



2017

Annual Activity Report

Annexes

DG BUDGET

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ANNEX 1: Statement of the Resources Director

I declare that in accordance with the Commission's communication on clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission¹, I have reported my advice and recommendations to the Director-General/Executive Director on the overall state of internal control in the DG.

I hereby certify that the information provided in Section 2 of the present AAR and in its annexes is, to the best of my knowledge, accurate and complete."

Date, 28 March 2018

Daniela Gheorghe

Signed

¹ Communication to the Commission: Clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission; SEC(2003)59 of 21.01.2003.

ANNEX 2: Reporting – Human Resources, 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 01.01.2017

Baseline (HR 01.05.2017)	Target (2019)	Latest known result (2017)
0	3	1

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 (2016)
33.2 % ²	40 % ³	41 %

Indicator 3 : Staff engagement index

Source of data: Commission staff survey

Baseline (2014 Staff Survey)	Target (2020 Staff Survey)	Latest known result (2016)
67.4 %	70 % ⁴	70 %

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).

Main outputs in 2017:

<u>Description</u>	<u>Indicator</u>	<u>Target</u>	<u>Latest known result 2017</u>
Flexibility of staff and building bridges across the DG	Number of "working together" traineeships per year	≥ 10	9
	Horizontal working groups	According to needs	Around 20 cross-directorate networks
Internal mobility favours the efficient and effective operation of the DG through increased motivation and broadened experience of staff, while ensuring continuity of service	Internal mobility rate (%)	≥ 5 %	9,8 %
High satisfaction rate enhances engagement and motivation of staff	Average satisfaction rate of DG BUDG staff on in house training	> 80 %	86 % (Syslog data 2016)
	Perception of BUDG staff of balance between private and professional life	≥ 60 %	60 % (staff opinion survey 2016)
	Perception of BUDG staff on equal opportunities as opposite gender	≥ 60 %	74 %(staff opinion survey 2016)

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 (2017)
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 (2017)
97 %	97 %	97.38 %

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 (2017)
0 %	20 %	19.34 %

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 (2017)
0	0	0

Main outputs in 2017:			
<u>Description</u>	<u>Indicator</u>	<u>Target</u>	<u>Latest known result 2017</u>
Important documents are registered, filed and retrievable	Percentage of registered documents filed in Nomcom	> 99 %	99.61 %
Access to important documents is guaranteed at the long term	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 %
Documents are shared and reusable by other DGs.	Percentage of files accessible to other DGs	20% In 2018 the filing plan will be reviewed for the all DG, at this occasion we will further examine the accessibility of files	19.34 %
BUDG Management Video Readout	Regular publication on the next day after management meeting	> 90%	94.6 %
BUDG Units presentations on BUDGnet	Regular presentation of BUDG units on BUDGnet	At least 15 units	All BUDG units covered (7 unit lunchtime conferences and 38 spotlights on colleagues)

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

Indicator 1 : Percentage of EU citizens having a positive image of the EU

Definition: Eurobarometer measures the state of public opinion in the EU Member States. This global indicator is influenced by many factors, including the work of other EU institutions and national governments, as well as political and economic factors, not just the communication actions of the Commission. It is relevant as a proxy for the overall perception of the EU citizens. Positive visibility for the EU is the desirable corporate outcome of Commission communication, even if individual DGs' actions may only make a small contribution.

Source of data: Standard Eurobarometer (DG COMM budget) [monitored by DG COMM [here](#)].

Baseline: November 2014	Target: 2020	Latest known result (2017)
Total "Positive": 39 % Neutral: 37 % Total "Negative": 22 %	Positive image of the EU ≥ 50 %	Eurobarometer n° 86 – May 2017: Positive: 40 % Neutral: 37 % Negative: 21 % (Don't know: 2 %)

Annual communication spending (based on estimated commitments):

Baseline (2015):	Target 2017: EUR 615 000	Total amount spent : EUR 447 500	Total of FTEs working on external communication
145 000 (paper and e-publications), 160 000 web mastering, 25 000 media seminar	DG BUDG budget lines: •paper and e-publications: EUR 150 000 •open doors day – conferences, meetings: EUR 5 000 • web mastering – Technical Assistance: EUR 270 000 DG COMM budget line(s) – see ARES(2016)533656: EUR 190 000 • 3rd Conference on Budget Focused on Results: EUR 50 000 • Public consultation and events in member States on MFF post-2020: EUR 60 000 • MFF post -2020 proposal communication material: EUR 30 000 • two media seminars: EUR 50 000	<u>BUDG budget: EUR 307 500</u> paper & e-publications = EUR 150 000 web mastering = EUR 157 500 <u>via COMM budget : EUR 140 000</u> Conference on the future of Europe finances Communication material related to the future of Europe finances and post-2020 MFF	7

ANNEX 3: Draft annual accounts and financial reports

See a separate document

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.

ANNEX 5: Internal Control Templates for budget implementation (ICTs)

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 <i>It may happen (again) that...</i>	Mitigating controls	How to determine coverage frequency and depth	How to estimate the costs ⁵ and benefits of controls	Possible control indicators
Member States do not provide the corresponding underlying data	Calculation of the amounts requested in the monthly call for funds (VAT, GNI and corrections)	Exhaustive control (100 %)	Costs: estimation of cost of staff involved	Effectiveness: % of national contributions and TOR amounts reported in the A statements made available timely
Member States (MS) not paying amounts of Own Resources due or not paying them promptly.	Control of the TOR statements and introduction of information in the unit's database Control of receipt of VAT annual statements and entry of the data to the relevant data base		Benefits: Timely and comprehensive collection of Own Resources, considered free from material error	
(This risk is common to all three resources. BUDG monitors receipt of timely and full making available of resources)	Follow-up of related payments by using information received from the treasury: control of the correct amount and the respect of the due date. Delays in paying own resources give rise to payment of interest by the MS concerned.	100 % of MS contributions	(n.q)	Number of accounting documents generated for actual/potential corrective payments by Member States of principal or interest ⁶

⁵ **Costs of controls:** For estimation purposes 1 HC= 1 FTE reflecting therefore a maximum amount of cost of controls. Estimation on resources is only available in Head Count units. FTE correspondence is not available for BUDG and it is not considered cost-effective to obtain (no impact on the conclusion of the assessment).

⁶ Number generated by all control activities covering TOR.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	How to determine coverage frequency and depth	How to estimate the costs ⁵ and benefits of controls	Possible control indicators
	<p>Immediate reminders for the outstanding payments are sent, supported with contacts at high level.</p> <p>Infringement procedures are launched when necessary.</p>	100 % of standing amounts are followed- up		Number of open infringement files and their annual variation
	<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>	100 % of relevant elements identified		Number of Commission infringement decisions taken (Art. 258 TFEU)
	<p>Contacts with MS aimed at preventing the risk materialising and to anticipate information on a possible delay on payments.</p>	In case there is information suggesting Member States might delay payments.		Efficiency/Cost-effectiveness: Proportion of overall cost of controls over total value of contributions dully collected and on time
	<p>Pre and post-event reminders (VAT)</p>	100 % of MS		

B – Verification of TOR collected and VAT OR base calculation by MS/ Calculation of GNI contributions (7)

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 <i>It may happen (again) that...</i>	Mitigating controls	How to determine coverage frequency and depth	How to estimate the costs ⁸ and benefits of controls	Possible control indicators
<p>Irregularities/errors in MS systems and/or statements might remain undetected and funds not duly collected. (TOR)</p> <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>	<p>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).</p> <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>Risk based annual inspection programme</p>	<p>Costs: estimation of cost of staff involved and travel and subsistence budget for on the spot controls.</p> <p>Benefits: 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>Effectiveness: Complete and timely implementation and reporting of TOR inspections in accordance with the annual programme</p> <p>Timely assessment of Member States' write-off reports for irrecoverable amounts of TOR and of individual cases of financial responsibility.</p>

⁷ 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](#).

