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ANNEX 16

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CODE OF PROFESSIONAL STANDARDS FOR STAFF RESPONSIBLE FOR FINANCIAL VERIFICATION

to the

COMMISSION DECISION

**on the Internal Rules on the implementation of the general budget of the
European Union (European Commission section) for the attention of the
Commission departments**

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*(Articles 66(7) and 73(5) of the Financial Regulation and Article 50 of the Rules of
Applications.)*

Efficient internal control requires the implementation of an appropriate risk management and control strategy coordinated among the various actors involved in the control chain. These must have access to the results of controls and, when applicable, be able to rely on management declarations of implementation partners and independent audit opinions (Article 32(4) FR).

The authorising officer by delegation puts in place the organisational structure and the internal control systems suited to the performance of his or her duties in accordance with the internal control standards adopted by the Commission. The establishment of such structure and systems shall be supported by a comprehensive risk analysis which takes into account their cost effectiveness, integrating the previous results of control and the anti-fraud strategy in place. Risk and cost-effectiveness considerations are used to determine the frequency and depth of the controls (see Articles 33 and 66(2) FR and Article 49 RAP)

Staff responsible for financial verification are Commission officials, temporary or contract staff entrusted with the implementation of various controls and checks within the internal control systems, including also controls or checks of a technical or operational nature. Financial verifications may be carried out either *ex-ante* or *ex-post*, i.e. before or after an operation has been authorised.

Mission, role and tasks

The mission of the staff responsible for financial verification is to support the authorising officer to ensure that the internal control objectives¹ are met. His or her role is to carry out the controls and checks assigned to him or her, as defined in the internal control systems and strategy established by the authorising officer. The financial verification function is explicitly included in the job description of the staff members concerned and their job objectives include the completion of the verification tasks assigned to them.

Staff responsible for financial verification should have a sufficient knowledge of the overall organisational structure and the internal control systems to understand their role, including the risks that the controls are intended to mitigate, the operations which must be controlled and the depth of the controls required for each of them. They should have timely access to the information, documents and IT systems which are necessary to the achievement of their tasks, including the results of previous controls.

Ex-ante controls shall comprise the initiation and the verification of an operation. For a given transaction, the verification shall be carried out by staff other than those who initiated the operation. The staff who carry out the verification must not be subordinate to the members of staff who initiated the operation.

Ex-post controls shall be carried out by staff other than those responsible for the *ex-ante* controls. The staff responsible for the *ex-post* controls shall not be subordinate to the members of staff responsible for the *ex-ante* controls.

¹ These are effectiveness, efficiency and economy of operations; reliability of reporting; safeguarding of assets and information; prevention, detection, correction and follow-up of fraud and irregularities; and the legality and regularity of the operations. (Article 32(2) FR)

Competence

Staff members designated by the authorising officer to verify financial operations are chosen on the grounds of their knowledge, skills and particular qualifications as evidenced by diplomas or by appropriate professional experience, or after having followed an appropriate training programme. They should follow continuing professional training and development to maintain the required level of competence over time.

Staff members responsible for financial verification are responsible for their own learning and their managers are responsible for guiding them. In case a member of staff responsible for financial verification finds that he or she lacks specific knowledge or skills required to effectively perform his or her tasks, he or she must identify the needs and inform the authorising officer to address any possible systemic deficiency.

Staff responsible for financial verification should have a sufficient knowledge of the Financial Regulation and related rules and regulations², as well as those specifically applicable to the operations concerned.

Ethics and conduct

Rights and duties are covered in Title II of the Staff Regulations³. The Commission Practical Guide to Staff Ethics and Conducts⁴ provides an overview of current standards and obligations, including references to the relevant implementation rules and guidance documents such as the code of good administrative behaviour⁵. The Commission has laid down golden rules highlighting the essential elements of staff ethical conduct that of course staff responsible for financial verification should comply with.

In carrying out their duties, the staff concerned benefit from the Commission's duty of care towards its employees⁶.

In the case of staff responsible for financial verifications, a more careful attention should be paid to the following situations:

- Conflict of interests: in compliance with Articles 57 FR and 32 RAP, and Article 11(a) SR it is the staff responsibility to declare a potential or real conflict which may put their own interests into conflict with those of the Union. In case of a potential or real conflict of interest, the staff member cannot be involved in any part of the financial cycle; it is the hierarchy who assesses if there is a conflict of interest.
- Financial irregularities and fraud:⁷ any staff member involved in financial management who becomes aware of:

² https://myintracomm.ec.europa.eu/budgweb/EN/dgb/training/Pages/dgb-040-040_trainbyjob.aspx

³ Staff Regulations of officials, Title II (Art. 11 - 26).

⁴ Practical guide to staff ethics and conduct DG HR B.1.:

⁵ https://myintracomm.ec.europa.eu/hr_admin/en/ethics/obligations/Documents/Rapport_ethics_EN_web.pdf

⁶ https://myintracomm.ec.europa.eu/hr_admin/en/code/Documents/20131125_Code_Good_Administrative_Behaviour_EN.pdf

⁷ Article 11(a) of the Protocol on the Privileges and Immunities (PPI) of the European Union.

a decision he/she considers "irregular" (or contrary to the principles of sound financial management or to the professional rules) shall inform his or her hierarchical superior and the authorising officer by delegation in writing if no response or no reasonable response is given by the hierarchical superior. If that authorising officer by delegation fails to take action, the member of staff shall inform the Specialised Financial Irregularities Panel; or

in case he or she suspects Illegal activity, fraud or corruption he or she shall inform the immediate superior or the Director-General (if it is deemed useful) or OLAF⁸ without delay.

- Cases of wrongdoing shall be liable to disciplinary action and payment of compensation as laid down in, and in accordance with, the procedures in the Staff Regulations.⁹
- Internal control weakness: staff have the duty to report any internal control weakness identified in accordance with the modalities adopted by the Authorising Officer.
- Risk assessment: the function of financial verification is intrinsically sensitive and should be subjected to a risk assessment, which takes into account the cost-effectiveness, to determine which, if any mitigating controls should be implemented.
- Maintain of the independence of the verification function by ensuring that the verifiers' opinions and if available, the authorising officer's reasons for overriding them are formally recorded (e.g. via exception reporting).

⁷ The Commission applies a zero tolerance to fraud.

⁸ Article 8 of Regulation No 883/2013 of 11 .9.2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF)

⁹ Investigation and Disciplinary Office of the Commission (IDOC) and Specialised Financial Irregularities Panel (ISIF): <https://myintracomm.ec.europa.eu/budgweb/en/man/finactor/Pages/responsfin.aspx#ISIF>