

FRANK HUYBRECHTS
BEDRIJSREVISOR

**Financial Audit Report
for the year ended December 31, 2011**

**PARTY OF THE EUROPEAN LEFT ASBL
RUE PARNASSE 30
1050 BRUXELLES
BELGIUM**

Convention FINS-2011-5

BEDRIJSREVISOR FRANK HUYBRECHTS BVBA

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Ondernemingsnummer 0889.872.951 - ING 363-0163175-61

According to the audit mandate, I have audited the financial statements, the balance sheet and the profit and loss account for the period of eligibility defined by the grant agreement of PARTY OF THE EUROPEAN LEFT ASBL prepared by its accountant for the year ending December 31, 2011 as laid out on pages 4 to 6 of this document.

1. Respective responsibilities of the party and the auditors

The Party is responsible to the European Parliament for the use of the grant and must comply with the provisions of the Regulation EC (No) 2004/2003 and the underlying acts. It is further responsible for the preparation of its annual financial statements.

I have the responsibility to plan and carry out the required work to verify the financial statements prepared by the Party and to report to the Party with a reasonable assurance our audit opinions.

2. Basis of Opinions

I conducted the audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standard Board (IAASB). This standard requires the auditor to plan and carry out his work in a way to obtain sufficient and appropriate evidences and explanations to support his audit opinions. An audit includes an examination, on a sample basis, of evidence relevant to these opinions.

The audit work included specific procedures to gather sufficient and appropriate audit evidence that

- the financial statements have been prepared in accordance with the national legislation applicable to the Party, are free of material misstatement and show a true and fair view of the financial position and the operating results;
- the financial documents submitted by the Party to Parliament are consistent with the financial provisions of the grant agreement;
- the expenditure declared was actually incurred;
- the statement of revenue is exhaustive;
- the obligations arising out of Articles 6, 7, 8, 9(2) and 10(2) of Regulation (EC) No 2004/2003 have been met;
- any surplus carried over to the next financial year has been used in the first quarter of the financial year, pursuant to Article 6a of the Bureau decision;
- the obligations arising out of Article 109(4) of the Financial Regulation have been met;
- the obligations arising from Article II.12 - *Eligible expenditure*, of the grant agreement have been met;
- the obligations arising from Article II.7 - *Award of contracts*, of the grant agreement have been met;

3. Opinions

In our opinion,

- the financial statements have been prepared in accordance with the national legislation applicable to the beneficiary, are free of material misstatement and show a true and fair view of the financial position and the operating results;
- the financial documents submitted by the Party to Parliament are consistent with the financial provisions of the grant agreement;
- the expenditure declared was actually incurred;
- the statement of revenue is exhaustive;
- the obligations arising from the Regulation (EC) No 2004/2003 have been met;
- the obligations arising from the Bureau decision have been met
- any surplus carried over to the next financial year has been used in the first quarter of the financial year, pursuant to Article 6a of the Bureau decision;
- the obligations arising out of Article 109(4) of the Financial Regulation have been met;
- the obligations arising from Article II.12 - Eligible expenditure, of the grant agreement have been met and we were able to reconcile the eligible expenditure with the financial statements;
- the obligations arising from Article II.7 - Award of contracts, of the grant agreement have not been met for every expenditure above 5.000,00 EUR: the total amount for which no formal offers were asked amount to 257.492,31 EUR. Although no formal offers were asked for these expenditures, the Party made the analysis to buy at the best quality/price report;
- We have received all necessary explanations for the purpose of our work.

This report replaces an earlier audit opinion dated June 28, 2012.

Appendices: 5 pp

- **Financial Statements as of December 31, 2011**
- **Budget 2011**
- **Eligible expenses for the carry-over period 1/1/2012-31/3/2012 (audited)**

Geel, August 9, 2012

BEDRIJFSREVISOR FRANK HUYBRECHTS BURG BVBA

Represented by


Frank Huybrechts

Budget 2011

REVENUE		Budget	Actual
D.1 Dissolution of "Provision to cover eligible costs to be incurred in the first quarter of N+1"			
D.2 European Parliament grant		846.936,00	846.936,00
D.3 Membership fees		182.892,00	225.222,16
3.1 from member parties		182.892,00	225.222,16
3.2 from individual members			
D.4 Donations		0,00	0,00
4.1 above 500 EUR			
4.2 below 500 EUR			
D.5 Other own resources (to cover eligible expenditure) (to be listed)			15.435,84
other own resources			15.435,84
D.6 Contributions in kind			
D. REVENUE (to cover eligible expenditure)		1.029.828,00	1.087.594,00
E.1 Additional other own resources (to cover non-eligible expenditure) (to be listed)			
E. REVENUE (to cover non-eligible expenditure)		0,00	0,00
F. TOTAL REVENUE		1.029.828,00	1.087.594,00
G. Profit/loss (F-C)		0,00	64.060,40