⁸ **Costs of controls:** For estimation purposes 1 HC= 1 FTE reflecting therefore a maximum amount of cost of controls. Estimation on resources is only available in Head Count units. FTE correspondence is not available for BUDG and it is not considered cost-effective to obtain (no impact on the conclusion of the assessment).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	How to determine coverage frequency and depth	How to estimate the costs ⁸ and benefits of controls	Possible control indicators
	Assessment of Member States' write-off reports	100 % of Write- Off reports communicated via the WOMIS IT application	Amounts of TOR corrected and recovered from MS derived from irregularities detected by controls (q.)	
	Follow-up of individual cases of financial responsibility	100 % of cases detected		Efficiency/Cost-effectiveness: 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.
<p>Member States may not have compiled their annual VAT statements in compliance with the legal requirements leading to incorrect VAT OR contributions being collected.</p> <p>Time-bar may be activated before statements are subject to verification</p>	<p>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.</p> <p>Annual programmes assembled on basis of risk of statements going out of time.</p>	Annual programmes of inspections covering 100 % of statements for all Member States over a 2 to 3 year cycle	<p>Costs: estimation of cost of staff involved and travel and subsistence budget for on the spot controls.</p> <p>Benefits: Obtain reasonable assurance that total value of VAT OR collected has been calculated on compliant VAT OR bases (q.).</p> <p>Provide reassurance to Member States that all are measured against the legal standard (n.q)</p>	<p>Effectiveness: Complete and on time implementation of agreed programme of inspections throughout the cycle.</p> <p>Number of statements not subject to verification prior to becoming time-barred</p> <p>Efficiency/Cost-effectiveness: Proportion of overall cost of controls over total value of VAT resources collected compliant with regulations.</p>
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.	<p>Deter non-compliant behaviour and motivate Member States to fulfil obligations (n.q)</p> <p>Fulfilment of Commission legal obligation under Regulation 1553/89 (n.q)</p>	

Main risks <i>It may happen (again) that...</i>	Mitigating controls	How to determine coverage frequency and depth	How to estimate the costs ⁸ and benefits of controls	Possible control indicators
			Ensure compliance of MS regulations on VAT with EU Regulation. (n.q.)	
<p>Incorrect GNI contributions are calculated because of poor data from Member States</p> <p>Incorrect GNI contributions are calculated because ESTAT provides BUDG with incorrect GNI OR data (B2)</p> <p><i>(GNI resource is the balancing resource and therefore there is no question of a shortfall in receipts but merely in the question of properly allocating their distribution across the MS)</i></p>	<p>Member State provision of GNI data is subject to a peer-review system in the GNI Committee supplemented by ESTAT verification programme ensuring that data furnished by Member States is comparable, reliable and exhaustive.</p> <p>MOU between ESTAT and BUDG covering respective, roles, parameters for setting reservations and flows of information.</p> <p>Information received from GNI Committee and via digest from ESTAT – reconciliation possible.</p>	<p>Number of GNI committees organised (twice a year)</p>	<p>Costs: Estimation of cost of staff involved and travel and subsistence budget for on the spot controls.</p> <p>Benefits Correct and compliant distribution of Member States share of GNI is calculated (n.q.)</p>	<p>Effectiveness: See indicators reported by ESTAT in the ICT on the verification of GNI data</p> <p>Efficiency/ Cost-effectiveness: Compliant distribution of GNI achieved with a reasonable cost.</p>

C – Follow-up of verification results

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	How to determine coverage frequency and depth	How to estimate the costs ⁹ and benefits of controls	Possible control indicators
	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.	100 % of irregularities detected , MS write-off reports and individual cases of financial responsibility	<p>Costs: estimation of costs of staff involved</p> <p>Benefits: 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>Effectiveness: % of financial irregularities followed up via recovery orders created and paid (TOR)</p> <p>Efficiency/Cost-effectiveness: Proportion of VAT reservations in place for more than 5 years.</p>
Anomalies identified might not be explained or resolved.	Submit TOR and VAT inspection reports to ACOR for scrutiny and discussion in Committee	100 % of TOR and VAT inspection reports presented at ACOR	<p>Costs: estimation of cost of staff involved</p> <p>Benefits: 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 (n.q.)</p>	<p>% of VAT and TOR reports presented at first available ACOR meeting.</p> <p>Proportion of overall cost of controls over total TOR/ VAT resources collected compliant with regulations and/ or over TOR irregularities recovered</p>

⁹ **Costs of controls:** For estimation purposes 1 HC= 1 FTE reflecting therefore a maximum amount of cost of controls. Estimation on resources is only available in Head Count units. FTE correspondence is not available for BUDG and it is not considered cost-effective to obtain (no impact on the conclusion of the assessment).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	How to determine coverage frequency and depth	How to estimate the costs ⁹ and benefits of controls	Possible control indicators
	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>Benefits: Amounts to be verified don't become 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>Benefits: 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>Benefits: 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 <i>It may happen (again) that...</i>	Mitigating controls	How to determine coverage frequency and depth	How to estimate the costs ⁹ and benefits of controls	Possible control indicators
GNI irregularities/potential irregularities detected are not properly followed- up because no reservation is set	Guidelines agreed by ESTAT and BUDG on the correct use of GNI reservations (annex of MOU between the two DG').	100 % of reservations requested by ESTAT are properly and timely notified to MS	<p>Costs: estimation of cost of staff involved.</p> <p>Benefits: GNI data used for own resources calculation is correct and necessary corrective action is not time-barred.</p>	<p>Effectiveness: Percentage of communications from ESTAT regarding setting, lifting or varying GNI processed within 4 working weeks</p> <p>Efficiency/Cost-effectiveness: Compliant and timely management of GNI reservations achieved with a reasonable cost.</p>

2- UK correction calculation

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	How to determine coverage frequency and depth*	How to estimate the costs ¹⁰ and benefits of controls	Possible control indicators
<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>Benefits: Amounts paid to the Member State concerned are accurate and ulterior corrections are avoided.</p> <p>(q)</p>	<p>Effectiveness: % error rate detected after calculation.</p> <p>Efficiency /Cost-effectiveness:</p> <p>Calculation is made correctly and on time.</p> <p>Proportion of overall cost of controls over total amount of amounts correctly calculated and paid.</p>

¹⁰ **Costs of controls:** For estimation purposes 1 HC= 1 FTE reflecting therefore a maximum amount of cost of controls. Estimation on resources is only available in Head Count units. FTE correspondence is not available for BUDG and it is not considered cost-effective to obtain (no impact on the conclusion of the assessment).

Verification of GNI data – ESTAT ICT¹¹

Stage 1: GNI Verification - multiannual

Main control objectives: Ensure GNI data are consistent with ESA

Main risks <i>It may happen (again) that...</i>	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Possible Control indicators
GNI inventories are not submitted on time	Deadline to be set in revised GNI Regulation.	Arrival of MS ¹ inventories at Eurostat in English		Number of inventories available by the agreed deadline.
GNI inventories are not of sufficient quality	Detailed GNI inventory guidelines and GNI Inventory Assessment Questionnaire	No need to request MS for submission of revised inventories		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 and direct verification. Peer review through participation of GNIC experts in GNI visits and presentation of mission reports to the GNIC.	Errors detected by other parties.	Costs: staff costs, mission costs of staff and MS observers, possible grants to MS Benefits: All MS GNI data consistent with ESA.	Number of dissenting voices on the Assessment reports in the GNI Committee
Member States do not perform the work required to lift reservations.	Detailed checks of methodology against quality reports and other available information.	Regular GNIC document on the state of play of reservations.		Number of reservations not addressed by the agreed deadline.
Reservations are incorrectly lifted	Detailed checks of reservations (including direct verification where needed) against quality reports.	Regular GNIC document on the state of play of reservations.		Number of dissenting voices on GNI reservations in GNI Committee.

¹¹ 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.

Stage 2: GNI verification annual

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Possible Control indicators
GNI data and/or quality reports are not submitted on time	Plausibility checks undertaken by GNI team in the period 22 September – November meeting of the GNIC.	Receipt of annual GNI questionnaire and quality report for all MS by the regulatory deadline		Number of MS sending data and quality report by the 22 September deadline with no need to resubmit.
GNI data or quality reports are not of sufficient quality	Basic quality checks done in this period (e.g. for completeness, plausibility, against published data); detailed quality checks for the year t-4	No need to request MS for further submission.	Costs: Staff costs Benefits: annual GNI data deemed as being appropriate for use for Own Resources purposes.	Number of requests for MS to resubmit data or quality report
Final data are not submitted for year t-4	General reservation issued for year t-4.	Member state either labels data as provisional or there is little change from previous year's data without explanation.		Number of general reservations issued.
Revisions to the year t-4 cannot be assessed by the date of the November meeting of the GNIC due to their complexity	Process-specific reservation issued for year t-4	High complexity of the revisions to year t-4 that requires detailed checks (possibly on the basis of a new inventory) including e.g. cross-country analyses, visits to MS, direct verification etc.		Number of process-specific reservations issued.
Opinion of GNI Committee is negative or not forthcoming	Checks by GNI team for possible deficiencies that might lead to a negative or no opinion.	Advance contact with MS leading to submission of revised GNI data or quality report with deficiencies corrected		Positive opinion of GNI Committee issued and minuted.

Procurement and Administrative Expenditure

Stage 1 – Procurement

A - Planning

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	How to determine coverage frequency and depth	How to estimate the costs ¹² and benefits of controls	Possible control indicators
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)	Costs: estimation of cost of staff involved Benefits: 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)	Effectiveness: Number of projected tender cancelled. Number of contracts discontinued due to lack of use (poor planning).
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	Estimated Value of contracts published in procurement process which will be spent (as a maximum) on correctly identified needs. (q.) Needs understood by the tenderer and maximise the probability of getting the right deliverable(n.q)	Efficiency/Cost effectiveness: Proportion of overall cost of controls over total estimated (maximum) value of contracts.

