

## 1. ANNEXES

### ***Annex 1: 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 BEPA.*

*I hereby certify that the information provided in Part 2 and 3.1 of the present AAR and in its annexes 2 to 5 is, to the best of my knowledge, accurate and exhaustive.*

*Gianmarco di Vita  
(signed)*

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

**Annex 2: Human and financial resources by ABB activity:**

**Human Resources by ABB activity**

Code ABB Activity	ABB Activity	Establishment Plan posts	External Personnel	Total
25 AWBL-06	Policy Advice	20	7	27
25 AWBL-08	Policy strategy and co-ordination for the Bureau of European Policy Advisers	14		14
	<b>Total</b>	<b>34</b>	<b>7</b>	<b>41</b>

**EXECUTION DES CREDITS D'ENGAGEMENT**

Autres dépenses de gestion décentralisées - XX 01 02 11 01 à XX 01 02 11 06		
Code ABB Activity	ABB Activity	Exécution des crédits d'engagement
	Policy strategy and coordination	783.250,00 €
	<b>Total</b>	<b>783.250, 00 €</b>

*Commentaires éventuels sur les écarts importants constatés dans l'exécution des crédits d'engagement :*

**Annex 3 Financial Reports - DG BEPA - Financial Year 2010****Table 1 : Commitments****Table 2 : Payments****Table 3 : Commitments to be settled****Table 4 : Balance Sheet****Table 5 : Economic Outturn Account****Table 6 : Average Payment Time Limits****Table 7 : Income****Table 8 : Recovery of undue Payments****Table 9 : Ageing Balance of Recovery Orders****Table 10 : Waivers of Recovery Orders****Table 11 : Negotiated Procedures (excluding Building Contracts)****Table 12 : Summary of Contracts (excluding Building Contracts)****Table 13 : Building Contracts****Table 14 : Contracts declared Secret**

**Additional comments**

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2010 (in Mio €)				
Chapter		Commitment appropriations authorised *	Commitments made	%
		1	2	3=2/1
<b>Title 25 : Commission's policy coordination and legal advice</b>				
25 01	Administrative expenditure of Commission's policy coordination and legal advice, policy area	1,06	0,78	73,68 %
<b>Total Title 25</b>		1,06	0,78	73,68 %
<b>Total DG BEPA</b>		1,06	0,78	73,68 %

\* Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).

