



Brussels, 11.10.2017  
C(2017) 6915 final

**COMMUNICATION TO THE COMMISSION FROM PRESIDENT JUNCKER AND  
FIRST VICE-PRESIDENT TIMMERMANS**

**Governance in the European Commission**

## **Table of Contents: Governance in the European Commission**

1. ROLES AND RESPONSIBILITIES OF THE COLLEGE AND DIRECTORS-GENERAL/HEADS OF SERVICES .....	3
1.1 The College of Commissioners .....	3
1.2 The Directors-General and Heads of Service .....	5
1.3 The Corporate Management Board .....	6
2. PERFORMANCE FRAMEWORK .....	6
2.1. Setting of objectives .....	6
2.2. Allocation of resources .....	7
2.3. Monitoring and reporting on achievement of objectives .....	7
2.4. Evaluation .....	8
3. ACCOUNTABILITY AND CONTROL .....	8
3.1. The Commission's decentralised model of financial management.....	8
3.2. Implementing the budget according to sound financial management principles .....	9
3.3. Risk management in the European Commission .....	10
3.4. Reporting on management of the EU budget .....	10
3.5. The Accounting Officer .....	11
3.6. The Central Financial Service .....	12
3.7. Internal scrutiny of the European Commission .....	12
The Internal Audit Service and the Audit Progress Committee .....	12
Combating Fraud: The European Anti-fraud Office (OLAF) .....	13
3.8. External scrutiny of the European Commission's financial management .....	14
The European Court of Auditors .....	14
4. ETHICS: CLEAR RULES AND EFFICIENT SAFEGUARDS .....	14
4.1. Conduct of Commission staff .....	14
4.2. Relations with the public .....	14
4.3. Conflicts of interest .....	15
4.4. Financial liability of staff .....	15
4.5. Enforcement: ensuring high professional standards .....	15
4.6. The Commission's Investigation and Disciplinary Office (IDOC) .....	15
5. BETTER REGULATION, OPENNESS AND TRANSPARENCY: THE GUIDING PRINCIPLES .....	16
5.1. Better Regulation .....	16
5.2. Stakeholder Consultation.....	17
5.3. Transparency Portal .....	18
5.4. Transparency Register .....	18
5.5. Financial Transparency System.....	18
5.6. Facilitating access to documents .....	18

## **Governance in the European Commission**

The European Commission is the executive of the European Union. It promotes the Union's general interest and takes appropriate initiatives to that end. It ensures the application of the Treaties and oversees the application of Union law under the control of the Court of Justice of the European Union. It exercises coordinating, executive and management functions, executes the budget and manages programmes.

The Commission's internal functioning is based on a number of key principles underpinning good governance: clear roles and responsibilities, a strong commitment to performance management and compliance with the legal framework, clear accountability mechanisms, a high quality and inclusive regulatory framework, openness and transparency, and high standards of ethical behaviour.

The purpose of this document is to explain the Commission's governance arrangements and how these ensure that the Commission functions as a modern, accountable and performance-oriented institution.

### **1. ROLES AND RESPONSIBILITIES OF THE COLLEGE AND DIRECTORS-GENERAL/HEADS OF SERVICES**

The European Commission has a unique governance system, with a clear distinction between political and administrative oversight structures and well-defined lines of responsibility and financial accountability. The origins of this system lie in the Treaties, but the structure has evolved to adapt to a changing environment and to remain in line with best practice as set out in relevant international standards such as the COSO (Committee of Sponsoring Organizations of the Treadway Commission) 2013 Internal Control-Integrated Framework, the 2014 Conceptual Framework of the International Public Accounting Standards Board or audit standards as drawn up by the Institute of Internal Auditors.

The College of Commissioners represents the apex of this architecture and assumes collegial political responsibility for the work of the Commission. Operational implementation is delegated to Directors-General and Heads of Service who lead the administrative structure of the Commission<sup>1</sup>. Their respective responsibilities are described below.

#### **1.1 The College of Commissioners**

The Treaty on European Union (Article 17) and the Treaty on the Functioning of the European Union (Article 244-250) set out in detail what is required, by law, of Commissioners - as individuals and as a College.

Article 17 of the Treaty on European Union states that the Members of the Commission shall be chosen on the grounds of their general competence. They have political responsibility and the Commission is accountable before the European Parliament. Members of the Commission are completely independent in the performance of their duties, i.e. they neither seek nor take instructions

---

<sup>1</sup> As a result, the term 'European Commission' is used to denote both the institution – the College - formed by the Members of the Commission, and its administration managed by the Directors-General of its departments (and heads of other administrative structures such as services, offices and executive agencies).

from any government or institution, body, office or entity. The Code of Conduct for Commissioners<sup>2</sup> clarifies the obligations for Commissioners deriving from the Treaties, in particular as regards the principle of independence and their obligation to discharge their duties in the general interest of the Union. On 12 September 2017, the Commission approved in principle a new Code of Conduct to modernise and strengthen these rules.<sup>3</sup> It should enter into force on 1 February 2018.

A Member of the Commission shall resign if the President so requests. Further, if a Commissioner no longer fulfils the conditions required for the performance of his/her duties or if (s)he has been guilty of serious misconduct, the Court of Justice may, on application by the Council or the Commission, compulsorily retire him/her.

