



2015

Annual Activity Report

EUROSTAT



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INTRODUCTION

The DG in brief

Eurostat is the Union's statistical authority, designated by the Commission¹ to develop, produce and disseminate European statistics, in accordance with the statistical principles set out in the Treaty on the Functioning of the European Union². As laid down in Article 338 of the Treaty on the Functioning of the European Union and as further set out in the European statistics Code of Practice, European statistics shall conform to impartiality, reliability, objectivity, scientific independence, cost-effectiveness and statistical confidentiality, and shall not entail excessive burden on economic operators and households. As enshrined in Regulation (EC) No 223/2009, Eurostat shall act independently in ensuring the production of European statistics according to established rules and statistical principles³. Regulation (EC) 223/2009 was amended in 2015 providing for the strengthening of Eurostat's independence and its responsibility for statistical activities.

Eurostat's mission is to be the leading provider of high quality statistics on Europe. Its activities and statistics cover the whole range of EU policies (e.g. Europe 2020 strategy, verification of public finance statistics, calculation of own resources, social Europe, climate, energy etc.). Eurostat supports the Europe 2020 strategy for a smart, sustainable and inclusive growth with statistical indicators. These indicators cover the areas of research and development, sustainable development and social indicators notably on employment, social inclusion and education. Eurostat has responsibilities in the economic governance of the EU for the verification of public finance statistic in Excessive Deficit Procedures (EDP) and under the Macroeconomic Imbalance Procedure (MIP) including the effective enforcement of budgetary surveillance (such as investigations and fines related to misrepresentation of data)⁴.

Eurostat is also involved in the process for own resources verification, as it checks the application of the GNI (Gross National Income) Regulation, proposes methods to ensure the exhaustiveness and comparability of national GNI data, verifies that there are no errors in the compilation of those data and directs the work of the GNI Committee.

The main and key partners of Eurostat at European level are the National Statistical Institutes (NSIs), and other national bodies designated by each Member State to be part of the European Statistical System (ESS). The ESS is a functional partnership steered by Eurostat⁵, which offers a cooperation platform for developing high quality and harmonised official statistics based on shared statistical standards, methods, procedures, practices and tools. Its members participate in joint actions, such as collaborative networks and centres of excellence. EFTA countries and Switzerland participate in those joint actions under specific agreements⁶. Under the guidance of the independent European Statistical Governance Advisory Board, Eurostat organises cycles of peer-reviews for checking the implementation of the European statistics Code of Practice by the ESS members.

With the ESS (European Statistical System) Vision 2020, Eurostat has continued in 2015 to invest in the modernisation of European statistics and implementing new methods of

¹ Article 6 (1) of Regulation (EC) No 223/2009 of the European Parliament and the Council of 11 March 2009 on European statistics, OJ L 87 of 31.3.2009, as amended Regulation (EU) 2015/759 of the European Parliament and of the Council of 29 April 2015, OJ L 123 of 19.5.2015, and Commission Decision 2012/504/EU of 17 September 2012, OJ L 25, 18.9.2012

² Article 338 TFEU

³ Art 6 (2) of Regulation (EC) No 223/2009 of the European Parliament and the Council of 11 March 2009 on European statistics, OJ L 87 of 31.3.2009, as amended by Article 1 (4) of Regulation (EU) 2015/759 of the European Parliament and of the Council of 29 April 2015, OJ L 123 of 19.5.2015

⁴ Commission Delegated Decision 2012/678/EU of 29 June 2012 on investigations and fines related to the manipulation of statistics as referred to in Regulation (EU) No 1173/2011 of the European Parliament and of the Council on the effective enforcement of budgetary surveillance in the euro area, OJ L 306 of 6.11.2012.

⁵ Regulation (EC) No 223/2009 of the European Parliament and the Council of 11 March 2009 on European statistics, OJ L 87 of 31.3.2009

⁶ Agreement on the European Economic Area, in particular Protocol 30 on specific provisions on the organisation of the cooperation in the field of statistics, OJ L 1 3.1.1994; Agreement between the European Community and the Swiss Confederation on cooperation in the field of statistics, OJ L 90, 28.3.2008

production through a portfolio of projects and supporting frameworks.

Eurostat works closely with other European institutions, in particular with the European Central Bank⁷ and the ESCB (European System of Central Banks). The work with the ECB is organised via the European Statistical Forum (ESF) and the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB). This work with European institutions may include the provision of data, as it is the case with the European Parliament.

Eurostat also cooperates with international organisations, such as the Organisation for Economic Co-operation and Development (OECD), the United Nations (UN Statistics Division, UNSD; UN Economic Commission for Europe, UNECE), the International Monetary Fund (IMF), the World Bank, the Food and Agriculture Organisation (FAO), the International Labour Organisation (ILO) as well as with third countries in order to facilitate the comparability of European statistics with statistics produced worldwide and support improvement of statistical systems.

As to the development, production and dissemination of statistics within the internal organisation of the Commission, the role and responsibilities of Eurostat are laid down in a specific Commission Decision⁸. The Director General of Eurostat - the chief statistician⁹ of the European Union - is in particular responsible for ensuring close cooperation with the other Commission services as regards statistical activities, and for issuing statistical press releases. In consideration of the citizen's interest, Eurostat issued 230 news releases in 2015 which was an increase by 15% compared with the 200 news releases in 2014. This is mainly the result of an extended range of topics covered, notably on the occasion of EU or international events, to better meet media expectations. A number of improvements to news releases were introduced with the aim of presenting information in a clearer and less technical manner. Eurostat tweeted more than 500 messages all along the year, gaining in one year more than 25.000 new Twitter followers (now 73.000 followers). The media, institutional and user support treated some 5.500 requests in 2015 with almost 75% of users who consider the user support provided as good or very good, and amongst journalists, 92% of users were "satisfied" or "very satisfied" with the service received.

The definition of the EU statistical priorities is based on multi-annual statistical programmes proposed by the Commission, and adopted by the Council and the European Parliament. 2015 was the third year of the 2013-2017 European Statistical Programme (ESP)¹⁰ pursuing the response to statistical needs and the optimisation of the statistical processes in a context of high pressure on financial and human resources.

The management mode of the budget of the European Statistical Programme is direct management. The programme provides for financial contributions by the Union in the form of grants, and the attribution of public procurement contracts needed for the production of European statistics. Eurostat awards contracts mainly to firms specialised in statistics or informatics services and grants mainly in support to actions performed by the National Statistical Institutes and other entities designated by each Member State to produce official European statistics. In 2015, the total operational commitment appropriations (own and sub-delegated to Eurostat) amounted to 106.786.230 EUR.

As regards the human resources allocated to carry out the tasks assigned, as of 31 December 2015, Eurostat had 797 staff (640 establishment posts and 157 external personnel). Eurostat has developed working methods and tools in order to apply a strategic and integrated approach to planning, combining the information on the work plan with the information on human and financial resources.

⁷ Memorandum of Understanding on the cooperation between the Members of the European Statistical System and the Members of the European System of Central Banks of 24 April 2013

⁸ Commission Decision 2012/504/EU of 17 September 2012, OJ L 25, 18.9.2012

⁹ Commission Decision 2012/504/EU of 17 September 2012, OJ L 25, 18.9.2012

¹⁰ COM(2011) 928 final of 21.12.2011.

EXECUTIVE SUMMARY

The Annual Activity Report is a management report of the Director-General of Eurostat to the College of Commissioners. It is the main instrument of management accountability within the Commission and constitutes the basis on which the Commission takes its responsibility for the management of resources by reference to the objectives set in the management plan and the efficiency and effectiveness of internal control systems, including an overall assessment of the costs and benefits of controls.

a) Policy highlights of the year (executive summary of section 1)

General

Eurostat's mission is to be the leading provider of high quality statistics on Europe, thus providing the statistical information needed to design, implement, monitor and evaluate EU policies, developing and promoting standards, methods and procedures allowing the cost effective production and dissemination of comparable and reliable statistics and steering the European Statistical System.

Given its mission and the fact that Eurostat is not a policy DG, Eurostat contributes to the achievement of the policy and programmes' achievements of other DGs by providing quality statistics. However, the provision of statistics is under the full responsibility of Eurostat as leading provider for the EU.

The objectives pursued by Eurostat may be influenced by external factors, such as the capacity of National Statistical Institutes (NSIs) to deliver the data of the expected quality in a context of budgetary constraints. Furthermore, as a spending programme, and in particular for the modernisation of statistical production, the results of the ESP (European Statistical Programme) may be affected by the co-financing capacity of the beneficiaries.

The Eurostat performance during 2015 is on course to meet the long-term policy, programme and operational objectives, as detailed in sections 1.1.1 and 1.1.2.

In Eurostat's judgement, its operational expenditure authorised has contributed to the policy achievements and generated Union-added value.

As regards 2015 in order to provide a consolidated judgement on the operational expenditure contribution to the policy achievements, Eurostat:

1) monitored and verified the number of outputs achieved by specific objective, and their percentage in relation to the overall number of outputs bearing in mind that some outputs had been revised during the reporting year;

	Specific Objectives in ESP						Total	
	1+4 ¹¹		2 ¹²		3 ¹³			
Status	N.	%	N.	%	N.	%	N.	%
Achieved	393	93,79	86	88,66	60	93,75	539	92,93
Not achieved	11	2,63	6	6,19	3	4,69	20	3,45
Output revised	15	3,58	5	5,15	1	1,56	21	3,62
Total	419	100,00	97	100,00	64	100,00	580	100,00

2) Established a link by specific objective between outputs¹⁴ and budget planned in the Financing Decision 2015¹⁵ and actually executed¹⁶.

Objective in ESP	Total number of outputs for Specific Objectives	Budget planned for 2015 (EUR)	Budget executed in 2015 (EUR)
1+4 ¹⁷	419	33.335.462	30.798.077
2 ¹⁸	97	24.731.538	25.542.128
3 ¹⁹	64	1.973.000	2.040.681
Total	580	60.040.000	58.380.886

In consideration of the above, Eurostat judges that 58.380.886 EUR contributed to the implementation of 92.93% of the outputs of Management Plan 2015.

As regard the efficiency of the financial implementation of the ESP on a multi-annual perspective, on the budget allocated by the European Parliament and the Council to the ESP in 2013-2015, Eurostat has an execution rate of 97.25²⁰ %. The execution on available commitment and available payment appropriations exceeded²¹ in the period 2013-2015 the targets set in the Management Plans for both indicators.

Furthermore, Eurostat can report a positive trend regarding the internal productivity and efficiency. This is demonstrated by (1) the substantial increase in the public data (the total amount of values available in Eurostat public databases increased from 2012 to 2015 by more than 25%) and (2) the improvement of the overall quality of Eurostat data and services (the percentage of users that rate as "Very good" or "Good" the overall quality of European statistics has increased from 2014 to 2015 from 70% to 72%), while the total number of Eurostat's staff slightly decreased (801 staff members in 2014 in comparison to 797 in 2015).

¹¹ Specific objective 1: Provide quality statistics information; Specific objective 4: Ensure that delivery of such statistics is kept consistent throughout the whole duration of the programme.

¹² Specific objective 2: Implement new methods of production.

¹³ Specific objective 3: Strengthen the partnership within the ESS and beyond.

¹⁴ The number of outputs planned is linked to the implementing measures through the specific objectives.

¹⁵ Eurostat operational budget (voted budget, EFTA and Swiss contributions).

¹⁶ Amount spent recorded in ABAC on the Financing Decision 2015.

¹⁷ Specific objective 1: Provide quality statistical information; Specific objective 4: ensure that delivery of such statistics is kept consistent throughout the whole duration of the programme.

¹⁸ Specific objective 2: Implement new methods of production.

¹⁹ Specific objective 3: Strengthen the partnership within the ESS and beyond.

²⁰ Voted budget and EFTA contributions.

²¹ In 2015, the targets for the execution of the final appropriations of the year (i.e. voted budget plus Efta appropriations) were set at >90% and >95% for commitments and payments appropriations respectively, while the execution reached 99,56% and 97,83% respectively.

Main achievements

Eurostat reached numerous key achievements and operational results in the year 2015.

Eurostat issued 230 news releases in 2015 which was an increase by 15 % compared with the 200 news releases in 2014. This is mainly the result of an extended range of topics covered to better meet media expectations.