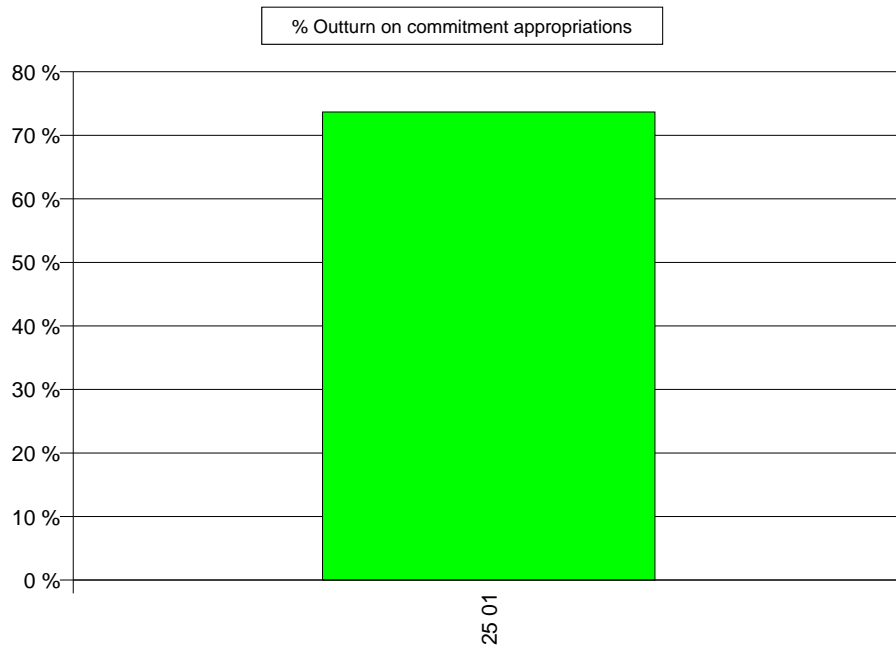
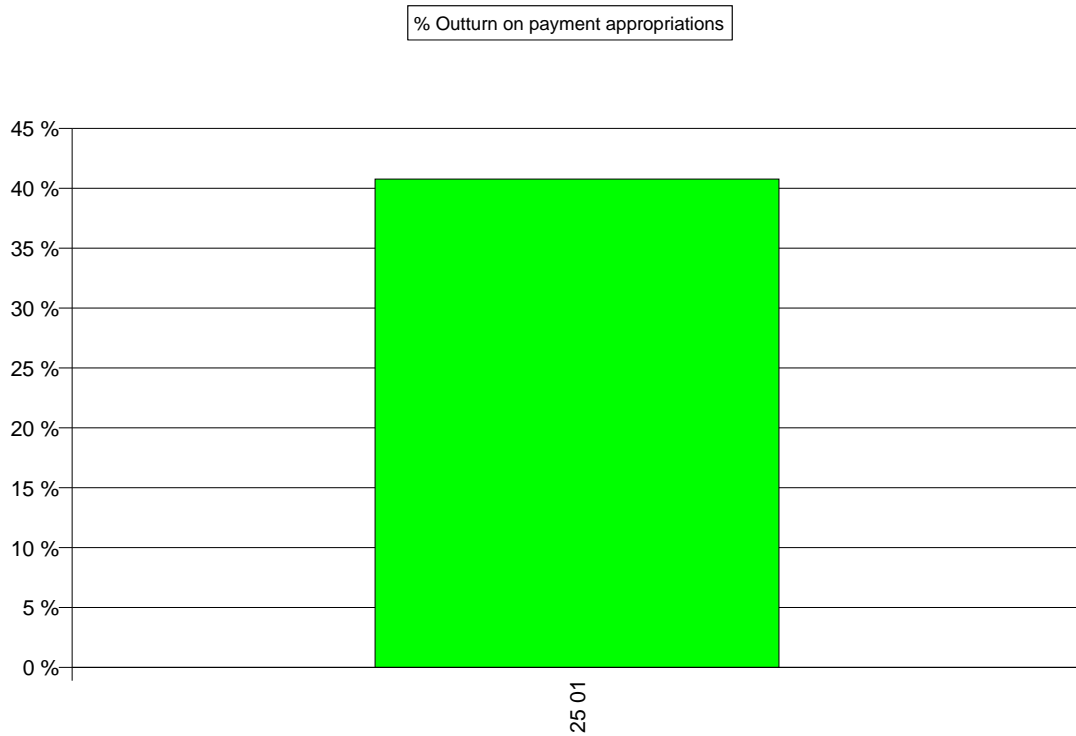


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2010 (in Mio €)				
Chapter		Payment appropriations authorised *	Payments made	%
		1	2	3=2/1
<b>Title 25 : Commission's policy coordination and legal advice</b>				
25 01	Administrative expenditure of Commission's policy coordination and legal advice's policy area	1,36	0,55	40,77 %
<b>Total Title 25</b>		1,36	0,55	40,77 %
<b>Total DG BEPA</b>		1,36	0,55	40,77 %