As a College, the Commission works under the political guidance of its President, who presents the objectives (s)he intends to pursue in the form of his/her political guidelines<sup>4</sup>. The President decides on the internal organisation of the Commission so as to ensure that it acts consistently, efficiently and on the basis of collegiality. This principle of collegiality, which governs all the Commission's work, means that all Commission Members participate equally in the decision-making process and are collectively responsible at the political level for all Commission decisions and actions taken. The President may also appoint Vice-Presidents, other than the High Representative of the Union for Foreign Affairs and Security Policy, from among the Members of the Commission. The Vice-Presidents assist the President to exercise his/her rights and prerogatives in their areas of responsibility. They are entrusted with well-defined priority projects and steer and coordinate work across the Commission in line with the priorities set out in the President's political guidelines.

The Members of the Commission are responsible for the implementation of the political priorities laid down in the political guidelines and the Commission Work Programme, with the help and support of their Cabinets and the Commission services. Those Vice-Presidents with no services reporting directly to them are supported in their functions by the Secretariat-General. Via the Secretariat-General, Vice-Presidents are able to draw on any service in the Commission whose work is relevant for their area of responsibility. Their steering and coordination role in their area of responsibility involves bringing together several Commissioners and different parts of the Commission to shape coherent policies and deliver results.

The Commission also carries out an important range of financial and managerial tasks. The internal arrangements set up by the College create a structure of robust controls and management tools which allow the College to take political responsibility for the decisions it takes as well as for coordinating, executive and management functions, as laid down in the Treaties<sup>5</sup>.

The College is accountable to the European Parliament, which may vote on a motion of censure of the Commission (Article 234 of Treaty on the Functioning of the European Union). If such a motion is carried, the Members of the Commission shall resign. The Parliament decides annually, on the basis of a recommendation from the Council, on the discharge of the Commission for the implementation of the EU budget (Article 319 of Treaty on the Functioning of the European Union).

---

<sup>2</sup> C(2017) 6200, Draft Commission Decision on a Code of Conduct for the Members of the European Commission 12.9.2017.

<sup>3</sup> [http://europa.eu/rapid/press-release\\_IP-17-3167\\_en.htm](http://europa.eu/rapid/press-release_IP-17-3167_en.htm).

<sup>4</sup> A New Start for Europe: My Agenda for Jobs, Growth, Fairness and Democratic Change, Political Guidelines for the next European Commission, July 2014.

<sup>5</sup> Article 17(1) of the Treaty on European Union.

## 1.2 The Directors-General and Heads of Service

The College establishes the organisational structure of the Commission, which is composed of a number of Directorates-General and equivalent departments forming a single administrative service to assist it in the preparation and performance of its tasks, and in the implementation of its priorities and the political guidelines laid down by the President.

The Rules of Procedure of the Commission<sup>6</sup> and the Rules giving effect to them<sup>7</sup>, as well as the Working Methods of the European Commission<sup>8</sup> as adopted by the Commission at the beginning of its term, frame the relations between the Members of the Commission and their services. These relations are based on the principles of loyalty, trust and transparency.

Specific working arrangements are established between each Commissioner and the Director(s)-General falling under their authority. These rules provide, in particular, for the obligation of the services to alert the Member of the Commission to any information likely to call into question his/her responsibility or that of the College.

Directors-General and Heads of Service are responsible for the management of their departments in accordance with the rules and standards laid down by the Commission. They shape the organisational structures of their services, on the basis of the organisation charts adopted by the College, to pursue the political objectives of the Commission and fulfil its legal and financial obligations, while striving for efficiency, flexibility and a high level of performance. They are responsible for allocating the resources within their service and ensuring that individual organisational entities – Directorates, Units and other structures – are appropriately staffed for performing their tasks.

Under the supervision of the competent Commissioner, Directors-General are also responsible for the operational implementation of the EU budget. The delegation of authorising powers is decided annually by the Commission (see Section 3).

The Secretariat-General, as the President's service, facilitates the smooth and effective functioning of the Commission. It manages the collegial decision-making process and steers and coordinates work across policy areas and Commission departments to ensure the coherence and quality of the Commission's work, and its alignment with the political priorities of the President. It also works with other central services to ensure that the Commission is supported by an efficient, transparent and high-performing administration.

The Legal Service, which also works under the authority of the President, has a double role. On the one hand, it gives legal advice on the form and the content of any legislative proposal to the Parliament and Council, and of any other act (Regulations, Directives, Decisions, recommendations or opinions) to be adopted by the Commission, on procedures launched against Member States for non-compliance with EU law and on the conduct of international negotiations. On the other hand, it

---

<sup>6</sup> C(2000)3614, Rules of Procedure of the Commission, 29.11.2000, as amended by 2010/138/EU, Euratom and 2011/737/EU, Euratom.

<sup>7</sup> C(2013)3837 final, Commission Decision of 24.6.2013 amending the Rules giving effect to the Rules of Procedure.

<sup>8</sup> C(2014)9004, Communication from the President to the Commission, The Working Methods of the European Commission 2014-2019, 11.11.2014.

represents the Commission in all legal proceedings, in particular in those in front of the Court of Justice of the European Union.

### **1.3 The Corporate Management Board**

The Corporate Management Board plays a role in the corporate governance of the Commission by providing oversight and strategic orientations on major corporate management issues, including in relation to the management of financial and human resources. Chaired by the Secretary-General, it brings together on a regular basis Directors-General and Cabinets responsible for budget, human resources and IT to ensure that the necessary organisational and technical structures are in place in the Commission to deliver on the political priorities of the President in an efficient and effective manner. It also takes overall responsibility for IT governance and data, information and knowledge management in the Commission. The work of the Board is supported by a number of other specialised boards or groups, including the Information Security Steering Board (ISSB), the Information Management Steering Board (IMSB), the IT Board and the Group of Resource Directors (GDR).

