



# Management Plan 2018

DG BUDGET



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## INTRODUCTION

BUDG is the central service of the Commission responsible for the implementation of the EU budget. Its responsibilities and political priorities are guided by the Treaty and further defined on the basis of [President Juncker's political guidelines<sup>1</sup>](#) set for the Commission 2015-2019.

In this capacity, BUDG plays a central role in ensuring that the EU budget is effectively executed and complies with financial rules and that the Commission is accountable for the management of tax payer's money. In this sense, from an operational perspective, in 2018 BUDG will continue to aim at maximizing the **contribution of the EU Budget to the achievement of all General objectives** of the Commission and **in particular, General Objective 11** *"To help achieve the overall political objectives, the Commission will effectively and efficiently manage and safeguard assets and resources, and attract and develop the best talents"*. This is translated into 8 specific objectives which cover most of the work that is being carried out in the DG, leading to concrete outputs every year within the multiannual cycles of preparation, implementation, reporting and discharge of the EU budget.

Beyond the usual challenges in this sensitive area, the key feature of 2018 will be the presentation by the Commission in May of the **proposal for the future Multiannual Financial Framework (MFF) beyond 2020**, including a **new own resources legislative package**. This proposal will be framed by the process initiated by the White Paper on the Future of Europe and in particular by the Reflection Paper on the Future of EU finances adopted on 28 June 2017. As part of this process, BUDG is leading together with SG a spending review of all EU funded programmes in order to assess their EU added value and effectiveness as well as to analyse overlaps and synergies between them.

The **maximisation of European added value** will guide the next generation of spending programmes.

With regards to the annual budget, structural funds will reach cruising speed, and this will mark the **implementation of the 2018 budget** and the preparation of the next one. Beyond this important feature, BUDG will continue to aim at the correct execution of the budget and the provision of an agile response to any upcoming financing needs, notably with regards to the **internal and external dimensions of the migration and refugee crisis**.

In addition, the **preparation of the 2019 budget** will have to incorporate new challenges – especially as regards the withdrawal of the United Kingdom from the EU. According to the joint report from the negotiators of the EU and the UK on the progress during phase 1 of negotiations under article 50 on the UK's orderly withdrawal from the EU adopted on 8 December 2017 the UK should continue to participate fully in the 2019 and 2020 budgets. Provided that this is confirmed in the final withdrawal agreement, the impact for the 2019 budgetary procedure should be fairly limited.

Following the agreement by European Parliament and the Council reached on 20 December 2017, a significant **review of the financial regulation** applicable to EU funding will enter into force in 2018. The new financial regulation will simplify access to EU funding and decrease red-tape for many recipients and managing authorities: less paperwork, lower risk of errors, no duplication of audits and controls and recognition of volunteer work. At the same time, transparency will increase and safeguards against fraud will be reinforced. This is a big step toward better management of EU finances as of 2018. BUDG will need to work in the finalization of the new rules and their translation in terms of financial management by the Commission and design of the next generation of EU programmes, making sure that real simplification is achieved on the ground and that every euro from the EU budget delivers maximum added value.

Another key objective during 2018 will be that the **EU annual accounts** receive a clean bill of health from the Court of Auditors for the eleventh consecutive year **and that the management of own resources is once more free from material error**. BUDG will continue to support sound financial management and to improve the financial reporting framework in order to ensure appropriate accountability as well as a more effective public communication to key stakeholders and citizens in general.

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<sup>1</sup> Translated in Vice-President's Georgieva's mission letter  
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BUDG strategy is reflected throughout its 8 specific objectives that are presented in part 1 of this document together with the main political outputs to be achieved during the year. See table below with the main milestones expected in 2018 in the framework of BUDG Strategic Plan 2016-2020:

CALENDAR STRATEGIC PLAN DG BUDGET						
		2016	2017	2018	2019	2020
Annual activities	<b>Annual budget</b>	Adoption budget 2017 Implementation budget 2016	Adoption budget 2018 Implementation budget 2017	Adoption budget 2019 Implementation budget 2018	Adoption budget 2020 Implementation budget 2019	Adoption budget 2021 Implementation budget 2020
		Adoption of annual accounts 2015	Adoption of annual accounts 2016	Adoption of annual accounts 2017	Adoption of annual accounts 2018	Adoption of annual accounts 2019
	<b>Discharge</b>	Discharge budget 2014	Discharge budget 2015	Discharge budget 2016	Discharge budget 2017	Discharge budget 2018
Strategic multiannual activities	<b>Budget focussed on added value</b>	Conference  Launch of experts group  Contribution to MTR	Conference  Contribution to post 2020 MFF and review of programmes legal basis	Conference	Conference	Conference
	<b>Multi-annual Financial Framework (MFF)</b>	Special Technical Adjustment <sup>2</sup>  Proposal Midterm review / revision  Report HLGOR	Proposals post 2020 MFF	Proposal programmes next MFF <sup>3</sup>		Adoption of post 2020 MFF
	<b>Financial regulation (FR)</b>		Adoption of simpler and more flexible financial rules (contained in the FR and in 15 legislative acts)	Proposals of next MFF programmes aligned to FR		

<sup>2</sup> Recalculation of cohesion envelopes.

<sup>3</sup> For information, responsibility of the operational DGs.  
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## PART 1. MAIN OUTPUTS FOR THE YEAR<sup>4</sup>

### *1. Driving the process of strategic budgetary planning: Multiannual Financial Framework (MFF)*

As announced in the State of the Union Speech of President Juncker on 13 September 2017, the Commission will present the **proposal for the future Multiannual Financial Framework (MFF) beyond 2020**, including on own resources, in May 2018. This proposal will be framed by the process and debate initiated by the White Paper on the Future of Europe, published on 1 March 2017 and the Reflection Paper on the Future of EU finances, adopted on 28 June 2017. The Commission is organizing a series of public events, missions and meetings, with a view to stimulating the debate and integrating the expectations of different stakeholders across the EU into its proposal. The informal leaders' debate foreseen for February 2018 should be an important milestone to define the main political priorities that should lead the future of EU finances. The possible Extraordinary European Council in Sibiu (Romania) on 30 March 2019 could be an important landmark for the negotiation.

In parallel the Commission is carrying out a **spending review** of all EU funded programmes in order to assess their EU added value and effectiveness as well as to analyse overlaps and synergies between them, with a view to streamlining and modernizing the architecture of the budget, aligning it to the political priorities and building the next generation of programmes on the principles of simplification, flexibility and EU value added (See also objective SO8).

**A public consultation** will be launched in 2018 to prepare the ground for the upcoming impact assessments of future spending programmes.

During 2018 a big effort will also be devoted to **preparing the visits to the different Member States** to listen to the main stakeholders in preparation of the proposal and subsequent negotiation in Council.

As far as the following financial years are concerned (2018-2020), the **financial programming** incorporates the changes agreed in the framework of the midterm revision. The Commission will update regularly its **medium-term payments forecast** until 2020.

Finally, BUDG will publish as every year the **Integrated Financial Reporting Package** in July, which includes: the Annual Management and Performance Report (incorporating information on the protection of the EU budget), the report on the follow-up to the 2016 discharge and the EU annual accounts. The presentation of this package provides important input for the annual discharge procedure.

### *2. Managing the expenditure of the EU budget efficiently within the framework of the MFF*

2018 will be the fifth year of the current multiannual financial framework and the fourth of the mandate of the current Commission.

**The Budget for 2018** was finally adopted by the European Parliament on 30 November 2017 on the basis of the proposal of the Commission of 30 May of 2017. It reflects and supports the political priorities, in particular contributing to the greatest extent possible to jobs, growth and investment, and providing a European response to current challenges such as migration management and the refugee crisis as well as climate change.

