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**Abstract:** Work Package 6's Final Report: Recommendations for Change provides a policy and legal analysis of thematic budget and spending priorities identified by EU policy makers in Task 1. This focus includes the European Parliament and European Structural and Investment Funds, drawing upon key findings from Task 2's Data Quality Report.

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## Executive Summary

This report was written for the EU financed project OpenBudgets.eu. It corresponds to deliverable 6.7 Final Report: Recommendations for Change. As indicated through Task 1's MEPs' need assessment survey, EU policy-makers expressed that budget and expenditure data for Structural and Cohesion funds were of the highest importance of all EU funds.<sup>1</sup> MEPs also expressed concern over the transparency and fiscal accountability of European Parliament spending, specifically related to MEP allowances. Additionally, exchanges of views in various workshops and public events, such as the Dutch Presidency's EU Hackathon, citizens' also highlighted concerns of how elected officials are spending EU funds. Therefore, the ESIF and European Parliament spending became the two main areas of thematic focus within Work Package 6 and serve as the thematic focus of this report.

The delay of Deliverable 6.7 is primarily due to 3 reasons. First, the shifting of the timetable for deliverables 6.3 and 6.6 required resources to properly feed into the production and dissemination of the report to relevant stakeholders, which led to an overlap of the drafting period of 6.7. Second, it has been important to allow for the consideration of the Parliament's adoption of their annual financial discharge report. This has been a main focus of advocacy work to increase fiscal transparency and accountability and to push for a creation of a dedicated Parliament webpage for budget and spending data. Within the context of the final adopted text there was a number of developments that need to be analysed, such as voting behaviour, in the context of the main findings of the final report. Third, and due to dozens of previous bi-lateral and tailored briefings to journalists, based in Brussels and the national capitals, a great deal of interest has been generated in the project and EU fiscal transparency and accountability of the Parliament. The number of background briefings provided on the project and precise rules of the procurement process of the Parliament also contributed to the slight delay in submission of Deliverable 6.7.

The report is divided into 3 main sections. First, there will be an overview of the legal and policy framework for EU budget transparency and openness generally. Second, there will be an overview provided of the key findings from Task 2's Final Report on Data Quality. Third, an assessment will be provided of the transparency and accountability of budget and spending data by the European Parliament, with an emphasis on the spending of EU funds by Members of the European Parliament (MEPs). This study reviews the general budget and expenditure data publishes by the European Parliament to determine its availability and usability. The sections on MEP allowances reviews the legal framework in place governing transparency and fiscal accountability to determine if these are adequate in preventing the misuse of EU money. The final part of this report will propose legal and policy recommendations to increase transparency, openness, and accountability of these EU funds.

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<sup>1</sup> <http://openbudgets.eu/assets/deliverables/D6.2.pdf>

## Abbreviations and Acronyms

<b>APA</b>	Accredited Parliamentary Assistance
<b>BUDG</b>	Budget Committee
<b>CF</b>	Cohesion Fund
<b>CONT</b>	Budgetary Control Committee
<b>CSV</b>	Comma Separated Value
<b>DG</b>	Directorate General
<b>EAFRD</b>	European Agricultural Fund for Rural Development
<b>EFF</b>	European Fisheries Fund
<b>ERDF</b>	European Regional and Development Fund
<b>ESF</b>	European Social Fund
<b>EU</b>	European Union
<b>FN</b>	Front National
<b>FTS</b>	Financial Transparency System
<b>GEA</b>	General Expenditure Allowance
<b>HTML</b>	HyperText Markup Language
<b>MEP</b>	Member of the European Parliament
<b>NUTS</b>	Nomenclatura of territorial units for statistics
<b>OLAF</b>	European Anti-Fraud Office
<b>OP</b>	Operational Programme
<b>PAA</b>	Parliamentary Assistance Allowance
<b>PSI</b>	Public Sector Information
<b>TFEU</b>	Treaty on the Functioning of the European Union
<b>UK</b>	United Kingdom
<b>UKIP</b>	United Kingdom Independence Party
<b>XLSX</b>	Microsoft Excel File

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# 1 Introduction

Transparency and financial accountability are crucial in preventing misuse and corruption involving EU funds. This report aims to evaluate the transparency, open data quality, and institutional financial control mechanisms of funding areas that were identified by EU policy makers as areas of key interest. This analysis is followed by recommendations of administrative or legislative change that could address risk areas or existing loopholes.

In Task 1 of Work Package 6 a survey was carried out of MEPs of the Budget and Budgetary Control committees to assess their needs when carrying out their respective parliamentary activities. The findings of this EU policy maker assessment indicated that the budget and expenditure data for the European Structural and Investment Fund (ESIF) was of the highest importance of all EU funds. MEPs also expressed concern over the transparency and fiscal accountability of European Parliament spending, specifically related to MEP allowances. Therefore, this report focuses on these two areas.

Levels of transparency and open data legal requirements vary across EU funding programmes and even EU institutions. Additionally, the transparency of some of this data is subject to a variety of different legal provisions governing data privacy and access to documents. However, there has been vast improvements in the availability of EU budget and spending data. The Commission has launched several portals, such as the ESIF Open Data Portal<sup>2</sup>, and supplemental data and information is also provided on various EU institutional websites.

The data quality index of the ESIF, carried out by Open Knowledge Germany, found several weaknesses and non-compliance of the new transparency and open data regulatory obligations in place for the current funding period. These included linguistic barriers, closed data formats being published, and a failure by some Member States to publish data within the time periods outlined in the relevant regulations. Comparatively, however, the quality of the data has improved in the current funding period 2014 – 2020, as compared to the 2007-2013 funding period.

The European Parliament also has made efforts to publish budget and expenditure data regarding its own spending. However, much of this information is spread across different websites, not in open source format, and requires technical expertise to understand it. However, this assessment found that there is a complete lack of transparency of how MEPs spend EU funds when carrying out their parliamentary duties. Several financial accountability risk areas were also identified concerning the MEP allowance regime.

This report highlights different transparency and open data obligations for Member State national authorities and EU institutions. In doing so it also demonstrates different standards

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<sup>2</sup> <https://cohesiondata.ec.europa.eu/>

EU policy makers possess on the transparency financial control obligations they would like placed on Member States and what they are willing to have placed on themselves.

## 2. EU Budget and Expenditure Data

As discussed in the MEPs' Needs Assessment Report and the European Structural and Investment Fund (ESIF) Data Quality Report, EU institutions and member State national authorities publish, to different degrees, budget and expenditure data of EU funds. Much of this is determined by the EU regulatory provisions governing a particular institution or EU fund. For instance, transparency and open data publication requirements are much more robust for the ESIF than EU administrative budget headings. Additionally, many EU institutions have established internal administrative rules and guidelines that differ greatly regarding transparency and financial management rules. Although budget and spending data and supplemental information is available it is often decentralised, not in open source format, in different official languages, and requires a certain degree of technical expertise to fully appreciate it.

### Legal and Policy Framework

The levels of transparency of EU financial information varies across different budget lines and institutions depending upon the applicable regulatory framework. The EU Financial Regulation's Principle of Transparency lays out a framework for the publication of information on recipients of the EU budget. For instance, it requires a minimum set of information to be published on either an EU institution website or national website, including "*the locality of the recipient; the amount awarded; and the nature and purpose of the measure.*"<sup>3</sup> However, there are no open data publication requirements contained in the Financial Regulation.

Information held by the EU institutions, including budget and spending data, are also governed by a legal regime originating from the Treaty on the Functioning of the European Union (TFEU) Article 15(3) of the TFEU states: "*Any citizen of the Union, and any natural or legal person residing or having its registered office in a Member State, shall have a right of access to documents of the Union's institutions, bodies, offices and agencies, whatever their medium, subject to the principles and the conditions to be defined in accordance with this paragraph*"<sup>4</sup>. This right and corresponding obligations of the institutions are further clarified in the Access to Documents Regulation 1049/2001. However, there are a number of exceptions that institutions can evoke in denying access to documents, which include individual privacy concerns and where disclosure would undermine the protection of commercial interests of a natural or legal person<sup>5</sup>. These exceptions have often been evoked, leading to legal disputes

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<sup>3</sup> [EU Regulation No 966/2012](#)

<sup>4</sup> [Treaty on the Functioning of the European Union](#)

<sup>5</sup> [EU Regulation No 1049/2001](#)



and the lodging of complaints by citizens to the EU Ombudsman. In 2016, access to document complaints constituted the largest percentage of all complaints at 29.6%<sup>6</sup>.

Levels of transparency and open data legal requirements vary across EU funding programmes. The Structural and Investment Funds have new and relatively strong provisions in place for the publication of open data figures by national authorities. The (ESIF) covers five different instruments: European Regional and Development Fund (ERDF), European Social Fund (ESF), Cohesion Fund (CF), European Agricultural Fund for Rural Development (EAFRD), European Fisheries Fund (EFF). In relation to these funds, EU Regulation No 1303/2013 requires Member States to create a single website providing all viable information on their operational programmes and the publishing their beneficiary data in a machine-readable format<sup>7</sup>. In contrast, the Justice Programme for the period 2014 to 2020 does not require the same level details to be published. Rather, EU Regulation No 1382/2013 only cites, in the preamble, the Financial Regulation's minimum requirements of publication of recipient information<sup>8</sup>. The main legal instruments governing these different funding programmes do not elaborate on the existing discrepancies regarding the respective transparency provisions.

Other legal instruments have also helped promote and partially harmonise the publication of open data, including budget and spending information, by EU institutions and Member States governments. Amending Directive 2003/98/EC, Directive 2013/37/EU on the reuse of public sector information (PSI) lays out more precise definitions of publication formats, including 'open format' and 'machine-readable format'<sup>9</sup> for Member State public bodies. The EU Commission subsequently decided to set an example and introduce obligations on the publication and re-use of their own documents. Commission Decision 2011/833/EU set itself a number of obligations, including the establishment of data portals and further commitments on open data availability<sup>10</sup>. Although some EU institutions provide open data sets, which are published on Commission data portals, the main institutions have not adopted corresponding administrative decisions specifically promoting the publication of data in open source format.

The legal and policy framework that governs EU fiscal transparency and openness touches upon treaty obligations, financial management regulations, legal instruments governing funding programmes, and EU and administrative rules on access to documents by public bodies and institutions. Many of these obligations are not harmonised, neither across funding lines nor across individual EU bodies. Detailed budget and expenditure data is also subject to various exceptions that can limit the publication of certain data. Despite these conditions, there does exist a great deal of information on EU budget and spending.

