

ANNEX 1: Statement of the Shared 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 Commission¹, 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 is, to the best of my knowledge, accurate and exhaustive.

(signed)

Hans de Jong

¹ [SEC\(2003\)59 of 21.01.2003](#)

ANNEX 2: Human and Financial resources by ABB activity – DG ENV

Code ABB Activity	ABB Activity	Human Resources by ABB activity			decentralised administrative appropriations
		Establishment Plan posts	External Personnel	Total	
07 02	Global Environmental Affairs	38	8	46	362.137
07 03	Implementation of community environmental policy & legislation	292	69	361	2.937.335
07 05	New policy initiatives based on the Community environment action programme	14	3	17	140.831
07 AWBL-02	Policy Strategy & coordination for Environment D.G.	64	6	70	583.443
	Total	408	86	494	4.023.747

ANNEX 2: Human and Financial resources by ABB activity – ENV/CLIMA - SRD

Code ABB Activity	ABB Activity	Human Resources by ABB activity			decentralised administrative appropriations
		Establishment Plan posts	External Personnel	Total	
07 AWBL - 01	Administrative support for ENV D.G.	81	11	92	52.840
	Total	81	11	92	52.840

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

Additional comments

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2010 (in Mio €)				
Chapter		Commitment appropriations authorised *	Commitments made	%
		1	2	3=2/1
Title 02 : Enterprise				
02 01	Administrative expenditure of `Enterprise¿ policy area	0,40	0,36	89,75 %
Total Title 02		0,40	0,36	89,75 %
Title 07 : Environment				
07 01	Administrative expenditure of `Environment¿ policy area	18,79	18,25	97,12 %
07 02	Global environmental affairs	3,58	3,06	85,49 %
07 03	Implementation of Community environmental policy and legislation	343,27	332,51	96,87 %
07 04	Civil protection	0,53	0,00	0,00 %
07 05	New Policy initiatives based on the Community environment action programme	0,09	0,00	0,00 %
Total Title 07		366,26	353,82	96,60 %
Title 17 : Health and consumer protection				
17 03	Public health	1,50	0,27	17,75 %
Total Title 17		1,50	0,27	17,75 %
Title 19 : External relations				
19 06	Crisis response and global threats to security	0,03	0,00	0,00 %
Total Title 19		0,03	0,00	0,00 %
Total DG ENV		368,20	354,45	96,27 %

* 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).