## **2. PERFORMANCE FRAMEWORK**

All Commission activities are carried out to fulfil the tasks entrusted to it by the Treaties, in order to achieve the objectives of the European Union, as laid down in Article 3 of the Treaty on European Union. Performance management is therefore an integral part of the Commission's work. The performance framework in place distinguishes between the performance of the Commission services on the one hand; and the performance of the programmes financed by the EU budget and managed by the Commission, Member States or other bodies on the other (see also Section 3).

As regards the Commission services, performance management is implemented through the Strategic Planning and Programming cycle, which encompasses the setting of objectives, allocation of resources according to these objectives, regular monitoring and reporting on whether the objectives have been reached as well as regular evaluations.

As regards programmes financed by the EU budget, performance management is conducted in accordance with the requirements laid down in the basic and implementing legal acts governing the programmes.

### **2.1. Setting of objectives**

At the beginning of each mandate, the President of the Commission issues political guidelines for the Commission's term of office. To ensure the alignment of the Commission activities with the political guidelines, new initiatives are subject to validation at the political level and the guidelines are translated annually into concrete deliverables in the Commission Work Programme. As the first step in the Strategic Planning and Programming cycle, every service of the European Commission prepares a multiannual Strategic Plan and an annual Management Plan. The Strategic Plan defines the overall strategy and long-term objectives for the Commission's term of office, while the Management Plan lists the deliverables for the given year. Objectives are accompanied by indicators to measure the progress towards set targets. These indicators enable the Directors-General to plan, follow up and

report on the activities and resources of the Directorate-General, and to ensure that resources are aligned to objectives. All Strategic and Management Plans are available on the [Commission website](#)<sup>9</sup>.

The objectives of EU financial programmes are laid down in the basic and implementing legal acts governing these programmes. These acts also define indicators to measure progress, as well as monitoring, reporting and evaluation arrangements. Performance information and progress towards the achievement of programme objectives is updated annually in a working document ('Programme Statement') accompanying the draft EU budget.

## **2.2. Allocation of resources**

The Multiannual Financial Framework lays down the maximum annual amounts ('ceilings') which the EU may spend in different policy fields ('headings') over a period of at least 5 years. The current Multiannual Financial Framework covers seven years: from 2014 to 2020. It provides a framework for financial programming and budgetary discipline by ensuring that EU spending is predictable and stays within the agreed limits.

By defining in which areas the EU should invest over the period, the Multiannual Financial Framework is an expression of political priorities as well as a budgetary planning tool. The annual budget is adopted within this framework. Its structure allows the spending on each policy and programme to be easily identified and monitored.

Regarding the allocation of human resources to its departments and services, the Commission aims to ensure that its workforce is deployed optimally between and within the Commission's departments according to the political priorities, legal obligations and organisational fitness.

## **2.3. Monitoring and reporting on achievement of objectives**

An essential part of performance management in the Commission is the continuous monitoring and measurement of the impacts and results of its activities. Each year, as part of the Strategic Planning and Programming cycle, Commission departments produce Annual Activity Reports that describe the state of implementation and progress towards the achievement of policy and organisational management objectives as set out in their Strategic and Management Plans, as well as achievements in relation to financial management and the internal control objectives (see Section 3.2).

The Annual Activity Report is a key component of the accountability chain as it attests to the legality and regularity of financial transactions executed under the responsibility of Directors-General (see Section 3 for more details).

Responsibility for performance in relation to the achievement of EU policy objectives and the results achieved with the EU budget is shared with a wide range of public and private sector actors at European and national level. Nonetheless, the Annual Activity Reports provide information on the Commission's contribution to the policy achievements and the results achieved with the EU budget, and detailed reporting on the performance of financial programmes is included in the Programme Statements attached to the draft EU budget. Additional reporting on policy achievements is contained

---

<sup>9</sup> [https://ec.europa.eu/info/strategy-documents/strategic-plans\\_en](https://ec.europa.eu/info/strategy-documents/strategic-plans_en).

in sectoral reports and in reports such as the annual General Report on the Activities of the European Union.

The Annual Activity Reports, together with the Programme Statements and information from evaluations, form the basis for the Annual Management and Performance Report for the EU Budget. This report covers the management, protection and performance of the EU budget. The report provides a comprehensive overview of how the EU budget supports the European Union's political priorities, the results achieved with the EU budget and the role the Commission plays in ensuring and promoting the highest standards of budgetary and financial management. It fulfils the legal obligations contained in Article 318 of the Treaty on the Functioning of the European Union and in the Financial Regulation (see Section 3.4).

## **2.4. Evaluation**

Evaluations are used to assess the results and impacts of EU interventions in terms of efficiency, effectiveness, coherence, relevance and EU added-value. Evaluation findings feed into policy development, including legislative revisions and improvement of spending programmes, and the Commission applies an 'evaluate-first' principle for new proposals. As part of the assessment of the efficiency of EU interventions, all evaluations consider cost-benefit information and, under the Commission's Regulatory Fitness and Performance (REFIT) Programme, particular attention is given to identifying unnecessary regulatory costs and burdens, with a view to reducing them. The Commission performs comprehensive evaluations of regulatory areas through Fitness Checks covering whole sectors, sub-sectors or cross-cutting policy instruments. The Regulatory Scrutiny Board reviews the quality of major evaluations and Fitness Checks. The Better Regulation Guidelines<sup>10</sup> and toolbox include a dedicated chapter on evaluations.