EXPENDITURE		Budget	Actual
Eligible expenditure			
A.1: Personnel costs		204.000,00	181.244,94
1. Salaries		695.000,00	135.521,38
2. Contributions		84.000,00	44.615,78
3. Professional training		€10.000,00	0,00
4. Staff mission expenses		€5.000,00	0,00
5. Other personnel costs		€10.000,00	1.107,78
A.2: Infrastructure and operating costs		40.000,00	38.870,83
1. Rent, charges and maintenance costs		€25.000,00	26.063,06
2. Costs relating to the installation, operation and maintenance of equipment		€2.000,00	278,18
3. Depreciation of movable and immovable property		€2.000,00	3.362,60
4. Stationery and office supplies		€2.000,00	1.281,87
5. Postal and telecommunications charges		€2.000,00	7.108,15
6. Printing, translation and reproduction costs		€4.000,00	384,78
7. Other infrastructure costs		€3.000,00	412,19
A.3: Administrative expenditure		42.000,00	30.701,69
1. Documentation costs (newspapers, press agencies, databases)		€4.000,00	392,10
2. Costs of studies and research		€4.000,00	0,00
3. Legal costs		€2.000,00	114,59
4. Accounting and audit costs		€20.000,00	30.195,00
5. Support to affiliated organisations and subsidies to third parties		€10.000,00	0,00
6. Miscellaneous administrative costs		€2.000,00	0,00
A.4: Meetings and representation costs		504.000,00	558.366,14
1. Costs of meetings of the political party		€480.000,00	519.687,82
2. Participation in seminars and conferences		€40.000,00	0,00
3. Representation costs		€60.000,00	36.771,31
4. Cost of invitations		€20.000,00	0,00
5. Other meeting-related costs		€4.000,00	1.907,01
A.5: Information and publication costs		139.828,00	27.901,64
1. Publication costs		€50.000,00	7.996,81
2. Creation and operation of Internet sites		€9.828,00	32,27
3. Publicity costs		€50.000,00	19.902,56
4. Communications equipment (gadgets)		€20.000,00	0,00
5. Seminars and exhibitions		€5.000,00	0,00
6. Election campaigns ¹		€0,00	0,00
7. Other information-related costs		€5.000,00	0,00
A.6: Expenditure relating to contributions in kind			
A.7: Allocation to "Provision to cover eligible expenditure to be incurred in the first quarter of N+1"			159.310,05
A. TOTAL ELIGIBLE EXPENDITURE		1.029.828,00	996.395,29
B.1: Non-eligible expenditure		0,00	27.138,31
1. Allocations to other provisions			
2. Financial charges			7.494,11
3. Exchange losses			-23,31
4. Doubtful claims on third parties			19.667,51
5. Others (to be specified)			
B. TOTAL NON-ELIGIBLE EXPENDITURE		0,00	27.138,31
C. TOTAL EXPENDITURE		1.029.828,00	1.023.533,60

H.1 Allocation of own resources to the specific reserve account¹		64.060,40
H. Profit/loss for verifying compliance with the no-profit rule (G-H.1)¹	0,00	0,00

¹: Not applicable to political foundations at European level

Eligible expenses for the carry-over period 1/1/2012-31/3/2012 (audited)