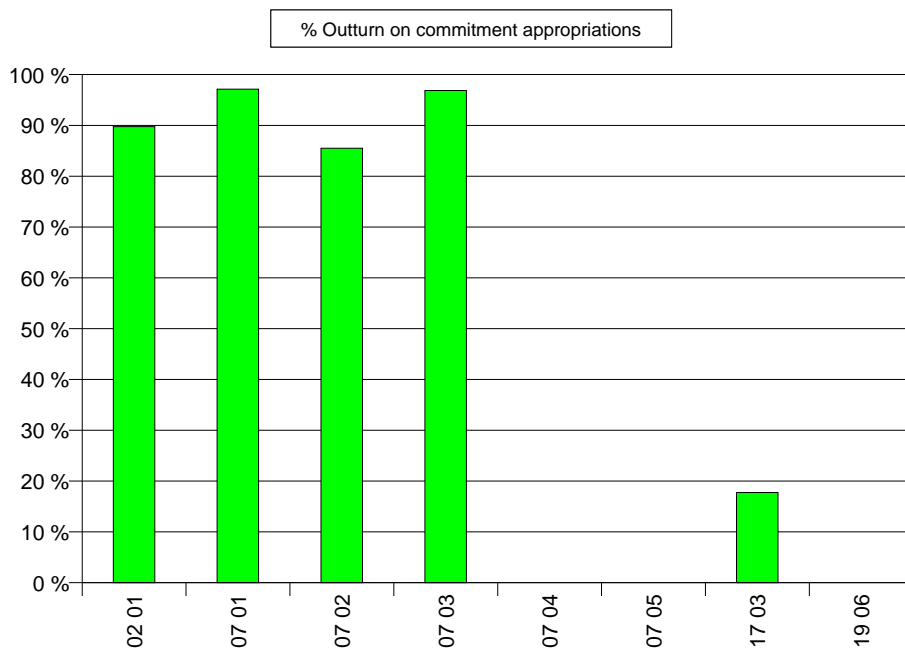


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2010 (in Mio €)				
Chapter		Payment appropriations authorised *	Payments made	%
		1	2	3=2/1
Title 02 : Enterprise				
02 01	Administrative expenditure of `Enterprise¿ policy area	0,40	0,00	0,00 %
02 02	Competitiveness, industrial policy, innovation and entrepreneurship	0,77	0,18	23,34 %
Total Title 02		1,17	0,18	15,31 %
Title 07 : Environment				
07 01	Administrative expenditure of `Environment¿ policy area	30,77	18,11	58,86 %
07 02	Global environmental affairs	7,77	3,68	47,31 %
07 03	Implementation of Community environmental policy and legislation	280,00	242,70	86,68 %
07 04	Civil protection	0,53	0,00	0,00 %
07 05	New Policy initiatives based on the Community environment action programme	0,61	0,38	62,50 %
Total Title 07		319,68	264,87	82,85 %
Title 17 : Health and consumer protection				
17 03	Public health	0,10	0,08	79,90 %
Total Title 17		0,10	0,08	79,90 %
Title 19 : External relations				
19 06	Crisis response and global threats to security	0,03	0,00	0,00 %
Total Title 19		0,03	0,00	0,00 %
Total DG ENV		320,99	265,13	82,60 %

* 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).

% Outturn on payment appropriations

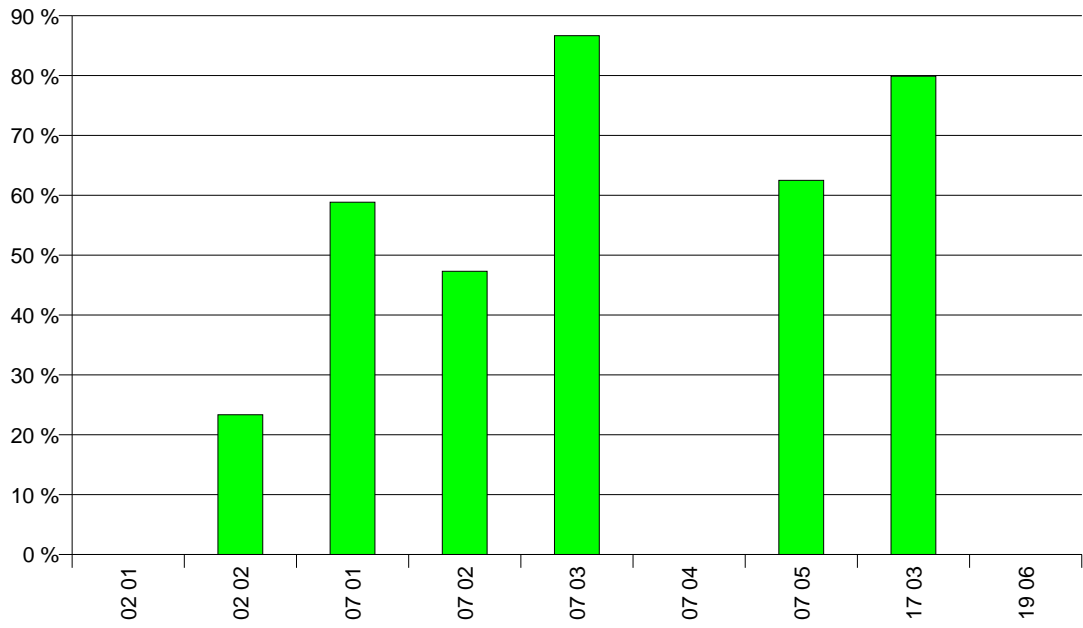
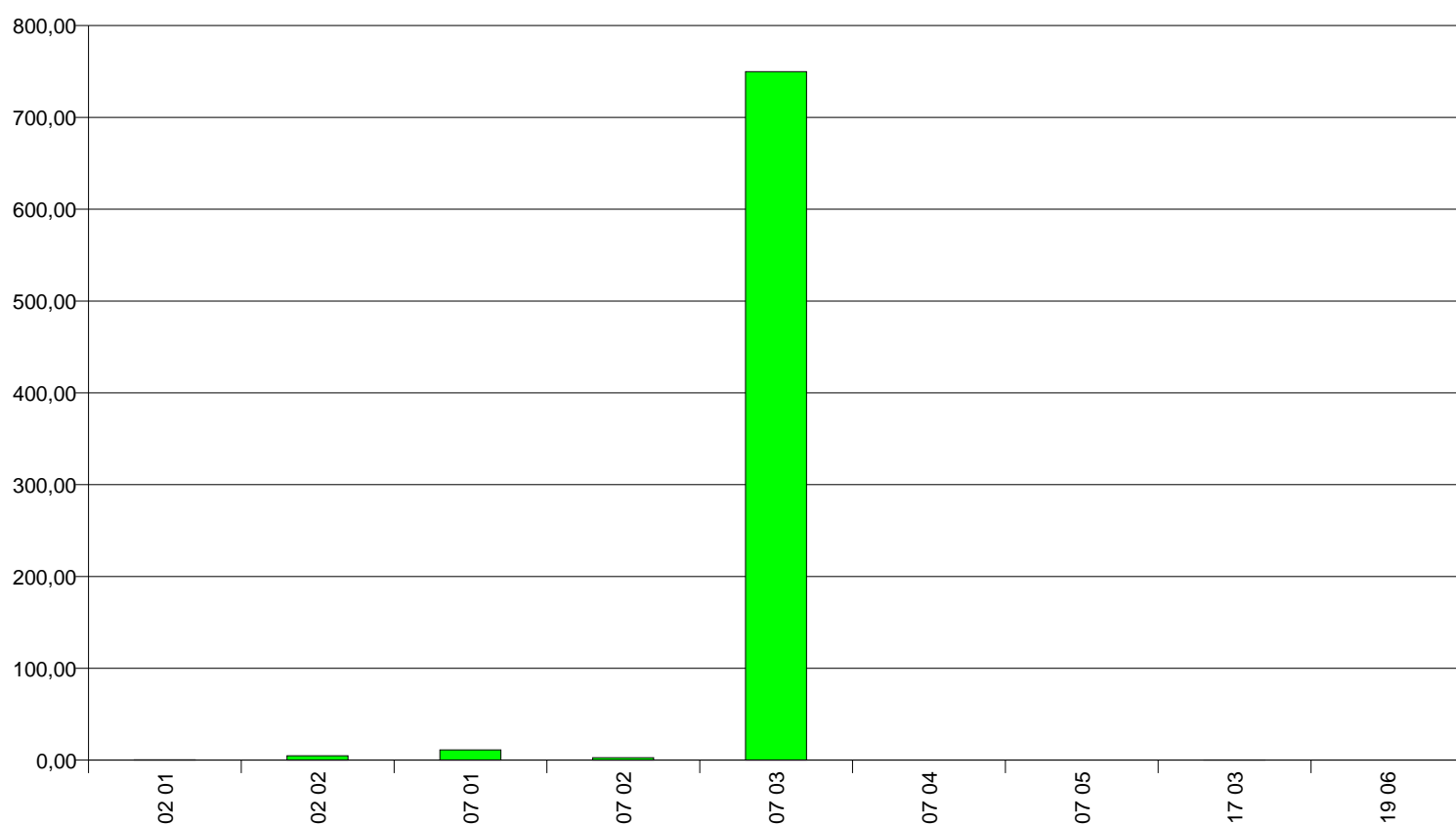


