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Report of the Chair of the Budgetary Committee for the year 2019-2020 – Spanish Presidency

**Approved by the Board of Governors, 01-03 December 2020,
Brussels**

1. Introductory remarks

It has been a pleasure and a privilege to be a member of the Spanish delegation during its Presidency and have the exceptional opportunity to chair the Budgetary Committee (BC). This has provided me with a balanced and richer insight into the functioning of the governing bodies of the European Schools and improved my understanding of a unique educational system that I have known and cherished for many years, fifteen of which as a member of the management team in two of its largest schools.

Let me, first of all, thank most profusely Mr Marcheggiano, Mr Beckmann, Mr Escudero, Mr Villatoro and Mr Pala, as well as their assistants who, without exception, went beyond the call of duty in order to help the Chair in her challenging task. Special thanks go to Ms Baudson and the members of the Secretariat for their unfailing support.

2. Role and responsibilities of the Budgetary Committee

According to the Rules of Procedure in force, the BC shall report to the Board of Governors (BoG) annually. Its main responsibilities are to address all budgetary and financial questions, having decision-making power on them, within the framework of the total budget approved by the BoG; to address administrative and legal questions requiring a decision of the BoG, expressing an opinion for the benefit of the BoG; to define the general budgetary objectives for Type I schools and evaluate their implementation by the schools.

To that end, the BC met on 5th and 6th November 2019 and on 10th and 11th March 2020. Both meetings took place according to the points laid down on the agenda, although, due to the Covid-19 outbreak numerous delegations, more than 15, were prevented from attending the March meeting in situ. A technical solution was found to ensure their participation at a distance; however, interpretation to French, German and Spanish could not be organised, and the meeting was conducted in English only. Mention should be made of the fact that because of Brexit and following the national authorities' decision, the UK representative did not attend either of the meetings.

During the 2019-2020 school year, the BC dealt with many issues related to the different areas of responsibilities referred to above, some connected to the monitoring of the implementation of decisions taken under previous presidencies, others to new issues.

In the next two sections, we present a resumé of the most relevant matters being addressed by the Committee.

2.1 Budgetary objectives and implementation

The BC took note of the development of the 2019 budget, as well as the follow up of the recommendations of the Internal Audit Service and of the Court of Auditors in matters of accounting, internal control systems, administrative operations, recruitments, procurement, and payments.

The BC expressed a favourable opinion on the discharge to the Authorizing Officers, the Administrative Boards and the Secretary-General of the European Schools for the implementation of the 2018 budget, except for the European Commission, voting against, and one delegation entering a reservation. The improvements made in this area were acknowledged and, as in the last three years, the auditors had not found any material errors in the accounts, apart from the uncertainty connected with the balances related to

reimbursements of national salaries to be made by the European School of Munich (ESM), in accordance with the specific status of ESM. However, some weaknesses remain that need to be tackled.

The BC agreed to the adjustments to the 2019 budget. The final budget for 2019, after the three amending budgets, showed a 1.2% fall on the initial budget. The European Commission and other delegations drew attention to the importance of developing a more meticulous budgetary methodology. In that sense, the new procedure for the establishment of seconded posts remaining unfilled, adopted by BoG, represents a step forward in the right direction, since timely information on the number of seconded posts to be filled by the Member States should help establish a more accurate budget forecast at school level.

As regards the 2021 preliminary draft budget, two drafts were presented to the Budgetary Committee: one for the 'European Schools', 3.9 % higher than the 2020 budget, mainly due to increases in staff expenditure because of salary adjustments; and one for the 'European School of Brussels 5 – Evere'. The BC expressed a favourable opinion on both drafts, with the reservation of the European Commission and some delegations, mainly connected to the proposed creation of Administrative and Ancillary Staff posts. At France's request, the Budgetary Committee agreed that the budget proposal for the ES B5 – Evere would be incorporated into the budget document to be presented at the next meeting of the BoG. In April, the BoG approved the 2021 draft budget by a two-thirds majority.

2.2 Financial, administrative and legal questions

A great many issues were dealt with in these areas during the 2019-2020 school year.

As chair of the BC, I was invited to take part in the working groups, including the 'Task Force for the organisation of the 2020-2021 school year', in charge of the different dossiers to be presented to the preparatory committees and the BoG. Before summarising the main activities of the BC in this respect, I would like to take the opportunity to pay tribute to the Chairs and all the members of the working groups, as well as the administrative staff of the Units concerned for their commitment, not to mention the quality and the amount of work carried out in order to produce documents meeting the required demands and expectations.

As regards the **rationalisation of the calculation of salaries** and the **differential allowance** of the seconded staff, the BC expressed a favourable opinion on giving mandate to the Office of the Secretary-General (OSG) to investigate different methods that would simplify the task at school level and would lead to greater efficiency. The proposal of the working group was approved by the BoG, as well as the amendments to Articles 19, 49 and 73 of the Regulations for Members of the Seconded Staff, with a revision of the method of calculation in two years' time. Furthermore, the BC analysed the common interpretation of the salary slips to guarantee equal treatment for all seconded staff and invited the BoG to adopt it.

In addition to the above, the BC scrutinised and expressed a favourable opinion on the proposed **harmonised procedure for the reimbursement of national emoluments** of staff seconded to the ESM. This point, however, was removed from the agenda of the BoG's meeting in April, awaiting legal advice. At the time of writing, this matter remains open.

Concerning the implementation of the new **financial governance**, the BC took note of the development in that field, notably the introduction of workflows and authorisation of SAP as well as the creation of 'mirror accounts' for the schools outside Belgium. The centralisation of payments was completed in July 2020 by means of the implementation of the ISABEL tool by all the schools and the second signature for all payments by the Central Accounting Unit of the OSG.

