

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

2008 Synthesis objectives

(Source: Annex 1 to the 2007 Synthesis Report – COM(2008)338)

Internal control systems and performance management				
Subject	Objective	Initiative(s) to meet the objective	Responsible service(s) and timetable	Progress made in 2008
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 DG COMP's Internal Control Coordinator has reviewed in 2008 the DG's compliance with internal control standards and the effectiveness of their implementation.
		Revision of internal control standards to enhance effectiveness	DG BUDG by the end of 2007	Completed An internal communication revising the internal control standards for effective management was adopted in October 2007-SEC (2007) 1341.

		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.	Completed N/A for DG COMP Working groups developed indicators for legality and regularity of transactions by families of DGs.
Annual activity reports and Synthesis	2. Promoting Commission's accountability through annual activity reports and their synthesis solidly based on assurances from managers.	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.	Completed DG COMP's Annual Activity Reports now include explanations of its internal control systems and the various components of the assurance process are linked together ("building blocks"). Moreover, assurance is supported by legality and regularity indicators.
		With the assistance of central services, work by 'families' will be continued, so that each area benefits from a specific, coherent methodology.		Completed N/A for DG COMP Under the Action Plan towards an Integrated Internal Control Framework, "internal control templates" were developed to promote consistency between services in the presentation of control strategies.
		<i>The central services will provide further guidance to promote consistency in the treatment of reputational risks and the link between error rates, materiality and reservations.</i>	<i>BUDG and SG</i> <i>By end 2008</i>	<i>New action</i> N/A for DG COMP

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.	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.	Completed The revised Internal Control Standards, decided by the Commission in October 2007, specifically provide a Standard for risk management processes (standard 6). Risk management is now formally integrated into the programming and planning exercise of DG COMP and critical risks are disclosed in the DG's Annual Management Plan.
Residual risk	4. Taking further the concept of residual risk	<i>Commission will continue its work on the cost-benefit of control and on residual risk per policy area. A Communication on this subject will be issued in autumn 2008.</i>	<i>DG BUDG together with concerned services</i> <i>By October 2008</i>	New action DG BUDG launched in November 2008 an Inter-Service Consultation on a draft Commission Communication towards an inter-institutional agreement on the concept of tolerable risk of error.

Governance				
Subject	Objective	Initiative(s) to meet the objective	Responsible service(s) and timetable	Progress made in 2008

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, especially the annual management plans.	All services	<p>Continuous action</p> <p>Follow-up is being monitored through the "Issue track" system and regularly reviewed by senior management.</p> <p>Further efforts were made to ensure the timely implementation of the audit recommendations.</p> <p>DG COMP's Internal Audit Service also performs follow-up audits on specific audit reports to verify the level of implementation of recommendations in detail. These follow-up audit are planned in the annual audit work programme.</p>
Regulatory agencies	6. Clarifying the respective roles and responsibilities of Commission services and regulatory agencies.	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.	<p>Ongoing</p> <p>N/A for DG COMP</p>
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	The Commission will develop practical solutions respecting the balance of responsibilities and accountability.	Interested DGs with the support of BUDG, SG, and DIGIT.	<p>Continuous action</p> <p>N/A for DG COMP</p>

	responsibility of each delegated authorising officer.			
Reservations	8. Ensuring strong follow-up of action plans related to the expressed reservations, notably for the progress to be made in 2008.	Directors-General will report on progress to the respective Commissioner in the context of the regular follow-up meetings on audit and control. 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.	DGs concerned	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 2008
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. The Commission adopted on 27/2/2008 a report on the action plan towards an integrated internal control framework (COM(2008) 110 final). The report showed that most actions have been implemented and that the Commission

				has made concrete progress. The Commission has planned a further impact assessment early 2009.
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>
		Common guidelines on sampling methods and related level of confidence should be finalised.	Services concerned with the support of DG BUDG, progressively up to the end of 2007.	Ongoing N/A for DG COMP
		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	Completed N/A for DG COMP A centralised ex-post control unit was set up in DG COMM on 1 November 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.	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	<p>Continuous action</p> <p>DG COMP staff involved in financial management are obliged to follow the training courses required by their duty.</p> <p>An IAC audit performed in 2008 found that the documentation of procedures is fragmented in the financial area. The action plan foresees in 2009 the creation of a single set of clear, user friendly, promptly updated instructions available on the intranet</p>
Financial simplification	12. Making financial management more efficient by applying simplification measures.	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>

