

## 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/Head of Service on the overall state of internal control in the DG/service.*

*I hereby certify that the information provided in Parts 2 and 3 of the present AAR and in its annexes is, to the best of my knowledge, accurate and exhaustive.”*

*Signed*

*Matthew Hudson*

*Brussels, 28 March 2014*

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

## ANNEX 2: Human and Financial resources 2013

Human Resources by ABB activity (Full-time-equivalent units throughout the year)				
Code ABB Activity	ABB Activity	Establishment Plan posts	External Personnel	Total
17 02	Consumer policy	89	24	113
17 03	Public health	170	45	215
17 04	Food and feed safety, animal health, animal welfare and plant health	406	53	459
17 AWBL-01	Administrative support for 'Health and consumer protection' Directorate-General	94	23	117
17 AWBL-02	Policy strategy and coordination for 'Health and consumer protection' Directorate-General	31	11	42
<b>Total</b>		<b>790</b>	<b>156</b>	<b>946</b>

\* The total amount of external staff includes also the cost-free and EFTA national experts but not the staff recruited to replace absent staff.

Financial Resources by ABB activity implementation of Commitment Appropriations (CA) in EUR million				
Code ABB Activity	ABB Activity	Operational expenditure *	Administrative expenditure	Total
17.01	Administrative expenditure under Heading 5 managed by DG SANCO	n/a	22,002	22,002
17.02	Consumer Affairs	21,431	2,869	24,300
17.03	Public Health	233,042	5,856	238,898
17.04	Food and Feed Safety	263,507	2,636	266,143
<b>Total</b>		<b>517,980</b>	<b>33,363</b>	<b>551,343</b>

(1) Heading 5 appropriations managed by the DG (global envelope)

(2) BA lines 1702 to 1704.

\* In comparison to Annex 3, this table includes credits implemented by the executive agency CHAF-EA (former EAHC) of EUR 73,4 million (for Consumer Affairs EUR 16,3 million, for Public Health EUR 42,5 million, and for Food and Feed EUR 14,6 million); plus credits implemented under co-delegation to other DGs for Public Health EUR 0,5 million and for Food and Feed EUR 0,4 million.

Code ABB Activity	Financial Resources - Global Envelope in EUR				
	FMC	Credits	Commitments	Payments	Implementation %
17.010211.00.01.10	SANCO	3.947.000	3.947.000	2.992.448	
17.010211.00.01.30	SANCO	25.000	25.000	18.885	
17.010211.00.02.20	SANCO	2.048.000	2.048.000	1.233.810	
17.010211.00.02.40	SANCO	156.955	156.954	29.872	
17.010211.00.03	SANCO	2.597.331	2.597.331	1.188.267	
17.010211.00.04	SANCO				
17.010211.00.05	SANCO	2.060	2.058	2.058	
17.010211.00.06	SANCO	249.721	249.721	136.724	
<b>Total</b>		<b>9.026.066</b>	<b>9.026.064</b>	<b>5.602.065</b>	<b>100%</b>

**Annex 3 Financial Reports - DG SANCO - Financial Year 2013****Table 1 : Commitments****Table 2 : Payments****Table 3 : Commitments to be settled****Table 4 : Balance Sheet****Table 5 : Economic Outturn Account****Table 6 : Average Payment Times****Table 7 : Income****Table 8 : Recovery of undue Payments****Table 9 : Ageing Balance of Recovery Orders****Table 10 : Waivers of Recovery Orders****Table 11 : Negotiated Procedures (excluding Building Contracts)****Table 12 : Summary of Contracts (excluding Building Contracts)****Table 13 : Building Contracts****Table 14 : Contracts declared Secret**

**Additional comments**

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2013 (in Mio €)					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
<b>Title 02 Enterprise</b>					
02	02 01	Administrative expenditure of the `Enterprise- policy area	0,24	0,24	99,74 %
	02 03	Internal market for goods and sectoral policies	2,32	2,21	95,22 %
<b>Total Title 02</b>			2,56	2,45	95,64%
<b>Title 17 Health and consumer protection</b>					
17	17 01	Administrative expenditure of the `Health and consumer protection- policy area	25,31	25,22	99,65 %
	17 02	Consumer policy	5,21	5,17	99,30 %
	17 03	Public health	194,88	190,52	97,76 %
	17 04	Food and feed safety, animal health, animal welfare and Plant health	253,20	248,89	98,30 %
<b>Total Title 17</b>			478,60	469,80	98,16%
<b>Title 26 Commission's administration</b>					
26	26 01	Administrative expenditure of the `Commission-s administration- policy area	0,70	0,49	69,75 %
<b>Total Title 26</b>			0,70	0,49	69,75%
<b>Total DG SANCO</b>			481,86	472,73	98,11 %

\* Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g.

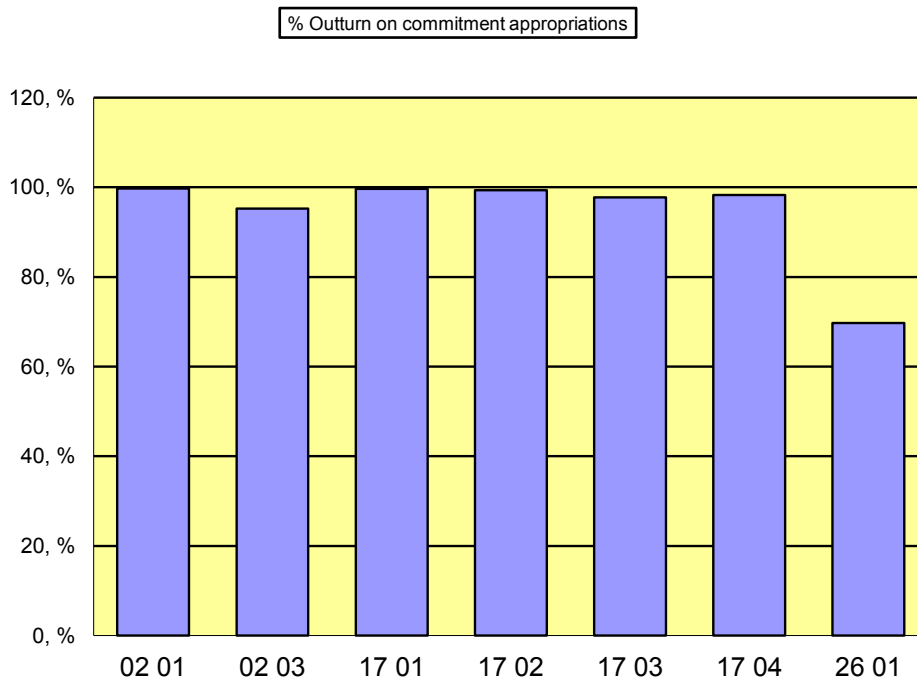
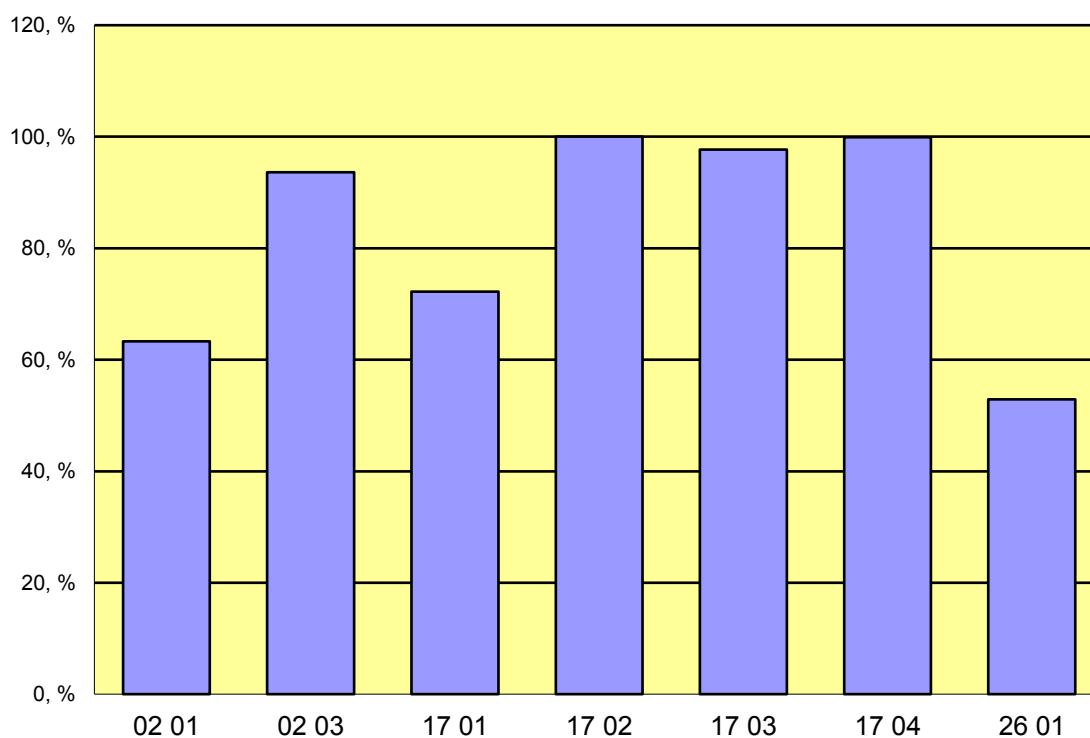


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2013 (in Mio €)					
Chapter			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
<b>Title 02 Enterprise</b>					
02	02 01	Administrative expenditure of the `Enterprise- policy area	0,52	0,33	63,32 %
	02 03	Internal market for goods and sectoral policies	1,70	1,59	93,60 %
<b>Total Title 02</b>			2,22	1,92	86,49%
<b>Title 17 Health and consumer protection</b>					
17	17 01	Administrative expenditure of the `Health and consumer protection-policy area	32,38	23,38	72,21 %
	17 02	Consumer policy	5,25	5,25	100,00 %
	17 03	Public health	190,72	186,27	97,67 %
	17 04	Food and feed safety, animal health, animal welfare and Plant health	229,40	229,13	99,88 %
<b>Total Title 17</b>			457,75	444,03	97,00%
<b>Title 26 Commission's administration</b>					
26	26 01	Administrative expenditure of the `Commission-s administration-policy area	0,87	0,46	52,88 %
<b>Total Title 26</b>			0,87	0,46	52,88%
<b>Total DG SANCO</b>			460,84	446,41	96,87 %

\* Payment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous payment appropriations for the period (e.g. internal and external assigned revenue).

=" % Outturn on payment appropriations "

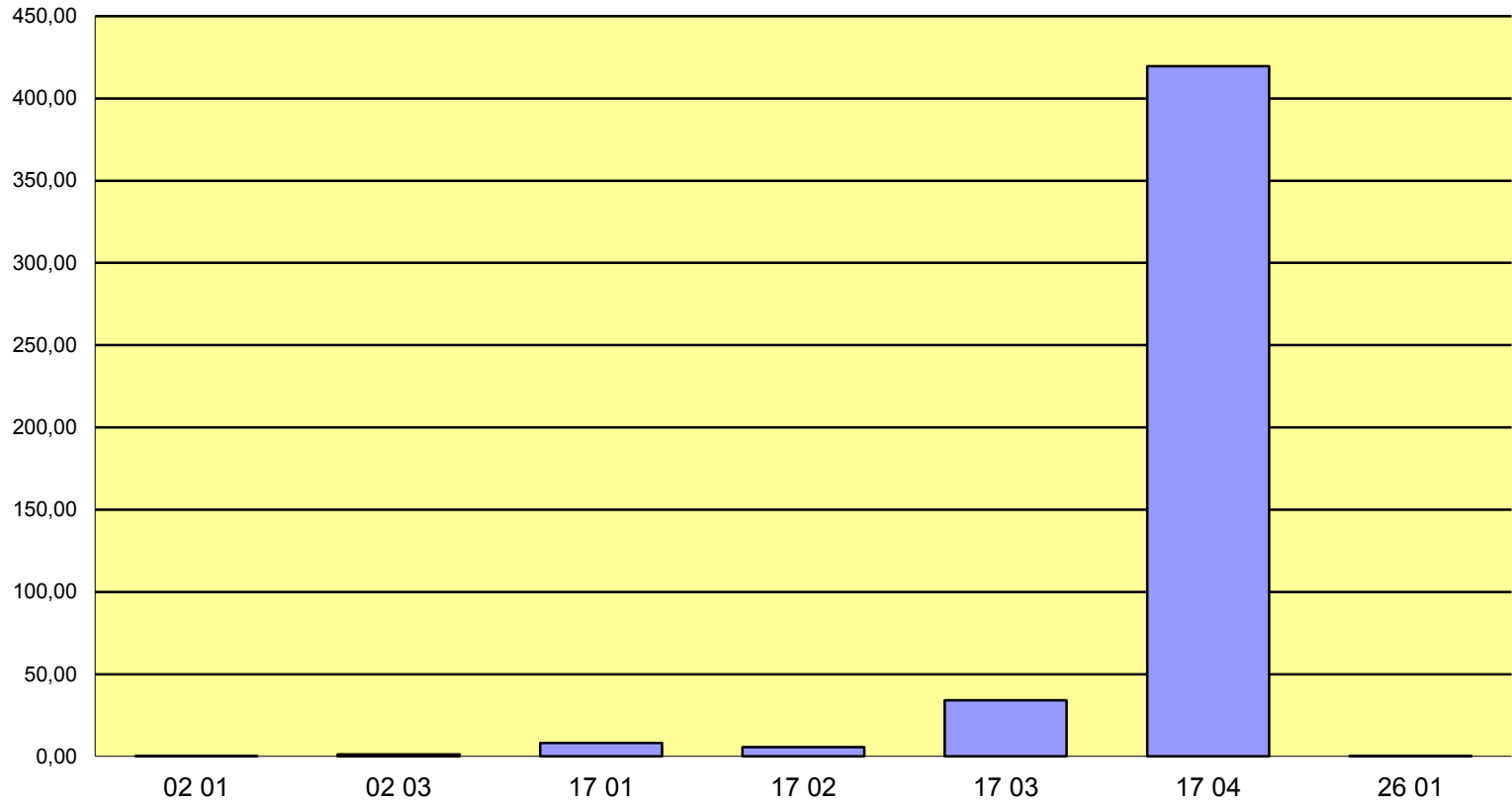


**TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2013 (in Mio €)**

Chapter			2013 Commitments to be settled				Commitments to be settled from financial years previous to 2013	Total of commitments to be settled at end of financial year 2013(incl corrections)	Total of commitments to be settled at end of financial year 2012(incl. corrections)
			Commitments 2013	Payments 2013	RAL 2013	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
<b>Title 02 : Enterprise</b>									
02	02 01	Administrative expenditure of the `Enterprise-policy area	0,24	0,10	0,14	59,08 %	-	0,14	0,28
	02 03	Internal market for goods and sectoral policies	2,21	1,11	1,10	49,64 %	0,11	1,21	0,65
<b>Total Title 02</b>			2,45	1,21	1,24	50,57%	0,11	1,35	0,93
<b>Title 17 : Health and consumer protection</b>									
17	17 01	Administrative expenditure of the `Health and consumer protection- policy area	25,22	17,07	8,15	32,33 %	-	8,15	7,09
	17 02	Consumer policy	5,17	1,48	3,69	71,33 %	1,87	5,56	6,31
	17 03	Public health	190,52	172,52	18,00	9,45 %	16,07	34,07	37,10
	17 04	Food and feed safety, animal health, animal welfare and Plant health	248,89	17,64	231,25	92,91 %	188,38	419,64	443,39
<b>Total Title 17</b>			469,80	208,71	261,09	55,58%	206,33	467,42	493,88
<b>Title 26 : Commission's administration</b>									
26	26 01	Administrative expenditure of the `Commission-s administration- policy area	0,49	0,31	0,18	37,43 %	-	0,18	0,17
<b>Total Title 26</b>			0,49	0,31	0,18	37,43%	-	0,18	0,17
<b>Total DG SANCO</b>			472,73	210,22	262,51	55,53 %	206,44	468,95	494,99



