



Annual Activity Report 2010

The Education, Audiovisual and Culture Executive Agency

March 2011 - Final version

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Message of Gilbert GASCARD, Director of the Executive Agency

During its fifth operational year the Executive Agency further improved operational and financial indicators, strengthened its internal organisation (including revising its IT strategy and developing, adapting and implementing IT tools) and continued to simplify processes, thus contributing to a better management of delegated programmes.

In its Annual Management Plan, the Agency identified 3 operational priorities for 2010:

1. Streamlining project selection process:
 - Simplification measures have been pursued or implemented:
 - e-forms are now available for most actions/ strands of LLP, Culture, Citizenship, Erasmus Mundus and Tempus and will be extended to more actions in 2011 (MEDIA and Youth).
 - Simplified contracting has been introduced (decisions instead of grant agreements) for some actions (MEDIA, eTwinning and Eurydice).
 - A calculation based on lump sums has been introduced for Eurydice and the calculation has been redefined for Citizenship.
 - Reporting and budgeting processes (US/Canada and Tempus) have been simplified.
 - Strategies to improve communication with experts have been put in place (guide for evaluations, briefings etc.). Remote evaluation was introduced for more programmes and will be further developed.
 - The Agency published 29 calls for proposals. Permanent guidelines were published for two MEDIA actions. Some existing Programme Guides (Erasmus Mundus, US-Canada, Culture, Youth, Citizenship) were updated. More than 11.000 proposals were submitted¹, of which almost 4000 were selected for funding (selection rate of 32%). Over 420 Erasmus University Charters were awarded in 2010.
 - Improved communication to potential beneficiaries resulted in an increase in the number of applications received for most actions while the use of e-forms helped reduce the number of ineligible proposals.
2. Improving project implementation and moving towards leaner reporting requirements:
 - The overall approach for Information days has been reoriented to centralised events in Brussels, offering advanced facilities for live remote participation as well as post event online tools including presentations and videos. Agency staff have participated in more national information events than in 2009.
 - More than 400 monitoring visits were carried out throughout the year, well above the target of 260.
 - Budget execution for the operational budget is high at 99.9% (599.3Mio€) for commitments appropriation and 99.8% (567.7Mio€) for payment appropriations.
 - In line with targets defined by the Commission, in particular in the context of the financial crisis, the average payment period is 24 days, representing an improvement on previous years (48 days in 2008, 30 in 2009). The 90% payment objective for 2010 was exceeded with 94% of payments made on time.
 - 536 PAR (abnormal RAL) were closed in 2010 (the objective was set at 481).
3. Supporting and further exploiting the achievements of EU actions:
 - Activities to raise awareness about projects were reinforced (the Agency uploaded around 2700 projects in the EVE database, and monitored information uploaded by 310 projects).
 - Events were organised, in cooperation with the Commission, to present policy and project results.
 - Feedback on the success of completed calls was given to the Commission to support and contribute to future calls and priorities.
 - Input was provided into the development of Commission policies concerning actions managed by the Agency, especially in the context of the preparation of the next generation of programmes.

In 2010, the Agency has also further consolidated its internal organisation:

¹ Not mentioning renewal of frameworks and application submitted by designated bodies.

- The management of the Agency has been reinforced with the appointment of a Head of Department for LLP and some horizontal issues (harmonisation of processes, modernisation of IT tools, coordination of the Agency's contribution to the preparation of the new generation of programmes).
- The Agency complies with most internal control baseline requirements up to 93,5 %, i.e. an improvement of almost 2% on 2009² and of 8 % on 2008. The most significant baseline requirements given the nature of the Agency's activities are fully implemented. Globally, the implementation of the 3 prioritised ICS has improved in 2010 (ICS-8 Processes and procedures, ICS-9 Management supervision, ICS-12 Information & Communication), and they will stay prioritised in 2011.
- At the end of the year, the target of having 95% of available posts filled was reached.
- The Agency's administrative budget was set at 49 M€ for 2010 (increase of 1,3 M€ or 2,7% on 2009). Budget execution reached almost 100% with 48,9 M€ of the budget committed on 31/12/2010 (exceeding the objective of 97% set in the AMP). The execution of the payments credits reached 87% i.e. a 2% increase on 2009.
- 105 audits from the previous years have been closed and 118 new audits were contracted in the framework of the 2010 audit plan (of which 10 were ad hoc).

Based on these audits, it appears that the materiality of the 2010 error rate exceeds 2% for two programmes delegated to the Agency: Culture (2007-2013) and Youth (2007-2013). Although a reservation is warranted for these two programmes, given the small amount concerned, which corresponds to 0.51% of the Agency's total payment budget for 2010, its effect on the overall assurance and declaration is limited.

The overall results are positive and demonstrate the Agency's capacity to manage the delegated programmes effectively and with due respect for the principles of sound management.

² Compliance with the baseline requirements has reached 85% in 2008; 91,5% in 2009 and 93,3% in 2010

Du 1er janvier au 31 décembre 2010			
EVOLUTION DES INDICATEURS DE PERFORMANCE ET DE GESTION			
Indicateurs	Valeur fin juin	Valeur fin décembre	Valeur cible
I. GESTION OPERATIONNELLE			
Appels à propositions publiés	15 ¹	29	
Appels d'offres publiés/ Appel à manifestation d'intérêt pu	1	5	
Nombre de candidatures reçues hors bénéficiaires désignés et renouvellement de conventions	8154	10230	+/- 11.000
Nombre de candidatures sélectionnées	2146	3473	+/- 4.000
% de candidatures sélectionnées	n/a	34%	
Nombre de visites de monitoring	217	412	260
% de candidatures reçues on line	57%	58%	70%
Time to award in months ¹ :			
- Youth in Action and Europe for Citizens	3.3	3.2	4 months
- Other programmes	3.7	3.6	5 months
Time to contract in months ¹ :			
- Youth in Action and Europe for Citizens	0.6	0.6	1 month
- Other programmes	1.0	1.4	2 months
Dissemination des résultats de projets (EVE)	1812	2689	>1.000
Nombre de projets ouverts/clos	7596 / 2415	8344/4522	
II. BUDGET - FINANCES			
Suivi de l'exécution des crédits - budget opérationnel			
Montant total des engagements effectués	114,8 Mio €	599,3 Mio€	
Taux d'exécution des crédits engagement/budget total	19%	99,9%	Cibles 30/9 = 70% ; 31/12 = 99%
Montant total des paiements effectués	182 Mio €	567,7 Mio€	
Taux d'exécution des crédits paiement/budget total	31%	99,80%	Cibles 30/9 = 59% ; 31/12 = 95%
Délai de paiement en jours			
Délai de paiement global moyen (en jours)	27	24	
Premiers préfinancements	17	14	20 jours
Paiements intermédiaires et finaux - double délai	18	20	30 jours
Paiements intermédiaires et finaux - délai unique	54	52	75 jours
% des paiements à temps			
Tous les programmes	94%	94%	90%
Suivi de la bonne gestion des avoirs de la Commission			
% d'OR nécessitant une action de l'Agence ayant été traités	92%	58% ²	80%
Nombre de cas de RAL anormaux clos	287	536	481
Enregistrement des factures dans les 5 jours	79%	84%	85%
Suivi de l'exécution des crédits - budget de fonctionnement			
Taux d'exécution des crédits d'engagement	92%	99,8%	97%
Taux d'exécution des crédits de paiement	39%	87,3%	80%
Délai moyen de paiement en jours	19	18	30 jours
III. CONTROLE			
Taux de mise en oeuvre des exigences de base des standards de contrôle interne	n/a	93,3%	100%
Taux d'erreur des contrôles ex post	2.87%	2,18%	2%
Nombre de rapports d'exception	17	33 ³	< ou = 37
Nombre de recommandations IAS/IAC implémentées en 2010	n/a	71%	75%
IV. RESSOURCES HUMAINES			
Effectif cible et taux d'occupation des postes (hors prestataires)	97%	95%	95%
dont AT	96%	95%	
dont AC	98%	95%	
Jours de formation/staff	n/a	7,4	10 jours
% de documents attachés	98%	99%	99%
Respect des règles de bonne conduite en matière de réponse administrative	79%	76%	90% des réponses dans les délais (15 jours ouvrables)
Footnotes			
1 Hors comitologie et appels restreints			
2 Ces 58% désignent le résultat pour le 4ème semestre uniquement, l'objectif de 80% sera atteint au premier semestre 2011			
3 33 = 25 pour les crédits opérationnels + 8 sur les crédits administratifs			
n/a: non available			

PART 1. ACHIEVEMENTS BY ABB ACTIVITY

1.1. Activity "Education and Training"

1.1.1. implementation of the Lifelong Learning Programme

In line with its mandate, the Agency ensures the implementation of the centralised actions of the Lifelong Learning Programme it has been entrusted with and contributes to the achievement of specific objectives set by DG EAC³.

The main results achieved in 2010 are the following:

1) Regarding the **calls for proposals**, the 2011 LLP general call and the 2010 specific calls were published as planned in the Annual Management plan 2010.

2) The **calls for tenders** were organised as planned except for the "Learning to learn" pilot test which was cancelled by the Commission. Concerning the planned study on Governance and Globalisation: the decision not to award any contract for the call for tender was taken on the ground that none of the bid reached the minimum mark required for an award decision. The new contract for the eTwinning Central Support Service (CSS) has been renewed for the fourth time and an additional contract on multilingualism has been negotiated on request by the Commission with the CSS.

Concerning the ongoing studies:

- The execution of activities for the study '*Feasibility Study for Actions to Support the Mobility of Literary Translators*', started in September.
- For the study '*The potential of subtitling to encourage foreign language learning and improve the mastery of foreign languages*', the interim report was approved in December 2010.

3) As regards the **selection process and contractualisation**:

- Further improvements were made to the selection process in order to assure a better quality of the work of the experts. As a consequence, the percentage of appeals on selection decision are lower than in the previous years. In addition, the Agency is exploring a solution to offer online briefings for experts when appropriate (as it was successfully managed in April 2010 following air-traffic disruption).
- The number of applications increased for most actions with a total of 2430 applications received, and 664 proposals selected (selection rate of 27%, compared to 26% in 2009).. In some cases it was possible to select more proposals than initially foreseen, thanks to a reallocation of budget from the less successful actions (e.g. Erasmus networks) and through the reuse of remaining credits, particularly for the reserve list of the Jean Monnet Key Action 1 and ICT Key Action 3. For Grundtvig, the number of projects funded was lower than foreseen in the AMP 2010 reflecting the low number of good quality proposals received. The remaining credits were reallocated by the Commission to the Grundtvig decentralised actions.
- The 2010 LLP general call introduced an option for consortia to collaborate with organisations in 3rd countries and this was well received with an average of 17% of applications including this option.
- For the specific ECET call, due to the high number of proposals received the selection process took more time than planned and contractualisation will be completed in January 2011 (global commitment made in December 2010).

4) Regarding **simplifications measures**:

- the electronic application form (e-form) has been further simplified and its user-friendliness improved for the LLP general call 2011 published in October 2010.
- For eTwinning (operating grants to NSS), Jean Monnet KA1 and Eurydice, grant agreements have been replaced by grant "decisions" in order to simplify the contract signature procedure.
- Calculations based on flat rates were introduced and have been developed for Jean Monnet KA1 and Eurydice

³ a) "Develop a European area of Lifelong learning and foster mobility in view of strengthening Europe's competitiveness, building its knowledge-intensive economy and deepening the sense of European identity and citizenship"

b) "Modernisation and reform of EU education and training systems by the Member States in view of making them a worldwide reference by 2010"

c) "Improve multilingual skills of European citizens to increase European competitiveness, active citizenship and social cohesion in Europe"

(implementation in 2011).

- A coordinated exercise has been launched among the LLP units in order to develop common harmonised approaches and to contribute to simplification (coordination of selection decisions for the sub-programme, harmonisation of data formats, agreement on common letter formats, synchronised communication to beneficiaries, etc. and coordination of a bi-weekly cross-unit group to look at operational issues)

5) A total of 144 **monitoring visits** were carried out, including some project meetings in Brussels.