## **3. ACCOUNTABILITY AND CONTROL**

Overall responsibility for the implementation of the EU budget lies with the European Commission. However, for the approximately 80% of budget appropriations implemented together with the Member States in shared management, close cooperation between the Member States and the Commission is necessary to ensure that the appropriations are used in accordance with the principles of sound financial management and that the financial interests of the EU are well protected.

### **3.1. The Commission's decentralised model of financial management**

The Commission's model of decentralised decision-making in budget implementation results from the administrative reform of 2000<sup>11</sup>. The accountability chain in the Commission is clearly defined in the Financial Regulation. The Authorising Officer of the Commission is the College of Commissioners. The College delegates financial management tasks to the Directors-General or Heads of Service who thereby become Authorising Officers by Delegation<sup>12</sup>. These tasks can further be delegated by the Authorising Officer by Delegation to Directors, Heads of Unit and others, who thereby become Authorising Officers by Sub-Delegation.

---

<sup>10</sup> SWD(2017) 350, Commission Staff Working Document, Better Regulation Guidelines (and associated toolbox).

<sup>11</sup> COM(2000)200, Reforming the Commission - A White Paper, 5.4.2000.

<sup>12</sup> Those delegations are made on a yearly basis by the Internal rules on the implementation of the general budget of the European Union for the attention of the Commission departments.

The Commission may also delegate the implementation of specific programmes to **executive agencies**. The governance architecture of executive agencies is defined in Regulation 58/2003 laying down the statute of such agencies<sup>13</sup> and is further defined in the act of delegation itself. Each agency is managed by a senior Commission official, seconded in the interest of the service to the agency as its Director and supervised by a Steering Committee composed of senior Commission officials appointed by the Commission. The Steering Committee adopts the agency's annual work programme comprising detailed objectives and performance indicators, as well as the agency's Annual Activity Report and the administrative budget. The Commission's arrangements for planning, accounting, internal control systems, internal audit, reporting and accountability are fully applicable to the executive agencies.

Processes and modes of implementation may vary between programmes and management modes. Expenditure decisions can be directly executed by the Commission or an executive agency but also indirectly via, or together with, another institution or body. A large proportion of the budget is managed in shared management with the Member States, notably in the areas of structural funds and agriculture. Budget implementation tasks are also entrusted to national agencies, the European Investment Bank Group, third countries, international organisations (World Bank or United Nations for example), and other entities<sup>14</sup>. In all these cases, the Financial Regulation and/or the Delegation Agreements define the necessary control and reporting mechanisms by these entities and the supervision measures by the Commission.

### **3.2. Implementing the budget according to sound financial management principles**

As Authorising Officers by Delegation, the **Directors-General** are **responsible for the sound financial management of resources**, which includes ensuring that resources are used for their intended purpose and setting up control systems to ensure that the Commission's internal control objectives are achieved. The control system is intended to provide reasonable assurance that operational activities and controls are economic, efficient and effective, transactions are legal and regular, financial and management reporting is reliable, fraud is prevented and corrected, assets and information are safeguarded, robust reporting on the achievement of operational objectives is ensured, and, finally, that internal control objectives are achieved while at the same time ensuring cost-effectiveness of the risk-differentiated controls. Authorising Officers by Delegation may formally sub-delegate responsibility to appropriate staff to authorise expenditure and revenue on their behalf, while remaining ultimately responsible and accountable themselves. They may also cooperate with other Authorising Officers by Delegation by pooling part of their control resources to create specialised common services to jointly implement a specific section of their control chains.

In implementing the EU budget, Authorising Officers by Delegation must respect the provisions of the Financial Regulation and should establish an appropriate internal control framework in line with the Commission's **Internal Control Framework**<sup>15</sup>. In line with the COSO 2013 Internal Control principles, the framework consists of five internal control components which underpin 17 principles, each supported by several characteristics. These characteristics, which may be implemented according to the particularities of the Directorate-General, assist the Director-General in designing and

---

<sup>13</sup> Council Regulation (EC) N°58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes (OJ L 11, 13.1.2003).

<sup>14</sup> In exceptional cases Delegation Agreements are concluded with traditional EU Agencies.

<sup>15</sup> C(2017)2373 final, Communication to the Commission from Commissioner Oettinger in agreement with President Juncker on the revision of the Internal Control Framework, 19.4.2017.

implementing internal controls and in assessing whether the relevant principles are implemented and functioning overall. Commission departments are required to follow these principles and put in place a solid and robust internal control framework to ensure that the objectives are achieved. Besides financial control, the principles also address aspects linked, for example, to integrity and ethics (see Section 4), human resources management, communication and safeguarding of information. Each Authorising Officer by Delegation is supported by one or two senior or middle manager(s) in charge of risk management and internal control to oversee and monitor the implementation of internal control systems within the Commission department.

In addition, central services of the Commission provide guidance and advice, promote best practices, and recommend improvements to the overall internal control system and to the principles which underpin the basic control framework, including the implementation of the internal control principles and characteristics under their respective areas of competence.

### **3.3. Risk management in the European Commission**

The basic principles underpinning risk management in the Commission are set out in the Communication to the Commission - "Towards an effective and coherent risk management in the Commission services".<sup>16</sup> The Commission's approach to risk management entails a continuous, proactive and systematic process of identifying, assessing, and managing risks. Risk management is carried out at every level of the Commission to provide reasonable assurance as regards the achievement of objectives. Authorising Officers by Delegation are responsible for identifying the risks that could prevent the realisation of the set objectives in their particular area and for implementing actions to mitigate them. As part of the Strategic Planning and Programming cycle, critical risks are flagged by the Authorising Officers by Delegation in their annual Management Plans. These risks are prioritised based on their likelihood of occurrence and significance of potential impact. Risks with high priority are classified as critical. Risks for which a cross-DG response is more efficient are classified as cross-cutting. On that basis, appropriate mitigation action plans are devised and implemented by the responsible Authorising Officer by Delegation. If necessary, central services can help to bring the responsible actors together. For instance, the Information Security Steering Board oversees IT security related risks. Cross-cutting risks are reported to the Corporate Management Board in an aggregated manner.

