

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 Commission¹, I have reported my advice and recommendations to the Director-General on the overall state of internal control in the DG.

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.

Luxembourg, 30.03.2011

Signed

Lauris Nørnlund

Director

¹ SEC(2003)59 of 21.01.2003

ANNEX 2: Human and Financial resources by ABB activity

Human Resources – 2010

Code ABB Activity	ABB Activity	Human Resources by ABB activity		
		Establishment Plan posts	External Personnel	
				Total
29 02	Production of statistical information	511	137	648
29 AWBL-01	Administrative support for Eurostat	91	15	106
29 AWBL-02	Policy strategy and coordination for Eurostat	55	4	59
	Total	657	156	813

Financial Resources – 2010

Budget lines	Budget lines description	Appropriations	Commitments	Payments
29.010211.00		135,882		
29.010211.00.01.10	Mission expenses	1,741,000	1,741,000	1,410,738
29.010211.00.01.30	Representation expenses	31,000	31,000	19,926
29.010211.00.02.20	Meeting costs	1,355,611	1,355,611	1,087,047
29.010211.00.02.40	Conference costs	342,801	342,766	214,911
29.010211.00.03	Meetings of committees	230,286	230,286	176,996
29.010211.00.04	Studies and consultations	14,076	14075.88	14,076
29.010211.00.05	Development of management and information systems	347,000	346,732	194,045
29.010211.00.06	Further training and management training	286,423	191,947	137,350
29.010211.99	Reserves	53,000		
	TOTAL	4,537,079.00	4,253,417.97	3,255,088.25
	% Execution	93.75 %		

Implementation of decentralised administrative appropriations of the Global envelope as of 31 December 2010 (budget lines: 29 01 02 11 00 to 29 01 02 11 99)

Annex 3 Financial Reports - DG ESTAT - 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 29 : Statistics				
29 01	Administrative expenditure of `Statistics¿ policy area	8,31	7,78	93,65 %
29 02	Production of statistical information	69,61	58,21	83,62 %
Total Title 29		77,92	66,00	84,69 %
Total DG ESTAT		77,92	66,00	84,69 %

* 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).

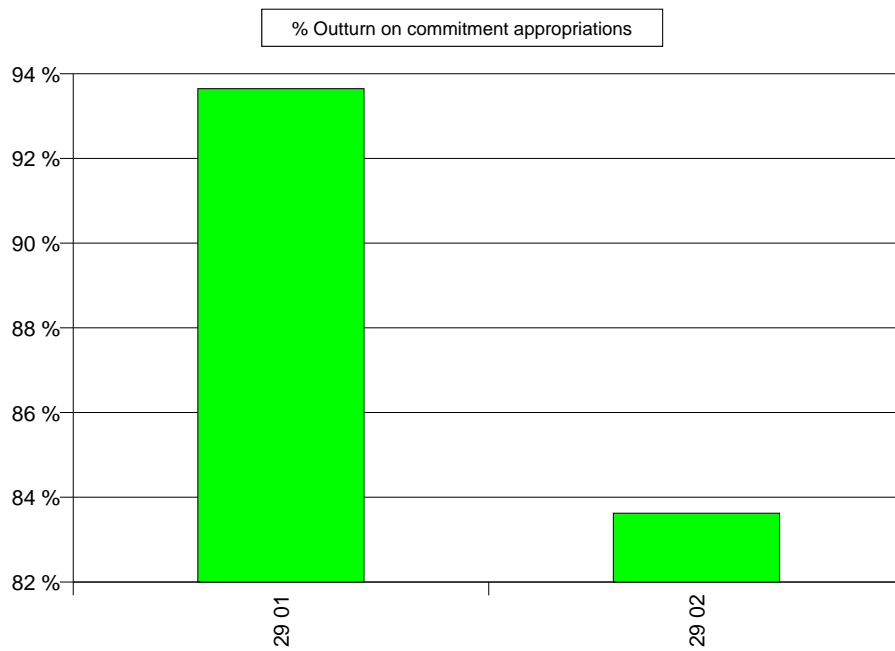


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2010 (in Mio €)				
Chapter		Payment appropriations authorised *	Payments made	%
		1	2	3=2/1
Title 29 : Statistics				
29 01	Administrative expenditure of `Statistics¿ policy area	10,16	6,67	65,61 %
29 02	Production of statistical information	58,04	46,10	79,43 %
Total Title 29		68,20	52,76	77,37 %
Total DG ESTAT		68,20	52,76	77,37 %

