



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
HUMAN RESOURCES AND SECURITY

Annual Activity Report 2010

Directorate-General
"Human Resources and Security"



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PART 1 POLICY ACHIEVEMENTS

This part of the AAR is divided in the five key policy areas as set out in the Management Plan 2010:

- I. Recruit and develop staff in the Commission
- II. Provide safe, secure and attractive working conditions for staff
- III. Allocate Commission staff efficiently
- IV. Ensure sustainability of the regulatory framework and effective implementation of the staff regulations
- V. Add value to the HR offer

I. RECRUIT AND DEVELOP STAFF IN THE COMMISSION

Our staff is our most important asset and has always been the cornerstone of the Commission's success. DG HR's fundamental role, as a horizontal service, is to ensure the necessary conditions for this success: to have the right person, with the right competencies, in the right place, at the right time.

Building on the comprehensive career policies in place, in 2010 we focussed on adequately implementing the current policy in place, adjusting selected policies to take account of the latest trends and, where necessary consolidate them with the aim of retaining and developing motivated and high-performing staff in the Commission.

EU-12 recruitments

One of the greatest challenges of recent years was the smooth integration of staff from the new Member States into the Commission. With a total recruitment target of 4,566 staff, the 2004-2007 enlargement taken as a whole was over 3 times as big as the enlargement to Spain and Portugal in 1986 (1,418) and the enlargement to Austria, Finland and Sweden in 1995 (1,364).

At the end of the transition period in 2010, EU-10 recruitments have been successfully completed and recruitment targets met for both AD and AST function group. At management level, the overall recruitment results are also very satisfactory at the end of the transition period for EU-10 recruitment, with all targets met for middle and senior management. In relative terms, the weight of the EU-10 recruitment targets (3,508 officials or temporary agents) represented about 16% of the officials and temporary agents in activity at the beginning of the transition period. For the 1986 Spain-Portugal enlargement, the recruitment target represented 11% of the corresponding pre-enlargement staff in activity, and 8% for the 1995 Austria-Finland-Sweden one.

EU-2 recruitments are in schedule. The partial target at the end of 2010, one year before the end of the transition period for EU-2 recruitments, was achieved for both AD and AST function groups.

At management level, the overall recruitment results are also very satisfactory at the end of the transition period for EU-10 recruitment, with all targets met for middle and senior management. During 2010, 78 procedures for recruitment of senior managers were launched by the Consultative Committee on Appointments (CCA), which led to 63 CCA-opinions submitted to the Portfolio Commissioners.

Recruitment policy for administrators

During 2010, DG HR revised the Commission's recruitment policy for administrators with the aim of recruiting AD officials at two different levels of grades from 2011 onwards: AD5 for candidates without working experience and AD7 for candidates with working experience. It is planned for 2011 to split the general competitions at a ratio of 60% for AD5 and 40% for AD7 recruitments. This will allow us attracting highly qualified staff with working experience gained outside the Commission and thereby enriching the skill sets and competencies of our staff.

New rules for contract agents

After long in-depth consultations with various stakeholders, the preparations for adoption of the new General Implementing Provisions (GIPs) for contract agents could be completed by the end of 2010¹. The new GIPs clarify the fundamental differences between “contract staff” (CA 3a) with the possibility of a permanent contract and “auxiliary contract staff” (CA 3b – limited to three years). They also harmonise the contracts of employment by the Commission and, as far as possible, progressively move away from employment contracts covered by the national law of an EU Member State.

Another important improvement of the new GIPs is the introduction of a stable Appraisal and Re-classification System for contract agents with permanent contracts. The 2010 exercise had to be managed on the basis of ad-hoc rules inspired by the draft GIPs and was successfully completed in less than 3 months.

Appraisal and Promotion system for officials

The current Appraisal and Promotion system was introduced in 2009 and implemented for the second time last year. The system delivered the highest observed number of promotions in 2010, with over 25% of all officials promoted (5429 promotions).

However, the last two years also have revealed a very high number of individual appeals against the appraisal and/or promotion result. As a result of the experience during the first year of implementation, the appeal procedures were changed and its revised rules adopted by the College in May 2010. With the new rules the 2010 appeals could be dealt with in a clearer way.

Recognising the widespread criticism from staff and other stakeholders towards the current system, DG HR aims at revising the rules with the view of implementing them with the 2012 exercise.

Equal opportunities

Equal opportunities have been for long at the core of the Commission commitments and legal obligations. The Staff Regulations enshrine the obligation not to discriminate against on various grounds, among other sex, disability or ethnic origin. They also provide for the

¹ Date of adoption by the College 2 March 2011.

concept of 'reasonable accommodation' to ensure that disabled people can perform the essential functions of the job, unless this would cause a disproportionate burden on the employer.

On 17 December 2010, the Commission adopted a new Equal Opportunities strategy for women and men for the period 2010-2014². This strategy is based on three central principles: (1) attracting, developing and maintaining a balanced workforce; (2) promoting a flexible working environment; (3) ensuring ownership of the strategy at the highest level.

With regard to the first principle, the strategy sets multi-annual targets to be achieved by end 2014. By then, 25% of senior management posts should be occupied by women (compared to 21% end 2009), with a corresponding target to replace at least 30% of retiring senior managers by women. By 2014, 30% of the middle managers should be women (23% end 2009), with 50% of retiring middle managers to be replaced by women. For the first time, middle management targets will also be set at the level of each individual Directorate-General. Finally 43% of non-management administrator (AD) posts should be occupied by women by 2014 with 50% of retiring ADs to be replaced by women.

II. PROVIDE SAFE, SECURE AND ATTRACTIVE WORKING CONDITIONS FOR STAFF

This area concerns the conditions and environment in which staff operates. It covers a wide range of well-established HR and security policies; however, also new tasks arise such as threats through cyber attacks on which achievements were made during 2010.

SECURITY

An effective security policy is essential for the proper functioning of the Institution, as it ensures that the Commission and its staff can work in safe and secure conditions. In 2010, a series of major achievements in the field of Crisis Management and Business Continuity has been made. Implementation of crisis response measures in follow-up to lessons learnt from the fire in the Berlaymont on 18 May 2009 continued. With the exception of some actions requiring infrastructure works, the vast majority of actions were completed by the date of the first anniversary of the fire.

