

Annex 5 to the AAR – Internal Control Template(s) for Budget Implementation

Characteristics of DG policy environment:

Summary : The DG manages a relatively small administrative budget. The budget is devoted to cover the costs of experts groups and advisory committees, expenditures such as mission costs and conferences and services such as studies, technical assistance and IT support. In 2008 the DG also managed a small grant programme by cross-sub-delegation from JLS "Training of judges".

Key inherent risks in this environment :

Whilst a significant source of income, the DG is not a large spending DG. Financial management is therefore not a critical challenge for our operations. The major risk for DG COMP is reputational. There is, however, also a potential financial exposure notably created by claims resulting from action for damages following (partially) annulment actions against Commission decisions in the field of competition.

Management mode:

- Direct centralised management

Key figures in 2008:

- Budget €6,91 million
- Budget execution: 98,87 %
- Number of transactions: 110 commitments, 315 payments.
- Payment delays: 23 days on average.
- Number of procurement procedures: 26
- Number of open calls for tender: 6
- Number of low value tender: 18
- Number of negotiated procedures: 2
- Volume of recovery orders: 3,2 billion € issued in 2008 for fines and penalty payments

Management and control systems : stages and main actors	
Selection process	<ul style="list-style-type: none"> • Procurement needs for the following year are proposed by the different services via an ex-ante sheet. The ex-ante sheet contains a description of the action and relation to on-going cases, the estimated cost and time-frame. It also defines the operational agents. The financial unit further verifies the coherence with the AMP. The proposed planning is presented in the weekly management meeting where the AOD gives his final approval. Hence, future procurements are clearly defined and justified from an economic and operational point of view. • All procurement procedures are done with guidance from the financial unit • The financial unit reviews the procurement documentation before it is sent for publication or before the invitation is sent out. • One member of the financial unit takes part in opening committees as observer for procurement procedures above €60.000. • Procurement contracts above €60.000 are reviewed by the local ACPC. • The financial unit will review the final documentation before the signing of the award decision, the budgetary and legal commitment.
Communication and information	<ul style="list-style-type: none"> • Open calls for tender are published in the OJ as well as on the Europa web-site. Updated information and FAQ are posted on the web-site. • Adequate communication to unsuccessful tenderers. • Manual of procedures and internal manual on financial procedures are posted on the intra-net. • Network of financial assistants
Detective and corrective controls:	<ul style="list-style-type: none"> • Separation of functions for initiation and verification and split between the operational units and resources (financial) unit. • Operational and financial ex-ante verification for all transactions. • Directors must sign to confirm that the work carried out is adequate and in accordance with the terms of the contract before final payments can be made. • Financial circuit check list • Procedures manual
Preventive and corrective controls and audit:	<ul style="list-style-type: none"> • Roughly 50% of all transactions are subject to ex post audit by the IAC • Application of standards to keep the time necessary for payments below the legal ceilings.

Feedback which enables control activities to be optimised	
Verification that processes are working as designed	<ul style="list-style-type: none"> • The audit plan covers core business processes; • Follow-up audits part of standard IAC approach; • Weekly management meetings to review progress on cases and other projects
Monitoring of performance	N/A
High level management reporting	<ul style="list-style-type: none"> • A quarterly resources report is reviewed by the management: the report contains information on the budget execution, expenditures and payment delays. • Priority/problem issues are reviewed systematically during the weekly Operational Committee Meetings.