

**STATEMENT  
OF THE DELEGATED AUTHORISING OFFICER OF THE IAS**

*Following the Section 2.5 of the Service Level Agreement on the provision of support to the Internal Audit Service (IAS) by DGHR (former DG ADMIN), revised on 6 December 2007,*

*I, the undersigned,*

*Agnieszka Kazmierczak, Director (IAS.A), in my capacity as Authorising Officer by Delegation of the IAS,*

*Declare that in accordance with the Commission's communication on clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission, I have reported my advice and recommendations to the Director-General on the overall state of internal control in the IAS.*

*Certify, hereby, that the information provided in Part 2 and point 3.1 of the present annual activity report and its annex 2 is, to the best of my knowledge, accurate and exhaustive.*

*Brussels, 31/03/2011*

*(Signed)*

*Agnieszka Kazmierczak*

**STATEMENT OF THE RESOURCES DIRECTOR OF DG HR**

**PURSUANT TO THE SLA OF 27<sup>TH</sup> MAY 2010**

Following Section 2.5 of the Service Level Agreement on the provision of support to the Internal Audit Service (IAS) by DG HR revised on 27<sup>th</sup> May 2010,

I, the undersigned, Alain Scriban, Director (HR/R), in my capacity as Resources Director of DG HR,

Declare that in accordance with the Commission's communication on clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission, I have reported my advice and recommendations to the Authorising Officer by delegation on the overall state of internal control in the IAS.

Certify, hereby, that the information provided in annexes 2 & 3 is, to the best of my knowledge, accurate and exhaustive.

Brussels, 25/03/2011

*[Signed]*  
Alain Scriban

ANNEX 2

IMPLEMENTATION OF THE GLOBAL ENVELOPE  
BUDGET LINES: 28 01 02 11 00 01 TO 28 01 02 11 00 06

(IN EUROS)		APPROPRIATIONS 2010 (C1)			APPROPRIATIONS carried over (C8)	
BUDGET LINES	BUDGET LINES DESCRIPTION	AVAILABLE APPROPRIATIONS 2010	COMMITMENTS 2010	PAYMENTS 2010	AMOUNTS OF APPROPRIATIONS CARRIED OVER FROM 2009	% IMPLEMENTATION ON APPROPRIATIONS CARRIED OVER
28.010211.00						
28.010211.00.01.10	Mission expenses	322.600,00	322.600,00	277.833,00	49.831,70	11%
28.010211.00.01.30	Representation expenses	1.500,00	1.500,00	1.232,59	303,91	/
28.010211.00.02.20	Meeting costs	1.900,00	1.000,00	/	1.718,00	0%
28.010211.00.02.40	Conference costs	40.000,00	35.609,32	35.488,71	1789,54	3%
28.010211.00.05	Development of management and information systems	259.160,00	258.905,00	31.162,50	59.315,50	100%
28.010211.00.06	Further training and management training	86.029,00	61.000,00	44.728,58	29.625,48	83%
28.010211.99	Reserve	10.840,00				
	<b>TOTAL</b>	<b>722.029,00</b>	<b>680.614,32</b>	<b>390.445,38</b>	<b>142.584,13</b>	<b>63%</b>

**Annex 3 Financial Reports - DG IAS - 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

*In the table 6, nothing is mentioned regarding the average payment time limits, because all the payments are performed by DG HR or DIGIT, as defined in the respective SLAs.*

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2010 (in Mio €)				
Chapter		Commitment appropriations authorised *	Commitments made	%
		1	2	3=2/1
<b>Title 28 : Audit</b>				
28 01	Administrative expenditure of `Audit¿ policy area	1,15	1,11	97,14 %
<b>Total Title 28</b>		1,15	1,11	97,14 %
<b>Total DG IAS</b>		1,15	1,11	97,14 %

\* 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).

