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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 Commission¹, 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 Parts 2 and 3 of the present AAR and in its annexes is, to the best of my knowledge, accurate and exhaustive.

Luxembourg, 26 March 2015

Signed

Pieter EVERAERS

Director

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

ANNEX 2: Human and Financial resources

Human Resources by ABB activity				
Code ABB Activity	ABB Activity	Establishment Plan posts	External Personnel	Total
29 02	The European statistical programme	519	146	665
29 AWBL-01	Administrative support for Eurostat	74	15	89
29 AWBL-02	Policy strategy and coordination for Eurostat	44	3	47
Total		637	164	801

General remark: the above data rely on the snapshot of Commission personnel actually employed in each DG/ service as of 31 December of the reporting year. These data do not necessarily constitute full-time-equivalents throughout the year.

Financial Resources by ABB activity (EUR Million) implementation of Commitment Appropriations (CA)					
Code ABB Activity	ABB Activity	Operational expenditure*)	Administrative expenditure		Total
			(1)	(2)	
3403	Production of European Statistics	50.50	3.44	2.60	56.54
3480	Administrative support	0	0.29	0.32	0.61
3481	Policy strategy and coordination	0	0.04	0.02	0.06
Total		50.50	6.71	6.71	57.21

(1) Heading 5 appropriations managed by the DG (global envelope) 29 01 02

(2) BA lines (29 01 04) and, when relevant 29 01 05 and 29 01 06.

*) Commitments L2 on title 29 (sub-delegated and co-delegated excluded)

	Description	Appropriations (EUR)	Commitments (EUR)	Payments (EUR)	% Execution (on commitment appropriations)
29.010211.00	ESTAT	9.306			
29.010211.00.01.10	Missions	1.480.000	1.480.000	1.102.104	
29.010211.00.01.30	Representation costs	24.000	24.000	10.408	
29.010211.00.02.20	Meetings	1.415.000	1.415.000	1.185.629	
29.010211.00.02.40	Conferences	274.798	274.798	98.019	
29.010211.00.03	Committees	139.000	139.000	118.790	
29.010211.00.05	development of management and information systems	130.000	129.884	45.348	
29.010211.00.06	trainings	218.208	213.695	64.837	
Total		3,690,312	3,676,377	2,652,135	99.62%

Remark: budget line 29.010201 not included, only C1 amounts.

Annex 3 Financial Reports - DG ESTAT - Financial Year 2014**Table 1 : Commitments****Table 2 : Payments****Table 3 : Commitments to be settled****Table 4 : Balance Sheet****Table 5 : Statement of Financial Performance****Table 6 : Average Payment Times****Table 7 : Income****Table 8 : Recovery of undue Payments****Table 9 : Ageing Balance of Recovery Orders****Table 10 : Waivers of Recovery Orders****Table 11 : Negotiated Procedures (excluding Building Contracts)****Table 12 : Summary of Procedures (excluding Building Contracts)****Table 13 : Building Contracts****Table 14 : Contracts declared Secret**

Additional comments

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2014 (in Mio €)					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 05 Agriculture and rural development					
05	05 08	Policy strategy and coordination of the `Agriculture and rural development- policy area	1	0,09	8,62 %
Total Title 05			1	0,09	8,62%
Title 29 Statistics					
29	29 01	Administrative expenditure of the `Statistics-policy area	6,75	6,71	99,36 %
	29 02	The European statistical programme	62,14	57,9	93,17 %
Total Title 29			68,89	64,61	93,78%
Total DG ESTAT			69,89	64,7	92,56 %

* 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).

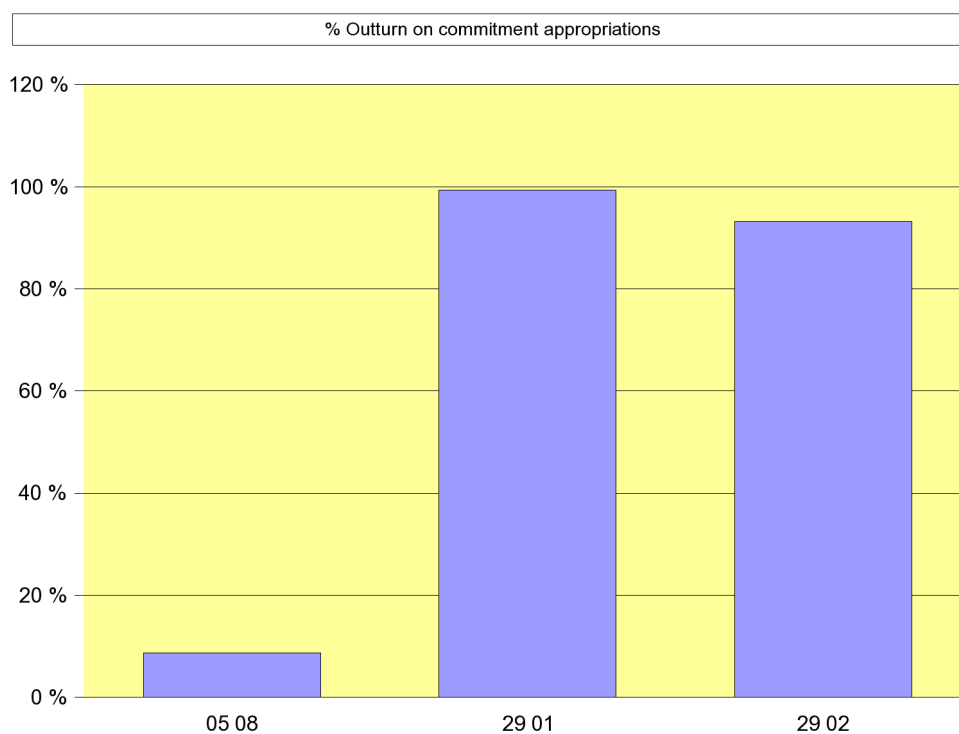


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2014 (in Mio €)

Chapter			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 05 Agriculture and rural development					
05	05 08	Policy strategy and coordination of the `Agriculture and rural development- policy area	0,39	0,39	100,00 %
Total Title 05			0,39	0,39	100,00%
Title 29 Statistics					
29	29 01	Administrative expenditure of the `Statistics- policy area	8,79	6,42	73,00 %
	29 02	The European statistical programme	69,6	56,9	81,76 %
Total Title 29			78,39	63,32	80,78%
Total DG ESTAT			78,77	63,71	80,87 %

* 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).

