



EUROPEAN COMMISSION  
SECRETARIAT-GENERAL

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*Final*

# **Annual Activity Report 2010**

## **Secretariat-General**

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## MISSION STATEMENT

The Secretariat General is one of the central services of the European Commission, facilitating its smooth and effective functioning. It is the President's department, at the service of the President, the College and the other Commission departments. It manages the Collegial decision-making process and ensures the alignment of Community policies with the political priorities of the Commission.

In particular, the Secretariat-General:

- Initiates, defines and designs the Commission's strategic objectives and priorities and shapes cross-cutting policies;
- Coordinates, facilitates, advises and arbitrates - so as to ensure the coherence, quality and delivery of policy, legislation and operations across policy areas and Commission departments;
- Facilitates the smooth running of the Commission through planning, programming and operation of an efficient/modern registry;
- Acts as the Commission's interface and manages relations with the other European institutions, national parliaments and non-governmental organisations and entities;
- Fosters the Commission's institutional strengths and the development of a service oriented, transparent, responsible European administration which works to the highest standards of ethics and integrity.

## **PART 1. POLICY ACHIEVEMENTS**

### **1.1. General objectives by policy area**

2010 was a busy year for the Secretariat-General (SG). In a tough economic climate, the top policy priority for the SG was to help the Commission define Europe's growth strategy for the coming decade (Europe 2020). Well-coordinated and robust action was necessary to guarantee a smooth start for the new Commission, in a new institutional set-up created by the Lisbon Treaty. In its strategic role at the core of the European Commission, the SG ensured that the policy proposals tabled reflected the President's priorities, as set out in his political guidelines for the mandate, and smart regulation principles. At the same time, the SG continued to invest heavily in close relations with the other European institutions and improving transparency and accountability towards the European citizen.

### **1. Smooth transition to the new Commission**

The SG provided high-quality preparation and support to the new College which was widely appreciated. The hearings in Parliament with the Commissioners-designate, as well as the appointment procedure of the new Commission as such, were concluded successfully, with the European Parliament approving the new Commission on 9 February by a broad majority.

The new Commission took up office in the new Treaty framework on 10 February 2010. The SG was instrumental in ensuring a smooth start for the new Commission, providing logistics support to new Commissioners, close follow-up of potential difficulties on key files and timely political analysis. With a view to improving the smooth functioning of the Commission, the internal rules of procedure and the rules giving effect to them were modified in spring 2010 by the Commission on the basis of work done by the SG under the guidance of the President.

The SG also contributed to the integration of the High Representative for Common Foreign and Security Policy into the College and established an effective cooperation with the services put at the disposal of the HR/VP pending the establishment of the European External Action Service.

Moreover, sustained efforts were made to ensure that the new Commission delivers on its policy objectives in an efficient, timely, coherent and accountable manner. Reports were drafted on the creation of DG Climate Action and DG Energy, on the setting up of shared resources directorates in DG CLIMA/ENV and MOVE/ENER and on the short to long term management of research activities in the Commission. The SG was also heavily involved in the Task Force chaired by Martin Power, making recommendations for the future management of IT in the Commission.

### **2. Implementation of the Lisbon Treaty**

The SG played a crucial role in the smooth implementation of the Lisbon Treaty, in particular regarding the transition to the ordinary legislative procedure, the new types of acts introduced by the Treaty and with regard to inter-institutional relations, including relations with national parliaments. It provided quality support to and relevant briefing and analysis documents for the President, Vice-President Šefčovič and their Cabinets, ensuring collegiality in the resolution of inter-institutional problems and appropriate respect of the Commission's role.

Furthermore, the new arrangements for external representation of the European Union were implemented successfully and the SG established methods for interface with the EEAS: it kept a global overview of relations with the EEAS, advising Commission services on the institutional relationship with the EEAS, it produced a vademecum to serve as a practical guide for relations between Commission services and the EEAS and set up a dedicated inter-service group to bring together the external relations Directorates-General to help ensure the Commission is organised to play its role in external policy under the co-ordination of the High Representative.

In the light of the new provisions of the Lisbon Treaty, the current Framework Agreement on relations between the European Parliament and the Commission was revised, marking a special partnership

between the European Commission and the European Parliament. After adoption by Parliament, the new Framework Agreement entered into force in October 2010. Commission implementing guidelines were endorsed by the College in December 2010.

### **3. The Europe 2020 strategy**

In 2010 the SG led the work of the services on policies to respond to the crisis and speed up economic growth via structural reforms. The SG frontline activity in this context was the preparation of the Europe 2020 Strategy adopted by the Commission in March. The Europe 2020 Strategy – guiding Europe towards smart, sustainable and inclusive growth – was then endorsed by the European Council in June.

The second half of the year was dedicated to the implementation of the Strategy, both at national and EU level with the view of launching the new European Semester of economic policy co-ordination from 2011 and publication of the first Annual Growth Survey in early January 2011. Once the European semester was agreed by the Council in July, intensive work among the EU institutions and with the Member States was carried out on the design of national 2020 targets and strategies, and on the revision of cross-cutting EU-level instruments in order to support structural reforms and ensure more robust fiscal and macro-economic co-ordination to underpin economic stabilisation. Draft National Reform Programmes were received from mid-November and assessed as part of the preparation of the first Annual Growth Survey. The SG also helped to co-ordinate the work of several DGs in launching seven Flagship initiatives designed to implement the strategy.

### **4. Smart Regulation: further enhancing the quality of legislation**

Ensuring that regulation is high quality and relevant to people and businesses is at the very core of the Commission's work. In its Communication on smart regulation, adopted in October 2010, the Commission underlined its commitment to policy-making based on evidence and set out action in three priority areas for the next five years. Firstly, it will evaluate the impact of legislation during the whole policy cycle: when a policy is designed, when it is in place, and when it is revised. Secondly, the Commission will work with the European Parliament, the Council and Member States to encourage them to apply "smart regulation" in their work. Finally, to strengthen the voice of citizens and other stakeholders, the Commission has decided to increase the period of its public consultations from 2012 onwards.

### **5. Budget review and preparation of the next multiannual financial framework**

The Budget Review Communication was adopted by the Commission in October 2010. The Communication sets out the Commission's ideas on the EU budget of the future, proposing key objectives for the reform. Among its main findings is the need for simplification since current rules for the EU budget make it slow to react to unforeseen events while too many complexities hinder its efficiency and transparency.

The December 2010 European Council conclusions welcomed the budget review presented by the Commission. Building on that, College orientation debates took place on different aspects of the budget review.

## 1.2. Specific objectives for operational activities

### 1. Activity "Coordination within the Commission

#### Sub-activity A: Strategic planning and programming

The SG's major role is to support the President and the Commission by:

- Providing strategic impetus and leading the planning process with a view to translating the 5-year political guidelines of the President into concrete actions = **Strategic planning and programming**
- Coordinating and steering the work of the other Commission departments and strengthening inter-service cooperation = **Coordination of policies**
- Assisting the President and the College by developing a political analysis capacity = **Political analysis and policy advice**
- Stimulating a constructive debate on the reform of the EU budget in order for it to be aligned with the main EU policy priorities = **Budget review/ Preparation of the next Multiannual Financial Framework**
- Ensuring that the Commission is properly equipped to continue to function in case of business disruptions, crises or disasters = **Business Continuity and Crisis Management**
- Protecting the reputation of the institution by ensuring that the Commission complies with the highest ethical standards of service = **Ethics in the European public service**
- Steering the work on the Commission's corporate IT strategy and overseeing the streamlining and the harmonisation of business processes = **IT governance**

#### Specific objective:

Coordinate the definition of the political priorities of the Commission for 2011 and monitor the progress in delivering on the Commission Work Programme 2010 commitments

Based on President Barroso's political guidelines for the Commission's mandate and his State of the Union speech, the SG steers the definition of political priorities reflected in the Commission Work Programme (CWP). In particular, the multiannual strand of the CWP increases transparency and predictability for the other institutions and citizens.

Furthermore, the SG ensures the translation of the CWP into concrete agendas for the Commission. Policy coordination was successful in 2010 with the DGs involving the SG proactively in order to get an insight into the relevance and state of preparation of their proposals in a broader political context. The SG also acted as mediator when there were disagreements between DGs. The Agenda Planning database is the tool for this coordination and ensures transparency throughout the institution.

#### Implementation rate of CWP 2010:

79 % for strategic initiatives and 91% for annex II initiatives.

#### Main outputs in 2010:

- Commission Work Programme 2011
- Weekly preparation of Early Warning reports and LPP (liste des points prévus)
- Monthly reports to the other institutions on planned and adopted Commission initiatives
- Commission's replies on Opinions from National Parliaments on CWP

### EU 2020 Strategy and CWP strategic initiatives reflected in the Management Plans:

DG's Management Plans for 2010 were revised when the new Commission presented its priorities for 2010, including the EU 2020 Strategy, its Flagship Initiatives and the strategic initiatives in the CWP.

#### Specific objective:

Ensure that the political priorities of the Commission are appropriately reflected in all Commission departments' activities and in the allocation of human resources

### Ratio of Commission coordination/support staff, as measured through the annual screening report on human resources :

- ratio: 30.9% (2009)

- ratio: 29.5% (2010)- figures from the 2010 screening will be available as of 18.2.2011

#### Specific objective:

Enhance sound and efficient financial management by all Commission departments

**Number of reservations in Annual Activity Reports :** 15 (2008), 20 (2009), (2010)

- for 2010 the figure will only be available at the end of March 2011

### Assessment from the Court of Auditors of the quality of Annual Activity Reports (A, B or C)"

An improvement can be noted in the qualitative assessment done by the ECA of the quality of Commission's AARs: the Annual Report from the ECA on year 2009 quotes 20 "A" (80%), 5 "B" (20%) and 0 "C", against 10 "A" (40%), 15 "B" (60%) and 0 "C" in 2008.

### Error rate range in the different spending areas as estimated by the Court of Auditors

- 3 chapters in green (less than 2% error)
- 4 chapters in yellow (between 2 and 5%)
- 1 chapter in red (greater than 5%)

### Progress made in the 2008 discharge resolution from the European Parliament compared to the 2007 discharge resolution :

- level of MEPs acceptance for DAS 2008: 520 in favour/ 68 against /36 abstentions
- level of MEPs acceptance for DAS 2007: 415 in favour/ 72 against /11 abstentions.