6) The Agency organised and took part in several events relating to **information for applicants, support for beneficiaries** and **thematic monitoring**:

1. The Agency was involved in providing information to applicants for centralised actions under the 2011 General Call:

a. Two Information days were held in Brussels in November. The high participation rate (800 onsite and 317 via webstreaming) reflects the continued interest in the programme and the success of these events.

b. The Agency participated in a number of national events, often organised by the National Agency (including Austria, Finland, Spain and Sweden)

2. LLP units organised a number of meetings with ongoing projects:

a. Coordinators kick-off meetings in Brussels for new LLP projects launched in 2009 and 2010.

b. Erasmus "Innovation in education and training in the field of medical sciences" Cluster Meeting in June 2010.

3. LLP units also took part in the following external conferences and events to support thematic monitoring and dissemination of results:

a. LLP Conference in Barcelona.

b. Roma conference in Brussels.

c. the annual eTwinning Conference in Sevilla.

d. The EDEN conference in Valencia.

e. The Eurocall conference in Bordeaux.

f. Online Educa Berlin.

g. Grundtvig conference about prison education

h. EAIE Annual Conference in Lille

i. Grundtvig 10th anniversary conference

j. Leonardo da Vinci 15th anniversary conference

k. Erasmus Coordinators' Conference in Vienna

l. The Agency also participated to other conferences and meetings and training seminars on education

7) The Agency supported the work of DG EAC in the preparation of the LLP general call for proposals 2011 and published practical information on submitting applications in October 2010. The Agency supported DG EAC in its work related to **ET 2020**, in particular by revising the guidelines for the Eurydice overviews of National education systems in line with the ET 2020 priorities in order to contribute to the first cycle of reporting and support cooperation between Member States. The 'shadow country desks' in the Eurydice team gave support to their counterparts in the policy country desk network in DG EAC.

8) The **budget execution** reaches 100% in commitments and payments.

Eurydice:

1) The following Eurydice **studies** were completed in accordance with the work programme:

- Study on Gender Differences in Educational Outcomes.
- Focus on Higher Education 2009/10
- The summary report on Grade retention within compulsory education

Preparatory work and drafting in relation to the following studies was carried out:

- A 2nd edition of Key Data on Higher Education, focused on financing and social dimension.

- A 3rd edition of Key Data on Teaching Languages
- The Modernisation of Higher Education: Funding and the Social Dimension
- Study on the Teaching of Science in Schools
- Study on the Teaching of Mathematics in Schools
- Progress Report on the Bologna Process
- Key data on learning and innovation through the use of ICT and Study on reading literacy: the finalisation of these reports has been postponed to the 1st quarter 2011 in order to integrate data from PISA 2011.
- Summary report on Adult Education: the finalisation of this report has been postponed in order to be made available in March 2011, at the final conference in Budapest regarding the action plan on adult education (2008-2010) 'It's never too late to learn'.

The following documents were **published** on the Internet during the year⁴:

- Full versions of the 2010/11 school and academic calendars
- Compulsory education in Europe (2010/11)
- Structures of European education systems (2010/11)
- A short overview on policy initiatives in education concerning New Skills for New Jobs
- The updated Eurybase national descriptions were published on the internet as they arrived. The development work on the new wiki, which will host those country descriptions as of 2011, continued.

The preparation of the Study on learning mobility is now planned to start in the second half of 2011 to support the follow-up to the proposed Council Recommendation on mobility.

1.1.2. Implementation of the Erasmus Mundus Programme

In line with its mandate, the Agency managed three actions of the Erasmus Mundus Programme and contributed to the achievement of the specific objectives set by DG EAC, exDG AIDCO and exDG RELEX and DG ELARG⁵. The implementation of Action 2 further contributes to the achievement of the specific objectives⁶ as referred to in the Annual Management Plan 2010.

The main results achieved in 2010 are the following:

1) Regarding the Erasmus Mundus **calls for proposals**

- he Action 1, 2 and 3 annual calls have been published (for implementation in 2011). An additional call for Action 2 strand 1 for ENPI South Mediterranean and Eastern Europe and Russia was published, as well as the first Intra-Africa Caribbean and Pacific call (for implementation in 2011).
- restricted call for proposals was sent to the Erasmus Mundus National Structures

2) Concerning the **selection and contracting process**, they have been implemented in accordance to the

⁴ http://eacea.ec.europa.eu/education/eurydice/index_en.php

⁵ a) "Modernisation and reform of EU education and training systems by the Member States in view of making them a worldwide reference by 2010"

b) "enhance regional integration and cooperation, including implementation of multi-beneficiary programmes"

⁶ a) "To advance networking and awareness of the EU amongst industrialised and high-income partners"

b) "Furthering the conditions for close co-operation between the EU and its neighbours and for regional and multilateral integration"

c) "Strengthening the "Strategic partnership" between Russia and the EU"

d) "Promote social cohesion in Latin America"

e) "Cooperation with Latin America for non ODA activities in DCI countries"

f) "Promote sustainable development, eradicate poverty and facilitate the integration into the world economy"

g) "Supporting transition in Central Asia and strengthening links with the EU, in particular for energy security"

h) "Cooperation and political activities enhancing EU's capacity to develop economic and trade relations with Asia and Central Asia's Middle Income Countries, Iran, Iraq and Yemen"

i) "Poverty alleviation and sustainable development (incl. management of environment and natural resources) of ACP countries as well as their integration into the world economy through economic development, trade and regional integration"

j) "Stability and democracy through promoting peace, security, the respect of human rights, the rule of law and principles of good governance"

objectives set in the Annual Management Plan 2010.

- Action 1 – Joint programmes: the number of applications for EMMC (Master Courses) remained stable, with a success rate of 16%, but an increase of applicants of 10% was observed for EMJD (Joint Doctorate) applications, causing a low selection rate (7%). For the first time under the Erasmus Mundus 2009-2013 programme, scholarships and fellowships were awarded to students and to doctoral candidates (the EMJD includes both European and non-European and a Window for Western Balkans/Turkey has been opened in EMMC). The application rate from European students for EMMC was lower than expected (probably due to a lack of awareness of this new funding possibility).
- Action 2 – Partnerships (former External Cooperation window): the selection processes were finalised for the Strands 1 and 2 (Strand 2 was launched for the first time in 2010). For the third consecutive year, an additional call was launched because the quality of the proposal wasn't satisfactory for some geographic lots.
- Action 3 – enhancing attractiveness: the selection process after the open call was finalised. More proposals were selected than foreseen given the high quality of the proposals and thanks to a higher available budget. The restricted call on National Structures attracted 3 applications which, given their high quality, were all selected (the budget for this call has been reduced to 50% in 2011).

Finally, the Agency used remote assessment for EMJD (as in 2009) and for EMMC (for the first time in 2010).

3) The **Call for tender** "Clustering Erasmus Mundus Projects", followed-up by the negotiated procedure: the contracts were signed for the three remaining lots (two had been signed in 2009). The use of a Call for Tender for these activities has proved to be a very long and time consuming process (an alternative would be to use framework contracts).

4) The following simplification measures were implemented:

- Implementation of the e-Forms for the submission of applications under Action1.
- Increased synergies between Actions 1 and 2
- The Programme Guide was updated.

5) 62 monitoring visits were carried out in 2010, which corresponds to the objectives set in the Annual Management Plan 2010 (65).

6) Information to potential applicants and beneficiaries, the Agency:

- Organised an **InfoDay** in January 2010 (430 participants and remote participation via web streaming).
- Organised a conference for newly selected EM projects in October 2010 (260 participants and remote participation via web streaming).
- Participated in 32 promotion events in Europe (23) and in non European countries (9) in order to promote the programme to its main beneficiaries (universities, students, staff, other stakeholders).

7) For this programme, an execution close to 100% has been achieved for both **commitment and payment appropriations**.

1.1.3. Bilateral cooperation with industrialised countries

In line with its mandate, the Agency manages the Bilateral Cooperation with Industrialised Countries programme and contributes to the achievement of the specific objectives set by DG EAC and ex DG RELEX:

"Modernisation and reform of European education and training systems by the Member States in view of making them a worldwide reference by 2010".

"To advance networking and awareness of the EU amongst industrialised and high-income partners"

The main results achieved in 2010 through the two actions of the programme, **Cooperation with the United States and with Canada** and **cooperation with Japan, the Republic of Korea, Australia and New Zealand (ICI/ECP)** are the following:

1) call for proposals and selection process:

- The selection procedures for the Canada and US calls for proposals were concluded fully in line with the established planning and all 36 grant agreements were dispatched before mid August, i.e. 2 months before the start of the eligibility period in mid October.
- The preparation of the new calls for proposals for the US and Canada was advanced compared to previous year's planning. The EU-Canada call was published on end November. It is to be noted that the US call could not be launched in 2010 due to delays in the approval procedure by the American authorities (the publication of the call by the Agency occurred on 5 January 2011).
- The call for ICI-ECP was published in May 2010. All 8 selected projects were contracted and paid before the end of the year.

2) **Monitoring visits:** a total of 12 projects were visited during 2010.

3) Events and information to potential beneficiaries

- The Agency organised the biggest ever US/CAN/ICI project directors' conference at the Free University of Berlin in October. More than 500 participants attended. The conference provided an opportunity for the existing consortia, government officials and funding agencies to discuss the progress of projects and to further improve the programme arrangements.
- The website for bilateral cooperation with industrialised countries was completely reviewed and brought in line with the general standards of the Agency.

4) **Simplification measures:** for the projects selected in 2010, the number of reports and payments was reduced. For 3-year projects, only 2 reports will need to be submitted (instead of 3). For 4-year projects, 3 reports will be required (instead of 4). As a result, the number of pre-financings to be processed will diminish as well. This will ease the administrative burden for both the beneficiaries and the Agency. A programme-guide is stable and available since 2009.

5) Execution rate: for the programme as a whole (including ICI-ECP) the **budget execution** stands at almost 100% at the end of the year (for both commitments and payments).

1.2.4 Tempus programme

The implementation of the Tempus programme by the Agency contributes to the achievement of the specific objectives set by exDG AIDCO and DG ELARG⁷.

1) **Call for proposals and selection process:** the selection procedure for the third Tempus IV call for proposals was concluded, ahead of the initially agreed schedule and the time to award was reduced to 4.7 months. The fourth Tempus IV call for proposals was published one month earlier than in 2009 which should allow grant agreements and pre-financings to be made in July/August 2011, well in advance of the start of the academic year.

2) Management of Projects:

- Two kick-off meetings were organised for Tempus IV projects selected in October 2009 and in July 2010. The purpose was to brief the new grant holders on the contractual requirements and to provide them with a networking opportunity. In the margins of the two project kick-off meetings, the Agency organised coordination meetings for National Tempus Offices in the partner countries and National Contact Points in the Member States.
- 205 Tempus III projects were closed during 2010 bringing the total number of open Tempus III projects at the end of 2010 to 80 (compared to 434 open projects in April 2009 when the programme management was transferred to the Agency).

⁷ 1) "Support potential candidate Countries Stabilisation and Association Process, including financial assistance"

2) "Furthering the conditions for close co-operation between the EU and its neighbours and for regional and multilateral integration"

3) "Strengthening the "Strategic partnership" between Russia and the EU"

4) "Supporting transition in Central Asia and strengthening links with the EU, in particular for energy security"

- Renewal of National Tempus Offices: the designation/confirmation process of National Tempus Offices by Ministries of Education in the partner countries took place in 2010 with a view to renewing the grant agreements for a new three-year-period (2011-2013). In almost all cases, the ministries confirmed the existing Tempus Office. Grant agreements for the renewal of 25 National Tempus Offices were signed in December 2010. The remaining 3 contracts will follow early 2011.

3) The field **monitoring** objectives for 2010 were fully achieved both in quantitative terms and in terms of positive impact of the feedback given to the beneficiaries on the projects' implementation. In total, 127 Tempus IV projects were monitored out of which 58 by the Agency (i.e. 87% of ongoing Tempus IV projects).

