

Annex 1 to the AAR - 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 Commission¹, 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 5 is, to the best of my knowledge, accurate and exhaustive.

Brussels,

(signed)
Isabelle BENOLIEL

¹ SEC(2003)59 of 21.01.2003

Annex 2 to the AAR - Follow up of previous Synthesis' action plan
2006 Synthesis' multiannual objectives

(Source: Annex 1 to the Synthesis of the Commission's management achievements in
2006 – COM(2007) 274)

Internal control systems and performance management				
Subject	Objective	Initiative(s) to meet the objective	Responsible service(s) and timetable	Progress made in 2007
Internal control	1. Achieving an effective internal control system and ownership of internal control concepts and processes at all levels in each DG and service.	➤ 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.	All services, continuous action with the support and guidance of DG BUDG and the ICC network.	Continuous action. Several actions were undertaken in this area including the setting up of a task force on ethics, security and procedures. See section 2(i) for detail of other concrete actions.
		➤ <i>Revision of internal control standards to enhance effectiveness</i>	DG BUDG by the end of 2007	Ongoing.
		➤ Develop indicators for legality and regularity of transactions to support assurance in annual activity reports.	All services by 'families' with the support of BUDG and SG, before the establishment of 2007 (originally: 2006) annual activity reports in March 2008 .	Ongoing. N/A for DG COMP

Annual activity reports and Synthesis	2. Promoting Commission's accountability through annual activity reports and their synthesis solidly based on assurances from managers.	<ul style="list-style-type: none"> ➤ 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. 	All services in the 2007 annual reporting exercise.	Ongoing. DG COMP created a new unit in 2007 called 'strategy and delivery' to ensure that a coherent strategy was developed in relation to operational and administrative planning and implementation. The creation of this new unit has contributed to ensuring a holistic approach within the DG for these activities which includes risk management..
		<ul style="list-style-type: none"> ➤ With the assistance of central services, work by 'families' will be continued, so that each area benefits from a specific, coherent methodology. 		<i>N/A for DG COMP</i>
Risk management	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.	<ul style="list-style-type: none"> ➤ The Commission will further embed risk management in its regular management process and integrate risk assessment in its internal control systems. 	All services, with the assistance of DG BUDG, as specified in SEC(2005) 1327.	Continuous action. Risk management is fully embedded in DG COMP's management processes and has been even further strengthened by the creation of the new 'strategy and delivery' unit.
		<ul style="list-style-type: none"> ➤ The Commission will address how to deal with risk management within 'families' of similar activities in services. 	By 2007 the Commission should have gained sufficient experience to submit proposals in this context.	Completed. <i>N/A for DG COMP.</i>

Objectives and indicators	4. Making objectives and indicators a policy and management tool allowing, on the one hand, the Commission to monitor its performance and, on the other, stakeholders to assess the outcome of the Commission's work and its benefit for citizens.	➤ The Commission will continue its review of objectives and indicators, with a particular attention on spending programmes in 2006 and on other Commission tasks in 2007.	Services concerned with the support of SG and BUDG should feed progressively into the 2007 and 2008 annual management plans.	Completed. Objectives are systematically incorporated in DG COMPs AMP and used as a tool to monitor performance during the year. The recently created Evaluation unit should further strengthen this function in 2008 and contribute to the continuous improvement of defining objectives and indicators.
----------------------------------	--	---	--	--

Governance				
Subject	Objective	Initiative(s) to meet the objective	Responsible service(s) and timetable	Progress made in 2007
Internal audit recommendations	5. Ensuring a smooth implementation of accepted internal audit recommendations.	➤ 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, <i>especially the annual management plans.</i>	All services	Continuous action. Regular meetings take place between the resources directorate and the IAC to review progress on audit recommendations. Following the IAS IT audit DG COMP was formally given clearance by the APC in relation to the implementation of 3 pending recommendations.

Regulatory agencies	6. Clarifying the respective roles and responsibilities of Commission services and <i>regulatory agencies</i> .	➤ The input of all institutions is necessary to negotiate a comprehensive framework, to clarify the respective responsibilities of the institutions and of the regulatory agencies. This framework would be applicable to the creation of future agencies and, at a later stage, to those already in existence. The Commission calls on the Council to adopt the proposed framework on regulatory agencies, suggest amendments, or reflect on new possibilities.	All services concerned with the assistance of SG and DG BUDG.	Ongoing. N/A for DG COMP
Inter-service arrangements	7. Ensuring that inter-service arrangements for small services are based on a cost-benefit analysis and made in accordance with applicable rules, while preserving the responsibility of each delegated authorising officer.	➤ The Commission will develop practical solutions respecting the balance of responsibilities and accountability.	Interested DGs with the support of BUDG, SG, and DIGIT.	Continuous action. N/A for DG COMP