- A wide range of activities was successfully carried out in 2015 in relation to legislation. The key legislative achievements were the amendments to Regulation (EC) No 223/2009. Due to these amendments, Eurostat's independence and its responsibility for statistical activities were strengthened, and the governance structure of the ESS was further consolidated.
- Eurostat continued during the reporting year to provide comparable, reliable, and timely statistical information thus supporting the implementation of the whole range of evidence-based EU policies.
- Regarding macroeconomic statistics, by the end of the reporting year, almost all outstanding GNI (Gross National Income) reservations were lifted. In 2015, the bi-annual assessment of EDP (Excessive Deficit Procedure) data was successfully performed, with the April and October notifications undertaken under the ESA2010 (European System of National and Regional Accounts). Eurostat continued with the dissemination of high quality government finance statistics (quarterly and annual financial and non-financial accounts of the government sector). As the responsible authority for the production of the statistical annex of the Alert Mechanism report in the context of the Macroeconomic Imbalance Procedure (MIP), Eurostat delivered essential input for the Commission Alert Mechanism Report. Major work was carried out in relation to the new HICP (Harmonised Index of Consumer Prices) framework regulation, and on bringing the balance of payments regulation in line with the new comitology regime of the Lisbon Treaty. In the area of staff remuneration and pensions, Eurostat ensured the application for the first time of a new automatic updating procedure for salaries under the revised staff regulations of officials of the European Union.
- In the area of sectoral or regional statistics, Eurostat reached major achievements with regards to Europe 2020. The implementation of new visualisation tools and the streamlining of textual descriptions of indicators enhanced the Europe 2020 dedicated section on Eurostat's website. Eurostat released the flagship publication "Smarter, greener, more inclusive? – Indicators to support the Europe 2020 strategy – 2015 edition" analysing the development of the headline indicators as well as additional economic, social and environmental indicators. Data on structural trends in agriculture were released in 2015 in different formats based on the Farm Structure Survey 2013. The LUCAS 2015 Survey on Land use/Land cover has been successfully conducted. Furthermore, data from the previous LUCAS Survey of 2012 has been further analysed, particularly with respect to quality aspects, and revised data continue to be disseminated.
- As far as social statistics are concerned, regarding the need to improve the timeliness of data on poverty and inequalities, substantial first results have been delivered. A set of publications and new indicators on measuring progress, well-being and sustainable development were disseminated in 2015, with amongst other the publication of the results of the quality of life 2013 SILC (Statistics on Income and Living Conditions) ad hoc module. Data on quarter-on-quarter transitions in the labour market were issued for the first time in the reporting year. Following the release of national population projections by Eurostat in 2014,

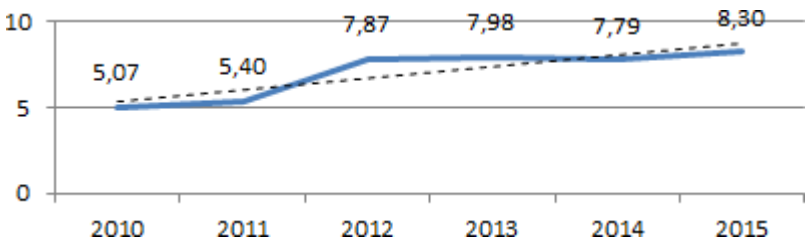
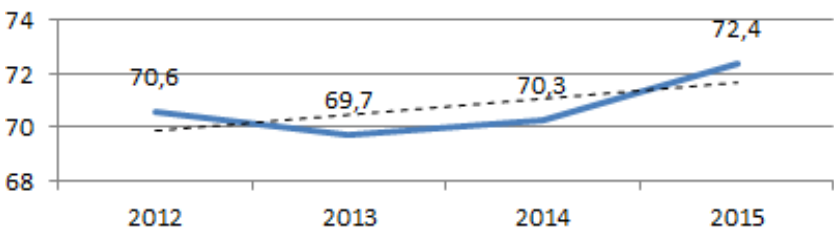
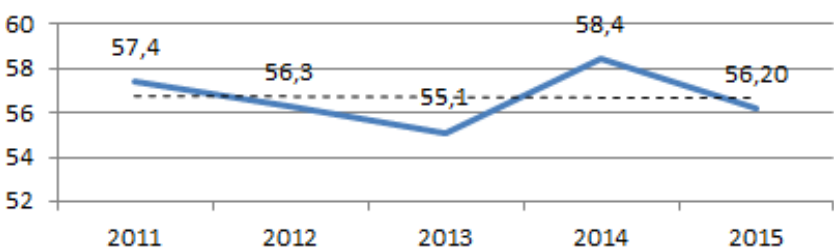
Eurostat released regional ones on NUTS2 level.

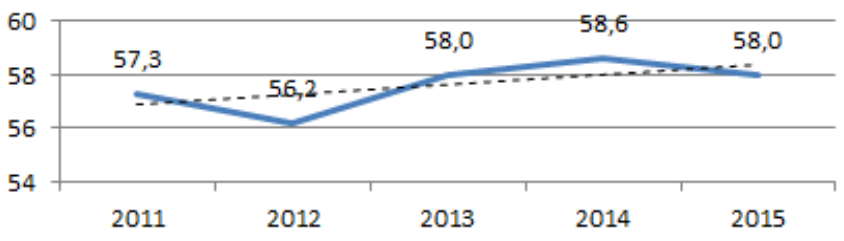
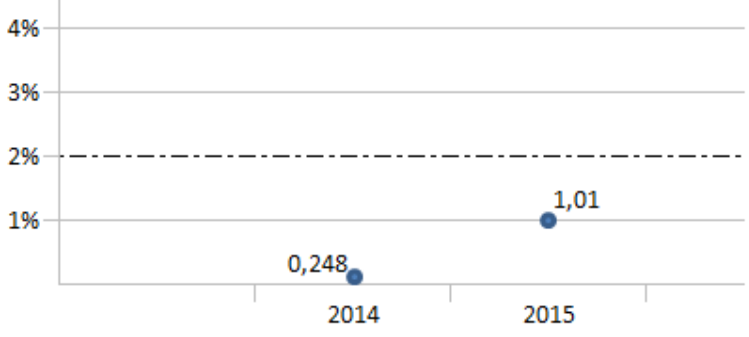
- In relation to business statistics, Eurostat progressed towards the full implementation of the new international methodology and data releases thereof for the International Trade in Services and Foreign Direct Investments Statistics. Data and metadata on short term business statistics, tourism statistics, structural business statistics, business demography, foreign affiliates statistics, foreign direct investment and international trade in goods and services, Community Innovation Survey data, Science and Technology data, results of the Information and Communication Technologies (ICT) Surveys, were released by Eurostat according to the planned timetable and with the expected data quality.
- Regarding the implementation of new methods of production, with the ESS (European Statistical System) Vision 2020, Eurostat has successfully continued during the reporting year to invest in the modernisation of European statistics through a portfolio of projects and supporting frameworks. The project on the European System of Interoperable Statistical Business Registers (ESBRs) has progressed and put a working version of the EuroGroups Register 2.0 into operation allowing for remote access by NSIs (National Statistical Institutes). The content of a project (DIGICOM - Digital Communication, User Analytics and Innovative Products) aiming at enhancing the capacity of the ESS to be more agile and responsive to user needs has been defined with the Member States and adopted by the ESSC. Eurostat and its national partners in the European Statistical System are embracing Big Data to improve its portfolio of high quality statistics for policy making. Eurostat launched pilots related to specific Big Data sources.
- Moreover, the European Master in Official Statistics (EMOS) was launched. The European Statistical System Committee (ESSC) awarded 12 university Master programmes, run by 11 universities, with the EMOS label. A further achievement was the endorsement of the revised ESS Quality Assurance Framework and the ESS standard for quality reporting were endorsed by the ESS Committee. The second round 2013-2015 of Peer Reviews of the European Union National Statistical System was successfully concluded in October 2015. 28 Member States, 4 EFTA countries and Eurostat were reviewed and the reports are published.

Eurostat has now 73.000 Twitter followers and gained in one year more than 25.000 new followers. Eurostat tweeted 500 messages all along the year.

b) Key Performance Indicators (5 KPIs)

The tables and graphs hereafter show Eurostat five most relevant key performance indicators:

Five most relevant performance indicators (description)	Target and latest known results
<p>1. Number of data extractions (in millions) made by external users from Eurostat reference databases (EuroBase and Comext).</p> <p>Source: Eurostat – more information can be found in the monthly Monitoring report on Eurostat electronic dissemination (available on demand).</p>	 <p>Target 2017 = value of 2012 + 10% = 8.7 Millions</p> <p>A trend of overall increase of end users' data extractions is observed over the last years.</p>
<p>2. Quality of data and services provided by Eurostat: percentage of users that rate as "Very good" or "Good" the overall quality of the data and services provided by Eurostat.</p> <p>Source: Annual user satisfaction survey carried out by Eurostat (documentation available on demand).</p>	 <p>Target 2017 = 75%</p> <p>A trend of overall increase of end users' data extractions is observed over the last years.</p>
<p>3. Timeliness – Users' opinion: percentage of users that rate as "Very good" or "Good" the timeliness of European statistics for their purposes.</p> <p>Source: Annual user satisfaction survey carried out by Eurostat (documentation available on demand).</p>	 <p>Target 2017 = 60%</p> <p>A trend of overall stability of users' satisfaction is observed over the last years.</p>

<p>4. Comparability: percentage of users that rate as "Very good" or "Good" the comparability of European statistics among regions and countries.</p> <p>Source: Annual user satisfaction survey carried out by Eurostat (documentation available on demand).</p>	 <p style="text-align: center;">Target 2017 = 60%</p> <p>A trend of gradual increase of users' satisfaction is observed over the last years.</p>
<p>5. Residual Error Rate (RER)</p>	 <p>The RER increased from 0,248% reported in 2014 to 1,01% for the year 2015. This increase is mainly caused by an ex-post control finalised in 2015 whose ratio regarding amount of errors detected in proportion to the low volume of grants controlled negatively influenced the RER for 2015. However the RER is still significantly below the threshold of 2%.</p>

The overall picture given by the KPIs is of a general positive trend, but with some aspects to be improved. Eurostat is currently working on a proposal of extension of the ESP 2013-2017 up to 2020 which will, among other things, tackle these aspects.

c) Key conclusions on Management and Internal control (executive summary of section 2)

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

The Commission has adopted a set of internal control principles, based on international good practice, aimed to ensure the achievement of policy and operational objectives. The financial regulation requires that the organisational structure and the internal control systems used for the implementation of the budget are set up in accordance with these standards. Eurostat has assessed the internal control systems during the reporting year and has concluded that the internal control principles are implemented and function as intended. Please refer to AAR section 2.3 for further details.

In addition, Eurostat has systematically examined the available control results and indicators, including those aimed to supervise entities to which it has entrusted budget implementation tasks, as well as the observations and recommendations issued by internal auditors and the European Court of Auditors. These elements have been assessed to determine their impact on the management's assurance as regards the achievement of control objectives. Please refer to Section 2 for further details

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

d) Information to the Commissioner

The main elements of this report and assurance declaration have been brought to the attention of Commissioner Thyssen, responsible for Employment, Social Affairs, Skills and Labour Mobility, as well as for Eurostat.

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

1.1 Achievement of general and specific objectives

The table as follows shows the number and % of MP 2015 outputs by end of year status and by objectives:

	Specific Objectives						Total	
	1+4 ²²		2 ²³		3 ²⁴			
Status	N.	%	N.	%	N.	%	N.	%
Achieved	393	93,79	86	88,66	60	93,75	539	92,93
Not achieved	11	2,63	6	6,19	3	4,69	20	3,45
Output revised	15	3,58	5	5,15	1	1,56	21	3,62
Total	419	100,00	97	100,00	64	100,00	580	100,00

1.1.1 General objectives of the policy

General objective: The European Statistical System to be the leading provider of high-quality statistics in Europe

The growing need for complex multidimensional statistics and the increased demand for quality and trust in official statistics had to be reconciled with the constraints on resources at national and European level and the necessity to limit the burden on respondents to statistical surveys.

The amendments to Regulation (EC) 223/2009 in 2015²⁵ provided for the strengthening of Eurostat's independence and its responsibility for statistical activities.

Given its mission and the fact that Eurostat is not a policy DG, Eurostat contributes to the achievement of the policy and programmes' achievements of other DGs by providing quality statistics. However, the provision of statistics is under the full responsibility of Eurostat as leading provider for the EU.

The objectives pursued by Eurostat may be influenced by external factors, such as the capacity of National Statistical Institutes (NSIs) to deliver the data of the expected quality in a context of budgetary constraints. Furthermore, as a spending programme, and in particular for the modernisation of statistical production, the results of the ESP (European Statistical Programme) may be affected by the co-financing capacity of the beneficiaries.

²² Specific objective 1: Provide quality statistical information; Specific objective 4: ensure that delivery of such statistics is kept consistent throughout the whole duration of the programme.

²³ Specific objective 2: Implement new methods of production.

²⁴ Specific objective 3: Strengthen the partnership within the ESS and beyond.

²⁵ Regulation (EU) 2015/759 of the European Parliament and of the Council of 29 April 2015, OJ L 123 of 19.5.2015.

The progress towards the effective achievement of the Eurostat multi-annual general objective is evidenced by the results of the key performance indicator no.2 "Quality of data and services provided by Eurostat" which shows a positive trend.

For more details on indicators, targets and figures, reference is made to the tables on the key performance indicators in the executive summary b) and to annex 12.

Eurostat provided comparable, reliable and timely statistical information in areas such as economy, social affairs, environment etc., and thus supported the evidence-based implementation of European Union policies, the Europe 2020 strategy and the 10 Commission priorities ("Juncker Priorities").

This was also reflected in a brochure²⁶ on the contribution of European statistics to the 10 Commission Priorities "European Statistics for European Policies – A wealth of data to underpin the Commission Priorities". The brochure demonstrates how European statistics provided by Eurostat links to the Commission Priorities. It proved a very useful document among users. The brochure was sent to all Members of the European Parliament, Commission Director Generals, Directors, and to other key contacts.

The details hereafter under point 1.1.2 reflect Eurostat's major achievements to further develop the European Statistical System (ESS) as the leading provider of high-quality statistics in Europe. This is achieved by monitoring quality of the statistical information, implementing new methods of production, strengthening the partnership within the ESS and beyond, and thus supporting the implementation of evidence-based European Union policies, the Europe 2020 strategy and the 10 Commission Priorities.