Also in connection with centralised financial governance, the BC expressed a favourable opinion on the *Charter of the tasks, rights and obligations of the Authorising Officer of the European Schools, of authorising officers by delegation and of authorising officers by sub-delegation*, which was adopted by the BoG in December with an entry into force on 1st January 2020. This was followed by a revision of the document on the '*Profile and Duties of the Secretary-General*', to align its content with the Financial Regulation; the BoG approved it in April. Further revision will be needed in order to take into consideration the modified organisation of the OSG with the creation of the post of Executive Coordinator.

In addition, the BC took good note of the new organisation of the **Internal Capability Structure** and the recommendations of the European Commission on having a single contact point for both its functions, advisory and control.

Furthermore, the BC expressed a favourable opinion on the three proposals comprised in the **Business Analysis 'Online Enrolment' at the Brussels Schools** for the development of software that would facilitate enrolments by the end-user and the schools' administration, with two delegations entering a reservation, if redeployment for the financing of the project was not planned in 2020.

Moreover, the Budgetary Committee expressed a favourable opinion on the '**Data Governance Concept**' (DGC), which covered three specific IT projects, with some delegations entering a reservation for financial reasons. It was agreed that, before presenting it to the BoG in April, more information regarding financing, including the possibility of redeployment, should be added. The project is expected to take eighteen months and generate synergies that would lead to greater efficiency in the Schools' administration. The DGC was approved by the BoG in April.

The BC took note of the latest changes to the **cost sharing model** and expressed a favourable opinion on the table depicting the target level of seconded posts for the next few years.

Regarding **regulations**, besides the aforementioned amendments to the Regulations for Seconded Staff, the BC expressed a favourable opinion on a number of proposed amendments and two new draft texts: amendments to the *Regulations on Accredited European Schools*, including the organisational arrangements for the audits of AES and the proposed toolkit; the *Draft Implementing Regulations for the Appointment of Assistant Deputy Directors of the European Schools*; and the *Draft Service Regulations for Locally Recruited Managerial Staff*. Considering the reservations expressed by two delegations on the latter, the BC invited the working group to revise the salary grids to offer a comprehensive overview of the financial implications before presenting it to the BoG in April. All amendments and draft texts were adopted by the BoG.

Apart from the reports referred to in section 2.1, the Budgetary Committee took note of the documents on Risk Management in the European Schools and several **reports**. We shall mention those that arose thought-provoking interventions: the fifth and sixth reports on Brexit; the *Annual Report of the Financial Controller*; the *Final consulting report on HR allocation and distribution of non-teaching tasks in the European schools in 2020*; and the *Preliminary report of the working group in charge of the revision of the Financial Regulation applicable to the Budget of the European Schools* to align it with the latest version, of July 2018, of the Financial Regulation applicable to the General Budget of the Union. The BC was able to give a positive opinion on all of them and put them forward for adoption by the BoG. This was done by written procedure because of the Covid-19 pandemic and the special circumstances in which the April meeting of the BoG was held. In May, the EPO sent their opinion on the preliminary report of the working group on the revised Financial Regulation and the Court of Auditors sent their draft opinion earlier this month.

The BC also had the opportunity to look at **pedagogical matters** and put forward to the BoG two proposals: to increase the timetable reduction for the teacher in charge of the Intermath project to 9 hours per week, for an initial period of three years subject to revision; the costs involved by this increase would be covered by the Intermath Commission's budget. And a 'common framework' for events organised at system level, also involving a timetable reduction for the teacher/s in charge of their organisation, subject to revision by April 2022.

Furthermore, the BC looked at the proposal to include the Host Country Language in the group of Languages 2. Some delegations and the European Commission expressed their reservations on the financial aspects of the proposal. The Committee invited the working group to conduct further analysis on the financial, human resources and Baccalaureate-related impact so that the results could be presented at the following meeting of the BoG; the proposal was approved in April, with three delegations entering a reservation and five abstaining.

The introduction of L3 in P4 and P5 was put forward to the Board of Governors with the reservations of some delegations on pedagogical grounds and one delegation because of its financial impact. In view of the above and the opinions expressed during its meeting, the BoG proposed that the document should be sent back to the 'Pedagogical Reform' working group.

Finally, the BC was able to give a favourable opinion on the document on the *Roles and Duties of the European Inspectors* since it was considered that the proposal had no financial impact.

Concluding remarks

This recap of the work carried out by the Budgetary Committee in the school year 2019-2020 reflects the extend of the efforts undertaken by the European Schools system for many years now, namely since the process of reform was approved by the Board of Governors in 2009. I genuinely believe that the system has gone a long way since then and I am convinced that that is the vocation of all stakeholders for the future. Yet, in the present economic climate of containment of public expenditure, not to mention the health crisis we are facing at the moment, it is extremely important to find synergies and strategies that would provide the Schools and the OSG with the necessary means and resources to increase efficiency and respond adequately to the requirements imposed on them in terms of accountability, transparency and excellence.

Before closing, I would like to express my gratitude to the members of this Committee for their dedication and rigorous analysis of the different dossiers. There were some controversial issues to deal with at times. Nonetheless, a constructive approach always prevailed, and one can state that opinions and decisions were solely driven by the principles of good administrative and financial management, without losing sight of the best interests of the school community.

It only remains for me to reiterate that it has been a pleasure to work alongside you all and to wish the French Presidency every success in its mission.

OPINION OF THE BUDGETARY COMMITTEE

The Budgetary Committee duly noted the Report and thanked the Spanish Presidency for the good work done.

The Budgetary Committee invites the Board of Governors to approve the report.

OPINION OF THE BOARD OF GOVERNORS

The Board of Governors takes note and approves the report of the Spanish Presidency for the school year 2019-2020.

Antonia Ruiz Esturla

President of the Budgetary Committee