4) Events and publications:

- Participation in 33 national information days (22 partner countries and 11 Member States) for the third Tempus IV call for proposals, and in 24 national information days (15 partner countries and 9 Member States) for the fourth Tempus IV call for proposals.
- Country descriptions providing an overview of higher education systems in the Tempus partner countries were finalised with the support of National Tempus Offices.
- Three regional dissemination seminars to exploit the results of the 2009 study on university governance were organised (Kiev, Podgorica, Almaty).
- A series of Tempus publications was launched early 2010 under the title "A Tempus Study". Three issues were published in 2010.
- Support to Higher Education Reform Experts (HEREs) was provided through the organisation of two international events on recognition and on the social dimension of higher education.
- New web-pages have been created and additional documentation has been uploaded in order to support beneficiaries' work. A set of new promotion material has been produced, including a leaflet. In order to commemorate the 20th anniversary of the programme, a publication entitled 'Tempus @ 20' was drafted.

5) The following **simplification measures** have been taken:

- For the first time, an e-form was used for the third Tempus IV call for proposals (deadline March 2010) For the fourth Tempus IV call for proposals (deadline February 2011), the submission procedure was further simplified, e.g. by allowing applicants to provide the Agency with scanned versions of mandates until projects are selected.
- The Agency reviewed the Tempus guidelines for the implementation of the projects, the forms for interim and final reports and its FAQs in order to simplify the work of the project coordinators and to facilitate the understanding of the rules.
- In the framework of the renewal of the grant agreements for the National Tempus Offices, the Agency simplified the budget format and the way in which the financial part of final reports will be analysed in the future.

6) As regards the **budget implementation**, the execution for the 6 Tempus budget lines stands at almost 100% at the end of the year (for both commitments and payments).

7) Cooperation with Commission DGs

A Memorandum of Understanding on specific Tempus cooperation modalities was signed in March 2010 with DG AIDCO, DG ELARG, DG RELEX and DG EAC defining the roles that the various DGs have in the Tempus programme implementation. In March 2010, a Memorandum of Understanding was signed concerning the specific cooperation modalities between DG RELEX, DG EAC and the Executive Agency for the Education Cooperation Programme funded under the Industrialised Countries Instrument (ICI-ECP).

1.2. Activity "Audiovisual"

In line with its mandate, the Agency managed the actions for the implementation of the MEDIA 2007 Programme and contributed to the achievement of the specific objective set by DG EAC (ex INFSO): "to develop the competitiveness of the European cinematographic and audio-visual industry".

The results achieved in 2010 are the following:

1) 14 **calls for proposals** were published for the 6 strands managed by the Agency and 7 calls were prepared in 2010, that are to be published during first quarter 2011.

2) **Selection and contracting process:** for all actions, all selection stages have been completed on time and the time to contract respected the objectives set in the Annual Management Plan 2010, taken into account the time necessary to complete the Comitology procedure.

A total number of 3084 applications were submitted, including Framework partnerships and tenders (2980 in 2009). 1276 applications were selected (1277 in 2009), which brings the success rate for the MEDIA programme at 41% (43% in 2009).

In the development strand, action 2.3 Interactive works, there was an increase of 20% of the number of selected projects compared to the planned interventions. This difference is linked to improvements to the guidelines and to an increase of available budget. In addition, the amount of requested contributions was lower than the expected average. Similarly, for action 2.4 Initiative i2i, the amount of the requested contributions was lower than expected, leading to a 25% increase of funded projects.

Under the distribution strand, action 3.1 Distribution Cinema Selective, a 21% increase in the number of applications and a 6% increase in selected applications is noted compared to 2009. The difference of 23% of projects selected (618) compared to the number of interventions planned in the 2010 Work Programme (500) is explained by the fact that when the 2010 Work Programme was prepared, the simplification regarding the contract consolidation (see below) was not operational, making it difficult to plan with precision. For action 3.4 Distribution Cinema Automatic we note a 9% increase compared to the reinvestments selected in 2009, but the interventions planned correspond in this case to the 2010 Work Programme. Due to insufficient funds, at the end of 2010, 407 projects were waiting to reinvest their fund for a value of 9.8M€. The beneficiaries have been informed that the projects will be committed in 2011, as soon as the budget is available.

Under the Technological Development strand, the call for proposals for Pilot Projects has been published three months earlier in the year compared to 2009 call, allowing the applicants to have more time to prepare their application. As a consequence, the number of applications was higher than the previous years, and the quality of the submitted projects has also improved, leading to the selection of 5 projects (compared to 2 projects in 2009).

3) Under the promotion strand, the **framework contracts** for actions 4.3 Promotion outside MEDIA countries and 4.4 Stands have been renewed.

4) As announced in the 2010 Annual Management Plan, the following **communication and simplification measures** were introduced:

- the first E-forms (online application forms) were published for a call for proposal (Development strand). In addition, the introduction of e-forms for the first 2010 deadline of the Cinema Selective scheme was carried out.

- Improvement of evaluation process, contractualisation and programme management:

Permanent Guidelines for the period 2011-2013 have been published for the first time for two actions of the Promotion sector (Festivals and Market Access).

In the Distribution sector, the consolidation process introduced in 2009 to combine small projects has allowed to reduce the number of contracts. In overall terms there was a reduction of 34% percent in the number of contracts issued during the year.

Grant Decisions have been used in 2010 for the first time (action Festivals). The use of Grant Decision has been inserted in the Guidelines for Development support and in the Guidelines for Market Access (implementation foreseen in 2011).

In the Distribution sector, a procedure simplifying the management of MEDIA II files for the TV Broadcasting and TV Catalogue distribution schemes has been implemented, allowing the closure of 37% of the open files (the rest should be closed in 2011).

Finally, the Agency's mandate has been extended to the management of the MEDIA desks. As a consequence,

the Agency has anticipated the calendar compared to the previous years, allowing an early selection.

5) 25 **monitoring visits** were carried out: 4 for strand Training, 12 for strand distribution, 7 for strand Promotion, and 2 for strand Technological development. The influx of all the "new" Eastern companies led to an explosive growth of the agreements in the Distribution sector, hence the decision to monitor closely these companies.

6) In 2010 the Agency participated to **MEDIA Info days** organised in parallel to film festivals. The staff took the opportunity of the Berlin and the Cannes film festivals to present the guidelines of the programme, and to meet with beneficiaries and potential applicants. Around 300 meetings were organized by Agency's staff of all sectors in each of these events. The Agency's staff also participated to more specific events (festivals, markets) in order to meet the professionals. The Agency participated to information sessions organised by the national MEDIA desks in order to present specific actions. Measures to improve communication have been put into place: creation and distribution of a booklet containing exhaustive information on MEDIA trainings (strand Training), and in complement to this booklet, publication of a guide presenting the market activities financed by MEDIA.

7) The **budget execution** is of 100% for payment and commitment appropriation.

1.3. Activity "Culture"

In accordance with its mandate, the Agency implements three strands of Culture 2007 programme and contributes to two specific objectives set by DG EAC⁸:

The results achieved in 2010 are the following:

1) The **Programme Guide** was updated in order to introduce modifications for two actions under the Culture Programme (i.e. Strand 1.3.6 – Festivals⁹ and Strand 3.2 – European Policy Groupings) and the possibility for audiovisual organisations to apply to Strand 2 – operating grants – Advocacy network (no similar support being available within the MEDIA Programme). The new version also includes a more precise definition of "subcontracting".

2) The Agency managed the **selection and contracting** processes as announced in the AMP. The Culture unit received around 800 applications, and 270 were selected (excluding partnerships and Cultural Contact Points) giving, as in 2009, a selection rate of 34%. The percentage of ineligible applications is less than 15% (against more than 18% in 2009). For all strands, the time to award (3.5 months in average) and to contract (1 month) met the objectives set in the Annual Management Plan 2010. The only discrepancy with the AMP lies with the late contracting of two Culture Contact Points which were late to submit their applications.

3) As regards **calls for tenders**, three studies launched in 2008 have been finalised:

- Study on the entrepreneurial dimension of cultural and creative industries.
- Study on the contribution of culture to local and regional economic development as part of European regional policy.
- Study on the mapping and evaluating of existing platforms (websites) within the cultural sector aimed at stimulating debate and cross border exchange of matters concerning European culture.

4) Regarding **simplification measures**, measures have been introduced to simplify and better explain the budget forms to be submitted by applicants.

⁸ a) "Support European cultural cooperation by promoting intercultural artistic creation, new professional pathways for artists, increasing the circulation of cultural works throughout Europe as well as the audiences for non-national European works, with a view to promoting cultural diversity, enhancing intercultural dialogue and promoting cultural diversity, enhancing intercultural dialogue and promoting a sense of European citizenship"

b) "Promote the cultural dimension in all external and development policies and programmes, and develop political dialogue and cultural exchanges with 3rd countries, with a view to systematically integrating culture as a vital element in achieving the EU's objectives for international relations"

⁹ This call was successful: 469 applications were received.

In addition, the process of extending the e-forms has been continued in 2010:

- In addition to the e-forms used for projects (Strand 1.1 (multi-annual actions), 1.2.1 (cooperation projects) and 1.3 (special measures for third countries), and Strand 2 (support to bodies active in the field of culture), the elaboration of the first e-form for action 1.2.2 (literary translation projects) has been finalised and the e-form was published.

Finally, some improvements have been made to the evaluation process internally between the sectors involved, as well as to the communication to the evaluation experts.

5) **39 monitoring visits** were carried out in 2010, exceeding the set planning (35 visits planned). Moreover, the Agency managed **25 monitoring visits** with beneficiaries in Brussels.

6) As regards to **information to potential applicants and beneficiaries**

- the Agency has organised an Info Day in Brussels, gathering some 460 European Cultural operators and followed by more than 110 individuals and organisations via the web-streaming¹⁰ for the first time. In total 32 countries were represented.
- the Agency actively participated in the 14 information sessions held at national level by the CCPs. Special attention was given to new participating countries such as Montenegro.
- A kick off/monitoring meeting was organised for most of the 37 multi-annual projects selected under Strand 1.1. 2007, 2008, 2009 beneficiaries were present as well as 2010 beneficiaries. The "Kick off/monitoring meeting" will be renewed each year as from now on as it has a positive impact on the quality of final reports.
- the Agency participated to formal and informal CCPs meetings respectively in Brussels and Istanbul. These meetings are in line with the Agency's new communication strategy to CCPs, which is to inform and train CCPs on the Culture Programme and its developments.

7) The **budget execution** is around 99% for payment appropriation and 100% for commitment appropriation.

1.4. Activity "Youth"

In line with its mandate, the Agency managed the actions of the Youth programme, and contributed to the following specific objectives set by DG EAC and DG ELARG:

"To involve young people, including those with less opportunities, in projects promoting non formal learning and active citizenship"

"Enhance regional integration and cooperation, including implementation of multi-beneficiary programmes"

The results achieved in 2010 are the following:

1) Regarding the **Programme guide and calls for proposals**:

- The **Programme Guide** was updated and published with three selection rounds (February, June and September). The guide covers all actions 1 (Youth for Europe), action 2.b (European Voluntary service), action 3.1 (cooperation with neighbouring countries) and action 4.3.b (Training and Networking).
- In addition, **calls for proposals** have been published for the following 2010 actions: (3.2 Youth in the world- cooperation with other countries), , 4.3c (mobility projects for youth workers), 4.5c (information activities) and 4.6 (partnerships) and for 2011: 4.1 (support for youth organisations).

2) Concerning the **selection and contracting process**, a total of 1855 applications were received, and around 430 were selected for funding (selection rate of 23%). There is no significant divergence between the 2010 planned interventions and outcomes, and the time to award and time to contract respect the objectives. The

¹⁰ This pilot experience has been very successful and was applied to other Info days organised by the Agency since then.

trend of increasing number of grant applications since 2007 has been maintained in 2010, resulting in a continuing lowering of the percentage rate of accepted projects and in a rise of the thresholds for selection for funding. There has been no significant change in the quality of applications received in 2010. The selection for actions 4.5a and 4.6 (mobility projects for youth workers and Partnerships) was ongoing end 2010 and covered by a global commitment.

3) The **call for tender** related to the study on "Youth participation in democratic life" has been published in November (deadline for submission of the tenders in January 2011).

4) the following **simplification measures** have been implemented in 2010:

- remote evaluations were introduced for all actions in 2010 which significantly reduced the expenditure on external evaluations compared with 2009.
- In addition to the e-form for operating grants, a second e-Form was made available for grant applications covering 6 actions of the permanent Youth in Action Programme Guide actions.