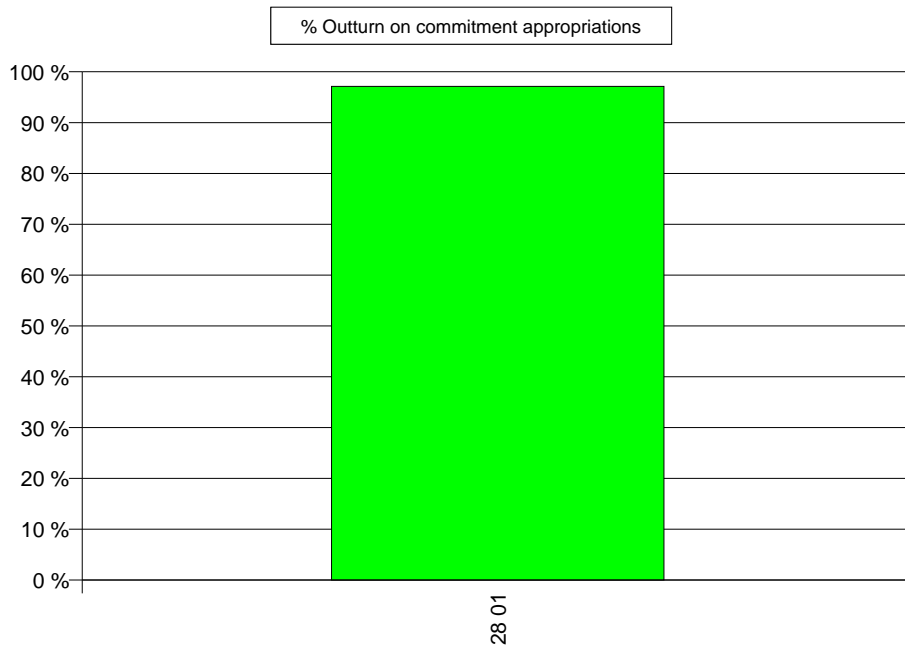
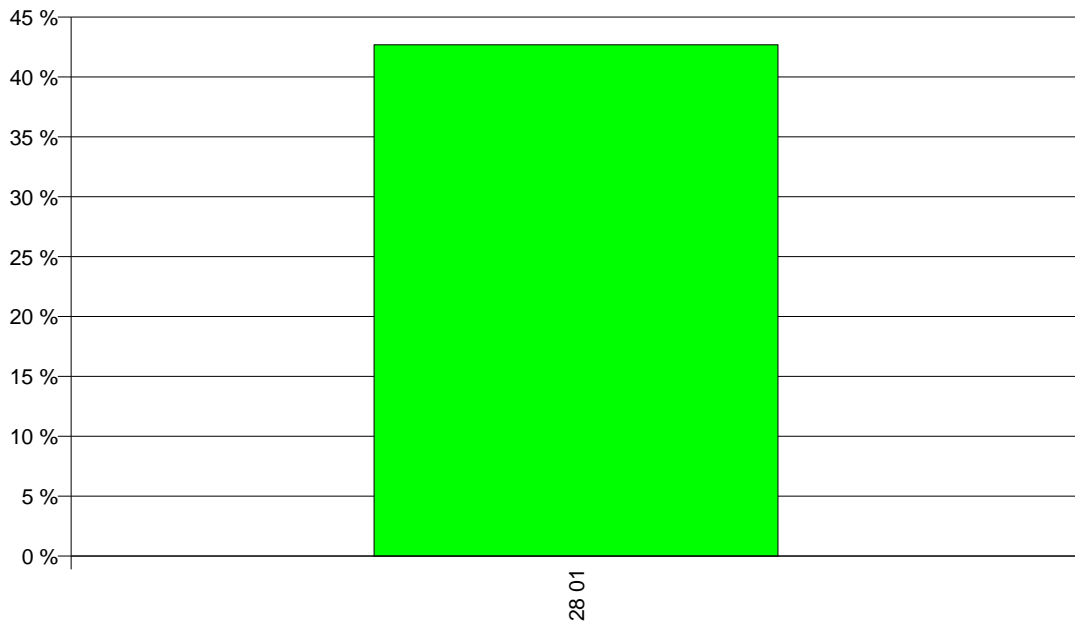


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2010 (in Mio €)				
Chapter		Payment appropriations authorised *	Payments made	%
		1	2	3=2/1
<b>Title 28 : Audit</b>				
28 01	Administrative expenditure of `Audit¿ policy area	1,41	0,60	42,69 %
<b>Total Title 28</b>		1,41	0,60	42,69 %
<b>Total DG IAS</b>		1,41	0,60	42,69 %

\* 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).

