



FOR IMMEDIATE RELEASE
The Galvin Report
Explanatory Note

The Galvin Report, named after Robert Galvin, the EU Internal Audit Official whose name is on its front cover, was written at the end of 2006 as an audit of the expenses and allowances claimed by a sample of more than 160 MEPs. The existence of the report was kept secret until February 2008 when news of its existence was made public by Chris Davies MEP. Even then, its contents remained secret and a select group of MEPs were only allowed to read the report individually in a locked and guarded room.

The Report is now published for the first time by the TaxPayers' Alliance, having been acquired during the writing of Matthew Elliott and David Craig's new book *The Great European Rip-Off*.

This explanatory note is intended to provide a readers' guide to some of the most worrying and shocking findings contained within the report, and so should be used as an accompaniment to the document itself.

NB All page references refer to the page numbers given on the document itself.

Key Findings

1) Serious and repeated anomalies in payments for office assistance and services:

- One MEP was paying the full possible allowance to a service provider, but only one assistant was provided in return (pg 49).
- Two MEPs were found to be paying out full assistance allowance, but neither had any assistant actually accredited or registered with the Parliament (pg 49).
- One company was registered as the recipient of the full assistance allowance, but its accounts show no activity. Its registration and some payments to it were backdated (pg 49).
- Several companies paid to provide office and staff support are on closer inspection irrelevant firms, such as a children's daycare centre whose manager happens to be a "local politician from the MEP's political party", and a company engaged in "the trading of wood" (pg 49).

- One company was paid a regular flat fee of €6,600 to cover research, communication and paying agent services, but the fee was never broken down or itemised (pg 50).

2) Dubious large cash payments are made to staff and service providers over and above salaries:

- Huge end of year bonuses are being paid, often simply to use up as much of the allowance as is left over, between 3 and 19.5 times the recipient's monthly salary (pg 18).

- Large layoff payments are unclear, without proper explanation of why or how they are decided (pg 53).

3) Improper registration and tax compliance of service providers:

- Some service provider companies receiving payments may simply not exist. One example is given of a firm that has an unconfirmed VAT number, an unregistered company name, and an incorrect phone number (pg 61).

- 79% of VAT-subject transactions have no evidence of proper registration or exemption from VAT (pg 20).

- 7 payments were made to bank accounts in countries other than the location of the company (pg 61).

- 83% of service providers were not registered, as is legally required, with the Belgian national company database (pg 20).

4) Invoicing is lax or non-existent:

- The rules don't require prior invoicing, only up to 12 months after the payment has been made (pg 67).

- Only 42 of 105 audited payment files actually had invoices submitted in that time, and only 5 of those 42 included the minimum required details to make them valid (pg 22).

5) Some MEPs are paying set amounts straight into the coffers of their political parties (pg 77):

- Some parties have all of their MEPs paying them identical sums for assistant services, but the number of assistants the MEPs actually have is different, and there is often no link to actual services provided (pg 77).



- Examples of dubious invoicing include an “internet site” paid for by an MEP’s allowances that turned out to be a website for his national political movement, not him as an MEP (pg 77).

6) Social security is not being paid, despite the legal requirement to do so:

- 90% of contracts for self-employed service providers had no evidence that legally required social security payments were being made (pg 20).

- 26% of assistants and 64% of paying agents have no evidence of social security being paid (pg 79).

7) Paying Agents’ expense claims are opaque or even unrecorded:

- None of the paying agents included in the audit submitted statements of expenditure in the time required by the rules (pg 86).

- 28% of contracts through paying agents for assistants did not even name the assistant who was being paid for (pg 88).

8) Travel expenses are open to abuse:

- Some contracts pay set, flat monthly fees for travel with no receipts required, up to €2,200 a month (pg 84)

9) Contracts are too varied and imprecise:

- Assistants’ contracts are vague and imprecise with often no or little job description (pg 47).

- The variation and complexity of the contracts being used, as well as other arrangements, “expose the Institution to financial, legal and reputational risks” (pg 43/44).

10) Strangely, whilst the Bundestag offers German MEPs a free paying agency service, only 30% of German MEPs choose to use it (pg 91).