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European Commission

2019

Annual Activity Report

Annexes

I.D.E.A. - Inspire, Debate, Engage and Accelerate Action (this AAR refers to the activities of the former EPSC)

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ANNEX 1: Statement of the Head of Unit in charge of Risk Management and Internal Control

"I declare that in accordance with the Commission's communication on the internal control framework[1], I have reported my advice and recommendations on the overall state of internal control in the DG EPSC.

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

Date: 31.03.2020
Ares(2020)1847700

Agnieszka Skuratowicz

(e-signature)

[1] C(2017)2373 of 19.04.2017.

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

This annex refers to section 2.2 "Other organisational management dimensions".

Human Resources Management

Objective: The DG deploys effectively its resources in support of the delivery of the Commission's priorities and core business, has a competent and engaged workforce, which is driven by an effective and gender-balanced management and which can deploy its full potential within supportive and healthy working conditions.			
Indicator 1: Percentage of female representation in middle management **Source of data: DG HR**			
Baseline	Target 2016-2020		Latest known results 2019
N/A	The Commission has not adopted any target for the EPSC (SEC(2015)336)		100%
Indicator 2: Percentage of staff who feel that the Commission cares about their wellbeing **Source of data: Commission staff survey**			
Baseline	Target 2016-2020		Latest known results 2018
> 46.7% (2014)	Positive trend compared to baseline through 2016-2020		74 %
Main outputs in 2019:			
Description	Indicator	Target	Latest known results
To care about staff well-being	*Indicators as of staff survey*	*Positive trend compared to 2016-2020*	*Trend is stable with the same positive result as in 2016*
Indicator 3: Staff engagement index **Source of data: Commission staff survey**			
Baseline	Target 2016-2020		Latest known results 2018
77.9% (2014)	Target: 80% through 2016-2020 To maintain the high level of the EPSC Staff Engagement Index		*78 %* *The trend slightly decreased compared to 2016 (84%) but is above the Commission overall rate (69%)*
Main outputs in 2019:			
Description	Indicator	Target	Latest known results
To follow up on the 2018 Staff Survey	*Ownership of the action plan by staff – after discussions at the Staff meetings*	*1st half of 2019*	*Complete*

INFORMATION MANAGEMENT

Objective (mandatory): Information and knowledge in your DG is shared and reusable by other DGs. Important documents are registered, filed and retrievable		
Indicator 1: Percentage of registered documents that are not filed[2] (ratio) **Source of data: Hermes-Ares-Nomcom (HAN)[3] statistics**		
Baseline 2015 3.91%	Target 0%	2019 3.96% for EPSC
Indicator 2: Percentage of HAN files readable/accessible by all units in the DG **Source of data: HAN statistics**		
Baseline 2015 38.85%	Target 30%	2019 38.95%*
Indicator 3: Number of HAN files shared with other DGs **Source of data: HAN statistics**		
Baseline 2015 4.48%	Target 30%	2019 45.4 %*

* DG EPSC became I.D.E.A. on 1st December 2019; the values received from the central services were merged in the present document.

Main outputs in 2019:			
Description	Indicator	Target	Latest known results
2019 mission reports filed in financial files and political files	100 %	100 %	100%
Systematic registration of Weekly Highlight	100%	100%	100%
Systematic identification of publications	*Number of publications published on the EPSC website*	100%	100%

[2] Each registered document must be filed in at least one official file of the *Chef de file*, as required by the e-Domec policy rules (and by ICS 11 requirements). The indicator is to be measured via reporting tools available in Ares.

[3] Suite of tools designed to implement the e-Domec policy rules.

E-signatory in Ares for all administrative documents signed by the Head of Unit*	*Pilot Project*	*Q1-Q4*	Complete

** Except Financial Transactions and Documents linked to Internal Control (in parallel paper files)*

DG EPSC reached its objective of 100% of mission reports being filed in ARES under the financial and political headings to reflect both aspects. The financial ones account for the management of expenses for missions whereas the thematic ones take stock of the steps undertaken in the relevant policy fields.

