

## ANNEX 1 - STATEMENT OF THE RESOURCES DIRECTOR

*I declare that in accordance with the Commission's communication on clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission<sup>1</sup>, I have reported my advice and recommendations to the Director-General on the overall state of internal control in the DG.*

*I hereby certify that the information provided in Part 2 of the present AAR and in its annexes 2 to 4 is, to the best of my knowledge, accurate and exhaustive.*

*(signed)*  
Raoul Prado  
Resource Director in 2007

*I hereby certify that the information provided in Part 2 of the present AAR and in its annexes 2 to 4 is, to the best of my knowledge, accurate and exhaustive.*

*(signed)*  
Vittoria Alliata di Villafranca  
Resource Director in 2008

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<sup>1</sup> SEC(2003)59 of 21.01.2003

## ANNEX 2 - FOLLOW UP OF PREVIOUS SYNTHESIS' ACTION PLAN

### 2006 Synthesis' multi-annual objectives

(Source: Annex 1 to the Synthesis of the Commission's management achievements in 2006 – COM (2007) 274)

Internal control systems and performance management				
Subject	Objective	Initiative(s) to meet the objective	Responsible service(s) and timetable	DG Regional Policy action in 2007
<b>Internal control</b>	1. Achieving an effective internal control system and ownership of internal control concepts and processes at all levels in each DG and service.	➤ The internal control coordinator in each service should carry out a regular review of the effectiveness of internal control issues at least in the context of the twice-yearly information to Commissioners and of the annual activity report.	All services, continuous action with the support and guidance of DG BUDG and the ICC network.	Self-assessment concerning the implementation of ICS-2007 was carried out. Note of ICC N°55009 (7/2/2008)
		➤ <b>Revision of internal control standards to enhance effectiveness</b>	DG BUDG by the end of 2007	Ongoing
		➤ Develop indicators for legality and regularity of transactions to support assurance in annual activity reports.	All services by 'families' with the support of BUDG and SG, before the establishment of <b>2007</b> (originally: 2006) annual activity reports in <b>March 2008</b> .	<b>Completed:</b> DG Regional Policy has incorporated the legality and regularity indicators for the first time in the DGs AAR for 2006 and will continue to use them in the AAR 2007 exercise.
<b>Annual activity reports and Synthesis</b>	2.Promoting Commission's accountability through annual activity reports and their synthesis solidly based on assurances from managers.	➤ Some Commission departments should give, where needed, a fuller explanation of their environment and the risks faced, including risks that remain even after mitigating measures have been taken. The impact of their environment and risks should be made more explicit and in most cases fuller explanations should be given on the overall impact of reservations on the reasonable assurance.	All services in the 2007 annual reporting exercise.	<b>Completed:</b> DG Regional Policy has used the template for reporting on its environment and risks in its AAR 2006 and has further developed this information in the AAR 2007.

		<ul style="list-style-type: none"> <li>➤ With the assistance of central services, work by 'families' will be continued, so that each area benefits from a specific, coherent methodology.</li> </ul>		<p><i>Initiative integrated into the Action Plan towards an Integrated Internal Control Framework.</i></p> <p><b>Completed:</b> For the SFs family, legality and regularity indicators were developed and provided as from the AAR 2006. For the AAR 2007, particular attention has been paid to improving the content and clarity of the report by implementing the recommendations of the Court of Auditors and the IAS.</p>
<b>Risk management</b>	3. Establishing effective and comprehensive risk management making it possible to identify and deal with all major risks at service and Commission level and to lay down appropriate action to keep them under control, including disclosing resources needed to bring major risks to an acceptable level.	<ul style="list-style-type: none"> <li>➤ The Commission will further embed risk management in its regular management process and integrate risk assessment in its internal control systems.</li> </ul>	All services, with the assistance of DG BUDG, as specified in SEC(2005) 1327.	During the months of October and November 2007, DG Regional Policy carried out a risk assessment exercise as part of preparation of the AMP 2008. The main objective was to ensure that the critical risks are identified, managed and mitigated to an acceptable level. Three critical risks were identified and the related actions plans were prepared. Note of Mr. Prado n° 80070 (6/12/2007)
		<ul style="list-style-type: none"> <li>➤ The Commission will address how to deal with risk management within 'families' of similar activities in services.</li> </ul>	By 2007 the Commission should have gained sufficient experience to submit proposals in this context.	<b>Completed:</b> Based on a pilot exercise on cross-cutting risks carried out in 2006, the Commission established a peer-review process for managing those risks.
<b>Objectives and indicators</b>	4. Making objectives and indicators a policy and management tool allowing, on the one hand, the Commission to monitor its performance and, on the other, stakeholders to assess the outcome of the Commission's work and its benefit for citizens.	<ul style="list-style-type: none"> <li>➤ The Commission will continue its review of objectives and indicators, with a particular attention on spending programmes in 2006 and on other Commission tasks in 2007.</li> </ul>	Services concerned with the support of SG and BUDG should feed progressively into the 2007 and 2008 annual management plans.	<b>Completed:</b> A pilot action, involving the Cohesion for Growth and Employment family (DG Regional Policy and DG EMPL) was carried out in June and July 2006. The agreed methodology served as a basis for the guidelines on 2007 AMPs. Such guidelines now clarify that AMPs should contain impact- and result-oriented objectives, each measured by indicators. In most DGs, the AMP drafting process was the occasion of broad discussions on DG's missions, strategic objectives and indicators.