1.1.2 Specific objectives for operational ABB activity 3403: Production of European statistics

Specific objective 1: Provide quality statistical information

Specific objective 4: Ensure that delivery of such statistics is kept consistent throughout the whole duration of the programme, provided that this does not interfere with the priority-setting mechanism of the European Statistical System (ESS).

Total number of outputs for Specific Objectives 1+4	Budget planned for 2015	Budget executed in 2015
419	33.335.462 EUR	30.798.077 EUR

In relation to macroeconomic statistics (national accounts, prices, key indicators, governance finance statistics), economic statistics have been produced and disseminated for national accounts, balance of payments, prices and purchasing power parities, including those for essential indicator sets such as the Macro-Economic Imbalance Scoreboard, Europe 2020, Sustainable Development Indicators and Principal European Economic Indicators, as well as statistics for essential administrative purposes such as Regional GDP (Gross Domestic Product) for structural funds.

By the end of the reporting year, almost all outstanding GNI reservations covering years to 2009 were lifted which was a major achievement.

By the end of the reporting year, almost all outstanding GNI (Gross National Income) reservations covering years to 2009 were lifted which was a major achievement. These reservations dated back to 1995 or 2002 for many countries, or to the accession date for

²⁶ [European Statistics for European Policies – A wealth of data to underpin the Commission Priorities - Product - Eurostat](#)

newer Member States.

Eurostat also performed with the consolidation of practices for the implementation of the new national accounts (ESA2010 – European System of National and Regional Accounts) and Balance of Payments (BOP) methodology. Increased focus was placed on data quality and compliance including consistency of national accounts and balance of payments. A range of key supporting elements for the EU-wide implementation of ESA2010 and Balance of Payments (BOP) methodology were assured.

Further achievements in the area of macro-economic statistics were the release of the quality assessment report of balance of payments for 2014 data to the European Parliament and the full establishment of the regular quarterly production of the House Price Index.

During the reporting year, the figures on the Harmonised Index of Consumer Prices (HICP), released twice per month, were in the limelight given the deflationary developments in the euro area and the discussions on the role of monetary policy.

Throughout the year, the major focus of legislative work was on the new Harmonised Index of Consumer Prices (HICP) framework regulation and on bringing the Balance of Payments (BOP) Regulation in line with the new comitology regime under the Lisbon Treaty. In December, a compromise was reached on both dossiers in the relevant dialogues.

Throughout the year, the major focus of legislative work was on the new HICP (Harmonised Index of Consumer Prices) framework regulation and on bringing the Balance of Payments (BOP) Regulation in line with the new comitology regime under the Lisbon Treaty.

In the area of staff remuneration and pensions, Eurostat ensured for the first time the application of a new automatic updating procedure for salaries under the revised Staff Regulations.

In the area of staff remuneration and pensions, Eurostat ensured for the first time the application of a new automatic updating procedure for salaries under the revised Staff Regulations of officials of the European Union, and provided a report on the long term projection of the pension scheme in addition to the usual calculations of the contribution rate and the liabilities.

The work of the Task Force on European Public Sector Accounting Standards (EPSAS) constitutes important EU added value in providing for transparent, complete and comparable government accounting in the Member States and harmonising the basic financial accounting data compiled within the Member States' governments. The Task Force placed high priority on communication with Member States and key stakeholders.

In 2015, the bi-annual assessment of EDP (Excessive Deficit Procedure) data

In 2015, the bi-annual assessment of EDP (Excessive Deficit Procedure) data was successfully performed.

Example:

In 2015, Eurostat produced in the area of "National Accounts, Prices and Key Indicators" 71 news releases and their underlying data; this accounts for around one third of all news releases of Eurostat and a greater proportion of Euro indicator releases. In this area, products included market sensitive flash releases: four for quarterly GDP and 12 for monthly HICP.

was successfully performed, with the April and October notifications undertaken under the ESA2010 (European System of National and Regional Accounts). Two reservations on the

quality of the data were included in the April and one in the October press release.

Together with the press release, Eurostat also published detailed tables with additional information.

Strong emphasis was placed on methodological aspects covering a wide range of items. Eurostat released two clarification notes on "The statistical recording of EU budgetary contributions" and "Impact of energy performance contracts on government accounts". 11 EDP inventories – revised to include all changes needed in view of the changeover to ESA2010 – were published in December 2015.

In view of the Eurostat verification exercise of fiscal statistics, 20 visits to Member States and Candidate Countries were undertaken. In addition, Eurostat continued to provide methodological advice to countries, and several ex-ante/ex post advices were provided.

The Council adoption of a fine concerning the quality of fiscal data in a Member State followed the recommendation from the Commission with major Eurostat contribution.

The Commission report to the European Parliament and to the Council on the quality of fiscal data reported by Member States in 2015 is in the process of approval by the Commission.

Eurostat continued in 2015 successfully with the dissemination of Government Finance Statistics (quarterly and annual financial and non-financial accounts of the government sector), and produced regular publications on quarterly deficit and debt, the structure of government debt and taxation trends. Eurostat also continued to promote the provision of more detailed quarterly non-financial accounts data.

Eurostat continued in 2015 successfully with the dissemination of Government Finance Statistics.

21 countries provide seasonally adjusted quarterly data for total revenue, total expenditure and net lending / net borrowing. In agreement with National Statistical Institutes (NSIs), Eurostat is extending the possibilities for transmitting data to better meet needs of main stakeholder while reducing burden on NSIs by preventing duplications of data transmissions.

Eurostat delivered essential input for the Commission Alert Mechanism Report in the context of the Macroeconomic Imbalance Procedure (production of the statistical annex of the Alert Mechanism Report) taking account of the changeover of statistical manuals in the areas of national accounts and

Eurostat delivered essential input for the Commission Alert Mechanism Report (production of the statistical annex).

balance of payments. Furthermore, the first ESS-ESCB (European Statistical System – European System of Central Banks) quality assessment report on Macroeconomic Imbalance Procedure statistics addressed to the policymakers and the general public was published.

News releases for macro-economic statistics included market sensitive flash releases. A newly developed on-line publication comprises "Statistics Explained" articles on all ten COFOG (Classification of the Functions of the Government) divisions and detailed groups. With the project "GDP flash estimate at t+30 days", Eurostat is working towards a release of an early flash, 15 days in advance of the current arrangements. A test was successfully finalised.

Example:

For the first time, Eurostat published a news release on total general government contingent liabilities and non-performing loans.

In the area of sectoral or regional statistics, Eurostat reached major achievements with regards to the Europe 2020 strategy and the production of high quality indicators.

The flagship publication "Smarter, greener, more inclusive? – Indicators to support the Europe 2020 strategy – 2015 edition" was released analysing the development of the headline indicators as well as additional economic, social and environmental indicators.

Headline target indicators for Europe 2020 have been updated with new data published on the Eurostat website. The implementation of new visualisation tools and the streamlining of textual descriptions of indicators enhanced the Europe 2020 dedicated section on Eurostat's website. The flagship publication "Smarter, greener, more inclusive? – Indicators to support the Europe 2020 strategy – 2015 edition" was

released analysing the development of the headline indicators as well as additional economic, social and environmental indicators.

An important achievement is the resource efficiency scoreboard being a significant reference point in the circular economy package adopted by the Commission in December 2015. During the reporting year, all indicators of the scoreboard have been updated with the latest available data.

The sustainable development indicator set has been streamlined in 2015, with the removal of indicators for which data are no longer collected or for which more relevant or better quality indicators have become available. Based on this streamlined indicator set, the 2015 monitoring report of the EU sustainable development strategy was released in September 2015.

Eurostat has contributed to the establishment of global indicators to monitor the UN sustainable development goals, and published the 2015 edition of the "Energy, transport and environment indicators" statistical book which presents a compilation of data for policy makers' discussions (e.g. in view of the 21st Conference of Parties to the UN Framework Convention on Climate Change - COP21).

The further development of the system of environmental accounts was another achievement. Emphasis was placed on setting up the modules that become mandatory for transmission in 2017 (environmental goods and service sector, environmental protection expenditure and physical energy flows). Dissemination and communication of the environmental accounts was improved (two new press releases; one set of infographics; revised Statistics Explained articles). Work continued to give value by further analysing the data already collected.

Work was launched on an experimental system of integrated natural capital and ecosystem services accounting whose purpose is the development of concepts and tools to integrate existing environmental data with geographic information.

A review of the European Agricultural Statistical System has been initiated and the "Strategy for Agricultural Statistics towards 2020 and beyond" has been endorsed by the ESSC. The related inception impact assessment was published by the Commission. The

Data on structural trends in agriculture were released in 2015 in different formats based on the Farm Structure Survey 2013.

work on the impact assessment report and the parallel evaluation of the current agricultural statistical system were initiated. The process for crop statistics was adapted through modification of the legal base and through an updated ESS agreement. Data on structural trends in agriculture were released in 2015 in different formats based on the Farm Structure Survey (FSS) 2013. Preparation of a legal basis for Supply Balance Sheets (SBS) on seven main crop products was started and a project was launched to clarify the methodological aspects of such data collection.

Eurostat delivered on the completion of the data collection under the waste statistics regulation. The indicator set on waste management – as a valuable contribution to the information needs of the circular economy package – was well developed during the reporting year which allowed publication on the Eurostat website for early 2016.

Furthermore, progress was made on rationalising and modernising water and forest statistics (e.g. replacing data collected through the joint forest sector questionnaire by existing PRODCOM - PROduction COMmunautaire - data).

As to transport statistics, the work for producing indicators (needed to monitor the 2011 Transport White Paper targets) has progressed in particular regarding passenger mobility with finalised guidelines on passenger mobility. The first phase of the methodological work on intermodal transport statistics resulted in a set of guidelines for producing intermodal statistics at national and European level and the work on the Road traffic statistics Project has progressed by exploring additional data sources. Methods for bottom-up estimations of greenhouse gas emissions from different transport modes were investigated in the reporting year.

The LUCAS (Land use/Land cover) 2015 Survey has been successfully conducted. In the course of the survey, a total of about 270 000 points across the European Union have been visited and classified.

The LUCAS (Land use/Land cover) 2015 Survey has been successfully conducted. In the course of the survey, a total of about 270 000 points across the European Union have been visited and classified. LUCAS in-situ data as well as aggregations of LUCAS data are used in a wide range of policy contexts (e.g. agriculture, environment, climate).

Furthermore, data from the previous LUCAS Survey of 2012 has been further analysed, in particular with respect to quality aspects.

The NUTS (Nomenclature of Territorial Units of Statistics) 2013 revision has been completed with an implementation regulation covering the supply of statistical data backdated according to the specific requirements of the different statistical domains of Eurostat.

In line with the "European Energy Union" priority of the European Commission, particular focus has been placed on statistics related to energy consumption, energy efficiency, renewable energies, energy dependence and security of supply. Quality and timeliness has been a priority with regard to the development, compilation and dissemination of the respective energy related indicators, in particular the Europe 2020 indicators.

Example:

A new Regulation on European statistics on electricity and natural gas price statistics has been adopted by the European Commission, as one of the deliverables of the Energy Union package published alongside the State of the Energy Union, and thus providing important EU added value.

In relation to social statistics, work continued for the development and production of high quality indicators for key EU policies such as the European Semester, Europe 2020, Education and Training 2020, the underlying Joint Assessment Frameworks (JAF), including the new JAF-Health.

Example:

A new draft framework regulation on statistics on individuals and household has registered considerable and fast progress during the year. The ESSC generally supported the draft framework regulation which will improve relevance and efficiency of social statistics.

A new medium-term action was launched aiming at improving the quality and timeliness of expenditure data on education already collected, including preliminary analysis of their consistency with the national accounts framework and data.

In the context of the reinforced role of social statistics, several projects have been successfully launched, with EU added value in dealing with the timeliness of data on inequalities, better distributions of income, consumption and wealth, better links between national accounts and social statistics, better data on labour market transition, mobility and skills.

Regarding the sectorial social statistics, several achievements were reached: the indicator on material deprivation has been revised in order to have data available for 2016 based on this revision. Major methodological

Regarding the need to improve the timeliness of data on poverty and inequalities, substantial first results have been delivered.

progress was achieved in various areas, such as the Labour Force Survey (LFS) and the Statistics on Income and Living Conditions (SILC). Regarding the need to improve the timeliness of data on poverty and inequalities, and to ensure the collection of regional poverty data in the near future, improvement actions were launched, and substantial first results have been delivered.

A set of publications and new indicators on measuring progress, well-being and sustainable development were disseminated in 2015, with amongst other the publication of the results of the quality of life 2013 SILC (Statistics on Income and Living Conditions) ad hoc module. New series of crime and criminal justice data, collected jointly with the UNODC (United Nations Office on Drugs and Crime) and in response to the Commission's Statistics Action Plan 2011-2015 "Measuring Crime in the EU" have been collected and disseminated.

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Data on quarter-on-quarter transitions in the labour market were issued for the first time in 2015.

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The substantial enhancement in 2015 of the data collections related to asylum and migration statistics constitutes a significant EU added value, given the related developments in the EU

in the reporting year. The quarterly rate of recognition was published in response to Council Decision on relocation²⁷. The statistics related to the Dublin Regulation²⁸ were strengthened and extended: e.g. returns of non-EU citizens subject of an order to leave EU territory, re-examination requests and decisions, transfers of persons subject of Dublin procedure were added.

The process of revision of the Labour Force Survey (LFS) has progressed well, with a view to producing new and more detailed labour market data. Timely Europe 2020 and other LFS based indicators on education and life-long learning were made available.

