



2019

Annual Activity Report

Annexes

DG BUDGET



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ANNEX 1: Statement of the Director(s) in charge of Risk Management and Internal Control

I declare that in accordance with the Commission's communication on the internal control framework¹, I have reported my advice and recommendations on the overall state of internal control in DG BUDG to the Director-General.

I hereby certify that the information provided in the present Annual Activity Report and in its annexes is, to the best of my knowledge, accurate and complete.

Brussels, 31 March 2020

e- signed

Daniela GHEORGHE

Director in charge of Risk Management and Internal Control

¹ C(2017)2373 of 19.04.2017.

ANNEX 2: Reporting – Human Resources, Better Regulation, Information Management and External Communication

2.1. Human resource management

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

Indicator 1 : Newly appointed female managers in middle management

Source of data: HR 01.02.2018

Baseline (HR 01.05.2017)	Target (2019)	Latest known result (2019)
0	3	3

Indicator 2 : Percentage of staff who feel that the Commission cares about their well-being

Source of data: Commission staff survey

Baseline (2014 Staff Survey)	Target (2020 Staff Survey)	Latest known result (2018)
33.2 % ²	40 % ³	53 %

Indicator 3 : Staff engagement index

Source of data: Commission staff survey

Baseline (2014 Staff Survey)	Target (2020 Staff Survey)	Latest known result (2019)
67.4 %	70 % ⁴	75 %

² Categories taken into account: slightly agree, agree.

³ This target aims at an improvement of the baseline (results of the 2014 Staff Survey).

⁴ This target aims at an improvement of the baseline (results of the 2014 Staff Survey).

2.2. Information management aspects

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

Indicator 1 (mandatory – data to be provided by DG DIGIT): Percentage of registered documents that are not filed (ratio)

Source of data: Hermes-Ares-Nomcom (HAN) statistics

Baseline	Target	Latest known result (2019)
0.08 %	0 %	0.43 %

Indicator 2 (mandatory - data to be provided by DG DIGIT): Percentage of HAN files readable/accessible by all units in the DG

Source of data: HAN statistics

Baseline	Target	Latest known result (2019)
97 %	97 %	91 ⁵ %

Indicator 3 (mandatory data to be provided by DG DIGIT): Percentage of HAN files shared with other DGs

Source of data: HAN statistics

Baseline	Target	Latest known result (2019)
0 %	40 %	38 ⁶ %

Indicator : Number of cases where an important document could not be retrieved and resulted in a report to the DMO

Source of data: register of "exceptions" to be created

Baseline	Target	Latest known result (2019)
0	0	0


⁵ Files not shared with other DGs contained confidential data regarding treasury activity and assets management activity

⁶ Same as above

Main outputs in 2019				
Description	Indicator	Target	Latest known results	
Document management				
Important documents are registered, filed and retrievable Access to important documents is guaranteed in the long term	Percentage of registered documents filed in Nomcom	> 99 %	99.43 %	
	Number of files with a retention code in Nomcom (Follow-up on archiving procedure in Hermes Preservation System)	100 % of files have a retention code	100 %	
Internal Communication				
DG BUDG Management Video Readout <i>Note: Due to decline of views, the weekly video readout was replaced by a weekly newsletter (BUDGTimes) as from 14 March 2019.</i>	Regular publication on the next day after management meeting. Overall usefulness of the video for the viewer (DG BUDG internal survey: overall, how useful was this video for you ?)	> 90 %.	50 % - due to the busy schedule of the Senior Management, 4 video readouts were published later.	
	BUDGTimes Newsletter (March-July and September-December)	Regular weekly publication	> 90%	
	BUDG TIMES Newsletter outreach	- Openings per issue - Unique clicks per issue	> 377 (75% of all staff) > 428 (85% of all staff)	93,5 % 1 526 560 0% 0%
	BUDG TIMES Newsletter relevance to the target audience	- Unsubscribe rate - Spam complaint rate	< 5% of all staff < 5% of all staff	133
	BUDGnet own content	BUDGnet publications about management, staff, project teams and internal networks	At least two per week	
Daily Media review	Overall usefulness of the daily media review (DG BUDG internal survey: overall, how useful is this media review for you ?)	>70% of respondent are satisfied	More than 80% of respondents are satisfied with the Media Review that was improved in 2019 focusing more on the BUDG related subjects.	

Main outputs in 2019			
Description	Indicator	Target	Latest known results
Thematic DG BUDG Units' presentations	Number of thematic presentations of DG BUDG Units	≥5	11 lunchtime conferences and learning seminars organised and communicated ex-ante and ex-post including 5 presentations of BUDG units which were attended by more than 10 participants. Due to the Communication unit reorganisation no survey was organised in 2019.
	Number of participants in each presentation	> 10	
	Overall usefulness of the (DG BUDG internal survey: how useful was the presentation for you?)	> 60% of participants are satisfied	

2.3. External communication activities

Objective: Citizens perceive that the EU is working to improve their lives and engage with the EU. They feel that their concerns are taken into consideration in European decision making and they know about their rights in the EU. Main outputs in 2019:			
Description	Indicator	Target	Latest known result
Communicating the results achieved with the current MFF: Integrated Financial and Accountability Reporting	Positive feedback from main stakeholders (source: ECA annual report, feedback from CONT and DG BUDG)	Overall good appreciation	Generally, the feedback from stakeholders was positive. The IFAR package, the Programme Performance overview and discharge' factsheets were particularly well received.
MFF post 2020 communication activities: 1. Create and develop, among others, style guides, factsheets and publication layouts, presentation decks, illustrations, static or animated infographics, videos 2. Organise info sessions, technical briefings for journalists, media seminar for journalists in connection with Budget autumn conference Note: Due to the delay in the MFF proposal negotiations, the BUDG autumn conference was cancelled.	1. Graphic & concept give to MFF communication package a recognizable and coherent image. 2. Media outputs from participants of the media seminar.	1.MFF branding visual developed 2. At least 50% of participants	The graphic design for all BUDG publications and presentations was streamlined and improved. In particular new visuals were developed translating complex technical concepts into graphs. Numerous communication actions took place and were well-received; this included media events in the EU Member States and in Brussels, stakeholder events across the EU and in Brussels – all of them supported by the relevant communication material; social media outreach. In April, BUDG conference on Conflict of interest for more than 400 participants from academia, MS administrations and other EU institutions received an overall good feedback. BUDG Director General delivered technical briefings to journalists in Brussels.
1. EU budget website migration to new Content Management System	1.Visitor satisfaction rate for the new budget section on ec.europa.eu Feedback from users based on on-line satisfaction survey.	1. <i>Majority positive feedback</i>	The website migration was finalised mid-2019. The majority of indirect feedback was positive.  Satisfactionsurvey2 018_results_unitmee The EU Results Steering committee suspended the work on the project because collecting suitable projects

<p>2. EU results</p>	<p>2. More projects registered in EU Results live version, more projects made visible on the projects map (pending IT board decision in 2018), improved look and feel (pending decision on Qlik sense).</p>	<p>2. <i>At least 500 more in live version, at least 50000 on the map.</i></p>	<p>from the DGs manually has proved to be too and because of proliferation of similar platforms. The technical solution of the "data lake" developed by DIGIT has not successfully overcome all the issues that had arisen in terms of data consolidation (e.g. lack of standardised digital formats for DGs and MS' transmission of information).</p> <p>Way forward: DG BUDG will maintain the current website in its present form, without further developments, as it remains a useful visibility and communication tool with the perspective of phasing out the website when it becomes obsolete.</p>
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Annual communication spending (based on estimated commitments)			
Baseline (2018): EUR 630 000	Target 2019: EUR 720 000	Total amount spent 2019: EUR 535 000	Total FTEs working on external communication
<p><u>BUDG budget: EUR 470.000</u></p> <p>Paper & e-publications layout and print, distribution, storage and graphic design resources EUR 200 000</p> <p>Technical assistance, web mastering EUR 270 000</p> <p><u>COMM budget: EUR 160 000 (see Ares(2018)829995 - 13/02/2018)</u></p> <p>Conference on Budget Focused on Results EUR 40000</p> <p>Open doors day EUR 9 000</p> <p>Journalists' seminar on the MFF EUR 35 000</p> <p>Europa Web transformation resources – Web mastering EUR 76 000</p>	<p><u>BUDG budget: EUR 470.000</u></p> <p>Paper & e-publications layout and print, distribution, storage and graphic design resources EUR 200 000</p> <p>Technical assistance, web mastering EUR 270 000</p> <p><u>DG COMM budget line 16.030104-C1-COMM>BUDG EUR 250.000</u></p> <ul style="list-style-type: none"> • Post-2020 MFF public events: EUR 50 000 • Post-2020 MFF communication material: EUR 50 000 • 2 Post-MFF related media seminars: EUR 50 000 • 2 Post-MFF related videos: EUR 50 000 • 5th BFOR conference: EUR 50 000 	<p><u>BUDG budget: EUR 465.000</u></p> <p>Paper & e-publications layout and print, distribution, storage and graphic design resources EUR 195 000</p> <p>Technical assistance, web mastering EUR 270 000</p> <p><u>DG COMM budget line 16.030104-C1-COMM>BUDG EUR 70.000</u></p> <p>Due to the fact that MFF negotiations were not finalised in 2019, communication activities on the new post-2020 MFF did not take place. This meant that EUR 180 000 planned for these activities were decommitted and returned to DG COMM.</p> <p>EUR 70 000 were used in technical assistance for web.</p>	4.5

ANNEX 3: Draft annual accounts and financial reports

Annex 3 Financial Reports - DG BUDG - Financial Year 2019

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

Table 4 : Balance Sheet

Table 5 : Statement of Financial Performance

Table 5 Bis: Off Balance Sheet

Table 6 : Average Payment Times

Table 7 : Income

Table 8 : Recovery of undue Payments

Table 9 : Ageing Balance of Recovery Orders

Table 10 : Waivers of Recovery Orders

Table 11 : Negotiated Procedures

Table 12 : Summary of Procedures

Table 13 : Building Contracts

Table 14 : Contracts declared Secret

Table 15 : FPA duration exceeds 4 years

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Additional

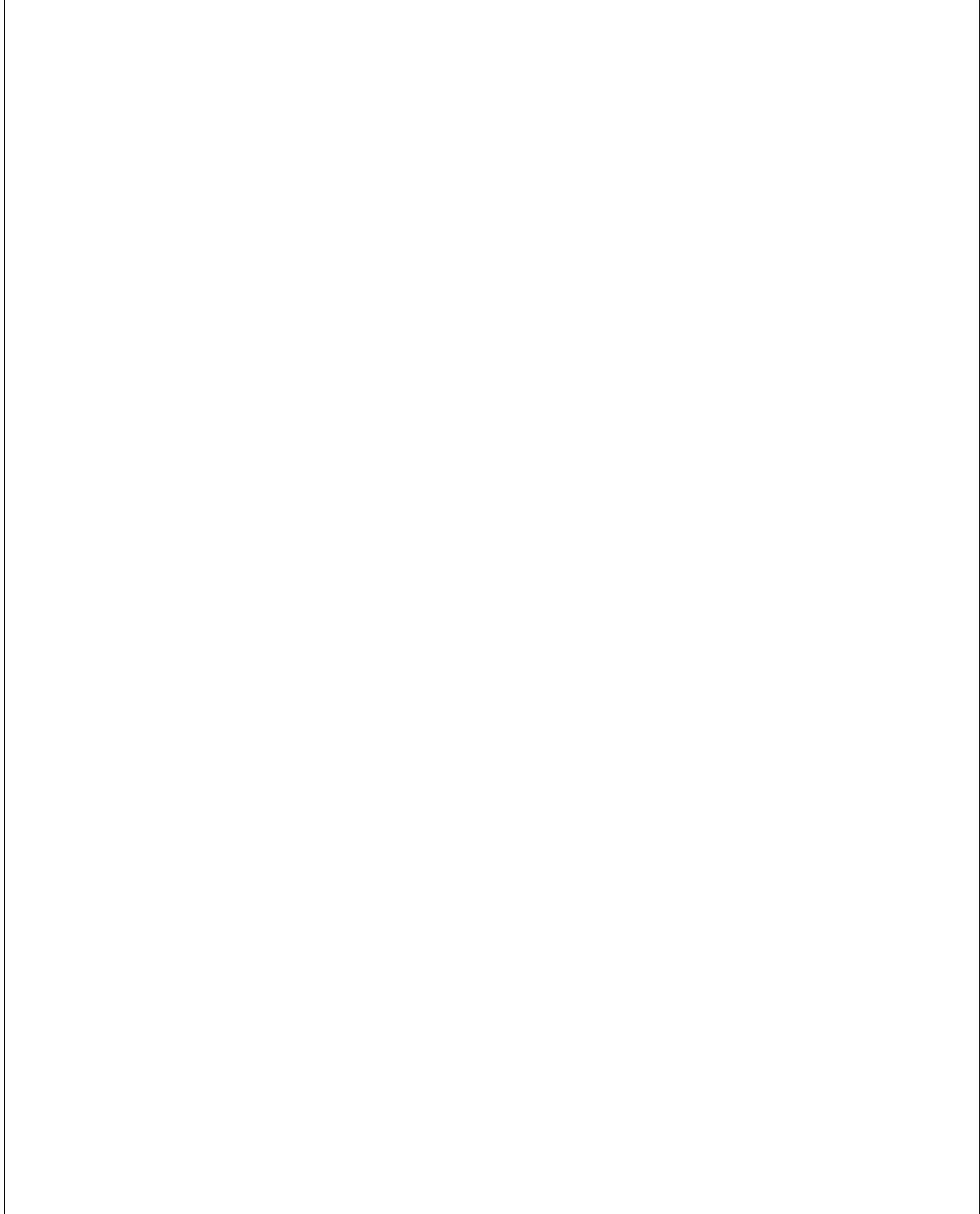


TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2019 (in Mio €) for DG BUDG					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 01 Economic and financial affairs					
01	01 02	Economic and monetary union	0.01	0.01	100.00 %
Total Title 01			0.01	0.01	100.00 %
Title 02 Internal market, industry, entrepreneurship and SMEs					
02	02 01	Administrative expenditure of the 'Internal market, industry, entrepreneurship and SMEs' policy area	0.07	0.07	100.00 %
Total Title 02			0.07	0.07	100.00 %
Title 04 Employment, social affairs and inclusion					
04	04 02	European Social Fund (ESF)	0.18	0.18	100.00 %
Total Title 04			0.18	0.18	100.00 %
Title 05 Agriculture and rural development					
05	05 01	Administrative expenditure of the 'Agriculture and rural development' policy area	0.14	0.14	100.00 %
Total Title 05			0.14	0.14	100.00 %
Title 06 Mobility and transport					
06	06 01	Administrative expenditure of the 'Mobility and transport' policy area	0.06	0.06	100.00 %
Total Title 06			0.06	0.06	100.00 %
Title 07 Environment					
07	07 01	Administrative expenditure of the 'Environment' policy area	0.03	0.03	100.00 %
Total Title 07			0.03	0.03	100.00 %
Title 08 Research and innovation					
08	08 01	Administrative expenditure of the 'Research and innovation' policy area	1.16	1.16	100.00 %
Total Title 08			1.16	1.16	100.00 %
Title 09 Communications networks, content and technology					
09	09 01	Administrative expenditure of the 'Communications networks, content and technology' policy area	0.21	0.21	100.00 %
Total Title 09			0.21	0.21	100.00 %
Title 10 Direct research					
10	10 01	Administrative expenditure of the 'Direct research' policy area	0.93	0.93	100.00 %
Total Title 10			0.93	0.93	100.00 %
Title 11 Maritime affairs and fisheries					

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2019 (in Mio €) for DG BUDG					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
11	11 01	Administrative expenditure of the 'Maritime affairs and fisheries' policy area	0.05	0.05	100.00 %
Total Title 11			0.05	0.05	100.00 %
Title 12 Financial stability, financial services and capital markets union					
12	12 02	Financial services and capital markets	0	0	100.00 %
Total Title 12			0	0	100.00 %
Title 13 Regional and urban policy					
13	13 01	Administrative expenditure of the 'Regional and urban policy' policy area	0.08	0.06	83.55 %
Total Title 13			0.08	0.06	83.55 %
Title 14 Taxation and customs union					
14	14 01	Administrative expenditure of the 'Taxation and customs union' policy area	0.02	0.02	100.00 %
Total Title 14			0.02	0.02	100.00 %
Title 15 Education and culture					
15	15 01	Administrative expenditure of the 'Education and culture' policy area	0.2	0.2	100.00 %
Total Title 15			0.2	0.2	100.00 %
Title 16 Communication					
16	16 03	Communication actions	0.27	0.27	100.00 %
Total Title 16			0.27	0.27	100.00 %
Title 17 Health and food safety					
17	17 01	Administrative expenditure of the 'Health and food safety' policy area	0.07	0.07	100.00 %
Total Title 17			0.07	0.07	100.00 %
Title 18 Migration and home affairs					
18	18 01	Administrative expenditure of the 'Migration and home affairs' policy area	0.05	0.05	100.00 %
Total Title 18			0.05	0.05	100.00 %
Title 19 Foreign policy instruments					
19	19 01	Administrative expenditure of the 'Foreign policy instruments' policy area	0.02	0.02	100.00 %
Total Title 19			0.02	0.02	100.00 %
Title 20 Trade					
20	20 02	Trade policy	0.01	0.01	100.00 %
Total Title 20			0.01	0.01	100.00 %