Governance				
Subject	Objective	Initiative(s) to meet the objective	Responsible service(s) and timetable	DG Regional Policy action in 2007
<b>Internal audit recommendations</b>	5. Ensuring a smooth implementation of accepted internal audit recommendations.	<ul style="list-style-type: none"> <li>➤ Follow-up of action plans stemming from internal audit recommendations should be regularly monitored at senior management level, and fully integrated into regular management planning, <i>especially the annual management plans.</i></li> </ul>	All services	DG Regional Policy has completed the follow up of the open issues and has adapted the Issue track Database correspondingly. Note of the ICC to the IAS n° 550002 (15/1/2008)
<b>Regulatory agencies</b>	6. Clarifying the respective roles and responsibilities of Commission services and <i>regulatory agencies.</i>	<ul style="list-style-type: none"> <li>➤ The input of all institutions is necessary to negotiate a comprehensive framework, to clarify the respective responsibilities of the institutions and of the regulatory agencies. This framework would be applicable to the creation of future agencies and, at a later stage, to those already in existence. The Commission calls on the Council to adopt the proposed framework on regulatory agencies, suggest amendments, or reflect on new possibilities.</li> </ul>	All services concerned with the assistance of SG and DG BUDG.	<b>Ongoing:</b> The Commission supports the discussions on the substance that were relaunched in the Council at the end of 2006.
<b>Inter-service arrangements</b>	7. Ensuring that inter-service arrangements for small services are based on a cost-benefit analysis and made in accordance with applicable rules, while preserving the responsibility of each delegated authorising officer.	<ul style="list-style-type: none"> <li>➤ The Commission will develop practical solutions respecting the balance of responsibilities and accountability.</li> </ul>	Interested DGs with the support of BUDG, SG, and DIGIT.	<b>Continuous action:</b> Arrangements have been established between BEPA and SG (for management of human and financial resources, logistics and strategic planning) and between IAS and DG ADMIN (on the pooling or the respective financial circuits and HR services). Regarding IT Infrastructure Consolidation, DIGIT is already ensuring end-user support for the ADMIN family (DG ADMIN and offices). Furthermore, the IAS signed an agreement with DIGIT in October 2006 to take over its IT-support.
<b>Reservations</b>	8. Ensuring strong follow-up of action plans related to the expressed reservations, notably for the progress to be	<ul style="list-style-type: none"> <li>➤ Directors-General will report on progress to the respective Commissioner in the context of the regular follow-up meetings on audit and control. <i>The ABM</i></li> </ul>	Concerned DGs.	<b>Continuous action:</b> For all reservations, but also for Member States for which serious systemic weaknesses were reported, delegated authorising officers have laid down appropriate action plans to solve