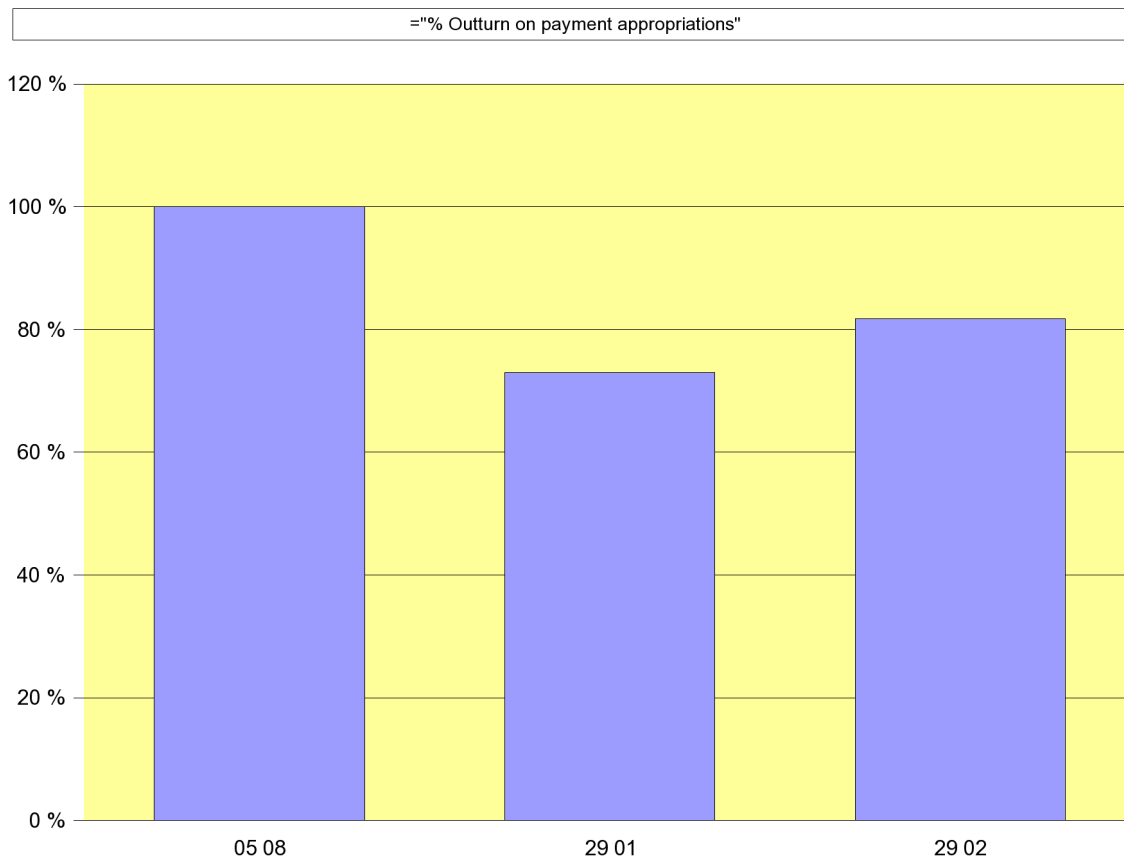
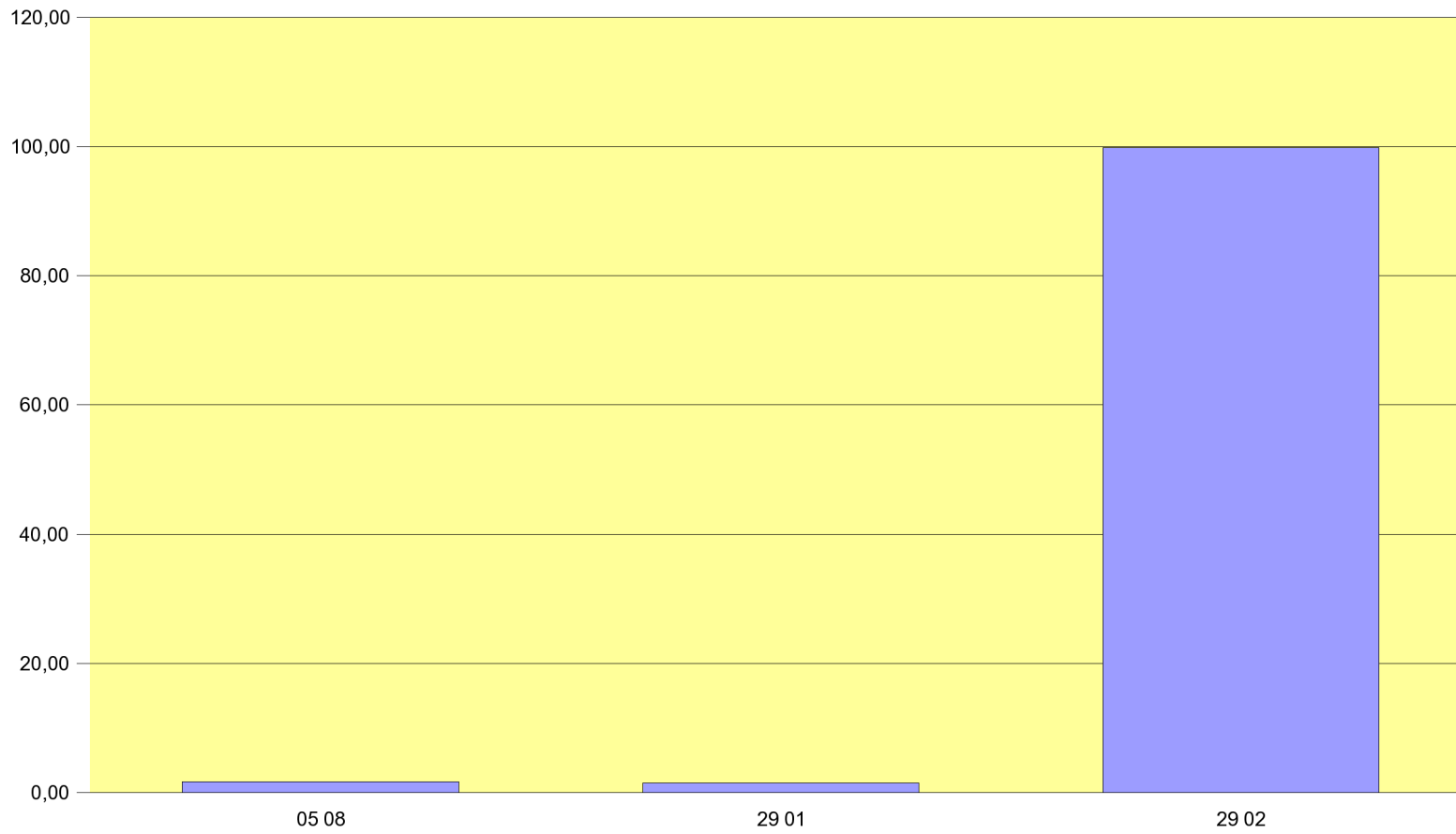