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2019 (in Mio €) for DG BUDG					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 21 International cooperation and development					
21	21 01	Administrative expenditure of the 'International cooperation and development' policy area	0.18	0.18	100.00 %
Total Title 21			0.18	0.18	100.00 %
Title 22 Neighbourhood and enlargement negotiations					
22	22 01	Administrative expenditure of the 'Neighbourhood and enlargement negotiations' policy area	0.13	0.13	100.00 %
Total Title 22			0.13	0.13	100.00 %
Title 23 Humanitarian aid and civil protection					
23	23 01	Administrative expenditure of the 'Humanitarian aid and civil protection' policy area	0.14	0.14	100.00 %
Total Title 23			0.14	0.14	100.00 %
Title 26 Commission's administration					
26	26 01	Administrative expenditure of the 'Commission's administration' policy area	0.15	0.15	100.00 %
Total Title 26			0.15	0.15	100.00 %
Title 27 Budget					
27	27 01	Administrative expenditure of the 'Budget' policy area	25.19	24.39	96.85 %
Total Title 27			25.19	24.39	96.85 %
Title 29 Statistics					
29	29 01	Administrative expenditure of the 'Statistics' policy area	0.04	0.04	100.00 %
Total Title 29			0.04	0.04	100.00 %
Title 33 Justice and consumers					
33	33 01	Administrative expenditure of the 'Justice and consumers' policy area	0.03	0.03	100.00 %
Total Title 33			0.03	0.03	100.00 %
Title 34 Climate action					
34	34 01	Administrative expenditure in the 'Climate action' policy area	0.01	0.01	100.00 %
Total Title 34			0.01	0.01	100.00 %
Title 40 Reserves					
40	40 02	Reserves for financial interventions	268.94	0	0.00 %
Total Title 40			268.94	0	0.00 %

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2019 (in Mio €) for DG BUDG			
	Commitment appropriations authorised	Commitments made	%
	1	2	3=2/1
Total DG BUDG	298.37	28.62	9.59 %

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

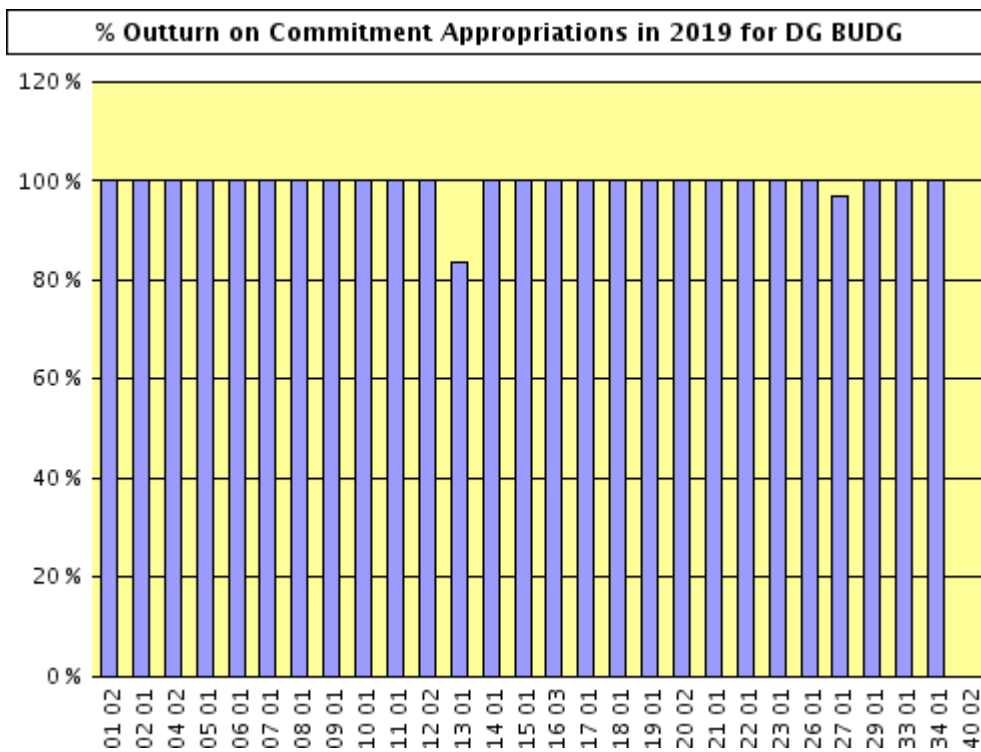


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2019 (in Mio €) for DG BUDG					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 01 Economic and financial affairs					
01	01 02	Economic and monetary union	0.01	0	0.00 %
Total Title 01			0.01	0	0.00%
Title 02 Internal market, industry, entrepreneurship and SMEs					
02	02 01	Administrative expenditure of the 'Internal market, industry, entrepreneurship and SMEs' policy area	0.07	0.01	18.61 %
Total Title 02			0.07	0.01	18.61%
Title 04 Employment, social affairs and inclusion					
04	04 02	European Social Fund (ESF)	0	0	#DIV/0
Total Title 04			0	0	#DIV/0
Title 05 Agriculture and rural development					
05	05 01	Administrative expenditure of the 'Agriculture and rural development' policy area	0.14	0	0.00 %
Total Title 05			0.14	0	0.00%
Title 06 Mobility and transport					
06	06 01	Administrative expenditure of the 'Mobility and transport' policy area	0.06	0	0.00 %
Total Title 06			0.06	0	0.00%
Title 07 Environment					
07	07 01	Administrative expenditure of the 'Environment' policy area	0.03	0	0.00 %
Total Title 07			0.03	0	0.00%
Title 08 Research and innovation					
08	08 01	Administrative expenditure of the 'Research and innovation' policy area	1.16	0	0.00 %
Total Title 08			1.16	0	0.00%
Title 09 Communications networks, content and technology					
09	09 01	Administrative expenditure of the 'Communications networks, content and technology' policy area	0.21	0	0.00 %
Total Title 09			0.21	0	0.00%
Title 10 Direct research					
10	10 01	Administrative expenditure of the 'Direct research' policy area	0.93	0	0.00 %
Total Title 10			0.93	0	0.00%
Title 11 Maritime affairs and fisheries					
11	11 01	Administrative expenditure of the 'Maritime affairs and fisheries' policy area	0.05	0	0.00 %
Total Title 11			0.05	0	0.00%
Title 12 Financial stability, financial services and capital markets union					
12	12 02	Financial services and capital markets	0	0	0.00 %
Total Title 12			0	0	0.00%
Title 13 Regional and urban policy					

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2019 (in Mio €) for DG BUDG					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
13	13 01	Administrative expenditure of the 'Regional and urban policy' policy area	0.08	0	0.00 %
Total Title 13			0.08	0	0.00%
Title 14 Taxation and customs union					
14	14 01	Administrative expenditure of the 'Taxation and customs union' policy area	0.02	0	0.00 %
Total Title 14			0.02	0	0.00%
Title 15 Education and culture					
15	15 01	Administrative expenditure of the 'Education and culture' policy area	0.2	0	0.00 %
Total Title 15			0.2	0	0.00%
Title 16 Communication					
16	16 03	Communication actions	0.07	0.07	100.00 %
Total Title 16			0.07	0.07	100.00%
Title 17 Health and food safety					
17	17 01	Administrative expenditure of the 'Health and food safety' policy area	0.07	0	0.00 %
Total Title 17			0.07	0	0.00%
Title 18 Migration and home affairs					
18	18 01	Administrative expenditure of the 'Migration and home affairs' policy area	0.05	0	0.00 %
Total Title 18			0.05	0	0.00%
Title 19 Foreign policy instruments					
19	19 01	Administrative expenditure of the 'Foreign policy instruments' policy area	0.02	0	0.00 %
Total Title 19			0.02	0	0.00%
Title 20 Trade					
20	20 02	Trade policy	0	0	#DIV/0
Total Title 20			0	0	#DIV/0
Title 21 International cooperation and development					
21	21 01	Administrative expenditure of the 'International cooperation and development' policy area	0.18	0	0.00 %
Total Title 21			0.18	0	0.00%
Title 22 Neighbourhood and enlargement negotiations					
22	22 01	Administrative expenditure of the 'Neighbourhood and enlargement negotiations' policy area	0.13	0	0.00 %
Total Title 22			0.13	0	0.00%
Title 23 Humanitarian aid and civil protection					
23	23 01	Administrative expenditure of the 'Humanitarian aid and civil protection' policy area	0.14	0	0.00 %
Total Title 23			0.14	0	0.00%
Title 26 Commission's administration					

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2019 (in Mio €) for DG BUDG					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
26	26 01	Administrative expenditure of the 'Commission's administration' policy area	0.15	0.19	129.77 %
Total Title 26			0.15	0.19	129.77%
Title 27 Budget					
27	27 01	Administrative expenditure of the 'Budget' policy area	38.37	22.32	58.15 %
Total Title 27			38.37	22.32	58.15%
Title 29 Statistics					
29	29 01	Administrative expenditure of the 'Statistics' policy area	0.04	0	0.00 %
Total Title 29			0.04	0	0.00%
Title 33 Justice and consumers					
33	33 01	Administrative expenditure of the 'Justice and consumers' policy area	0.03	0	0.00 %
Total Title 33			0.03	0	0.00%
Title 34 Climate action					
34	34 01	Administrative expenditure in the 'Climate action' policy area	0.01	0	0.00 %
Total Title 34			0.01	0	0.00%
Title 40 Reserves					
40	40 02	Reserves for financial interventions	478.88	0	0.00 %
Total Title 40			478.88	0	0.00%
Total DG BUDG			521.1	22.59	4.33 %

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

% Outturn on Payment Appropriations in 2019 for DG BUDG

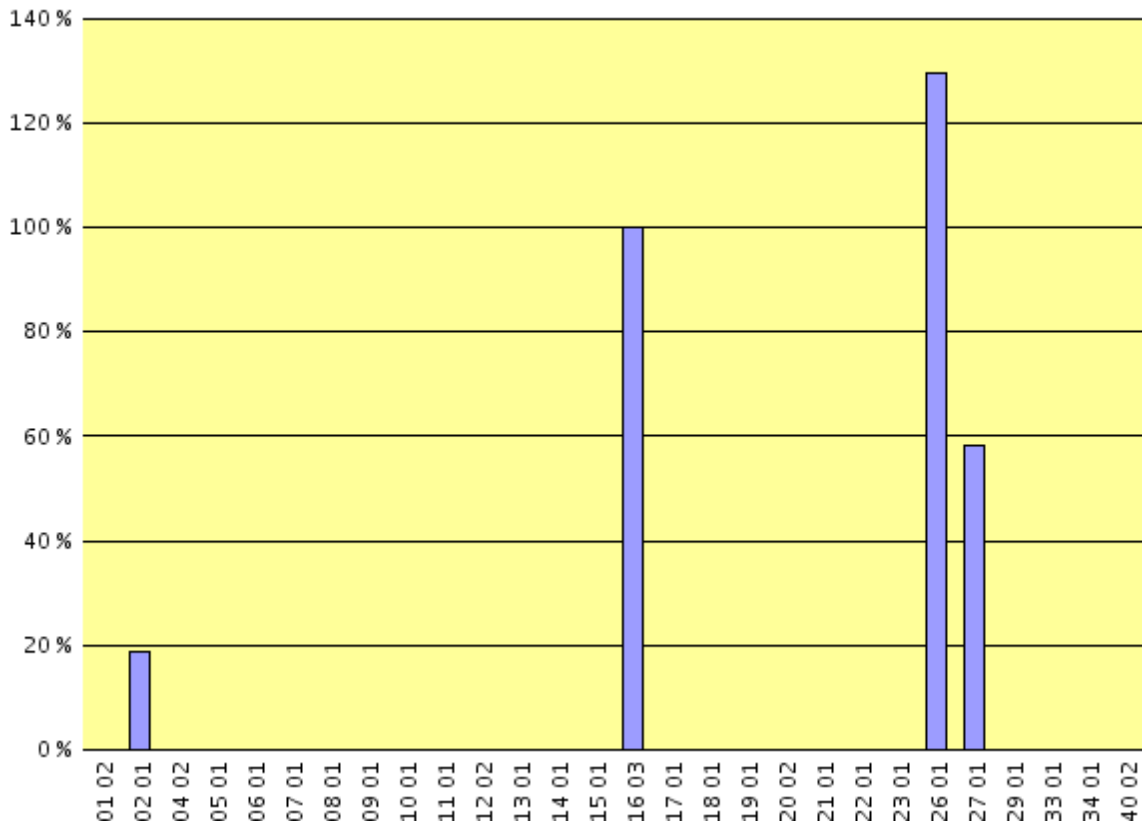


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 02	Economic and monetary union	0.01		0.01	100.00%	0.00	0.01	0.00
Total Title 01			0.01		0.01	100.00%	0.00	0.01	0.00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
02	02 01	Administrative expenditure of the 'Internal market, industry, entrepreneurship and SMEs' policy area	0.07	0.00	0.07	100.00%	0.00	0.07	0.04
Total Title 02			0.07	0.00	0.07	100.00%	0.00	0.07	0.04

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
04	04 02	European Social Fund (ESF)	0.18		0.18	100.00%	0.00	0.18	0.00
Total Title 04			0.18		0.18	100.00%	0.00	0.18	0.00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
05	05 01	Administrative expenditure of the 'Agriculture and rural development' policy area	0.14		0.14	100.00%	0.00	0.14	0.00
Total Title 05			0.14		0.14	100.00%	0.00	0.14	0.00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
06	06 01	Administrative expenditure of the 'Mobility and transport' policy area	0.06		0.06	100.00%	0.00	0.06	0.00
Total Title 06			0.06		0.06	100.00%	0.00	0.06	0.00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
07	07 01	Administrative expenditure of the 'Environment' policy area	0.03		0.03	100.00%	0.00	0.03	0.00
Total Title 07			0.03		0.03	100.00%	0.00	0.03	0.00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG									
			Commitments to be settled				Commitments to be settled	Total of commitments to	Total of commitments to be settled

Chapter		Commitments	Payments	RAL	% to be settled	from financial years previous to 2018	be settled at end of financial year 2019	at end of financial year 2018	
		1	2	3=1-2	4=1-2/1	5	6=3+5	7	
08	08 01	Administrative expenditure of the 'Research and innovation' policy area	1.16		1.16	100.00%	0.00	1.16	0.00
Total Title 08		1.16		1.16	100.00%	0.00	1.16	0.00	

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG

Chapter		Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018	
		Commitments	Payments	RAL	% to be settled				
		1	2	3=1-2	4=1-2/1	5	6=3+5	7	
09	09 01	Administrative expenditure of the 'Communications networks, content and technology' policy area	0.21		0.21	100.00%	0.00	0.21	0.00
Total Title 09		0.21		0.21	100.00%	0.00	0.21	0.00	

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG

Chapter		Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018	
		Commitments	Payments	RAL	% to be settled				
		1	2	3=1-2	4=1-2/1	5	6=3+5	7	
10	10 01	Administrative expenditure of the 'Direct research' policy area	0.93		0.93	100.00%	0.00	0.93	0.10
Total Title 10		0.93		0.93	100.00%	0.00	0.93	0.10	

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG

Chapter		Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
		Commitments	Payments	RAL	% to be settled			
		1	2	3=1-2	4=1-2/1	5	6=3+5	7

11	11 01	Administrative expenditure of the 'Maritime affairs and fisheries' policy area	0.05		0.05	100.00%	0.00	0.05	0.00
Total Title 11			0.05		0.05	100.00%	0.00	0.05	0.00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG

			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
12	12 02	Financial services and capital markets	0.00		0.00	100.00%	0.00	0.00	0.00
Total Title 12			0.00		0.00	100.00%	0.00	0.00	0.00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG

			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
13	13 01	Administrative expenditure of the 'Regional and urban policy' policy area	0.06		0.06	100.00%	0.00	0.06	0.00
Total Title 13			0.06		0.06	100.00%	0.00	0.06	0.00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG

			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
14	14 01	Administrative expenditure of the 'Taxation and customs union' policy area	0.02		0.02	100.00%	0.00	0.02	0.00
Total Title 14			0.02		0.02	100.00%	0.00	0.02	0.00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
15	15 01	Administrative expenditure of the 'Education and culture' policy area	0.20		0.20	100.00%	0.00	0.20	0.00
Total Title 15			0.20		0.20	100.00%	0.00	0.20	0.00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
16	16 03	Communication actions	0.27	0.00	0.27	100.00%	0.03	0.30	0.10
Total Title 16			0.27	0.00	0.27	100.00%	0.03	0.30	0.10

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
17	17 01	Administrative expenditure of the 'Health and food safety' policy area	0.07		0.07	100.00%	0.00	0.07	0.00
Total Title 17			0.07		0.07	100.00%	0.00	0.07	0.00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7