5) 27 **monitoring visits** took place, which corresponds to the objective.

6) regarding the **information to applicants and beneficiaries**:

- An Info day has been organised by the Agency, concerning the 4.6 Call for proposals (Partnerships). More than 60 representatives from regional offices based in Brussels have attended the event.
- The Agency participated in the Info day organised by the European Youth Forum for European Non Governmental Organisations and European Networks, on Action 4.1 (Support to bodies active at European level in the field of youth), Action 4.3 (Mobility of youth workers) and Action 4.6 (Partnerships).
- The Agency participated in the 10th anniversary of the SALTO-YOUTH network in Paris which gathered over 170 stakeholders of the Youth in Action programme and youth policy.

7) The Eurydice Unit of the Agency contributed to the development and analysis of indicators in the field of **Youth**. A review of all existing indicators in the field was provided to DG EAC.

8) The **budgetary execution** is fully in line with the objectives set for 2010, with 100% of execution for both commitments and payments.

1.5. Activity "Citizenship"

In line with its mandate, the Agency managed the actions of the Europe for Citizens programme, and contributed to the following DG COMM specific objectives (initially set by DG EAC, which was in charge of the programme until beginning 2010):

- 1) To develop, for European citizens through the Europe for citizens Programme, a sense of ownership of European project and a sense of European identity on the basis of common and shared values
- 2) To enable civic participation in EU context through the development of civil society and related policy dialogue at European level

The results achieved in 2010 are the following:

1) as regards **calls for proposals and the programme guide**:

The annual call for actions 2.1 and 2.2 ("structural support for European public policy research organisations and think tanks and for civil society organisations at European level") was published in August and the selections were made by the end of the year.

The Programme Guide was modified to take into account the new system of flat rate for town twinning and the new strategy defined for civil society projects and to include the annual call for structural support to the above mentioned organisations

2) The **call for tenders** for the "Study on active citizenship" was published in September (the contract should be awarded early 2011).

3) The **selection and contracting processes** were done respecting the planned schedule: more than 2600 proposals were evaluated and 996 projects selected. Because of the introduction of more structured and extensive projects following the strategy put into place, the number of grants given was slightly lower than the AMP. The success rate, meanwhile, is about 40%, practically identical to 2009. In all cases, contractualisation was completed before the start of activities. The proposals submitted showed a higher quality than in the past and cover a larger geographical coverage. The overall level of scoring of the applications increased as a consequence. Both time to award and time to contract had been reduced in the respect to the objectives set. The number of complaints received during the year has considerably decreased compared to the previous exercises.

- Action 1 –Active citizens for Europe: A lower number of projects have been contractualised (749 instead of 858). This was mainly due to an increase in larger and more structured projects in terms of budget and participants, above all for Networking and Town Twinning actions.
- Action 2 – The number of selected organisations/projects (58 operating grants and 108 projects) corresponds to the number of planned interventions (a slight reduction of -1%).
- Action 3- Together for Europe: among the 29 Europe for Citizens Points (ECP) planned, only 20 have been designated by the Member States and 17 have submitted a work programme and received a grant. An awareness campaign will be carried out in cooperation with DG COMM services to encourage the set up of the not yet designated ECPs.
- Action 4 – Active European Remembrance: A larger number of projects have been financed. This is due to the allocations left by the non committed ECPs and the increasing interest of the Institutions in this action.

4) In line with the AMP 2010 the **simplification measures**, which have already brought positive results, were further developed in 2010, focusing on the revision of the Programme Guide, the introduction of the new flat rate system¹¹ for Town Twinning and the availability of a single e-form application for all the actions of the Programme. In addition, the e-form was adapted during the second semester in order to further diminish the ineligibility rate. The final reports have been harmonised and simplified.

5) 20 monitoring visits were carried out according to planning. Systematically, meetings with operating grant beneficiaries were organised in Brussels.

6) The Agency organised several **information sessions** with stakeholders and with the Europe for Citizens Points. Information sessions and presentations of the Programme took place in cooperation with the European Parliament as well as with permanent representations in Brussels. Finally, systematic meetings with beneficiaries of operating grants were organised.

7) The execution of appropriation was of 100% both in terms of commitments and payments.

¹¹ A revision of the flat-rate financing system was put in place. It is based on a simplified method of calculation, with a common flat rate for all participating Countries, exclusively based on number of participants (fixed per "tranches") and number of days. This new calculation system simplifies the internal management and better meets the needs of beneficiaries.

PART 2. MANAGEMENT AND INTERNAL CONTROL SYSTEMS

2.1. Introduction to the Agency

The role of the Education, Audiovisual and Culture Executive Agency is to manage European funding opportunities and networks in the fields of education and training, audiovisual, culture, citizenship and youth. The Agency has a duty to ensure financial transparency, efficiency and a high quality service to beneficiaries in full co-operation and transparency with the DGs involved. The main tasks of the Executive Agency are to turn policy into action and results and to contribute to European knowledge and expertise.

While the European Commission is responsible for policy setting and overall programme management, the implementation of many programme strands has been partly or fully delegated to the Executive Agency. This mandate covers a variety of Europe- and worldwide opportunities for organisations, professionals and individuals, at all stages of life.

The Agency is responsible for most of management aspects of the programmes, including:

- Drawing up conditions and guidelines for funding opportunities;
- Evaluating applications, selecting projects and signing project agreements;
- Financial management;
- Contacts with beneficiaries;
- Monitoring of projects (intermediate and final reports, controls);
- On-site project visits.

In order to inform and support the applicants and beneficiaries, the Agency provides supporting tools and services such as:

- Dedicated web pages and online tools about funding opportunities;
- Events: information days, projects meetings and information visits;
- Information kits and leaflets on how to access and benefit from funding opportunities;
- Responding to inquiries: information mailboxes.

The Agency is committed to helping projects to promote their achievements and exploit their results. In close cooperation with the Commission, the Agency continuously seeks to identify good practices and success stories.

Working groups have been set-up in various fields (Evaluation & Scoring, Communication of Results, Filing & Archiving, Procedures, Selection of Experts, Roadmap Tool, IT Technical Group) in order to further harmonise and simplify the processes in the Agency.

In 2010, the reorganisation of the services of the Commission in the frame of the new Commission (2009-2014) meant that the responsibility of the MEDIA programme was transferred from DG INFSO to DG EAC, whereas the responsibility of the Europe for Citizens programmes has been transferred from DG EAC to DG COMM.

The management and control system for the significant areas of the EACEA's is presented in the "**Internal Control Template**" in Annex 5 to this AAR.

The nature of the EACEA's legal working environment and operations, notably the large number of different types of projects and actions/programmes involving a large number of beneficiaries from various types and sizes may lead to some '**inherent**' potential risks which partly explains the fact that the materiality of the error rate is above 2% for two programmes (see section 3.1.1).

Further to the decision of DG EAC to work without any local system, and the corollary decision to phase out the Symmetry PMS1 project, the Agency decided to continue to use the local financial application APPFIN, and the application was transferred to the Agency in May. The Agency has also established a new IT Steering

Group under the coordination of the Head of Department for LLP. The mandate of this group is to agree the priorities and strategy for improvements to the Agency's IT systems, with a view to establishing the Agency's general IT-strategy in 2011.

No "reputational events" were reported in 2010.

2.1.1 Financial Resources Management

A Operational budget

- Budget execution

The execution of the commitment credits at year end amounts to 599,3 M€, i.e. 99.9% of the credits in line with the objective set in the 2010 annual management plan (the objective was set at 99%).

The difference between the above rate of 99,9%, and the execution rate of 97,9% mentioned *in* Annex 3, table 1 "Outturn on commitment appropriations in 2010" can be explained as follows.

The 99,9% rate is calculated on the basis of C1 and C5 credits, whereas for titles 9 and 15 Annex 3 table 1 also includes C4 , P0 and R0 assigned revenues. In addition, for titles 19 and 22, the 99,9% rate reflects the execution of level 2 commitments on level 1 commitments created in 2009 and 2010, whereas Annex 3 table 1 covers level 1 commitments created in 2010.

The execution of payments credits amounts by year end to 567,7 M€ (6,6 M€ for the old programmes, 361,6 M€ for the new programmes and 199,5 M€ for the external windows). The budget execution reaches 99.8%, above the objective set in the 2010 annual management plan (the objective was set at 95%).

- Payment delays

The average payment delay at 31/12/2010 is 24 days which represents a significant improvement compared to last year figures (average of 30 days in 2009 and 48 days in 2008). The Agency reached the objectives set in its management plan i.e. 94% of payments on time in 2010 (objective was set at 90%).

In conformity with the Commission's instructions, the Agency set as objective by end 2010 to pay the pre-financings in 20 days, to proceed with the intermediate and final payments in 30 days (when two distinct deadlines apply – 30 days per payment) or in 75 days (single deadline for the approval of the report and the payment). The Agency obtained very good results i.e. 14 days for the pre-financings (16 in 2009), 20 days for the payments (33 in 2009) at 30 days and 52 days in case of single deadline (same results in 2009).

- Follow-up of invoices and cost claims

In conformity with the Commission's instructions, the Agency settled as objective to register 85% of invoices and cost claim within 5 days after reception. The Agency has managed to register 84% of the invoices within 5 days and 90% within 10 days. It is to be noted that these figures have strongly improved and were above the target during 3rd and 4th semesters.

- Final Date of Implementation (FDI)

The number of commitments to be de-committed at year end remains very low (34 compared to 39 in 2009).

- PAR (Potentially Abnormal RAL)

The 2010 objective was to close 481 transactions by year end (i.e. more than in 2009). The objective is more than met with 536 closed transactions.

- Recovery Orders

The number of open RO's requesting an action form the Agency at the end of 2010 is 43, which is in diminution compared to end 2009, where 79 RO were still open. In 2010, 645 new RO were emitted, 596 were cashed and 102 were subject to renunciation, annulations or technical adjustment. The total number of RO continues to decrease (478 were open beginning 2010 and 407 end 2010).

- Ex ante control

1) 883 transactions were selected via the MUS: 740 were accepted without any comments (88,9%), for 91 transactions complementary information was asked (10.9%) , and 2 were rejected (0.2%).

2) 25 exception reports were accepted. The main reasons were (i) insufficient budgetary or legal commitment (ii) approval of ineligible costs (iii) retroactive subventions (iv) extension of eligibility of costs period. This represents a decrease compared with the 30 exception reports issued in 2009.

Based on the trend of these last years (a big amount of transactions selected via the MUS are accepted without any comments), the ex ante strategy will be redefined in 2011.

- Ex-post controls

An effort has been made by the contractor and the Agency's units to accelerate the implementation of the 2009 audit plan. Also, following the IAC recommendations, the ex-post control strategy was redefined in 2010 and after a risk analysis by programme and action, it has been decided to redefine the selection process for reports to be audited on both random and ad hoc basis.

1. 105 audits from the previous years have been closed in 2010

2. 118 new audits were contracted in the framework of the 2010 audit plan (from which 10 were ad hoc audits)

3. The materiality of the error rate is above 2% for two of the programmes delegated to the Agency (current Culture and Youth programmes - see section 3.1.1).

B Administrative budget

- Budget execution

The 2010 administrative budget of the Agency was set at 49 M€ (increase of 1,3 M€ or 2,7% compared to 2009). The budget execution reached almost 100% with 48,9 M€ of the budget committed on 31/12/2010 (the objective set in the AMP 2010 is 97%). The execution of the payments credits reached 87% i.e. a 2% increase compared to 2009.

- Preparation of the administrative budget 2011

The administrative budget 2011 was presented to the Steering Committee of the Agency in November 2010. However, the budget of the Commission was adopted only at the end of 2010, so the Agency's budget was adopted by written procedure by the Steering Committee beginning 2011.

- Payment delays

The average deadline to pay the invoices related to the administrative budget is 18 days at year end, 92% of the invoices were paid out in time.

- Ex ante controls on financial transactions

1806 transactions were verified out of which 6 were rejected for correction (1689 gave a positive opinion, 111 gave a positive opinion after request for complementary information). Given the very little amount of transactions rejected, the ex-ante control strategy has been revised for 2011.