DG EPSC also identified publications in a systematic manner, via the Publications Office, to ensure access, visibility and preservation.

COMMUNICATION

Objective (mandatory): Citizens perceive that the EU is working to improve their lives and engage with the EU. They feel that their concerns are taken into consideration in European decision making and they know about their rights in the EU.		
Indicator 1 (mandatory): Percentage of EU citizens having a positive image of the EU **Source of data: Standard Eurobarometer (DG COMM)**		
Baseline (November 2014) Total "Positive": 39% Neutral: 37% Total "Negative": 22%	Target: 2020 Positive image of the EU > 50%	2019 (March) Total "Positive": 43% Neutral: 36% Total "Negative": 20%

Main outputs in 2019:			
Description	Indicator	Target	Latest known results
Publications	*Number of Strategic Notes: 2 (in 2018)*	*No quantitative objective. Production depends on the political priorities.*	3 Strategic Notes
	Number of Policy Briefs/special publications: 15 (in 2018)	*No quantitative objectives. Production is driven by qualitative objectives: quality policy-making, timeliness, relevance.*	8 Publications 2 Trends Publication

	Number of Newsletters: 2 (in 2018)	Minimum 1 per year	3
	Number of subscriptions to the publications mailing list: 469 (in 2018)	Positive trend	
Online presence	*Website – 124,161 number of visits (in 2018)*	Positive trend	130,659
	Twitter: number of tweets – 106 in 2018 excluding RTs)	Positive trend	150-300 new followers per month

It is very important to emphasize that EPSC has only an administrative budget covering all activities' costs described in the financial management part and therefore no specific budget for communication activities.

Annual communication spending (based on estimated commitments):			
Baseline (Year n-1):	Target (Year n):	Total amount spent	Total of FTEs working on external communication
N/A	N/A	N/A	1

ANNEX 3: Draft annual accounts and financial reports

ANNEX 4: Materiality criteria

In quantitative terms:

In line with the internal guideline agreed centrally, I.D.E.A. Centre (EX-EPSC) applies the recommended threshold of 2% of the total payment budget.

In qualitative terms:

When assessing the significance of any deficiency from a qualitative point of view, I.D.E.A. Centre (EX-EPSC) takes into account the potential reputational consequences of its close relation with the President and his Cabinet.

The other elements analysed are:

- The ex-ante controls,
- The degree of effectiveness of the internal control systems in place based on the results of the audit performed by IAS and the annual assessment of the Internal Control Framework,
- The analysis of the exceptions/non-compliance events of the register of exceptions.

"As from 2019[4], a 'de minimis' threshold for financial reservations is introduced. Quantified AAR reservations related to residual error rates above the 2% materiality threshold, are deemed not substantial for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed."

[4] Agreement of the Corporate Management Board of 30/4/2019.

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

Procurement in direct management

DG I.D.E.A. (EX-EPSC) is managing a small budget falling under heading 5 "Administrative expenditure": the procurement procedures are in general low value contracts (negotiated procedures under the threshold of 15,000 euro) for the production of reflection papers based on a specific expertise or for the provision of services in the frame of conferences organisation. Nevertheless, DG I.D.E.A. (EX-EPSC) is mainly using existing framework contracts for its regular activities, in particular for conferences' organisation and website's maintenance.

STAGE 1: Programming, evaluation and selection of proposals

A- Needs analysis and planning

Main internal control objectives: Effectiveness, efficiency and economy

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
The needs are not well defined given the flexible approach to planning resulting from the mandate of I.D.E.A. (EX-EPSC)	Decisions taken during management meetings and meetings with the Cabinet Validation by AO(s)D of justification based on a detailed note addressed to the management	Coverage/Frequency: 100 % of the forecast procurements	Effectiveness: Number of planned tenders cancelled Benefits : non-quantifiable benefits Efficiency: average cost per tender Economy: single global indicator = overall cost of control/payments made during the year (%)

