

ANNEX 1: Statement of the Resources Director

“I declare that in accordance with the Commission’s communication on clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission ²⁶, I have reported my advice and recommendations to the Director-General/Head of Service on the overall state of internal control in the DG/service.

I hereby certify that the information provided in Parts 2 and 3.1 of the present AAR and in its annexes 2 to 5 [6] [7] is, to the best of my knowledge, accurate and exhaustive.”

Brussels, 31/03/2011

²⁶ SEC(2003)59 of 21.01.2003.

ANNEX 2: Human and Financial resources

Code ABB Activity	ABB Activity	Human Resources by ABB activity		
		Establishment Plan posts	External Personnel	Total:
1501-1901-2201	Education	48	147	195
1501	Culture	5	20	25
1501	Youth	5	19	24
1501	Citizenship	4	22	26
1901	Audiovisual	12	57	69
	Administrative support	18	39	57
	Coordination and	5	11	16
	Total:	97	315	412

ANNEX 3: Draft annual accounts and financial reports

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2010 (in Mio €)				
Chapter		Commitment appropriations authorised *	Commitments made	%
		1	2	3=2/1
Title 09 : Information society and media				
09 06	i2010 ₂ Audiovisual policy and MEDIA programme	107.72	106.28	98.67 %
Total Title 09		107.72	106.28	98.67 %
Title 15 : Education and culture				
15 02	Lifelong learning, including multilingualism	231.74	226.96	97.94 %
15 04	Developing cultural cooperation in Europe	54.26	52.00	95.85 %
15 05	Encouraging and promoting cooperation in the field of youth and sports	20.91	20.23	96.74 %
15 06	Fostering European Citizenship	32.41	31.88	98.35 %
Total Title 15		339.32	331.07	97.57 %
Title 19 : External relations				
19 05	Relations and cooperation with industrialised non-member countries	8.37	8.37	100.00 %
19 08	European Neighbourhood Policy and relations with Russia	64.04	63.40	99.01 %
19 10	Relations with Asia, Central Asia and Middle East (Iraq, Iran, Yemen)	20.23	20.00	98.85 %
Total Title 19		92.64	91.77	99.06 %
Title 22 : Enlargement				
22 02	Enlargement process and strategy	0.78	0.00	0.00 %
Total Title 22		0.78	0.00	0.00 %
Total DG EACEA		540.46	529.12	97.90 %

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

** Concerning the execution rate of the commitment credits for the budgetary lines covering the titles "19: External relations (99,06%)" and "22: Enlargement (0,00%)", the level 1 commitments created in 2010 by the Commission for a period of 2 years are included in the above table. However the table used for the follow up of the budgetary execution in the Agency (see above annex 2) takes into consideration the execution of the level 2 commitments of the titles "19" (99,5%) and "22" (99,5%) on level 1 commitments created in 2009 and 2010.

Furthermore, for titles 09 and 15, the difference between the execution rate indicated above of 98,67% and 97,57% and the execution rate of the C1 and C5 credits as they appear in annex 2 of the activity report 2010 of the Agency (both 100%) can be explained by a lower execution of commitment credits coming from the participation of third countries to the programmes, especially for the chapters 15 04 and 15 05, these credits which can be carried over are not covered by the table used for the follow up of the budgetary execution in the Agency

% Outturn on commitment appropriations

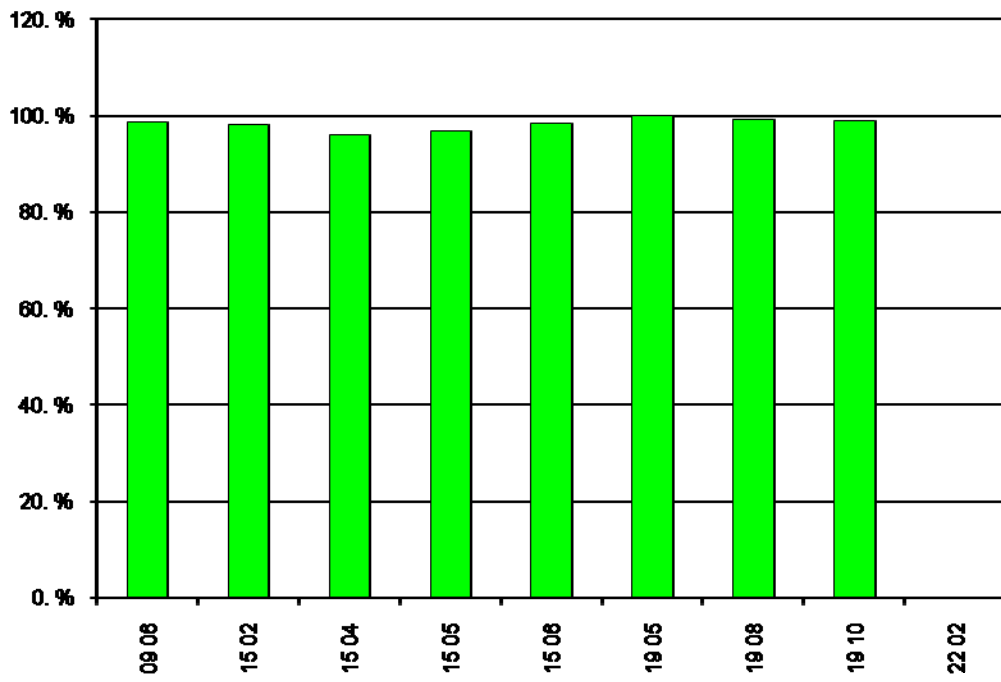


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2010 (in Mio €)				
Chapter		Payment appropriations	Payments made	%
		1	2	3=2/1
Title 09 : Information society and media				
09 06	2010 2 Audiovisual policy and MEDIA programme	112.73	101.89	90.38 %
Total Title 09		112.73	101.89	90.38 %
Title 15 : Education and culture				
15 02	Lifelong learning, including multilingualism	205.12	200.12	97.56 %
15 04	Developing cultural cooperation in Europe	45.41	40.81	89.87 %
15 05	Encouraging and promoting cooperation in the field of youth and sports	19.24	18.53	96.31 %
15 06	Fostering European Citizenship	22.71	22.25	97.98 %
Total Title 15		292.48	281.71	96.32 %
Title 19 : External relations				
19 05	Relations and cooperation with industrialised non-member countries	5.61	5.61	99.88 %
19 08	European Neighbourhood Policy and relations with Russia	83.35	82.19	98.61 %
19 09	Relations with Latin America	22.20	22.15	99.77 %
19 10	Relations with Asia, Central Asia and Middle East (Iraq, Iran, Yemen)	44.38	43.63	98.31 %
Total Title 19		155.54	153.58	98.74 %
Title 21 : Development and relations with African, Caribbean and Pacific (ACP) States				
21 06	Geographical cooperation with African, Caribbean and Pacific (ACP) States	2.40	2.39	99.45 %
Total Title 21		2.40	2.39	99.45 %
Title 22 : Enlargement				
22 02	Enlargement process and strategy	44.97	43.91	97.65 %
Total Title 22		44.97	43.91	97.65 %
Total DG EACEA		608.12	583.47	95.95 %