## Availability and Usability

EU budget and expenditure data is available, to varying degrees, across many EU institutional websites and portals. The Commission publishes both budget and spending information

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<sup>6</sup> <https://www.ombudsman.europa.eu/en/activities/annualreport.faces/en/79333/html.bookmark>

<sup>7</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32013R1303>

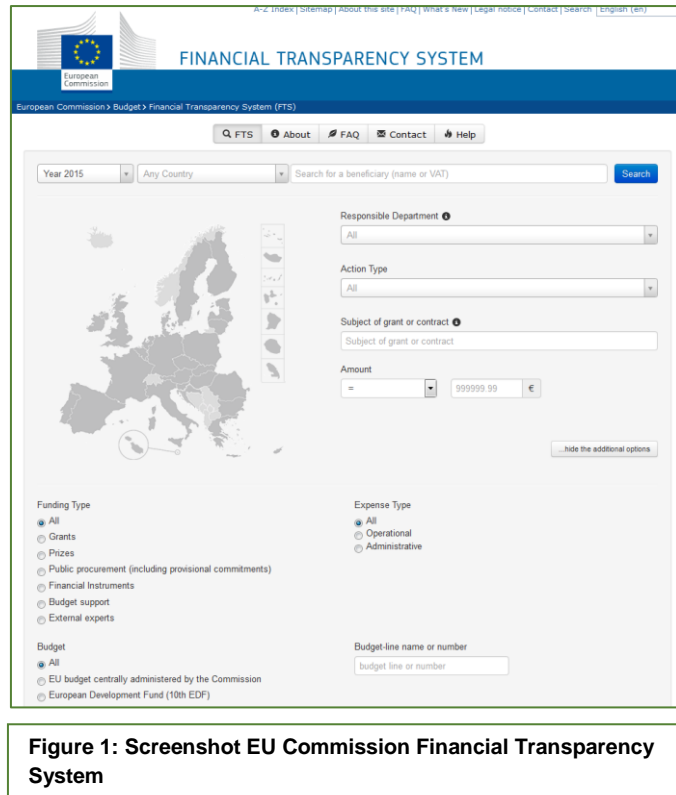
<sup>8</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1398443724131&uri=CELEX:32013R1382>

<sup>9</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32013L0037>

<sup>10</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:330:0039:0042:EN:PDF>

across different institutional websites and dedicated thematic portals. The Commission maintains a dedicated site explaining the EU budget<sup>11</sup>, as well as providing the annual EU budget line figures. It also provides budget and expenditure data by heading and Member State, in open source format<sup>12</sup>. However, more detailed itemised budget expenditure details, can be difficult to locate or are not publically available.

There are several portals that have been established by the Commission, such as the open data portal of ESIF Funds, which is managed by the Directorate General of Regional Policy<sup>13</sup>. Beneficiaries of funds that are directly managed by the Commission can also be found on the Financial Transparency System (FTS), and open source data portal<sup>14</sup>. The FTS provides general information about grant beneficiaries such as geographical location, project information, EU programme or action type providing the funding, and the budget commitment figure. It does not, however, publish actual expenditure figures. For this information, other documents must be referenced, such as the annual financial reports, which provide information regarding payments that have been executed and other expenditure details in different EU budget headings<sup>15</sup>.



**Figure 1: Screenshot EU Commission Financial Transparency System**

There are a number of supplemental budget and spending reports and assessments published by the intuitions and national authorities, including Individual Directorates General (DGs) of the Commission provide a variety of. The EU Commission's annual activity reports<sup>16</sup>, internally-produced reports by each Directorate General, outline how the management of funds has been carried out and how this has conformed to set objectives. The Commission also provides further details on budget appropriations and payment figures in annual budget implementation summaries<sup>17</sup>.

Other supplemental periodic financial reports are published by EU institutions, as well as national authorities. The Court of Auditors, the European Union's independent external

<sup>11</sup> [http://ec.europa.eu/budget/explained/index\\_en.cfm](http://ec.europa.eu/budget/explained/index_en.cfm)

<sup>12</sup> [http://ec.europa.eu/budget/figures/interactive/index\\_en.cfm](http://ec.europa.eu/budget/figures/interactive/index_en.cfm)

<sup>13</sup> <https://cohesiondata.ec.europa.eu/>

<sup>14</sup> [http://ec.europa.eu/budget/fts/index\\_en.htm](http://ec.europa.eu/budget/fts/index_en.htm)

<sup>15</sup> [http://ec.europa.eu/budget/financialreport/2015/lib/financial\\_report\\_2015\\_en.pdf](http://ec.europa.eu/budget/financialreport/2015/lib/financial_report_2015_en.pdf)

<sup>16</sup> [https://ec.europa.eu/info/publications/annual-activity-reports-2016\\_en](https://ec.europa.eu/info/publications/annual-activity-reports-2016_en)

<sup>17</sup> [http://www.europarl.europa.eu/meetdocs/2014\\_2019/documents/regi/dv/ares%282015%292276305/\\_ares%282015%292276305\\_en.pdf](http://www.europarl.europa.eu/meetdocs/2014_2019/documents/regi/dv/ares%282015%292276305/_ares%282015%292276305_en.pdf)

auditor, issues several different kinds of reports. The Court publishes an annual audit report that covers the EU budget and European Development Funds and assesses if the spending has been managed properly, adhering to the relevant regulations and rules<sup>18</sup>. The Court also issues special reports, which look at financial compliance and management issues within specific EU institutions or thematic budgetary areas. The European Parliament, discussed later in further detail, also provides budget and spending data, as well as internal report, within the context of the annual budget<sup>19</sup> and budgetary discharge procedures<sup>20</sup>.

These aforementioned reports are detailed and are made publicly available by the relevant institutions or DGs relevant institutions are usually lengthy substantive reports where the figures contain within are not provided in open source format. These reports are in pdf format and are written for internal institutional audiences that have the requisite background to appreciate the technical aspects of budget implementation processes. However, expenditure data availability, the openness of formatting, and usability defers across EU institutions and eth specific EU fund concerned. Although improvement has made through the Commission's establishment of different portals, the information is not centralised and is spread across various institutions, specific DGs, and websites.

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<sup>18</sup> <http://www.eca.europa.eu/en/Pages/AuditReportsOpinions.aspx>

<sup>19</sup> <http://www.europarl.europa.eu/committees/en/budg/2018-procedure.html>

<sup>20</sup> <http://www.europarl.europa.eu/committees/en/cont/practical-information.html>

### 3. Data Quality Index: European Structural and Investment Fund

Within the context of Work Package 6, Open Knowledge Foundation Germany undertook an analysis of the quality of data, published by Member States, of European Structural and Investment Fund. A data quality index was produced and the subsequent report assessed the quality of the EU member states' beneficiary data released for the European Structural and Investment Funds for the funding periods of 2007-2013, as well as 2014-2020. Drawing upon previous work, all Member state data was collected all data for the 2007-2013 and 2014-2020 funding periods, which set the foundation for the quantitative analysis in this report. All EU member states' ESIF websites were analysed and evaluated against the governing EU

regulation with special attention towards usability, data access and their availability in English.

Emphasis was given to researching the accessibility of the data via the managing authorities' websites and the quality and format of this data.

The report allowed for both a comparison between two funding periods as well as two distinct regulatory frameworks. The Regulation that governs the present funding period introduced additional requirements on transparency and open data. EU Regulation No 1303/2013 from December 2013 requires the member states to create a single website providing all viable information on their operational programmes and publishing their beneficiary data in a machine-readable format.

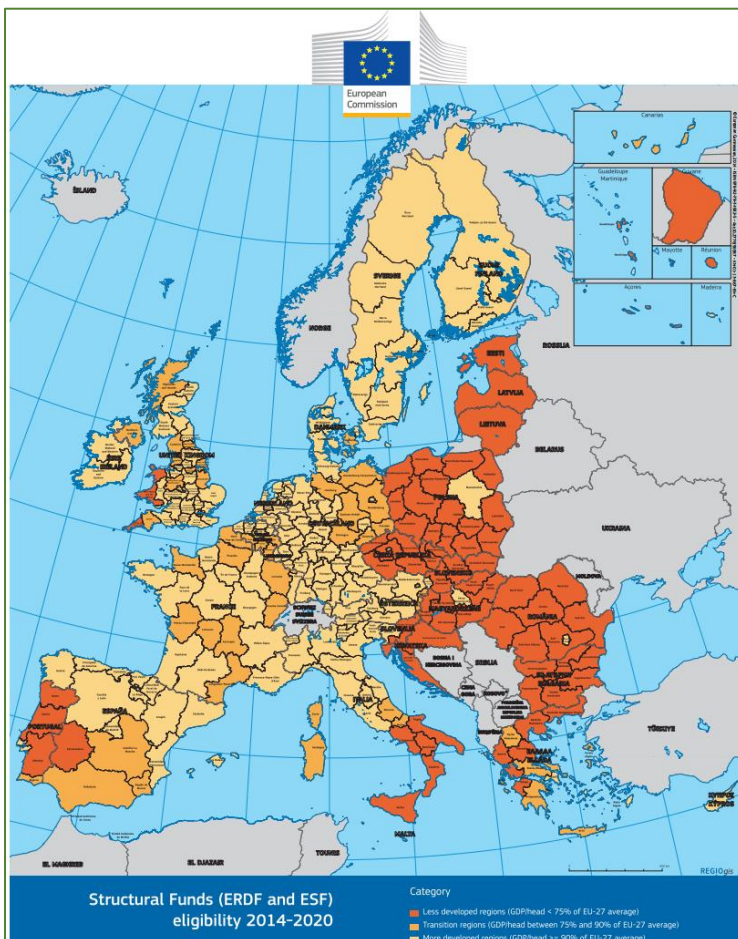


Figure 2: Structural Funds eligibility 2014-2020 funding period

#### Policy Background

The EU Commission laid out their Horizon 2020 strategy for generating smart, sustainable and inclusive growth in the EU. In order to achieve these goals, the EU manages the European

Structural Investment Funds, which are the EU's main investment policy tools. To assure that the funds are used to achieve the EU's goals, detailed investment priorities and thematic objectives are defined, which function as guidelines for the use of the funds. The European framework constitutes funding periods of seven years with the last period ranging from 2007-2013 and the current period lasting from 2014 until 2020.