¹² **Costs of controls:** For estimation purposes 1 HC= 1 FTE reflecting therefore a maximum amount of cost of controls. Estimation on resources is only available in Head Count units. FTE correspondence is not available for BUDG and it is not considered cost-effective to obtain (no impact on the conclusion of the assessment).

B - Needs assessment & definition of needs

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	How to determine coverage frequency and depth	How to estimate the costs ¹³ and benefits of controls	Possible control indicators
<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>Benefits: The quality of specifications approved is optimal to receive offers with prices and conditions according to internal expectations and market prices (n.q).</p>	<p>N° of complementary questions regarding the tender.</p> <p>Efficiency/Cost-Effectiveness:</p> <p>Proportion of overall cost of controls over total estimated (maximum) value of contracts</p> <p>Estimated average cost of controls per procurement procedure.</p>

¹³ **Costs of controls:** For estimation purposes 1 HC= 1 FTE reflecting therefore a maximum amount of cost of controls. Estimation on resources is only available in Head Count units. FTE correspondence is not available for BUDG and it is not considered cost-effective to obtain (no impact on the conclusion of the assessment).

C – Selection of the offer & evaluation

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	How to determine coverage frequency and depth	How to estimate the costs ¹⁴ and benefits of controls	Possible control indicators
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.	Costs: estimation of costs of staff involved	Effectiveness: Numbers of 'valid' complaints or litigation cases filed. Efficiency/Cost-Effectiveness: Proportion of overall cost of controls over total estimated (maximum) value of contracts. Estimated average cost of controls per procurement procedure.
	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	Benefits: Compliance with FR and internal rules designed to guarantee that the best value for money offer is selected (n.q.)	
	Opening and Evaluation Committees' declaration of absence of conflict of interests	100 % of the members of the opening committee and the evaluation committee	Value of contracts as a maximum) will be granted to the best offer (value free of error) (q.)	
	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		

¹⁴ **Costs of controls:** For estimation purposes 1 HC= 1 FTE reflecting therefore a maximum amount of cost of controls. Estimation on resources is only available in Head Count units. FTE correspondence is not available for BUDG and it is not considered cost-effective to obtain (no impact on the conclusion of the assessment).

Stage 2 – Financial transactions

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	How to determine coverage frequency and depth	How to estimate the costs ¹⁵ and benefits of controls	Possible control indicators
<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.</p> <p>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>Benefits: Total amount of correct payments made during the year.</p> <p>Amount of irregularities, errors and overpayments prevented by the controls (q).</p> <p>Deterrence effect of controls (n.q)</p>	<p>Effectiveness: % error rate prevented (amount of errors/irregularities averted over total payments)</p> <p>Efficiency/Cost-Effectiveness:</p> <p>% of payments made on time</p> <p>Average time for payment</p> <p>Proportion of overall cost of controls over total amount of payments made</p> <p>Average control cost per financial transaction (commitments, signature of contracts and payments)</p>

¹⁵ **Costs of controls:** For estimation purposes 1 HC= 1 FTE reflecting therefore a maximum amount of cost of controls. Estimation on resources is only available in Head Count units. FTE correspondence is not available for BUDG and it is not considered cost-effective to obtain (no impact on the conclusion of the assessment).

Stage 3 – Supervisory measures

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	How to determine coverage frequency and depth	How to estimate the costs ¹⁶ and benefits of controls	Possible control indicators
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	Supervisory desk review financial transactions	Representative sample (for financial transactions)	Costs: estimation of cost of staff involved.	Effectiveness: Amounts associated with errors detected (related to fraud, irregularities and error). In % over total checked.
	Review of ex post results	Any systemic problem in procurement procedures and in financial transaction procedures are reported and analysed	Benefits: Amount of payments made during the year for which there is reasonable assurance that were made free of material error (q).	N° system improvements made.
	Review of exceptions and non-compliance reports	At least once a year: Evaluation of non-compliance and exception reports	Deterrents & systematic weaknesses corrected to improve procedures and to better address related risks (n.q)	N° of exception non-compliance / exception events reported to ICC and % of these reports giving place to control weakness
	Review of incidents occurred during procurement procedures	Corrective measures taken if appropriate (cost - effectiveness criteria). Revision of procedures and/or checklists.		Efficiency/Cost-effectiveness: Proportion of overall cost of controls over total amount of payments made

¹⁶ **Costs of controls:** For estimation purposes 1 HC= 1 FTE reflecting therefore a maximum amount of cost of controls. Estimation on resources is only available in Head Count units. FTE correspondence is not available for BUDG and it is not considered cost-effective to obtain (no impact on the conclusion of the assessment).

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

N/A for BUDG

ANNEX 7: EAMR of the Union Delegations

N/A for BUDG

ANNEX 8: Decentralised agencies

N/A for BUDG

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

N/A for BUDG

ANNEX 12:

Performance tables

SO1 : Drive the process of strategic budgetary planning: Ensure full implementation of the MFF, conduct the mid-term review / revision to be proposed during 2016, upgrade short, mid and long term financial forecasting, and prepare the proposals for the post 2020 MFF
Main political outputs – 2017

<u>Description</u>	<u>Indicator</u>	<u>Target</u>	<u>Latest known result</u>
Mid-Term Review/revision (Art. 2 MFF Reg.)	Conclude budgetary procedures related to the mid-term review/revision	Conclude budgetary procedures related to the mid-term review/revision in full respect of the political agreement made end 2016, notably a DAB to be submitted in parallel with the annual Technical Adjustment for making the Global Margin for Commitments (GMC) available to the extended Youth (YEI) Employment Initiative and the mobilisation of the contingency margin	As agreed in the MTR, Amending budgets incorporating the increase for the YEI (AB 3/2017 proposed on 30/5/2017 and finally adopted on 13/9/2017) and for the European Fund for Sustainable Development (AB 5/2017 proposed on 28/7/2017 and finally adopted on 24/10/2017)
MFFR- proposal for the post-2020 MFF (Art. 25 MFFR)	Adoption by College End 2017	Prepare a comprehensive proposal for the future Multi Financial Framework (MFF) beyond 2020, including on own resources, to be presented at the appropriate time.	Preparations are ongoing successfully according to the current calendar: Commission will present the proposal for the future Multiannual Financial Framework (MFF) beyond 2020, including on own resources, in May 2018.
Enhance payment planning, monitoring and forecasting	Develop, refine and update scenarios on annual payment needs under the MFF for all (sub-) headings. Update the forecasts for payment appropriations from the current period arising post 2020 (RAL), in line with Point 9 of the IIA.	Manage the MFF on the basis of sound and regularly updated medium-term payments forecasts and inform the preparation of the next MFF.	On 16 October 2017, the Commission presented the Medium term payments forecast for the current MFF and the forecast of payment appropriations after 2020, in accordance with point 9 of the Interinstitutional Agreement of 2 December 2013
Possible revision of the MFF in the event of reunification of Cyprus (Art. 22 MFF Reg.)	Adoption of a proposal for revision of the MFF in the event of reunification of Cyprus	depending if and when a settlement agreement materialises	An Own Resources acquis seminar was organised in view of a political settlement on a unified Cyprus
Response to political priorities and challenges	make use of the existing room for flexibility to respond to challenges in line with the MFF	Quick and effective response respecting the MFF	All necessary financing was ensured for: a) migration and security expenditure in Heading 3 and 4 by using the special instruments b) financing of the EFSI (using GMC) c) financing of the Defence programme

<p>Improving the consistency of reporting on Budget performance</p>	<p>1. Programme Statements contain comprehensive information on programmes' progress and performance of the predecessor programmes</p> <p>2. Annual Management and Performance report provides a comprehensive narrative and examples on the EU Budget contribution to the EU policies</p>	<p>1. "Programme fiches" successfully integrated in the Programme Statements;</p> <p>2. Consolidation of the new framework of AARs + Annual Management and Performance Report and Integrated financial reporting package</p>	<p>1. Fiches for all programmes produced and discussed with DGs in the hearings for the preparation of the Draft Budget. Finalisation of their content and layout.</p> <p>2. The Annual Management and Performance Report provides information on the progress of programmes and demonstrates that the EU budget contributed to the Commission's political priorities and the Europe 2020 objectives.</p>
<p>Integrated financial reporting package 2017</p>	<p>High quality and readable report, with a positive impact on discharge discussion</p>	<p>Publish the Integrated financial reporting package ¹⁷</p>	<p>Integrated financial reporting package 2017 was timely published in July 2017</p> <p>The financial report was published later in October 2017</p>

¹⁷ Containing the Annual Management and Performance Report, the EU annual Accounts and the report on the follow-up of the 2015 discharge

