



2018

Annual Activity Report

EUROSTAT



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THE DG IN BRIEF

Eurostat is the statistical office of the European Union. Its mission is to provide high-quality statistics for Europe.

European statistics are developed, produced and disseminated in accordance with the statistical principles enshrined in Article 338 of the Treaty on the Functioning of the European Union and further elaborated in Regulation (EC) No 223/2009 on European statistics¹ as well as the European statistics Code of Practice². European statistics conform to the principles of impartiality, reliability, objectivity, professional independence, cost-effectiveness and statistical confidentiality. They shall not cause an excessive burden to business nor households. By providing reliable and comparable statistical information, Eurostat supports evidence-based EU policies and the implementation of the ten Commission Priorities.

Eurostat produces European statistics in partnership with the Member States based on shared statistical standards, methods, procedures, practices and tools. The Member States' National Statistical Institutes (NSIs) and other national authorities designated to produce official statistics form European Statistical System (ESS)³. ESS members participate in joint actions, such as collaborative networks and centres of excellence. European Economic Area countries and Switzerland participate in the ESS under specific agreements⁴ that cover matters such as the provision of data to Eurostat and the country's participation in joint ESS actions together with others. An administrative arrangement⁵ lays down the technical cooperation with the European Free Trade Association (EFTA) in the field of statistics.

Eurostat and its ESS partners continuously invest in the modernisation of European statistics under the ESS Vision 2020⁶ and implement new methods of production through a portfolio of projects and supporting frameworks. Eurostat organises cycles of peer reviews on the compliance of the Member States with the European Statistics Code of Practice.

Commission Decision (2012/504/EU) defines the role and responsibilities of Eurostat within the internal organisation of the Commission, as regards the development, production and dissemination of statistics. In addition, Eurostat cooperates very closely with the European Central Bank and international organisations (i.e. UN, OECD, IMF, ILO, World Bank), in developing international standards to ensure comparability of statistics across the globe.

Eurostat is also involved in the process for own resources verification. Eurostat checks the application of the Gross National Income (GNI) regulation, proposes methods to ensure the exhaustiveness, comparability and reliability of national GNI data, verifies the data provided annually by Member States and directs the work of the GNI Committee. Furthermore, Eurostat supports DG Budget in the verification of the VAT statements provided annually by the Member States, in particular the parts that are linked to the use of national accounts data.

Eurostat is involved in the economic governance of the EU. It verifies the public finance

¹ Regulation (EC) No 223/2009 of the European Parliament and the Council of 11 March 2009 on European statistics, OJ L 87 of 31.3.2009, as amended by Regulation (EU) 2015/759 of the European Parliament and of the Council of 29 April 2015, OJ L 123 of 19.5.2015

² The European Statistical System Committee (ESSC) adopted the revision of the European Statistics Code of Practice in November 2017.

³ Article 4 of Regulation (EC) No 223/2009, as amended by Regulation (EU) 2015/759 of the European Parliament and of the Council of 29 April 2015, OJ L 123 of 19.5.2015.

⁴ Agreement on the European Economic Area, in particular Protocol 30 on specific provisions on the organisation of the cooperation in the field of statistics, OJ L 1 3.1.1994; Agreement between the European Community and the Swiss Confederation on cooperation in the field of statistics, OJ L 90, 28.3.2008

⁵ Administrative arrangement between the Statistical Office of the European Union (Eurostat) and the EFTA Secretariat regarding technical cooperation in the field of statistics, ARES(2016)6727642 of 01.12.2016.

⁶ The [ESS Vision 2020](#) is a common strategic response of the European Statistical System to the challenges that official statistics is facing. The ESS Committee adopted it in May 2014.

statistics used in Excessive Deficit Procedures (EDP) and also holds responsibilities in the area of the Macroeconomic Imbalance Procedure (MIP). Eurostat is also in charge of budgetary surveillance as is allowed to carry out investigations and recommend fines if data is misrepresented⁷.

The EU's statistical priorities are defined in multi-annual statistical programmes proposed by the Commission and adopted by the European Parliament and the Council. In October 2017, the European Parliament and the Council adopted Regulation (EU) No 2017/1951⁸ amending Regulation (EU) No 99/2013 on the ESP 2013-17, by extending it until 2020.

Eurostat implements the budget of the ESP through grants and public procurement contracts, which help produce European statistics. Eurostat awards contracts mainly to firms specialised in statistics or informatics services. Grants are mainly given to institutes in the Member States, which produce official European statistics.

In 2018, Eurostat managed a total of €70.37 million, made up of operational and administrative budget commitments. Part of the budget is sub-delegated to Eurostat by other Commission departments.

As of 31 December 2018, Eurostat had 754 staff members. Of this, 603 were establishment plan posts and 151 were external personnel.

⁷ Commission Delegated Decision 2012/678/EU of 29 June 2012 on investigations and fines related to the manipulation of statistics as referred to in Regulation (EU) No 1173/2011 of the European Parliament and of the Council on the effective enforcement of budgetary surveillance in the euro area, OJ L 306 of 6.11.2012.

⁸ OJ L 284, 31.10.2017

EXECUTIVE SUMMARY

The Annual Activity Report is a management report of the Director-General of Eurostat to the College of Commissioners. Annual Activity Reports are the main instrument of management accountability within the Commission and constitutes the basis on which the College takes political responsibility for the decisions it takes as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties⁹.

a) Key results and progress towards the achievement of general and specific objectives of the DG (executive summary of section 1)

As laid down in its Strategic Plan 2016-2020, in 2018 Eurostat contributed to the achievement of the overall objectives of the Commission by providing high-quality statistics needed for the development, monitoring and evaluation of the policies of the European Union in a cost effective manner without unnecessary duplication of efforts.

Eurostat continued to provide comparable, reliable and timely information to support the ten Commission Priorities and to monitor progress towards the Sustainable Development Goals (SDGs) and the Europe 2020 strategy. European official statistics underpinned key EU policy areas, such as the European Semester, Excessive Deficit Procedure, the European Pillar of Social Rights, and the Digital Agenda.

The following achievements can be highlighted:

More new European official statistics

- Eurostat delivered new statistical products, such as updated flash estimates of income distribution for 2017 and new data on skills and labour mobility, to reinforce the role of social indicators and so further support the social dimension of Europe.
- New official and experimental business and trade statistics on topics such as e-commerce, cloud computing, and big data analysis were disseminated. Trade statistics now include more information on the traders themselves, complementing the existing information on what is traded.
- Concerning natural resources, Eurostat produced harmonised new data on the prices and rents of agricultural land. New data on passenger mobility can now be used for urban mobility plans. Three new modules of environmental economic accounts provide indicators for monitoring EU progress on the circular economy, resource efficiency, the European Semester, and the seventh Environment Action Programme.

Improved timeliness and new flash estimates

- Timeliness was improved for the employment estimates in national accounts as well as for components of social expenditures, such as social protection, education and health.
- The results of the Farm Structure Survey were also made available more quickly.
- Data on energy from renewable sources, electricity and gas prices and estimates on air emission accounts were also made available within a shorter time period.

⁹ Article 17(1) of the Treaty on European Union.

Modernised statistical legislation

- The year 2018 has seen tangible progress with the legislative process for adopting several major legislative initiatives that will shape the future of European official statistics on people, business and natural resources.
- The Commission adopted a European Parliament and Council proposal establishing the “Programme for single market, competitiveness of enterprises, including small and medium-sized enterprises, and European statistics” (SMP) for the next Multi-annual Financial Framework (MFF) covering the programming period 2021-2027. This new programme will ensure that statistics to support the political priorities in key EU policy areas are available.

Enhanced digital communication, centred on citizens

- Eurostat intensified communication with its users. It tweeted more than 900 messages in 2018, gaining nearly 20 000 new Twitter followers (now over 133 000 followers). Eurostat’s tweets are increasingly popular: a tweet on the gender pay gap gained over 170 000 views and more than 10 000 responses. Eurostat’s Facebook page, with over 450 posts in 2018, today has more than 33 000 followers. Facebook posts also reach a wide audience: the gender pay gap post gained 3.3 million views and more than 98 000 responses.
- The experimental statistics website was revamped and now contains more experimental statistical products. In line with its digital communication strategy, Eurostat also revised numerous dedicated sections of its website, among others on the circular economy, on SDGs and on regions and cities, by highlighting key topics and guiding users towards interactive tools.
- Eurostat increased its use of infographics, videos and other products to enhance the attractiveness of its publications, news releases, news items and social media posts. Presentations on Eurostat products and services were made to around 30 groups from the media, institutions and society. A particular emphasis was placed on relations with the EU Permanent Representations in the Member States, in view of their key role as transmitters of information to society. The media, institutional and user support teams treated around 5 300 requests in 2018.
- Eurostat continued to provide a dissemination package to monitor the EU’s progress towards the SDGs. The package includes the 2018 monitoring report and other elements, such as a digital publication and leaflet.

Reducing statistical response burden

- Eurostat performed a second mid-term evaluation of the European Statistical Programme (ESP) 2013-2020. The results supported the impact assessment of the new post-2020 statistical programme, which the Commission has integrated into the proposal for a Single Market Programme. The results of this second mid-term evaluation indicate that the ESP has shown a high degree of effectiveness, that the programme is run efficiently, that it provides a clear EU added value and is coherent internally and consistent externally with other initiatives aiming at producing statistics.
- An evaluation of the fisheries statistics regulations started in 2018 and is set to be concluded by July 2019. The fisheries statistics produced by the European Statistical System are important for managing the common fisheries policy, but the underlying regulations need to be revised to adapt them to user needs and reduce the response burden.

Embracing digital technologies, new data sources and techniques

- Eurostat improved its statistical production methods, particularly by exploring new data sources for official statistics. Based on this work, together with NSIs, Eurostat is developing prototypes and regular statistics using a large number of new data sources, such as enterprise websites, online job vacancies, smart meter measurements, mobile networks' data and vessel positioning data.

This work started in November 2018 and will result in additional and timelier information being made available. Last year, the European Statistical System adopted the "Bucharest Memorandum on official statistics in a datafied society". With this memorandum, Eurostat and the ESS paved the way for developing European Trusted Smart Statistics.

* * *

Summing up, in 2018 Eurostat achieved the specific objectives, as defined in its 2016-2020 Strategic Plan.

Specific objective 1 defines the main statistical outputs of the programme: indicators, accounts and primary data, i.e. the European statistics that will be produced or developed by the European Statistical System (ESS) during the period. The European statistics produced are listed in the catalogue of statistical products disseminated by Eurostat, which constitutes the main output in the Management Plan for 2018.

In 2018, 94.9% of planned outputs (covering statistical products as well as other outputs) were achieved or were on target.

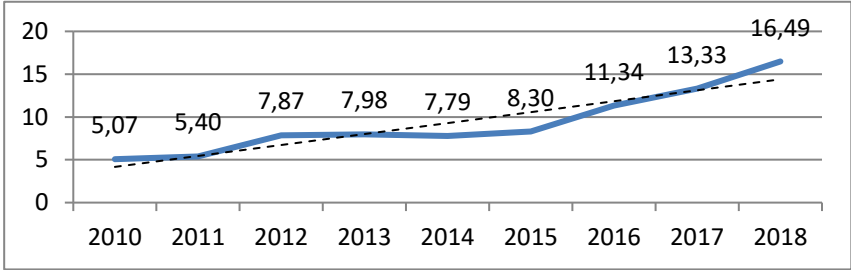
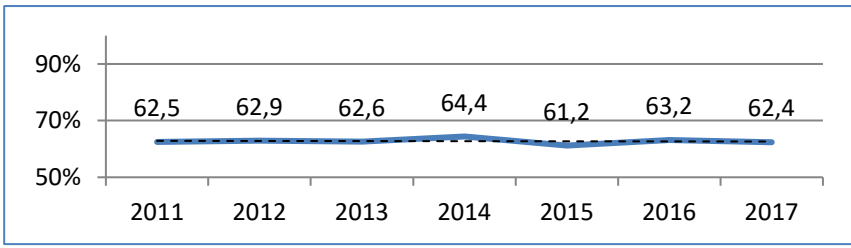
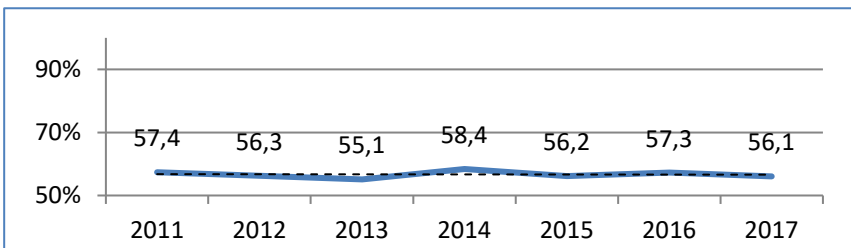
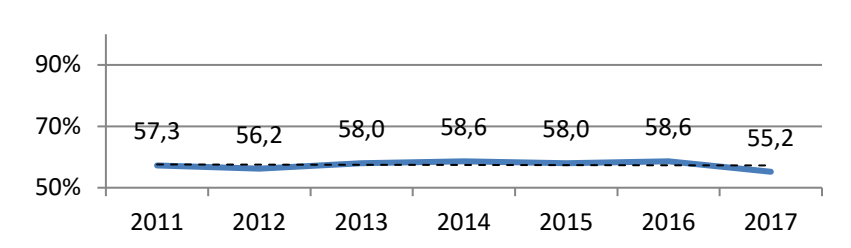
The activities under specific objective 2 supported the improvements to the production methods of European statistics and their quality, while reducing costs and the response burden.

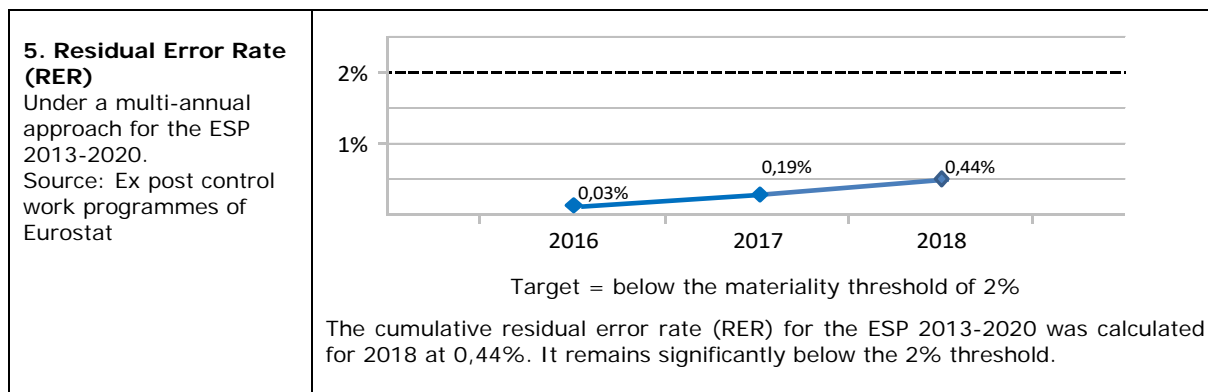
Under specific objective 3, the Management Plan outputs further strengthened the partnership and cooperation within the ESS, essential for the production of comparable statistics and achieving overall efficiency.

In terms of the efficient financial implementation of the ESP, Eurostat had an execution rate of 98.45%.

b) Key Performance Indicators

The tables and graphs below show five of Eurostat's key performance indicators (KPIs) relating to this report:

| Five most relevant performance indicators (description) | KPI progress |
|--|--|
| <p>1. Number of data extractions (in millions) made by external users from Eurostat dissemination databases via the Eurostat website.</p> <p>Source: Eurostat</p> |  <p>Target: Positive (approximately linear) trend</p> <p>A strong increase in end users' data extractions was observed in the last 2 years.</p> |
| <p>2. Quality of European statistics: percentage of users that rate as 'Very good' or 'Good' the overall quality of European Statistics.</p> <p>Source: user satisfaction survey carried out by Eurostat</p> |  <p>Target = overall positive trend</p> <p>Overall, user perception about the quality of European statistics remains stable. The next survey is planned for 2019.</p> |
| <p>3. Timeliness: percentage of users that rate as 'Very good' or 'Good' the timeliness of European Statistics for their purposes.</p> <p>Source: user satisfaction survey carried out by Eurostat</p> |  <p>Target = overall positive trend</p> <p>Overall, user perception about the timeliness of European statistics remains stable. The next survey is planned for 2019.</p> |
| <p>4. Comparability: percentage of users that rate as 'Very good' or 'Good' the comparability of European Statistics among regions and countries.</p> <p>Source: user satisfaction survey carried out by Eurostat</p> |  <p>Target = overall positive trend</p> <p>Overall, the sample survey indicates a stable trend in user perception about the comparability of European statistics. The next survey is planned for 2019.</p> |



The main KPI (number of data extractions) indicates that European statistics are increasingly being used, particularly over the last two years. As regards the KPIs related to users' perception, the sample user survey indicates relatively stable trends. However, no new data exist for 2018 as the next survey is planned for 2019. Eurostat has continued working actively on the improvement of the quality, timeliness and comparability of European statistics, notably through the implementation of the European Statistical System Vision 2020 portfolio¹⁰. The residual error rate continues to be well below 2%.

c) Key conclusions on financial management and internal control (executive summary of section 2.1)

In accordance with the governance arrangements of the European Commission, Eurostat conducts its operations in compliance with the applicable laws and regulations, working in an open and transparent manner and meeting the expected high level of professional and ethical standards.

The Commission has adopted a set of internal control principles, based on international good practice, aimed to ensure the achievement of policy and operational objectives. The financial regulation requires that the organisational structure and the internal control systems used for the implementation of the budget are set up in accordance with these principles. Eurostat has assessed the internal control systems during the reporting year and has concluded that the internal control principles are implemented and function as intended with the exception of principles 3, 6, 11 and 12, where some improvements are needed. Please refer to AAR section 2.1.3 for further details.