Institutionally, the member states and the European Commission (through its directorates general) negotiate a Partnership Agreement within the benchmarks that are set by the regulations for the structural and cohesion funds. Partnership agreements are contracts governing the funding process between the European Commission and the member states. Thereafter, the operational programme (OP) have to be submitted based on how applicants are planning to achieve the Commission's goals by funding local projects. The applicants for these operational programmes are the member states' regions as defined by the NUTS classification (Nomenclatura of territorial units for statistics). Within the regions a management authority has to be declared such as ministries of finance or regional administrations. While application is always handled by the region, countries with a strong central state often administer the funds on a national level. This leads to spending data being released on a national level. For countries with a federal structure such as Germany, Spain and Austria, data is usually published on the regional level.

The European Structural Investment Funds (ESIF) cover five different instruments:

- European Regional and Development Fund (ERDF)
- European Social Fund (ESF)
- Cohesion Fund (CF)
- European Agricultural Fund for Rural Development (EAFRD)
- European Fisheries Fund (EFF)

This report has evaluated the different data formats of the beneficiary lists available on the websites, asking whether the downloadable datasets were available in Machine Readable Format. Machine Readable means that the data is presented in a form that can be processed by a computer, which is crucial for further analysis and comparison. Machine readability of data formats has improved substantially in the 2014-2020 period, with less and less PDFs being published. However, member states are still far from completely adhering to the EU regulation with only 22 of 28 countries having released the beneficiary lists as of February 2017. Furthermore, six member states still used close data formats such as PDF or specifically designed webapps, which do not allow for easy data extraction or comparative analysis. Although the data quality has improved in the funding period 2014 – 2020, as compared to the 2007-2013 funding period, much remains to be done.

The data quality report gave an overview on the quality of the ESIF spending data published by member states in the 2007-2013 and 2014-2020 periods. It was concluded that only 16 of 28 EU member states have an English portal, which makes locating their spending data quite difficult and requires improvement. Furthermore, closed data formats are still common with one PDF and five webapps being used with a total of 22 datasets published so far in the 2014-2020 period. However, comparative analysis showed that substantial progress was made with



COUNTRY	DATA FORMAT	ENGLISH TRANSLATION	SCORE
Bulgaria	XLS	yes	5
Lithuania	XLS	yes	5
Poland	CSV	yes	5
Slovenia	XLS	yes	5
Belgium Flanders	XLS	yes	4
Denmark	CSV	yes	4
Finland	CSV	yes	4
Greece	CSV	yes	4
Italy	XLS	no	4
Portugal	XLSX	no	4
Austria <sup>2</sup>	XLSX	yes	3
Croatia	XLS	no	3
Czech Republic	XLSX	yes	3
Estonia	webpage	yes	3
Hungary	webpage	yes	3
Latvia	XLS	no	3
Luxembourg	webpage	no	3
Slovakia	webpage	no	3
France	XLS	yes	2
Germany	XLSX	yes	2
Malta	PDF	yes	2
Romania	PDF	no	2
Sweden	webpage	no	2
UK - England	XLSX	yes	2
Cyprus		no	1
Ireland		yes	1
Netherlands <sup>3</sup>	XLSX	no	1
Spain		yes	1

2 - The Austrian Portal was updated and brought to our attention in April 2017.

3 - The Dutch portal is ranked with 1 point due to the fact that it only provides an excerpt of projects funded by the Netherlands.

**Table 1: Member State Data Quality Index**

the introduction of the new Regulation (EU) No 1303/2013 of December 2013. The current funding period shows more machine readable data formats and the data quality has increased. Nonetheless, member states are still slow regarding the data's publication and some not complying with regulatory data publication requirements. Furthermore, issues remain regarding the comparability of amounts, with different currencies and definition of amounts being the most pressing. Making the received funds comparable should be of the highest priority because it allows for thorough statistical analysis. Including CCI program codes could enable linking the data to the EU's own data portal, uniting spending data with administrative documents such as operational programmes. Furthermore, adding information on the legal form of beneficiaries would improve research opportunities extensively. Lastly, it has to be stressed that

only CSV and JSON files can really be considered machine readable and requires adaption.

There are a number of regulatory provisions that could be introduced in the regulations that will be adopted for the forthcoming period, post-2020.

## Recommendations

- Member States websites should also be available in English;
- Make CSV or JSON the mandatory format for beneficiary data;
- Include information on legal form of beneficiary;

- Require standardised date-notation and provide standardized way to make non Euro amounts comparable;
- Provide the following amounts: applied, allocated, and paid out;
- Provide project funding broken down by EU Amount, Member State Amount, Third Party Amount, and a total Amount;
- Provide information on the following dates and milestones in the project: start, finish, payment date and duration;
- Provide sufficient information to link the beneficiary lists to the programmes by CCI codes;
- Provide sufficient geographical information for both beneficiary and project location;
- provide links to project files;

## 4. The European Parliament

This section evaluates the transparency, openness, and financial accountability of European Parliament spending, with particular focus on the MEP allowance regime. A general overview of available spending and budget data for the European Parliament will be followed by a detailed assessment of the transparency and accountability of the four primary budget lines that MEPs can spend within the course of their respective legislative mandates. This section also includes a review of MEPs' own policy positions, from formal voting records and parliamentary meeting minutes, of how much transparency and accountability they want in regard to these allowances.

Recommendations are presented for legislative or administrative changes that could address identified transparency and financial accountability weakness.



This exercise aims to address the following general questions:

- Is European Parliament budget and spending data transparent, enabling citizens access to information that is easily found and understood?
- Is European Parliament publishing budget and spending data in open and machine-readable format?
- Are there adequate financial accountability mechanisms in place, in regard to MEP allowances, in order to prevent the misuse of EU funds?

To ascertain these answers, research was carried out of documents published by the Parliament and the precise details and format this information was made available to the public. To gauge the levels of transparency and accountability of MEP allowances, bi-lateral meetings and interviews with EU policy makers, who work on budget and controls of EU funds, were undertaken. A series of access to document requests were also submitted to the European Parliament to assess the levels of transparency on MEP spending data. Detailed appeals were also submitted for any refusals by Parliament of granting access to this expenditure information. This was designed to illicit more comprehensive explanations by the Parliament for the legal justifications for these refusals. EU institutional report findings were also examined, specifically by the European Parliament, European Anti-Fraud Office (OLAF) and the European Court of Auditors. Finally, publically reported cases of MEP misuse and fraud were also analyzed and considered when assessing vulnerabilities in the financial control mechanisms of the MEP allowance regime.

### Transparency

The European Parliament has taken many positive steps to increase the transparency of documents related to official parliamentary activities. The Parliament website streams



committee meetings and plenary sessions<sup>21</sup>, publishes minutes of voting records<sup>22</sup>, maintains a public documents register<sup>23</sup>, and has an online portal for documents related to legislative and non-legislative dossiers<sup>24</sup>. Although sometimes difficult to locate across numerous parliamentary sites and portals, such as the Legislative Observatory<sup>25</sup>, there is a great deal of information related to legislative activities published by the Parliament. The Parliament also provides a limited number of open data sets to the EU Open Data Portal<sup>26</sup>.

In regard to budget and spending data of the institution, The Parliament publishes a number of documents. Most of the EU institutional annual account information is published within the context of the budget discharge procedure. This is an annual process which sees the Parliament formally close the annual budget cycle for EU institutions and agencies. For Parliament budget and expenditure information there is the overall EU budget appropriation figures, published annual fiscal accounts, audit reports, detailed responses to parliamentary questionnaires on spending, activity reports from the different Directorates General (DGs), and reports on budgetary and financial management. These separate documents provide varying levels of budget and spending details.

Though this budget and spending information is publicly available, much of it is not in open source machine readable format. For instance, the Parliament's overall balance sheet is a scanned pdf file that is only available in one official language (French)<sup>27</sup>. Other expenditure data is often contained in annexes of substantive internal reports in pdf format, such as the Parliament's annual Report on Budgetary and Financial Management<sup>28</sup>. It also requires a degree of prior technical knowledge to fully appreciate what the different reports and accounts signify, as there are no detailed explanations pertaining to individual documents.

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<sup>21</sup> <https://www.euoparltv.europa.eu/en/home>

<sup>22</sup> <http://www.euoparl.europa.eu/plenary/en/home.html>

<sup>23</sup> <http://www.euoparl.europa.eu/RegistreWeb/search/simpleSearchHome.htm?language=EN>

<sup>24</sup> <http://www.euoparl.europa.eu/oeil/home/home.do>

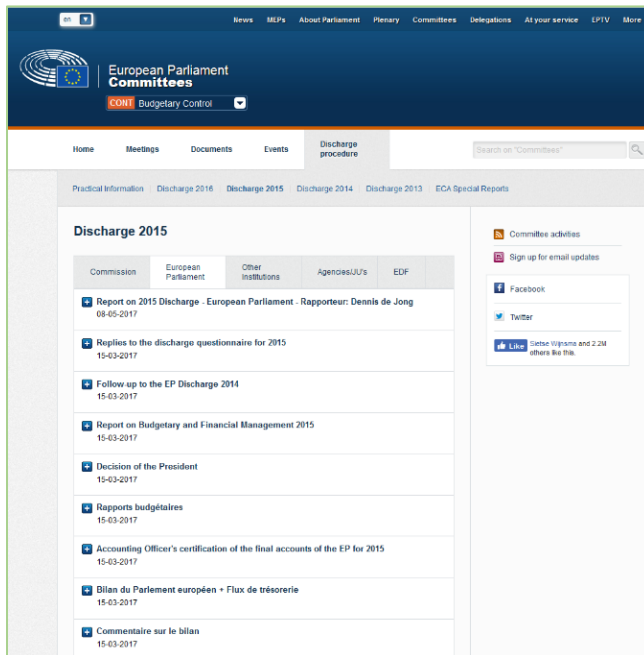
<sup>25</sup> <http://www.euoparl.europa.eu/oeil/home/home.do>

<sup>26</sup> [https://data.europa.eu/euodp/en/data/publisher/dfeca54d-75d6-4571-b4e3-77798a35d7d0?res\\_format=HTML](https://data.europa.eu/euodp/en/data/publisher/dfeca54d-75d6-4571-b4e3-77798a35d7d0?res_format=HTML)

<sup>27</sup> [http://www.euoparl.europa.eu/cmsdata/113266/04\\_Bilan.pdf](http://www.euoparl.europa.eu/cmsdata/113266/04_Bilan.pdf)

<sup>28</sup> <http://www.euoparl.europa.eu/committees/en/cont/discharge-2015.html?action=0&tab=European%20Parliament>

Though many documents are transparent there are other practical barriers for citizens trying to ascertain this information. Budget and spending data is not centralised and spread across



**Figure 3: Screenshot European Parliament Budgetary Control committee website**

different parliamentary websites. Many of the pertinent documents related to expenditure information are located in sub sections of the Budgetary Control Committee site under ‘Discharge Procedure’, divided by different institutions and agencies. These documents are published in one language, either English or French. The same of budget appropriation data, being on separate sub sections of the Budget Committee webpage<sup>29</sup>. Potential language barriers, the need to know what responsible committee, and appreciation of the corresponding procedure greatly hinders citizens’ ability to find the information. Policy makers, as well as staff members, interviewed in Task 1 also expressed difficulties locating and understanding the relevant documentation.