The **implementation of structural funds, reaching cruising speed after significant delays**, will determine the **implementation of the EU budget during 2018 as well as the preparation of the 2019 budget**. A new challenge will be to incorporate the impact of the withdrawal of the UK from the EU in the budget for 2019. During 2018 BUDG will

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<sup>4</sup> The Performance tables on Part 1. Overview of main outputs for the year can be found in annex 1a. page 13

continue to contribute to the work of the Task Force article 50 in preparing the financial elements of the withdrawal agreement of the UK from the EU.

**Budget proposals** may be necessary during the year to respond to unforeseen needs and/or take account of the pace of budget implementation. As in previous years, this will be done respecting the provisions of the multiannual financial framework and, as far as possible, trying to minimise any unforeseen impact on national budgets.

Major efforts are required to achieve **efficiencies and synergies** and to meet new challenges with, at best, a stable level of staffing. Pressure will continue on the administrative and human resources of all the Institutions, especially the Commission (whose section includes pensions for all institutions) to accommodate the effect of automatic indexation and increasing number of retirements.

### ***3. Efficiently and effectively manage and control the revenues of the EU budget***

The **own resources** of the EU need to continue to be effectively managed and controlled during 2018, as confirmed for previous years by a Declaration of Assurance from the ECA.

For what concerns the **control of traditional own resources**, the 2018 inspection programme is prepared following a risk based approach with more emphasis on member states with bigger imports and at the same time concentrated on significant risks like undervaluation.

Following an audit Report of the internal audit service on the 'Performance and Coordination of Anti-fraud activities in the Traditional Own Resources' issued on 2 December 2016, DG **BUDG, OLAF and DG TAXUD set up a strategic steering function** with a view to collaborate more effectively and enable the Commission to meet its objective in terms of fraud prevention and detection as concerns traditional own resources. The newly established Steering Group already met twice in 2017 and started clarifying the respective roles and responsibilities and establishing enhanced procedures for cooperation. BUDG will continue to play an active role during 2018 to deliver on its objectives.

BUDG will also follow closely the development of EU Customs policy.

In May 2018, aligned with the proposal for a new MFF Regulation post-2020, the **Commission shall adopt a new own resources legislative package**, with a new Own resources Decision, and possible amendments to implementing Regulations 609/2014 (the Making Available Regulation-MAR) and 608/2014 (implementing Measures for the System of Own Resources-IMSOR). These will make the link to possible new own resources, which should be based on secondary legislation to be prepared by the respective operational DG. The Commission proposals on own resources will build on the reflection paper on the future of EU finances and the final report of the Monti group, as well as on the in-depth assessment of the Commission internal network on own resources chaired by BUDG

### ***4. Maintain a high quality central accounting /financial and reporting framework***

The Commission demonstrates its accountability by providing high-quality and timely financial and other information to its stakeholders, both internal and external. During 2018 BUDG will produce the **annual accounts** of the EU, the Commission and other entities<sup>5</sup>.

The key objective is that the accruals based EU annual accounts receive a clean bill of health from the Court of Auditors for the eleventh consecutive year. As in 2017, the Commission will also work with the Court to ensure that these accounts are adopted earlier (by end June 2018) so as to allow the discharge process to begin as early as possible. The use of new tools for implementing the budget, such as trust funds and financial instruments (e.g. European Fund for Strategic Investments (EFSI) and instruments in the external policies area) may continue to pose specific challenges in the accounting field during 2018.

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<sup>5</sup> Using the resources and expertise at its disposal, BUDG's accounting services are already providing high quality services to 2 other EU institutions, 4 EU agencies, 5 joint undertakings, 4 trust funds and 3 non-EU bodies including the EDF.

Further progress should be made in 2018 towards the development of financial reports centrally, that would address reporting needs across the Commission, allow for a more efficient use of resources, avoid duplication of effort and ensure consistent information produced and shared within the Commission. The progressive enrichment of a **corporate financial reporting** portfolio along with the addition of financial dashboards will contribute to the improvement of budgetary management and accountability.

The Commission will also continue to raise the profile of its **accounting services** within the global accounting profession through participation in conferences and standard setting activities, the most relevant of which include the status as observer of the **IPSAS board**, full membership of the IPSAS Consultative Advisory Group, member and regular contributor of the EPSAS task force and participation in international treasury networks.

Efficiency efforts will continue in 2018. Accounting procedures in the domain of expenses and the year-end closure will in particular be addressed, to achieve more simplification, reducing further the workload of Commission services while maintaining a high quality of reported data. Work will also continue on an efficient and simple consolidation of EU entities figures in the EU accounts.

## **5. Support to Commission Services through Treasury management and recovery of funds management and a high quality Information System (ABAC)**

During 2018 BUDG will continue to support other DGs in the implementation of the annual budget, via an efficient **execution of payments and recoveries** driven by the **corporate information and accounting information system ABAC**.

The Commission must safeguard its assets and the **Accounting Officer** is responsible for the safekeeping of its cash and cash equivalents, as well as those of the other entities he is responsible for; for this purpose BUDG's services establish and apply appropriate risk and cash management policies.

**Treasury management** will probably continue to be particularly challenging in the course of 2018 in view of the persistence of a **negative interest rate environment**<sup>6</sup>. In addition strong monitoring of cash flow to ensure the orderly and timely execution of all payments is key to budget implementation. A careful cash flow planning will also be essential for the Trust Funds, in order to ensure timely and efficient payment execution while minimising any potential impact of negative interest.

In addition to own resources, the Commission will continue during 2018 to recover all amounts due, including competition fines, amounts unduly paid and penalties imposed upon Member States as efficiently and effectively as possible, using all the means available to protect the EU's financial interests, including offsetting, and applying an appropriate risk management for provisionally cashed fines and bank guarantees.

To guarantee the successful delivery of the above mentioned financial services, the European Commission needs a financial information system that is **efficient** in terms of business operations and low in cost of ownership. Today, the finance platform ABAC has an impressive track record. Nevertheless, the continuous customisation of the platform to meet the business requirements led to a complex environment and is reaching its end-of-life. Therefore actions in the ABAC Roadmap were set up to revise the current ABAC architecture.

The Commission's IT Board approved in October 2017 the **modernization of ABAC: ABAC2** will be built on SAP's new platform S/4HANA through a multi-annual project. The project starts in 2018 by setting up the project team & governance and the launch of the design phase. A first version of ABAC2 is expected by the end of 2018 and a second version is scheduled to be ready for a first go-live end of 2019. The full implementation of ABAC2 is expected to take 4 to 5 years.

BUDG will remain available to providing Accounting Officer's services to any other interested entity (12 agencies and Joint Undertakings are provided these services at the end of 2017), resulting in important cost savings for the relevant entity, while maintaining (and often improving) its performance and resilience.

## **6. Promote consistency and simplification of financial rules, sound financial management and cost-effectiveness of controls**

The **Central Financial Service** will continue during 2018 to provide **training and advice** on the application of financial rules, in order to ensure an appropriate control but also efficiency in the implementation of the EU budget.

Moreover, BUDG will continue (with the other central services) to support services with their internal control management; for instance by giving guidance, through the review of the DGs annual activity reports and advising on risk management. This support is given without prejudice to the independence and accountability of the authorising officers by delegation of the different services. A particular focus will be put also in 2018 on the support to the DGs for the **implementation of the new Internal Control Framework**.