In addition, Eurostat has systematically examined the available control results and indicators, including those aimed to supervise entities to which it has entrusted budget implementation tasks, as well as the observations and recommendations issued by internal auditors and the European Court of Auditors. These elements have been assessed to determine their impact on the management's assurance as regards the achievement of control objectives. Please refer to Section 2.1 for further details.

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director General, in her capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

¹⁰ The ESS Vision 2020 is the main output planned under the second Specific Objective of Eurostat's 2018 Annual Management Plan, and comprises the following projects: Digital Communication (DIGICOM), European Statistical Data Exchange Network (ESDEN), Shared Services (SERV), Big Data (BIGD), Administrative data sources (ADMIN) and European System of Interoperable Statistical Business Registers (ESBRs).

d) Provision of information to the Commissioner

In the context of the regular meetings during the year between the DG and the Commissioner on management matters, also the main elements of this report and assurance declaration, have been brought to the attention of Commissioner Thyssen, responsible for Employment, Social Affairs, Skills and Labour Mobility, as well as for Eurostat.

1. KEY RESULTS AND PROGRESS TOWARDS THE ACHIEVEMENT OF GENERAL AND SPECIFIC OBJECTIVES OF THE DG

1.1 Achievement of general and specific objectives

As laid down in its Strategic Plan 2016-2020, Eurostat contributes to the achievement of the overall objectives of the Commission by providing high quality statistics needed for development, monitoring and evaluation of the policies of the European Union in a cost effective manner without unnecessary duplication of efforts. These statistics constitute information assets that are managed and safeguarded by Eurostat in an efficient and effective manner.

The following table shows the end-2018 status of all Eurostat's activities resulting in outputs. These are listed in the annex to Eurostat's [Annual Work Programme 2018](#) and referred to in the Programme Statement where additional information can be found. They are grouped by Eurostat's 2016-2020 Strategic Plan (SP) specific objectives:

| Status of completion of outputs | SP Specific Objective 1 Provide quality statistical information | | SP Specific Objective 2 Implement new methods of production | | SP Specific Objective 3 Strengthen the partnership within the ESS and beyond | | AWP Total | |
|------------------------------------|--|------------|--|------------|---|------------|------------|------------|
| | Outputs | | | | | | | |
| | N. | % | N. | % | N. | % | N. | % |
| Achieved / On target ¹¹ | 191 | 96.0 | 62 | 95.4 | 24 | 85.7 | 277 | 94.9 |
| Cancelled or not fully achieved | 5 | 2.5 | 3 | 4.6 | 3 | 10.7 | 11 | 3.8 |
| Revised | 3 | 1.5 | 0 | 0.0 | 1 | 3.6 | 4 | 1.4 |
| All status | 199 | 100 | 65 | 100 | 28 | 100 | 292 | 100 |

In 2018, 94.9% of planned outputs were achieved or were on target. Performance is similar to 2017.

Those outputs with a status other than "Achieved / On target" have been analysed in detail. None of them put at risk the fulfilment of the ESP objectives.

The causes can be broken down by the following main categories:

- Dependency on international partners, Member States, external contractors (and related administrative procedures);
- Priority-related issues;
- Resource-related issues;
- IT-related issues;
- Unexpected complexity or difficulties in executing the tasks.

Corrective actions were identified and have been implemented. These actions included reviewing the IT planning procedure, in particular IT prioritisation and HR allocation.

¹¹ 'Achieved or on target' means that the work is proceeding according to the plan, i.e. the work on the annual outputs has been completed and the work on the multi-annual outputs is proceeding without serious problems (and therefore the outputs are expected to be achieved on schedule).

1.1.1 General objectives of the policy

Under its mission to provide high-quality statistics, Eurostat contributed to other DG's policy and programme achievements. Eurostat is not a policy DG. It is fully responsible for and is the leading provider of official statistics for the EU. Eurostat's independence and its responsibility for statistical activities have been further clarified in the amendments to Regulation (EC) No 223/2009¹².

External factors may influence Eurostat's objectives, such as the NSIs' capacity to deliver high-quality data in the face of budgetary constraints. Whilst constraints on resources at national and European level increase, new challenges for official statistics have also emerged. These include dealing with new data sources, new statistical and analytical methods and tools, competition among data providers and changing user needs.

A second mid-term evaluation of the ESP, covering 2015-2017, was completed in 2018. The evaluation was in line with the Better Regulation guidelines and required as part of the preparations towards completing the impact assessment of the new post-2020 ESP. Following the evaluation, the impact assessment of the post-2020 ESP was approved as part of the impact assessment of the Single Market Programme (SMP). The Commission went on to adopt the legislative proposal for the SMP.

The results of the second mid-term evaluation indicate that the ESP has shown a high degree of effectiveness. The percentages of planned outputs that were achieved or on target in the last three years were constantly over 90 %. 20 of the 23 detailed objectives of the ESP can be considered on track to be accomplished by the end of the programme. The remaining three objectives, (i) objective 2 on economic governance; (ii) objective 4 on economic globalisation and (iii) objective 18 on dissemination and communication, only showed limited problems, which will have to be taken care of in the remaining period of the programme.

The evaluation indicates that the programme is run efficiently, that it provides a clear EU added value and is coherent internally and consistent externally with other initiatives aiming at producing statistics. The results also show that the ESP has contributed and continues to contribute to satisfy the users' needs and to the design and monitoring of policies but more is needed. Eurostat and the European Statistical System are modernising the statistical production processes to respond to such needs while taking advantage of new technologies. Focus must be given to the implementation of such modernisation, which may require changes in the way statistical authorities gather and process data, as well as adequate resources. The evaluation also showed that broadly speaking the ESP's structure is fairly complex, with objectives and sub-objectives covered by areas and measured by indicators which sometimes are not clearly distinct one from another. It is then inherently difficult to understand and monitor the ESP. Therefore, the evaluation recommends simplifying the structure of the programme for the post-2020 ESP.

The findings of the evaluation were taken into account in the impact assessment of the post-2020 ESP. In particular, the structure in the future programme has been simplified compared to the current ESP.

An evaluation of the fisheries statistics regulations started and is set to be concluded by July 2019. The fisheries statistics produced by the European Statistical System are important for managing the common fisheries policy, but the underlying regulations are rather outdated and no longer fully in line with user needs. The evaluation process is expected to result in a thorough analysis of the current European fisheries statistics system to inform the potential next legislative steps. A detailed evaluation design has been developed and agreed and information-gathering and analysis is ongoing or upcoming, including in-depth interviews with important stakeholders, fisheries statistics case studies in various Member States, an online expert survey and an open public consultation.

Eurostat contributes actively to the delivery of all the general objectives of the

¹² Regulation (EU) 2015/759 of the European Parliament and of the Council of 29 April 2015, OJ L 123 of 19.5.2015

Commission by providing high-quality statistics on Europe. The statistical products and services produced, developed, disseminated and managed by Eurostat constitute key Commission assets and resources.

Eurostat provided comparable, reliable and timely statistical information in areas such as the economy, social affairs and the environment. It thus supported the evidence-based implementation of EU policies, the Europe 2020 strategy and the ten Commission priorities.

The details below under point 1.1.2 reflect Eurostat's major achievements.

1.1.2 Specific objectives of the Strategic Plan 2016 - 2020

The specific objectives of Eurostat in 2018 reflect the objectives of its 2016-2020 Strategic Plan. These are identical to those of the European Statistical Programme, which has been extended for the period 2018-2020. The extension of the programme takes into account the growing demands for high quality and timely statistics to support the design and evaluation of European policies. It will ensure the effective contribution of European statistics to the achievement of the Commission's political priorities between 2018 and 2020 and at the same time strengthen the capacity of Eurostat and the European Statistical System to react faster to new demands through embracing the potential of big data, geo-spatial data and digital technologies, while limiting the burden on respondents.

Specific objective 1: Provide quality statistical information

| Total number of outputs achieved / on target for Specific Objective 1 | Budget executed in 2018 |
|---|-------------------------|
| 191 | 36.3 MEUR |

Specific objective 1 defines the main statistical outputs of the programme: indicators, accounts and primary data, i.e. the European statistics that will be produced or developed by the European Statistical System (ESS) during the period. The European statistics produced are listed in the catalogue of statistical products disseminated by Eurostat, which constitutes the main output in the Management Plan for 2018.

Table below shows the main outputs in 2018 for specific objective 1 as of 31 December 2018 (reflecting the Management Plan 2018):

| Main outputs for specific objective 1 | | | |
|---|--|-------------|--|
| Important items from work programmes/financing decisions/operational programmes | | | |
| Description | Indicator | Target date | Latest known results (situation on 31/12/2018) |
| Catalogue of statistical products ¹³ | Produce and disseminate all statistical products listed in the catalogue of products | 2018 | 98.1% achieved |

98.1% of statistical products included in the Annual Work Programme 2018 were produced and disseminated which constitutes a +2.7 percentage points improvement on 2017's results. More detail is presented in the table below:

¹³ See Eurostat [Annual Work Programme 2018](#)

| Status | Activities related to the catalogue of statistical products | |
|---|---|------------|
| | Number of outputs | % |
| Achieved or on target ¹⁴ | 105 | 98.1 |
| Cancelled or not progressed according to plan | 2 | 1.9 |
| Revised | 0 | 0.0 |
| Total | 107 | 100 |

Regarding specific objective 1, besides the catalogue of statistical services, 2018 was characterised by intense activities linked to legal initiatives, new statistics and products, and improved communication. In 2018, 94.9% of planned outputs (covering statistical products as well as other outputs) were achieved or were on target. Performance was similar to 2017. Those outputs with a status other than "Achieved / On target" have been analysed in detail. None of them put at risk the fulfilment of the ESP objectives.

Specific objectives 2 and 3 are enablers for the production and dissemination of the statistics identified in specific objective 1. In 2018, the outputs in the Management Plan under specific objective 2 supported changes to be carried out to improve the production methods of European statistics (change in production processes, training, quality management, dissemination tools etc.) to improve quality and, while reducing costs and burden, to adapt more easily to new needs. Under specific objective 3, the Management Plan outputs further strengthened the partnership and cooperation within the ESS which is essential for the production of comparable statistics and achieving efficiency.

In implementing the Management Plan 2018 a number of external factors had influenced the performance, such as the NSIs' capacity to deliver high-quality data in the face of budgetary constraints. Whilst constraints on resources at national and European level increase, new challenges for official statistics have also emerged. These include dealing with new data sources, new statistical and analytical methods and tools, competition among data providers and changing user needs. Corrective actions were identified and have been addressed. These actions included reviewing the IT planning procedure, in particular IT prioritisation and HR allocation.

EU economic governance

In 2018, Eurostat continued to support the economic governance of the EU by providing a high quality statistical service in the area of the **Excessive Deficit Procedure (EDP)** and the underlying government finance statistics of Member States. A number of concrete steps aiming to enhance the quality assurance of statistics underlying the **Macroeconomic Imbalance Procedure (MIP)** were undertaken by Eurostat and the Directorate General "Statistics" of the European Central Bank, e.g. regular comparison of the relevant data in the Eurostat and ECB databases and their harmonisation, alignment of the Balance of Payments quality reports between the ESS and the ESCB, joint missions to the Member States.

In 2018, **EDP regular visits** to 13 Member States took place. Additionally, Eurostat provided Member States upon request with 21 technical and methodological notes including ex-ante or ex-post methodological advice on the statistical treatment of various transactions. An update of the "Manual on Government Deficit and Debt" was prepared for adoption in 2019, as well as the COFOG statistics manual and the "Manual on quarterly non-financial accounts for general government".

¹⁴ 'Achieved or on target' means that the work is proceeding according to the plan, i.e. the work on the annual outputs has been completed and the work on the multi-annual outputs is proceeding without serious problems (and therefore the outputs are expected to be achieved on schedule).

In relation to the Investment Plan for Europe, Eurostat worked actively to clarify the statistical rules for the recording of investments in general. Together with the European Investment Bank, Eurostat published a “Guide to the Statistical Treatment of Energy Performance Contracts”¹⁵ in May 2018.

In May 2018, Eurostat published jointly with the European Investment Bank a Guide to the Statistical Treatment of Energy Performance Contracts.

As a follow-up to the November 2017 ECOFIN Council conclusions, Eurostat analysed the effectiveness of the new “Procedures for the development and

implementation of methodology underpinning EDP data”. Following one year of experience, focus was placed on their use in developing the various methodological guidelines, which interpret and complement the European System of National and Regional Accounts (ESA 2010). The November 2018 ECOFIN Council conclusions on EU Statistics underlined that the Council welcomed the progress made to introduce the methodological changes in a structured and scheduled manner and appreciated the new guidance procedures. Eurostat will continue to work together with Member States to complement and clarify the existing EDP data procedures to ensure their effective application.

Principal European Economic Indicators (PEEIs)

Further improvement in the timeliness and availability for all Member States of the **Principal European Economic Indicators (PEEIs)** has been Eurostat priority for a number of years. **Timeliness** targets have been reached for the consumer price indicators, first GDP estimates, industrial import prices, unemployment rate, international trade in goods balance and the house price index. For the other indicators, such as national accounts-based employment indicators, the timeliness targets have been almost reached and work is ongoing to close the remaining, relatively minor gaps. Regarding the **availability** of PEEIs, improvements continue for some indicators in terms of country coverage, such as on services producer price indices (SPPI). A quality assessment process for **ESA 2010** was introduced and a first quality report presented to the Parliament and the Council in 2018. The availability of ESA 2010 data has significantly and continuously improved since the start of data transmissions in September 2014. A significant number of Member States have accomplished their adaptation of national administrative and statistical systems and started providing fully or partially the data covered by derogations, even before the expiration of the legal derogation.

Following the successful introduction of flash estimates for the euro area (EA) and for the European Union (EU) for quarterly Gross Domestic Product (GDP) at 30 days after the end of the reference quarter (t+30), and in response to a long-standing recommendation of the Economic and Financial Committee (EFC), since November 2018 Eurostat has published **employment flash estimates**, within the national accounts framework, at 45 days after the end of the reference quarter (t+45).

National accounts and economic globalisation

Eurostat has pursued its work to ensure exhaustive and accurate aggregate measurement of the economy, including initiatives to measure emerging societal phenomena such as collaborative, digital and social economy. Furthermore, a new “Handbook on compilation of statistics on **illegal economic activities**” was prepared. Examples of activities covered by the handbook are prostitution, trafficking, production of illegal drugs and smuggling. The handbook represents the first comprehensive overview of the conceptual and practical issues related to the measurement of illegal economic activities. It also contains country cases that provide practical guidance to the Member States for improving their current compilation of illegal economic activities. Eurostat has also intensified its initiatives to explore the potential for data collection generated by Internet platforms for measuring **collaborative economy**. We have worked on enhancing consistency between balance of payments statistics and national accounts

¹⁵ <http://www.eib.org/en/infocentre/publications/all/guide-to-statistical-treatment-of-epc.htm>

data and, in particular, on reducing **statistical asymmetries in bilateral trade and FDI flows**. This is also of direct relevance for improving the evidence base for the Macroeconomic Imbalances Procedure.

New and important initiatives are in place to better measure **globalisation** and its economic and social impact. Profiling of multinational enterprise groups (MNEs); the establishment of an early warning system, which gives an advance notice of possible restructuring and relocation on MNEs and facilitates statistical coordination to record them consistently; and an improved EuroGroups Register, are examples of the ongoing work to better portray the activities of MNEs in business and macro-economic statistics.

European business statistics

The production of high quality business statistics to support the Commission priorities on jobs, growth and investment, the Digital Single Market and the Internal Market has continued. A special emphasis has been put on further development of statistics on the **services sector**. More service sector activities were covered through the dissemination of official monthly short-term indicators. Around half the EU Member states are now producing the national indicators that allow Eurostat to derive the estimated EU28 and EA-19 aggregates.

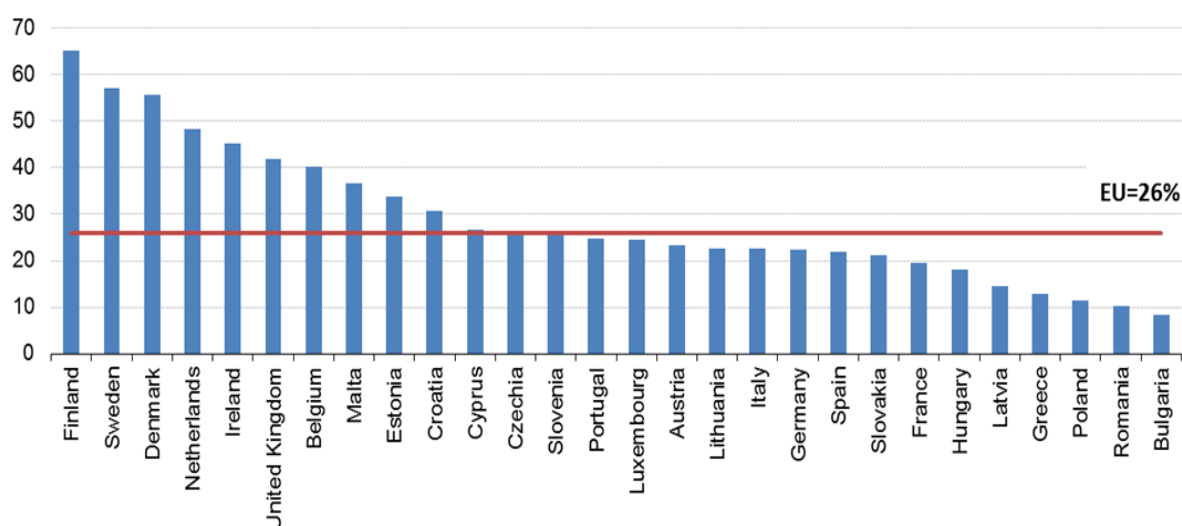
In addition, Eurostat expanded international trade statistics to provide better information on the traders themselves, complementing the existing statistics on what is traded. Official statistics on Trade in goods by Enterprise Characteristics (TEC) have been available for some years and in 2018 Eurostat released new experimental statistics on Services Trade by Enterprise Characteristics (STEC) for 16 Member States. Eurostat ensured comparability between countries thanks to the newly created methodological manual.