Chapter		Commitments	Payments	RAL	% to be settled	from financial years previous to 2018	be settled at end of financial year 2019	at end of financial year 2018	
		1	2	3=1-2	4=1-2/1	5	6=3+5	7	
18	18 01	Administrative expenditure of the 'Migration and home affairs' policy area	0.05		0.05	100.00%	0.00	0.05	0.00
Total Title 18		0.05		0.05	100.00%	0.00	0.05	0.00	

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG

Chapter		Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018	
		Commitments	Payments	RAL	% to be settled				
		1	2	3=1-2	4=1-2/1	5	6=3+5	7	
19	19 01	Administrative expenditure of the 'Foreign policy instruments' policy area	0.02		0.02	100.00%	0.00	0.02	0.00
Total Title 19		0.02		0.02	100.00%	0.00	0.02	0.00	

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG

Chapter		Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018	
		Commitments	Payments	RAL	% to be settled				
		1	2	3=1-2	4=1-2/1	5	6=3+5	7	
20	20 02	Trade policy	0.01		0.01	100.00%	0.00	0.01	0.00
Total Title 20		0.01		0.01	100.00%	0.00	0.01	0.00	

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG

Chapter		Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
		Commitments	Payments	RAL	% to be settled			
		1	2	3=1-2	4=1-2/1	5	6=3+5	7

21	21 01	Administrative expenditure of the 'International cooperation and development' policy area	0.18		0.18	100.00%	0.00	0.18	0.00
Total Title 21			0.18		0.18	100.00%	0.00	0.18	0.00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG

			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
22	22 01	Administrative expenditure of the 'Neighbourhood and enlargement negotiations' policy area	0.13		0.13	100.00%	0.00	0.13	0.00
Total Title 22			0.13		0.13	100.00%	0.00	0.13	0.00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG

			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
23	23 01	Administrative expenditure of the 'Humanitarian aid and civil protection' policy area	0.14		0.14	100.00%	0.00	0.14	0.00
Total Title 23			0.14		0.14	100.00%	0.00	0.14	0.00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG

			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
26	26 01	Administrative expenditure of the 'Commission's administration' policy area	0.15	0.05	0.10	66.30%	0.00	0.10	0.14

Total Title 26	0.15	0.05	0.10	66.30%	0.00	0.10	0.14
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TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG

Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
27	27 01	Administrative expenditure of the 'Budget' policy area	24.39	10.77	13.63	55.86%	0.00	13.63	12.42
Total Title 27			24.39	10.77	13.63	55.86%	0.00	13.63	12.42

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
29	29 01	Administrative expenditure of the 'Statistics' policy area	0.04		0.04	100.00%	0.00	0.04	0.00
Total Title 29			0.04		0.04	100.00%	0.00	0.04	0.00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
33	33 01	Administrative expenditure of the 'Justice and consumers' policy area	0.03		0.03	100.00%	0.00	0.03	0.00
Total Title 33			0.03		0.03	100.00%	0.00	0.03	0.00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
34	34 01	Administrative expenditure in the 'Climate action' policy area	0.01		0.01	100.00%	0.00	0.01	0.00
Total Title 34			0.01		0.01	100.00%	0.00	0.01	0.00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG BUDG

			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
			Commitments	Payments	RAL	% to be settled			
Chapter			1	2	3=1-2	4=1-2/1	5	6=3+5	7
40	40 02	Reserves for financial interventions							
Total Title 40									

Total for DG BUDG			28.62	10.82	17.8	62.20 %	0.03	17.83	12.79
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Breakdown of Commitments Remaining to be Settled (in Mio EUR) at 31/12/2019 for DG BUDG

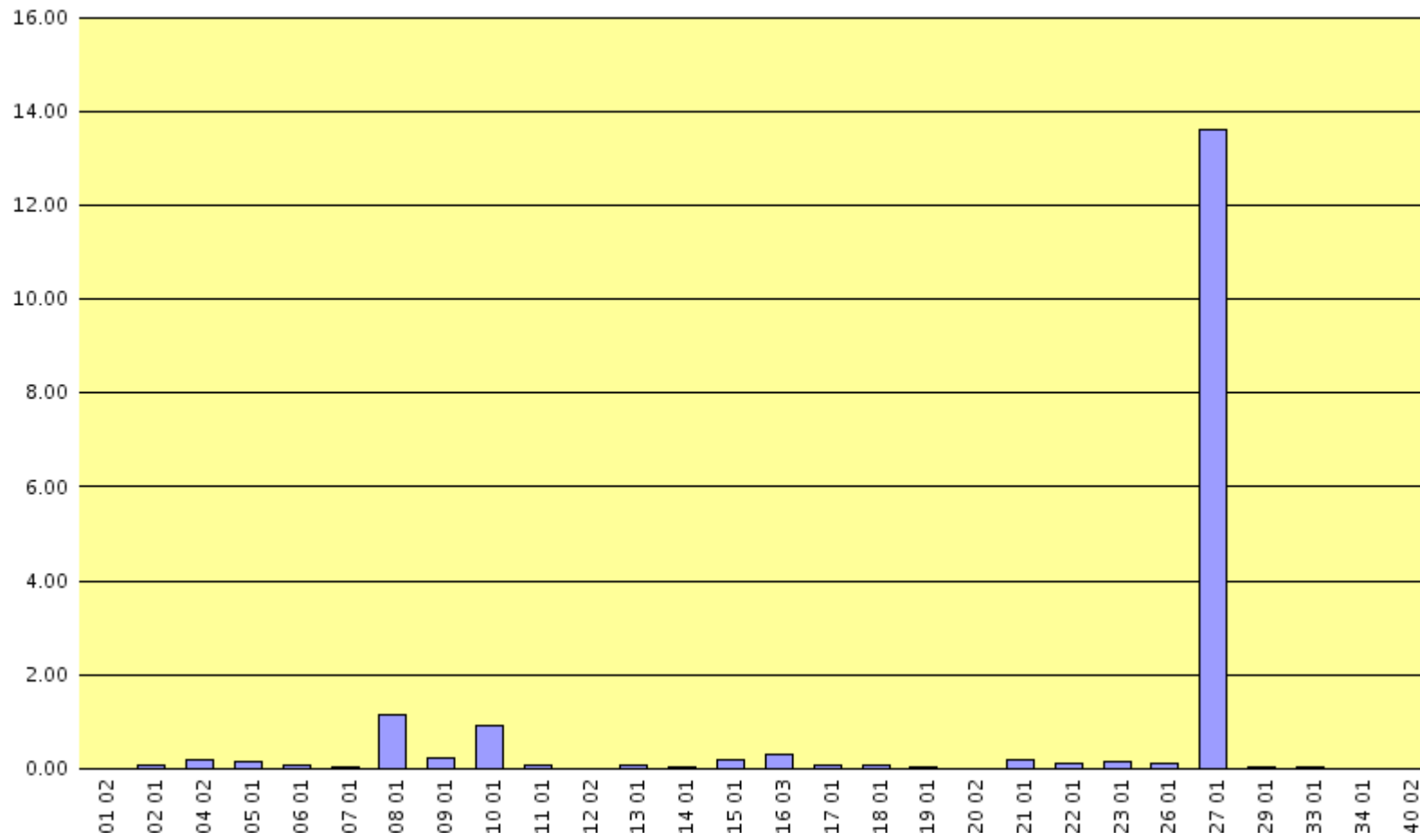


TABLE 4 : BALANCE SHEET for DG BUDG

BALANCE SHEET	2019	2018
A.I. NON CURRENT ASSETS	3,280,702,244.51	0
A.I.1. Intangible Assets	0.00	0.00
A.I.2. Property, Plant and Equipment	0.00	0.00
A.I.6. Non-Cur Exch Receiv & Non-Ex Recoverab	3,280,702,244.51	
A.II. CURRENT ASSETS	22,560,562,546.43	22,782,466,192.07
A.II.1. Current Financial Assets	0.00	-15,353,696.55
A.II.2. Current Pre-Financing	0.00	0.00
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	5,842,990,616.27	8,674,357,671.14
A.II.6. Cash and Cash Equivalents	16,717,571,930.16	14,123,462,217.48
ASSETS	25,841,264,790.94	22,782,466,192.07
P.I. NON CURRENT LIABILITIES	1,956,267,086.67	2,084,452,633.83
P.I.3. Non-Current Financial Liabilities	1,956,267,086.67	2,084,452,633.83
P.III. NET ASSETS/LIABILITIES	-57,124,663	-57,124,663
P.III.1. Reserves	-57,124,663.00	-57,124,663.00
P.II. CURRENT LIABILITIES	7,340,371,671.76	653,358,561.06
P.II.3. Current Financial Liabilities	0.00	-110,129,669.45
P.II.4. Current Payables	7,392,846,361.00	996,673,729.54
P.II.5. Current Accrued Charges & Defrd Income	-52,474,689.24	-233,185,499.03
LIABILITIES	9,239,514,095.43	2,680,686,531.89
NET ASSETS (ASSETS less LIABILITIES)	35,080,778,886.37	25,463,152,723.96
P.III.2. Accumulated Surplus/Deficit	-789,137,604,320.31	-646,596,848,007.17
Non-allocated central (surplus)/deficit*	754,056,825,433.94	621,133,695,283.21
TOTAL DG BUDG	0.00	0.00

It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and statement of financial performance they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

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

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG BUDG

STATEMENT OF FINANCIAL PERFORMANCE	2019	2018
II.1 REVENUES	-143,707,980,243.07	-144,362,289,494.89
II.1.1. NON-EXCHANGE REVENUES	-143,574,573,864.09	-142,904,237,629.12
II.1.1.1. GNI RESOURCES	-108,820,280,278.37	-105,780,012,478.44
II.1.1.2. TRADITIONAL OWN RESOURCES	-21,234,536,102.86	-22,767,221,430.67
II.1.1.3. VAT	-18,127,812,276.73	-17,624,341,522.32
II.1.1.5. RECOVERY OF EXPENSES		-42,412.21
II.1.1.6. OTHER NON-EXCHANGE REVENUES	4,608,054,793.87	3,267,380,214.52
II.1.2. EXCHANGE REVENUES	-133,406,378.98	-1,458,051,865.77
II.1.2.1. FINANCIAL INCOME	-130,312,699.44	-1,454,439,097.85
II.1.2.2. OTHER EXCHANGE REVENUE	-3,093,679.54	-3,612,767.92
II.2. EXPENSES	22,679,603.1	18,544,852.98
II.2. EXPENSES	22,679,603.1	18,544,852.98
II.2.10. OTHER EXPENSES	22,414,678.15	18,227,760.80
II.2.2. EXP IMPLM BY COMMISS&EX.AGENC	0.00	0.00
II.2.8. FINANCE COSTS	264,924.95	317,092.18
STATEMENT OF FINANCIAL PERFORMANCE	-143,685,300,639.97	-144,343,744,641.91

The accounting situation presented in the Balance Sheet and Statement of Financial Performance does not include the accruals and deferrals calculated centrally by the services of the Accounting Officer

It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and statement of financial performance they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

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

TABLE 5bis : OFF BALANCE SHEET for DG BUDG

OFF BALANCE	2019	2018
OB.1. Contingent Assets	11,143,727,902.54	9,369,312,927.63
GR for fines pending	11,133,103,807.66	9,354,071,342.13
GR for other	5,318,091.08	5,318,091.08
GR for performance	1,408,895.90	1,458,501.20
GR for pre-financing	3,897,107.90	8,464,993.22
OB.2. Contingent Liabilities	-3,127,571,075.13	-3,186,513,735.08
OB.2.4. CL Fines	-3,127,571,074.13	-3,186,513,734.08
OB.2.6. CL Other		0.00
OB.2.7. CL Legal cases OTHER	-1.00	-1.00
OB.4. Balancing Accounts	-8,016,156,827.41	-6,182,799,192.55
OB.4. Balancing Accounts	-8,016,156,827.41	-6,182,799,192.55
OFF BALANCE	0.00	0.00

Explanatory Notes (facultative):

It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and statement of financial performance they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

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

TABLE 6: AVERAGE PAYMENT TIMES in 2019 for BUDG

Legal Times							
Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	649	548	84.44 %	19.95	101	15.56 %	39.8
60	1	1	100.00 %	23			

Total Number of Payments	650	549	84.46 %		101	15.54 %	
Average Net Payment Time	23.04			19.95			39.8
Average Gross Payment Time	24.44			21.28			41.58

Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	27	34	5.23 %	650	1,375,793.07	5.54 %	24,850,558.50

DG	GL Account	Description	Amount (Eur)

TABLE 7 : SITUATION ON REVENUE AND INCOME in 2019 for DG BUDG

Chapter	Revenue and income recognized			Revenue and income cashed from			Outstanding balance	
	Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total		
	1	2	3=1+2	4	5	6=4+5	7=3-6	
11	LEVIES AND OTHER DUTIES PROVIDED FOR UNDER THE COMMON ORGANISATION OF THE MARKETS IN SUGAR (ARTICLE 2(1)(A) OF DECISION 2007/436/EC, EURATOM)	-824,269.87	0.00	-824,269.87	-824,269.87	0.00	-824,269.87	0.00
12	CUSTOMS DUTIES AND OTHER DUTIES REFERRED TO IN ARTICLE 2(1)(A) OF DECISION 2007/436/EC, EURATOM	23,612,707,333.48	43,510,148.06	23,656,217,481.54	21,353,369,866.36	11,995,759.22	21,365,365,625.58	2,290,851,855.96
13	OWN RESOURCES ACCRUING FROM VALUE ADDED TAX PURSUANT TO ARTICLE 2(1)(B) OF DECISION 2007/436/EC, EURATOM	17,774,862,637.20	0.00	17,774,862,637.20	17,774,862,637.20	0.00	17,774,862,637.20	0.00
14	OWN RESOURCES BASED ON GROSS NATIONAL INCOME PURSUANT TO ARTICLE 2(1)(C) OF DECISION 2007/436/EC, EURATOM	105,700,206,516.02	0.00	105,700,206,516.02	105,700,206,516.02	0.00	105,700,206,516.02	0.00
15	CORRECTION OF BUDGETARY IMBALANCES	-80,874,688.54	0.00	-80,874,688.54	-80,874,688.54	0.00	-80,874,688.54	0.00
16	Gross reduction in the annual GNI-based contribution granted to certain Member States	6,891,650.55	0.00	6,891,650.55	6,891,650.55	0.00	6,891,650.55	0.00
30	Surplus from previous year	1,802,988,328.77	0.00	1,802,988,328.77	1,802,988,328.77	0.00	1,802,988,328.77	0.00
31	VAT balances	336,526,617.52	0.00	336,526,617.52	329,984,321.92	0.00	329,984,321.92	6,542,295.60
32	GNI balances	3,120,073,762.35	0.00	3,120,073,762.35	3,120,073,762.35	0.00	3,120,073,762.35	0.00

TABLE 7 : SITUATION ON REVENUE AND INCOME in 2019 for DG BUDG

Chapter	Revenue and income recognized			Revenue and income cashed from			Outstanding balance	
	Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total		
	1	2	3=1+2	4	5	6=4+5	7=3-6	
33	Netting of VAT and GNI balances	-3,442,936,434.39	0.00	-3,442,936,434.39	-3,442,936,434.39	0.00	-3,442,936,434.39	0.00
34	Adjustment for non-participation in AFSJ	-5,288,422.97	0.00	-5,288,422.97	-5,288,422.97	0.00	-5,288,422.97	0.00
40	MISCELLANEOUS TAXES AND DEDUCTIONS	99,007,524.02	9,211,040.82	108,218,564.84	89,824,493.87	9,211,040.82	99,035,534.69	9,183,030.15
52	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	-134,167.64	0.00	-134,167.64	-134,167.64	0.00	-134,167.64	0.00
57	OTHER CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH THE ADMINISTRATIVE OPERATION OF THE INSTITUTION	3,739,184.11	0.00	3,739,184.11	3,739,184.11	0.00	3,739,184.11	0.00
63	CONTRIBUTIONS UNDER SPECIFIC AGREEMENTS	743,813,640.40	0.00	743,813,640.40	743,813,640.40	0.00	743,813,640.40	0.00
70	DEFAULT INTEREST AND INTEREST ON FINES	1,245,845,116.98	42,714,016.95	1,288,559,133.93	21,554,229.86	7,307,517.00	28,861,746.86	1,259,697,387.07
90	MISCELLANEOUS REVENUE	-61,136.21	0.00	-61,136.21	-61,136.21	0.00	-61,136.21	0.00
Total DG BUDG		150,916,543,191.78	95,435,205.83	151,011,978,397.61	147,417,189,511.79	28,514,317.04	147,445,703,828.83	3,566,274,568.78

TABLE 8 : RECOVERY OF PAYMENTS in 2019 for DG BUDG

Year of Origin (commitment)	Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
No Link			61	102,569,708.13		
Sub-Total			61	102,569,708.13		

EXPENSES BUDGET	Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES										
NON ELIGIBLE IN COST CLAIMS										
CREDIT NOTES	5	222,099.32			5	222,099.32	22	511,163.84	22.73%	43.45%
Sub-Total	5	222,099.32			5	222,099.32	22	511,163.84	22.73%	43.45%
GRAND TOTAL	5	222,099.32			5	222,099.32	83	103,080,871.97	6.02%	0.22%