#### Main outputs in 2010:

- *Synthesis report 2009*
- *Annual Report to the Discharge Authority on internal audits carried out in 2009 (Article 86(4) of the Financial Regulation)*
- *Guidelines for the 2010 Annual Activity Reports (October 2010)*
- *Guidelines for the 2011 Management Plans (October 2010)*
- *New repository of objectives and indicators (October 2010)*
- *Conference on Managing Risks in public sector projects (21.6.2010) to raise awareness in Commission services*

## Sub-activity B: Coordination of policies

### Specific objective:

Take forward the policy agenda of the Commission by:

- ensuring coherence and integration of different policy strands with the President's political orientations and with the Europe 2020 strategy, and
- identifying and developing policy initiatives which cut across multiple policy strands (e.g. Services of general interest, EU Sustainable Development Strategy, Cooperation and Verification Mechanism for Romania & Bulgaria)

The SG assisted in elaborating all the Commission's policy initiatives with the objective of ensuring overall coherence and integration of different policy strands with the President's political orientations and with the Europe 2020 Strategy. The SG is involved in up-stream coordination from the conceptual design of a new initiative until adoption by the Commission. It advises in general terms on policy substance, for instance, during negotiations with international partners on new agreements or with the other institutions on new legislation.

### Europe 2020

Key policy initiatives were launched in most policy areas with the primary objective of facilitating the implementation of the newly-launched Strategy. To support the structural reforms carried out by Member

States, the SG assisted with the preparation of Commission action plans in the form of flagship-initiatives, and in the step-by-step elaboration of the legislative package reforming EU's economic governance.

### Specific policy areas

The SG contributed to the start of the new Commission in the fields of internal market, financial services, agriculture, fisheries, energy, transport, environment, climate change, regional policy, as well as education and culture.

A particular challenge was to accompany the numerous new legislative proposals on financial regulation to prevent another crisis in the financial services sector, for example, by designing reinforced prudential rules. Another priority was energy, which has grown to become one of the most important EU policy areas, notably in view of climate change and security of supply concerns.

The SG also contributed to the preparation of the Monti report on the Single Market and the preparation of the Single Market Act. It also helped prepare the Youth on the Move flagship initiative under the Europe 2020 strategy. It provided advice on the Communication preparing the Reform of the Common Agricultural Policy. Throughout 2010, climate change was the subject of several Commission Communications in which the SG was involved e.g. lessons to be drawn from Copenhagen and the analysis for a potential move beyond a 20% greenhouse gas emissions target. In the field of environment and transport, a large number of implementing measures required the attention of the SG including facilitating problem solving between different Commission services.

The SG also led on the conceptual policy development on cross-cutting issues such as services of general interest and sustainable development.

The SG ensured the management of 8 Commissioners' group meetings from the overall planning, including on topics suitable for discussion, to the concrete organisation of meetings and drafting of minutes.

### Cooperation and Verification Mechanism

The SG pursued its work in the context of the Cooperation and Verification Mechanism to support Bulgaria and Romania in meeting benchmarks in the area of justice reform, the fight against corruption and (for Bulgaria) the fight against organised crime. The SG carried out a number of fact-finding missions and engaged in a constant dialogue with the authorities of the two countries, representatives of other Member States, experts and Civil Society. In the course of the year, 4 reports and two staff working documents were adopted.

Bulgaria had a constructive reaction to the July 2010 report. Romania questioned the tough political assessment but subsequently renewed its commitment to reform. The Council's conclusions on CVM (13 September 2010) were also supportive.

**Main outputs in 2010:**

- *Communication on the Europe 2020 strategy for smart, sustainable and inclusive growth*
- *Digital Agenda flagship initiative*
- *Youth on the Move flagship initiative*
- *Innovation Union flagship initiative*
- *Industrial Policy flagship initiative*
- *New Skills for Jobs flagship initiative*
- *Platform against Poverty flagship initiative*
- *Conceptual papers and internal consultations on the Resource-efficient Europe flagship initiative*
- *A package of secondary legislative measures concerning economic governance*
- *Preparation of 2 annual reports on Bulgaria and Romania*
- *Secretariat of the high-level groups (e.g. Commissioners' groups, Cyprus Steering Group)*
- *Continued advocacy and policy development on cross-cutting policy strands*
- *Constant control of the CWP implementation through replies to Inter-service Consultations (891 in 2010, with in many cases, the participation in the preparation of the corresponding Impact Assessments) and the monthly preparation of upstream coordination meetings*
- *Constant control of the coherence of DGs' replies to Parliamentary Questions (several hundred) and requests from national governments and parliaments.*
- *Revision of the rules of procedures and the mandates for the Commissioners Groups and responsibility for the relative webpage*
- *Ensuring the functioning, development, training and helpdesk for CIS-net and Agenda Planning*

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## Sub-activity C: Political analysis and policy advice

### Specific objective:

Ensuring that the President, Commissioners, Cabinets and SG senior management are well informed in good time on:

- meetings/ developments in the Council, European Parliament, European Economic and Social Committee, Committee of the Regions and national parliaments and regarding the European Ombudsman
- on external relations, including G8/G20 and the external dimension of internal policies
- on developments in Member States through – inter alia – concise, coherent and focused briefings for meetings and events as well as political analysis based on full use of internal and external contacts and databases networks.

### States

### Usefulness for President and SG senior management of information/ analysis made available:

Information/ IT platform is now used by around 50% of President's Cabinet and SG senior management. The network of contributors within SG and contacts with Commission Representations in Member States has been further developed in 2010, so as to be able to provide relevant input on all Member States. The network covering Hungary, involving besides SG staff and Commission

### Information and analysis on meetings/ developments in the other institutions and external organisations

#### Timely meeting coverage through flash and other reports

The President, Commissioners, Cabinets, SG senior management and Services were well informed in good time through flash and/or other reports (100% coverage of events).

#### Percentage of same-day flash and other reports after important meetings/ developments

The President, Commissioners, Cabinets, SG senior management and Services were well informed in good time through flash and/or other reports sent out, as indicated ( +/- 90% coverage).

### Information and analysis on Member

Representation also staff from relevant DGs, is operational.

## Briefings/ analysis

The entry into force of the Lisbon Treaty has considerably deepened and widened, in quantitative as well as qualitative/political terms, the institutional relationships between the Commission on the one side and the European Council, Council, European Parliament, EESC, CoR and national parliaments on the other side. The political analysis and policy advice provided by the SG have helped the Commission play its role in the new institutional setup.

In 2010, the SG coordinated and/or prepared numerous briefings and analysis documents for the President, Vice-President and SG senior management, including steering notes and briefings on Question Hour in Parliament with the President, horizontal notes on the revision of the Framework Agreement with Parliament, in particular its “international negotiations” part, the EEAS and other issues related to external relations, and on the 2010 discharge.

Feedback from President's Cabinet and SG hierarchy recorded via e-mails and oral communication shows that briefing materials have been efficiently prepared, delivered on time and generally cover needs. A review of modalities for briefing preparation and presentation has taken place so as to be able to better respond to expectations and the implementation of results of this review is underway.

### Main outputs in 2010

- *Development of priorities and objectives for the functioning of the information sharing network*
- *Support structure for G8 FASS created*
- *Collaboration with the Council G8 Sherpa well initiated*
- *Collaborative workspace G8 and G20 developed*

## Sub-activity D: Budget review / Preparation of the next Multiannual Financial Framework

The budget review paper presented in October 2010 (COM(2010)700) is fully aligned with the EU 2020 Strategy. The December 2010 European Council conclusions welcomed the budget review presented by the Commission.

### **Specific objective:**

Ensure that the proposals for the next Multiannual Financial Framework are aligned with the Europe 2020 priorities and bring maximum EU added value.

### Main outputs in 2010

- *Communication adopted on 19 October 2010 (COM(2010) 700 and SEC(2010) 7000)*
- *College orientation debates on different aspects of the budget review*

## Sub-activity E: IT governance

### **Specific objective:**

Ensure a consistent corporate IT strategy, streamline and harmonise the business process

### **Number of recommendations made by the IT Task Force implemented by end 2010:**

33 recommendations have been made and adopted by the College. Some key recommendations, such as a new set up for IT governance within the Commission, have been implemented at the end of 2010.

**Number of IT applications throughout the Commission:** around 2400

As a follow-up to the introduction of the new e-mail policy in the Commission, DGs INFSO and REGIO adopted guidelines according to the Commission e-mail policy.

### Number of SLAs signed with DIGIT:

- 21 SLAs signed with DIGIT in 2010 with other DGs containing IT billing for the new cost model

### Main outputs in 2010

- Communication "Getting the best of IT in the Commission" SEC (2010) 1182 establishing an IT governance structure

## Sub-activity F: Business continuity and crisis management

### Specific objective:

Strengthen the Commission's crisis management capacity across policies and instruments and foster the Commission's capacity to react quickly, efficiently and in a coordinated manner, in its area of competence

### Awareness and readiness in Commission departments through improved crisis management tools and procedures

During 2010, fourteen meetings of the inter-service group C3M (Community Capacity in Crisis Management and its subgroups) were organised. Participation went up to 20 DGs and six agencies. Officials' attendance was on average 35 (for each of the four plenary meetings)

and 20 (for each of the ten subgroup and ad-hoc meetings). As a result, the number of participants multiplied by number of C3M inter-service meetings was higher than the year before, generating a greater awareness and coordination.

The number of targeted training sessions on ARGUS procedures increased to six: five targeted single DGs and one targeted all Desk Officers. The readiness of DGs was demonstrated when ARGUS procedures were put successfully in practice 25 times during 2010 and in particular during the Volcanic Ash Crisis of April 2010. A Lessons-Learned exercise was organised following the Volcanic Ash Crisis that resulted in a list of areas for improvement endorsed by the Secretary-General. Additionally, the CCA10 exercise was held successfully in September 2010.

### Availability of an up to date mapping of current information flows (factual information, analytical reporting and situation awareness tools) amongst the Commission, the other Institutions, Member States and other stakeholders, aiming at their rationalisation

The review process for ARGUS has officially started in autumn 2010 with two dedicated C3M meetings plus the launch of an official user requirements analysis involving representatives of 9 DGs.

