



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR MOBILITY AND TRANSPORT

Annual Activity Report 2010

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PART 1. POLICY ACHIEVEMENTS

1.1 Introduction

After the new Barroso Commission took office in February 2010, the Directorate General for Mobility and Transport (DG MOVE) intensified its preparations for the White Paper on the Future of Transport which will outline a strategy and an action plan for transport policy in the EU. It will set out how to improve transport in the EU during the next ten years especially in the fields of infrastructure, internal market legislation, decarbonisation of transport, technology for traffic management and clean vehicles, and the use of standardisation, market based instruments and incentives. It will set out the actions required to create a Single Transport area and address the targets of EU 2020 Strategy (i.e. in particular the 3% of GDP in research and development and the 20/20/20 targets for greenhouse gas emissions, renewable energy and energy efficiency).

In addition, the DG also took action to make transport safer and more secure, sustainable and competitive. It also responded quickly and efficiently to unforeseen crises such as the eruption of the Icelandic volcano, which led to numerous flights cancellations all over Europe. Following a request from extraordinary Council meetings on 19 April and 4 May 2010, DG MOVE led the work on a number of immediate and structural measures to prevent other volcanic eruptions from having the same impact on the air transport sector. These measures included new methodologies in risk assessment and risk management for future disruptions caused by volcanic activity; the definition of binding limits; the creation of a crisis cell for disasters with impact on air traffic, the acceleration of Single European Sky reform; the development of a mobility plan for Europe where all modes can contribute during crises; a harmonised approach to air passenger rights, as well as the creation of an Aviation Platform at EU level to follow up on crisis measures and to work closely with all air transport actors on all initiatives that have an impact on the sector.

DG MOVE's policies aim to provide European citizens and businesses with competitive, sustainable, secure and safe transport services and systems. Its 2010 Annual Management Plan sets out specific objectives for each of these goals. This first part of the report evaluates the implementation of the 2010 Annual Management, in particular the progress made towards meeting transport policies' general objectives as well as its specific objectives. In doing so, it comments on the most important indicators, with the full set of objectives and related indicators being given in the Annex to Part 1.

The DG's main achievements for each of its general and specific objectives are summarised below.

1.2 Competitive transport

Open and competitive markets offer citizens and industry high-quality services at affordable prices. Substantial progress has been made in this regard. During the year the DG continued working towards further market opening and ensuring fair competition in order to boost economic growth. It also continued to invest in transport infrastructure.

1.2.1 A fully functioning internal market

Ensuring a fully functioning internal market has been at the core of transport activities in 2010. The transport sector continues to be affected by the economic downturn, but there are increasing signs that the transport sector is recovering.

In aviation, the number of competitive intra-EU air routes decreased somewhat compared to the previous year despite signs of economic recovery. Improved efficiency of the aviation sector is more important during the recovery and essential for a fully functioning internal market in the long term. By shortening flight times and increasing available airspace capacity, the Single European Sky (SES) will achieve significant savings in both money and time. The DG therefore continued to work on the implementation of the SES. Following the entry into force of the SES II Regulations in December 2009, a roadmap towards implementing SES II was presented by the Commission on 26 February 2010 in close cooperation with the Spanish Presidency. This roadmap, also called the Madrid declaration, translates the five priorities of the Single European Sky into concrete actions with clear deadlines and further clarifies the roles of the different actors.

- The Performance Regulation adopted by the Commission on 29 July 2010 will improve the overall efficiency of the air navigation services by setting indicators and binding targets for the air traffic managers. The corresponding performance targets were agreed by the Member States in the Single Sky Committee on 3 December 2010.
- The Charging Regulation adopted on 16 December 2010 clarifies how the industry has to pay and will make the European air traffic management even more efficient together with the EU-wide performance targets that the Commission and Member States have agreed.
- The network manager will only be designated in early 2011 as the designation has been delayed. The Commission received many more comments than expected from Member States on the implementing rule that precedes the designation of the network manager.
- SES also obliges Member States to organise their airspaces more rationally by integrating them across borders and establishing so-called Functional Airspace Blocks (FABs). These FABs are based on operational requirements, in particular traffic flows, rather than existing national borders. Member States are required to establish nine FABs before the end of 2012. To date only one FAB has been established. The Commission designated a FAB Coordinator on 6 August 2010 to facilitate the discussions between Member States on the remaining FABs.

As stated in the introduction, the year was marked by the volcanic ash cloud crisis that strongly affected the European transport sector. The DG closely cooperated with other authorities to accelerate the implementation of SES and to improve the preparedness for similar crises in the future with a new European approach to ash risk assessment. Furthermore, a European Aviation Crisis Coordination Cell was established as well as the Aviation Platform as a high-level forum to interact with stakeholders.

The rail sector continues to increase its competitiveness. New entrants to the rail freight market continue to increase their share according to the latest data. However, more work has to be done to ensure fair competition on the rail market segments that have already been opened to competition, i.e. rail freight services and international passenger transport. Therefore the Commission proposed on 17 September 2010 to recast the three directives of the First Railway Package into one legal act. Recasting the first railway package is a priority

initiative for DG MOVE in the 2010 Commission Work Programme. The objective of this proposal is to further develop the rail sector by improving the financial environment stimulating public and private investment, facilitating market access and strengthening regulatory oversight. In particular, market access to rail related services (access to terminals, maintenance and servicing of trains etc...) needs to be strengthened. In parallel, the Commission continues to closely monitor the implementation of existing rules. After the Commission sent reasoned opinions to twenty-one Member States in October 2009 regarding the implementation of the First Railway Package, it subsequently decided in June 2010 to refer thirteen of them to the Court of Justice.

On 20 October 2011, the Parliament and the Council adopted the regulation on European rail freight corridors. The regulation will foster the development of a high-quality rail infrastructure management at EU level by establishing European rail freight corridors that pass through several Member States. This in turn will reinforce cooperation between infrastructure managers and make rail freight services become more competitive and attractive.

In maritime, the monitoring of the internal market continued and the Commission initiated several infringement proceedings against Member States. A consultation of stakeholders was carried out to prepare an interpretative communication on maritime *cabotage* to be adopted together with the fifth implementation report in early 2011.

Work also continued on the implementation of a European maritime transport space without barriers, which aims amongst others at reducing the administrative burden on the industry. The Directive on reporting formalities that was adopted on 20 October 2010, introduces the concept of "Single Windows" for vessels and goods carried by maritime transport. This will reduce the administrative formalities when ships arrive at a port. The DG has also cooperated with DG TAXUD and DG SANCO on removing administrative barriers for Short Sea Shipping by harmonising veterinary and sanitary procedures. This resulted in the Commission regulation on the implementation of the Customs Code being adopted. In the field of marine equipment, the DG has worked in the past year on the impact assessment for a proposal revising the Directive on marine equipment with the objective to improve the clarity of the current text. This initiative is also part of DG MOVE's 2010 simplification programme. However, more analysis is necessary to ensure a satisfactory quality of the impact assessment.

Regarding inland waterways transport (IWT), the 2 December 2010 Council conclusions recognised the importance and the need to promote IWT. To further improve the functioning of the internal IWT market and as part DG MOVE's 2010 simplification programme, the DG has been preparing a revision of the proposal on mutual recognition of boat master certificates by extending its scope to transport on the Rhine. However, more work is necessary to analyse the different policy options.

In addition, EMSA has launched a pilot project providing national customs authorities with vessel traffic monitoring data. At the end of 2010, the DG also prepared the ground for a comprehensive policy review of the port sector to be started in 2011.

1.2.2 Facilitating mobility of persons and goods through the completion of trans-European transport network infrastructure

The Trans-European Networks (TEN-T) serve as the backbone of the internal market for transport. On this the Commission is working with the EIB which has delivered loans of €60 billion so far for the TEN-T projects. The target of €75 billion euro 2014 is on track. The DG

continued to collaborate with Member States on implementing the 30 TEN-T priority projects. The 30 Priority Projects are advancing steadily and five priority projects have already been completed; the last of the five priority projects was completed in 2009.

High-Speed Trains continue to be used more often every year (as shown by the increasing number of passenger kilometres travelled). This shows the importance of the TEN-T project as it funds a number of crucial high speed rail lines. The Madrid-Valencia line has been operational since the end of 2010 with service increasing rapidly, the cross-border link Figueres-Perpignan also started operation at about the same time, and the high speed line Milano-Bologna-Firenze-Roma has been in service since the end of 2009. There has also been significant progress in the Eastern Member States and many more sections are about to follow in the period leading up till the end of these financial perspectives. Other Priority Projects are about to be completed, such as the road parts of PP8 “Multimodal axis “Portugal/Spain – rest of Europe” and of PP12 “Nordic Triangle railway/road axis” and PP4 “High-speed railway axis East”, planned to be delivered in 2015. Furthermore, numerous sections and large parts of other Priority Projects have been finalised, such as Nurnberg-Munich (2006), Madrid-Barcelona (2008) or Milano-Naples (2009), to name a few. Under the Flagship initiative "Resource efficient Europe", the DG has prepared an overhaul of the TEN-T policy that will be presented in 2011.

1.2.3 Extension of the transport market to third countries

The DG continued to be very active in the international transport field to extend EU's internal market to third countries. In 2010 the DG was involved in the finalisation of the draft Treaty establishing a Transport Community in the Western Balkans, as well as in setting up the secretariat and budget of the Northern Dimension Partnership on Transport and Logistics (NDPTL). Furthermore, the DG was actively engaged in further developing the cooperation with Mediterranean countries and Eastern neighbours, the latter in the context of the Eastern Partnership.

In air transport, the latest data show that the number of routes between EU and US remains stable. With the signature of the second-stage air transport agreement with the US in June 2010, the Commission has now concluded six global aviation agreements. This agreement further strengthens regulatory cooperation and contains a roadmap towards increasing investment opportunities. Following the signature in December 2009 of the Air Transport Agreement with Canada, which includes both far-reaching regulatory cooperation and ultimately the creation of a full Open Aviation Area, a first preliminary Joint Committee took place in April 2010.

The process of bringing national bilateral air services agreements into conformity with EU law continued, leaving very few countries not yet cooperating on this matter (notably Russia and South Africa). In total, 902 bilateral agreements with 108 countries covering about 70% of extra-EU traffic have been brought into conformity with EU law since the 2002 "Open Skies" decision of the Court of Justice, including 45 horizontal agreements negotiated by the Commission. New horizontal agreements were initialled or signed in 2010 with Turkey, Saudi-Arabia, Brazil, Mexico, Vietnam and Cape Verde.

The Commission signed on behalf of the EU an agreement on civil aviation safety with Brazil on 14 July 2010. To the benefit of the industry in general and the manufacturers through simplified administrative procedures, the EU has now concluded civil aviation safety agreements the other main global aircraft manufacturer: Brazil, Canada and the US.

Another key event of 2010 was the triennial ICAO Assembly in September with positive results on aviation safety, aviation security, air traffic management and the environment. These results were in particular important for ETS. During that event, EU initialled one Memorandum of Cooperation with the International Civil Aviation Organization (ICAO) and one agreement on global exchange of safety information was signed with ICAO, the US Federal Aviation Authority and the International Air Transport Association (IATA).

Substantive work was carried out to extend the rail market to third countries, for example by concluding the work which should allow the accession of the EU to COTIF, creating a rail transport area in the Balkans and fostering relations with OSJD and Japan. The recast of the first railway package presented in September also suggest formalising the conclusions of international rail agreements.

In road transport, the Commission adopted in November 2010 a proposal for a negotiation mandate to modernise the Interbus agreement which governs occasional bus and coach services between EU and Bosnia and Herzegovina, Croatia, Moldova and Turkey. The aim of the mandate is to extend the agreement also to regular bus lines thus organising the road passenger transport market for regular bus lines on the basis of existing EU law.

In maritime transport, the DG held meetings with key international partners (in particular Russia, Norway, Japan, Brazil and South-Africa). A pilot project between the EU and the Russian Federation on sharing vessel traffic monitoring data for the Baltic and Barents Seas was agreed in principle.

1.3 Sustainable transport

Making mobility more sustainable has been a priority for the DG for more than ten years. The transport sector has made significant progress; however, recent evaluations indicate that further efforts are still necessary. Transport is the only sector where CO₂ emissions have almost always increased over the last twenty years. The EU transport system is not sufficiently resource efficient so as to promote sustainable growth in the meaning of the EU 2020 strategy. Secondly, it does not sufficiently keep pace with the mobility needs and aspirations of people and businesses.

1.3.1 Improvement of environmental performance of all modes of transport and promotion of shift towards the more environmental friendly transport modes

The DG continued its work to improve the environmental performance of the transport sector. For example, illegal discharges from ships have been reduced and are close to target while the number of roads with deployed ITS services is increasing. The share of rail, inland navigation, and short sea shipping of the total freight transport has remained stable. The competitiveness of low-carbon modes in relation to other modes of transport has remained the same and there is still a clear need to improve this.

The DG prepared the White Paper on the future of transport under the Commission Flagship initiative "Resource efficient Europe". The White Paper will define a long-term strategy that would allow the transport sector to meet its environmental goals by 2050. The White Paper was DG MOVE's only strategic initiative in the 2010 Commission's Work Programme and should therefore have been adopted in 2010. However, it has been postponed to the first quarter of 2011 in order to adopt it as a Commission package together with related initiatives from DG CLIMA and DG ENER.

A major break-through in the inter-institutional discussions was reached in October 2010 when the Council agreed on a Common Position on the Commission proposal on an amending the Eurovignette directive allowing the internalisation of external costs in road transport. This decision, once confirmed by Council and Parliament in second reading, will translate for the first time into concrete action a long-pursued policy objective, namely the application of the polluter-pays principle in the road transport sector.

The implementation of the Urban Mobility Action Plan is also under the flagship initiative "Resource efficient Europe". It was presented by the Commission in September 2009 and endorsed by the Transport Council on 24 June 2010. The Commission is implementing the actions in close consultation with relevant stakeholders. A conference on urban freight transport and logistics was held in November 2010 in co-operation with the Belgian Presidency. A study on urban access restriction schemes was concluded, and information dissemination through a web site was supported.

Also under the flagship initiative "Resource efficient Europe", the DG has been working on environmental guidelines for ports. The objective is to clarify the application of environment legislation to port development so as to increase the awareness of port authorities and dredging companies of the environmental implications of their activities, conflicts of interest between port planners and environmental groups, lengthy port planning procedures due to these conflicts, lack of certainty regarding the projects.