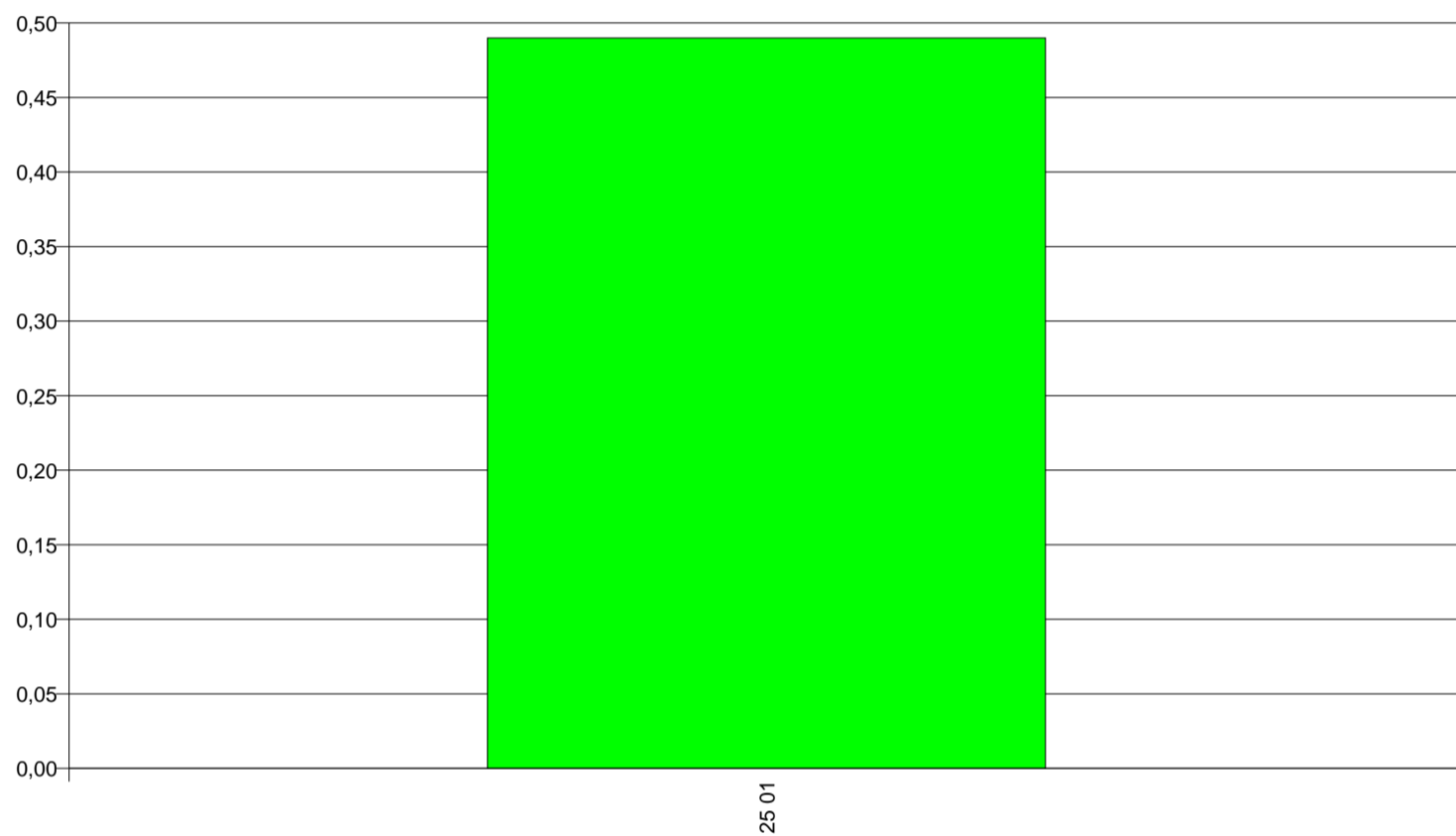
\* Payment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous payment appropriations for the period (e.g. internal and external assigned revenue).



**TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2010 (in Mio €)**

Chapter	2010 Commitments to be settled				Commitments to be settled from financial years previous to 2010	Total of Commitments to be settled at end of financial year 2010 (incl.corrections)	Total of Commitments to be settled at end of financial year 2009 (incl.corrections)
	Commitments 2010	Payments 2010	RAL 2010	% to be settled			
	1	2	3=1-2	4=1-2//1	5	6=3+5	7
<b>Title 25 : Commission's policy coordination and legal advice</b>							
25 01	Administrative expenditure of Commission's policy coordination and legal advice, policy area	0,78	0,29	0,49	62,55 %	0,00	0,30
<b>Total Title 25</b>		0,78	0,29	0,49	62,55 %	0,00	0,30
<b>Total DG BEPA</b>		0,78	0,29	0,49	62,55 %	0,00	0,30