Human resources				
Subject	Objective	Initiative(s) to meet the objective	Responsible service(s) and timetable	Progress made in 2008
Simplification	13. Simplifying procedures to increase both efficiency and employee satisfaction.	The Task Force for the simplification of administrative procedures will propose specific measures to simplify and improve human resource management and administrative procedures.	DG ADMIN by June 2007 (originally by the end of 2006)	Completed DG ADMIN, based on a collaborative effort and consultation of all Commission staff, prepared a Communication to the College enshrining the key principles of the simplification drive and proposing a detailed plan with 85 actions, to be carried out within well defined deadlines. This Communication was adopted by the Commission on 4 July 2007 and its implementation is ongoing.
		In parallel, the Commission will present specific measures to simplify and improve the Commission's staff appraisal system (Career Development Review). These measures will complement those presented early 2006 which were already implemented in the current exercise.	DG ADMIN by the end of 2007	Completed New rules have been presented by DG ADMIN in March 2008. The new rules should allow for a better differentiation of career speeds according to merit. The assessment and promotion exercises are also significantly shortened.

Staff skills	14. Aligning resources and needs better to make sure that staff have the skills and qualifications necessary to perform their duties, in particular in areas such as financial management, audit, science, linguistics and IT.	Following the conclusions of the evaluation on the Strategic Alignment of Human Resources, various measures are being prepared.	DG ADMIN by the end of 2007	Ongoing Among the measures already started by DG ADMIN: - the development of the HR Community; - the dissemination of best practices; - the HR Professionalisation Programme; - the development of HR Metrics; - the HR scorecard prototype; - the specification of the HR reporting facility in Sysper2.
		The Commission will identify any shortfalls and communicate its specific needs so that they are promptly taken into consideration and included in the work -programme of the inter-institutional European Personnel Selection Office. Provision of specialised training and measures to improve the recruitment procedures and, in particular in areas where a shortage of skilled staff is identified.	DG ADMIN and EPSO, ongoing tasks.	Ongoing On 18 July 2008, EPSO announced a development programme for modernising its approach to selection of candidates. From 2010, candidates will be tested on the basis of competence rather than knowledge. The time lag between a candidate's initial application and taking up employment will be cut from over 15 months today, to just 5-9 months. This will be achieved by organising competitions in annual cycles, from 2010.
		The Commission will take measures to improve its Job Information System so that it enables the organisation to have a global view of its current human resources and to produce easily detailed analysis by corporate processes.	DG ADMIN in collaboration with DIGIT, SG and DG BUDG by end 2007	Ongoing The e-CV project was delayed because of rearranged priorities.

		<p>The Commission will adjust its management of mobility, where necessary, so as to achieve the ultimate objective of 'the right person in the right job', in particular as regards sensitive posts. Proposals will be made during 2006 to mitigate the impact of mobility, with particular attention for specialised functions and small DGs and sites.</p>	<p>DG ADMIN in collaboration with SG and DG BUDG, by the end of 2007 (originally by the end of 2006).</p>	<p>Completed</p> <p>The revision of the Commission's Internal Control Standards, was concluded in October 2007 and guidelines on sensitive functions (January 2008) were subsequently adopted.</p> <p>It should result in a more harmonised approach of the Commission's services in regards to the definition of sensitivity and an improved monitoring of the most critical sensitive posts, thus significantly reducing the issues related to compulsory mobility.</p>
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Continuity of operations				
Subject	Objective	Initiative(s) to meet the objective	Responsible service(s) and timetable	Progress made in 2008
Business continuity	15. Ensuring that the Commission is able to maintain business continuity in case of major disruption to its activities	The Commission will adopt Commission-wide policy guidelines and develop business continuity plans.	All services with the support of SG, ADMIN and DIGIT by the end of March 2007.	Continuous action DG COMP has developed its business continuity plan in 2007 and successfully participated in the Commission-wide NOX08 exercise in December 2008, ahead of a review planned in 2009.
		The Commission will address the issue of the suitability of the data centre hosting IT systems and ensure that current reflections on the best IT governance arrangements lead to operational conclusions in 2006.	DIGIT, OIB and OIL in 2006 and in 2007.	Ongoing A multi-annual (2006-2011) strategy to improve the housing conditions for the Data and telecom Centres of the Commission is being implemented.

Annex 3 to the AAR - Human and Financial resources by ABB activity (on 31/12/2008)

Human Resources by ABB activity				
Code ABB Activity	ABB Activity	Establishment Plan posts	External Personnel	Total
03/01	Cartels, anti-trust and liberalization	262	44	306
03/02	Control of State aid	146	14	160
03/03	Merger control	78	18	96
03/04	Policy, coordination, ECN and international cooperation	175	17	192
03/05	Administrative support	77	41	118
Total		738	134	872

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	1.278.719
	03.01 02 11 02	521.908
	03.01 02 11 03	300.000
	03.01 02 11 04	2.627.677
	03.01 02 11 05	1.627.640
	03.01 02 11 06	335.654
	Total	6.691.598