This need for more available, useable and centralized budget data pertains to the needs of citizens as well as EU policy makers themselves. The EU budgetary processes and structures are very complex. It is a legislative procedure, involving the Commission, Parliament and Council, which takes place under a strict annual timeline. As highlighted in our needs assessment report, 80% of MEP survey respondents wanted the budget data, as well as the accompanying legislative process, explained and available online<sup>30</sup>.

<sup>29</sup> <http://www.europarl.europa.eu/committees/en/budg/2017-procedure.html?tab=Procedure%20documents>

<sup>30</sup> <http://openbudgets.eu/assets/deliverables/D6.2.pdf>

The Parliament has made efforts to try and offer explanatory documents and websites on budgetary procedures. Unfortunately, this information is not centralized and includes non-committee sites that contain general briefing notes<sup>31</sup> from Parliament and different national information offices<sup>32</sup>.

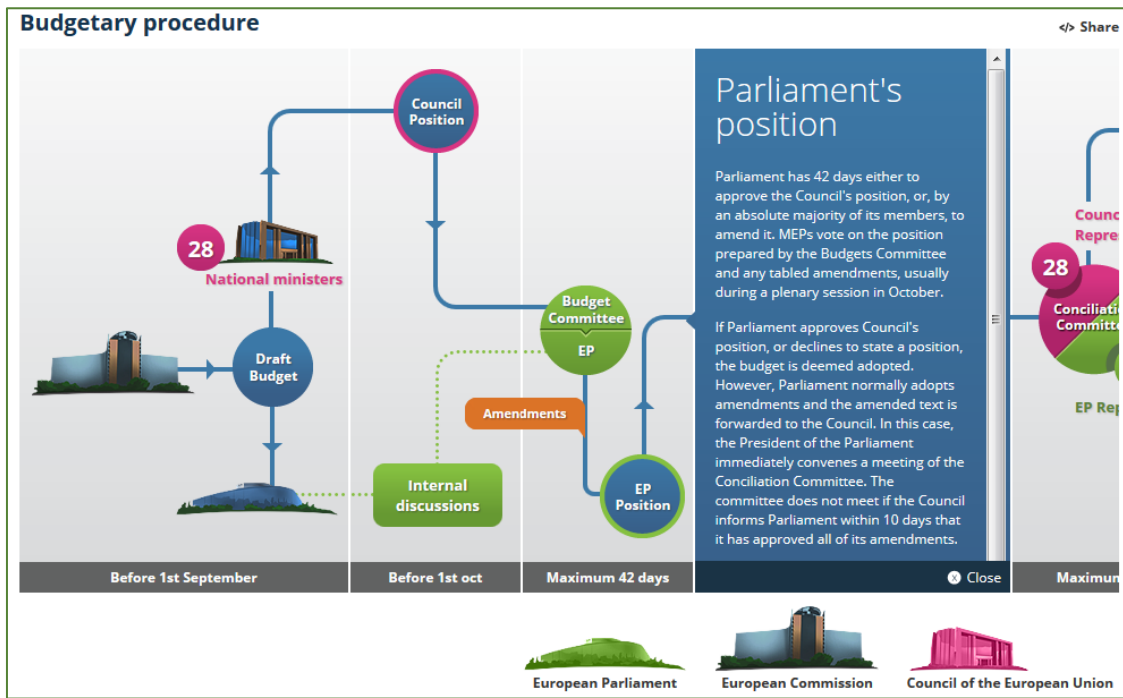


Figure 4: Screenshot European Parliament website on EU budgetary procedure

Positive steps are being taken to address these aforementioned issues to make budget and spending data easier to find and use for citizens. In Parliament's report on *Estimates of Revenue and Expenditure for the Financial Year 2017*, MEPs explicitly called for a proposal from the Parliament's Secretary General to present online the "budget to the general public in appropriate detail and in an intelligible and user-friendly manner on the website of the Parliament in order to enable all citizens to develop a better understanding of Parliament's activities, priorities and corresponding spending patterns"<sup>33</sup>. Unfortunately, this was not acted upon and MEPs therefore called for this proposal again in the report on revenue and expenditure 2018.<sup>34</sup>

<sup>31</sup> <http://www.europarl.europa.eu/aboutparliament/en/20150201PVL00005/Budgetary-powers>

<sup>32</sup> <http://www.europarl.europa.eu/ireland/en/news-press/eu-budget-process-explained>

<sup>33</sup> <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P8-TA-2016-0132&language=EN&ring=A8-2016-0131>

<sup>34</sup> <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P8-TA-2017-0114&language=EN&ring=A8-2017-0156>

## Recommendations

- The Parliament should provide a centralised site on its budget and spending data. These documents should have an accompanying explanation of the documents' significance and the relevant budgetary process;
- The Parliament should adopt an administrative decision specifically promoting the publication of data in open source format;
- The Parliament should make available, in a timely manner, this spending and expenditure data in open and machine-readable formats, such as CSV.

### 4.1 MEP Allowances

This section outlines the regulatory and legal framework governing the spending of EU funds by Members of the European Parliament (MEPs). It then makes an assessment of the transparency and financial control mechanisms in place to prevent the misuse of these funds. This task encompasses the four main allowances provided to MEPs to aid them in carrying out activities related to their legislative mandate. These include the General Expenditure Allowance (GEA), the Parliamentary Assistance Allowance (PAA), the Travel Allowance, and the daily Subsistence Allowance.

Task 1's MEPs' needs analysis activities identified the lack of transparency and accountability of MEP allowances as corruption risk areas. In addition to the misuse of EU funds, Task 1 interviewees were concerned that irregularities of these allowances constitute a grave reputational risk for the Parliament. This sentiment was also expressed in this year's discharge report related to Parliament's administrative expenditure, where MEPs recognised that any spending errors could have highly negative impact on the institution<sup>35</sup>. MEPs have also highlighted problems with the existing allowance regime in numerous parliamentary reports, mostly originating from the Budget and Budgetary Control committee.<sup>36</sup> The adopted texts all reaffirm this concern over a lack of both transparency and financial accountability of how MEPs are spending EU funds.

### General Legal Framework

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<sup>35</sup> [http://www.europarl.europa.eu/cmsdata/117867/P8\\_TA-PROV\(2017\)0146%20-%20Provisional%20version.pdf](http://www.europarl.europa.eu/cmsdata/117867/P8_TA-PROV(2017)0146%20-%20Provisional%20version.pdf), para 4

<sup>36</sup> [http://www.europarl.europa.eu/cmsdata/101345/P8\\_TA-PROV\(2016\)0150\\_EN.pdf](http://www.europarl.europa.eu/cmsdata/101345/P8_TA-PROV(2016)0150_EN.pdf)

Members of the European Parliament (MEPs) are entitled to a number of allowances designed to help carry out activities related to their legislative mandate. There are four main allowances: The General Expenditure Allowance (GEA), the Parliamentary Assistance Allowance (PAA), the Travel Allowance, the Subsistence Allowance. All of these allowances are subject to a regulatory framework that encompasses the Members' Statute, accompanying implementing measures and financial management principles enshrined in the EU Financial Regulation.

The use of the Parliament's budget, including allowances, are subject to various principles in the EU Financial Regulation. The most pertinent is the principle of sound financial management, which stipulates that appropriations "*shall be used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness*"<sup>37</sup>. The Members' Statute<sup>38</sup> (hereafter 'the Statute'), adopted in 2005 and entering into force in 2009 with the new legislative mandate, provides very broad rules and conditions pertaining to reimbursement of costs related to the exercise of a MEP's parliamentary duties. The Statute dictates that the Parliament shall lay down the conditions for the exercise of the rights concerning these entitlements.

The Parliament's Bureau<sup>39</sup> adopts internal parliamentary rules and is composed of the President, Vice Presidents and the Quaestors. The Bureau is solely responsible for implementing the financial conditions of the Statute. In 2008, the Bureau adopted the implementing measures for the Statute for Members of the European Parliament<sup>40</sup>, which supplements and clarifies the broad provisions of the Statute. Chapters 4 and 5 of these measures lay down the rules governing the aforementioned allowances. It provides details on the documentation required for the reimbursement of the PAA and travel allowances, as well as rules on the use of the GEA. It also sets conditions that must be met in order to claim the subsistence allowance.

The Statute also provides clarification on what costs these allowances cannot be used to cover. For example, Article 43 describes non-reimbursable expenses related to the use of the PAA, including the prohibition of MEPs funding contracts with immediate family members. Article 62 stipulates that all of these allowances must not cover personal expenses, fund grants of a political nature, and that any unused amounts must be paid back to the Parliament. Financial guidelines are also provided to MEPs by the Parliament to further clarify the rules governing the use of some of the allowances.

The transfer of allowance payments by Parliament vary. The travel allowance and PAA are reimbursed at cost by the Parliament, within a maximum budget amount, upon the submission of the requisite documentation by the MEP. The GEA and subsistence allowance, however,

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<sup>37</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1465306920729&uri=CELEX:02012R0966-20160101>

<sup>38</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32005Q0684&from=EN>

<sup>39</sup> <http://www.europarl.europa.eu/meps/en/search.html?bodyType=OTH&bodyValue=BURO>

<sup>40</sup> [http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32009D0713\(01\)](http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32009D0713(01))

are paid by a set lump sum amount that is directly deposited to a bank account chosen by the MEP.

The internal financial management of these allowances, where it exists, is primarily carried out by the Parliament's Directorate General of Finance (DG Finance) and with certain staff contracts, the Directorate General of Personnel.