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2014 (in Mio €)

Chapter			2014 Commitments to be settled				Commitments to be settled from financial years previous to 2014	Total of commitments to be settled at end of financial year 2014 (incl corrections)	Total of commitments to be settled at end of financial year 2013(incl. corrections)
			Commitments 2014	Payments 2014	RAL 2014	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
Title 05 : Agriculture and rural development									
05	05 08	Policy strategy and coordination of the Agriculture and rural development- policy area	0,09	0,00	0,09	100,00 %	1,61	1,70	2,00
Total Title 05			0,09	0,00	0,09	100,00%	1,61	1,7	2
Title 29 : Statistics									
29	29 01	Administrative expenditure of the Statistics- policy area	6,71	5,26	1,45	21,67 %	0,00	1,45	2,04
	29 02	The European statistical programme	57,9	3,84	54,06	93,36 %	45,80	99,86	106,82
Total Title 29			64,61	9,10	55,51	85,92%	45,8	101,31	108,85
Total DG ESTAT			64,7	9,10	55,6	85,94 %	47,41	103,01	110,85

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	2014	2013
A.II. CURRENT ASSETS	-1.072.753,4	7.484.967,35
A.II.2. Current Pre-Financing	-1.072.753,40	6.230.118,08
A.II.4. Exchange Receivables	0,00	1.101.132,59
A.II.5. Non-Exchange Receivables	0,00	153.716,68
ASSETS	-1.072.753,4	7.484.967,35
P.III. CURRENT LIABILITIES	-50.191.581,26	-52.393.429,79
P.III.2. Short-term provisions		0,00
P.III.4. Accounts Payable	-6.427.513,78	-7.889.537,95
P.III.5. Accrued charges and deferred incom	-43.764.067,48	-44.503.891,84
LIABILITIES	-50.191.581,26	-52.393.429,79
NET ASSETS (ASSETS less LIABILITIES)	-51.264.334,66	-44.908.462,44
P.I.2. Accumulated Surplus / Deficit	70.087.154,77	4.642.897,45
Non-allocated central (surplus)/deficit*	-18.822.820,11	40.265.564,99
TOTAL	0,00	0,00

It should be noted that the balance sheet and economic outturn account presented in Annex 3 to this Annual Activity Report, represent only the (contingent) assets, (contingent) 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 economic outturn account 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	2014	2013
II.1 REVENUES	-3.188.889,81	-3.216.713,21
II.1.1. NON-EXCHANGE REVENUES	-3.876.550,82	-4.108.150,17
II.1.1.5. RECOVERY OF EXPENSES	-2.207,82	-229.845,17
II.1.1.6. OTHER NON-EXCHANGE REVEN	-3.874.343,00	-3.878.305,00
II.1.2. EXCHANGE REVENUES	687.661,01	891.436,96
II.1.2.2. OTHER EXCHANGE REVENUE	687.661,01	891.436,96
II.2. EXPENSES	69.723.279,29	68.660.970,53
II.2. EXPENSES	69.723.279,29	68.660.970,53
11.2.10. OTHER EXPENSES	15.887.235,79	13.568.906,70
II.2.2. EXP IMPLM BY COMMISS&EX.AC	53.466.964,51	58.803.611,60
II.2.4. EXP IMPL BY 3RD CNTR & INT OR	368.635,55	415.026,55
II.2.6. STAFF AND PENSION COSTS		-4.127.093,54
II.2.8. FINANCE COSTS	443,44	519,22
STATEMENT OF FINANCIAL PERFORMANCE	66.534.389,48	65.444.257,32

Explanatory Notes (facultative):

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It should be noted that the balance sheet and economic outturn account presented in Annex 3 to this Annual Activity Report, represent only the (contingent) assets, (contingent) 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 economic outturn account 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 2014 - DG ESTAT

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	1025	894	87,22 %	17,85	131	12,78 %	38,88
45	17	14	82,35 %	25,07	3	17,65 %	55
50	6	6	100,00 %	25,33			
60	89	89	100,00 %	26,79			
75	112	109	97,32 %	27,76	3	2,68 %	85,67
90	450	404	89,78 %	41,26	46	10,22 %	120,87