### Number of improvable areas in ARGUS (the Commission's corporate crisis management system – see Commission decision [C\(2005\)5306](#)).

In the ARGUS procedure, up to nine areas may improve (result of inter-service consultation and evaluation of past crises).

In the ARGUS IT platform, a number of areas may improve (as a result of analysis, precise number will be known in mid 2011).

### Revision of the Commission business continuity strategy, notably translating the recommendations from audit reports

7 out of 12 audit recommendations have been implemented by December 2010.

Following the Business Impact Analysis (BIA) and Risk Assessment (RA) Guidance issued in November 2009, 5 DGs have adopted new BIAs in 2010. The SG issued a new BCP Template and Guidance in July 2010. Since

### Specific objective:

Ensure that the Commission is able to maintain critical and essential functions, continue to operate in the event of a major business interruption and return to normal activities as quickly as possible

then, 3 DGs have adopted new BCPs based on this guidance by the end of 2010.

### **Business continuity planning compliant and updated; increased effectiveness through testing and embedding of best practices**

The Business Continuity Network in the Commission met 6 times in 2010. Two working groups were formed (WG1 – Procedures & Benchmarks, WG2 – NOAH IT Tool) and each had 5 meetings a year. One corporate BC exercise (PEST10) was successfully held in October 2010 and one evaluation report with recommendations was drawn up. The SG issued an Exercise Guidance and Toolkit in November 2010 and organised one training on exercising and testing in 2010.

### **Establishment of clear corporate workflows and responsibilities and a corporate IT communication Tool for BCM**

NOAH IT tool for BCM was rolled out successfully at the beginning of 2010. It has been tested during the corporate exercise PEST10 and small scale tests are performed regularly.

## **Sub-activity G: Ethics in the European public service**

### **Specific objective:**

Protect the reputation of the institution by fostering the highest ethical standards of service

### **Percentage of advice provided within 5 working days on questions related to the implementation of the Code of Conduct for Commissioners:**

100% requests from the President and the Commissioners have been replied in a timely and effective way.

**Percentage of responses in the same working day to requests from Spokespersons' service:** 100% requests have been satisfied within deadlines.

**Percentage of notes transmitted within the deadline foreseen to the services and Commissioners concerned in the framework of the Memorandum of Understanding between OLAF and the Commission:** over 90%

### **Main outputs in 2010**

- *Revision/simplification of the Working Agreements between the Commissioners and their services*
- *Draft revised version of the Code of Conduct for Commissioners submitted by the President to the President of the EP.*
- *Processing of the approval procedure of all post-office professional activities notified by the former members of the Barroso I Commission. Preparation of 28 Decisions adopted by the Commission.*
- *Support the setting up of the Ad-hoc Ethical Committee, its organisation, consultation and follow-up of its advices.*

## 2. Activity "Better regulation and institutional development"

This frontline activity of the SG entails:

- Ensuring overall coherence and proper functioning of the EU's institutional set-up, in particular in light of the purposes stated in the Lisbon Treaty = **Institutional development**
- Monitoring the application of EU law in Member States and the legality of state aids = **Application of EU law**
- Improving the quality and relevance of EU legislation by evaluating the impact of the legislation throughout the policy cycle = **Smart regulation**

### Sub-activity A: Institutional development

#### Specific objective:

Contribute to the successful implementation of the Lisbon Treaty, in particular in relation to the European Citizens' Initiative, comitology and with regard to inter-institutional relations and national parliaments

#### Effective and early implementation of the Treaty provisions on the European Citizens' Initiative

After having taken into account the results of the public consultation, the Commission adopted the proposal for a Regulation on the citizens' initiative in March. Inter-institutional negotiations of the proposal followed and the final agreement of the legislator was reached in December.

#### Appropriate respect of Commission's role in inter-institutional discussions

In the context of the implementation of the Lisbon Treaty, appropriate respect of the Commission's role in inter-institutional discussions was ensured.

#### Coherent implementation of treaty provisions on delegated acts (Article 290 TFEU)

Several notes were addressed to all services in order to instruct them on the positions to be taken by the Commission in ongoing negotiations relating to delegated acts. The SG was also involved at the level of COREPER meetings in the preparation of political compromise concerning the scope and the legal regime of delegated acts.

#### Preparation of implementation of Article 291 TFEU on implementing acts

The proposal for a new comitology regulation was adopted, followed by negotiations of the proposal and the final agreement of the legislator. The SG had, among others, a key role in steering the discussion on delegated acts/implementing acts through COREPER and fostering agreement on comitology provisions in pending files.

#### Revision of the Framework Agreement on relations between Parliament and the Commission

President Barroso led discussion with the EP negotiators on the content of the Resolution on a renewed Framework Agreement, adopted by the Plenary on 9 February 2010. Negotiations on the revision of the Framework Agreement between Vice-President Šefčovič and the EP negotiators started on 3 March and were successfully concluded on 29 June 2010, after 10 meetings held at political level. The Commission subsequently endorsed the results of the negotiations in its meeting held on 13 July 2010 and authorised the President to sign the agreement, once formally adopted by Parliament. After adoption by Parliament, the new Framework Agreement entered into force in October 2010. Commission implementing guidelines were endorsed by the College in December 2010.

The Council was not involved in this exercise, despite repeated invitations from the Commission to join the discussions (GAG, Antici, Coreper).

#### Preparation of reflection, operational and procedural documents (e.g. on implementation of the protocol on subsidiarity/ involvement of national parliaments)

The implementation of the Lisbon Treaty regarding the Commission's relations with NP did not raise particular problems, mainly due to the thorough preparation, based on the preparation of sound

reflection, operational and procedural documents. For further details, see below Activity 3/ Sub-activity B.

### **Main outputs in 2010**

- *Proposal for a Regulation on the citizens' initiative (March 2010)*
- *Proposal for a Regulation on implementing acts (new comitology) (March 2010)*
- *Agreement on a "common understanding" with EP and Council on delegated acts.*

#### **Progress made by the IIWG (Inter-Institutional Working Group) on a common approach vis-à-vis regulatory agencies: number of issues on which an agreement is found**

The Working Group met in November 2010 endorsed the assessment of the current situation made by technical group. A discussion was subsequently launched to remedy the problems identified. Overall, all fiches (parts 1 and 2) containing proposals for solutions have been agreed at political level and a first package of 12 fiches have been sent to EP and Council at technical level.

#### **Specific objective:**

Ensure good functioning of the regulatory agencies system

### **Main outputs in 2010**

- Non-paper *including* points for discussion on remedies concerning problems identified prepared and discussed at political level.

#### **Specific objective:**

Ensuring greater coherence and transparency in the work related to committees and expert groups

#### **Coherent implementation of comitology procedures across all Committees**

The regular organisation of meetings of comitology coordinators in the Commission, followed by written circulars to all DGs, ensured that comitology rules are applied consistently, including with regard to the respect of EP prerogatives

#### **Improved functioning of the Comitology Register**

Technical modifications have been inserted in order to facilitate the daily work of all services of the Commission.

#### **Improved rules and enhanced transparency of expert groups**

With the adoption of the new framework for expert groups, rules on the creation and functioning of these groups have been simplified and clarified. Following the launch of the new version of the Register of expert groups, transparency in this area has been enhanced.

### **Main outputs in 2010**

- *New framework for Commission expert groups, with revised horizontal rules, adopted in November 2010.*
- *New version of the Register of expert groups launched in December 2010.*

## Sub-activity B: Application of EU law

### Specific objective:

Co-ordinate co-operation with Member States to find early responses to complaints and resolution of infringements of EU law

**Success rate of EU Pilot<sup>1</sup>:** 85% assessed success rate in the outcome of EU Pilot files.

**Quick and good resolution of questions and problems arising for citizens and enterprises also leading to a reduction in the number of infringement proceedings**

Average time taken for files to be completed in EU Pilot: 169 days (time elapsed between the submission of the

files to the Member States and the assessment of the Member States responses by the Commission services).

Reduction of around 55% in the volume of new infringement proceedings for EU Pilot participating Member States over the past two years.

### Increase in the number of participating countries

By 31 December 18 Member States were fully participating in EU Pilot and an additional seven Member States had reached advanced stages of preparation in close consultation with the Commission, while contacts continue with the two remaining Member States.

### Main outputs in 2010

- *Close co-operation with participating Member States to ensure the smooth functioning and positive evaluation of the project*
- *Close co-operation with Member States lining-up to start participating in the project*
- *Extension of the application of the project to all files before infringement proceedings are launched.*

## Sub-activity C: Smart regulation

### Impact assessment

**In 2010, the Impact Assessment Board (IAB) secretariat** processed 83 impact assessment reports (first submissions and resubmissions) i.e. 100% of submitted impact assessments. It also participated in around 60 IA upstream support meetings with DGs. Three IA Working Group meetings were held with an average attendance of 30 colleagues from all policy DGs.

### Specific objective:

Substantiate the Commission's proposals with results from high quality impact assessments and evaluations of existing legislation

A total of 52 Impact Assessment training courses from basic to specialist level were provided with ~ 625 participants were held. Tailored workshops on demand (e.g. for INFOS and TAXUD) were additionally provided. Contributions were made to special training sessions organised by MARKET and MOVE/ENER.

### Evaluation of existing legislation

**Percentage of significant CWP 2011 proposals that are supported by evaluations available or ongoing in 2010):** 32 %

<sup>1</sup> System of finding quick solutions to problems related to the application of EU law

### Level of satisfaction of participants in evaluation training

8 evaluation seminars and network meetings were held with an average attendance of 38 participants from the DGs. For the 24 evaluation training sessions organised (9 module I, 6 module II, 8 module III and 1 targeted), the feedback survey indicates that 100 % of the participants in module I and II consider that the course was either very good or good. For module III, the figure is 98 %.

#### Main outputs in 2010

- *Around 200 roadmaps published, outlining the impact assessment and policy development work for initiatives which are likely to have significant impact*
- *2010 report on the activities of the Impact Assessment Board (January 2011)*
- *Launch of the fitness check (EMPL, ENV, MOVE).*
- *Participation in 45 evaluation steering groups*
- *79 checklists of evaluations were drawn up*

#### **Specific objective:**

Reduce administrative burdens and simplify the acquis, in partnership with the Council, EP and Member States

#### **Administrative burdens reduced**

In 2010, the Commission tabled 9 new reduction measures, bringing the savings of all Commission proposals to 31% administrative burden. The co-legislator adopted 9 reduction measures, bringing the reduction potential of all adopted measures to EUR 27 bn, i.e. 22%.