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2010 (in Mio €)

Chapter		2010 Commitments to be settled				Commitments to be settled from financial years previous to 2010	Total of Commitments to be settled at end of financial year 2010 (incl.corrections)	Total of Commitments to be settled at end of financial year 2009 (incl.corrections)
		Commitments 2010	Payments 2010	RAL 2010	% to be settled			
		1	2	3=1-2	4=1-2/1			
Title 02 : Enterprise								
02 01	Administrative expenditure of `Enterprise¿ policy area	0,36	0,00	0,36	100,00 %	0,00	0,36	0,00
02 02	Competitiveness, industrial policy, innovation and entrepreneurship	0,00	0,00	0,00	#DIV/0	4,73	4,73	4,91
Total Title 02		0,36	0,00	0,36	100,00 %	4,73	5,09	4,91
Title 07 : Environment								
07 01	Administrative expenditure of `Environment¿ policy area	18,25	7,05	11,20	61,38 %	0,00	11,20	12,08
07 02	Global environmental affairs	3,06	2,56	0,50	16,33 %	2,17	2,67	4,05
07 03	Implementation of Community environmental policy and legislation	332,51	49,45	283,07	85,13 %	466,82	749,88	685,34
07 04	Civil protection	0,00	0,00	0,00	#DIV/0	0,00	0,00	0,68
07 05	New Policy initiatives based on the Community environment action programme	0,00	0,00	0,00	#DIV/0	0,09	0,09	0,57
Total Title 07		353,82	59,05	294,77	83,31 %	469,08	763,85	702,73
Title 17 : Health and consumer protection								
17 03	Public health	0,27	0,08	0,19	70,00 %	0,00	0,19	0,00
Total Title 17		0,27	0,08	0,19	70,00 %	0,00	0,19	0,00
Title 19 : External relations								
19 06	Crisis response and global threats to security	0,00	0,00	0,00	#DIV/0	0,00	0,00	0,15
Total Title 19		0,00	0,00	0,00	#DIV/0	0,00	0,00	0,15
Total DG ENV		354,45	59,13	295,32	83,32 %	473,81	769,13	707,79