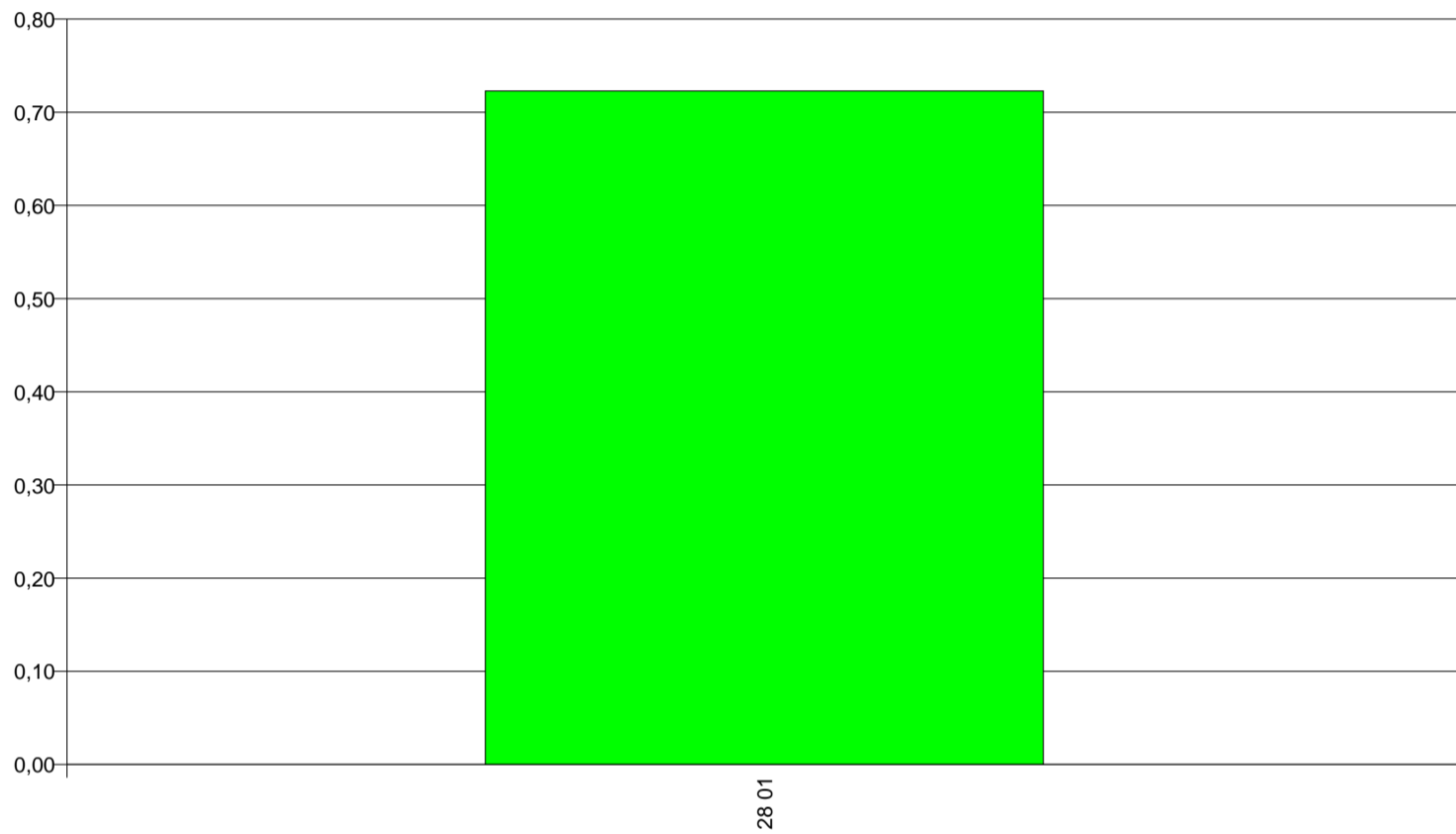
% Outturn on payment appropriations



**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	5	6=3+5	7	
<b>Title 28 : Audit</b>								
28 01	Administrative expenditure of 'Audit' policy area	1,11	0,39	0,72	64,93 %	0,00	0,72	0,27
<b>Total Title 28</b>		1,11	0,39	0,72	64,93 %	0,00	0,72	0,27
<b>Total DG IAS</b>		1,11	0,39	0,72	64,93 %	0,00	<b>0,72</b>	0,27

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



**TABLE 4 : BALANCE SHEET IAS**

<b>BALANCE SHEET</b>	<b>2010</b>	<b>2009</b>
A.II. CURRENT ASSETS	9.570,71	570,71
A.II.3. Short-term Receivables	9.570,71	570,71
<b>ASSETS</b>	<b>9.570,71</b>	<b>570,71</b>
P.III. CURRENT LIABILITIES	-5.742,25	-52.998,60
P.III.4. Accounts Payable	-5.742,25	-52.998,60
<b>LIABILITIES</b>	<b>-5.742,25</b>	<b>-52.998,60</b>
<b>NET ASSETS (ASSETS less LIABILITIES)</b>	<b>3.828,46</b>	<b>-52.427,89</b>
P.I.2. Accumulated Surplus / Deficit	0,00	0,00
Non-allocated central (surplus)/deficit*	-3.828,46	52.427,89
<b>TOTAL</b>	<b>0,00</b>	<b>0,00</b>