Education and training data were enriched in 2015 as a result of the implementation of the new international classification of Education programmes and qualifications (ISCED 2011). In particular data are now available for the different categories of tertiary

²⁷ Council Decision (EU) 2015/1601 of 22 September 2015 establishing provisional measures in the area of international protection for the benefit of Italy and Greece, OJ L 24, 24.9.2015.

²⁸ Regulation (EU) No 604/2013 of the European Parliament and of the Council of 26 June 2013 establishing the criteria and mechanisms for determining the Member State responsible for examining an application for international protection lodged in one of the Member States by a third-country national or a stateless person (recast), OJ L 180, 29.6.2013.

education reflecting the introduction of the so-called "Bologna structures" in Europe, as well as data by programme orientation (vocational/general).

In the area of disability statistics, Eurostat delivered through the dissemination of data from the ad-hoc European Health and Social Integration Survey (EHSIS) showing the prevalence, severity, need for assistance and life areas where a barrier is encountered.

Following the opening of the Census Hub in 2014, a publication using Census data together with the Labour Force Survey (LFS) and EU-SILC (Statistics on Income and Living Conditions) presented a detailed portrait of people in Europe and how they live.

Following the release of national population projections by Eurostat in 2014, Eurostat released regional ones on NUTS2. level.

Following the release of national population projections by Eurostat in 2014, Eurostat released regional ones on NUTS2 (Nomenclature of Territorial Units of Statistics) level.

A new draft implementing regulation for 2021 round of population and housing census registered considerable progress during the year. The regulation will improve relevance and efficiency of the EU census based on lessons learned from the 2011 round and by emphasizing areas of current statistical relevance like migration.

In business statistics, Eurostat progressed towards the full implementation of the new international methodology and data releases thereof for the International Trade in Services and Foreign Direct Investments Statistics.

This extended and deepened data availability on globalisation aspects of European enterprises, together with the detailed data on the role of the Foreign Affiliates, was complemented by the reinforced set of globalisation indicators for enabling stronger analysis basis for measuring and evaluating the Global Value Chains and the roles of European business economy. Considerable part of the production of the new data were using innovative methods, including micro data linking, cost efficiently and without burdening the economic actors with further surveys. Several new activities were initiated in business statistics area aimed at developing statistical information on the economic globalisation phenomenon contributing further to the long-term policy programme.

Eurostat progressed towards the full implementation of the new international methodology and data releases thereof for the International Trade in Services and Foreign Direct Investments Statistics.

Based on increasing data supply from Member states, the improved production and dissemination cycle of the Euro Group Register (EGR) was successfully launched in 2015. This carries important EU added value, as it will lead to an increased population of multinational enterprise groups (more than 50.000) to be made available to European Statistical System. In addition the quality of the EGR data improved considerably. Enterprise group profiling methods were further applied and should lead to additional quality improvements in the future.

The drafting of the common Framework Regulation Integrating European Business Statistics (FRIBS) which aims at improving integration, consistency and better responsiveness to new user needs, has progressed. Agreements on the data requirements on most business statistics domains have been achieved and – once the FRIBS is adopted – will result in enhanced coverage of the services sector as well as in the better harmonisation and enforcement of the Euro Group Register and of the national statistical business registers as basic infrastructure for business statistics production. Public consultations have been carried out for the Impact Assessment.

Data and metadata on short term business statistics, tourism statistics, structural business statistics, business demography, foreign affiliates statistics, foreign direct investment and international trade in goods and services, Community Innovation Survey data, Science and Technology data, results of the ICT Surveys, were released by Eurostat according to the planned timetable and with the expected data quality.

Data and metadata on short term business statistics, tourism statistics, structural business statistics, business demography, foreign affiliates statistics, foreign direct investment and international trade in goods and services, Community Innovation Survey data, Science and Technology data, results of the Information

and Communication Technologies (ICT) Surveys, were released by Eurostat according to the planned timetable and with the expected data quality. The development of new main indicators on Structural Business Statistics continued in 2015 and will also continue in 2016.

The Comext (Community External Trade Statistics database) dissemination tools have been improved in terms of stability, ease of use, functionalities and performances. These improvements have been achieved through new IT developments and addition of new data domains, especially in collaboration with DG Trade concerning preferential trade. Data and metadata on international trade statistics in goods were processed and released according the planned timetables and with the expected quality.

In relation to dissemination, Eurostat's policy is to continuously adapt its products and services to user needs and new IT developments. The new Eurostat website launched at the end of 2014 has been positively welcomed. The 2015 User Satisfaction Survey revealed overwhelming support, with nearly 95% of the 4500 users surveyed declaring to be satisfied or partly satisfied.

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In order to reinforce its user orientation, Eurostat has also pursued its efforts to produce cross-cutting publications more interesting for a large public together with attractive and innovative visualisation tools. In 2015, such publications and infographics have been released on "Youth", "Quality of life" and "Population". These infographics have been shared with success among ESS partners. As regards "Statistics Explained", Eurostat's on-line encyclopaedia, it has been continuously extended and contains nearly 900 articles. "Statistics Explained" thus carries important EU added value.

Statistics Explained, Eurostat's on-line encyclopaedia, contains today nearly 900 articles.

Concerning the new European Statistical Data Support put in place in October 2014, it has offered in 2015 a direct support to users of European Statistics in more than 30 languages. The dissemination of statistical datasets via the European Union Open Data Portal has continued in 2015 in order to promote the reuse of public sector information.

As regards the implementation of the ESS Vision 2020, the content of a project (DIGICOM) aiming at enhancing the capacity of the ESS to be more agile and responsive to user needs has been defined with the Member States and adopted by the ESSC.

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Eurostat successfully organised the 2015 New Techniques and Technologies for

Statistics (NTTS) Conference which presented results from research and innovation projects on new techniques and methods for official statistics and the impact of new technologies on statistical collection, production and dissemination systems.

During 2015, Eurostat made progress on **measuring costs of its products**. For the first time, the costs and merits of all statistical products of Eurostat for the year 2014 were calculated based on an agreed methodology. The results were fed in the strategic discussions on future work and priority setting inside Eurostat.

In the reporting year, 30 **European Statistical Training Programme (ESTP)** training courses were organized. Its EU added value lies in the continuously enhancing qualifications of ESS statisticians and raising the overall quality of European statistics through theoretical and hands-on training, exchange of best practices, know-how, and experiences.

Furthermore, the launch of the **European Master in Official Statistics (EMOS)** was an important achievement. The European Statistical System Committee (ESSC) awarded 12

The European Statistical System Committee awarded 12 university Master programmes, run by 11 universities, with the EMOS label.

university Master programmes, run by 11 universities, with the EMOS label, following a positive evaluation and recommendation by the EMOS Board. Given the success of the first call, a second call for applications to all universities from an EU Member State, EU candidate country or EFTA (European Free Trade Association) country was launched at the end of the year.

The **progress towards the effective achievement of the Eurostat multi-annual specific objectives 1 and 4** is evidenced by the positive trend of the key performance indicator no.1 "Number of data extractions" shows a positive trend.

For more details on indicators, targets and figures, reference is made to the tables on the key performance indicators in the executive summary b) and to annex 12.

Specific objective 2: Implement new methods of production

Total number of outputs for Specific Objective 2	Budget planned for 2015	Budget executed in 2015
97	24.731.538 EUR	25.542.128 EUR

With the ESS (European Statistical System) Vision 2020 Eurostat has continued in 2015 to invest in the modernisation of European statistics and implementing new methods of production. A comprehensive portfolio management approach has been implemented. An array of communication tools and channels were put in place and assessment of strategic risks at portfolio level was carried out.

With the ESS Vision 2020 Eurostat has continued in 2015 to invest in the modernisation of European statistics through a portfolio of projects and supporting frameworks.

The ESS Vision 2020 entered into full-speed implementation phase. A portfolio of projects

As a major achievement, the ESS Vision 2020 entered into full-speed implementation phase.

(so called "ESS.VIPs" – ESS Vision Implementation Projects) was established and portfolio management principles, largely based on the PM² (Project Management) methodology, were put in place in order to run this

key modernisation of statistical production in the ESS in an efficient and effective manner.

The following ESS.VIPs are included in the ESS Vision 2020 portfolio:

Project acronyms	Definition
SIMSTAT and REDESIGN	Single Market STATistics and Redesign of Intrastat
ESBRs	European System of interoperable Business Registers
VALIDATION	Common Data VALIDATION Policy
ADMIN	ADMINistrative data
ESDEN	European Statistical Data Exchange Network
SERV	shared SERVICES
BIGD	BIG Data
DIGICOM	DIGItal COMMunication, User Analytics and Innovative Products

The ESS Vision 2020 portfolio of projects is accompanied by a number of horizontal activities coordinated by Eurostat which support the achievement of the Vision's objectives across the portfolio and statistical domains. These are quality, standards, ESS Enterprise Architecture and cooperation models. The goals of the ESS Vision 2020 will be also achieved through modernisation activities in concrete statistical domains (i.e. modernisation programmes of business, social and agricultural statistics).

Regarding specific implementation measures, the ESS.VIP VALIDATION project has been finalised yielding an ESS methodological handbook for validation, an initial version of a common ESS validation language and prototypes for possible ESS validation services, thus providing the pre-requisites for moving towards a common validation approach and shared solutions in the statistical production.

Example:

Within the SIMSTAT project, a pilot exchange of micro-data on intra-EU trade was successfully carried out between 20 Member States. The main objectives of this exercise were to demonstrate the feasibility of micro-data exchange and assess the exchanged data with respect to their quality and re-usability. The participating Member States analysed the received data as well as assessed the whole process of data exchange. The final report will be presented to the ESSC in 2016.

Collaboration within the ESS was reinforced via several ESSnets and three Centres of Excellence as well as innovative solutions. They allowed for the development of ESS-wide solutions, maintenance of ESS-tools (e.g. in the area of seasonal adjustment and statistical disclosure control), the exchange of good practices and knowledge transfer.

The ESS.VIP on administrative data (ADMIN) is entering the execution phase. Several actions have already started: two rounds of grants, a framework partnership agreement on the quality of multisource statistics and the analysis of DG Maritime Affairs and Fisheries administrative data assessing its suitability to produce fisheries statistics.

It was an important achievement that, for the first time, a project for opening up services to the ESS and subsequent sharing has been started with regard to ESA2010 (European System of National and Regional Accounts) data validation, based on a solid quality framework jointly developed with the Member States. Advancements were made with regard to internal tools for compliance monitoring for ESA2010 and follow-up of ESA2010 derogations and Statistical Data and Metadata Exchange (SDMX) implementation.

In view of efficiency gains in production of European statistics, the production process for annual crop statistics has been substantially revised and ESS statistical and technical standards for data, metadata and validation services have been implemented.

The project on the ESBRS has progressed and put a working version of the EuroGroups Register 2.0 into operation allowing for remote access by NSIs.

The project on the European System of Interoperable Statistical Business Registers (ESBRs) has progressed on the establishment of the business architecture, promoted and facilitated profiling of large multinational enterprises in order to improve the

quality and consistency of business statistics across domains and put a working version of the EuroGroups Register 2.0 into operation allowing for remote access by NSIs.

The ESS.VIP REDESIGN project has advanced with the identification of Intrastat redesign options and carrying out their qualitative and quantitative analysis. External contract on measuring administrative burden of the redesign options was also launched. The final report will be presented to the ESSC in 2016.

Eurostat and its national partners in the European Statistical System are embracing Big Data to improve its portfolio of high quality statistics for policy making.

Eurostat and its national partners in the European Statistical System are embracing Big Data to improve its portfolio of high quality statistics for policy making. Eurostat launched pilots related to specific Big Data sources.

In implementing the Big Data Action Plan and roadmap of the European Statistical System, Eurostat launched

pilots related to specific Big Data sources, such as website information, smart meters,

Example:

Eurostat is implementing the Big Data Action Plan and Roadmap together with its partners of the European Statistical System to enhance the portfolio of European Statistics with data and analytics from Big Data sources. In a first round of projects, three different data sources are evaluated for their potential of creating valuable information filling gaps and improving quality aspects such as timeliness. As an example, a number of experts will analyse websites of businesses to find information on job vacancies, including description of required skills. The data will be benchmarked with existing vacancy data and related to the frame of businesses from the statistical registers in order to produce statistically sound estimations. At the same time, additional user needs are collected to define new use cases aiming at a number of statistical outputs. This requires intensive work addressing general issues such as scientifically sound methodology, quantification of quality, access to data, partnerships with data providers and researchers.

Automatic Vessel Identification System and mobile communication data for various statistical outputs.

In addition, contracts exploring and creating the conditions for using these new data sources in compliance with ethical and legal conditions started. They include also creating new methodological and quality standards consistent with the quality standards of the European Statistical System.

Eurostat is considering building a permanent internal analytics capability dedicated to harness opportunities of new data sources for better and timelier responding to European Commission policy needs.

At the same time Eurostat is analysing Wikimedia and other web sources to explore their potential for European statistics and enhance internal analytical capabilities. Coordinating with other Commission services active in this field, Eurostat is considering building a permanent internal analytics capability dedicated to harness opportunities of

new data sources for better and timelier responding to European Commission policy needs.

The DIGICOM project was initiated and aims at innovative and shareable products and tools to make statistical data easier to access and use²⁹.