1.3.2 Deployment of intelligent transport systems for all modes of transport in particular on the Trans-European transport network

Better use of technology will improve the efficiency of the transport sector. The DG's work in this field is already having a positive impact. The share of the inland navigation network covered by the Electronic Navigation Chart is improving and close to the target while the number of kilometres of roads with deployed ITS services is increasing. The number of kilometres lines in service equipped with the European Railway Traffic Management System (ERTMS) is increasing but still far away from the target of complete coverage.

A Directive was adopted on 6 July setting up new legal framework for Intelligent Transport Systems (ITS). The Directive supports the 2009-2014 ITS Action Plan adopted in 2008 and aims to establish a framework to accelerate and coordinate the deployment and use of ITS for road transport, including the interfaces with other transport modes. The first priorities will be traffic and travel information, the eCall emergency system and intelligent truck parking.

Under the flagship initiatives "Resource efficient Europe" and "Innovation Union", the DG has been preparing a Communication on governance SES II and deployment of SESAR. In 2010 a first assessment was made in a staff working paper on the challenges and key issues related to the SESAR deployment phase, including its governance and funding/financing.

1.3.3 Development and demonstration of intelligent and sustainable transport systems and vehicles

The main research project of the DG is SESAR, which is the European air traffic control infrastructure modernisation programme. It aims at developing the technology for the new generation air traffic management system capable of ensuring the safety and fluidity of air transport worldwide over the next 30 years. The project is divided into three phases: the definition phase (2004-2008), the development phase (2008-2013) and the deployment phase (2014-2020). The SESAR Joint Undertaking has been set up to coordinate the development

activities of the project, in accordance with the European Air Traffic Management Master Plan. In 2010, a report was prepared on the evaluation of the first three years of the SESAR Joint Undertaking (SJU) and on the progress in the execution of the ATM Master Plan. A first assessment has been made in a staff working paper on the challenges and key issues related to the SESAR deployment phase, including its governance and funding/financing. The possible governance options will be further explored with the support of a task force led by DG MOVE and composed of representatives of Eurocontrol, EASA and the Joint Undertaking, with the assistance of stakeholder experts. The objective is to present a proposal to the Council in 2011. On 18 June 2010, the DG concluded successfully the negotiations with the US Federal Aviation Authority for a Memorandum of Cooperation for research and development in the field of civil aviation, including a specific annex on SESAR-NextGen interoperability. The DG has also during the year prepared a Strategic Transport Technology Plan. This will provide an umbrella to coordinate the various activities in transport research and contribute to avoiding the fragmentation of transport research and to supporting the integration of transport systems.

1.4 Safe and secure transport

Ensuring a high level of safety and security remains a priority. Existing measures need regular updating in order to take advantage of technological progress and respond to new challenges, such as increased transport volumes. Significant progress was made in 2010 in promoting awareness of passenger rights for all modes of transport thanks to a EU-wide publicity campaign in all 23 official languages launched by DG MOVE

1.4.1 Improvement of transport safety, passenger rights and minimum labour standards

In 2010 the DG was successful in its efforts to have passenger rights in all modes of transport with the agreements on bus and maritime passenger rights. The new rights for maritime and inland waterway passengers include amongst others a guarantee of reimbursement or rerouting in situations of cancellation or of significant delays, adequate assistance, compensation, specific assistance free of charge for persons with reduced mobility. After a successful conciliation procedure, an agreement was found on the bus and coach passenger rights regulation. A set of basic rights including non-discrimination, adequate information to passengers, in particular those with reduced mobility will apply to all passengers. Additional rights such as assistance, accommodation and compensation will be granted to passengers travelling long distances.

The Communication on passenger rights in all modes of transport was foreseen as a priority initiative in the 2010 Commission Work Programme. Since maritime and bus passenger rights' Regulations were only concluded in 2010, it was decided to postpone the Communication which covers all modes of transport to 2011, in order to take duly into account the latest developments. An evaluation of the Regulation on air passenger rights was prepared in 2010 and will be adopted together with a report on Regulation on the rights of air passengers with reduced mobility in the first quarter of 2011. Last year's activities involved the preparation and successful launching of the passenger rights campaign running over a period of two years in order to raise citizens' awareness of their rights and the completion of the public consultation on air passenger rights with the organisation of a stakeholders' meeting in June.

The number of fatalities in road transport accidents continued to reduce. In 2009 less than 36,000 persons died following road accidents in the European Union and no fewer than 1,500,000 persons were injured. While the reduction in the number of fatalities compared to the 2001 base year is remarkable (and was again confirmed with the provisional 2010 statistics) the cost to society remains high, representing approximately €130 billion in 2009¹. This is why the Commission presented in July 2010 the Communication "Towards a European road safety area: policy orientations on road safety 2011-2020". These policy orientations up to 2020 aims to halve the number of fatal road accidents by providing a general governance framework with challenging objectives which should guide European, national and local strategies for implementation in line with the principle of subsidiarity. The initiatives proposed range from setting higher standards for vehicle safety, to improving the training of road users and increasing the enforcement of road rules. The Commission will work closely with Member States to implement this programme. This Communication was a priority initiative for DG MOVE in the 2010 Commission Work Programme.

The Commission has proposed in 2008 to modify Directive 2002/15/EC, by excluding self-employed drivers. The objective was to combat 'false' self-employment by clarifying the distinction between mobile worker and self-employed driver and by laying down more harmonized stricter enforcement requirements. Despite the Transport Council's broad support to the Commission proposal and the evidence provided in the impact assessment that the inclusion of self-employed drivers would create tremendous administrative burden without any likely benefit for road safety, the plenary of the European Parliament finally decided in 2010 to reject the Commission proposal. The Commission therefore had to withdraw its proposal and to carry out the respective transposition checks.

Maritime safety continues to increase. Fewer ships of the EU27 fleet were detained during a port state control while the number of accidents in EU waters dropped. Maritime safety will be further strengthened once the proposal revising the European Maritime Safety Agency (EMSA) Regulation presented by Commission in October 2010 is adopted. This will enable EMSA to deal with new challenges in an ever-changing world. Developments since the agency's start in 2003 require a limited update of its mandate. The Commission proposal suggests maintaining EMSA's current tasks and institutional structure, ensuring continuity for the Agency's activities which providing added value at EU-level. This has been appreciated by the stakeholders. EMSA's updated mandate would clarify its role in case of oil pollution caused by offshore installations, increase its involvement in EU research and promote EU maritime safety policy in all the regional seas bordering the EU.

On air safety, more than 450 air carriers were examined during the year. At the end of 2010, all airlines (276) of 19 states as well as four individual airlines are fully banned; there are partial operating bans on ten additional airlines. The list of airlines subject to an operating ban in the EU was updated four times in 2010. The new legislation regarding accident and incident investigation and prevention (Regulation 996/2010 of 20 October 2010) was adopted in first reading. It will strengthen the independence and effectiveness of air accident investigations in the EU, promote cooperation between the accident investigation authorities, and ensure better follow-up of safety recommendations. In addition, the new regulation significantly reinforces the rights of victims of air accidents and their relatives.

The DG worked on guidelines to help minimise airspace closures in the event of volcanic ash reaching Europe without compromising safety standards. This is the result of the work

¹Based on the value of a statistical life calculated by the HEATCO study (6th Framework Programme for Research and Technological Development).

together with Eurocontrol, EASA and airlines, regulators, and aircraft and engine manufacturers.

Rail safety is increasing as the total number of accidents, including level crossing accidents, has been reduced year by year. To continue the positive trend, the Commission adopted three legal acts with regard to Common Safety Targets and Common Safety Methods for assessing conformity with the requirements for obtaining safety certificates (Commission Regulation (EU) No 1158/2010) and safety authorisations (Commission Regulation (EU) No 1169/2010). A draft Commission Regulation on the certification of the entities in charge of maintenance was prepared to be adopted in 2011.

1.4.2 Reinforcing transport security

Two air cargo security incidents at the end of October revealed not only the threat to air cargo, they also demonstrated the sustained and evolving nature of the terrorist threat to civil aviation as a whole. The EU's way forward has been laid down in a report and in an action plan on strengthening air cargo security. The action plan was endorsed by the Council in December 2010. Commission security inspections of EU ports and airports continued and existing security regulations were modernised to increase effectiveness while minimising the operational impact on companies and passengers. However, continued awareness is required as security threats remain to transport sectors and their users.

In 2010, the Commission carried out 26 aviation security inspections covering 21 airports and 5 authorities, finding a compliance rate of 80% with the new aviation security legislation which is close to the target of 85% set by the DG. The high compliance rate also confirms the smooth transition to the new regulatory framework that fully entered into force in 2010. The new regulatory framework modernised the existing rules and phases out, amongst others, the restrictions for carrying liquids on board aircraft by 2013. The existing restrictions on liquids, aerosols and gels will be replaced by security controls with new screening technology capable of detecting liquid explosives.

The Commission presented in July 2010 a report on the use of security scanners at EU airports for passenger screening. It summarises the situation in Member States and reflects concerns in relation to fundamental rights and health issues. The report launched a constructive debate on possible ways for deploying the new and innovative technology without negatively affecting privacy or health of passengers and staff. This report was a priority initiative for DG MOVE in the 2010 Commission Work Programme.

Similarly in maritime, the DG continued maritime security inspections to ensure compliance with EU law and attained the set target. In total 126 maritime security inspections were performed, covering seven national administrations, 71 port facilities and 33 ships in order to verify the compliance with Regulation 725/2004. In addition, in 15 ports the implementation of Directive 2005/65 was monitored.

The DG organised a high-level seminar on piracy, bringing together Member States, stakeholders, the IMO and US representatives. The seminar addressed the impact of piracy on the human element, in particular concerning victims of the crimes of piracy and armed robbery. A Commission Recommendation on measures for self-protection and the prevention of piracy and armed robbery against ships was adopted on 11 March 2010.

PART 2. MANAGEMENT AND INTERNAL CONTROL SYSTEMS

2.1 Introduction to DG MOVE

On 17.2.2010 the Commission decided to split DG TREN into DG ENER and DG MOVE, thereby creating a Directorate-General devoted to developing a European-level policy in the transport sector. DG MOVE began work without major problems, despite the additional workload for the common services, especially in the human resources, IT, budgetary and financial planning, reporting and internal control areas.

The mission statements of the DG and its units were revised to reflect the changes and published on the DG's intranet. While the tasks of most units remained the same, there were notable exceptions:

- The DG TREN resources directorate was transformed into a Shared Resources Directorate for both DG MOVE and DG ENER. An additional shared unit (ex-TREN.P2) dealing with Internal Communication (document management, post distribution, library) was added;
- Similarly the DG TREN Internal Audit Capability was transformed into a Shared Internal Audit Capability for the two DGs, reporting directly to both Directors-General;
- The Inter-institutional relations, Planning and Programming, External communication, Impact Assessment, Research Coordination, Economic Analysis and Evaluation functions (the old TREN A1, P1 and P2) were split between the two DGs;
- Responsibility for state aids in the transport sector also passed to DG COMP on 17.2.2010. The Director-General of the former DG TREN sent a handover note to the Director-General of DG ENER on 18.2.2010 and to DG COMP on 17.2.2010. The transfer of Galileo activities to DG ENTR was also signed on 17.02.2010.

DG MOVE has a total of 598 staff, including 197 staff assigned to the MOVE/ENER Shared Resources Directorate. Of these, 482 are permanent posts and 116 are external staff.

DG MOVE uses the partially decentralised model for the operational activities and the centralised model for all administrative expenditure. There were no changes in DG MOVE from the model applied in DG TREN.

DG MOVE manages its funds through direct centralised management², indirect centralised management with the Executive Agencies EACI³ and TEN-T EA⁴ and in joint management with the European Investment Bank (EIB)⁵.

In 2010 DG MOVE managed €0,42 billion in commitment credits and €0,36 billion in payment appropriations directly, with execution rates being 93% and 64% respectively. If the Executive Agencies, where DG MOVE is the parent DG, are taken into account the commitments rise to €1,44 billion and the payments to €1,2 billion⁶, with the execution rates

² RTD, administrative support activities

³ Intelligent Energy Programme (IEE)

⁴ Marco Polo, TEN-T

⁵ LGTT

⁶ The table below refers only to operational credits, excluding the budget transferred to the regulatory agencies.

being 97% and 89,7% respectively The commitment credits jointly managed with EIB were €80 million.

Main Programmes concerned	Management mode	Organisation	2010 commitment appropriations	2010 Payments (million €)
Mobility & transport support activities	Direct centralised	-	16.51	15.13
TEN-T (former programme)	Direct centralised	-	-	0.15
	Indirect centralised	TEN-T EA	-	74.94
TEN-T (current programme)	Direct centralised	-	-	-
	Indirect centralised	TEN-T EA	923.87	742.67
	Indirect centralised	SESAR	50.00	19.00
Marco Polo (former programme)	Indirect centralised	EACI	-	3.12
Marco Polo (current programme)	Indirect centralised	EACI	64.20	27.38
Marguerite Fund	Joint management	EIB	80.00	0.96
Research	Direct centralised	-	46.56	36.81
	Indirect centralised	SESAR	55.00	22.00

For the commitments and payments under its responsibility, DG MOVE uses a system of sub-delegation where the deputy director-general and each director is the authorising officer by sub-delegation for the commitments and payments under their responsibility. Commitments can only be authorised by a director or above, while heads of unit (or their deputies) can authorise payments and recovery orders.

2.1.1 The general control environment

The DG's general control environment consists of the following elements:

Management meetings

The Director-General, his deputy and the directors, including the directors of TEN-T EA and EACI, meet usually every week to analyse the work programme implementation, discuss matters of importance and coordinate the actions of the DG.

In addition the Directors-General of DG MOVE and DG ENER meet regularly with the Director of the Shared Resources Directorate to ensure coordination.

Internal monitoring and verification committee ("Comité de suivi")

This Committee has a more detailed focus on financial and control issues than the management meetings. It is chaired by the Director-General and includes his deputy, as well as the directors, including from the TEN-T EA and EACI, representatives of the units concerned in the SRD and the Shared Internal Audit Capability. In 2010 the Committee met three times to analyse key implementation indicators including risk assessment and other internal control matters and discuss budgetary and financial execution matters. Whenever relevant, the follow-up to ongoing or completed internal and external audits was also discussed.

