

Annex 1. Statement of the Resources Director

« Je déclare que, conformément à la communication à la Commission sur la clarification des responsabilités des acteurs-clé en matière d'audit et de contrôle interne à la Commission¹, j'ai communiqué au Directeur général ou Chef de Service mes avis et recommandations sur l'état général du contrôle interne dans la DG.

Je certifie également par la présente que les informations fournies dans la partie 2 du présent rapport annuel d'activité et dans ses annexes 2 à 6 sont, à ma meilleure connaissance, exactes et complètes. »

Fait à Bruxelles, le 27.03.2009

*Eric Paradis
Directeur Ressources DG Budget
(signé)*

¹ SEC(2003)59 du 21.01.2003

Annex 2. Follow up of previous Synthesis' action plan

Internal control systems and performance management			
Subject	Objective	Initiative(s) to meet the objective	Progress made in 2008 by DG BUDG
Annual activity reports and Synthesis	2. Promoting Commission's accountability through annual activity reports and their synthesis solidly based on assurances from managers.	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.	<p><u>ABB Promotion of sound financial management</u></p> <p><u>Specific objective 2. Facilitate the implementation of the internal control framework</u></p> <p><u>Output. 2. Follow-up to the Action Plan towards an Integrated Internal Control Framework (including Residual Risk)</u></p> <p>AAR standing instructions have been simplified (from a linguistic point of view) and further guidance provided on key concepts: notably on materiality criteria, the treatment of the results of sampling for control and reputational events having an impact on the declaration of assurance. These now provide services with clarification of the conceptual framework for the AAR and take account of other sectorial methodologies or guidelines that have been developed in certain areas (e.g. REGIO experience).</p>
Residual risk	4. Taking further the concept of residual risk	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.	<p><u>ABB Promotion of sound financial management</u></p> <p><u>Specific objective 2. Facilitate the implementation of the internal control framework</u></p> <p><u>Output. 2. Follow-up to the Action Plan towards an Integrated Internal Control Framework (including Residual Risk)</u></p> <p>In December 2008, the Commission adopted a Communication "Towards a common understanding of the concept of tolerable risk of error" (COM (2008) 866). This provided illustrative examples of how the concept could be applied to the Structural Funds and Rural</p>

			<p>Development ("red lights" in 2006 and 2007 according to the Court) in line with the establishment of cost effective control systems. It illustrated the link between the cost of control and error rates, indicating that the cost of achieving the standard 2% materiality threshold applied by the European Court of Auditors in these two areas could be very high. The Communication was intended to relaunch the inter-institutional discussions on tolerable risk, and in particular to identify appropriate benchmarks against which the Commission's management of risk can be judged by the political authorities. These are ongoing at the time of writing.</p>
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Governance

Subject	Objective	Initiative(s) to meet the objective	Progress made in 2008 by DG BUDG
Regulatory agencies	6. Clarifying the respective roles and responsibilities of Commission services and regulatory agencies.	<p>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.</p>	<p><u>ABB Budget execution, control and discharge</u></p> <p><u>Specific Objective 1. Make sure that budgetary implementation follows forecasts and effective use of resources principles</u></p> <p><u>Output 5. Monitoring of decentralised agencies</u></p> <p>A new working document includes standard information on the budget request of agencies and progress has been made towards a standardised approach for budgetisation.</p> <p><u>ABB Promotion of sound financial management</u></p> <p><u>Specific Objective 1. Promote sound financial management and conformity with the financial regulations by Commission departments</u></p> <p><u>Output 1. Provide accurate, up-to-date, user-friendly guidance and information to improve simplification and transparency in line with financial rules</u></p> <p>A <u>practical guide on agencies</u> dealing with the issues of financial and budgetary management of bodies covered by Article 185 of the FR (that is agencies Joint Technology Initiatives, European Institute of Technology etc) and executive agencies was elaborated and published in the BUDGWEB.</p>

Financial management

Subject	Objective	Initiative(s) to meet the objective	Progress made in 2008 by DG BUDG
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.	<p><u>ABB Promotion of sound financial management</u></p> <p><u>Specific objective 2. Facilitate the implementation of the internal control framework</u></p> <p><u>Output. 2. Follow-up to the Action Plan towards an Integrated Internal Control Framework (including Residual Risk)</u></p> <p>The final Report on the Implementation of the <u>Action Plan towards an Integrated Internal Control Framework</u> (COM(2008)110), including a first view on the impact of the different actions, was adopted by the Commission on 27/02/2008. This showed that for many actions the impact on errors was beginning to become visible but that it would take time for them to have full impact. An Impact Report on the Action Plan (COM(2009)43) was adopted by the Commission in February 2009 which pointed to significant progress in strengthening internal control systems which was accelerated by the Action Plan. It pointed to the need to continue the momentum with the support of the other Institutions.</p>
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.	<p><u>ABB Accounting</u></p> <p><u>Specific Objective 2. Appropriate execution of Accountant's tasks</u></p> <p><u>Output 1. Manage the Commission's accounting framework and system</u></p> <p>Each Directorate-General or Service drew up a register of their specific accounting risks and, to monitor the risks identified, proposed a pragmatic action plan which was then implemented. This accounting revision plan consists in undertaking a regular, documented review of the proper application of the accounting procedures or controls. All the revision work, the description of controls</p>

			<p>carried out and their frequency, the presentation of the results obtained and measures taken to remedy detected weaknesses are formalised in a revision file.</p> <p>The action plan and the summary revision file are sent every year by each Directorate-General or Service to the Accounting Officer for analyses and comments.</p>
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Annex 3. Human and Financial resources by ABB activity

		Ressources humaines								
		Tableau des effectifs				Personnel externe				
Code activité	Activité	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)
1903	Budget implementation, control and dischar	80				11,0				
1904	Accountancy	188				47,0				
1980	Promotion of good financial management	60				10,0				
1981	Administrative support and DG management	30				6,0				
1982	Financial framework and budgetary procedu	58				5,0				
1983	Policy strategy and coordination for DG Buds	15				2,0				
TOTAL		430				81,0				

		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	
1903	Budget implementation, control and dischar	1.256.388,05	
1904	Accountancy	3.254.335,72	
1980	Promotion of good financial management	969.939,06	
1981	Administrative support and DG management	492.006,34	
1982	Financial framework and budgetary procedu	873.420,61	
1983	Policy strategy and coordination for DG Buds	232.151,43	
TOTAL		7.078.241,20	