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

Main political outputs – 2017

<u>Description</u>	<u>Indicator</u>	<u>Target</u>	<u>Latest know result</u>
Establish an annual budget for 2018 according to needs within legal deadlines respecting the political priorities	<p>1. Difference between the Draft Budget (DB) and authorized budget</p> <p>2. Timely adoption of estimates and DB for 2018</p> <p>3. Timely adoption of amending letters & amending budgets aligned with political priorities</p> <p>4. Technical update of 2017-2020 financial programming after adoption of 2017 Budget and together with Draft Budget 2018</p>	<p>1. Difference < 1%</p> <p>2. Commission adopts estimates of expenditure by legal deadlines.</p> <p>3. Budget 2018 adopted by EP and Council before the end of 2017. All amending budgets approved by the budget authority by mid Dec. 2017</p> <p>4. Update sent to EP and Council by end-January 2017 and adopted together with DB 2018</p>	<p>1. The final budget was adopted almost at the same level as the Draft budget (including AL) – difference smaller than 0.01%.</p> <p>2. DB 2018 was adopted by the Commission on 29 June 2017, well within the legal deadline.</p> <p>3. The 2018 budget was adopted on timely on 30 November 2017. All amending budgets were adopted by the end of November.</p> <p>4. Technical update of the financial programming transmitted timely on 24/1/2017 and with the Statement of estimates on 30/5/2017.</p>
Annual budget implementation making use of transfers and carryovers	<p>Degree of annual budget implementation</p> <p>Number of transfers accepted by the budgetary authority</p> <p>Timely adoption of the justified carryover requests</p>	<p>Full implementation making use of transfers and carryovers</p> <p>Budgetary Authority approves all transfer requests;</p> <p>Decision taken by 15/2/2017</p>	<p>Full implementation achieved with the use of transfers, global transfer, end of year transfer and non-automatic carry-over.</p> <p>All transfers were approved. The non-automatic carry-over decision adopted on 9/2/2017.</p>
Allocate Human Resources to Commission services to promote efficiency and alignment to political priorities	<p>Decision consistent with:</p> <ul style="list-style-type: none"> - 5% staff reduction target set in Inter Institutional Agreement, - occupation of the establishment plan and corresponding salary credits and - Commission policy orientations 	<p>Decisions in March and/or May, and December 2017 compliant with requirements</p> <p>Continued progress made by other institutions and agencies.</p> <p>Pro-active monitoring of efficiencies.</p>	<p>The Commission has fully achieved the 5% staff reduction target, and indeed the Rapid Case Review of the ECA from December 2017 clearly states this to be the case, also for the other institutions and agencies.</p> <p>The Complementary Allocation for 2017 was adopted on 3.5.2017, and allocated 181 posts across the DGs and services. A further decision on the Final Allocation for 2018 was taken on 6.12.2017, allocating a further 137 posts. These posts came from the redeployment pool.</p> <p>Major efforts continued to achieve all possible efficiency gains and to meet new challenges with a reduced level of staffing</p>

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

Main political outputs – 2017

<u>Description</u>	<u>Indicator</u>	<u>Target</u>	<u>Latest know result</u>
Assess budgetary implications and ensure sound budgeting within the MFF for new legal acts/Commission decisions	Interservice consultations (ISC) processed on time	At least 95% of replies to ISC within normal ISC deadline	In 2017, 98.5% of all replies to Interservice Consultations were sent within the deadline.
Development of methodology for fee-funded agencies	Timely production of the working document on agencies, which accompanies the draft budget	Working document on agencies published together with DB 2018 Feeding work of Inter-institutional Group on Agencies	<ul style="list-style-type: none"> - Working Document published as planned with DB 2018 - Recommendations of the IIWG on Agencies endorsed in October 2017, and adopted by all three institutions by February 2018 - Follow-up: evaluation of EASA pilot model to be carried out, before possible extension to other agencies

SO3: Efficiently and effectively manage and control the revenues of the EU budget, in particular the Union's own resources.

Follow up High Level Group Own Resources in driving forward strategic reflections about own resources reform

Main political outputs – 2017

<u>Description</u>	<u>Indicator</u>	<u>Target</u>	<u>Latest known result</u>
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% 2. Positive opinion	100% as of December 2017 ¹⁸ Positive opinion by ECA for the year 2016
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 2. Timeliness of assessment of Member States' write-off reports and related financial impact	1. 100%; review presented to MS in the course of the year 2. All irregular TOR write-offs are made available to the EU budget	1. 87 % of inspections carried out, three were cancelled and one postponed to January 2018. 2. 100% (all 202 cases) write-offs cases were assessed on time.
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 30/06/2017	All requests sent. Followed up where needed.
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% by end 2017
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 at the GNIC in November 2017
Ensure the follow-up to the Final Report of the High Level Group on Own Resources (HLGOR)	Provide support to the chairman in reporting to the institutions	In the course of 2017, six meetings of the Commission internal network own resources were organised and produced output approved by the associated DGs at working level. Input provided for the Core Group, Vice Presidents' Steering Group.	Notes to support the discussion for VP Presidents' Steering Group. Orientations to work on a selected number of own resource candidates confirmed, i.e. CCCTB, VAT reformed, Digital, ETS, Seigniorage and plastics.

¹⁸ Bulgaria, Luxembourg and Finland had exceptionally each a short delay once in making available own resources. These delays do not affect the overall result as they are less than 0,5% of the total

Prepare COM proposals post 2020 on own resources; ensure the coordination within the Commission (internal network)	Assess which recommendations of the HLGOR should be taken up. Prepare the relevant legislative proposals	2017	Preparatory work for possible amendments apart from new own resources started. Option notes prepared in cooperation with other Commission services on a selected number of potential own resource candidates – CCCTB/digital, VAT reformed, ETS, plastics and seigniorage. Preparatory work on legislative proposal and staff working document
Calculation of UK rebate	Approval in the ACOR meeting	Approval obtained on time	The meeting of the Advisory Committee on own resources (ACOR) was held on 19.05.2017. The calculation of the UK rebate as well as the ACOR forecast were approved by the Member States.

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

Main Political Outputs - 2017

<u>Description</u>	<u>Indicator</u>	<u>Target</u>	<u>Latest known result</u>
Publication of the Commission and consolidated Annual accounts of the EU budget	<ol style="list-style-type: none"> 1. Timely adoption by Commission 2. Positive DAS on annual accounts from ECA 	<ol style="list-style-type: none"> 1. Adoption: 15/7/N+1 2. Maintain the positive DAS on annual accounts 	<ol style="list-style-type: none"> 1. Adoption 26/6/2017 2. Positive (clean) opinion on the annual accounts
Annual Accounts of all entities under the responsibility of the Accounting Officer of the Commission	<ol style="list-style-type: none"> 1. Timely adoption by Commission 2. Positive opinion on annual accounts from ECA 	<ol style="list-style-type: none"> 1. Adoption: 15/7/N+1 2. Maintain the positive opinions on annual accounts 	<ol style="list-style-type: none"> 1. All accounts were signed off by 26/6/2017 2. Positive opinions for all entities' accounts
Issue reports that are required by the Financial Regulation or at the request of the Budgetary Authority	<ol style="list-style-type: none"> 1. Reports are complete and correct 2. Feedback received from ECA or the Budgetary Authority on the content and quality of the reports. 	<ol style="list-style-type: none"> 1. Timely issue/publication with regard to what is specified in the FR/RAP or as required by the final recipient of the report. 2. Positive feedback 	<ol style="list-style-type: none"> 1. Done 2. Financial reporting was generally considered of good quality. EP welcomed the newly produced regular reports on Trust funds and the Facility for Refugees in Turkey. The Commission is following up a recommendation from ECA to improve reporting on funding related to the refugee and migration crisis.

SO5: 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 high quality Information System (ABAC)

Main political outputs – 2017

<u>Description</u>	<u>Indicator</u>	<u>Target</u>	<u>Latest known result</u>
<p>Efficient and effective Treasury Management and safekeeping of funds</p>	<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. No losses on bank balances</p> <p>5. Positive 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>No payments were delayed in 2017 due to lack of cash resources. Regular monitoring was in place and cash flow was sufficient at any time to execute all authorised payments.</p> <p>Over 98% of payments were executed within one day from authorisation.</p> <p>All reports and forecasts needed for the monitoring of the treasury situation were produced timely.</p> <p>No losses on bank balances occurred in 2017.</p> <p>No ECA observations concerning treasury management on 2016 DAS.</p>
<p>Ensure the budgetary financial year transition</p>	<p>Timely opening in ABAC of the budget year (appropriations + RAL)</p>	<p>The commission's services were able to execute payments early in January. Interruption of payment operations not to exceed 7 days.</p> <p>Complete carry-forward expenditure by 11 January.</p>	<p>The budgetary financial year transition process was completed as planned, without disruption for users. The carry forward of expenditure was completed on 11 January as planned.</p>
<p>Efficient and effective Recovery Management</p> <p>Efficient and effective management of fines</p>	<p>Number and amount of open recoveries at the end of 2017 in relation with the number of recovery orders issued in 2017</p> <p>% of coverage of the fines and safeguard of the related financial assets in accordance with the applicable risk management policy</p>	<p>10% of the total number and 0,2% of the total amount of RO's issued during the year</p> <p>100 %</p>	<p>The open recoveries on 31 December 2017 represented 11% of the total number of recovery orders issued and 0.2 % of the total amount of recovery orders issued.</p> <p>94% of the fines were covered at year end.</p>
<p>Validation of local systems</p>	<p>1. Revise multiannual control strategy to improve efficiency, shortening the cycle to less than five years</p> <p>Timely evaluations according to the Work Programme</p> <p>2. Assurance is provided that local systems function well and they send reliable and complete data to the central accounting system</p> <p>3.</p>	<p>1. Control strategy revised and completion of the Work Programme at year end</p> <p>2. Timely implementation of the recommendations issued by the validation team in BUDG</p>	<p>1. The new strategy was designed and implemented, leading to a revision of the work programme in July. It is implemented as planned.</p> <p>2. The assessment of implementation of recommendations was completed before the end of the year; providing the basis for the conclusion of the 2017 annual report to the Accounting Officer. It was approved by the Accounting officer in February 2018</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>1. 66.1%</p> <p>2. > 98.7%</p>