Business Continuity

With regard to the preparedness for unexpected disruptions to DG HR's activities (Business Continuity), significant progress has been made: on the basis of a comprehensive review of the DG's core functions in terms of their criticality for the Commission as a whole (Business Impact Analysis), DG HR's Business Continuity Plan was redrafted. In addition, the new manual for decision-makers (Incident Management Manual) will help structure HR Family's response in the first stages of a disruption.

²

SEC(2010) 1554/4

Security awareness

Regarding security awareness amongst Commission staff (security experts and others), the usual awareness-raising activities were developed, taking the benefit of existing communication and information means, such as the publication of bi-annual security newsletters in Commission en Direct. These complemented the well-established events, such as the European Commission Security Symposium which was held on 28 October 2010.

Physical security

With regard to the security of Commission buildings, preparations for the roll-out of the PSG programme ("Projet de sécurisation globale") have continued. In October 2010, the first fully PSG-compliant building was inaugurated.

Response to cyber attacks

In the field of Communication and Information Systems (CIS) security, the main achievements involve the establishment of a Cyber Attack Response Team (CART) within the Security Directorate, charged with providing an appropriate and timely response to targeted cyber-attacks directed against the interests of the Commission and the other EU Institutions.

Health and Safety

In addition, further progress has been made to implement the 2006 COM Decision establishing a Harmonised Policy for Health and Safety at Work for all Commission staff. To this end, the second Annual Health and Safety Report was presented, the first Audit Report to assess the compliance of OIL and PO with Health and Safety rules was presented and the risk analysis of each type of job in Brussels was completed in a joint effort with the medical service and OIB.

Anti-harassment policy

DG HR has pursued the consolidation of, the policy of prevention and fight against harassment and the network of confidential counsellors. Regarding the activities of the network, in 2010 there were 208 requests for informal support (compared to 260 in 2009 and 208 in 2008). Feedback from clients shows that it is crucial for them to be heard and supported when facing difficulties. Two thirds of the situations were solved to the satisfaction of the parties involved.

WORKING CONDITIONS

Fulfilling working environment is key to motivation, development and performance of staff. In 2010, DG HR focused its efforts to offer innovative and inclusive working conditions. This comprised a modern social policy, a clearer framework for flexible working arrangement and an efficient buildings policy.

Social Policy

As regards social policy, DG HR's range of action has been very wide in 2010, combining financial, non-financial, medical interventions and contribution to the functioning of European schools. On the financial side, DG HR helped almost 500 members of Staff in a difficult situation including social assistance for disabled. As a modern employer, the Commission has an active policy towards its pensioners and those of all other EU Institutions. In 2010, more than 3 600 contacts were recorded including in some cases direct support through home visits. DG HR has the responsibility of the Medical Service of the Commission which also provides services for a range of other Agencies and Institutions. In addition to its initiatives in the field of occupational and preventive medicine, the Medical service has special responsibilities in the psychosocial interventions sector. In 2010, the psychosocial support teams helped more than 1700 colleagues who asked for support and intervened in two major incidents, namely the earthquake in Haiti and the Belgian train accident in Buizingen where Commission staff was involved.

Medical Service

As an occupational health service the Medical Service plays a role in the entry into service procedure with 2054 medical visits before recruitment in 2010. Moreover, 5716 annual medical visits were performed. In addition to its initiatives in the field of occupational and preventive medicine, the Medical Service also offers psychosocial assistance. In 2010, the psychosocial interventions teams helped more than 1700 colleagues who asked for support and intervened in two major incidents, namely the earthquake in Haiti and the Belgian train accident in Buizingen.

European Schools

As regards its involvement in the European Schools, the Commission, as the by far largest contributor to the system, played an active role in ensuring that the children of EU Institutions staff can have access to a qualitative and recognised education in their mother tongue. This has facilitated the mobility of staff and made the EU institutions a more attractive employer. In a difficult fiscal stance in the Member States, the Commission made a major effort in 2010 in controlling the budgetary situation of the European Schools. For instance, Commission's proposal to modernise the teachers' salary scales has been adopted by the Board of Governors of the Schools and will lead to significant savings, while securing the sustainability of the European Schools system.

Working arrangements

In the field of working arrangement, the Commission has adopted in December 2010 four decisions on working conditions (leave, parental leave, family leave and part-time working). These decisions provide a consistent and clearer framework for individual rights. They fine-tune the interpretation given to some Staff Regulations' provisions and take into account the recent case law on these matters.

Flexible Working

A flexible approach to work is an essential component of modern HR management. In 2010 more than 18,000 people opted for it, which equals to almost 56%. As well, the possibility to carry out some of the daily duties outside the office (tele-work) increased over the year 2010 to more than 1,800 teleworkers in the Commission (against 1,150

planned in the 2009 Telework Decision), i.e. 23% more than in December 2009. Of these, the percentage of tele-working women is greater than the percentage of men (67% against 33%).

Buildings policy

DG HR is responsible for the definition of the real estate policy as well as for the elaboration of efficient monitoring procedures. Together with OIB and OIL, the offices in charge of the management of the Commission's buildings in Brussels and Luxembourg, DG HR helped establish a sustainable framework for office occupation in the coming decade. In Brussels, the Commission continued collaborating with the Brussels Region on a new development of the European quarter. This is notably the case for the “Projet Urbain Loi” (PUL). It also made progress in the search and development of a limited number of significant poles in or around the Brussels region. As regards Luxembourg, a significant step has been made with the launching and successful completion by the local authorities of the competition for the Jean Monnet 2 building, a 120 000 m² project.

III. ALLOCATE COMMISSION STAFF EFFICIENTLY

In a zero-growth context, new political priorities need to be achieved through optimal allocation of staff and internal redeployment of posts. DG HR brings a major contribution to the achievement of this Commission objective, which translated in 2010 in the established involvement of DG HR in resource allocation decisions.

Screening and resource allocation

In particular, the 2009 annual screening report, showing a continuous decrease in administrative and support staff levels, was sent to the budgetary authority in May 2010, and a specific ad hoc screening of DG ESTAT was completed end of July. In the second semester, the number of local administrative and support staff exceeding the Commission average was successfully reduced by half in a combined effort of DG HR with the relevant DGs.