Eurostat has achieved a major step towards management of sensitive information in finalising its first annual inventory of sensitive information, including its classification and protection measures. Such results are now used for defining, regulating and monitoring the exchange of information inside the Commission, in the ESS and with external partners. The ESS IT security framework is now finalised, will be endorsed

by the ESSC in 2016 and is considered as a major action for reducing the risk associated to the exchange of micro data in the ESS.

Example:

The ESDEN (European Statistical Data Exchange Network) project has provided the secured IT infrastructure that has been used for the SIMSTAT data exchange. The infrastructure could be used for future data exchange among Member States and Eurostat.

The second round 2013-2015 of Peer Reviews of the European Statistical System was successfully concluded in October 2015.

The second round 2013-2015 of Peer Reviews of the European Statistical System was successfully concluded in October 2015. 28 Member States, 4 EFTA (European Free Trade Association) countries and Eurostat were reviewed and the Reports are published. All

reviewed countries and Eurostat developed Improvement actions: 707 Recommendations were issued giving rise to 929 Improvement actions. First review of implementation will be launched in the first quarter 2016 and final implementation date is 2019. A report to the European Parliament and the Council on the implementation of the Code of Practice will be adopted early 2016 and a report on cooperation within the European Statistical System will be presented to the ESSC in February 2016.

The work on **quality management** advanced according to plans. Important achievements were reached. The revised ESS Quality Assurance Framework and the ESS standard for quality reporting were endorsed by the ESS Committee. Progress in the development of quality as a key area under the ESS Vision 2020 was achieved in particular for the coordination of its key quality elements. In Eurostat, the reinforced error management

The revised ESS Quality Assurance Framework and the ESS standard for quality reporting were endorsed by the ESS Committee.

²⁹ See above, specific objective 1, in relation to dissemination.

procedure was satisfactorily implemented for the year 2015 supporting continuous improvement in the quality of European statistics.

Eurostat is in the process of **renovation of its dissemination chain**. In the context of reuse of the Eurostat dissemination chain, statistical services for postal statistics were provided to DG Internal Market, Industry, Entrepreneurship and SMEs. In the area of Eurostat reference environment for dissemination, new functionalities and additional services were provided (new Eurobase upload service, new update modes, new emergency procedure); standardization of the code lists used in Eurostat dissemination chain was further pursued.

Regarding Metadata and Standards, further progress was made in implementing reference standards at the ESS level. Support services to single data entry and exchange point EDAMIS (Electronic Dataflow Administration and Management Information System) was provided throughout the year. A special attention was given to further implementation of SDMX (Statistical Data and Metadata Exchange) data exchange standard and corresponding construction of domain-level Data Structure Definitions (DSDs) at Eurostat level.

The **progress towards the effective achievement of the Eurostat multi-annual specific objective 2** is not yet reflected in the key performance indicator no.3 "Timeliness – Users' opinion" which shows for the moment a stable trend.

For more details on indicators, targets and figures, reference is made to the tables on the key performance indicators in the executive summary b) and to annex 12.

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

Total number of outputs for Specific Objective 3	Budget planned for 2015	Budget executed in 2015
70	1.973.000 EUR	2.040.681 EUR

The governance structure of the ESS was further consolidated by the adoption of the amended Regulation (EC) 223/2009. This amended Regulation facilitates a stronger national coordination of the institutions contributing to the production of European statistics. As follow-up of this amendment, several issues concerning Other National Authorities (ONAs) and the National Statistical Institutes (NSIs) reinforced coordination role were clarified. The discussions of the Task Force on Cooperation Models resulted in recommendations for establishing innovative and flexible cooperation models.

The governance structure of the ESS was further consolidated by the adoption of the amended Regulation (EC) 223/2009.

Higher prominence was achieved for the European Statistical Governance Advisory Board (ESGAB) and the European Statistical Advisory Committee (ESAC) in 2015, as new ESGAB members and Chair took office and its work enjoyed more publicity. The new Executive Board steered ESAC's work, members engaged in innovative activities (migration statistics, communication, user profiling).

Cooperation with **international organisations** was enhanced through the focus on the Agenda 2030 (Sustainable Development Goals) and the African conference on a transformative agenda for official statistics. The highly appreciated staff exchange with the UN was continued. Eurostat strengthened its network at international level. Numerous meetings were held with IMF, OECD, UN and the ECB at all levels, thus underlining Eurostat's position as a leading statistical agency.

Regarding **enlargement, neighbourhood policy and statistical cooperation**, new ways of reporting on the progress of the enlargement countries in complying with the EU acquis were introduced with the statistics chapter being among the pilot chapters and reporting now focusing on the preparedness of the countries to join the EU.

A new round of peer reviews was launched for the enlargement countries with the model used for the EU Member States. For the ENP (European Neighbourhood Policy) East countries two panel meetings to explain the EU acquis in business and labour market statistics were held with a view to increasing knowledge and application of the European standards. The ENP South adopted their Code of Practice, based on the European Statistics Code of Practice. The pan African programme in statistics was successfully contracted. Launching activities and implementation arrangements were agreed with relevant stakeholders. EUROTRACE (software for trade statistics) has been installed in most enlargement countries, in some of the ENP countries (East and South), in a number of countries in Africa, and the Caribbean and Pacific regions.

The **progress towards the effective achievement of the Eurostat multi-annual specific objective 3** is evidenced by the positive trend recorded by the key performance indicator no.4 "Comparability".

For more details on indicators, targets and figures, reference is made to the tables on the key performance indicators in the executive summary b) and to annex 12.

Specific objective 4: Ensure that delivery of such statistics is kept consistent throughout the whole duration of the programme, provided that this does not interfere with the priority-setting mechanism of the ESS

The achievements related to this specific objective 4 are included in specific objective 1. The achievements on specific objective 1 and 4 are jointly described above in point 1.1.2 under objective 1, as this mirrors precisely the approach pursued in the Management Plan 2015.

1.2 Examples of economy and efficiency

Eurostat is continuously fine-tuning its internal arrangements in order to improve the economy and efficiency of its operations.

The following two examples, mentioned in the MP 2015, illustrate how these principles are implemented in Eurostat:

Example 1:

In 2015, the ESS.VIP VALIDATION project has been finalised yielding an ESS methodological handbook for validation, an initial version of a common ESS validation language and prototypes for possible ESS validation services, thus providing the pre-requisites for moving towards a common validation approach and shared solutions in the statistical production. In 2016 work in validation will continue in particular with regard to finalising the ESS validation language, including through the cooperation with international organisations.

Example 2:

In 2015, Eurostat has introduced unit costs as single payment scheme for the reimbursement of direct eligible personnel costs for grants awarded under the European Statistical Programme 2013-2017, thereby facilitating the preparation and control of the budget and cost claim for both, Eurostat and beneficiaries. 30 National Statistical Institutes (Member States as well as Iceland and Norway) and 28 other national authorities (ONAs) have implemented the unit cost methodology. Derogation to the application of unit costs was possible for ONAs in 2015 only, and was granted to 11 out of 39 ONAs that continued to declare actual costs.

2. MANAGEMENT AND INTERNAL CONTROL

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

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

- the reports by Authorising Officers by sub-delegations (AOSDs);
- the reports from Authorising Officers in other DGs managing budget appropriations in cross-delegation;
- the contribution of the Internal Control Coordinator, including the results of internal control monitoring at the DG level;
- the reports of the ex post supervision or audit;
- the opinion of the internal auditor on the state of control, and the observations and recommendations reported by the Internal Audit Service (IAS);
- the observations and the recommendations reported by the European Court of Auditors (ECA).
- These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a complete coverage of the budget delegated to the Director-General of Eurostat.

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

In 2015, the financial operations managed by Eurostat were exclusively under direct management mode. The commitments concerned the third year of the European Statistical Programme (ESP) 2013-2017, while the payments were linked both to the current ESP 2013-2017 programme as well as to the closure of the previous Statistical Programme 2008-2012.

As a Service-DG, Eurostat not only uses the budget appropriations of those programmes ('own credits'), but is also responsible for the use and control of budget appropriations sub-delegated from other DGs (13 in 2015) in order to provide the European Union with a high-quality statistical information service.

In 2015, the total operational commitment appropriations (own and sub-delegated to Eurostat) amounted to 106.786.230 EUR.

Overview of the 2015 commitments and payments executed on Eurostat budget lines³⁰

Total appropriations (operational and administrative)³¹

	Commitments (EUR)	Payments (EUR)
European statistical programme 2013-2017 (implemented by Eurostat and cross-sub delegated by Eurostat)*	55.781.441	30.797.248
Co-delegated to DIGIT	2.599.938	1.824.079
Total European statistical programme 2013-2017	58.381.379	32.746.281
Completion of Community statistical programmes (2003-2007 and 2008-2012)	0	9.570.150
Preparatory action on European farm prices and margins observatory	0	282.272
De-centralised administrative appropriations of the Global envelope (Heading 5) (implemented by Eurostat)	3.508.263	491.019
De-centralised administrative appropriations of the Global envelope (Heading 5) (co-delegated to PMO)	0	2.960.145
Total de-centralised administrative appropriations of the Global envelope (Heading 5)	3.508.263	3.451.164
Support expenditure for operations in the Statistics policy area (BA lines) (implemented by Eurostat)	2.865.217	167.124
Support expenditure for operations in the Statistics policy area (BA lines) (co-delegated to DIGIT)	93.313	0
Support expenditure for operations in the Statistics policy area (BA lines) (co-delegated to PMO)	0	2.618.555
Total support expenditure for operations in the Statistics policy area (BA lines)	2.958.530	2.785.679
Total	64.848.172	48.835.546

*Eurostat cross-sub delegated to DG TAXUD 250 000 EUR on commitments and 63 788 EUR on payments appropriations

Operational appropriations sub-delegated to Eurostat

	Commitments (EUR)	Payments (EUR)
Sub-delegated appropriations to Eurostat	51.004.789	31.162.857

Commitments and payments per expense type

Financial transactions			Commitments	Payments
Grants	Own appropriations	Number	252	218
		Amount (EUR)	19.478.020	11.385.670
	Sub-delegated appropriations	Number	110	117
		Amount (EUR)	25.882.297	18.534.786
Procurements	Own appropriations	Number	397	873
		Amount (EUR)	36.389.608	29.264.000
	Sub-delegated appropriations	Number	15	46
		Amount (EUR)	21.684.916	12.628.071
TOTAL amounts			103.434.841	71.812.527

Only operational appropriations (co delegations to DG DIGIT and OP not included, sub-delegation to DG Taxud included).

³⁰ Source: ABAC BO

³¹ Data reconciliation: the co-delegations given by Eurostat are not covered by Eurostat's AAR, however, they are included in the totals of Annex 3.

Appropriations subject to the financial management control reporting herein³²

	Commitments (EUR)	Payments (EUR)
Operational appropriations	106.786.230	71.812.527
Support expenditure for operations in the Statistics policy area (BA lines)	2.865.217	167.124
TOTAL operational and BA	109.651.447	71.979.651

³² The appropriations subject to the financial management control herein are the own operational appropriations (except co-delegations given), the operational appropriations cross-sub delegated to Eurostat and the BA appropriations implemented by Eurostat.

2.1 Control results

This section reports and assesses the elements identified by management that support the assurance on the achievement of the internal control objectives³³. The DG's assurance building and materiality criteria are outlined in the AAR Annex 4. Annex 5 outlines the main risks together with the control processes aimed to mitigate them and the indicators used to measure the performance of the control systems.

The results of the controls performed are presented by control objective and as regards the legality and regularity and the efficiency and cost-effectiveness also by main type of expenditure, namely grants and procurement.

The control results reported cover 92.91% of 2015 budget in authorised payments.

Coverage of the Internal Control Objectives and their related main indicators

2.1.1 Control effectiveness as regards legality and regularity

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

GRANTS

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

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

In accordance with Regulation 223/2009, grants are awarded without calls for proposal to the members of the ESS. As from 2015, the Commission decided that direct personnel costs incurred to implement grants awarded by Eurostat³⁴ shall be declared on the basis of unit costs. This simplification further contributes to reduce the risk of errors.

Expenditure linked to grants paid to those ESS beneficiaries constitutes around 90.5%³⁵ of the budget implemented through grants by Eurostat (own and sub-delegated appropriations).

Eurostat's 2012-2017 control strategy takes due account of this environment. It is implemented via annual control programs including the following layers of controls:

³³ Effectiveness, efficiency and economy of operations; reliability of reporting; safeguarding of assets and information; prevention, detection, correction and follow-up of fraud and irregularities; and adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 32).

³⁴ Under the European Statistical Programme and sub delegated credits, with the exception of IPA beneficiaries

³⁵ Based on 2015 figures.

- 1) Mandatory controls (all steps). In particular all payment transactions are subject to mandatory ex-ante controls according to Art. 66(5) of the Financial Regulation;
- 2) In-depth ex-ante controls are implemented on some payment transactions based on supplementary supporting documentation verified by Eurostat, on a two-fold basis:
 - Transactions randomly selected throughout the whole year (own appropriations)
 - Beneficiaries selected using pre-defined criteria (own and sub-delegated appropriations)
- 3) Furthermore, Eurostat performs ex post controls. These controls are also intended to identify errors not detected during ex-ante controls.
- 4) In 2015 Eurostat launched a series of periodic assessments of the correct application of the method to calculate unit costs. The purpose is the early detection and correction of non-compliance issues, as well as providing input for the evaluation of the unit cost method in view of the next decision.

