

ANNEX 5: Internal Control Template(s) for budget implementation (ICTs)

Procurement direct management

The DG BEPA (renamed 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), mainly for the organisation of conferences, visitors' programme. The DG BEPA is mainly using existing framework contracts for its regular activities.

Stage 1: Procurement

A- Needs analysis and planning

Main control objectives: Effectiveness, efficiency and economy

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
The precise procurement needs are not always clearly defined due to the absence of work programme and the flexibility of DG BEPA reporting directly to the President and operating under his authority.	Decisions to procure are taken during management meetings with the Cabinet Hierarchical validation for all procurement procedures launched accompanied by a note to AO(s)D on justification and validation by AO(s)D	Coverage/Frequency: 100 %	Cost: FTEs linked to Management and Resource Unit Benefits : non-quantifiable qualitative benefits (reputational damage)	Total cost of controls/all expenditure executed during the year (payments made)

B- Needs assessment & definition of needs

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
The needs are not well defined (operationally and/or economically) in the draft tender specifications documents	Standard templates developed for the preparation of tender specifications for use of framework contracts and launch of negotiated procedures. Financial circuit : AOsD approval on specifications Review by Management and Resource Unit of all procedures launched	Coverage/Frequency: 100%	Cost: FTE linked to Management and Resource Unit Benefits : non-quantifiable qualitative benefits (reputational damage)	Total cost of controls/all expenditure executed during the year (payments made)

C- Selection of the offer & evaluation

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
The evaluation process of the submitted offers by the contractor is biased or inaccurate or "unfair"	Documented evaluation by Management and Resource Unit of all offers received	Coverage/Frequency: 100%	Cost: FTE linked to Management and Resource Unit Benefits : non-quantifiable qualitative benefits (reputational damage)	Total cost of controls/all expenditure executed during the year (payments made)

Stage 2: Financial transactions

Main 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	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
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 Resource Unit based on detailed check-lists Management of sensitive functions	Coverage/Frequency: 100% of the commitments and payments are controlled Review every 5 years	Costs: FTE linked to actors acting on financial circuit Qualitative and quantitative benefits : Detected error before payment Sound financial management and respect of contractual provisions and deterrent effect	Total cost of controls/all expenditure executed during the year (payments made) Efficiency time to payment Late interest payment

Stage 3: Supervisory measures

Main 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	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
An error or non-compliance with regulatory and contractual provisions or a fraud is not prevented and 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	100 % of the situations signalled At least once a year: evaluation of non-compliance and exceptions reported	Costs: estimation of staff involved Benefits: amount of payments made during the year for which there is reasonable assurance that were made free of material error (quantifiable) Deterrents and systematic weaknesses corrected to improve procedures and to better address related risks (not quantifiable)	Effectiveness: amounts associated with errors detected (related to fraud, irregularities and error) in % over total checked.