DG HR also contributed to the preparation of budgetary hearings and Commission allocation decisions for 2010 (complementary allocation) and 2011. Preparatory work on the policy on replacement of absent staff revealed it should be considered as part of a broader issue, i.e. the management of the population of contract staff.

Organisational structures

DG HR also prepared and implemented the three substantial annual reorganisation packages and the portfolio reorganisations following the entry into office of the new College of Commissioners, including the split of three DGs (ENV, JLS and TREN). In all split DGs, DG HR assisted with the set-up of shared-services. Furthermore, in the context of creating the new institutional external relations set-up, DG HR led the work in merging DGs AIDCO and DEV into a new DG DEVCO as well as creating the new Service for Foreign Policy Instruments (FPI). The Commission's Delegation staff pool (RELEX DEL) was dissolved and Commission staff were re-attached to their Commission home DG, while continuing their assignments in EU Delegations. Work on consolidating Communication on Organisation Charts progressed, with adoption foreseen in 2011.

Rationalising internal processes

In 2010, DG HR launched several initiatives aimed at further rationalising its own internal processes. Recruitment, training, mobility, leave on personal grounds (CCP), third language, appraisal and promotion & job descriptions were identified as key HR processes for efficiency gains. Notably, Appointing Authority powers for recruitment and internal mobility were delegated to Head of Sector level to improve speed of processing. Rationalisation plans were drawn in respect of mobility workflows and job descriptions validations and for the integration of CCP workflows in Sysper2. Last but not least, substantial progress was made in the creation of a single database for all legal HR texts (Systat).

International co-operation

Exchange of best practices in the framework of administrative cooperation continued with other international organisations (UN in particular) and Member States, including a successful development of administrative cooperation with the African Union Commission (AUC). DG HR also contributed to the assessment of Public Administration Reform (PAR) Projects in candidate countries and contributed to the Commission's enlargement policy documents.

HR Information systems

One of the innovations of the reorganisation of DG HR as from 1 January 2010 consisted in the creation of a single unit in charge of HR reporting and of the coordination of the development of HRM Information Systems. In 2010, the IT governance structure in the HRM domain was revamped and now integrated a project level that was missing, as well an involvement of the users and various stakeholders like the other Institutions using DG HR Information systems. The role and responsibilities of the system owners were also clarified.

In addition to the day-to-day production of statistics, reports and analysis supporting the definition and implementation of HR policies, and the further consolidation of an integrated HR DataWarehouse, major IT developments occurred in 2010, including a modernised IT application for the management of medical data (SerMed), the implementation of the revised provisions for the appraisal and promotion system for officials (revised appeal phase), the adaptation of the Time Management module in Sysper2 following the new GIPs on leaves, the extension of the ethics module, further integration of DGs' corporate and local websites in My IntraComm and the expansion of Sysper2 to other Institutions.

IV. ENSURE SUSTAINABILITY OF THE REGULATORY FRAMEWORK AND EFFECTIVE IMPLEMENTATION OF THE STAFF REGULATIONS

In line with its accountability as a public organisation in the general interest, DG HR has to ensure that the management of financial and legal issues enables long-term efficiency, stability and trust and is recognised as abiding by the highest standards.

Remuneration systems

As a general principle, the annual adjustment of the remuneration and pensions of EU officials takes into account economic developments in the Member States as captured by two indicators: the cost of living in Brussels and the evolution of purchasing power of officials of national administrations in a sample of eight Member States.

In 2010, a major event occurred regarding adjustment of the remuneration. On 24 November 2010, the Court of Justice rendered the judgment in Case C-40/10 on the 2009 annual adjustment to remuneration and pensions of EU civil servants. The action had been brought by the Commission against the Council as the latter had decided not to adopt the amount of the adjustment (3.7%) resulting from the Staff Regulations, but to reduce it to 1.85%. The Court upheld the Commission's position and annulled the contested part of the Regulation. In order to comply with the judgment, the Council, acting on the Proposal of the Commission had submitted in November 2009, modified the part of the Regulation that was annulled by the Court, thus granting an additional increase of 1.85 percentage points.

Subsequently, in order to take into account the modified 2009 adjustment, the Commission presented an amended proposal for the 2010 annual adjustment to remuneration and pensions, which suggested a 0.1% increase. Also, the Commission amended its proposal on the pension contribution rate, as past salary adjustments are used for calculating this rate. The newly calculated pension contribution rate was 11.6%, i.e. 0.3 percentage points higher than the rate in force earlier. Both proposals have been adopted by the Council and were published in the Official Journal of the European Union on 22 December 2010.

European External Action Service

DG HR was involved into four major projects in the framework of setting up of the European External Action Service (EEAS): firstly, the follow up of the legislative process regarding in particular the draft regulation amending the Staff Regulations of Officials in order to take into account the needs of the EEAS, and the adjustment of Appointing Authority powers; secondly, the identification of staff to be transferred to the EEAS and the reorganisation of the Commission's organisational structures; thirdly, the preparation and the signature in December 2010 of a service level agreement detailing the different services to be offered to the EEAS by all directorates of DG HR and fourthly, the adaptation of SYSPER2 as well as the definition of new operational work processes for staff management in Delegations.

Legal activities

Concerning legal activities, in 2010, there were 767 pre-litigation cases submitted under Articles 24 (right for an official to be assisted in proceedings against any person threatening or attacking) and 90 of the SR (requests submitted to the Appointing Authority to take a decision and complaints against an act adversely affecting an official). In particular, 2010 saw a significant rise in the number of complaints lodged under Article 90(2) (from 490 in 2009 to 653 in 2010). The high number of complainants (2653) results

from the multiple complaint lodged by members of staff against the annual adjustment of pay and pensions for 2009. Finally, in 2010, 60 appeals were brought before the Civil Service Tribunal by members of the staff.

Social Dialogue

The 2008 Framework Agreement for the cooperation between the Commission and Trade Unions extended the scope of social dialogue to all HR policy issues. In this context, DG HR continued to hold regular concertation meetings with Representative Trade Unions. 2010 saw a slight increase in the number of social dialogue meeting over the previous year (73 meetings in 2010 against 68 meetings in 2009). These meeting dealt mainly with the adaptation of remunerations and pensions (2009 and 2010 exercises), contract agents, human and financial resources granted to the staff representatives, the appraisal and promotion system and the creation of the EEAS. 2010 was also marked by elections to the Local Staff Committee in Luxembourg and negotiations on the Decision and on the Agreement concerning the allocation of resources to the Staff Committee and Trade Unions. The latter document will be submitted for adoption to the College during the first semester 2011.

