

**ANNEXES**

- Statement of the Resources Director

I declare that in accordance with the Commission's communication on clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission<sup>1</sup>, I have reported my advice and recommendations to the Director-General on the overall state of internal control in the DG.

I hereby certify that the information provided in Part 2 of the present AAR and in its annexes 2 to 4 is, to the best of my knowledge, accurate and exhaustive.

Brussels, 30 March 2007

*(signed)*  
Michel MAGNIER

Annexe 2- Follow up of previous Synthesis' action plan

Annexe 3- Human and Financial resources by ABB activity

Annexe 4- Draft annual accounts and financial reports

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<sup>1</sup> SEC(2003)59 of 21.01.2003

## Follow-up of 2005 Synthesis' objectives

Performance management and internal control		
Objective	Initiative(s) to meet the objective	Responsible service(s) and timetable
1. Achieving an effective internal control system and ownership of internal control concepts and processes at all levels in each DG and service.	<p>∅ To ensure the effectiveness of internal control, with the assistance of central services, the internal control coordinator in each service should carry out a regular review of the effectiveness of internal control issues at least, in the context of the twice-yearly information to Commissioners and of the annual activity report.</p>	<p>DG COMP has fully incorporated the internal control framework of the Commission into its day-to-day management. Issues relating to financial management and audit reports are discussed twice a year between the Commissioner and the Director General, in application of ICS 21, and the result of these meetings is documented in a report signed by both.</p> <p>During 2006 DG COMP organised a workshop for management on ICS.</p>
2. Promoting Commission's accountability through annual activity reports and their synthesis solidly based on assurances from managers.	<p>∅ Some Commission departments should give, where needed, a fuller explanation of their environment and the risks faced, including risks that remain even after mitigating measures have been taken. The impact of their environment and risks should be made more explicit and in most cases fuller explanations should be given on the overall impact of reservations on the reasonable assurance.</p>	<p>See section 2.3 to 2.5 part 4 and annexes to this report.</p>
3. Establishing effective and comprehensive risk management making it possible to identify and deal with all major risks at service and Commission level and to lay down appropriate action to keep them under control, including disclosing resources needed to bring major risks to an acceptable level.	<p>∅ The Commission will further embed risk management in its regular management process and integrate risk assessment in its internal control systems.</p> <p>∅ The Commission will address how to deal with risk management within 'families' of similar activities in services.</p>	<p>DG COMP carried out a formal risk-assessment exercise in order to identify and properly manage the key risks it is confronted with. The exercise consisted of two parts: risk-identification and definition of risk responses. Based on the assessments made by each Director for his/her area, risks were identified as affecting the whole DG. The risks identified were classified into three categories: risks affecting our enforcement activity, risks affecting the functioning of the DG, and risks affecting our reputation and/or causing harm to third parties..</p>

<b>Governance</b>		
<b>Objective</b>	<b>Initiative(s) to meet the objective</b>	<b>Responsible service(s) and timetable</b>
5. Ensuring a smooth implementation of accepted internal audit recommendations.	Ø Follow-up of action plans stemming from internal audit recommendations should be regularly monitored at senior management level, and fully integrated into regular management planning.	Constant supervision at senior management level of the way our systems are operated, biannual meetings with the Commissioner on financial management and resources issues
6. Ensuring strong follow-up of action plans related to the expressed reservations, notably for the progress to be made in 2006.	Ø The Commission will integrate the follow-up of action plans related to the expressed reservations in the regular follow-up procedures by senior management and for the deadlines foreseen in 2006 will report on, progress to the respective Commissioner in the context of the regular follow-up meetings on audit and control.	DG COMP did not issue any reservation in its 2005 AAR.

<b>Financial management and reporting</b>		
<b>Objective</b>	<b>Initiative(s) to meet the objective</b>	<b>Responsible service(s) and timetable</b>
9. Enhancing accountability by establishing a comprehensive integrated internal control framework in line with the requirements set out in the ECA's opinions on 'single audit'.	Implementation of the action plan adopted towards an Integrated Internal Framework.	DG COMP's IAC cooperated with IAS in the coordinated planning strategy of IAS audits.
10. Improving efficiency and strengthening accountability by ensuring proportionality and a sound balance between ex-ante and ex-post controls and by further harmonisation and better focusing of ex post controls.	Ø Further attempts have to be made to achieve closer harmonisation of methodology and definition of common ex-post control strategies and ensure proportionality between ex ante and ex post controls, at least at the level of 'families' of services operating in the same budget area.	Ex-post control is integrated in DG COMP daily procedures in managing its operations.
11. Increasing responsibility and accountability at the level of the Commission as a whole by the signing-off of the accounts by the Accounting Officer and by improved quality of financial information.	Ø Under the proposed amendments to the Financial Regulation submitted to the legislator, the Accounting Officer will sign off the accounts.  Ø The Commission will further strengthen its accounting processes and systems to improve the quality of the financial information and the respect of deadlines.	In process.

## HUMAN AND FINANCIAL RESOURCES

### HUMAN RESOURCES

<b>ALLOCATION DES RESSOURCES HUMAINES PAR ACTIVITE - BUDGET 2006</b>
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Code Activité	Activité	Ressources humaines									Total
		Tableau des effectifs				Personnel externe					
		Budget adm.	Recherche actions indirectes	Recherche actions directes	Délégations	XX 01 02 01	Autre chapitre 01 (ex- partie A)	Fonds structurels / mini-budgets	Recherche	Personnel financé par chapitre 01 04 (ex- lignes BA)	
	Cartels, anti-trust and liberalization	239				40					279
	Control of State aid	161				21					182
	Merger control	77				20					97
	Policy strategy and Coordination	90				7					97
	Administrative support	82				13					95
	<b>Total</b>	<b>649</b>				<b>101</b>					<b>750</b>

<b>EXECUTION OF COMMITMENT APPROPRIATIONS</b>		
Other de-centralised administrative expenditure – 03 01 02 11 01 to 03 01 02 11 06		
<b>Code Activité</b>	<b>Activité</b>	<b>Exécution des credits d'engagement</b>
<b>4.1</b>	Cartels, anti-trust and liberalisation	1.900.000
<b>4.2</b>	Merger control	200.000
<b>4.3</b>	Control of State aid	1.200.000
<b>4.4</b>	Policy coordination, European Competition Network and international cooperation	900.000
<b>4.5</b>	Administrative support	450.000
	<b>Total</b>	<b>4.650.000</b>