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



**TABLE 4 : BALANCE SHEET**

<b>BALANCE SHEET</b>	<b>2013</b>	<b>2012</b>
<b>A.I. NON CURRENT ASSETS</b>	<b>19.612.514,86</b>	<b>20.503.013,67</b>
A.I.1. Intangible Assets	240.852,06	383,98
A.I.2. Property, plant and equipment	19.062.572,53	20.502.629,69
A.I.5. LT Pre-Financing	309.090,27	
<b>A.II. CURRENT ASSETS</b>	<b>18.209.540,14</b>	<b>18.276.758,22</b>
A.II.1. Inventories	10.424.500,00	10.324.500,00
A.II.2. Short-term Pre-Financing	6.473.390,08	5.592.442,55
A.II.3.2. Current Receivables and Recove	1.301.577,18	2.348.906,65
A.II.5. Cash and Cash Equivalentents	10.072,88	10.909,02
<b>ASSETS</b>	<b>37.822.055,00</b>	<b>38.779.771,89</b>
<b>P.II. NON CURRENT LIABILITIES</b>	<b>(14.242.605,06)</b>	<b>(16.209.639,68)</b>
P.II.2. Long-term provisions	-	-
P.II.4. Other long-term Liabilities	(14.242.605,06)	(16.209.639,68)
<b>P.III. CURRENT LIABILITIES</b>	<b>(229.354.946,62)</b>	<b>(281.201.988,29)</b>
P.III.2. Short-term provisions	(7.581.724,78)	(3.397.664,64)
P.III.4. Accounts Payable	(221.773.221,84)	(277.804.323,65)
<b>LIABILITIES</b>	<b>(220.787.423,09)</b>	<b>(297.411.627,97)</b>
<b>NET ASSETS (ASSETS less LIABILITIES)</b>	<b>(182.965.368,09)</b>	<b>(258.631.856,08)</b>

P.I.2. Accumulated Surplus / Deficit**	22.810.128,59	-
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Non-allocated central (surplus)/deficit*	182.965.368,09	258.631.856,08
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<b>TOTAL</b>	<b>0,00</b>	<b>0,00</b>
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It should be noted that the balance sheet and economic outturn account presented in Annex 3 to this Annual Activity Report, represent only the (contingent) assets, (contingent) liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and economic outturn account they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

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

\*\* The amount of Accumulated Surplus / Deficit is only displayed at the Directorate General Level as of 2013.

**TABLE 5 : ECONOMIC OUTTURN ACCOUNT**

<b>ECONOMIC OUTTURN ACCOUNT</b>	<b>2013</b>	<b>2012</b>
II.1 SURPLUS/ DEF. FROM OPERATING ACTIVIT	374.544.206,21	463.905.954,91
II.1.1. OPERATING REVENUES	188.829,77	1.368.892,91
II.1.1.2. Other operating revenue	188.829,77	1.368.892,91
II.1.2. OPERATING EXPENSES	374.355.376,44	462.537.062,00
II.1.2.1. Administrative Expenses	22.917.997,64	20.047.672,87
II.1.2.2. Operating Expenses	351.437.378,80	442.489.389,13
II.2. SURPLUS/DEF. NON OPERATING ACTIVIT	255.125,79	225.115,64
II.2.1. FINANCIAL OPERATIONS	255.125,79	225.115,64
II.2.1.1. Financial revenue	(98.110,32)	(187.198,04)
II.2.1.2. Financial expenses	353.236,11	412.313,68
<b>ECONOMIC OUTTURN ACCOUNT</b>	<b>374.799.332,00</b>	<b>464.131.070,55</b>



**TABLE 6: AVERAGE PAYMENT TIMES FOR 2013 - DG SANCO**

<b>Legal Times</b>							
<b>Maximum Payment Time (Days)</b>	<b>Total Number of Payments</b>	<b>Nbr of Payments within Time Limit</b>	<b>Percentage</b>	<b>Average Payment Times (Days)</b>	<b>Nbr of Late Payments</b>	<b>Percentage</b>	<b>Average Payment Times (Days)</b>
30	1745	1708	97,88 %	15,97	37	2,12 %	43,65
45	385	351	91,17 %	20,75	34	8,83 %	110,41
60	8	8	100,00 %	24,75			
90	32	29	90,63 %	43,62	3	9,38 %	103,67

<b>Total Number of Payments</b>	<b>2170</b>	<b>2096</b>	<b>96,59 %</b>		<b>74</b>	<b>3,41 %</b>	
<b>Average Payment Time</b>	<b>19,22</b>			<b>17,18</b>			<b>76,76</b>

<b>Target Times</b>							
<b>Target Payment Time (Days)</b>	<b>Total Number of Payments</b>	<b>Nbr of Payments within Target Time</b>	<b>Percentage</b>	<b>Average Payment Times (Days)</b>	<b>Nbr of Late Payments</b>	<b>Percentage</b>	<b>Average Payment Times (Days)</b>
20	17	14	82,35 %	14,14	3	17,65 %	22,33
30	1732	1609	92,90 %	16,85	123	7,10 %	59,19
75	7	6	85,71 %	25,5	1	14,29 %	79

<b>Total Number of Payments</b>	<b>1756</b>	<b>1629</b>	<b>92,77 %</b>		<b>127</b>	<b>7,23 %</b>	
<b>Average Payment Time</b>	<b>19,86</b>			<b>16,85</b>			<b>58,47</b>

<b>Suspensions</b>							
<b>Average Report Approval Suspension</b>	<b>Average Payment Suspension Days</b>	<b>Number of Suspended Payments</b>	<b>% of Total Number</b>	<b>Total Number of Payments</b>	<b>Amount of Suspended Payments</b>	<b>% of Total Amount</b>	<b>Total Paid Amount</b>
8	129	279	12,86 %	2170	80.630.661,24	18,70 %	431.200.046,77

<b>Late Interest paid in 2013</b>			
<b>DG</b>	<b>GL Account</b>	<b>Description</b>	<b>Amount (Eur)</b>
SANCO	65010100	Interest on late payment of charges New FR	1 781,04
			<b>1 781,04</b>

**TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2013**

Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	
52	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	171.543,74	24,39	171.568,13	171.543,74	24,39	171.568,13	-
57	OTHER CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH THE ADMINISTRATIVE OPERATION OF THE INSTITUTION	2.118.391,31	-	2.118.391,31	1.874.250,50	-	1.874.250,50	244.140,81
59	OTHER REVENUE ARISING FROM ADMINISTRATIVE MANAGEMENT	550.625,58	-	550.625,58	550.625,58	-	550.625,58	-
60	CONTRIBUTIONS TO UNION PROGRAMMES	69.323,00	-	69.323,00	69.323,00	-	69.323,00	-
66	OTHER CONTRIBUTIONS AND REFUNDS	5.262.766,28	669.603,61	5.932.369,89	5.252.782,03	468.971,48	5.721.753,51	210.616,38
<b>Total DG SANCO</b>		<b>8.172.649,91</b>	<b>669.628,00</b>	<b>8.842.277,91</b>	<b>7.918.524,85</b>	<b>468.995,87</b>	<b>8.387.520,72</b>	<b>454.757,19</b>

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

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2013  Year of Origin (commitment)	Error		No error / irregularity		TOTAL Qualified		TOTAL RC(incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2005	1	8.007,87			1	8.007,87	1	8.007,87	100,00%	100,00%
2006	3	120.498,28	1	487.001,81	3	120.498,28	4	607.500,09	75,00%	19,84%
2007	6	607.791,82			6	607.791,82	6	607.791,82	100,00%	100,00%
2008	10	682.956,06	1	9.832,86	10	682.956,06	11	692.788,92	90,91%	98,58%
2009	6	496.241,52			6	496.241,52	6	496.241,52	100,00%	100,00%
2010	6	271.742,24			6	271.742,24	6	271.742,24	100,00%	100,00%
2011	1	3.458,35	4	175.408,07	1	3.458,35	5	178.866,42	20,00%	1,93%
2012	1	252.792,00	12	4.792.781,40	1	252.792,00	13	5.045.573,40	7,69%	5,01%
2013			2	11.407,55			2	11.407,55		
<b>Sub-Total</b>	<b>34</b>	<b>2.443.488,14</b>	<b>20</b>	<b>5.476.431,69</b>	<b>34</b>	<b>2.443.488,14</b>	<b>54</b>	<b>7.919.919,83</b>	<b>62,96%</b>	<b>30,85%</b>

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		TOTAL Qualified		TOTAL RC(incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES												
NON ELIGIBLE IN COST CLAIMS	29	59.729.678,40					29	59.729.678,40	168	93.768.609,96	17,26%	63,70%
CREDIT NOTES	20	45.215,13					20	45.215,13	72	459.175,10	27,78%	9,85%
<b>Sub-Total</b>	<b>49</b>	<b>59.774.893,53</b>					<b>49</b>	<b>59.774.893,53</b>	<b>240</b>	<b>94.227.785,06</b>	<b>20,42%</b>	<b>63,44%</b>

<b>GRAND TOTAL</b>	<b>83</b>	<b>62.218.381,67</b>					<b>83</b>	<b>62.218.381,67</b>	<b>294</b>	<b>102.147.704,89</b>	<b>28,23%</b>	<b>58,52%</b>
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**TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2013 FOR SANCO**

	<b>Number at 01/01/2013</b>	<b>Number at 31/12/2013</b>	<b>Evolution</b>	<b>Open Amount (Eur) at 01/01/2013</b>	<b>Open Amount (Eur) at 31/12/2013</b>	<b>Evolution</b>
1998	1		-100,00 %	58.000,00		-100,00 %
2010	1	1	0,00 %	55.377,62	55.377,62	0,00 %
2011	1	1	0,00 %	318.871,06	145.254,51	-54,45 %
2012	2		-100,00 %	237.379,32		-100,00 %
2013		3			254.125,06	
	5	5	0,00 %	669.628,00	454.757,19	-32,09 %

**TABLE 10 : RECOVERY ORDER WAIVERS IN 2013 >= EUR 100.000**

	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments

<b>Total DG</b>	
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<b>Number of RO waivers</b>	
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**TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG SANCO - 2013****Procurement > EUR 60,000**

<b>Negotiated Procedure Legal base</b>	<b>Number of Procedures</b>	<b>Amount (€)</b>
Art. 134.1(b)	1	220.000,00
Art. 134.1(e)	1	78.225,00
<b>Total</b>	<b>2,</b>	<b>298.225,00</b>

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

<b>Internal Procedures &gt; € 60,000</b>		
<b>Procedure Type</b>	<b>Count</b>	<b>Amount (€)</b>
Exceptional Negotiated Procedure without publication of a contract notice (Art. 134 RAP)	2	298.225,00
Open Procedure (Art. 122.2 IR)	2	1.110.924,00
Open Procedure (Art. 127.2 RAP)	7	41.236.814,00
Restricted Procedure (Art. 127.2 RAP)	1	410.000,00
<b>TOTAL</b>	<b>12</b>	<b>43.055.963,00</b>

**Additional comments**

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**TABLE 13 : BUILDING CONTRACTS**

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

<b>Legal base</b>	<b>Contract Number</b>	<b>Contractor Name</b>	<b>Description</b>	<b>Amount (€)</b>

**No data to be reported**

**TABLE 14 : CONTRACTS DECLARED SECRET**

Total Number of Contracts :

Total amount :

Legal base	Contract Number	Contractor Name	Type of contract	Description	Amount (€)

**No data to be reported**

## ANNEX 4: Materiality criteria

The criteria used in DG SANCO for making reservations are based on the standing instructions for the preparation of Annual Activity Reports for 2013<sup>2</sup>. The concept of materiality provides the Director General who is the authorising officer by delegation with a basis for determining significant weaknesses that should be subject to a formal reservation to the declaration of assurance.

Thus, weaknesses leading to a reservation should fall within the scope of the declaration which covers a narrower area than the AAR itself:

- ⇒ The AAR includes an assessment of the results achieved by DG SANCO with the resources allocated. It is a "mirror" image of DG SANCO's Management Plan for 2010.
- ⇒ The declaration expresses the Director's General responsibilities conferred under the Charter for Authorising Officers by Delegation and is restricted to the following areas (i) control systems, (ii) sound financial management, and (iii) legality and regularity of transactions.

When defining whether a detected issue is material, DG SANCO assesses both qualitative and quantitative aspects:

### 1. Qualitative criteria

DG SANCO investigates the significance of any detected weakness and the expected potential for further weaknesses in qualitative terms by taking into account the nature and scope of the weakness, the possible impact of the weakness, as well as the existence of effective corrective actions.

#### *a) Significant repetitive errors*

Systematic errors caused by weaknesses in key controls and intentional misstatements are likely to entail a greater exposure to potential financial loss than random errors or faulty judgements.

In the context of grant management and certain procurements, the exposure to potential financial loss is highest with regard to errors in final payments. For errors in pre-financing payments, the risk is much lower because firstly, these funds remain the property of the EU and secondly, errors detected in pre-financing or interim payments can still be corrected at the final payment stage.

#### *b) Significant deficiencies in one of the control systems*

Identified weaknesses in the design or operation of internal controls of DG SANCO, final beneficiaries or Member States could significantly influence the appreciation of the Director's General Declaration.

This could be the case notably,

- if significant conflicts of interest existed;
- if personnel were unqualified;
- if the systems failed to provide complete and accurate information due to design flaws or misapplication of procedures;
- if appropriate verifications, approvals, reviews and audits of transactions and procedures were absent or largely insufficient or inadequate;
- if duties were not separated; or
- if controls were intentionally overridden and/or wilfully circumvented.

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<sup>2</sup> SEC(2013)584 of 12 October 2013

***c) Issues outlined by the European Court of Auditors (ECA) or the Internal Audit Service (IAS) or OLAF***

A critical observation made by the ECA, the IAS or OLAF could lead to a reservation,

- if the observation is made in an area covered by the Director's Declaration, and
- if the issue is not solved immediately during the reporting period, and
- if the impact is material (financial loss exceeding 2 % of the implemented budget concerned (ABB activity; see point 2 below).

