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3 ways MEPs can fiddle expenses

Nicholas Aiossa · Friday, January 27th, 2017

The Westminster [expenses scandal](#) in the UK back in 2009 made headlines with journalists uncovering parliamentarians using their expenses to redecorate their home homes, evade taxes and one MP even used expenses to build a [duck house](#). This led to a [massive overhaul](#) of how the whole expenses system was run and increased transparency around what MPs were spending tax payers' money on.

The same sort of scandal has yet to emerge on a mass scale with Members of the European Parliament (MEPs). But that doesn't mean that there are not loopholes in the expenses system which are open to abuse. With more transparency and accountability these loopholes can be shut down. Here's some loopholes in the system that allow the potential for the misuse of MEPs expenses.

Background

The secretarial allowance, used by MEPs to pay their staff, amounts to €24,164 monthly per MEP. Along with the [general expenditure allowance](#) this EU budget line has repeatedly been the subject of fraud and misuse by MEPs.

The latest example has seen Marine Le Pen and Front National embroiled in a [fraud case in France](#) and having the [European Parliament trying to recover €339,000](#) for misusing their staff allowance. But this budget line has been a risk area for years. The infamous 2008 European Parliament [Internal Audit Report](#), also known as the "Galvin Report" after the internal auditor who authored it, documented risks in the control of these expenses and the numerous ways MEPs were fiddling with it; from concluding service provider contracts with companies owned by the MEP to funnelling money back to domestic political parties.

There are five categories of staff that MEPs can use their allowance to pay. Accredited Parliamentary Assistants, who are based in Brussels and who maintain a direct contract with the Parliament. Local parliamentary assistants, who are based in an MEP's constituency and have a private employment relationship with the MEP. Service provider and intern contracts, which are temporary contracts signed with the MEP, and paying agents, who manage the local contracts to ensure the requisite national taxes and contributions are paid.

Since 2008, the statutory and internal rules on transparency have improved. Rules governing contract controls have been enhanced and the names of assistants and service providers are now published on the [Parliament's website](#). Yet, we still see irregularities and fraudulent activities by MEPs with their staff allowance.

Just this week the Parliament confirmed [in an internal document](#) that 109 separate investigations were carried out in 2015 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.*”

The public scandals around this issue tends to point to three ways MEPs enjoy misusing EU public money for staffing arrangements.

Personal Gain

Some MEPs have used their staff allowance purely for personal gain. Former Member of the European Parliament [Peter Skinner](#) was sentenced to a four-year jail sentence for fraudulently claiming about €120,000 over five years, which was used to pay for among other things, alimony and a trip to Hawaii. He did this by doctoring employment documents and skimming off the top of his staff allowance payments.

Another former MEP, Ashley Mote, was found guilty in 2015 and [sentenced to for five years in jail](#) for fiddling over €400,000 in European Parliamentary allowances. Among other things Mr. Mote used this ill-gotten public money [to pay for his mortgage and personal legal bills](#).



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Creative Thinking on Keeping in it the Family

There have been demands this week for French presidential candidate François Fillon to explain [payments of €500,000](#) to his wife from public funds but this had been a common practice for years in the European Parliament. Until the introduction of new rules in 2009 any MEP could employ their immediate family as parliamentary staff. MEPs who were still employing spouses in 2009 had a ‘transitional’ period of five full years they could continue employing them; and [many took advantage of this loophole](#). In 2013 [Marie Le Pen](#) employed

her ‘partner’ now-MEP Loius Aliot as an assistant. Nigel Farage had employed his wife since 2006 as a parliamentary assistant. When the complete ban entered into force in 2014 it was fellow UKIP MEP Raymond Finch who hired her to be his parliamentary assistant. Several Latvian MEPs have followed suit by employing each other’s relatives as parliamentary interns. Members of the parliament need to begin to honour both the letter and spirit of the rules.

Feeding the Domestic Party Beast

This allowance is particularly vulnerable to MEPs funnelling resources back home to their domestic political parties, which is in contravention of the rules. As previously mentioned, this is exactly what FN has been accused of; essentially paying more than a dozen FN domestic party staff members out of a budget that is meant to exclusively be used for the MEPs’ European parliamentary work. UKIP MEP Nathan Gill is being investigated for similar charges of using his allowances for domestic political activities including campaigning. This is not the first time UKIP has been embroiled in this type of scandal; in 2012 UKIP MEPs were ordered to repay roughly €43,000 for diverting their allowances to pay for domestic party workers.

More Transparency Needed

Whilst it’s clear that there are loopholes in the system which have been shown to increase the bank balances of some MEPs, there are straight forward steps which can be taken to curb these practices.

The European Parliament needs to:

- Increase transparency and publication of details on staffing arrangements, especially service providers and the services provided;
- Increase resources given to DG Finance and DG Personnel to systematically scrutinise documents submitted by MEPs;
- Ensure an effective information sharing arrangement between DG Finance and DG Personnel in order to properly control the use of the secretarial allowance;
- Ensure MEPs adhere to both the spirit and letter of the rules in place prohibiting nepotism.
- Provide clearer guidelines for MEPs on what this budget line cannot be used on.

It is not only us who see that more transparency and accountability is needed when it comes to how MEP spend public money. In 2015, Journalists from all 28 EU Member States brought a case to the European Court of Justice against the European Parliament for their refusal to release documents relating to MEPs’ expenses, including the Staff Allowance.

Transparency International EU submitted a similar access to documents request for information on MEP allowances, which was denied for a host of reasons by Ildikó Gáll-Pelcz, MEP, the Vice-President of the European Parliament, in charge of responding to access to documents requests.

Even Commissioner Vestager has also said recently of MEP expenses that there is a public interest in showing that spending is done “in a proper and transparent way”.

OpenBudgets.eu

Transparency International EU believes in open budget and spending data. The best way to ensure that public money is used properly is through transparency and accountability. That is why we are working on a project called openbudgets.eu. This will serve as a one-stop-shop for EU budget data, so that citizens, journalists and civil society can check how tax payers' money is being spent. We believe the public should be able to scrutinise how MEPs spend their expenses.

If budget data is accessible in an open and readable format it benefits us all. It means an MEP will be less likely to misuse allowances as it will allow citizens, NGOs and journalists to check how EU money is being spent and help hold that expenditure to account.

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