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

** The difference between the execution rate indicated above of 95,95% and the execution rate of the C1 and C5 credits as they appear in annex 2 of the activity report 2010 of the Agency (99,8%) can be explained by a lower execution of payment credits coming from the participation of third countries to the programmes, especially for the chapters 09 06 and 15 04, these credits which can be carried over are not covered by the table used for the follow up of the budgetary execution in the Agency.

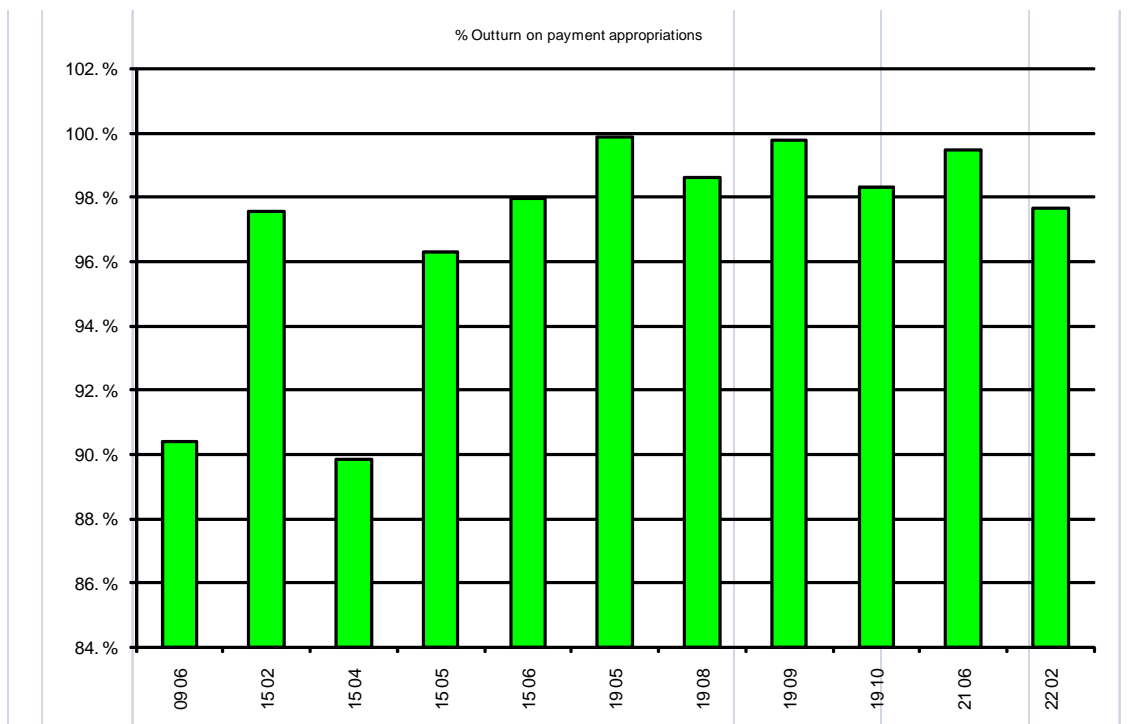


TABLE 4 : BALANCE SHEET EACEA

BALANCE SHEET	2010	2009
A.I. NON CURRENT ASSETS	82.201.292,20	53.519.473,28
A.I.5. LT Pre-Financing	82.201.292,20	53.519.473,28
A.II. CURRENT ASSETS	282.885.328,22	241.980.014,12
A.II.2. Short-term Pre-Financing	279.830.649,77	239.858.936,93
A.II.3. Short-term Receivables	3.054.678,45	2.121.077,19
A.II.5. Cash and Cash Equivalents	0,00	0,00
ASSETS	365.086.620,42	295.499.487,40
P.III. CURRENT LIABILITIES	-84.664.703,71	-84.641.462,48
P.III.4. Accounts Payable	-84.664.703,71	-84.641.462,48
LIABILITIES	-84.664.703,71	-84.641.462,48
NET ASSETS (ASSETS less LIABILITIES)	280.421.916,71	210.858.024,92
P.I.2. Accumulated Surplus / Deficit	0,00	0,00
Non-allocated central (surplus)/deficit*	-280.421.916,71	-210.858.024,92
TOTAL	0,00	0,00

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

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

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

TABLE 5 : ECONOMIC OUTTURN ACCOUNT EACEA		
ECONOMIC OUTTURN ACCOUNT	2010	2009
II.1 SURPLUS/ DEF. FROM OPERATING ACTIVT	507,609,485.56	570,294,969.51
II.1.1. OPERATING REVENUES	-3,512,751.89	-864,777.93
II.1.1.1. Other operating revenue	-3,512,751.89	-864,777.93
II.1.2. OPERATING EXPENSES	511,122,237.45	571,159,747.44
II.1.2.1. Administrative Expenses	0.00	90,967.00
II.1.2.2. Operating Expenses	511,122,237.45	571,068,780.44
II.2. SURPLUS/DEF. NON OPERATING ACTIVIT	-635,598.94	-794,496.98
II.2. FINANCIAL OPERATIONS	-635,598.94	-794,496.98
II.2.1. Financial revenue	-642,114.44	-794,957.36
II.2.2. Financial expenses	6,515.50	460.38
ECONOMIC OUTTURN ACCOUNT	506,973,886.62	569,500,472.53

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

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

TABLE 6: AVERAGE PAYMENT TIME LIMITS FOR 2010 - DG EACEA

Legal Times							
Maximum Payment	Total Number of	Nbr of Payments	Percentage	Average Payment	Nbr of Late Payments	Percentage	Average Payment
30	52	47	90.38 %	12.36	5	9.62 %	39.60
45	5978	5720	95.68 %	13.28	258	4.32 %	85.08
60	1	1	100.00 %	13.00			
90	1743	1577	90.48 %	45.81	166	9.52 %	113.15
105	21	21	100.00 %	33.67			