* 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

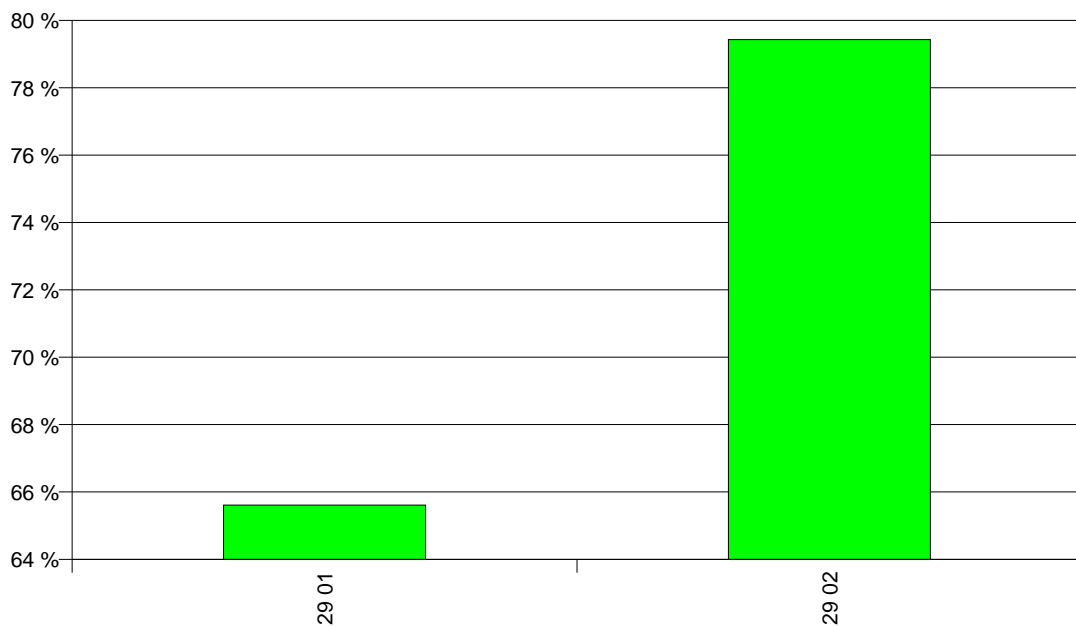
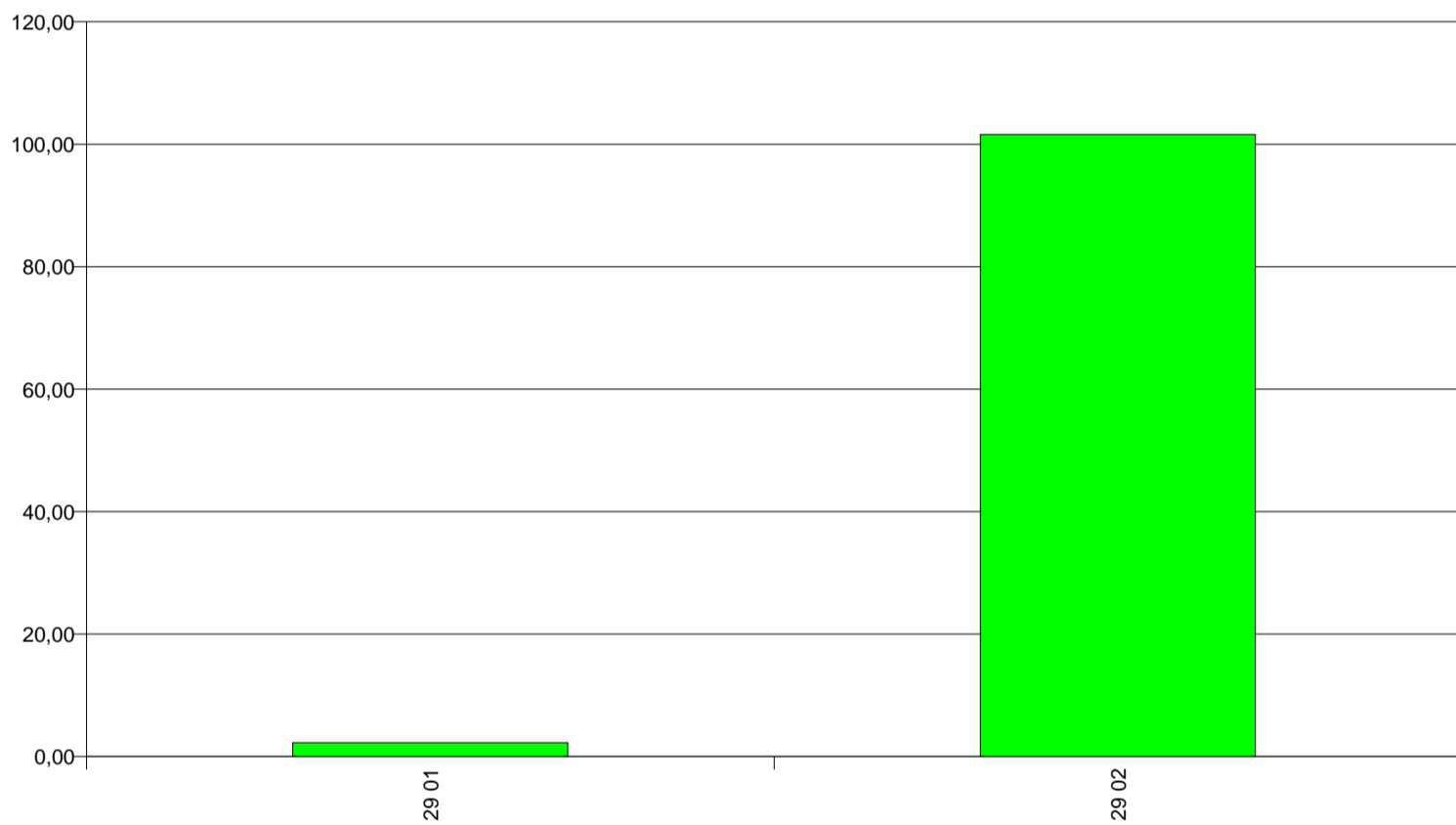