***d) Significant reputational risks***

Besides a possible quantitative aspect of a reputational risk, its impact on the declaration of assurance is assessed mainly on the basis of qualitative criteria, such as sensitivity of the policy area concerned, high public interest or serious legislative concerns. It encompasses issues that could cause lasting damage to the Commission's image due, for example, to financial fraud inside DG SANCO or serious breaches on provisions of the Treaty, due to DG SANCO's activities.

## **2. Quantitative criterion**

In the framework of a transaction-based approach, DG SANCO considers that identified erroneous transactions which expose DG SANCO to an actual financial loss could lead to a reservation to the Director's General declaration under the following conditions:

- (1) A significant weakness described in the AAR parts 2 or 3 has been identified, and
- (2) The weakness affects at least one the areas of the declaration of assurance: (i) control systems, (ii) sound financial management, or (iii) legality and regularity of transactions, and
- (3) An actual financial loss or reputational issue has already occurred or is very likely to materialise, and
- (4) The amount has actually exceeded or is very likely to exceed the threshold of 2 % of the relevant payment budget actually implemented<sup>3</sup>, that means if the issue is not already corrected during the reporting period, for example by recovery orders or offsetting with future payments due.

For on-the-spot controls of payments, an error rate after corrective measures is called "residual error rate" and is calculated and measured against the 2% materiality criterion following the Commission's guidelines (SEC(2013)584):

- Errors found in ex-ante controls are typically corrected prior to the final payment.
- Errors found during ex-post controls (after the final payment) are typically corrected by recovery orders or occasionally by direct offsetting.
- When measuring against the 2% materiality level, the average residual error rate per ABB activity is calculated. The residual errors are calculated as detected errors minus corrected amounts. The average error rate is not representative and thus can not be extrapolated to all payments made in the same policy area. This is due to the fact that for selecting the sample of transactions to be controlled on the spot, DG SANCO applies a risk based and targeted approach rather than a random method that would comply with the criteria of samples' representativeness. The risk based approach is considered more cost-effective given the heterogeneity of DG SANCO's audit population. Therefore, the calculation of DG SANCO's average error rate is complemented by a qualitative analysis of the origin, nature and impact of the errors found in the audited sample before deciding whether or not the materiality threshold of 2% is exceeded.

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<sup>3</sup> The reference is the annual payment budget execution of DG SANCO's ABB activities, notably "Consumers", "Public Health" and "Food Safety, Animal Health & Welfare and Plant Health".

## ANNEX 5: Internal Control Template(s) for budget implementation (ICTs)

The table below shows **DG SANCO's 2013 commitment implementation** without credits managed by cross-delegations (EUR 3,0 million), the Executive Agency for Consumers, Health and Food (CHAF-EA, former EAHC, EUR 74,8 million) and without administrative support credits (EUR 4,1 million).

Type of budget implementation - direct management Commitments executed by DG SANCO		2013 € million		%	Number		Average € million	Control strategy
<b>Cost reimbursements to Member States</b> in the policy area Food and Feed  (Co-financing based on Council Decisions 2009/470/EC and 2000/29)	Animal disease eradication programmes	197,4			27 Member States	142 Programmes	1,4	Annex 5.1
	Veterinary emergency fund	8,0			11 Member States	16 "Emergency files"	0,5	
	Phytosanitary measures ("Solidarity fund")	8,2			5 Member States	7 "Solidarity files"	1,2	
	<b>Subtotal</b>		<b>213,6</b>	48%				
<b>Grants, direct management</b> (Heterogeneous types of grants not following the typical grant procedure of an open call for proposal)	Subsidies to Reference Laboratories	14,8			44 Reference Laboratories		0,3	./.
	Other "grants" to Member States	5,0			27 Member States	47 Commitments	0,1	
	Direct grants to international organisations (FAO, OIE, UPOV)	4,7			3 Organisations		1,6	
	<b>Subtotal</b>		<b>24,5</b>	5%				
	Direct grants to international organisations (WHO)	0,2	0,2		3 Organisations		0,2	
<b>Public procurement</b> (According to Title V of the Financial Regulation)	Consumer Affairs	4,3				49	0,1	Annex 5.2
	Public Health	12,4				138	0,1	
	Feed and Food	9,9				147	0,1	
	<b>Subtotal</b>		<b>26,6</b>	6%				
<b>Subsidies</b> to the operating budgets of regulatory and executive agencies	EFSA	78,1			4 Agencies	4 Subsidies	46,0	Annex 5.3
	ECDC	58,3						
	EMA	40,3						
	CHAF-EA (former EAHC)	7,2	<b>183,9</b>	41%				
<b>TOTAL commitments</b>		<b>448,8</b>	<b>100%</b>					

## ***Annex 5.1. Type of expenditure: cost reimbursements to Member States, direct management***

DG SANCO co-finances Member States' programmes for animal disease eradication and monitoring, veterinary emergency measures and phytosanitary measures through the reimbursement of eligible costs. In 2013, Council Decisions 2009/470/EC and 2000/29 were the basis for the corresponding expenditure.

The Council Decision lays down the requirements for Member States' participation in the funding of their annual programmes. It foresees that (see Articles 39 to 41):

- The Commission is assisted by the Standing Committee on the Food Chain and Animal Health (SCoFCHA) set up pursuant to Article 58 of Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002.
- Expenditure subject to funding under this Decision shall be managed directly by the Commission in accordance with Article 148(2) of the Financial Regulation (2003-2012).
- Every four years, the Commission shall submit to the European Parliament and to the Council a report on the animal health situation and cost-effectiveness of the implementation of programmes in the various Member States, including details of the criteria adopted.

**This annex presents in schematic form the characteristics of the main management and control systems put in place by DG SANCO.**

- ! Information on the costs and benefits of control is not always available for each single control stage, but for the process as a whole.
- ! Most of the benefits of control are non-quantifiable as they help ensure compliance and good quality of the funded actions which is impossible to quantify.
- ! For some control indicators, mere numbers and percentages do not give reliable information on the control effectiveness; only a qualitative analysis of the reasons behind the figures is relevant and useful.



Cost reimbursements to Member States				
Main risks	Mitigating controls	Control coverage	Costs and benefits of controls	Control indicators
<b>Stage 1a) Programming: legal base and annual invitation to Member States to submit applications;</b> <b>1b) Evaluating the national programmes and their EU funding</b> <i>Main control objectives: ensuring that the Commission selects the national programmes that contribute the most towards the achievement of the policy objectives (effectiveness); compliance (legality &amp; regularity); prevention of fraud (anti-fraud strategy)</i>				
a) There is a risk that the <b>eligibility, selection and award criteria</b> are not adequate to evaluate the proposed national programmes and to ensure that the policy objectives are achieved.	<ol style="list-style-type: none"> <li>1. Commission Decision 2008/341/EC of 25 April 2008 lays down the criteria for national programmes for the animal disease eradication, control and monitoring.</li> <li>2. To ensure consistency with these criteria, Commission Decision 2008/425/EC (amended by 2012/282) sets standard requirements for the applications by Member States to facilitate the process of submission, approval and assessment of progress during the implementation of the national programmes.</li> <li>3. DG SANCO provided standard electronic templates and application guidelines for the Member States' submissions; information meetings are held to explain the requirements.</li> <li>4. Each year, DG SANCO invites the Member States to submit their proposed annual programmes according to the rules and timeframes</li> </ol>	The risk is assessed as low as the selection and attribution criteria, the submission modalities and the list of eligible programmes are rather stable over the last few years. Thus, at the programming stage the controls on an annual basis are quite low. They are embedded in stages 1b), 3) and 4) below.	<b>Cost of control:</b> - Estimated staff costs for the update of the Commission Decisions on both the evaluation criteria and the submission rules  <b>Benefits of control:</b> As no significant errors are to be expected, the benefits are mainly administrative in nature and thus non-quantifiable in budgetary terms.	<b>Effectiveness indicators:</b> - Percentage of rejected programmes; percentage of modified amounts following the application of selection criteria ⇒ Target: qualitative analysis of reasons for rejections and adjustments in relation to priority diseases  <b>Efficiency indicators:</b> - Average cost of changes of the legislation on criteria and on submission rules: ⇒ Target: no costs during at least three years as the legislation should provide a stable basis for Member States.

## Cost reimbursements to Member States

Main risks	Mitigating controls	Control coverage	Costs and benefits of controls	Control indicators
<p>b) The main challenge is to fund only national programmes of <b>good quality to ensure a high impact on the achievement of the policy objectives at reasonable costs</b> and adequate requests for co-financing.</p>	<ol style="list-style-type: none"> <li>1. To ensure a high level of expertise in the evaluation exercise <ul style="list-style-type: none"> <li>- Each national programme (technical and financial parts) is assessed by DG SANCO competent staff of the Unit concerned;</li> <li>- External experts, selected through an open call for expression of interest, advise in the technical evaluation; DG SANCO provides a guidance document with checklists and templates on the evaluation procedure; conflict of interest declarations;</li> </ul> </li> <li>2. To ensure high quality and reasonable costs of the national programmes, <ul style="list-style-type: none"> <li>- DG SANCO competent staff requests to Member States additional information or modifications to improve their programmes if deemed necessary;</li> <li>- A recapitulative table of the suggested financing with comments is provided to the AOSD before giving feedback to Member States;</li> </ul> </li> <li>3. The draft final evaluation results are examined by the Standing Committee (SCoFCAH) which gives an opinion on the draft list of programmes and their funding to be approved by the Commission (see stage 2 on “contracting”).</li> </ol>	<ol style="list-style-type: none"> <li>1a. 100% vetting of external experts for technical expertise and independence;</li> <li>1b. 100% of national programmes are evaluated following a standard procedure (technical and financial parts);</li> <li>2. 100% supervision of work of external evaluators in DG SANCO</li> </ol>	<p><b>Cost of control:</b></p> <ul style="list-style-type: none"> <li>- Estimated staff costs for the evaluation of the national programmes and preparation of the SCoFCAH meeting(s);</li> <li>- Estimated costs of the appointed external experts and of the logistics for the evaluation;</li> </ul> <p><b>Benefits of control:</b> The evaluation of the proposed national programmes helps to ensure that national programmes are compliant with the legislation and of good quality. This control is a very significant to ensure value for money through improved quality, but the benefit is not quantifiable.</p>	<p><b>Effectiveness indicators:</b></p> <ul style="list-style-type: none"> <li>- Modifications made at the stage of evaluation and SCoFCAH <ul style="list-style-type: none"> <li>⇒ Target: qualitative analysis of reasons for rejections and modifications</li> </ul> </li> </ul> <p><b>Efficiency Indicators:</b></p> <ul style="list-style-type: none"> <li>- Evaluation procedure finalised on-time to allow a timely launch of the national programmes. <ul style="list-style-type: none"> <li>⇒ Target: 100% on time fixed in the legislation</li> </ul> </li> </ul>

Cost reimbursements to Member States				
Main risks	Mitigating controls	Control coverage	Costs and benefits of controls	Control indicators
<b>Stage 2 “Contracting”:</b> approving the national programmes and the EU financial contribution by Commission Decision <i>Main control objectives:</i> ensuring that the actions and funds allocation is optimal (best value for public money; effectiveness, economy, efficiency) and compliant (legality & regularity).				
<p>There is a risk that the national programmes approved by the Commission do not correspond to</p> <p>(a) the programmes and amounts agreed in SCoFAH and/or</p> <p>(b) the budgetary commitment.</p>	<ol style="list-style-type: none"> <li>1. Prior to the launch of the Commission’s interservice consultations for the Decision approving the programmes and their funding, DG SANCO runs an IntraSanco consultation;</li> <li>2. Based on SCoFAH opinion, competent staff in DG SANCO facilitates the Member States’ finalisation of their national programmes;</li> <li>3. DG SANCO manages the written procedure for the adoption and publication of the Commission Decision.</li> </ol>	<ol style="list-style-type: none"> <li>1. 100% of the national programmes undergo the IntraSanco and interservice consultation.</li> <li>2. 100% of national programmes modified as requested by DG SANCO;</li> </ol>	<p><b>Cost of control:</b></p> <ul style="list-style-type: none"> <li>- Estimated staff costs for managing the Commission decision process;</li> </ul> <p><b>Benefits of control:</b></p> <p>Compliance</p>	<p><b>Effectiveness indicators:</b></p> <ul style="list-style-type: none"> <li>- Sufficient time allowed in the consultation procedures               <ul style="list-style-type: none"> <li>⇒ Target: 1 week for IntraSanco</li> <li>⇒ Target: 10 days for interservice consultation</li> </ul> </li> <li>- Number of legal issues a/o negative opinions during the interservice consultation               <ul style="list-style-type: none"> <li>⇒ Target: 0</li> </ul> </li> </ul> <p><b>Efficiency Indicators:</b></p> <ul style="list-style-type: none"> <li>- Time between vote in SCoFAH and adoption of the Commission Decision (target: to meet the legal deadline of 30 November of the year N-1)               <ul style="list-style-type: none"> <li>⇒ Target: 100% on time</li> </ul> </li> </ul>

## Cost reimbursements to Member States

Main risks	Mitigating controls	Control coverage	Costs and benefits of controls	Control indicators
<p><b>Stage 3: Monitoring the implementation of national programmes and managing financial transactions</b></p> <p><i>Main control objectives: ensuring that the operational results or progress from the national programmes are of good quality and meet the objectives and conditions (effectiveness &amp; efficiency); ensuring that the related financial operations comply with regulatory and contractual provisions (legality &amp; regularity); prevention of fraud (anti-fraud strategy); ensuring appropriate accounting of the operations (reliability of reporting, safeguarding of assets and information).</i></p>				
<p>There is a risk that the national programmes' objectives are only partially achieved or not at all and/or that ineligible amounts are paid.</p>	<ol style="list-style-type: none"> <li>1. Commission Decision 2008/940 sets forth Member States' reporting requirements for each programme;</li> <li>2. Competent staff assess intermediate technical and financial reports for each programme and suggest reallocation if need be;</li> <li>3. Member States' present the results of their programmes to SCoFCAH;</li> <li>4. Annual technical and financial reports are assessed by competent staff prior to initiating payments;</li> <li>5. For a few riskier programmes, ex-ante financial on-the-spot controls are carried out; under certain circumstances, the final payment is postponed and only first tranches are paid;</li> <li>6. Payments follow DG SANCO's financial circuits with 1<sup>st</sup> and 2<sup>nd</sup> level financial verifications, authorisations and encodings in ABAC reviewed by DG BUDG;</li> <li>7. If deemed necessary, the file is referred to OLAF.</li> </ol>	<ol style="list-style-type: none"> <li>1 to 4. 100% covered by reporting requirements, monitored at the desk at interim and at final reporting stage (control depth depends on risk criteria);</li> <li>5. Further to a risk assessment, a small number of programmes is audited on the spot prior to the final payment.</li> <li>6. 100% of payments and ABAC encodings</li> <li>7. 100% if conditions are fulfilled</li> </ol>	<p><b>Cost of control:</b></p> <ul style="list-style-type: none"> <li>- Estimated staff costs for technical and financial monitoring of the Member States' programmes;</li> <li>- Estimated staff costs for ex-ante audit activity;</li> <li>- Mission costs for monitoring activities.</li> </ul> <p><b>Benefits of control:</b></p> <ul style="list-style-type: none"> <li>- Estimated value of financial corrections made during ex-ante controls of the final payment.</li> <li>- Estimated value of corrections made during 2<sup>nd</sup> level financial controls of the final payment.</li> </ul>	<p><b>Effectiveness indicators:</b></p> <ul style="list-style-type: none"> <li>- Number and amount of files concerned by the reallocation exercise ⇒ Target: qualitative analysis of reasons for reallocation (e.g. change in legislation or modifications of the programmes)</li> <li>- Estimated value of the financial corrections made during ex-ante controls of the final payment. ⇒ Target: &lt;2 %</li> <li>- Number of files referred to OLAF. ⇒ Target: 0</li> </ul> <p><b>Efficiency indicators:</b></p> <ul style="list-style-type: none"> <li>- Time between receipt of the Member States' final financial report and the Commission Decision on the payment ⇒ Target: 100% on time</li> <li>- Timely reallocation decision ⇒ Target: 100% on time</li> </ul>