The first experimental statistics were published on Trade in Services by modes of supply for the EU28 as well as some breakdowns of national data. As this topic is of interest for policy makers and trade negotiators, Eurostat worked together with DG TRADE, the World Trade Organisation (WTO) and the Member States to develop new models for better distributing trade into the four modes of supply.

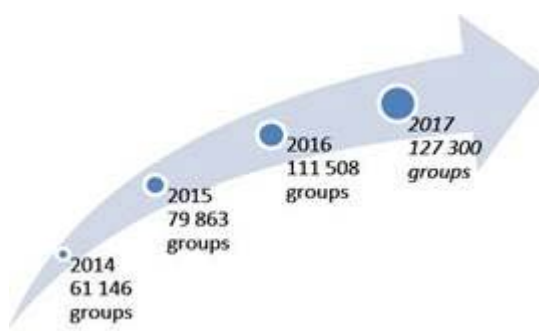
Development work has continued to capture the size of the collaborative economy, a growing segment of the economy using new, often Internet-based business models. Eurostat explores new and innovative data sources via pilot projects. New experimental business statistics are ready to be disseminated in tourism statistics (based on big data sources) and on services production. Interest in **commercial property price indicators (CPPIs)** has increased from public institutions, policy makers, and market investors, and notably from stability analysts and financial supervisors. Against this background and in the context of the G20 Data Gaps Initiative, Eurostat took the lead in cooperation with the ECB to develop reliable indicators and statistics on this complex phenomenon.

In 2018, **Information, Communication and Technology (ICT) statistics** followed the fast pace of digitalisation in the economic and society by publishing new official statistics on topics like e-commerce, cloud computing, big data analysis and 3D printing.

Example of the use of cloud computing services by enterprises in the EU Member States, 2018 (% of enterprises):



Eurostat advanced with its preparations for an updated system of intra EU trade in goods statistics. Along with the drafting of the related implementing measures, Eurostat further developed the IT system used for microdata exchange and added additional security measures to ensure the protection of confidential data. An ESS-wide communication strategy was also designed to inform stakeholders about the expected effects of the future system.



The EuroGroups Register (EGR) steadily improved its coverage (see left). This allowed Eurostat to disseminate new experimental statistics on European multinational enterprises, which are key actors in globalisation.

In the area of sectoral and regional statistics, Eurostat recorded major achievements by releasing new statistics in 2018, such as prices and rents of agricultural land. Timeliness was also improved.

The data on prices and rents of agricultural land are important for policy debates on direct payments, regional models and the green architecture of the Common Agricultural Policy. The data also help the user to understand the development of agricultural land markets and the need to regulate them.

Regarding the modernisation of trade and business statistics, Eurostat continued supporting the adoption of the European Parliament and Council Regulation on European business statistics (FRIBS). The trilogue phase of the legislative process was concluded early 2019.

Modernisation of social statistics

Regarding social statistics, several modernisation initiatives continued concerning the development of social data collections and population statistics. Definition of objectives and milestones for the future were drafted. High quality indicators continued to be provided for key EU policies such as the European Semester, Europe 2020, the European Pillar of Social Rights (ESPR), Education and Training 2020, and the underlying Joint Assessment Frameworks

Eurostat revamped and regularly updated its website on the European Pillar of Social Rights (ESPR) to better support the monitoring of Member States' performance.

(JAF), which included the new JAF-Health. The statistical work relating to the European Pillar of Social Rights was particularly important. Eurostat revamped and updated the dedicated website section to better support the monitoring of Member States' performances in this policy domain.

The revision of the Labour Force Survey (LFS) and Statistics on Income and Living conditions (EU-SILC) progressed well. New and more detailed data on the labour market and on poverty and social exclusion will be included.

Finally, Eurostat delivered new innovative statistical products for the reinforced role of social indicators to further support the social dimension of Europe. In particular, this included updated flash estimates of income distribution for the year 2017, new data on skills and labour mobility, and extended and updated labour market flows data. Together with the OECD, Eurostat set up two expert groups to work on the joint distribution of income, consumption and wealth.

As regards statistics on persons and households, Eurostat continued to support the negotiations between the European Parliament and Council concerning the Commission's regulatory proposal, adopted in August 2016. This Regulation is key for the modernisation of social statistics. It will improve the timeliness, relevance and efficiency of social statistics and better support the data needs of the EU's Social Agenda.

In the area of asylum and managed migration, Eurostat developed a draft Proposal amending Regulation 862/2007 on Community statistics on migration and international protection. The Commission adopted the proposal in May 2018. The aim of this proposal is to support the European Agenda on Migration¹⁶

Eurostat developed a proposal amending the existing regulation on Community statistics on migration and international protection. This proposal aims to provide EU policy- and decision-makers with better and timelier data to support the responses to the challenges posed by migration.

by providing EU policy and decision-makers with better and timelier data and to meet the data challenges posed by migration.

Preparations for the 2021 and post-2021 censuses have advanced. Commission Implementing Regulation (EU) 2018/1799 was adopted on 21 November 2018. The Regulation allowed selected topics from the 2021 population and housing census to be disseminated on an interim basis. For the first time, the EU census will give key population information geo-coded at 1 km² grid level, covering the whole of the EU.

Example:

For the first time, the 2021 EU census will deliver key geo-referenced population information. This will open new possibilities for analysts, researchers and policy makers at detailed geographical levels, providing detailed information about e.g. accessibility to public services, or exposure to natural risks.

This will give analysts, researchers and policymakers new opportunities to examine the data at detailed geographical levels. They will be able to combine these data with satellite imagery on land use or environmental characteristics. These

grid-based statistics will allow for more advanced analysis, such as accessibility to public services or exposure to natural risks. The data have a strong potential to be used for

¹⁶ https://ec.europa.eu/home-affairs/what-we-do/policies/european-agenda-migration_en

innovative evidence-based policy-making at EU (Cohesion Policy), national and regional levels.

Statistics for sectoral and regional policies

In relation to sectoral and regional policies, the adoption of the Framework regulation on integrated farm statistics and the subsequent Implementing Regulation for the agricultural census 2020 was a major achievement on two counts.

One of Eurostat's major achievements was the adoption of the Framework regulation on integrated farm statistics and the subsequent Implementing Regulation for the agricultural census 2020.

Firstly, the framework regulation was part of the Commission's work programme, and therefore a major critical project. Secondly, the agricultural census is a worldwide exercise. Europe must have a harmonised

implementation, particularly in the context of the Common Agricultural Policy (CAP).

Finally, a new delegated act on Economic Accounts for Agriculture (EAA) brought agricultural accounts into line with the European System of National and Regional Accounts (ESA 2010).

In addition to the existing set of European statistics regularly published in the area of business and trade, in 2018 Eurostat started disseminating some new official Information and Communication Technology (ICT) statistics. These include new variables (digitalisation) and experimental statistics in the area of international trade in services (globalisation). They thereby capture important aspects of the European economy. ICT statistics have allowed Eurostat to portray the fast pace of digitalisation in the economy and society by publishing official statistics on topics such as e-commerce, cloud computing, big data analysis, robotics and 3D printing.

Early estimates of energy balances served as a key input into the annual "State of the Energy Union" report and, in particular, to calculate progress in energy efficiency. The new harmonised data on passenger mobility ensure comparability for integrated urban mobility plans in line with the "White Paper on Transport"¹⁷.

Three new modules of environmental economic accounts provide indicators for monitoring EU progress on the circular economy, resource efficiency, the European Semester, and the seventh Environment Action Programme. The modules are physical energy flow accounts, environmental goods and services sector accounts, and environmental protection expenditure accounts.

Fieldwork for the fifth Land Use and Land Cover Area frame Survey (LUCAS) began in March 2018 and continued until the autumn. The extended survey programme included new elements for soil and grassland analysis. Eurostat put in place mitigation actions related to the safety of the surveyors in the field, namely support letters from National Authorities and a LUCAS leaflet in 22 languages. LUCAS results will be available in 2019.

Improved communication

In 2018, in line with its 2016-2020 Strategic Plan, Eurostat continued to disseminate high quality statistics on Europe through its main communication tools and channels: publications, the Eurostat website, (including all web products) and support for users.

Eurostat reinforced its communication strategy aiming at modernising its dissemination tools and adapting to changes in users' behaviour. New interactive and sharable visualisation tools were developed and an increased number of digital publications were released.

¹⁷ https://ec.europa.eu/transport/themes/strategies/2011_white_paper_en

Efforts to modernise Eurostat's website, to provide more visual and attractive statistical information on the EU, were reinforced. Eurostat continued to strengthen its dialogue and engagement with European statistics users, through the regular testing of new products and a more active presence on social media.

Eurostat continued to strengthen its dialogue and engagement with users of European statistics, through the regular testing of new products with users and a more active presence on social media.

To better inform citizens, Eurostat proposed a range of products adapted to their needs and developed statistical literacy tools such as Statistics for beginners. In 2018 around

200 news releases and 350 news items were published, covering an extended range of topics in a clear and simple language.

Example:

A Eurostat Facebook post on gender pay gap gained resulted in 3.3 million views and more than 98 000 responses.

As well as publishing the European Labour Force Survey and the EU Statistics on Income and Living

Conditions in microdata format, as described in Section 2, Eurostat reached an agreement on the protection of European Farm Structure Survey scientific use files. This agreement means that they will be available to researchers in 2019.

For the first time Eurostat released microdata for the European Labour Force Survey and the EU Statistics on Income and Living Conditions as public use files.

Eurostat continued to provide a dissemination package to monitor the EU's progress towards the SDGs. The package includes the 2018 monitoring report¹⁸ and other elements such as a digital publication and leaflet. Eurostat published other materials such as the 2018 edition of the Europe 2020 monitoring report¹⁹, the 2018 edition of the regional yearbook²⁰, and the 2018 edition of statistical books on "energy, transport and environment indicators"²¹ and on "agriculture, forestry and fisheries"²². This latter has a more compact view of the agricultural sector.

In line with Eurostat's digital communication strategy, numerous websites such as energy statistics²³ were revised, highlighting key topics and guiding users towards interactive tools.

Two new websites were set up on the circular economy²⁴ and on regions and cities²⁵. The regions and cities website includes educational videos produced as course material for an extensive open online course on regional policies.

Several interactive dissemination tools were released. These included the first ever visualisation tool on energy prices and the integration of the new territorial typologies into the visualisation tools "Regions and Cities Illustrated"²⁶ and the "Statistical Atlas"²⁷.

¹⁸ <https://ec.europa.eu/eurostat/web/products-statistical-books/-/KS-01-18-656>

¹⁹ <https://ec.europa.eu/eurostat/web/products-statistical-books/-/KS-02-18-728>

²⁰ <https://ec.europa.eu/eurostat/publications/statistical-books/regional-yearbook>

²¹ <https://ec.europa.eu/eurostat/web/products-statistical-books/-/KS-DK-18-001>

²² <https://ec.europa.eu/eurostat/web/products-statistical-books/-/KS-FK-18-001>

²³ <https://ec.europa.eu/eurostat/web/energy>

²⁴ <https://ec.europa.eu/eurostat/web/circular-economy>

²⁵ <https://ec.europa.eu/eurostat/web/regions-and-cities>

²⁶ <https://ec.europa.eu/eurostat/cache/RCI/#?vis=nuts2.labourmarket&lang=en>

Agricultural Policy as well as the structure of orchards, were available five months earlier than in the past.

Statistics on the share of energy from renewable sources, which support the “decarbonising of the economy” pillar of the Energy Union, were available one month earlier. Similarly, timeliness was increased for the annual energy statistics and energy prices for electricity and gas. These data are used to assess competition in and progress towards the “fully-integrated energy market” objective. Air emission accounts provided early estimates 12 months earlier than previously available.

Progress towards the effective achievement of Eurostat’s multi-annual specific objective 1 can be seen by the steep increase of the KPI no. 1 “Number of data extractions” (see page 10).

Specific objective 2: Implement new methods of production

| Total number of outputs achieved / on target for Specific Objective 2 | Budget executed in 2018 |
|---|-------------------------|
| 62 | 24.0 MEUR |

The following table shows the main output of specific objective 2, the ESS Vision 2020, which is part of the Eurostat [Annual Work Programme 2018](#), as of 31 December 2018 (reflecting the Management Plan 2018):

| Main outputs for Specific Objective 2 | | | |
|--|---|-------------|--|
| Important items from work programmes/financing decisions/operational programmes | | | |
| Description | Indicator | Target date | Latest known results (situation on 31/12/2018) |
| ESS Vision 2020 portfolio of projects, which includes: Digital Communication (DIGICOM), European Statistical Data Exchange (ESDEN), Sharing SERVICES (SERV), Big Data (BIGD), Vision newsletter, Administrative data sources (ADMIN), European System of Interoperable Business Registers (ESBRs) and a Redesigned and Modernised Intrastat System (INTRASTAT) | Achievements as laid down in the Annual Work Programme 2018 ²⁸ | 2018 | 93.3% achieved |

These items are a subset of the outputs referred to in the table under paragraph 1.1. The following table shows the end-2018 status of Eurostat projects relating to the main output of the specific objective 2, the ESS Vision 2020:

| Status | ESS Vision 2020 portfolio of projects (part of the Eurostat Annual Work Programme 2018) | |
|---|---|------------|
| | N. | % |
| Achieved or on target ²⁹ | 14 | 93.3 |
| Cancelled or not progressed according to plan | 0 | 0.0 |
| Revised | 1 | 6.7 |
| Total | 15 | 100 |

²⁷ <http://ec.europa.eu/eurostat/statistical-atlas/gis/viewer/?chapter=09&>

²⁸ Eurostat [Annual Work Programme 2018](#)

²⁹ 'Achieved or on target' means that the work is proceeding according to the plan, i.e. the work on the annual outputs has been completed and the work on the multi-annual outputs is proceeding without serious problems (and therefore the outputs are expected to be achieved on schedule).

The only revised activity concerned the quarterly newsletter on the Vision 2020 portfolio of projects. The newsletter was discontinued after the first issue of 2018 because, after its initial success, the hit rate declined, and Eurostat concluded that there was no further need for it after 12 issues.

Implement new methods of statistical production

The Big Data for European Statistics conference organised in Sofia in May 2018 (BDES 2018) marked a milestone in the exploration of new data sources for official statistics.

Based on this work, together with NSIs, Eurostat is developing prototypes and regular statistics using a large number of new data sources, such as enterprise websites, online job vacancies, smart meter measurements, mobile networks' data and vessel positioning data. The work started in November 2018 and will result in additional and timelier information being made available. The European Statistical System adopted the "Bucharest Memorandum on official statistics in a datafied society"³⁰. With this memorandum, Eurostat paved the way for developing European Trusted Smart Statistics³¹.

In 2018, the European Statistical System adopted the "Bucharest Memorandum on official statistics in datafied society". This paved the way for developing European Trusted Smart Statistics.

As regards macro-economic statistics, Eurostat's FIGARO project released a first set of

Example:

Applying input-output analysis to the FIGARO tables and EU employment data illustrates the relationship between trade and employment for the European Union and its Member States. In the area of environment accounts, the amount of CO₂ emissions caused by each EU Member State due to its exports (the so-called environmental footprint) is established.

experimental EU inter-country supply, use and input-output tables with data for the year 2010, and following the European System of Accounts (ESA) 2010³².

The FIGARO tables are a tool for analysing the socio-economic and environmental effects of globalisation in the EU. They encompass

studies on competitiveness, growth, productivity, employment, environmental footprint and international trade. They serve to evaluate EU policies and to assess the position of the EU in the world.

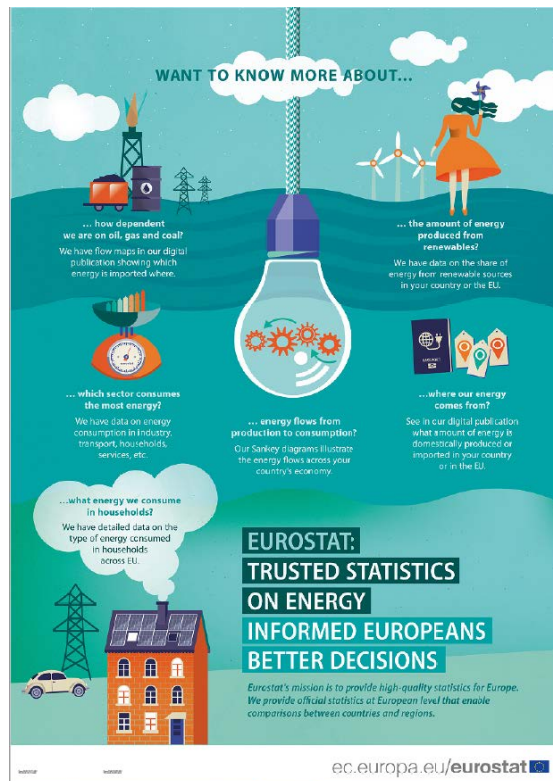
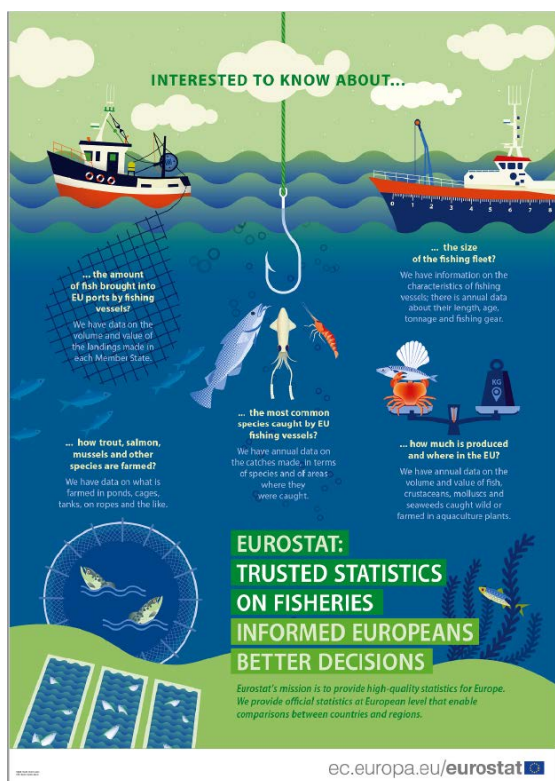
2018 saw the successful start of the project "Streamlining and simplification of fisheries statistics". Eurostat launched its first proper REFIT evaluation on European Fisheries statistics, carried out in close cooperation with DG MARE.