Total Number of Payments	1699	1516	89,23 %		183	10,77 %	
Average Payment Time	29,2			25,42			60,52

Target Times							
Target Payment Time (Days)	Total Number of Payments	Nbr of Payments within Target Time	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
20	31	21	67,74 %	12,1	10	32,26 %	29,3
30	539	490	90,91 %	16,65	49	9,09 %	38,76
50	6	6	100,00 %	25,33			
60	159	129	81,13 %	25,84	30	18,87 %	81,97
75	341	281	82,40 %	39,5	60	17,60 %	109,97

Total Number of Payments	1076	927	86,15 %		149	13,85 %	
Average Payment Time	31,83			24,81			75,5

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
1	50	169	9,95 %	1699	12.539.723,21	19,40 %	64.647.690,65

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

Late Interest paid in 2014			
DG	GL Account	Description	Amount (Eur)
ESTAT	65010000	Interest expense on late payment of charges	443,44
			443,44

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 2014

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	
50	PROCEEDS FROM THE SALE OF MOVABLE AND IMMOVABLE PROPERTY	10.942,14	0	10.942,14	10.942,14	0	10.942,14	0
57	OTHER CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH THE ADMINISTRATIVE OPERATION OF THE INSTITUTION	495.103,92	0	495.103,92	495.103,92	0	495.103,92	0
60	CONTRIBUTIONS TO UNION PROGRAMMES	3.874.343	0	3.874.343	3.874.343	0	3.874.343	0
66	OTHER CONTRIBUTIONS AND REFUNDS	41.606,41	1.254.849,27	1.296.455,68	41.606,41	1.254.849,27	1.296.455,68	0
Total DG ESTAT		4.421.995,47	1.254.849,27	5.676.844,74	4.421.995,47	1.254.849,27	5.676.844,74	0

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

Annex 3 Financial Reports - DG ESTAT
Report printed on 16/02/2015

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

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2014 Year of Origin (commitment)	Error		TOTAL Qualified		TOTAL RC (incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2005	2	183.783,16	2	183.783,16	2	183.783,16	100,00%	100,00%
2006	2	177.834,25	2	177.834,25	2	177.834,25	100,00%	100,00%
2009	1	519,58	1	519,58	1	519,58	100,00%	100,00%
2010	4	78.924,09	4	78.924,09	5	94.349,29	80,00%	83,65%
2011					2	57.873,86		
No Link					1	21.772,80		
Sub-Total	9	441.061,08	9	441.061,08	13	536.132,94	69,23%	82,27%

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		TOTAL Qualified		TOTAL RC (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	50	309.664,46	1	35.000			51	344.664,46	74	570.444,53	68,92%	60,42%
CREDIT NOTES	20	447.146,47					20	447.146,47	55	1.164.228,06	36,36%	38,41%
Sub-Total	70	756.810,93	1	35.000			71	791.810,93	129	1.734.672,59	55,04%	45,65%
GRAND TOTAL	79	1.197.872,01	1	35.000			80	1.232.872,01	142	2.270.805,53	56,34%	34,87%

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 31/01/2015.

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2014 FOR ESTAT

	Number at 01/01/2014	Number at 31/12/2014	Evolution	Open Amount (Eur) at 01/01/2014	Open Amount (Eur) at 31/12/2014	Evolution
2003	1		-100,00 %	1.101.132,59		-100,00 %
2013	1		-100,00 %	153.716,68		-100,00 %
	2		-100,00 %	1.254.849,27		-100,00 %

TABLE 10 : RECOVERY ORDER WAIVERS IN 2014 >= EUR 100.000

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

Total DG	
-----------------	--

Number of RO waivers	
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Justifications:

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TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG ESTAT - 2014**Procurement > EUR 60,000**

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Art. 134.1(e)	1	198.750,00
Total	1	198.750,00

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

Internal Procedures > € 60,000			
	Procedure Type	Count	Amount (€)
Proced ures >	Exceptional Negotiated Procedure without publication of a contract notice (Art. 134 RAP)	1	198.750,00
	Open Procedure (Art. 127.2 RAP)	18	22.681.608,13
	TOTAL	19	22.880.358,13

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 4: Materiality criteria

In order to identify material weaknesses that need to be disclosed on the declaration of the AOD, Eurostat has taken into account the following qualitative and quantitative criteria, assessing whether the weakness is significant and should lead to the reporting of a reservation.

Qualitative criteria for defining significant weaknesses:

In assessing materiality, Eurostat took account of a number of qualitative criteria:

- The nature, scope and duration of the weakness;
- The level of sensitivity;
- Reputational risk;
- The level of evidence available from ex-post control work to be confident of providing the necessary assurances;
- Whether the risk concerns a major point by the Court of Auditors;
- Whether the risk concerns a major point raised by the IAS and/or the IAC;
- Measures already taken or in place to address the situation.

Quantitative criteria for defining significant weaknesses:

The Commission Communication (COM (2003) 28 final) from 21.1.2003 provides in its annex guidelines covering inter alia the concept of materiality. These guidelines propose an indicative materiality threshold of 2%:

"The quantitative materiality threshold is 2%, i.e. when the amount of the transaction (in the broad sense) affected by the deficiency represents more than 2% of the budget allocated to the ABB activity of the service concerned." According to the guidelines DGs may deviate from the threshold of 2% if they deem that the nature of the risks and controls, based on the DG's assessment of the risk and control environment in which the DG operates, makes the standard threshold inappropriate.

Eurostat continued to apply the threshold of 2% for assessing the materiality of deficiencies.