SO5: 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 high quality Information System (ABAC)

Main political outputs – 2017

<u>Description</u>	<u>Indicator</u>	<u>Target</u>	<u>Latest known result</u>
Continuous alignment of ABAC to legal (FR, MFF, ..) and new business needs	<p>1. Development of LCK (Legal Commitment management) aligned to the future corporate tools SEDIA (Third Party Portal), SYGMA (RTD, Grant management) and PPMT(JRC, Procurement management)</p> <p>2. Alignment of ABAC to the Financial Regulation revision.</p>	<p>1. Go-live of LCK fully completed in September 2017.</p> <p>2. The changes to ABAC are developed and tested by December 2017. The new version of ABAC is rolled out early 2018.</p>	<p>1. LCK was put mid-October in production. Small delay because of the complex date migration from ABAC Contracts to LCK.</p> <p>2. The changes to ABAC for the Financial Regulation Revision 2018 were completed in 2017 as planned.</p>
Implementation of the new ABAC architecture to maintain a modern and high quality Information System	<p>1. Assessment of possible options regarding the new architecture.</p> <p>2. Initiation of project to completely re-implement ABAC following the selected option.</p>	<p>1. The Business Case for the "New European Commission Finance Platform" leads early 2017 to a formal decision and adoption of the proposed option to choose for SAP S/4HANA.</p> <p>2. By the end of 2017 a Proof of Concept with S/4 HANA has been successfully executed. Efficiency gains in the management of the "Budgetary Framework" with S/4 HANA are identified and documented by the end of 2017.</p>	<p>1. Business Case for the new ABAC, aka ABAC2, was approved on the 5th of October 2017</p> <p>2. An S/4HANA proof of concept was concluded in November 2017 leading to a better insight how the current Budgetary Framework with a local budget structure could be implemented in S/4HANA and so ABAC2. The contracts to launch the full ABAC2 project in 2018 were concluded before the end of 2017.</p>

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

Main Political Outputs – 2017

<u>Description</u>	<u>Indicator</u>	<u>Target</u>	<u>Latest known result</u>
FR Revision	Negotiation and conclusion of the revision of the EU Financial rules (Financial Regulation and consequential EU financial sectorial rules)	Political agreement by end 2017, adoption in the Autumn and an entry into force in Spring 2018.	Agreement in principle reached in December 2017, with formal adoption and an entry into force of in May 2018.
Contribution to proposal for the post-2020 MFF (Art. 25 MFFR)	Alignment of the next generation of spending programmes to revised FR and to a common set of simplified financial rules. Possible need to align FR to post 2020 MFF proposals	Adoption by College first Semester 2018 Assess need for FR alignment on the basis of MFF proposals	Impact Assessment and ex-Ante evaluations done before May 2018
Simplification scoreboard monitoring progress at Commission and Member State levels in simplifying current legal and financial rules	Publication of the Simplification Scoreboard	Together with MFF proposals in May 2018	Cruising speed reach with (36 cases treated out of which 21 recommendations and;7 cases published)
Functioning of the Early Detection and Exclusion System and related guidance	Report on number of cases Access to the Integrated Management System database managed by the OLAF	End 2017	Cruising speed reach with (36 cases treated out of which 21 recommendations and;7 cases published)
Implementation of the strategy for SEDIA (single financial portal), e-procurement and e-grants	Steering with DIGIT of the progress Uptake of electronic modules of the e-procurement suite	On time implementation	SEDIA operational in REA since January 2018 for grants and procurement
Promote simplification, coherence and sound financial management within the existing legal framework and act as sponsor/leader of financial community	1. Use of simplification tools in the implementation of funding programmes 2. Sponsor / leader of the financial Community: implementation of the specific measures agreed to increase efficiency in the Finance Community in the context of the Synergies and Efficiencies exercise in Financial Management 3. Contributions to Inter-Service Consultations / Advice on the application of the Financial Regulation 4. Feedback from users	1. Increasing use 2. Timely implementation of agreed measures of the Action Plan 3. Timely, relevant and useful contributions and advice 4. Positive feedback	1. Agreement on the Financial Regulation included a toolbox of simplification for recipients of EU funds such as simplified forms of contributions and less administrative requirements. 2. Timely implementation of agreed measures of the Action Plan (timing of certain actions linked to the negotiation of the Financial Regulation adjusted current estimation of entry into force). 2bis Adoption of a new internal control framework and promotion through workshops and guidance of a better targeted internal control. Adoption of a guidance on charge-back with other Institutions and bodies. 3. Timely and accurate replies to 2372 ISCs 4. Very positive feedback received from the clients on all the services provided by the Central Financial Service (feedback also collected through face to face meetings with services).

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

Main Political Outputs – 2017

<u>Description</u>	<u>Indicator</u>	<u>Target</u>	<u>Latest known result</u>
Drive the implementation of the BFOR initiative	<p>1. Support the Network of Commissioners Lead the Inter-Service Working Group on Performance</p> <p>2. Finalise the methodology for the performance system of the EU budget</p>	<p>1. Three meetings during 2017 to drive strategy inside the Commission</p> <p>2. Methodology aligned with international standards by mid-2017</p>	<p>Two meetings of the Inter-service working group on performance took place</p> <p>Methodology under internal quality review of the content.</p> <p>The OECD report on budgeting and performance in the European Union was published.</p>
External Communication and dialogue on BFOR	<p>1. Organise the experts meetings on Performance-Based Budgeting (PBB)</p> <p>2. "EU Budget for results" project database ("web app") supporting the communication on EU budget focused on results</p>	<p>1. 3 Expert meetings with a consistent set of conclusions</p> <p>2. The database will progressively connect to sectorial databases – to be completed by end 2018</p>	<p>1. two expert meetings took place: the first focused on EU added value and the world bank study on the next generation performance budgeting, the second on communication and evaluation.</p> <p>2. The pilot project successful was successful; Development model to be transferred to the full Commission. Aim is to become one single entry point which displays all EU funded projects in direct, indirect & shared management</p>
3rd conference on EU Budget focused on results	<p>1. Conference attendance</p> <p>2. positive media coverage / high social media impact</p>	<p>1. at least 700 registrations (attendance at full room capacity)</p> <p>2. number of tweets, shares, viewings of web streaming – to be determined</p>	<p>1. Full room capacity was granted all over the conference</p> <p>2. Live streaming access 3280; Video recording access (after the event) 566; EU Budget twitter account: 53.190 views during the conference day</p>
Contribution to proposal for the post-2020 MFF (Art. 25 MFFR)	<p>Participation in the preparatory work providing input from the mid-term evaluation of the Spending programmes; propose and agree on a coherent performance system across programmes to be proposed</p>	<p>Adoption by College End 2017</p>	<p>The spending review has completed by the end of 2017, this will be technical input for the MFF proposal.</p>

SO8: Ensure effective management of the relations with the European Court of Auditors, the EP European Parliament'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 European Court of Auditors, the European Parliament and the Council inter alia via the support to improvements of national Public Internal Control systems in Member states, candidate countries and neighbourhood countries.