#### **Simplification measures**

The Commission adopted in 2010 7 simplification measures autonomously and tabled 7 simplification measures to the EP and Council. The co-legislator adopted 6 measures. 48 new simplification initiatives are planned for 2011 (Annex III of CWP 2011).

#### Main outputs in 2010

- *Development of an administrative burden calculator.*
- *Definition of a project charter for the Acquis Screening Platform and start of the development of the application.*
- *7 half-day training sessions on administrative burdens with 88 participants*
- *More than 20 requests answered by the new help desk*

#### **Number of meetings of the High Level Group - Better Regulation held in 2010**

The High Level Group held, as planned, two meetings in 2010.

#### Main outputs in 2010

- *Commission Communication on Smart Regulation (COM(2009)544), setting out its agenda in this area for the next 5 years (8 October 2010)*
- *The 17th Annual Report on Better Lawmaking related to the implementation of the principles of subsidiarity and proportionality (8 October 2010)*
- *The mandate of the High Level Group was prolonged until 31 December 2012.*

#### **Specific objective:**

Promote synergies and exchange of experience in Better Regulation with institutions, Member States and other actors

### 3. Activity "Co-ordination and relations with other institutions"

The Secretariat-General is responsible for relations between the Commission and other European institutions and bodies. This activity involves:

- Co-ordination within the Commission and taking all necessary steps to ensure harmonisation of the various policy strands in order to guarantee that the Commission speaks with one voice in its dialogue with external actors = **Co-ordination and consistency**
- Promoting and managing constructive and efficient working relations with other institutions (Council, European Parliament, national governments and parliaments, the European Economic and Social Committee (EESC), the Committee of the Regions (CoR), the European Ombudsman (EO), EEAS) = **Maintaining good inter-institutional relations**

#### Sub-activity A: Commission co-ordination and consistency

##### Specific objective:

Strengthen the Commission's position in inter-institutional contacts by preparing the Commission's participation in the meetings of the European Council, European Parliament, Council, European Economic and Social Committee and Committee of the Regions as well as ensuring proper follow-up

##### Consistency of Commission's proposals seen from the point of view of relations with the other Institutions

Despite the significant changes brought about by the entry into force of the Lisbon Treaty, relations between the Commission and the EP were further improved in quality, different problems were settled to the satisfaction of both Institutions and a spirit of cooperation has been fostered.

The politically upgraded good relations with EESC and CoR were maintained and, following the election of the European Ombudsman for a new mandate, the

Commission continued its good relations with him.

These positive results can clearly be attributed *inter alia* to the consistent and collegial position taken by the Commission in Parliament, Council and vis-à-vis the EESC, the CoR and the Ombudsman.

##### Avoidance of clashes between the Commission and Parliament

All meetings in Parliament were well prepared. There were no cases of clashes between the two Institutions due to inadequate preparation.

##### Timely and well prepared Commission interventions in Council/EP to promote priorities and/or to anticipate and/or address potential difficulties

In 2010, the SG prepared the Commission's intervention in:

- 100 COREPER meetings, 11 General Affairs Councils, 6 European Councils or HoSG meetings and contributed to the preparation of 37 Council, 22 Informal Council and 14 Special Committee Agriculture meetings of other configurations
- 17 EP plenary sessions, 24 meetings of the Conference of Presidents, 12 meetings of the Conference of Committee Chairs, 443 meetings of Parliamentary Committees and numerous other meetings in Parliament.

##### Number and percentage of formal Council, EP and trilogue meetings covered by flash reports

- 54 flash reports sent after COREPER and 7 after COREPER lunches, 37 after Council, 36 after Council lunches, which corresponds to a coverage of 100%
- All 17 Plenary Sessions of Parliament were covered by daily reporting (SP Notes). All other formal meetings of Parliament's Bodies were covered by reporting (SP Notes) and in addition flash reports, if indicated.
- All 167 trilogue meetings falling under COREPER I as well as II were covered by flash reports.

## Number of institutionalised information networks with Member States

Four: Permanent Representatives, Deputy Permanent Representatives, Antici Representatives, Mertens Representatives.

## Sub-activity B: Maintaining good inter-institutional relations

### Specific objective:

Foster positive relations with the other EU Institutions and bodies (Council, European Council, European Parliament, European Economic and Social Committee, Committee of the Regions, European Ombudsman and National parliaments)

### Council and European Council

The SG coordinated the Commission's preparatory work on European Council meetings through several contacts with Council Presidency and Council General Secretariat. It had full involvement in all stages of European Council preparations.

### Degree of support for the Commission in its different roles under the Treaty

Commission's agenda was largely shared and supported by the Council. There were only a few instances where Commission proposals were not taken forward or were significantly altered. The Commission's quality work in international negotiations was widely recognised, although there were problems in ensuring a correct reflection of the Commission's treaty role in external representation in certain fora.

### Percentage of Commission proposals adopted by the Council at the first reading

Out of 55 files adopted between January and November 2010, 83.5% were adopted in the first reading. Only one file was subject to conciliation.

### Voting patterns in Council showing that a vast majority of decisions are taken along the lines sought by the Commission, in particular by minimising situations in which a decision is taken against the stated position of the Commission

At this stage, no numerical evidence is available in this regard, but the number of files in relation to which the Commission had major objections was very limited.

## European Parliament (EP)

### Mutual satisfaction with planning and implementation of EP agendas

The SG had a significant contribution to the overall mutually satisfactory drawing up of EP agendas, in line with Commission priorities. To this end, regular meetings have been held with the EP Secretariat and regular contacts maintained inside the Commission to ensure 'real-time' follow-up of agenda changes. As a result, an effective participation of Commissioners and Commission services in EP meetings was broadly accomplished. Problems continue to persist due to shortcomings in the regrouping of points to be discussed in Plenary. The issue was discussed with Parliament in the context of negotiations on the review of the Framework Agreement and further efforts will be undertaken in 2011 on the basis of the renegotiated Framework Agreement.

### Total number of parliamentary questions (PQ) received and percentage of timely replies provided

In 2010, 10243 written and 589 oral questions were addressed to the Commission.

Despite a large increase in written questions (300% in the last 10 years), a major improvement has been achieved in preparing replies within deadlines and ensuring high quality standards, collegiality and increased coherence of the answers. Pivotal in this respect have been the guidelines sent by the Secretary-General to Cabinets and Services concerning respect of deadlines, drafting and length of replies to written questions. In addition, a letter was sent by President Barroso in November 2010 to President Buzek, requesting a greater level of upstream control by Parliament with respect to the admissibility criteria for parliamentary questions.

However, the increasing number of PQs ((40% more in 2010 alone) required significant additional efforts. Thanks to the innovations introduced, 50% of normal written questions and more than 17% of

priority questions were replied within the deadlines, against 30% for normal written questions, and less than 4% for priority questions, three years before.

### **Total number and percentage of timely replies to EP resolutions in the form of written follow-ups**

With respect to 2010, 235 “suites non-législatives” and 93 “suites législatives” have been or are still being processed. The procedure for the transmission of the “suites données” to Parliament was largely respected and no complaints were received from the EP, despite certain difficulties encountered in the translation of the documents.

### **Total number and percentage of timely replies to petitions transmitted by Parliament**

In 2010, 540 petitions were received from Parliament for the first time and 429 first responses transmitted to them. Overall, the current level of quality and timeliness of the process of replying to petitions transmitted by Parliament was satisfactory (better than 90 %).

## **National parliaments (NP)**

### **Level of satisfaction of national parliaments as regards the practical implementation of the protocol on subsidiarity and proportionality/ involvement of national parliaments and the Commission's contribution in strengthening NPs' role at European level, as evidenced in opinions from NP on Commission Annual Reports on relations with them and in COSAC contributions ("Conférence des organes spécialisés des Assemblées de la Communauté")**

The new procedure regarding the practical implementation of the Protocol on subsidiarity and proportionality was launched in February 2010, when the first proposal falling under the new subsidiarity control mechanism was sent to national parliaments. Since then, several NP have become much more active in scrutinizing Commission proposals, which is reflected in the increasing number of opinions received in 2010 (387 - increase of more than 55% compared to 2009). In 2010, 82 Commission proposals falling under the scope of the subsidiarity control mechanism were formally sent to national parliaments and 213 opinions referring to these proposals were received, 32 of which negative ones as regards subsidiarity.

The new procedure is working very well, with NP expressing their overall satisfaction and perceiving the Commission's role in deepening relations with NP as very positive. In some cases, however, NP deplored the Commission's "too narrow" interpretation of a "draft legislative act" as well as its stance that certain legislative proposals would rather fall within the EU's exclusive competence and therefore were not subject to the subsidiarity control mechanism. Also, some criticism continues to be raised as to the fact that impact assessments were not translated into all languages. Some criticism was also raised by NP as regards the Commission's compliance with article 5 of Protocol 2 of the Lisbon Treaty, and in particular the fact that the required subsidiarity statements were missing in the respective Commission proposals or were of poor quality. On the latter, further training and awareness-raising measures will be necessary in 2011 within the Commission to ensure improvements on these aspects.

### **Number of NP opinions received and percentage of NP opinions for which proper follow-up was given timely**

In 2010, 387 opinions had been received from NP and 158 replies provided, of which 102 within the respective delay (65%). The launch of the Operational IT tool for the follow-up to national parliaments' opinions, ASAP, in 2011 should help to considerably shorten the respect of the deadlines for replies to NP.

## **European Economic and Social Committee (EESC) and Committee of the Regions (CoR)**

### **Number of meetings with bodies of EESC and CoR**

In 2010, the EESC held 9 Plenary and 11 EESC Bureau meetings and the CoR 5 Plenary and 7 Bureau meetings. In addition, 5 bilateral preparatory meetings were held between the SG and representatives of the two Committees. In total, the SG produced 38 notes on the meetings in and with the EESC and 32 notes on the CoR meetings.

### **Respect of deadlines regarding the follow-up on the most important opinions**

The application of the Protocols with EESC and CoR is being closely monitored, notably regarding the follow-up of opinions. Regular follow-up takes place after each plenary session and all respective deadlines have been fully met in 2010.