## Cost reimbursements to Member States

Main risks	Mitigating controls	Control coverage	Costs and benefits of controls	Control indicators
<p><b>Stage 4: Ex-post controls</b>  <b>Main control objectives:</b>                      a) <i>Measuring the effectiveness of ex-ante controls by ex-post controls; detect and correct any error or fraud remaining undetected after the implementation ex-ante controls (legality &amp; regularity; anti-fraud strategy); addressing systemic weaknesses in the ex-ante controls, based on the analysis of the findings (sound financial management); ensuring appropriate accounting of the recoveries to be made (reliability of reporting, safeguarding of assets and information);</i>                      b) <i>Ensuring that the (audit) results from the ex-post controls lead to effective recoveries (legality &amp; regularity; anti-fraud strategy); Ensuring appropriate accounting of the recoveries made (reliability of reporting);</i>                      c) <i>Monitoring disease eradication activities in Member States to improve the cost-benefit ratio of animal eradication programmes.</i></p>				
<p>a) There is a risk that ex-ante controls at the desk fail to prevent, detect and correct erroneous payments or attempted fraud and that these <b>issues become apparent only during ex-post on-the-spot controls.</b></p>	<p>1a. DG SANCO's ex-post control strategy aims at optimising the control impact through a risk based selection of national programmes to be audited and a sufficient audit coverage to lower the residual error rate;</p> <p>1b. The ex-post control strategy and the work plan are adopted annually by DG SANCO's Audit Committee;</p> <p>2. Ex-post controls are carried out by competent staff or external audit services independent of the policy Unit and according to professional standards; the audit programmes foresee anti-fraud measures;</p> <p>3. All audit reports undergo a contradictory procedure within DG SANCO and with the auditees (i.e. Member States).</p> <p>4. If deemed necessary, the file is referred to OLAF.</p>	<ul style="list-style-type: none"> <li>- Risk based audit sample;</li> <li>- 60% minimum audit coverage to maximise audit correction</li> </ul>	<p><b>Cost of control:</b></p> <ul style="list-style-type: none"> <li>- Estimated staff costs for ex-post controls;</li> <li>- Estimated mission costs for ex-post controls;</li> <li>- Cost of external audit services.</li> </ul> <p><b>Benefits of control:</b></p> <ul style="list-style-type: none"> <li>- Value of the financial corrections made during ex-post controls.</li> </ul>	<p><b>Effectiveness indicators:</b></p> <ul style="list-style-type: none"> <li>- Detected error rate ⇒ Target: decreasing trend</li> <li>- Residual error rate in ABB activity ⇒ Target: &lt; 2%</li> <li>- Number of files referred to OLAF. ⇒ Target: 0</li> </ul> <p><b>Efficiency indicators:</b></p> <ul style="list-style-type: none"> <li>- Time between audit visit and finalisation of audit report not exceeding the internal deadlines ⇒ Target: 100% on time</li> <li>- Implementation of the annual ex-post control work plan ⇒ Target: 100%</li> <li>- Ratio of average cost of one audit to average audit correction ⇒ Target: &lt; 100%</li> </ul>

### Cost reimbursements to Member States

Main risks	Mitigating controls	Control coverage	Costs and benefits of controls	Control indicators
b) There is a risk that the <b>detected errors</b> , irregularities or suspicions of fraud are <b>not addressed adequately and in a timely manner</b> .	<ol style="list-style-type: none"> <li>1. Systematic communication and registration of all results of ex-post controls</li> <li>2. Financial and operational validation of recovery orders or additional payments following DG SANCO's financial circuit</li> </ol>	<ol style="list-style-type: none"> <li>1. 100% of final control results;</li> <li>2. 100% 2<sup>nd</sup> level financial control of recovery orders</li> </ol>	<p><b>Cost of control:</b></p> <ul style="list-style-type: none"> <li>- Estimated staff costs for the implementation of control results;</li> </ul> <p><b>Benefits of control:</b></p> <ul style="list-style-type: none"> <li>- Amount of actually corrected errors.</li> </ul>	<p><b>Effectiveness indicators:</b></p> <ul style="list-style-type: none"> <li>- Audit results implemented; ⇒ Target: 100%</li> </ul> <p><b>Efficiency Indicators:</b></p> <ul style="list-style-type: none"> <li>- "Time to recover" from final audit report to debit note; ⇒ Target: 100% on time</li> </ul>
c) The main challenge is to <b>ensure a high impact on the achievement of the policy objectives at reasonable costs</b> .	<ol style="list-style-type: none"> <li>1. Indicators defined by DG SANCO with experts to evaluate the implementation and management of eradication programmes, the effectiveness of the measures implemented and to measure progress or the deficiency in a specific area. The results of previous years are checked by disease, Member State and programme.</li> <li>2. For specific diseases a task force sub-group has been created to give technical advice to the design and implementation of a programme .</li> </ol>	<ol style="list-style-type: none"> <li>1. All national programmes covered.</li> <li>2. Depending on the disease;</li> </ol>	<p><b>Cost of control:</b></p> <ul style="list-style-type: none"> <li>- Estimated staff costs for monitoring;</li> </ul> <p><b>Benefits of control:</b></p> <p>The evaluation of the proposed national programmes helps to ensure that national programmes are compliant with the legislation and of good quality. This control is a very significant to ensure value for money through improved quality, but the benefit is not quantifiable.</p>	<p><b>Effectiveness indicators:</b></p> <ul style="list-style-type: none"> <li>- Percentage of recommendations of the task force implemented by Member States; ⇒ Target: 100%</li> <li>- Evolution of the progress measured by DG SANCO staff: achievement of the objectives of the programmes (for eradication, control and monitoring) in relation to the evolution of the disease in previous years ⇒ Target: positive trend</li> </ul> <p><b>Efficiency Indicators:</b></p> <ul style="list-style-type: none"> <li>- Ratio of average cost of monitoring to estimated EU funding better allocated (see benefit); ⇒ Target: &lt; 100%</li> </ul>

## ***Annex 5.2. Type of expenditure: procurement, direct management***

Following the transfer of implementation tasks to the Executive Agency for Consumers, Health and Food (CHAF-EA, former EAHC), public procurement in relation to the Public Health and Consumer programmes as well as the procurement procedure for the initiative “Better Training for Saver Food” (BTSF) is managed by the agency. Consequently, the number of contracts managed by DG SANCO is very limited: In 2013,

- EUR 4,3 million were committed in 2013 for four Pilot Projects and Preparatory Actions;
- EUR 0,45 million for four studies;
- A total of 6 new contracts concluded in 2013 above EUR 60.000.
- By far most of the procurement procedures are based on framework contracts of DG SANCO or another DG, in particular DG DIGIT. DG SANCO buys mainly services in the area of data collection, evaluation, training, information campaigns, IT and communication services, facilities management etc. The contractors are mainly institutes, laboratories, consultancy firms and other private companies.

**This annex presents in schematic form the characteristics of the main management and control systems put in place by DG SANCO.**

- ! Information on the costs and benefits of control is available for the entire control process, but not always for each single control stage.
- ! Most of the benefits of control are non-quantifiable as they help ensure compliance and good quality of the funded actions which is impossible to quantify.
- ! For some control indicators, mere numbers and percentages do not give reliable information on the control effectiveness; only a qualitative analysis of the reasons behind the figures is relevant and useful. Not all indicators listed in the tables below were monitored in 2013. Information will become available in 2014 thanks to the centralisation of procurement procedures in DG SANCO.

Procurement				
Main risks	Mitigating controls	Control coverage	Costs and benefits of controls	Control indicators
<b>Stage 1a) Programming: legal base</b> <b>1b) Needs assessment and definition of needs</b> <b>1c) Selection of the offers and evaluation</b> <i>Main control objectives: ensuring sound financial management (i.e. effectiveness, efficiency and economy); compliance (legality &amp; regularity); prevention of fraud (anti-fraud strategy)</i>				
<p>a) There is a risk that the <b>needs are not well defined</b> (operationally and economically) and that the decision to procure is inappropriate to meet the operational objectives. Poor planning or inadequate organisation of the procurement procedure could entail delays or interruptions of services leading to an underachievement of the policy objectives.</p>	<ol style="list-style-type: none"> <li>For operational credits in each policy area, a detailed annual work programme is adopted by the Commission specifying the areas for which calls for tenders or calls for proposals will be organised; it constitutes a financing decision.</li> <li>Planned external studies are listed in a register kept by Secretariat General.</li> <li>Each call for tenders fixes the maximum value of a contract based on a pricing methodology.</li> <li>The timing and organisation of a procurement procedure is supervised by the Authorising Officer responsible.</li> <li>Timing is monitored and planning updated through budget implementation reports prepared by the central financial Unit for discussions in Management meetings at least two times a year.</li> </ol>	<ol style="list-style-type: none"> <li>100% of calls for tender are covered by a Commission financing decision.</li> <li>100% of external studies are listed in a special register at the level of the Secretariat General.</li> <li>All calls for tender are based on a pricing methodology (depth depending on feasibility).</li> <li>4-5. All public procurements in the annual work programmes approved by Management</li> </ol>	<p><b>Cost of control:</b></p> <ul style="list-style-type: none"> <li>Estimated staff costs for programming and planning.</li> </ul> <p><b>Benefits of control:</b></p> <ul style="list-style-type: none"> <li>Amount of rejection of unjustified purchases or services discontinued.</li> </ul>	<p><b>Effectiveness indicators:</b></p> <ul style="list-style-type: none"> <li>Number of tender procedures finalised on time. ⇒ Target: 100%</li> <li>Number of planned studies not retained in the register of Secretariat General. ⇒ Target: 0%</li> <li>Depth of price calculation using the pricing methodology (according to template) ⇒ Target: 100% in-depth</li> </ul> <p><b>Efficiency indicators:</b></p> <ul style="list-style-type: none"> <li>Timely launch of procurement procedures as specified in the annual work programmes ⇒ Target: 100%</li> </ul>



Procurement				
Main risks	Mitigating controls	Control coverage	Costs and benefits of controls	Control indicators
<p>b) There is a risk that the best bids are not submitted due to a <b>poor definition of tender specifications</b>, exclusion, selection and award criteria or insufficient publication of the tender.</p>	<ol style="list-style-type: none"> <li>To ensure a high level of expertise in drafting the tender specifications, DG SANCO competent staff of the policy Units write the specifications with the support of financial staff;</li> <li>DG SANCO uses templates for terms of reference, exclusion and selection criteria that follow the Commission guidelines;</li> <li>The central procurement committee (CMP) reviews the tender specifications prior to publication for certain sensitive procurements and on special request of the policy Unit.</li> <li>The tender specifications are validated by the Authorising Officer responsible who launches the publication of the tender in pre-defined means.</li> </ol>	<ol style="list-style-type: none"> <li>Tender specifications are drafted in the Units concerned with central support on request (depth of the support depending on needs).</li> <li>100% where applicable</li> <li>Central ex-ante review of tender specifications for "Preparatory Actions" and "Pilot Projects".</li> <li>100% validation by Authorising Officer.</li> </ol>	<p><b>Cost of control:</b></p> <ul style="list-style-type: none"> <li>Estimated staff costs for drafting tender specifications</li> </ul> <p><b>Benefits of control:</b></p> <ul style="list-style-type: none"> <li>Value of a contract, possibly at 100% if significant errors occurred.</li> <li>Benefit of "best value for money" is non-quantifiable as quality aspect is impossible to quantify in an objective, meaningful and reliable way.</li> </ul>	<p><b>Effectiveness indicators:</b></p> <ul style="list-style-type: none"> <li>Number of open calls for tenders for which no offer is received. <ul style="list-style-type: none"> <li>⇒ Target: 0%</li> </ul> </li> <li>Number of cancellations of open tender procedures. <ul style="list-style-type: none"> <li>⇒ Target: 0%</li> </ul> </li> <li>For open calls for tender, number of requests for clarifications, complains or litigation regarding open tenders in relation to offers received <ul style="list-style-type: none"> <li>⇒ Target: negative trend /benchmark (to be defined)</li> </ul> </li> </ul> <p><b>Efficiency indicators:</b></p> <ul style="list-style-type: none"> <li>Timeliness of procurement procedures relative to DG SANCO internal rules</li> </ul>

Procurement				
Main risks	Mitigating controls	Control coverage	Costs and benefits of controls	Control indicators
<p>c) There is a risk that the most economically advantageous offer is not selected due to a <b>biased, erroneous or 'unfair' evaluation process</b>. If procedures are not correctly followed, DG SANCO could be facing possible litigation and /or reputational damage.</p>	<ol style="list-style-type: none"> <li>1. Opening and evaluation procedures are formalised, implemented and documented; members of committees are appointed by the Authorising Officer responsible.</li> <li>2. Persons involved in the formal procedures sign declarations of absence of conflict of interest.</li> <li>3. Bidders are checked against exclusion and selection criteria published with the tender specifications.</li> <li>4. The central procurement committee examines tender procedures &gt; €130.000 and gives an independent opinion to the Authorising Officer responsible.</li> <li>5. The Authorising Officer responsible validates the evaluation results and takes the award decision.</li> <li>6. After the award decision, a standstill period of two weeks applies in certain procedures before the contract is signed to give unsuccessful tenderers the opportunity to raise concerns.</li> </ol>	<ol style="list-style-type: none"> <li>1. 100% of tender procedures are documented; for 100% of tender procedures &gt; €60.000 committees are formally appointed.</li> <li>2. 100% of evaluators.</li> <li>3. 100% of bidders checked</li> <li>4. 100% of tender procedures above €130.000.</li> <li>5. 100% validated</li> <li>6. 100% when conditions are fulfilled</li> </ol>	<p><b>Cost of control:</b></p> <ul style="list-style-type: none"> <li>- Estimated staff costs in the evaluation process</li> </ul> <p><b>Benefits of control:</b></p> <ul style="list-style-type: none"> <li>- Value of a contract, possibly at 100% if significant errors occurred.</li> <li>- Benefit of "best value for money" is non-quantifiable as quality aspect is impossible to quantify in an objective, meaningful and reliable way.</li> </ul>	<p><b>Effectiveness indicators:</b></p> <ul style="list-style-type: none"> <li>- Number of valid complaints, Ombudsman case or litigations received. ⇒ Target: 0%</li> <li>- Number of cancellations of open tender procedures. ⇒ Target: 0%</li> </ul> <p><b>Efficiency indicators:</b></p> <ul style="list-style-type: none"> <li>--Ratio of average cost of control to value of successfully finalised tender <i>procedures (due to centralisation from 2014, first figures available in 2015)</i></li> </ul>