Controls

In depth controls performed over the period 2012-2015 (either ex-ante or ex post) covered 97% of the NSIs (EU & EFTA4-Countries) and 11% of the ONAs (Other National Authorities).

In 2015 9 out of the 33 beneficiaries receiving payments in 2015 were covered by in-depth **ex ante controls** (16 transactions in total). Two **ex post controls** on final payments were also finalised in 2015. One further control is foreseen to be closed within the 1st quarter 2016. In addition a follow-up of an ex post control is foreseen to be finalised in 2016. Detailed results of the controls performed and further information regarding the cumulated error rates by programme are presented in Annex 10.

Error rates

Overview of error rates for the 2015-Control Work Programme (without sub-delegated credits):

Statistical Programme	Detected error rate ex ante FY2015 (before payment)	Detected error rate ex post FY2015 (after payment)	Multi-annual cumulative residual error rate
European Statistical Programme 2008 - 2012 ³⁶	0.80%	1.84%	1.01%
European Statistical Programme 2013 - 2017	0.31%	n.a. ³⁷	n.a.

Remark:

In the AAR 2014, it was explained why the results of one in depth control has not been considered relevant for this exercise (a correction has been applied to 100% transactions still controllable- therefore no remaining residual error rate, additionally the systematic error was not representative of the rest of the population).

Eurostat analyses regularly the main causes and types of error detected. No fraud related observations were disclosed. When appropriate, beneficiaries have been invited to improve their internal control system and follow-up controls have been programmed/performed to monitor the compliance with requirements. All errors detected ex-ante are corrected before payment. Re-assurance is given by complementary ex post controls, and corrections are made based on those controls.

As for the assessment of the correct application of the method to calculate unit cost for personnel costs, in total six beneficiaries were covered in 2015. The assessment is

³⁶ ESP 2008-2012 including MEETS programme

³⁷ No ex post controls were performed on grant agreements concluded under the European Statistical Programme 2013 – 2017 due to the lack of controllable grant agreements.

carried out by external audit service providers. The first results disclosed only minor findings.

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

Other control indicators (own and sub delegated appropriations)

Eurostat reviews the reporting of exceptions and non-compliance events, defined as control overrides or deviations from policies and procedures, and the results of the compulsory ex-ante controls and ex post controls and supervisory activities.

During the reporting year there were 4 exceptions recorded in the registry of exceptions and non-compliance events. These concerned formal compliance issues which do not have a negative impact on the budget.

In 2015, the number of invitations to submit proposals resulting in grant agreements signed can be again reported at high level (the success rate amounts 98,11% of planned invitations for proposals). The budget execution in terms of commitment appropriations increased from 97,48% (2014) to 99,56% (2015).

For detail, see indicators in table below:

	Indicator FY	Results *	
		2014	2015
Ex ante controls ESP 2008-2012 and ESP 2013-2017	Number of calls for proposals ³⁸ successfully <u>concluded</u> /number of invitations for proposals planned in the MP/WP (in %)	94.4%	98.11%
	Total number of awards/total call for proposal (in %)	100%	93.8%
	Budget value implemented/budget allocated (budget execution in terms of commitment appropriations) (in %)	97.48%	99.56%
	Number of projects with cost claim errors out of number of grants (in %)	14.3%	10.8%
	Budget amount of the cost items rejected : (in EUR) (in % weight from total payments) <u>own appropriations</u>	K€ 537,5 (2.04%)	K€ 96.2 (0.67%)

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

	Indicator	Results		
		2014	2015	Cumulated ³⁹
Ex post controls ESP 2008-	Amount of errors concerned: (EUR) ⁴⁰	3.466	32.011	110.962
	Expected non-monetary return of auditing projects	Non – quantifiable (preventive; dissuasive effect)		

³⁸ According to Article 5 of Regulation (EC) No 223/2009, NSIs and other national authorities responsible for the development, production and dissemination of European statistics as designated by Member States may receive grants without a call for proposals in accordance with Article 168(1)(d) of Regulation (EC, Euroatom) No 2342/2002. They receive invitations to submit proposals.

³⁹ Statistical Programme 2008-2012

⁴⁰ Without sub-delegated credits

2012	Number of fraud-related audit observations:	nil	nil	nil
	Number/value of audit results failed implementation	nil	nil	nil
	Average time to recover/offset (% on time) ⁴¹	54 days	57 days	46 days

PROCUREMENTS

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

Controls

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

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

100% of procurement transactions were covered by standard ex-ante controls (Financial Regulation).

In addition to the mandatory ex-ante controls a supplementary **ex post supervisory review** was carried out in 2015 on two procurement transactions. No non-compliance issues were disclosed. No financial, reputational or fraud-related errors were detected. Corrective measures were implemented to address weaknesses observed.

Management checks and supervision has been strengthened in 2015 with an Internal Market Committee in charge of reviewing ex ante the quality of the terms of reference of a sample of files and a workshop on best practices for the assessment of deliverables.

Error rate

Table below shows main figures for payments on procurement transactions processed in 2015⁴² for own appropriations:

Amount claimed (EUR)	Amount paid (EUR)	Non-eligible amount (EUR)	Detected error rate * (in %)
31.174.015	31.120.000	54.015	0.17%

* Errors corrected before payment

The analysis of the available control results, the assessment of the issues identified and that of their relative impact on legality regularity has not unveiled any significant weakness which could have a material impact as regards the legality and regularity of the

⁴¹ Date of launch = start date ABAC work flow

⁴² Balance of the payments made in 2015 for EU Statistical Programme (2008-20012/2013-2017).

financial operations and it is possible to conclude that the control objective as regards legality and regularity has been achieved.

Other control indicators

Eurostat reviews the reporting of exceptions and non-compliance events, defined as control overrides or deviations from policies and procedures, and the results of the compulsory ex-ante controls and ex post controls and supervisory activities.

During the reporting year there were 18 instances recorded in the registry of exceptions and non-compliance. These concerned formal compliance issues which do not have a negative impact on the budget.

Overall conclusion on control effectiveness as regards legality and regularity

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

For DG Eurostat, the estimated overall amount at risk⁴³ for the 2015 payments made is 0,3M€. This is the AOD's best, conservative estimation of the amount of expenditure authorised during the year (48,8 M€) not in conformity with the applicable contractual and regulatory provisions at the time the payment is made.

This expenditure will be subsequently subject to ex post controls and a sizeable proportion of the underlying error will be detected and corrected in successive years. The conservatively estimated future corrections⁴⁴ for those 2015 payments made are 0.1 M€. This is the amount of errors that the DG conservatively estimates to identify and correct from controls that it will implement in successive years.

Eurostat	Scope: Payments made (FY; €)	Error Rate (%) *1)	Amount at risk (FY; €)	Estimated future corrections (FY; €)
ABB or other activity-level: Production of European Statistics & Policy strategy and coordination	As per AAR annex 3, table 2	Detected error rate, or equivalent estimate/proxy	= (2) x (3)	Avg % since 2009 [e.g. 2,0%], applied to FY payments made *2)
• Grants	11.383.500	1.84%	209.456	
• Procurements	31.216.500	0.17%	54.317	
• Admin. credits	6.240.000	0.50%	31.200	
Overall	48.840.000	0.60%	294.973	113.108

*1) The error rate of grants is based on ex post controls. The error rate of procurement transactions is based on credit notes (corrected before payment). The error rate of administrative credits is based on best estimate.

*2) As the Eurostat control strategy 2012-2017 started with the Control Work Programme 2012, average corrections for grants were calculated as from 2012 onwards. Estimated future corrections for procurement transactions were calculated on the average corrected error as from 2014.

⁴³ In order to calculate the weighted average error rate (AER) for the total annual expenditure in the reporting year, detected, estimated or proxy error rates have been used (not the RER).

⁴⁴ This estimate is based on past performance, namely on the average recoveries and financial corrections (ARC) implemented since 2009 and applied to the payments of the year. Eurostat has adjusted this in view of the specifics of Eurostat's control system, with a view to maintaining the conservative character of the estimation. Data linked to ex-ante control elements and data referring to the ESP 2003-2007 and previous statistical programmes were excluded from the corrective capacity for grant agreements. In addition, as ex-post controls related to the ESP 2008-2012 were launched together with the Eurostat control strategy 2012-2017, starting with the control work programme 2012, average corrections of grants were calculated as from 2012 onwards.

2.1.2 Efficiency and Cost-effectiveness

The principle of efficiency concerns the best relationship between resources employed and results achieved. The principle of economy requires that the resources used by the institution in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price.

This section outlines the indicators used to monitor the efficiency of the control systems, including an overall assessment of the costs and benefits of controls. Eurostat carried out for a second year in a row an estimation and analysis of the cost of controls based on a full cost approach, i.e. including indirect and overhead cost. Costs have been based on an estimation of time needed in performing operational and financial controls for grant and procurement during their live cycle.

GRANTS

The indicators on cost of controls include all costs related to both operational and financial controls (direct, indirect and overheads).

Indicators for ex ante and ex post controls (FTE for all stages combined: direct, indirect and overheads) own and sub delegated appropriations:

Stage	Indicators (annual indicators) and description	Results	
		2014	2015
Overall indicator	Overall cost of control (%) Description - Total cost of controls of process / total expenditure executed during the year (payments made) related to section 2.1; from the expenditure the amount delegated or subject to a distinct discharge report is excluded.	7.4%	6.3%
All controls for the programming, evaluation and selection of proposals	Cost of programming + evaluating + selecting grants / value of grants contracted (%)	2.7 %	2.0%
From legal commitment up to payment included	Cost of control from contracting and monitoring the execution up to payment included/ amount paid (%)	4.0 %	3.1%
Ex post controls	Average cost of ex post controls (in EUR) ⁴⁵	14.700	25.800
	Cost of ex post controls / value of grants audited (%)	1.0 %	1.13%
Periodic assessment of unit cost methodology	Cost of assessment (average cost per control - internal and external costs in EUR)	n.a.	15.900

It should be underlined that Eurostat receives each year sub delegated appropriations, which lead to high fluctuations of the total expenditure executed during the year and impacts on the financial circuits (as the number of cross sub-delegations, the amount of

⁴⁵ Direct costs including costs for audit planning and preparation, appointment of external audit firms and supervision.

appropriations and number of transactions are variable over the years, and the capacity to deal with those fluctuant values and numbers shall be ensured). Therefore this impacts the cost efficiency indicator, as higher the average grant value is, higher the efficiency will be.

Average cost of ex post controls increased due to a combination of three factors: the number of ex post controls performed in 2015 (two controls) decreased in comparison to the preceding year; a certain level of fixed costs remains independently of the number of controls, influencing the average cost per control; the cost for external audit service providers increased as well.

To further improve the efficiency of grant management, Eurostat, introduced as from January 2015 unit costs as single payment scheme for the reimbursement of direct eligible personnel costs for grants. This will facilitate the preparation and control of the budget and cost claim for both, Eurostat and its beneficiaries in the years to come.

Overall control system for ex ante and ex post control (FTE for all stages combined: direct, indirect and overheads) own and sub delegated credits

Indicator	2014	2015
Total cost of financial management & control FTE⁴⁶ / total value of operational payments made with the following split ⁴⁷ :	7.4%	6.3%
<i>Own appropriations</i>	6.0%	2.3%
<i>Sub delegated appropriations:</i>	1.4%	4.0%
Total benefits of financial management and control* (excl. non-quantifiable benefits) / total value of operational payments made)	2.2%	1.2%
Total benefits of financial management and control* (excl. non-quantifiable benefits) / total costs of financial management and control)	29.9%	18.9%

*Only benefits quantified during payment stage (ex-ante/ex-post) have been considered. The percentages for 2014 was slightly adjusted from 29.7% to 29.9% (not all quantifiable benefits had been included).

Eurostat quantifies the costs of the resources and inputs required for carrying out the controls described in annex 5 and estimates their benefits in terms of the amount of errors and irregularities prevented, detected and corrected by these controls (as per Annex 3, table 8). In addition, there is a certain number non-quantifiable but undeniable benefits resulting from the controls operated. The benefits of control in non-financial terms cover: better value for money, deterrent effects, efficiency gains, system improvements and, as mentioned above, compliance with regulatory provisions. These are major benefits in an environment characterised by recurrent beneficiaries.

⁴⁶ Excl. FTE involved in other Commission functions, such as policy development, monitoring of EU law enforcement, etc. [for nearly "pure" grant management DG/EA, this can be approximated by comparing the administrative/operating budget to the total operational budget.]

⁴⁷ The repartition key is based on the volume of expenditure executed during the year.

Other control indicators

	Indicator FY	Results *	
		2014	2015
Ex ante controls ESP 2008-2012 and ESP 2013-2017	Average time to inform applicants (Art 128 para.2a FR sets a six months time limit).	74 days	87 days
	Average time to sign grant agreements or notify grant decisions (Art 128 para.2b FR)	27 days	28 days
	Time to pay (% on time, value)	89.25%	96.3%
	Time to pay (% on time, number)	90.44%	95.9%
	Average time to pay (% on time) (Art 92 FR)	47.05 days	46 days

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

It should be noted that indicators are improving, except for the average time to inform applicants. Nevertheless, this indicator remains within the limits defined by the Financial Regulation (Art 128 para.2a FR).

PROCUREMENTS

Indicators of cost and controls include all costs related to both operational and financial controls (direct, indirect and overheads).