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

GRANTS – direct management

Stage 1 – Programming, evaluation and selection of proposals

A - Preparation, adoption and publication of the Annual Work Programme and Calls for proposals

Main control objectives: Ensuring that the Commission selects the proposals that contribute the most towards the achievement of the policy or programme objectives (effectiveness); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy)

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage frequency and depth	Costs and benefits of controls (direct, indirect and overheads costs)	Control indicators
<p>The annual work programme and the subsequent invitations to submit proposals do not adequately reflect the policy objectives, priorities, are incoherent and/or the essential eligibility, selection and award criteria are not adequate to ensure the evaluation of the proposals.</p>	<p>Hierarchical validation within the authorising department.</p> <p>Inter-service consultation, including all relevant DGs.</p> <p>Adoption by the Commission.</p> <p>Explicit allocation of responsibility to individual officials reflecting the programming circuits.</p> <p>Checklist based verification for invitations to submit proposals.</p> <p>Implementation of antifraud strategy.</p>	<p>Coverage: 100% projects included in AWP. 100% of invitations to submit proposals.</p> <p>Depth: In-depth analyses of the projects, including financial aspects. Checklist (proposals) includes a list of the requirements of the regulatory provisions identified.</p>	<p>Costs: estimation of cost of staff involved in the preparation and validation of the annual work programme and launch of calls: (in EUR)</p> <p>Benefits: number of financial and/or technical modifications requested out of total number of invitations</p>	<p>Effectiveness: Number of control failures: number of exceptions (in EUR)</p> <p>Efficiency: Average cost of preparation, adoption and publishing an annual work programme: (in EUR)</p> <p>Average cost of a call: (in EUR)</p> <p>No benchmarks or evolution over time is available.</p>

B - Selecting and awarding: Evaluation, ranking and selection of proposals

Main control objectives: Ensuring that the most promising projects for meeting the policy objectives are among (a good balance of) the proposals selected (effectiveness); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy)

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage frequency and depth	Costs and benefits of controls (direct, indirect and overheads costs)	Control indicators
<p>The evaluation of proposals is not carried out in accordance with the established procedures, the policy objectives, priorities and/or the essential eligibility, or with the selection and award criteria defined in the annual work programme and subsequent invitations to submit proposals.</p>	<p>Assignment of evaluation committee including, when necessary, members from sub-delegating DGs</p> <p>Assessment by the evaluation committee.</p> <p>Hierarchical validation according to financial circuits.</p> <p>Checklists based verification (evaluation and award) ensuring compliance with the regulatory framework.</p> <p>Implementation of antifraud strategy.</p>	<p>100% of proposals were evaluated.</p> <p>The received applications were analysed from a technical point of view and from a budgetary point of view.</p> <p>Coverage: 100% of ranked list of proposals. Supervision of work of evaluators.</p> <p>100% in-depth evaluation of technical and budgetary aspects.</p>	<p>Costs: estimation of cost of staff involved in the evaluation and selection of proposals: (in EUR)</p> <p>Benefits: non award (from number of awards): (in EUR)</p> <p>Number of financial and/or technical modifications made / out of total number</p> <p>Amount awarded (in EUR) on total amount of invitations (calls) (in EUR)</p>	<p>Effectiveness: Number of control failures: number of exceptions (in EUR)</p> <p>Efficiency Indicators: total (average) annual cost of evaluation process compared with benefits (ratio): in EUR vs. in EUR (non-award)</p> <p>Average cost per award (=commitments): (in EUR)</p> <p>Cost (in EUR) over annual amount disbursed (in EUR) = %</p> <p>Average time to inform applicants: number of months vs. number of months foreseen in the FR 2012</p>

Stage 2 - Contracting: Transformation of selected proposals into legally binding grant agreements

Main control objectives: Ensuring that the actions and funds allocation is optimal (best value for public money; effectiveness, economy, efficiency); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy)

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage frequency and depth	Costs and benefits of controls (direct, indirect and overheads costs)	Control indicators
<p>The description of the action in the grant agreement includes tasks which do not contribute to the achievement of the programme objectives and/or that the budget foreseen overestimates the costs necessary to carry out the action.</p> <p>Procedures do not comply with regulatory framework.</p>	<p>Hierarchical validation according to financial circuits.</p> <p>Signature of the grant agreement by the AO.</p> <p>Checklists based verification (operational and financial) ensuring compliance with the regulatory framework.</p> <p>Regular accounting controls are carried out.</p> <p>Implementation of antifraud strategy.</p>	<p>100% of the selected proposals are scrutinised.</p> <p>Coverage: 100% of draft grant agreements.</p>	<p>Costs: estimation of cost of staff involved in the contracting process: (in EUR)</p> <p>Benefits: number of financial and technical modifications requested on draft grant agreements and/or commitments out of total number</p>	<p>Effectiveness:</p> <p>Number of exceptions/non-compliances:</p> <p>Efficiency Indicators:</p> <p>Average cost per commitments: (in EUR)</p> <p>Time-to-Grant (average time to sign grant agreements): number of months vs. number of months foreseen in the FR 2012</p>

Stage 3 - Monitoring the execution. This stage covers the monitoring the operational, financial and reporting aspects related to the project and grant agreement

Main control objectives: ensuring that the operational results (deliverables) from the projects are of good value and meet the objectives and conditions (effectiveness & efficiency); ensuring that the related financial operations comply with regulatory and contractual provisions (legality & regularity); prevention of fraud (anti-fraud strategy); ensuring appropriate accounting of the operations (reliability of reporting, safeguarding of assets and information)