Total Number of	7795	7366	94.50 %		429	5.50 %	
Average Payment	24.43			20.30			95.41

Target Times							
Target Payment	Total Number of	Nbr of Payments	Percentage	Average Payment	Nbr of Late Payments	Percentage	Average Payment
20	3653	3078	84.26 %	9.96	575	15.74 %	35.53
30	2413	2027	84.00 %	11.94	386	16.00 %	64.66
45	1				1	100.00 %	152.00
60	1	1	100.00 %	31.00			
75	1706	1316	77.14 %	39.61	390	22.86 %	95.31
90	21	21	100.00 %	33.67			

Total Number of	7795	6443	82.66 %		1352	17.34 %	
Average Payment	24.43			16.72			61.18

Suspensions

Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
17	24	1973	25.31 %	7795	145,598,713.39	25.16 %	578,642,039.45

Late Interest paid in 2010

DG	GL Account	Description	Amount (Eur)
EACEA	65010000	Interest expense on late payment of charges	508.78
EACEA	65010100	Interest on late payment of charges Net	6 006.72
			6 515.50

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2010								
Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	
Title 5: REVENUE ACCRUING FROM THE ADMINISTRATIVE OPERATION OF THE INSTITUTION								
52	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	633,907.02	110,957.93	744,864.95	549,858.68	110,957.93	660,816.61	84,048.34
	Total Title 5	633,907.02	110,957.93	744,864.95	549,858.68	110,957.93	660,816.61	84,048.34
Title 6: CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH COMMUNITY/EU AGREEMENTS AND PROGRAMMES								
60	CONTRIBUTIONS TO COMMUNITY/EU PROGRAMMES	€5,082.34	4,278.96	€9,361.30	€5,082.34	44196	€5,524.30	3,837.00
61	REPAYMENT OF MISCELLANEOUS EXPENDITURE	1783,92153	6,810,642.49	8,594,564.02	-1493,262.64	1966,593.65	473,331.01	8,121233.01
66	OTHER CONTRIBUTIONS AND REFUNDS	8,692,980.71	3,968,672.76	12,661,653.47	5,946,429.96	2,467,236.28	8,413,666.24	4,247,987.23
	Total Title 6	10,631,984.58	10,783,594.21	21,415,578.79	4,608,249.66	4,434,271.89	9,042,521.55	12,373,057.24
Total DG EACEA		11,265,891.60	10,894,552.14	22,160,443.74	5,158,108.34	4,545,229.82	9,703,338.16	12,457,105.58

TABLE 8 : RECOVERY OF UNDUE PAYMENTS (Number of Recovery Contexts and corresponding Transaction Amount)												
RECOVERY ORDERS ISSUED Year of Origin (commitment)	Error		Follow Up		Irregularity		OLAF Notified		No error / irregularity		TOTALS	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2002					4	130,873.76					4	130,873.76
2003					1	7,134.54					1	7,134.54
2004	3	92,912.09			19	867,723.04			2	35,375.00	24	996,010.13
2005	3	41,166.79	1	2,622.00	25	617,897.17	1	24,426.00	3	20,181.65	33	706,293.61
2006	4	180,264.77			46	1,073,592.66	3	49,157.50	31	543,606.40	84	1,846,621.33
2007	10	230,915.76	2	2,434.67	62	1,686,475.10	1	8,567.50	38	547,936.85	113	2,476,329.88
2008	9	39,883.02	1	15,772.14	69	1,237,939.25			116	1,783,406.76	195	3,077,001.17
2009	23	257,631.51	1	364.73	67	472,523.62			44	494,902.53	135	1,225,422.39
2010	2	65,291.20							1	140,000.00	3	205,291.20
No Link	2	73,429.37			13	305,551.31			55	2,331,670.55	70	2,710,651.23
	56	981,494.51	5	21,193.54	306	6,399,710.45	5	82,151.00	290	5,897,079.74	662	13,381,629.24
EXPENSES												
		Nbr		Amount								
INCOME LINES IN INVOICES		0										
		Error		Irregularity		No error / irregularity		Follow Up				
		Nbr	on-Eligible Amour	Nbr	on-Eligible Amour	Nbr	on-Eligible Amour	Nbr	on-Eligible Amour			
NON ELIGIBLE AMOUNT IN COST CLAIMS		7	86,111.40	14	50,115.47	1646	13,825,986.05	3	15,669.70			
		Nbr		redit Note Amour								
CREDIT NOTES		0										

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

Year of Origin	Number at 01/01/2010	Number at 31/12/2010	Evolution	Open Amount (Eur) at 01/01/2010	Open Amount (Eur) at 31/12/2010	Evolution
2001	21	16	-23.81 %	464,465.82	401,897.87	-13.47 %
2002	37	26	-29.73 %	1,122,367.82	564,812.89	-49.68 %
2003	74	53	-28.38 %	1,777,755.98	1,326,197.21	-25.40 %
2004	26	20	-23.08 %	590,901.42	526,806.00	-10.85 %
2005	10	8	-20.00 %	290,749.22	224,247.04	-22.87 %
2006	13	8	-38.46 %	871,593.95	533,898.36	-38.74 %
2007	37	26	-29.73 %	757,877.96	606,064.84	-20.03 %
2008	80	47	-41.25 %	2,033,421.08	1,182,980.92	-41.82 %
2009	180	45	-75.00 %	3,410,960.59	982,417.19	-71.20 %
2010		158			6,107,783.26	
Totals	478	407	-14.85 %	11,320,093.84	12,457,105.58	10.04 %

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

	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
1	3233100113	3240404325	-150,000.00	Private Companies	PE/2010/2316 du 26/4/10	
2	3233100175	3240810502	-179,797.50	Private Companies	PE/2010/3306 du 21/06/2010	
3	3233100210	3230801357	-198,000.00	Private Companies	PE/2010/4670 du 19/7/2010	
4	3233100292	3240405394	-150,000.00	Private Companies	PE/2010/7185 du 26/10/2010	
5	3233100299	3230803727	-197,944.22	Private Companies	PE/2010/7629 du 12/11/2010	

Total DG EACEA	-875,741.72
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Number of RO waivers	5
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Justifications:

* "RO Accepted Amount (Eur)" has been corrected in the correct version of the report.

TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG EACEA - YEAR 2010

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
art.127a ME	1	452,150
Total	1	452,150

No data to be reported

TABLE 12 : SUMMARY OF PROCEDURES OF DG EACEA EXCLUDING BUILDING CONTRACTS

Internal procedures > €60,000	2009		2010		
	Contract Class	Count	Amount (€)	Count	Amount (€)
Service		5	19,023,150.00	7	1,513,473.00
TOTAL		5	19,023,150.00	7	1,513,473.00

Procedure Type	Count	Amount (€)	Count	Amount (€)
Negotiated Procedure with at least one candidate (Art 129.3 IR)	0		0	
Open Procedure (Art. 122.2 IR)	5	19,023,150.00	7	1,513,473.00
Restricted Procedure involving a call for expressions of interest (AMI) (Art. 128 IR)	0		0	
TOTAL	5	19,280,951.65	5	1,513,473.00

External procedures > €10,000	
Contract Class	
TOTAL	

Procedure Type	
TOTAL	

Additional comments

The original Annex published in this report contained the data related to the operational and administrative budgets of the Agency.
 The data have been split into two tables. This Annex refers to the operational budget of the Commission managed by the Agency.
 The same annex has also been prepared for the administrative budget.
 The figures refer to the number of procurements awarded in 2010, taking into account the value of the award decisions and not the amount of the yearly contracts.

TABLE 13 : BUILDING CONTRACTS

<table border="1"> <tr> <td style="width: 50%;">Total number of contracts :</td> <td style="width: 50%; text-align: right;">0</td> </tr> <tr> <td>Total amount :</td> <td></td> </tr> </table>					Total number of contracts :	0	Total amount :	
Total number of contracts :	0							
Total amount :								
Legal base	Contract Number	Contractor Name	Description	Amount (₹)				
No data to be reported								

TABLE 14 : CONTRACTS DECLARED SECRET

<table border="1"> <tr> <td style="width: 50%;">Total Number of Contracts :</td> <td style="width: 50%; text-align: right;">0</td> </tr> <tr> <td>Total amount :</td> <td></td> </tr> </table>						Total Number of Contracts :	0	Total amount :	
Total Number of Contracts :	0								
Total amount :									
Legal base	Contract Number	Contractor Name	Type of contract	Description	Amount (₹)				
No data to be reported									

Annex 3 Financial Reports - EACEA - Financial Year 2010
Administrative Budget

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

Table 4 : Balance Sheet

Table 5 : Economic Outturn Account

Table 6 : Average Payment Time Limits

Table 7 : Income

Table 8 : Recovery of undue Payments

Table 9 : Ageing Balance of Recovery Orders

Table 10 : Waivers of Recovery Orders

Table 11 : Negotiated Procedures (excluding Building Contracts)

Table 12 : Summary of Contracts (excluding Building Contracts)

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2010 (in Mio €)				
Chapter		Commitment appropriations	Commitments made	%
		1	2	3=2/1
Title A-1 FRAIS DE PERSONNEL				
A-11	Salaires	25.99	25.99	99.99 %
A-13	Frais de missions	0.69	0.69	100.00 %
A-14	Socio, infrastructure, formation	0.59	0.58	98.43 %
A-16	Service Social	0.54	0.54	100.00 %
A-17	Réceptions, Événements	0.00	0.00	0.00 %
Total Title A-1		27.81	27.80	99.95 %
Title A-2 FRAIS DE FONCTIONNEMENT				
A-20	Loc. immeuble et frais	6.70	6.69	99.84 %
A-21	Traitement des données	3.69	3.67	99.64 %
A-22	Biens, meubles et frais accessoires	0.32	0.31	96.80 %
A-23	Dépenses de fonctionnement administratifs courants	0.25	0.25	96.87 %
A-24	Télécommunication & Affranchissement	0.81	0.81	99.64 %
A-26	Frais Administratifs liés activités opération.	9.38	9.35	99.66 %
Total Title A-2		21.16	21.09	99.64 %
TOTAL EACEA%		48.97	48.88	99.82 %