### **3.4. Reporting on management of the EU budget**

The two main accountability instruments are the Annual Activity Reports and the Annual Management and Performance Report (see Section 2.3).

Each Annual Activity Report contains a signed declaration of assurance by the Director-General / Head of Service in his/her capacity as Authorising Officer by Delegation in relation to his/her financial and control responsibilities (see Section 2.3.) as well as a statement from the Director in charge of Risk Management and Internal Control on the completeness and reliability of the information reported<sup>17</sup>. The draft Annual Activity Report and any possible reservations are discussed with the

---

<sup>16</sup> SEC(2005)1327, Communication to the Commission from Ms Grybauskaite in agreement with the President and Vice-President Kallas, Towards an effective and coherent risk management in the Commission services, 20.10.2005.

<sup>17</sup> C(2017)2373 final, Communication to the Commission from Commissioner Oettinger in agreement with President Juncker on the revision of the Internal Control Framework, 19.4.2017 – Appendix 3.

relevant Commissioner before the final report is signed. It includes, as foreseen in the Financial Regulation, a description of the control environment and of the different tasks and responsibilities of all actors involved and reports on the control results and assurance provided for the management of the EU funds by entrusted entities.

The Annual Management and Performance Report describes the Commission's management of the EU budget and summarises information on areas including the achievement of the internal control objectives; the management of risks to the legality and regularity of financial operations; the results of the actions taken to protect the EU budget<sup>18</sup>, the cost-effectiveness of controls; and anti-fraud strategies. The report also addresses a number of important cross-cutting issues raised by bodies including the Commission's Internal Audit Service, the European Court of Auditors, the European Parliament and the Council. Through the adoption of the Annual Management and Performance Report, the Commission assumes its political responsibility for the management of the EU budget, which encompasses accountability for the work of its departments and services.

This report is part of an integrated financial and accountability reporting package through which the European Commission provides comprehensive reporting on the EU budget, in line with the Conceptual Framework for General Purpose Financial Reporting by Public Entities<sup>19</sup>, and which serves to increase transparency and accountability. This package includes also a number of reports foreseen in the Financial Regulation, for example the annual accounts of the EU<sup>20</sup> (which provide financial information about the financial position, the results of the operations and the cash flows as well as information on how the annual budget has been implemented).

This package is submitted to the European Court of Auditors, the European Parliament and the Council in the context of the annual discharge to the Commission on the implementation of the EU budget. The discharge process is coordinated within the Commission by the Directorate-General for Budget.

### **3.5. The Accounting Officer**

The **Commission's Accounting Officer** is responsible for proper implementation of payments, collection of revenue and recovery of amounts established as being receivable, keeping the accounts, preparing and presenting the Commission's annual accounts and the consolidated annual accounts of the EU, laying down the accounting rules and methods and the chart of accounts.

Moreover, (s)he is also responsible for laying down and validating the accounting systems and, where appropriate, validating systems laid down by the authorising officer to supply or justify accounting information.

The Accounting Officer signs the EU accounts, certifying that (s)he has made the checks that (s)he considers necessary and is satisfied that they have been prepared in accordance with the accounting principles, rules and methods established under his/her responsibility so that they present fairly, in all

---

<sup>18</sup> Since the 2016 Annual Management and Performance Report, the former Communication on the Protection of the EU Budget is part of the Annual Management and Performance Report.

<sup>19</sup> 'Conceptual Framework' (Conceptual Framework for GPFs) adopted in October 2014 by the International Public Accounting Standards Board (IPASB).

<sup>20</sup> These accounts comply with the information requirements of the relevant international accounting standards (IPSAS).

material aspects, the financial position, the results of the operations and the cash flows of the EU. These accounts are then adopted by the Commission in accordance with the Financial Regulation.

The Accounting Officer is also responsible for treasury management.

With the agreement of the Accounting Officer (or on his/her proposal), the responsibility for the management of specific financial instruments or financial portfolios (including the related accounting and treasury operations) may be delegated by the College to the Directorate General for Economic and Financial Affairs.

### **3.6. The Central Financial Service**

Within this decentralised governance structure, the Central Financial Service, part of the Directorate-General for Budget, is the lead service as regards the Financial Regulation. It also provides support and coordination with regard to the internal control framework and strengthening of the reliability of financial and management reporting by the Authorising Officers by Delegation to the College, checking its compliance with corporate guidance and the applicable rules. It also provides support, advice and training to Commission departments and other institutions on matters related to financial management and reporting, including interpretation of legislation and internal control and risk management. To this end, it develops standards and guidelines, and facilitates exchange of good practices in the field to help Authorising Officers assume their financial management responsibilities. The Central Financial Service also operates the Early Detection and Exclusion System (EDES), which ensures the protection of the Union's financial interests against unreliable economic operators.