In this regard, in line with the better regulation agenda of the Commission and to in order to ensure a budget focussed on European added value (see specific objective 8), BUDG will focus during 2018 on:

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<sup>6</sup> In this context the recent amendment of the Making available Regulation and of the European Development Fund financial regulation respectively provide for the future protection of the EU own resources and of the EDF contributions from the **impact of negative interest**



- **implementing the new Financial Regulation**, aiming at simplifying and making the implementation of the EU budget more flexible, including simplification measures focussed on the delivery of concrete results on the ground. The political agreement on the revision of the financial rules was reached at the end of 2017 and it will entry into force in 2018 for most of the changes adopted.
- **aligning the next MFF proposals to the recently revised financial rules** securing interoperable programmes and instruments as well as an increased leverage of the EU budget in the next MFF.
- **Preparing and launching the alignment of the rules** on decentralised agencies, executive agencies, joint undertakings and of the Commission internal rules following the formal adoption of the revised Financial Regulation; as well as of the Financial and Administrative Frameworks Agreements concluded with Commission's major implementing partners;
- **Preparing and launching the alignment of the financial rules applicable to the EDF** together with DEVCO
- **Simplifying and updating the guidance**, Vade-mecum and model contracts, indirect management and grant agreements
- Continuing to monitor progress at Commission and Member State levels towards simplification in the implementation of the current legal and financial rules through the **Simplification Scoreboard**.
- Steering in particular with DIGIT, RTD, JRC and DEVCO the progress towards the implementation of a single financial portal (**SEDIA**), **e-grants and e-procurement**<sup>7</sup>.
- **Leading** the implementation of the Action Plan agreed in the framework of the Synergies and Efficiencies Exercise in Financial Management, in particular through the **pilots on mutualising the financial capacities** in certain priority areas around families / centres of gravity, the development of standards for **Simplified Cost Options**, the **alignment to best practices in terms of control cost-effectiveness** and **further externalisation of ex-post controls**. The guidelines for estimating, assessing and reporting on the cost-effectiveness of controls will be revised.
- Ensuring the smooth functioning of the **Early Detection Exclusion System (EDES)**
- Assisting the DGs to **reinforce "fraud prevention" financial rules or mechanisms** in each policy area.

## **7. Driving the strategy of EU budget focused on results**

The spending review exercise launched in 2017 will continue in the first part of 2018 to reinforce the alignment of the Multiannual Financial Framework with the political priorities, to rationalise the set of spending programmes around the concept of European added value and to modernise their functioning with implementation processes able to ensure effectiveness and large impact on the ground.

This work will find its finalisation with the preparation of the proposal for the next MFF and sectorial legislation in May 2018. The **maximisation of the European added value** will be the pillar of the qualitative part of the MFF package, the template for legal basis and the performance framework of the next generation of spending programmes.

Lessons learnt in the current MFF, audits by the Court of Auditors and the mid-term evaluation of the spending programmes will provide useful input to this process.

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<sup>7</sup> Via the participation to the eGrants and eProcurement Steering Board (GPSB) and OPSYS Management Board as well as to different users groups.

**Communication of the results achieved** will continue to be crucial especially in view of framing the proposal for the next Multiannual Financial Framework with a consistent narrative based on the value added generated and the positive impact of the Budget for the European citizens. The organisation of the well-established 4<sup>th</sup> Conference on EU Finances, as well as participation to events and other fora will provide important occasions to make progress in this regard.

**Technical work will continue in the area of indicators**, building on the collaboration with the Joint Research Center (JRC) and Eurostat to enable a more effective analysis and presentation of the performance information in the Programme Statements in 2018 and a clearer narrative on performance in the Annual Management and Performance Report.

**Capacity building** will continue with **Expert meetings on performance**, collaboration with International Institutions (OECD and WB for instance), interactions with academic and sectorial experts. Internally, the organisation of inter-service working group meetings on performance will continue, reinforcing the strong relations built with DGs to build a robust performance framework and to support them in the negotiations for the sectoral legislation.

### **8. Ensure effective management of the relations with the European Court of Auditors (ECA) and other institutions paving the way for the annual discharge of the Commission in the implementation of the EU budget**

In order to maintain a clean opinion on the accounts and continue to build on the qualified opinion given by the European Court of Auditors (ECA) for the first time in 2017, BUDG will continue to support competent DGs to use all available information to prevent errors and address any weaknesses in the implementation of spending programmes. BUDG will continue its support role to address the root causes of persistent errors, in particular by pushing for progress in real simplification, and will take stock of the Commission-wide follow-up to the report on the root causes of errors and actions taken (COM(2017)124final).

The ECA announced in its strategy for 2018-2020 that it will assess the options of *"using the legality and regularity information provided by auditees, including the corrective actions they have taken. This Statement of Assurance approach would include more qualitative elements and is expected to lead to a reduction in the European Court of Auditors' own direct testing of payments"*. BUDG is playing a coordinating role in the ECA consultations of Commission departments on technical issues concerning such a possible new approach.

The concepts of amount at risk at payment, amount at risk at reporting, and amount at risk at closure have been developed and are applied across Commission departments. The objective is to provide these estimates in a manner which would allow the ECA – as set out in its 2018-2020 Strategy - to use this information, including information on corrective action, as part of its Statement of Assurance approach. BUDG will continue providing information on corrective measures in order to show that the EU budget is adequately protected from irregular expenditure.

BUDG will also continue coordinating the **response to the ECA Annual report and special reports**. In 2018, a number of performance audits covering cross-cutting and/or politically sensitive issues will require BUDG to provide advice and guidance to DGs not only during the adversarial procedure but also during the earlier stages of each audit. In addition, BUDG will adapt to the new working methods of the ECA following the increase of 'new products' such as landscape reviews, rapid case reviews, audit briefs and briefing papers. Finally, BUDG will ensure that recommendations made by the European Court of Auditors will feed into the preparations of the programmes for the next Multi-annual Financial Framework as appropriate.

The ECA is strengthening its **follow-up of the recommendations of its Annual and special reports**, and the Commission's Audit Progress Committee (APC) is stepping up its monitoring of the Commission departments' follow-up of external audit recommendations. In 2018, BUDG will continue developing its database (RAD) in order to strengthen its monitoring of ECA recommendations and to improve its ability to provide the overviews required by the APC. BUDG will continue exchanging views on a regular basis with the ECA on how to improve the quality of recommendations and their follow-up.

BUDG will also continue advising the Commission departments on their **follow-up of requests made by the European Parliament and the Council** in the discharge procedure. It will

monitor these follow-up efforts and on that basis prepare the report on the follow-up to the 2016 discharge.

In response to Member States request, **the EU-wide PIC network** will continue to provide a forum for the exchange of good practice on key Internal Control challenges in the quest for improved governance systems in Member States. Moreover, continued guidance and support will be provided to candidate, potential candidate and relevant ENP countries on Internal Control and external audit reform; and progress will be monitored in line with institutional reporting requirements. Ways of collaboration with shared management DGs will be analysed.

As in previous years, BUDG is called to play an important role in coordinating the response of the Commission to the **increasing importance of performance issues** in the annual and special reports and in the discharge process as a whole. In line with the Budget Focused on Results initiative, the right balance must be struck to pursue efforts to continue to reduce errors while ensuring the **cost-benefit equilibrium of controls**.

Ultimately and based on all these efforts the objective during 2018 will also be to get the **discharge by the European Parliament for the financial year 2016**.

## PART 2. MAIN ORGANISATIONAL MANAGEMENT OUTPUTS FOR THE YEAR<sup>8</sup>

### A. Human resource management

In terms of Human Resource Management, BUDG remains a stable DG from the point of view of its workforce.

The implementation of the **HR Modernisation pilot in which\_BUDG participates** since February 2017 will continue in 2018. This project is implemented according to the Communication on Synergies and Efficiencies of April 2016 and has changed the way to deliver HR services. The objective of the pilot is that all operational aspects related to HR services are now delivered by an Account Management Centre in HR (AMC 7 for BUDG).

Each DG has kept a HR Business Correspondent responsible for defining the DG's strategy and support to the Director General and other managers in decision-making.