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

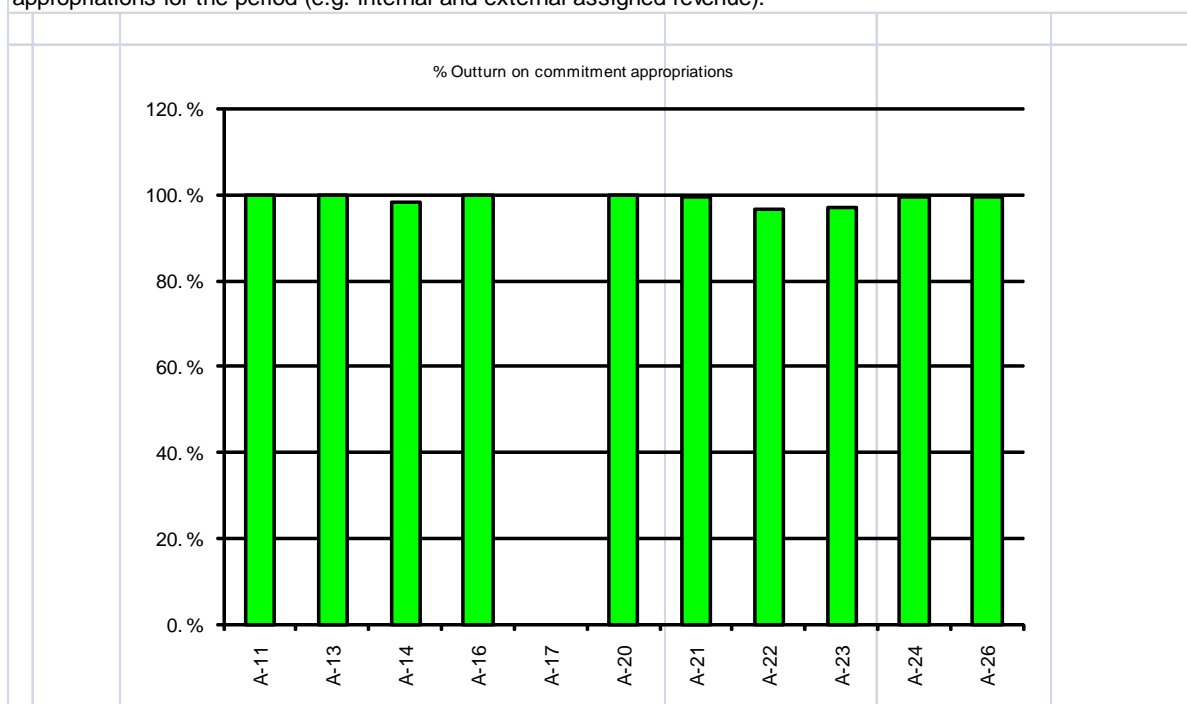


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2010 (in Mio €)				
Chapter		Payment appropriations authorised *	Payments made	%
		1	2	3=2/1
TITLE A-1 FRAIS DE PERSONNEL				
A-11	Salaires	26.52	26.18	98.72 %
A-13	Frais de missions	0.96	0.86	89.24 %
A-14	Socio, infrastructure, formation	0.81	0.48	59.66 %
A-16	Service Social	0.54	0.53	98.43 %
A-17	Réceptions, Événements	0.00		
TOTAL A-1		28.83	28.05	97.30 %
TITLE A-2 FRAIS DE FONCTIONNEMENT				
A-20	Loc. immeuble et frais	7.33	6.52	88.99 %
A-21	Traitement des données	4.76	3.37	70.76 %
A-22	Biens, meubles et frais accessoires	0.50	0.35	70.60 %
A-23	Dépenses de fonctionnement administratifs courants	0.34	0.28	82.54 %
A-24	Télécommunication & Affranchissement	0.85	0.84	98.62 %
A-26	Frais Administratifs liés activités opération.	12.15	8.64	71.07 %
TOTAL A-2		25.94	20.01	77.13 %
TOTAL EACEA%		54.77	48.06	87.74 %

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

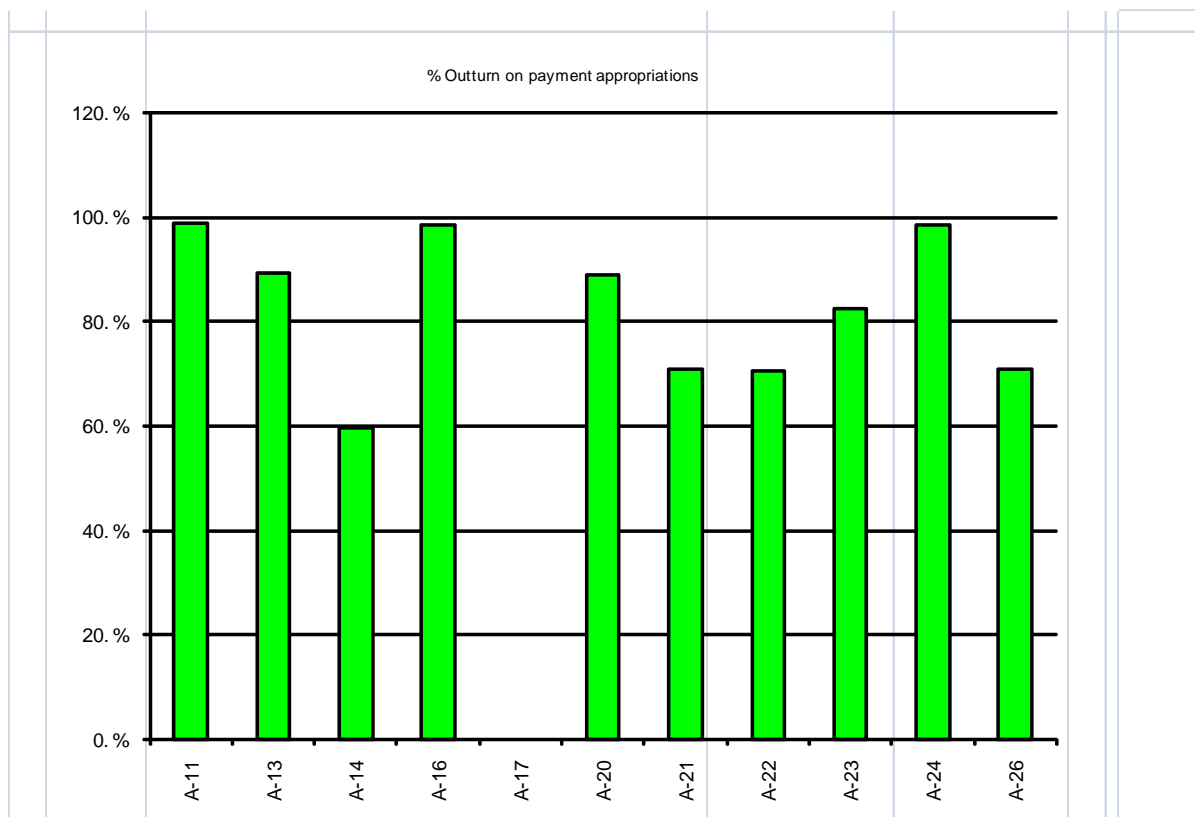


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2010 (in Mio €)					
Chapter		2010 Commitments to be settled			
		Commitments 2010	Payments 2010	RAL 2010	% to be settled
		1	2	3=1-2	4=1-2//1
Title A-1 FRAIS DE PERSONNEL					
A-11	Salaires	25.99	-25.66	0.33	1.26 %
A-13	Frais de missions	0.69	-0.60	0.09	12.50 %
A-14	Socio, infrastructure, formation	0.58	-0.31	0.27	46.54 %
A-16	Service Social	0.54	-0.53	0.01	1.57 %
A-17	Réceptions, Événements	0.00	0.00	0.00	0.00 %
Total Title A-1		27.80	-27.10	0.69	2.50 %
Title A-2 FRAIS DE FONCTIONNEMENT					
A-20	Loc. immeuble et frais	6.69	-5.95	0.75	11.16 %
A-21	Traitement des données	3.67	-2.31	1.36	37.11 %
A-22	Biens, meubles et frais accessoires	0.31	-0.20	0.12	37.11 %
A-23	Dépenses de fonctionnement administratifs courants	0.25	-0.21	0.04	16.22 %
A-24	Télécommunication & Affranchissement	0.81	-0.80	0.01	1.09 %
A-26	Frais Administratifs liés activités opération.	9.35	-6.20	3.15	33.72 %
Total Title A-2		21.09	-15.66	5.43	25.75 %
TOTAL EACEA%		48.88	-42.76	6.12	12.52 %