### **European Ombudsman (EO)**

#### **Extent to which new internal Vademecum is being respected**

Following the adoption of the new EO Statute, a new internal Vademecum on relations with the Ombudsman was prepared and implemented, and its implementation and functioning assessed in November 2010. It is being fully respected. The minor problems detected in this respect will be addressed in 2011.

#### **Feedback from the Ombudsman Services on the quality of relations provided, on the basis of a scoreboard on ongoing complaints, in monthly discussions with the EO representatives and at the occasion of meetings between the EO and the hierarchy of the Commission**

In the framework of the systematic follow-up with EO Services on the efficiency of relations with them, monthly meetings have been held in 2010 for the monitoring of the scoreboard. At these meetings, the EO Services expressed satisfaction with the quality of relations between them and the Commission.

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## 4. Activity "Relations with Civil Society, Openness and Information"

The aim of this activity of the Secretariat-General is to:

- Actively coordinate measures fostering a culture of dialogue between the Commission and civil society while also increasing the involvement of civil society in policy making = **Relations with stakeholders**
- Advance and ensure effective implementation of rules on openness and access to documents throughout the Commission = **Access to Commission documents**

### Sub-activity A: Relations with stakeholders

#### Specific objective:

Ensure transparency in relation with stakeholders by maintaining a balanced and proportionate framework in lobbying and interest representation

#### Coverage of the Register of Interest Representatives:

3200 entities registered

#### Existence of a common Register of Interest Representatives of the Commission and Parliament:

A draft agreement between Commission and Parliament on a common "Transparency Register" is at the political discussion stage, after endorsement of the joint working group.

### Sub-activity B: Access to Commission documents

**Rate of SG confirmative decisions reversing initial DG's answers to requests:** 77,5%

#### Specific objective:

Facilitate public access to Commission documents with a view to increasing transparency

#### Main outputs in 2010

- *Delivery of around 200 decisions on confirmatory applications for access to documents*
- *Publication of the annual report on the application of Regulation (EC) No 1049/2001*
- *Follow-up of the legislative process with regard to the revision of the Regulation*

## 5. Activity "Logistic support for the Commission and Protocol"

The Secretariat-General also provides efficient logistic support to the work of the Commission (College and services). To that effect, it will in particular:

- Ensure that all stages of the Commission's decision-making process run smoothly, while developing new decision-making procedures and tools with a view to advancing towards an e-Commission = **Commission decision-making procedures and tools**
- Further improve document management and modernise the system = **Document management and archives**
- Safeguard the rights of subjects whose personal data need to be used by the Commission = **Data protection**
- Provide protocol assistance and advice for Commission services = **Protocol**

### Sub-activity A: Decision-making procedures and tools

#### Specific objective:

Provide a high-quality contribution to the preparation of the new Commission and support to the new College of Commissioners as regards the preparation and management of the hearings in the EP with the Commissioners-designate

#### Successful installation of the new College (training, cooperation with the services put at the disposal of the HR/VP pending the establishment of the European External Action Service)

The new cabinet staff has been introduced to the mechanisms of the decision-making procedures and the associated tools.

#### Planning, implementing and supporting the installation of the new Commission, including the HR-VP and her IT needs with the Council

More than 2100 IT items were installed (PCs, screens, printers, iPhones, faxes, etc.). More than 3.350 IT requests and incidents were managed during the set up of new Commission until May 2010, with a service quality within the contractual performance indicators.

#### Effective preparation and management of the hearings in the EP with the Commissioners-designate

The SG ensured thorough preparation and management of the 27 hearings of Commissioners-designate in the European Parliament. It also carried out the follow-up work i.e. the systematic collection and monitoring of commitments by Commissioners and requests by Parliament. The information gathered was used for internal monitoring and for developing a line to take for the President for the debate on the new College.

The positive proceedings and outcome of the hearings has enabled the new Commission to establish excellent relations with Parliament right from the start.

#### More efficient College meetings, concentrating on important political discussions and decisions

Implementation of revised rules of procedure and improved working methods allowed the Commission in 2010 to have more orientation debates (9 in 2010, 4 in 2009, 6 in 2008) and more focused College agendas (e.g. information notes no longer included on the agenda).

#### Speed and quality of decision-making process

Thanks to a specific IT tool, the finalization of adopted

#### Specific objective:

Guarantee the smooth functioning of the Commission's decision-making process, including the simplification of procedures and the development of the related IT tools, as well as the possible adaptation of the internal rules of procedure

texts is now more rapid. The transmission of all linguistic versions to other institutions is also quicker thanks to a faster translation. From 19 April 2010, the acts to be notified to the Member States are sent also in electronic format to the permanent representations with a view to simplify and speed up the flow of information between the Commission and Member States. 9718 files have been opened in e-Grefte in 2010 (against 10522 in 2009).

Additionally, 14 new decisions, and 3 adapted decisions, have been taken in the field of delegating powers to members of the Commission and director generals, speeding up the adoption and simplifying the translation regime of acts formerly adopted by written procedure.

### **Easily accessible, high quality, quickly available and well-targeted information for users**

New "portals" have been created for the cabinets and the directors-general, facilitating their access to the files for which they are responsible. Four releases of the e-Grefte application have been delivered. Also a vision document for the future of SG-Vista has been adopted.

### **A clear vision for the future of LegisWrite defined**

A simplified LegisWrite has been defined and is in its final stage of development. Medium to long term strategy remains to be defined so as to find the right balance between user-friendliness and legal quality. A first survey of some national experiences has not revealed a straightforward solution and the work must be deepened.

#### **Main outputs in 2010**

- *New rules of procedures adopted by the new Commission*
- *Implementing guidelines adopted following the entry into force of the new Framework Agreement with Parliament*
- *Smooth transition to the Barroso II Commission (continuity of operations and efficient start of the new mandate)*
- *Adaptation to the Lisbon Treaty new features and implementation of its provisions as far as the decision-making process is concerned*

#### **Specific objective:**

Ensure that internal procedures are coherent, complete and efficient by analysing existing procedures and providing specialised advice and assistance to all Commission services (creating an expertise centre)

#### **Procedures rationalised, coherent, adequately documented and up-to-date**

In 2010, the guiding strategy behind the aim to have an area of coherence and coordination of procedures (*pôle des procédures*) was defined.

#### **Main outputs in 2010**

- *Around 900 questions/ month answered by the Registry help desk*
- *15 bulletins "Grefte info" issued*

## **Sub-activity B: Document management and archives**

### **100% achievement of the ARES roll-out plan**

The Commission's migration to ARES, the new IT system for electronic document and records management, was completed on schedule by end November 2010. The second annual composite indicator exercise monitoring the implementation of eDomec policy showed a compliance rate of 85% for the Commission and Executive Agencies as a whole, 8 percentage points higher than in 2009.

#### **Specific objective:**

Implement, monitor and streamline Commission-wide policy on electronic document management and archiving

## Compliance with Commission policy regarding the retention and transfer to the historical archives of electronic and digitised documents

The average Commission result for compliance with eDomec rules on preservation and appraisal was 78% in 2010, 13 percentage points higher than in 2009.

Adoption of a Commission Decision implementing the Council Regulation on the opening to the public of the historical archives had to be postponed, because it depends on the prior adoption of new Security Rules by the Council.

### Specific objective:

Reinforce inter-institutional and international cooperation on archives

### Clear long term role of the European University Institute (EUI) in the management of the EU historical archives defined

An inter-institutional agreement on the mandate for negotiations with the EUI on a new framework partnership agreement for the management of the EU's

historical archives was reached. The entry into force of the FPA is now foreseen for 2012, instead of 2011. An internal review on the options for amending the Council Regulation on the opening to the public of the historical archives was also completed.

### Main outputs in 2010

- *Launch of negotiations with the EUI on the future framework partnership agreement for the management of the EU's historical archives*

## DORIE database covering a large number of documents

11713 documents encoded in 2010 (4578 encoded by EUI).

Total of documents encoded in DORIE on 31 December 2010: 28441.

An agreement was reached with the European University Institute (Florence) to encode "old documents", with a view to complete the encoding by 2012-2013 (encoding started in July 2010).

### Specific objective:

Further encoding of documents in the DORIE database of documents on institutional themes and Treaty reforms

## Sub-activity C: Data protection

### Specific objective:

Ensure that Commission's services respect the right to protection of personal data

### Percentage of compliance with the data protection regulation for the inventory entries, within the deadline set by the European Data Protection Supervisor

90% compliance rate achieved at end June 2010, 94% end December. At the same time, a significant rationalisation of the DPO register was achieved through development of corporate and model notifications.

### Number of complaints to the Data Protection Officer:

11 complaints in 2010, 10 in 2009

### Number of complaints to the EDPS:

9 complaints in 2010, 5 in 2009

**Main outputs in 2010**

- *Catalogue of model notifications available to DGs, including version 2 for public procurement and ex-post controls*
  - *Substantive contribution of the DPO to the review of the legal framework for data protection initiated by DG JUST*
  - *1st formal meeting of the DPO with the Central Staff Committee*
- 

**Sub-activity D: Protocol**

**Specific objective:**

To provide the President, the College and DGs with protocol support and diplomatic assistance

**Avoidance of diplomatic incidents & complaints from the College**

The Members of the College and the services of the Commission expressed their satisfaction about the assistance they received, even though the Protocol Service could not meet all their expectations.

The number of accompaniment missions of the President in his official trips increased to 24 in 2010. The organisation of exceptional events (inauguration of the Ortolí room, opening of a book of condolences and co-organisation with EP of commemorative ceremony after the death of Polish President and members of government, etc.) and the intervention of Protocol in conferences (17) and high level events in Brussels (30) were appreciated.

The Protocol service also reacted very quickly to events in the world in order to coordinate the preparation and transmit the official messages of the Commission (92) in case of natural disasters, decease of personalities, etc.

The preparation and greeting of official visits to the Commission (426) went off well and our interlocutors (both inside and outside the Commission) and the personalities visiting the President or Commissioners expressed their satisfaction.