Risk management

The DG has a "bottom-up" approach for identifying risks which it combines with regular monitoring at the Comité de Suivi and senior management meetings. The MOVE Risk Register (including risk deemed critical and other significant risks) was reviewed two times in 2010 to ensure effective and efficient implementation and monitoring of the mitigation measures put in place. One critical risk on "overpayments in FP6 and FP7 grants" was reported in both DGs' Management Plan. An IT tool (eAMP) was developed to monitor and register the risks and other issues related to the implementation of the Management Plan.

Programming Committee

The Director-General chairs the Programming Committee, which usually meets once a year. The Director of Shared Resources, the Head of unit Financial resources and the Assistants to the Director-General are the members of this committee. The Committee analyses the description of the actions proposed by the Directors to take place in year N+1, verifies its coherence with the DG's priorities, the annual work programme and the budget approved and validates the actions to be funded the following year. These actions give rise to the annual financing decision and to *ad hoc* financing decisions.

Cross-delegations

DG MOVE has given cross-delegations to DGs ENER, COMP, RTD, OPOCE, ECFIN and DIGIT. It has received a cross-delegation from DG ELARG.

*DG MOVE's "Internal Advisory Committee on Procurement and Contracts" (CCAM)*⁷

When launching a call for tenders, the technical services concerned verify the validity of the offers, the compliance with the terms of reference, the eligibility of the actions and the partners, the efficiency and effectiveness of the methods proposed and the quality of the tenders or proposals received by DG MOVE.

In addition, procurement procedures leading to contracts with a value above €60 000 are analysed by the joint DG ENER and DG MOVE CCAM before the contracts are signed by the competent Authoring Officer. Chaired by the Director of the Shared Resources Directorate or, in his absence, by his advisor or the Head of the Financial Resources Unit, the CCAM is composed of members selected for their particular competence in the field of public procurement and it gives an opinion on the way in which the procurement was carried out and on the draft contract proposed for signature.

Internal control groups

⁷ Commission consultative interne des achats et marchés (CCAM)

Two networks contribute to internal control:

- the HR assistants network (weekly meetings);
- the network of assistants dedicated to internal control issues (working mainly through email exchanges).

Supervision of the Agencies

The operational units responsible for the policies entrusted to the Agencies (EMSA, EASA, ERA, TEN-TEA, EACI) and the SESAR Joint Undertaking follow their activities closely. DG MOVE's officials participate in several working groups set up to discuss technical issues and regular meetings take place between them and the staff from the agencies. The administrative boards of the regulatory agencies have set up budget sub-committees dedicated to budgetary, financial and administrative matters. Members of DG MOVE's operational directorates, the resources directorate and representatives of some Member States participate in these sub-committees, which meet on a regular basis, usually before the Board meetings. Senior Commission officials are members of the administrative boards and of the steering committee. For more information, see the dedicated section 2.1.4 below.

Exceptions

In accordance with Internal Control Standard 8, each deviation from an established process or procedure is documented, justified and approved at the appropriate management level before this level takes action. These are then registered in the Internal Control Registry and reported to the "Comité de Suivi" so that appropriate measures are taken in order to avoid any recurrence of these cases.

Impact Assessment and Evaluation

The DG conducts impact assessments on all new policy initiatives in accordance with the Commission rules. It also regularly evaluates both spending and non-spending programmes.

Operational control

Deliverables received are checked by the operational services in order to verify compliance with the contractual obligations. If necessary, on-the-spot missions by the agent in charge are organised in order to check the effective implementation of the programme and the correctness of the information received. For some programmes (e.g. the research framework programmes) external experts provide technical reviews which feed into the operational services' assessments.

In general Heads of Unit act as operational verifying agents, approving deliverables and being responsible for the follow-up and supervision of the programmes and projects entrusted to their unit. The operational services provide the 'certified correct' declaration.

Financial control

The Financial Management Unit carries out the financial initiation and verification and provide the "passed for payment" declaration. Before it can be given, each financial deliverable (invoice or cost claim) is thoroughly checked to assess its compliance with the applicable rules. All the financial transactions are then sent for signature to the Authorising Officer concerned.

Ex-post controls

There are two types of ex-post controls in the DG:

- Audit - on the basis of the work programme approved by the Director-General; the Audit unit (SRD5) concentrates its efforts on research projects in line with the audit strategy common to all Research DGs, which is one of the elements of the action plan on the reservation. Other areas managed by the DG are also covered to a lesser extent;
- Desk Control – this aims to detect errors made by the beneficiaries in their cost claims during the implementation of the projects so that errors can be corrected before the Commission makes the final payment. This aims to raise the beneficiaries' awareness of the rules they must follow when implementing projects funded by the Commission. In accordance with the action plan set up to address the reservation on the accuracy of cost claims in FP6, it concentrates on research projects.

Financial Reporting

Budgetary and financial reporting provides regular and detailed financial indicators to management, such as on the consumption of commitment and payment credits and its comparison with the Budget Implementation Plan, the contracting of the global commitments, payment delays, the number and nature of exceptions, abnormal RAL⁸, error rates, implementation of the audit plan, recoveries and the number of cases sent to OLAF.

Reporting by the Authorised officers by sub-delegation (AOSD)

Each year each Director prepares their annual report to the Director-General, in which they identify potential weaknesses in internal control and may propose areas for a 'reservation' or 'risk', as well as reporting on political achievements and progress on programmes and policies. These reports, approved by the responsible Deputy Director-General where appropriate, include input from the Heads of Unit, who are also AOSD for payments and recoveries.

2.1.2 Working arrangements with the Commissioners

The working arrangements between DG MOVE and the Commissioner in charge of Mobility and Transport have been defined and approved in writing. They were published on the internal intranet on 18 January 2011.

The cabinet was kept informed on work programme implementation and matters relating to financial management, agencies, human resources management and internal control, including through a report submitted in autumn and covering the first six months of the year.

2.1.3 Events of particular importance

There were no events of particular importance other than the creation of the DG.

2.1.4 Agencies

In 2010, DG MOVE was involved in the work of three regulatory agencies, two executive agencies and two joint undertakings.

Following the split of DG TREN into DGs ENER and MOVE the European GNSS Supervisory Authority (GSA) moved under the responsibility of DG ENTR and the Agency for the Cooperation of Energy Regulators (ACER) under DG ENER.

⁸ Reste à liquider: It is DG Budget's estimate of the value of the outstanding commitments which have not been de-committed, but almost certainly should have been.

The operational units concerned ensure the regular supervision and monitoring of the agencies work through reports and meetings. They also provide support to DG MOVE members of Administrative Boards and Steering Committees. The coordination of the horizontal issues related to the agencies is dealt with by the SRD for budget, finance and administrative issues and Directorate A for inter-institutional and governance issues.

2.1.4.1 Traditional Agencies and Joint Undertakings

DG MOVE is the "parent DG" for the following agencies:

- European Aviation Safety Agency (EASA) which develops common safety and environmental rules in civil aviation at European level;
- European Maritime Safety Agency (EMSA), which provides technical and scientific assistance to the European Commission and Member States in the proper development and implementation of EU legislation on maritime safety, pollution by ships and security on board ships;
- European Railway Agency (ERA) providing the EU Member States and the Commission with technical assistance in the fields of railway safety and interoperability;

DG MOVE is also responsible for the SESAR Joint Undertaking, which aims to develop a new generation air traffic management system capable of ensuring the safety and fluidity of air transport worldwide. DG MOVE also contributes to the financing of the Fuel Cells and Hydrogen Joint Undertaking (FCH JU), although the parent DG is RTD.

With the exception of EASA, for which a substantial part of revenues comes from fees and charges collected from the aviation industry (around two thirds of the overall budget of the Agency), the agencies are predominantly financed by the EU budget. In 2010, the total EU contribution allocated to these agencies was around €10 million. This was composed of the amounts entered in the 2010 budget (€108,5 million) and the assigned revenues stemming from the recovery of the previous year's surpluses (€1,5 million).

The new tasks entrusted to the agencies over recent years have put some pressure on the budget as their cost was not foreseen in the 2007–2013 financial programming. This has been solved by redeploying funds from other budget lines managed by DG MOVE.

For the two Joint Undertakings, the 2010 appropriations allocated from the budget of DG MOVE were of €103,7million for SESAR and of €2, 9 million for FCH.

The following events were of particular importance:

- EMSA - On 28 October 2010 the Commission adopted the proposal for the revision of the Agency's set up Regulation⁹. The objective of the proposal is to clarify EMSA's existing tasks and role and to extend EMSA's tasks.
- SESAR – On October 2010¹⁰ the Commission adopted a decision on modalities for establishing the Union's position within Administrative Board of the SESAR JU.

⁹ COM (2010) 611

¹⁰ Commission's decision on modalities for establishing the Union's position within Administrative Board of the SESAR JU of 11.10.2010 C (2010) 6922, modifying decision C (2007) 1999 of 20.07.2007 relative to the nomination of an alternate representative of the European Union at the Administrative Board of the SESAR JU.

The Commission participates in the administrative (management) boards of the regulatory agencies. Agencies' boards always include representatives from the Member States and one or more Commission representatives. The Commission does not have majority on the boards of the Agencies for which DG MOVE is the parent DG.

The Director-General of MOVE is a member of the Administrative Board of EASA. The Deputy Director-General responsible for coordinating Directorates C, D and E is a member of the administrative boards of ERA (along with the Directors of Directorates B and D) and EMSA (along with the Directors of Directorate C and SRD). The Director of Directorate B represents DG MOVE in the Governing Board of FHC JU. They ensure the consistency of DG MOVE's policy on the boards of these agencies. The Director of Directorate E chairs the Administrative Board of SESAR JU.

Staff from the SRD and the operational units concerned is member of the budget sub-committees set up by the administrative boards. These sub-committees give an opinion to the administrative board on all the draft decisions and points for information dealing with administrative, financial and budgetary issues submitted by the Directors of the Agencies.

Guidelines for establishing the EU position in the Administrative Board of the SESAR JU have been developed. They include consultation arrangements with other services and a Modus Operandi agreed with the Trans-European Network Executive Agency.

A set of indicators is used to monitor budgetary and financial execution in DG MOVE. These indicators are updated four times a year using information coming directly from the Agencies with the aim of ensuring more effective supervision of the Agencies' staffing levels and recruitment, budgetary execution and the follow-up of auditors' recommendations. In order to ensure better cash management, the Agencies submit to DG MOVE a cash flow forecast each time they request a payment.

2.1.4.2 Executive Agencies

DG MOVE is a parent DG for:

- The Executive Agency for Competitiveness & Innovation (EACI), which implements the programmes Intelligent Energy Europe, Marco Polo, Enterprise Europe Network and Eco-innovation on behalf of the European Commission. EACI is monitored by four parents DGs. DG MOVE is responsible for Marco Polo. DG ENTR is now chairing the Committee and DG MOVE is the deputy chair. In 2010, the Director in charge of the Marco Polo programme represented DG MOVE in the Steering Committees of EACI.
- The Trans-European Transport Network Executive Agency "TEN-T EA", which implements the Trans-European Transport Network (TEN-T) programme. The Director in charge of the TEN-T programme and the SRD Director were the representatives in the Steering Committee of the TEN-T EA.

DG MOVE has a supervisory role over the executive agencies in accordance with the rules established by the Council Regulation (EC) No 58/2003 laying down the statute for Executive Agencies to be entrusted with certain tasks in the management of Community programs and the Commission Regulation (EC) No 1653/2004 of 21 September 2004 on the Financial Regulation for the Executive Agencies pursuant to Council Regulation (EC) No 58/2003. This includes the definition of priorities and result-oriented goals in the annual work programmes approved by the Commission and an assessment of the activities carried out by the agency through the annual activity reports (AARs).

With the aim of providing detailed guidance on how parent DGs and Agencies should communicate between each other on a day-to-day basis, Memoranda of Understanding were concluded between DG MOVE and the Executive Agencies (for EACI, the MoU includes also the other parent DGs). In addition, for EACI, there are established "Guidelines for effective exchange of information between the EACI and parent DGs" and "Guidelines for effective financial and budgetary relations between the EACI and the parent DGs".

2.2 The functioning of the entire internal control system

In 2010 DG MOVE continued improving its Internal Control framework by:

- implementing the actions necessary to reach the "baseline requirements" of the internal control standards prioritised for 2010;
- monitoring the implementation of the critical and other significant risks identified in the 2010 risk management exercise. No cross-cutting risks were identified;
- identifying the critical and other significant risks for 2011 (again, no cross-cutting risks were identified), as well as the prioritised internal control standards for 2011;
- regularly discussing internal control issues in the "Comité de suivi";
- updating the sections of the Manual of Financial and Contractual Procedures dealing with internal control and risk management, as well as the internal control intranet pages.

2.2.1 Compliance with the requirements of the control standards

The annual review of compliance with each of the internal control standards took into account:

- the results of the annual self-assessment on the functioning of the DG's internal control system. The iCAT¹¹ tool, customised to MOVE and SRD specific needs, was used on a population formed from management and non-management staff, as well as key staff involved in implementing the internal control standards;
- the results of the actions completed for the prioritised Internal Control Standards for the reporting year (see section 2.2.2 below);
- progress with implementation of actions stemming from internal audit recommendations.

It concluded that the DG complies with all the internal control standards except the three stated below for which partial implementation was noted:

- *ICS 8: Processes and Procedures* - Even though substantial progress has been achieved in 2010, the DG's manual of contractual and financial procedures has not been completely updated. Also the manual of operational / internal (i.e. non-financial) procedures needs to be updated and published. This will be done in 2011;
- *ICS 9: Management Supervision*- action needs to be taken in order to enhance the supervision of the agencies and joint undertakings. This will be addressed in 2011;

¹¹ Internal Control Assessment Tool, it is provided by DG BUDG

- *ICS 12: Information and Communication* - The internal communication and staff engagement strategy, its communication to the staff and the staff awareness on matters concerning the IT security policy needs to be enhanced. This will be done in 2011.

2.2.1.1 Derogations granted to the mandatory staff mobility requirements for sensitive functions

In 2010 DG MOVE did not derogate from the mandatory staff mobility requirement for sensitive functions. Since none of the persons assigned to one of the 49 posts in DG MOVE which are qualified as sensitive has been in the post for more than 5 years, there was no need to consider extending the assignment for another 2 years (maximum 7 years) or re-assigning the person to another post.