Eurostat posters on trusted statistics on fisheries (1) and energy (2):

³⁰ <https://ec.europa.eu/eurostat/web/ess/-/dgins2018-bucharest-memorandum-adopted>

³¹ https://ec.europa.eu/eurostat/cros/content/trusted-smart-statistics-nutshell_en

³² https://ec.europa.eu/eurostat/documents/7828051/8076585/FIGARO_Experimental_stats_NAWG_Nov-2017.pdf



Eurostat produced the 2018 edition of the Statistical Requirements Compendium³³, one of main references for the EU acquis in statistics. As part of the Supporting Standards group, which belongs to the high-level group for the modernisation of official statistics (HLG-MOS), Eurostat was also actively involved in the revision of the Generic Statistical Business Process Model (GSBPM) and the Generic Statistical Information Model (GISIM).

Further methodological developments included the production of a methodology for passenger statistics in inland waterways, a distance matrix for rail and maritime transport³⁴, a manual on territorial typologies³⁵, and a handbook on economy-wide material flow accounts³⁶. Eurostat also released a methodological publication on the new indicator "circular material use rate"³⁷ for the circular economy.

Eurostat continued implementing the project on administrative data sources. Its objective is to promote the use of administrative data sources to produce official statistics. This should decrease both costs and burden, increase data availability, while guaranteeing the quality and comparability of the statistics produced. In 2018 Eurostat started disseminating the project's results. The report on access to administrative data, including the legal and institutional framework for the use of administrative data and best practices regarding the relation with data providers, as well as the final reports from Member States were published on the CROS (Collaboration in Research and Methodology for Official Statistics) portal³⁸.

The Task Force on Frames for Social Statistics proposed a first version of harmonised metadata, quality indicators and guidelines. These results will feed into seminars scheduled for 2019. This will help spread and harmonise Member States' good practices regarding administrative data sources, and possibly lead to the replacement of traditional collections, which in turn should increase statistical production efficiency.

With 11 200 students participating in the first edition of the European Statistics Competition, Eurostat together with 11 National Statistical Institutes successfully piloted

³³ <https://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/KS-GQ-18-009>

³⁴ https://ec.europa.eu/eurostat/statistics-explained/index.php/Freight_transport_statistics_-_modal_split

³⁵ <https://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/KS-GQ-18-008>

³⁶ <https://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/KS-GQ-18-006?inheritRedirect=true>

³⁷ https://ec.europa.eu/eurostat/web/products-datasets/-/cei_srm030

³⁸ <https://ec.europa.eu/eurostat/cros/>

a new statistical literacy initiative, which will continue as a joint project involving additional Member States. As well as publishing digital publications on the European economy³⁹ and on women and men⁴⁰, Eurostat was involved in initiatives to develop and promote linked open statistics.

The modernised version of the Electronic Dataflow Administration and Management Information System (EDAMIS), a Single Entry Point used by all organisations in the ESS to exchange statistical data, went online as planned during the last quarter of 2018.

Progress towards the effective achievement of the Eurostat multi-annual specific objective 2: The constant trend of the key performance indicator no. 3 “Timeliness” in 2017 will be assessed again in 2019 against the data available further to the 2019 survey. Apart from 3 outputs out of 65 that were delayed for human resources-related and technical reasons, Eurostat delivered all outputs as planned.

Specific objective 3: Strengthen the partnership within the ESS and beyond

The following table shows the outputs for specific objective 3 as of 31 December 2018 (reflecting the 2018 Management Plan):

| Total number of outputs achieved / on target for Specific Objective 3 | Budget executed in 2018 |
|---|-------------------------|
| 24 | 1.7 MEUR |

24 outputs from the European Statistical Programme were achieved over the year. This section provides more details about the key ones.

The work on quality management progressed in 2018 against an ambitious modernisation agenda. After the adoption of the revised European statistics Code of Practice in November 2017, Eurostat started discussions with the EU Member States on the next round of peer reviews and on the revision of the Quality Assurance Framework, which will provide an important input for implementing the peer reviews.

The 2018 European Quality Conference took place in Krakow in June 2018 and provided a highly visible forum for interesting and enriching discussions among leading experts in quality matters. More than 450 participants attended, exchanging experiences and reporting on new developments in the area of quality.

In Eurostat, quality also continued to be high on the agenda. The Coordination Group Quality was active throughout the year contributing to and supporting quality initiatives, in particular the new round of quality reviews, quality reporting and peer reviews.

In the field of external relations, Eurostat collected statistical information from enlargement and ENP countries. One statistical book for ENP-East countries⁴¹ was published and leaflets made available for both ENP-East and ENP-South countries.

Eurostat made one statistical book for ENP-East countries and leaflets for both ENP-East and ENP-South countries. It also chaired the United Nations technical sub group on the revision of the COICOP classification.

The development of statistics in enlargement countries continued with numerous expert missions, workshops, training courses, study visits and traineeships. These led to an increased awareness of the EU acquis in statistics, more statistical data being produced and transmitted to Eurostat, and more knowledge and capacity in the enlargement

³⁹ <https://ec.europa.eu/eurostat/news/digital-publication-european-economy>
⁴⁰ <https://ec.europa.eu/eurostat/news/digital-publication-women-and-men>
⁴¹ <http://ec.europa.eu/eurostat/documents/3217494/9033104/KS-02-18-351-EN-N.pdf>

countries' NSIs.

Eurostat also chaired the United Nations technical sub group on the revision of the classification of individual consumption by purpose, also known as the COICOP classification. COICOP 2018 is the first ever revision of the COICOP 1999 classification, and was adopted by the UNSC in its meeting of March 2018. It updates and restructures the classification to better reflect current consumption patterns and includes more detail.

In 2018, work continued to improve the coordination of the statistics produced by other Directorates-General of the Commission. The scope of the inventory of other statistics was clarified together with the Commission's network of statistical correspondents. The Inventory will be an important element of the Commission-wide catalogue of data assets developed under the DataStrategy@EC action plan, for which Eurostat is the domain leader for statistics.

Eurostat liaised with other Commission services to identify their statistical needs for the next Multiannual Financial Framework (MFF). These needs were included in the Commission's proposal on the Programme for single market, competitiveness of enterprises, including small and medium-sized enterprises, and European statistics (SMP). Eurostat also finalised the development of the web application for the dissemination of statistics, which will be used by other Commission Directorates-General.

| Main outputs for Specific Objective 3 | | | |
|--|----------------------------|-------------|--|
| All new initiatives and REFIT initiatives from the Commission Work Programme | | | |
| Description | Indicator | Target date | State as of 31 December 2018 |
| Proposal(s) for the next generation of programmes (under the next MFF) | Adoption by the Commission | June 2018 | Adopted in June 2018 (COM/2018/441 final - 2018/0231) |

In 2018, Eurostat organised its biennial Conference of European Statistical Stakeholders. More than 200 participants attended representing users, producers of official statistics and the research community.

Eurostat also published the Power from Statistics Guidance Report⁴², which aims to inform and feed into the agenda for European statistics in the years to come. It focuses in particular on how best to respond to constantly evolving user needs.

Eurostat continued its strong leadership role to strengthen the partnership within the ESS and beyond. Initiatives aimed at streamlining the ESS processes for discussion within the system were implemented to increase the opportunities for informal debate. Crucially, good cooperation within the system meant that in-depth and comprehensive discussion was possible on important issues such as the ESS priorities beyond 2020, big data/trusted smart statistics and the NSIs' role in the digitalisation strategies of governments and the EU.

Increased cross-country cooperation addressed the challenges of measuring globalisation and reflecting on its impact on the EU economies. In particular, the Early Warning System, designed to detect and ensure the correct and consistent recording of Multinational Enterprise (MNE) reorganisation events in business and macro-economic statistics, started by investigating 13 cases. The EU Member States also cooperated in profiling large MNEs, to ensure their correct recording in the EuroGroups Register and national statistical business registers, which are used as a basis for the production of high quality European business statistics.

In 2018, Eurostat took the chairmanship of the worldwide group for national accounting standards, the Inter-Secretariat Working Group on National Accounts. In this capacity, Eurostat led a fundamental assessment of the national accounts research agenda, hosted

⁴² <https://ec.europa.eu/eurostat/web/products-statistical-reports/-/KS-FT-18-006>

a meeting of the Advisory Expert Group in November 2018, and started to develop a path towards the next update of the System of National Accounts.

As the chair of the Global Statistical Data and Metadata eXchange (SDMX) secretariat, Eurostat ensured good collaboration in the further development of the standard and its implementation.

In the field of Governance Finance Statistics (GFS), intensive work continued. The Excessive Deficit Procedure (EDP) Statistics Working Group, the EDP Methodological Task Force, the Task Force on the Classification of the Functions of the Government (COFOG) and the Task Force on GFS continued to meet on a regular basis in 2018 to address topical issues and give Eurostat advice and guidance on methodological matters. Eurostat also regularly reported on EDP activities to other committees and groups such as the Director Group for Macroeconomic Statistics (DMES) and the Committee for Monetary, Financial and Balance of Payments Statistics (CMFB).

As the Commission service responsible for geographical information, Eurostat cooperated with Commission DGs, the ESS and the United Nations on subjects related to geospatial information and its integration with statistics. Together with the INSPIRE community in the Commission and in the Member States, Eurostat launched an action to increase the use of official geospatial information for the Commission. Eurostat also actively supported the European branch of the UN initiative for global geospatial information management and organised the annual Plenary Meeting of the United Nations Global Geospatial Information Management for Europe (UNGGIM-Europe). Furthermore, it provided geographical boundaries for the regions of the Nomenclature of territorial units NUTS 2016 and updated the EU-wide distance matrices for all transport modes, to support Member States with the collection of comparable transport statistics.

Eurostat continued assisting enlargement countries with their alignment to the EU acquis in statistics and assessing their progress. For the first time, Eurostat signed a grant agreement with the International Monetary Fund (IMF) to finance IMF activities in the Western Balkans. In Albania and Montenegro, peer reviews of the national statistical systems were conducted against the European statistics Code of Practice. Work on the Pan-African statistical programme continued and in the neighbourhood area Eurostat signed a first-ever three-year contract giving future support to ENP-East countries.

In the context of the European Statistical Training Programme (ESTP), Eurostat ensured the provision of courses, notably on energy statistics, physical environmental accounts, water statistics and accounts, ecosystem accounting, monetary environmental accounts, indicator systems (SDGs etc.), waste statistics, Government Finance Statistics and the Excessive Deficit Procedure.

The European Master in Official Statistics (EMOS) fosters collaboration between the National Statistical Institutes (NSI) and universities. It offers training for existing NSI staff, internship in the NSIs, webinars, and study visits to Eurostat.

The European Master in Official Statistics (EMOS), as a label and a network, fosters collaboration between the NSIs and universities. The high response to the third call for applications that took place in 2018 demonstrates a sustained interest by academia to invest in education

dedicated to official statistics. NSIs see the potential to develop their recruitment pool and EMOS plays a more significant role in providing ongoing training for existing NSI staff. Internships in the NSIs, webinars and study visits to Eurostat were highly appreciated.

Progress towards the effective achievement of the Eurostat multi-annual objective 3: The 4 activities out of 28 that Eurostat did not fully achieved in 2018 were slightly delayed. The causes for this delay were identified and Eurostat took action to complete them rapidly.

In 2018, Eurostat undertook important legislative activities. The Commission's first report to the European Parliament and to the Council on the 'Commitments on Confidence in Statistics' by Member States (Article 11(4) of Regulation (EC) No 223/2009 on European Statistics), was issued on 5 July 2018. The report confirmed the positive impact of this initiative as a means of raising awareness among national governments of the importance of their contribution to maintaining and improving public trust in European statistics. The link between the governments and the European Statistics Code of Practice was strengthened. This should yield a positive effect on public trust in the high quality of official statistics.

On 7 June 2018, the Commission adopted a European Parliament and Council proposal for a Regulation on establishing the "Programme for single market, competitiveness of enterprises, including small and medium-sized enterprises, and European statistics" (SMP) for the next MFF. The programme will ensure that statistics are available to support the political priorities of the EU by providing statistics through the partnership of the European Statistical system (ESS).

2. ORGANISATIONAL MANAGEMENT AND INTERNAL CONTROL

This section explains *how* Eurostat delivered the achievements described in the previous section. It is divided into two subsections.

The first subsection reports the control results and all other relevant information that support management's assurance on the achievement of the financial management and internal control objectives⁴³. It includes any additional information necessary to establish that the available evidence is reliable, complete and comprehensive; appropriately covering all activities, programmes and management modes relevant to the DG.

The second subsection deals with the other components of organisational management: human resources, better regulation principles, information management and external communication.

2.1 Financial management and internal control

Assurance is an objective examination of evidence for the purpose of providing an assessment of the effectiveness of risk management, control and governance processes.

This examination is carried out by management, who monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors. Its results are explicitly documented and reported to the Director-General. The reports produced are:

- the reports regarding the Declaration of Assurance provided by Authorising Officers by sub-delegations (AOSDs);
- the reports from Authorising Officers in other DGs managing budget appropriations in cross-delegation;
- the contribution of the Director in charge of Risk Management and Internal Control, including the results of internal control monitoring at the DG level;
- the reports of the ex-post supervision or audit;
- the register of exceptions and non-compliance events;
- the limited conclusion of the internal auditor on the state of control, and the observations and recommendations reported by the Internal Audit Service (IAS);
- the observations and the recommendations reported by the European Court of Auditors (ECA).

These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a complete coverage of the budget delegated to the Director-General of Eurostat.

This section reports the control results and other relevant elements that support management's assurance. It is structured into (a) Control results, (b) Audit observations and recommendations, (c) Effectiveness of the internal control system, and resulting in (d) Conclusions on the impact as regards assurance.

⁴³ Art 36.2 FR: a) effectiveness, efficiency and economy of operations; b) reliability of reporting; c) safeguarding of assets and information; d) prevention, detection, correction and follow-up of fraud and irregularities; and e) adequate management of risks relating to the legality and regularity of underlying transactions

2.1.1 Control results

This section reports and assesses the elements identified by management that support the assurance on the achievement of the internal control objectives⁴⁴. The DG's assurance building and materiality criteria are outlined in the AAR Annex 4. Annex 5 outlines the main risks together with the control processes aimed to mitigate them and the indicators used to measure the performance of the relevant control systems.

In 2018, the financial operations managed by Eurostat were exclusively under direct management mode. The commitments concerned the sixth year of the European Statistical Programme (ESP) 2013-2020, while the payments were also linked to the previous years of the programme.

As a Service-DG, Eurostat not only uses the budget appropriations of those programmes ('own credits'), but is also responsible for the use and control of budget appropriations sub-delegated from other DGs in order to provide the European Union with a high-quality statistical information service.

In 2018, the total operational and administrative commitment appropriations (own and sub-delegated to Eurostat) amounted to 70,37 MEUR.

Overview of the 2018 commitments and payments executed by Eurostat

Total appropriations (operational and administrative)

| Extract from Annex 3: Table 1 and 2: Commitment and payment appropriations | Budget line | Description of budget line | Commitments made (MEUR) | Payments made (MEUR) |
|---|-------------|--|-------------------------|----------------------|
| 07 Environment | 07 02 | Environmental policy at Union and international level | 0.00 | 2.05 |
| 09 Communications networks, content and technology | 09 04 | Horizon 2020 | 2.00 | 1.82 |
| 29 Statistics | 29 01 | Administrative expenditure of the 'Statistics' policy area | 6.29 | 0.62 |
| | 29 02 | The European statistical programme | 62.08 | 60.24 |
| 34 Climate action | 34 02 | Climate action at Union and international level | 0.00 | 1.46 |
| Eurostat budget | | | 70.37 | 66.19 |

In addition, in 2018 Eurostat managed cross-subdelegated appropriations for 14 different Directorates General.

| Cross sub-delegations | | | | |
|-----------------------------------|---------|---|--------------|--------------|
| | Several | Sub-delegated appropriations to Eurostat* | 9.51 | 29.05 |
| Total executed by Eurostat | | | 79.88 | 95.24 |

The results of the controls performed are presented by internal control objective⁴⁵ and

⁴⁴ 1) Effectiveness, efficiency and economy of operations; 2) *reliability of reporting*; 3) *safeguarding of assets and information*; 4) prevention, detection, correction and follow-up of fraud and irregularities; and 5) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 36.2). *The 2nd and/or 3rd Internal Control Objective(s) (ICO) only when applicable, given the DG's activities.*

⁴⁵ Effectiveness, efficiency and economy of operations; reliability of reporting; safeguarding of assets and

are further sub-divided by main type of expenditure, namely grants and procurement transactions. The control results reported hereafter cover 99.06% of the payments made by Eurostat in the reporting year 2018. The below overall conclusion table demonstrates the completeness of the coverage by presenting the main indicators per relevant control system. The columns show the different risk types whilst the rows of the table feature Eurostat activities.