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2010 (in Mio €)

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 29 : Statistics								
29 01	Administrative expenditure of `Statistics¿ policy area	7,78	5,51	2,28	29,24 %	0,00	2,28	1,85
29 02	Production of statistical information	58,21	5,57	52,64	90,43 %	48,95	101,59	94,25
Total Title 29		66,00	11,08	54,92	83,21 %	48,95	103,87	96,10
Total DG ESTAT		66,00	11,08	54,92	83,21 %	48,95	103,87	96,10

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 ESTAT

BALANCE SHEET	2010	2009
A.I. NON CURRENT ASSETS	0,00	900.313,77
A.I.5. LT Pre-Financing	0,00	900.313,77
A.II. CURRENT ASSETS	12.083.173,00	12.488.211,35
A.II.2. Short-term Pre-Financing	10.960.807,61	10.052.805,24
A.II.3. Short-term Receivables	1.122.365,39	2.435.406,11
ASSETS	12.083.173,00	13.388.525,12
P.III. CURRENT LIABILITIES	-48.601.380,97	-45.842.939,52
P.III.2. Short-term provisions	-28.554,00	-28.554,00
P.III.4. Accounts Payable	-48.572.826,97	-45.814.385,52
LIABILITIES	-48.601.380,97	-45.842.939,52
NET ASSETS (ASSETS less LIABILITIES)	-36.518.207,97	-32.454.414,40
P.I.2. Accumulated Surplus / Deficit	0,00	0,00
Non-allocated central (surplus)/deficit*	36.518.207,97	32.454.414,40
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 ESTAT