2018 will be the continuation of BUDG's main focus in the area of **Human Resource Management:**

1. **Representation of women in middle management positions:** The revised objective set for the DG is to nominate 3 new female managers by November 2019. With two more years to go before reaching the deadline, BUDG is launching a pilot talent management programme for women aiming at creating a pool of candidates to address the future needs inside the DG and beyond. The initial target population is AD8 and up, as well as AD female colleagues with a current management role, either as team leader, head of sector or deputy head of unit, irrespective of their grade. On the basis of its successful implementation and/or positive feedback, this programme may be extended in future years.

2. **Address the results of the 2016 Staff Survey:** BUDG will continue investing in the wellbeing of its staff and its motivation. The areas of interest have been identified and discussed with Management: logistics, health and private/work balance, career and mobility and learning and development. The business correspondent will continue to give support on these areas. Actions taken during 2017 included targeted training, discussions with staff, lunch time conferences and other communication initiatives. The business correspondent also launched a DG wide information session called "Ergonomics at work" which consists of presentations given by the medical service followed by office visits of specialised staff to help colleagues assess the ergonomic furniture needs and its correct use. The programme was very appreciated since his launch in 2017. The implementation of the visits' conclusions will continue in 2018.

3. **Mobility & career development:** the "**working together traineeships**" will also be further promoted given the high interest from staff and their positive impact on breaking silos within the DG and providing **flexibility**.

Beyond these activities, the DG will reinforce different initiatives linked to the "**fit@work**" strategy, such as an "activity fair" to promote and encourage participation in different ongoing activities (such as yoga, basketball, safe cycling, running...) and further training and support on stress management and mental wellbeing.

### B. Financial Management: Internal control and Risk management

BUDG manages an administrative expenditure, including procurement, whose **intrinsic risk** is rather **low** due to its limited amount, as well as the centralized and direct mode of budget implementation. The risks are effectively mitigated by means of ex-ante and ex-post controls put in place.

As regards **revenue financial operations** relating to the collection and making available of own resources, BUDG analyses the systems set up by Members States and assesses whether they provide reliable assurance as regards the accuracy of the information provided and the legality and regularity of these operations ( see specific Objective 3). In case BUDG determines that it cannot rely on some of these systems for assurance purposes, it would qualify its annual

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<sup>8</sup> The Performance tables on Part 2. Main organisational management outputs can be found in annex 1b. page 22  
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Declaration of Assurance in case the amount of revenue concerned could exceed 1 % of the total relevant resource-segment (i.e. TOR, or VAT/GNI -based own resources<sup>9</sup>).

The **execution rate** of 2017 **administrative budget** as of the preparation of this report (credits authorized in the 2017 budget) was 99.50<sup>10</sup> % of commitment appropriations. Concerning the **payment deadlines**, 96.91 % of payments were made on time in 2017. The same levels of execution and timely payments are expected for 2018. The **cost of controls** in this area will continue to be analysed and reduced where possible.

BUDG will further **invest in improving its internal control systems** following the revision of the Internal Control Framework and in achieving an effective monitoring of ongoing audits and the resulting recommendations.

**BUDG Anti-Fraud Strategy** will be reviewed during 2018 and will cover the recommendations derived from the IAS audit in the 'Performance and Coordination of Anti-fraud activities in the Traditional Own Resources' (see specific objective 3). It will also reflect the efforts made to improve the cooperation with the other concerned services, TAXUD and OLAF.

A **revision of the sensitive posts will be carried out at DG level**, specially flagging as sensitive those tasks related to the management of procurement procedures in BUDG.

During 2018 we will continue with the organisation of Ethics information sessions that have as main objective to address the risks of management of confidential information and conflict of interest in BUDG.

### C. Information management aspects

All **incoming and outgoing documents** are registered and filed in Nomcom files. Procedures are in place to follow up on the correct and timely attribution and filing. 97% of BUDG files are readable by all units; the other 3% have a more restrictive nature and are only accessible by the stakeholders.

All files have a retention code metadata to ensure the correct follow up in terms of archiving and accessibility at the long term.

**DG BUDG** is represented in the **Information Management Steering Board** and will therefore contribute actively to the implementation of the strategy in 2018. After consultation of the units on **reading accessibility of BUDG files**, 34% of newly created files will be accessible by other DGs/Commission. Files containing documents with sensitive or personal data are not opened at Commission-wide level, as well as the files of units that explicitly asked for an exception (units C1, C5, O2 and C3). We expect to maintain a level of at least 35% for the coming years.

Within the framework of continuous improvement of administrative efficiency, a specific project will be launched during 2018 to assess **Business Processes** inside the DG and beyond with a view to identifying best practices and possible improvements in areas such as i.e. document management, meetings, reporting, as well as for processes related to the annual budgetary cycle.

#### **Internal communication within BUDG**

Internal communication will continue to **focus on staff commitment** to the Commission's political priorities and to BUDG mission. Exploring the positive results of the Staff Survey, managers at all levels will play an important role especially in sharing information and providing feedback to staff, who is encouraged to take part in communication activities.

**Interactive communication between staff and management** to enhance trust and mutual understanding will be supported through regular BUDG Management video readouts, regular all-staff meetings and Director-General's informal gatherings with staff and lunch-time presentations and seminars, covering issues within the remit of BUDG as well as issues of general interest related to the future of Europe. Through these channels, as well as through regular directorate's, unit or individual meetings, staff will be kept abreast of the challenges

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<sup>9</sup> For GNI data for OR purposes, the control activity is performed by ESTAT. The data provided by Member States are analysed and verified by ESTAT which also makes on-the-spot checks. These verifications are governed by a Memorandum of Understanding (MOU) agreed between ESTAT and BUDG.

<sup>10</sup> Information as of 18.12, the percentage can further evolve until the end of the year

facing the Commission and BUDG in particular, such as the preparation of the post-2020 MFF proposal.

Communication and **cooperation among BUDG directorates and units** will be promoted on BUDGnet and through staff lunchtime conferences/workshops. The **use of collaborative spaces** will continue to be explored as part of the internal communication strategy in order to find the most effective way to share information inside BUDG.

#### **D. External communication activities**

BUDG external communication will focus on the main milestones identified in the Roadmap for a More United, Stronger and More Democratic Union, in particular **on the added-value of the EU budget** and on the way the EU budget helps to address the urgent challenges Europe faces.

BUDG will work with other Commission's services in order to coordinate the **communication of the post-2020 Multiannual Financial Framework** with the aim to maintain unity of messages, to find synergies and pool resources. Country-specific information will be prepared, highlighting the key questions relevant for each Member State.

Demonstrating concrete results achieved thanks to EU budget through the **"EU Results" web project database**<sup>11</sup> will help to focus on performance and concrete achievements. BUDG will encourage that the database is used across the Commission in the corporate and sectorial communication activities.

Presentation of the **integrated financial reporting package** will contribute to ensuring that the discharge is granted.

Interactive ways of presentation will prevail over traditional paper-based publications. Apart from high quality complete information for experts and interested stakeholders, simplified information material will be available to explain the complexities of EU budget and its impact on the daily life of European citizens<sup>12</sup>.