#### 4.1.1 General Expenditure Allowance

The General Expenditure Allowance (GEA) is meant for office expenses related to MEPs' parliamentary activities. In 2017 the GEA amounts to € 4,342 per month/per MEP and is transferred to the MEPs' bank account of their choosing, including their own personal accounts by default. This annual budget line amounts to just under €40 million annually in EU funds<sup>41</sup>. The lump-sum payment does not differentiate depending on location and market prices. In a special report from 1998, the European Court of Auditors also noted that the scale for the flat-rate GEA allowance "*is not based on any precise figures for the various expenses covered and takes no account of overheads that may be reimbursed*"<sup>42</sup>. This situation has not changed in the intervening years.

The GEA is intended for specific purposes and has rules in place on how it must be used. Article 28 of the Implementing Measures specifically stipulates that the GEA is intended to cover expenses primarily related to the running of office costs in their member State, such as office management and running costs, cost of purchasing or renting office equipment, and IT purchase and phone bills<sup>43</sup>. In addition to the provisions of the corresponding Implementing Measures, DG Finance has drawn up, and the Bureau has adopted, internal guidelines for the defrayal of expenses of the GEA<sup>44</sup>. They specify, for example, the types of office maintenance costs, equipment or administrative costs that can be covered by this allowance.

### Transparency

The Parliament has only published an overall annual budget appropriation and expenditure figure related to the General Expenditure Allowance. There is no transparency of actual spending data related to individual Members. This is because the Parliament simply does not possess the information. In November 2015, we initiated a series of access to document requests for information and data related to the spending of the GEA by all MEPs for the fiscal year 2014. After an initial blanket denial, and a subsequent confirmatory application<sup>45</sup>, the Vice President charged with access to document requests confirmed that the Parliament "*does not hold any documents concerning the details on how the allowance is spent by each Member*"<sup>46</sup>.

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<sup>41</sup> <http://eur-lex.europa.eu/budget/data/LBL/2017/en/SEC01.pdf>,

<sup>42</sup> [http://www.eca.europa.eu/Lists/ECADocuments/SR98\\_10/SR98\\_10\\_EN.PDF](http://www.eca.europa.eu/Lists/ECADocuments/SR98_10/SR98_10_EN.PDF)

<sup>43</sup> [http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32009D0713\(01\)](http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32009D0713(01))

<sup>44</sup> <https://transparency.eu/wp-content/uploads/2017/04/list-of-expenses-GEA.pdf>

<sup>45</sup> [http://transparency.eu/wp-content/uploads/2017/01/EP-confirmatory-request\\_Transparency-International-EU-Office.pdf](http://transparency.eu/wp-content/uploads/2017/01/EP-confirmatory-request_Transparency-International-EU-Office.pdf)

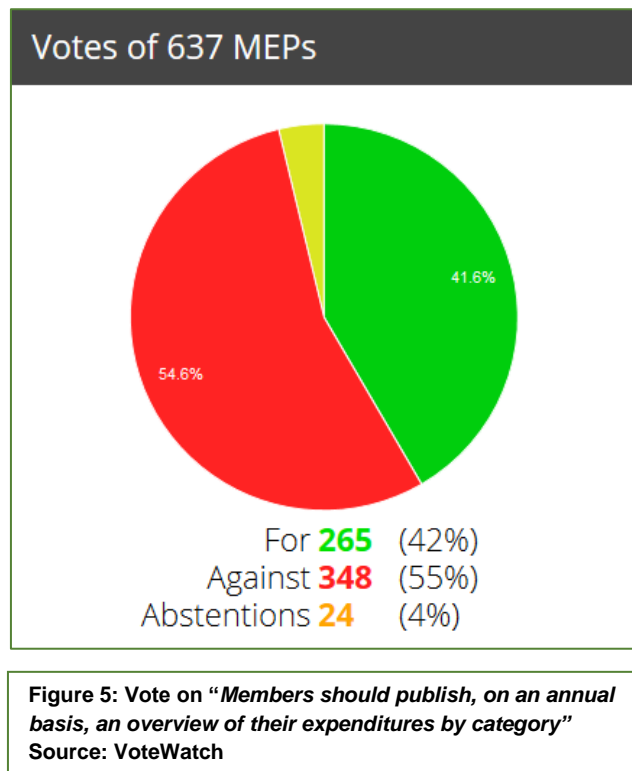
<sup>46</sup> <http://transparency.eu/wp-content/uploads/2017/01/Response-to-the-appeal.pdf>



Other than annual budget line data, as well as the monthly transfer payment amounts, the only publicly-known fact about GEA expenditure information is that MEPs are spending this allowance. In 2015, responding to a question related to the GEA by the Budgetary Control Committee, the Parliament’s Secretary General confirmed that 98.4% of all MEPs in 2014, including departing ones from the last mandate, “used the full amount in that year. The amount of funds left unused amounted to EUR 83,205 and concerned 6 MEPs”<sup>47</sup>.

In the past two years MEPs voted, on several occasions, to increase transparency of the GEA. In 2016 Parliament expressed its support for “full transparency regarding the GEA in order to allow European citizens to have an insight into the general expenditure of the Members of the European Parliament.”<sup>48</sup> The 2018 budget estimate report, also adopted in 2017, reiterated “the appeal for greater transparency regarding the GEA”.<sup>49</sup> However, in the Parliament’s discharge report that was voted in April 2017, MEPs opposed greater transparency of spending data related to the GEA. Of the 637 MEPs who voted, 55% voted against a plenary amendment stating that “Members should publish, on an annual basis, an overview of their expenditures by category (communication costs, office rental, office supplies...)”;<sup>50</sup>

These voting results are at odds with previously adopted texts calling for transparency. Though difficult to reconcile these conflicting voting records without further evidence, this may be a result of having to vote on a text specifically detailing proposed transparency obligations. Given that 45 additional Members voted against transparency of the GEA in this year’s discharge vote, compared to last year<sup>51</sup>, also may signal a degradation of general political will to address this issue.



<sup>47</sup><https://polcms.secure.europarl.europa.eu/cmsdata/95161/NT%20SG%20CONT%20Questionnaire%20Discharge%202014%20final.pdf>

<sup>48</sup> [http://www.europarl.europa.eu/cmsdata/101345/P8\\_TA-PROV\(2016\)0150\\_EN.pdf](http://www.europarl.europa.eu/cmsdata/101345/P8_TA-PROV(2016)0150_EN.pdf)

<sup>49</sup> <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P8-TA-2017-0114&language=EN&ring=A8-2017-0156>

<sup>50</sup> <http://www.votewatch.eu/en/term8-discharge-2015-eu-general-budget-european-parliament-proposal-for-a-decision-after-paragraph-44-amen-6.html>

<sup>51</sup> <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+PV+20160428+RES-RCV+DOC+PDF+V0//EN&language=EN>

Some MEPs have already decided to partially address this lack of institutional transparency in the Parliament. Following the 2009 Westminster scandal, which uncovered UK Members of Parliament abusing their allowances, British delegations in the Parliament began submitting their GEA expenses for external professional audits on a periodic basis. Every UK MEP delegation published these audit reports, such as the Conservatives<sup>52</sup> and Labour<sup>53</sup> delegations. Individual MEPs from other national political parties have also chosen to have this allowance professionally audited and published on their websites, such as MEPs Benedek Jávör<sup>54</sup>, Catherine Bearder<sup>55</sup>, and Roberta Metsola.<sup>56</sup>

In 2015, a group of 28 journalists, under the name “The MEPs Project”, submitted a series of access to document requests to the Parliament for documents related to all of the MEP allowances. Like our requests, they were denied any documents and their appeal was rejected by the Parliament. They then proceeded to file a case before the European Court of Justice requesting an annulment of Parliament’s decision to reject the document request<sup>57</sup>. It is expected that there will be a ruling sometime in 2017. In the intervening time, this group of journalists carried out an extensive investigation into how MEPs were actually using their GEA allowance. What they discovered and published, in May and June 2017<sup>58</sup>, gives a first comprehensive overview of the transparency into MEPs’ GEA spending data.

The first noticeable finding is that in 249 cases (currently of 748, as 3 seats remain vacant), MEPs either said they have no offices, refused to reveal their exact addresses, or the location of the offices could not otherwise be located independently. Further, just 134 provided information on what they pay in office rent, while only 53 said that they were willing to share documents on their public spending<sup>59</sup>. These findings raise questions regarding the MEPs who do not have any local offices. If they are receiving over € 4300 per month for office-related expenses, it begs the question what precisely are they spending this allowance on? The journalists also discovered that MEPs were renting office space from themselves, from family members, and from political parties.

The little transparency that exists of GEA spending data has been primarily published proactively by individual MEPs, national delegations, or partially uncovered by investigative journalists.

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<sup>52</sup> <http://conservativeeurope.com/MEP-Expenses>

<sup>53</sup> <http://www.eurolabour.org.uk/transparency>

<sup>54</sup> <http://javorbenedek.hu/en/transparency/office-expenditure/>

<sup>55</sup> [http://www.bearder.eu/catherine\\_s\\_accounts\\_2015](http://www.bearder.eu/catherine_s_accounts_2015)

<sup>56</sup> <http://robertametsola.eu/transparency/>

<sup>57</sup> [http://eur-lex.europa.eu/legal-content/en/TXT/PDF/?uri=uriserv%3AOJ.C\\_.2016.048.01.0053.01.ENG](http://eur-lex.europa.eu/legal-content/en/TXT/PDF/?uri=uriserv%3AOJ.C_.2016.048.01.0053.01.ENG)

<sup>58</sup> <http://www.ir-d.dk/2017/06/does-your-mep-run-a-ghost-office/>

<sup>59</sup> <http://www.ir-d.dk/2017/05/citizens-pay-for-eu-ghost-offices/>



## Accountability

The Parliament does not have any financial management controls in place for the GEA, which in 2017 constituted an annual EU budget line of € 39,886,000<sup>60</sup>. They do not hold any documents, as they do not require submission of any expenditure documents from individual Members. No internal audit checks are carried out on how the GEA is being spent. This situation has existed for years despite clear rules outlining what these allowances can and cannot be used for. Further, there has been resistance from all levels, administrative and political, in the Parliament of introducing any modicum of financial control over the GEA.

The Parliament's administration has been opposed to any control of the GEA, primarily for budgetary and resource considerations. The Parliament's Secretary General has officially stated that a control system of the GEA would "*necessitate the creation of 40 to 75 new posts in the area of financial management, depending on the degree of control required, as controls of small sum expenditure is highly human resource intensive and could be considered as falling under the category of excessive cost of control following evaluation under Art. 31(3) and 33 of the Financial Regulation.*"<sup>61</sup> No corresponding assessment report on how these staff resource allocation figures were reached has been made public. The Parliament financial units are also hindered by wording from an adopted parliamentary report that states any financial accountability of the GEA must not create any additional costs<sup>62</sup>.