ECONOMIC OUTTURN ACCOUNT	2010	2009
II.1 SURPLUS/ DEF. FROM OPERATING ACTIVT	69.662.424,83	54.720.591,54
II.1.1. OPERATING REVENUES	-4.381.814,81	-3.464.836,02
II.1.1.0. Own resource and contributions	-4.252.700,00	-3.849.594,00
II.1.1.1. Other operating revenue	-129.114,81	384.757,98
II.1.2. OPERATING EXPENSES	74.044.239,64	58.185.427,56
II.1.2.1. Administrative Expenses	17.678.479,77	652.734,47
II.1.2.2. Operating Expenses	56.365.759,87	57.532.693,09
II.2. SURPLUS/DEF. NON OPERATING ACTIVIT		106.396,40
II.2. FINANCIAL OPERATIONS		106.396,40
II.2.2. Financial expenses		106.396,40
ECONOMIC OUTTURN ACCOUNT	69.662.424,83	54.826.987,94

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.

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

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	652	558	85,58 %	19,39	94	14,42 %	45,79
45	363	284	78,24 %	24,77	79	21,76 %	109,34
50	10	10	100,00 %	28,50			
60	2	2	100,00 %	31,00			
75	93	92	98,92 %	31,02	1	1,08 %	198,00
90	491	415	84,52 %	48,67	76	15,48 %	143,00

Total Number of Payments	1611	1361	84,48 %		250	15,52 %	
Average Payment Time	40,51			30,31			96,03

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	116	74	63,79 %	12,07	42	36,21 %	41,83
30	899	629	69,97 %	19,27	270	30,03 %	59,41
45	2	2	100,00 %	23,50			
50	10	10	100,00 %	28,50			
60	122	114	93,44 %	31,13	8	6,56 %	88,00
75	462	338	73,16 %	44,59	124	26,84 %	119,31

Total Number of Payments	1611	1167	72,44 %		444	27,56 %	
Average Payment Time	40,51			27,39			74,99

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
11	101	201	12,48 %	1611	16.302.939,05	22,39 %	72.827.501,73

Late Interest paid in 2010			
DG	GL Account	Description	Amount (Eur)

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								
50	PROCEEDS FROM THE SALE OF MOVABLE PROPERTY (SUPPLY OF GOODS) AND IMMOVABLE PROPERTY	193.560,10	4.850,00	198.410,10	182.810,10	4.850,00	187.660,10	10.750,00
	Total Title 5	193.560,10	4.850,00	198.410,10	182.810,10	4.850,00	187.660,10	10.750,00
Title 6: CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH COMMUNITY/EU AGREEMENTS AND PROGRAMMES								
60	CONTRIBUTIONS TO COMMUNITY/EU PROGRAMMES	4.252.700,00	1.283.198,00	5.535.898,00	4.252.700,00	1.283.198,00	5.535.898,00	0,00
66	OTHER CONTRIBUTIONS AND REFUNDS	605.744,35	1.231.425,79	1.837.170,14	595.261,55	25.708,60	620.970,15	1.216.199,99
	Total Title 6	4.858.444,35	2.514.623,79	7.373.068,14	4.847.961,55	1.308.906,60	6.156.868,15	1.216.199,99
Total DG ESTAT		5.052.004,45	2.519.473,79	7.571.478,24	5.030.771,65	1.313.756,60	6.344.528,25	1.226.949,99

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

Annex 3 Financial Reports - DG ESTAT
Report printed on 15/03/2011

**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		TOTALS	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2004	2	10.482,80	3	76.976,50	5	87.459,30
2005	1	11.756,99	1	27,00	2	11.783,99
2006	3	490.739,50			3	490.739,50
2007	1	1.866,71			1	1.866,71
No Link			2	13.894,85	2	13.894,85
	7	514.846,00	6	90.898,35	13	605.744,35

EXPENSES

	Nbr	Amount
INCOME LINES IN INVOICES	0	

	Error		Irregularity		No error / irregularity		Follow Up	
	Nbr	Non-Eligible Amount	Nbr	Non-Eligible Amount	Nbr	Non-Eligible Amount	Nbr	Non-Eligible Amount
NON ELIGIBLE AMOUNT IN COST CLAIMS	125	799.248,15	13	25.134,02	18	27.653,12	1	23.326,70