Procurement				
Main risks	Mitigating controls	Control coverage	Costs and benefits of controls	Control indicators
<p><b>Stage 2: Monitoring of the implementation of the contract and financial transactions</b></p> <p><i>Main control objectives: ensuring that the implementation of the contract is compliant with the signed contract and that the purchased products or services are of good quality and meet the contract's objectives and conditions (effectiveness &amp; efficiency); ensuring that the related financial operations comply with regulatory and contractual provisions (legality &amp; regularity); prevention of fraud (anti-fraud strategy); ensuring appropriate accounting of the operations (reliability of reporting, safeguarding of assets and information).</i></p>				
<p>There is a risk that the purchased products or services are not provided in accordance with the technical requirements and/or that the contractor fails to deliver within the set schedule and price range.</p>	<ol style="list-style-type: none"> <li>1. The contract provisions follow the model contract of the Commission;</li> <li>2. Competent staff monitors the implementation of the contract and the progress made (frequency and depth depending on the size and sensitivity of the contract);</li> <li>3. Technical implementation reports are assessed and validated prior to initiating payments;</li> <li>4. DG SANCO makes use of contractual provisions for refusing technical reports, cutting payments, termination of the contract, penalties etc.</li> <li>5. Financial checks prior to payment are carried out according to DG SANCO's financial circuits with 1<sup>st</sup> and 2<sup>nd</sup> level financial verifications, authorisations and encodings in ABAC;</li> <li>6. If deemed necessary, the file is referred to OLAF.</li> </ol>	<ol style="list-style-type: none"> <li>1 to 4. 100% covered by model contracts, monitoring of progress, financial circuits with assessment and validation of technical and financial reports (control depth depends on risk criteria);</li> <li>5. 100% if conditions are fulfilled</li> </ol>	<p><b>Cost of control:</b></p> <ul style="list-style-type: none"> <li>- Estimated staff costs for monitoring and financial transactions;</li> <li>- Mission costs for monitoring activities.</li> </ul> <p><b>Benefits of control:</b></p> <ul style="list-style-type: none"> <li>- Estimated value of the financial corrections made during ex-ante controls of the final payment.</li> <li>- Benefit of "best value for money" is non-quantifiable as quality aspect is impossible to quantify in an objective, meaningful and reliable way.</li> </ul>	<p><b>Effectiveness indicators:</b></p> <ul style="list-style-type: none"> <li>- Estimated value of the financial corrections made during ex-ante controls of the final payment. ⇒ Target: &lt; 2%</li> </ul> <p><b>Efficiency indicators:</b></p> <ul style="list-style-type: none"> <li>- Time-to-pay (target: maximum 30 or 60 days as the case may be) ⇒ Target: 100% on time</li> <li>- Rate of late interest or damage payments to total value of all procurement contracts ⇒ Target: 0%</li> </ul>

Procurement				
Main risks	Mitigating controls	Control coverage	Costs and benefits of controls	Control indicators
<b>Stage 3: Supervisory measures</b> <i>Main control objectives: Measuring the effectiveness of ex-ante controls by supervisory controls; ensuring to detect and correct any error or fraud remaining undetected after the implementation ex-ante controls (legality &amp; regularity; anti-fraud strategy); addressing systemic weaknesses in the ex-ante controls, based on the analysis of the findings (sound financial management); ensuring appropriate accounting of the recoveries to be made (reliability of reporting, safeguarding of assets and information);</i>				
<p>There is a risk that ex-ante controls at the desk fail to prevent, detect and correct errors in procurement procedures or attempted fraud and that these <b>issues become apparent only ex-post during supervisory checks.</b></p>	<ol style="list-style-type: none"> <li>1. DG SANCO's ex-post control strategy includes procurement contacts of exceptionally high amounts or other high risks; the audit work programme foresees anti-fraud measures</li> <li>2. DG SANCO's internal audit capability includes in its mid-term audit plan audits or reviews of procurement procedures; the audit engagements foresee anti-fraud measures;</li> <li>3. Ex-post publication of the contractor; studies are published in a Commission register;</li> <li>4. The management of sensitive functions is centralised to ensure independent analysis and judgment.</li> <li>5. Exceptions and internal control weaknesses are reported and analysed.</li> <li>6. If deemed necessary, the file is referred to OLAF.</li> </ol>	<ol style="list-style-type: none"> <li>1. Risk based audit sample (no minimum audit coverage foreseen as only on exceptional basis);</li> <li>2. Risk based audit plan</li> <li>3. 100% (depth varies with type of contract)</li> <li>4. High risk operations</li> <li>5. 100% of financial procedures</li> <li>6. 100% if conditions are fulfilled</li> </ol>	<p><b>Cost of control:</b></p> <ul style="list-style-type: none"> <li>- Estimated staff costs for ex-post controls, internal audits and other supervisory controls;</li> <li>- Estimated mission costs for audits or other controls;</li> <li>- Cost of external audit services.</li> </ul> <p><b>Benefits of control:</b></p> <ul style="list-style-type: none"> <li>- Value of the financial corrections made during ex-post audits or controls.</li> <li>- Number of weaknesses corrected.</li> </ul>	<p><b>Effectiveness indicators:</b></p> <ul style="list-style-type: none"> <li>- Detected error rate ⇒ Target: decreasing trend</li> <li>- Residual error rate ⇒ Target: &lt; 2%</li> <li>Ratio of corrected control weaknesses to total detected weaknesses in procurement procedures ⇒ Target: 100%</li> </ul> <p><b>Efficiency indicators:</b></p> <ul style="list-style-type: none"> <li>- Time between audit visit and finalisation of audit report not exceeding the internal deadlines ⇒ Target: 100% on time</li> <li>- Implementation of the annual work plans of audit and ex-post control on procurement ⇒ Target: 100%</li> <li>- Average cost per audit to average amount of audit correction ⇒ Target: &gt; 100%</li> </ul>

### ***Annex 5.3. Type of expenditure: budget entrusted to other services and entities***

This Annex is divided into two parts: one that shows DG SANCO's control strategy related to the executive agency and one related to EU agencies for which DG SANCO is "parent".

No control strategy is provided for cross-delegated funds to other Directors-General given that they are Authorising Officers by Delegation themselves and required to implement the appropriations subject to the same rules, responsibilities and accountability arrangements as DG SANCO. According to the cross-delegation agreements that DG SANCO signed with the authorising officers responsible, they report annually on the use made of the delegated appropriations.

#### **1. DG SANCO transferred and cross-delegated budget implementation tasks**

In 2013, DG SANCO managed financial operations under the following three policy areas: Consumer Affairs, Public Health and Food and Feed Safety. The table below shows that DG SANCO entrusted the Consumers, Health and Food Executive Agency (CHAF-EA, former EAHC) with the implementation of about 22% of the budget; cross-delegations were given to authorising officers of other DGs for about 1% of the total credits. DG SANCO itself implemented about 77% of the total budget (for the latter see DG SANCO's control strategies in Annexes 5.1 and 5.2 above).

Policy area	2013 budget implemented by (EUR million)			Total	Policy share
	CHAF-EA	Other DGs	DG SANCO		
Food and Feed	14,6	0,9	249,5	265,0	76%
Public Health	42,5	1,1	14,1	57,7	17%
Consumer Affairs	17,7	0,8	5,5	24,0	7%
<b>TOTAL</b>	<b>74,8</b>	<b>2,8</b>	<b>269,1</b>	<b>346,7</b>	<b>100%</b>
Implementation share	22%	1%	77%	100%	

In addition, DG SANCO finances in full the running costs of CHAF-EA through the payment of a subsidy of EUR 7,2 million to the executive agency's operating budget. The Director of the agency implements the agency's operating budget as authorising officer according to the standard financial regulation applicable to an executive agency. This means that the Director is accountable for the regularity and legality of this expenditure and is himself subject to the discharge decision of the Parliament.

The Act of Delegation specifies the agency's management tasks and duties, including internal control and risk management systems, and modalities on reporting relevant and reliable control results to the Commission. The Act of Delegation also specifies DG SANCO's scrutiny rights and obligations, including documentary and on-the-spot checks and audits at the agency.

- ! DG SANCO's control strategy for the executive agency encompasses both the delegated EU funds and the subsidy payments to the executive agency's operating budget as for both transactions the same internal control system applies.
- ! For some control indicators, mere numbers and percentages do not give reliable information on the control effectiveness; only a qualitative analysis of the reasons behind the figures is relevant and useful. Not all indicators listed in the tables below were monitored in 2013. Information will become available in 2014 thanks to a reinforced central contact point for the agency in DG SANCO.

1. Delegated budget implementation tasks to the executive agency				
Main risks	Mitigating controls	Control coverage	Costs/benefits of controls	Control indicators
<b>Stage 1. "Mandate of the entrusted entity": establishment, prolongation or adjustment of the delegation act of the executive agency</b>				
<i>Main control objectives: ensuring that the legal framework for the management of the relevant funds is fully compliant and regular (legality &amp; regularity), delegated to an appropriate entity (best value for public money, economy, efficiency), without any conflicts of interests (anti-fraud strategy)</i>				
There is a risk that the <b>establishment (or prolongation) of the mandate of the executive agency</b> is affected by legal issues, which would undermine the legal basis for the agency's management of the EU funds transferred to it.	<p>The legal framework ("statute") for executive agencies is laid down by Council Regulation (EC) 58/2003.</p> <ol style="list-style-type: none"> <li>1. A cost-benefit study is carried out prior to both the establishment and the prolongation of the agency's mandate.</li> <li>2. The Member State Committee for executive agencies approves the Commission's proposals for establishing an agency and prolonging its mandate.</li> <li>3. DG SANCO follows the Commission's models for the decisions on establishment and task delegation to the agency.</li> <li>4. DG SANCO manages the interservice consultations and publications of the Commission Decisions.</li> </ol>	<p><b>100% in-depth</b> controls at each stage on DG SANCO's and DG BUDG's side</p> <p><b>Frequency:</b></p> <ul style="list-style-type: none"> <li>- Once in 2004-2005 when the agency was established;</li> <li>- 2013 when the mandate of the agency was prolonged from 2014 to 2020</li> </ul>	<p><b>Cost of control:</b> Estimated SANCO staff costs for technical, financial and legal preparation of the agency's mandate, approval by the Member State Committee and adoption by the Commission</p> <p><b>Benefits of control:</b> The total budget amount delegated to the agency per year possibly at 100% if significant legal errors occurred.</p>	<p><b>Effectiveness and efficiency indicators:</b></p> <ul style="list-style-type: none"> <li>Number of legal issues a/o negative opinions during the interservice consultation ⇒ Target: 0</li> <li>- Quality of the legal work not challenged by auditors or OLAF. ⇒ Target: 0</li> <li>- Timely adoption of all necessary legal acts for the extension of the agency ⇒ Target: before 1 January 2014</li> </ul>

## 1. Delegated budget implementation tasks to the executive agency

Main risks	Mitigating controls	Control coverage	Costs/benefits of controls	Control indicators
<p><b>Stage 2. Readiness assessment of the executive agency's control framework towards autonomy</b></p> <p><i>Main control objectives: ensuring that the entrusted entity is fully prepared to start/continue implementing the delegated funds autonomously respecting the five control objectives set forth in the Financial Regulation: (i) legality and regularity, (ii) sound financial management, (iii) true and fair view reporting, (iv) safeguarding assets and information, (v) anti-fraud strategy.</i></p>				
<p>There is a risk that the <b>financial and control framework deployed by the executive agency</b> is not fully mature to guarantee that the control objectives are met.</p>	<ol style="list-style-type: none"> <li>1. DG SANCO carried out an ex-ante assessment of the agency's internal control system prior to granting full budget autonomy in 2007. This exercise was not repeated as the subsequent prolongations and amendments of the agency's mandate did not require a substantial change to the agency's control systems.</li> <li>2. According to the Act of Delegation, the agency submits to DG SANCO for approval any substantial change in its manuals and procedures, in its model grant agreements and procurement contracts. This is done through the Steering Committee.</li> </ol>	<ol style="list-style-type: none"> <li>1. <b>100% in-depth</b> control once when the agency was set up</li> <li>2. Each request for substantial change is examined in-depth.</li> </ol> <p><b>Frequency:</b></p> <ul style="list-style-type: none"> <li>- Once in 2005-2006 when the agency gained autonomy;</li> </ul>	<p><b>Cost of control:</b> Not applicable per year and not in 2013 as estimated staff costs for ex-ante assessment only once when agency is established;</p> <p><b>Benefits of control:</b> The total budget amount delegated to the agency per year possibly at 100% if significant legal errors occurred.</p>	<p><b>Effectiveness indicators:</b> Granting budget autonomy without significant delay ⇒ Target: Not applicable per year and not in 2013 (agency gained full autonomy in 2007)</p> <p><b>Efficiency Indicators:</b> - Time between establishment of the agency and granting of autonomy ⇒ Target: 100% on time according to internal planning <i>(comment: not applicable in 2013 as agency gained full autonomy in 2007)</i></p>

## 1. Delegated budget implementation tasks to the executive agency

Main risks	Mitigating controls	Control coverage	Costs/benefits of controls	Control indicators
<p><b>Stage 3: Operations: DG SANCO's monitoring and supervision ("control with the executive agency")</b></p> <p><i>Main control objectives: ensuring that DG SANCO is fully and timely informed of any relevant management issues encountered by the executive agency, in order to possibly mitigate any potential financial and/or reputational impacts;</i></p>				
<p>There is a risk that DG SANCO is not (timely) informed of <b>relevant management issues encountered by the executive agency</b>, and/or that DG SANCO does not react upon notified issues timely and adequately; this could reflect negatively on the Commission's reputation.</p>	<p>The Act of Delegation specifies the agency's management tasks and duties, including internal control and risk management systems, and modalities on reporting relevant and reliable control results to the Commission.</p> <p>The Act of Delegation also specifies DG SANCO's scrutiny rights and obligations, including documentary and on-the-spot checks and audits at the agency.</p> <ol style="list-style-type: none"> <li>1. Regular meetings between the agency and DG SANCO are held at the level of the Units concerned to ensure the necessary co-ordination of activities;</li> <li>2. Guidelines for the day-to-day co-ordination between DG SANCO and the agency are established; where necessary, they are complemented by specific guidelines for certain delegated tasks;</li> <li>3. The Steering Committee, chaired by DG SANCO, meets four times a year and adopts (i) the agency's annual work programme, after approval by the Commission, and (ii) the draft administrative budget, including the establishment plan, after adoption of the general EU budget by the budgetary</li> </ol>	<p><b>Coverage:</b> 100% of the agency's activities monitored and supervised.</p> <p><b>Depth of control:</b> risk based; DG SANCO has full access to the agency's internal control information, if need be.</p> <p><b>Frequency:</b> quarterly, annually and in day-to-day contacts as deemed necessary;</p>	<p><b>Cost of control:</b></p> <ul style="list-style-type: none"> <li>- Estimated SANCO staff costs for monitoring and supervising the agency's activities;</li> <li>- Mission costs for monitoring activities.</li> </ul> <p><b>Benefits of control:</b></p> <p>The total budget amount delegated to the agency per year possibly at 100% if significant legal errors occurred.</p>	<p><b>Effectiveness indicators:</b></p> <ul style="list-style-type: none"> <li>--Regular programme meetings between the agency and DG SANCO at operational level ⇒ Target: to be defined per delegated programme</li> <li>- Number of "exception reports" to the guidelines on the co-operation between DG SANCO and the agency ⇒ Target: 0</li> <li>- Steering Committee meetings with adequate quorum for voting ⇒ Target: 4 times a year</li> <li>- Reported monitoring issues, supervisory control failures and/or exception reports relative to DG SANCO's monitoring of and co-operation with the agency; ⇒ Target: qualitative analysis of reasons for the reported issues</li> <li>- Budget execution rates of the operational budget transferred to the agency ⇒ Target: 99% for commitments; 98% for payments</li> <li>- Director's annual report on control results and error rates endorsed by Steering Committee prior to finalisation of DG SANCO's Annual Activity Report ⇒ Target: qualitative analysis</li> </ul>