### **3.7. Internal scrutiny of the European Commission**

#### **✓ The Internal Audit Service and the Audit Progress Committee**

The **Internal Audit Service (IAS)** is a service of the Commission headed by the Internal Auditor of the Commission who is, by virtue of the Financial Regulation, independent in the performance of his or her duties. The IAS applies the International Standards for the Professional Practice of Internal Auditing as drawn up by the Institute of Internal Auditors. Its mission<sup>21</sup> is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. The IAS helps the Commission accomplish its objectives by bringing a systematic, disciplined approach in order to evaluate and improve the effectiveness of risk management, internal control and governance processes. Its tasks include assessing and making appropriate recommendations for improving the risk management, control and governance process in the accomplishment of the following objectives: promoting appropriate ethics and values within the organisation, ensuring effective organisational performance management and accountability, and effectively communicating risk and control information to appropriate areas of the organisation. Thereby it promotes a culture of efficient and effective management within the Commission and its departments.

The **Audit Progress Committee (APC)** assists the College of Commissioners in fulfilling its obligations under the Treaties and other statutory instruments by ensuring the independence of the

---

<sup>21</sup> C(2017)4435 final, Communication to the Commission on the Mission Charter of the Internal Audit Service of the European Commission, 30.6.2017.

IAS, monitoring the quality of internal audit work and by ensuring that audit recommendations are properly taken into account by Commission Directorates-General and services and receive appropriate follow-up. In this way the APC contributes to the overall further improvement of the Commission's effectiveness and efficiency in achieving its goals and facilitates the College's overseeing of the Commission's governance, risk management, and internal control practices<sup>22</sup>. The APC is composed of nine members, of which up to six are Commissioners and at least three are external members with proven expertise in audit and related matters. It is chaired by the First Vice-President. While the APC has no management powers it may, at any time, report to the Commission on any issues arising out of the Committee's work on which it considers the College needs to be informed or take action. The APC may also bring issues to the attention of the Corporate Management Board as appropriate. The APC reports annually to the College on its main conclusions and recommendations as concerns the risk, control and compliance framework in the Commission, which feeds into the Annual Management and Performance Report.

✓ **Combating Fraud: The European Anti-Fraud Office (OLAF)**

The mission of the **European Anti-Fraud Office (OLAF)** is to protect the financial interests of the European Union by detecting, investigating and working towards stopping fraud with European Union funds. The EU and the Member States share responsibility for protecting the EU's financial interests and fighting fraud.

OLAF's mandate is to conduct independent investigations into fraud and corruption and any other illegal activity involving all EU expenditure and some areas of EU revenue (mainly customs duties), so as to ensure that all EU taxpayers' money reaches projects that can stimulate the creation of jobs and growth in Europe; to investigate serious misconduct by EU staff and members of the EU institutions, thus contributing to strengthening citizens' trust in the EU institutions; and to contribute to the design and development of methods for preventing and combating fraud.

OLAF is the lead service in the conception and development of a European Anti-Fraud Policy. It deals with all phases of fraud prevention and detection, from the conception of a policy, the implementation of existing and new policies, to the reporting on its progress and effectiveness.

Since the adoption of the Commission Anti-Fraud Strategy<sup>23</sup> (CAFS), all Commission Directorates-General are required to develop and implement an anti-fraud strategy. OLAF assists the Directorates-General in the definition of their anti-fraud strategy by providing, *inter alia*, a methodology and guidance on the development and implementation of the sectoral Anti-Fraud Strategies. These strategies are regularly updated by the respective Authorising Officers by Delegation and reviewed by OLAF which ensures overall coordination of the process. Reporting on the implementation of the CAFS is contained in the Annual report on the protection of the European Union's financial interest - fight against fraud, as referred to in Article 325 of the Treaty on the Functioning of the European Union, adopted by the College.

---

<sup>22</sup> C(2017)2225 final, Communication to the Commission from First Vice-President Timmermans in agreement with the President of the Commission on the Audit Progress Committee of the European Commission, 4.4.2017.

<sup>23</sup> COM(2011)376 final, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, and the Committee of the Regions and the Court of Auditors on The Commission Anti-Fraud Strategy, 24.6.2011.

OLAF is part of the European Commission and operates under the responsibility of a Commissioner (currently the Commissioner in charge of Budget and Human Resources) as regards its tasks concerning anti-fraud policy. However, in its investigative mandate, OLAF acts in full independence. To reinforce and guarantee OLAF's independence, the Supervisory Committee, composed of five independent external experts (appointed by common agreement of the European Parliament, the Council and the Commission) regularly monitors the implementation of OLAF's investigative function.

### **3.8. External scrutiny of the European Commission's financial management**

#### **✓ The European Court of Auditors and the discharge given by the European Parliament**

The **European Court of Auditors (ECA)** is the external auditor of the EU's finances. Its mission is to audit independently the collection and spending of European Union funds and, through this, to assess the way that the European institutions discharge these functions. The Court examines whether financial operations have been properly recorded, legally and regularly executed and managed so as to ensure economy, efficiency and effectiveness. By providing reports for EU policymakers and citizens and cooperating closely with other supreme audit institutions, the Court plays an important role in the development of a performance framework to obtain better results from EU spending. The Court makes the results of its work known through the publication of relevant, objective and timely reports.

According to Article 319 of the Treaty on the Functioning of the European Union, the European Parliament is responsible for giving discharge to the Commission in respect of the implementation of the budget. Upon recommendation by the Council and taking into consideration the ECA's annual report, which also includes the Statement of Assurance on the reliability of the accounts and the legality and regularity of underlying transactions, the European Parliament adopts a yearly discharge resolution, with observations and recommendations on budget implementation forming an integral part of its discharge decision. The Commission follows up the recommendations contained in the discharge resolution.

## **4. ETHICS: CLEAR RULES AND EFFICIENT SAFEGUARDS**

The Commission expects a high level of professional ethics standards from its staff.