	Error		No error / irregularity	
	Nbr	Credit Note Amount	Nbr	Credit Note Amount
CREDIT NOTES	18	-450.801,75	19	-846.560,75

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 ESTAT

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
2003	1	1	0,00 %	1.101.132,59	1.101.132,59	0,00 %
2004	1	1	0,00 %	2.000,00	2.000,00	0,00 %
2005	3	3	0,00 %	102.584,60	102.584,60	0,00 %
2009	11		-100,00 %	1.313.756,60		-100,00 %
2010		17			21.232,80	
Totals	16	22	37,50 %	2.519.473,79	1.226.949,99	-51,30 %

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 DG ESTAT	
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Number of RO waivers	0
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J u s t i f i c a t i o n s :

No data to be reported

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

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Art. 126 1b	2	905.000,00
Art. 126 1e	2	198.950,00
Total	4	1.103.950,00

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

Internal procedures > € 60,000	2009		2010	
Contract Class	Count	Amount (€)	Count	Amount (€)
Service	72	50.843.026,00	45	16.443.021,64
Supply			1	99.992,00
TOTAL	72	50.843.026,00	46	16.543.013,64
Procedure Type	Count	Amount (€)	Count	Amount (€)
Negotiated Procedure without publication of a contract notice Art. 126 IR			4	1.103.950,00
Open Procedure (Art. 122.2 IR)	70	50.646.026,00	41	15.329.063,64
Service - Procedure with a single offer (Art. 241.1 IR)	1	98.500,00		
Direct Agreement			1	110.000,00
Restricted Procedure without a contract notice or call for expressions of interest (Art. 129.1 ME)	1	98.500,00		
TOTAL	72	50.843.026,00	46	16.543.013,64

External procedures > € 10,000	2009		2010	
Contract Class	Count	Amount (€)	Count	Amount (€)
Service	2	5.202.264,00	2	2.400.000,00
TOTAL	2	5.202.264,00	2	2.400.000,00
Procedure Type	Count	Amount (€)	Count	Amount (€)
Open Procedure (Art. 122.2 IR)	2	5.202.264,00		
Service-International Restricted Procedure with four to eight tenderers after prior pub. (Art. 241.1&2 IR)			2	2.400.000,00
TOTAL	2	5.202.264,00	2	2.400.000,00

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

In order to identify material weaknesses that need to be disclosed on the declaration of the AOD, Eurostat has taken into account the following qualitative and quantitative criteria, assessing whether the weakness is significant and should lead to the reporting of a reservation.

Qualitative criteria for defining significant weaknesses:

In assessing materiality, Eurostat took account of a number of qualitative criteria:

- The nature, scope and duration of the weakness;
- The level of sensitivity;
- Reputational risk;
- The level of evidence available from ex-post control work to be confident of providing the necessary assurances;
- Whether the risk concerns a major point by the Court of Auditors;
- Whether the risk concerns a major point raised by the IAS and/or the IAC;
- Measures already taken or in place to address the situation.

Quantitative criteria for defining significant weaknesses:

The Commission Communication (COM (2003) 28 final) from 21.1.2003 provides in its annex guidelines covering inter alia the concept of materiality. These guidelines propose an indicative materiality threshold of 2%:

"The quantitative materiality threshold is 2%, i.e. when the amount of the transaction (in the broad sense) affected by the deficiency represents more than 2% of the budget allocated to the ABB activity of the service concerned." According to the guidelines DGs may deviate from the threshold of 2% if they deem that the nature of the risks and controls, based on the DG's assessment of the risk and control environment in which the DG operates, makes the standard threshold inappropriate.

Eurostat continued to apply the threshold of 2% for assessing the materiality of deficiencies.