Reservations	8. Ensuring strong follow-up of action plans related to the expressed reservations, notably for the progress to be made in 2006.	➤ Directors-General will report on progress to the respective Commissioner in the context of the regular follow-up meetings on audit and control. <i>The ABM Steering Group will closely monitor and regularly report to the College on the implementation of the remedial actions that delegated authorising officers have committed to carry out in their annual activity reports.</i>	Concerned DGs.	Continuous action. N/A for DG COMP
---------------------	--	--	----------------	--

Financial management				
Subject	Objective	Initiative(s) to meet the objective	Responsible service(s) and timetable	Progress made in 2007
Integrated internal control framework	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 towards an Integrated Internal Framework.	All services	Ongoing. DG COMP operates a centralised financial circuit except where there is a close relation between operations and financial management.
Ex-ante and ex-post controls	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	➤ 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.	All services with the assistance of DG BUDG, continuous action.	<i>Initiative integrated into the Action Plan towards an Integrated Internal Control Framework.</i>

		<ul style="list-style-type: none"> ➤ Common guidelines on sampling methods and related level of confidence should be finalised. 	Concerned services with the support of DG BUDG, progressively up to the end of 2007.	Ongoing. N/A for DG COMP
		<ul style="list-style-type: none"> ➤ DG COMM will put in place a system of structured ex-post control in all Representations and Units in the Headquarter. 	DG COMM by the end of 2007	-
Accounts	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.	<ul style="list-style-type: none"> ➤ Under the amended Financial Regulation, the Accounting Officer will sign off the accounts. 	Accounting Officer by the entry into force of the amendments to the Financial Regulation.	Completed – to be applied. Article 61(2)a of the FR : Commission modified proposal to revise the FR now incorporates the signing off of the accounts by the Accounting Officer. For the first time, he will sign off the accounts for the year 2006.
		<ul style="list-style-type: none"> ➤ The Commission will further strengthen its accounting processes and systems to improve the quality of the financial information and the respect of deadlines. 	All services, continuous action with the assistance of the services of the Accounting Officer	Continuous action. DG COMP staff involved in financial management are obliged to follow training course as required by their duties. Representatives of the financial cell systematically attend RUF meetings and disseminate best practices in the DG established by DG BUDG.
Financial simplification	12. Making financial management more efficient by applying simplification measures.	<ul style="list-style-type: none"> ➤ Services are called upon to apply the simplification measures that have been introduced by the basic acts under the next generation of programmes (2007-2013) and by the amended financial rules 	All services concerned as from the entry into force of these legal provisions.	<i>Initiative integrated into the Action Plan towards an Integrated Internal Control Framework.</i>

		<p>➤ To ensure that the new programming period can start under the new legislative framework, the Commission calls on the legislative authority to adopt the basic acts and Financial Regulation so that it can adopt in due time its Implementing Rules.</p>	<p>Legislative authority for the basic acts and Fin. Regulation. DG BUDG and concerned services by the end of 2006</p>	<p>Completed. Basic acts for the programming period 2007-2013 and amendments to financial regulations adopted.</p>
--	--	---	--	---

Human resources				
Subject	Objective	Initiative(s) to meet the objective	Responsible service(s) and timetable	Progress made in 2007
Simplification	13. Simplifying procedures to increase both efficiency and employee satisfaction.	<p>➤ The Task Force for the simplification of administrative procedures will propose specific measures to simplify and improve human resource management and administrative procedures.</p>	<p>DG ADMIN by June 2007 (originally by the end of 2006)</p>	<p>Ongoing. In May 2006 the Commission adopted a Communication entitled "<i>Human Resources Management: simplifying procedures for staff</i>" and created a Task Force mandated to consult staff and propose measures to simplify administrative procedures and improve services provided to staff. A report on the progress of the work of the Task Force was adopted by the Commission in December 2006. The final report and Action Plan proposed by the Task Force will be presented as an annex to a Commission Communication the adoption of which is scheduled for June 2007.</p>

Annex 3 to the AAR - Human and Financial resources by ABB activity

Allocation des ressources humaines par activité –
Budget 2007

Numbers based on situation on 31/12/2007

Code Activité	Activité	Ressources humaines									
		Tableau des effectifs				Personnel externe					
		Bud get adm .	Reche rche actions indirec ts	Reche rche actions directs	Délégati ons	XX0 1020 1	Autre chapitr e 01 - (ex partie A)	Fonds structur els / mini budgets	Recher che	Personnel financé par chapitre 0104 (ex - lignes B)	Total
0303	Cartels, anti-trust and	246				40					
	Control of State aid	151				17					
	Merger control	85				21					
	Policy Strategy and	124				12					
	Administrative support	76				11					
	Total	682				101					783

EXECUTION DES CREDITS D'ENGAGEMENT

Autres dépenses de gestion décentralisées - XX 01 02 11 01 à XX 01 02 11 06		
Code Activité	Activité	Exécution des crédits d'engagement
	03.01 02 11 01	818.000
	03.01 02 11 02	614.276
	03.01 02 11 03	388.097
	03.01 02 11 04	1.735091
	03.01 02 11 05	1.079.222
	03.01 02 11 06	225.342
	Total	4.860.028