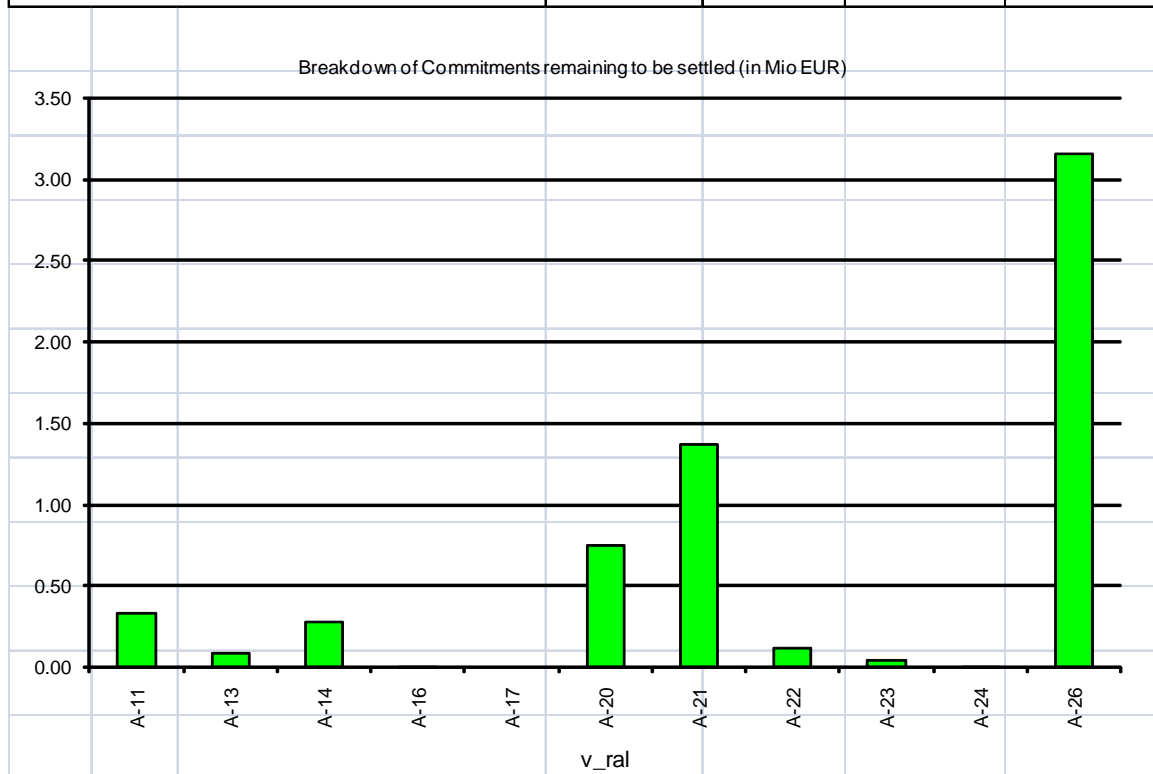


TABLE 4 : BALANCE SHEET EACEA

BALANCE SHEET	2010	2009
A.I. NON CURRENT ASSETS	946.122,98	770.586,53
A.I.1. Intangible Assets	172.970,10	218.330,00
A.I.2. Property, plant and equipment	773.152,88	552.256,53
A.II. CURRENT ASSETS	8.043.935,80	9.040.808,53
A.II.2. Short-term Pre-Financing	71.111,11	0,00
A.II.3. Short-term Receivables	1.839.280,30	1.703.464,64
A.II.5. Cash and Cash Equivalents	6.133.544,39	7.337.343,89
ASSETS	8.990.058,78	9.811.395,06
P.I. NET ASSETS/LIABILITIES	-3.913.816,12	-4.313.536,39
P.I.2. Accumulated Surplus / Deficit	-3.913.816,12	-4.313.536,39
P.II. NON CURRENT LIABILITIES	0,00	-214.000,00
P.II.4. Other long-term Liabilities	0,00	-214.000,00
P.III. CURRENT LIABILITIES	-3.985.253,33	-5.683.578,94
P.III.2. Short-term provisions	0,00	0,00
P.III.4. Accounts Payable	-3.985.253,33	-5.683.578,94
LIABILITIES	-7.899.069,45	-10.211.115,33
NET ASSETS (ASSETS less LIABILITIES)	1.090.989,33	-399.720,27
P.I.2. Accumulated Surplus / Deficit	3.913.816,12	4.313.536,39
Non-allocated central (surplus)/deficit*	-5.004.805,45	-3.913.816,12
TOTAL	0,00	0,00

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

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

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

TABLE 5 : ECONOMIC OUTTURN ACCOUNT EACEA

ECONOMIC OUTTURN ACCOUNT	2010	2009
II.1 SURPLUS/ DEF. FROM OPERATING ACTIVIT	-1,091,269.12	399,549.65
II.1.1. OPERATING REVENUES	-48,385,376.30	-45,757,415.34
II.1.1.1. Other operating revenue	-48,385,376.30	-45,757,415.34
II.1.2. OPERATING EXPENSES	47,294,107.18	46,156,964.99
II.1.2.1. Administrative Expenses	47,293,041.09	46,154,364.10
II.1.2.2. Operating Expenses	1,066.09	2,600.89
ECONOMIC OUTTURN ACCOUNT	-1,091,269.12	399,549.65
II.2. SURPLUS/DEF. NON OPERATING ACTIVIT	279.79	170.62
II.2. FINANCIAL OPERATIONS	279.79	170.62
II.2.2. Financial expenses	279.79	170.62
ECONOMIC OUTTURN ACCOUNT	-1,090,989.33	399,720.27

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

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

TABLE 6: AVERAGE PAYMENT TIME LIMITS FOR 2010 - EACEA

Legal Times							
Maximum Payment Time	Total Number of Payments	Nbr of Payments	Percentage	Average Payment	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	2489	2286	91.84 %	15.39	203	8.16 %	39.78
45	303	292	96.37 %	19.91	11	3.63 %	57.73
Total Number of Payments	2792	2578	92.34 %		214	7.66 %	
Average Payment Time	17.80			15.90			40.71
Target Times							
Target Payment Time (Days)	Total Number of Payments	Nbr of Payments	Percentage	Average Payment	Nbr of Late Payments	Percentage	Average Payment Times (Days)
20	20	18	90.00 %	11.22	2	10.00 %	27.00
30	2772	2502	90.26 %	15.40	270	9.74 %	40.48
Total Number of Payments	2792	2520	90.26 %		272	9.74 %	
Average Payment Time	17.80			15.37			40.38
Suspensions							
Average Report Approval	Average Payment	Number of Suspended	% of Total Number	Total Number of Payments	Amount of Suspended	% of Total Amount	Total Paid Amount
0	16	282	10.10 %	2,792	1,630,818.81	5.12 %	31,870,526.31
Late Interest paid in 2010							
DG	GL Account	Description	Amount (Eur)				
EACA Dummy P	65010000	Interest expense on late payment of charges	259.09				
			259.09				