The political leadership of the Parliament has also been against any financial controls of the GEA. Members of the Parliament's Bureau expressed strong opposition to any increased transparency or financial accountability of the GEA. In December 2016, the Bureau was reminded of previous parliamentary reports' demands for transparency or controls of the GEA. The then-President, and several Vice Presidents, spoke out against such measures. The President, at the time, concluded the general expenditure allowance is "*a flat-rate sum and that the Bureau has time and again declined to agree on the defrayal of that allowance being made on the basis of supporting documents, as this would require an important increase in human and administrative resources at a time when the Secretariat-General of the Parliament is forced to carry out staff cuts*"<sup>63</sup>.

The majority of MEPs have also expressed opposition to efforts to increase the financial management of GEA. In the discharge vote of April 2017, an amendment was rejected by 58% of MEPs that called for "*a 5% sample check of GEA spending should be carried out as part of Parliament's internal auditing; the final results and the findings should be part of the annual report published by Parliament*"<sup>64</sup>. They also voted down simple measures requiring payments

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<sup>60</sup> <http://eur-lex.europa.eu/budget/data/LBL/2017/en/SEC01.pdf>

<sup>61</sup> <https://polcms.secure.europarl.europa.eu/cmsdata/95161/NT%20SG%20CONT%20Questionnaire%20Discharge%202014%20final.pdf>, question 42.

<sup>62</sup> <https://euobserver.com/institutional/130683>

<sup>63</sup> [http://www.europarl.europa.eu/RegData/organes/bureau/proces\\_verbal/2016/12-12/BUR\\_PV%282016%2912-12\\_EN.pdf](http://www.europarl.europa.eu/RegData/organes/bureau/proces_verbal/2016/12-12/BUR_PV%282016%2912-12_EN.pdf)

<sup>64</sup> <http://www.votewatch.eu/en/term8-discharge-2015-eu-general-budget-european-parliament-proposal-for-a-decision-after-paragraph-44-amen-2.html>

of the GEA to be made to separate bank account other than their own personal account<sup>65</sup>. During that same voting session

Surprisingly, the official vote reflected that a majority of MEPs also felt that any unspent money from the GEA should not have to be returned to the Parliament at the end of their mandates<sup>66</sup>. However, this allowance does not constitute an additional salary and there are rules and guidelines in place on how it should be spent. It therefore follows that any money not spent for the intended purposes would have to be returned to Parliament. To not to do so would be in violation of Article 62(2) of the Implementing Measures that stipulates that *“The sums paid pursuant to these implementing measures reserved exclusively for the*

*funding of activities linked to the exercise of a Member’s mandate and may not be used to cover personal expenses.... Members shall pay back any unused amounts to Parliament.”* Of course, as there are no Parliament records on GEA expenditure, it would be impossible to verify if there is any underspend sum at the end of a legislative mandate.

Despite the Parliament’s insistence that any financial control system would require up to 70 new staff members, which would constitute an excessive cost, there are budget neutral solutions available. MEPs presently have two allowances at their disposal that could be used to contract an external professional auditor to control the GEA. The GEA itself and the Parliamentary Assistance Allowance (PAA) can be used to conclude service provider contracts to carry out these audits. The aforementioned examples of individual MEPs who already do this serve as proof that it is administratively possible and that existing allowances can be used to carry out basic financial controls over the GEA by external professional auditors.

The Bureau could also decide to require a certain level of external financial control of the GEA. This would be similar to existing requirements that MEPs have regarding external ‘paying agents’ who must be contracted to administer employment and service contracts concluded

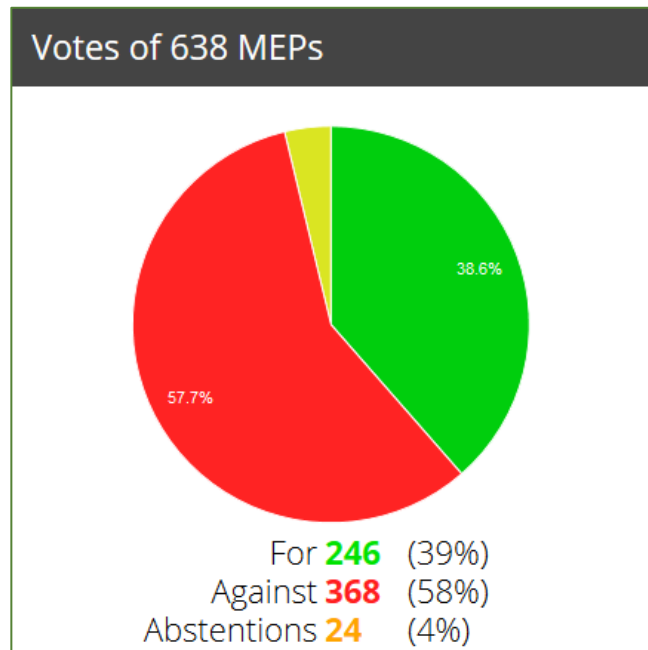


Figure 6: Vote on “a 5% sample check of GEA” Source: VoteWatch

<sup>65</sup> <http://www.votewatch.eu/en/term8-discharge-2015-eu-general-budget-european-parliament-proposal-for-a-decision-after-paragraph-44-amen-4.html>

<sup>66</sup> <http://www.votewatch.eu/en/term8-discharge-2015-eu-general-budget-european-parliament-proposal-for-a-decision-after-paragraph-44-amen.html>

by a Members or a grouping of Members in an EU Member State<sup>67</sup>. The Bureau can also earmark a portion of these allowances for the sole purpose of ensuring an audit the GEA. There is precedent of earmarking portions of allowances, as evidenced by Bureau Notice No 2/2015, which requires the “*earmarking of at least 25% of the parliamentary assistance allowance to cover expenditure of accredited assistants*”<sup>68</sup>. Though external auditing is not an ideal solution, as ultimate control and responsibility should rest with the Parliament, it can serve as an interim measure to institute a modicum of financial management to the GEA.

There have been recent steps taken in regard to the GEA by the Parliament’s leadership. In May of 2017 the Bureau was asked to adopt new guidelines for the GEA, which could serve as an “*opportunity to restate and consolidate the principles for the use, supervision and transparency of the GEA, so as to respond to the risks highlighted and recommendations made in a number of resolutions adopted in recent budgetary and discharge procedures*”. Though the Bureau failed to adopt the measures, the President also confirmed that a Bureau working group would be established with the aim of reforming the allowance scheme<sup>69</sup>.

## Recommendations

- The European Parliament’s Bureau should establish basic financial control mechanisms concerning the General Expenditure Allowance. The Directorate General of Finance should carry out an annual spot check of GEA expenditures for at least 5% of MEPs. The European Parliament should provide adequate resources for DG Finance to put into place any financial control mechanisms of the GEA;
- The European Parliament’s Bureau should amend the Implementing Measures to require MEPs to contract an external professional audit, on an annual basis, of the GEA. The European Parliament’s Bureau could adopt a decision earmarking a percentage of the General Expenditure Allowance for MEPs to contract this external professional auditor. This audit and spending information should be fully transparent, published in a timely manner, and in open source machine readable format;
- The European Court of Auditors and the European Parliament Internal Auditor should carry out special audit reports on the GEA. These reports should be made publically available upon submission to the Parliament;
- The European Parliament should provide clearer guidelines for MEPs on the use of the GEA. These guidelines should more specifically outline what the GEA cannot be used for as well as the legal obligations by Members that any unused GEA money must be paid back to the Parliament.

<sup>67</sup> [http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32009D0713\(01\)](http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32009D0713(01))

<sup>68</sup> [http://www.euraffex.eu/wp-content/uploads/2015/12/Bureau-Notice-02-2015\\_EN.pdf](http://www.euraffex.eu/wp-content/uploads/2015/12/Bureau-Notice-02-2015_EN.pdf)

<sup>69</sup> [http://www.europarl.europa.eu/RegData/organes/bureau/proces\\_verbal/2017/05-15/BUR\\_PV\(2017\)05-15\\_EN.pdf](http://www.europarl.europa.eu/RegData/organes/bureau/proces_verbal/2017/05-15/BUR_PV(2017)05-15_EN.pdf)

### 4.1.2 Parliamentary Assistance Allowance

The Parliamentary Assistance Allowance (PAA) is used by MEPs to pay personnel costs and consists of a maximum of €24,164 monthly per MEP in 2017<sup>70</sup>. Like other allowances, the use of the PAA is governed by the Members' Statute, Implementing Measures, and corresponding guidelines provided to Members by the Parliament by the European Parliament.

The Statute allows for MEPs to be entitled to assistance from personal staff, whom they may freely choose, and that the Parliament will bear these costs. The Implementing Measures stipulate that only "*expenses for assistance which is necessary and directly linked to the exercise of a Member's parliamentary mandate may be defrayed. Expenses linked to a Member's private life may on no account be defrayed*"<sup>71</sup>. Article 43 of the Implementing Measures also outline non-reimbursable expenses. This includes the prohibition of financing contracts concluded with political parties, or to cover expenses "*incurred in connection with a contract for the provision of services where this may give rise to a conflict of interests*". The costs of these staff arrangements are defrayed, upon submission of contracts and other requisite documentation to the Parliament, rather than paid as a lump sum.

There are four main categories of staff that MEPs can use this allowance to cover expenses. Accredited Parliamentary Assistants (APAs) are based in one of the official places of work for the Parliament (Brussels, Strasbourg, or Luxembourg) and who maintain a direct contract with the Parliament. These APAs are recruited at the discretion of MEPs but are bound to the rights and obligations of the EU Staff Regulation<sup>72</sup>. Local parliamentary assistants are based in an MEP's constituency and have a private employment relationship with the MEP. There are also temporary service providers that MEPs can contract, as well as paying agents, who manage the local contracts to ensure the requisite national taxes and contributions are paid. In addition to these categories, MEPs may also use the PAA for hiring interns in both Brussels and their constituency<sup>73</sup>.

### Transparency

There is a certain level of transparency regarding staffing arrangements of MEPs. Internal Parliamentary rules governing transparency of the PAA have been slightly enhanced recently by the Bureau<sup>74</sup>. For instance, the names of accredited parliamentary assistants, local assistants, paying agents and service providers are now all published on the Parliament's website<sup>75</sup>. However, no additional information is published by the Parliament. For instance, the public is provided no details of staff responsibilities, the types of contracts (part-time/full-time), or the services offered by service providers.