	made in 2006.	<i>Steering Group will closely monitor and regularly report to the College on the implementation of the remedial actions that delegated authorising officers have committed to carry out in their annual activity reports.</i>		the underlying weaknesses. Follow up of actions to remedy reservation in previous AARs has been included under sections 2.3.5 and 2.3.6 for the AAR 2007.
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<b>Financial management</b>				
<b>Subject</b>	<b>Objective</b>	<b>Initiative(s) to meet the objective</b>	<b>Responsible service(s) and timetable</b>	<b>DG Regional Policy action in 2007</b>
<b>Integrated internal control framework</b>	9. Enhancing accountability by establishing a comprehensive integrated internal control framework in line with the requirements set out in the ECA's opinions on 'single audit'.	➤ Implementation of the action plan towards an Integrated Internal Framework.	All services	<p><b>Ongoing:</b> 2007 saw key progress in the implementation of the Action plan towards an integrated internal control framework, adopted by the Commission in January 2006 [COM(2006)9 and SEC(2006) 49]. The Commission presented a report on the progress of this action plan (COM (2007) 86) and a final report has been issued end of February 2008 (COM (2008)110 final).</p> <p>DG Regional Policy as chef de file has progressed with the implementation of several of the actions, including improving coordination through the exchange of information on the results of controls with the national audit bodies and between Commission services and the adoption of common control objectives and standards, the issuance of guidelines, the contract of confidence (contracts have been signed with Wales, Austria, Denmark, Slovenia, Estonia and Portugal) and the study on the cost of controls. Remaining ongoing actions have been incorporated in the Communication on the Action Plan to strengthen the Commission's supervisory role (COM (2008) 97 final).</p>
<b>Ex-ante and ex-post controls</b>	10. Improving efficiency and strengthening accountability by ensuring proportionality and a	➤ Further attempts have to be made to achieve closer harmonisation of methodology and definition of common ex-post control	All services with the assistance of DG BUDG, continuous	<p><b>Continuous action:</b> Two technical meetings were provided in 2007 to national audit authorities concerning the guidance documents on audit strategy, the compliance</p>

	<p>sound balance between ex-ante and ex-post controls and by further harmonisation and better focusing of ex post controls</p>	<p>strategies and ensure proportionality between ex ante and ex post controls, at least at the level of 'families' of services operating in the same budget area.</p> <p>➤ Common guidelines on sampling methods and related level of confidence should be finalised.</p>	<p>action.</p> <p>Concerned services with the support of DG BUDG, progressively up to the end of 2007.</p>	<p>assessment, sampling, systems assessment methodology and annual summaries. Also, training workshops were provided to almost all Member States during 2007 on the new regulations. These documents and workshops were the result of the collaboration between DG Regional policy, DG EMPL and DG FISH.</p> <p><b>Completed:</b> As mentioned above, the training workshops in Member States included a session on sampling and the sampling guide (based on the requirements of the new regulations) was presented in the technical meeting of 16 November. The Member States' comments will be incorporated and a revised and final guide will be issued by mid-2008.</p>
<p><b>Accounts</b></p>	<p>11. Increasing responsibility and accountability at the level of the Commission as a whole by the signing-off of the accounts by the Accounting Officer and by improved quality of financial information.</p>	<p>➤ Under the amended Financial Regulation, the Accounting Officer will sign off the accounts.</p> <p>➤ The Commission will further strengthen its accounting processes and systems to improve the quality of the financial information and the respect of deadlines.</p>	<p>Accounting Officer by the entry into force of the amendments to the Financial Regulation.</p> <p>All services, continuous action with the assistance of the services of the Accounting Officer</p>	<p><b>Completed:</b> Article 61(2)a of the FR : Commission modified proposal to revise the FR now incorporates the signing off of the accounts by the Accounting Officer. For the first time, he will sign off the accounts for the year 2006.</p> <p>DG Regional Policy has further improved the quality of its accounts by reviewing the documentation related to accounting controls and adapting the revision file documentation templates proposed by DG BUDG. Also following analysis of 2006 accounting control results, further improvements to the content of the revision file were made. Starting from 2007 accounting controls and potential corrections will be done on a regular basis with a frequency depending on the nature of the controlled items. This improvement work is ongoing process and will continue in 2008 on the basis of the results of 2007 exercise.</p> <p>Another significant improvement concerns the 2007 cut-off estimations which compared to</p>

				2006 cut-off were much more complex and coherent. In 2007 the calculations were made at more detailed level (per CCI) and took into account the interrelations between invoices in Step1, pre-financing and accruals.
<b>Financial simplification</b>	12. Making financial management more efficient by applying simplification measures.	<ul style="list-style-type: none"> <li>➤ Services are called upon to apply the simplification measures that have been introduced by the basic acts under the next generation of programmes (2007-2013) and by the amended financial rules</li> </ul>	All services concerned as from the entry into force of these legal provisions.	<i>Initiative integrated into the Action Plan towards an Integrated Internal Control Framework.</i>
		<ul style="list-style-type: none"> <li>➤ To ensure that the new programming period can start under the new legislative framework, the Commission calls on the legislative authority to adopt the basic acts and Financial Regulation so that it can adopt in due time its Implementing Rules.</li> </ul>	Legislative authority for the basic acts and Fin. Regulation. DG BUDG and concerned services by the end of 2006	<b>Completed:</b> Basic acts for the programming period 2007-2013 and amendments to financial regulations adopted.