Ethics and disciplinary procedures

As a public body, the Commission is accountable to the other institutions as well as to the citizens, for ensuring that it respects the principle of independence, integrity and objectivity. To that end, meeting the highest standards of professional ethics is of paramount importance with respect to the accomplishment of the Institution's tasks and its credibility.

Among the different actions to be implemented, it was decided to establish a single one stop shop electronic approval system to facilitate reporting, spotting of anomalies and monitoring of authorisations incorporating all declarations and prior authorizations under the Staff Regulations into one IT system. In 2010, priority was given to the development of the "declarations engine" linked to SysPer2 and a first declaration workflow was introduced for the outside activities that is available online since September 2010.

Moreover, in order to ensure the highest ethical standards within the Commission, enhancing the environment for ethics is paralleled by a zero tolerance policy towards failures to comply with staff obligations. IDOC is responsible for conducting administrative inquiries and disciplinary proceedings. Its objective is to deliver reports and assessments within the shortest time possible, in order to assist the Appointing Authority (AA) in deciding on the proper merits of the case. Each case is assessed on the basis of an exhaustive and analytical analysis of all the relevant facts and circumstances. As such, IDOC is playing a major role not only in enforcing compliance with staff rules, but also in developing the Commission's policy on ethics.

In the course of 2010, IDOC received 12 mandates from the Appointing Authority to open an inquiry into possible breaches of staff rules. 44 mandates were received to hear the official/agent concerned under Article 3 of Annex IX SR. This preliminary hearing is required in order for the Appointing Authority to decide whether or not to open disciplinary proceedings. 6 cases were brought to the Disciplinary Board. This Board is consulted if the Appointing Authority considers that the facts of the case warrant a severe penalty. In addition, 25 cases, considered less serious, were submitted to the Director-General of DG HR in her capacity of the Appointing Authority for imposing a written warning or a reprimand. During the year, 19 disciplinary penalties were imposed by the Appointing Authority for various infringements of the staff regulations.

V. ADD VALUE TO THE HR OFFER

In support of our commitment to being a service partner, advisor and consultant for our customers and stakeholders, DG HR's work in this area focuses on the delivery of effective and efficient HR services. With this in mind, we dedicated particular attention to improve the forward planning tools, further professionalise HR staff and further develop our capacities in a strong and effective internal communication function.

HR Metrics and Forward Planning

Forecasting future needs in terms of jobs, staff and competencies is an essential dimension of all human resources policies. In 2010, DG HR launched a revision of the Sysper2 modules offering relevant information in this respect – namely, the Job Information System (JIS) and the e-CV – with a view to increase the data quality, user-friendliness and business relevance of these tools and of their taxonomies. This revision will allow easier and more effective search of information in the context of individual mobility (notably via a search engine of staff CVs) as well as improved production of statistics at a corporate, aggregated level.

DG HR also developed in 2010 a workforce planning tool enabling the production of statistical information on likely departures of Commission staff, based on an analysis of departure patterns observed in the past years. This planning tool notably enabled to feed the 2011 planning exercise of Commission recruitment needs (for 2011-2013) and pre-fill DGs' estimates. Next, it provided input to the planning of the maximum number of Assistants to be nominated on an AD-post after certification, the number of AST posts to be swapped into employment credits for contract agents, the number of vacant posts available for first nominations of female ADs and female managers, the number of AST post to be swapped into AD posts and the possibilities to further reduce the number of administrative support and coordination functions.

In addition to day-to-day reporting efforts, the now well established annual Human Resources report and monthly DG scorecards were produced and further enhanced.

Professionalisation

One of the innovations of DG HR's reorganisation on 1 January 2010 was the appointment of a Principal Adviser for HR Professionalisation to sponsor the HR Professional Development Programme, to provide key HR players with conceptual insights and practical recommendations and to act as an internal consultant in HR matters for the DG's management team.

During 2010 a total of 60 events took place: HR overview courses (11), HR matters live (8), core processes including Introduction to the Emery Model and in-depth sessions on the Core Processes (11), HR Master Classes (6), HR presentations (22). These events attracted over 1,300 participants recording an overall satisfaction rating of over 85%. The induction programme for Heads of Human Resource Units continued to be well received during 2010.

The two post graduate HR Qualifications validated by Kingston University in 'Certificate in HRM Practice' and 'Certificate in Organisational Learning and Development' were completed during 2010 with 22 students successfully achieving the qualification – 4 Distinctions, 14 Commendations and 4 Passes.

The consequence of all these actions led to an improvement of the professional level of the community and to a better understanding and use of a common HR language.

INTERNAL COMMUNICATION

Internal communication is a key element of HR policy (and a core process as described in the Emery model). It is a tool to develop and implement HR policies and is indispensable for providing a clear understanding of the policies in place and illustrating everybody's role and contribution to the overall objectives of the Institution.

My IntraComm

During 2010, DG HR further developed its communication tools, notably with regard to the new intranet portal, 'My IntraComm'. After its launch at the end of 2009, 2010 has mainly been a year of stabilization for the portal. This implied the improvement of existing functionalities, the set up of a series of services for end users and webmasters, and the preparation for the launch of collaborative tools. A major achievement was the progressive integration into the portal of the web content of various DGs: corporate and local websites were migrated or developed from scratch inside My IntraComm, thus enriching the information offered to staff. The portal has about 60,000 users and on average 10,000 unique visitors per day.

Internal Communication and Staff Engagement Strategy

In November 2010, an external evaluation of the Internal Communication and Staff Engagement Strategy was completed. It acknowledges the progress achieved in the area of internal communication over the last years and the issues which should be further addressed, notably the involvement of senior management in communication, improving the two-way communication throughout the Commission and linking it better to the HR business.

Professionalisation of the communication function

There have been significant developments in the training offer in professional communication, taking into account the increased emphasis on communication activities in general and the specific needs identified in the Strategy, in particular the role of managers as communicators.

