

ANNEXES

ANNEX 1: Statement of the Resources Director

I declare that in accordance with the Commission's communication on clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission⁶, I have reported my advice and recommendations to the Director-General on the overall state of internal control in the DG.

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

Date

14/03/2016



Maria Angeles Benitez Salas

⁶ Communication to the Commission: Clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission; SEC(2003)59 of 21.01.2003.

Annex 3 Financial Reports - DG EPSC - Financial Year 2015

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

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Additional comments

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2015 (in Mio €)					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 25 Commission's policy coordination and legal advice					
25	25 01	Administrative expenditure of the Commission's policy coordination and legal advice- policy area	0.82	0.74	90.49 %
Total Title 25			0.82	0.74	90.49%
Total DG EPSC			0.82	0.74	90.49 %

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

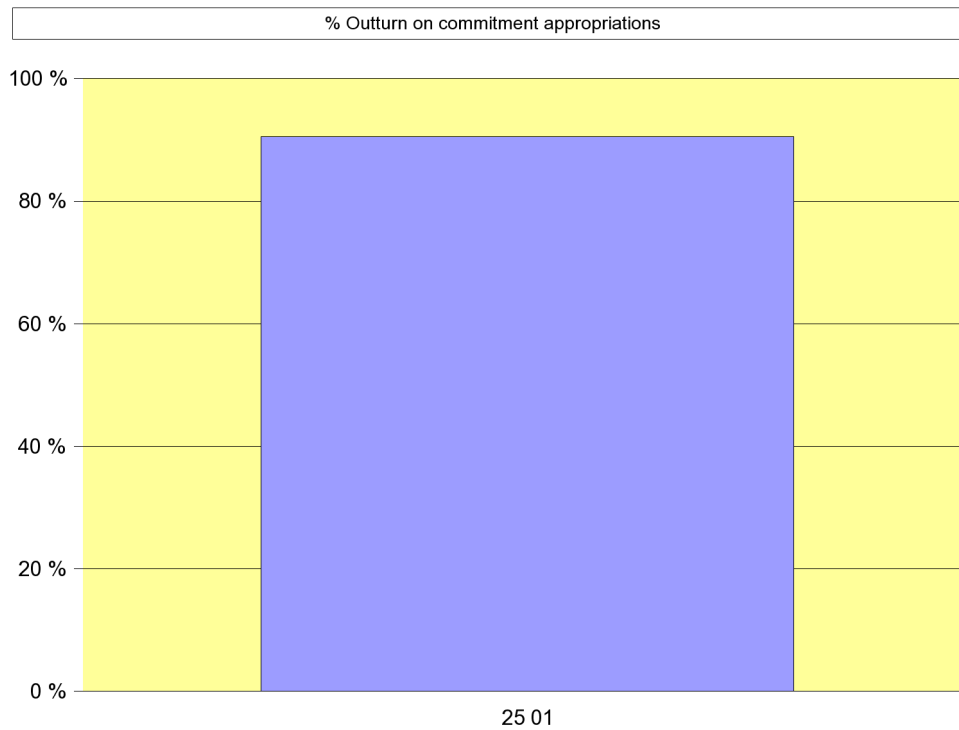


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2015 (in Mio €)

Chapter			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 25 Commission's policy coordination and legal advice					
25	25 01	Administrative expenditure of the `Commission-s policy coordination and legal advice- policy area	0.95	0.47	49.13 %
Total Title 25			0.95	0.47	49.13%
Total DG EPSC			0.95	0.47	49.13 %