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2010

Title	Description	Year of Origin	Revenue and Income recognized	Revenue and Income cashed	Ousting Balance
10-0	Subvention:	2010	9,090,542.00	9,090,542.00	0.00
10-1	Subvention:	2010	34,306,331.00	34,306,331.00	0.00
10-3	Subvention:	2010	4,167,542.00	4,167,542.00	0.00
10-4	Subvention:	2010	1,333,114.00	1,333,114.00	0.00
10-5	Subvention:	2010	76,968.00	76,968.00	0.00
23-0	Recette diverses	2010	38,599.62	38,599.62	0.00
TOTAL			49,013,096.62	49,013,096.62	0.00

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

RECOVERY ORDERS ISSUED IN 2010 Year of Origin (commitment)	TOTALS	
	Nbr	RO Amount
Sum:		
EXPENSES		
	Nbr	Amount
INCOME LINES IN INVOICES	0.	
No error / irregularity		
	Nbr	Amount
NON ELIGIBLE AMOUNT IN COST CLAIMS	246.	34,250.34
No error / irregularity		
	Nbr	Amount
CREDIT NOTES	1.	-7,229.80

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

Year of Origin	Number at 01/01/2010	Number at 31/12/2010	Evolution	Open Amount (Eur) at 01/01/2010	Open Amount (Eur) at 31/12/2010	Evolution
2009	2	1	-50.00 %	1,269.22	128.94	89.84 %
2010		2			70.62	
Totals	2	3		1,269.22	199.56	84.28 %

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

Waiver Central Key	Linked RO Central Key	RO Accepted amount (Eur)	LE Account Group	Commission Decision	Comments
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Total EACEA	
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Number of RO waivers	0
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Justifications:

TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG EACEA - YEAR 2010

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
art.126 1b ME	1	2,000,000
Total	1	2,000,000

No data to be reported

TABLE 12 : SUMMARY OF PROCEDURES OF DG EACEA EXCLUDING BUILDING CONTRACTS

Internal procedures > €60,000	2009		2010	
Procedures and types of contracts	Count	Amount (€)	Count	Amount (€)
Service	2	255,360	1	2,000,000
Supply				
TOTAL	2	255,360	1	2,000,000
Procedures and types of contracts	Count	Amount (€)	Count	Amount (€)
Open Procedures	0	0	0	0
Restricted Procedures	0	0	0	0
Negotiated Procedures	2	255,360	1	2,000,000
TOTAL	2	255,360	1	2,000,000

External procedures > €10,000
Procedures and types of contracts
TOTAL
Procedures and types of contracts
TOTAL

Additional comments

The original Annex published in this report contained the data related to the operational and administrative budgets of the Agency. The data have been split into two tables. This Annex refers to the administrative budget. The same annex has also been prepared for the operational budget. The figures refer to the number of procurements awarded in 2010, taking into account the value of the award decisions and not the amount of the yearly contracts.

ANNEX 4: Materiality criteria

The reasoning below is followed in order to conclude on the materiality of the error rates.

In order to check compliance with the principles of legality, regularity and sound financial management for EACEA's transactions, and to calculate an annual error rate, EACEA requests an external audit firm to conduct ex-post controls (i.e. financial audits on-the-spot) on a random selection of final payments for grants.

1. An error rate is calculated for each of the programmes managed by the Agency.

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.

The error rate on a programme is considered non representative if the sample on the basis of which it is calculated is assessed as non representative, for example in the case where only a very limited number of audits have been carried out or have concluded on a negative adjustment.

The error rate is calculated as follows.

$$\text{Error rate} = (A-B) \div C$$

Where

A = eligible costs initially accepted by EACEA, on the basis of which the final payment of the total grant value was calculated and paid (and on the basis of which the pre-financing was cleared)

B = eligible costs finally accepted by EACEA after audit

C = total amount of eligible costs claimed and checked

2. The impact of the error rates above 2% (or value at risk) is calculated.

The value at risk (VaR) is the amount that could have been paid in excess in year x to beneficiaries presuming that the transactions would be subject to the same error rates as established above.

In order to calculate this "amount paid in excess", the error rate (ER) has to be multiplied by the value of the grants for which a final payment was done in year x (VG) minus the audited population (AP), which has been "cleaned" from the detected and corrected errors.

As far as projects managed by the Agency are concerned, the "value of the grant" paid in year x is equal to the amount of the final payment (FP) done in year x plus the amount of the related pre-financing(s) (P) paid during the previous year(s) and 'cleared' when the final

payment is done (²⁷).

$$\text{VaR} = (\text{VG}-\text{AP}) \times \text{ER}$$

Where $\text{VG} = \text{P} + \text{FP}$

3. The materiality of the value at risk is calculated

The materiality of the value at risk is calculated by comparing the value at risk with the total amounts of payments made in year x for each the programmes having an error rate above 2%.

EACEA considers that the standard quantitative materiality threshold of 2% applies to determine whether a reservation in the AOD declaration is warranted.

²⁷ If the pre-financing payments are considered "free of risk" during the previous years (e.g. because they are still accounts receivable 'owned' by the EACEA and any errors can still be rectified at the time of the final payment), then they become "value at risk" at the time of the ownership transfer (cf. 'bascule') when they are cleared together with the related final payment.

ANNEX 5: Internal Control Template(s) for budget implementation (ICT)

<p>ICT N°:</p>											
<p>Management mode:</p> <ul style="list-style-type: none"> • <i>Indirect centralised management for the operational budget</i> • <i>The grant award decisions are taken by the Commission when comitology procedure applies or by the Agency Director.</i> <p>Key figures:</p> <ul style="list-style-type: none"> • The Agency is involved in : <ul style="list-style-type: none"> -the management of projects related to (i) 7 major programmes of the current generation (2007-2013) and to (ii) bilateral cooperation agreements with industrialized countries -the closure of projects related to 14 programmes of the previous generation • Number of new contracts signed in 2010: 4556 • Number of contracts running on 31/12/10: 8344 • Budget execution: <ul style="list-style-type: none"> -Commitments appropriations: 600 Mio €(2010 rate: 99.9%) -Payments appropriations: 569 Mio €(2010 rate: 99.8%) • Abnormal RAL:536 cases closed by end 2010 • Nature and volume of transactions: <ul style="list-style-type: none"> -Commitments: 4556 -Payments: 7624 -RO issued: 645 <p><i><u>Total:</u> 12825 transactions</i></p> <p><i>Average amount of commitment/grant: 131.534€</i></p> <p><i>Average amount of payment:74.468€</i></p>	<table border="1"> <caption>Transaction Amount Distribution</caption> <thead> <tr> <th>Amount Range</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Below 0,05 M</td> <td>60%</td> </tr> <tr> <td>Between 0,05 and 0,1 M</td> <td>16%</td> </tr> <tr> <td>Between 0,1 and 0,5 M</td> <td>19%</td> </tr> <tr> <td>Above 0,5 M</td> <td>5%</td> </tr> </tbody> </table>	Amount Range	Percentage	Below 0,05 M	60%	Between 0,05 and 0,1 M	16%	Between 0,1 and 0,5 M	19%	Above 0,5 M	5%
Amount Range	Percentage										
Below 0,05 M	60%										
Between 0,05 and 0,1 M	16%										
Between 0,1 and 0,5 M	19%										
Above 0,5 M	5%										

Management and control systems : stages and main actors

Key inherent risks in the Executive Agency environment

- 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.
- Large number of projects and of different organisations or beneficiaries.
- Although the management of programmes has been simplified e.g. by the introduction of lump sums and flat rate to reduce the risks of errors linked to the eligibility of expenditure, detailed eligibility and financial rules still exist for a certain number of actions.