### **4.1. Conduct of Commission staff**

The Commission's internal control framework requires that management and staff are aware of, and share, appropriate ethical and organisational values and uphold these through their own behaviour and decision-making. They are expected at all times to act objectively and impartially in the Union interest and for the public good. In practice, the Commission staff operates within a framework of rules contained mainly in the Staff Regulations and the detailed implementing rules. Compulsory training and regular awareness raising actions are organised.

### **4.2. Relations with the public**

Openness and transparency are the guiding principles for the relations with the public. The principles

as well as detailed rules are described in the [Code of Good Administrative Behaviour](#)<sup>24</sup>.

### **4.3. Conflicts of interest**

Rules are in place to avoid conflicts of interests. These cover the requirement for ad hoc notification of conflicts of interest which could impair the impartiality of staff, a check of possible conflicts of interests before recruitment, rules governing the acceptance of gifts and favours, the declaration of professional activities carried out by spouses of staff, the requirement to seek prior authorisation for any external activities and to notify post service activities.

Commissioners have to respect similar principles: they have to declare their interests and are bound by the provisions of the Treaties and Code of Conduct for Commissioners, which defines their ethical environment.

An [Ad hoc Ethical Committee](#)<sup>25</sup> advises the Commission on the compatibility with the Treaties of former Commissioners' envisaged post-office activities. The Commission has proposed to strengthen and extend the role of this Committee under the new Code of Conduct.<sup>26</sup>

### **4.4. Financial liability of staff**

The Staff Regulations stipulate that Commission staff may be required to make good, in whole or in part, any damage suffered by the Union as a result of serious misconduct in connection with the performance of their duties. More specific provisions exist for financial actors in the Financial Regulation.

### **4.5. Enforcement: ensuring high professional standards**

The disciplinary provisions apply to any failure to comply with obligations under the Staff Regulations, whether intentionally or through negligence.

Additionally, the mechanism of whistle blowing is enshrined in the Staff Regulations and explained in the Commission Guidelines on Whistleblowing<sup>27</sup>; Commission staff is duty bound to report possible fraud or corruption, detrimental to the interest of the Union, or a serious failure to comply with professional obligations, either within the Commission or directly to the Anti-Fraud Office (OLAF). The mechanism protects staff from any prejudicial effects as a result of having communicated this information.

### **4.6. The Commission's Investigation and Disciplinary Office (IDOC)**

The Commission's Investigation and Disciplinary Office conducts impartial administrative inquiries and handles disciplinary proceedings on behalf of the Appointing Authority. For its inquiries, IDOC

---

<sup>24</sup> Commission Decision of 17 October 2000 amending its Rules of Procedure (2000/633/EC, ECSC, Euratom).

<sup>25</sup> C(2003)3750 final, Commission Decision establishing the Ad hoc Ethical Committee foreseen by the Code of Conduct for Commissioners, 21.10.2003.

<sup>26</sup> [http://europa.eu/rapid/press-release\\_IP-17-3167\\_en.htm](http://europa.eu/rapid/press-release_IP-17-3167_en.htm).

<sup>27</sup> SEC(2012)679, Communication from Vice-President Šefčovič to the Commission on Guidelines on Whistleblowing, 6.12.2012.

deals with potential breaches of the staff rules which either do not fall under the remit of the European Anti-Fraud Office or whose investigation is left to IDOC for reasons of efficiency or proportionality.

## **5. BETTER REGULATION, OPENNESS AND TRANSPARENCY: THE GUIDING PRINCIPLES**

The Commission is committed to working in an open and transparent manner. It endeavours to communicate actively what it does and the decisions it takes, as transparency is necessary to build citizens' confidence in the European institutions, as well as to ensure the legitimacy and accountability of a public administration. The Commission has taken a range of measures in that respect in particular by providing a more transparent framework for its relations with interest representatives, by ensuring appropriate consultation of stakeholders, by providing information on its activities and the beneficiaries of EU funds, as well as by facilitating access to its documents.

This commitment is reflected, inter alia, in the Better Regulation Agenda, designed to ensure that policy is prepared, implemented and evaluated in an open, transparent manner, informed by the best available evidence and backed up by the comprehensive involvement of stakeholders.

### **5.1. Better Regulation**

The Commission has set out its commitment to better regulation in its agenda<sup>28</sup> 'Better regulation for better results', and works together with the co-legislators (the European Parliament and the Council<sup>29</sup>) to deliver tangible results. Better Regulation Guidelines<sup>30</sup> have been put in place to assess the expected and actual impacts of policies, legislation, and other important measures at every stage of the policy cycle – from planning to implementation, monitoring and evaluation of performance and identification of next steps.

The Commission endeavours systematically to conduct impact assessments of legislative proposals likely to have significant economic, social and environmental impacts. The Regulatory Scrutiny Board provides an independent check of the assessment's quality. Three members, recruited from outside of the Commission, work full time alongside three seconded senior Commission officials and the Board's Chair to assess the quality of Commission impact assessments and selected evaluations. In principle, a positive opinion is needed from the Board for an initiative accompanied by an impact assessment to be tabled for adoption by the Commission.

Moreover, the Commission strives to ensure that all its initiatives provide maximum benefits with minimum administrative and regulatory burden. Within its Regulatory Fitness and Performance programme (REFIT), the Commission ensures that EU law remains fit for purpose and delivers the results intended by policy makers in the most efficient and effective way. REFIT relies strongly on

---

<sup>28</sup> COM(2015)215 final, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Better regulation for better results - An EU agenda, 19.5.2015.