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

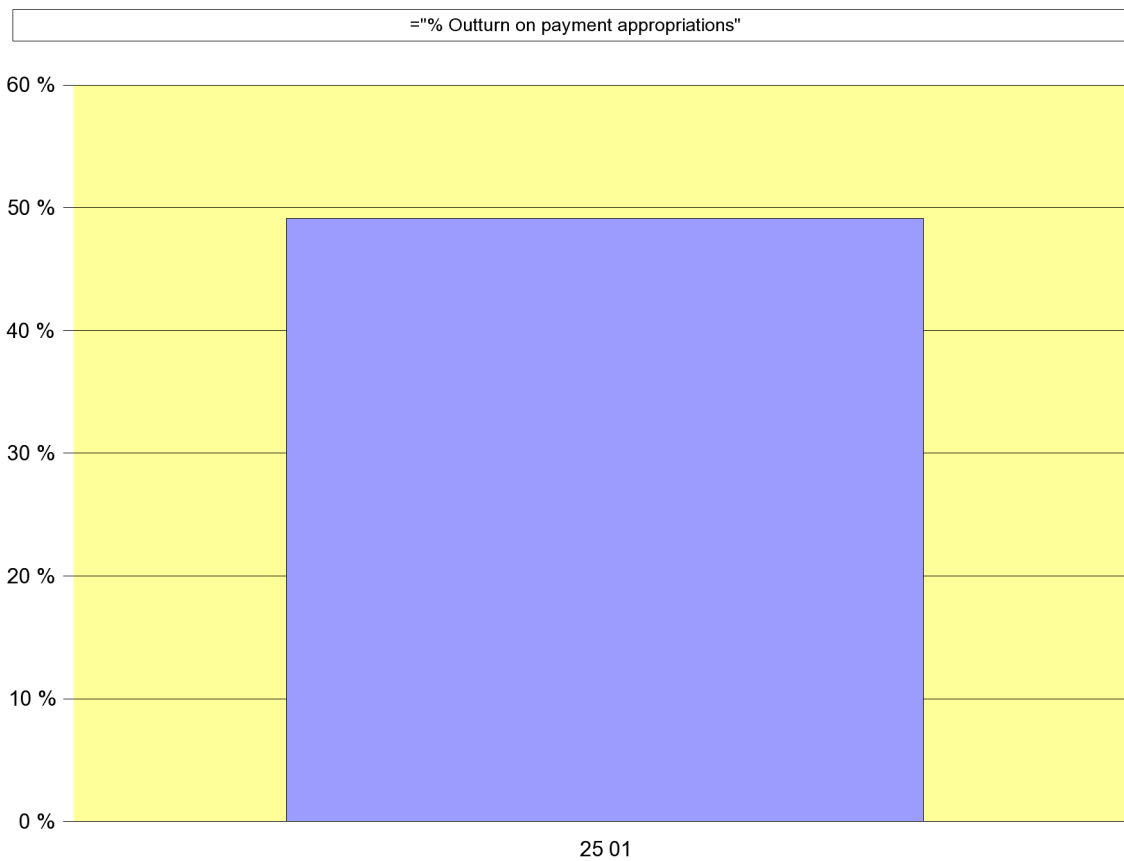
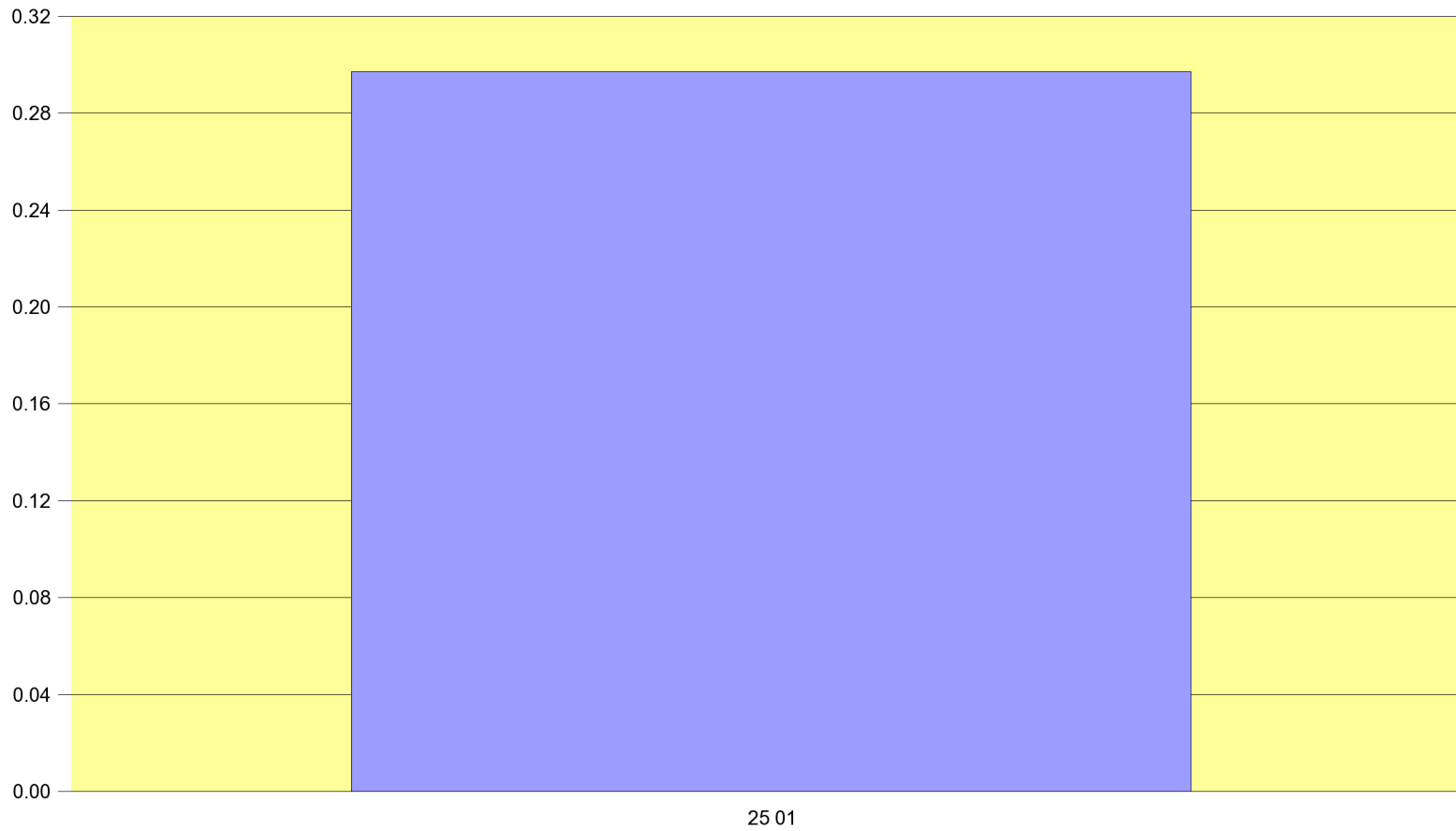


