex-post controls, list to be provided to BoG in Dez 15 or April 16)	2016	Outstanding	Financial Control Unit		
FC 2014			<ul style="list-style-type: none"> ES planning their needs for IT equipment and other services and goods Organise appropriate tender procedures for contracts above 15.000 euro 	<ul style="list-style-type: none"> Right planning of their needs in goods or services Appropriate tender procedures according to the Financial Regulation 	To be inserted in the ex-post controls to be carried out by FC as of 2016		continuously	Administration of ES		
FC 2014			Implementation of Budget based on Sound Financial Management	Proper utilization of appropriations based on right prioritization and planning of Schools' needs			continuously	Administration of ES		
FC 2014			<ul style="list-style-type: none"> Careful checks for verification of the status of Category I pupils Applications for reduction in school fees due to financial hardship to be dealt as quickly as possible High priority to following-up unpaid invoices 	Continuing	To be inserted in the ex-post controls to be carried out by FC as of 2016		continuously			
CoA 2013			**Respect the legal deadlines for the transmission of the revenue and expenditure account and the balance sheet	Reminder to ES to respect the deadline for approval of financial statements	Reminder sent in March 2015, to be stressed again next year		continuously	OSG		
CoA 2013			<ul style="list-style-type: none"> Check the completeness and accuracy of the data used for the consolidation of the accounts of the ES and document this process. In-depth analytical review of all accounts of all ES Thorough audit of 2013 accounts for Brussels I 	<ul style="list-style-type: none"> Introduction of OLAF Shift from ex-ante financial control to ex- post financial control Increased ratio of audits for ES 	<ul style="list-style-type: none"> To be considered for possible inclusion in the ex-post controls to be carried out by FC as of 2016 A budget of 75.000 €has been agreed by the BoG for external audits Role of Accounting Officer under discussion in review of 	2016	Outstanding	OSG		
CoA 2013			Implement a rotation system in the management of sensitive functions (Head of Accounting Departments and Bursars)	<ul style="list-style-type: none"> AAS allowed for voluntary job rotation among the 14 ES and the OSG Revised proposal regarding duration of secondment of Bursars to be provided 	<ul style="list-style-type: none"> The rotation has been facilitated for AAS, but it is difficult to impose as national law applies and no incentives exist Currently enough rotation Revised proposal to be presented to the BoG in 2016 	2016	Partially implemented	Head HR	HR	
CoA 2013			<ul style="list-style-type: none"> Guidance to Schools on planning and designing procurement procedures Simplify selection and award criteria and improve documentation of the procedures 	Create a specific procurement cellule at the Accounting unit of OSG	<ul style="list-style-type: none"> Head of procurement started end of August 2015 Memo on procurement procedures to be updated to be in line with Commission 	2016	Outstanding			
CoA 2013			Introduce accrual based accounting and abolish cash payments	<ul style="list-style-type: none"> Cash payments effected through a bank account by electronic means (Art. 49) Payments to Schools effected at any rate through a bank account (Art. 29) 	FR has been adopted with respect to cash payments (§ 49 FR and § 29 FR)		Ready for review			
CoA 2013			Strengthened role of Heads of Accounting Departments	Extension of the mandate of the WG for the review of the Financial Regulation	WG has been extended, the role of the Central Acc. Officer will be a topic	2016	Outstanding			
CoA 2013			Annual accounts of ES audited by an independent external auditor	Use of services of specialized audit companies	Budget of 75.000€approved, to be used in 2016	2016	Outstanding			