<b>Human resources</b>				
<b>Subject</b>	<b>Objective</b>	<b>Initiative(s) to meet the objective</b>	<b>Responsible service(s) and timetable</b>	<b>DG Regional Policy action in 2007</b>
<b>Simplification</b>	13. Simplifying procedures to increase both efficiency and employee satisfaction.	<ul style="list-style-type: none"> <li>➤ The Task Force for the simplification of administrative procedures will propose specific measures to simplify and improve human resource management and administrative procedures.</li> </ul>	DG ADMIN by <b>June 2007</b> (originally by the end of 2006)	
		<ul style="list-style-type: none"> <li>➤ The Commission will present specific measures to simplify and improve the Commission's staff appraisal system (Career Development Review). These measures will complement those presented early 2006 which were already implemented in the current exercise.</li> </ul>	DG ADMIN by the end of 2007	In 2007 DG Regional Policy was one of the pilot DGs that tested the three options proposed for a revised appraisal and promotion system. As a result DG ADMIN proposed a new scheme for the CDR exercise that should be implemented in 2008.
<b>Staff skills</b>	14. Aligning resources and needs better to make sure	<ul style="list-style-type: none"> <li>➤ Following the conclusions of the evaluation on the Strategic Alignment of</li> </ul>	DG ADMIN by the end of 2007	<b>Ongoing:</b> Achievements in 2006 included the identification, dissemination

<p>that staff have the skills and qualifications necessary to perform their duties, in particular in areas such as financial management, audit, science, linguistics and IT.</p>	<p>Human Resources, various measures are being prepared.</p>		<p>and publication of existing best practices within HR units. The development of HR metrics was initiated and will be continued and expanded in the future. DG ADMIN made a proposal to introduce the generation of corporate statistics and to provide regular reporting on organisation charts and administrative support and coordination functions.</p>
	<p>➤ The Commission will identify any shortfalls and communicate its specific needs so that they are promptly taken into consideration and included in the work-programme of the inter-institutional European Personnel Selection Office. Provision of specialised training and measures to improve the recruitment procedures and, in particular in areas where a shortage of skilled staff is identified.</p>	<p>DG ADMIN and EPSO, ongoing tasks.</p>	<p>A major screening exercise was carried out by the central services; the final result for DG Regional Policy was 10 extra posts for 2008, 2009 and 2010. DG ADMIN will continue the screening exercise in 2008 for administrative support and coordination functions.</p> <p>As to linguistic needs, in summer 2007 DG Regional Policy carried out an inventory and an analysis of the linguistic capabilities of the geographic units to promote an effective dialogue with the EU-12 countries. As a result of this analysis, we do not see any significant deficiency in the way DG Regional Policy is managing this risk as the language skills of officials are monitored on a continuous basis.</p>
	<p>➤ The Commission will take measures to improve its Job Information System so that it enables the organisation to have a global view of its current human resources and to produce easily detailed analysis by corporate processes.</p>	<p>DG ADMIN in collaboration with DIGIT, SG and DG BUDG by end 2007</p>	<p><b>Ongoing:</b> DG ADMIN is continuing to further improve the structure and data provided in the JIS and is taking necessary measures to adapt the JIS where appropriate, in particular as regards reporting capabilities.</p>
	<p>➤ The Commission will adjust its management of mobility, where necessary, so as to achieve the ultimate objective of 'the right person in the right job', in particular as regards sensitive posts. Proposals will be made during 2006 to mitigate the impact of mobility, with particular attention for specialised functions and small DGs</p>	<p>DG ADMIN in collaboration with SG and DG BUDG, by the end of 2007 (originally by the end of 2006).</p>	<p><b>Ongoing:</b> The internal control standard 5 was recently revised and updated, the actual internal control standard 7 foresees that mobility be placed within a risk assessment exercise. As a consequence mitigating measures are possible in order to diversify the solution to compulsory mobility before re-affecting staff to different units. Comprehensive new guidelines on mobility are expected from DG ADMIN and</p>