8 exception reports were accepted (same level as 2009).

2.1.2 Accountancy

In 2010, the Court of Auditors performed an audit of the accounting quality as well as the cut-off 2009. The findings concern:

- The pro-rata temporis methodology used in the computation of the accrued charges in the cut-off. The Agency considers that there exists no significant evidence in order to put the methodology currently used in question.

- The scope of the analysis of the accounting risks (based on DG BUDGET's guidelines) which does not cover the cut-off and the data coherence processes. The Agency's approach is in line with the Commission's guidelines and this approach should be changed only upon new instructions by the horizontal services.

-The frequency of the accounting quality controls. The accounting quality plan for 2010 was completed successfully and all controls were performed. Although no major errors/incoherencies were detected, the 2010 plan together with the results of the controls will serve as a basis for the 2011 accountancy action plan.

Following the comments made in DG Budget's accounting diagnosis with reference to EACEA's note on its 2009 accounting quality and the 2010 revision programme, the three main points "Intermediate pre-financing clearings", "Delayed encoding / eligibility check of cost statements" and "Late clearing of short-term pre-financing" were analysed by the Agency and the results were transmitted to the accounting Officer of the Commission in December 2010 (modification of the procedure concerning clearing of intermediate pre-financing for Erasmus Mundus; this approach is similar to that of DG EAC for mobility actions).

Inscription EWS: the Agency has renewed 6 EWS inscriptions and introduced 3 new ones in ABAC.

2.1.3 Human Resources Management

Facts and Figures

- In 2010, the Agency has reached its full capacity in terms of staffing and recruitment focused mainly on replacement in the context of turnover. On 31/12/2010, the occupation rate of temporary agents amounted to 95%, i.e. **97** of the total of 102 posts were occupied. The remaining vacant posts will be filled during the first quarter 2011.
- Regarding contract staff, **315** agents were on post at the end of the year on a total of 330 posts, which represents an occupation rate of 95%. By the end of year, new staff members have been identified, and they will start their activities during the first quarter 2011.
- Staff turnover has stabilised over the years around 8 %: In 2010, 22 contract agents and 10 temporary agents left the Agency and replaced by new recruitments. Success in EU-competitions is the main reason of departure for contract agents, others left to other agencies or institutions and 2 retired. Of temporary agents, 4 seconded officials returned to the Commission, two became officials of the Commission, three retired and one was dismissed.
- Internal mobility arrangements were put in place for 26 colleagues, either after publishing vacancies internally or in the context of reorganising activities and tasks within or between units.
- After the success and positive outcome of the first year, teleworking arrangements were extended from 30 to around 60 agents representing various job profiles and teleworking from home up to two days a week.
- During 2010, the Agency continued to make use of interim staff in order to carry out project selection processes, mainly in terms of encoding and to replace staff not yet recruited or in maternity or long sick leave or in case of exceptional workload and peak periods. In total, the interim consumption (corresponding to a budget of 2,4 Mio€) amounted to 43,9 FTE across the year and continues to decrease (2,8 Mio€ in 2009).

Organisational structure

- The management of the Agency has been reinforced with the nomination of a Head of Department for LLP and for some horizontal issues (harmonisation of processes, modernisation of IT tools, preparation of the new generation of programmes).
- This new nomination has given way to an internal reorganisation of the LLP Units and two Heads of Unit changed units, in the context of the policy for sensitive posts. 2 posts of Head of Unit (sensitive functions) are still occupied after 5 years. Mitigating controls will be put in place at the end of Q1 2011 (withdrawal of the responsibility of Authorizing Officer by Sub-delegation).
- A new Unit R3 "Informatics and Logistics" was created in July, limiting the domain of activities of R1 to "Human resources, Administration and Communication". The selected R3 Head of Unit took up his duties in January 2011.
- A new Staff Committee was elected in 2010.

Evaluation, career development and promotion

- All Agency staff members having completed their probationary period were subject to staff appraisal in 2010. The annual staff appraisal was followed by the reclassification exercise, based on the implementing rules on reclassification of contract and temporary staff.
- At the year end, the reclassification was finalised for contract staff, resulting in 19 staff members being reclassified. The exercise was equally finalised for temporary agents end of 2010, resulting in 22 staff members being reclassified (no reclassifications since the creation of the Agency).

Training

- Since 2006, there has been a gradual shift from purely financial and budgetary training towards a more comprehensive set of training opportunities, including personal organisational and communication skills. The 2010 Training plan has been implemented as foreseen, with the focus on financial and project management and administrative tools. In addition in 2010, a set of training courses was offered in-house. These include in particular Ethics, Internal Control Standards, Public Speaking, Make your Team Work, Administrative Writing,
- On average, each staff member participated in 7, 36 days of formal training activities (excluding job shadowing and training on the job).

Staff satisfaction

- The staff satisfaction survey initiated end of 2009 was finalised in early 2010. The survey was followed by a structured action plan, the follow-up of which continues until 2011, with a view to verifying progress in a next survey to be launched in mid-2011.

Harassment

In the framework of the prevention against harassment, the selection of confidential counsellors was finalised and staff members have been designated and trained as counsellors. The launch of an inter-executive agency network of confidential counsellors is foreseen for 2011, as a joint initiative among all the executive agencies.

2.1.4 Informatics

IT Steering Committee

- A major revision of the IT Strategy was required following the decision of DG EAC in Q1 to end the Symmetry project.
- An Agency IT Steering Committee (ITSC) has been established composed of senior representatives of the various units, to improve user input to discussions on the future of the Agency's IT tools and systems and to take decisions. The group has agreed a Vision Document to guide IT tools strategy and implementation.
- The ITSC is supported by a Projects Coordination Group working at a more technical level on the definition of user needs for the tools associated with programme management. This group is being supported by external consultants on Business Process Modelling (BPM). The Agency is liaising with the Commission (and particularly DG EAC) to ensure synergies with its work on BPM.

E-forms

- During 2010, the development and the putting into production of the eForms advanced in conformity with the planning established. New forms were delivered for Culture Literary Translations, Erasmus Mundus Action 1, MEDIA Development, MEDIA Distribution and Youth Action 1, and several existing forms were updated. In 2010, some 57,7% of all project applications were submitted using eForms. The development of further eForms for additional programme strands, in particular Youth and MEDIA, should bring this ratio up to 70-75% in 2011.

Evaluation and Selection of projects

- A new Selection Roadmap Tool has been created in SharePoint to allow all operational units to plan and monitor the major milestones for the launching of a Call for Project Proposals.
- Saykiss enhancements continued, in particular with improvements to the project life-card, mailing tool, security, and data transfers to EVE.
- The Expert Evaluation tool was adapted for MEDIA. New versions of the Erasmus Mundus Mobility and the Erasmus University Charter tools were delivered to meet requirements.

Contracting & Payments of projects (APPFIN)

APPFIN was taken over from EAC during Q2 2010. The combination of Saykiss & Appfin allows the whole project cycle to be covered by tools managed by the Agency. Now a number of overlaps can be eliminated and double encoding avoided. To achieve this, an in-depth analysis was made of the workflows supported by the two tools. Modifications were made to the procedures (including password policy) to take into account IAS recommendations transferred to the Agency with the IT tools.

HR Tools

The HR tool SYSPER II Agencies has been implemented as of 1 January. Two selection procedures were launched on the new HR selection tool, developed by Stepstone.

Monitoring of projects (Business Objects)

In parallel with the development of SAYKISS, the development of the BO reporting environment continued, to support project monitoring and reporting requirements.

Dissemination of project results (EVE Database)

The Agency continued to work together with DG EAC on the technical interface of the EVE system. Information on selected projects (project life card) is injected to EVE (a total of 2689 for the year).

IT Project Management and Quality Assurance

Improvements to quality assurance (requirements management, release and configuration management) established in 2009 were applied to all projects in 2010, including the AppFin. This led to a significant reduction in incidents for the Agencies IT Services (a drop of 33% compared to 2009).

Business Continuity - Disaster Recovery Plan (DRP)

Improvements continued to be made to the IT Infrastructure to support the Agency's Business Continuity Plan & DRP, in particular, improvements to the monitoring of the availability and performance of IT Services. For 2010, the availability rate of the Agency servers was 99.62% (target 99.5%).

IT-security

A security review supported by external consultants was initiated at the end of 2010 with a view to ensuring full compliance with the HR/DS security guidelines.

2.1.5 Communication

External Communication

- **Europa Web-site:** The significant rise of visits continued, with a 75% increase, or more than 11,6 Mio pages visited (5,2 Mio in 2009). The number of single visits reached 1,6 Mio. The proportion of return visitors continues to rise, indicating an increasing loyalty on the part of our web users.

The MEDIA website migration from DG INFSO to DG EAC was monitored with DG EAC and the layout of the web section "Bilateral cooperation with industrial countries" was harmonised with the structure of the Agency Europa website.

- **Infodays and project meetings:** 3 Infoday were organised in Brussels by the Agency in 2010 (see part 1 on LLP, Erasmus Mundus and Culture). This is less than in 2009, but there was an increase of the participation in national events (following the revised strategy of the Agency agreed with the Commission).
- **Publications (print/ online):** the new Agency Brochure was made available in three languages.
- **General EACEA-INFO mailbox:** the number of requests for general information dealt with remained stable at around 200 per month (mainly requests from individuals on access to study grants).
- **Visits:** About 300 people benefited from the visit module established by the Agency.

Dissemination of results

- The Agency contributed on a daily basis to the feeding and maintenance of the EVE interactive platform (around 2700 projects were uploaded in the Eve database, and 310 projects were monitored and re-actualised).
- A systematic screening on specific themes was done on all proposals during the evaluation, as well as during the assessment of projects results. The Agency collected thematic data following ad hoc requests of DG EAC, or on a regular basis and highlighted good projects and best practises. Furthermore a general screening exercise has been conducted within the Agency, establishing an inventory of all formal ways put in place at EACEA level of giving feedback to parent DGs about projects and projects results and formulating ad hoc recommendations for further improvements.

Satisfaction survey of applicants and beneficiaries

A satisfaction survey of applicants and beneficiaries from 2007 to 2010 was conducted. Almost 3500 replies were received. Overall, the applicants and beneficiaries have a high degree of satisfaction with regard to the services delivered, confirming a positive trend since the first satisfaction survey finalised in 2008. The survey results were analysed, by programme and over years, by an independent consultancy (COWI), and the detailed survey report was submitted to the Agency in December. On the basis of the survey, several follow-up actions will be launched in 2011.

Internal Communication

- The intranet was regularly updated with staff news and weekly Newsmails were sent to all staff highlighting issues of common interest.
- As in 2009, lunchtime information sessions targeting all staff continued to be organised (concerning the Bologna process, data protection and information security, and Human resources issues).
- 2 staff events were organised in June: a Well Being day and a Summer Party. In addition, a 'St Nicolas' afternoon party was organised for staff and their children.

2.1.6 Internal coordination and communication with parent DGS

- Four meetings of Resources Directors/ Horizontal Affairs EACEA-EAC-AIDCO-INFISO or COMM- were organised in order to prepare the Steering Committee meetings of the Agency which were held on 15/01,26/03,13/07 and 26/11 2010 and 4 decisions were taken via the written procedure. Decisions were taken on the following matters:
 - 2009: Annual Activity report
 - 2010: Annual Work programme, Agency Budget and subsequent revisions and audit programme.
 - 2011: draft budget

- HR: revision of the reclassification of Contract Agents and Temporary Agents, policy for the protection of individual dignity and prevention of psychological and sexual harassment; new organisation chart.
- Others: delegation to the Director of the Agency for some specific transfers of appropriations and for the lifting of the inviolability for the archives, audit on supervision / ex post controls, follow-up of the action plan for the evaluation of the Agency, revision of general cooperation modalities / cooperation modalities for studies and Human Resources.
- The Director of the Executive Agency also participated in EAC Board Meetings as observer. Quarterly meetings took place between the Director (and for LLP, the Head of Department) and operational Directors. Regular meetings with Heads of operational units and those from the respective mirror units in the parent DGs were held according to the needs.