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<sup>11</sup> [http://ec.europa.eu/budget/euprojects/search-projects\\_en](http://ec.europa.eu/budget/euprojects/search-projects_en)

<sup>12</sup> <http://ec.europa.eu/budget/mycountry/>

Other publications in [http://ec.europa.eu/budget/biblio/publications/publications\\_en.cfm](http://ec.europa.eu/budget/biblio/publications/publications_en.cfm)

## ANNEXES TO THE MANAGEMENT PLAN

### Annex 1a. Performance tables on Part 1. Main outputs for 2018

SO1 : Drive the process of strategic budgetary planning: Ensure full implementation of the MFF, upgrade short, mid and long term financial forecasting, and prepare the proposals for the post 2020 MFF		
Main political outputs – 2018		
Description	Indicator	Target
<b>MFF- proposal for the post-2020 MFF (Art. 25 MFFR)</b>	Adoption by College May 2018	Prepare a comprehensive proposal for the future Multiannual Financial Framework (MFF) post 2020, including on own resources, to be presented in May 2018.
<b>Payment planning, monitoring and forecasting</b>	Develop, refine and update scenarios on annual payment needs under the MFF for all (sub-) headings.	Manage the MFF on the basis of sound and regularly updated medium-term payments forecasts and inform the negotiations on the next MFF.
<b>Possible revision of the MFF in the event of reunification of Cyprus (Art. 22 MFF Reg.)</b>	Adoption of a proposal for revision of the MFF in the event of reunification of Cyprus	depending if and when a settlement agreement materialises
<b>Response to political priorities and challenges</b>	make use of the existing room for flexibility to respond to challenges in line with the MFF	Quick and effective response respecting the MFF
<b>Improving the consistency of reporting on Budget performance</b>	<p>1. Programme Statements contain comprehensive information on programmes' progress and performance of the predecessor programmes</p> <p>2. Annual Management and Performance report (AMPR) provides a comprehensive narrative and examples on the EU Budget contribution to the EU policies</p>	<p>1. "Programme fiches" successfully integrated in the Programme Statements;</p> <p>2. Consolidation of the new framework of AARs + Annual Management and Performance Report and Integrated financial reporting package</p>

**SO2: Manage the expenditure of the EU budget efficiently within the framework of the MFF: Ensure the adoption of annual budgets within the set deadlines that respond to the political priorities within the MFF. Make sure that budgetary implementation is in line with the annual budget and responds to an efficient use of resources. Allocate Resources to Commission services according to needs and promote efficiency**

**Main political outputs – 2018**

<u>Description</u>	<u>Indicator</u>	<u>Target</u>
<b>Establish an annual budget for 2019 according to needs within legal deadlines respecting the political priorities</b>	<p>1. Difference between the Draft Budget (DB) and authorized budget</p> <p>2. Timely adoption of estimates and DB for 2019</p> <p>3. Timely adoption of amending letters &amp; amending budgets aligned with political priorities</p> <p>4. Technical update of 2018-2020 financial programming after adoption of 2018 Budget and together with Draft Budget 2019</p>	<p>1. Difference &lt; 1%</p> <p>2. Commission adopts estimates of expenditure by legal deadlines.</p> <p>3. Budget 2019 adopted by EP and Council before the end of 2018. All amending budgets approved by the budget authority by mid Dec. 2018</p> <p>4. Update sent to EP and Council by end-January 2018 and adopted together with DB 2019</p>
<b>Allocate Human Resources to Commission services to promote efficiency and alignment to political priorities</b>	<p>Decision consistent with:</p> <ul style="list-style-type: none"> <li>• occupation of the establishment plan and corresponding salary credits and</li> <li>• Commission policy orientations</li> </ul>	<p>Decisions in March and/or May, and December 2018.</p> <p>Continued progress made by other institutions and agencies.</p> <p>Pro-active monitoring of efficiencies.</p>
<b>Assess budgetary implications and ensure sound budgeting within the MFF for new legal acts/Commission decisions</b>	Interservice consultations (ISC) processed on time	At least 95% of replies to ISC within normal ISC deadline
<b>Annual budget implementation making use of transfers and carryovers</b>	<p>Degree of annual budget implementation</p> <p>Number of transfers accepted by the budgetary authority</p> <p>Timely adoption of the justified carryover requests</p>	<p>Full implementation making use of transfers and carryovers</p> <p>Budgetary Authority approves all transfer requests;</p> <p>Decision taken by 15/2/2018</p>
<b>Development of methodology for fee-funded agencies</b>	Timely production of the working document on agencies, which accompanies the draft budget	Working document on agencies published together with DB 2019 Completing the work of Inter-institutional Group on Agencies Assessment of scope for increased fee-financing in next MFF



**SO3: Efficiently and effectively manage and control the revenues of the EU budget, in particular the Union's own resources. Ensure the follow-up of the reflexion on future financing of the EU, including its related streams in other policy areas. Prepare the legislative proposals on own resources post 2020**

**Main political outputs – 2018**

<u>Description</u>	<u>indicator</u>	<u>Target</u>
<b>Effective management of Member States' own resources payments</b>	1. Timely and accurate collection of OR contributions and related payments 2. Opinion of the Court of Auditors	1. 100% 2. Positive opinion
<b>Management of VAT exemption pursuant to PPI (Protocol of Privileges and Immunities)</b>	Timely and accurate recovery of VAT paid by the Commission services	All annual refund requests to be sent by 30/06/2018
<b>Control of the Union's traditional own resources (TOR)</b>	1. Implementation and reporting of TOR inspections in accordance with the annual programme; review the risk-based approach for the annual programme for the next years 2. Timeliness of assessment of Member States' write-off reports and related financial impact	1. 100%; review presented to MS in the course of the year 2. All irregular TOR write-offs are made available to the EU budget
<b>Control of VAT-based own resources: Reasonable assurance that Member States' VAT statements are correct and comply with OR regulations</b>	Degree of completion of agreed programme of inspections Go-live of a new IT tool known as VATRES that will help improving efficiency and control	100% Expected delivery by end 2018
<b>Establishment, in close co-operation with Eurostat, of GNI-based own resources</b>	Agreement by the Member States in the November GNI Committee, for the calculation of annual VAT/GNI balances	Agreement reached on time
<b>Prepare COM proposals post 2020 on own resources; ensure the coordination within the Commission (internal network)</b>	Progress of the Commission Internal Work on Own-Resources ( INOR) Participation to other relevant inter service groups (e.g. digital taxation, VAT plan, energy and climate package) Prepare the report to the VP Steering Group assessing the options. Prepare the relevant legislative proposals based on the assessment of potential new own resources as approved by hierarchy	Timely and good quality analysis carried out on all the new Own Resources candidates and clear picture on the feasible options together New own resources legislative package to be adopted by the Commission – together with new MFF Regulation – in May 2018
<b>Follow-up and take active part in the legislative process on future own resources</b>	Participation/contribution to meetings of the Council working party on own resources and of the EP relevant fora	Timely input from the Commission
<b>Calculation of Own Resources basis</b>	Approval in the ACOR meeting ( based on new ORD which entered into force on 01/10/2016 with retroactive effect from 1 January 2014 onwards)	Approval obtained on time
<b>Calculation of UK rebate</b>	Approval in the ACOR meeting	Approval obtained on time

**SO4: Maintain a high quality central accounting / financial framework so as to deliver true and fair annual accounts, as well as to provide reliable and relevant financial information to all stakeholders**

**Main Political Outputs - 2018**

<u>Description</u>	<u>Indicator</u>	<u>Target</u>
<b>Publication of the Commission and consolidated Annual accounts of the EU budget</b>	1. Timely adoption by Commission  2. Positive DAS on annual accounts from ECA	1. Adoption: 30/6/N+1  2. Maintain the positive DAS on annual accounts
<b>Annual Accounts of all entities under the responsibility of the Accounting Officer of the Commission</b>	1. Timely adoption by relevant authorities  2. Positive DAS on annual accounts from ECA	1. Adoption: 30/6/N+1  2. Maintain the positive DAS on annual accounts
<b>Integrated financial reporting package 2017</b>	High quality and readable report, with a positive impact on discharge discussion	Publish the Integrated Financial Reporting Package (IFRP) which includes : <ul style="list-style-type: none"> <li>• EU Annual Accounts</li> <li>• Annual Management and Performance Report including information on the protection of the EU Budget</li> </ul> Report on the follow-up to the discharge for the 2016 financial year
<b>Issue reports that are required by the Financial Regulation or at the request of the Budgetary Authority</b>  <i>(see Annex 2: Reporting obligations of BUDG)</i>	1. Reports are complete, timely and correct   2. Feedback received from ECA or the Budgetary Authority on the content and quality of the reports.	1. Timely issue/publication with regard to what is specified in the FR/RAP or as required by the final recipient of the report.  2. Positive feedback