Communication of HR policies and initiatives

Annual DG HR communication priorities are identified from among those subjects with the highest impact on a large proportion of staff. Internal communication strategies and action plans are put in place for the respective priorities to support the development and implementation of these key HR policy areas, and to foster buy-in at all levels. Key activities include in particular developing and managing the HR & Administration website on 'My IntraComm'; and regular communications on administrative and personnel matters in the staff newspaper's supplement – Commission en plus and in Management Matters.

DG HR'S INTERNAL ACHIEVEMENTS IN 2010

2010 was a crucial year for DG HR as its major re-organisation entered into force on 1st January 2010. With the re-organisation, the focus on organisational efficiency and optimal resource allocation has been reinforced. Furthermore, HR policies for staff (from recruitment to retirement), the development of HR IT systems, stakeholder relations and social policies have been grouped together within the organisation to promote opportunities for synergy and improve coherence.

Consequently, the DG invested considerably in making its new structure work and in improving the working relations and the overall planning and steering. With regard to the latter, the key achievements are:

- the design of a new management plan, structured along a limited number of main headings and objectives;
- the revision of the work programme of each directorate with a view to better identifying the link to the objectives of the management plan whilst paying attention to the coherence of the actions;
- the introduction of the concept of "resources" (HR) in the work programme with the objective of better identifying the resources needed to carry out the actions;

All in all, these actions have contributed to improving the degree of alignment within the DG by reinforcing the link between the overall objectives, their translation in terms of actions in the work programme and their follow-up, both in terms of progress made and in terms of HR impact (quantitative and qualitative). Further developments will focus on improving the indicators and on strengthening even more the link between objectives and actions.

These actions complemented by strong developments in the area of internal communication. The main elements in this context are as follows:

- the organisation of three away days (senior management, middle management, all staff) centred around the challenges faced by the DG and the ways to address them;
- several actions aiming at staff engagement (e.g. lunchtime conferences and feedback sessions, breakfast of newcomers with the Director General).
- the definition of a set of elements aimed at reinforcing "corporate identity" (new logo and graphic chart, promotional items and the like);
- the improvement of internal communication tools (revamped DG HR intranet, Director General's page) including new types of messages (e.g. videos) and new types of technical tools (flat screens).

PART 2 MANAGEMENT AND INTERNAL CONTROL SYSTEMS

2.1 Introduction to DG HR

To appreciate the effectiveness of the Management and Internal Control System, it is necessary to set out the environment in which DG HR operates and in particular the risks stemming from its changes.

DG HR environment is mainly oriented towards the Commission and the other European Institutions, but also includes the European Schools and cooperation with the European Public Administration Network, the OECD, the UN and the African Union.

Apart from the contribution to the European Schools, the expenditure is internal and directly and centrally managed by DG HR's own services; it is covered either by internal rules, regulations and implementing provisions, with little or no room for discretion, or by contracts concluded under public procurement rules. Annex 5 describes the internal control situation for the two main areas of expenditure (European Schools and public procurement) in more details.

For the relations with the above external partners, and apart from related meeting and missions expenses, the actions with all but the European Schools are non-financial in nature and present therefore no financial risk. The financial aspect of the relations with the European School System is regulated by the intergovernmental agreement and the budgetary procedure and likewise presents no direct financial risk.

DG HR has the following Service Level Agreements (SLA) in place:

- The SLA IS concluded with DIGIT covers the provision and operation of services in the areas of information systems by DG DIGIT and funded by DG HR under the control and monitoring of DG HR through the Human Resource Management Information Systems Steering Committee³.
- The SLA Infrastructure concluded with DIGIT and which covers the provision and operation of services in the areas of IT infrastructure was revised in 2010 in order to integrate DG HR in the ITIC (IT infrastructure consolidation) project of DIGIT.
- The SLAs signed with IAS and EPSO cover Human Resource and Financial Management and several aspects of internal control in the financial area.
- A SLA between DG HR and the EEAS has been prepared and signed in December for implementation as from 01.01.2011.
- SLAs with other Union bodies such as agencies, for the delivery of services against payment. Apart from the transfer of financial resources, these SLAs have not given rise to a transfer of staff, or to extra staff being allocated to DG HR.

At the political level, the working arrangements with the Commissioner were implemented. In addition, the practical arrangement governing the working relations between members of the Commission, Cabinets and Services was reviewed in 2010 and signed Mid June 2010. The document defines the implementation of the principles laid down by the President of the Commission on the working relations between Members of the Commission.

³ DG HR and DIGIT with PMO, OIB, OIL, EPSO

Major event of 2010

As highlighted in Part 1, the major event in terms of management and internal control systems in 2010 was the re-organisation of the DG. With the re-organisation, the focus on organisational efficiency and optimal resource allocation has been reinforced. Furthermore, HR policies for staff (from recruitment to retirement), the development of HR Information systems and social policies have been grouped together within the organisation to promote opportunities for synergy and improve coherence. The name of the DG has also changed from "Administration and Personnel" (ADMIN) to "Human Resources and Security" (HR).

This re-organisation had also an impact on the organisation of the financial workflow, by a partial centralisation of the financial activities of the small spenders (units with a limited financial activity as expressed by the number of transactions). This centralisation has been done with a view to improving the efficiency of the financial transactions of these small spenders as well as to improving the quality of the financial management.

There have been no major events in 2010, which might have had a negative impact on DG HR's reputation from the viewpoint of internal control.

There has been no significant change in the systemic responsibilities of DG HR either. They cover the processes reported on in Part 1 of this document.

2.2 The functioning of the entire internal control system

The internal control system was adopted in January 2009. The Director General launched in 2010 an analysis of the current system, which consisted of three phases:

- A risk analysis focused on the impact of the re-organisation;
- Based on this analysis, it was decided to launch the second phase in 2011 consisting in a global analysis of the processes and procedures managed in the DG, leading to the third phase;
- The redefinition of a coherent set of control measures.

When preparing the Management Plan 2011, a full fledged risk assessment exercise was carried out resulting in the identification of risk mitigation priorities for 2011.