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



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

TABLE 4 : BALANCE SHEET

BALANCE SHEET	2010	2009
A.I. NON CURRENT ASSETS	46.103.251,23	39.266.428,27
A.I.5. LT Pre-Financing	46.103.251,23	39.266.428,27
A.II. CURRENT ASSETS	99.084.083,75	82.367.231,73
A.II.2. Short-term Pre-Financing	97.295.187,68	80.283.519,37
A.II.3. Short-term Receivables	1.788.896,07	2.083.712,36
ASSETS	145.187.334,98	121.633.660,00
P.III. CURRENT LIABILITIES	-46.578.233,21	-56.004.792,35
P.III.4. Accounts Payable	-46.578.233,21	-56.004.792,35
LIABILITIES	-46.578.233,21	-56.004.792,35
NET ASSETS (ASSETS less LIABILITIES)	98.609.101,77	65.628.867,65
P.I.2. Accumulated Surplus / Deficit	0,00	0,00
Non-allocated central (surplus)/deficit*	-98.609.101,77	-65.628.867,65
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

ECONOMIC OUTTURN ACCOUNT	2010	2009
II.1 SURPLUS/ DEF. FROM OPERATING ACTIVT	223.209.314,25	191.158.517,62
II.1.1. OPERATING REVENUES	-580.208,88	-6.583.535,52
II.1.1.0. Own resource and contributions	-1.305.851,85	-1.280.000,00
II.1.1.1. Other operating revenue	725.642,97	-5.303.535,52
II.1.2. OPERATING EXPENSES	223.789.523,13	197.742.053,14
II.1.2.1. Administrative Expenses	15.712.228,72	15.198.855,21
II.1.2.2. Operating Expenses	208.077.294,41	182.543.197,93
II.2. SURPLUS/DEF. NON OPERATING ACTIVIT	-723.799,02	-551.387,86
II.2. FINANCIAL OPERATIONS	-723.799,02	-551.387,86
II.2.1. Financial revenue	-726.455,48	-552.295,42
II.2.2. Financial expenses	2.656,46	907,56
ECONOMIC OUTTURN ACCOUNT	222.485.515,23	190.607.129,76

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

Legal Times							
Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	1005	871	86,67 %	15,69	134	13,33 %	55,42
45	585	476	81,37 %	14,44	109	18,63 %	116,13
60	6				6	100,00 %	182,17
105	26	23	88,46 %	63,22	3	11,54 %	114,33

Total Number of Payments	1622	1370	84,46 %		252	15,54 %	
Average Payment Time	26,83			16,05			85,40

Target Times							
Target Payment Time (Days)	Total Number of Payments	Nbr of Payments within Target Time	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
20	268	258	96,27 %	7,82	10	3,73 %	35,20
30	1328	1029	77,48 %	15,86	299	22,52 %	77,03
90	26	20	76,92 %	57,55	6	23,08 %	107,67

Total Number of Payments	1622	1307	80,58 %		315	19,42 %	
Average Payment Time	26,83			14,91			76,28

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
27	44	314	19,36 %	1622	95.246.925,59	35,43 %	268.841.971,87

Late Interest paid in 2010			
DG	GL Account	Description	Amount (Eur)
DG ENV	65010100	Interest on late payment of charges New FR	2 656,46
			2 656,46

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	618.684,19	3.042,13	621.726,32	615.048,40	0,00	615.048,40	6.677,92
	Total Title 5	618.684,19	3.042,13	621.726,32	615.048,40	0,00	615.048,40	6.677,92
Title 6: CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH COMMUNITY/EU AGREEMENTS AND PROGRAMMES								
60	CONTRIBUTIONS TO COMMUNITY/EU PROGRAMMES	4.432.851,85	3.328,15	4.436.180,00	4.432.851,85	0,00	4.432.851,85	3.328,15
66	OTHER CONTRIBUTIONS AND REFUNDS	4.278.441,27	2.439.170,26	6.717.611,53	3.595.928,20	589.846,29	4.185.774,49	2.531.837,04
	Total Title 6	8.711.293,12	2.442.498,41	11.153.791,53	8.028.780,05	589.846,29	8.618.626,34	2.535.165,19
	Total DG ENV	9.329.977,31	2.445.540,54	11.775.517,85	8.643.828,45	589.846,29	9.233.674,74	2.541.843,11

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

Annex 3 Financial Reports - DG ENV
Report printed on 21/03/2011

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

RECOVERY ORDERS ISSUED IN 2010 Year of Origin (commitment)	Error		Irregularity		No error / irregularity		TOTALS	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2002			1	6.796,71	1	19.079,03	2	25.875,74
2004			5	85.259,07	2	95.675,05	7	180.934,12
2005	1	407,55	2	552.545,53			3	552.953,08
2006	1	12.365,51	6	280.489,60	2	247.641,07	9	540.496,18
2007			4	125.678,69	2	264.107,61	6	389.786,30
2008			1	388.019,20	3	1.271.829,78	4	1.659.848,98
2009			1	15.941,07	3	1.042.194,76	4	1.058.135,83
No Link	1	1.627,32	7	202.728,23	1	29.967,54	9	234.323,09
	3	14.400,38	27	1.657.458,10	14	2.970.494,84	44	4.642.353,32