2.2.2 Effectiveness of implementation of the prioritised control standards

The four standards prioritised in the 2010 MP are set out below together with the measures taken during the year to ensure their effective implementation.

- *ICS 1 Mission* - was prioritised to define and update mission statements of the DG after the split of DG TREN. The revised statements were agreed and published on the intranet in December 2010.
- *ISC 3 Staff Allocation and Mobility* - – was prioritised as it was considered that (organisational and institutional changes after the split of DG TREN may require a redefinition of staff allocation and careful monitoring of staff turnover in order to recruit and retain staff with required skills. During the year measures were taken to align staff allocation with workload and priorities and a reorganisation of DG MOVE came into force in September 2010. A more substantial reorganisation is in preparation for next year. Due to resource constraints the "job mapping" exercise (part of the action plan) to identify key job profiles in DG MOVE/ SRD has been postponed to 2011.
- *ISC 8 Processes and Procedures* – - was prioritised because the modifications to the financial circuits made in 2008 and 2009 and the entry into force of the Lisbon Treaty required revision of the Manual of Financial and Contractual Procedures. With the exception of the chapter on financial management the manual has been revised and published. The chapter on Financial Management and the translation of all chapters into English and French will be completed in 2011.
- *ICS 11 Document Management* – was prioritised due to the introduction of ARES in the DG. The action plan aimed to ensure that the DG's document management system is both efficient and compliant with the rules and to help units manage their documents. It was implemented and the migration to ARES took place in June 2010. As a result of this migration the creation of the Specific Retention List¹² has been postponed to 2011.

¹² The Specific Retention List is drawn up by each Directorate-General when they have specific types of files that do not concern any other DG/Service and are not included in the common Commission-level Retention List. The DG needs to identify the file type of each file created and held by the Directorates-General (DGs) and equivalent departments in order to ensure that it is properly preserved; lay down the retention period for each type of file, taking into account its administrative usefulness for the departments, the statutory and legal obligations and its potential historical value; to establish the administrative procedures for the elimination of documents which the DG must apply to certain types of files; to define the action to be taken by the DG on the

In addition, the DG will continue to work to improve the effectiveness of all the ICS.

2.2.3 Conclusion

The main elements of appreciation of the functioning of DG MOVE control systems in 2010 are illustrated in the previous sections.

In the light of the results of the assessment of the compliance and effectiveness of the internal control against the Internal Control Standards we can consider that the DG's control system works as intended and adequately mitigates the main risks to the achievement of the objectives of the Directorate-General.

The further improvements needed to ensure compliance with ICS 8 (Processes and Procedures), ICS 9 (Management supervision) and ICS 12 (Information and Communication) do not have a significant effect on the overall effectiveness of the system. Nevertheless action will be taken in 2011 along with the implementation of actions on ICS 3 (Staff allocation and Mobility) and ICS 11 (Document Management) carried over from the ICS prioritised in 2010.

Particular attention will continue to be paid to addressing overpayments in personnel and indirect costs in research payments. The measures taken are described in more detail in part 3.

2.3 Information to the Commissioner

The main elements of this report and assurance declaration, including the reservation envisaged, have been brought to the attention of VP Commissioner Kallas.

various types of files once the Administrative Retention Period has expired; and to determine what action should be taken by the Commission's Historical Archives Service on the various types of files received.

PART 3. BUILDING BLOCKS TOWARDS THE DECLARATION OF ASSURANCE (AND POSSIBLE RESERVATIONS TO IT)

3.1 Building blocks towards reasonable assurance

Reasonable assurance is based on the:

- assurance given by DG MOVE's management, including the Directors of the Executive Agency for Competitiveness and Innovation and the Trans-European Transport Network Executive Agency;
- assurance given by the Authorising Officers by Delegation (AOD) implementing funds in cross-delegation.
- Internal Control Coordinator's assurance;
- results of the Commission's services' audits and implementation of the measures to address weaknesses identified;
- results from Court of Auditors' audits and implementation of the measures to address weaknesses identified;
- reporting on exceptions;

The materiality criteria used are:

- For non-research activities: the scope and nature of the weakness; its recurrent nature; controls put in place to mitigate it; and that the amount at risk represents more than 2% of the budget of the ABB¹³ activity concerned.
- For research activities: see annex 4.

The impact on the Commission's reputation was also considered.

3.1.1 Building block 1: Assessment by the management

DG MOVE's control strategy builds on the following key controls: risk management, monitoring project implementation closely, ex ante and ex post controls, exception monitoring and reporting.

3.1.1.1 Risk Management

DG MOVE's 2010 Management Plan identified one critical risk on the overpayment of research grants made under the 6th and 7th Framework Programmes. Mitigating actions were the same as those taken under the follow-up of the 2009 AAR reservation on overpayment in research grants made under FP6 (see section 3.1.3.1).

All the risks were reviewed at Comité de Suivi meetings in July and December.

No cross-cutting risks were identified in the 2010 or 2011 Management Plans.

¹³ Activity Based Budgeting

3.1.1.2 Monitoring project implementation closely

With the externalisation of the management of the TEN-T programme to the TENT-T Executive Agency and of Marco Polo to EACI, the bulk of DG MOVE's project implementation concerns the Research Programmes. The way in which they are monitored is set out below and in the internal control template annexed. Corrective action is taken if these show potential causes for concern. This could lead to a decision to conduct an audit or desk control of the projects concerned, or to the project being suspended or terminated.

Research Programmes

For the FP6 programme, 54 projects were on-going in 2010 and no new projects were signed in 2010. The average duration of on-going projects in 2010 was 40 months. The following technical monitoring took place:

- 38 reports linked to a payment during the year have been processed. 21 of these were for the final payment;
- 7 of the projects had been visited by external expert reviewers and these reviewers attended 8 review meetings during the year;
- in addition, 12 projects were visited by technical officers and these officers attended 23 review meetings during the year;
- only 1 project had no technical review or a meeting with the coordinator during the year.

For the FP7 programme, 26 projects were ongoing. No project began in 2010. The average duration of on-going projects in 2010 was of 36 months. The following technical monitoring took place:

- 10 reports linked to a payment during the year have been processed. None of these was linked to a final payment;
- 5 of the projects were visited by external expert reviewers and these reviewers attended 5 review meeting during the year;
- in addition, 10 projects were visited by technical officers and these officers attended 15 review meetings during the year;

As a result the level of technical monitoring for both programmes is high and reflects the degree of advancement of the project. Further information is given in the annexed internal control template¹⁴. All this information shows that the necessary measures are in place to ensure that assurance can be given from a technical perspective for both FP6 and FP7.

TEN-T

In 2010 DG MOVE committed the amount of 80 M € in a cross sub-delegation with DG ECFIN in order to finance the 'Marguerite Fund'. The purpose is to invest equity in Energy, Climate Change and Infrastructure (TEN-T) projects. This fund is managed by an external management board which makes drawdown requests for credits as required. DG ECFIN is responsible for monitoring the management of this fund.

¹⁴ See annex 5.

The LGTT is an innovative financial instrument set up and jointly by the Commission and the European Investment Bank (EIB), which aims at facilitating a greater private sector involvement in the financing of TEN-T projects. This instrument is managed by the EIB, which makes drawdown requests annually from 2010 onwards. DG MOVE monitors the EIB's management of the instrument as specified in article 17 of the Cooperation Agreement between the Commission and the EIB.

Indicators

The table below shows that most indicators have made good progress. This is particularly true for the reduced number of old contracts, the reduced payment delays¹⁵, and the increased payments made by the contractual deadline; the average time taken to pay has decreased from 37.7 days in 2009 to 29.1 in 2010 and the payments made within the contractual deadline raised from 67% in 2009 to 83% in 2010. The improvement could have been even bigger if the transactions had not been blocked for some weeks due to the closure of ABAC further to the split of DG TREN.

The overall commitments and payment rates¹⁶ are slightly under the respective target of 98% and 90%. This was due to an increase in the commitment and payment appropriations by € 8M by the end 2010. Indeed, DG ENER transferred to DG MOVE a budget of €8M that will be used in the FP7 CIVITAS in 2011¹⁷. If are considered only the payments executed by DG MOVE, the payment execution rate was also lower than expected because of the underutilisation of the credits allocated to the Marguerite Fund as the implementation was lower than initially estimated. The carry forward to 2011 of the large majority of these credits was requested. The FP6 error rate is discussed in more detail in section 3.1.5.2.

Specific objective: "Plan, perform, monitor and report on the spending of financial resources so that sound and regular management of them is assured throughout the DG's activities" and "Implement and maintain an effective and reliable internal control system so that reasonable assurance can be given that resources assigned to the activities are used according to 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."		
Indicator	Latest known result	Target
Commitments budget carried out compared to final annual budget (%)	31/12/2010: 97,4% 31/12/2009: 99 % 31/12/2008: 99%	>98 %

¹⁵ Unlike the figures in Table 6 of Annex 3, these figures include payments made by the PMO for administrative expenditure.

¹⁶ Unlike the figures in tables 1 and 2 of annex 3, these figures include commitments and payments made by executive Agencies.

¹⁷ These credits can be carried forward to 2011 as they are of the type R0.

FP6 budget free from material errors and thus contributing to implementing FP6 Audit Strategy (%)	31/12/2010: 95.58% 31/12/2009: 95.96%	>98 %
Individualisation of global commitments carried forward (%)	31/12/2010: 97,6% 31/12/2009: 98,2% 31/12/2008: 99%	>99 %
Payments budget carried out compared to final annual budget (%)	31/12/2010: 89,7 % 31/12/2009: 91% 31/12/2008: 83%	>90 %
Average time taken to make payments (days)	31/12/2010: 29.1 31/12/2009: 37.7 31/12/2008: 47.5	< 30
Payments made by contractual deadline (%)	31/12/2010: 83.6% 31/12/2009: 67 % 31/12/2008: 58 %	>80 %
Number of open contracts that are more than 5 years old	31/12/2010: 45 31/12/2009: 93 31/12/2008: 239	< 80

Of the 4 open OLAF cases at the beginning of 2010, OLAF closed 3 cases during the year. 2010 saw MOVE reporting 3 new irregularities to OLAF. Therefore, at the end of 2010, 4 cases are opened for MOVE, of which:

- 2 are being evaluated by OLAF;
- 2 have been closed by OLAF but their conclusions need to be implemented either legally or financially.

3.1.1.3 Ex-ante control

3.1.1.3.1 Procurement

In 2010 the internal CCAM met 6 times and analysed 11 files submitted by DG MOVE resulting in 1 unconditional positive opinion, 6 positive opinions subject to comments being taken into account, 3 suspended opinions and 1 negative opinion. While the latter required a re-launch of the entire procedure, the other 10 files were ultimately given a positive opinion.

To further improve the situation, in the course of 2010 two training sessions on procurement were given that have had a positive impact on the quality of procurement procedures.

3.1.1.3.2 Financial initiation and verification

While the split of DG TREN into DG MOVE and DG ENER took place in mid-February, the budget lines for the two DGs were only split from June 2010.

The main errors detected and corrected were:

- in contracts: services were claimed that were not included in the purchase order; travelling expenses which exceed the limits set (i.e. daily allowance, business class instead of economy, etc);

	TREN (up to June 2010)	MOVE (from June 2010)
Invoice (number)	625	382
Total amount (€)	16 038 661.12	16 842 970.51
Credit notes (number)	43	39
Credit notes (€)	436 138.13	587 651.13
Number corrected (%)	6.88	10.21
Amount corrected (%)	2.72	3.49

- in grant agreements: inconsistencies between the information supplied by grant beneficiaries (amount of costs, methods of calculation, periods, etc.) and that included in the audit certificate; incomplete (or missing) audit certificates; arithmetical errors; audit certificates not provided by a qualified auditor; costs incurred outside the eligibility period; costs not covered by the legal basis.

	TREN (up to June 2010)	MOVE (from June 2010)
Cost claims (number)	234	125
Total amount (€)	282 108 103.76	203 008 423.14
Corrections (number)	35	27
Non-eligible amounts (€)	4 771 596.10	2 475 532.88
Number corrected (%)	14.96	21.6
Amount corrected (%)	1.69	1.22

These figures show that the ex-ante financial control works adequately and that the errors detected were within an acceptable margin. This has prevented the payment of 8.2 MEUR of ineligible expenditure corresponding to 1.58% of the total claimed by the contractors and beneficiaries.

3.1.1.4 Exception reporting

In 2010 all exceptions were documented in a register and periodic reporting to the "Comité de Suivi" took place. None of the exceptions was considered to have a negative impact on giving reasonable assurance.

3.1.1.5 Ex-post control

3.1.1.5.1 Desk Control

In 2010 31 controls on FP6 projects were worked on, of which 2 were new controls and 29 carryovers from 2009. As of 31 December 2010, 17 of these have been completed and 14 are ongoing.

Completion of desk control reports has been slower than planned. This was largely due to unoccupied posts and sick leave as well as with the difficulties of dealing with controls related to payments made before 2009. Changes have been made to the selection and control methodology during the year, which should lead to increased future output.

Of the 17 controls completed in 2010, 8 contained errors in favour of the Commission and 5 errors in favour of the contractor. The errors in favour of the Commission led to recommendations to recover €468,769.88 representing 24.64%¹⁸ of the total amount controlled over the 17 completed controls. This high rate is mainly due to errors found in 2 controls where payments were made to an incorrect entity so a full reimbursement was recommended. The error rate drops to 4.19% without these 2 controls. As these controls are risk-based the errors found are not representative and cannot be extrapolated to all FP6 payments.

Just as for audits, the errors found mainly concerned the incorrect calculation of personnel costs (use of estimated or average costs and use of non-actual productive hours).

3.1.1.5.2 Audits

During 2010 109 audits were finalised¹⁹ on 158 contracts, of which 109 were on the research contracts (FP5: 2, FP6: 82, FP7 MOVE: 25). The resources devoted to the audits done by the DG and outsourced are shown in the table below.

¹⁸ This figure, which is calculated according to the standard method agreed amongst the Research DGs, does not take into account errors in favour of the contractor.

¹⁹ An audit is considered finalised when the final audit report is sent by the Financial Audit Unit (SRD5) to the Financial Execution Unit (SRD3) for implementation.