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2015 (in Mio €)									
Chapter			2015 Commitments to be settled				Commitments to be settled from financial years previous to 2015	Total of commitments to be settled at end of financial year 2015 (incl corrections)	Total of commitments to be settled at end of financial year 2014 (incl. corrections)
			Commitments 2015	Payments 2015	RAL 2015	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
Title 25 : Commission's policy coordination and legal advice									
25	25 01	Administrative expenditure of the Commission's policy coordination and legal advice- policy area	0.74	0.44	0.3	40.25 %	0.00	0.30	0.13
Total Title 25			0.74	0.44	0.3	40.25%	0	0.3	0.13
Total DG EPSC			0.74	0.44	0.3	40.25 %	0	0.3	0.13

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

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



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

TABLE 4 : BALANCE SHEET

BALANCE SHEET	2015	2014
P.III. CURRENT LIABILITIES	-481.82	-481.82
P.III.4. Accounts Payable	0.00	0.00
P.III.5. Accrued charges and deferred incom	-481.82	-481.82
LIABILITIES	-481.82	-481.82
NET ASSETS (ASSETS less LIABILITIES)	-481.82	-481.82

P.I.2. Accumulated Surplus / Deficit	2,067,633.09	1,838,887.78
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Non-allocated central (surplus)/deficit*	-2,067,151.27	-1,838,405.96
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TOTAL	0.00	0.00
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It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and statement of financial performance they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

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

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL PERFORMANCE	2015	2014
II.1 REVENUES	15,372.1	22,519.95
II.1.2. EXCHANGE REVENUES	15,372.1	22,519.95
II.1.2.2. OTHER EXCHANGE REVENUE	15,372.10	22,519.95
II.2. EXPENSES	232,628.85	206,225.36
II.2. EXPENSES	232,628.85	206,225.36
II.2.10. OTHER EXPENSES	232,628.85	206,225.36
STATEMENT OF FINANCIAL PERFORMANCE	248,000.95	228,745.31