Main Political Outputs – 2017

<u>Description</u>	<u>Indicator</u>	<u>Target</u>	<u>Latest known result</u>
EP grants 2015 Discharge	Discharge resolution adopted	Adoption by EP plenary in April 2017.	Adopted by a large majority by the EP plenary in April 2017.
Reply to ECA annual report for the financial year 2016 (Art. 162(4) FR); Reply to ECA Special Reports (Art. 163(1) FR)	Timely delivery of quality replies to ECA annual report & Timely delivery of quality replies to ECA Special reports.	Annual Report: Legal deadline is 16/10/2017. However, in order to allow the ECA to publish its Annual report as early as possible, an earlier deadline is likely to be agreed, e.g. first half of September 2017. Special reports: The procedure should be completed in 6 weeks.	Annual Report: The replies were delivered in August 2017, allowing the ECA to publish its Annual report on 27/09/2017. Special reports: 24 special reports passed through the adversarial procedure in 2017.
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	DG BUDG provided support to discharge correspondents and facilitated exchanges with ECA counterparts during all phases of ongoing audits as appropriate.
Coordinate identification, analysis and mitigation of weaknesses in the internal control systems.	Agreed Commission-wide follow-up to the 2016 Report on the areas of persistently high error rates.	Strengthening of the internal control systems and consequent overall reduction in the error rate for the management of EU funds by 2020	The ECA 2016 Annual Report found an important improvement in EU financial management and a further reduction in the overall level of error. The Commission will continue its efforts to address any weaknesses identified in internal control systems.
Development of a strategic development approach for the Public Internal Control (PIC) Network	Endorsement of Plan by EU-28 PIC Network and achievement of deliverables.	Plan to be endorsed at June 2017 PIC Network Conference. Deliverables 2017-2020 to be met in line with deadlines set in the Strategic Plan.	A Strategic Development plan was developed in conjunction with volunteer Member States and was fully endorsed by the PIC Network at the 2017 PIC Conference.
Provide technical guidance and coordinate technical assistance to, candidate, potential candidate and qualifying ENP countries.	Timely provision of technical guidance to country counterparts, through desk analysis, monitoring missions and formal Commission progress-monitoring meetings. Timely input to Commission Progress Reports for Enlargement Countries and to EEAS Progress Reports or for Association Agreement monitoring purposes.	Provide a basis for measurable achievement that should be recorded in annual Progress or Monitoring Reports.	Technical guidance on the scope and implementation approach for PIFC and External Audit reforms was provided as appropriate to all client countries, and timely input was submitted for all formal Commission monitoring and reporting mechanisms. Fact-finding missions were undertaken to 5 countries.

Annex 3 Financial Reports - DG BUDG - Financial Year 2017

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 (excluding Building Contracts)

Table 12 : Summary of Procedures (excluding Building Contracts)

Table 13 : Building Contracts

Table 14 : Contracts declared Secret

Additional comments

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2017 (in Mio €)					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 10 Direct research					
10	10 01	Administrative expenditure of the 'Direct research' policy area	0.09	0.09	100.00 %
Total Title 10			0.09	0.09	100.00%
Title 16 Communication					
16	16 03	Communication actions	0.14	0.14	100.00 %
Total Title 16			0.14	0.14	100.00%
Title 26 Commission's administration					
26	26 01	Administrative expenditure of the 'Commission's administration' policy area	0.2	0.2	100.00 %
Total Title 26			0.2	0.2	100.00%
Title 27 Budget					
27	27 01	Administrative expenditure of the 'Budget' policy area	23.24	19.1	82.19 %
Total Title 27			23.24	19.1	82.19%
Title 40 Reserves					
40	40 02	Reserves for financial interventions	213.75	0	0.00 %
Total Title 40			213.75	0	0.00%
Total DG BUDG			237.42	19.54	8.23 %

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

Budget line 27 01 in the table contains an amount of 1.92 Mio € which belongs to the "reserve" managed at corporate level, not by BUDG in its local role, hence the amount reported in AAR (21.32 Mio €) and the execution rate of 89.81%.

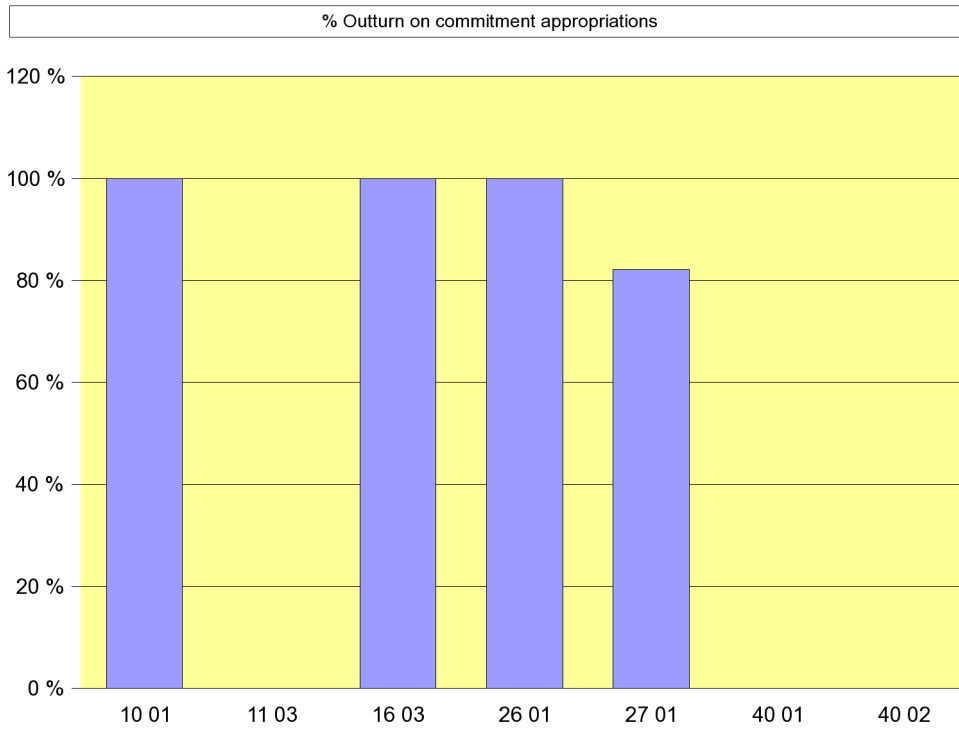


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2017 (in Mio €)

Chapter		Payment appropriations authorised *	Payments made	%	
		1	2	3=2/1	
Title 10 Direct research					
10	10 01	Administrative expenditure of the 'Direct research' policy area	0.19	0.19	100.00 %
Total Title 10			0.19	0.19	100.00%
Title 16 Communication					
16	16 03	Communication actions	0.05	0.04	76.55 %
Total Title 16			0.05	0.04	76.55%
Title 21					
21	21 01	Administrative expenditure of the 'International cooperation and development' policy area	0.42	0.42	99.88 %
Total Title 21			0.42	0.42	99.88%
Title 26 Commission's administration					
26	26 01	Administrative expenditure of the 'Commission's administration' policy area	0.3	0.17	56.53 %
Total Title 26			0.3	0.17	56.53%
Title 27 Budget					
27	27 01	Administrative expenditure of the 'Budget' policy area	29.33	10.81	36.85 %
Total Title 27			29.33	10.81	36.85%
Title 40 Reserves					
40	40 02	Reserves for financial interventions	100.45	0	0.00 %
Total Title 40			100.45	0	0.00%
Total DG BUDG			130.74	11.63	8.90 %

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

"% Outturn on payment appropriations"