Key controls in place

- Financial circuits and segregation of duties
- Control of eligibility of costs and desks checks
- Supervisory measures
- Simplification measures and harmonisation implemented within the same programme and between different programmes (best practice)
- Use of lump sums and flat rates for some strands/actions.
- Management information, AOSD reporting (monthly, quarterly, half-yearly and yearly (AAR)
- Centralised organisation of ex-ante control level 2
- Ex-post controls

<p>Selection process (of beneficiaries, intermediaries, agencies, contractors etc), including preventive measures</p>	<p>-Proposals are selected according to their credentials and financial stability and other criteria imposed by the calls for proposals. Key controls include the screening of submitted proposals for eligibility; -The quality of proposal selection is enforced by the use of external experts for the evaluation and an evaluation committee panel (Agency + Commission) for quality control and ranking of proposals; -The award decision is taken by the Agency (if no comitology and under the informative procedure) or by the Commission (after consulting the programme committee); -Legal and financial verifications as well as safeguarding measures; -Contractualisation by grant agreements or by Decisions</p>
<p>Communication and information measures to improve the quality of financial management and provision of supporting data by beneficiaries, contractors and intermediaries</p>	<p>-Multilingual website; -Information and project's meetings (e.g. Info Days, kick-off meetings, coordinator's meetings) with beneficiaries and applicants; -Leaflets on the programmes produced by the Commission, compendia; -Extensive guidance notes; -Valorisation strategy has been implemented for the dissemination and the exploitation of results; -Direct contact with beneficiaries to resolve particular issues.</p>
<p>Detective and corrective controls: Checks and monitoring during the initial phases of the programme/contract Checks and monitoring during the final/ closure phases of the programme/contract</p>	<p><i>Controls before and during the implementation period of projects</i> -Standard control provisions provided in the agreements; -Desk checks of expenditure based on supporting documents, including progress and final reports, and project deliverables; -Monitoring controls on projects -Ex ante verification level 2 on a MUS basis</p> <p><i>Checks and monitoring during the final/closure phases of the project</i> -Desk checks of expenditure based on final report (technical and financial) -Ex ante verification level 2 on a MUS basis -Ex post controls and audits are carried out on a small number of beneficiaries</p>

<p>Preventive and corrective controls and audit: Desk reviews, on-the-spot audits carried out either <i>ex-ante</i> or <i>ex-post</i>.</p>	<p>-Ex post controls and audits are carried out on a small number of beneficiaries -Projects are selected on random basis (70%) and against risk profile (30%)</p>
<p>Feedback which enables control activities to be optimised <i>[In this section the AOD should explain the mechanisms put in place to supervise/monitor their internal control processes, including, where appropriate, performance of third parties working on their behalf].</i></p>	
<p>Verification that processes are working as designed</p>	<p>-Supervision system selecting specific control processes within the Agency and subjecting them to in-depth tests to ensure correct functioning and appropriate corrective measures; -Discussion of Risk Management and ICS – conclusions of the exercise at the Agency management level; -In line with the requirements of the Financial Regulation and the Delegation Act, the Directors General of parent DGs have verified and approved the internal control system and procedures of the Agency before they became operational. When systems or procedures are modified, the parent DGs have to agree on the changes.</p>
<p>Monitoring of performance of independent bodies, 3rd party auditors, externally contracted auditors</p>	<p>-Audit framework contractor is monitored via an internal team; -Close review and analysis of all reports, joint missions, and regular contacts with coordinating team responsible for quality control; -Audit framework contract is bound to follow precise audit rules; -The management of the Agency is supervised by the Steering Committee that validates all the major decisions and documents and is regularly kept informed on management and control issues; -Feedback is provided by the Agency's Internal Audit Capacity (IAC), the parent DG's IAC, the Commission's Internal Audit Service (IAS), the European Court of Auditors and in the discharge procedure before the European Parliament. Recommendations made by these bodies are followed up systematically within the Agency; -The risk assessment process also serves to integrate results of ex posts controls and highlight key issue to ensure preventive mitigating action is taken.</p>

<p>High level management reporting (e.g. to the Director General and its role in monitoring problem issues)</p>	<p><u>To the Commission</u> In 2010, the Agency reports regularly to its three parent DGs (DG EAC, COMM and DEVCO):</p> <ul style="list-style-type: none"> -According to the cooperation terms, a reporting system -detailed below- has been implemented; -Meetings of the Steering Committee of the Agency and minutes; -Coordination meetings with Resources/Horizontal Affairs Directors; -Quarterly bilateral meetings between the Director of the Agency and the operational Directors of the parent DGs. <p><u>To the Director and its role in monitoring problem issues</u></p> <ul style="list-style-type: none"> -The Agency priorities are in line with the Commission general objectives and transposed into specific objectives in the Agency's Annual Management Plan. A risk analysis is carried out to identify critical risks and implement the relevant action plans; -The Agency has established roadmaps covering the planning of the specific actions delegated; -A budget implementation Plan covering the expenditure cycle has been prepared and updated <p><u>Description of the reporting system</u></p> <ul style="list-style-type: none"> -Monthly report on operational budget execution and financial indicators; -Quarterly, half-yearly and annual (AAR) reports by the AOSD to the Director of the Agency (AOD) on progress achieved towards operational objectives against indicators (AMP), on the internal control system, audits, finances and budget execution. All reports produced by the Agency are transmitted to the parent DGs. -Weekly meetings of the management and minutes -monthly bilateral meetings between the Director and the Agency Heads of Unit.
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ANNEX 6: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission (*if applicable*)

Not applicable

ANNEX 7: AAR(s) of Executive Agency/ies (*if applicable*)

Not applicable