2.2.1 Compliance with the requirements of the control standards

In keeping with the framework⁴ adopted by the Commission, the reporting on compliance is now exception-based. The following requirements, laid down in the framework, are not entirely met in DG HR:

- The mobility policy proper to the DG which is part of the Human Resources Management – Action Plan 2011-2012 : a first draft was issued in November 2010 and is currently being finalised;
- As regards the application of the Information Systems Security Policy decision, the Implementing Rules were adopted in 2009 and a programme consisting in setting standards and drafting guidelines has been launched: some have already been adopted, and two standards remain to be adopted to fully comply with the IAS recommendations;

⁴ SEC(2007)1341

- A post has been allocated to HR A3 for the LISO function, the task is ensured since December 2010;
- Due to the revamping of DG HR Intranet, which entered in production in January 2011, some documents were not published on the website (as foreseen), nevertheless the information was available via an other way (emails, notes,...).

The practice of handover files is established (for both management and non management positions) and a specific website with a standard file is available on the intranet of the DG – fully implemented in 2010.

In this context, it must be pointed out that DG HR's entire IT business has been contracted out to DG DIGIT under two Service Level Agreements (SLAs). The compliance with the relevant requirements of Internal Control Standard 7 has thus been delegated to DG DIGIT.

Regarding the sensitive posts, a full review of the policy took place and a set of implementing provisions for DG HR were adopted by the Director General in 2008.

During the year 2010, two derogations were granted to the mandatory staff mobility requirement for sensitive functions:

- A first was granted until beginning of September 2011 (within the normal prolongation), actions will be taken before September 2011;
- A second was granted to a head of unit that has been carrying out the same sensitive functions for seven years (5 + 2). Due to the very specialised profile (very specific background, education ...), it was decided to grant an additional derogation. This derogation is based on a risk assessment and is accompanied by preventive mitigating controls (for the financial part of the job).

The set of control measures put in place in DG HR in January 2009 contains, besides all the required measures adopted by the Commission, also a number of purely internal measures.

Though the compliance with the requirements is therefore only partial, it concerns a very small part only of the ensemble of requirements, and has no noticeable negative consequence on the functioning of the Internal Control Standards.

2.3 Effectiveness of the implementation of the prioritised control standards

As regards the control standards identified as priorities for 2010, the following comments are in order:

- ICS 2: Ethical and organisational values
In view of the completion of the action plan resulting from the Ethics Communication and from an IAS audit report
Comment: Lots of projects are launched and will be followed up in 2011. Many recommendations made by IAS are implemented for DG HR (17 implemented on 22 in total).
- ICS 7: Operational Structure and ICS 8: Processes and procedures
In view of the proper and efficient functioning of DG HR's new structure and service delivery.
Comment: Business Process Reengineering has begun and will continue in 2011. Several actions done in 2010 : modernisation of the medical service (IT tool Sermed

II), updating of the procedure manuals, reporting process better organised, process and procedures clearly defined,...

- ICS 12: Information and Communication

In view of getting the stakeholders and staff to know and understand DG HR's new structure.

Comment: Main achievements are, a) ongoing provision and development of corporate communication services (via My IntraComm and Commission en Direct), and b) the further development and implementation of the local communication function inside DG HR (in particular with the creation of a Communication Task Force).

In addition to this specific exercise, DG HR has opted, as in the previous years, for a full-scale review of all activities of the DG, which was organised in conjunction with the preparation of the Management Plan (MP) for 2011. Potential risks were identified at the level of units and directorates, discussed in a series of management meetings. Two risks related to security led to specific mitigated actions in the MP 2011. Regarding MyIntraComm and its availability and sustainability, risks are monitored through a close coordination and cooperation with DIGIT.

In addition and for the record, two legal cases are still pending. One concerns the language teachers (dismissed in 2003/2004), and the other one concerns local staff in Luxembourg.

The internal control standards that DG HR will pay particular attention to in 2011, have been decided by the Director General as follows:

- ICS 6 : Risk Management Process

In view of analysing major risks associated to DG HR processes and their impact on the internal control system.

- ICS 8 : Processes and Procedures

In view of consolidating DG HR procedures in continuation of the actions made in 2010 for this prioritised ICS.

- ICS 9 : Management Supervision

In view of extending ex-post controls of non financial transactions.

- ICS 12 : Information and Communication

In view of completing the implementation of the revamped DG HR Intranet in continuation of the actions made in 2010 for this prioritised ICS.

The IAC audit plan for 2010 was based on the joint 2010-2012 IAS/IAC work programme defined in 2009 after a joint risk analysis. Through the results of the audits carried out in 2010, the IAC contributed to the first IAS overall opinion on financial management which will be issued in 2011.

As regards the 9 major risks identified for 2010, the mitigating actions presented in 2010 MP have been deployed and the risks did therefore not materialise.

Conclusion

The internal control system was implemented in 2010, according to the agreed timetable, with the participation of all levels of management. Overall, the measures were integrated into the DG's management of operations.

PART 3 BUILDING BLOCKS TOWARDS DECLARATION OF ASSURANCE OF DG HR

3.1 Building blocks towards reasonable assurance

3.1.1 Assessment by management

DG HR has two main areas of budgetary expenditure (approximately 98 % of the budget):

- The Community contribution to the European Schools;
- The expenditure on service contracts concluded after public procurement procedures.

For both areas, the Internal Control Template, giving evidence of the basis for the management view, is presented in Annex 5. Other expenditure (approximately 2 % of the budget) is mainly related to social and recruitment activities and carries a very low financial risk, because highly regulated.

In DG HR, the assessment of management is based on two pillars:

- As regards activity management, the regular review of the different levels of the work programme:
 - in a specific series of meetings, the Director General meets the Directors and Heads of Unit bilaterally twice a year, to discuss the activities and the progress achieved over the past six months, the allocation of staff resources within the Directorate and other staff-related issues, and the detailed planning and programming and issues of internal control; this then results in two six-monthly reports to the Vice-President;
 - senior management meets on a weekly basis and addresses high priority actions in a monthly scorecard review;
 - DG HR and the Cabinet discuss, as part of their weekly meetings, Commission Agenda planning and other priority actions;
 - at directorate and unit level, weekly meetings take place as well as regular reviews of the detailed work programmes;
 - the HRMIS Steering Group, chaired by DG HR, comprising DIGIT, PMO, OIB, OIL and EPSO, specifically monitors the IT activities;
- As regards control in the field of financial and contract management, the following mechanisms are in place:
 - the review of the procurement files on a sample basis by of the inter-service group on public procurement (GAMA = Groupe d'Analyse des Marchés Administratifs, with EPSO, IAS, PMO, OIB and DG DIGIT);
 - the two strands of ex-post controls, by management and by the finance unit;
 - three times a year the budget programming is examined and adjusted;
 - the financial scorecard, with its emphasis on budget implementation and payment delays;
 - the quality of the accounting data, as confirmed by DG BUDG (validation of the local system);
 - the reporting by the Authorising Officers by Sub-delegation (three per year);

- the implementation of the rules on sensitive functions;
- the procedures and standard notes and tables for provisional commitments, file closure and exception reporting;
- the use of Issue Track for follow-up of IAS and IAC audit recommendations and of RAD for the follow-up of the recommendations of the discharge authority.