ANNEX 5: Internal Control Templates for Budget Implementation

INTERNAL CONTROL TEMPLATE FOR DIRECT CENTRALISED MANAGEMENT – INTERNAL POLICIES - GRANTS - 2010

1. Characteristics of DG policy environment: type of beneficiaries and nature of actions co-funded

Summary: Description of the subvention programme of the DG (beneficiaries/clients/purposes)

In 2010, grants agreements were awarded in Eurostat to support the implementation of the Community Statistical Programme 2008-2012, and of the Programme for the Modernisation of European Enterprise and Trade Statistics (MEETS 2009-2013), with a view to ensuring the optimum development of statistics and build-up of capacity in the ESS, making best use of available resources. In addition, grant agreements were also signed within the framework of Grants programmes of other DGs sub-delegating appropriations to Eurostat.

Actions described in these programmes were co-financed by the Commission (Eurostat) through partial reimbursement of eligible costs.

Grants were awarded by Eurostat without a call for proposals to bodies identified by a basic act as beneficiaries in accordance with Article 168(1) (d) of the implementing rules of the Financial Regulation. This is the case of the national statistical authority designated by each Member State as the body having the responsibility for coordinating all activities at national level for the development, production and dissemination of European statistics (the National Statistical Institutes) and other national authorities responsible in each member State for the development, production and dissemination of European statistics as designated by Member States¹.

In 2010, almost all grants were awarded to the NSIs and other national authorities participating to the European Statistical System (ESS).

Key inherent risks in this environment:

- Eurostat environment is characterised by a close cooperation with the National Statistical Institutes and other national authorities responsible in each Member State for the development, production and dissemination of European statistics.
- Complex legal framework required to implement different types of projects, in particular as a result of the important use of the sub-delegated appropriations.
- Complexity due to multi-partners structure for some projects: ESSnet projects.

The Regulation (EC) No. 223/2009 on European Statistics underlines that statistical co-operation within the European Statistical System (ESS) is based on close co-operation and partnership between the Community statistical authority (Eurostat), the NSIs and other national authorities responsible for European statistics.

¹ See articles 4 and 5 of the Regulation (EC) N) 223/2009 of the European Parliament and of the Council of 11 March 2009 on European statistics.

Management mode: Direct centralised management.

Community contribution to the eligible costs actually incurred by the beneficiary. Co-financing required from the beneficiary. Both mono- and multi-beneficiary grant agreements.

Grant period:

Average duration of a grant: between 12 and 24 months.

No intermediate payments. Eurostat carries out only pre-financings and final payments.

Grant basis:

Form of co-financing expressed as a percentage of the actual eligible costs of an action. Eligible costs are the cost base from which the maximum Community contribution is determined, expressed as a maximum amount and percentage of such eligible costs. Flat-rate cover of the beneficiary's overheads up to a maximum of 7% of total eligible costs for the action

Number/Amount/Average amount			
	Number	Amount in €	%
Totals Grant Agreements (Subdelegated + Estat credits)*	283	49 960 736 €	
Total Grant Agreements (Subdelegated credits)	77**	22 730 343 €	45.50 %
Totals Grant Agreements (Estat credits)*	234**	27 230 393 €	54.50%
Average amount Grant Agreements (Subdelegated +Estat credits)		176 540 €	
Average amount Grant Agreements (Subdelegated credits)		295 199 €	
Average amount Grant Agreements (Estat credits)		116 369 €	

* only level 2 commitments

** some grants are financed both under subdelegated credits and Estat credits

Range	%
% Grant Agreements >1 €Mio on total ESTAT credits (Number)	0.43 %
% Grant Agreements >1 M on total Subdelegated credits (Number)	6.94 %
% of Grant Agreements >1 M on total Subdelegated credits (Amount)	67.65 %

Number of beneficiaries (including co-ordinators)	50
Level of co-financing (weighted average on Subdelegated +Estat credits)	66.98 %
Level of co-financing (weighted average on Estat credits)	67.33 %

Remark: the amounts from the tables above have been calculated based on data from Abac

2. Elements of the internal control systems and actors, through programme life cycle.

The objectives of these controls are to ensure good quality of selected projects, good performance and sound financial management.