		and sites.		the SG in 2008.
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Continuity of operations				
Subject	Objective	Initiative(s) to meet the objective	Responsible service(s) and timetable	DG Regional policy action in 2007
<b>Business continuity</b>	15. Ensuring that the Commission is able to maintain business continuity in case of major disruption to its activities	<ul style="list-style-type: none"> <li>➤ The Commission will adopt Commission-wide policy guidelines and develop business continuity plans.</li> </ul>	All services with the support of SG, ADMIN and DIGIT by the end of March 2007.	<p><b>Ongoing:</b> In July 2006 the Commission adopted the Communication on Business Continuity Management [SEC (2006)898 and 899]. DG Regional Policy adopted therefore its Business Continuity Plan on 29.03.2007. This includes inter alia a definition of critical and essential functions as well as corresponding information systems. DG Regional Policy has since then participated in the works led by SEC GEN in the framework of the Business Continuity Network. DG Regional Policy tested its BCP during the Commission wide exercise held on 5.12.2007. Building on experience from this test, DG Regional Policy will consolidate in 2008 the implementation of its BCP.</p>
		<ul style="list-style-type: none"> <li>➤ The Commission will address the issue of the suitability of the data centre hosting IT systems and ensure that current reflections on the best IT governance arrangements lead to operational conclusions in 2006.</li> </ul>	DIGIT, OIB and OIL in 2006 and in 2007.	<p><b>Ongoing:</b> A multi-annual (2006-2011) strategy to improve the housing conditions for the Data and telecom Centres of the Commission has been developed and approved. This should lead to the move of most critical IT equipments into professional data centre type rooms in a phased approach and to the refurbishing of air conditioning and electrical infrastructure in the JMO Data Centre room. The Commission, wanting to ensure the best value for money, took the initiative of defining priorities for corporate projects through</p>

				<p>the ABM Steering Group. A study on the consolidation of the IT infrastructure and related support services concluded that major savings through economies of scale (consolidating the infrastructure and support services) and staff redeployment could be reached while improving the quality of service.</p>
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## ANNEX 3 - HUMAN & FINANCIAL RESOURCES BY ABB ACTIVITY

### Human Resources

Allocation of human resources by activity – Budget 2007

Activity code	Activity	Human Resources									
		Personnel				External personnel					
		Budget adm.	Research indirect actions	Research direct actions	Delegations	XX010201	Autre chapitre 01 - (ex partie A)	Structural Funds / mini budgets	Research	Personnel financed by chapter 0104 (ex - lignes B)	Total
	Policy Development, Strategy and evaluation	76				4		5			85
1303	ERDF and other regional interventions	204				8		21			233
1304	Cohesion Fund	81				6		13			100
1305	Pre-accession interventions related to the structural policies	8				1		2			11
1306	Solidarity Fund	2									2
	Information and Communication	21				1		3			25
1301	Administrative and Management Support	134				16		22			172
	Control	71				2		12			85
	<b>Total</b>	<b>597</b>				<b>38</b>		<b>78</b>			<b>713</b>

The differences between AMP 2007 and AAR 2007 can be explained by the following reasons:

1. The permanent posts indicated in the AMP 2007 were based on the existing endowment in November 2006 in DG Regional Policy (575). At the end of 2006, DG Regional Policy received an additional 2 posts, which gives a total of 577. To this figure it should be added the common endowment of 17 posts received for 2007, which gives a total of 594. Besides, during 2007, DG Regional Policy received back 1 post lent to DG PRESS, received 1 post to compensate for lending an official to DG RELEX and received 1 post to compensate for a post seconded to the Cabinet. This explains the figure of 597 posts in the AAR 2007.

2. As regards the difference for non permanent posts corresponding to the global envelope (Contractual Agents + Interim + SNEs), the forecasts in the AMP 2007 were 41, whereas the figure mentioned in the AAR is 38. It is due to that this figure corresponds to the real costs effectively paid for staff of the various categories (4 different groups for the Contractual Agents and different allowances depending on the country of origin for the SNEs).

3. There is no difference between the figure indicated for the "mini budget" (78) in the AMP 2007 and in the AAR 2007.

Note: DG Regional Policy has already decreased the posts related to Administrative and Management Support (172 in the AAR against 175 in the AMP) to the advantage of Control (85 in the AAR against 82 in the AMP).

**EXECUTION OF COMMITMENT CREDITS**

<b>Other decentralised management expenditure - 13 01 02 11 01 à 13 01 02 11 06</b>		
Activity Code	Activity	Execution of commitment credits
	Policy Development, Strategy and evaluation	
<b>1303</b>	European Regional Development Fund and other regional interventions	2.461.423,48 €
<b>1304</b>	Cohesion Fund	642.780,11 €
<b>1305</b>	Pre-accession Interventions related to the Structural Policies	20.116,35 €
<b>1306</b>	Solidarity Fund	17.601,80 €
<b>1301</b>	Administrative and Management Support	1.257,27 €
	Control	
	<b>Total</b>	<b>3.143.179,00 €</b>