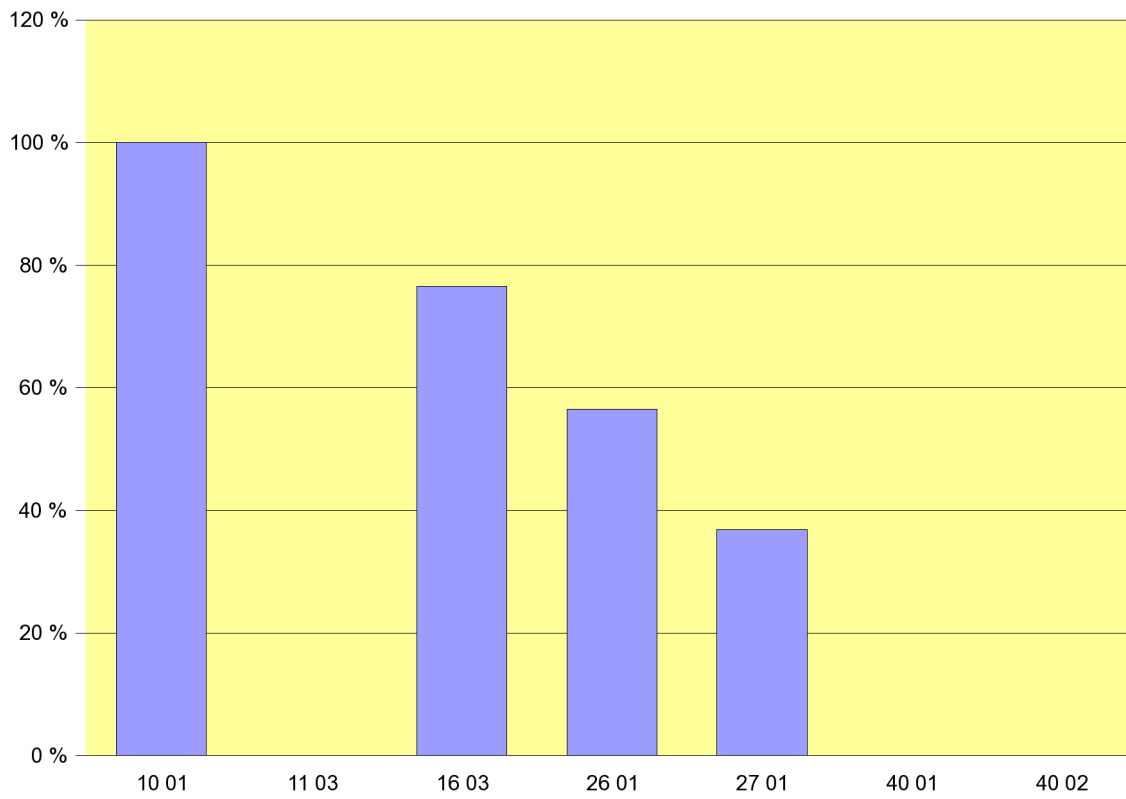


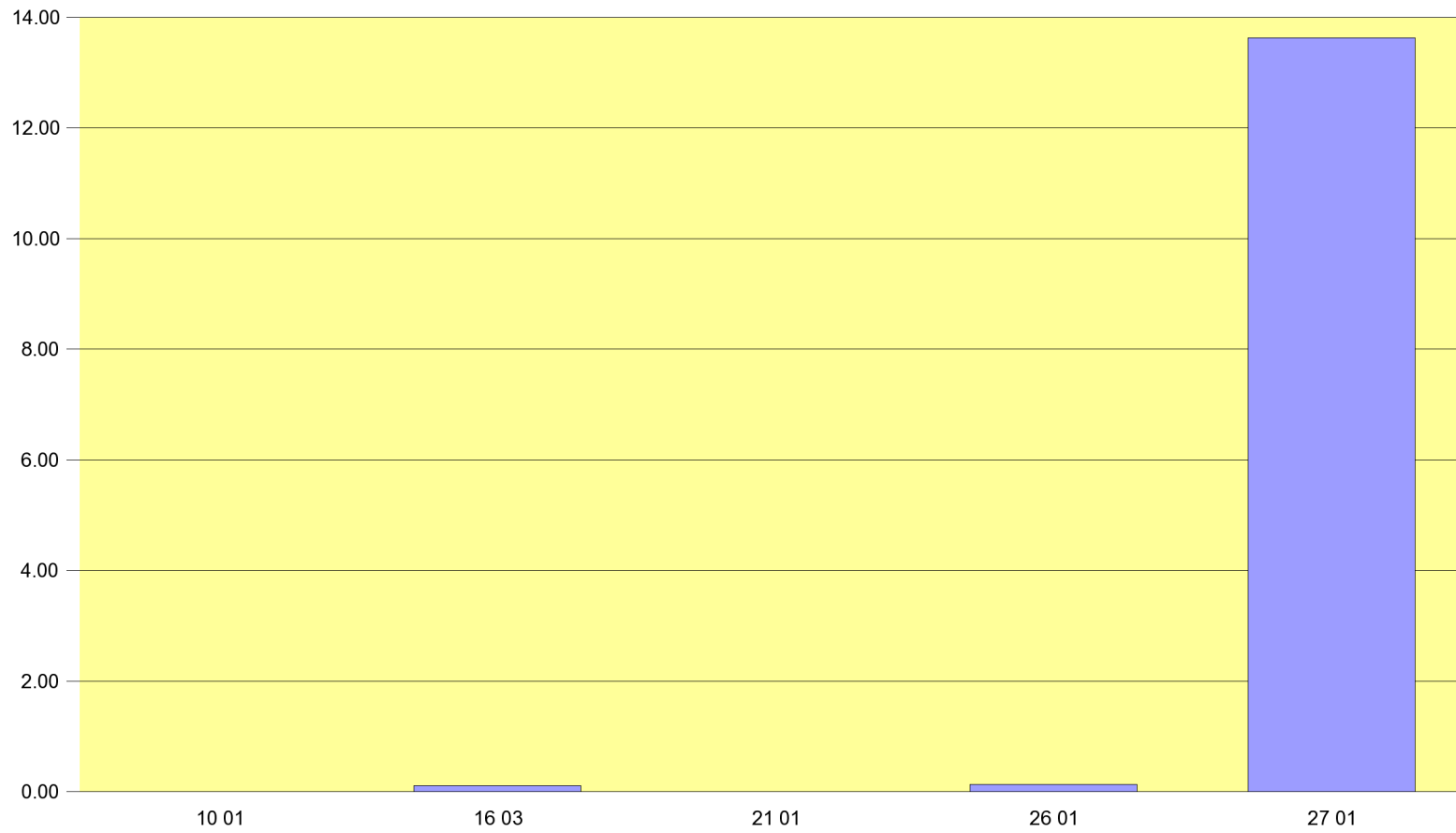
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2017 (in Mio €)

Chapter			2017 Commitments to be settled				Commitments to be settled from financial years previous to 2017	Total of commitments to be settled at end of financial year 2017	Total of commitments to be settled at end of financial year 2016
			Commitments 2017	Payments 2017	RAL 2017	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
Title 10 : Direct research									
10	10 01	Administrative expenditure of the 'Direct research' policy area	0.09	0.09	0	0.00 %	0.00	0.00	0.09
Total Title 10			0.09	0.09	0	0.00%	0	0	0.09
Title 16 : Communication									
16	16 03	Communication actions	0.14	0.03	0.11	78.29 %	0.00	0.11	0.01
Total Title 16			0.14	0.03	0.11	78.29%	0	0.11	0.01
Title 21 :									
21	21 01	Administrative expenditure of the 'International cooperation and development' policy area	0	0.00	0	0.00 %	0.00	0.00	0.42
Total Title 21			0	0.00	0	0.00%	0	0	0.42
Title 26 : Commission's administration									
26	26 01	Administrative expenditure of the 'Commission's administration' policy area	0.2	0.07	0.13	65.09 %	0.00	0.13	0.10
Total Title 26			0.2	0.07	0.13	65.09%	0	0.13	0.1
Title 27 : Budget									
27	27 01	Administrative expenditure of the 'Budget' policy area	19.1	5.47	13.63	71.35 %	0.00	13.63	6.27
Total Title 27			19.1	5.47	13.63	71.35%	0	13.63	6.27
Total DG BUDG			19.54	5.67	13.87	70.99 %	0	13.87	6.9

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

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



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

TABLE 4 : BALANCE SHEET BUDG

BALANCE SHEET	2017	2016
A.I. NON CURRENT ASSETS	0	0
A.I.1. Intangible Assets	0.00	0.00
A.I.2. Property, Plant and Equipment	0.00	0.00
A.II. CURRENT ASSETS	23,366,265,776.58	29,826,266,336.42
A.II.1. Current Financial Assets	-3,000,000.00	-26,860,000.00
A.II.2. Current Pre-Financing	951,386.56	0.00
A.II.3. Curr Exch Receiv & Non-Ex Recoveral	1,982,752,617.45	3,863,025,805.19
A.II.6. Cash and Cash Equivalents	21,385,561,772.57	25,990,100,531.23
ASSETS	23,366,265,776.58	29,826,266,336.42
P.I. NON CURRENT LIABILITIES	2,120,505,464.43	2,091,491,622.61
P.I.3. Non-Current Financial Liabilities	2,120,505,464.43	2,091,491,622.61
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	-8,099,450,958.02	-10,037,604,881.92
P.II.3. Current Financial Liabilities	-10,121,090.21	1,367,946.40
P.II.4. Current Payables	-7,869,957,481.27	-9,346,912,510.78
P.II.5. Current Accrued Charges & Defrd Incc	-219,372,386.54	-692,060,317.54
LIABILITIES	-6,036,070,156.59	-8,003,237,922.31
NET ASSETS (ASSETS less LIABILITIES)	17,330,195,619.99	21,823,028,414.11
P.III.2. Accumulated Surplus/Deficit	-527,345,231,260.78	-402,050,599,513.08
Non-allocated central (surplus)/deficit*	510,015,035,640.79	380,227,571,098.97
TOTAL	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 BUDG