Selection process (of beneficiaries, intermediaries, agencies etc.), including preventive measures	<p><i>Characteristics of the selection process of beneficiaries</i></p> <ul style="list-style-type: none"> • Almost all beneficiaries of grants awarded by Eurostat are the national statistical authority designated by each Member State as the body having the responsibility for coordinating all activities at national level for the development, production and dissemination of European statistics (the NSIs) and other national authorities responsible in each
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	<p>member State for the development, production and dissemination of European statistics as designated by Member States. Beneficiaries are therefore public bodies, parts of their respective national governments that by definition are, for their own part, responsible for the careful use of taxpayers' money.</p> <ul style="list-style-type: none"> • All grants procedures are either subject to a restricted invitation to members of ESS to submit proposals or to an open call for proposals. Taken into account characteristics of the Eurostat's beneficiaries, the category of open calls for proposals is exceptional (only 2 open calls for proposals in 2010 but no proposals received). • Grants awarded to NSIs and other national authorities without a call for proposals, in accordance with Article 5.3 of Regulation (EC) No. 223/2009 on European Statistics.
<p>Preventive and directive measures to improve the quality of financial management and provision of data by beneficiaries and intermediaries</p>	<p><i>Description of the DG communication strategy towards beneficiaries, internal proceedings</i></p> <ul style="list-style-type: none"> • Information, communication and training measures to the recipients of the grants: helpdesk, extensive guidance notes, guidelines relating to grants awarded by Eurostat and appropriate external training. • Use of Commission contractual templates. • Appropriate training is provided by the financial unit. • Specific question regarding grant awarding process are answered at short notice through a dedicated helpdesk. • Eurostat's staff is regularly informed through an internal dedicated website on grant procedures, including update of documents/rules.
<p>Detective and corrective controls:</p> <p>Verification of commitments, pre-financing, interim, payments and key milestones.</p> <p>Monitoring of the project</p>	<p><i>Controls before and during the implementation period of the projects</i></p> <p><i>Premise: description of the ex ante control methodology in terms of scope</i></p> <ul style="list-style-type: none"> • For each financial transaction (Call for proposal, award of the grant, commitment, amendment, payment, decommitment, recovery order...) a detailed check-list must be filled in by each actor involved in the financial circuit, which are updated on a regular basis • Controls carried out by operational units on technical implementation report in order to deliver the "conforme aux faits" • Controls carried out on financial and legal matters in order to deliver the "bon à payer" • Reinforced financial ex-ante controls carried out on the basis of additional documentation requested to the beneficiaries under a risk based sample and under a random sample, before payment.
<p>Corrective controls and audits:</p> <p>Either on the system or on individual projects.</p> <p>At the end of the project (before or after the final payment)</p>	<p><i>Controls at the end of the project</i></p> <p>Financial ex-post controls</p>

3. Internal and external supervisory and audit controls	
Verification that processes are working as designed	<ul style="list-style-type: none"> • Yearly revision and update of the existing check-lists and standard documents • Supervisory control of the financial verification by the head of section • Rolling Risk assessment based on the following elements: <ul style="list-style-type: none"> ○ Results of ex-post controls ○ Comments made by evaluation committees during procedures of grants award and risks identified and communicated by operational units to Unit A3 ○ Risks identified during the financial verification of transactions. ○ Risks identified by audits ○ New beneficiaries not familiarised with rules • Start-up of a new particular programme or a changing environment (application of new rules, etc).
Monitoring of performance of 3rd party auditors, externally contracted auditors	Not applicable to Eurostat's credits
IAC, IAS, ECA, EP Feedback on adequacy of the system	<ul style="list-style-type: none"> • Audit report on DG ESTAT Grant Awarding Process 2008-2009 • Recommendations made by the IAS and IAC are followed up systematically
High level management reporting and its role in identifying problem issues	Regular meetings (in principle monthly) of the directors on budgetary matters, in particular aimed at following up the budgetary planning/execution and at adopting the main decisions on budgetary procedures and tools.