Breakdown of Commitments remaining to be settled (in Mio EUR)



Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

**TABLE 4 : BALANCE SHEET BEPA**

<b>BALANCE SHEET</b>	<b>2010</b>	<b>2009</b>
<b>NET ASSETS (ASSETS less LIABILITIES)</b>		
Non-allocated central (surplus)/deficit*		
<b>TOTAL</b>		

\* This figure is a balancing amount presented here so as to reflect the fact that the accumulated result of the Commission is not attributed to each DG

It should be noted that the balance sheet and economic outturn account presented in Annex 3 to this Annual Activity Report, represent only the (contingent) assets, (contingent) liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and economic outturn account they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

**TABLE 5 : ECONOMIC OUTTURN ACCOUNT BEPA**

	2010	2009

It should be noted that the balance sheet and economic outturn account presented in Annex 3 to this Annual Activity Report, represent only the (contingent) assets, (contingent) liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and economic outturn account they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

**TABLE 6: AVERAGE PAYMENT TIME LIMITS FOR 2010 - DG BEPA**

Legal Times	
Maximum Payment Time (Days)	Total Number of Payments
Total Number of Payments	
Average Payment Time	

Target Times	
Target Payment Time (Days)	Total Number of Payments
Total Number of Payments	
Average Payment Time	

Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
		0					

Late Interest paid in 2010			
DG	GL Account	Description	Amount (Eur)

**TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2010**

Chapter	Revenue and income recognized			Revenue and income cashed from			Outstanding balance
	Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
	1	2	3=1+2	4	5	6=4+5	7=3-6

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Annex 3 Financial Reports - DG BEPA  
Report printed on 21/02/2011

**TABLE 8 : RECOVERY OF UNDUE PAYMENTS  
(Number of Recovery Contexts and corresponding Transaction Amount)**

RECOVERY ORDERS ISSUED IN 2010  Year of Origin (commitment)	TOTALS	
	Nbr	RO Amount

EXPENSES		
	Nbr	Amount
INCOME LINES IN INVOICES	0	

	Nbr	Non-Eligible Amount
NON ELIGIBLE AMOUNT IN COST CLAIMS	0	

	Nbr	Credit Note Amount
CREDIT NOTES	0	

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors. The provisional closure will be based on the recovery context situation at 28/02/2011.

**TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2010 FOR BEPA**

<b>Year of Origin</b>	<b>Number at 01/01/2010</b>	<b>Number at 31/12/2010</b>	<b>Evolution</b>	<b>Open Amount (Eur) at 01/01/2010</b>	<b>Open Amount (Eur) at 31/12/2010</b>	<b>Evolution</b>
Totals						

**TABLE 10 : RECOVERY ORDER WAIVERS IN 2010 >= EUR 100.000**

	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
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Total DG BEPA	
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Number of RO waivers	0
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*J u s t i f i c a t i o n s :*

**No data to be reported**

**TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG BEPA - YEAR 2010**

<b>Negotiated Procedure Legal base</b>	<b>Number of Procedures</b>	<b>Amount (€)</b>
<b>Total</b>		

**No data to be reported**

**TABLE 12 : SUMMARY OF PROCEDURES OF DG BEPA EXCLUDING BUILDING CONTRACTS**

<b>Internal procedures &gt; € 60,000</b>
<b>Contract Class</b>
<b>TOTAL</b>
<b>Procedure Type</b>
<b>TOTAL</b>

<b>External procedures &gt; € 10,000</b>
<b>Contract Class</b>
<b>TOTAL</b>
<b>Procedure Type</b>
<b>TOTAL</b>

**Additional comments**

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**TABLE 13 : BUILDING CONTRACTS**

<b>Total number of contracts :</b>	<b>0</b>
<b>Total amount :</b>	

<b>Legal base</b>	<b>Contract Number</b>	<b>Contractor Name</b>	<b>Description</b>	<b>Amount (€)</b>
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**No data to be reported**

**TABLE 14 : CONTRACTS DECLARED SECRET**

<b>Total Number of Contracts :</b>	<b>0</b>
<b>Total amount :</b>	

<b>Legal base</b>	<b>Contract Number</b>	<b>Contractor Name</b>	<b>Type of contract</b>	<b>Description</b>	<b>Amount (€)</b>
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**No data to be reported**

## ANNEX 4: Materiality criteria

The BEPA follows SG use of the guidelines provided in the communication COM(2003)28 of 21 January 2003. According to these, only material reservations can be used to qualify the annual declaration.