	2009	2010
Internal resources ex-post audits (FTE)	17	15.8
Cost of outsourced auditing (€)	1 335 472	1 421 066

Research

For FP7 the figures presented are only for DG MOVE's projects, whereas for FP5 and FP6 they concern both DG ENER and DG MOVE as the audit strategy was drawn up in the time of DG TREN.

FP5

In 2010, 2 audits were finalised for FP5. No new audits were started.

FP5	Planned cumulative period ²⁰	Achieved cumulative period	Planned in 2010	Achieved in 2010
Number of closed audits	n.a.	236	n.a.	2
Total amount audited (EC share in €)	n.a.	105.670.435,63	n.a.	1.236.698,09

The overall cumulative error rate in favour of the Commission was 11.87%, which corresponds to a recovered amount of €10.99 million. There are no ongoing FP5 projects.

FP5	Achieved cumulative period	Achieved in 2010
Costs accepted by Financial Officers (EC share, in €) (A)	105.670.435,63	1.236.698,09
Systematic errors (number of extrapolation cases, as % of total)	n a	n a
Overall errors (in €) in favour of the Commission (B) (costs accepted by auditors - costs accepted by FO, in €)	-12.543.059,86	-2.384,53
Error rate in favour of the Commission (B/A)	-11,87%	-0,19%
Overall errors in favour of the beneficiary (EC share, in €) (C)	4.699.026,30	55.751,05

²⁰The cumulative period for FP5 is 2003-2010; for FP6 is 2007-2010; for FP7: 2010-2016.

Error rate in favour of the beneficiary (for info) (C/A)	4,45%	4,51%
Total amount of adjustments implemented (EC share, in €)	-10.995.896,21	-
Residual error rate (%)	n.a.	n.a.

The payments made in 2010 for FP5 represent only 1567,40 euros, which is a negligible amount of the total amount paid by DG MOVE under this ABB activity. In view of the low impact of the amount at risk, together with the fact that there are no more ongoing projects, it is not considered necessary to qualify the declaration of assurance with a reservation.

FP6

Coverage

When the FP6 audit strategy was set up DG TREN's objective was to finalise the audit of 344 contractors between 2007 and 2010. These 344 were to be composed of the 125 TOP²¹ contractors by value corresponding to 50% of the budget, 161 MUS²² contractors and 58 contractors selected on the basis of their risk. The split of DG TREN did not change this objective or the strategy, which remained common to the two DGs.

As can be seen in the table below, 323 audits were finalised by DG ENER and DG MOVE. Despite this being slightly below the target of 344 the overall objective can be considered met because a further 50 were considered unnecessary or were stopped.²³ This takes the real total to 373 audits.

The number of risk audits (which include preventive audits²⁴) was higher than planned and the number of TOP and MUS audits lower because, as mentioned above, some contractors had already been audited three times by other DGs. This was the case for 18 of DG TREN's TOP contractors and 24 of its MUS contractors. In addition, at the beginning of the audit strategy, many contractors had not submitted an expense claim to the Commission meaning that it would have been too early to conduct a meaningful audit. Additional risk audits were done partially to offset these factors.

The following table shows how the coverage has evolved.

²¹ TOP contractors are the beneficiaries having received the most important financial contribution. Initially, 40% of the budget was included under this category. In 2009, this category was extended to 50% of the budget.

²² MUS contractors are beneficiaries selected using the Monetary Unit Sampling. A statistical sample of 161 beneficiaries for each research Directorate General was selected to be audited.

²³ 42 audits were considered unnecessary as the beneficiaries had already been audited 3 times by the research DGs for at least 3 other projects, a further 5 were not necessary because the projects were terminated without any costs submitted, a further 4 contractors merged to form 2 (resulting in 2 rather than 4 audits) and one audit was stopped with full recovery of costs.

²⁴ "Preventive" audits target types of expenditure where errors most often occur (mainly personnel costs). One of their objectives is to help final beneficiaries learn so that the residual error rate will decrease in the long term. Beneficiaries generally appreciate these audits as they can see which costs they have declared incorrectly and how they could declare them properly. As these audits are carried out while the project is running, errors can be corrected in subsequent cost claims thus avoiding the Commission recovering funds once the project has ended.

FP6	Planned cumulative period	Achieved cumulative period	Planned in 2010	Achieved in 2010
Number of closed audits	344	323	101	82
Audits TOP contractors	125	98	20	16
Audits MUS contractors	161	96	71	43
Audits Risk-based contractors	58	129	10	23
Total amount audited (EC share in €)	n.a.	128 429 662.44	n.a.	18 616 515.41

Results

The results of these audits give a residual error rate of 4.42% for the whole population²⁵, which represents the rate that will be undetected and uncorrected after all controls have been put in place. Even if the rate of 4.42% is still above the control objective of 2% the fact that this rate is lower than for FP5 may indicate that the FP6 audit strategy has produced results. Nevertheless, the structural nature of the contractors participating in and the type of projects run by DG ENER and DG MOVE are likely to be the main causes of the error rate remaining above 2%. As results from a study have shown:

- participants are mainly from municipalities, ministries, national institutes owned by the government, police and research (but non-university) organisations, which are typically the organisations that have the highest error rates;
- they are generally smaller than the organisations audited by DG RTD and DG INFSO. Small organisations typically have a higher error rate than large organisations;
- they are more likely to use the full costs model for reimbursement, which is the one with the highest level of error;
- the projects are more likely to be "integrated projects"²⁶, which have a high error rate.

The following table show how error rates have evolved.

FP6	Achieved cumulative period	Achieved in 2010
Costs accepted by Financial Officers (EC share, in €) (A)	128.429.662,44	18.616.515,41
Systematic errors (number of extrapolation cases, as % of total)	25,70%	26,83%

²⁵ The residual error rate is only based on the results of the MUS audits and does not take account of the results of risk-based audits.

²⁶ An Integrated Project is an instrument to support objective-driven research, where the primary deliverable is new knowledge.

Overall errors (in € in favour of the Commission (B) (costs accepted by auditors - costs accepted by FO, in €)	-9.813.129,88	-2.396.097,01
Error rate in favour of the Commission (B/A)	-7,64%	-12,87%
Overall errors in favour of the beneficiary (EC share, in €) (C)	3.381.377,77	1.283.683,81
Error rate in favour of the beneficiary (for info) (C/A)	2,63%	6,90%
Total amount of adjustments implemented (EC share, in €)	5.111.603,22	727.541,36
From audit implementation:	4.660.901,28	727.541,36
From audit extrapolation:	450.701,94	-
Residual error rate (%)	4,42%	-

Adjustments implemented

Of the €9.8 million of errors in FP6 detected by the auditors, adjustments for €4.7 million (48%) have already been implemented and €2.2 were in the contradictory procedure with the beneficiary. This means that 70% (€6.9 million) of the errors detected by the auditors had already been dealt with by the concerned AOSDs.

Audit closing year	Results from external audits		Adjustments pending implementation		Adjustments implemented	
	Number of participations	Funding adjustments set by AOSDs	Number	Value	Number	Value
2007	1	34.631,32	0	0,00	1	34.631,32
2008	18	704.772,18	5	161.497,73	13	543.274,45
2009	118	4.674.844,94	35	1.319.390,79	83	3.355.454,15
2010	42	1.468.316,90	25	740.775,54	17	727.541,36
TOTAL	179	6.882.565,34	65	2.221.664,06	114	4.660.901,28

Of the €4.7 million already implemented 68% was recovered through offsetting the adjustment from subsequent payments and 32% through recovery orders.

Audit closing year	Adjustments implemented by implementation mode(in value)		
	Offset from payments	Recoveries	Waived
2007	0,00	34.631,32	0,00
2008	471.619,98	71.654,47	0,00
2009	2.105.293,34	1.250.160,81	0,00
2010	593.784,79	133.756,60	0,00
TOTAL	3.170.698,11	1.490.203,20	0,00

In addition, further corrections were made to the same beneficiaries participating in other DG MOVE/ENER research projects. These corrections stem from audits made by DG MOVE/ENER or other DGs in the research family where systematic errors were found. 433 such participations were found and the beneficiaries were asked to rectify the errors in DG MOVE/ENER projects and submit revised cost statements. On the basis of this 157 participations were judged not to be concerned by the systematic errors identified by DG MOVE/ENER or any of the other DGs. Of the remaining 276 participations, 43 have been corrected so far by DG MOVE/ENER leading to €450,000 being recovered. For 180 participations the beneficiary has been asked to revise their cost statements by the AOSD. The remaining 53 are being dealt with by other DGs.

Year	Number of participations with expected systematic errors	Number of participations without systematic errors	Implemented cases				Number of participations with extrapolation managed centrally ²⁷	Number of participations to be implemented ²⁸
			In favour of the Commission		In favour of beneficiary			
			Number	Value	Number	Value		
2007	6	0	1	70.366,85	0	0,00	0	5
2008	160	68	18	349.209,12	13	99.220,36	23	38
2009	194	59	5	31.125,97	6	28.097,23	30	94
2010	73	30	0	0,00	0	0,00	0	43
Total	433	157	24	450.701,94	19	127.317,59	53	180

Liquidated damages/Contractual penalties

Liquidated damages are a financial penalty that the beneficiary has to pay if they breach contractual obligations. This includes when they overclaim contributions to funding in the research programmes. In these cases the beneficiary has to repay the overpaid amount plus the

²⁷ Cases managed centrally refer to those with beneficiaries confronted with a large number of cases.

²⁸ Cases to be implemented are those for which the Commission has written to the beneficiaries requesting them to submit revised cost statements to correct the systematic issues detected.

liquidated damages. The extent of the liquidated damages is proportionate to the overstated costs and the unjustified amount received by the beneficiary.

Since its creation, DG MOVE has applied liquidated damages to beneficiaries who received unjustified EU contribution in the research programmes. By the end of 2010 there had been 13 cases and in 12 recovery orders have been issued totalling €59.353. For cost-effectiveness reasons, DG MOVE does not apply liquidated damages when the amount to recover is less than €200. As a result no damages were sought in one case.

Assessment of cost effectiveness

Without prejudice to evaluating whether the DG's management and control systems have succeeded in reducing the error rate below the current materiality threshold of 2%²⁹, it is also meaningful to assess whether the control system has been cost-effective³⁰ in accordance with "sound financial management"³¹.

When considering the total cost of control, covering all stages and elements of the entire (ex-ante and ex-post) control chain, it has to be understood that a significant part of the existing controls are established outside the scope of the AOD's discretionary decision-making powers. The Financial Regulation requires many of the ex-ante controls regardless of whether their results, in terms of contributing to reasonable assurance, match the investment in inputs and coverage (e.g. the requirement of 100% coverage by ex-ante desk checks). In addition for reasons such as a desire to speed up processes and to simplify the 'administrative' requirements to be fulfilled by beneficiaries of EC funds, some ex-ante controls have been reduced in scope and/or coverage (a trend which was accompanied by focusing more on ex-post controls). This may limit their potential contribution to reasonable assurance. As a result it is not meaningful to conduct a "full cost" analysis of the total cost³² of the entire control system in order to determine whether it makes sense from the perspective of sound financial management perspective to invest more resources in additional controls.

In FP6, the AOD has considerable discretionary power³³ over ex-post controls (i.e. on-the-spot audits of beneficiaries). As this contributes significantly to giving reasonable assurance, the Research DGs have designed and implemented the "common FP6 audit strategy" mentioned in previous sections. As the scope and cost can vary per audit it is logical to look at them to determine the cost-effectiveness of the DG's control strategy.

Comparing the "marginal cost vs. marginal benefit" of these ex-post controls is useful to verify whether the optimal cut-off point in terms of cost-effective controls has been reached. This point is the level of control with a sound cost-efficiency ratio that limits the residual error rate to a reasonable level. This level will not necessarily be the current 2% materiality threshold. The costs of going beyond this level of control, such as by adding additional

²⁹ i.e. 'regardless' of the corresponding costs of control, and irrespective of whether or not an error rate within the range between 2% and 5% would one day be considered to be a "tolerable risk of error" (TRE) for the management of this policy area

³⁰ At a certain stage in the lifecycle of the programmes managed, it may be that a trade-off decision is to be made between still adding controls to try reducing even further the remaining risks (inspired by art 60.4 FR), or stop adding controls for reasons of sound financial management (inspired by art 27 & 60.1 FR) and reallocate resources to address risks in other management areas.

³¹ in accordance with the principles of economy, efficiency and effectiveness

³² including costs which are to be considered as "sunk costs" for the purpose of managerial decision making

³³ the flexibility for ex-post controls provided for in article 60.4 of the financial regulation

controls, would outweigh the benefits. As such the AOD could then consider reallocating resources to other actions³⁴, which would be more cost-effective.

The "best-case scenario"³⁵, which assumes that the next control delivers the highest yield in absolute terms, cannot be used in advance to determine the marginal benefit. Instead of using a purely "random selection"³⁶ or an "average-based" approach a pragmatic "in-between scenario" would be to rank the beneficiaries by funding received, so that, even when based on the (cumulative) average error rate, the expected return of adding a control on the 'next largest' beneficiary is greater than the cost of control.

Using this approach gives the following:

- the expected marginal cost of control is €60 000. This includes the cost of staff and or contractors as well as the cost of processing the audit results;
- the cumulative error rate expected (on the basis of representative FP6 controls undertaken to date) is 7.18%;
- for there to be a marginal benefit of control the value of the error rate must be greater than €60 000.³⁷ It must therefore be assumed that €60 000 is equivalent to 7.18%³⁸. This gives the threshold under which contracts should not be audited as €338 259 of EC funding received;
- for DG ENER/MOVE there are 34 non-audited contracts above this threshold;
- When ranked in order of value, the 34th, the value of the 'next' marginal control, gives a marginal benefit of €60 186.99.

Considering the general characteristics of the FP6 programme, while taking into account the specificities of DG ENER/MOVE in terms of (i) the typical 'size(s)' of its beneficiaries, (ii) its (cumulative) average detected error rate, and (iii) the average cost of an audit per beneficiary, it appears that the DG has not yet reached the optimal cut-off point in terms of cost-effective controls in the context of sound financial management. Consequently, additional controls remain necessary until the optimal cut-off point in terms of cost-effective controls has been reached.