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<sup>70</sup> <http://www.europarl.europa.eu/meps/en/about-meps.html>

<sup>71</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32009D0713%2801%29>

<sup>72</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1433861011292&uri=CELEX:01962R0031-20140701>

<sup>73</sup> <http://www.europarl.europa.eu/meps/en/about-meps.html>

<sup>74</sup> [http://www.euraffex.eu/wp-content/uploads/2015/12/Bureau-Notice-02-2015\\_EN.pdf](http://www.euraffex.eu/wp-content/uploads/2015/12/Bureau-Notice-02-2015_EN.pdf)

<sup>75</sup> <http://www.europarl.europa.eu/meps/en/assistants.html>

There is no transparency on how the Personal Assistance Allowance is actually spent by individual MEPs. In 2016, the Parliament refused our access to documents request for spending data related to the use of the PAA. We had argued that there is an overriding public interest in allowing the public, investigative journalists, and civil society to scrutinise who MEPs are employing with EU funds and if that spending conformed to the rules in place. We also stipulated that the documents requested could be provided with just the expenditure data, with the names of individual staff members and service provider redacted<sup>76</sup>. Despite this, the Parliament rejected our appeal on the grounds of the protection of privacy and the integrity of the individual, as well as the protection of commercial interests of a natural person<sup>77</sup>. The Parliament only makes available annual budget and expenditure figures and provided the monthly maximum budget appropriation figure that MEPs have at their disposal.

<b>CHAPTER 42 — EXPENDITURE RELATING TO PARLIAMENTARY ASSISTANCE</b>						
<i>Figures</i>						
Title Chapter Article Item	Heading	FF	Budget 2018	Appropriations 2017	Outturn 2016	2016/2018
4 2	EXPENDITURE RELATING TO PARLIAMENTARY ASSISTANCE					
4 2 2	<i>Expenditure relating to parliamentary assistance</i>	5.2	208 510 000	207 991 000	194 405 138,69	93,24 %
	<b>Chapter 4 2 — Total</b>		<b>208 510 000</b>	<b>207 991 000</b>	<b>194 405 138,69</b>	<b>93,24 %</b>

Figure 7: Screenshot of EU Budget, Chapter 42, Expenditure relating to parliamentary assistance

## Accountability

Unlike the GEA, which has no controls in place, the spending of the Parliamentary Assistance Allowance is managed by the Parliament. Contracts and supplemental documentation are submitted to and checked by both the Directorate General of Finance and the Directorate General of Personnel, depending of the staff category concerned. The internal controls have also been enhanced since the leaking of a damning internal parliamentary audit report, outlining systematic abuse by MEPs. This 2008 European Parliament internal audit report<sup>78</sup> documented risks in the control of these expenses and the numerous ways MEPs were misusing EU money; from concluding service provider contracts with companies owned by the MEP to funnelling money back to domestic political parties.

The Parliament's DG Finance also carry out investigations over possible misuse of the PAA.<sup>79</sup> In 2015, the Parliament confirmed, in response to questions posed by the Budgetary Control Committee, that 109 separate investigations were carried out concerning the "*parliamentary assistance allowances (budget line 4220), of which 96 resulted in partial or full recover, 2 in refusals and 1 was communicated to OLAF.*<sup>80</sup>" In the absence of further details regarding these

<sup>76</sup> [http://transparency.eu/wp-content/uploads/2017/01/EP-confirmatory-request\\_Transparency-International-EU-Office.pdf](http://transparency.eu/wp-content/uploads/2017/01/EP-confirmatory-request_Transparency-International-EU-Office.pdf)

<sup>77</sup> <http://transparency.eu/wp-content/uploads/2017/01/Response-to-the-appeal.pdf>

<sup>78</sup> [http://www.europarl.europa.eu/register/audit/EP-PE\\_ADT%282006%290002\\_EN.pdf](http://www.europarl.europa.eu/register/audit/EP-PE_ADT%282006%290002_EN.pdf)

<sup>79</sup> [http://www.europarl.europa.eu/cmsdata/104263/10\\_FINS\\_RAA2015\\_EN\\_signed.pdf](http://www.europarl.europa.eu/cmsdata/104263/10_FINS_RAA2015_EN_signed.pdf)

<sup>80</sup> <http://transparency.eu/wp-content/uploads/2017/01/Discharge-.pdf>



investigations it is unclear of the process the Parliament used to determine if these irregularities were administrative mistakes or constituted intentional fraud.

The European Anti-Fraud Office (OLAF) has also recently voiced alarm over the misuse of the Parliamentary Assistance Allowance. Their 2016 annual report noted an increase in investigations of possible misuse of the PAA by MEPs and assistants. OLAF states that these cases “typically relate to fictitious employment, misuse or fraudulent declaration of allowances, misuse of European Parliament funding to support the activities of national parties, as well as to situations of conflict of interest and possible corruption”<sup>81</sup>. This description of types of misuse conforms to the categories of possible misuse of publicly known cases.

There have been a number of public scandals involving both individual MEPs, as well as national delegations, with alleged fraud involving the PAA. These public cases have historically indicated three ways MEPs have misused the PAA. First, MEPs have used their staff allowance purely for personal gain. A former Member of the European Parliament was sentenced to a four-year jail sentence for fraudulently claiming approximately €120,000 over five years, which was used to pay for among other things, alimony payments and a trip to Hawaii<sup>82</sup>. He did this by doctoring employment documents and skimming off the top of his PAA payments. Another former MEP was found guilty in 2015 and sentenced to five years<sup>83</sup> in jail for fraudulently using over €400,000 of this allowance to pay for his mortgage and personal legal bills<sup>84</sup>.

Second, MEPs have encouraged nepotism through their use of the Personal Assistance Allowance. Until the introduction of new Members’ Statute, any MEP could employ their immediate family as parliamentary staff. MEPs who were still employing spouses in 2009 had a ‘transitional’ period, granted by the Bureau, of five full years where they could continue employing them. Many took advantage of this loophole<sup>85</sup>. When the complete ban entered into force in 2014 some MEPs’ spouses were simply hired by other MEPs in the respective political delegations<sup>86</sup>. Several Latvian MEPs have also employed each other’s relatives as parliamentary interns<sup>87</sup>. Although technically within the rules, this certainly does not conform to the spirit of the ban on employing immediate family with public money. However, clearer violations still occur, such as a recent investigation by journalists that found a Danish MEP has allegedly paid her son on a service provider contract<sup>88</sup>.

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<sup>81</sup> [https://ec.europa.eu/anti-fraud/sites/antifraud/files/olaf\\_report\\_2016\\_en.pdf](https://ec.europa.eu/anti-fraud/sites/antifraud/files/olaf_report_2016_en.pdf)

<sup>82</sup> <http://www.bbc.com/news/uk-england-sussex-36167299>

<sup>83</sup> <http://www.politico.eu/article/mote-ashley-jailed-fraud-european-parliament-case-uk-ukip-farage/>

<sup>84</sup> <http://www.bbc.com/news/uk-politics-33508850>

<sup>85</sup> <http://www.telegraph.co.uk/news/newstopics/mps-expenses/6347266/British-MEPs-exploit-loophole-to-pay-relatives-to-work-for-them.html>

<sup>86</sup> <http://www.independent.co.uk/news/uk/politics/ukip-leaders-wife-is-paid-with-public-money-it-is-revealed-following-his-denial-on-googleboxs-steph-9928490.html>

<sup>87</sup> <https://en.rebaltica.lv/2016/11/meps-cant-hire-relatives-ask-the-latvians-how-to-get-around-the-rules/>

<sup>88</sup> <http://ekstrabladet.dk/nyheder/politik/dansktopolitik/rikke-karlsson-brugte-eu-penge-paa-sin-soen-jeg-laegger-mig-fladt-ned/6623317>

The third way MEPs have publicly been accused of misusing the PAA is improperly funnelling resources to their domestic political parties. The Front National (FN) delegation of MEPs has been embroiled in a fraud case in France for 2 years,<sup>89</sup> with the European Parliament trying to recover €339,000 for misuse of their staff allowance<sup>90</sup>. The FN is alleged to have paid more than a dozen staff members to carry out domestic political party activities, from a budget that is meant to exclusively for the MEPs' European Parliamentary work. The United Kingdom Independence Party has also recently faced allegations of systematic abuse of the PAA, with MEPs allegedly using this allowance to pay local political party staff<sup>91</sup>. The most recent scandal pertains to similar allegations involving a number of MEPs of the French Mouvement démocrate part.<sup>92</sup> Most of the aforementioned cases were exposed either by investigative journalists or former staff members.

Given the allegations of systematic abuse by entire delegations, and the way in which they were revealed, the adequacy of resources of internal parliamentary control mechanisms must be questioned. In 2014 alone there were 2,259 local assistants that were employed by MEPs and had their contracts and defrayal of cost documents submitted to the Parliament<sup>93</sup>. This is just one of the staff categories that the Parliament handles under the PAA. DG Finance's annual activity report of 2015 also cited concerns by stating: "*the combined effect of the unit's resources constraints with the increase of activities posed particular challenges, and resulted in postponing tasks such as the regularisation of 2014 accounts, the sample verification of the outputs of the service contracts and the assistance to DG Personnel for the operations regarding the accredited assistants.*"<sup>94</sup> Given the thousands of contracts and supplementary documents that must be processed by parliamentary services, as well as carrying out any follow-up investigations, it is questionable that the relevant Directorates General units have adequate staffing resources in place.

Further transparency of the PAA would allow citizens, journalists and civil society to scrutinise how MEPs are spending public money under this EU budget line. The Parliament could provide anonymised spending data on the use of the PAA, which would allay privacy concerns. It could additionally give more details of the types of contracts of staff, such as if it is part-time or full-time, to help determine if undertaking domestic party positions are violating rules. The Parliament could also provide more details on the type of services provided by temporary service contracts. The Parliament could also enhance and strengthen existing financial management regimes, in order to further prevent the misuse of the PAA.