9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2019 for DG BUDG

	Number at 01/01/2019	Number at 31/12/2019	Evolution	Open Amount (Eur) at 01/01/2019	Open Amount (Eur) at 31/12/2019	Evolution
2004	3	1	-66.67 %	654,391.65	1,525.87	-99.77 %
2009	1	1	0.00 %	1,590,232.13	1,590,232.13	0.00 %
2010	2	2	0.00 %	2,002,500.97	2,002,500.97	0.00 %
2012	2	2	0.00 %	13,868,042.04	13,868,042.04	0.00 %
2013	2	2	0.00 %	686,558.06	686,558.06	0.00 %
2014	7	5	-28.57 %	1,241,204.40	961,303.84	-22.55 %
2015	18	18	0.00 %	4,600,201.91	4,600,201.91	0.00 %
2016	10	8	-20.00 %	28,271,293.27	28,045,058.67	-0.80 %
2017	29	26	-10.34 %	21,632,207.50	15,406,091.21	-28.78 %
2018	56	18	-67.86 %	24,460,374.68	3,241,816.19	-86.75 %
2019		122			3,500,230,924.23	
	130	205	57.69 %	99,007,006.61	3,570,634,255.12	3506.45 %

TABLE 10 :Recovery Order Waivers >= 60 000 € in 2019 for DG BUDG

	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
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Total DG BUDG	
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Number of RO waivers	
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Justifications:

TABLE 11 :Negociated Procedures in 2019 for DG BUDG

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Total		

TABLE 12 : Summary of Procedures in 2019 for DG BUDG**Internal Procedures > € 60,000**

Procedure Legal base	Number of Procedures	Amount (€)
Open procedure (FR 164 (1)(a))	6	84,919,758.00
Total	6	84,919,758.00

Additional Comments:

TABLE 13 : BUILDING CONTRACTS in 2019 for DG BUDG

Legal Base	Procedure subject	LC/FW?	Contract/ FW Number	Contractor Name	Contract/FW Subject	Amount (€)

TABLE 14 : CONTRACTS DECLARED SECRET in 2019 for DG BUDG

Legal Base	Procedure subject	LC/FW?	LC Contract/Grant type or FW type	LC Date	Contract/FW Number	Contractor Name	Contract/FW Subject	Amount (€)

TABLE 15 : FPA duration exceeds 4 years - DG BUDG

None of your FPA (if any) exceeds 4 years

ANNEX 4: Materiality criteria

The activities of BUDG can lead to four types of reservations:

- ❖ Materiality criteria related to the **budget executed by BUDG** itself. As the budget managed directly by BUDG is rather limited, the main control indicators are based on results of ex ante controls, exception reporting, work done by the IAS, and feedback from the annual internal control review. Taking into account the low total amount of credits executed, reservations will be made if the residual risk of error on legality and regularity of the underlying transactions is higher than 2 %. In addition to the management of own credits, BUDG also covers horizontal financial activities such as treasury, guarantees such as those related to competition fines and VAT reimbursement. As these transactions are not directly linked to expenses, reservations will be made if fraud during the processing of these transactions in BUDG has been observed.
- ❖ As regards revenue financial operations relating to the collection and making available of **own resources**, BUDG analyses the systems set up by Member States and assesses whether they provide reliable assurance as regards the accuracy of the information provided and the legality and regularity of these operations. In case BUDG determines that it cannot rely on some of these systems for assurance purposes, it would qualify its annual Declaration of Assurance in case the amount of revenue concerned has the potential to exceed 1 % of the total relevant resource-segment (i.e. TOR, or VAT/GNI -based own resources).
- ❖ Materiality criteria related to **systemic responsibilities for BUDG**. BUDG has the responsibility at Commission level for: securing of resources needed to implement the European Union's policies; the management of the budgetary regulatory framework; the implementation of the budget in compliance with the rules; the preparation of the annual accounts of the institutions; and the contributing to sound financial management in Commission departments. Beyond its own operational responsibilities, it is a horizontal department operating as a service provider and thus also bears responsibility for the development and quality of the relevant processes. BUDG would consider making a reputational reservation (see below) if the review of the relevant processes, including those related to the Accountants responsibilities, identifies important weaknesses in the implementation of the underlying systems and tools or, in case of major changes, if the evidence on the outcome of the change was not yet available.
- ❖ Materiality criteria related to **reputation issues**. In line with the Commission's instructions, a combined or separate reputational reservation will be made for events that could cause serious damage (in terms of 'duration' + 'scope' of political/press/citizen attention) to the Commission's image due, for example, to financial fraud inside BUDG or serious breaches on provisions of the Treaty, linked to BUDG's activities.

At Commission level, as from 2019⁷, a 'de minimis' threshold for financial reservations is introduced. Quantified AAR reservations related to residual error rates above the 2% materiality threshold, are deemed not substantial for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed.

⁷ Agreement of the Corporate Management Board of 30/4/2019

ANNEX 5: Relevant Control System(s) for budget implementation (RCSs)

TOR, VAT and GNI

A –MS statements and collection of resources

Main control objectives: Timely and accurate collection of Own Resources from Member States

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
<p>Member States do not provide the corresponding underlying data</p> <p>Member States (MS) not paying amounts of Own Resources due or not paying them promptly.</p>	<p>Calculation of the amounts requested in the monthly call for funds (VAT, GNI and corrections)</p> <p>Control of the TOR statements and introduction of information in the unit's database</p> <p>Control of receipt of VAT annual statements and entry of the data to the relevant data base</p>	<p>Exhaustive control (100 %)</p>	<p>Costs: estimation of cost of staff involved</p> <p>Effectiveness: % of national contributions and TOR amounts reported in the A statements made available timely</p> <p>Number of accounting documents generated for actual/potential corrective payments by Member States of principal or interest⁸</p>
<p>(This risk is common to all three resources. BUDG monitors receipt of timely and full making available of resources)</p>	<p>Follow-up of related payments by using information received from the treasury: control of the correct amount and the respect of the due date.</p> <p>Delays in paying own resources give rise to payment of interest by the MS concerned.</p> <p>Immediate reminders for the outstanding payments are sent, supported with contacts at high level.</p> <p>Infringement procedures are launched when necessary.</p>	<p>100 % of MS contributions</p> <p>100 % of standing amounts are followed- up</p>	<p>Number of open infringement files and their annual variation</p> <p>Number of Commission infringement decisions taken (Art. 258 TFEU)</p> <p>Efficiency: Timely and comprehensive collection of Own Resources, considered free from material error (n.q)</p>

⁸ Number generated by all control activities covering TOR.

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
	<p>Communication of elements that are considered relevant for units in charge of control of own resources (enrolment due to a specific demand resulting from a control report) in line with the internal rules.</p> <hr/> <p>Contacts with MS aimed at preventing the risk materialising and to anticipate information on a possible delay on payments.</p> <p>Pre and post-event reminders (VAT)</p>	<p>100 % of relevant elements identified</p> <hr/> <p>In case there is information suggesting Member States might delay payments.</p> <p>100 % of MS</p>	<p>Economy</p> <p>Low Proportion of overall cost of controls over total value of contributions dully collected and on time</p>

B – Verification of TOR collected and VAT OR base calculation by MS/ Calculation of GNI contributions ⁽⁹⁾

Main control objectives: Obtain assurance on:

- a) The key procedures and systems in each MS that ensure correct and timely collection and making available of TOR.
- b) The data on which VAT and GNI OR contributions are calculated has been correctly compiled by Member States (including scrutiny of the adequacy of relevant systems and procedures).

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
Irregularities/errors in MS systems and/or statements might remain undetected and funds not duly collected. (TOR)	On-the-spot TOR inspections in Member States according to an annual programme, covering risk based selected customs areas and Member States' TOR accounting (A and B accounts).	Risk based annual inspection programme	<p>Costs: estimation of cost of staff involved and travel and subsistence budget for on the spot controls.</p> <p>Effectiveness: Timely assessment of Member States' write-off reports for irrecoverable amounts of TOR and of individual cases of financial responsibility.</p>
Economical operators are not providing complete and correct customs declarations reducing the amount of import duties payable and, consequently the TOR available to the EU budget	<p>Inspections are specially focused on Member States control systems and risk assessment for the performance of these controls.</p> <hr/> <p>A database is maintained with reported cases of irregularities and fraud (it serves as an input to risk-based analysis of inspection programmes)</p>		<p>Reasonable assurance can be given on the compliance of total value of TOR collected with relevant regulation (q.)</p> <p>Continuous improvement of MS internal control systems for TOR collection for instance by providing common audit tools. (n.q.)</p> <p>Amounts of TOR corrected and recovered from MS derived from irregularities detected by controls (q.)</p> <p>Efficiency: Complete and timely implementation and reporting of TOR inspections in accordance with the annual programme</p>

⁹ Verification of the underlying data for GNI OR is managed by ESTAT with BUDG managing and undertaking only those aspects directly applicable to budget accounting. BUDG draws assurance of the correctness of the underlying data by attending GNI Committee meetings so as to be informed about the content and results of the verification programme operated by ESTAT. In order to present the whole control activity performed on GNI data at Commission level, and purely for information purposes, the [Internal Control Template of controls performed by ESTAT has been included](#).

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
	Assessment of Member States' write-off reports	100 % of Write- Off reports communicated via the WOMIS IT application	Economy: Proportion of overall cost of controls over total value of TOR collected and/ or over the total amount of errors detected and recovered from MS.
	Follow-up of individual cases of financial responsibility	100 % of cases detected	
Member States may not have compiled their annual VAT statements in compliance with the legal requirements leading to incorrect VAT OR contributions being collected.	Annual programme of on-the-spot inspections (in conjunction with ESTAT for some areas) ensuring that every annual VAT statement furnished by every Member State is subject to checks on its accuracy and completeness.	Annual programmes of inspections covering 100 % of statements for all Member States over a 2 to 3 year cycle	Costs: estimation of cost of staff involved and travel and subsistence budget for on the spot controls. Effectiveness: Obtain reasonable assurance that total value of VAT OR collected has been calculated on compliant VAT OR bases (q.). Provide reassurance to Member States that all are measured against the legal standard (n.q)
Time-bar may be activated before statements are subject to verification	Annual programmes assembled on basis of risk of statements going out of time.		Deter non-compliant behaviour and motivate Member States to fulfil obligations (n.q) Fulfilment of Commission legal obligation under Regulation 1553/89 (n.q)
Incorrect amounts of VAT own resources being obtained because Member States fail to enact EU VAT legislation correctly	Scrutiny of infringement action taken by TAXUD to identify and follow-up all cases with the potential to affect the VAT base.	100 % of infringements are analysed and followed up if considered relevant to VAT OR.	Ensure compliance of MS regulations on VAT with EU Regulation. (n.q.) Number of statements not subject to verification prior to becoming time-barred Efficiency: Complete and on time implementation of agreed programme of inspections throughout the cycle.

C – Follow-up of verification results

Main control objectives: Ensure that results from inspections are implemented (Funds recovered, corrections made, infringements initiated ...)

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>Anomalies identified might not be explained or resolved.</p>	<p>Following up financial consequences of TOR control activity: on the spot inspections, assessment of Member States Write-Off reports and of individual cases of financial responsibility.</p>	<p>100 % of irregularities detected , MS write-off reports and individual cases of financial responsibility</p>	<p>Costs: estimation of costs of staff involved</p> <p>Effectiveness: Financial irregularities detected are corrected / recovered (q.)</p> <p>Deficiencies (administrative, legal and financial) detected in Member States local systems and procedures are corrected (n.q)</p> <p>Efficiency: % of financial irregularities followed up via recovery orders created and paid (TOR)</p> <p>Proportion of VAT reservations in place for more than 5 years.</p> <p>% of VAT and TOR reports presented at first available ACOR meeting.</p> <p>Economy:Proportion of overall cost of controls over total TOR/ VAT resources collected compliant with regulations and/ or over TOR irregularities recovered</p>
	<p>Submit TOR and VAT inspection reports to ACOR for scrutiny and discussion in Committee</p>	<p>100 % of TOR and VAT inspection reports presented at ACOR</p>	<p>Costs: estimation of cost of staff involved</p> <p>Effectiveness: Provide transparency of the control activity and assurance to Member States of equal measurement against agreed standards and equal treatment when performing controls.</p> <p>Areas for improvement detected are shared with all Member States</p> <p>(n.q.)</p>

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
	Follow up of apparent VAT anomalies and identified infringements via notification of reservations and monitoring progress until the reservation can be lifted and any necessary corrective action taken (follow-up database)	100 % of reservations are followed-up	<p>Costs: estimation of cost of staff involved.</p> <p>Amounts to be verified don't became time-barred (n.q)</p>
	Initiate infringements procedures against non-compliant Member States	100 % of applicable cases	<p>Costs: estimation of cost of staff involved.</p> <p>Effectiveness: Ensure compliance with Own Resources EU regulation(n.q)</p> <p>Provide legal clarity on the application and interpretation of the legal framework for Traditional Own resources (case law) (n.q)</p>
	Follow-up of TOR findings made by the ECA during its audits in Member States	100 % of findings followed-up	<p>Costs: estimation of cost of staff involved.</p> <p>Effectiveness: Ensure implementation of corrective/remedial action to resolve detected shortcomings and the recovery of amounts related to the errors detected (n.q)</p>

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>GNI irregularities/potential irregularities detected are not properly followed- up because no reservation is set</p>	<p>Guidelines agreed by ESTAT and BUDG on the correct use of GNI reservations (annex of MOU between the two DG').</p>	<p>100 % of reservations requested by ESTAT are properly and timely notified to MS</p>	<p>Costs: estimation of cost of staff involved.</p> <p>Effectiveness: GNI data used for own resources calculation is correct and necessary corrective action is not time-barred.</p> <p>Percentage of communications from ESTAT regarding setting, lifting or varying GNI processed within 4 working weeks</p> <p>Efficiency: Compliant and timely management of GNI reservations</p> <p>Economy: results achieved with a reasonable cost.</p>

2- UK correction calculation

Main control objectives: Ensure that calculations on UK correction are correctly made.

Main risks	Mitigating controls	How to determine coverage frequency and depth*	Cost-Effectiveness indicators (three E's)
<p>UK correction is incorrectly calculated</p>	<p>Calculation of the correction is conducted separately by two different officials of the unit in charge.</p> <p>One of the main inputs for the calculation (allocated expenditure information) is checked and reconciled with accounting information.</p> <hr/> <p>Parallel calculation is made by two additional officials from a different unit in the DG.</p>	<p>Yearly calculation</p>	<p>Costs: estimation of cost of staff involved.</p> <p>Effectiveness: % error rate detected after calculation.</p> <p>Efficiency: Calculation is made correctly and on time.</p> <p>Economy: Proportion of overall cost of controls over total amount of amounts correctly calculated and paid. Amounts paid to the Member State concerned are accurate and ulterior corrections are avoided.</p> <p>(q)</p>

Verification of GNI data – ESTAT ICT¹⁰

Stage 1: GNI Verification - multiannual

Main control objectives: Ensure GNI data are consistent with ESA

Main risks	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
GNI inventories of MS are not submitted on time in sufficient quality	Detailed GNI inventory guidelines and GNI Inventory Assessment Questionnaire	GNI inventories of all MS, depth of controls based on risk assessment	Effectiveness: Number of inventories available by the agreed deadline, number of requests to MS to submit revised inventories.
Reservations on GNI data are incorrectly set or not set at all	Detailed checks of inventories, cross-country analyses, carrying out of information visits including direct verification exercises. Peer review through participation of GNI Committee (GNIC) experts in GNI visits and communication of mission reports to the GNIC.	Sources and methods for estimation of GNI for all MS, depth of controls based on risk assessment	Effectiveness: Number of action points and reservations placed
Member States do not perform the work required to address action points and reservations	Detailed checks of applied methodology in MS's reports and other available information	Coverage: all MS	Effectiveness: Regular GNIC documents (twice a year) on the state of play of action points and reservations

¹⁰ In order to present the whole control activity performed on GNI data at Commission level, and purely for information purposes, the Relevant Control System of controls performed by ESTAT has been included.

Stage 2: GNI verification annual

Main control objectives: Annual opinion of the GNIC that GNI data are fit for purpose

Main risks	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
GNI data and/or quality reports are not submitted on time	Annual procedure to collect questionnaires and reports on quality	Receipt of annual GNI questionnaire and quality report for all MS by the regulatory deadline	Effectiveness: Number of MS sending data and quality report by the regulatory deadline with no need to resubmit
GNI data or quality reports are not of sufficient quality	Quality checks done according to checklist (e.g. for completeness, plausibility, against published data)	GNI questionnaire and quality report for MS with need to resubmission	Effectiveness: Number of requests for MS to resubmit data or report on quality
Opinion of GNI Committee is negative	Checks by GNI team for possible deficiencies that might lead to a negative opinion	Advance contact with MS leading to submission of revised GNI data or report on quality with deficiencies corrected	Effectiveness: Positive opinion of GNI Committee Expert Group issued

Procurement and Administrative Expenditure

Stage 1 – Procurement

A - Planning

Main control objectives: Effectiveness, efficiency and economy. Compliance (legality and regularity).