Conclusion

The DG's FP6 control strategy has been implemented successfully (see coverage) and effectively (see results); it has been able to improve assurance by reducing the residual error rate to a level of 4.42%. While this result is a significant improvement on FP5 the DG has not been able to attain the 2% materiality control target. Consequently, the conditions for maintaining a reservation on FP6 are still met.

³⁴ to the subsequent programme (while still ensuring a number of risk-based audits and/or audits for continued dissuasive effect) and/or to more sophisticated anti-fraud measures

³⁵ model 2A as described in the Commission Communication COM(2010)261 of 26.05.2010 and related working document SEC(2010)641

³⁶ model 2B in the aforementioned communication

³⁷ assuming full recovery (via offsetting against next payments or via issuing recovery orders), resulting from the implementation of audit results, the extrapolation of audit results and/or the application of penalties

³⁸ This differs from the 7.64% cumulative error rate shown in the table in the previous section. This is because the 7.64% includes the results risk-based audits, which are not representative of the overall population and usually have higher than average error rates. The 7.18% only considers representative audits and is a better basis for calculation.

FP7

The FP7 audit strategy was agreed on 30 September 2009 and implementation started in 2010. During the year 25 contracts were finalised, of which only 2 can be considered part of a random representative sample. While this number may seem low, this is normal because there is a time lag between when a framework programme begins and when its beneficiaries becomes sufficiently numerous (i.e. those having submitted cost statements large enough to allow a cost-effective audit mission) to allow sampling.

The coverage is shown in the tables below.

FP7	Planned cumulative period	Achieved cumulative period	Planned in 2010	Achieved in 2010
Number of closed audits	257	25	5	25
Total amount audited (EC share in €)	n.a.	2.818.920,83	n.a.	2.818.920,83

The 25 contracts had an error rate of 9.36% and the two representative contracts an average error rate of 22.13%. Given the low number of contracts audited, and that only two were randomly sampled, it would be premature to draw any conclusions or have a reservation.

The error rates are shown in the tables below.

Year	Number of audits closed	Number of participations audited	EC share of the costs accepted by the FO (€)	EC share of the accumulated adjustments in favour of the EC		
				Amount (€)	Annual error rate %	Cumulative error rate %
2010	25	25	2.818.920,83	-263.751,05	-9,36%	-9,36%

Other budget lines

On other budget lines 5 contracts were audited. As these were audits on request, the results are not representative.

3.1.1.5.3. Assessment made by the Directors of the Executive Agencies in their AAR

Both the Directors of EACI and TEN-T EA have given their reasonable assurance that the resources assigned to the activities described in their reports 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 (see annex 7).

3.1.2 Building block 2: Results from audits during the reporting year (2010)

3.1.2.1 Internal Audit Service (IAS)

In 2010, IAS finalised one audit on the "Local IT system supporting financial management in DG TREN/EACI/TEN-T EA. Four very important recommendations were issued out of this audit engagement. They were all duly implemented in 2010.

The Internal Audit Service issued its audit on "Compliance with payment deadlines" for the selected DGs at the end of 2010, including in DG MOVE. The DG has drawn up an action plan to address the audit's findings it accepted. This will be implemented in 2011.

It has also sent a management letter (which is advisory) on "Governance and internal control" in the Commission's shared resources directorates, including DG MOVE's SRD.

3.1.2.2 Shared Internal Audit Capability (SIAC)

In 2010 the Shared Internal Audit Capability (SIAC), shared between DG MOVE and DG ENER, did not issue any critical recommendations, nor were there any critical recommendations open from previous years.

During 2010 the follow-up work concluded that four very important recommendations stemming from the following audits conducted in previous years were implemented:

- accounting processes and accounting closure 2008;
- compliance and performance of the recovery procedures.

The SIAC carried out two audits and finalised one audit and one limited review in 2010 thereby implementing its 2010 work programme and those actions carried over from 2009. These resulted in three "very important" (VI) recommendations issued only under the following audit:

- "compliance of the financial transactions in the research area". As per the follow-up performed in October 2010 these 3 VI recommendations have been implemented by the auditee.

In its annual audit opinion for 2010, the SIAC concluded that, based on the audit work carried out and on other elements available, the internal control systems in place in DG for Mobility and Transport provide a **reasonable assurance**³⁹ regarding the achievement of business objectives set up for the processes audited with the exception of a specific qualification resulting from the very important recommendations mentioned above.

3.1.2.3 European Court of Auditors (ECA)

Statement of assurance (DAS) 2009

The Court assessed the payments made in 2009 for the policy group Research, Energy and Transport as being affected by a material level of error in terms of the legality and regularity of transactions and that the supervisory and control systems are partially effective (meaning "yellow" in the Court's colour coding). The Court notes that the measures the Commission has

³⁹ Even an effective internal control system, no matter how well designed and operated, has inherent limitations – including the possibility of circumvention or overriding of controls – and therefore can only provide reasonable assurance to Management and not absolute assurance.

taken in recent years continue to contribute to a reduction in the level of error. However, there is a risk that the positive effect of the changes may not continue under FP7, particularly due to difficulties in implementing the ex-ante certification of beneficiaries' costing methodologies.

The Court recommended that the Commission should⁴⁰:

- ensure that the independent auditors who have incorrectly certified cost statements are made aware of the eligibility criteria for declared costs;
- review the operation of the system for the certification of beneficiaries' costing methodologies;
- reduce the backlog in recovering undue amounts paid, imposing sanctions where necessary.

The Commission's response in the Court's report is:

"The Commission pursues a policy of actively feeding back findings of ex-post audits to the beneficiaries in order to ensure - where necessary - improvements in the work of the auditors delivering audit certificates. To this effect every beneficiary is requested in the course of the audit procedure to inform the certifying auditor on material audit findings. The Commission observes, however, that the main cause of the Court's observations is not so much the design or concept of the audit certificate but rather the relative complexity of the rules, duly referred to by the Court under paragraph 5.16. This inherent complexity impacts the work performed by the external auditors mandated by beneficiaries to deliver audit certificates. For FP7 it is expected that with the reliance on agreed upon procedures, the degree of errors due to such misinterpretation will significantly decrease.

The certification on the methodology (CoM) is intended only for beneficiaries of multiple grants. The eligibility criteria for the CoM were reviewed in November 2008 and published in the FP7 Guide to Financial Issues. The Commission recently took action in order to reinforce the attractiveness of the ex-ante certification of beneficiaries costing methodologies. The Commission expressed its views in this respect in its Communication on simplification of 24 April 2010 as well as in its proposal for triennial revision of the Financial Regulation and its implementing rules adopted on 28 May 2010. Genuine simplification could be yielded by allowing methodologies applied as usual accounting practice as long as they are based on actual personnel costs registered in the accounts.

The Commission will further pursue its efforts to improve the timely implementation of audit results and continue to apply its guidelines on the application of liquidated damages. Furthermore the communication on the simplification of the recovery process adopted on 15 December 2009 provides measures to improve the performance of the recovery process."

The Court identified five errors⁴¹; all were accepted by the Commission. Of these, one error was made by the beneficiary and four by both the beneficiary and the Commission. Of the five errors, corrective action has already been taken for three and two are currently being followed up.

Special Reports

In 2010, the Court published one special report for which DG MOVE was chef de file related to Rail Infrastructure. It has four recommendations, all of which have been rated as important. For two of these the action was already taken in 2010. Implementation of the remaining two

⁴⁰ OJ C 303, vol. 53, 09.11.2010, paragraph 5.49.

⁴¹ The errors related to GALILEO are excluded as the GNSS programme was transferred to DG ENTR.

will come with the proposal of the new TEN-T guidelines in 2011 and the development of new measures to improve the use of cost-benefit analysis, which will take effect when the next financial framework begins in 2014.

3.1.3 Building block 3: Follow-up of previous years' reservations and action plans for audits from previous years

3.1.3.1 Follow-up of 2009 reservation

In the AAR 2009 DG TREN made a reservation on the "rate of residual errors with regard to the accuracy of cost claims in Sixth Framework Programme (FP6) contracts". The corrective actions, which were designed to go beyond those recommended by the Court of Auditors in their annual reports and address the reservation, were directed towards the:

- Implementation of the agreed common control strategy. The implementation of the above strategy is effective. The carrying out of financial audits is in line with the objectives for the period covered by the strategy (2007-2010).
- Implementation of the desk control strategy. The number of files completed is significantly higher compared to 2009⁴² (27 versus 17 for ENER and MOVE), albeit less than initially targeted. This is partly because the effect of two controllers new in 2009, becoming fully operational in 2010 and hence having significantly increased their output was offset by the effects of unoccupied posts and a controller being on extended sick leave. Measures have been put in place to reduce the time needed to complete a desk control and to strengthen its preventive nature. These concentrate on the most recent transactions and reduce the scope of the controls. The impact of these changes will be known once controls launched in 2010 have been completed. Delays have also been experienced in the follow-up of desk control recommendations.
- Reinforcement of training and information activities for beneficiaries and certifying bodies. Two training sessions/seminars on FP6 and FP7 financial and contractual procedures were conducted as planned in 2010.
- Extrapolation of audit results in line with the overall strategy designed for the research programme. The implementation of the mechanism is effective. Of the 433 cases identified (for both ENER and MOVE) as potentially requiring extrapolation, errors have been corrected in 43, 157 cases have been found not to contain errors, 180 cases are still to be examined and 53 will be dealt with by other DGs.

After decreasing from 6.94% in 2008 to 4.04% in 2009 the rate increased slightly to 4.42% in 2010. This figure is for DG ENER and for DG MOVE, as the audit strategy for FP6 is common to both DGs.

3.1.3.2 Shared Internal Audit Capability (SIAC)

Follow-up activities covered four IAC reports and 21 recommendations, of which 7 were rated very important. The overall indicator for the follow-up in 2010 shows a 95% level of implementation for recommendations.

⁴² In 2009, a total of 17 controls were completed for ENER and MOVE projects. In 2010, 27 controls were completed for ENER and MOVE projects (10 for ENER, 17 for MOVE)

Specific objective: "Assess compliance, efficiency and effectiveness of control systems, provide advise the Director-General"		
Indicator	Latest known result	Target
% of "critical", "very important" and "important" accepted audit recommendations implemented within deadlines / number of accepted recommendations (SIAC)	31/12/2010: 95 % 31/12/2009: 91% 31/12/2008: 92% 31/12/2007: 92.5%	>70 %
% of recommendations accepted by auditees / number of recommendations issued (SIAC)	31/12/2010: 100% 31/12/2009: 100 % 31/12/2008: 100% 31/12/2007: 100%	>80 %
Work programme implemented as percentage of annual planned Work Programme (SIAC)	31/12/2010: 100% 31/12/2009: 95% 31/12/2008: 95% 31/12/2007: 100%	>90 %

3.1.3.3 Internal Audit Service (IAS)

In 2009, IAS carried out and finalised one audit on "*Management of the operational budget in the Trans European Transport Network Executive Agency*". Two very important recommendations were issued out of this audit engagement. Both were duly implemented in 2010.

3.1.3.4 DG BUDG

All recommendations open at the beginning of 2010 on the DG's accounting and financial local systems were implemented by the auditees and closed by the auditor during the year.

3.1.3.5 Follow-up of Action plans in reply to the audit work of Court of Auditors

DG MOVE continues to address the recommendations made by the Court of Auditors in its Annual Reports concerning the Research Framework Programmes. This is done through the audit strategy common to the research DGs and the actions taken to address the reservation. The implementation of the ex-post control strategy continues as set out in section 3.1.3.1.

3.1.4 Building block 4: Assurance received from other Authorising Officers in cases of crossed sub-delegation

Assurance has been received from all the DGs and services mentioned in section 2.1.1.

3.1.5 Completeness and reliability of the information reported in the building blocks

The information in sections 3.1.1 to 3.1.4 comes from monitoring by management and auditors. It results from a systematic analysis of the available evidence. This approach results in an adequate coverage of the budget delegated to the Director General of DG MOVE and provides sufficient guarantees of the completeness and reliability of the information reported.

The following table summarises the information given in section 3.1 for the main spending programmes managed by the DG. It can be seen that reasonable assurance can be given for all of them. A reservation is required for overpayments in grants under the FP6 programme.

Programme	Reasonable assurance?	Reservation?	Reason
FP5	Yes	No	Despite high error rate found in the two audited projects, amount at risk is low and there are no more ongoing projects
FP6	Yes	Yes	See below
FP7	Yes	No	Low number of contracts audited, only two randomly sampled, premature to draw any conclusions
Funds managed by the TEN-T EA and EACI	Yes	No	Adequate monitoring in place. Assurance received from the EACI and TEN-T EA.
TEN-T (Marguerite Fund)	Yes	No	Adequate monitoring in place. Assurance received from DG ECFIN.

3.2 Reservations

On the basis of the information and the materiality criteria provided above, a reservation is needed concerning the accuracy of the cost claims submitted in the framework of the FP6 (6th Framework Programme-Research).

More information on the reservation is given below.

DG	MOVE
Title of the reservation, including its scope	Reservation concerning the rate of residual errors with regard to the accuracy of cost claims in Sixth Framework Programme (FP6) contracts.
Domain	Internal policy / Direct centralised management of grants under FP6
ABB activity and amount	RTD activities related to mobility and transport
Reason for the reservation	The residual error rate observed by ex-post controls is higher than the control objective (2%).

Materiality criterion/criteria	The materiality criterion is the cumulative residual error rate found by audits and the correction of errors in the population covered following the audit results. The materiality thresholds are set at 2% and 5% in line with the approach used by the European Court of Auditors.
Quantification of the impact	Residual error rate is of 4.42% for audits regarding FP6 projects. This rate does not take into account corrections in favour of beneficiaries.
Impact on the assurance	Potential impact on the legality and regularity of the FP6 payments concerned. Total FP6 payments in 2010 were €25.9 million, which represents 11.6% of the payments made by DG MOVE. The residual error rate of 4.42% corresponds to an amount of €1.15 million potentially at risk, representing 1.95 % ⁴³ of the payments made on the ABB line and 0.5% ⁴⁴ of the payments made by DG MOVE in 2010. Consequently for the whole budget managed by DG MOVE, relative assurance can be provided.
Responsibility for the weakness and its correction	The legislative authorities are responsible for the overly complex funding rules in the basic acts; the beneficiaries and the certifying auditors, for the correctness of cost claims and audit certificates; and the Commission services, for the management and control systems in place.
Corrective action	<ul style="list-style-type: none"> • Audits of additional where it is cost-effective to do so; • Risk-based audits where necessary; • Carrying out of follow-up audits to check implementation of audit recommendations; • Completion of ongoing desk controls; • Extrapolation of audit results in line with the overall strategy designed for the research programmes.