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage frequency and depth	Costs and benefits of controls (direct, indirect and overheads costs)	Control indicators
<p>The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement and/or the amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions.</p>	<p>Operational and financial checks, based on checklists, in accordance with the financial circuits ensuring compliance with the regulatory framework.</p> <p>Operation authorisation by the AO.</p> <p>Reinforced ex-ante controls carried out:</p> <p>A sample of requests of payment was randomly selected for reinforced ex-ante controls (about 4% of the payment requests (in number) in 2013).</p> <p>Risk-based coverage: the high-risk population was covered in-depth controls, carried out ex-ante.</p> <p>Use of standard excel template for contribution calculations.</p> <p>Regular follow-up of payment delays.</p> <p>Regular accounting controls are carried out.</p> <p>Implementation of antifraud strategy.</p>	<p>100% of the projects are controlled, including only value-adding checks.</p> <p>100% coverage by ex-ante control of each payment request.</p> <p>Reinforced ex-ante controls:</p> <p>Sample based: about 4.6% of the payment requests (in number) were covered by random sampling (14 beneficiaries).</p> <p>Risk based: transactions of 6 beneficiaries representing nearly 3% of total payments (in value) were covered.</p>	<p>Costs: estimation of cost of staff involved in the actual management of running projects and payment: (in EUR)</p> <p>Amount of audit certificates co-financed via grants: (in EUR) (external assurance)</p> <p>Benefits: budget value of the costs claimed by the beneficiary, but rejected by the project officers and financial controls: (in EUR)</p>	<p>Effectiveness:</p> <p>Number of projects with cost claim errors out of number of grants (in %)</p> <p>Number of exceptions/non-compliances:</p> <p>Budget amount of the cost items rejected : (in EUR) (in % weight from total payments)</p> <p>Success ratios; % of value of cost claims items adjusted over cost claims value: in % weight from total payments)</p> <p>Efficiency Indicators: Cost/benefit ratio, average cost per project (financial control): (in EUR)</p> <p>% cost of control over annual amount disbursed (paid): in %</p> <p>Time-to-payment: in% (number) corresponding to in % (value) are paid within contractual deadlines</p> <p>% of payment consumption in % (grants and procurements)</p>

Stage 4 - Ex-Post controls

A - Reviews, audits and monitoring

Main control objectives: Measuring the effectiveness of ex-ante controls by ex-post controls; detect and correct any error or fraud remaining undetected after the implementation ex-ante controls (legality & regularity; anti-fraud strategy); addressing systemic weaknesses in the ex-ante controls, based on the analysis of the findings (sound financial management); Ensuring appropriate accounting of the recoveries to be made (reliability of reporting, safeguarding of assets and information)

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage frequency and depth	Costs and benefits of controls (direct, indirect and overheads costs)	Control indicators
<p>The ex-ante controls (as such) fail to prevent, detect and correct erroneous payments or attempted fraud.</p>	<p>Multi-annual ex-post control strategy: Carry out audits or desk-reviews of a risk based sample of operations to determine effectiveness of ex-ante controls (+ consider ex-post findings for improving the ex-ante controls). Integration of fraud-related elements in the risk assessment. Validate audit results with beneficiary If needed: referring the beneficiary or grant to OLAF</p>	<p>Risk-based sample, determined in accordance with the selected risk criteria, aimed to maximise error correction (either higher amounts or expected error rate).</p>	<p>Costs: Cost of staff involved in the coordination and execution of the audit strategy: (in EUR) Cost of the appointment of audit firms for the outsourced audits:(in EUR) Cost of audit firms for the outsourced audits: (in EUR) Benefits: Budget value of the errors detected by the auditors: (in EUR)</p>	<p>Effectiveness: Representative error rate: in % Amount of budget of errors concerned: (EUR) Number of exceptions/non-compliances: Number of fraud-related audit observations: Efficiency: total (average) annual cost of audits compared with benefits (ratio): → Average cost of one ex-post control (in EUR) / number of controls = (in EUR)</p>
<p>The ex-post controls focus on the detection of external errors (e.g. made by beneficiaries) and do not consider any internal errors made by staff or embedded systematically in the own organisation</p>	<p>Simplification based on Art. 5 from Regulation EC 223/2009 of 11.03.2009: no calls for proposal Training dedicated to staff embedded in grants process Yearly risk-analysis Supervision of the verification process by a teamleader Exceptions / non-compliance register</p>	<p>Coverage: Beneficiaries of article 5 from Regulation 223/2009. Depth: Main actors of the grant process.</p>	<p>Costs: Included in indirect costs Benefits: creation of a less risky environment.</p>	<p>Effectiveness: Amounts being recovered and offset: Efficiency: Number/value/% of audit results pending implementation: Number/value/% of audit results implemented: Time-To-Recover: Cost-effectiveness: % cost of control for all stages over annual amount disbursed in grants:</p>

B - Implementing results from ex-post audits/controls

Main control objectives: Ensuring that the (audit) results from the ex-post controls lead to effective recoveries (legality & regularity; anti-fraud strategy); Ensuring appropriate accounting of the recoveries made (reliability of reporting)

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage frequency and depth	Costs and benefits of controls (direct, indirect and overheads costs)	Control indicators
The errors, irregularities and cases of fraud detected are not addressed or not addressed timely	<p>Systematic registration of audit / control results to be implemented.</p> <p>Financial operational validation of recovery in accordance with financial circuits.</p> <p>Authorisation by AO</p>	<p>Coverage: 100% of final audit results <i>with a financial impact</i>.</p> <p>Extension of the findings of systemic errors into corrections of non-audited projects by the same beneficiary.</p>	<p>Costs: Cost of staff involved in the implementation of the audit results: (in EUR)</p> <p>Benefits: Budget value of the errors, detected by ex-post controls, which have actually been corrected (offset or recovered): (in EUR)</p> <p>Loss: Budget value of such ROs which are 'waived' or have to be cancelled: nil</p>	<p>Effectiveness: Number/value/% of audit results failed implementation:</p> <p>Success ratio; % of value of the ROs over detected errors by the auditors: in %</p> <p>Number of exceptions/non-compliances:</p> <p>Efficiency Indicators total (average) annual cost of implementing audit audits compared with benefits (ratio): (in EUR) / (in EUR)</p>