**S05: To support the Commission services and other bodies in the implementation of the EU budget via effective treasury management, timely execution of all payments , efficient collection of revenues and maintenance and development of a secure and high quality Information System (ABAC)**

**Main political outputs – 2018**

<u>Description</u>	<u>Indicator</u>	<u>Target</u>
<b>Efficient and effective Treasury Management and safekeeping of funds</b>	<p>1. Lack of cash resources has no impact on the processing of authorised payments</p> <p>2. Execution of payments within one day after authorisation.</p> <p>3. Regular availability of cash forecasts at short and medium term</p> <p>4. Losses on bank balances</p> <p>5. DAS on the treasury tasks</p>	<p>1. No payments authorised are delayed due to lack of cash</p> <p>2. 98% of all payments</p> <p>3. Daily update for very short term and weekly for monthly forecasts</p> <p>4. losses on bank balances = 0%</p> <p>5. Positive DAS</p>
<b>Ensure the budgetary financial year transition</b>	Timely opening in ABAC of the budget year ( appropriations + RAL)	<p>The commission's services were able to execute payments early in January. Interruption of payment operations not to exceed 7 days.</p> <p>Complete carry-forward expenditure by 11 January (if decision to postpone ABAC release of early January covering revision of financial regulation is taken)</p>
<b>Efficient and effective Recovery and Fines Management</b>	<p>Number and amount of open recoveries, at the end of 2018 in pre-litigation phase and due for more than six months.</p> <p>% of coverage of the fines and safeguard of the related financial assets in accordance with the applicable risk management policy</p> <p>Go-live of IT Tool (FINE) aiming to improve efficiency and control</p>	<p>Open recoveries at pre-litigation phase and due for more than six months below 20% of the total number and below 10 % of total amount of open recoveries at pre-litigation phase.</p> <p>100 %</p> <p>1<sup>st</sup> software delivery scheduled for March 2018 and final delivery end of 2018</p>
<b>Validation of local systems</b>	<p>1. Timely evaluations according to the Work Programme</p> <p>2. Assurance is provided that local systems function well and they send reliable and complete data to the central accounting system</p> <p>3. Progressive roll-out of the new control strategy, shortening the cycle to less than five years</p>	<p>1. Completion of the Work Programme at year end</p> <p>2. Timely implementation of the recommendations issued by the validation team in BUDG</p> <p>3. New control strategy fully deployed</p>

**S05: To support the Commission services and other bodies in the implementation of the EU budget via effective treasury management, timely execution of all payments , efficient collection of revenues and maintenance and development of a secure and high quality Information System (ABAC)**

**Main political outputs – 2018**

<u>Description</u>	<u>Indicator</u>	<u>Target</u>
<b>Ensure that the ABAC services are highly available within reasonable costs and efforts</b>	<ol style="list-style-type: none"> <li>1. Number of incoming ABAC requests at the helpdesk are closed within 4 hours</li> <li>2. Availability of ABAC</li> </ol>	<ol style="list-style-type: none"> <li>1. &gt; 80%</li> <li>2. Up time of ABAC &gt; 95%</li> </ol>
<b>Continuous alignment of ABAC to legal (FR, MFF, ..) and new business needs</b>	<ol style="list-style-type: none"> <li>1. Alignment of ABAC to the Financial Regulation revision 2018.</li> <li>2. Follow-up of the IAS Audit recommendations on the Manual Interventions in ABAC</li> <li>3. Enhanced electronic workflow and integration with ARES</li> </ol>	<ol style="list-style-type: none"> <li>1. ABAC is aligned to the new provisions of the Financial Regulation 2018 by the date of its entry into force.</li> <li>2. All recommendations have been appropriately addressed and implemented.</li> <li>3. A decision for implementation can be taken thanks to a clear cost/benefit analysis of the solutions proposed for ABAC (and its next version ABAC2).</li> </ol>
<b>Implementation of the new Corporate Finance Platform ABAC2 to maintain a modern and high quality Information System</b>	<ol style="list-style-type: none"> <li>1. The design phase of the ABAC2 project results in a blue print with a list of functionalities (i.e. gaps) that need to be configured and implemented after 2018. A prototype of ABAC2 based on SAP's standard is available for demonstration purposes.</li> <li>2. The exact boundaries of the interoperability between ABAC2 and eProcurement have been detailed.</li> <li>3. First iteration of a business solution and technical platform starting from SAP's S/4Hana</li> </ol>	<ol style="list-style-type: none"> <li>1. The ABAC2 Project Charter contains an accurate revision of the project plan &amp; cost and is presented to the IT Board in July 2018. The complete blue print for ABAC2 is ready by December 2018.</li> <li>2. The scope of ABAC2 versus eProcurement is presented to the IT Board in January 2018.</li> <li>3. End 2018</li> </ol>

**SO6: Promote consistency and simplification of the financial rules, sound financial management and cost-effectiveness of controls**

**Main Political Outputs – 2018**

Description	Indicator	Target
<b>FR Revision</b>	<p>1. Conclusion and implementation of the revision of the EU Financial rules (Financial Regulation and consequential EU financial sectorial rules)</p> <p>2. Preparing and launching the ensuing alignment of</p> <ul style="list-style-type: none"> <li>• the rules on decentralised agencies, executive agencies, joint undertakings</li> <li>• the Commission internal rules; as well as of the Financial and Administrative Frameworks Agreements concluded with Commission's major implementing partners;</li> <li>• [the financial rules applicable to the EDF]</li> </ul> <p>3. Simplifying and updating the guidance, Vade-mecum and model contracts, indirect management and grants agreements</p>	<p>1. Political agreement by end 2017, with formal adoption and an entry into force of in 2018 for most of the changes adopted.</p> <p>2. By the end of 2018:</p> <ul style="list-style-type: none"> <li>• Adoption of proposals of Commission delegated acts and start of the negotiations</li> <li>• Launch of ISC on Commission internal rules</li> <li>• Start negotiations of the revised FAFAs</li> <li>• [adoption of Commission proposal and start of the negotiations)</li> </ul> <p>3. Advance as much as possible in the update</p>
<b>Contribution to proposal for the post-2020 MFF (Art. 25 MFFR)</b>	Alignment of the next generation of spending programmes to revised FR and to a common set of simplified financial rules (including an estimation of the impact in terms of control cost-effectiveness).	Adoption 1 <sup>st</sup> semester 2018  Validation of template for future basic acts in direct/indirect and shared management
<b>Functioning of the Early Detection and Exclusion System and related guidance</b>	<p>Regular annual reporting of number of cases treated</p> <p>Additional functionality requested and EDES IT tool becoming a corporate tool</p>	<p>10-20 cases treated</p> <p>End 2018</p>
<b>Implementation of the strategy for SEDIA (single financial portal), e-procurement and e-grants</b>	Regular participation to the eGrants and eProcurement Steering Board (GPSB) and OPSYS Management Board as well as to different users groups	<p>Launching on SEDIA by REA on January 2018</p> <p>Expanding eGrants to several more Specific programmes</p> <p>Finalising OPSYS pilot and building on corporate eProcurement</p>
<b>Promote simplification, coherence and sound financial management within the existing legal framework and act as sponsor/leader of financial community</b>	<p>1. Use – and monitoring – of simplification tools in the implementation of funding programmes</p> <p>2. Sponsor / leader of the financial Community: implementation of the specific measures agreed to increase efficiency in the Finance Community in the context of the Synergies and Efficiencies exercise in Financial Management</p> <p>3. Revised guidance on the estimation, assessment and reporting on the cost-effectiveness of controls</p> <p>4. Contributions to Inter-Service Consultations / Advice on the application of the Financial Regulation</p> <p>5. Feedback from users</p>	<p>1. Regular publication of a simplification scoreboard monitoring progress at Commission and Member States levels</p> <p>2. Timely implementation of agreed measures of the Action Plan</p> <p>3. BUDG guidance finalised by November 2018</p> <p>4. Timely, relevant and useful contributions and advice [see also SO2]</p> <p>5. Positive feedback</p>