The process of deciding whether a deficiency is material consists of the following steps:

a) Identifying a deficiency (e.g.: a significant weakness of the control systems, insufficient audit coverage, a critical issue outlined by the European Court of Auditors, the Internal Audit Service and OLAF);

b) Determining if the deficiency falls within the scope of the AOD declaration (it relates to the *reasonable assurance concerning the use of resources, sound financial management or legality and regularity of underlying transactions*);

c) **Qualitative assessment:** assessing if the deficiency is significant in qualitative terms means analysing:

- the nature and scope of the deficiency,
- the duration of the deficiency,
- the existence of compensatory measures (mitigating controls which reduce the impact of the deficiency),
- the existence of effective remedial actions to correct the deficiencies (action plans and financial corrections) which have had a measurable impact;

d) **Quantitative assessment:** a deficiency which is significant from a qualitative perspective must be quantified in terms of "monetary value of the identified problem"/ "amount considered at risk". In line with the guidelines agreed centrally in the Commission, the BEPA applies the recommended threshold of **2%** i.e. when the value of the transactions affected by the deficiency represents more than 2% of the budget of one ABB activity of the DG;

e) For deficiencies which are considered significant from a qualitative point of view, but their financial impact is lower than the 2% threshold, the BEPA takes into account the potential **reputational consequences** they may entail. A reservation would be made if such a reputational event were to occur and negatively impact on the image of the Commission.

**Annex 5: Internal Control Template on Budget Implementation**

Because of the small amount of budget involved and of the Service Level Agreement signed with Secretariat General, BEPA refers to the ICT of SG.

<p><b>1. Characteristics of the DG policy environment and stakeholders</b></p> <p><b>Summary:</b></p> <p>BEPA only manages appropriations falling under heading 5 of the financial framework (Administrative expenditure). In 2010 the amount of administrative expenditure was limited to 1.062.284 € Concerning procurements, BEPA normally buys services in the area of expert advice. For Studies, BEPA usually organises Calls for tenders, and then a "Comité de Pilotage" ensures the respect of rules and procedures.</p> <p><b>Key inherent risks insofar they impact on reasonable assurance (including limit and extent of its responsibilities and those of other stakeholders): :</b></p>	
<p><b>Management mode:</b></p> <p>Direct centralised</p> <p><b>Key figures:</b>  <u>Volume of contracts per year:</u>          (by supply/service and by type of procedures: open, restricted, negotiated and others)  <u>Number of contractors:</u>  <u>Average median /value/ range of contracts:</u>  <u>Average/median contract period:</u>          ...</p>	
<p><b>2. Management and control systems – the basis of the declaration of assurance</b></p>	
<p><b>Planning and selection process of contractors, including preventive controls</b></p>	
<p><b>Communication and information</b></p>	
<p><b>Detective and corrective controls:</b>          Performance monitoring, and</p>	

verification of payments and key milestones	
<p><b>Preventive and corrective controls and audit:</b></p> <p>Desk reviews, on-the-spot audits carried out either ex ante or ex post.</p>	
<b>3. Feedback which enables control activities to be optimised</b>	
<p><b>Verification</b> that processes are working as designed</p>	
<p><b>Monitoring of performance</b> of independent bodies, 3<sup>rd</sup> party auditors, externally contracted auditors</p>	
<p><b>IAC, IAS, ECA recommendations</b> on the functioning of the system and their <b>follow up</b></p>	
<p><b>High level management reporting</b> and its role in identifying problem issues</p>	