Explanatory Notes (facultative):

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

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

TABLE 6: AVERAGE PAYMENT TIMES FOR 2015 - DG EPSC

Legal Times							
Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	76	70	92.11 %	10.36	6	7.89 %	48.17
60	8	8	100.00 %	14.5			

Total Number of Payments	84	78	92.86 %		6	7.14 %	
Average Payment Time	13.45			10.78			48.17

Target Times				
Target Payment Time (Days)	Total Number of Payments	Nbr of Payments within Target Time	Percentage	Average Payment Times (Days)
30	1	1	100.00 %	10

Total Number of Payments	1	1	100.00 %	
Average Payment Time	10			10

Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	8	5	5.95 %	84	67,264.85	27.13 %	247,941.55

Late Interest paid in 2015			
DG	GL Account	Description	Amount (Eur)

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

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2015

Chapter	Revenue and income recognized			Revenue and income cashed from			Outstanding balance
	Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
	1	2	3=1+2	4	5	6=4+5	7=3-6
Total DG							

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

Annex 3 Financial Reports - DG EPSC
Report printed on 21/01/2016

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

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2015 Year of Origin (commitment)	Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
Sub-Total						

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES												
NON ELIGIBLE IN COST CLAIMS												
CREDIT NOTES									2	495.80		
Sub-Total									2	495.8		

GRAND TOTAL									2	495.8		
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Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors. The provisional closure will be based on the recovery context situation at 31/01/2016.

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2015 FOR EPSC

	Number at 01/01/2015	Number at 31/12/2015	Evolution	Open Amount (Eur) at 01/01/2015	Open Amount (Eur) at 31/12/2015	Evolution

TABLE 10 : RECOVERY ORDER WAIVERS IN 2015 >= EUR 100.000

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

Total DG	
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Number of RO waivers	
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Justifications:

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TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG EPSC - 2015

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

No data to be reported

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

Internal Procedures > € 60,000			
	Procedure Type	Count	Amount (€)
Proced ures >	Call for expressions of interest - Pre-selection of candidates (Art. 136.1(a) RAP)	1	60,668.00
	TOTAL	1	60,668.00

Additional comments

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TABLE 13 : BUILDING CONTRACTS

Total number of contracts :	
Total amount :	

Legal base	Contract Number	Contractor Name	Description	Amount (€)

No data to be reported

TABLE 14 : CONTRACTS DECLARED SECRET

Total Number of Contracts :	
Total amount :	

Legal base	Contract Number	Contractor Name	Type of contract	Description	Amount (€)

No data to be reported



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

Procurement direct management

The DG 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 EPSC 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 EPSC 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	<p>Standard templates developed for the preparation of tender specifications for use of framework contracts and launch of negotiated procedures.</p> <p>Financial circuit : AOsD approval on specifications</p> <p>Review by Management and Resource Unit of all procedures launched</p>	Coverage/Frequency: 100%	<p>Cost: FTE linked to Management and Resource Unit</p> <p>Benefits : non-quantifiable qualitative benefits (reputational damage)</p>	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%	<p>Cost: FTE linked to Management and Resource Unit</p> <p>Benefits : non-quantifiable qualitative benefits (reputational damage)</p>	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
<p>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.</p>	<p>Operational and financial steps performed in accordance with the financial circuits (segregation of duties)</p> <p>Ex-ante verification performed centrally by Management and Resource Unit based on detailed check-lists</p> <p>Management of sensitive functions</p>	<p>Coverage/Frequency: 100% of the commitments and payments are controlled</p> <p>Review every 5 years</p>	<p>Costs: FTE linked to actors acting on financial circuit</p> <p>Qualitative and quantitative benefits :</p> <p>Detected error before payment Sound financial management and respect of contractual provisions and deterrent effect</p>	<p>Total cost of controls/all expenditure executed during the year (payments made)</p> <p>Efficiency time to payment Late interest payment</p>

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
<p>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</p>	<p>Review of any events/problem signalled Review of exceptions and non-compliance reports</p>	<p>100 % of the situations signalled At least once a year: evaluation of non-compliance and exceptions reported</p>	<p>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)</p>	<p>Effectiveness: amounts associated with errors detected (related to fraud, irregularities and error) in % over total checked.</p>