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## 6. Activity "Administrative support to the Secretariat-General"

### Sub-activity A: Human Resources

#### Specific objective:

Pursue the HR modernisation through the implementation of the objectives set in the SG HR strategic document and increase staff awareness of ethics rules

#### 2010 state of play of objectives set in the SG Human Resources strategic document:

The majority (+/- 75%) of the 27 objectives set in the SG Human Resources strategic document were implemented, albeit some partially due to the high level of ambition of the objective concerned (e.g. HR forward planning).

#### Implementation rate of the final audit report recommendations on ethics:

90% of recommendations have been fully implemented and the one remaining is "partially implemented". Awareness of SG staff has been significantly increased thanks to the strong campaign carried out (2 workshops, posters, revamped intranet webpage, presentations, brochure, etc.).

#### Main outputs in 2010

- Brochure "Impartiality beyond any doubt – Ethics in the Secretariat-General"
- HR report for 2009, analysing "who we are" in SG, "what we do" and also "how far we are" with the HR strategy
- Report on HR forward planning in the SPP context (and steering of Inter-service group works)
- Exit interviews: survey and analysis
- Conception of a SG staff satisfaction survey, also including equal opportunities objectives, to be launched in February 2011

### Sub-activity B: Information Technology

#### Specific objective:

Define, plan, set up, maintain and develop high quality Information and Communication Technology (ICT) infrastructures, tools and services so that the staff is adequately supported in their operation

#### Rules definition for the IT steering committee (senior management level) and its relation with the IT governance group (middle management level)

A new SG IT Governance Charter has been prepared and is to be adopted by the Senior Management in early February 2011.

#### Development of the new information systems and maintenance of the existing portfolio according to the 2010 schedule

Almost all development and maintenance projects were delivered as planned. A detailed report is provided in the SG IT Master Plan 2011.

#### Implementation of the 2009 audit recommendations related to ICT)

The pending issues were successfully implemented and all related audit recommendations closed.

#### Level of the Key Performance Indicators (KPI) as established in the Help Desk Contract; variation of the number of calls to the Help Desk; availability of the SG IT services

In 2010, KPI were compliant with the contract indexes. The SG IT services were highly available throughout the year. No major interruption was encountered.

#### Main outputs in 2010

- More than 40 information systems supporting the business processes of the Secretariat-General were successfully maintained and improved
- Vision document adopted for the new information system for the European Citizens

*Initiative.***Sub-activity C: Web**

**Specific objective:**  
Ensure overall consistency in web content, structure and presentation

**Number of Web Steering Committee meetings and review of web governance principles in 2010**

The Web Governance Steering Committee met once in 2010 and focused its discussion on the future integration of the SG sites with Europa and the priorities for transferring SG sites to My IntraComm.

**Number of sites migrated to the Commission Web Document Management System (Documentum) by 2010**

Almost all SG sites on Europa have been transferred to the Documentum platform and use the Commission standard banner and look and feel. Two of the remaining sites are currently being rewritten in cooperation with DG COMM. One site (Implementation of EU law) will probably remain in the current html format until the setting-up of an appropriate IT system for publishing decisions on infringements and state aid.

**Number of sites migrated to My IntraComm SharePoint platform by end 2010**

Migration of the SG intranet to My IntraComm was successfully completed at the end of September. Most IntraComm sites were ready for migration by the end of the year.

**Main outputs in 2010**

- *Clear governance rules;*
- *Resumption of contacts with DG COMM on transfer of web sites;*
- *Migration of SG intranet to My IntraComm*

**Sub-activity D: Mail and document management****Simplified mail circuits development, in 2010, among the different actors in particular for the management of President's mail**

The first step of simplification was in October 2010 through the setting up of a 100% ARES procedure for multi-commissioner mail and a mixed ARES-SYBIL procedure for the management of President's mail (target of 100% ARES procedure scheduled for 2011). The documentation of procedures for President's briefings and notes signed by the Secretariat General was also updated, contributing to increased coherence and efficiency.

**Specific objective:**

Put in place and maintain effective document management system so that any document connected with the DG's official functions can be electronically filed, stored and retrieved in any moment irrespective of its original form and the document management system in place

**CHAP (Complaints Handling-Accueil des Plaignants): encouraging diffusion of best practices, ensuring the needed IT developments for and contributing to the 2010 reflection on the procedures**

Additional functionalities were developed to help services to manage complaint mail through the successful entry into production of CHAP versions 1.4 and 1.5 (automatic generation of closure confirmation letter, new options for acknowledgments of receipt, creation of a statistical module, improved search).

Support documents were also produced and meetings organised with services (CHAP working group and CHAP correspondents' networks) in order to help services to take full benefit of the new IT developments and to share best practices.

**Main outputs in 2010**

- *Contribution for the planned revision of the 2002 Communication of the Commission on*

relations with complainants

**Sub-activity E: Internal audit****Specific objective:**

Provide independent, objective assurance and consulting services designed to add value and improve the operations of the SG by bringing a systematic, disciplined approach in order to evaluate and make recommendations for improving the effectiveness of risk management, control, and governance processes.

**Percentage of agreed recommendations (critical, very important, important) out of total number of issued recommendations (critical, very important, important): 100%**

**Percentage of recommendations (critical, very important, important) implemented by audited services in the defined delay out total of accepted recommendations (critical, very important, important)**

Implemented as % of total accepted recommendations:

- *Recommendations issued in 2009<sup>2</sup>: 89% and 83% for 'important' and 'very important' respectively<sup>3</sup>*
- *Recommendations issued prior to 2009: 100%, 80% and 97% ('critical', 'very important' and 'important' respectively)*

**Consulting services:** 100% implementation of consulting assignments in work programme.

The IAC contributed to the ongoing modernisation of the SG by providing advice to SG.R for the preparation of the bi-annual reporting to the President's Cabinet, the annual management risk assessment (MP 2011), the AAR 2009 (including advice on the Internal Control Co-ordinator's statements on compliance with the Internal Control Standards). It also offered assistance to the responsible SG services for IAS and ECA assignments involving the SG and for replying to audit-related inter-service consultations (such as those launched by IAS/DG BUDG/ADMIN).

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<sup>2</sup> Figure for recommendations issued in 2010 is not yet known

<sup>3</sup> Based on management's assessment for one audit

## **PART 2. MANAGEMENT AND INTERNAL CONTROL SYSTEMS**

### **2.1. Introduction to the Secretariat-General**

The Secretariat-General (SG) is one of the Commission's central services. It plays a key role in providing internal coordination and impetus to ensure that the College delivers on its strategic priorities. Furthermore, the SG contributes to the internal governance of the institution. In this capacity, its direct and main stakeholders are the President, the College, other Commission services and the other institutions. Moreover, the SG interacts with civil society and Member States, including in the implementation of EU law.

Most of the issues for which the SG has a leading role have a high political profile. Many are dependent on the actions of other institutions and Member States (for example the EU2020 Strategy, Better Regulation, etc).

The SG also has systemic responsibility for a number of corporate processes regarding for example the decision making process, document management, business continuity/crisis management and strategic planning. Robust procedures and IT applications have been developed by the SG to achieve objectives and provide the best possible service to other DGs. All new applications rely on resilient systems built according to the accepted standards in the field. Their hosting is being progressively transferred to the Commission's Data Centre (managed by DG Informatics) in order to provide a resilient working environment with a back-up mechanism assumed by secondary systems.

In particular, the SG is responsible as system owner for:

- e-Grefe, CIS-Net, Agenda Planning, Basil, Petition, Mediateur, NIF, e-Meetings, Comitologie, EU Pilot and Mne. These information systems support the decision making-process, providing the necessary tools to manage the document flow within the Institution. Failure of these systems would have consequences for the efficient functioning of the institution. While e-mails and paper documents can always be used as an alternative in case of disruption, their use might adversely affect ability to respect deadlines.
- Hermes-Ares-Nomcom, Sybil and CHAP. These applications for document and mail management are an important element for the continuity of operations and the accountability of all Commission services to the public and other institutions.
- ARGUS / NOAH. Applications for supporting communication among services and coordinating response to possible external and internal crises.
- GestDem, DORIE, Register of Commission documents, experts groups, Comitology and Lobby. These information systems implement the transparency policy of the European Commission.

In financial management, the SG has a low-risk profile. In 2010, the SG managed appropriations falling under:

- The global envelope of administrative appropriations;
- The activity "Relations with civil society, openness and information", dedicated to on-line dissemination of institutional information and databases, as well as contribution to the Community's historical archives under a service contract with the European University Institute in Florence;
- Financial management of the Bureau of European Policy Advisors (BEPA), for which the SG became responsible as from January 2006 through a service level agreement signed by the Secretary-General and the Director-General of BEPA, and through a cross delegation to the Secretary-General for the budgetary appropriations of BEPA.

The financial circuits used in the SG in 2010 followed the centralised model (model 4) for the global envelope of administrative appropriations, except for informatics and Competitiveness & Innovation

Programme-related expenditure, and a partially decentralised circuit (model 2) for other expenditure, including informatics expenditure. The initialisation and financial verification (ex-ante controls) are centralised in the financial service. The SG financial handbook gives a description of the financial circuits, of the various authorisations granted (the sub-delegated authorising officers and authorisations to sign “certified correct” and “passed for payment”), as well as check lists accompanying each transaction. These documents are updated as necessary. The authorising officers by sub-delegation reported on implementation at mid-term and year end. No reservations/ observations were issued.

As in previous years, the SG cross sub-delegated to DG Informatics a higher volume of appropriations for informatics projects than it manages directly. In 2010, the weight of cross sub-delegations was 52%. This is because the SG is project owner of important corporate informatics projects such as e-Greffe, Hermes-Ares-Nomcom2 and ARGUS, whilst DG Informatics is the system supplier for these applications.

Finally, two modifications have been made to the operational structure of the DG:

- The unit « Simplification and administrative burden reduction » was transferred on 1 March 2010 from DG Enterprise & Industry (becoming the unit SG.C3), concentrating the full expertise on smart regulation in the SG Directorate C. As a consequence, DG ENTR sub-delegated a part of the Competitiveness & Innovation credits to the SG;
- There has been a re-shuffling of the responsibilities of Directorate F and G to make better use of existing synergies and adjust to the new institutional set-up of the Lisbon Treaty. On this occasion, the portfolio of the unit SG.F3 has been changed into « External institutional relations (including EEAS, G8/G20) ».