EXPENSES

	Nbr	Amount
INCOME LINES IN INVOICES	0	

	Error		Irregularity		No error / irregularity	
	Nbr	Non-Eligible Amount	Nbr	Non-Eligible Amount	Nbr	Non-Eligible Amount
NON ELIGIBLE AMOUNT IN COST CLAIMS	17	331.669,56	88	2.411.194,60	5	284.577,51

	Error		Irregularity		No error / irregularity	
	Nbr	Credit Note Amount	Nbr	Credit Note Amount	Nbr	Credit Note Amount
CREDIT NOTES	18	-138.779,69	2	-436,18	13	-374.926,91

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

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

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
1996	2	2	0,00 %	59.736,23	59.736,23	0,00 %
2003	1		-100,00 %	132.897,03		-100,00 %
2005	4	3	-25,00 %	585.687,31	441.003,31	-24,70 %
2006	1		-100,00 %	41.018,91		-100,00 %
2008	7	6	-14,29 %	782.025,39	725.208,99	-7,27 %
2009	12	4	-66,67 %	844.175,67	629.745,72	-25,40 %
2010		8			686.148,86	
Totals	27	23	-14,81 %	2.445.540,54	2.541.843,11	3,94 %

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	3233100236	3240504057	-132.897,03	Private Companies		

Total DG	-132.897,03
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Number of RO waivers	1
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J u s t i f i c a t i o n s :

TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG - YEAR 2010**Contracts > 60.000**

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Art. 126 1a	1	100.000,00
Art. 126 1b	2	190.500,00
Art. 126 1e	2	249.290,00
Total	5	539.790,00

TABLE 12 : SUMMARY OF PROCEDURES OF DG EXCLUDING BUILDING CONTRACTS

Internal procedures > € 60,000	2009		2010	
Contract Class	Count	Amount (€)	Count	Amount (€)
Service	49	27.966.208,09	79	26.698.284,21
TOTAL	49	27.966.208,09	79	26.698.284,21
Procedure Type	Count	Amount (€)	Count	Amount (€)
Negotiated Procedure without publication of a contract notice Art. 126 IR			5	539.790,00
Open Procedure (Art. 122.2 IR)	28	25.758.106,36	42	22.699.957,51
Restricted Procedure(Art. 122.2 IR)	1	79.675,00	8	842.010,00
Restricted Procedure involving a call for expressions of interest (AMI) (Art. 128 IR)	15	1.627.643,80	24	2.616.526,70
Restricted Procedure without a contract notice or call for expressions of interest (Art. 129.1 ME)	5	500.782,93		
TOTAL	49	27.966.208,09	79	26.698.284,21

External procedures > € 10,000	2009		2010	
Contract Class	Count	Amount (€)	Count	Amount (€)
Service	3	1.749.591,00	1	5.208.800,00
TOTAL	3	1.749.591,00	1	5.208.800,00
Procedure Type	Count	Amount (€)	Count	Amount (€)
Open Procedure (Art. 122.2 IR)	1	500.000,00		
Restricted Procedure(Art. 122.2 IR)	1	249.591,00		
Service-International Restricted Procedure with four to eight tenderers after prior pub. (Art. 241.1&2 IR)	1	1.000.000,00	1	5.208.800,00
TOTAL	3	1.749.591,00	1	5.208.800,00

Additional comments

TABLE 13 : BUILDING CONTRACTS

Total number of contracts :	0
Total amount :	

Legal base	Contract Number	Contractor Name	Description	Amount (€)
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No data to be reported

TABLE 14 : CONTRACTS DECLARED SECRET

Total Number of Contracts :	0
Total amount :	

Legal base	Contract Number	Contractor Name	Type of contract	Description	Amount (€)
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No data to be reported

ANNEX 4: Materiality criteria

1. *Qualitative criteria for defining significant weaknesses*

The different parameters relevant in DG Environment for determining significant weaknesses are the following ones:

- **Significant control system weaknesses:** significant control system weakness detected during the period in reports made by IAC, IAS, ECA, DG BUDG or in the annual reports from Authorizing officers by subdelegation. Those reports do not reveal any material qualitative weakness of the control system.
- **Significant shortcoming in internal control standards** appearing in the yearly survey on Internal control standards implementation by management. The survey for 2010 did not reveal significant systematic shortcomings.
- **Insufficient audit coverage and/or inadequate information from internal control systems.** The number of payments audited increased by 33% compared to 2009 and represented 18, 6% of the payments of the period of reference. So the audit coverage is sufficient.
- **Critical issues outlined by the European Court of Auditors, the Internal Audit Service and OLAF.** No critical recommendations were made by the ECA, the IAS or OLAF.
- **Overall opinion of the IAC:** the IAC did not reveal any shortcoming or systemic weakness in its audits.
- **Potential reputational risks:** no significant reputational risk has been identified and no significant reputational events having an impact on the Declaration of assurance signed by the Director General occurred in 2010.