Overall conclusion table:

| Activity ↓ | Payments 2018 | | | NEI, e.g. Revenues, Assets, OBS | ICO Indicators available at this level? | Independent info from auditors (IAS, ECA) on assurance or on new/overdue critical recommendations available? | Any reservation? |
|---|---|--------------|----------------|---|---|---|------------------|
| | Grants | Procurements | Administrative | | | | |
| ESP 2013-2020 | 27.43 M€ | 38.14 M€ | 0.62 M€ | Revenue: 4.38 M€ Assets: 23.95 M€ Liabilities: -0.63 M€ | Payments on time N° of critical recommendations overdue > 6 months | <ul style="list-style-type: none"> • IAS audit on management of procurement under Eurostat's operational budget (finalised 2016) ◊ no significant risks identified • IAS audit on financial management of grants (finalised 2018) ◊ no significant risks identified • No overdue critical recommendations. | No |
| ICO –related indicators available at this level | RER = 0.44% | DER = 0.07% | -- | -- | -- | -- | No |
| Links to AAR Annex 3 | Overall amount of payments = 66.19 M€; see Annex 3, Table 2 – “Payments made” | | | Table 4 – assets Table 7 - revenue | -- | N/A | N/A |

ICO = Internal Control Objective(s)
NEI = Non-expenditure items
OBS = Off balance sheet

RER = Residual Error Rate
DER = Detected Error Rate

The assurance on the achievement of the internal control objectives according to Art 36 of the Financial Regulation was built on the basis of the control system designed to provide reasonable assurance of achieving the said objectives. It was set up with a system of different layers of controls based on the multi-annual control strategy of Eurostat.

Mandatory ex ante controls are performed for each financial transaction executed by Eurostat resources. Those controls are complemented by ex post controls, performed by independent external audit service providers based on annual or multi-annual control work programmes. Their quality is constantly monitored and supervised by Eurostat staff. Thus, the AOD considers that the results of controls are reliable and complete.

The AOD considers that the risks relating to the legality and regularity of the underlying transactions are adequately managed. The error rates for Eurostat financial transactions, both ex ante and ex post are significantly below the materiality threshold of 2%. There are no overdue critical or very important recommendations; no reservations are due.

For the reporting year 2018:

- No cases of ‘confirmation of instructions’ according to Article 92.3 FR had to be reported;

information; prevention, detection, correction and follow-up of fraud and irregularities; and adequate management of the risks relating to the legality and regularity of the underlying transactions.

- Eurostat did not finance projects that are not linked to costs (Art. 125.3 FR);
- Eurostat did not implement projects via financial framework partnerships exceeding a duration of 4 years (Art. 130.4 FR);
- Eurostat did not implement projects that are not in line with the principle of non-retroactivity (Art. 193.2 FR).

The AOD considers that all internal control objectives relating to Eurostat activity ESP 2013-2020 are met.

The following sections give a detail of the control activities carried out in 2018 and are divided into grants and procurement transactions.

1. Effectiveness = the control results and benefits

In order to be considered effective, controls are expected to meet the internal control objectives (detailed hereafter) and result in benefits. Benefits of controls can be grouped into the following two categories:

Quantified benefits can be expressed in number or amounts of errors detected by the different controls carried out. In this section, the quantified benefits of controls are presented, mainly by type of control, i.e. ex ante and ex post controls. The amount of errors detected by ex post controls related to the ESP 2013-2020 is rather limited, reflecting a low error rate. Eurostat is of the opinion that this fact is reflecting a low level of risk of its financial transactions.

Unquantified benefits express the results of controls in non-financial terms. They include primarily being compliant with rules and regulations regarding the financial management of funds trusted to Eurostat. In addition, the Eurostat control system proved to be able to detect systemic weaknesses within its control environment. Eurostat assesses that deterrent and pedagogical effects are essential benefits of controls to be taken into account.

- *Legality and regularity of the transactions*

Eurostat has set up internal control processes aimed to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned.

GRANTS

The control objective is to ensure that the DG has reasonable assurance that the total amount of all financial operations authorised during the reporting year which would not be in conformity with the applicable contractual or regulatory provisions, does not exceed 2% of the total expenditure.

Beneficiaries of grants donated by Eurostat are by majority National Statistical Institutes (NSIs) of the Member States of the EU and of Enlargement Countries and the Statistical Institutes of the EFTA countries. They do not belong to a high-risk environment: they are public sector organisations and partners of Eurostat within the European Statistical System (ESS). They regularly undergo audits and controls by national and international organisations. The number of beneficiaries of Eurostat grants is limited and the population of potential beneficiaries is quite stable, being NSIs or other national authorities designated by the Member-states as members of the ESS.

In accordance with Regulation (EC) No 223/2009, grants are awarded without calls for proposal to the members of the ESS. As from 2015, the Commission decided that direct personnel costs incurred to implement grants awarded by Eurostat⁴⁶ shall be declared on the basis of unit costs. This simplification further contributes to reduce the risk of errors.

In line with Article 181 (6) of the Financial Regulation and based on Commission Decision C(2013)2900 of 23 May 2013, Eurostat implements a flat rate funding of the beneficiary's indirect costs of 30% of the total eligible direct staff costs for a vast majority of grants⁴⁷ for the duration of the European statistical programme 2013-2020.

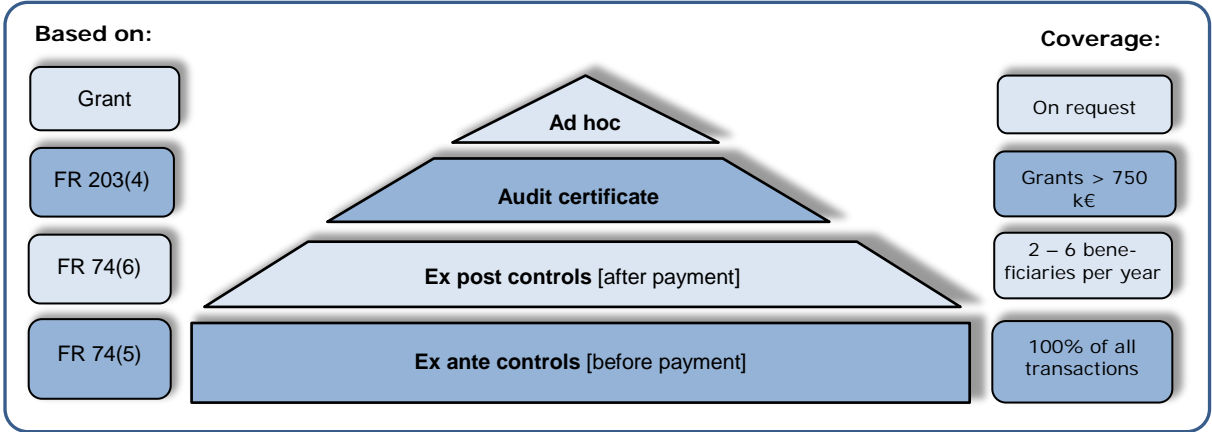
Expenditure linked to grants paid to the ESS beneficiaries constitutes around 97% of the budget implemented through grants by Eurostat (own and sub-delegated appropriations).

Eurostat implements its budget based on a multiannual control strategy, which takes into account potential risks. In 2018, the Eurostat Control Strategy 2012-2017 based on a comprehensive assessment of risks, has been completely revised and redesigned. Due to the low risk environment of Eurostat grant agreements, beneficiaries to be controlled ex post are now selected on a random basis. The revised strategy is valid for the years 2018-2020. It foresees the following layers of controls to be implemented via multi-annual control programs:

- 1) All transactions are subject to mandatory ex-ante controls according to Article 74(5) of the Financial Regulation;
- 2) Ex post controls are put in place to identify errors not detected during ex-ante controls (FR Art. 74(6));
- 3) For all grant agreements where the total contribution in the form of reimbursement of actual costs is at least of 750 000 EUR, audit certificates are requested from the beneficiaries⁴⁸;
- 4) Ad hoc controls can be foreseen if deemed necessary (e.g., assessment of unit cost method).

The control pyramid related to grant agreements are illustrated in the chart below:

Eurostat control activities (grant agreements):



⁴⁶ Under the ESP and sub delegated credits, with the exception of IPA beneficiaries
⁴⁷ 303 grant agreements out of a total of 306, in line with article 2 of Commission Decision C(2013)2900: "Beneficiaries of grants according to Article 5 of Regulation (EC) No 223/2009 shall declare eligible indirect costs on the basis of a flat rate of 30% of the total eligible direct personnel costs for grant agreements implanting the work programme of Eurostat for 2012 and for the duration of the European statistical programme 2013-17."
⁴⁸ The obligation to request audit certificates to support interim or final payments has been waived for grants based upon the new Financial Regulation in force since 2 August 2018.

Controls

All financial transactions of Eurostat grant agreements were controlled by mandatory **ex ante controls** relating to operational and financial aspects. No major weaknesses were identified in 2018. The detected error rate was calculated at 0.75% for ex ante controls performed in 2018.

Four randomly selected beneficiaries were subject to **ex post controls** in 2018. The controls of three of them were finalised within the reporting year. As systemic errors were disclosed for one those beneficiaries, it was decided to launch the procedure for the extension of audit findings on grants not controlled on an ex post basis for one particular beneficiary. The error was related to the VAT not refundable by the local Member State that was included in cost claims. The financial impact of the ex post controls performed in 2018 was limited, the detected error rate will only increase slightly and remains well below the materiality threshold of 2%. The following tables give an overview of the error rates and other control indicators of the controls performed within the reporting year and on a multi-annual basis.

Error rates and control indicators

a) Overview of error rates of the 2018-Control Work Programme:

| Statistical Programme | Detected error rate | | Residual error rate |
|--|-----------------------------|----------------------------|---------------------------|
| | Ex ante (before payment) | Ex post (after payment) | Ex post (Multi-annual) |
| ESP 2013-2020 [excluding cross sub-delegated credits] | 0.75% | 1.09% | 0.44% |

Error rates of ex post controls are typically higher than error rates of controls performed on an ex ante basis.

Contrary to ex ante controls, ex post controls usually are performed directly at the beneficiaries' premises having full access to all supporting documentation and evidence of the cost claimed by beneficiaries. The substantive testing of expenditure claimed may also include a review of the internal control system of beneficiaries to identify potential weaknesses for example by conducting walk-through tests.

b) Ex ante control indicators:

| Indicator | Financial year * | | | | |
|--|------------------|---------|---------|---------|---------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| Number of projects with cost claim errors out of number of grants (in %) | 14.3% | 10.8% | 11.6% | 6.69% | 8.33% |
| Budget amount of cost items rejected: | | | | | |
| ▪ in EUR | 537.5 k€ | 96.2 k€ | 79.6 k€ | 59.6 k€ | 39.0 k€ |
| ▪ in % weight from total payments | 2.04% | 0.67% | 0.46% | 0,34% | 0.75% |

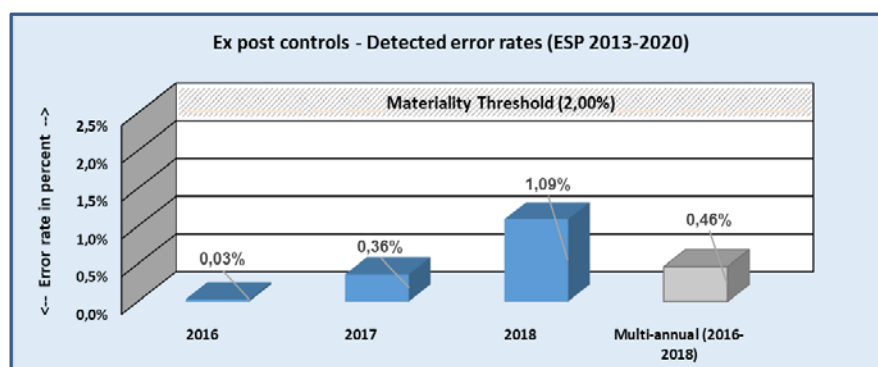
* The result is based on appropriations available on C1 fund sources, both on Eurostat budget lines and sub-delegated lines.

c) **Ex post control indicators:**

| Indicator | Audit year | | | | | Multi-annual |
|---|------------|------|-----------|-----------|---------|--------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | |
| Audited population (€) | 0 | 0 | 1 093 183 | 1 253 928 | 965 461 | 3 312 572 |
| Audited grants (n°) | 0 | 0 | 14 | 22 | 25 | 61 |
| Amount of errors concerned (€) | N/A | N/A | 302 | 4 507 | 10 495 | 15 304 |
| Detected error rate | N/A | N/A | 0.03% | 0.36% | 1.09% | 0.46% |
| Number of fraud-related audit observations | N/A | N/A | none | none | none | none |
| Number/value of audit results failed implementation | N/A | N/A | none | none | none | none |
| Average time to recover/offset (days) ⁴⁹ | N/A | N/A | N/A | 51 days | 43 days | 48 days |

N.B.: Related to ESP 2013-2020; cross sub-delegated credits not included

The detected multi-annual error rate of Eurostat remains stable below the materiality threshold of 2% based on ex post controls performed 2016-2018.



Eurostat analyses regularly the main causes and types of error detected. When appropriate, beneficiaries have been invited to improve their internal control system and follow-up controls have been programmed and performed to monitor the compliance with requirements. All errors detected ex-ante are corrected before payment. Re-assurance is given by complementary ex post controls. Errors detected ex post are corrected issuing recovery orders, except if the amount in question is below a minimum threshold.

The analysis of the available control results, the assessment of the issues identified and that of their relative impact on legality and regularity has not unveiled any significant weakness which could have a material impact as regards the legality and regularity of the financial operations. Eurostat concludes that the control objective as regards legality and regularity has been achieved; the multi-annual error rates are below the targeted value of 2%.

PROCUREMENTS

The control objective is to ensure that the DG has reasonable assurance that the total amount of all financial operations authorised during the reporting year which would not be in conformity with the applicable contractual or regulatory provisions, does not exceed 2% of the total expenditure. Eurostat has set up internal control processes aimed at ensuring the adequate management of the risks relating to the legality and regularity of the underlying transactions, and the nature of payments.

Procurement transactions implemented by Eurostat in 2018 concerned by majority

⁴⁹ Date of launch = start date ABAC work flow.

- Provision of statistical services and methodologies;
- IT-services, -supplies and database management;
- Seminars, workshops and training.

Controls

Financial management and control for procurements are grouped around three core processes:

- 1) Procurement (from the assessment of needs, the selection of the suppliers, award decision until establishment of financial commitment),
- 2) Financial operations (from contract monitoring, payment, and eventually recoveries), and
- 3) Supervisory measures (including management checks and 'ex post' quality reviews).

All procurement transactions were covered by standard ex-ante controls as requested by Article 74(5) of the Financial Regulation. In addition, the Market Committee reviews the quality of the terms of reference of planned calls for tender on a sample basis, based on internal criteria. Ex post supervisory reviews can be implemented on demand. The Eurostat control environment for procurements is presented in the table below.

Eurostat control environment (procurements):

| | Market Committee | Ex ante control | Ex post supervisory review |
|-------------------|-----------------------------------|----------------------|----------------------------|
| Regulation | N/A | FR §74(5) | FR § 74(6) |
| Coverage | Based on internal criteria | 100% of all payments | On demand |
| | | | Based on a risk-assessment |
| When? | Before launching call for tenders | Before payment | After final payment |

In terms of management checks and supervision, the Internal Market Committee has reviewed ex ante the quality of the terms of reference of two procedures, six lots in total.

Ex ante control indicators

The table below shows indicators based on ex ante controls on procurement transactions for own appropriations:

| Indicator | Financial year | | | |
|----------------------------|----------------|--------|--------|--------|
| | 2015 | 2016 | 2017 | 2018 |
| Error rate | 0.17% | 0.15% | 0.38% | 0.07% |
| - Amount claimed (k€) | 31 174 | 28 014 | 33 424 | 40 724 |
| - Amount paid (k€) | 31 120 | 27 971 | 33 297 | 40 695 |
| - Non-eligible amount (k€) | 54 | 43 | 127 | 29 |

Error rate on procurement transactions is based on credit notes; corrected before payment.

The analysis of the available control results, the assessment of the issues identified and that of their relative impact on legality regularity did not unveiled any significant weakness which could have a material impact as regards the legality and regularity of the financial operations. Eurostat concludes that the control objective as regards legality and regularity has been achieved.

In the context of the protection of the EU budget, at the Commission's corporate level, the DGs' estimated overall amounts at risk and their estimated future corrections are consolidated.

For Eurostat, the estimated overall amount at risk at payment⁵⁰ for the 2018 expenditure is 0.31 M€. This is the AOD's best, conservative estimation of the amount of *relevant expenditure*⁵¹ during the year (66.09 M€) not in conformity with the applicable contractual and regulatory provisions at the time the payment is made⁵².

This expenditure will be subsequently subject to ex-post controls and a sizeable proportion of the underlying error will be detected and corrected in successive years. The conservatively estimated future corrections⁵³ for the 2018 expenditure are 0.00 M€. This is the amount of errors that the DG conservatively estimates to identify and correct from controls that it will implement in successive years.

The difference between those two amounts leads to the estimated overall amount at risk at closure for the 2018 expenditure of 0.31 M€.

⁵⁰ In order to calculate the weighted average error rate (AER), the *detected or equivalent* error rates have been used; see note 6 to the table.

⁵¹ "*relevant expenditure*" during the year; see note 5 to the table.

⁵² "*payments made*" or *equivalent*; see note 2 to the table.