### 1. Delegated budget implementation tasks to the executive agency

Main risks	Mitigating controls	Control coverage	Costs/benefits of controls	Control indicators
	<p>authority;</p> <p>4. The agency reports quarterly to the Steering Committee and to the operational Units concerned on the achievement of objectives, budget implementation, audit and control issues;</p> <p>5. DG SANCO's central financial Unit reports at least quarterly on the implementation of the budget delegated to the agency;</p> <p>6. The agency's Annual Activity Report follows the Commission's instructions, is adopted by the Steering Committee and published as annex to DG SANCO's Annual Activity Report;</p> <p>7. If deemed necessary, issues are referred to OLAF.</p>			<p><b>Efficiency indicators:</b></p> <ul style="list-style-type: none"> <li>- Timely adoption by the Steering Committee of the agency's annual work programme and administrative budget (target: December N-1 at the latest) ⇒ Target: 100% on time</li> <li>- Ratio of annual supervision costs to annual operational budget delegated and subsidy paid to the annual administrative budget of the agency. ⇒ Target: Commission benchmark (not yet available)</li> </ul>

## 1. Delegated budget implementation tasks to the executive agency

Main risks	Mitigating controls	Control coverage	Costs/benefits of controls	Control indicators
<b>Stage 4: Audit and evaluation, discharge</b> <i>Main control objectives: ensuring that independent sources provide DG SANCO with information which may confirm or contradict the management reporting received from the agency itself.</i>				
<p>There is a risk that DG SANCO does not get sufficient <b>information from independent sources on the executive agency's management achievements</b>, which prevents drawing conclusions on the assurance for the delegated budget and paid subsidy; this might reflect negatively on the Commission's reputation.</p>	<ol style="list-style-type: none"> <li>1. The Internal Audit Service of the Commission (IAS) is the internal auditor of the agency and has the same rights and obligations towards the agency as towards DG SANCO;</li> <li>2. The agency's implementation of the operational budget, is included in the scope of the European Court of Auditors' annual audits on the Commission (DAS on the Commission);</li> <li>3. Every year, the European Court of Auditors audits the accounts and transactions of the agency's administrative budget and issues a declaration of assurance (DAS on the CHAF-EA); DG SANCO monitors the agency's follow-up on the Court's recommendations;</li> <li>4. Every year, the agency undergoes the discharge procedures; DG SANCO monitors the agency's follow-up on the recommendations made by the discharge authorities</li> <li>5. Every three years, an external evaluation is carried out and the report published.</li> </ol>	<p><b>Coverage:</b> 100% of the agency's activities audited and evaluated.</p> <p><b>Depth of control:</b> risk based; auditors have full access to the agency's internal control information.</p> <p><b>Frequency:</b></p> <ul style="list-style-type: none"> <li>- Regularly by the IAS;</li> <li>- Annually by the Court of Auditors;</li> <li>- Every three years by external evaluators</li> </ul>	<p><b>Cost of control:</b></p> <ul style="list-style-type: none"> <li>- Estimated SANCO staff costs for follow-up on audit matters;</li> </ul> <p><b>Benefits of control:</b> The total budget amount delegated to the agency per year possibly at 100% if significant legal errors occurred.</p>	<p><b>Effectiveness indicators:</b></p> <ul style="list-style-type: none"> <li>- DG SANCO's analysis of critical and very important audit findings of internal and external auditors ⇒ Target: all analysed and discussed</li> <li>- Percentage of critical and very important audit recommendations implemented by the agency; ⇒ Target: 100%</li> <li>- Court of Auditors' assurance on the accounts and administrative budget ⇒ Target: positive assurance ⇒ Target: 100% of Court's recommendations implemented</li> <li>- Discharge authorities grant discharge to the agency; ⇒ Target: discharge granted ⇒ Target: 100% of recommendations of the discharge authorities implemented</li> </ul> <p><b>Efficiency indicators:</b></p> <ul style="list-style-type: none"> <li>- Cost-benefit analysis (ex-ante) concluding positively on the cost-benefit ratio of the delegation of tasks to the agency</li> <li>- External evaluation (ex-post, every three years) concluding positively on (i) the agency's impact in terms of service delivery and (ii) the cost-benefit ratio of the delegation of tasks to the agency.</li> </ul>

## 1. Delegated budget implementation tasks to the executive agency

Main risks	Mitigating controls	Control coverage	Costs/benefits of controls	Control indicators
<p><b>Stage 5: DG SANCO's transfer of the operational budget and payment of the subsidy</b></p> <p><i>Main control objectives: ensuring that DG SANCO fully assesses the management situation at the executive agency, before either paying out the (next) contribution for the operational and/or operating budget to the agency or deciding to cut, suspend or interrupt the (next) contribution (legality &amp; regularity, sound financial management, anti-fraud strategy)</i></p>				
<p>There is a risk that DG SANCO pays out the (next) contribution to the executive agency, while not being aware of management issues that may lead to financial and/or reputational damage.</p>	<ol style="list-style-type: none"> <li>1. Operational budget management transferred to the agency by DG SANCO: <ul style="list-style-type: none"> <li>- The tasks and funds to be transferred to the agency for the implementation of a policy programme are specified in the annual work programme of the EU programme; DG SANCO supervises the agency's implementation of these tasks and funds through the measures described in stage 3 above;</li> <li>- DG SANCO's central financial Unit reports at least quarterly on the implementation of the budget delegated to the agency;</li> </ul> </li> <li>2. During the Draft Budget procedure, DG SANCO announces the future budgetary needs for the running costs of the agency; the financial statement prepared at the creation/extension of the agency presents the administrative budget and establishment plan for the lifetime of the agency.</li> <li>3. DG SANCO pays the annual subsidy to the agency's administrative budget in several instalments:</li> </ol>	<p><b>Coverage:</b> 100% of the agency's budget implementation (operational and administrative) is monitored.</p> <p><b>Depth of control:</b> risk based; DG SANCO has full access to the agency's internal control information, if need be.</p> <p><b>Frequency:</b> Operational budget: monthly, quarterly, annually Administrative budget: annually</p>	<p><b>Cost of control:</b></p> <ul style="list-style-type: none"> <li>- Estimated SANCO staff costs for budget and finance in central financial Unit;</li> </ul> <p><b>Benefits of control:</b> The total budget amount delegated to the agency per year possibly at 100% if significant legal errors occurred.</p>	<p><b>Effectiveness indicators:</b></p> <ul style="list-style-type: none"> <li>Number of reported monitoring issues, incidences of payment suspensions or reductions and/or exception reports relative to DG SANCO's transfer of budget management and payment of the subsidy to the agency; <ul style="list-style-type: none"> <li>⇒ Target: qualitative analysis of reasons for the reported issues</li> </ul> </li> <li>- Budget execution rates of the operational budget transferred to the agency <ul style="list-style-type: none"> <li>⇒ Target: 99% for commitments; 98% for payments</li> </ul> </li> <li>- Ratio of recovery of the positive budgetary outturn of year N (plus until 2013 interest to subsidy paid in year N-1)</li> <li>- Number of files referred to OLAF. <ul style="list-style-type: none"> <li>⇒ Target: 0</li> </ul> </li> </ul> <p><b>Efficiency indicators:</b></p> <ul style="list-style-type: none"> <li>- Time-to-pay (target: maximum 30 days) <ul style="list-style-type: none"> <li>⇒ Target: 100% on time</li> </ul> </li> </ul>

**1. Delegated budget implementation tasks to the executive agency**

Main risks	Mitigating controls	Control coverage	Costs/benefits of controls	Control indicators
	<ul style="list-style-type: none"> <li>- An instalment is paid on request of the agency based on a cash forecast for the rest of the year;</li> <li>- Financial checks prior to payment are carried out according to DG SANCO's financial circuits with 1<sup>st</sup> and 2<sup>nd</sup> level financial verifications, authorisations and encodings in ABAC;</li> <li>4. On the basis of the agency's final accounts audited by the Court of Auditors, DG SANCO recovers - if applicable – the unspent amounts of the instalments paid to the agency (and until 2013 interest earned);</li> <li>5. If deemed necessary, DG SANCO refers issues to OLAF.</li> </ul>			

## **2. DG SANCO paid subsidies to the operating budgets of EU agencies**

As in previous years, in 2013, DG SANCO was responsible for four EU agencies of which three received an annual subsidy from the EU budget. While the Director-General of DG SANCO is accountable for the legality and regularity of the commitments and payments of the subsidies to the agencies, accountability for the regularity and legality of this expenditure resides ultimately with the agencies themselves. The Director of the agency implements the agency's operating budget as authorising officer according to the financial regulation adopted by the agency. This means that the Director is accountable for the regularity and legality of this expenditure and is himself subject to the discharge decision of the Parliament.

- **European Centre for Disease Prevention and Control (ECDC)** located in Stockholm, Sweden<sup>4</sup> (*Budget 2013: total sum of human resources 303; EU funding 100%: EUR 58,3 million*)  
ECDC works to prevent disease outbreaks and to react quickly and effectively to minimise their impact. To this end, ECDC operates dedicated surveillance networks, provides scientific opinions, operates the early warning and response system (EWRS) and provides scientific and technical assistance and training.
- **European Food Safety Authority (EFSA)** in Parma, Italy<sup>5</sup> (*Budget 2013: total sum of human resources 481; EU funding 100%: EUR 78,1 million*)  
EFSA provides independent scientific opinions and scientific and technical advice on food and feed safety.
- **European Medicines Agency (EMA)** in London, UK<sup>6</sup> (*Budget 2013: total sum of human resources 751; EU funding 17%: EUR 40,3 million*)  
EMA evaluates and supervises medicines for human and veterinary use; it provides the Member States and the institutions of the European Union with independent scientific advice on medicinal products for human or veterinary use. EMA's 2013 revenues amounted to EUR 240,4 million and stem to a large extent from fees.
- **Community Plant Variety Office (CPVO)** in Angers, France<sup>7</sup> (*Budget 2013: total sum of human resources 48; EU funding 0%: EUR 0 million*)  
CPVO supports the innovative patenting of new plant varieties throughout the EU; it decides on applications for Community plant variety rights on the basis of a formal examination and a technical examination of the candidate variety. CPVO does not receive any EU subsidies; its 2013 revenues amounted to EUR 13,1 million and stem almost exclusively from fees.

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<sup>4</sup> ECDC was established by Regulation (EC) No 851/2004 of the European Parliament and of the Council of 21 April 2004; OJ L 142/1, 30.4.2004.

<sup>5</sup> EFSA was established by Regulation (EC) No 178/2002 of the European Parliament and of the Council; OJ L 31/1 of 1.2.2002.

<sup>6</sup> EMA was established by Council Regulation (EEC) No 2309/93, which was replaced by Regulation (EC) No 726/2004 of the European Parliament and of the Council; OJ L 214/1 of 24.8.1993 and (OJ L 136/1 of 30.4.2004).

<sup>7</sup> The CPVO was created by Council Regulation (EC) No 2100/94 of 27 July 1994 on Community plant variety rights; Official Journal L 227/1 of 01/09/1994.

## 2. Subsidy payments to EU agencies

Main risks	Mitigating controls	Control coverage	Costs/benefits of controls	Control indicators
<b>Stage 1. “Mandate of the agency”: founding regulation</b> <i>Main control objectives: ensuring that the legal framework for the management of the relevant funds is fully compliant and regular (legality &amp; regularity), that the agency spends the money as intended (best value for public money, economy, efficiency), without any conflicts of interests (anti-fraud strategy)</i>				
<p>There is a risk that the <b>establishment (or amendment) of the mandate of an EU agency</b> is affected by legal issues, which would undermine the legal basis for the agency’s management of the EU funds paid by DG SANCO to subsidise its running costs.</p>	<p>The legal framework of the EU agency is laid down in its founding regulation (see above) without expiry date. Amendments follow the Commission’s legislative procedures and, since July 2012 the “Common Approach”<sup>8</sup> laid down by the Interinstitutional working group on EU agencies, e.g.</p> <ul style="list-style-type: none"> <li>- An impact assessment is carried out prior to establishing an EU agency;</li> <li>- Standard provisions including appropriate legal provisions are used as a reference point when a new agency is created or when existing founding acts are revised on a case by case basis.</li> </ul> <ol style="list-style-type: none"> <li>1. In case of an establishment of an agency or an amendment of its founding regulation, DG SANCO manages the interservice consultations</li> <li>2. DG SANCO also manages all subsequent procedural steps (Council, Parliament, etc.) towards the adoption of the regulation.</li> </ol>	<p><b>100% in-depth</b> once in establishment phase;</p> <p><b>100% in-depth</b> case by case if amendment or review is foreseen</p>	<p><b>Cost of control:</b></p> <ul style="list-style-type: none"> <li>- Estimated SANCO staff costs involved in establishing an EU agency or the review or amendment of its founding regulation;</li> <li>- Cost for external service contract for impact assessment or cost-benefit analysis, evaluations</li> </ul> <p><b>Benefits:</b> The total annual budget amount paid as subsidy to the agency’s running costs possibly at 100% if significant legal errors occurred.</p>	<p><b>Effectiveness and efficiency indicators:</b></p> <ul style="list-style-type: none"> <li>Number of legal issues a/o negative opinions during interservice consultations ⇒ Target: 0</li> <li>- Quality of the legal work not challenged by auditors or OLAF ⇒ Target: 0</li> </ul>

<sup>8</sup> [http://europa.eu/about-eu/agencies/overhaul/index\\_en.htm](http://europa.eu/about-eu/agencies/overhaul/index_en.htm)