## 2.2. The functioning of the entire internal control system

### 2.2.1. Compliance with the requirements of the control standards

On 8 February 2011 a management workshop was held to assess the functioning of the SG internal control system. A balanced representation of all SG directorates was ensured. Based on the conclusions of last year’s workshop and the internal control priorities of 2010, a selection of ICS was made to allow for a more focused discussion. A live opinion poll was used to get immediate statistics on the views of participants and orient the debate towards the areas worth exploring. Given that a balanced representation of all SG directorates was ensured, this methodology proved to guarantee a higher degree of objectivity of the conclusions drawn up. Moreover, it had an added value that went beyond the formal requirements of reporting in the AAR: it was an opportunity to identify the strengths and weaknesses of our system, learn lessons for the future and come up with creative ideas to ameliorate the problem-areas.

Based on these elements, in the section below there are details on the internal control standards discussed in the workshop, apart from the ICS prioritised in 2010 (ICS 2 and ICS 8) which are addressed in section 2.2.2.

The regular analysis of sensitive functions has been carried out. For the members of staff with sensitive functions exceeding 5 years in their current job, measures to mitigate the risks will be taken, depending on the needs of the service, either by applying mobility or by granting derogation from staff mobility.

It should be noted that ICS14 “Evaluation” is not applicable to the SG, since it refers mainly to operational DGs.

#### ICS 5 Objectives and Performance Indicators

For the elaboration of the MP 2011, the SG made a serious effort to rationalize and streamline its objectives. The outcome is by far (as the votes of 81.9% of managers present in the workshop show) a better expression of the SG activities and ambitions. The challenge remains the identification of strong result indicators, on which the understanding is very heterogeneous, even if managers agree (63.6%) that for most SG activities these can be found.

An initiative worth mentioning are the two workshops for SG SPP practitioners organised in April 2010: one

on strategic planning and programming and one on risk management. The purpose of these efforts was to shed light into the real meaning of the key concepts used in these processes (objective, indicator, risk, etc.), and in particular to analyse collectively the current management plan and its associated risks and make concrete improvements to them. The balanced mix of theory and practice was highly appreciated by participants and the feedback received from participants has been unanimously positive.

Yet, there was no obvious spill-over effect of the knowledge acquired by participants on the entire directorate, reason for which it seems necessary to organize similar workshops at middle (and eventually senior) management level. Managers participating in the workshop showed an important degree of interest for such targeted training (63.6%). This would also represent a good opportunity to brainstorm in a larger - and hence more objective – group on creative, meaningful and pragmatic performance indicators.

However, taking into account the tendency of Heads of Unit to consider non-operational tasks of this type less of a priority, such workshops would have to be planned well in advance and the benefits for managers clearly demonstrated.

### **ICS 12 Information and Communication**

An overwhelming majority of participating managers (90.9%) supported the idea that the SG needs to develop an internal communication strategy. This would improve staff morale, increase transparency and bind the organisation.

Among the most important needs in terms of internal communication we note: a better flow of information between SG entities (36,4%), more feedback from top management (27.2%) and finding creative ways to share and communicate the “hot issues” at the time when they take place (18.2%). An older proposal to have directors meet in an additional set-up other than the traditional coordination meeting was repeated in order to break down communication barriers between directorates.

In terms of communication channels, managers felt that in the SG the most effective ones are informal meetings (24.2%), formal meetings (21.2%) and the intranet (18.2%). In an environment where most of the work time is spent in front of computer screens, people seem to prefer personal contact to the other information technology instruments. However, the introduction of videos is welcomed by participants and a suggestion is made to exploit fully this potential for debriefing purposes as it would be saving time and simultaneously sending a direct message to colleagues.

Participants also brought concrete suggestions for improving the SG intranet: aiming for a more modern look, making the navigation tree more intuitive with a view to arrive to the desired page in fewer clicks, adding direct links for the most often used applications e.g. Sysper2 etc. As the new platform offers the possibility to record the number of hits per page, all future adjustments will be made on the basis of this data. Overall, the findings and observations made by managers will undoubtedly be very useful for the definition of the communication strategy mentioned above.

## **2.2.2. Effectiveness of the implementation of the prioritised control standards**

### **ICS 2 Ethical and Organisational Values**

In 2010 the SG worked to follow up on an IAC audit that generated 10 recommendations. After analysis of synergies and overlaps between these recommendations, an action plan was drafted and successfully implemented throughout the year. The main outputs of this strong awareness campaign have been:

- A completely revamped ethics intranet website, built around the main dilemma-areas that SG staff most frequently raise;
- Two exploratory lunches (workshops structured as a competition between groups arguing/ answering to ethical scenarios) which enjoyed exceptional feedback from participants;
- Brochure “Impartiality beyond any doubt – Ethics in the SG” summarizing in an attractive way the essence of the Commission’s ethics rules. It was also very well received, two other DGs having asked for authorisation to replicate it.

Managers participating in the internal control workshop confirmed that the campaign did raise awareness of ethics-related rules and suggested to turn it into a continuous process. In 2011, actions at unit/directorate

level could be envisaged, taking the discussion even further into the ethical specificities of each unit/directorate.

### **ICS 8 Processes and Procedures**

The SG initiated in 2010 an exercise to revise the documentation of key procedures. Short guidelines were elaborated on how to draft procedures and an easy-to-use online tool developed in order to assist colleagues in distinguishing the procedures worth documenting. The full analysis of the inputs received is in progress and the process will be continued in 2011.

As the internal control workshop revealed that units/ directorates largely (81.8%) lack a methodology to make sure that all procedures are complete and up-to-date, there is a need to define and implement one at SG level.

The rules on the protection of personal data seem to be correctly applied in the SG, 72.8% of managers having “rarely” or “never” noticed instances when these obligations have been disrespected. Also, the SG processes and procedures do ensure appropriate segregation of duties, including for non-financial activities (81.8%).

Lastly, 80% of managers present in the meeting were aware of the need to prepare an exception report for all deviations from established procedures and controls.

### **2.2.3. Conclusion**

The above analysis confirms that the SG benefits from a sound and reliable internal control system which constantly monitors the ongoing processes and takes corrective measures swiftly when shortcomings are detected. While there is still significant room for improving the control system, in particular with regard to ICS 8 and ICS 12, the Secretariat-General has identified no compliance issues which could undermine the basis for reasonable assurance.

### **2.3. Information to the President**

The main elements of this report and assurance declaration have been brought to the attention of President Barroso.

## PART 3. BUILDING BLOCKS TOWARDS THE DECLARATION OF ASSURANCE

### 3.1. Building blocks towards reasonable assurance

The building blocks to support reasonable assurance are based on the functioning and effectiveness of the implementation of the internal control standards (described in Part 2 of the AAR) including risk management (section 3.1.1), the audit findings (section 3.1.2) and the assurance received from sub-delegated authorising officers by sub-delegation and crossed sub-delegation (sections 3.1.1 and 3.1.4). Findings are checked against the materiality criteria as described in more detail in the annex 4 of the AAR.

The materiality analysis begins by a *qualitative assessment* (nature, duration of the deficiency, compensatory measures taken, remedial actions planned) followed by a *quantitative assessment* (the value of the transactions affected by the deficiency should represent more than 2% of the budget of one ABB activity of the DG). These are supplemented by careful consideration of the *reputation consequences* that the deficiency identified may entail. Lastly, the SG also applies as a criterion its *systemic responsibilities* (horizontal service operating as a service provider for other DGs).

<u>Assessment by management</u>	<u>Results from independent audits during the reporting year</u>	<u>Follow up of action plans in reply to audit work performed in previous years</u>	<u>Assurance reported by other AODs in the case of crossed sub-delegation</u>
<ul style="list-style-type: none"> <li>➤ key indicators on legality and regularity and sound financial management;</li> <li>➤ assessment of effectiveness of the internal control standards (including risk management);</li> <li>➤ ICC contribution (i.e. the statement of the Resource Director annexed to the AAR);</li> <li>➤ AOSD reporting;</li> <li>➤ high-level exception reporting;</li> </ul>	<ul style="list-style-type: none"> <li>➤ IAC's opinion;</li> <li>➤ relevant IAS audit reports;</li> <li>➤ other independent audits;</li> </ul>	<ul style="list-style-type: none"> <li>➤ Follow-up of other identified system weaknesses (e.g. IAS and IAC reports,) including significant delays in implementation of action plans.</li> </ul>	

#### 3.1.1. Building block 1: Assessment by management

The SG is compliant with regulations and guidelines on budget management and ensures strict monitoring of budget implementation and payment delays.

**KEY INDICATORS ON THE LEGALITY AND REGULARITY OF UNDERLYING TRANSACTIONS:****Input: Resources devoted to ex ante controls to ensure legality and regularity of underlying transactions:**

- Within the financial circuits, 2 different staff members perform the ex-ante control: one the ex-ante operational verification and one the ex-ante financial verification;
- Financial resources: 5 persons.

**Out put: Level and nature of controls carried out**

- The budget coverage of first level ex-ante control is 100 % (in 2009 – 100 %);
- The budget coverage of second level ex-ante control is 100 % (in 2009 – 100 %);
- The budget execution percentage for 2010 is 99 % (in 2009 – 100 %).

**Results of controls: What the controls allowed to discover/remedy**

- Instances of overriding of controls or deviations from established policies (ICS 8):

In the SG exceptions from standard procedures, financial or operational, are duly approved and recorded centrally. None of the exceptions registered in 2010 is deemed to be of a nature or extent to lead to a reservation.

Appropriate financial circuits have been approved by the delegated authorising officer and implemented in the SG. They are documented. The operational part of the process is separate from the financial part. The persons entitled to sign "*certified correct*" or "*passed for payment*" are clearly identified in writing, and all financial transactions are checked by a financial verifying agent other than the initiating officer.

In planning, programming, monitoring and reporting processes, directors have been invited to establish and communicate the planning of administrative expenditure for their directorates. Consolidation and follow-up are ensured by the financial service, and monthly reviews are carried out to monitor the level of implementation of administrative appropriations. Authorising officers by sub-delegation are invited on a regular basis to submit implementation reports for the lines for which they received sub-delegation. The reports for 2010 have all been received at the beginning of 2011. They do not raise any particular problem with regard to financial management of the funds sub-delegated.