⁵³ Even though to some extent based on the 7 years historic Average of Recoveries and financial Corrections (ARC), which is the best available indication of the corrective capacity of the ex-post control systems implemented by the DG over the past years, the AOD has adjusted this historic average from 3,1% for all financial transactions of Eurostat to 0,01% related to grant agreements. In order to come to the best but conservative estimate of the ex-post future corrections to be applied to the reporting year's relevant expenditure for the current programmes, only the recoveries based on ex-post controls have been taken into account [0.01% for grants]. As no ex-post controls are carried out on procurement transactions and administrative credits [no recoveries were made for procurements and administrative credits], the ex-post future corrections for those segments are assumed to be 0.0% as a best and most conservative estimate.

Estimated overall amount at risk at closure

| Eurostat | Payments made (FY; MEUR) | <i>minus</i> new prefinancing [<i>plus</i> retentions made*] (in FY; MEUR) | <i>plus</i> cleared prefinancing [<i>minus</i> retentions released* and deductions of expenditure made by MS] (in FY; MEUR) | Relevant expenditure (for the FY; MEUR) | Average Error Rate (<i>weighted AER</i> ; %) | Estimated overall amount at risk <i>at payment</i> (FY; MEUR) | Average Recoveries and Corrections (<i>adjusted ARC</i> ; %) | Estimated future corrections [and deductions] (for FY; MEUR) | Estimated overall amount at risk at closure (MEUR) |
|--|-----------------------------|---|--|--|---|---|--|--|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Programme, Budget Line(s), or other relevant level | as per AAR annex 3, table 2 | as per ABAC DWH BO report on prefinancing | as per ABAC DWH BO report on prefinancing | = (2) -/+ (3) +/- (4) | Detected error rates, or equivalent estimates | = (5) x (6) | <i>H-ARC</i> (as per ABAC DWH BO report on corrective capacity), <u>but adjusted</u> | = (5) x (8) | = (7) - (9) |
| Grants | 27.43 | 7.34 | 6.66 | 26.75 | 0.46% | 0.12 | 0.01% | 0.00 | 0.12 |
| Procurements | 38.14 | 1.55 | 2.13 | 38.72 | 0.50% | 0.19 | 0.00% | 0.00 | 0.19 |
| Admin. credits | 0.62 | 0.00 | 0.00 | 0.62 | 0.50% | 0.00 | 0.00% | 0.00 | 0.00 |
| Overall, total | 66.19 | 8.89 | 8.79 | 66.09 | 0.48% | 0.31 [0.47% of (5)] | 0.00% | 0.00 [0% of (5)] | 0.31 [0.47% of (5)] |

Notes to the table

(1) [*if possible*] differentiated for the relevant portfolio segments at a level which is lower than the DG total

(2) Payments made or equivalent, such as after the expenditure is registered in the Commission's accounting system, after the expenditure is accepted or after the pre-financing is cleared. In any case, this means after the preventive (ex-ante) control measures have already been implemented earlier in the cycle. In all cases of Co-Delegations (Internal Rules Article 3), the "payments made" are covered by the Delegated DGs. In the case of Cross-SubDelegations (Internal Rules Article 12), they remain with the Delegating DGs.

(3) New pre-financing actually paid by out the department itself during the financial year (i.e. excluding any pre-financing received as transfer from another department). The "Pre-financing" is covered as in the context of note 2.5.1 to the Commission (provisional) annual accounts (i.e. excluding the "Other advances to Member States" (note 2.5.2) which is covered on a pure payment-made basis).

"Pre-financings paid/cleared" are always covered by the Delegated DGs, even in the case of Cross-SubDelegations.

* In Cohesion, the (10%) retention made.

(4) Pre-financing actually having been cleared during the financial year (i.e. their 'delta' in FY 'actuals', not their 'cut-off' based estimated 'consumption').

* In Cohesion, the retention which is now released or (partially) withheld by the Commission.

(5) For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to L&R errors (*see the ECA's 2017 AR methodological Annex 1.1 point 15*), also our concept of "relevant expenditure" includes the payments made, subtracts the new pre-financing paid out [*& adds the retentions made*], and adds the previous pre-financing actually cleared [*& subtracts the retentions released and those (partially) withheld; and any deductions of expenditure made by MS in the annual accounts*] during the FY. This is a separate and 'hybrid' concept, intentionally combining elements from the budgetary accounting and from the general ledger accounting.

(6) In order to calculate the weighted Average Error Rate (AER) for the total relevant expenditure in the reporting year, [for grants] the detected error rate [3 years average = 0.46%] has been used. For types of low-risk expenditure with indications that the equivalent error rate might be close to 'zero' (e.g. administrative expenditure, procurement), the recommended 0.50% has been applied as a conservative estimate.

[*Such equivalents are e.g. the "adjusted error rates" [AGRI, for Rural Development], the "reportable error rates" [REGIO, for the 2007-2013 programmes], or the "residual total error rates" [MARE, for the current programme. In other cases [e.g. DEVCO and NEAR], they are derived by a backwards calculation based on results from advanced residual error studies; i.e. by adding the estimated future corrections (if not assumed being zero) to the amount at risk at closure.*]

For types of low-risk expenditure with indications that the equivalent error rate might be close to 'zero' (e.g. administrative expenditure, operating subsidies to agencies), it is recommended to use 0.5% nevertheless as a conservative estimate.

(8) Even though to some extent based on the 7 years historic Average of Recoveries and financial Corrections (ARC), which is the best available indication of the corrective capacity of the ex-post control systems implemented by the DG over the past years, the AOD has adjusted this historic average from 3,1% for all financial transactions of Eurostat to 0,01% related to grant agreements.

In order to come to the best but conservative estimate of the ex-post future corrections to be applied to the reporting year's relevant expenditure for the current

programmes, only the recoveries based on ex-post controls have been taken into account [0.01% for grants]. As no ex-post controls are carried out on procurement transactions and administrative credits [no recoveries were made for procurements and administrative credits], the ex-post future corrections for those segments are assumed to be 0.0% as a best and most conservative estimate.

(10) For some programmes with no set closure point (e.g. EAGF) and for some multiannual programmes for which corrections are still possible afterwards (e.g. EAFRD and ESIF), all corrections that remain possible are considered for this estimate.

- *Fraud prevention, detection and correction*

Eurostat has developed and implemented its own anti-fraud strategy since 2014, elaborated on the basis of the methodology provided by the European Anti-Fraud Office (OLAF). It has been updated in 2017.

Its implementation is being monitored twice a year with reporting to the management.

In 2018 Eurostat organised training sessions together with OLAF on anti-fraud for its staff. In line with the action plan of Eurostat's Anti-Fraud Strategy, the purpose of these training sessions was to raise awareness of Eurostat's staff about all aspects of anti-fraud.

The quantified benefit of controls covering fraud prevention, detection and correction materializes in the fact that there were no pending investigations opened by OLAF from previous years, Eurostat neither registered any fraud case nor reported to OLAF any potential fraud-related case during the reported year. The unquantified benefits are the deterrent effects of controls.

In addition, no fraud risks related to the activities of the Units and Directorates of Eurostat were identified in 2018, and no fraud risks were included in the Eurostat risk register.

- *Other control objectives: safeguarding of assets and information, reliability of reporting (if applicable)*

Safeguarding of assets and information

Under its mission to be the leading provider of high-quality statistics in Europe, Eurostat is responsible for ensuring the production of European statistics for the EU policy purposes.

The data and information systems supporting Eurostat's mission are therefore highly important assets that play an essential role in maintaining its operational effectiveness, legal compliance and as such need to be protected. In this context, particular importance is attributed to the controls performed as regards to the IT security and data integrity. Safeguarding, monitoring and securing Eurostat Information Systems and applications collecting, handling and hosting all types of sensitive information including the dissemination chain and the web site used for publication of statistics and press releases are therefore crucial activities for the DG.

As far as the IT security and data integrity is concerned, the control objectives in place are mainly related to the definition and dissemination of Eurostat information security policy, implementation of the controls defined in the IT security policy, monitor the access to IT infrastructure and control of access and use of IT infrastructure and information. In 2018 there were no incidents recorded regarding data integrity in the reception and transmission of information including the web site.

Regarding the safeguarding of sensitive information, the control objectives are mainly the identification and definition of sensitive information in Eurostat, access to sensitive information and control of access to sensitive information. During 2018, Eurostat has completed a third round of inventory of all information types managed internally and implementing the adequate security measures. In 2018 no incidents related to breach of confidentiality were reported.

The controls put in place by Eurostat have the main objectives to identify the assets and information that require additional protection measures and then ensure that access to respective assets is controlled and monitored adequately. Having such measures in place allows Eurostat to ensure the fulfilment of the legal obligations towards ESS on protecting the data transferred by ESS partners for production of European Statistics. Therefore, the benefits of these controls are aligned with the compliancy with the ESS guidelines on protection of sensitive statistical data, and not having a direct quantifiable

benefit on Eurostat's operational budget. Without having such controls in place would increase the overall risk of un-controlled access to sensitive information and in case of a breach, the impact will not be harmful to Eurostat's reputation but will have much broader consequence, for European Commission as a trusted public administration and also at the level of European Statistical System reputation.

Reliability of reporting (GNI)

The DG of the Commission in charge of the budget (DG Budget) is the authorising service with regard to own resources. However, Eurostat is the Commission service in charge of checking the application of the GNI regulation. This entails proposing methods to ensure the exhaustiveness and comparability of national GNI data, verifying that there have been no errors in the compilation of those data and directing the work of the GNI Committee (which annually adopts an opinion on the appropriateness of Member States' GNI data for own resource purposes with respect to reliability, comparability and exhaustiveness). Since the very beginning of Eurostat's involvement in own resources verification, it agreed with DG Budget on the division of responsibilities between the two services, in a Memorandum of Understanding that includes good practice regarding GNI reservations (which allow Member States' GNI data to be revised after a cut-off date). DG Budget has the right and duty to be associated in this work, to be involved in any initiative and in the inspections visits carried out by Eurostat and to take the relevant initiatives in the financial area relating to the verification and modifications of GNI data.

The GNI verification work is carried out via a multi-annual verification cycle based on periodic inventories (description of sources and methods used to compile GNI) sent by Member States and an annual verification of GNI questionnaires and quality reports underlying the revision of data. The main indicators used in this area of activity are for the verification cycle 2016-2019⁵⁴ as follows:

Countries: EU28+EFTA4

| | Indicators | 2017 | 2018 |
|---------------------------------------|---|--------|--------|
| Multiannual verification cycle | | | |
| Input | | | |
| 1 | Inventories received, including revised versions | 6 | 16 |
| 2 | Inventories to be checked | 30 | 31 |
| 3 | Amount of inventory pages to be checked | 16 510 | 19 199 |
| 4 | Number of inventories translated by the Commission, including revised versions | 0 | 0 |
| Output | | | |
| 5 | Number of questions or requests for additional data sent to the Member States concerning multiannual verification (including in preparation of the mission) | 5 399 | 2 905 |
| 6 | Missions carried out | 29 | 12 |
| 7 | Missions carried out with participation of observers from other Member States | 20 | 11 |
| 8 | Number of person-mission days carried out | 275 | 119 |
| | a) Eurostat | 203 | 87 |
| | b) Observers from Member States | 72 | 32.5 |
| 9 | Direct verifications | 34 | 20 |
| 10 | Mission reports presented to the GNI Committee | 25 | 15 |
| 11 | Open action points at the end of year | 545 | 754 |
| 12 | Number of action points and/or reservations on which verification work was carried out during the year ⁵⁵ | 162 | 354 |

* Including those related to the previous verification cycle.

⁵⁴ Please see previous AAR for the previous verification cycle.

⁵⁵ This includes responses to Member States' questions in relation to action points and/or reservations, assessment of the action points and/or reservations addressed by the Member States (often leading to additional questions and clarification requests from Eurostat and their subsequent analysis), cross-country analyses of reservations (which in principle imply verification of a given reservation in all Member States)

| | Indicators | 2017 | 2018 |
|--|--|-------------|-------------|
| 13 | Number of documents presented to the GNI Committee relating to the GNI verification process and methodological issues | 79 | 71 |
| Results | | | |
| 14 | Number of general reservation points – end of year | 0 | 1 |
| 15 | Number of transversal reservation points – end of year | 0 | 0 |
| 16 | Number of specific reservation points – end of year | 7* | 8* |
| Annual verification of GNI Questionnaires and Quality Reports | | | |
| Input | | | |
| 17 | GNI Questionnaires and Quality Reports received (first submissions) | 31 | 31 |
| 18 | Number of revised GNI Questionnaires received in the course of verification (subsequent submissions) | 9 | 9 |
| 19 | Number of revised Quality Reports received in the course of verification (subsequent submissions) | 29 | 29 |
| 20 | Total amount of Quality Reports pages to be checked (original and subsequent submissions altogether) | 743 | 997 |
| 21 | Number of Quality Reports translated by the Commission, including revised versions | 0 | 0 |
| Output | | | |
| 22 | Number of questions sent to the Member States in the course of verification of the GNI Questionnaires and Quality Reports | 229 | 170 |
| 23 | Total number of GNI Questionnaires verified (original and subsequent submissions altogether) | 40 | 41 |
| 24 | Total number of Quality Reports verified (original and subsequent submissions altogether) | 60 | 60 |
| 25 | Answers to DG Budget requests for the GNI OR data | 3 | 2 |
| 26 | Visits from Court of Auditors | 1 | 2 |
| Results | | | |
| 27 | Number of process-specific reservations – end of year | 109 | 137 |
| 28 | Number of Member States for which a positive opinion of the GNI Committee on the appropriateness of the GNI data for own resource purpose has been adopted | 28 | 28 |
| Impact (for both multiannual and annual verification) | | | |
| 29 | Number of countries that revised GNI due to their work on action points and/or reservations | 8 | 9 |
| 30 | Number of action points and/or reservations that lead to revisions of GNI | 26 | 34 |

* including related to the previous verification cycle

In 2018 the verification work on the GNI inventories continued and several GNI information visits to the Member States took place. A significant number of action points and reservations were placed during the year and the verification of the work done by the Member States on the action points and reservations was progressing. A number of the cross-country analyses of transversal issues were concluded or advanced.

2. Efficiency = the Time-to-... indicators and other efficiency indicators

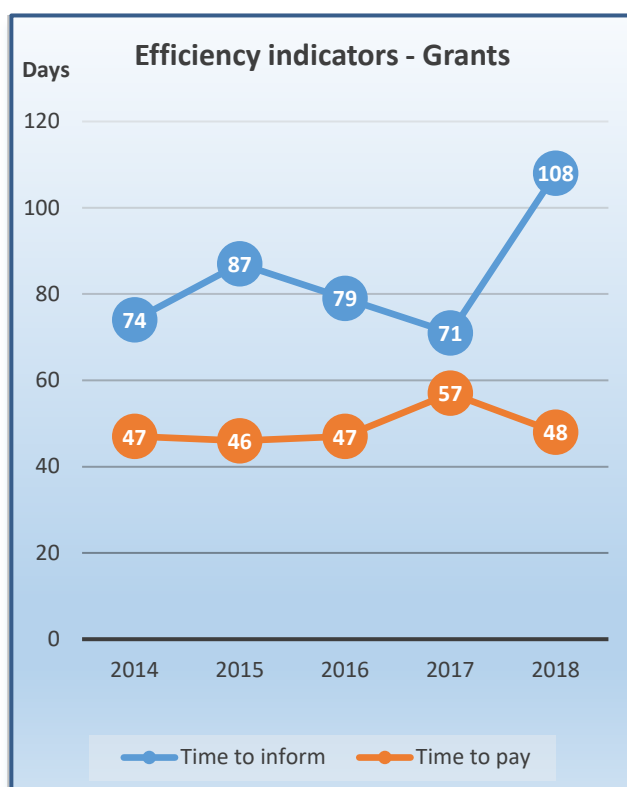
In order to assess the best possible relationship between resources devoted to controls and outputs achieved, Eurostat defined a set of efficiency indicators. Their evolution over time is regularly monitored and analysed. The tables below provide an overview of the indicators related to grants and procurements.

Grants:

| Indicator | Financial year | | | | |
|--|----------------|---------|---------|---------|----------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| • Average time to inform applicants [Art 194 (2a) FR sets a time limit of six months] | 74 days | 87 days | 79 days | 71 days | 108 days |
| • Average time to sign grant agreements or notify grant decisions [Art 194 (2b) FR sets a time limit of three months] | 27 days | 28 days | 36 days | 46 days | 59 days |
| • Time to pay (% on time, value of transactions) | 89.25% | 96.3% | 92.91% | 79.69% | 85.46% |
| • Time to pay (% on time, number of transactions) | 90.44% | 95.9% | 92.63% | 83.70% | 91.20% |
| • Average time to pay [Art 116 FR] | 47 days | 46 days | 47 days | 57 days | 48 days |
| • Number of calls for proposals ⁵⁶ successfully concluded/number of invitations for proposals planned in the MP/WP (in %) | 94.4% | 98.11% | 85.0% | 95.3% | 93.9% |
| • Total number of awards/total call for proposal (in %) | 100% | 93.8% | 87.2% | 97.6% | 100% |

The average time to inform grant applicants deteriorated slightly in the reporting year 2018 mainly caused by start-up difficulties linked with the eGrants tool (see chart right, blue line). Nevertheless, it stayed within the limits defined by the Financial Regulation.

With regard to 'time to pay' relating to grant cost-claims, 2018 recorded a significant improvement compared to 2017 (see chart right, orange line). A dedicated payment time monitoring system was put in place with an active follow-up of the advancement of individual payment files through the payment process. A temporary shortage of payment credits at the end of 2017 and again in September 2018 caused a series of payments being paid late, albeit with slightly less impact than the previous budget years. A revision of the payment planning system is currently under development.