Bills by Category		Spent
Rubrique 1: Frais de personnel		
1. Salaires	R1 Salaires	€ 45.713,63
2. Charges	R1 Charges	16.817,70
3. Formation professionnelle	R1 Formation professionnelle	€ 0,00
4. Frais de mission du personnel	R1 Frais de mission du personnel	€ 0,00
5. Autres frais de personnel	R1 Autres frais de personnel	€ 850,60
Total Rubrique 1		€ 63.381,93
Rubrique 2: Frais d'infrastructure		
1. Loyer, charges et frais d'entretien	R2 Loyer, charges et frais d'entretien	€ 6.674,53
2. Frais d'installation, d'exploitation et d'entretien afférents aux équipements	R2 Frais d'installation, d'exploitation et d'entretien afférents aux équipements	€ 0,00
3. Frais d'amortissement des biens meubles	R2 Frais d'amortissement des biens meubles et immeubles	€ 0,00
4. Papeterie et fournitures de bureau	R2 Papeterie et fournitures de bureau	€ 111,96
5. Affranchissement et télécommunication	R2 Affranchissement et télécommunication	€ 2.679,81
6. Frais d'impression, de traduction, de reproduction	R2 Frais d'impression, de traduction, de reproduction	€ 0,00
7. Autres frais d'infrastructure	R2 Autres frais d'infrastructure	€ 100,79
Total Rubrique 2		€ 9.567,09
Rubrique 3: Dépenses de fonctionnement		
1. Frais de documentation (journaux, etc)	R3 Frais de documentation	€ 50,00
2. Frais d'étude et de recherche	R3 Frais d'étude et de recherche	€ 0,00
3. Frais juridique	R3 Frais juridique	€ 1.452,00
4. Frais de comptabilité et d'audit	R3 Frais de comptabilité et d'audit	€ 0,00
5. Frais divers de fonctionnement	5. Aide aux organisations affiliées et subventions à des tiers R3 Frais divers de fonctionnement	€ 0,00 € 0,00
Total Rubrique 3		€ 1.502,00
Rubrique 4: Réunion et frais de représentation		
1. Frais de réunions du parti politique	R4 Frais de réunions du parti politique	€ 135.415,52
2. Participation à des séminaires et conférences	R4 Participation à des séminaires et conférences	€ 0,00
3. Frais de représentation	R4 Frais de représentation	€ 915,20
4. Frais pour les invitations	R4 Frais pour les invitations	€ 0,00
5. Autres frais de réunions	R4 Autres frais de réunions	€ 1.129,76
Total Rubrique 4		€ 137.460,48
Rubrique 5: Dépense d'information et de publication		
1. Frais de publication	R5 Frais de publication	€ 0,00
2. Création et exploitation de sites Internet	R5 Création et exploitation de sites Internet	€ 0,00
3. Frais de publicité	R5 Frais de publicité	€ 27.230,66
4. Matériel de communication (gadgets)	R5 Matériel de communication	€ 2.257,79
5. Séminaires	R5 Séminaires	€ 0,00
6. Expositions	R5 Electoral events	€ 0,00
7. Autres frais d'information	R5 Autres frais d'information	€ 151,06
Total Rubrique 5		€ 29.639,51
Rubrique 6: Dépenses relatives aux apports en nature		
Total Rubrique 6		R6 Dépenses relatives aux apports en nature
Dépenses non éligibles		
1. Dotations aux provisions	NE Dotations aux provisions	€ 0,00
2. Charges financières	NE Charges financières	€ 2.242,67
3. Pertes de change	NE Pertes de change	€ 0,00
4. Créances douteuses	NE Créances douteuses	€ 328,00
5. Autres (à préciser)	NE Autres	€ 0,00
Total Dépenses non éligibles		€ 2.570,67
Total (exclus les Dépenses non éligibles)		€ 241.551,01

Annex : Clarification on Audit Opinion – Audit Report PARTY OF THE EUROPEAN LEFT ASBL dated August 9, 2012

Referring to my opinion, expressed in the audit report dated August 9, 2012, I would like to clarify following point:

- the obligations arising from Article II.7 - Award of contracts, of the grant agreement have not been met for every expenditure above 5.000,00 EUR: the total amount for which no formal offers were asked amount to 257.492,31 EUR. Although no formal offers were asked for these expenditures, the Party made the analysis to buy at the best quality/price report;

This part of the opinion refers to the *Article II.7 – Award of the Contract* of the Convention Fins-2011-5, concluded between

- The European Parliament, represented by M. Jerzy Buzek, and
- Party of the European Left ASBL, represented by M. Dieter Helm and M. Pierre Laurent.

Article II.7 – Award of the Contract stipulates:

If the beneficiary is required to conclude contracts for the purposes of implementing the work programme and those contracts constitute eligible expenditure under the operation budget, the Beneficiary shall be required to seek competitive tenders from potential contractors and to award the contract to the contractor making the most economically advantageous bid, i.e. the bid offering the best value for money; in so doing it shall observe the principles of transparency and equal treatment of potential contractors and shall take care to avoid any conflict of interests.

The Beneficiary shall bear sole liability in respect of the implementation of work programme and compliance with the provision of Decision. The Beneficiary must undertake to make all the arrangements required to ensure that the contract agrees to waive all rights vis-à-vis the European Parliament under the Decision

In order to be able as an auditor to check if the Beneficiary has sought competitive tenders and has chosen the most economically advantageous tender, the Beneficiary should

1. Have a formal written purchasing procedure
2. Ask written confirmations of all offers sought
3. Classify all orders received

For the moment, the Party of the European Left does not fulfill these 3 criteria's. As a result It's my opinion that article II.7 is not fully met, because of the lack of the formal procedure/offers.

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However, based on our audit, which was done on a sample base as indicated in the audit report, we have no knowledge that the principles of Transparency, equal treatment of contractors and conflict of interest are not respected. As indicated in the second part of our expression, the Party of the European Left has confirmed and indicated to us that their purchasing procedure at this time is a more informal procedure, but as well leading to a decision based on the best quality/Prize report.

Geel, August 17, 2012

BEDRIJFSREVISOR FRANK HUYBRECHTS BURG BVBA

Represented by


Frank Huybrechts