There is no weaknesses identified in those different building blocks that could lead to a reservation.

2. *Quantitative criteria for defining reservations*

The quantitative criterion is used to define if a reservation has to be made on the grants managed by the DG due to the specific risks described in part 2. The materiality of the risk appears when the conclusion of an **ex-post audit of those grants** recommends the need to establish a recovery order due to ineligibility of costs, false declarations of expenditures or work not implemented as declared.

The following two quantitative elements should be taken into consideration to define a reservation:

- the level of grants audited should be sufficiently representative of the population to be audited,
- the amount of recovery orders recommended should represent a substantial percentage of the funds disbursed by the Commission.

On the first element, a minimum percentage was defined in the past between the amount of payments audited and the initial population defined in the audit plan. But, since 2008 the audit strategy was to audit a maximum number of different programmes. This new strategy led to replace the minimum percentage by the analysis of the most complete coverage of the different programmes defined when drafting the audit plan for the year. However, on one hand, the policy implemented since 2007 to focus the grants to the LIFE + programme and to discontinue several small programmes has led to a reduction in the number of programmes, on another hand, due to the duration of the projects funded no action grant from LIFE + has been subject to a final payment and, subsequently, no audit have still been conducted for this part of the programme. For 2010, were audited: LIFE III Nature, LIFE III Environment, LIFE Third countries, Forest focus and one LIFE + operating grant.

The 'frequency of errors' rate is calculated through comparing the amount of recovery orders recommended by the ex-post auditors to the payments made on the files audited. This figure corresponds to the risk of payment unduly made to beneficiaries of grants.

Considering that the files audited are selected on a risk based sample, if the rate of errors is inferior to 5%, no reservation is considered. Above this level a deeper analysis is required. This level of 5% corresponds to the conservative assumption that the 20% of the highest risks of the DG could represent half of the total risk and, in that case, the materiality threshold of 2% is exceeded for the whole population. However, the results of the four years of audits based on a risked sample showed that the risk is always concentrated on a relatively small numbers of files, with an individual recommended recovery order equal or superior to 5%, as shown in the following table:

Years	Files with 5% or more of RO recommended						Files with less than 5% of ROs recommended					
	Number	%	Payments	%	Recoveries	%	Number	%	Payments	%	Recoveries	%
2010	10	27.7	12 077 746	25.6	3 191 770	95	26	72.3	35 082 901	74.4	175 592	5
2009	10	37	5 753 634	24.2	1 204 719	84.8	17	63	18 068 380	75.8	216 546	15.2
2008	5	19.2	3 960 774	12.5	609 722	74.2	21	80.8	27 637 481	87.5	211 515	25.8
2007	7	41.2	3 938 533	31.2	598 173	88.5	10	58.8	8 679 383	68.8	77 386	11.5
TOTAL	32	30.2	25 730 687	22.3	5 604 384	89.2	74	67.9	89 486 147	77.7	681 039	10.8

Another important point is that the number of files with more than 5% of recommended recovery order has not increased at all in 2010 in spite of an increase of 33% of the number of files audited. So, we should consider that the sampling methodology has been particularly efficient in detecting the most risky files and that the non audited population has a profile similar as the ones with a recovery order of less than 5%.

As the 2010 sample was risk-based and represented close to 20% of the total payments of the DG, it could be considered that the risk is limited to only 5% of the total population.

The average recommended recovery orders rate for each population was in 2010:

- for the most risky one: $3\,191\,770/12\,077\,746 = 26.42\%$,

- for the less risky one: $175\,592/35\,082\,902 = 0.5\%$.

If we apply the 2010 figures to the whole population the results are: $26.42\% * 0.05 + 0.5% * 0.95 = 1.796\%$

So the overall risk is equal to 1.796% of the payments made on grants for 2010. As those payments represented (excluding the grant to the EEA): EUR 190 427 503 The total impact would be: $190\,427\,503 * 0.01796 = \text{EUR } 3\,420\,078$

Compared to the total payments made on the activity in 2010 (EUR 261 257 243.22) this last amount represents 1.31% so less than the materiality threshold of 2%. If we compare this amount to the overall 2010 budget for the ABB activity (EUR 344 468 608) it represents: 0.99%.

ANNEX 5:

ICT N°1: Centralized direct management

Management mode:

Direct centralized management.
Grants awarded with no intermediaries.
Reimbursement of actual eligible costs.
Co-financing required.