<sup>29</sup> The joint commitment of the European institutions to Better Regulation is enshrined in the Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on Better Law-Making, OJ L 123, 12 May 2016.

<sup>30</sup> SWD(2017) 350, Commission Staff Working Document, Better Regulation Guidelines (and associated toolbox).

stakeholders' input. The [REFIT Platform](#)<sup>31</sup>, set up in 2015, collects and assesses suggestions for reduction of regulatory and administrative burdens coming from EU laws and the Commission has committed to react to all suggestions from the Platform and explain the follow up.

## 5.2. Stakeholder Consultation

Stakeholder consultation is enshrined in the Treaty<sup>32</sup> and aims to ensure that the Union's actions are evidence-based, coherent and transparent.

Building on the minimum standards for consultations established in 2002<sup>33</sup>, the Commission strengthened, as part of its Better Regulation agenda, its commitment to consultations that are of high quality and transparent, reach all relevant stakeholders and target the evidence needed to make sound decisions. Consulting widely those that are affected by legislation ensures that policies are based on the best available evidence and makes them more effective.

In addition to consultations targeted at specific stakeholders, the Commission gives all citizens and stakeholders the opportunity to express their views throughout the policy cycle. They can provide feedback on documents informing on planned initiatives ('roadmaps' or 'inception impact assessments') and contribute to twelve-week public consultations on new initiatives under preparation or evaluations of the performance of existing EU actions. There is also the possibility for giving feedback on legislative proposals adopted by the College and on draft implementing and delegated acts. The choice of the most appropriate consultation tool is always case-specific and depends on consultation objectives, target groups to be reached and available time and resources. A twelve-week public consultation must be part of the consultation strategy for initiatives subject to an impact assessment, evaluation and fitness checks as well as for Green Papers.

The '[Contribute to law-making](#)'<sup>34</sup> website is the central access point to consultations and feedback opportunities enabling stakeholders to express their views on EU policies.

The Better Regulation Guidelines and toolbox include a dedicated chapter on stakeholder consultation aiming to improve the quality and effectiveness of its consultation regime. Since July 2017, the chapter includes a clear policy on translating public consultations. Public consultations related to Commission Work Programme priority initiatives need to be translated into all official EU languages and all other public consultations need to be made available in at least English, French, and German. Contributions can always be submitted in any of the EU official languages.

---

<sup>31</sup> [https://ec.europa.eu/info/law/law-making-process/overview-law-making-process/evaluating-and-improving-existing-laws/reducing-burdens-and-simplifying-law/refit-platform\\_en](https://ec.europa.eu/info/law/law-making-process/overview-law-making-process/evaluating-and-improving-existing-laws/reducing-burdens-and-simplifying-law/refit-platform_en).

<sup>32</sup> Article 11 (3) Treaty on the European Union and Art. 2 Protocol No. 2, on the application of the Principles of Subsidiarity and Proportionality

<sup>33</sup> COM(2002)704, Communication from the Commission, Towards a reinforced culture of consultation and dialogue - General principles and minimum standards for consultation of interested parties by the Commission, 11.12.2002, complemented by COM(2012)746, SWD(2012)422 and COM(2014)368.

<sup>34</sup> [http://ec.europa.eu/info/law/contribute-law-making\\_en](http://ec.europa.eu/info/law/contribute-law-making_en).

### **5.3. Transparency Portal**

In 2012, the Commission set up the '[Transparency Portal](#)'<sup>35</sup>. It acts as a single window to the wide range of instruments developed over recent years to facilitate access to information, and improve citizens' ability to exercise their rights. The Portal provides quick and direct access to information on legislation and impact assessments, expert groups and advisory committees, consultations, the Transparency Register, recipients of EU funds, access to documents, the Open Data Portal, ethics and petitions.

### **5.4. Transparency Register**

The Commission and the European Parliament jointly operate the '[Transparency Register](#)'<sup>36</sup>. This tool provides information about organisations engaged in activities aimed at influencing the formulation or implementation of policy and the decision-making processes of the EU institutions. It sheds light on which interests are being pursued and with which resources. All organisations and self-employed individuals who register commit to applying a single Code of Conduct which ensures they operate in full respect of ethical principles.

The Commission boosts transparency further by publishing on its website, from 1 December 2014, information on meetings held between Commissioners, their staff and departmental heads with interest representatives.

### **5.5. Financial Transparency System**

The [Financial Transparency System](#) (FTS)<sup>37</sup> is part of the European Transparency Initiative<sup>38</sup>. Since the inception of this database in 2008, the presentation of data on recipients of EU funds directly managed by the Commission has been improved and harmonised.

### **5.6. Facilitating access to documents**

The Commission also provides access to documents, both by making a wide range of documents available online, and following specific requests filed by citizens in accordance with Regulation 1049/2001. Since the entry into force of that Regulation, there has been a steady increase in the number of access requests. A large majority of documents are released as a result of such requests.

---

<sup>35</sup> [http://ec.europa.eu/transparency/index\\_en.htm](http://ec.europa.eu/transparency/index_en.htm).

<sup>36</sup> <http://ec.europa.eu/transparencyregister/public/homePage.do>.

<sup>37</sup> [http://ec.europa.eu/budget/fts/index\\_en.htm](http://ec.europa.eu/budget/fts/index_en.htm).

<sup>38</sup> SEC(2005)1300 Communication to the Commission from the President, Ms Wallström, Mr Kallas, Ms Hübner and Ms Fischer Boel. Proposing the launch of a European Transparency Initiative.