2.1.7 Document management

- The filing plan of the Agency was implemented at 98,6 % (target 99 %). Documents were correctly attached in 98,8 % of cases (target 99 %). The deadlines of the *Code de bonne conduite administrative* were respected in 76.4% (target 90 %; progress in this field will be closely monitored up in 2011 in order to reach the target) and 97% have been closed.
- The Agency has migrated to ARES which replace the previously used Adonis as a central document management tool. The migration of all EACEA documents went well, and after the first two months of implementation, already 92,5 % of all documents are filed correctly.
- Two requests for access to the Agency's official documents were made. Deadlines and procedures have been respected in both cases.

2.1.8 Logistics and administration

- Service Level agreements were signed and/or renewed with PMO, DG BUDG and DIGIT. The Agency also participated in several Inter-institutional calls for tenders organised by either by Horizontal services of the Commission or Parent DGs.
- In January, the new mission tool "MIPS" has been implemented and it is now fully working, in the context of the Agency taking over the payments for mission expenses from PMO.
- More than of 15.500 pages were translated during the year (mainly calls for proposals, applicants' guides, and pages for the Europa-site etc.).
- A revision of the Business Continuity Plan has been undertaken on basis of new template developed by Secretariat-General. The Agency participated in the Commission 2010 Business Continuity exercise. The Agency's Business Continuity Plan will be further revised in 2011 and trainings on business continuity aspects will be organised for all staff.
- The newly renovated canteen, located in one of the Agency's buildings, became operational in May.

2.1.9 Legal affairs

Disputes and claims

- The Agency filed a claim against the commune of Evere to challenge the taxes levied on the surfaces of the offices for the year 2009. Two administrative complaints were raised by the Agency concerning same taxes for the year 2010.
- The General Court issued its decision on the Case T-439/08 rejecting the claims of the plaintiff against a decision of the Agency to refuse access to certain documents. In December 2010, the plaintiff challenged this decision by raising an appeal before the Court of Justice (C-626/10).
- In 2010, a former agent of the Agency raised an action before the Civil Service Tribunal in order to obtain a) the annulment of the Agency's decision concerning the termination of the employment

contract and b) relevant damage compensation. The written procedure is still ongoing.

OLAF

- The Legal Sector drafted a procedure manual concerning the report of irregularities to OLAF and provided two training sessions for project officers and managers. 3 coordination meetings between OLAF and the Agency were held in 2010.
- 6 new cases of fraud suspicions and/or irregularities for projects managed by the Agency, out of which 3 were transmitted by the Agency to OLAF and 3 cases were opened by OLAF.
- 10 cases of fraud suspicion relating to files managed by the Agency were closed by OLAF.

Data protection

- During 2010 the DPO and the deputy DPO set up the register of the data processing at the Agency.
- In the field of human resources, review of the processing operation on recruitment and staff management, notification to the EDPS and follow-up of his opinion.
- 5 other data processing notifications have been worked on in order to be submitted to the EDPS during the first semester of 2011.
- A lunchtime conference and a training session were presented to the staff and the management of the Agency.

2.1.10 Relations with Court of Auditors

In the course of 2010, the Executive Agency dealt with 69 requests regarding programmes and projects managed by the Agency and related to the "Statement of Assurance" for the financial years 2009 and 2010 (DAS 2009 and 2010). The draft replies to the Court's preliminary findings have been submitted to the relevant parent DGs according to the terms of cooperation established between the parent DGs and the Agency.

The Court of Auditors' audit of the Agency 2009 annual accounts (administrative budget) has taken place in April 2010. The ECA report provides a positive opinion on the reliability of the accounts and on the legality and regularity of the transactions underlying the accounts. One finding has been made by the ECA regarding staff selection procedures. The recruitment procedure within the Agency has been adapted accordingly.

2.2. The functioning of the entire internal control system

2.2.1. Compliance with the requirements of the control standards

The annual desk review on internal control compliance with the baseline requirements has been performed by the internal control coordination group¹² in January 2011. The exercise has been carried out on the basis of DG BUDG ICMT tool. The Agency is compliant with most baseline requirements¹³ up to 93,5 %, i.e. an improvement by almost 2% in comparison with 2009¹⁴ and by 8 % in comparison with 2008. The most significant baseline requirements in light of the nature of the activities of the Executive Agency are fully implemented.

Progress from partial to full implementation has been made in 2010 as regards ICS 4 on Staff evaluation and development with the availability of training passports in Sysper 2 for the whole Agency staff.

Although much progress has been achieved globally, further efforts are needed as regards the implementation of some baseline requirements which impact on the full implementation of the following internal control standards.

ICS 8	Processes and procedures: the internal control coordination group has concluded that the main operational, financial, administrative and IT processes and procedures are listed and documented. However, further efforts are required on the documentation of some specific procedures. Work towards their revision is ongoing
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¹² The internal control coordination group consists of the Director, the heads of horizontal units and the IAC.

¹³ One baseline requirement is not applicable to executive agencies, namely ICS 14 on the "Evaluation of activities".

¹⁴ Compliance with the baseline requirements has reached 85% in 2008; 91,5% in 2009 and 93,3% in 2010

ICS 9	Management supervision: as regards the documentation of supervision, work on the revision of the procedure will continue based on the supervision exercise carried out previously on ex post operations and on the risk analysis. The recommendations resulting from the Agency's IAC audit on supervision and ex post control will also be taken into account.
ICS 11	Document management: the Agency's systems and procedures comply with the compulsory security measures and provisions on document management. However, as regards compliance with the rules on the protection of personal data, following the adoption of the provisions and rules by the Steering committee in 2009, a register of processing operations of personal data at the Agency has been completed in 2010 and a range of notifications in the field of human resources (staff selection, management and assessment, personal files) have been transmitted to the European Data Protection Supervisor (EDPS). Beginning 2011, the Agency has notified the EDPS on the selection and management of experts and on procurement procedures. Grant management will be notified for June 2011.
ICS 12	Information and Communication: concerning IT systems, further progress has been made in 2010 towards full implementation of the baseline requirement concerning compliance of data management systems and related procedures with the rules on the protection of personal data. The provisions and implementing rules have been adopted and applied in the framework of the notifications to the European Data Protection Supervisor (EDPS). The recommendations from the EDPS will be taken into account accordingly.

The results of the desk review on compliance are confirmed by the perception of the EACEA's staff through the ICAT 2010 exercise (see section 2.2.3).

The Agency is fully compliant with all the baseline requirements regarding the following ICS:

ICS 1	Mission
ICS 2	Ethical and Organisational Values
ICS 3	Staff Allocation and Mobility
ICS 4	Staff evaluation and development
ICS 5	Objectives and Performance Indicators
ICS 6	Risk Management Process
ICS 7	Operational Structure
ICS 10	Business Continuity
ICS 13	Accounting and Financial Reporting
ICS 14	Evaluation of activities - <i>not applicable to Executive Agencies</i> ¹⁵ .
ICS 15	Assessment of Internal Control Systems
ICS 16	Internal Audit Capability

In order to reinforce internal control effectiveness, the Agency has developed in the 4th quarter 2010 a strategic document that describes the internal control system and presents the permanent benchmark actions deriving from the internal control compliance requirements. The purpose is to provide the Agency with a stable internal control framework and to maintain and strengthen compliance with the ICS baseline requirements. The document also aims at raising awareness of staff at all levels, developing ownership and management commitment to internal control.

In addition, trainings in the field of internal control have been organised throughout 2010 regarding the "ICS", "financial procedures and rules (budget cycle)", "ethics and integrity" and "how to detect anomalies in projects". Internal control requirements are also highlighted in the specific induction courses for newcomers.

2.2.2. Effectiveness of implementation of the prioritised control standards

In its 2010 Annual Management Plan, the Executive Agency has identified 3 priority internal control standards:

- 1) ICS 8 on "Processes and procedures";

¹⁵ The Agency nevertheless contributes to the evaluation of the programmes it has been entrusted with by the parent DGs as well as to the Commission's evaluation of the Agency. In this context, the Agency gives all the necessary help to its parent Directorates-general.

- 2) ICS 9 on "Management Supervision";
- 3) ICS 12 on "Information and communication".

The monitoring of the implementation of the above priority standards has been carried out and reported on in the periodical reporting exercises.

a) 2010 PRIORITY STANDARD – ICS 8 – PROCESSES AND PROCEDURES

Rationale: This standard was prioritized in the 2008 and 2009 AMP. Against this background and the assessment of its effectiveness end 2009, it was decided to pursue the actions undertaken in previous years. This decision was taken in line with the measures put into place for further harmonisation and simplification of the procedures of the Agency.

Actions undertaken and results achieved in 2010:

- Main operational, financial, administrative and IT processes and procedures are listed and documented. An inventory of all procedures has been carried out and where required, the revision of specific procedures is ongoing.
- Actualisation of part of the programme manuals.
- Working groups for the harmonization of the grant selection processes have been set up and have produced recommendations.
- The Agency's implementing rules on the protection of personal data have been applied, particularly with respect to the notifications to the EDPS in the field of human resources (staff selection and management).
- An OLAF procedure has been developed and implemented.
- The procedure on public procurement has been revised and the templates for grant agreements and grant award decisions have been adjusted to the requirements of the Lisbon Treaty terminology.

Next steps planned:

The actions undertaken in 2010 will be continued in 2011 in order to improve and actualise the Agency's main operational and financial processes/procedures and to make them readily accessible. The objective of further harmonisation and simplification of the Agency's procedures is maintained in 2011.

Therefore, ICS 8 on "processes and procedures" is maintained as a prioritized ICS in the AMP 2011.

b) 2010 PRIORITY STANDARD – ICS 9 – MANAGEMENT SUPERVISION

Rationale: This standard has been prioritized in 2010 with a view to simplifying, harmonizing and strengthening the supervision actions at Agency level. The aim is to make supervision more systematic and efficient.

Measures taken and results achieved in 2010:

- Supervision by management: the management reporting exercises to the Authorizing Officer by Delegation on the achievement of the AMP objectives are organized on a quarterly basis and cover the legality and regularity aspects, operational performance and risks. The exercise is harmonized throughout the Agency and is a complement to the Agency's weekly management meetings and the monthly bilateral meetings between each Head of Unit and the Director or for LLP programme, the Head of Department.
- The results of the supervision exercise on ex post operations and transactions completed in 2009 have been communicated to management. Bilateral meetings have been organized with the Heads of unit to discuss strengths and weaknesses and obtain feedback for the purpose of the next supervision exercise.
- The definition, scope and significance of supervision have also been highlighted in the training courses on ICS and in the induction courses for new comers.
- An ex post control on the validity of access rights to financial systems has also been carried out in 2010.
- The assessment via iCAT of ICS 9 shows that this standard improved in comparison with 2009. However, further improvement is needed as regards the revision and the documentation of supervision of activities

involving potentially critical risks, taken into account the evolution of the concept and its implementation at Commission's level.

Next steps planned:

Following the supervision exercise on ex post operations and the risk analysis, the procedure on supervision is being revised taking into account the recommendations of the IAC audit report on supervision and ex post controls.

Therefore, ICS 9 "management supervision" is maintained as a prioritized ICS in the 2011 AMP to reshape the supervision exercise.

c) 2010 PRIORITY STANDARD – ICS 12 – INFORMATION AND COMMUNICATION

Rationale: The objective is to strengthen internal communication to enable management and staff to fulfil their tasks in a more effective and efficient way. In 2010 the aim was to raise awareness and provide the appropriate incentive in the fields of IT, internal and external communication.

Measures taken and results achieved in 2010:

- Management information: the financial indicators and the scoreboard have been reviewed. Results on financial indicators are communicated to management on a monthly basis. Regular meetings are organised with Heads of Units and Heads of Sectors.
- Internal communication: more and better structured information was made available to staff via intranet. Weekly news mail is sent to staff, lunchtime conferences have been organised.
- External communication: the survey of applicants / beneficiaries was made, which analysis will be exploited.

Next steps planned:

In light of the above and in consistency with the measures undertaken in 2010, further actions will be undertaken in 2011 in order to increase the effectiveness of this ICS, and indirectly the awareness of other ICS (confirmed by the ICAT exercise).

As in 2010, ICS 12 "information and communication" is maintained as a prioritized ICS in the AMP 2011.