INTERNAL CONTROL TEMPLATE FOR DIRECT CENTRALISED MANAGEMENT – PROCUREMENT

<p>1. Inherent nature and characteristics of the DGs policy environment and stakeholders</p> <p>Summary:</p> <p>In 2010, contracts were signed in Eurostat within the framework of the existing statistical programmes. Traditionally, contracts signed by Eurostat are service contracts requiring a statistical expertise or a competence in the domain of informatics (framework contracts are also used in this case).</p> <p>Key inherent risks insofar they impact on reasonable assurance (including limit and extent of its responsibilities and those of other stakeholders):</p> <p>The main recurrent constraint for Eurostat is to find contractors having the competence to provide the expected services in the domain of statistics. Since 2008 all calls for tender are published on Eurostat's website (from which tender documentation can be downloaded directly) in view of a larger advertising on our activities.</p>	
<p>Management mode/s:</p> <p>Key figures:</p>	<p>72 call for tenders of which 31 open procedures</p> <p><u>Eurostat operational credits :</u> Amount of commitment appropriations consumed: 29.614 Mio € Number of commitments: 315 Number of contractors: 86 Amount of payments: 26.778 Mio € Number of payments : 637</p> <p><u>Subdelegated operational credits:</u> Amount of commitment appropriations consumed: 3.276 Mio € Number of commitments: 8 Number of contractors: 4 Amount of payments: 4.56 Mio € Number of payments : 27</p>
<p>Remark: the amounts from the table above have been calculated based on data from Abac</p>	
<p>2. Management and control systems – the basis of the declaration of assurance</p>	
<p>Planning and selection process of contractors, including preventive controls</p>	<p>Contracts have been awarded according to the rules set up in the Financial regulation. Updated standard documents and check-lists were made available on Eurostat internal website to the different actors involved in the financial circuits.</p>
<p>Communication and information</p>	<ul style="list-style-type: none"> - Calls for tender for contracts above €60,000 are published on the OJ and on Eurostat's website (where the relevant documentation can be downloaded). The publication of a pre-information notice is the standard rule in view of better advertising on our contracts. A general information on potential contracts below €60,000 (negotiated procedures) is also published on Eurostat's website. - Appropriate training is provided by the financial unit (organisation of a call for tender; drafting tender specifications; evaluation process). - Eurostat's staff is regularly informed on new documents/rules through a dedicated website. - All specific questions on financial matters are answered at short notice through a dedicated help desk.

<p>Detective and corrective controls:</p> <p>Performance monitoring, and verification of payments and key milestones</p>	<p>For each financial transaction (Call for tender, award of the contract, commitment, payment, recovery order...) a specific check-list must be filled in by each actor involved in the financial circuit.</p> <p>Monitoring of implementation of procurement actions is carried out on the basis of a Eurostat specific DG IT application as well as specific BO reports from the Commission wide financial application (ABAC).</p>
<p>Preventive and corrective controls and audit:</p> <p>Desk reviews, on-the-spot audits carried out either ex ante or ex post.</p>	<p>Ex ante controls and checks are carried out based on a comprehensive system of checklists.</p> <p>If the authorising officer by sub-delegation wants to overrule the negative opinion of the financial verifier, an exception procedure has been set up (the implementing rules have been approved by Eurostat's DG).</p>
<p>3. Feedback which enables control activities to be optimised</p>	
<p>Verification that processes are working as designed</p>	<ul style="list-style-type: none"> - Follow up audit report on financial circuits in 2010 - Yearly update of the existing check-lists and standard documents - Supervisory control of the financial verification by the head of section
<p>Monitoring of performance of independent bodies, 3rd party auditors, externally contracted auditors</p>	<p>Not applicable to Eurostat's credits</p>
<p>IAC, IAS, ECA recommendations on the functioning of the system and their follow up</p>	<p>Past recommendations on IT procurement (IAS) have been closed as a result of the Follow up audit performed in 2009.</p> <p>An audit on the procurement in Eurostat has been carried out by IAC in 2010. It has been finalised in February 2011. The recommendations will be implemented in 2011.</p>
<p>High level management reporting and its role in identifying problem issues</p>	<p>Regular meetings (in principle monthly) of the directors on budgetary matters, in particular aimed at following up the budgetary planning/execution and at adopting the main decisions on budgetary procedures and tools. High-level dashboard reporting to Estat management covering inter-alia procurement actions carried out every three months.</p>