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
The needs are not well defined (operationally and economically) and that the decision to procure was inappropriate to meet the operational objectives	Communication of intended procedures to AO(D) and units concerned.	100 % of the forecast procurements (open procedures with prior notification) are justified in a note addressed to the AO(D)	<p>Costs: estimation of cost of staff involved</p> <p>Effectiveness: Number of projected tender cancelled.</p> <p>Number of contracts discontinued due to lack of use (poor planning).</p>
Discontinuation of the services provided due to a late contracting (poor planning and organisation of the procurement process)	Validation by AO(S)D of justification (economic , operation) for launching a procurement process	100 % of the forecast procurements	<p>Compliance with Internal procurement procedures and regulations and avoid missed opportunity of getting the wished services via internal resources or a framework contract already in place (n.q)</p> <p>Estimated Value of contracts published in procurement process which will be spent (as a maximum) on correctly identified needs. (q.)</p> <p>Needs understood by the tenderer and maximise the probability of getting the right deliverable(n.q)</p> <p>Efficiency: Timely definition of needs.</p> <p>Economy: Proportion of overall cost of controls over total estimated (maximum) value of contracts.</p>

B - Needs assessment & definition of needs

Main control objectives: Effectiveness, efficiency and economy. Compliance (legality and regularity).

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>The best offer/s are not submitted due to the poor definition of the tender specifications</p>	<p>AOSD supervision and approval of specifications</p>	<p>100 % of the specifications are scrutinised.</p>	<p>Costs: estimation of cost of staff involved</p> <p>Effectiveness: N° of 'open' or procedures where only one or no offers were received.</p>
	<p>Consultation of legal experts of the DG</p>	<p>Risk based, taking as criteria the level of sensitivity and complexity of the procurement process</p>	<p>N° of complementary questions regarding the tender.</p> <p>Economy: Proportion of overall cost of controls over total estimated (maximum) value of contracts</p> <p>Estimated average cost of controls per procurement procedure. The quality of specifications approved is optimal to receive offers with prices and conditions according to internal expectations and market prices (n.q).</p>

C – Selection of the offer & evaluation

Main control objectives: Effectiveness, efficiency and economy. Compliance (legality and regularity). Fraud prevention and detection.

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
The most economically advantageous offer not being selected, due to a biased, inaccurate or 'unfair' evaluation process	Formal evaluation process: Opening committee and Evaluation committee	100 % of the offers analysed.	<p>Costs: estimation of costs of staff involved</p> <p>Effectiveness: Numbers of 'valid' complaints or litigation cases filed.</p> <p>Value of contracts as a maximum) will be granted to the best offer (value free of error) (q.)</p> <p>Efficiency: Timely selection of offers</p> <p>Economy: Proportion of overall cost of controls over total estimated (maximum) value of contracts.</p> <p>Estimated average cost of controls per procurement procedure. Compliance with FR and internal rules designed to guarantee that the best value for money offer is selected (n.q)</p>
	Participation of a member of the financial cell in the Opening committee and Evaluation committee as observers and to provide technical advice if needed	100 % of procurement procedures	
	Opening and Evaluation Committees' declaration of absence of conflict of interests	100 % of the members of the opening committee and the evaluation committee	
	Exclusion criteria documented	100 % checked	
	Final verification /desk review on compliance with procurement procedures Authorisation by AO/AOD/AOSD	100 % of selected tenders by committee	
	Publication of the offer finally selected Standstill period (opportunity for unsuccessful tenderers to put forward their concerns on the decision)	100 % of procurement procedures	

Stage 2 – Financial transactions (EX- ANTE controls)

Main control objectives: Ensuring that the implementation of the contract is in compliance with the signed contract

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>The products/services/works foreseen are not, totally or partially, provided in accordance with the technical description and requirements foreseen in the contract and/or the amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions.</p> <p>Business discontinues because contractor fails to deliver</p>	<p>Operational and financial checks in accordance with the financial circuits. Operation authorisation by the AO</p> <hr/> <p>Management of sensitive functions</p>	<p>100 % of financial transactions controlled (commitments, signature of contracts and payments)</p> <hr/> <p>Review of sensitive posts every five years or in case structure changes happen.</p>	<p>Costs: estimation of cost of staff involved.</p> <p>Effectiveness: % error rate prevented (amount of errors/irregularities averted over total payments)</p> <p>Amount of irregularities, errors and overpayments prevented by the controls (q).</p> <p>Total amount of correct payments made during the year.</p> <p>Deterrence effect of controls (n,q)</p> <p>Efficiency: % of payments made on time Average time for payment</p> <p>Economy: Proportion of overall cost of controls over total amount of payments made Average control cost per financial transaction (commitments, signature of contracts and payments)</p>

Stage 3 – Supervisory measures (EX-POST controls)

Main control objectives: Ensuring that any weakness in the procedures (tender and financial transactions) is detected and corrected

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>An error or non-compliance with regulatory and contractual provisions, including technical specifications, or a fraud is not prevented, detected or corrected by ex-ante control, prior to payment</p>	<p>Supervisory desk review financial transactions</p>	<p>Representative sample (for financial transactions)</p>	<p>Costs: estimation of cost of staff involved.</p> <p>Effectiveness: Amount of payments made during the year for which there is reasonable assurance that were made free of material error (q).</p> <p>Amounts associated with errors detected (related to fraud, irregularities and error). In % over total checked.</p> <p>N° system improvements made.</p> <p>N° of exception non-compliance / exception events reported to ICC and % of these reports giving place to control weakness</p> <p>Efficiency: Controls done on time before the payment is made</p> <p>Deterrents & systematic weaknesses corrected to improve procedures and to better address related risks (n.q)</p> <p>Economy: Proportion of overall cost of controls over total amount of payments made</p>

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

This annex *applies only to indirect management*,

n/a for BUDG

ANNEX 7: EAMR of the Union Delegations (if applicable)

n/a for BUDG

ANNEX 8: Decentralised agencies and/or EU Trust Funds (if applicable)

n/a for BUDG

ANNEX 9: Evaluations and other studies finalised or cancelled during the year

No studies completed in 2019

ANNEX 10: Specific annexes related to "Financial Management"

1-Cost of controls:

Table Y Overview of the estimated cost of controls at Commission (EC) level:

Title of the Relevant Control System (RCS)	Ex ante controls			Ex post controls			Total**	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	EC total costs (in EUR)	funds managed (in EUR) ¹¹	Ratio (%)* (a)/(b)	EC total costs (in EUR)	total value verified and/or audited (in EUR)	Ratio (%) (d)/(e)	EC total estimated cost of controls (in EUR) (a)+(d)	Ratio (%)* (g)/(b)
TOR , VAT and GNI	-	-	-	-	-	-	4.010.185	0.003%
PROCUREMENT AND ADMINISTRATIVE EXPENDITURE	295 448	46 708 176	0.63%	7 295	22 315 636 ¹²	0.03%	302 743	0.65%
OVERALL total estimated cost of control at EC level	295 448	46 708 176	0.63%	7 295	22 315 636	0.03%	4.312.928	0.003%

* ratio possibly "Not Applicable (N/A)" if a RCS specifically covers an Internal Control Objective such as safeguarding sensitive information, reliable accounting/reporting, etc

** Controls in the OR area (income) due to their specific nature cannot be split in ex-ante and ex-post controls but as a total of funds managed (EUR 142 329 649 983). They have been split in different stages of controls as detailed in the body of the AAR (section 2.1.1) and following the relevant control systems detailed in Annex 5.

¹¹ Funds managed = payments made, revenues and/or other significant non-spending items such as e.g. assets, liabilities, etc.

¹² During 2019 ex-post controls only covered payments made and not commitments as oppose to ex-ante controls which covered both

2-Description of control systems on the area of Own Resources and detailed results

The starting point for all three Own Resources collected (Traditional Own Resources, VAT and GNI-based Own Resource) is the provision of data by the Member States, which are subject to verification including on the spot inspections by the Commission. It is an inherent feature of these arrangements that there will be subsequent revisions to amounts paid after the end of any budget year.

Each own resource system has a 4-year cut-off after which no corrections may be made. However, to protect the EU's financial interests the cut-off does not apply to those points notified by the Commission or the Member State concerned prior to the deadline. In these instances, corrective action may still be taken. Although the possible financial impact of these items can rarely be quantified until they are resolved, experience shows that compared with the overall amounts paid their impact is rarely material.

The management arrangements for each own resource vary. The Relevant Control System(RCS) for own resources in annex 5 demonstrates how the control system in place in the DG addresses the risks related to own resources as well as the indicators used to measure the effectiveness, efficiency and economy of these controls

Traditional Own Resources (TOR) – 14 % of Total OR

Member States, and not the Commission, are primarily responsible for (1) establishing TOR, accounting for it, and collecting and making it available within prescribed time limits; and (2) implementing EU customs legislation and operating a framework of customs checks and controls to ensure that they collect the correct amount of customs duties at the right time. Failure to comply with the rules may lead to a financial liability to the EU budget.

Contributions for traditional own resources (TOR) are made on the basis of Member States' actual collection of the relevant duties and levies which Member States declare via a monthly statement.

Reasonable assurance concerning the accuracy and completeness of Member State data is provided by an annual inspection programme by which BUDG checks that Member States' administrations have complied with EU law when collecting TOR. The setting-up of the annual inspection programme has risk-based approach as not all MS can be inspected in the same year. BUDG monitors the timely and full receipt of traditional own resource statements and the corresponding payments and manages the recovery of the amounts related to detected errors resulting from the TOR control activity. Any delay in paying own resources gives rise to payment of interest by the Member State concerned.

VAT own resource - 13 % of Total OR

Contributions for the VAT-based own resource (VAT OR) are based on the value of supplies in a Member State that are chargeable with VAT according to EU law (the harmonised VAT base). Member States provide the Commission with an annual statement showing how they have calculated their base and its value.

As VAT OR data is only available annually and in arrears VAT own resource payments during any particular year are based on forecasts (each month the Commission requests each Member State to pay one twelfth of the budgeted forecast amounts). Adjustments are made in the year n+2 (and in future years if corrections to the data first supplied are necessary) to adapt payments to reflect the actual VAT data.

Reasonable assurance concerning the accuracy and completeness of Member State data is provided by an annual inspection programme in which BUDG checks that Member States' administrations have complied with OR regulations when calculating the value of

their harmonised VAT base. Statement data is analysed and verified in-house and during on-the-spot checks (assisted by ESTAT for the most statistically-reliant aspects of the calculation). Member States receive and react to reports of these controls. BUDG monitors the receipt of VAT OR base data from Member States. It also monitors proactively that amounts of own resources are paid promptly. Delay in paying own resources gives rise to payment of interest by the Member State concerned. Reservations are placed where Member States' data cannot be accepted and lifted when the concern is overcome with any necessary corrective action concerning past payments being made.

GNI-based own resources – 73% of Total OR

GNI OR has a particular role to play as the balancing resource. Once the amount of agreed EU expenditure that will be funded by the TOR and VAT OR is known then GNI contributions are fixed to fund the remainder within the ceiling of no more than 1.20 % of total EU GNI. Member States provide the Commission with their GNI figures annually accompanied by a report on the quality of GNI data and supplemented for each verification cycle with a GNI inventory of the sources and methods used to produce GNI aggregates. As GNI own resources data is only available annually and in arrears the own resources payments during that year are based on the amounts entered in the budget for the year concerned (i.e. each month the Commission - BUDG - requests each Member State to pay one twelfth of the budgeted forecast amounts). Adjustments are made in subsequent years by BUDG to adapt payments to reflect the GNI data. BUDG monitors proactively that GNI own resource contributions are paid promptly. Any delay in paying own resources gives rise to payment of interest by the Member State concerned.

ESTAT – Verification of GNI data

The arrangements for the collection and verification of GNI own resources are governed by a Memorandum of Understanding (MOU) agreed between ESTAT and BUDG. The data provided by Member States is analysed and verified by ESTAT which also makes GNI information visits in order to verify the quality of GNI aggregates, their components, and the compliance with ESA 2010 (Member States may choose to participate in these visits). Member States receive and react to reports of these visits and oversee their treatment in the GNI Expert Group. To prevent possible time barring, reservations are placed where Member States' data are considered unacceptable. Reservations are a protective measure. A reservation should not be assumed to imply that a MS's contribution to the Union's budget has necessarily been affected. Reservations are lifted when the concern is overcome and any necessary corrective action concerning past payments is made.

The MOU with ESTAT includes an annex setting out the good practice to be observed when setting (GNI) reservations.

In order to present the whole control activity performed on GNI data at Commission level, and purely for information purposes, the Relevant Control System performed by ESTAT has been included in Annex 5 together with the controls performed by BUDG.

Reasonable assurance on the accuracy and completeness of Member State data is provided by the opinion of the GNI Expert Group, and the results of ESTAT's verification activities to which Member States contribute by taking part in verifications in other Member States. The annual opinion of the GNI Expert Group is a key element of assurance since it refers to the appropriateness of using the GNI data provided by Member States for own resources purposes and it means the acceptance of the data by all the Member States together with the Commission.

A – MS statements and collection of resources

During 2019, 100% of national contributions were made available on time. The customs duties amounts reported in Traditional Own Resources A-statements by Member States were also made available to the EU budget two months later as required by the EU

legislation . Verification of the amounts declared in the A Statements is ensured through on the spot inspections by BUDG. As a consequence, some adjustments are made to the initial statements and the corresponding documents are issued to adjust the due amounts. During 2019, 269 requests for accounting actions were made by the inspection units representing an adjustment of EUR 2.303 million in principal and EUR 1.242 million in late payment interest. 761 accounting documents were issued in order to enter these adjustments in the EU accounts . Forecasts of Revenue were issued as appropriate.

At the end of the year, there were eight open TOR infringement files. Two new infringement procedures were initiated during 2019.

BUDG has set a reservation on TOR amounts collected in view of the final report of OLAF's investigation (OF/2014/1274/B1) of 1 March 2017, confirmed by the conclusions arising from BUDG controls in terms of the lack of appropriate measures in the UK to prevent the systematic undervaluation of textiles and footwear from the People's Republic of China imported into the EU. As a consequence, BUDG and OLAF, estimate the loss of Traditional Own Resources at EUR 2 679.6 million (gross) between November 2011 and 11 October 2017. For further details, see section 2.1.5.

B – Verification of Traditional Own Resources collected and VAT-base OR calculated by Member States/ Calculation of GNI contributions

Traditional Own Resources (TOR)

For TOR, Member States are responsible for operating an appropriate administrative framework by which they collect customs duties and sugar levies to finance the EU budget. BUDG assesses this administrative framework by carrying out an annual inspection programme which covers various customs regimes, control methods, plus the procedures for accounting, recovering and making available of TOR. The programme varies from year to year and is based on a risk analysis. The focus of the inspections is to collect evidence of the adequacy of the key procedures and systems in each Member State that ensure correct and timely collection of TOR and that the funds are duly made available to the Commission.

Out of 23 inspections scheduled in 2019, 22 were carried out in 2019 and 1 was postponed to early 2020 for organisational reasons. Hence, by the end of 2019, the inspection programme 2019 was implemented at 95.45%. In addition, four inspections from inspection programme 2018 were carried out in January 2019. All anomalies identified during the inspections are being closely followed up by BUDG in collaboration with the Member States. Postponing one on the inspections of the 2019 inspection programme does not have significant implications on the assurance building, because the inspection will be carried out in March 2020. In addition, the Member State concerned will be inspected a second time on the regular inspection topic for 2020.

Inspections conducted by BUDG in relation to the Member States' control strategy for customs value in all 28 Member States have detected weaknesses in the management and control of undervalued imports of textiles and footwear in the traditional own resources in several Member States. These findings will be followed-up closely in 2020 (see section 2.1.5. for further details).

Member States issue write-off reports stating the TOR amounts assessed by them as irrecoverable. During 2019, a total of 213 write-off reports involving an amount of EUR 120.4 million were evaluated by the Commission (BUDG in co-operation with the Legal Service, TAXUD and OLAF) within the legal six-month deadline in 100 % of the reports. As a result of this evaluation, it was found that an amount of EUR 33.5 million (27.8%) could have been indeed recovered by Member States and the amounts were claimed or the existing claims upheld, for an amount of EUR 63.7 million (52.9%) additional information was sought from the respective Member State to reach a final assessment result and for a total of EUR 22.7 million (8.8%) write-offs were considered justified.

Another source of assurance is the ECA's annual report. In its financial year 2018, ECA concluded that the examined systems were overall effective for TOR. In addition, no errors were found in the transactions tested and in their opinion, the revenue underlying the accounts for the year ended 31 December 2018 is legal and regular in all material respects.

However, the ECA found weaknesses in the Commission's control systems with regard to the verification of the reliability of the A and B accounts' statements. For example, ECA considered that the 2018 TOR inspection programme focussing on Member States' control strategy for customs value was not sufficiently supported by a structured and documented risk assessment and that there was no ranking of Member States by level of risk, its impact and probability. In addition, the Court observed that upon receiving TOR statements each month or quarter no systematic analysis of unusual changes in the statements were carried out. The Commission welcomed that the ECA shared the Commission's view as regards the importance of addressing the undervaluation fraud, and consequently to select this as main inspection topic. However, the Commission also took note of ECA's recommendation regarding its approach to documenting the process for selecting the topics to be examined during the visits in Member States. Consequently, the Commission has improved the documentation of this risk assessment for its 2020 TOR programme. This included a more detailed documentation of the evaluation of the regular 11 risk criteria used and a questionnaire completed by all TOR inspectors to rank the inspection topics suggested by Commission services and Member States. As regards ranking Member States by risk, BUDG inspected all 28 Member States in 2018 and 2019 on the topic of customs (under)valuation considering the threat to the EU budget and the magnitude of fraud. Reflections on further improvements continue.