The key indicators on legality and regularity

The key indicators on legality and regularity of the transactions and on the sound financial management are the following:

- 86.8% of the transactions checked in the ex-post controls were fully acceptable, 11.7% were still acceptable but had minor shortcomings, while 1.5% (9 out of 615) showed non-negligible shortcomings, down from 3.5% in 2009; 6 out of the 9 with non-negligible shortcomings concerned payments and 3 concerned recovery orders. Nevertheless, they had no negative financial consequences and do therefore not jeopardise the reasonable assurance;
- The GAMA examined 28 out of 53 eligible files submitted and issued 25 positive recommendations and 1 negative recommendation (but not for DG HR). For two submitted files, one from OIB and one from DIGIT, the GAMA could not express a formal opinion, but observations, because it considered that not all the necessary elements and information were submitted. In both cases the GAMA recommended the Authorising officer to analyse all the elements in his/her possession before taking a final decision on the awarding of the contract. The main points discussed by GAMA, and reported on in its annual report, were the following:
 - the need for a clear distinction between the selection and award criteria;
 - the need for verifying the coherence between the information mentioned in the contract notice and the technical specifications;
 - the need for more transparency when calculating the final awarded market volumes;
 - various legal issues for the application of the Financial Regulation and its Implementing Rules and more specifically on the request of financial guarantees.
- no special financial circuit was put in place in 2010;
- in 2010, 16 exception reports were registered under the procedure of internal control standard 8 and concerned:
 - 1 report for the medical service was issued to cover the existence of a bridging arrangement for services for which the full procurement procedure had been delayed for various reasons;
 - 2 reports related to a posteriori commitments (+/- 500.000 €), the budgetary commitments being signed few days after the legal commitments. This situation was due to technical problems linked to adjustments of parameters to be done in the financial system (consequence of the DG re-organisation);
 - 2 reports related to a wrong application of the travel costs for two recruitments, actions were taken for these particular cases;

- 1 report related to the appointment of a temporary agent at a wrong AD level for a period of 5,5 months. After consultation of the Legal Service and General Secretary, clear instructions were given;
- 1 report related to the extension/the prolongation of the contract of a contract agent overriding the six years rule. This mistake is normally not possible because the system checks this rule, but on the current case the system was not correctly filled in;
- 9 exception reports were filed to cover PMO's responsibility as Authorising Officer by Delegation for payments of travel expenses; all cases refer to minor procedural errors or short comings, often due to local situations (e.g. IT system not available in delegations) or to urgencies or unforeseeable circumstances.

These exceptions were not of a nature or extent to lead either to a reservation or to the identification of a material weakness in the internal control system.

In 2010, a revised methodology for the ex-post controls of financial transactions has been adopted and put in place. Ex-post controls have been carried out both by the hierarchy – by the Directors for the transactions authorised in their directorates – and by the finance & contract unit. The statistics below show the extent of the controls: the coverage is high, because a relatively small number of large transactions cover a sizeable part of the appropriations, and these transactions were systematically selected for control.

transaction type	% of amount of transactions	number of controls
Commitments	71.8	224
Payments	12	284
Recovery orders	72	107

Two summary reports were prepared on these ex-post controls by the Resource Director to the Authorising Officer by Delegation, identifying as main problem areas the respect of procurement rules, viz. those below the threshold of the directive, the quality of the files (e.g. explanatory notes supporting otherwise correct decisions) and the fully respect of the SLA provisions in the recovery orders.

Some operational problems were also identified in the three series of reports established in accordance with the charter of the Authorising Officers by Sub-delegation and in the corresponding synthesis reports established by the Resource Director. These problems concerned the procurement planning, a posteriori commitments (see comments on exception report) and organisation of financial sectors of units which has an impact on the payment delays. There are however no indications of any material incidence on the regularity or legality of the transactions, since the a posteriori commitments concerned less than 0.24 % of the appropriations.

DG HR procurement files were checked in the GAMA, chaired by the Resource Director. Out of 39 procurement files, 18 were eligible under the GAMA rules (i.e. were above the 125,000 € threshold), 11 of which were effectively analysed by the members from four DGs and an IAC observer. All 11 received a positive recommendation.

3.1.2 *Results and follow-up from audits IAS during the reporting year independent audits and evaluations*

3.1.2.1 Audits

Internal Audit Capability (IAC) audits

This section provides an overall view of the work carried out in 2010 by the Internal Audit Capability of DG HR. Through a joint effort with the IAS, the audit universe of this IAC encompasses the financial and non financial activities of DG HR, DG DIGIT, PMO, OIB, OIL and EPSO.

The IAC Annual Work Plan foresaw the finalisation of the 2 audits and 3 follows-up ongoing at the end of 2009 and the execution of 5 new audits and 4 follows-up in 2010.

In general, it has been executed for more than 90%:

- all the audits ongoing at the end of 2009 were finalised;
- no audits have been cancelled or postponed;
- of the 5 new 2010 audits, two will be finalised in 2011;
- the follow-up audit plan 2010 was completed.

Specifically for DG HR, the following audit has been finalised:

- follow-up audit on a "Selection of operational and financial circuits in HR.DS."

The IAC monitors the evolution of the implementation of the recommendations in collaboration with the Internal Control Coordinator.

The IAC has also performed in 2010 the following consulting activities and other operational activities within the audit process:

- Contribution to business process reengineering of the recruitment of officials and temporary agents in HR.B2;
- Review of the efficiency of the financial operations in HR.C4;
- Contributions to the SPP exercise and to GAMA meetings.