B- Needs assessment & definition of needs

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

Main risks It may happen (again) that…	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
The needs are not well defined (operationally and/or economically) in the draft tender specifications documents)	AOsD supervision and approval of the tender specifications Standard templates updated regularly for the preparation of tender specifications Additional supervisory verification of the tender documents by Management and Resources Unit for all procedures launched	Coverage/Frequency: 100 % of the forecast procurements	<u>Effectiveness</u>: Number of requests for clarification regarding the tender <u>Benefits</u> : limit the risk of litigation <u>Efficiency</u>: Estimated average cost of a procurement procedure <u>Economy</u>: single global indicator = overall cost of control/payments made during the year (%)

C- Selection of the offer & evaluation

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

Main risks It may happen (again) that…	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
The evaluation process of the submitted offers by the contractor is biased or	Documented evaluation by Management and Resources Unit of all offers	Coverage/Frequency: 100 % - all documents transmitted are analysed	<u>Effectiveness</u>: Numbers of "valid" complaints or litigations cases

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
inaccurate or "unfair"	received Staff in charge of the evaluation signs the declaration of absence of conflict of interests		Benefits : compliance with FR Amount of contracts for which the control prevented the risk of litigation or fraud Efficiency: number of complaints or litigation cases Economy: single global indicator = overall cost of control/payments made during the year (%)

STAGE 2: CONTRACTING AND IMPLEMENTATION

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

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
The services delivered by the contractor are not, totally or partially in compliance with the contractual terms and/or the amount to be paid is not correct with the applicable contractual provisions.	Operational and financial steps performed in accordance with the financial circuits (segregation of duties) Ex-ante verification performed centrally by Management and Resources Unit based on detailed check-lists	Coverage/Frequency: 100% of the contracts and payments are controlled	Effectiveness: minimum error rate (0.5%) Benefits : non-quantifiable qualitative benefits (reputational damage) Efficiency: Time to payment, Late interest payment and damages paid by the Commission Economy: single global

Main risks It may happen (again) that…	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
			indicator = overall cost of control/payments made during the year (%)

STAGE 3: SUPERVISORY MEASURES

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

Main risks It may happen (again) that…	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
An error or non-compliance with regulatory and contractual provisions, including technical specifications, or a fraud is not prevented, detected or corrected by ex-ante controls, prior to payment or prior to the awarding decision	Review of any events/problem signalled Review of exceptions and non-compliance reports reported	Review of any significant problem 100% at least once a year	<u>Effectiveness</u>: amounts associated with errors detected (related to fraud, irregularities and error) in % over total checked. <u>Benefits</u> : systematic weaknesses corrected to improve procedures and to better address related risks (not quantifiable) <u>Efficiency</u>: Average cost of an ex-post control <u>Economy:</u> single global indicator = overall cost of control/payments made during the year (%)

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

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable

ANNEX 10: Specific annexes related to "Financial Management"

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

Title of the Relevant Control System (RCS)	Ex ante controls			Ex post controls			Total**	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	EC total costs (in EUR)	funds managed (in EUR)[5]	Ratio (%)* *(a)/(b)*	EC total costs (in EUR)	total value verified and/or audited (in EUR)	Ratio (%) *(d)/(e)*	EC total estimated cost of controls (in EUR) *(a)+(d)*	Ratio (%)* *(g)/(b)*
Relevant control system related to Procurement	54,700 EUR	306,922 EUR	(54,700/306,922)= 17.82 %	0,00 EUR	0,00 EUR		54,700 EUR	17.82 %
OVERALL total estimated cost of control at EC level	54,700 EUR	306,922 EUR	(54,700/306,922)= 17.82 %				54,700 EUR	17.82 %

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

** any 'holistic' control elements (e.g. with 'combined' ex-ante & ex-post characteristics) can be mentioned in the total column (without being in either one of the ex-ante or ex-post columns), provided that a footnote clarifies this (their nature + their cost). *Example: MS system audits in shared management.*

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

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

ANNEX 12: Performance tables

Please refer to part 1 of 2019 AAR - Key results and progress towards the achievement of the Commission's General Objectives and DG'S specific objectives