**S07: Drive the strategy of EU budget focused on results inside the Commission and engaging with the different stakeholders with a view to making progress throughout the current MFF along three axis (i) reinforced alignment with political priorities (focus), (ii) effectiveness in implementation (speed) and (iii) positive impact on the ground (impact).**

**Main Political Outputs – 2018**

<u>Description</u>	<u>Indicator</u>	<u>Target</u>
<b>Drive the implementation of the BFOR initiative</b>	1. Lead the Inter-Service Working Group on Performance  2. Define in collaboration with the DG, the system of indicators for the performance framework of each single programme	1. Three meetings during 2017 to drive strategy inside the Commission  2. Deliver a system of indicators for the next MFF.
<b>External Communication and dialogue on BFOR</b>	1. 1. Organise the experts meetings in order to keep an open dialogue with our main stakeholders regarding performance  2. "EU Budget for results" project database ("web app") supporting the communication on EU budget focused on results	1. Three Expert meetings during the year with a consistent set of conclusions  2. The database will progressively connect to sectorial databases – to be completed by end 2018
<b>4<sup>th</sup> Conference on [future of ] EU Finances</b>	1. Conference attendance  2. positive media coverage / high social media impact	1. at least 700 registrations (attendance at full room capacity)  2. number of tweets, shares, viewings of web streaming – to be determined
<b>Contribution to proposal for the post-2020 MFF (Art. 25 MFFR)</b>	Participation in the preparatory and subsequent negotiations providing input for the qualitative part of the MFF proposals, for the system of indicators to measure performance for the spending programmes and the performance related provisions in the legal basis.	Adoption by College May 2018

**SO8: Ensure effective management of the relations with the European Court of Auditors, the EP's Budgetary Control Committee (CONT) and the Council paving the way to the Commission's annual discharge.**

Coordinate follow up to the recommendations of the Court of Auditors, the EP and the Council inter alia via the support to improvements of national Public Internal Control systems in Member states, candidate countries and neighbourhood countries.

**Main Political Outputs – 2018**

<u>Description</u>	<u>Indicator</u>	<u>Target</u>
<b>EP grants 2016 Discharge</b>	Discharge resolution adopted	Adoption by EP plenary in April 2018.
<b>Reply to ECA annual report for the financial year 2017 (Art. 162(4) FR); Reply to ECA Special Reports (Art. 163(1) FR)</b>	Timely delivery of quality replies to ECA annual report & Timely delivery of quality replies to ECA Special reports.	Annual Report: Legal deadline is 16/10/2018. However, in order to allow the ECA to publish its Annual report in September, replies should be transmitted to ECA mid-August 2018.  Special reports: The procedure should be completed in 6 weeks.
<b>Maintain constructive relations with the ECA</b>	Timely support to discharge correspondents	- Early mapping of ECA performance audits  - Facilitate exchange of views between the ECA and discharge correspondents  - Development on RAD for an more effective follow-up of ECA recommendations
<b>Develop an agreed a strategic approach by the EU-wide PIC Network for the PIC Conference in 2019</b>	Working Group(s) of MS experts to identify good practices for the implementation of key internal control challenges.	First draft of discussion papers produced after two rounds of meetings with volunteer members of the Working Group(s).
<b>Provide technical guidance on PIFC and External Audit standards to candidate, potential candidate and relevant ENP countries, and provide assessment of reform progress (in line with Stabilisation and Association Agreement or Association Agenda).</b>	Comprehensive technical guidance on PIFC and External Audit development to country counterparts is provided.  Input and technical analysis are provided to NEAR and EEAS on PIFC and External Audit.  Measureable achievements of PIFC implementation and for External Audit reform.	Provision of reasoned guidance on PIFC/External Audit policy documents and draft laws.  Participation, or provision of BUDG LTT, in one formal Commission monitoring meeting per year.  Pertinent information on PIFC/External Audit is included in Progress and Monitoring Reports.

**Annex 1b. : Performance tables Part 2. Overview of the main organisational management outputs 2018**

**A. Human resource management**

**Objective: The DG deploys effectively its resources in support of the delivery of the Commission's priorities and core business, has a competent and engaged workforce, which is driven by an effective and gender-balanced management and which can deploy its full potential within supportive and healthy working conditions.**

**Main outputs – 2018**

<u>Description</u>	<u>Indicator</u>	<u>Target</u>
<b>Sound allocation of human resources ensuring effective and efficient operation of the DG</b>	Occupation rate of posts in the DG	> 95%
<b>Flexibility of staff and building bridges across the DG</b>	Number of "working together" traineeships per year  Horizontal working groups  Number of lunchtime seminars on topics of interest	≥ 10  According to needs  ≥ 5
<b>Internal mobility favours the efficient and effective operation of the DG through increased motivation and broadened experience of staff, while ensuring continuity of service</b>	Internal mobility rate (%)	≥ 5%
<b>High satisfaction rate enhances engagement and motivation of staff</b>	Average satisfaction rate of DG BUDG staff on in house training  Perception of BUDG staff of balance between private and professional life  Perception of BUDG staff on equal opportunities as opposite gender	> 80%  ≥ 60%  ≥ 60%
<b>Increase gender balance through promotion of equal opportunities</b>	Newly appointed women in Middle Management posts in DG BUDG	Commission level : No specific target fixed by DG HR per year, however the target is fixed for 2019  Reach the 2019 target for Middle management posts: 3 newly appointed managers.



## B. Financial Management: Internal control and Risk management

**Objective: Effective and reliable internal control system giving the necessary guarantees concerning the legality and the regularity of the underlying transactions**

**Main outputs- 2018:**

<u>Description</u>	<u>Indicator</u>	<u>Target</u>
<b>Error rate detected on the legality and regularity of the underlying transactions in BUDG</b>	Error rate detected on the legality and regularity of the underlying transactions is below the materiality criteria 2% for administrative budget implementation & below the materiality criteria 1% for Own Resources collection	Error rate below 2% for administrative budget implementation  Error rate below 1% for Own Resources collection

**Objective: Effective and reliable internal control system in line with sound financial management.**

**Main outputs – 2018**

<u>Description</u>	<u>Indicator</u>	<u>Target</u>
<b>Overall costs of controls</b>	Overall costs of controls (%) 1) Administrative expenditure implementation 2) Own Resources collection	Maintain same levels in AAR 2017 : 1) < 5% (4.29% in AAR 2016) 2) < 0.3% (0.28% of OR collected in AAR 2016)
<b>Execution of the administrative budget</b>	Execution rate of the administrative budget (C1 credits)	2018 : >95% of CA >50% of PA
<b>On time execution of payments</b>	Percentage of payments on the administrative budget made within the time limits	>95%
<b>Internal Control Systems assessment</b>	Effectiveness of Internal Control Principles (ICAT survey and specific questionnaires)  Participation rate of selected staff in the ICAT questionnaire	>=75%  >=65%
<b>Open recommendations from auditors</b>	1. Number of critical/very important recommendations overdue for more than 12 months	None