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

The potential amount at risk deriving from the residual error rate detected in the FP6, represents only 0.5% of the total amount paid by DG MOVE in 2010. Consequently, assurance can be provided for the whole of the budget managed by DG MOVE.

In 2011, for the research programmes, control efforts will continue on FP6 and intensify on FP7.

⁴³ 1.15 million of 58.8 million

⁴⁴ 1.15 million of 224 million

PART 4. DECLARATION OF ASSURANCE

I, the undersigned, Matthias Ruete

Director-General of DG MOVE in 2010

In my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view⁴⁵.

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 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.

However the following reservation should be noted: The residual error rate observed by ex-post controls on grants given under the Sixth Research Framework Programme is higher than the control objective (2%).

Done in Brussels, 31 March 2011

Matthias RUETE

(signed)

⁴⁵ *True and fair in this context means a reliable, complete and correct view on the state of affairs in the service.*

ANNEX TO PART 1: Achievements by policy area: general objectives and impact indicators

Specific objective 1: To complete and deepen the internal market in transport services, including through an efficient approach to logistics (linked to general objective "Competitive transport")		
Result Indicator	Latest known result	Target (mid-term result)
Number of air transport intra-EU city-to-city routes including domestic (of which with more than two competitors); (source: Eurostat, OAG-Summer schedule) (MOVE.E.1)	31/12/2009: 3770 (382) 31/12/2008: 3804 (412) 31/12/2007: 3660 (446) 31/12/2006: 3128 (371)	Increase by 2010 above pre-crisis level
Share of rail freight market held by new entrants (cumulative) (measurement unit: market share (%) tonnes/km; Source: Eurostat) (MOVE D2)	31/12/2009: 20% (not including CZ, DK, LU, IT, PT and SE) 31/12/2008: 20% (not including CZ, DK, LU, IT, PT and SE) 21/12/2006: 15% in 2006 31/12/2004: 10% in 2004	More than 25% by 2015
Transposition rate (%) (MOVE.A.4)	1/12/2010: 97.7% (all transport directives) 11/11/2009: 98,4% (all transport directives) 31/10/2008: 98.5 (all transport directives) 28/11/2007: 97.1 (all transport directives)	100%

Specific objective 2: To improve the environmental performance of all modes of transport and where appropriate promote shift towards more environmental friendly modes of transport, including through the Marco Polo programme (linked to general objective "Sustainable transport")		
Result Indicator	Latest known result	Target (mid-term result)
Competitiveness of low-carbon modes in relation to other modes of transport (as defined in Harmonised Index of Consumer prices for different transport modes Eurostat). (MOVE.A3)	31/12/2009: Private car : 109,9 Aviation : 110,0 Bus and coach : 117,9 Railway : 118,0 31/12/2008: Aviation : 110,9 Railway : 112,8 Bus and coach : 113,3 Private car : 115,3 31/12/2007: Aviation : 100,3 Private car : 107,5 Bus and coach : 107,8 Railway : 108,4	Low-carbon modes should become more competitive compared to other modes

<p>Kilometres of roads with deployed ITS services (encouraging rerouting to less vulnerable segments of the road network and access points to other transport modes & Traffic management systems enhancing fluidity of traffic and reduction of driving speeds). (Source TEN-T Esayway project)</p> <p>Note : Deployed ITS services include Traffic Information (mixed public/private sector), travel time indication and Traffic Management (Variable Message Signs, Lane control, speed management, monitoring, ...) (MOVE.B.4)</p>	<p>31/12/2009:</p> <ul style="list-style-type: none"> - 10000 km equipped with VMS (Info/warning/rerouting) & lane control (speed) - Over 15000 km equipped with on-trip Info services of which 800 km with travel time forecast systems (provisional figures - official MS figures as from 2011 in the framework of ITS Directive). <p>31/12/2008: ITS equipped km of road : 7800 km - ITS fixed stations (on TEN-T road network) : 8500</p>	<p>Yearly increase by 10%</p>
<p>Marco Polo programme indicator : Billions of tonnes-kilometre shifted off the road (source: estimation from the proposals to be financed unless stated) (MOVE.B.3)</p>	<p>01/12/2010: 17 (2010 call, foreseen by selected projects – estimates before negotiations and contracting)</p> <p>20/11/2009: 17,8 (2009 call, foreseen by selected projects)</p> <p>30/10/2008: 17,2 (2008 call, foreseen by selected projects)</p> <p>31/03/2008: 23,6 billion (2007 call, foreseen by selected projects).</p> <p>21/12/2007: 30,7 billion tkm by Marco Polo I 2003-2006 (source: estimation in the Marco Polo I external evaluation) :</p>	<p>Marco Polo I (2003-2006) : 48 billion in total</p> <p>Marco Polo II (2007-2013) : 20 billion annually</p>
<p>Potential illegal discharges (oil slicks) from ships detected by EMSA's CleanSeaNet expressed as average of potential slick by satellite image. Service started in April 2007. (MOVE C1)</p>	<p>31/12/2009: average 1.0 Satellite images delivered : 2213 Potential oil slicks : 2107</p> <p>31/12/2008: average 1.4 Satellite images delivered : 2335 Potential oil slicks : 3296</p>	<p>Decrease below average of 1.0</p>
<p>Share of rail, inland navigation, short sea shipping of the total freight transport within EU (percentage, Eurostat) (MOVE.A.3)</p>	<p>31/12/2008: 51,3% (Rail : 10,7%, Inland waterways : 3,5% and short sea shipping : 37,1%)</p> <p>31/12/2007: 51,3% (Rail: 10.7%, Inland waterways: 3.3 %, Short-sea shipping 37.3%)</p> <p>21/12/2006: 51,6% (Rail: 10.7%, Inland waterways: 3.4 %, Short-sea shipping 37,6%)</p> <p>31/12/2005: 51,7% (Rail: 10.3%, Inland waterways: 3.5 %, Short-sea shipping 37,9%)</p> <p>31/12/2000: 53,4% (Rail: 11,4%, Inland waterways: 3.8 %, Short-sea shipping 38,1%)</p>	<p>Increase</p>

Specific objective 3: To improve transport safety and promote passenger rights and minimum labour standards (Linked to general objective "Safe and secure transport")		
Result Indicator	Latest known result	Target (mid-term result)
Detention rate (% of controlled ships of the EU 27 fleet that were detained during port state controls (Source: Paris Memorandum of Understanding) (MOVE.C.1))	31/12/2009: 2,17% (198 ships of 24.178 ships detained) 31/12/2008: 5,05% (1214 ships of 24000 inspected ships detained) 31/12/2007: 5,46% (1250 of 22888 inspected ships detained) 31/12/2006: 5,7% (1064 of 18576 inspected ships detained) 31/12/2005: 4,9% (879 of 17761 inspected ships detained)	Further decrease or stabilisation of the very good 2009 indicator at the end of 2010. In 2011 an increase of the detention rate could be expected due to the entry into force of the New Inspection Regime (NIR), introducing higher inspection objectives that could also result to more detentions. In the longer term a new decrease of the detention rate should be expected.
Number of accidents in EU waters (Source EMSA) (MOVE.C.1)	31/12/2009: 540 accidents 31/12/2008: 670 accidents 31/12/2007: 715 accidents	A further 5% reduction of accidents in EU waters in 2010
Number of fatalities in road transport accidents (Source : CARE) (MOVE D.3)	2010 : 31000 (EU27) (estimation) 2009 : 34800 (EU27) (provisoire) 2008 : 38941 (EU27) 2007 : 42540 (EU27) 2006 : 43104 (EU 27) 2001: 54.314 (EU27)	Max 15500 (EU 27) by 2020
Number of individual air transport operators examined during 12 months in the framework of Regulation 211/2005 (the Black List) (MOVE E.3)	06/12/2010: 61 individual in 2010 + 782 within country assessments 13/11/2009: 64 individual in 2009 + 759 within country assessments 31/12/2008: 52 individual in 2008 + 385 within country assessments 31/12/2007: 70 individual in 2007 + 180 within country assessments	Increase (which implies an increase in the operators who will correct their deficiencies in order to avoid being placed on the Black List)
Reported total number of accidents, including level crossing accidents (source : Railway Safety Performance report of the European Railway Agency; the number of accidents is one of the Common Safety Indicators that have to be reported to the Agency by the Member States, as required by Annex I to the Railway Safety Directive) (MOVE D2)	31/12/2009: 3537 31/12/2008: 3894 31/12/2007: 3999 31/12/2006: 6763	Decrease

Specific objective 4: To develop, where appropriate, a comprehensive framework concerning transport security, including critical infrastructure, and to carry out aviation and maritime inspections in order to verify the application of existing Community legislation on the ground (Linked to the general objective "Safe and secure transport")		
Result Indicator	Latest known result	Target (mid-term result)
Compliance with Community legislation: aviation security inspection results (percentage of compliance with main provisions) (MOVE.E.5)	31/12/2010: 85% (2009) 31/12/2009: 78% (2008) 31/03/2008: 69% (2007) 21/12/2007: 62% (2006)	85%

Compliance with Community legislation: maritime security inspection results (percentage of compliance with main provisions) (MOVE C.3)	31/12/2009: 87,3% (2009)	85%
	31/12/2008: 86,6% (2008)	
	31/12/2007: 91% (2007)	

Specific objective 5: To extend transport market and its rules to third countries, through international agreements , so as to facilitate access to the European services and manufacturing industry and overall regulatory convergence Linked to general objective "Competitive transport"		
Result Indicator	Latest known result	Target (mid-term result)
Number of routes between EU and US following application aviation agreement with US (Source OAG; Eurostat) (MOVE E.1)	31/12/2009: 197 31/12/2008: 206 31/12/2007: 203	More than 205
Sectoral treaties extending transport markets to neighbouring countries (MOVE.A.2)	21/10/2009: MoU on Establishment of the Northern Dimension Partnership for Transport and Logistics (NDPTL). 31/12/2008: Communication on exploratory talks on extending the TEN-T outside the EU adopted in 2008 31/12/2006: European Civil Aviation agreement extending internal aviation market to 35 countries signed in 2006	Treaty establishing a Transport Community with Western Balkans by mid 2011 Setting up of the secretariat of NDPTL in 2011 Agreement on the future trans-Mediterranean Transport Network and its implementation by end 2011
Total Number of global aviation agreements concluded (MOVE E.1)	31/12/2010: 6 (USA, Canada, Morocco, European Civil Aviation Area, Georgia, Jordan) 31/12/2009: 4 (Canada, USA, Morocco, European Civil Aviation Area) 31/12/2008: 3 (USA, Morocco, European Civil Aviation Area) 31/12/2007: 3 (USA, Morocco, European Civil Aviation Area)	14 by 2013 (existing 4 agreements + Australia, Israel, Jordan, New Zealand, Ukraine, Georgia, Lebanon, Tunisia, Moldova, Brazil)

Specific objective 1: To facilitate mobility of persons and goods through the completion of Trans-European transport network infrastructure Linked to general objective "Competitive transport"		
Result Indicator	Latest known result	Target (mid-term result)
EIB to deliver loans for TEN-T projects under the 2004-2013 "Growth Initiative Commitment" (MOVE.B.1)	31.12.2009: EIB has provided a total of €60.6 billion for TEN-T projects for the period 2004-2009, with €13.9 billion in 2009. 31/12/2008: €46.7 billion to TEN-T projects between 2004-2008 with €12.6 billion in 2008 31/12/2007: €34.1billion to TEN-T projects between 2004-2007 with €9.7 billion, in 2007	31/12/2013: €75 billion

Implementation of the 30 Priority Projects (PP) (MOVE.B.2)	<p>31/12/10: unchanged</p> <p>31/12/2009: 7 priority projects operational (2, 5, 9, 10, 11, 14)</p> <p>31/12/2008: 4 operational (5, 9, 10, 11); 3 in study phase (20, 29, 30); all others either in construction or in mixed study and construction phase.</p> <p>31/12/2007: 4 operational (5, 9, 10, 11); 6 in study phase (16, 20, 21, 27, 29, 30); all others in construction</p>	31/12/2013: 9 priority projects operational (2, 4, 5, 9, 10, 11, 14, 15)
Number of passenger kilometres (billion) travelled by High-Speed Trains (MOVE.B.1)	<p>31/12/2008: 97,60 (2008)</p> <p>31/12/2007: 92,13 (2007)</p> <p>31/12/2006: 90,3 (2006)</p> <p>31/12/2005: 80.1 (2005)</p> <p>31/12/2004: 76.1 (2004)</p> <p>31/12/2003: 70.7 (2003)</p> <p>31/12/2002: 68.0 (2002)</p> <p>31/12/2001: 65.1 (2001)</p> <p>31/12/2000: 58.8 (2000)</p>	318 billion by 2020 (increase by 10% per year)

<p>Specific objective 2: To increase transport sustainability through the development and deployment of intelligent transport systems for all modes of transport in particular on the Trans-European transport network</p> <p>Linked to general objective "Sustainable transport"</p> <p>NB: Some of the projects mentioned under objective 1 of the Research ABB activity are repeated here. These are projects funded by both TEN and RTD budgets.</p>		
Result Indicator	Latest known result	Target (mid-term result)
<p>Implementing SESAR (Single European Sky - Air Traffic management Research)</p> <ul style="list-style-type: none"> - Capacity of existing air traffic management - ATM cost - ATM safety - Environmental impact per flight (MOVE E.2) 	<p>31/12/2009: ATM cost of €800 per flight in 2008 - 3 major ATM accidents since 2000.Environmental impact of aviation estimated at 2% of global CO2 emissions)Definition phase finalised with the definition of the SESAR Master Plan. Agreements between the Joint Undertaking and the industrial partners.</p>	<p>By 2025, development and deployment of a new generation ATM system allowing to:</p> <ul style="list-style-type: none"> Triple capacity of existing air traffic management system; reduce costs by 50%; increase safety by factor of 10; reduce environmental impact per flight by 10% <p>31/12/2013 Complete development phase</p> <p>31/12/2020: Complete deployment phase</p>
Inland navigation network covered by the Electronic Navigation Chart (%) (MOVE C.2)	<p>31/12/2009: 70</p> <p>31/12/2007: 65</p>	31/12/2013: 80
Integrated maritime transport surveillance systems : SafeSeaNet/LRIT/Clean Sea Net/Thetis (MOVE C1)	<p>31/05/2010: These systems are already operated (or about to be operated : Thetis for Port State Control as of 01/01/2011) by EMSA under the framework of Directives 2002/59, 2005/35 and 2009/16</p>	<p>31/12/2011: Implementation of additional functionalities (ie : Port State Control, port formalities for ships). Make maritime transport surveillance systems (currently operational for the purpose of maritime safety and pollution prevention) available to other users/purposes (EU bodies and national authorities) under certain conditions through the initiation of pilot projects.</p>