STATEMENT OF FINANCIAL PERFORMANCE	2017	2016
II.1 REVENUES	-120,061,616,322.98	-131,714,537,405.87
II.1.1. NON-EXCHANGE REVENUES	-119,845,659,723.43	-131,614,672,738.33
II.1.1.1. GNI RESOURCES	-78,619,969,594.17	-95,578,437,497.43
II.1.1.2. TRADITIONAL OWN RESOURCE	-20,519,771,900.88	-20,438,640,044.64
II.1.1.3. VAT	-16,947,375,368.78	-15,859,483,835.84
II.1.1.5. RECOVERY OF EXPENSES		-123,673.69
II.1.1.6. OTHER NON-EXCHANGE REVENUE	-3,758,542,859.60	262,012,313.27
II.1.2. EXCHANGE REVENUES	-215,956,599.55	-99,864,667.54
II.1.2.1. FINANCIAL INCOME	-212,595,483.17	-96,264,072.70
II.1.2.2. OTHER EXCHANGE REVENUE	-3,361,116.38	-3,600,594.84
II.2. EXPENSES	254,260,123.88	15,375,867.14
II.2. EXPENSES	254,260,123.88	15,375,867.14
II.2.10. OTHER EXPENSES	11,161,133.41	9,859,728.46
II.2.2. EXP IMPL BY COMMISS&EX.AC	-284,560.17	3,287,146.12
II.2.4. EXP IMPL BY 3RD CNTR & INT OR	0.00	1,958,010.35
II.2.6. STAFF AND PENSION COSTS		0.00
II.2.8. FINANCE COSTS	243,383,550.64	270,982.21
STATEMENT OF FINANCIAL PERFORMANCE	-119,807,356,199.10	-131,699,161,538.73

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 BUDG

OFF BALANCE	2017	2016
OB.1. Contingent Assets	3,145,814,650.01	1,033,326,380.4
GR for fines pending	3,123,881,190.40	1,012,066,650.38
GR for other	4,874,070.91	5,480,007.52
GR for performance	1,599,789.44	2,615,563.86
GR for pre-financing	15,459,599.26	13,164,158.64
OB.2. Contingent Liabilities	-3,279,294,878.53	-1,889,860,503.23
OB.2.4. CL Fines	-3,241,794,878.53	-1,834,263,468.05
OB.2.6. CL Other	-37,500,000.00	-55,597,035.18
OB.3. Other Significant Disclosures		0
OB.3.2. Comm against app. not yet con		0.00
OB.4. Balancing Accounts	-456,034,992.48	267,018,901.83
OB.4. Balancing Accounts	-456,034,992.48	267,018,901.83
OFF BALANCE	-589,515,221.00	-589,515,221.00

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 6: AVERAGE PAYMENT TIMES FOR 2017 - DG 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)
14	1	1	100.00 %	14			
30	745	726	97.45 %	18.23	19	2.55 %	36.95
45	3	3	100.00 %	33.33			
60	2	1	50.00 %	16	1	50.00 %	270

Total Number of Payments	751	731	97.34 %		20	2.66 %	
Average Net Payment Time	19.09			18.29			48.6
Average Gross Payment Time	19.63			18.73			52.35

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	19	21	2.80 %	751	307,725.71	0.15 %	209,391,912.67

Late Interest paid in 2017			
DG	GL Account	Description	Amount (Eur)
BUDG	65010000	Interest expense on late payment of charges	- 596.59
			- 596.59

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

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2017

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		
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)	133,705,778.16	0	133,705,778.16	133,705,778.16	0	133,705,778.16	0
12	CUSTOMS DUTIES AND OTHER DUTIES REFERRED TO IN ARTICLE 2(1)(A) OF DECISION 2007/436/EC, EURATOM	20,338,483,904.14	25,837,650.31	20,364,321,554.45	20,323,544,272.43	1,809,109.61	20,325,353,382.04	38,968,172.41
13	OWN RESOURCES ACCRUING FROM VALUE ADDED TAX PURSUANT TO ARTICLE 2(1)(B) OF DECISION 2007/436/EC, EURATOM	16,584,027,142.14	0	16,584,027,142.14	16,584,027,142.14	0	16,584,027,142.14	0
14	OWN RESOURCES BASED ON GROSS NATIONAL INCOME PURSUANT TO ARTICLE 2 (1)(C) OF DECISION 2007/436/EC, EURATOM	78,279,403,345.79	0	78,279,403,345.79	78,279,403,345.79	0	78,279,403,345.79	0
15	CORRECTION OF BUDGETARY IMBALANCES	93,838,118.02	0	93,838,118.02	93,838,118.02	0	93,838,118.02	0
16	Gross reduction in the annual GNI-based contribution granted to certain Member States	-390,968.13	0	-390,968.13	-390,968.13	0	-390,968.13	0
30	Surplus from previous year	6,404,529,791.03	0	6,404,529,791.03	6,404,529,791.03	0	6,404,529,791.03	0
31	VAT balances	363,238,228.31	0	363,238,228.31	363,238,228.31	0	363,238,228.31	0
32	GNI balances	340,566,248.38	0	340,566,248.38	340,566,248.38	0	340,566,248.38	0

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

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TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2017

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		
33	Netting of VAT and GNI balances	-706,243,326.02	0	-706,243,326.02	-706,243,326.02	0	-706,243,326.02	0
34	Adjustment for non-participation in AFSJ	21,089,279.37	0	21,089,279.37	21,089,279.37	0	21,089,279.37	0
35	United Kingdom correction - adjustments	9,103,136.21	0	9,103,136.21	9,103,136.21	0	9,103,136.21	0
37	ADJUSTMENT RELATING TO THE IMPLEMENTATION OF OWN RESOURCES DECISIONS	-16,011,708.68	0	-16,011,708.68	-16,011,708.68	0	-16,011,708.68	0
40	MISCELLANEOUS TAXES AND DEDUCTIONS	81,991,394.35	6,169,502.04	88,160,896.39	74,782,458.11	6,169,502.04	80,951,960.15	7,208,936.24
52	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	-187,424.96	0	-187,424.96	-187,424.96	0	-187,424.96	0
57	OTHER CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH THE ADMINISTRATIVE OPERATION OF THE INSTITUTION	3,324,890.68	0	3,324,890.68	3,324,890.68	0	3,324,890.68	0
63	CONTRIBUTIONS UNDER SPECIFIC AGREEMENTS	1,211,838,944.35	0	1,211,838,944.35	1,211,604,944.35	0	1,211,604,944.35	234,000
70	DEFAULT INTEREST AND INTEREST ON FINES	198,258,478.21	35,651,356.76	233,909,834.97	171,492,104.19	6,213,285.17	177,705,389.36	56,204,445.61
90	MISCELLANEOUS REVENUE	98,164.39	0	98,164.39	98,164.39	0	98,164.39	0

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

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TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2017

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
Total DG BUDG	123,340,663,415.74	67,658,509.11	123,408,321,924.85	123,291,514,473.77	14,191,896.82	123,305,706,370.59	102,615,554.26

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

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

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			226	918,442,825.48		
Sub-Total			226	918,442,825.48		

EXPENSES BUDGET	Error		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	Nbr	Amount
INCOME LINES IN INVOICES												
NON ELIGIBLE IN COST CLAIMS												
CREDIT NOTES	27	597,378.78					27	597,378.78	29	604,648.64	93.10%	98.80%
Sub-Total	27	597,378.78					27	597,378.78	29	604,648.64	93.10%	98.80%
GRAND TOTAL	27	597,378.78					27	597,378.78	255	919,047,474.12	10.59%	0.06%

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors. The provisional closure will be based on the recovery context situation at 31/01/2017.

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2017 FOR BUDG

	Number at 01/01/2017	Number at 31/12/2017	Evolution	Open Amount (Eur) at 01/01/2017	Open Amount (Eur) at 31/12/2017	Evolution
2004	3	3	0.00 %	654,391.65	654,391.65	0.00 %
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 %
2011	1		-100.00 %	399,585.74		-100.00 %
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	10	8	-20.00 %	2,573,498.85	1,362,884.03	-47.04 %
2015	30	18	-40.00 %	8,509,186.43	4,600,201.91	-45.94 %
2016	41	16	-60.98 %	38,327,983.64	28,750,256.03	-24.99 %
2017		66			49,742,467.38	
	92	118	28.26 %	68,611,979.51	103,257,534.20	50.49 %

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

Annex 3 Financial Reports - DG BUDG
Report printed on 11/04/2018

TABLE 10 : RECOVERY ORDER WAIVERS IN 2017 >= EUR 100.000

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

Total DG BUDG	
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Number of RO waivers	
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Justifications:

Please enter the text directly (no copy/paste of formatted text which would then disappear when saving the document in pdf), use "ctrl+enter" to go to the next line and "enter" to validate your typing.

TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG BUDG - 2017**Internal Procedures > € 60,000**

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Art. 134.1(b) (Without prior publication) Work of art, technical reasons or protection of exclusive rights	1	79,121.39
Total	1	79,121.39

TABLE 12 : SUMMARY OF PROCEDURES OF DG BUDG EXCLUDING BUILDING CONTRACTS

Internal Procedures > € 60,000

Procedure Legal base	Number of Procedures	Amount (€)
Exceptional Negotiated Procedure without publication of a contract notice (Art. 134 RAP)	1	79,121.39
Total	1	79,121.39

Additional Comments:

TABLE 13 : BUILDING CONTRACTS

Legal base	Contract Number	Contractor Name	Description	Amount (€)

TABLE 14 : CONTRACTS DECLARED SECRET

Legal base	Contract Number	Contractor Name	Description	Amount (€)