**Objective: Minimisation of the risk of fraud through application of effective anti-fraud measures, integrated in all activities of the DG, based on the DG's anti-fraud strategy (AFS) aimed at the prevention, detection and reparation of fraud.**

**Main outputs – 2018**

<u>Description</u>	<u>Indicator</u>	<u>Target</u>
<b>Fraud awareness is increased for target population(s) as identified in the DG's AFS</b>	Updated anti-fraud strategy, elaborated on the basis of the methodology provided by OLAF  Actions are implemented as described in the Anti-Fraud strategy	March-2018  100% implementation by end 2018
<b>Awareness actions / Ethics session</b>	Fraud awareness is increased for target population(s) as identified in the DG's AFS	100% by end 2018

### C. Information management aspects

**Objective: Information and knowledge in your DG is shared and reusable by other DGs. Important documents are registered, filed and retrievable**

**Main outputs – 2018**

<u>Description</u>	<u>Indicator</u>	<u>Target</u>
<b>BUDG Management Video Readout</b>	Regular publication on the next day after management meeting.	> 90 %.
<b>BUDG Units´ presentations</b>	Number of lunch-time presentations of BUDG Units	≥5
<b>Important documents are registered, filed and retrievable</b>	Percentage of registered documents filed in Nomcom	> 99 %
<b>Access to important documents is guaranteed at the long term</b>	Follow-up on archiving procedure in Hermes Preservation System Number of files with a retention code in Nomcom	100% of files with retention code
<b>Documents are shared and reusable by other DGs.</b>	Percentage of files accessible to other DGs	At least 35% of the files created in 2018

### D. External communication activities

**Objective: Citizens perceive that the EU is working to improve their lives and engage with the EU. They feel that their concerns are taken into consideration in European decision making and they know about their rights in the EU.**

**Main political outputs – 2018**

<u>Description</u>	<u>Indicator</u>	<u>Target</u>
<b>Integrated Financial Reporting Package</b>	Feedback from users based on on-line satisfaction survey	Majority positive feedback
<b>MFF post 2020 communication activities</b>	Feedback on the MFF  Eurobarometer survey	Majority positive feedback  Improvement in citizens knowledge about the EU budget (benchmark : surveys 2015 and 2017)
<b>EU budget website migration and upgrade</b>	Feedback from users based on on-line satisfaction survey	Majority positive feedback

**Annual communication spending (based on estimated commitments):  
475 000 on BUDG lines + 150 000 on COMM lines**

**Baseline (2017):**

DG BUDG budget lines:

- 150 000 – publications (paper and e-publications)
- 5 000 open doors day – conferences, meetings
- 150 000 web mastering – Technical Assistance

DG COMM budget line(s) – see ARES(2016)533656 as amended by ARES(2017)5010341

- 50 000 3rd Conference on Budget Focused on Results
- 90 000 E- publications for MFF post -2020

**Target (2018):**

DG BUDG budget lines:

- 200 000 – publications (paper, e-publications and translations)
- 5 000 open doors day – conferences, meetings
- 270 000 web mastering – Technical Assistance

DG COMM budget line(s) – see ARES(2017)354436 as amended in April 2017:

- 50 000 4rd Conference on EU Finances /MFF
- 30 000 Public consultation and events in member States on MFF post-2020
- 70 000 MFF post -2020 proposal communication material

## Annex 2: Reporting obligations of BUDG (see Specific Objective 4)

Reports		
Description	Legal Basis	Timing
<b>INTEGRATED FINANCIAL REPORTING PACKAGE</b> <sup>13</sup>		
<b>Legally required:</b>		
Annual Accounts of the EU	FR Art 148.5	Adopted by 30/06
Annual Management and Performance Report   ( provide input to SG)	TFEU Art 318 FR Art 66.9	Adopted by 15/06
Report on the follow-up to the discharge for 2015	FR Art. 166(2)/FR Art. 38	End September
<b>OTHER REPORTING</b>		
<b>Legally required:</b>		
Annual budget implementation reports (Budgetary outturn accounts)	FR Art.146	By mid-March
Annual Report on Budgetary and Financial Management	FR Art.142	By 31 March
Monthly reports on the implementation of the budget	FR Art. 150	Within 10 working days of the end of each month
Publication of information on recipients of EU funds through the Financial Transparency System (FTS)	RAP Art.21/FR. Art. 35	Before 30 June
Status Report <sup>14</sup>	FR Art 154	15-Sep
Report on MS' replies to the ECA's 2015 Annual report	FR Art 162(5)	End February
Annual Financial Report ( <i>if still to be produced in 2018</i> )		On-line version 20.07/ Paper - Sept/Oct
Working documents <sup>15</sup> accompanying the yearly Statement of Estimates of the European Commission (including a report on Financial Instruments)	FR Art. 38	Legal deadline: 01 September Pragmatic timing: 1-15 June
Triennial Report to the EP and the Council on the functioning of the inspection arrangements for traditional own resources	Council Regulation 608/2014 Art 6(3)	October

<sup>13</sup> **BUDG Annual Communication package** on these reports

<sup>14</sup> contains information on current risks noted, general trends observed, new accounting issues encountered, progress on accounting matters, including those raised by the Court of Auditors, and information on recoveries

<sup>15</sup> 1. Programme Statements of operational expenditure; 2.Commission Human Resources; 3.Bodies set up by the EU having legal personality and PPP; 4.Pilot projects and preparatory actions; 5.Budget implementation and assigned revenue and evolution of the RAL(Rest a liquider)/PAR(Potential Abnormal Ral); 6.Commission Administrative Expenditure; 7.Commission buildings; 8.Expenditure related to the external action of the EU; 9.Funding of international organisations; 10.Financial Instruments; 11.Payment schedules

Annual Report on the EU financial architecture ( complies information of 10 different reports) <sup>16</sup>	IIA - Point 16	No specific deadline
<b>Non-legally required reports:</b>		
Active monitoring and forecast of budget implementation	Jointly required by BA and Commission	February (2015 implementation), July and October
Budget Implementation Plan	Required as WD (V) to the DB	End May
Weekly budget implementation report	EP requirement	From mid-April up until end September on a fortnight basis and from then on up until the year-end on a weekly basis
Implementation of structural funds reports	EP requirement	Monthly, quarterly, annually
Report on the implementation of EU Trust Funds	EP requirement	Monthly
Facility for Refugees in Turkey	EP requirement	Monthly
Report to the discharge authority on areas of consistently high errors and their root causes	EP/COU discharge request	October

<sup>16</sup> 1. 2016 Consolidated annual accounts of the Union (COM (2017) 365 final);  
2. Annual accounts of the European Development Fund 2016 (COM (2017) 364);  
3. 2016 Annual reports of the European Financial Stability Facility (EFSF)  
4. 2016 Annual report of the European Stability Mechanism (ESM);  
5. Report from the Commission to the European Parliament and the Council on borrowing and lending activities of the European Union in 2015 (COM (2016) 387);  
6. Report from the Commission to the European Parliament and the Council on financial instruments supported by the general budget according to Art. 140(8) of the Financial Regulation as at 31 December 2016 (COM(2017)535);  
7. Report from the Commission to the European Parliament and the Council on guarantees covered by the general budget prepared pursuant Art. 149 of the Financial Regulation - situation at 31 December 2015 (COM(2016)576 final);  
8. Report from the Commission to the European Parliament and the Council on the implementation of macro-financial assistance to third countries in 2016 (COM/2017/0321);  
9. Report from the Commission to the European Parliament and the Council on the Guarantee Fund for external actions and its management in 2016 (COM (2017)488 final);  
10. Working document part XI - EU Trust fund - accompanying the DB 2018. In addition, the Commission reports on a monthly basis to the European Parliament and the Council on the budgetary implementation of the EU Trust Funds and the Facility for Refugees in Turkey.