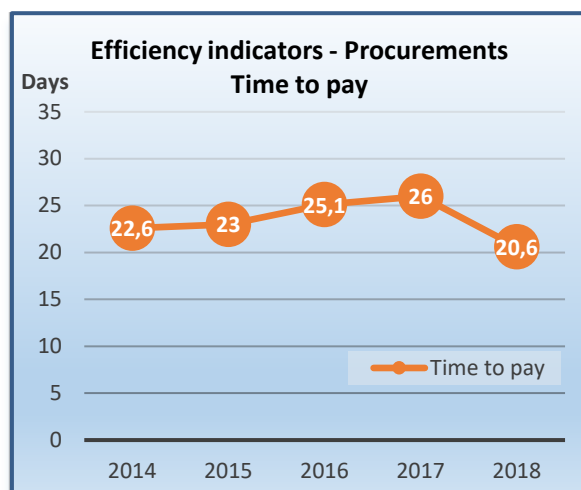
⁵⁶ According to Article 5 of Regulation (EC) No 223/2009, NSIs and other national authorities responsible for the development, production and dissemination of European statistics as designated by Member States may receive grants without a call for proposals in accordance with Article 168(1)(d) of Regulation (EC, Euratom) No 2342/2002. They receive invitations to submit proposals.

Procurements:

| Indicator | Financial year | | | | |
|---|----------------|------------|------------|------------|------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| • Time to pay (% on time, value of transactions) | 93.81% | 89.10% | 84.62% | 78.80% | 91.41% |
| • Time to pay (% on time, number of transactions) | 93.06% | 89.60% | 88.51% | 82.92% | 92.52% |
| • Average time to pay [Art 116 FR] | 22.60 days | 23.00 days | 25.13 days | 26.02 days | 20.61 days |

The same considerations as put forward under grants can be assumed for the indicator 'time to pay' relating to procurement transactions (see chart right, orange line).

Moreover, simplified and paperless payment management processes were further rolled out in 2018, also positively influencing terms of payment for this type of payments with a shorted payment time than more complex grant payments.



3. Economy = the cost of controls

The corporate methodology for the estimation, assessment and reporting on the cost-effectiveness of controls was revisited in September 2018 and applied first time in the 2018 annual reporting. The difference of the estimated cost of controls as compared to previous years derives from this new methodology and does not reflect any substantial change in the DG's control strategy.

The calculation of cost of controls for the year 2018 is based on a best and most reasonable estimate. Staff costs were measured by multiplying the number of Full-time equivalents (FTE) with an annual average cost rate depending on the staff category. External cost were included in the calculation with the individual contracted amount.

The estimation of FTEs for staff was carried out adopting two distinct approaches, for staff related to financial management and staff attributed to operational activities of Eurostat:

- All staff of Eurostat working in the area of financial and budgetary management to be attributed to internal control activities were identified. In a second step, the percentage of time dedicated to internal control was estimated and translated into Full-Time Equivalents (FTE) in case its time devoted to control activities surpassed 10% per year.
- As regards staff assigned to the operational domain of Eurostat, the amount of FTEs was determined by multiplying the time estimated to be necessary for managing specific financial transactions with an average estimated number of financial transactions handled within a financial year.

In order to obtain a complete and comprehensive picture of the cost of control of Eurostat, additional components were added to the calculation of costs for the reporting year 2018:

- IT security, data integrity and management of sensitive information linked with budget implementation was included in the estimation of cost of control.

- Cost of service contracts related to financial IT-tools were added with its contractual value.

Eurostat believes that the calculation of cost gives a true and fair view of the current cost of control of Eurostat for the reporting year, based on a best and most reasonable estimate.

Eurostat regularly monitors and assesses indicators on efficiency of controls. The tables below present an overview of cost-effectiveness and control efficiency indicators broken down by relevant control system as described in Annex 5 of the AAR and by control stage (ex ante / ex post) for grants and procurement transactions.

OVERALL COST OF CONTROL:

| Indicator | Financial Year | | |
|---|----------------|------|--------|
| | 2016 | 2017 | 2018 |
| (1) Overall cost of control (k€) | *) | *) | 10 694 |
| (2) Overall cost of controls / total expenditure executed during the year (the payments made for grants and procurements) | *) | *) | 11.3% |

Overall cost of control include the cost of control related to grants, procurements, IT security and data integrity as well as safeguarding of sensitive information.

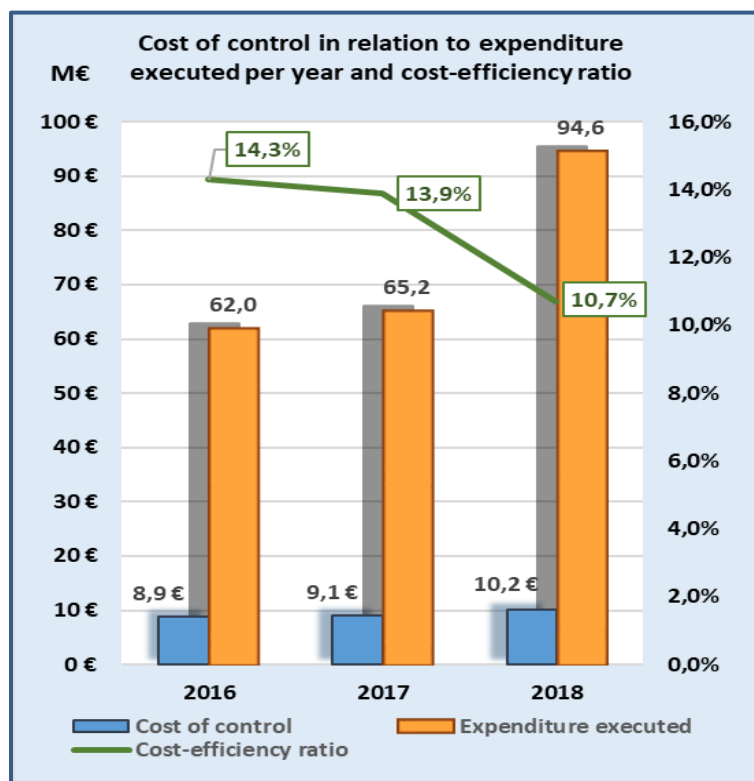
*) No comparative data of prior years' available

TOTAL (Grants and Procurements):

| Control stage | Indicator | Financial Year | | |
|---------------|--|----------------|-------|--------|
| | | 2016 | 2017 | 2018 |
| Overall | (1) Overall cost of control (k€) | 8 863 | 9 066 | 10 162 |
| | (2) Total cost of controls of process / total expenditure executed during the year (the payments made for grants and procurements) | 14.3% | 13.9% | 10.7% |

The amount of cost of control in absolute value for grants and procurement transactions together increased slightly from 8.9 M€ in 2016 to 10.2 M€ in 2018 (see blue columns in chart on the right) due to a raise of the annual average cost per FTE. In addition, the revision of the corporate methodology to estimate cost of control in 2018 also resulted in an increase of costs.

On the other hand, the cost-efficiency ratio showed substantial improvement (see green line in the chart on the right) as the annual amount of budget executed during the year 2018 increased noticeably from 65,2 M€ in 2017 to 94,6 M€ in 2018.



A detail of cost-efficiency figures and ratios per type of transaction is presented in the tables below:

Grants:

| Control stage | Indicator | Financial Year | | |
|--|---|----------------|----------|-------|
| | | 2016 | 2017 | 2018 |
| Overall | (1) Overall cost of control (k€) | 3 508 | 3 580 | 5 408 |
| | (2) Overall cost of controls / total expenditure executed during the year (payments made) | 12.1% | 16.3% | 12.2% |
| All ex ante controls | (1) Cost of ex ante controls (k€) | 3 371 | 3 469 | 5 333 |
| | (2) Cost of ex ante controls / total expenditure executed during the year (payments made) | 11.7% | 15.8% | 12.0% |
| Ex post controls | (1) Cost of ex post controls (k€) | 137 | 111 | 75 |
| | (2) Cost of ex post controls / value of grants audited | 1.50% *) | 1.89% *) | 5.00% |
| *) The cost-efficiency ratio of ex post controls related to the years 2016 & 2017 include an important amount of high volume grants (received via cross sub-delegated credits) that have been audited in the corresponding year, therefore the ratio can only be compared to a limited extent. | | | | |
| General remark: Expenditure executed and value of grants audited concern both, own appropriations and cross sub-delegations received. | | | | |

Procurement:

| Control stage | Indicator | Financial Year | | |
|----------------------|---|----------------|-------|-------|
| | | 2016 | 2017 | 2018 |
| Overall | (1) Overall cost of control (k€) | 5 355 | 5 485 | 4 754 |
| | (2) Overall cost of controls / total expenditure executed during the year (payments made) | 16.1% | 12.7% | 9.5% |
| All ex ante controls | (1) Cost of ex ante controls (k€) | 5 336 | 5 465 | 4 743 |
| | (2) Cost of ex ante controls / total expenditure executed during the year (payments made) | 16.1% | 12.6% | 9.4% |
| Ex post controls | (1) Cost of control ex post verifications and/or audits (k€) | 19 | 20 | 11 |

IT Security and data integrity:

| Control stage | Indicator | Financial Year | | |
|---------------|------------------------------|----------------|---------|------|
| | | 2016 | 2017 | 2018 |
| Overall | Overall cost of control (k€) | no data | no data | 271 |

Safeguarding of sensitive information:

| Control stage | Indicator | Financial Year | | |
|---------------|------------------------------|----------------|---------|------|
| | | 2016 | 2017 | 2018 |
| Overall | Overall cost of control (k€) | no data | no data | 261 |

4. Conclusion on the cost-effectiveness of controls

In order to reach a conclusion on the cost-effectiveness of controls, it is important to underline that controls are implemented to manage revenue and expenditure in accordance with the underlying budgetary rules and regulations and to ensure compliance with the requirements regarding legality and regularity of transactions. To prevent errors and irregularities, a substantial part of the controls performed in Eurostat is mandatory; its margin for reducing them is limited.

Efficiency indicators, such as time-to-pay, are also taken into account for this assessment. At a quick glance, the cost-effectiveness ratios appear relatively high, however one of the key-determinants of the ratio is the volume of transactions executed during a reporting year. Eurostat is implementing a rather small volume of budgetary appropriations per financial year. In addition, the average size of grant transactions is relatively small, requiring nonetheless a full set of controls to be put in place resulting in diseconomies of scale.

As presented in the cost overview tables above, the overall ratio related to cost of control of Eurostat financial transactions (grants and procurements) show significant improvement compared to the previous years, although the yearly cost per FTE increased and additional components were added to the definition of cost of control in 2018. This positive development is primarily due to a significant higher volume of financial transactions executed during the reporting year. The cost dedicated for ex post controls on Eurostat financial transactions remain on a very low level⁵⁷ and evidence the efficient use of resources related to the performance of controls.

In this context, it is worth to be noted that Eurostat revised its multi-annual control strategy in 2018. Considering the low risk of Eurostat grant agreements and the low level of errors, the number and the depth of controls was decreased in 2018 yet ensuring better balance between controls and cost of controls. Amongst other measures, in-depth ex ante controls on grant agreements were discontinued improving the cost-effectiveness of controls. In parallel further efficiency and cost-effectiveness improvements are in the final implementation phase. In 2018 the eGrants tool was used for the majority of new grants to be concluded. Obviously, the introduction of the new tool required an important investment in terms of resources for training and adapt to the new working methods. Further efficiency gains are expected when the tool is fully operational and all staff managing grant agreements are familiarized with.

Based on the most relevant key indicators and control results, Eurostat has assessed the effectiveness, efficiency and economy of the control system and reached a positive conclusion on the cost-effectiveness of controls.

⁵⁷ The cost for ex post controls of the years 2016 and 2017 include indirect and overhead costs. Due to the revised corporate methodology for the estimation of costs, those components have been excluded in 2018.

2.1.2 Audit observations and recommendations

This section reports and assesses the observations, opinions and conclusions reported by auditors in their reports as well as the limited conclusion of the Internal Auditor on the state of internal control, which could have a material impact on the achievement of the internal control objectives, and therefore on assurance, together with any management measures taken in response to the audit recommendations.

Audits performed by IAS

In 2018 IAS carried out the following engagements in Eurostat:

- *"Audit on Financial management of grants in Eurostat"*. The final report was issued on 12/07/2018. IAS issued one "important" recommendation which was accepted by Eurostat's senior management. An action plan has been established and is being implemented.
- *"Audit on effectiveness of ESTAT's cooperation with external stakeholders"*. The final report was issued on 18/01/2019. IAS issued one "very important" and two "important" recommendations. All recommendations were accepted by Eurostat's senior management. The "very important" recommendation addresses weaknesses in Eurostat's policy to manage external stakeholders, in the criteria and procedures for establishing formal cooperation arrangements, and in the formal cooperation arrangements themselves. An action plan to implement this recommendation has been established and agreed to by IAS.
- *"Audit on ESTAT's implementation of Quality Assurance Framework"*. The opening meeting took place on 19/10/2018. The final report will be issued in 2019.
- Third follow-up of recommendation four of the "Audit on Management of Local IT in Eurostat" (IAS.B1-2012-ESTAT-001). This recommendation refers to "Information systems security". IAS considered the recommendation as not fully implemented and re-opened it on 28/06/2018 keeping the rank "important". The recommendation was finally implemented by Eurostat by 31/12/2018.
- Follow-up of the recommendations two and four of the "Audit on Performance of EUROSTAT's support to the Europe 2020 strategy and the new Commission priorities". These recommendations referred to operational planning and monitoring of the production of Europe 2020 statistics and other key indicators, respectively to European Statistics quality assurance and data validation checks. Both recommendations have been assessed by IAS as adequately and effectively implemented.

No "critical" recommendations were issued by the IAS in 2018.

Additionally to the above mentioned "very important" recommendation issued by IAS on 18/01/2019 in the final report on the "Audit on effectiveness of ESTAT's cooperation with external stakeholders", by the end of 2018 the following "very important" recommendations were not yet fully implemented by Eurostat:

"Audit on the Production Process and the Quality of Statistics not Produced by Eurostat"

The final report of this audit was issued on 31 January 2018. In the audit report, IAS issued three "very important" recommendations addressed to Eurostat (two other "important" recommendations concern other DGs). Senior management has accepted all recommendations addressed to Eurostat.

Recommendation 1 - Framework for statistical production in the Commission and Eurostat's coordination role in the development and production of statistics by other

Commission services ("very important"):

In order to significantly reduce the detected risks ESTAT developed an action plan with 35 mitigating/improvement actions. 14 of these actions have already been implemented during the year 2018, amongst them the collection of available statistical services and the establishment of a clear and easy-to-use definition of statistics. There are no significant difficulties or delays to be expected for the final implementation of this recommendation.

Recommendation 2 - Completion of the Statistical Inventory and Masterplan ("very important"):

During 2018 Eurostat elaborated, in cooperation with the network of DGs statistical correspondents, a clear and easy-to-use definition of statistics not produced by Eurostat ("other statistics"). It also clarified the scope of the Statistical Inventory concerning types and nature of items to be included or excluded from the database, and drafted clear instructions for the DGs on how to fill in the relevant fields. There are no significant difficulties or delays to be expected for the final implementation of this recommendation.

Recommendation 5 - Referencing and use of a disclaimer when publishing "other statistics" ("very important"):

During 2018 Eurostat developed a draft disclaimer for data from sources other than Eurostat but for which quality criteria have been defined, as well as a draft disclaimer for data from sources over which Commission does not have control, and will finalise such disclaimers in 2019. Eurostat also started working on guidelines for referencing statistical data coming from Eurostat, which will be sent to other Directorates General. The finally approved document is foreseen to be sent to the DGs in March. This recommendation has been reported as "ready for review" to IAS in January 2019.

Audits performed by the European Court of Auditors

In 2018, the audit work carried out by the Court of Auditors in Eurostat was the following:

In its **Special Report 09/2018: "Public Private Partnerships in the EU - Widespread shortcomings and limited benefits"** the Court of Auditors issued an important recommendation concerning the Commission's link of EU-support to PPP projects to the assurance that the choice of the PPP option was justified by value-for-money considerations. It would thus not be unduly influenced by considerations relating to budgetary constraints or to their statistical treatment. This recommendation was allocated to Eurostat.

The Commission / Eurostat rejected this recommendation.

Although the Commission / Eurostat acknowledges that the choice of the PPP option by the Member State has to be justified by value-for-money considerations, it does not consider it feasible to condition EU support to a PPP project on receiving confirmation from the Member State that such considerations linked to the choice of the procurement model (i.e. those related to budgetary constraints or to the statistical treatment) are not at the expense of value for money. The statistical treatment can generally be confirmed only at the point that financial close is achieved, which does not necessarily coincide with the timing of the decision on financing support from the EU budget to a PPP project. Under shared management of the European Structural and Investment Funds (ESIF) in the current period 2014-2020, the Commission approves programmes and is informed about their implementation in annual implementation reports submitted by Member States. The Commission is not informed about and does not approve co-financing of individual projects by ESIF, with the exception of major projects included in programmes. The Commission is informed about and approves (or rejects) the ESIF contribution to major projects already selected by managing authorities.

In its **Special Report 01/2016 "Is the Commission's system for performance measurement in relation to farmers' incomes well designed and based on sound**

data?" the Court of Auditors issued four "important" recommendations whose implementation is under the responsibility of Eurostat. An action plan was established and is being implemented.

One recommendation has been implemented during the year 2018. The final implementation of the other recommendations is foreseen between end of December 2020 and end of December 2021.

In its **"Annual Reports 2016"** the Court of Auditors issued two "important" recommendations for Eurostat. These recommendations concern the potential implications of multinational activities on the estimation of Gross National Income (GNI) and the correct capturing of R&D assets during the ongoing GNI verification cycle in Member States' national accounts. The implementation of action plans for both recommendations is already ongoing and foreseen to be finalised by 31/12/2019.

In its **"Annual Reports 2017"** the Court of Auditors did not issue recommendations for the implementation of which Eurostat is chef de file.