The Commission will examine how reinforced desk checks focussing on unusual changes in the TOR statements could generate effective and efficient value added in detecting errors. Where appropriate, existing internal instructions would be adapted in line with the ECA recommendation. Additional measures were already included for the Commission's 2020 TOR inspection plan that has as main inspection topic the reliability of the TOR accounting in all Member States. All Member States will be asked to submit the total B account at national level (customs duties established but not recovered yet), i.e. not restricted any longer to the local/regional customs offices to be inspected. The Commission will verify the reliability of the TOR accounting by checking, on the basis of underlying entries in the accounts and Member States' systems, that the statements of A and B accounts are reliable. This will be verified by establishing bottom-up and top-down audit trails as well as verification of complete account statements. Also, BUDG will further reflect on this recommendation in the course of 2020 to further improve the verification of Member States' A and B accounts.

VAT- based Own Resource

All Member States are obliged to administer a value added tax system. The own resources legislation requires Member States to provide an annual statement detailing the calculation of their harmonised VAT base. BUDG monitors the timely receipt of these annual statements and checks their completeness and coherence with previous years, primarily by a yearly inspection programme. An indicator of good performance of BUDG controls is the timely execution of the inspection programme and the avoidance of Member States' statements becoming time barred (corrections can still be made). The objective is to guarantee that complete and accurate information is recorded in the VAT OR database that will serve for further calculations.

A new database application (VATRes) covering various aspects of the VAT- and GNI-based own resources was implemented during 2019.

During 2019, the annual inspection programme was executed as planned (12 inspections in total) . The results of inspections also show that 100 % of statements have been subject to verification prior to becoming time-barred. It is usual practice not to inspect all

Member States in a given year but to do so by inspecting several financial years before time barring. A risk-based approach is used when deciding on a year's work programme.

GNI-based Own Resource

BUDG draws its assurance concerning the accuracy and completeness of GNI data for own resource purposes from the verification work undertaken by ESTAT together with Member States. The inter-relationship BUDG-ESTAT is governed by an agreed MOU, supplemented by the scrutiny of data by all Member States in the GNI Expert Group.

Where this process raises concerns and ESTAT wishes to prevent a particular year becoming time-barred then it requests BUDG to set or lift reservations. The indicator of performance of this control on GNI is the timeliness with which BUDG notifies Member States of changes in their reservation position.

The results show that the activity to notify reservations in the year 2019 (transaction specific reservations – 2 for Croatia, 1 for Latvia, 1 for Romania, and 18 for the United Kingdom) was carried out promptly, since 100% of the notifications were sent within the deadlines.

In the control cycle of the ESA 95 GNI Inventories, there were in total 124 country specific GNI and 216 ESA 95 transversal reservations. By now, all reservations for the ESA 95 GNI Inventories have now been lifted. Twenty-nine country-specific reservations have been placed, so far, in the ESA 2010 verification cycle 2016 – 2019: one for Bulgaria, four for Croatia, four for Greece, one for Latvia, one for Romania, eighteen for the United Kingdom. There is one general reservation concerning France. Furthermore, process specific reservations have been placed for the years 2010 – 2015 for all of the EU-27 Member States and for 2013 – 2015 for Croatia. Moreover, there are process-specific reservations in place for the years 2016 – 2019 and transversal reservations for the United Kingdom.

Assurance is also obtained from the annual opinion of the GNI Expert Group since it represents the acceptance of GNI data by both all Member States and by the Commission. Following its examination during the year, the GNI Expert Group, at its 2nd meeting in November 2019 concluded that, in its opinion, the GNI data transmitted through the GNP/GNI Questionnaire 2019 are appropriate for use for own resource purposes with respect to reliability, comparability and exhaustiveness, in accordance with article 4 of the GNI Regulation.

During 2019, the main focus of ESTAT control activity was the completion of the verification cycle for the new GNI inventories, which was finalised by end of 2019. A significant number of action points have been evaluated and where appropriate the reservations were prepared. A number of the cross-country analyses of transversal issues have been concluded. During 2019, good progress was made in covering an extensive number of ongoing issues in relation to the globalisation and the implementation of the Multinational Enterprises (MNE) pilot exercise.

The existence of one specific GNI reservation for Greece provides assurance that revisions to that item for the period 2002-2009 will still be taken into account for own resources purposes, to avoid that the rule of GNI becoming time-barred after 4 years.

The latest ECA's annual report on financial year 2018 concluded that the examined revenue systems were effective for GNI and VAT-based own resources, and that no material errors were found in the transactions tested.

C – Follow-up of verification results

The 2019 TOR control activity allowed recovery orders (ROs) both for principal and belated interest for a total amount of EUR 297 million, including cashed amounts in 2019 for which a recovery order still has to be issued (end of year payments). Out of this amount, 31,81% was paid in 2019 (significantly lower than the payment rate of 83.5% in 2018)¹³. The average recovery rate since 2011 of ROs issued following inspection work is 79.6%¹⁴ (last year – 86% - recalculated). The recovery rate on global TOR¹⁵ is 98.2% (99.9% last year).

The proportion of VAT reservations set by the Commission and in place for more than 5 years is 12%, which is considered a reasonable percentage. A total of 31% of these reservations are related to on-going infringement cases.

The annex included since April 2013 in the MOU between ESTAT and BUDG concerning the good practice when using GNI reservations, guarantees that criteria for placing specific reservations is clear and aims to reduce significantly the number of general reservations.

Currently all 28 Member States are subject to a GNI reservation due to the transition in the Member States' National Accounts from the system ESA 95 to ESA 2010. These reservations were extended to cover the year 2015 to avoid that they become time-barred, and will be active until the end of the ongoing verification cycle.

D- UK correction calculation

Calculation of UK correction was made on time. The strengthened procedures on checking the inputs were followed.

3-Details on ongoing audits and recommendations

Internal Audit Service (IAS)

A. The following audits have been closed or remain partially open:

Audit on the Management of intra-muros contractors

The final audit report was issued on 13 July 2016 (Ares (2016)3376572). The overall objective of the audit was to assess if the Commission uses the external contractors working intra-muros in an effective and efficient way. The audit covered the overall framework put in place by HR, which is responsible for coordinating the personnel and administrative policy of the Commission, as well as by BUDG, responsible for laying down the procurement procedures and contract templates. The audit also focused on DIGIT given that a large number of intra-muros contractors work in the IT domain.

The IAS recognised the efforts of the Commission to effectively manage intra-muros contractors so that it obtains value for money and mitigates the risks associated with their use. However, the IAS concluded that, in the absence of a corporate framework to provide guidance to DGs, the Commission was exposed to significant risks in ensuring an

¹³ The recovery rate is very low (31.81%) due the fact that a big amount of RO's were issued in the last quarter of 2019 and have not yet resulted in payments

¹⁴ Total amount recovered up to the end of 2019 out of recovery orders issued since 2011

¹⁵ The global TOR includes the monthly payments made by the Member States and the payments made following BUDG B3's TOR inspection activities

efficient and effective use of intra-muros contractors.

BUDG sent its contribution on time to DG HR who is responsible for coordinating the new guidance on this matter. As a result, **this recommendation is considered implemented by BUDG.**

Audit on 'Commission's Governance/Oversight arrangements concerning Risk Management, Financial Reporting and the Ex-post verification/audit function'

The final audit report was issued on 26/01/2018 (Ares(2018)480717). The overall objective of the audit was to assess Risk Management, Financial Reporting and the work and results of Ex-Post Verification/Audit following the ECA special report N° 27/2016 on 'Governance at the European Commission – best practice.

Four recommendations were issued, two very important related to i) risk management and ii) governance set-up; and two other important ones related to iii) financial reporting and iv) ex-post verifications/audits. BUDG submitted to IAS an action plan in 20/02/2018 (updated in 18/09/2018 - Ares(2018)4791579). All four recommendations were then implemented by BUDG according to the action plan.

IAS carried-out a follow-up audit in 2019 and concluded - Ares(2019)5642328 – that based on the results all recommendations have been adequately and effectively implemented and were therefore been closed.

Audit on the Commission's framework/arrangements for the estimation, assessment and reporting on the cost-effectiveness of controls

A very important recommendation from this audit concerns the design and implementation of the corporate framework to estimate, assess and report on the cost-effectiveness of controls. BUDG should redesign the existing framework for estimating, assessing and reporting on the cost-effectiveness of controls by better distinguishing between its annual activity reporting and the reporting on the cost to control EU spending when presenting revised or new spending proposals. BUDG sent to all services new guidance to calculate the cost-effectiveness of controls, which is now part of the 2019 Annual Activity Report.

The follow-up audit carried out in 2019 by IAS concluded - Ares(2020)158222 - that in line with the agreed action plan, BUDG has redesigned the framework to estimate, assess and report on the cost-effectiveness of controls. The revised framework now clearly distinguishes between a narrower operational dimension and a wider policy dimension. Consequently the recommendation has been considered as adequately and effectively implemented and has been closed by IAS.

Limited review on the reporting on the corrective capacity (in particular the amounts at risk at closure)

The "estimated overall amount at risk at closure"¹⁶ is key in the discharge debate and therefore it is vital that it is based on a solid reasoning and on suitable assumptions. This was the focus of the IAS audit, which concluded with two important recommendations, and one very important recommendation. As a result BUDG has updated the corporate instructions for estimating the future corrective capacity and has reviewed the presentation of these concepts in the 2018 Annual Activity Reports (Rec 1- very important and Rec-2 important). These instructions are part of the 2019 Annual Activity exercise. The remaining important recommendation was implemented in March 2019 and sent for review to IAS.

¹⁶ best, conservative estimation of the expenditure authorised during the year in breach of applicable regulatory and contractual provisions by the end of implementation of the programme, in value terms

IAS carried-out a follow-up audit in 2019 and concluded - Ares(2020)1124327 – that recommendation No 1.1 (very important) -implementation of the reporting- and recommendation No 2 (important) -design of the reporting system- have been adequately and effectively implemented and will therefore be closed.

For recommendation No 3.1 (important) -presentational issues in the annual activity report and in the annual management and performance report- BUDG had decided to maintain the standard nomenclature of 'estimated overall amount at risk at closure' but now clarifies in the Annual Management and Performance Report (AMPR) that '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.' As regards the table on the estimated overall amount at risk at closure, the concept/rationale underpinning each column is now explained in both the AAR and the AMPR, in order to provide the user with a clearer understanding.

Finally, the AMPR is now aligned with the AAR as regards the categories for reporting minimum average and maximum values. Based on all above improvement the risk has been accepted and IAS has also closed this recommendation.

Audit on the effectiveness and efficiency of the new Early Detection and Exclusion system (EDES) in protecting the EU financial interests (carry-over from 2017).

The objective was to assess whether this new system, in place as of 1 January 2016, ensures the early detection and prevention of financial and reputational risks. Two very important recommendations were issued related to i) the need for providing guidance and raise awareness and ii) to ensuring the application of EDES in practice. A third important recommendation was also issued concerning the monitoring of deadlines of EDES panel procedures. The three recommendations were reported as implemented by BUDG.

IAS carried-out a follow-up audit in 2019 on the implemented recommendations and concluded - Ares(2020)234438 - that the Monitoring deadlines of EDES panel procedures recommendation was adequately and effectively implemented and has therefore been closed. The recommendation on the need for providing guidance and raise awareness (very important) has not been fully implemented.

While IAS acknowledges that progress has been made in raising awareness and guiding external stakeholders in the use of EDES (e.g. via workshops targeting different management modes), further actions are still needed to raise awareness on the use of EDES at the level of the Member States' authorities, including through the nomination of 'national user administrators' for EDES and the participation in the relevant working groups in Council and expert groups which include Member States' experts. Therefore recommendation has been re-opened, however downgraded from "very important" to "important" as the actions implemented so far have increased the level of awareness on EDES overall and have therefore reduced the residual risk.

IAS is currently carrying out a follow-up audit for the third recommendation "ensuring the application of EDES in practice". No results available yet.

Audit on Synergies and efficiencies review (SER)

The main objective of the audit was to assess whether the Commission has put in place a clear framework and methodology, as well as sound processes and controls to ensure that the objectives of the SER Communication are met and to assess the state of play of the SER Communication approximately two years after its adoption. A very important recommendation derived from this audit aiming at embedding the synergies and efficiencies review culture Commission wide. The six recommendations have been

implemented by BUDG.

The follow-up audit carried out by IAS in 2019 concluded - Ares(2020)1022208 - that the following five recommendations have been adequately and effectively implemented and will therefore be closed : Recommendation No 1 (important): Implementing the SER in practice; Recommendation No 2 (very important)- Embedding the SER culture Commission-wide; Recommendation No 3.1, 3.2 and 3.3 (very important): Improve monitoring arrangements and the reliability of savings estimates.

Recommendation No 3 (very important) - Improve monitoring arrangements and the reliability of savings estimates - have not been fully implemented. While IAS noted good progress made so far in terms of reporting to the Corporate Management Board, the communication does not specifically address two elements of the recommendation and resulting action plan, therefore the recommendation has been re-open and downgraded from very important to important as the progress made overall and the number of actions that are on-going reduce the risk initially identified regarding the reliability of the savings estimates and of the reported progress which could affect the relevance of the estimates for the decision-making process.

B. Open audits

Audit on management of recovery orders for competition fines and for recovery orders in the context of the Commission's corrective capacity

The overall objective of the audit was to assess whether the Commission has put in place an effective and efficient control system for the management of the recovery orders for competition fines (including guarantees for competition fines) and for recovery orders in the context of the Commission's 'corrective capacity' both at the central and the operational level. Two very important recommendations were issued related to i) dealing with insolvencies and bankruptcies and ii) the offsetting process by the Accounting Officer. BUDG accepted the recommendations and submitted to IAS an action plan on 10/01/2020 - Ares(2020)154474.

a) Recommendation "dealing with insolvencies and bankruptcies":

The IAS recommends BUDG to instruct AODs to carry out checks on debtors and legal entities. In addition, BUDG should put in place preventive and detective risk-based controls to review regularly the financial and legal situation of economic operators with pending recovery orders. Considering the decentralised model for financial management of the Commission, BUDG should invite the Corporate Management Board (CMB) to decide on the set up of a comprehensive and reliable set of tools at Commission level.

Recommendation on "the offsetting process by the Accounting Officer":

The IAS recommends BUDG :

- 1) to ensure that recovery orders are encoded in ELC on a timely basis, to exchange on a timely basis relevant information for offsetting purposes between units and to provide to the staff member(s) responsible to update the ELC database with access to the relevant tools. In the long term, to integrate the ELC database and legal entities/bank accounts into SUMMA.
- 2) Clarify with the Legal Service whether the procedure and criteria to apply 'exemptions' to the offsetting rule is correct and complies with the financial regulation. BUDG should adapt procedures and criteria if needed based on the legal opinion.
- 3) Regarding fraud aspects, to consider the risk of fraud when analysing suitable payments for offsetting.

European Court of Auditors

The following recommendations remained opened at the end of 2019:

- Special Report 17 2016 "The EU institutions can do more to facilitate access to their public procurement": one recommendation remaining related to collection and analyse of data procedure by procedure.
- Special report 35 2018 "EU funds implemented by NGOs more effort needed" : two recommendations remaining on i) Enabling the various grants management systems to record the funding received by all beneficiaries contracted by the EU and ii) the adoption of an uniform approach to publishing in the FTS
- Annual report on the financial year 2017 resulting in 5 recommendations for BUDG related to i) Invite the European Parliament and Council to provide for mechanisms to better manage the risk of payment backlogs in the context of post-2020, ii) Audit on Quality of reporting on performance, iii) Commission's policy for data, information and knowledge management, iv) Review the performance indicators used for the EU budget at all levels and v) Review the existing VAT own resources control framework
- Annual report on the financial year 2018 resulting in 15 recommendations for BUDG related to : i) Ensuring effective management and up-to-date monitoring of the EU budget's exposure to the related guarantees; ii) Including in the programme statements indicators that balance between inputs, outputs, results and impacts; iii) Including in the programme statements indicators that have a clear link with the actions financed; iv) Including in the programme statements indicators that reflect the achievements of EU spending programmes; v) Including in the programme statements indicators that cover the programme objectives; vi) the audit on Effectiveness and efficiency of the new Early detection and exclusion system (EDES) in protecting the EU financial interests in BUDG; vii) Proposing performance frameworks for all programmes with quantitative milestones; viii) Proposing performance frameworks for all programmes with quantitative targets, stipulating the year of the target; ix) Proposing performance frameworks for all programmes with data with the required level of quality; x) Aiming to receive timely performance information for all performance indicators; xi) To document the targets proposed so that the budgetary authority can assess their level of ambition; xii) Improving the Programmes' Performance Overview by using one method for calculating progress towards the target from the baseline; xiii) Improving the Programmes' Performance Overview by explaining the rationale for the method for calculating progress; xiv) Implementing a more structured and documented risk assessment for the TOR inspection planning; and xv) Reinforce the scope of the monthly and quarterly checks of TOR and account statements.