\* 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 IAS**

<b>ECONOMIC OUTTURN ACCOUNT</b>	<b>2010</b>	<b>2009</b>
II.1 SURPLUS/ DEF. FROM OPERATING ACTIVT	172.358,37	141.992,13
II.1.1. OPERATING REVENUES	1.605,50	1.138,00
II.1.1.1. Other operating revenue	1.605,50	1.138,00
II.1.2. OPERATING EXPENSES	170.752,87	140.854,13
II.1.2.1. Administrative Expenses	170.752,87	140.854,13
<b>ECONOMIC OUTTURN ACCOUNT</b>	<b>172.358,37</b>	<b>141.992,13</b>

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

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

**TABLE 6: AVERAGE PAYMENT TIME LIMITS FOR 2010 - DG IAS**

Legal Times	
Maximum Payment Time (Days)	Total Number of Payments

Total Number of Payments	
Average Payment Time	

Target Times	
Target Payment Time (Days)	Total Number of Payments

Total Number of Payments	
Average Payment Time	

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
		0					

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	7=3-6

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

Annex 3 Financial Reports - DG IAS  
Report printed on 25/03/2011

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

RECOVERY ORDERS ISSUED IN 2010  Year of Origin (commitment)	TOTALS	
	Nbr	RO Amount

**EXPENSES**

	Nbr	Amount
INCOME LINES IN INVOICES	0	

	Nbr	Non-Eligible Amount
NON ELIGIBLE AMOUNT IN COST CLAIMS	0	

	Nbr	Credit Note Amount
CREDIT NOTES	0	

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 IAS**

<b>Year of Origin</b>	<b>Number at 01/01/2010</b>	<b>Number at 31/12/2010</b>	<b>Evolution</b>	<b>Open Amount (Eur) at 01/01/2010</b>	<b>Open Amount (Eur) at 31/12/2010</b>	<b>Evolution</b>
Totals						

**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 IAS	
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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 IAS - YEAR 2010**

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
<b>Total</b>		

**No data to be reported**

**TABLE 12 : SUMMARY OF PROCEDURES OF DG IAS EXCLUDING BUILDING CONTRACTS**

Internal procedures > € 60,000	2009	
	Count	Amount (€)
Contract Class		
Service	1	113.525,00
<b>TOTAL</b>	<b>1</b>	<b>113.525,00</b>
Procedure Type	Count	Amount (€)
Restricted Procedure involving a call for expressions of interest (AMI) (Art. 128 IR)	1	113.525,00
<b>TOTAL</b>	<b>1</b>	<b>113.525,00</b>

External procedures > € 10,000
Contract Class
<b>TOTAL</b>
Procedure Type
<b>TOTAL</b>

**Additional comments**

**TABLE 13 : BUILDING CONTRACTS**

<b>Total number of contracts :</b>	<b>0</b>
<b>Total amount :</b>	

<b>Legal base</b>	<b>Contract Number</b>	<b>Contractor Name</b>	<b>Description</b>	<b>Amount (€)</b>
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**No data to be reported**

**TABLE 14 : CONTRACTS DECLARED SECRET**

<b>Total Number of Contracts :</b>	<b>0</b>
<b>Total amount :</b>	

<b>Legal base</b>	<b>Contract Number</b>	<b>Contractor Name</b>	<b>Type of contract</b>	<b>Description</b>	<b>Amount (€)</b>
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**No data to be reported**

## **Materiality criteria**

### Qualitative assessment

- Non achievement of an important objective/obligation

### Quantitative assessment

- In order to be considered “material” in quantitative terms, failings must have a direct financial impact on the budget, affecting a significant proportion of total commitment appropriations or payments. In line with internal guidelines a weakness would have been considered 'material' only if there is a direct financial impact or risk of loss of more than 2% of the overall IAS budget (Title 28).

### Assessment of reputational events

- A significant reputational risk for the IAS or the Commission: given the nature and sensitivity of IAS work, any impediment to the fulfilment of IAS obligations as foreseen under the Financial Regulation could have a significant impact on the reputation of the Commission and should be explicitly mentioned.