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<sup>89</sup> <http://www.politico.eu/article/marine-le-pens-party-under-investigation-for-fraud-national-front/>

<sup>90</sup> <http://www.politico.eu/article/european-parliament-seeks-339000-euros-from-marine-le-pen-national-front-france/>

<sup>91</sup> <https://www.theguardian.com/politics/2017/feb/01/nigel-farage-among-ukip-meps-accused-of-misusing-eu-funds>

<sup>92</sup> <https://www.theguardian.com/world/2017/jun/20/french-defence-minister-sylvie-goulard-resigns-after-a-month>

<sup>93</sup> <http://www.europarl.europa.eu/cmsdata/95161/NT%20SG%20CONT%20Questionnaire%20Discharge%202014%20final.pdf>

<sup>94</sup> [http://www.europarl.europa.eu/cmsdata/104263/10\\_FINS\\_RAA2015\\_EN\\_signed.pdf](http://www.europarl.europa.eu/cmsdata/104263/10_FINS_RAA2015_EN_signed.pdf)

## Recommendations

- The European Parliament should publish anonymised spending details per individual MEP, and per staff category, for contract expenditures defrayed from the Parliamentary Assistance Allowance. This data should be published in a timely manner, on a rolling basis, in open and in machine readable format;
- The European Parliament needs to publish more detailed information on staffing arrangements of individual MEPs' use of the PAA. The Parliament should publish, along with the already available names of staff, details of contracts concluded. This would include whether it is part-time or full-time, duration of the contract, as well as business addresses and the descriptions of the service provided regarding service providers;
- The European Parliament needs to increase resources for both DG Finance and DG Personnel to enhance internal financial controls of the PAA. The European Parliament needs to ensure an effective information sharing arrangement between DG Finance and DG Personnel in order to properly control the use of the PAA in regard to parliamentary accredited assistants. The Parliament should publish whether an accredited assistant has been authorised for other external activities.

### 4.1.3 Subsistence Allowance

The subsistence allowance is designed to offset the costs of expenses that MEPs incur in the course of carrying out their parliamentary duties. It is essentially a per diem that is meant for covering accommodation and other costs when MEPs have to stay in Brussels, Strasbourg, or abroad on official missions. In 2017 this daily allowance constituted €306 for every day a MEP signed an official attendance register. For official meetings outside the European Union, MEPs receive €153, with accommodation expenses being reimbursed separately<sup>95</sup>. The allowance is governed by the Statute and Article 24 of the Implementing Measures.

### Transparency

There is no transparency on how MEPs spend their subsistence allowance. However, given the amount and intended use, precise expenditures data were not a focus for this report. However, we submitted access to document requests to the Parliament simply asking for the number of times an individual MEP signed the register and claimed the allowance. This request was specifically designed for two purposes. First, it would allow for the calculation of the overall annual expenditure amount per MEP of this particular allowance. Second, and perhaps more importantly, there is a public interest in allowing citizens and civil society to evaluate their elected representatives' parliamentary activities, such as with attendance rates. Despite these appeals the Parliament denied access to any of this information.

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<sup>95</sup> <http://www.europarl.europa.eu/meps/en/about-meps.html>



The Parliament, however, does see the benefits in making similar information available on their website, such as with committee minutes' MEP attendance registers or plenary roll call vote figures, which constitutes a partial attendance record. However, this information is incomplete as it does not account for the total number of times a MEP signs a register (e.g. central register, political group register, official mission register, committee register, plenary register, etc.) for receiving the subsistence allowance. Like the GEA, some MEPs make information publicly available on the number of times they have claimed for the subsistence allowance and the total amount of that claim<sup>96</sup>. Publishing these figures would simply provide a complete picture of an individual MEP's attendance record and overall spending of this allowance.

## Accountability

The subsistence allowance is a lump sum payment deposited directly to MEPs' bank accounts without the requirement of providing any additional documentation (except for accommodation receipts outside the EU). There are no internal financial controls of this allowance. Given the relatively small amounts involved and their intended purpose, this is not in itself a problem. The ability to estimate possible overall expenditure can, if desired, be ascertained by relevant parliamentary services to determine if the annual appropriated amount is justified.

## Recommendations

- The European Parliament should publish the number of times and dates an individual MEP claims this subsistence allowance. This attendance information and corresponding annual expenditure data should also be published and in machine readable format.

### 4.1.4 Travel Allowance

The travel allowance is designed for MEPs to undertake journeys to Parliament's places of work, within the Member State where they are elected, and in other countries within the performance of their parliamentary duties. The 2017 budget appropriation for the ordinary travel allowance available to MEPs amounted to €69,200,000<sup>97</sup>. As with all other allowances the travel allowance is governed by the Statute and Implementing Measures. This allowance is reimbursed at cost to the MEP, upon the production of request travel documents to DG Finance.

<sup>96</sup> <http://conservativeeurope.com/RtK%20Forms%20July-Dec%202016%20complete.pdf>

<sup>97</sup> <http://eur-lex.europa.eu/budget/data/LBL/2017/en/SEC01.pdf>

## Transparency

The spending data of MEPs' use of the travel allowance is not publicly available. In an access to document request we asked to be provided the overall annual amount that individual MEPs claimed and were reimbursed. In its refusal, the Parliament cited several reasons why they would not provide this information. One of the reasons stated was that the public disclosure of this information “*would allow for the tracking and profiling of the Member concerned, encroaching upon the exercise of his mandate, as well as his freedom to decide how often and where to travel within his parliamentary activity.*”<sup>98</sup> A similar argument was used for refusing travel allowance spending data information requested by a Maltese journalist, who subsequently filed a complaint with the European Ombudsman. In his 2008 conclusion of maladministration of the Parliament, the Ombudsman found that it was difficult to see how the aggregate data of air travel costs “*could allow conclusions as to the MEPs' political activity or their sources of information and could thus infringe their independence.*”<sup>99</sup> This information would simply provide citizens with an exact annual expenditure figure of how individual MEPs are spending this public money.

## Accountability

DG Finance, who manages this allowance, has controls in place for the reimbursement of travel expenses, including sample controls of payments. The travel allowance's financial management has been criticised in the past when it was paid as a lump sum. In a 2008 special report the European Court of Auditors found that internal checks were not sufficient, cost discrepancies occurred, and requirements on submission of documentation were ‘flimsy’<sup>100</sup>. A number of reforms in relation to control and risk management followed this report and the rules have been changed to reimburse actual costs. In 2015, internal parliamentary controls detected a number of irregularities. For that fiscal year, “*258 cases concerned the reimbursement of travel expenses of which 93 resulted in a refusal (partial or in whole), and in one information to OLAF*”<sup>101</sup>. There have been minimal public cases of allegations of MEPs misusing this allowance since these reforms. One recent case resulted in the MEP being cleared of any fraud charges of allegations of over-claiming her travel allowance<sup>102</sup>. Although irregularities occur and risk of misuse exists, the travel allowance does not possess the same corruption risks that concern the General Expenditure Allowance or Parliamentary Assistance Allowance.

## Recommendations

- The European Parliament should publish aggregate spending data for individual MEP claims and reimbursement for the travel allowance. This expenditure data should be published and in machine readable format.

<sup>98</sup> <http://transparency.eu/wp-content/uploads/2017/01/Response-to-the-appeal.pdf>

<sup>99</sup> <https://www.ombudsman.europa.eu/en/cases/decision.faces/en/3057/html.bookmark>

<sup>100</sup> [http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:31998Y0803\(01\)](http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:31998Y0803(01))

<sup>101</sup> [http://www.europarl.europa.eu/cmsdata/113663/REPLY%20SG\\_CONT%20discharge%20questionnaire%202015%20final%20net%20pdf.pdf](http://www.europarl.europa.eu/cmsdata/113663/REPLY%20SG_CONT%20discharge%20questionnaire%202015%20final%20net%20pdf.pdf)

<sup>102</sup> <https://www.theguardian.com/politics/2016/jul/11/former-ukip-mep-nikki-sinclair-cleared-expenses-fraud>

## 5. Conclusion

The best way to prevent fraud and misuse of public money is through transparency and accountability. There have been a number of regulatory obligations adopted that have resulted in the publication of spending and expenditure data of EU funds by EU institutions and national authorities. As the data quality index report shows, many of these new provisions have improved the transparency and data quality of ESIF data in the current funding period. However, the regulations governing the next funding period can address some of the weakness that prevent this data being published in the appropriate format, allowing citizens to fully appreciate and use this data. This would include enhancing the level of details, linguistic requirements, and the making specific formats the data is published in mandatory.

The European Parliament publishes a great deal of information on parliamentary activities. It also provides a host of documents, internally and from other institutions, on the budget and spending of the Parliament. However, this information is both difficult to locate and requires additional technical and linguistic skills to fully appreciate. It is also not available in open machine-readable format, allowing citizens to use the data. In order to remedy this, the Parliament should create a centralised portal, providing budget appropriation and expenditure details in machine readable format. This portal should be supplemented with a detailed explanation of the budgetary processes and accompanying documentation.

The allowance scheme of Members of the European Parliament lacks transparency and adequate financial controls mechanisms. Transparency of expenditure data is non-existent regarding all of the four primary allowances available to MEPs. The Parliament refuses to disclose any aggregated spending data for individual MEPs. Basic information, such as how many times a MEP signs attendance sheets or annual travel claim figures are not public. The Parliament also refuses to disclose how much money individual MEPs claim for staff, or provide any details on contractual arrangements. The Parliament should make this information transparent and available to the public.

There are also gaps in financial management mechanisms to prevent the misuse of some MEP allowances. The General Expenditure Allowance has absolutely no controls in place for the spending of almost €40 million per year. A double standard exists given the more stringent financial rules required in the regulations governing ESI Funds versus their own rules on spending EU funds. The Parliament urgently needs to address this by requiring MEPs to hire external professional auditors, using their existing allowances. It should also establish internal

MEP SPENDING			
MEP Allowance	Transparency	Financial Controls	2017 Budget
General Expenditure Allowance	No	No	€ 39,886,000
Parliamentary Assistance Allowance	No	Yes	€ 207,991,000
Subsistence Allowance	No	No	€ 181,500

**Table 2: Transparency, financial accountability and 2017 budget appropriations of MEP allowances**

control measures. The growing numbers and systematic nature of the allegations around misuse of the Parliamentary Assistance Allowance also are of concern. More resources need to be devoted for the financial control and management regime of the PAA.

The misuse of MEP allowances has been the subject of financial irregularities, fraudulent activities, European Anti-Fraud Office (OLAF) investigations and national criminal prosecutions. Some of these cases only came to light, not because of Parliamentary rules or control mechanisms, but because of investigations by journalists or ex-employees. These public scandals ultimately risk contributing to an erosion of public trust in the EU institutions generally, and the European Parliament. For this reason, EU policy makers have themselves called for more transparency and accountability of MEP allowances to avoid reputational damage to the institution. Citizens need to be able to scrutinise how MEPs spend their allowances to be able to hold them to account. It is past time for comprehensive reforms of the MEP allowances regime.