The SG generally uses framework contracts concluded by other services for the selection of contractors:

- Informatics projects are managed through DG Informatics framework contracts;
- For studies the SG usually organises calls for tenders and the "*Comité de Pilotage*" ensures the respect of rules and procedures.

Verifications are carried out at the financial initiation stage of operations. Information is verified by a financial verifying agent of the financial service. A second verification is performed in the final phase of the process, based on the supporting documents submitted for the payment requests.

## Risk management

As described in section 2.1, the SG has a low-risk profile as concerns financial management, the majority of risks being of a political nature and usually difficult to mitigate. Within the MP 2010 exercise, the only critical risk identified was non-financial. Mitigating actions were defined for all the risks except those which were accepted. The actions taken reduced the risks to acceptable levels, and no risk materialised.

Risks and action taken to mitigate them are summarized in the following table :

Activity	Brief risk description	Mitigating actions planned	Actions taken in 2010	Status
<b>Better Regulation: Administrative Burden Reduction</b>	Delays or other problems in tabling reduction proposals, notably with regard to the actions announced in COM(2009)544 which could seriously impact the Commission's image and reputation	<ul style="list-style-type: none"> <li>☐ raise potential problems in the contribution to the briefings prepared for Catherine Day's tour of services in the context of the finalisation of the CWP 2010</li> <li>☐ use of ISSG to:               <ol style="list-style-type: none"> <li>1/ follow-up on the progress made by services in tabling the proposals announced in the sectoral reduction plans and</li> <li>2/ ask services to make informed decisions on whether or not they want to propose concrete measures for items marked as being "under preparation" in the sectoral reduction plans</li> </ol> </li> <li>☐ If appropriate, ensure early intervention at higher level in the SG, if necessary at cabinet level</li> <li>☐ Inform stakeholders (including the HLG AB) of the state of play and progress linked to the adoption of the reduction measures they have proposed</li> </ul>	<ul style="list-style-type: none"> <li>☐ SG C3 contributions sent to briefing coordinators</li> <li>☐ Services requested to send to SG C3 an update of the implementation of sectoral reduction plans at the ISG meeting of 10 June chaired by Dir C as well as through a follow-up letter by Dir C and regular contacts at desk level. All contributions received in July.</li> <li>☐ Another ISG at HoU level took place in Nov. and the necessity to update sectoral reduction plans was emphasised again.</li> <li>☐ Letter by Deputy Sec. Gen. to Head of cabinet of Commissioner Kallas on tachograph proposal. Confirmation that MOVE would prepare the proposal for the first semester of 2011.</li> <li>☐ A detailed document showing what follow-up had been given to all proposals made by the HLG AB was compiled and given to the HLG AB in Dec.</li> </ul>	<b>Implemented</b>

### **3.1.2. Building block 2: Results from audits during the reporting year**

The IAC audits carried out in 2010 were as follows:

#### ***IT organisation of the SG***

The objective of this audit was to assess and provide an opinion on the adequacy and effectiveness of the IT organisation of the SG and provide recommendations for potential improvements. The final report was issued on 22 March 2010 contains 8 sets of recommendations relating to: IT governance; access rights review; financial circuits for IT expenses; recording of expenditure related to IT projects; management information on IT budget and capitalisation and recording IT investment. All recommendations were accepted by management and an action plan was issued in September 2010.

#### ***Due diligence review of unit SG.C3***

The scope of the review included the main activities carried out/planned by Unit SG.C3 in 2009-2010, tasks and responsibilities of its current staff, and financial resources and contracts managed in 2009-2010. The final report generated 8 recommendations (2 very important and 6 important), covering mainly the effectiveness and efficiency in the area of communication and management of IT projects.

#### ***Legality and regularity of financial transactions***

The objective of this audit was to establish whether the existing rules and the financial circuits applicable to the selected transactions have been appropriately applied as regards commitment, validation, authorisation and payment of expenditure operations and to assess the effectiveness of control mechanisms applied to ensure the legality and regularity of the transactions.

The final report issued on 17 December 2010 had 2 very important and 6 important recommendations. It concludes that the financial management, including control mechanisms, of SG transactions provides reasonable assurance on the legality and regularity of transactions. Some shortcomings were identified (i.e. two legal commitments signed by a person not habilitated and corresponding budgetary commitments authorised by different persons, process of changing ABAC access rights).

To address these, the SG management took corrective measures of reinforcing the control mechanisms of transactions through a revised distribution of tasks and a new bi-annual revision exercise of the check lists.

#### ***2009 Cut-off exercise of the Secretariat General***

The aim of the audit was to assess the compliance with DG BUDG's guidelines on cut-off postings for 2009 with a focus on their completeness, accuracy, reliability and presentation; efficiency and effectiveness of the process for establishing the postings and of control procedures applied in order to ensure accounting quality of underlying transactions. The final report (8 July 2010) issued 8 very important recommendations, all accepted by management.

The scope of the audit related to the accounting year 2009<sup>4</sup>. According to the IAC, the cut-off exercise did not provide reasonable assurance regarding the reliability of SG 2009 financial statements and achievement of other objectives set up for the audited process. The mistakes were deemed material for the cut-off exercise, but not for reporting purposes (AAR) because of the limited budget involved and because legality/regularity of underlying transactions was not affected.

SG management took immediate action to remedy the weaknesses identified by reinforcing supervision and control for the cut-off 2010 postings and correcting the 2010 financial transactions wrongly encoded in collaboration with DG BUDG.

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<sup>4</sup> Accounting year 2010 has not yet been audited

## Audit opinion

Based on the results of the audits, as described above, and scope of the engagements carried out by during 2010, the IAC of the SG believes that the internal control system in place in the SG **provides reasonable assurance**<sup>5</sup> regarding the achievement of the business objectives set up for the processes audited, except for the shortcomings mentioned above.

## Results of other independent audits

### – *IAS audit on Risk Management in the Commission*<sup>6</sup>

This audit (finalised on 22 January 2010) assessed the adequacy of the Risk Management Framework and its effective implementation in the Commission. The IAS considered the framework to be consistent with the COSO-ERM model, providing a solid basis to support risk management, except for certain issues. The SG is lead DG for the implementation of one very important recommendation in progress (concerning management of cross-cutting risks).

### – *European Court of Auditors' Special Report on Impact Assessment*

The Court's Special Report "*Impact Assessments in the EU Institutions: do they support decision-making?*", concluded that the Commission has put in place a comprehensive impact assessment system, which, for several of the aspects reviewed by the Court, can be considered as good practice within the EU. The Court also noted improvements in the Commission's impact assessments during the period audited. Particularly in recent years, impact assessments have helped to improve the Commission's ability to formulate its proposals. The audit found evidence that the IA procedures have become an integral element of the policy development process and that IA reports are actively used by decision-makers within the Commission.

The Court identified areas for improvement related to the impact assessment procedures followed by the Commission and the content and presentation of impact assessment reports. The reply of the Commission stated that the Court's findings encourage the Commission to continue with its approach and its recommendations will help to strengthen further the effectiveness of the impact assessment system.

## **3.1.3. Building block 3: Follow up previous years' reservations and action plans or audits from previous years**

The SG has pending recommendations from the following Internal Audit Service (IAS) audits:

### ***Business Continuity Management***

At the end of 2010, two recommendations concerning the BCM are still pending. One of those "Supervision of the implementation of the BCM", is classified as "very important". However work is in progress and the actions taken to respond to this last part of the recommendation should be ready for audit review at the end of 2011. Regarding the other one, also classified as "very important", "Testing and Exercising" the actions taken to respond to the last part of the recommendation should be ready for audit review during the first half-year of 2011.

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<sup>5</sup> Even an effective internal control system, no matter how well designed and operated, has inherent limitations – including the possibility of the circumvention or overriding of controls – and therefore can provide only *reasonable assurance* to management regarding the achievement of the business objectives and not absolute assurance.

<sup>6</sup> In 2010 the IAS also issued an audit on the Executive Agencies of the Commission (corporate level), but the Secretariat-General is not lead DG for any very important recommendation.

Follow-up audits carried out by the IAC in 2010:

***First follow-up to the audit on ethics***

The IAC carried out in 2010 a first follow-up to the audit of ethics finalised on 30 July 2009. The follow-up audit report (10 December 2010) acknowledges the significant progress made, concluding that out of 10 accepted recommendations, 9 recommendations have been fully implemented and one important recommendation has been partially implemented.

***Second follow-up to the audit of Human Resources Management***

Out of the 18 recommendations, two are still in progress, concerning the assessment of workforce needs and resource allocation. Being very ambitious objectives, their accomplishment requires significant preparation and time; therefore they are expected to be closed in 2011.

***Forth follow-up to the audit on IT local systems***

In its fourth follow-up the IAC considered that the implementation of two recommendations (concerning designation of single project owner and Local Information Security Officer) was still in progress. In the mean time, the SG management took measures implementing both recommendations and will report these to the IAC.

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To sum up, the internal control weaknesses identified during the audit and advice engagements IAC carried out during 2010 do not represent deficiencies likely to have an impact on the content of the annual Declaration of the Secretary-General.

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

In 2010, the SG has given crossed sub-delegations to DG DIGIT and OIB. The reports from authorising officers by sub-delegation have been received at the beginning of 2011 and signal no problems or deviations from regular procedures in their financial management of the budget lines sub-delegated to them.

### **3.1.5. Completeness and reliability of the information reported in the building blocks**

The information provided under the building blocks is complete and reliable and therefore provides reasonable assurance for the conclusion on the effectiveness of the internal control system of the SG as stated in section 2.2.3 of the AAR.

## **3.2. Reservations**

None of the materiality criteria mentioned in Annex 4 has revealed significant weaknesses in 2009. No other issues were raised by the Court of Auditors or the IAS. Therefore, no reservations are made.

## **3.3. Overall conclusion on the combined impact of the reservations on the declaration as a whole**

Not applicable.

## **PART 4. DECLARATION OF ASSURANCE**

*I, the undersigned,*

*Secretary-General*

*In my capacity as authorising officer by delegation*

*Declare that the information contained in this report gives a true and fair view<sup>7</sup>.*

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

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

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

*Brussels, 28 March 2011*

*[Signed]*

*Catherine Day*

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<sup>7</sup> *True and fair in this context means a reliable, complete and correct view on the state of affairs in the service.*