As regards capacity building, regular contacts have taken place with the IAS (i.e. for ongoing audits, risk analysis and reporting); AuditNet meetings have been attended on a regular basis; meetings with the senior management of the audited services have taken place for discussing open issues and receiving feedbacks on the IAC activity.

The IAC provided the Director General with an unqualified audit assurance based on the work carried out in 2010 (Ares(2011)196329).

IAS audits

During the year 2010, IAS performed follow-up audits and one consolidated report on the Executive agencies for which 3 recommendations (2 very important and 1 important) were addressed to DG HR, the expected completion date being second semester 2011.

3.1.2.2 Evaluations

DG HR Evaluation function was very active in 2010 and conducted several projects, either for programmes of DG HR that were reaching an end and needed a feedback via a survey or an evaluation or for ongoing programmes.

The following projects were carried out in 2010:

1. Report and follow-up to the Staff Opinion Survey 2009 on the satisfaction with the services provided by the administrative Offices (PMO, OIB and OIL)
2. Staff Opinion Survey 2010 on staff satisfaction with the Commission as a workplace, with their jobs and their working environment, and with the services provided by DG HR
3. External evaluation of the Well-being Programme 2006-2009
4. Internal evaluation of psychological and sexual harassment policy
5. Evaluation of the Assessment Centres for Senior Management
6. Evaluation of Internal Communication and Staff Engagement in the Commission
7. Analysis of the EMAS survey
8. Ongoing survey on selection of senior management
9. Survey on the Psychosocial Support
10. Survey on Security and Safety
11. OIB Mobility Survey
12. OIL survey on Satisfaction of Sport Centre
13. Survey on the use of ARES in DG HR

Follow-up of the evaluations

The results of the projects are perceived as useful information and important insight in studying future options to develop a policy or a service in accordance with the stakeholders' views and with users' needs. For instance:

- The Staff Opinion Surveys will be used to identify trends and adjust HR measures accordingly.
- The results of the evaluation of the Wellbeing policy have fed into the final report on the action plan on well-being at work 2006-2009
- The results of the evaluation of anti-harassment policy helped the services in charge of the policy to assess its functioning after the first 5 years following its implementation.
- The evaluation of the assessment centres during senior management selection procedures foresaw several recommendations, most of which have already been implemented. The results of the ongoing survey on selection of senior management are used as input to the improvement of this process.
- Through measuring of the level of awareness reached, the EMAS survey allows the planning of future actions and communication strategy.
- Based on the results of the survey, Psychosocial Interventions of the Medical Service in Brussels will seek improving visibility and launch a self assessment tool.
- Following the survey on Security and Safety, the HR Security Directorate will develop an action plan to address the issues identified as priority areas by staff.
- The results of the mobility survey helped OIB review its provisions of the number of staff interested in applying to the Transport Reimbursement Scheme, implemented in mid-2010.

3.1.3 Follow-up of action plans in reply to audits performed in previous years and previous year's reservations

3.1.3.1 Audits

According to Issue Track data, 84 recommendations (60 very important and 24 important) stem from the IAS reports. Of these, 68 recommendations have been implemented, though only 35 of those were reviewed by the IAS. Therefore, 16 recommendations remain open.

On top of these, 6 recommendations done by IAC remain open.

The implementation, of IAC and IAS recommendations, is in progress and more than an half should be completed in 2011.

For the recommendations overdue by more than 6 months, explanations have been given to the Audit and Progress Committee.

3.1.3.2 Reservations

No reservations were expressed in the Annual Activity Reports for the years 2003 to 2009.

In 2001 and 2002, the physical security of personnel files was identified as a critical risk. The digitalisation of all personnel files, implemented over 2003 - 2005 and since then part of the standard personnel file management procedure, has definitively solved this problem. DG HR's management has extended the approach to other files, so as to have a harmonised approach to electronic file storage. The digital storage of the medical files has continued, and will be finished by end 2012, beginning 2013.

3.1.4 Assurance received from other Authorising Officers in cases of crossed sub-delegation

With the one exception of IT, the crossed sub-delegations by DG HR concern small amounts. The Authorising Officer of DG DIGIT and of the other crossed subdelegations have not signalled problems in the implementation of his part of DG HR's budget.

3.1.5 Conclusion on the reasonable assurance for the legality and regularity of underlying transactions

From all the elements above, especially those relating to the key indicators, and in the light of four further facts:

- the positive assurance on administrative expenditure given by the Court of Auditors since several years, and again for 2009,
- the centralised and direct mode of budget implementation, the mode with the lowest intrinsic risk,
- the absence of grants and the near-absence of asset management, which are notoriously risky areas of financial management,
- the statement of the IAC in his audit opinion on 2010,

it is clear that DG HR operates in an environment where the risks are well-managed and generally rather low, although critical risks were identified, which are the subject of

management attention and for which mitigating actions are contained in the annual management plans and in the directorate and unit work plans.

Based on the elements and facts given above, on the strength of the validation of the financial system and on the positive report on the quality of the accounting data, it is justified to have a reasonable assurance on the legality and regularity of the underlying transactions.

3.2 Reservations and their impact on the declaration

3.2.1 Materiality criteria

The materiality criteria are set out in Annex 4.

On the basis of the quantitative criterion, DG HR did not find evidence of events that could justify issuing a reservation. Similarly, when qualitative criteria were applied to potential reservations, even though some risks were ascertained, these did not significantly affect the different elements for the reasonable assurance as given. Nevertheless, a number of observations relating to issues which are considered significant enough to warrant them being highlighted are included in this report.

In other words, the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management. In addition, the control procedures put in place ensure the legality and regularity of the underlying transactions.

In conformity with the Commission guidelines on the materiality criteria to be used for determining whether to enter a reservation in the Annual Activity Reports, the Authorising Officer by Delegation of DG HR has therefore decided not to issue any reservations.

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

Not applicable.

PART 4 DECLARATION OF ASSURANCE

I, the undersigned, Irene SOUKA

Director General of DG HR,

In my capacity as authorising officer by delegation,

Declare that the information contained in this report gives a true and fair view⁵.

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

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

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

Brussels, 31 March 2011

signed

Irene SOUKA

⁵ True and fair in this context means a reliable, complete and correct view on the state of affairs in the service.