PROCUREMENTS (including BA budget) - Direct management

Stage 1 – Procurement

A - Planning

Main control objectives: Ensuring that the decision to tender is optimal

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage frequency and depth*	Costs and benefits of controls (direct, indirect and overheads)	Control indicators
The needs are not well defined (operationally and economically) and that the decision to procure was inappropriate Discontinuation of the services provided due to a late contracting	Publication of intended procurements / Work programme	Coverage: 100% Depth*: Level 2	Costs: FTE linked to operational unit + central unit: (in EUR) Benefits (qualitative): No litigation, compliance	Total contract value / cost of control planning phase : (in EUR) / (in EUR) = (in EUR)
	Approval (and follow-up) of Work Program and Financing Decision by DM	Coverage: 100% Depth*: Level 2		Cost of control planning phase / number of procedures closed during the year: (in EUR) / = (in EUR) per procedure Exceptions & non-compliances / total number of commitments: number of exceptions triggered by non-compliance / number of commitments = (in EUR)

NB: for all controls, information in particular financial information related to inputs / outputs and follow-up should be collected

*Depth: (definition of levels)

1. Minimal administrative / arithmetic control with no reference to supporting documents reference to underlying documents.
2. Control with reference to corroborative information incorporating an element of independent oversight (e.g. audit certificate or other verification), but no reference to underlying documents.
3. Control with reference to fully independent corroborative information (e.g. database which justifies certain elements of the claim, 3rd party or Commission assessment of milestones achieved, etc.)
4. Control with reference to and including access to the underlying documentation available at the stage of the process in question, for all inputs and outputs (e.g. timesheets, invoices, physical verification, etc.); i.e. control of the same intensity of transaction testing as those carried out by the ECA as part of the DAS

B - Needs assessment & definition of needs

Main control objectives: Ensuring that the call for tender is optimally done

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage frequency and depth *	Costs and benefits of controls (direct, indirect and overheads)	Control indicators
The best offer/s are not submitted due to the poor definition of the tender specifications	Financial circuit : AOS approval and supervision of specifications	Coverage: 100% Depth*: Level 3	Costs: FTE linked to operational unit + central unit: (in EUR) Benefits (qualitative): No litigation, compliance	Total contract value / cost of control on needs assessment & definition of needs: (in EUR) / (in EUR) = (in EUR) Cost of control on needs assessment & definition of needs/ number of procedures closed during the year: (in EUR) / number of procedures = (in EUR) Exceptions & non-compliances / total number of commitments: No exceptions & non-compliances for planning
	Financial circuit: All steps financial and operational specifications	Coverage: 100% Depth*: Level 4		

NB: for all controls, information in particular financial information related to inputs / outputs and follow-up should be collected

***Depth: (definition of levels)**

1. Minimal administrative / arithmetic control with no reference to supporting documents reference to underlying documents.
2. Control with reference to corroborative information incorporating an element of independent oversight (e.g. audit certificate or other verification), but no reference to underlying documents.
3. Control with reference to fully independent corroborative information (e.g. database which justifies certain elements of the claim, 3rd party or Commission assessment of milestones achieved, etc.)
4. Control with reference to and including access to the underlying documentation available at the stage of the process in question, for all inputs and outputs (e.g. timesheets, invoices, physical verification, etc.); i.e. control of the same intensity of transaction testing as those carried out by the ECA as part of the DAS

C – Selection of the offer & evaluation

Main control objectives: Ensuring that the selection of the contractor is optimal

Main risks <i>It may happen (again) that...</i>	Mitigating controls (those in bold are strongly recommended)	Coverage frequency and depth *	Costs and benefits of controls (direct, indirect and overheads)	Control indicators
The most promising offer not being selected, due to a biased, inaccurate or 'unfair' evaluation process	Opening committee and Evaluation committee	Coverage: 100% Depth*: Level 4	Costs: FTE linked to operational unit + central unit: (in EUR) Benefits (qualitative): No litigation, compliance	Total contract value / cost of control Selection of the offer and evaluation: (in EUR) / (in EUR) = (in EUR) Cost of control Selection of the offer & evaluation / number of procedures closed during the year: (In EUR) / number of procedures = in EUR Exceptions & NCE / total number of commitments: number of NCE amounting to (in EUR) / number of commitments = (in EUR)
	Financial circuit: All steps financial and operational Evaluation report	Coverage: 100% Depth*: 4		
	Advisory "Market Committee" (in place as of March 2014)	Coverage: Risk-based Depth*: Level 4		
	Conflict of interests	Coverage: 100% Depth*: 4		
	Exclusion criteria documented	Coverage: 100% Depth*: 4		
	Standstill period	Coverage: 100% Depth*: N/A		

NB: for all controls, information in particular financial information related to inputs / outputs and follow-up should be collected

*Depth: (definition of levels)

1. Minimal administrative / arithmetic control with no reference to supporting documents reference to underlying documents.
2. Control with reference to corroborative information incorporating an element of independent oversight (e.g. audit certificate or other verification), but no reference to underlying documents.
3. Control with reference to fully independent corroborative information (e.g. database which justifies certain elements of the claim, 3rd party or Commission assessment of milestones achieved, etc.)
4. Control with reference to and including access to the underlying documentation available at the stage of the process in question, for all inputs and outputs (e.g. timesheets, invoices, physical verification, etc.); i.e. control of the same intensity of transaction testing as those carried out by the ECA as part of the DAS

Stage 2 – Financial transactions (including administrative appropriations)