Key figures

Commitments:

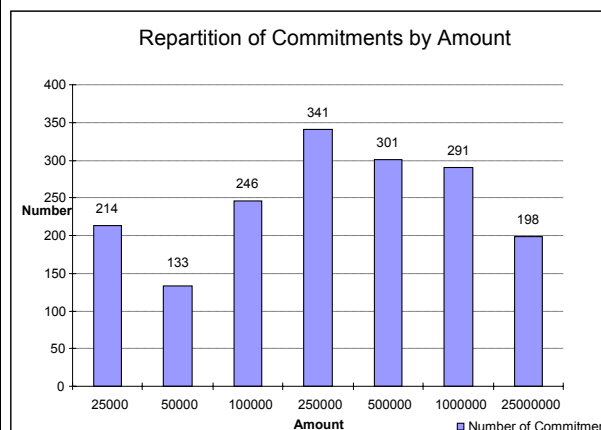
On 31 December 2010, DG ENV accounted 1.724 open commitments for a total value of €796.061.953. The largest number of commitments is for individual values between €100.000 and €250.000 adding up to €54.826.368. They account for roughly 20% of the total number and for 6.89% of the total value of all commitments.

The most important amount of open commitments are the ones for projects grants. They make up more than half of the total number of commitments (50,23%) and more than three quarters of the total value (78,20%).

The second important type of commitments is for services. They account for 31,95% of the number and 11.81% of the total amount of commitments. Other category of contracts with more than 5% of all commitments are the Studies and Other expenses, adding up to 1,48% and 1,21% respectively of the total value.

The operating grants, including NGOs programme and the EEA are also securing an important part of the total value of open commitments (7,19%).

Commitments



Amount (€)	Number	Share (%)	Value (€)	Share (%)
≤ 25000	214	12,41%	2.309.614	0,29%
≤ 50000	133	7,71%	5.079.095	0,64%
≤ 100000	246	14,27%	18.905.010	2,37%
≤ 250000	341	19,78%	54.826.368	6,89%
≤ 500000	301	17,46%	110.312.560	13,86%
≤ 1000000	291	16,88%	205.724.936	25,84%
≤ 25000000	198	11,48%	398.904.368	50,11%
Total	1.724	100%	796.061.953	100%

Type *	Number	Share (%)	Value (€)	Share (%)
AUT	92	5,34%	9.651.386,93	1,21%
COA	4	0,23%	269.689,84	0,03%
COI	19	1,10%	659.552,66	0,08%
ETU	111	6,44%	11.757.631,98	1,48%
IRE	4	0,23%	1.674,61	0,00%
SEA	529	30,68%	89.354.652,25	11,22%
SEI	18	1,04%	1.477.343,80	0,19%
SER	4	0,23%	3.158.312,52	0,40%
SUF	77	4,47%	57.240.885,15	7,19%
SUP	866	50,23%	622.490.823,56	78,20%
Total	1724	100%	796.061.953,30	100%

* AUT - Autres Depenses, COA - Consultants Autres, COI - Consultants Inform, ETU – Etudes, FOA - Fournitures Autres, IRE - Interets de retard, SEA - Prest. Service Autres, SEI - Prest. Service Inform, SER - Services autres –Inactif, SUF - Subventions de Fonctionnement, SUP - Subventions Actions/Projets

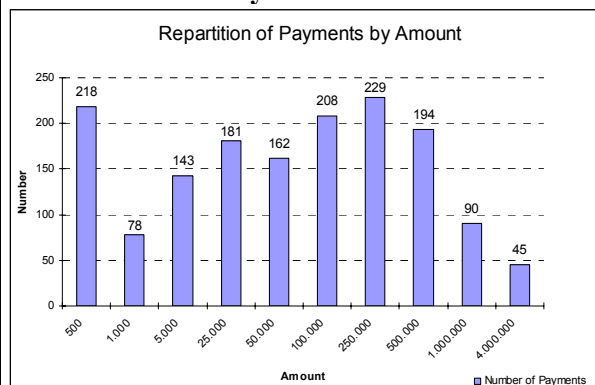
Payments:

DG ENV made 1548 payments for a total value of €266.361.139 during 2010. It can be observed that there are a lot of payments for very small amounts – 218 (14% of total) for sums under €500. Payments equal or less than EUR 25 000 account for 40% of the total number of payments but for less than 1% of the total amount. The most numerous are the payments for sums between €10.000 and €25.000 (229 representing 14,79% of the total number) while the most important payments as regards the total value are those for amounts larger than €4.000.000. The 45 payments (2,91% of the total number) add up to €76.585.108 (28,75% of the total value).

The most numerous payments concerned services with 31.98% of payments but only 15, 68% from the total amount. They are closely followed by projects grants which represent 29, 72% of the number but 63, 30% of the total amount of payments.

This structure is also reflected by the repartition of the categories of payments where the "single payments" represent the highest number of payments (29, 72%) but with less of 3% of the total amounts. On another hand, prefinancings represent 70, 2% of the amount of payments.