2.2.3. Conclusion

The ICAT exercise on the effectiveness of the ICS implementation at 31.12.2010 has been launched beginning 2011. The methodology for the selection of participants has been extended to staff. The questionnaires have been redesigned to better match the Agency specificities and needs. Accesses to the ICMT tool have been given accordingly to management and staff involved and training sessions have been organised.

The global perception on the implementation of the baseline requirements is stable compared to 2009 (+1%), reaching a perception rate of 74% in 2010. The perception rates show that the most significant baseline requirements in relation to the nature of the activities of the EACEA are implemented and well owned. The perception of staff does not differ much from that of management.

The perception of the implementation of ICS 12 (Information and communication), 3 (Staff allocation and mobility) and 9 (Management supervision) has increased respectively by 19%, 17% and 13%. This trend reflects the efforts put on 2010 prioritised ICS 12 and 9, whereas the increase on ICS 3 reflects the internal mobility procedure put in place in the Agency.

For 5 ICS, the perception of the implementation is above 80% (by decreasing rate order: ICS 2 Ethical and organisational values, ICS 1 Mission, ICS 16 Internal audit capability, ICS 9 Management supervision, ICS 15 Assessment of internal control systems). 4 of these ICS were already above 80% in 2009, and 1 ICS was added (ICS 9).

For 4 ICS, the perception of the implementation is below 70% (by decreasing rate of order: ICS 6 Risk Management Process, ICS 8 Processes and Procedures, ICS 10, Business Continuity, ICS 12 Information and Communication). 2 of

these ICS were already below 70% in 2009 (ICS 12 Information and Communication and ICS 10 Business Continuity). Actions will be taken for these ICS, in particular for ICS 8 Processes and Procedures and 12 Information & Communication, which will continue to be prioritized in 2011.

Concerning the overall state of the ICS effectiveness in the Agency, for most internal control standards, the Agency units comply with the three assessment criteria for effectiveness; i.e. (a) staff having the required knowledge and skills, (b) systems and procedures designed and implemented to manage the key risks effectively, and (c) no instances of ineffective controls that have exposed the Agency to its key risks.

Consequently, the Agency's overall ICS effectiveness can be considered as **generally satisfactory**: the majority of the controls are working as intended and provide the reasonable assurance that the key objectives are met and activities are carried out as expected.

Nevertheless, the effectiveness of some existing controls in the context of a few underlying specific aspects should be further improved. Therefore, the following 3 ICS are maintained as prioritized ICS for 2011:

- Processes and procedures (ICS-8);
- Management supervision (ICS-9);
- Information and communication (ICS-12).

2.3. 'Information to the Commissioner

The main elements of this report and assurance declaration, including the reservation envisaged, have been brought to the attention of the agency's Steering Committee on 25/2/2011 and to the parent DGs Directors General, who have taken these into consideration in their reporting to Commissioner Vassiliou, Commissioner Füle, Commissioner Piebalgs and Commissioner Reding.

PART 3. BUILDING BLOCKS TOWARDS THE DECLARATION OF ASSURANCE (AND POSSIBLE RESERVATIONS TO IT)

3.1. Building blocks towards reasonable assurance

3.1.1. Building block 1: Assessment by management

In the light of the conclusions of the desk review on compliance and the results of the ICAT assessment exercise on effectiveness (see Part 2 above), the Agency's management judges that the main risks to the achievement of the Agency's key objectives are sufficiently mitigated by the controls and procedures in place (which are working as intended).

This judgement is confirmed by other sources of information that have served as a basis for the assessment of the effectiveness of the Agency's internal control system, i.e. the results of controls (including ex ante and ex post controls and audits of beneficiaries) and the risk analysis performed in the context of the Management Plan 2011. In addition, Heads of Unit have reported on a regular basis to the Authorizing Officer by Delegation during 2010. No overruling occurred in 2010. Further to that only minor exceptions considered of a limited relevance and non-systemic nature have been reported. They have been properly documented in the related file and logged through the appropriate administrative/financial tools.

Where appropriate, the Agency has undertaken the corrective actions. The needs for improvement identified as regards a few ICS requirements did not affect sound financial management or the legality and regularity of the Executive Agency's transactions in 2010. Moreover, steps have already been undertaken or planned towards the effective and full implementation of the standards concerned (as referred to above).

Key indicators supporting reasonable assurance – Grants

<i>Input: resources devoted to ensure legality and regularity of underlying transactions</i>		
		2010
	Number of internal staff dealing with ex-ante verification	5 persons are devoted to ex-ante verification
	Number of internal staff dealing with ex-post controls	5 persons are devoted to ex-post controls
	Number of internal staff in Internal Audit Capability	3 persons
	Financial resources used to fund external audit activities	1,358,250 € (commitments)
	Number of monitoring visits	412
<i>Out put: controls during project implementation</i>		
		2010
	Number of financial transactions being subject to a 2nd level ex-ante verification	833
	Number of registered exception procedures in year n	25
	Number of instances of overriding controls in year n	0

<i>Output: controls carried out during the ex-post phase of projects</i>		
	Total value of the grant agreements for which a contract has been signed with the audit firm to implement the 2010 audit plan (risk based and ransom audits)	40.369.531 €
	Value of the grant agreements for which an audit report has been finalized by the audit firm in 2010 (risk based and ransom audits)	15.828.523 €
	Value of the grant agreements for which an audit report has been finalized by the audit firm in 2010 (ransom audits only)	9.296.583€
<i>Results of controls</i>		
	Error rate (calculated on random audits only)	2.18% (see below breakdown per programme)
	Amount of recovery orders issued in 2010 and linked to random audits	180.787€
	Amount of recovery orders issued in 2010 and linked to ex post controls (risk based and random audits)	483.117 €
	Number of reservations in AAR of the Agency	1

A. ex ante

1) 833 transactions were selected via the MUS: 740 were accepted without any comments (88,9%), for 91 transactions complementary information was asked (10.9%) , and 2 were rejected (0.2%). The situation has continued to improve compared to 2009 (77% accepted without comments).

2) 25 exception reports were accepted for the operational budget. The main reasons were (i) insufficient budgetary or legal commitment (ii) approval of ineligible costs (iii) retroactive subventions (iv) extension of eligibility of costs period. This represents a decrease compared with the 30 exception reports issued in 2009.

B. ex post

1. follow-up of audit plans prior to 2010

Thanks to combined efforts from the audit contractor and the operational units, the closure of audits has been accelerated in 2010. All in all, a total of 105 audits out of 121 have been closed as regards audits from previous audit plans.

Audit Status	Audit plan 2006	Audit plan 2007	Audit plan 2008	Audit plan 2009	Total
Audits open on 01/01/2010	2	2	25	92	121
Audits open on 31/12/2010	0	1 ¹⁶	3	12	16

2. Audit plan 2010

Following the IAC recommendations in its report on supervision and ex-post control, the ex-post control strategy was redefined in 2010: after a risk analysis by programme and action, it has been decided to revise the selection process of the reports to be audited on both random and ad hoc basis.

¹⁶ The remaining audit has been re-opened following a complaint from the beneficiary regarding the amount of the recovery.

118 new audits were contracted in the framework of the 2010 audit plan (from which around 10 were ad hoc audits). 41 audit missions have been done by the contractor, due to the postponement of the contractualisation process to the second part of 2010.

3. Preparation of the audit plan 2011

The ceilings foreseen in DG BUDG framework contract for audits have been reached end of 2010¹⁷.

In order to guarantee the continuity of ex post controls and the reliability of the Director's declaration of assurance in the context of the 2012 AAR, the Agency has decided to join as contracting authority a call for tender launched by DG INFSO. This new framework contract should be signed during the second 2011 semester and should allow the Agency carrying out its 2011 audit plan.

In the meantime, the Agency has also communicated its needs to DG BUDG and will be included in the call for tender to be launched during the first 2011 semester (the new DG BUDG framework contract being announced for end of 2011).

C. Error rate

The 2010 error rates have been calculated on the basis of 66 random audits (34 for the former generation of programmes and 32 for the current generation).

The error rates have been calculated per programme managed by the Agency, the Commission's 'standard' breakdown per ABB activities being too broad (especially in the education area) and covering programmes/activities for which there are significant differences in the size and types of projects.

For the Life Long Learning programme (2007-2013) and the former Youth Programme, a very limited number of audits were carried out, not allowing to conclude on the significance of the results and therefore not allowing calculating a representative error rate.

For the Citizenship Programme (2007-2013), the error rate is considered non representative to the whole programme as only 1 audit out 8 has concluded on a negative adjustment.

Concerning audits on Erasmus Mundus and Tempus, none was implemented on the current generation of programmes. The projects started respectively in 2009 and 2008, whereas the audits used to calculate the 2010 error rates were carried out on final payments done in 2008.

(1) Error rates per programme managed by the Agency¹⁸

Programme	Error rate Former generation of programme	Error rate New generation of programme
Life Long Learning	1,58%	n.a
Erasmus Mundus	0%	n.a
Culture	1,87%	7,95%
Youth	n.a	8,01%
MEDIA	0,10%	0,68%
Citizenship	-	n.a

¹⁷ Note from DG BUDG dated 21/12/2010.

¹⁸ For information, the global error rate for the Agency amounts to 2,18%

Tempus	0%	n.a
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Based on the above table, it appears that none of the Programmes from the former generation has an error rate above 2%. However, two of the current programmes have an error rate above 2%: Culture (2007-2013) and Youth (2007-2013).

The following elements should be taken into consideration:

- The 2010 error rate is calculated on the basis of audits carried out in 2009 on final payments done in 2008. Keeping in mind that the present generations of Programmes started in 2007, the beneficiaries had then still "to learn" the new rules and criteria applicable in the framework of the newly launched calls for proposals.
- A number of simplification measures have been taken by the Agency, as well as initiatives to better inform beneficiaries. Most of these measures were not yet implemented when the audited final payments were done.
- Most of the programmes delegated to the Agency involve a large number of beneficiaries who, for some programmes, often do not have sophisticated management structures.

These explanations are confirmed by the analysis of the errors (see below).

None of the above programmes had an error rate above 2% in 2009. It can be explained by the fact that 96 out of the 115 audits used to calculate the 2009 error rates had been carried out on the previous generations of programmes. 2010 is indeed the first year where the bulk of the audits concern the current generation of programmes (34 out of 66).

(2) Quantification of the impact of the error rates above 2% - value at risk and materiality of the value of risk

The value at risk is calculated by multiplying the error rate by the value of the grants for which a final payment was done in 2010 minus the value of the grants from the audited population, which has been "cleaned" from the errors detected and corrected.

The materiality of the value at risk is calculated by comparing the value at risk with the total amounts of payments made in 2010 for each the programmes concerned.

Programme	Error rate 2010	Value of the grants for which a final payment was done in 2010 minus grant value of audited population	Value at risk 2010	Total payments in 2010	Materiality of the value at risk 2010
Culture (2007-2013)	7,95%	20.102.913€	1.598.185€	37.350.835€	4,28%
Youth (2007-2013)	8,01%	16.324.348€	1.307.580€	17.708.222€	7,38%

NB: the higher materiality for the Youth programmes can be explained by several structural factors, such as a shorter duration of projects and a higher prefinancing rate, which result in a lower amount of annual final

payments (in relative values). In addition, the annual budget for the Culture Programme has increased over the last years, whereas the Youth budget has remained stable.

Considering that the materiality of the value at risk is for both programmes above 2%, a reservation is warranted for these two programmes.

It should be noted, however, that even with the materiality above 2% of their respective Programme 2010 payments budget, the 2010 value at risk for the two programmes combined represents only 0,51% of the 2010 total payments budget of the Agency (2,9Mio for a total 567,7Mio).

(3) Analysis of the errors and corrective actions

The analysis of the errors shows that they concern mostly the difficulty of beneficiaries to produce adequate justifying documents (such as invoices, timesheets, payslips, bank statements, satisfying audit trail, etc.) and the non-respect of some eligibility rules (ineligible costs, costs incurred outside the eligible period, expenses not related to the project, etc.)

In order to deal with these issues, EACEA has drafted an action plan (see below). The contemplated measures will be implemented in priority in the two programmes for which the materiality of the error rate is above 2% (Culture and Youth 2007-2013). They will also be implemented in the other programmes managed by the Agency, as best practices likely to improve grant management.