Indicators for ex ante and ex post controls (FTE for all stages combined: direct, indirect and overheads) own and sub delegated credits

Stage	Indicators (annual indicators) and Description	Results	
		2014	2015
Overall indicator	Overall cost of control (%) Total cost of controls of process / total expenditure executed during the year (including admin. expenditure); (the payments made)	6.3 %	5.0%
Procurement stage up to selection of the offer & evaluation	Cost of controls of the evaluation and selection procedure / value contracted (%) Cost of preparing the needs assessment, specifications, publishing , evaluating the offers, notifying the tenderers / value of procurement contracted	1.9%	1.2%
Financial transaction	Related cost of control/ amount paid (%) Related cost for all transactions related to this stage (Commitments, payments, RO) / amount paid only	3.9 %	2.9%
Supervisory measures	Related cost of supervisory measures (ex post quality reviews and Market Committee in EUR)	17.200	15.200

Main indicators referring to procurement transactions are presented as follows (own and sub-delegated appropriations):

Controls	Indicator FY	Results 2014	Results 2015
Ex ante controls	Time to pay (% on time, value)	93.81%	89.10%
	Time to pay (% on time, number)	93.06%	89.60%
ESP 2008-2012 and ESP 2013-2017	Average time to pay (Art 92 FR)	22.60 days	23 days ⁴⁸
	Error rate on procurement transactions is based on credit notes; corrected before payment.	0.25 %	0.12%

The indicators reported in the table above demonstrate that the increasing proportion of payments for procurement transactions (from 68% to 76%) having tighter deadlines (30 days instead of 90 days) put the financial circuits under pressure. It should be noted that 59% of all late transactions had a delay between one and five days. Reflections are on-going on how to enhance the financial circuit for payments.

Overall control system for ex ante and ex post controls (FTE for all stages combined: direct, indirect and overheads) own and sub delegated credits

Indicator	2014	2015
Total cost of financial management & control FTE⁴⁹ / total value of operational payments made with the following split ⁵⁰ :	6.3%	5.0%
<i>Own appropriations</i>	5.7%	3.5%
<i>Sub delegated appropriations:</i>	0.6%	1.5%
Total benefits of financial management and control (excl. non-quantifiable benefits) / total value of operational payments made	0.2%	0.1%
Total benefits of financial management and control (excl. non-quantifiable benefits) / total costs of financial management and control	3.0%	2.3%

Eurostat quantifies the costs of the resources and inputs required for carrying out the controls described in annex 5 and estimates, in so far as possible, their benefits in terms of the amount of errors and irregularities prevented, detected and corrected by these controls.

In addition, there are also a number of non-quantifiable but undeniable benefits resulting from the controls operated. Eurostat considers that the necessity of these controls is not questioned, as the totality of the appropriations would be at risk if the above controls were not in place.

In terms of overall control cost-effectiveness, the cost of controls of procurement transactions have decreased: They amount to 5% of the total value of operational payments made in 2015. This overall indicator is highly linked to the volume of payments made during the year: If the number of financial transactions remains stable and the payment values decreases, then the indicator is deteriorating. In conclusion, the indicator should be assessed with caution.

The benefits of control in non-financial terms cover: better value for money, deterrent effects, efficiency gains, system improvements and, as mentioned above, compliance

⁴⁸ Article 92 FR: 90 or 30 days for contracts

⁴⁹ Excl. FTE involved in other Commission functions, such as policy development, monitoring of EU law enforcement, etc. [for nearly "pure" grant management DG/EA, this can be approximated by comparing the administrative/operating budget to the total operational budget.]

⁵⁰ The repartition key is based on the volume of expenditure executed during the year.

with regulatory provisions.

Conclusion

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

The Eurostat control system is designed to maintain a high degree of flexibility while keeping the corresponding human and financial resources at a constant or even lower level. The system allows shifting of controls within the different areas of priority. For example in 2015 the number of ex post controls on grants was decreased allowing performing assessments on the correct application of the unit cost method on six beneficiaries; for procurement, a Market Committee has been set up focussing on specific steps of the procurement process and ex post quality reviews have been performed.

Key indicators on cost of controls show a slight decrease of the overall cost of control ratio, however only allowing comparing two consecutive years. Those ratios will be further followed-up in future to allow a fuller understanding of the significance of those data.

In addition the number of non-quantifiable benefits resulting from controls was taken into account for the assessment of cost-effectiveness. The Eurostat control system proofed to be able to detect systemic weaknesses within its control environment. Eurostat assesses that deterrent and pedagogical effects are essential benefits of controls to be taken into account as well.

Furthermore, the assessment takes into account a specificity of the budgetary and financial environment of Eurostat, which uses to manage and report on an important number of cross-sub delegations from other Directorates General with fluctuating amounts (e.g. for grants in 2014 €5,39 Mio and in 2015 €25,88 Mio EUR; for procurement €3,30 Mio in 2014 and €21,68 Mio in 2015€). These variations have a clear impact on the cost effectiveness of the control system.

Eurostat has initiated a series of projects in order to rationalise financial management, being through the simplification of grants management⁵¹ or paperless finance. For that latter project, in 2015 further steps have been taken for an extended use of the e-procurement modules and preparatory steps have been taken for using automated grant management system (SYSGMA) and meeting management system (AGM). Concrete outcomes are expected in 2017. End 2015, a review has been made in order to adapt controls on procurement transactions to the new environment shaped by the new Financial Regulation. Eurostat has used the possibility foreseen in Art. 66.2 of the FR to differentiate the frequency and intensity of the controls in view of the different risk-profiles among its current and future transactions and of the cost-effectiveness of its existing and any alternative controls. A mid-term assessment of Eurostat's 2012-2017 control strategy has been performed in 2014, aiming to update the approach when appropriate, based on results achieved and changes in the expenditure schemes/control environment. Eurostat will pursue the analysis of the efficiency and cost-effectiveness of its control system, at the light of the planned changes, and will continue to adapt accordingly its annual control program and control environment.

⁵¹ In particular Commission Decision of 11.9.2014 authorising the use of reimbursement of unit costs under the European Statistical Programme.

2.1.3 Fraud prevention and detection

Eurostat has developed and implemented its own anti-fraud strategy since October 2013, elaborated on the basis of the methodology provided by OLAF.

Eurostat will evaluate the impact of the strategy in 2017 and will update the strategy accordingly. As a milestone towards this target, Eurostat will review its anti-fraud action plan in 2016, and will carry out this review on the basis of the revised OLAF guidance and methodology.

Eurostat's anti-fraud strategy implementation is being monitored twice a year with reporting to the management, and the implementation of actions is progressing in accordance with the planning:

Indicator	Target 2015	Achieved or on target end 2015
Percentage of anti-fraud actions included in the anti-fraud action plan open on 1 January that have been achieved or are on target on 31 December	95 %	100 % (achieved or on target)
Number of Eurostat staff trained on IT security measures, fraud aspects or ethics/integrity per year	30	40

No fraud risks have been identified in the Eurostat risk register; no fraud risks related to the activities of the Units and Directorates not sufficiently covered by the internal control system were identified by the AOSDs in their annual declarations.

Eurostat has not been informed of any investigation opened by OLAF.

Based on the above, Eurostat comes to the conclusion that its anti-fraud controls are effective.

2.1.4 Other control objectives: safeguarding of assets and information, reliability of reporting

Safeguarding of assets and information

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

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

As far as the IT security and data integrity is concerned, the control objectives in place are mainly related to the definition and dissemination of Eurostat information security policy, implementation of the controls defined in the IT security policy, monitor the

access to IT infrastructure and control of access and use of IT infrastructure and information. In 2015 there were no incidents recorded regarding data integrity in the reception and transmission of information including the web site.

Regarding the safeguarding of sensitive information, the control objectives are mainly the identification and definition of sensitive information in Eurostat, access to sensitive information and control of access to sensitive information. During 2015, Eurostat has completed a complete inventory of all sensitive information managed internally and implementing the adequate security measures. In 2015, no incidents related to breach of confidentiality were reported.

Reliability of reporting (GNI)

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

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

Country: EU28+EFTA4

	Indicators	2009	2010	2011	2012	2013	2014	2015
Multiannual verification cycle		For these years total figures for all countries are shown						
Input								
1	Inventories received, including revised versions ⁵²	0	2	0	0	0	0	6
2	Inventories to be checked	25	27	27	2	0	0	0
3	Amount of inventory pages to be checked	12500	13500	13500	800	0	0	0
4	Number of inventories translated by the Commission, including revised versions	1	3	0	0	0	0	0
Output								
5	Number of questions or requests for additional data sent to the Member States in preparation of the mission	2391	909	109	0	3	144	467
6	Missions carried out	19	9	2	2	1	5	21
7	Missions carried out with participation of observers from other member states	16	9	2	2	0	0	6

⁵² 27 Member States have transmitted their inventories, 12 of them were received in 2006. Five Member States and one EFTA country transmitted their ESA 2010 GNI Inventory end 2015; verification will start in 2016.

8	Number of men/women-mission days carried out						0	162
	a) Eurostat	146	65	20	13	6	34	145
	b) Observers from Member States	76	53	16	5	0	0	17
9	Direct verifications	16	6	2	2	1	2	45
10	Mission reports presented to the GNI Committee	16	12	4	2	1	1	19
11	Action points presented to the GNI Committee in the mission reports	331	135	151	18	0 ⁵³	0	0
12	Number of action points and/or reservations on which verification work was carried out during the year ⁵⁴	NA	NA	Done	Done	Done	240	227
13	Number of documents presented to the GNI Committee relating to the GNI verification process and methodological issues ⁵⁵	NA	NA	Done	Done	Done	14	34
Results								
14	Number of general reservation points – end of year ⁵⁶	25	25	27	3 ⁵⁷	1 ⁵⁸	1	1
15	Number of transversal reservation points – end of year ⁵⁹	-	-	-	6	8	8; 132	5;16
16	Number of specific reservation points – end of year	4	4	2	105 ⁶⁰	114 ⁶¹	107	39
Annual verification of GNI Questionnaires and Quality Reports⁶²								
Input								
17	GNI Questionnaires and Quality Reports received (first submissions)						32	32
18	Number of revised GNI Questionnaires received in the course of verification (subsequent submissions)						29	15
19	Number of revised Quality Reports received in the course of verification (subsequent submissions)						33	35
20	Total amount of Quality Reports pages to be checked (original and subsequent submissions altogether)						2223	1334
21	Number of Quality Reports translated by the Commission, including revised versions						4	3
Output								
22	Number of questions sent to the Member States in the course of verification of the GNI Questionnaires and Quality Reports						176	304
23	Total number of GNI Questionnaires verified (original and subsequent submissions altogether)						60	47
24	Total number of Quality Reports verified (original and subsequent submissions altogether)						63	65

⁵³ No formal action points were formulated. Actions to be taken within the existing reservations were presented.

⁵⁴ This includes responses to Member States' questions in relation to action points and/or reservations, assessment of the reservations addressed by the Member States (often leading to additional questions and clarification requests from Eurostat and their subsequent analysis), cross-country analyses of reservations (which in principle imply verification of a given reservation in all Member States) etc. This indicator replaces and complements the previous indicator nr 17 introduced as from 2011 "Responses to Member States' questions in relation to actions points and reservations".

⁵⁵ Indicator changed in 2014. Previous version of the indicator, introduced in 2011, read "Responses to methodological issues related to the GNI Committee work".

⁵⁶ Changed indicator introduced as from 2012.

⁵⁷ The general reservations on EU-25 Member States were lifted in January 2012 and replaced by 103 specific reservations (see indicator 14). The general reservations for Bulgaria and Romania for 2007 were extended to 2008 in June 2012. In September 2012, the Commission issued a general reservation on Greek GNI data of 2008.

⁵⁸ The general reservations on Bulgaria and Romania were lifted in January 2013 and replaced by 19 specific reservations (see indicator 14). In September 2013, the Commission extended the general reservation on Greek GNI data of 2008 to 2009.

⁵⁹ New indicator introduced as from 2012. As from 2014 the disaggregated number of open transversal reservations in Member States is shown alongside the aggregated number of transversal reservations. The number of open transversal reservations in Member States at the beginning of 2014 was 169.

⁶⁰ 103 specific reservation points were placed on EU-25 Member States in January 2012 as a direct result of lifting the general reservations from these MS (see indicator 12).

⁶¹ 19 specific reservation points were placed on Bulgaria and Romania in January 2013 as a direct result of lifting the general reservations from these MS (see indicator 12).

⁶² This part gives more details on the annual GNI statistical control that until 2013 was not sufficiently reflected by the Legality and Regularity indicators (as there was only one relevant indicator nr 16 "Annual verification of GNI questionnaires and quality reports").

25	Answers to DG BUDG requests for the GNI OR data						12	6
26	Visits from Court of Auditors	4	4	4	8	2	3	2
Results								
27	Number of process-specific reservations – end of year						28	56
28	Number of Member States for which a positive opinion of the GNI Committee on the appropriateness of the GNI data for own resource purpose has been adopted						28	28
Impact (for both multiannual and annual verification)								
29	Number of countries that revised GNI due to their work on action points and/or reservations						29	22
30	Number of action points and/or reservations that lead to revisions of GNI						153	105

The main focus of the GNI verification work in 2015 was the clearance of the backlog of GNI reservations. Eurostat allocated supplementary human resources for this work, both on a temporary basis for the first half of the year and more permanently in strengthening the team responsible for this work. Consequently there was a sharp increase in the number of GNI missions carried out and the number of reservations lifted or almost lifted. It is anticipated that by the end of February 2016, only a handful will remain.