## 2. Subsidy payments to EU agencies

Main risks	Mitigating controls	Control coverage	Costs/benefits of controls	Control indicators
<p><b>Stage 2. Assessment of the agency's control framework and financial rules</b></p> <p><i>Main control objectives: ensuring that the entrusted entity is fully prepared to start/continue implementing the delegated funds autonomously respecting the five control objectives set forth in the Financial Regulation: (i) legality and regularity, (ii) sound financial management, (iii) true and fair view reporting, (iv) safeguarding assets and information, (v) anti-fraud strategy.</i></p>				
<p>There is a risk that the <b>financial and control framework deployed by the EU agency</b> is not fully mature to guarantee that the control objectives are met.</p>	<ol style="list-style-type: none"> <li>1. The agency's Management Board adopts provisions implementing the Staff Regulations based on the Commission's Staff Regulations. DG SANCO is consulted and monitors.</li> <li>2. The agency's Management Board adopts the financial regulation (FR) of the agency based on the Commission's "framework financial regulation" (FFR) for EU agencies. For implementing the FR, the agency adopts detailed rules with the Commission's prior consent; DG SANCO is consulted and monitors.</li> <li>3. Each agency adopts its rules of "independence" and "conflict of interest". DG SANCO actively monitors compliance with the Commission's guidelines on independence in DG SANCO's task force and co-operation with the agencies;</li> </ol>	<p><b>100% in-depth</b> per agency as need be, e.g. if amendments are to be made</p> <p><b>Frequency:</b> In 2013/2014, due to the new FFR and staff regulations</p>	<p><b>Cost of control:</b> Not applicable per year, but in 2013: estimated staff costs for DG SANCO's consulting and monitoring activities relative to the controls 1 to 3</p> <p><b>Benefits of control:</b> The total subsidy paid to the agency per year possibly at 100% if significant legal errors occurred.</p>	<p><b>Effectiveness and efficiency indicators:</b></p> <ul style="list-style-type: none"> <li>- EU agencies adopting their own control framework in compliance with the Commission's framework ⇒ Target: all agencies</li> <li>- EU agencies adopting their own rules of independence and conflict of interest compliant with the Commission's guidelines ⇒ Target: all agencies</li> </ul>

## 2. Subsidy payments to EU agencies

Main risks	Mitigating controls	Control coverage	Costs/benefits of controls	Control indicators
<b>Stage 3: Operations: DG SANCO's monitoring and supervision ("control with the EU agency")</b> <i>Main control objectives: ensuring that DG SANCO is fully and timely informed of any relevant management issues encountered by the executive agency, in order to possibly mitigate any potential financial and/or reputational impacts;</i>				
<p>There is a risk that DG SANCO is not (timely) informed of <b>relevant management issues encountered by the EU agency</b>, and/or that DG SANCO does not react upon notified issues timely and adequately; this could reflect negatively on the Commission's reputation.</p>	<ol style="list-style-type: none"> <li>1. A coordinating Unit in DG SANCO ensures a coherent approach towards all agencies and exchange of good practises following the "common vision paper on monitoring and supervision of decentralised agencies";</li> <li>2. Regular bilateral meetings take place aiming at ensuring efficient exchange of information and good co-operation at the level of (i) operational and financial Units and (ii) Directors/DDG/DG;</li> <li>3. The Management Board (MB) of an EU agency meets 3 to 4 times a year with participation of DG SANCO; it adopts the agency's annual budget and work programme as well as "strategy documents", e.g. on independence;</li> <li>4. The agency reports to its MB (DG SANCO being a member) on the achievement of objectives, budget implementation and all other important issues relating to operational and financial management and internal audit; in addition, if applicable, DG SANCO participates in the agency's Audit Committee meetings;</li> <li>5. After adoption by the MB, the agency publishes its annual report, final accounts and report on financial management;</li> <li>6. If need be, DG SANCO informs the Internal Audit Service (IAS), refers issues to OLAF or as member of the MB triggers the "warning system" (SG note to all DGs Ref. Ares(2013)231088 - 21/02/2013).</li> </ol>	<p><b>Coverage:</b> all of the agency's activities are monitored and supervised.</p> <p><b>Depth of control:</b> risk based; if need be, DG SANCO has access to the agency's internal control information</p> <p><b>Frequency:</b> depending on legal obligations of the agency (e.g. n° of MB meetings per year); working relations established with DG SANCO; on special request or in specific cases</p>	<p><b>Cost of control:</b></p> <ul style="list-style-type: none"> <li>- Estimated SANCO staff costs for monitoring and supervising the agency's activities;</li> <li>- Mission costs for monitoring activities.</li> </ul> <p><b>Benefits of control:</b> The total subsidy paid to the agency per year possibly at 100% if significant legal errors occurred.</p>	<p><b>Effectiveness indicators:</b></p> <ul style="list-style-type: none"> <li>- Regular meetings between the agency and DG SANCO at operational level ⇒ Target: to be defined with each agency</li> <li>- Management Board meetings with DG SANCO participation ⇒ Target: depends on the agency (about 3 to 4 times per year)</li> <li>- Number of reported monitoring issues, supervisory control failures relative to DG SANCO's monitoring of and co-operation with the agency; ⇒ Target: qualitative analysis of reasons for the reported issues</li> <li>- Relevance and reliability of control data reported by the agency ⇒ Target: qualitative analysis</li> </ul> <p><b>Efficiency indicators:</b></p> <ul style="list-style-type: none"> <li>- Ratio of annual supervision costs to annual subsidy paid to the agency. ⇒ Target: Commission benchmark (not yet available)</li> </ul>



## 2. Subsidy payments to EU agencies

Main risks	Mitigating controls	Control coverage	Costs/benefits of controls	Control indicators
<b>Stage 4: Audit and evaluation, discharge</b> <i>Main control objectives: ensuring that independent sources provide DG SANCO with information which may confirm or contradict the management reporting received from the agencies themselves.</i>				
<p>There is a risk that DG SANCO does not get sufficient <b>information from independent sources on the EU agency's management achievements</b>, which prevents drawing conclusions on the assurance for the subsidies paid to the agency; this might reflect negatively on the Commission's reputation.</p>	<ol style="list-style-type: none"> <li>1. The Internal Audit Service of the Commission (IAS) is the internal auditor of EU agencies and has the same rights and obligations towards EU agencies as towards the Commission;</li> <li>2. Every year, the European Court of Auditors audits the accounts and transactions of the agency and issues a declaration of assurance; DG SANCO monitors the agency's follow-up on the Court's recommendations;</li> <li>3. Every year, the agency undergoes the discharge procedure; DG SANCO monitors the agency's follow-up on the recommendations made by the discharge authorities</li> <li>4. All founding regulations foresee regular external evaluations of the agencies: <ul style="list-style-type: none"> <li>- EMA every 10 years (next in 2019);</li> <li>- EFSA every 6 years (next in 2017);</li> <li>- ECDC every 7 years (next in 2014).</li> </ul> </li> </ol>	<p><b>Coverage:</b> 100% of the agency's activities audited and evaluated.</p> <p><b>Depth</b> of control: risk based; auditors have full access to the agency's internal control information.</p> <p><b>Frequency:</b></p> <ul style="list-style-type: none"> <li>- Regularly by the IAS;</li> <li>- Annually by the Court of Auditors;</li> <li>- Frequency of external evaluations varies with the agencies</li> </ul>	<p><b>Cost of control:</b></p> <ul style="list-style-type: none"> <li>- Estimated staff costs for follow-up on audit matters;</li> </ul> <p><b>Benefits of control:</b></p> <p>The total amount of the subsidy paid to the agency per year possibly at 100% if significant legal errors occurred.</p>	<p><b>Effectiveness indicators:</b></p> <ul style="list-style-type: none"> <li>- DG SANCO's analysis of critical and very important audit findings of internal and external auditors and the agency's implementation of the audit findings ⇒ Target: all analysed and discussed</li> <li>- Court of Auditors' assurance on the accounts and operating budget ⇒ Target: positive assurance ⇒ Target: 100% of Court's recommendations implemented</li> <li>- Discharge authorities grant discharge to the agency; ⇒ Target: discharge granted ⇒ Target: 100% of recommendations of the discharge authorities implemented</li> </ul> <p><b>Efficiency indicators:</b></p> <ul style="list-style-type: none"> <li>- External evaluation concluding positively on the agency's activities</li> </ul>

## 2. Subsidy payments to EU agencies

Main risks	Mitigating controls	Control coverage	Costs/benefits of controls	Control indicators
<b>Stage 5: DG SANCO's payments of the subsidy</b> <i>Main control objectives: ensuring that DG SANCO fully assesses the management situation at the EU agency, before either paying out the (next) instalment of the subsidy to the agency or deciding to cut, suspend or interrupt the (next) payment (legality &amp; regularity, sound financial management, anti-fraud strategy)</i>				
<p>There is a risk that DG SANCO pays out the (next) instalment of the subsidy to the agency while not being aware of management issues that may lead to financial and/or reputational damage.</p>	<ol style="list-style-type: none"> <li>On the basis of the agency's annual budget and work programme adopted by the Management Board, DG SANCO pays the subsidy to the agency's administrative budget in several instalments: <ul style="list-style-type: none"> <li>An instalment is paid on request of the agency based on a cash forecast;</li> <li>Prior to the subsidy payment, financial checks are carried out according to DG SANCO's financial circuits with 1<sup>st</sup> and 2<sup>nd</sup> level financial verifications, authorisations and encodings in ABAC;</li> </ul> </li> <li>On the basis of the agency's final accounts audited by the Court of Auditors, DG SANCO recovers - if applicable – the unspent amounts of the instalments paid to the agency (and until 2013 interest earned);</li> </ol>	<p><b>Coverage:</b> 100% of DG SANCO's subsidy payments through the established financial circuits</p> <p><b>Depth of control:</b> risk based</p> <p><b>Frequency:</b> Administrative budget of the agency annually audited by the Court of Auditors</p>	<p><b>Cost of control:</b></p> <ul style="list-style-type: none"> <li>Estimated staff costs for budget and finance in central financial Unit;</li> </ul> <p><b>Benefits of control:</b></p> <p>The total subsidy paid to the agency per year possibly at 100% if significant legal errors occurred.</p>	<p><b>Effectiveness indicators:</b></p> <ul style="list-style-type: none"> <li>Number of reported monitoring issues, incidences of payment suspensions or reductions and/or exception reports relative to DG SANCO's subsidy payment to the agency; <ul style="list-style-type: none"> <li>⇒ Target: qualitative analysis of reasons for the reported issues</li> </ul> </li> <li>Ratio of recovery of the positive budgetary outturn of year N plus interest earned on subsidy paid in year N-1</li> <li>Number of files referred to OLAF. <ul style="list-style-type: none"> <li>⇒ Target: 0</li> </ul> </li> </ul> <p><b>Efficiency indicators:</b></p> <ul style="list-style-type: none"> <li>Time-to-pay (target: maximum 30 days) <ul style="list-style-type: none"> <li>⇒ Target: 100% on time</li> </ul> </li> </ul>

## **ANNEX 6: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission (if applicable)**

Not applicable

## **ANNEX 7: AARs of Executive Agencies (*if applicable*) and the EAMR of the Union Delegations (DG DEVCO only)**

See separate document.

## **ANNEX 8: Decentralised agencies (if applicable)**

See Annex 5.3

## ANNEX 9: Performance information included in evaluations

In this annex information should be given as to which planned evaluations<sup>9</sup> foreseen in the MP 2013 have been actually carried out in 2013. Also a key message on the main findings/ recommendations of each evaluation should be given. This Annex will feed into the Evaluation report required by Article 318 TFEU.

It should be noted that key evaluation findings have been generated in earlier years through the mid-term external evaluation exercises and that these have been integrated into the planning of the new health programme, the new consumer programme and the new Common Financial Framework for the food and feed programmes. However, the significant delay in the adoption of these programmes is hampering the operationalization - as yet - of many of the lessons learned. This obviously impacts on the verification of the progress in improving programme management.

<b>Title of the Evaluation: Evaluation of the implementation of the Strategy for Europe on Nutrition, Overweight and Obesity related health issues</b>	
ABB activity:	<i>Public Health</i>
Type of evaluation:	Expenditure programme (E)
Summary of performance related findings and recommendations:	<p>This action covers (a) analysing evidence based information on the implementation and achievements by Member States and the Commission of the Strategy from 2007 to 2013, (b) assessing the contribution from EU stakeholders, in particular within the EU Platform for Action on Diet, Physical Activity and Health, (c) assessing the contribution of EU policies, (d) assessing the Strategy's support to Member States, and (e) supporting the impact assessment process leading to the follow up to the Strategy.</p> <p><u>Main findings:</u></p> <ul style="list-style-type: none"> <li>• The Strategy and the various instruments to implement it have contributed to galvanising and inspiring efforts to address nutrition, overweight and obesity-related health issues.</li> <li>• The Commission has also set up numerous fora to facilitate engagement among other stakeholders.</li> <li>• The majority of initiatives at the EU as well as national levels have addressed nutrition and related issues to a greater extent than promoting physical activity.</li> <li>• The EU has contributed to addressing several key determinants of overweight, obesity and related health issues. Thus, progress has been made to a varying extent towards all of the objectives defined in the Strategy.</li> </ul> <p><u>Recommendations:</u></p> <ul style="list-style-type: none"> <li>• The EU should continue to play an active role and facilitate an integrated and holistic approach to policy in this area. Within its competence, it should continue to both pursue actions itself and seek to engage and build partnerships with other stakeholders, including Member States and the private sector.</li> </ul>

<sup>9</sup> Surveys, rolling reviews, data collection, public consultations, legal implementation reports or other types of studies do not qualify as evaluations and do not need to be taken up in this Annex.

