European Schools

Office of the Secretary-General

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Amending budget 1/2016

BOARD OF GOVERNORS

Meeting on 1, 2 and 3 December 2015

Amending Budget 1 /2016[1]

Creation and upgrading of posts in relation to the Segregation of Duties

1. Background

On 31 July 2015, a Memorandum was sent to all Directors requesting them to prepare a proposal for the implementation of the segregation of duties on financial circuits (Attachment). This proposal included two best practice models (Models I and II) whereby three different actors intervene in the Authorisation process (Initiator, Verificator, Authorising Officer). Separately, the Accounting Officer is responsible for payments and for establishing Financial Statements.

An alternative model (Model III), envisages that the Verification is carried out by the Bursar, acting at the same time as Accounting Officer. This model is proposed only in cases of insufficient staff and for a limited time, as it involves a higher risk than Models I and II.

2. Proposals of the schools

The proposals of the schools can be summarized as follows:

a. The larger schools have all opted for Models I or II. The most effective segregation of duties can thus be implemented without additional human resources. The schools of Brussels I, Brussels II, Brussels III, Brussels IV, Luxembourg I and Luxembourg II are concerned.

b. The smaller schools have for the most part declared insufficient human resources to properly implement either Model I or II. Additional resources are thus requested in order to enable them to adopt either of those two models. Otherwise, these schools (Bergen, Alicante, Frankfurt, Karlsruhe, Varese) would need to adopt Model III.

   Their proposals also include the upgrading of a post from Accountant to Head Accountant in the case that one of the existing members of the Accountancy Department took up the function of Accounting Officer. In these cases, the additional resources would be carrying out functions relating to either the initiation or the verification of operations.

3. Proposal

The following additional posts and upgradings are proposed by the Secretary-General:

i) Alicante (Model I): 0.5 posts of Accountant and 1 upgrade from Accountant to Head Accountant
ii) Bergen (Model II): 0.5 posts of Accountant

[1] According to the Financial Regulation of the European Schools (Article 14), the Budget is adopted only once the budgetary procedures of the EU and the EPO are finished and the amounts of their respective contributions are identical to those provided for in the draft Budget which is adopted by the Board of Governors. This amending budget 1/2016 is thus conditional to the final adoption of the Budget as foreseen in this article.

iii) Frankfurt (Model I): 0.5 posts of Accountant and 1 upgrade from Accountant to Head Accountant
iv) Karsruhe (Model I): 0.5 posts of Accountant and 1 upgrade from Accountant to Head Accountant
v) Mol (Model I): one upgrade from Accountant from Head Accountant
vi) Munich (Model I): one upgrade from Accountant to Head Accountant
vii) Varese (Model I): 1 posts of Accountant

In addition, a 'special allowance' is proposed for those persons taking up the function of Accounting Officer in order to compensate for their new responsibilities (see Doc 2015-07-D-16-en-4).

The following table summarizes the cost for the 2016 Budget for the new posts and upgrades relating to the implementation of the segregation of duties in the European Schools:

Table 1: Cost of Segregation of Duties in the European Schools

in EURO

AB 1 / 2016	**Model**	**New posts**	**Cost of new posts**	**Upgrade**		
Alicante	I	0,5	30.000	5.000		
Bergen	II	0,5	30.000			
Brussels I	I					
Brussels II	I					
Brussels III	I					
Brussels IV	I					
Culham	III					
Frankfurt	I	0,5	30.000	5.000		
Karlsruhe	I	0,5	30.000	5.000		
Luxemburg I	II					
Luxemburg II	II					
Mol	I			5.000		
Munich	I			5.000		
Varese	I	1	60.000			
BCSG	II					
TOTAL		**3**	**180.000**	**25.000**		

In addition, a proposal relating to the modification of the AAS Service Regulation in view of introducing a new special allowance for Accounting Officers is being proposed to the Board of Governors (Document 2015-07-D-16-en-4).

Given the limited financial impact of these two proposals on the 2016 Budget, it is proposed to finance them from redeployment within the adopted 2016 Budget. Therefore, no additional resources are required from the EU Budget.

4. Position of the Budgetary Committee

The Budgetary Committee has acknowledged the importance of implementing the segregation of duties as a measure to mitigate the risk of irregular or illegal financial transactions. In this context, it recommends amending the AAS Service Regulation so as to enable members of the AAS to take up the function of Accounting Officer. Furthermore, the Budgetary Committee agreed to the creation the posts and upgrades requested.

However, some delegations expressed reservations as regards the bonus proposed for the Accounting Officer. This matter is thus submitted for decision to the Board of Governors .

5. Proposal for the Board of Governors

The Board of Governors is hereby requested to adopt this Amending Budget 1/2016, and in particular to:

- Validate the opinion of the Budgetary Committee and decide to amend the AAS Service Regulation thus enabling AAS members to take up the Accounting Officer function, as proposed (see document 2015-07-D-16-en-4)
- Validate the opinion of the Budgetary Committee and decide to create the posts and upgrades proposed

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6. Annex I

Table 2: Indicators used for the allocation of Accountancy posts

School	Current Accountancy Posts	School population 2016	2016 Budget (Million EURO)
Alicante	2,5	980	12,5
Bergen	2,0	537	8,7
Brussels I	4,0	3.394	34,6
Brussels II	4,0	2.998	32,5
Brussels III	4,0	2.989	30,9
Brussels IV	4,0	2.498	18,8
Culham	2,0	459	8,3
Frankfurt	3,0	1.452	13,7
Karlsruhe	2,5	813	11,5
Luxemburg I	5,8	3.081	29,8
Luxemburg II	5,8	2.348	24,8
Mol	3,1	722	11,3
Munich	4,5	2.261	25,1
Varese	2,0	1.371	19,0
BCSG	7,0	0	11,0
TOTAL	56,2	25.903	292,4