<p>Kilometres of roads with deployed ITS services (encouraging rerouting to less vulnerable segments of the road network and access points to other transport modes & Traffic management systems enhancing fluidity of traffic and reduction of driving speeds). (Source TEN-T Easyway project)</p> <p>Note : Deployed ITS services include Traffic Information (mixed Public/private sector), travel time indication and Traffic Management (Variable Message Signs, Lane control, speed management, monitoring, ...) (MOVE.B.4)</p>	<p>31/12/2009:</p> <ul style="list-style-type: none"> - 10000 km equipped with VMS (Info/warning/rerouting) & lane control (speed) - Over 15000 km equipped with on-trip Info services of which 800 km with travel time forecast systems <p>(Provisional figures - official MS figures as from 2011 in the framework of ITS Directive).</p>	<p>Yearly increase by 10%</p>
<p>Km of lines in service equipped with the European Railway Traffic Management System (ERTMS) (MOVE D.2)</p>	<p>31/12/2009: 3400</p> <p>30/10/2008: 2200</p> <p>31/12/2007: 1700</p> <p>31/12/2006: 1200</p>	<p>2014 : 21860 (Corresponding to full deployment on European Rail Network)</p> <p>2015 : 23.044</p> <p>2016 : 24.293</p> <p>2017 : 25.609</p> <p>2018 : 26.996</p> <p>2019 : 28.458</p> <p>2020 : 30.000</p>

Specific objective 1: development and demonstration of innovative solutions for future transport (linked to general objective "Competitive transport")		
Result Indicator	Latest known result	Target (mid-term result)
<p>Implementing SESAR (Single European Sky - Air Traffic Management Research) Capacity of existing ATM</p> <ul style="list-style-type: none"> - ATM cost - ATM safety - Environmental impact per flight (MOVE E.2) 	<p>31/12/2009: ATM cost of €800 per flight in 2008 - 3 major ATM accidents since 2000 - Environmental impact of aviation estimated at 2% of global CO2 emissions). Definition phase finalised with the definition of the SESAR Master Plan. Agreements between the Joint Undertaking and the industrial partners.</p>	<p>By 2025, development and deployment of a new generation ATM system allowing to:</p> <ul style="list-style-type: none"> Triple capacity of existing air traffic management system; reduce costs by 50%; increase safety by factor of 10; reduce environmental impact per flight by 10% <p>31/12/2013 Complete development phase</p> <p>31/12/2020: Complete deployment phase</p>
<p>Number of cities/regions in Europe having part of their fleet running on alternative motor fuels and having received funding through RTD Framework programmes CIVITAS I, II, Plus, Alternative Motor Fuels (Hydrogen and Fuel Cells, Biofuels in Transport) (MOVE.B.4)</p>	<p>31/12/2010: 81 (Civitas I, II, Plus, Alternative Motor Fuels)</p> <p>31/12/2009: 81 (Civitas I, II, Plus, Alternative Motor Fuels)</p> <p>13/11/2008: 65</p> <p>21/12/2007: 61</p> <p>31/12/2006: 40</p>	<p>89 by 2011</p>

Specific objective 1: "Determine, plan and coordinate policies and ensure timely implementation"		
Indicator	Latest known result	Target
<p>Delivery rate (adoption by the College) of priority initiatives included in the Commission Work Programme (CWP) (MOVE.A.1) (in brackets : absolute n°)</p>	<p>31/12/2010: 75% (3/4)</p> <p>31/12/2009: 100%</p> <p>31/12/2008: 57.1%</p> <p>22/12/2007: 84%</p>	<p>100%</p>

Delivery rate (adoption by the College) of strategic initiatives included in the Commission Work Programme (CWP) (%) (MOVE.A.1) (in brackets : absolute n°)	31/12/2010: 0% (0/1) 31/12/2009: N/A 31/12/2008: 100% 21/12/2007: 100%	100%
Delivery rate % (adoption by the College) of the DG MOVE work programme (reference is List at beginning of year) (MOVE.A.1) (in brackets : absolute n°)	31/12/2010: 41.4% (9/22) 20/11/2009: 50,6% 31/12/2008: 51.1% 31/12/2007: 61%	>70%
% of access to documents requests replied to within the official deadline (MOVE.A.1) (in brackets : absolute n°)	19/11/2010: 71.5% (143/200) 30/10/2009: 74% 31/12/2008: 76,5% 22/10/2008: 68.4 31/12/2007: 70.0	100%
% of Parliamentary written questions on transport replied to within the deadline set by the General Secretariat (MOVE.A.1)	1/7/2010-31/12/2010 : 81% 1/1/2010-30/6/2010 : 72,7% 26/11/2009: 79,1% 20/10/2008: 63%	>90%
% of replies to ISC within deadline set by CIS-NET (MOVE.A.1)	15/12/2010 : 88% 9/12/2010: 87% 26/11/2009: 86% 17/12/2008: 77%	>90%
Timely adoption by the College of initiatives in the CWP (measure: % items adopted within a delay of not more than 3 months) (MOVE.A.1)	31/12/2010 : 31% 19/11/2010: 24,1% 26/11/2009: 50,6% 19/11/2008: 100%	100 %

Specific objective 2: “Support decision-making on new initiatives and simplification of existing regulation by thorough evaluations, including impact assessments and by systematic consultations of stakeholders”		
Indicator	Latest known result	Target
Degree of implementation of yearly evaluation plan on 31 December year as measured by % of IAs/evaluations completed according to timetable set (MOVE.A.3)	09/11/2009: 72,7% (28/36 IA; 4/8 evaluations) 31/10/2008: 40.6% (26/57 IA; 0/9 evaluation) 21/12/2007: 60% (IA); 83 (evaluation)	>90%
Degree of implementation of yearly evaluation plan on 31 December year as measured by % of planned IAs/evaluations actually begun (MOVE.A.3)	09/11/2009: 93,2% (35/36 IA; 6/8 evaluations) 31/10/2008: 75 (26/27 IA; 1/9 evaluation) 21/12/2007: 77% of IAs; 100% evaluations	>90%
Delivery rate (%) of initiatives included in the simplification work programme (MOVE.A.1)	31/12/2010: 0% (0/2) 31/12/2009: 40% (2/5) 31/12/2008: 37.5% (3/8) 21/12/2007: 100% (3/3)	100%
Percentage of mid-term and ex-post evaluations for which a specific follow-up action is defined (MOVE.A.3)	09/11/2009: 25% (4 completed, 1 action plan) 31/12/2008: 40% (10 completed; 4 action plans) 21/12/2007: 55,6% (9 completed; 5 action plans)	100%
Quality of the impact assessments measured by % of invitations to resubmit by the Impact Assessment Board (MOVE.A.3)	31/12/2009: 75% (3 resubmissions from 4 opinions) 31/10/2008: 57% (8 resubmissions from 14 opinions) 21/12/2007: 30 (3 resubmissions from 10 opinions)	31/12/2010: < 60%

Specific objective 3: "Ensure adequate external communication ""		
Indicator	Latest known result	Target
Number of press documents produced in transport (MOVE.A.1)	24/11/2010: 123 31/10/2009: 146 (136 IPs - 10 memos) 17/10/2008: 120	>175
Number of website visits on DG's website (yearly) (MOVE.A.1)	31/12/2010 : 4.790.328	> 5.000.000

Specific objective 1: "Select, recruit, train and retain highly qualified staff as well as, where necessary, redeploy human resources so as to help the DG reaching its objectives, including implementation of the IV Action programme for equal opportunities" ⁴⁶		
Indicator	Latest known result	Target
Female administrator (AD) recruitment as a percentage of total administrator recruitment (SRD.2) *	33 % (30/11/2010) 27,5% (30/11/2009) 37,5% (31/12/2008)	>50 %
Female administrators (AD) as a percentage of total administrators (SRD.2) ⁴⁷	25 % = 57 out of 236 (30/11/2010)	>50 %
Female middle management nomination/recruitment as a percentage of total middle management recruitment (SRD.2)	50 % = 2 out of 4 (30/11/2010)	>30 %
Female middle managers as a percentage of total middle managers (SRD.2)	27,5 % = 8 out of 29	>30 %
Female senior management nomination/recruitment as a percentage of total senior management recruitment (SRD.2)	0 % (30/11/2010)	>33 %
Female senior managers as a percentage of total senior managers (SRD.2)	12,5 % = 1 out of 8 (30/11/2010)	>33 %
Recruitment of EU-2 Administrators from the administration budget relative to the 2011/12 target (SRD.2) *	110 % = 21 persons (30/11/2010)	100 % = 19 posts)
Recruitment of EU-2 Administrators from the research budget relative to the 2011/12 target (SRD.2) *	100 % = 1 person (30/11/2010)	100 % = 1 post
Recruitment of EU-2 Assistants from the administration budget relative to the 2011/12 target (SRD.2) *	143 % = 30 persons (30/11/2010)	100 % = 21 posts)
Recruitment of EU-2 Assistants from the research budget relative to the 2011/12 target (SRD.2) *	100 % = 1 person (30/11/2010)	100% = 1 post
Average number of days spent on training per staff (SRD.2) *	6,5 days (30/11/2010) 7,4 days (30/09/2009)	10 days

⁴⁶ In items with the symbol * the figures are those of former DG TREN as no DG MOVE figures are available in 2010

⁴⁷ Includes Temporary Agents and ENDS

Specific objective 2: “Plan, perform, monitor and report on the spending of financial resources so that sound and regular management of them is assured throughout the DG’s activities”		
Indicator	Latest known result	Target
Commitments budget carried out compared to final annual budget (%) (SRD.1)	31/12/2009: 99% 31/12/2008: 98% 31/12/2007: 96%	>98%
FP6 budget free from material errors and thus contributing to implementing the FP6 Audit Strategy (%) (SRD.5)	31/10/2010: 92,27% 31/10/2009: 93,8%	31/12/2010: >98%
Individualisation of global commitments carried forward (%) (SRD.1)	31/12/2009: 98,1% 31/12/2008: 99% 31/12/2007: 95%	>99%
Number of open contracts more than 5 years old. (SRD.1)	30/11/2010: 46contracts open 31/10/2010: 50 31/12/2009: 93 31/12/2008: 239 31/12/2007: 163	<80
Payments budget carried out compared to final annual budget (%) (SRD.1)	31/12/2009: 91% 31/12/2008: 83% 31/12/2007: 85%	>90%
Payments made by contractual deadline (%) (SRD.1)	30/11/2010:86% 31/10/2010: 89% 30/09/2009: 64% 31/12/2008: 58% 31/12/2007: 51%	>80%

Specific objective 3: “Define, develop, maintain and support high quality Information Technology (IT) infrastructures, tools and services”		
Indicator	Latest known result	Target
Implementation of DG’s IT Master Plan (%) (SRD.4)	31/12/2010 95% 31/12/2008: 90% 31/12/2007: 84%	>90%
Quality of IT office equipment inventory as measured by the ratio of "not found" IT equipment in a given year (%) (SRD.4)	31/12/2010 3 % 31/12/2008: 1% 31/12/2007: 1%	<2%

Specific objective 4: “monitor outreach of the information strategy ”		
Indicator	Latest known result	Target
Media coverage feedback: Type of media coverage (AV, written press and on-line), Geographical coverage (by EU countries, candidates, European and beyond Europe), Level of coverage (international, pan-European, national, regional and local) for pre-defined priorities (political or communication priorities) (for 2011 that would be White Paper, TEN-t review, airports package, STTP...), Estimated audience (number of viewers, listeners and readers) (SRD.6)	22/10/2009: TEN-T Conference – Naples: 21 & 22 October 2009: 8 TV stations, 3 radios, 34 written press articles and 37 on-line articles; Geographical coverage: 8 EU Member States and Morocco.	European Union General Public : the goal is to inform all EU citizens through the media (AV, written press and on-line) Mainly European Union General Public, but also international public (e.g. Chinese citizens – Shanghai Expo). The goal is to inform citizens through the media (AV, written press and on-line)

Specific objective 5: "Assess compliance, efficiency and effectiveness of control systems, provide advise the Director-General"		
Indicator	Latest known result	Target
% of "critical", "very important" and "important" accepted audit recommendations implemented within deadlines / number of accepted recommendations (SIAC)	10/11/2010: 95% 31/12/2009: 91% 31/12/2008: 87.8% 31/12/2007: 92.5%	>70%
% recommendations accepted by auditees / number of recommendations issued (SIAC)	10/11/2010: 100% 31/12/2009: 100% 31/12/2008: 100 31/12/2007: 100	>80%
Work programme implemented as percentage of annual planned Work Programme (SIAC)	10/11/2010: 90% 31/12/2009: 95% 31/12/2008: 95% 31/12/2007: 100%	>90%

Specific objective 6: "Implement and maintain an effective and reliable internal control system so that reasonable assurance can be given that resources assigned to the activities are used according to 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."		
Indicator	Latest known result	Target
Average payment delays (days) (SRD.3) according to the targets set by the Commission in its Communication SEC(2009)477 of 08/04/2009	30/09/2010 : 23 (no report approval) 72 (single time limit) 57 (with report approval)	<= 30 days for invoices (no report approval) <= 90 days single time limit <= between 50 and 90 days (with report approval) < 30 days
Financial corrections after external audits (%) (SRD.3)	30/09/2010/10: FP5: 7.52%; FP6: 3.03%; other: 2.29%; average: 4.62% 24/11/2009: FP5: 17.11%; FP6: 7.63%; other: 0.83%; average: 5.31%	= 8 % of controlled budget