Based on the above recommendations, the Commission has improved the documentation of this risk assessment for its 2020 TOR programme. This included a more detailed documentation of the evaluation of the regular 11 risk criteria used and a questionnaire completed by all TOR inspectors to rank the inspection topics suggested by Commission services and Member States. As regards ranking Member States by risk, BUDG inspected all 28 Member States in 2018 and 2019 on the topic of customs (under)valuation considering the threat to the EU budget and the magnitude of fraud. Reflections on further improvements continue.

Additional measures were also already included for the Commission's 2020 TOR inspection plan whose main inspection topic is the reliability of the TOR accounting in all Member States. All Member States will be asked to submit the total B account at national level (customs duties established but not recovered yet), i.e. not restricted any longer to the local/regional customs offices to be inspected. The Commission will verify the reliability of the TOR accounting by checking, on the basis of underlying entries in the accounts and Member States' systems, that the statements of A and B

accounts are reliable.

- Special report No 01 2019 "Fighting fraud in EU spending action" resulted in 2 recommendations for BUDG in order to i) ensure that Commission services use the Early Detection and Exclusion Data Base in direct and indirect management; and ii) to call on Member States to identify and flag fraudulent economic operators.
- Special report No 12 2019 "E-commerce many of the challenges of collecting VAT and customs duties remain to be resolved" resulted in one recommendation for BUDG in order to carry out Inspections on Member States' controls of the low value consignment relief.

4-Details on other control objectives

To specifically address the risk that the annual accounts could be materially misstated (by fraud or other reasons), the resources under the responsibility of the Accounting Officer perform various types of controls and checks (in addition the controls performed by the authorising officer services). These include both controls throughout the year (e.g. review of the DGs accounting information ensuring ongoing accounting quality), as well as specific year-end controls (e.g. review all material year-end bookings of the Commission Services to ensure that there are no material misstatements). The controls in place are covered by written procedures and are documented.

The validation of local systems is also an important element of assurance to the Accounting Officer of the reliability of the information entered by the various authorising departments in the financial systems. The validation team evaluates the systems set up or modified by each of the 61 Directorate Generals, Agencies and other EU bodies covered over a multiannual cycle. Additional details are provided in PART I (specific objective 5)

The Commission's treasury resources are managed in accordance with the rules and principles laid down in the Council Regulation 609/2014 (amended by Council Regulation 804/2016) and in the Financial Regulation and its rules of application.

In addition to the own resources accounts (opened with the Member States Treasuries or their national central banks), other bank accounts are opened by the Commission, with central banks and commercial banks, for the purpose of executing payments and receiving receipts other than the Member State contributions to the budget.

In accordance with the Regulations referred to above, cash resources are kept in the own resources accounts and are transferred to Commission's accounts with commercial banks only when needed to cover the payments execution needs.

Treasury and payment operations are highly automated and rely on modern information systems. Specific procedures are applied to guarantee system security and to ensure segregation of duties in line with the Financial Regulation, the Commission's internal control standards, and audit principles.

A written set of guidelines and procedures regulates the management of the Commission's treasury and payment operations with the objective of limiting operational and financial risk and ensuring an adequate level of control. They cover the different areas of operation (for example: payment execution and cash management, cash-flow forecasting, business continuity, etc.), and compliance with the guidelines and procedures is checked regularly. Additionally, information is exchanged between BUDG and the Directorate-General for Economic and Financial Affairs (ECFIN) on risk management and best practices.

Specific controls apply to fines imposed on companies breaching EU competition rules.

Fines provisionally cashed before 2010 are kept in bank accounts with commercial banks specifically selected (according to an internal risk management policy) for the deposit of provisionally cashed fines. Financial and operational risks are identified and evaluated and compliance with internal policies and procedures is checked regularly. Fines imposed

and provisionally cashed from 2010 onwards are invested in a specifically created fund, BUFI [spell it out], which is managed by DG ECFIN till end-2019, and has as one of its main objectives the reduction of financial risks.

Significant amounts of guarantees issued by financial institutions are provided by the fined companies as an alternative to making provisional payments. The guarantees are managed in compliance with the internal risk management policy. Financial and operational risks are identified and evaluated and compliance with internal policies and procedures is checked regularly.

ABAC is the corporate financial and accounting IT tool allowing for the execution and monitoring of all budgetary and accounting operations. In addition to the controls performed by the Authorising Officer and Accounting Officer services, ABAC includes a set of features ensuring the quality of the data and the reliability of reporting. These include continuous adaption of the tool to ensure compliance with the Financial Regulation and its rules of application, and inbuilt security functionalities and other safeguards minimising the risk of erroneous data entry. Moreover, BUDG, as a horizontal DG, issues guidance to ensure the consistency, coherence and quality of the information entered by the Authorising Officer Services.

Regarding the contingent liabilities (OB.2.4) in annex 3 - table 5bis, this amount is considered correct¹⁷ and concerns fines imposed by the Commission for infringement of competition rules that have been provisionally paid and where either an appeal has been lodged or where it is unknown if an appeal will be made. The contingent liability will be maintained until a decision by the Court of Justice on the case is final.

¹⁷ At the date of the report

ANNEX 11: Specific annexes related to "Assessment of the effectiveness of the internal control systems"

No further annexes needed on Internal Control

ANNEX 12:

Performance tables

SO1 : Drive the process of strategic budgetary planning: Ensure full implementation of the MFF, upgrade short, mid and long term financial forecasting, and facilitate the timely adoption of the MFF 2021-2027

Main Outputs – 2019

Description	Indicator	Target	Latest known result
Facilitating timely negotiations of the MFF agreement under the Romanian and Finnish Council Presidencies	Timeline of the European Council meetings, conclusions and agreement on the next MFF	Political agreement on the 2021-2027 MFF in 2019 allowing for the next generation of spending programmes to effectively take off as of 1/1/2021.	<p>The Commission provided technical fiches (additional 11 MFF fiches), oral and PowerPoint presentations, as well as oral and written replies to Member States' questions, in order to drive the negotiating process forward under the Romanian and Finnish Council presidencies.</p> <p>The Commission also participated in the bilateral meetings with the Member States at the level of the Commissioner for Budget, the Director General and Directors levels. Numerous bilateral meetings requested by the Member States took place on the modelling of the future MFF.</p>
Commission contribution to European Council meetings on the MFF	Results of European Council Meetings on the MFF	Progress reflected in the Sibiu Declaration and Conclusions on the MFF package by the European Council	The Commission contributed to 13 meetings of the General Affairs Council where the future MFF was discussed and to 4 European Councils when the agenda included a point on the future MFF negotiations.
Long-term forecast report(planning, monitoring and forecasting - Art.247.1(c) FR	Define and update scenarios for the next 5 years on the annual revenue projections and payment needs for all MFF (sub-) headings and regularly inform the budget authority.	Manage the MFF on the basis of sound and regularly updated long-term forecasts and provide relevant information for the decision-making process on future annual budgets and the MFF 2021-2027 on annual basis.	The LT forecast report covering 2020-2024 was adopted on time on 26 June, 2019. COM(2019) 305 final

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

Main Outputs – 2019

Description	Indicator	Target	Latest known result
Establish an annual budget for 2020 according to needs within legal deadlines respecting the political priorities	1. Difference between the Draft Budget (DB) and authorized budget 2. Timely adoption of estimates and DB for 2020 3. Timely adoption of amending letters & amending budgets aligned with political priorities 4. Technical update of 2020 financial programming after adoption of 2019 Budget	1. Difference < 1% 2. Commission adopts estimates of expenditure by legal deadline 3. Budget 2020 adopted by EP and Council before the end of 2019. All amending budgets approved by the budget authority by mid December 2019 4. Update sent to EP and Council by end-January 2019	1. The authorised budget was 0.25% higher than the Draft Budget (DB). 2. The Statement of estimates was adopted on 5 June 2019 (SEC (2019) 250), i.e. well in advance of the 1 July Treaty deadline. 3. The 2020 budget was adopted on time on 27 November. 4. The technical update of the financial programming after the adoption of 2019 budget was sent on 21 January 2019.
Allocate Human Resources to Commission services to promote efficiency and alignment to political priorities	Decision consistent with occupation of the establishment plan, corresponding salary credits and Commission policy orientations (new mandate, new MFF)	Decisions in parallel with DB, and December 2019 to reflect priorities of incoming Commission. Pro-active monitoring of efficiencies.	Complementary Allocation for 2019 adopted on 5.6.2019. Final Allocation for 2019 adopted on 11.12.2019. Reserve pool maintained for new priorities. Optimised use of budget appropriations, and positive trend occupation of the establishment plan posts
Assess budgetary implications and ensure sound budgeting within the MFF for new legal acts/Commission decisions; Align the IT tools to the new business needs;	1. Interservice consultations (ISC) processed on time 2. Alignment of IT environment to the modified budgetary structure for the next MFF	1. At least 95% of replies to ISC within normal ISC deadline 2. New development of BadgeBud available by end 2019 (for the launch of the 2021 budget procedure).	99.5% of replies were sent within the deadline Developments started on time in 2019 and the launch of the 2021 budgetary procedure could start as planned. They will be pursued throughout 2020 to ensure the (recurrent) smooth transition to 2021.
Annual budget implementation	Degree of annual budget implementation	Full implementation making use of	The implemented commitment appropriations

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

Main Outputs – 2019

Description	Indicator	Target	Latest known result
<p>making use of transfers and carryovers</p>	<p>Number of transfers accepted by the budgetary authority</p> <p>Timely adoption of the justified carryover requests</p>	<p>transfers and carryovers</p> <p>Budgetary Authority approves all transfer requests;</p> <p>Decision taken by 15/2/2019</p>	<p>amounted to EUR 161,3 billion (including the appropriations carried over to 2020 but excluding implementation of the special instruments in the reserve, assigned revenue and appropriations carried over from 2018) representing a 99,89 % implementation rate.</p> <p>The implemented payment appropriations amounted to EUR 143,5 billion (including the appropriations carried over to 2020 but excluding implementation of the special instruments in the reserve, assigned revenue and appropriations carried over from 2018) representing a 99,83 % implementation rate.</p> <p>Of the 27 budgetary authority transfers submitted, only one was not adopted (EGF Carrefour case).</p> <p>The carry-over (from 2018-2019) decision was adopted on time on 13 February 2019 (C(2019)1102 final)</p>
<p>Regular monitoring and control of decentralised agencies resources</p>	<p>Timely production of the working document on agencies, which accompanies the draft budget</p>	<p>Working document on agencies published together with DB 2020 Assessment of scope for increased fee-financing in next MFF</p>	<p>The DB 2020 working document on agencies was published as planned on 13 June 2019.</p>

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

Main Outputs – 2019

Description	Indicator	Target	Latest known result
Follow-up and take active part in the legislative process on future own resources	Participation/contribution to meetings of the Council working party on own resources and of the EP relevant fora	Provide timely input in order to come to a timely agreement on the 2021-2027 MFF	Technical fiches and clarifications were provided to address Member States' concerns and questions during the negotiations at Council level. Negotiations are still ongoing, and have been referred to the European Council for guidance.
Participate pro-actively in the interinstitutional negotiations; establish revenue reform as a constitutive element of the overall agreement.	Degree of convergence between Member States on some key elements of revenue reform. Progress in the NegoBox process.	Timely agreement on own resources reform as part of the overall agreement on the Multiannual Financial Framework.	Romanian and Finnish Presidencies of the Council both proposed updated versions of the NegoBox, with input from the Commission. No agreement on own resources at the end of 2019.
Effective management of Member States' own resources payments	1. Timely and accurate collection of OR contributions and related payments 2. Opinion of the Court of Auditors	1. 100% ¹⁸ 2. Positive opinion	1. 100% as of December 2019 2. Positive opinion by ECA for the year 2018
Management of VAT exemption pursuant to PPI (Protocol of Privileges and Immunities)	Timely and accurate recovery of VAT paid by the Commission services	All annual refund requests to be sent by 30/06/2019	All requests sent on time. Followed up where needed.
Control of the Union's traditional own resources (TOR)	1. Implementation and reporting of TOR inspections in accordance with the annual programme; review the risk-based approach for the annual programme for the next years	1. 100%; review presented to MS in the course of the year	1. 95.95%. 22 of the 23 inspections performed. 1 inspection is postponed to early 2020 for service reasons. In addition, 4 inspections from the 2018 programme were performed in January 2019. In addition, BUDG will increase its monitoring capacity in order to target its inspection resources more flexibly on emerging trends and risks affecting

¹⁸ Cyprus had exceptionally a short delay of one day in making available own resources. This delay does not affect the overall result as it is less than 0,001% of the total

S03: Efficiently and effectively manage and control the revenues of the EU budget, in particular the Union's own resources. Ensure the follow-up of the reflexion on future financing of the EU, including its related streams in other policy areas. Prepare the legislative proposals on own resources post 2020

Main Outputs – 2019

Description	Indicator	Target	Latest known result
	2. Timeliness of assessment of Member States' write-off reports and related financial impact	2. All irregular TOR write-offs are made available to the EU budget	<p>TOR. These ad hoc inspections and desk audits will be carried out in a needs-oriented manner as of 2020.</p> <p>This more flexible approach has been presented to Member States during the December 2019 ACOR meeting.</p> <p>2. Altogether 213 write-off reports were assessed (including cases where additional information was provided) with a volume of EUR 120.4 million. In 43 cases Member States were invited to make available the related funds or to confirm such requests after their review for an amount altogether of EUR 33.5 million. As a rule, outstanding amounts were subsequently made available in due course</p>
Control of VAT-based own resources: Reasonable assurance that Member States' VAT statements are correct and comply with OR regulations	Degree of completion of agreed programme of inspections	100%	100% ¹⁹ Note that the inspection of the French flat-rate farmers correction and the weighted average rate calculation, originally scheduled for December 2019, had to be postponed to March/April 2020
Establishment, in close co-operation with Eurostat, of GNI-based own resources	Agreement by the Member States in the November GNI Committee, for the calculation of annual VAT/GNI balances	Agreement reached on time	Agreement reached on time.
Calculation of Own Resources basis	Approval in the ACOR meeting (based on new ORD which entered into force on 01/10/2016 with retroactive effect from 1 January 2014 onwards)	Approval obtained on time	Approved in the ACOR meeting of 24 May, 2019.

¹⁹ The Estat part of the inspection to France, originally planned for December 2019, had to be postponed to the end of the first quarter of 2020.

S03: Efficiently and effectively manage and control the revenues of the EU budget, in particular the Union's own resources. Ensure the follow-up of the reflexion on future financing of the EU, including its related streams in other policy areas. Prepare the legislative proposals on own resources post 2020

Main Outputs – 2019

Description	Indicator	Target	Latest known result
Calculation of UK rebate	Approval in the ACOR meeting	Approval obtained on time	Approved in the ACOR forecast meeting of 24 May, 2019. Bilateral meeting with the UK took place on 24 May, 2019 before the ACOR forecast meeting.

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

Main Outputs - 2019

Description	Indicator	Target	Latest known result
Publication of the Commission and consolidated Annual accounts of the EU budget	1. Timely adoption by Commission 2. Positive DAS on annual accounts from ECA	1. Adoption: 30/6/N+1 2. Maintain the positive DAS on annual accounts	1. 2018 accounts adopted on 26/06/2019 2. Clean opinion received on 2018 accounts
Annual Accounts of all entities under the responsibility of the Accounting Officer of the Commission	1. Timely adoption by relevant authorities 2. Positive DAS on annual accounts from ECA	1. Adoption: 30/6/N+1 2. Maintain the positive DAS on annual accounts	1. All accounts adopted before 30/06/2019 2. Clean opinions received on all 2018 accounts
Integrated financial and Accountability reporting 2018 in order to improve the consistency of reporting on Budget performance	High quality and readable report, with a positive impact on discharge discussion	1. Publish the Integrated financial and Accountability reporting which includes: <ul style="list-style-type: none"> • EU Annual Accounts • Annual Management and Performance Report (AMPR) which provides a comprehensive narrative and examples of the performance of the EU Budget and includes information on the protection of the EU Budget • Cashflow information • The annual internal audit report • Report on the follow-up to the discharge for the 2017 financial year Transmission of the individual reports to EP, Council and ECA by 30/6-N+1	AMPR adopted on 25 June 2019, improved presentation of performance information welcomed by Parliament and Council. Programmes' Performance Overview presented for the second time as part of the Draft Budget 2020 documents, adopted on 5 June 2019. Concise overview of performance welcomed by Parliament, Council and ECA.