	<ul style="list-style-type: none"> <li>• The Commission has a large role to play in setting the policy agenda and political priorities, and working to secure a groundswell of participation. At the same time, the Commission's efforts must be mirrored by requisite efforts on the behalf of Member States.</li> <li>• Existing instruments have addressed nutrition to a considerably greater extent than physical activity. In order to alleviate this disparity, the Commission could focus on raising the profile of nascent initiatives which do focus on physical activity, such as the Expert Group on Sport, Health and Participation, and fostering collaboration with the HLG and other existing fora.</li> <li>• Examples of SANCO actions envisaged: shifting the focus towards more systematic links between physical activity and nutrition, concentrate further on the health inequality dimension of NOAP policies, improve monitoring and data collection.</li> </ul>
Availability of the report on Europa:	<a href="http://ec.europa.eu/dgs/secretariat_general/evaluation/search/download.do?documentId=8341511">http://ec.europa.eu/dgs/secretariat_general/evaluation/search/download.do?documentId=8341511</a>

<b>Title of the Evaluation: Evaluation of the use and impact of the European Community Health Indicators ECHI by Member States</b>	
ABB activity:	<i>Public Health</i>
Type of evaluation:	Expenditure programme (E).
Summary of performance related findings and recommendations:	<p>The purpose of the Evaluation was twofold. First of all is to assess the extent to which the ECHI indicators have been used in the countries participating to the ECHIM Joint Action (JA), either to monitor and evaluate health policies or to assess the responsiveness and efficiency of health systems, or in other steps of the policy-making process. It involved an analysis of the limitations and possible reasons for non-use as well as of the driving forces behind their actual use.</p> <p><u>Main findings:</u></p> <ul style="list-style-type: none"> <li>• ECHI helped structuring the National Health Information systems and contributed to foster cross-country benchmarking. European Health Interview Survey-based ECHI brings added-value to national sources but some of them are however not useful for comparisons. European Health Examination Survey-based ECHI are not usable yet.</li> <li>• There is a relatively high but skewed knowledge of ECHI. The ECHI uptake in policymaking is also skewed even though ECHI individual indicators are often deemed as highly useful for policymaking.</li> <li>• ECHI individual indicators are generally widely used (ECHI has had a mixed bibliometric impact) showing general consensus on having a system of European indicators like ECHI in place.</li> <li>• ECHI governance may be improved and financing constraints may hinder ECHI sustainability.</li> </ul> <p><u>Recommendations:</u></p> <ul style="list-style-type: none"> <li>• Simplification / streamlining of the shortlist may be considered: This would imply the selection of a few indicators per policy priority and a clear selection of the key policy areas to be included as core.</li> <li>• ECHI legal status should be clarified and minor modifications of the ECHI shortlist are possible, finalising the work-in-progress section of ECHI. To increase the usefulness for policy planners should become a priority.</li> <li>• There is a need for increasing ECHI awareness among certain categories of policymakers and cross-country benchmarking should be encouraged.</li> <li>• Address financing issues: For the time being the financial sustainability of the mechanism appears still dependent onto EU financing. Moreover, no sources of financing are currently available to ensure the sustainability of some of the indicators currently included in the shortlist.</li> <li>• Example of SANCO actions envisaged: integrate the re-development of the ECHI system into the preparation of an ERIC ( European Research Infrastructure Consortium).</li> </ul>
Availability of the report on Europa:	<a href="http://ec.europa.eu/dgs/secretariat_general/evaluation/search/download.do?documentId=9301064">http://ec.europa.eu/dgs/secretariat_general/evaluation/search/download.do?documentId=9301064</a>

<b>Title of the Evaluation: Evaluation of the benefits of the Better Training for Safer Food Programme</b>	
ABB activity:	<i>Safety of the Food Chain</i>
Type of evaluation:	Expenditure programme (E)
Summary of performance related findings and recommendations:	<p>Evaluation of the Training Activities (their effectiveness, efficiency, relevance, utility) that were implemented by contractors and managed by SANCO from 2006 to 2010.</p> <p><u>Main findings:</u></p> <ul style="list-style-type: none"> <li>• BTSF has been successful in improving participants' knowledge and understanding, and this has, in most instances, led to some change in the quality and efficiency of their and their team's work.</li> <li>• Networking has provided valuable opportunities to increase understanding of other countries control systems and best practices leading to greater harmonisation of food controls.</li> <li>• Front-line control staff are the principal beneficiaries, more so in newer Member States and candidate countries than EU15 countries and the greatest impact has been observed in border controls.</li> <li>• BTSF has contributed to changes in national training and in overall harmonisation of controls. Further investigation could identify the wider impact of training on the overall strategy and the organisation and implementation of official controls at national level in the Member States.</li> <li>• Third country participation in BTSF training has resulted in changes in their work practices to ensure that food for export to the EU meets EU food standards. The EU is the world's largest importer of agriculture and fishery products.</li> </ul> <p><u>Recommendations:</u></p> <ul style="list-style-type: none"> <li>• The BTSF programme's impact could be increased if the investment in training and facilitating exchange of experience among officials who are carrying out controls was complemented by a requirement for MS to provide and implement dissemination plans that explain how the knowledge provided in the BTSF courses is going to be mainstreamed into the application of the control procedures.</li> <li>• The BTSF programme could increase the proportion of participants who benefit their organisations from their attendance on the courses and reflect on countries needs and organisational arrangements in the allocation of places.</li> <li>• Many participants believed that one of the main benefits of BTSF is that it provided the opportunity to learn from officials in other countries. There is potential for the BTSF programme to facilitate greater peer learning through providing some support for NCAs from different Member States to hold events and networks on issues of common interest, as is done in 'mutual learning' programmes working in other areas of EU policy; and providing support for the development of a BTSF professional community online.</li> <li>• Ensuring courses are structured so that participants have the opportunity to optimise dissemination and impact.</li> <li>• More robust performance and monitoring measures would enable the Commission and Member States to track and demonstrate the impact of the programme.</li> </ul> <p>Several strategic options were provided:</p>

	<ol style="list-style-type: none"> <li>1. Negotiate a 'contract for impact' between the EU and Member States</li> <li>2. Move to a mixed model of learning support</li> <li>3. Adjust the delivery model for residential courses</li> <li>4. Extend the programme management framework.</li> </ol> <p>Examples of SANCO actions envisaged: assess further the cost benefit relationships of the BTSF activity , develop training evaluation tools.</p>
Availability of the report on Europa:	<a href="http://ec.europa.eu/dgs/secretariat_general/evaluation/search/download.do?documentId=9092907">http://ec.europa.eu/dgs/secretariat_general/evaluation/search/download.do?documentId=9092907</a>



<b>Title of the Evaluation: Evaluation of EU 2007-2011 financial contributions to EU-level consumer organisations</b>	
ABB activity:	<i>Consumer Policy</i>
Type of evaluation:	Expenditure programme (E).
Summary of performance related findings and recommendations:	<p>The two EU-level consumer organisations that benefited from financial contributions during the evaluated period are “The European Association for the Coordination of Consumer Representation in Standardisation” (ANEC) and “The European Consumer Organisation” (BEUC).</p> <p><u>Findings:</u></p> <ul style="list-style-type: none"> <li>• ANEC → Overall, ANEC is effective in achieving its specific objectives and mandate. It has made significant contributions in representing EU consumer interests in the standardisation process over the period 2008-2012. Its European Added Value is recognised by stakeholders and literature and no other national organisation seems able to assume its role. ANEC’s role and activities are expanding in the political context of growing standardisation. At the same time it has increasing difficulties in attracting national experts to work on its behalf almost for free and is facing pressures on its budget.</li> <li>• BEUC → BEUC made a significant contribution to EU policy making between 2008 and 2012 by successfully representing and defending consumer interests at EU institutions. Its European added value is recognized by most stakeholders and arises from its effectiveness in coordinating and ensuring coherent consumer organisation input at EU level, promoting dialogue between national organisations, and constant dialogue with businesses at EU level, BEUC is a reasonably efficient and a well-functioning organisation. There is scope to improve its performance monitoring system, which is predominantly outputs based (it does not include any indicators of results or of impacts). The prioritisation of its interventions has increased the effectiveness of related activities. Further development of this strategy is necessary. The internal accounting system has improved but should also be further developed towards a headlines based accounting system. A scenario in which no EU financial contribution was granted to BEUC would most probably have implied a significant reduction in resources and cost-effectiveness, as well as in the size and quality of outputs and impacts.</li> </ul> <p>When BEUC cooperates with ANEC in common areas of intervention, the two organisations devote special attention to coordinating their actions as closely as possible in line with their specific roles and mandates, so as to avoid duplication of resources.</p> <p><u>Recommendations:</u></p> <ul style="list-style-type: none"> <li>• ANEC → Its resource constraints imply a future re-think of its operating model: either by an increase of its funding envelope; and/or by narrowing its scope of activities. In any case, ANEC’s priority mechanism needs to define priorities more clearly in order to facilitate a more strategic allocation of resources. It should continue to involve national (volunteer) experts; and address the increasing difficulties in attracting national experts by additionally subcontracting only for crucial work items. Training sessions should be more regular and part</li> </ul>

	<p>of a concrete programme of competence development. A more accurate time management system by using time sheets should be implemented. ANEC's performance monitoring system should be improved by completing the current list of KPIs (Key Performance Indicators); implementing an approach to regularly measure the perception of the quality of work and include indicators on the external human resources available (while distinguishing volunteers and subcontractors). Financial budget of ANEC should be increased to ensure adequate support for the standardisation field. To further help reduce the magnitude of ANEC's cash-flow problems, the grant payment process should be revised. To improve coordination between ANEC, the EC and EAHC, a more systematic dialogue between the three parties is suggested.</p> <ul style="list-style-type: none"> <li>• BEUC → Maintain current KPIs in the future to monitor BEUC's level of activities, as this will allow for a comparison against previous years. BEUC's reporting to the European Commission should be enhanced to include an assessment of the extent to which its key achievements have contributed to achieving specific objectives defined in the annual grant agreements. The current monitoring system should be complemented with indicators of organisational performance (e.g. process or management quality); and perception audits which would allow to some extent linking BEUC's activities to its impact. BEUC should focus on a narrower set of priority areas and activities, in case it is unable to expand its current funding base. This would involve defining ex-ante the allocation of resources per priority area and tracking these resources through an effective internal accounting system. Additionally, the prioritisation strategy should be monitored regularly and updated when necessary.</li> </ul> <p>Examples of SANCO actions are envisaged regarding the evaluation results for BEUC. Improved monitoring and performance assessment will be required and integrated into the next <u>Framework Partnership Agreement</u>.</p> <p>Regarding ANEC, DG SANCO has transmitted the evaluation report to DG ENTR who has since 2012 been responsible for the financial support of EU level consumer organisations in the field of standardisation.</p>
Availability of the report on Europa:	Not available yet.

Title of the Evaluation: Evaluation of the Eradication, Monitoring and Control Programmes for Animal Diseases	
ABB activity:	<i>Animal Health</i>
Type of evaluation:	Expenditure programme (E)
Summary of performance related findings and recommendations:	<p>The evaluation covers a the 2005-2010 period when approximately €202 million of EU co-financing was provided in support of MS efforts to monitor, control and eradicate the diseases covered by the study, i.e. bluetongue (BT), bovine brucellosis (BB), bovine tuberculosis (bTB), classical swine fever (CSF), ovine and caprine brucellosis (OCB), rabies, salmonellosis and transmissible spongiform encephalopathies (TSEs).</p> <p><u>Main findings:</u></p> <ul style="list-style-type: none"> <li>• <u>Epidemiological data:</u> The data on epidemiological trends in Europe for show a consistent improvement in disease status across Europe and across most diseases over the evaluation period, albeit with relatively high prevalence of some diseases in some MS remaining (for example, bovine tuberculosis in Ireland and the UK).</li> <li>• <u>Structural problems:</u> Member States encountered both structural and organisation problems in implementing their programmes. Both types of problems led to sub-optimal implementation of Member State programmes.</li> <li>• <u>Best practices</u> are those which balance epidemiological effectiveness and practicality of implementation. The research found that: <ul style="list-style-type: none"> <li>○ The use of risk to target measures appears to have been an important factor enabling competent authorities to prioritise their resources effectively and increased the likelihood of achieving programme outcomes.</li> <li>○ Stakeholder consultations help to ensure practices are both epidemiologically sound and feasible to implement</li> <li>○ Effective coordination and communication at and between all levels of a competent authority increases the likelihood that measures will be implemented appropriately.</li> </ul> </li> <li>• The data provided by MS suggest that EU co-financing corresponds to less than 20 % of total programme costs, on average. EU co-financing contributed a substantial proportion of the costs of implementing measures (i.e. from 20 % to 50 %). EU co-financing appear to have helped national programme budget to maintain a level of spend on implementing measures or to free up financial resources to finance additional measures. MS programmes financed few implementing measures in addition those eligible for co-financing.</li> </ul> <p><u>Recommendations:</u></p> <ul style="list-style-type: none"> <li>• There is a case to be made for increasing investment to ensure that final pockets of disease are eradicated to achieve a disease-free Europe. This would reduce the risk of animal diseases reemerging and undermining investments made over previous decades.</li> <li>• The marginal costs of disease eradication are not insignificant, as the changes in the epidemiological situation necessitate a change to the EU programme to ensure that spending continues to be effective and efficient. A number of complementary options are available to respond to the challenges ahead and reflect the changed nature of animal disease in Europe.</li> </ul>

	<p>Different options that could be used in combination:</p> <ol style="list-style-type: none"> <li>1. Strengthen programme monitoring and management arrangements so that the added value and impact of the programme can be tracked more easily</li> <li>2. Refocus the EU programme to achieve clearly defined outcomes using best practice approaches</li> <li>3. Strengthen the safeguards against ingress of disease from third countries</li> <li>4. Increase cooperation among EU Member States</li> <li>5. Adjustment of programme financial rules to improve cost-effectiveness</li> <li>6. Strengthen Member State programme infrastructure to improve effectiveness and efficiency</li> <li>7. CFF adoption still delayed so that concrete measures not yet listed , however , the new legal framework providesfor better opporutinties for support of MS and increased technical assistance</li> </ol>
Availability of the report on Europa:	Not available yet.

<b>Title of the Evaluation: Evaluation of communication actions on Animal Health for DG SANCO</b>	
ABB activity:	<i>Animal Health</i>
Type of evaluation:	Communication activity (C).
Summary of performance related findings and recommendations:	<p>The evaluation combined ex-post and on-going assessment methodologies as the scope of the exercise covered the entirety of the Animal Health Strategy campaign from its inception in 2008 right through to the most recent events, including those taking place during the first half of 2013.</p> <p><u>Main findings:</u></p> <ul style="list-style-type: none"> <li>• National authorities, professional stakeholders, citizens, vets and vet students are very satisfied with the communication activities to which they have been exposed. There is an appetite for information on the EC's animal health role.</li> <li>• There is a need for a detailed animal health communication strategy / plan. The DG's communication strategy and the EU Animal Health Strategy are not sufficiently detailed to guide animal health communication. As a result, there are differing views within the EC team on about who should be the target groups.</li> <li>• There has been significant expenditure on exhibiting at events in the Member States. The analysis suggests that there is scope for communication to public audiences, but that the objectives / purpose and messages need to be better defined, and the selection of events and countries needs to follow a longer term strategy.</li> <li>• The animal health stand is in many ways highly commendable. It is attractive, highly interactive and offers a range of activities to engage adults and children. This is a refreshing presentation of the European Commission, but the information value of the stand needs to be significantly improved.</li> </ul> <p><u>Recommendations:</u></p> <p>The goals of successive editions of EU Vet Week were relevant. Vet Week and its components are effective tools to communicate with professional audiences in Brussels. Engaging student is appropriate. EU Vet Week could be improved, by:</p> <p>Changing the concept:</p> <ul style="list-style-type: none"> <li>• Make sure that all activities take place in one week, to generate more buzz among the media and stakeholders, with a PR programme to underpin this.</li> <li>• Give consideration to broadening the scope to make it EU Animal Health Week.</li> </ul> <p>Strengthening the format:</p> <ul style="list-style-type: none"> <li>• Ensure that events linked to the Week are planned and organised well in advance;</li> <li>• Consider wider involvement of stakeholders, for example in the selection of specific elements for discussion, running of workshop or panel discussions and identification of speakers.</li> </ul> <p>Examples of SANCO Actions envisaged: integrate better the relevant communication areas into the ongoing SANCO stakeholder analysis</p>
Availability of the report on Europa:	Not available yet.