Payments



Amount (€)	Number	Share (%)	Value (€)	Share(%)
≤ 500	218	14,08%	47.913	0,02%
≤ 1000	78	5,04%	53.791	0,02%
≤ 5000	143	9,24%	376.658	0,14%
≤ 25000	181	11,69%	2.518.961	0,95%
≤ 50000	162	10,47%	6.004.095	2,25%
≤ 100000	208	13,44%	15.341.914	5,76%
≤ 250000	229	14,79%	37.213.714	13,97%
≤ 500000	194	12,53%	68.224.906	25,61%
≤ 1000000	90	5,81%	59.994.088	22,52%
≤ 4000000	45	2,91%	76.585.108	28,75%
Total	1548	100%	266.361.139	100%

Type	Number	Share (%)	Value (€)	Share(%)
AUT	361	23,32%	3.882.858,90	1,46%
COA	3	0,19%	57.087,46	0,02%
COI	37	2,39%	540.441,12	0,20%
ETU	76	4,91%	4.608.096,38	1,73%
IRE	4	0,26%	1.674,61	0,00%
SEA	495	31,98%	40.556.220,02	15,23%
SEI	22	1,42%	663.196,37	0,25%
SER	2	0,13%	525.290,02	0,20%
SUF	88	5,68%	49.576.798,92	18,61%
SUP	460	29,72%	165.949.474,77	62,30%
Total	1548	100%	266.361.138,57	100%

Type	Number	Share (%)	Value (€)	Share(%)
Final Payment	387	25,00%	52.377.541,90	19,66%
Interim Payment	107	6,91%	19.171.015,15	7,20%
Prefinancing EC	195	12,60%	106.443.472,80	39,96%
Prefinancing TP	266	17,18%	80.548.581,91	30,24%
Regularisation	2	0,13%	27.461,73	0,01%
Single Payment	591	38,18%	7.793.065,08	2,93%
Total	1548	100%	266.361.138,57	100%

Management and control systems : stages and main actors	
Selection process (of beneficiaries, intermediaries, agencies, contractors etc), including preventive measures	Characteristics of the selection process of beneficiaries <ul style="list-style-type: none"> Proposals are selected according to their professional credentials and financial stability and other criteria imposed by the legal basis. Beneficiaries are also checked against a legal entity list and the EWS.
Communication and information measures to improve the quality of financial management and provision of supporting data by beneficiaries, contractors and intermediaries	Description of the DG communication strategy towards beneficiaries, internal proceedings <ul style="list-style-type: none"> Program website. Information meeting with beneficiaries. Monitoring missions by staff of the DG or external experts. Use of Commission contractual templates adapted and approved by DG BUDG. Direct contact with project and financial officers at the Commission to resolve particular queries.
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	Controls before and during the implementation period of the projects <ul style="list-style-type: none"> Control provisions provided in the contracts (penalty, recovery clauses, termination, etc...). Review and checks during the contract preparation phase of technical action plan and budget in view of consistency and plausibility. Desk checks of expenditure based on supporting documents, including progress reports, final technical implementation report (compared with the total amount of transactions of the year). Controls carried out by operational units on technical implementation report in order to deliver the "conforme aux faits". Controls carried out by financial units on financial and legal matters in order to deliver the "bon à payer". At any time during the implementation period, the Commission can carry out on the spot controls and/or audits with substantive testing of a sample of transactions. Mid-term review of each programme, taking account of the report of an external evaluator, followed by changes to improve the value for money or the impact of its activities.
Preventive and corrective controls and audit: Desk reviews, on-the-spot audits carried out either <i>ex-ante</i> or <i>ex-post</i> .	Controls at the end of the project <ul style="list-style-type: none"> Control provisions provided in the contracts (penalty, recovery clauses, termination, ex post controls and/or audit). At any time during the 5 years after final payment, the Commission can carry out on the spot controls and/or audits with substantive testing of a sample of transactions.
Feedback which enables control activities to be optimised	
Verification that processes are working as designed	<ul style="list-style-type: none"> Annual surveys and summary reviews and discussion during Directors and Coordination Management.
Monitoring of performance of independent bodies, 3 rd party auditors, externally contracted auditors	<ul style="list-style-type: none"> Audit framework contractor and monitoring team are bound to follow precise audit rules.

<p>High level management reporting (e.g. to the Director General and its role in monitoring problem issues)</p>	<ul style="list-style-type: none">• <i>The political priorities of the Commission are transposed into specific objectives in the DG's Annual Management Plan</i>• <i>Description of reporting system</i> <i>Yearly reporting by the authorizing officers by sub-delegation to the Director General in the framework of the AMP cycle. Implementation of the key actions to be carried out and the progress achieved on the relevant targets and indicators appropriate to each action are monitored through the mid-term assessment of the AMP.</i>• <i>The progress made during the year is reported in the Annual Activity Report (AAR), and eventually the synthesis report for the Commission as a whole.</i>
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