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

Main Outputs – 2019

Description	Indicator	Target	Latest known result
Efficient and effective Treasury Management and safekeeping of funds	<p>1. Lack of cash resources has no impact on the processing of authorised payments</p> <p>2. Execution of payments within one day after authorisation.</p> <p>3. Regular availability of cash forecasts at short and medium term</p> <p>4. Losses on bank balances</p> <p>5. DAS on the treasury tasks</p>	<p>1. No payments authorised are delayed due to lack of cash</p> <p>2. 98% of all payments</p> <p>3. Daily update for very short term and weekly for monthly forecasts</p> <p>4. losses on bank balances = 0%</p> <p>5. Positive DAS</p>	<p>1. Cash flow throughout the year was always sufficient to execute all authorised payments on time.</p> <p>2. Over 99% of authorised payments executed within one day</p> <p>3. All cash forecasts regularly produced as planned</p> <p>4. No losses on bank balances in 2019</p> <p>5. Positive DAS received</p>
Ensure the budgetary financial year transition	Timely opening in ABAC of the budget year (appropriations + RAL)	<p>Interruption of payment operations not to exceed 7 days.</p> <p>Complete carry-forward expenditure by 14 January</p>	<p>Payments on previous commitments interrupted from 1 to 12 January; (6 working days)</p> <p>Carry forward completed on 13 January, as planned.</p>
Efficient and effective Recovery and Fines Management	<p>Number and amount of open recoveries, at the end of 2018 in pre-litigation phase and due for more than six months.</p> <p>% of coverage of the fines and safeguard of the related financial assets in accordance with the applicable risk management policy</p> <p>Go-live of IT Tool (FINE) aiming to improve efficiency and control</p>	<p>Open recoveries at pre-litigation phase and due for more than six months below 20% of the total number and below 10 % of total amount of open recoveries at pre-litigation phase.</p> <p>100 %</p> <p>Final delivery 1st quarter 2019</p>	<p>Open recoveries at pre-litigation phase and due for more than six months represent 18 % of the total number and 13 % of the total amount of open recoveries at pre-litigation phase.</p> <p>At 31/12/2019, fines are covered with a guarantee at 99.1 %.</p> <p>The FINE IT tool was delivered in February 2019.</p>
Validation of local systems	1. Timely evaluations according to the Work Programme	1. Completion of the validation engagements in accordance with the Work Programme at year end	A total of 29 reports were completed. Only one was delayed, in discussion with audited DG.

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

Main Outputs – 2019

Description	Indicator	Target	Latest known result
	<p>2. Provide reasonable assurance that local systems transmit accurate, complete and timely information to draft the annual accounts and produce reliable reporting, both for management and regulatory compliance purposes.</p> <p>3. Multiannual validation cycle</p> <p>4. Annual Report on Validation of Local Systems for ensuring financial data quality</p>	<p>2. Supervisory checks on all Commission services and EU bodies under the responsibility of the Accounting officer. Calculation of risk score.</p> <p>3. Conduct validation engagements in each Commission service at least once every four years.</p> <p>4. The conclusions of the validation activities carried out during the year will be summarised in an annual report, to be prepared in the first quarter of the next year (N+1).</p>	<p>All 11 Traditional Agencies and Joint Undertakings were validated.</p> <p>The number of Commission services not examined during the last four years was reduced from 19 to 7 (6 Commission services and the EEAS); which represents 1 % of the budget.</p> <p>The draft annual report was completed on 28 January 2020.</p>
<p>Ensure that the ABAC services are highly available within reasonable costs and efforts</p>	<p>1. Number of incoming ABAC requests at the helpdesk are closed within 4 hours</p> <p>2. Availability of ABAC</p>	<p>1. > 80%</p> <p>2. Up time of ABAC > 95%</p>	<p>75.20 %</p> <p>97.9 %</p>
<p>Continuous alignment of ABAC to budgetary, accounting and legal requirements, new business needs (e.g. new agencies), and corporate IT infrastructure evolution.</p>	<p>1. System developments should be limited to the purpose of evolutive and corrective maintenance, unless having a clear added value for the new system SUMMA.</p> <p>2. ABAC deployment for agencies and other external entities on the date mentioned in the relevant SLA unless subsequently requested otherwise by concerned external entity and agreed by BUDG.</p>	<p>1. Non-maintenance system developments = 0.</p> <p>2. Number of days deviating from the date agreed in the SLA = 0.</p>	<p>a) Activation New Financial Regulation b) Commission reorganisation (legal obligations) c) Legal Commitment Kernel related adjustments at business request.</p> <p>No ABAC deployments for external entities during 2019 so by default no deviations. The ABAC deployment for Euro-HPC, originally foreseen for October 2019, was postponed at the request of Euro-HPC as the</p>

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

Main Outputs – 2019

Description	Indicator	Target	Latest known result
	3. Alignment of ABAC system to IT infrastructure requirements	3. End of 2019 unless specified otherwise	precondition of financial autonomy was not attained. Migration Weblogic finalised Oracle migration partially done (waiting on DIGIT Data Center)
Implementation of the new Corporate Finance Platform SUMMA to maintain a modern and high quality Information System	<p>1. The Solution Design phase results in a list of functional specifications describing the enhancements/gaps to be built on S/4HANA.</p> <p>2. The Solution Build phase starts</p> <p>3. The exact integration of SUMMA with the other corporate tools, especially eProcurement, is clarified between DG BUDG and DIGIT.</p>	<p>1. The backlog of enhancements/gaps (with a prioritisation and cost estimate) is signed off by Management in multiple batches with completion in September 2019.</p> <p>2. The Solution Build phase starts in Q2 2019</p> <p>3. The detailed business scope of SUMMA versus eProcurement is documented and presented to the GPSB (Grants & Procurement Board) and SUMMA Steering Board for approval by September 2019</p>	<p>The planning of the project was revised in early 2019 and the timeframe for its completion extended by two years. As a result the targets deadlines will be updated as follows:</p> <p>1. New deadline for pilot Sept. 2020 2. New deadline Q1 2020 3. New deadline July 2020</p>

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

Main Outputs – 2019

Description	Indicator	Target	Latest known result
Contribution to the preparation of the 2021-2027 MFF	1. Negotiation of the new spending programmes 2. Protection of the budget in case of generalised deficiencies as regards the rule of law in Member States	1.Support the lead DGs 2.Negotiate and reach an agreement as part of the MFF 2021-2027 package;	1. DG BUDG provides continuous support to the lead DGs with focus on simplification, flexibility and preserving the coherence of the MFF package including through the establishment of a horizontal line in the negotiations such as in the area of synergies between programmes. 2. DG BUDG helped clarify a number of technical issues in the latest compromise proposal of the Romanian Presidency, preparing the trilogues in 2020.
Implementation of Financial Regulation 2018	1. Implementing the revised rules on conflicts of interest in the Financial Regulation 2018 2. Other regulatory alignments	1.Complete an overview of national implementation measures and promote exchange of best practices among Member States 2.Align: - the Financial Framework Regulation on decentralised agencies, - the Model Financial Regulation for public-private partnerships, - the EDF Financial Regulation - the Financial and Administrative Frameworks Agreements with Commission implementing partners	1. A conference for Member State experts was organised on 10 April 2019, a survey of national rules on conflict of interest launched and guidance is being prepared. BUDG has also coordinated the follow up to specific cases of alleged conflicts of interest. 2. New Framework Financial Regulation and Model Financial Regulation were adopted. The subsequent alignment of each of these bodies' financial rules after examination by DG BUDG has created a common set of rules on governance.
Lead and modernise the financial community	1. Promote simplification, coherence and sound financial management within the existing legal framework	1.1 Use of simplification tools in funding programmes;	1.1 Instead of the simplification scoreboard, DG BUDG is closely following the treatment of simplification aspects in the negotiations of the various basic acts of provisions of the 2018 Financial Regulation by producing interpretation notes, guidance and models related, in particular, to

	<p>2. Implementation of the strategy for SEDIA (single financial portal), eProcurement and eGrants</p> <p>3. Functioning of the Early Detection and Exclusion System merger with the financial irregularities Panel</p> <p>4. Support to the DGs for the implementation of the Commission's Internal Control Framework and for the annual reporting and risk assessment</p>	<p>1.2. Timely and relevant reply to Inter-Service Consultations,</p> <p>1.3.SFC helpdesk questions and Advice on the application of the Financial Regulation</p> <p>2.Support expansion of SEDIA, eGrants and eProcurement and design future integration in SUMMA</p> <p>3.Increase awareness, use and guidance of EDES in line with internal audit recommendations</p> <p>4.1 Regular exchanges with/among services;</p> <p>4.2 (Peer) review of the</p>	<p>indirect management, grants, procurement and other instruments;</p> <p>1.2. More than 1152 ISC treated as leading and associated service with 99.5% answered on time</p> <p>753 requests received for advice on the interpretation of the Financial regulation, implementing rules and guidance via the Helpdesk. Most of them related to procurement, grants and Brexit matters.</p> <p>2. DG BUDG provided legal input in the design of all corporate eGovernance tools. Draft of the first corporate model grant agreement for Spending programmes Post 2020 to be adopted by the Collage in 2020.</p> <p>3. Actions taken to implement the IAS recommendations: - finalised the corporate guidance on EDES updated to the new Financial Regulation; - a Communication Plan endorsed by the Corporate Management Board in March 2019 to increase awareness;- - increasing cooperation with OLAF to ensure follow-up of OLAF reports to be reported to CMB level; - monitor the length of the Panel procedure following its new Rules of Procedure.</p> <p>4.1 :</p> <ul style="list-style-type: none"> • 4 meetings of the ICCNet with systematic exchange of good IC practices • Presentations on specific topics (e.g. exception reporting) • Presentation of IC and risk management to agencies' network • Feedback to the DGs and EAs on their internal control monitoring criteria for 2020 • Other feedback as required <p>4.2:</p>
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	<p>5. Sponsor of financial community: -Financial networks meetings. -Training of financial staff and management -Updated models, templates, guidance and repositories -Proactive information</p> <p>6. Develop knowledge management tools</p>	<p>Annual Activity Reports and of critical risks</p> <p>5. Positive feedback on quality of services: -Training on ABAC, EDES, grants, procurement, internal control - RUF, Internal Control Coordinators. - Updated model contracts, grant agreements, contribution agreements, call for tenders and for proposals and other legal documents or correspondence; - Updated pages in BUDGWEB, newsletter</p> <p>6. Use KOEL to streamline and facilitate access key financial information)</p>	<p>AARs: Carried out in February-March 2019. Conclusions presented to the CMB on 27/03/2019 & 30/04/2019</p> <p>Critical risks: Carried out in November-December 2019 – Presentation of the results to the CMB on 28/01/2020</p> <p>5. Very positive feedback received from the clients on all the services provided by the Central financial Service (86% for ABAC and financial training and 91% for the help desk).</p> <p>The RUF network, newsletters messages reached 3.000 members.</p> <p>The corporate financial website (BudgWeb) reaches about 8.000 users monthly and has 30.000 visits per month showing that BudgWeb is a valuable working tool in finance that provides updated information and models.</p> <p>6. In order to have “Knowledge On line” for European Legislation, BUDG launched in March 2019, the knowledge management project “FR Annotations” that aims to harness staff’s knowledge of the Financial Rules, to promote a wider understanding of DG BUDG Regulatory Framework, and encourage a collaborative working culture. Annotations to the Financial Regulation (FR Annotations) are gradually being built up.</p>
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S07: Drive the strategy of EU budget focused on results inside the Commission and engaging with the different stakeholders with a view to making progress throughout the current MFF along three axis (i) reinforced alignment with political priorities (focus), (ii) effectiveness in implementation (speed) and (iii) positive impact on the ground (impact).

Main Outputs – 2019

Description	Indicator	Target	Latest known result
In-depth programme performance analysis	1. In-depth spending programme analysis with focus on European added value	1.1 Key performance issues identified and discussed in the draft budget process. Programme statements annexed to the DB 2020 1.2 New framework in place for in-depth analysis of specific EU spending programmes by end 2019	Performance has been discussed prominently in the budget hearings in the run-up to the draft budget 2020, which includes the programme statements as working document 1. Programme statements focus on key performance indicators to measure performance and further explain each programme's EU added value. DG BUDG is currently working on developing the performance assessment of the spending programmes in the Programme Statements, which can then be used in the context of the preparation of the draft budget and the new ECA Annual Report on Performance.
Performance reporting and communication	1. Streamline and make more accessible the reporting instruments 2. Resume dialogue with our main stakeholders regarding performance	1. Publication of an interactive online overview of programme statements by end 2019 2. Ensure that Budgetary authority and stakeholders develop a common understanding of the Commission approach to EU Budget performance	Performance has been discussed prominently in the budget hearings in the run-up to the draft budget 2020, which includes the programme statements as working document. Programme statements focus on key performance indicators to measure performance and further explain each programme's EU added value. DG BUDG is currently working on developing the performance assessment of the spending programmes in the Programme Statements, which can then be used in the context of the preparation of the draft budget and the new ECA Annual Report on Performance.
Developing the 2021-2027 MFF performance framework	1. Co-Lead of Inter-Service Working Group on monitoring and evaluation	1.1 Develop a Monitoring & Evaluation framework including relevant indicators for each spending programme to be operational by the start of the new programming period. 1.2 Provide continued support to DGs during the MFF negotiations to ensure coordinated	DG BUDG is in the process of refining the performance framework for the next MFF to more accurately and concisely report on core performance indicators. In this respect, DG BUDG is in the lead for the development of the core indicators included in the legal base, but closely cooperating with the SG who steers the collection of a wider set of indicators and data by programme in the context of the monitoring & evaluation network.

		<p>approach and safeguarding of established performance framework principles</p>	<p>In 2019 DG BUDG organised one inter-service meeting and three workshops, so as to continue promoting a culture of performance and a common approach across the EC services; to gather and structure performance information for annual reporting; and to design the architecture for the performance framework of the next generation of Programmes.</p> <p>At the end of 2019 it was decided to establish a network of performance correspondents for inter-service communications.</p>
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SO8: Ensure effective management of the relations with the European Court of Auditors, the EP's Budgetary Control Committee (CONT) and the Council paving the way to the Commission's annual discharge.

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

Main Outputs – 2019

Description	Indicator	Target	Latest known results
EP grants 2017 Discharge	Discharge resolution adopted	Adoption by EP plenary in April 2019.	EP adopted report on 26 March 2019, granting discharge to the Commission.
Reply to ECA annual report for the financial year 2018 (Art. 258(1) FR); Reply to ECA Special Reports (Art. 259(1) FR)	Timely delivery of quality replies to ECA annual report & Timely delivery of quality replies to ECA Special reports.	Annual Report: Legal deadline for the replies is 15/10/2019. However, in order to allow the ECA to publish its Annual report in September/early October, replies should be transmitted to ECA mid-August 2019. Special reports: The procedure should be completed in 6 weeks.	Annual Report: Replies were transmitted to the ECA by end of August 2019. Special reports: Replies to 8 special reports delivered within the legal deadline. Replies to 7 special reports delivered within 5 working days of the legal deadline. Replies to 10 special reports delivered with a delay of more than 5 working days.
Maintain constructive relations with the ECA	Timely support to discharge correspondents	- Early mapping of ECA performance audits - Facilitate exchange of views between the ECA and discharge correspondents - Development on RAD for a more effective follow-up of ECA recommendations	1) DG BUDG had regular contacts with the ECA and other Commission departments to monitor and exchange views on ongoing performance audits. In particular, DG BUDG organised a meeting with all Commission services at Director-General level in September 2019. This was the basis to launch an action plan in the field of cooperation with the ECA end of October 2019. Regular meetings also took place at Director-General / Deputy Director-General level with ECA Members. 2) DG BUDG set up a mapping of all ECA tasks over the period 2020/beginning 2022,

			<p>which was shared with all DGs for planning purposes.</p> <p>3) DG BUDG cooperated with DIGIT and the ECA on the preparation of future developments of RAD.</p> <p>4) DG BUDG liaised with the ECA and all relevant DGs to ensure that ECA could progress on a new approach for the annual Statement of Assurance.</p>
<p>Relaunch the PIC Network, in line with a strategic approach based upon identified Member State interest</p>	<p>Member State support for, and participation in, EU-wide PIC Conference.</p>	<p>Discussion input to PIC Conference to be provided/endorsed</p>	<p>A conference was held on 14 October at technical level and followed by a workshop. Both were widely attended (with just one or two Member States that could not make it). As a consequence, the Network will be relaunched with a wider scope and a new name (Better Spending Network) and a high-level conference will be organised in the first semester of 2020.</p>
<p>Provide technical guidance on PIFC and External Audit standards to candidate, potential candidate and relevant ENP countries, and provide assessment of reform progress (in line with Stabilisation and Association Agreement or Association Agenda)</p>	<p>Provision of reasoned guidance on PIFC/External Audit policy documents and draft laws.</p> <p>Input and technical analysis are provided to NEAR and EEAS on PIFC and External Audit.</p> <p>Measureable achievements of PIFC implementation and for External Audit reform.</p>	<p>Timely provision of such guidance upon the countries' requests. Participation, or provision of DG BUDG position, in one formal Commission monitoring meeting per year</p> <p>Participation in Regional Seminar on further implementation of the principle of Managerial Accountability</p> <p>Pertinent information on PIFC/External Audit is included in Progress and Monitoring Reports</p>	<p>Done for all Western Balkans countries (enlargement countries: MNE, RS, MK, AL, XK, BA).</p> <p>Done for all Western Balkans countries (enlargement countries: MNE, RS, MK, AL, XK, BA).</p> <p>A conference took place in North Macedonia –in September 2019 in presence of the Commission's accounting officer.</p> <p>Done for all Western Balkans countries (enlargement countries: MNE, RS, MK, AL, XK, BA).</p>