2.2 Audit observations and recommendations

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

During the period of reference, Eurostat internal control system has been covered by an audit on the "Support by EUROSTAT to the Europe 2020 Strategy and the New Commission Priorities" and by follow-up audits on "Management of Local IT", "Administrative Budget", and "Document Management". All these audits have been done by the Internal Audit Service of the Commission (IAS).

Furthermore Eurostat was associated to two Special Reports of the European Court of Auditors:

- "Is the Commission's system for performance measurement in relation to farmers' incomes well designed and based on sound data?" and
- "Further Improvements Needed to Ensure Effective Implementation of the Excessive Deficit Procedure".

The final versions of both Special Reports are expected to be published in the first quarter of 2016.

No "critical" recommendations have been issued in 2015. All recommendations have been accepted by management. Action plans have been established to mitigate the risks.

IAS concluded on the state of internal control in Eurostat that the internal control systems audited are overall working satisfactorily although a number of very important findings remain to be addressed in line with the agreed action plans (for further detail see point 2.2.1).

2.2.1 Annual Opinion of the Internal Auditor

On 12 February 2016 IAS published the Conclusion on the state of internal control⁶³ in Eurostat.

IAS concluded "*that the internal control systems audited are overall working satisfactorily although a number of very important findings remain to be addressed in line with the agreed action plans...Particular attention should be given to the impact of the delays observed in implementing three very important recommendations.*"

1. IAC Audit on Sensitive Information (2013)

Recommendation n°2: Security of sensitive information in the dissemination chain. Initial target date: 31/12/2015, revised target date: 31/03/2016.

The handling of sensitive information in the dissemination chain is not sufficiently formalised (e.g. implementation of embargo treatment, user management, monitoring access, data updates update of ESTAT's main reference database (Eurobase), reporting by DIGIT of security incidents, etc.). The main risks are reputational and political. Management should better formalise and implement its procedures to ensure the security of sensitive information. The Service Level Agreement with DIGIT should better address the reporting of security incidents.

2. IAC Audit on Statistical Process III - Agriculture Statistics (2013)

Recommendation n°2: Farm Structure Survey (FSS) statistical production - collection, validation, processing and dissemination.

Initial target date: 31/12/2015, revised target date: 31/10/2016 (10 months expected delay).

Methodological issues and sub-optimal documentation concerning validation of data were identified. They may negatively impact the quality and the decision-making concerning expenditure by main users of FSS data. Unclear roles and responsibilities between ESTAT and AGRI on Standard Outputs coefficients and Less Favoured Areas data, entail risks for the quality and the availability of the data. ESTAT was recommended to better document the FSS process, improve methodological aspects and validation rules, clarify roles and responsibilities with user DGs.

Recommendation n°4: Treatment of confidential data in the agriculture statistical processes.

Initial target date: 31/12/2015, revised target date: 31/12/2016 (12 months expected delay).

The rules prescribed for confidential data are not systematically applied, notably outside ESTAT's secure environment (e.g. DIGIT's Data Centre, data transmission by Member States). The lack of rigorous application of confidentiality requirements entails the risk of non-compliance with regulatory requirements and disclosure of confidential data. ESTAT should update the list of confidential data collections, the manual on the protection of confidential data and the requirements for DIGIT. The transmission of FSS confidential data should always be encrypted. Access management should be improved.

⁶³ Ares(2016)763473 - 12/02/2016

3. IAC AUDIT on Audit on ESTAT's Business Continuity Management (BCM) (2014)

Recommendation n°3: Business Continuity Plan (BCP).

Initial target date: 31/12/2015, updated target date: 30/06/2016 (6 months expected delay).

The current BCP is based on an old and outdated Business Impact Analysis and has not been recently updated. Therefore, there is a risk that it does not reflect the current priorities or set-up of ESTAT, which would lead to a risk of no business continuity and statistics not produced and published on time. ESTAT should ensure that the BCP accurately follows the latest template and is kept updated.

Recommendation n°4: Disaster Recovery Planning and IT Business Continuity.

Initial target date: 30/06/2016.

It is unclear whether the Disaster Recovery Plan (DRP) addresses the critical IT support processes. Moreover it is outdated or incomplete. Unavailability of information of the critical IT infrastructure impairs prioritisation and the effectiveness of the DRP as well as of IT continuity in general. Outdated and incomplete information within the DRP may not allow for effective disaster recovery/IT continuity. Management should develop a stand-alone IT service continuity plan to cover all IT services required to support the delivery of the BCP. The DRP should be updated and further developed.

4. IAS audit on Support by Eurostat to the Europe 2020 Strategy and New Commission Priorities (2015)

Recommendation n°1: Use of Other Statistics and Eurostat's role.

There is no evidence that other statistics used by the DGs to demonstrate progress made in achieving Europe 2020 targets are subject to a quality assurance review, equivalent to the process implemented by Eurostat for European Statistics. Moreover Eurostat has not yet completed the planning and coordination exercise for the DGs with which it has signed Memoranda of Understanding (MoU), nor have MoUs yet been completed with all DGs concerned. Furthermore, the DG has not yet completed the compilation of an inventory of other statistics and a Statistical Master Plan. Consequently, the use of other statistics may result in Commission publications which are not fully reliable and the lack of signed MoUs both limits Eurostat's potential support to DGs, and means that Eurostat does not have a complete inventory of information on which it can effectively plan and coordinate the statistical production of the Commission. Therefore, Eurostat is recommended to improve its support to the policy DGs (within the limits of its mandate), by initiating the process for signing the remaining MoUs with the DGs and by providing advice and expertise to all DGs, including on possible measures to be implemented to address the risks associated with the quality of other statistics. It should prepare the Statistical Master Plan and integrate it into its planning processes for the 2014-2020 Multiannual Financial Framework. Finally, Eurostat should raise the issue of possible measures to mitigate this risk with the DGs concerned, together with SG.

2.2.2 Audits performed by IAS

In accordance with the "IAS Strategic Audit Plan 2013 -2015", IAS carried out an audit on the "Support by EUROSTAT to the Europe 2020 Strategy and the New Commission Priorities". The final report of 28/01/2016 issued one recommendation ranked as "very important" and further three recommendations ranked as "important". The "very important" recommendation concerns the use of "other statistics" and the co-ordinating role of Eurostat in the Commission. All four recommendations have been accepted by the management. The action plan to mitigate the risks has been finalised.

The follow-up audits on the former IAC audits on "Administrative Expenditure" and on "Document Management" concluded that *"all the recommendations addressed to Eurostat that resulted from these two audits have been adequately and effectively implemented"*.

The follow-up audit on the "Management of Local IT" concerned nine (out of a total of thirteen) recommendations that have been considered implemented by Eurostat. IAS concluded that *"all nine recommendations have been adequately and effectively implemented and can be closed"*.

As far as the former IAC audit on "Sensitive Information" is concerned, the implementation of one "very important" recommendation (security of sensitive information in the dissemination chain) is slightly delayed of three months (implementation expected by 31/03/2016).

Concerning the former IAC audit on "Agriculture Statistics" the implementation of two "very important" recommendations is delayed. But in both cases many improvement actions have already been implemented and the residual risk has already been reduced considerably: in one case (Farm Structure Survey (FSS) statistical production - collection, validation, processing and dissemination) twelve out of thirteen improvement actions are considered to be implemented by Eurostat within the original deadline and the missing action is foreseen to be implemented by 31/10/2016. For the other case (treatment of confidential data in the agriculture statistical processes) four out of six improvement actions have been implemented respecting the original deadline and the recommendation is foreseen to be fully implemented by 31/12/2016.

The implementation of one "very important" recommendation of the former IAC audit on "Business Continuity Management" (Business continuity plan) is slightly delayed. Two out of four improvement actions are considered by Eurostat to be fully implemented. Hence the underlying risk has already been partially mitigated. The recommendation is foreseen to be fully implemented by 30/06/2016 which corresponds to a delay of six months compared to the original target date. As regards the "very important" recommendation 4 (Disaster Recovery Planning and IT Business continuity), actions are being implemented according to the action plan and will be completed by 30/06/2016, as foreseen.

2.2.3 Audits performed by the European Court of Auditors

The "very important" ECA recommendations 2012/AUD/0179 (stemming from the ECA Annual Report 2012) "Review control framework for the verification of GNI data" and 2013/AUD/0137 (stemming from the ECA Annual Report 2013) "put in place and closely monitor a detailed action plan with clear milestones to address the problems in the compilation of Greece's national accounts" have been implemented during the reporting period.

There are no further "very important" open recommendations stemming from annual reports of the ECA.

In its Special Report 11/2013 "Getting the Gross National Income (GNI) Data Right: A More Structured and Better-focussed Approach Would Improve the Effectiveness of the Commission's Verification" the ECA issued nine "important" recommendations. An action plan was established and is being implemented; four recommendations have already been implemented.

During the reporting period Eurostat was associated to two Special Reports of the European Court of Auditors. The final versions of both Special Reports are expected to be published in the first quarter of 2016:

- "Is the Commission's system for performance measurement in relation to farmers' *estat_aar_2015_final*

- incomes well designed and based on sound data?"
- "Further Improvements Needed to Ensure Effective Implementation of the Excessive Deficit Procedure ".

2.3 Assessment of the effectiveness of the internal control systems

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

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

In 2015, the assessment of the implementation of the Internal Control Standards (ICS) was based on an electronic survey conducted for all management functions in Eurostat and allowing anonymous input and complemented by a factual analysis of the controls already in place for the ICS assessed as less effective. Furthermore, the "bottom-up" information on internal control issues received through the personalised annual AOSDs' reports has been checked and weaknesses reported have been identified and already followed up upon. Finally, the findings issued by the IAS and the ECA as well as the IAS's Opinion on the state of internal control have been taken into account.

The functioning of the internal control systems has been closely monitored throughout the year by the systematic registration of exceptions and internal control weaknesses. The underlying causes behind these exceptions have been analysed and corrective and alternative mitigating controls have been implemented when necessary.

In its annual review of its implementation of the ICS, Eurostat asserted that it is compliant with all 15 ICS. Nevertheless Eurostat will pursue further improvements on the effectiveness of its internal control system in the area of ICS 5 "Objectives & Performance Indicators" and ICS 14 "Evaluation of Activities".

Concerning derogations to mandatory staff mobility in relation to sensitive function, two Heads of unit hold their jobs since 2009. However, both have taken on some additional responsibilities in the recent past justifying to defer the date of their mandatory mobility.

In its management plan for the reporting year, Eurostat had foreseen a number of measures to improve the effective implementation of ICS 8 "Processes and Procedures", ICS 9 "Management Supervision" and ICS 15 "Assessment of Internal Control Systems ". By the end of the reporting year these measures were fully implemented.

Eurostat monitors centrally the mitigation of risks relevant at DG level. One of them is considered "critical" and concerns the exposure of Eurostat due to the Greek crisis. The risk is mitigated by the on-going implementation of the Joint Overall Statistical Greek Action Plan (JOSGAB). Action plans are in place to mitigate all centrally monitored risks, the implementation of which is monitored closely.

In conclusion, the internal control standards are effectively implemented and functioning. In addition, Eurostat has taken measures to further improve in 2016 the effectiveness of its internal control systems in the area of ICS 5 "Objectives & Performance Indicators" and ICS 14 "Evaluation of Activities".

2.4 Conclusions as regards assurance

This section reviews the assessment of the elements reported above (in Sections 2.1, 2.2 and 2.3) and draws conclusions supporting the declaration of assurance and whether it should be qualified with reservations.

The information reported in Section 2 stems from the results of management and auditor monitoring contained in the reports listed. These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a comprehensive coverage of the budget delegated to the Director-General of Eurostat.

The Eurostat performance during 2015 is on course to meet the long-term policy, programme and operational objectives. In Eurostat's judgement its operational expenditure authorised has contributed to the policy achievements and generated Union-added value. The overall picture given by the KPIs is of a general positive trend, but with some aspects to be improved. Eurostat is currently working at a proposal of extension of the ESP 2013-2017 up to 2020 which will, among other things, tackle these aspects.

The estimated overall amount at risk for the 2015 payments made is 0,3 M EUR.

Based on an assessment of the most relevant key indicators and control results, Eurostat has assessed the cost-effectiveness and the efficiency of the control system as satisfactory in its current environment.

Eurostat has not been informed of any investigation opened by OLAF.

In 2015 there were no incidents recorded regarding data integrity in the reception and transmission of information including the web site. No incidents related to breach of confidentiality were reported.

Eurostat made a major effort to clear existing reservations on GNI data for own resources. As a result data for almost all Member States has now been finalised for years up to 2009.

Eurostat has set up internal control processes aimed to ensure the adequate management of the risks relating to its operations. It has assessed the internal control systems and has concluded that the internal control principles are implemented and function as intended.

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

Furthermore, Eurostat has assessed the observations and recommendations issued by the IAS and the ECA and continued in 2015 with the implementation of actions plans addressing audit recommendations.

IAS concluded that the internal control systems audited are overall working satisfactorily.

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

Overall Conclusion

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

3. Declaration of Assurance

DECLARATION OF ASSURANCE

I, the undersigned,

Director-General of Eurostat,

In my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view⁶⁴.

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

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

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

Luxembourg, 29 March 2016

Signed

Walter RADERMACHER

Director General

⁶⁴ True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG/Executive Agency .