The Court of Auditors also started to work on three audits where Eurostat is auditee:

- Audit on "PSEO (Pension Scheme of European Officials) & JSIS (Joint Sickness Insurance Scheme) Final 2017 Validations"
- "Special Report on the System of Environmental Economic Accounts – SEEA"
- "Special Report on Environment-friendly Farming"

The publication of the final reports is foreseen for 2019/2020.

Furthermore the Court of Auditors contacted Eurostat during 2018 (as data provider) in connection with the following audits: "Wind and Solar Electricity Generation", "EU GHG (greenhouse gas) Inventories", "2014 Revision of the Staff Regulations", "Review on Sustainable Development and Reporting", "Hotspot Approach, Asylum, Relocation and Return in Greece and Italy", "Desertification", "Transport Flagship Infrastructure", "Urban mobility", "Pesticides", and "Performance audit on Energy Efficiency".

Conclusion of the Internal Auditor on the state of internal control in Eurostat

On 15/02/2019, the IAS issued the Conclusion on the state of internal control in Eurostat.

The IAS concluded that the internal control systems in place for the audited processes are effective, except for the observations giving rise to the following "very important" recommendations:

- Audit on the production process and the quality of statistics not produced by Eurostat (2017)
 - Recommendation 1: Framework for statistical production in the Commission and Eurostat's coordination role in the development and production of statistics by other Commission services.
 - Recommendation 2: Completion of the Statistical Inventory and Masterplan
- Audit on effectiveness of ESTAT's cooperation with external stakeholders (2018)
 - Recommendation 1: Cooperation arrangements with DG ESTAT's external stakeholders.

Conclusion on the assessment of audit observations and recommendations

Eurostat is currently in the process of implementing four "important" recommendations and three "very important" recommendations, all issued in IAS audit reports, as well as

five "important" recommendations issued by the Court of Auditors.

No "critical" recommendation were issued by IAS in 2018.

Currently Eurostat does not have any "critical" or "very important" recommendations issued by the European Court of Auditors.

Action plans referring to the "very important" and "important" audit recommendations have been established and are being implemented. Part of the detected risks has been reduced significantly. Hence, from Eurostat point of view the weaknesses and risks, detected in the audited processes, do not put in danger the functioning of the IC system as a whole.

During the year 2018 and in January 2019, Eurostat considered two "very important" recommendations stemming from IAS audits as being implemented. Namely recommendation 1 of the final report on the "Audit on Performance of EUROSTAT's support to the Europe 2020 strategy and the new Commission priorities" and recommendation 5 of the final report of the "Audit on the Production Process and the Quality of Statistics not Produced by Eurostat".

Currently Eurostat does not have any overdue audit recommendations. All overdue audit recommendations have been implemented by 31/12/2018.

The Internal Auditor concluded on the state of internal control in Eurostat that the internal control systems in place for the audited processes are effective, except for the observations giving rise to the "very important" recommendations. Therefore, Eurostat concludes that audit observations and recommendations do not disclose significant weaknesses of the internal control system that would request to qualify the declaration of assurance with a reservation.

2.1.3 Assessment of the effectiveness of the internal control systems

The Commission has adopted an Internal Control Framework based on international good practice, aimed to ensure the achievement of policy and operational objectives. In addition, as regards financial management, compliance with the internal control framework is a compulsory requirement.

Eurostat has put in place the organisational structure and the internal control systems suited to the achievement of the policy and internal control objectives, in accordance with the standards and having due regard to the risks associated with the environment in which it operates.

Eurostat management monitors twice per year the implementation of the mitigating actions identified for the risks relevant at DG level. In addition, with the same frequency Eurostat management assesses also: 1) if new mitigating actions need to be implemented to further mitigate these risks; 2) whether the risk level for the risks included in Eurostat's risk register has changed; 3) if new risks have been identified.

The functioning of the internal control systems was closely monitored throughout the year.

Eurostat management assessed the effectiveness of the internal control system and its results following the methodology established by DG BUDG in the "Implementation Guide of the Internal Control Framework of the Commission".

In a three-step approach, Eurostat:

1) established the internal control monitoring indicators including baselines and target values for the reporting year;

2) established and updated the "Register of Internal Control Strengths and Deficiencies" throughout the year 2018. The following sources have been taken into account:

- Results of the monitoring of the IC indicators;
- Audit findings and recommendations (IAS audits, ECA audits, Accounting Officer's Reports on the validation of local financial management systems, OLAF reports);
- Exceptions and non-compliance events;
- Ongoing monitoring of the implementation of control and anti-fraud strategies;
- Weaknesses spontaneously reported by staff (includes SOS);
- Discharge recommendations;
- Results of monitoring of implementation of mitigating and improvement actions related to audits, discharge recommendations, risks and implementation of anti-fraud strategy;
- Results of the annual verification of access rights to ABAC;
- Significant issues from the yearly dissemination error management report;
- Significant issues disclosed in AOSD declarations at the end of the year 2018;
- Weaknesses reported to the Director in charge of Risk management and Internal Control (DRMIC);
- Management reports.

3) analysed the recorded entries and, where necessary, reassessed the severity, taking into account for example progress made in the implementation of action plans. The reassessed entries were the basis of the assessment of the principles, the components, and the internal control system as a whole.

The results of the assessment have been analysed and discussed between the Director-General and the DRMIC.

On this basis, Eurostat has assessed its internal control system during the reporting year and has concluded that it is effective and that the components and principles are present and functioning as intended.

In addition, on the principles 3, 6, 11, and 12, even though they are present and functioning overall, some improvements are needed as some deficiencies were identified related to the effectiveness of Eurostat's cooperation with external stakeholders, to the production process and the quality of statistics not produced by Eurostat.

2.1.4 Conclusions on the impact as regards assurance

This section reviews the assessment of the elements reported above (in Sections 2.1.1, 2.1.2 and 2.1.3), the sub-conclusions above, and draws the overall conclusion supporting the declaration of assurance and whether it should be qualified with reservations.

The information reported in Section 2.1 stems from the results of management and auditor monitoring contained in the reports listed. These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a comprehensive coverage of the budget delegated to the Director-General of Eurostat.

Eurostat's performance in 2018 demonstrated that it is on course to meet the long-term policy, programme and operational objectives. In Eurostat's judgement, its operational expenditure authorised has contributed to the policy achievements and generated Union-added value. The KPIs indicate that the usage of European statistics is steadily increasing. Finally, the residual error rate is steadily well below 2%.

The estimated overall amount at risk at closure for the 2018 payments made is **0.31 M EUR**.

Based on an assessment of the most relevant key indicators and control results, Eurostat

has assessed the cost-effectiveness and the efficiency of the control system as satisfactory in its current environment and has identified actions in order to improve.

There were no pending investigations opened by OLAF from previous years. In 2018, no potential fraud related case was reported to OLAF.

In 2018 there were no incidents recorded regarding data integrity in the reception and transmission of information including the web site. No incidents related to breach of confidentiality were reported.

Eurostat has set up internal control processes aimed to ensure the adequate management of the risks relating to its operations. Eurostat performs a risk assessment on DG level twice a year. The concerned risks, one critical and two significant risks are under control.

Eurostat has systematically examined the available control results. Controls performed have allowed the identification of specific actions to further improve the control environment.

Furthermore, Eurostat has assessed the observations and recommendations issued by the IAS and the ECA and continued in 2018 with the implementation of actions plans addressing audit recommendations.

IAS concluded on the state of internal control in Eurostat that the internal control systems in place for the audited processes are effective, except for the observations giving rise to the "very important" recommendations. Eurostat concluded that audit observations and recommendations do not disclose significant weaknesses of the internal control system that would request to qualify the declaration of assurance with a reservation.

Eurostat has assessed the effectiveness of its internal control system during the reporting year and has concluded that the internal control system is present and functioning but some improvements are needed.

The AOD gained a true and fair (i.e. a reliable, complete and correct) view on the state of affairs in Eurostat and has reasonable assurance that, overall, suitable controls are in place and working as intended.

Overall Conclusion

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director General, in her capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

2.1.5 Declaration of Assurance

DECLARATION OF ASSURANCE

I, the undersigned,

Director-General of Eurostat

In my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view⁵⁸.

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

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the work of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.

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

Luxembourg, 29/03/2019

Signed

Mariana KOTZEVA

⁵⁸ True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG/Executive Agency.

2.2 Other organisational management dimensions

Examples of economy and efficiency:

1) *The work on the modernisation of intra EU trade in goods statistics project continued in 2018. During this second year of the project life, Eurostat achieved significant progress in the preparation of the future modernised system. In particular, the process to adopt the Regulation of the European parliament and of the Council on European business statistics (FRIBS) as well as the drafting of its implementing measures advanced considerably in 2018. In addition, the IT system for the micro data exchange was further developed and security measures progressively put in place to ensure the protection of confidential data. Finally, a common communication strategy on the project objectives was elaborated in order to describe and inform the stakeholders of the expected effects of the future modernised system.*

2) *The renovation of the dissemination chain is an important project of Eurostat aiming to simplify and streamline the dissemination of European statistics, reducing the burden and the cost associated to this activity. In 2018 the project successfully delivered to a number of Commission DGs a “reusable” version of the solution, to be used for the dissemination of other statistics, replacing a variety of tools and systems in use today. The timeline of the Renovation project was extended to allow a gradual, phased roll out of the new dissemination solution for Eurostat, which is now planned to take place between 2019 and 2020.*

3) *In 2018, all new grants procedures⁵⁹ were launched using the eGrants tool. The tool increases transparency for both beneficiaries and Eurostat. Significant resources were required for the migration to the new tool and the necessary adaptation of business processes. The implementation will be completed in 2019 with the activation of the modules for amendments and reporting & payments. Efficiency gains are expected to take full effect only as of 2020/2021, when all transactions will be carried out using the new tool.*

4) *Eurostat progressively rolled out the corporate IT tool AGM (Advanced Gateway to Meetings) in 2018. 179 meetings (close to 60% of all meetings) were handled via this comprehensive web-based platform, which contributed to a modern and efficient communication with external invitees for instance by sending electronic invitations and meeting documents. The incorporated payment process module allows for a sharp reduction of observed payment times, reducing the average payment time to less than 7 days. Meeting participants also have a direct access point for their meeting logistics.*

2.2.1 Human resource management

In 2018, Eurostat carried out a human resources review with a view to optimising its efficiency and the use of resources. This review was triggered by the perception that the previous internal redeployment system applied in Eurostat (internally called temporary allocations), with around 7-8% of staff assigned to project-type of jobs, was inefficient. Further to this review, Eurostat converted around 30 project-type of jobs into process-type of jobs in the relevant parts of the statistical production, thus increasing Eurostat's focus on its main activities.

Eurostat progressed well towards its target of 4 first female appointments in middle management positions by November 2019, as it already appointed 2 women on head of unit posts in 2018. At the end of 2018, 49% of middle management positions in Eurostat

⁵⁹ with the exception of IPA and grants with international organisations

were occupied by women, almost reaching completely the 2019 target of 50%.

Eurostat carried out its internal Staff Opinion Survey (SOS) in late 2017 and analysed its results in 2018. Staff job satisfaction is among the most important results. A very high percentage of respondents (86.4%), replied that they like working in Eurostat always or most of the time. Compared to the previous year the rate is slightly higher. Similarly, a high percentage of respondents (85.4%) agreed that Eurostat is a good place to work. Job satisfaction due to work-life balance was also high (66%). A significant share of respondents (41%) agreed that Eurostat implements a fair equal opportunities policy, while 14% of the respondents did not share this view and one respondent in four expressed no opinion.

Following the 2017 Staff Opinion Survey, Eurostat introduced a wide range of follow-up actions. A detailed screening of financial and human resources was conducted in 2018 by the new Director-General Mariana Kotzeva, which addressed the staff perception of growing workloads and uneven distribution of tasks across the organisation. As a result, the budget planning process and the allocation of human resources across directorates were improved and put in line with Commission priorities. Other follow-up actions, aimed at enhancing the communication flow between senior management and staff members, at improving IT support to production units, at providing more targeted training options to staff and at encouraging innovation, were also implemented.

Eurostat also continued taking care of the staff engagement and wellbeing by contributing to the organisation of the Health Day, of anti-smoking measures, and of social, cultural and sports activities.

2.2.2 Better regulation (only for DGs managing regulatory acquis)

Eurostat follows the principles of Better Regulation when preparing new initiatives and proposals and when managing and evaluating existing legislation. The aim is always to keep regulatory burdens on respondents or public administrations to a minimum. In 2018, one proposal was successfully adopted in the domain of agricultural statistics.

Regulation (EU) 2018/1091 of the European Parliament and of the Council on integrated farm statistics was adopted on 18 July 2018. It emphasises burden reduction aspects, notably by foreseeing flexibility in the performance of the data collection and in the sources of data to be used. More specifically, it foresees that variables can be collected at varying frequency or with varying representativeness, or both. Furthermore, it allows reusing data from the year directly preceding or following the reference year. Finally, it allows the use of statistical surveys, administrative records and any other sources, methods or innovative approaches including scientifically based and well documented methods such as imputation, estimation and modelling.

In relation to the future Multi-annual Financial Framework, the next European Statistical Programme has been included in the Commission's proposal for a Regulation of the European Parliament and of the Council establishing the Programme for single market, competitiveness of enterprises, including small and medium-sized enterprises, and European statistics (the SMP). That proposal was prepared in line with the Commission's standards for better regulation as further detailed in the explanatory memorandum of the proposal. All previous programmes that were to be included in the so-called cluster covered by the new proposal were evaluated based on the five criteria described in the better regulation guidelines: effectiveness, efficiency, relevance, coherence and EU added value. An open public stakeholder consultation was organised for the entire cluster. In that context, Eurostat performed a second mid-term evaluation of the current statistical programme. Based on the above-mentioned criteria, that evaluation showed that the programme was effective since planned outputs were achieved or on target to a very high extent. It has also been efficient and relevant in terms of helping to satisfy the

users' needs and contributing to the design and monitoring of policies, though improvements are still needed. Furthermore, the programme was evaluated as consistent internally and externally with other initiatives aiming to produce statistics and as providing a clear EU added value demonstrated by the harmonised provision of comparable and high-quality data for EU countries.

The findings of the evaluation were taken into account in the impact assessment of the post-2020 ESP. In particular, the structure in the future programme has been simplified compared to the current ESP when it was included in the proposal for the SMP, which was adopted by the Commission⁶⁰. The results of the evaluation were included in the SMP impact assessment and the full report was made available to the Regulatory Scrutiny Board.

An evaluation of the fisheries statistics regulations started in 2018 and is set to be concluded by July 2019. The fisheries statistics produced by the European Statistical System are important for managing the common fisheries policy, but the underlying regulations are rather outdated and no longer fully in line with user needs. The evaluation process is expected to result in a thorough analysis of the current European fisheries statistics system to inform the potential next legislative steps. A detailed evaluation design has been developed and agreed and information-gathering and analysis is ongoing or upcoming, including in-depth interviews with important stakeholders, fisheries statistics case studies in various Member States, an online expert survey and an open public consultation.

2.2.3 Information management aspects

Continuous improvements and strive for modernisation – notably by way of internal training and effective information – are inherent parts of the centralised document management in Eurostat, thereby contributing to safeguarding data, information and knowledge as strategic assets. The internal quality controls put in place for ARES⁶¹ allow corrections and identification of training needs.

The established practice is that most of the Eurostat ARES files are visible to the Commission as a whole after closure. This contributes to a continued increase in general visibility of closed master files. According to statistics provided by the SG in January 2019, the number of Eurostat active or closed files with visibility opened to an institution or another DG amounted to 26% of the total number of files created during 2018, corresponding to 2 296 files.

An internal programme for training in document management is in place in Eurostat, focusing on training all newcomers, without exception. In 2018, the document management team provided more than 150 individual training sessions and approximately 25 presentations in various groups (teams or units). In parallel, the DMO team provides progressively training sessions for the attention of staff members who have been in Eurostat for some time and who work to various degrees in ARES but who would benefit from an update. Those latter staff members represent the percentage that have not yet been trained and towards which the approach is to find balance between needs and resources.

The intermediate archive process has provided excellent results in terms of improving significantly the retrievability of master files.

As regards data protection, it is a fundamental element of Eurostat's activity, as the statistical authority of the Union and as a service of the Commission. Eurostat is implementing and monitoring all aspects (including general compliance with data protection rules) of the Commission's Data Protection Action Plan, based notably on

⁶⁰ COM(2018) 441 final

⁶¹ ARES is the Commission's Document Management system.

established practices for the application of the principle of statistical confidentiality and on its own internal action plan. In relation to actions initiated by Commission central services, and independently of the progress on those actions, Eurostat has taken the following major steps:

- Setting up of network of controllers through SharePoint site;
- Stocktaking of all data processing operations in Eurostat;
- Stocktaking of privacy statements, with a special view to clear and intelligible language;
- Setting up of Eurostat Data Protection Action Plan, agreed by senior management on 3 October 2018;
- Stocktaking of Eurostat websites;
- Data Protection training for all newcomers in Eurostat;
- Confirmation of no need for restrictions of data subjects rights.

2.2.4 External communication activities

In 2018, Eurostat continued to contribute to the Strategic Plan by disseminating high quality statistics on Europe through its main communication tools: publications, the Eurostat website (including all web products) and support for users.

Eurostat continued to adapt its communication strategy to new technologies and changes in users' behaviour and to modernise its dissemination tools. New interactive and sharable visualisation tools were developed and an increased number of successful digital publications were released. Eurostat reinforced its efforts to modernise its website, aiming at providing a more visual and attractive statistical information on the EU. It introduced an updated look and feel for two key entry points for users (Statistics Explained and the dedicated sections).

Eurostat continued to implement the DIGICOM (Digital Communication) project on digital communication, user analytics and innovative products, with a strengthened dialogue and engagement with users of European statistics, through a more active presence on social media and the regular testing of new products with users. Notably, Eurostat completed a branding study, which provides evidence for tailoring its outreach strategy targeting different user profiles.