The action plan will be mainly implemented in 2011 – beginning of 2012. That means that it should have an impact on the error rate on final payments done as from 2012.

1. IMPROVE THE INFORMATION PROVIDED TO BENEFICIARIES ON FINANCIAL OBLIGATIONS, AUDITS AND EX-POST CONTROLS		
Draft an information kit giving clear and complete information to beneficiaries on financial obligations, audits and ex-post controls.	Target date for implementation	December 2011
The information kit will be distributed and explained during kick-off meetings (in programmes/strands where the size and duration of projects justify such meetings being organised) or send to new and on-going beneficiaries. It will also be used as a reference document during monitoring visits.		
Improve the efficiency and effectiveness of monitoring visits.	Target date for implementation	December 2011
The strategy for monitoring visits will be reviewed, with a view to: - better identifying a sampling of the projects to be visited - having a common methodology to be followed by Agency staff members when visiting a project		
2. IMPROVE THE DESK CONTROL STRATEGIES PER UNIT/PROGRAMME		
NB: this action is in line with the conclusions of the IAC audit on Final payments		
Draft an inventory of the current desk controls carried out in units/programmes	Target date for implementation	June 2011
Draft a typology of desk controls to be carried out according to the nature of the grant (budget based or lump-sums/flat rate financing) and the risks associated to beneficiaries or projects.	Target date for implementation	December 2011

Implement in the units the above desk controls	Target date for implementation As from 2012
3. CONSOLIDATE THE 2011 AUDIT STRATEGY	
- Update the risk analysis taking into account the results of the 2010 AAR	Target date for implementation June 2011
- Improve the spread of audits across programmes	Target date for implementation June 2011

In addition, in the context of the preparation of the next generation of Programmes, a reflection on further simplification measures, such as a wider use of lump sums or payments on the basis of the results achieved by the projects, will be carried out.

3.1.2. Building block 2: results from audits during reporting year

A. Court of Auditors

In the course of 2010, the Executive Agency dealt with 69 requests regarding programmes and projects managed by the Agency and related to the "Statement of Assurance" for the financial years 2009 and 2010 (DAS 2009 and 2010). The draft replies to the Court's preliminary findings have been submitted to the relevant parent DGs according to the terms of cooperation established between the parent DGs and the Agency.

The Court of Auditors' audit of the Agency 2009 annual accounts (administrative budget) has taken place in April 2010. The ECA report provides a positive opinion on the reliability of the accounts and on the legality and regularity of the transactions underlying the accounts. One finding has been made by the ECA regarding staff selection procedures. The recruitment procedure within the Agency has been adapted accordingly.

B. IAC

In 2010, the IAC issued 2 final audit reports and 6 follow up audit reports¹⁹ :

The two final audit reports are:

- *Audit on supervision and ex-post controls*: the final audit report was issued in March 2010 with 11 recommendations: 7 very important (Supervision, audit strategy, risk analysis, selection of projects to be audited, role of ex-post sector, indicators and error rate calculation) and 4 important. An action plan has been prepared on 15 March 2010 in order to implement the major actions by the end of 2010.
- *Audit on final payments*. The final report is dated 22 December 2010 with 10 recommendations: 4 very important (Desk control strategy, methodology for the assessment of final reports, audit certificate and publicity clause checks), 3 important and 3 desirable. An action plan has been prepared and implementation is planned for end 2011 or 2012.

The 6 follow up audits related to a total of 72 recommendations. All of them, except four have been considered fully implemented or closed. Four recommendations have been considered only partly implemented. For 9 recommendations relating to the Follow up of the audit on procurement procedures, a

¹⁹ 1. Second Follow-up Audit Report on DG EAC Audit on the control systems in place (projects).

2. Follow up of the Audit on procurement procedures

3. Follow up of the Audit on contract agents recruitment procedures

4. Second Follow up of the Audit on temporary agents recruitment procedures

5. Third follow up on DG EAC audit on Final reports and RAL Phase I and Second follow up of DG EAC audit on Final reports and RAL Phase II

6. Follow up of the Audit on the application of the Internal Control Standards n.15, 16, 18 and 19

second follow up will be carried out in 2012, as there were no enough procurement procedures finalised in 2010 to conclude on the proper implementation of the new procedure over a laps of time.

- For the audit reports for which the follow-up is planned in 2011 (*Supervision and ex-post controls* and *Audit of the Agency's IT Services for the Agency's operational units*), the Agency has carried out a monitoring exercise to assess the implementation of these recommendations (see 3.1.3.B).

C. IAC opinion on the quality of control systems

Based on the results of our audits as described in the objectives and scope of the engagements carried out by the IAC of the Education, Audiovisual & Culture Executive Agency during 2010 the internal control system in place in the Education, Audiovisual & Culture Executive Agency provides reasonable assurance²⁰ regarding the achievement of the business objectives set up for the activities audited, except for the following issues:

- **Supervision and ex-post controls**²¹, where improvements are still²² needed for the supervision procedure, the definition of the role of the ex-post sector and the development and analysis of key indicators.
- **Final Payments**²³, where improvements are needed for the Agency's desk control strategy, for the methodologies used for assessing the final reports, for the respect of the publicity clause and for the use of audit certificates.

D. IAS

No new audit was performed in 2010.

3.1.3. Building block 3: follow-up of previous year's reservations and action plans for audits from previous years

A. Follow-up of IAS recommendations

Progress achieved by the Agency in 2010, is detailed in the table below by audit.

Status of recommendations	31/12/2010		
	Implemented and closed during 2010	RFR	Still open
VI (Very important) / I (Important)			
Audit of ex-post activities and implementation of financial circuits (Follow up by IAS 2010)	11	-	3(I)
Audit of ABAC 2006 closure	-	1 (I)	-
Joint IAS IAC Audit on grant management awarding and contracting	-	7 (3 VI + 4 I)	3 (1 VI + 2 I)
Audit on the management of local IT (DG EAC)	-	1 (VI)	-
Audit on recoveries	-	5 (3 VI + 2 I)	-
TOTAL	11	14	6

²⁰ Even an effective internal control system, no matter how well designed and operated, has inherent limitations – including the possibility of the circumvention or overriding of controls – and therefore can provide only *reasonable assurance* to management regarding the achievement of the business objectives and not absolute assurance.

²¹ Final report issued on 19 March 2010

²² As reported by management 4 (audit strategy, risk analysis, selection of projects and error rate) out of the 7 very important recommendations are assessed as implemented at 31 December 2010. An IAC follow up is scheduled in 2011.

²³ Final report issued on 22 December 2010

In 2010 the IAS performed the follow up of the recommendations of the *audit on ex-post activities and implementation of financial circuits*, concluding in the closure of 11 recommendations. 3 important recommendations are still open (methodology of 2nd level of ex-ante verification, Tableau de bord and update of operational processes) full implementation is foreseen in the 1st semester 2011.

Concerning audits for which a follow up is pending, the Agency has monitored the implementation and completed the IAS issue track database accordingly and within deadlines.

- *Audit of ABAC 2006 Closure*: the last and important recommendation is ready for review.
- *Joint IAS-IAC audit on grant management and contracting*: in addition to 4 recommendations implemented in 2009, 3 recommendations have been implemented within 2010. By end 2010, there are 3 recommendations still open, one of which very important (Improve and standardise internal reporting on applicants). Implementation is on-going and is planned in 2011.
- In 2010, an additional recommendation related to the IAS final *Audit report on the management of local IT in DG EAC* has been transferred to the Agency. This very important recommendation concerns the need to reinforce password's policy in APPFIN has been implemented and is now ready for review.
- The follow up on *the Audit on recoveries* has been announced by IAS in December 2010 and is currently on-going. All recommendations are ready for review since end 2009.

B. Follow-up of IAC recommendations

The Agency has carried out a monitoring exercise on the implementation of IAC recommendations for which a follow up audit has not taken place in 2010:

Audit of the Agency's IT Services for the Agency's operational units: According to the monitoring exercise, out of 16 recommendations, 12 are considered ready for review and 4 are still open. The 4 open recommendations are planned to be implemented by mid 2011. A follow up by IAC is planned in the second semester 2011.

3.1.4. Building block 4: assurance received from other AODs in cases of crossed sub delegation

Not applicable: no crossed sub-delegation is foreseen.

3.1.5. Building block 5: completeness and reliability of the information reported in the building blocks

When reviewing the combined status of the building blocks listed above, it appears that all elements of the control chain contribute to building up reasonable assurance about the adequacy of the design of the control system and its functioning. Therefore, the functioning of the Executive Agency's Control system can be considered adequate to mitigate the risks and weaknesses identified down to a reasonable level, taking into account the specificities and the nature of the Executive Agency's activities.

3.2. Reservation

DG	EACEA
Title of the reservation, including its scope	Materiality of the 2010 value at risk resulting from the error rates in grant payments being above 2% of the 2010 programme budgets for the Culture programme (2007-2013) and the Youth programme (2007-2013)
Domain	Centralised indirect management – grants
ABB activity	Culture programme (2007-2013): 15 04 44

	Youth programme (2007-2013): 15 05 55
Reason for reservation	Occurrence of significant errors in the underlying transactions found through ex post controls by external auditors. The materiality of the 2010 value at risk related to those detected error rates is 4,28% for the Culture programme (2007-2013) and 7,38% for the Youth programme (2007-2013). The errors concern mainly the difficulty for some beneficiaries to produce adequate justifying documents and the non respect of some eligibility rules
Materiality criterion/criteria	Two materiality criteria have been used: - the random samples on the basis of which the error rate has been calculated must be representative and significant - the materiality threshold is set at 2%, in line with the concept used by the European Court of Auditors See Annex 4 for more details.
Quantification of the impact	The 2010 value at risk is calculated for each programme concerned by multiplying the value of the grants for which a final payment has been made in 2010 by the detected error rate. It amounts to $1.598.185 + 1.307.580 = 2.905.762\text{€}$.
Impact on the assurance	Although the materiality is above 2% for both programmes (Culture 2007-2013 and Youth 2007-2013), resulting in this reservation, its effect on the overall assurance and Declaration is limited given the weight (0.51%) of the 2010 value at risk, compared to the 2010 total payments budget of the Agency ($2.9\text{Mio}/567,7\text{Mio} = 0.51\%$).
Responsibility for the weakness and its correction	The errors occur at the level of beneficiaries but couldn't be detected by the Agency's controls when final payments are processed.
Corrective actions	In order to deal with these issues, the Agency will, in coordination with its Parent DGs, define and implement an action plan along the following lines: - improve the information provided to beneficiaries on financial obligations, audits and ex-post controls, and continue to reinforce / improve monitoring visits. - improve the desk control strategies per unit/programme, according to the risks associated to beneficiaries or projects (this is in line with the conclusions of the IAC audit report on Final payments issued end December 2010). - Consolidate the audit strategy.

3.3. Overall conclusions on the combined impact of reservations on the declaration as a whole

Considering that the 2010 error rate is at 2.18% and concentrated on two programmes delegated to the Agency (Culture 2007-2013) and Youth (2007-2013), a **reservation** is warranted for these two programmes.

Although the materiality is above 2% for both programmes, its effect on the overall assurance and declaration is limited given the weight of the '2010 rate at risk' which corresponds to 0.51% of the 2010 total payments budget of the Agency.

Consequently, despite the reservation, the **overall assurance** for the EACEA Declaration can be maintained.

PART 4. DECLARATION OF ASSURANCE

I, the undersigned, Gilbert Gascard

Director of the Education, Audiovisual and Culture Executive Agency

In my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view ²⁴.

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the work of the internal audit capability, the observations of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.

*Confirm that I am not aware of anything not reported here which could harm the interests of the institution*²⁵.

However, the following reservation should be noted: materiality of the error rate above 2% for the Culture programme 2007-2013 and the Youth programme 2007-2013, due to lack of justifying documents for cost claims, or non respect of some eligibility rules.

Brussels, 31/3/2011

²⁴ *True and fair in this context means a reliable, complete and correct view on the state of affairs in the service.*

²⁵ *Executive agencies should replace "the institution" with "the Commission" here*