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage frequency and depth *	Costs and benefits of controls (direct, indirect and overheads)	Control indicators
Contractor does not comply with the contractual provisions	Monitoring respect of contractual provisions.	Coverage: 100% Depth*: Level 4	Costs: FTE linked to actors acting on financial circuits: (in EUR) Benefits : Respect of sound financial management and respect of contractual provisions. Payments are executed on time: in % (number) and in % (value) were made within contractual delays. No exceptions for Financial transactions.	Cost of control on the financial circuit / number of financial transactions done during the year :
Amount paid is disconnected from the quality and the timing of the deliverables	Financial circuit: all steps financial and operational	Coverage: 100% Depth*: Level 4		(In EUR) / number of transactions = (in EUR)
Business discontinues. Contractor unable to deliver.	Signature level per type of transaction	Coverage: Risk-based Depth*: Level 2		Cost of control on the financial circuit / value of payment executed during the year : (in EUR) / (in EUR) = (in %)
	Sensitive functions	Coverage: AOSDs mainly Depth*: N/A	Time to pay: (in %) (number) and (in %) (value) were made within contractual delays. Number of late payments amount to (in EUR) vs. (in EUR) total payments. % of payment consumption (in %) (grants and procurements) Number of exceptions & non-compliances / total number of payments	

NB: for all controls, information in particular financial information related to inputs / outputs and follow-up should be collected

*Depth: (definition of levels)

1. Minimal administrative / arithmetic control with no reference to supporting documents reference to underlying documents.
2. Control with reference to corroborative information incorporating an element of independent oversight (e.g. audit certificate or other verification), but no reference to underlying documents.
3. Control with reference to fully independent corroborative information (e.g. database which justifies certain elements of the claim, 3rd party or Commission assessment of milestones achieved, etc.)
4. Control with reference to and including access to the underlying documentation available at the stage of the process in question, for all inputs and outputs (e.g. timesheets, invoices, physical verification, etc.); i.e. control of the same intensity of transaction testing as those carried out by the ECA as part of the DAS

Stage 3 – Supervisory measures

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls (those in bold are strongly recommended)	Coverage frequency and depth *	Costs and benefits of controls (direct, indirect and overheads)	Control indicators
An error or non-compliance with specifications or a fraud is not detected	Ex post quality review on selection and award procedure	Coverage: A risk based selection of procurement procedures Depth*: Level 4	Costs: FTE mainly linked to Control ex post: in FTE Benefits Issues are followed and addressed, improvement of processes and procedures	Ex post control result / error found Total value checked by Control ex post / costs ex post controls: (in EUR) / (in EUR) Cost ex post controls / total number of transactions checked by Control ex post: (in EUR) / total number of transactions = in EUR) per transaction Number of fraud-related audit observations:
	Annual control programme based on yearly risk analysis	Coverage: Whole process Depth*: N/A		
	Integration of fraud-related elements in risk assessment			
Management of the procurement is not improved in general	Internal Audit Capability	Coverage: Whole process but limited number of tenders Depth*: Level 2		
	Review of results of ex-post quality review	Coverage: Whole process Depth*: Level 4		
	Review of exception reporting	Coverage: Whole process but limited number of tenders Depth*: Level 2		
	(Update) PIM procurement	Coverage: Whole process Depth*: Level 2		

NB: for all controls, information in particular financial information related to inputs / outputs and follow-up should be collected

*Depth: (definition of levels)

1. Minimal administrative / arithmetic control with no reference to supporting documents reference to underlying documents.
2. Control with reference to corroborative information incorporating an element of independent oversight (e.g. audit certificate or other verification), but no reference to underlying documents.
3. Control with reference to fully independent corroborative information (e.g. database which justifies certain elements of the claim, 3rd party or Commission assessment of milestones achieved, etc.)
4. Control with reference to and including access to the underlying documentation available at the stage of the process in question, for all inputs and outputs (e.g. timesheets, invoices, physical verification, etc.); i.e. control of the same intensity of transaction testing as those carried out by the ECA as part of the DAS

IT SECURITY AND DATA INTEGRITY

Stage 1: IT Security Policy

Main control objectives: Define and disseminate ESTAT information security policy

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
ESTAT staff is not aware of the IT security Policy. IT security is not considered in day to day operations. Design weaknesses in the development of Information processes.	Review and validate by DM the ESTAT IT security policy annually Train ESTAT staff on security policies Ensure that IT security plans are provided for all new IT processes	Coverage: 100% Frequency: Yearly	Costs: Estimation of time required for IT policy revision: (in FTE) Estimation of time required for Training: (in FTE) Benefit: Awareness of IT security. Clear procedures and responsibilities regarding IT security	Nbr of training sessions for newcomers Nbr of trainings sessions for staff Nbr of security plans provided

Stage 2: Protection of IT infrastructure and data integrity

Main control objectives: Implement the controls as defined in the IT security policy

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
There is no inventory of assets and their security levels Security appliances are not up-to-date IT infrastructure is not available in case of major disaster Information is not available for statistical production Information is accessed and	A CMDB (Configuration Management Database) is implemented, running and updated Periodically check that systems are updated and patched DRP (Disaster Recovery Plan) is updated and periodically tested.	Coverage: 100% Frequency: Yearly	Costs: CMDB software licence and maintenance (in EUR) Estimation of the support Management of the IT infrastructure (in FTE) Estimation of the access control management (in FTE) Benefit:	Nbr of assets in the CMDB Reports of DRP testing and backup restores. Nbr of incidents regarding data integrity

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
modified by non-authorised users	Backups are made and tested Through the SLA with DIGIT, receive regular KPIs on the health of the systems hosted in Digit Access control policy based on authorisation provided by DCROs (Data Collection Responsible Officers)		Operational IT infrastructure in support to statistical production with accesses to data on a "need to know" basis	

Stage 3: Access to IT infrastructure and data

Main control objectives: Monitor the access to IT infrastructure

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
Illegal access to secure information Statistical information cannot be disseminated through the ESTAT website Statistical information is corrupted during transfer from Member States Wrong information or sensitive information is published.	Segregation of duties between LSA and DBA Follow-up of access rights, functional user rights and local administrator rights Real-time monitoring of ESTAT website Use of encryption for transfer of sensitive information in EDAMIS Incident reporting mechanism for errors on the Website	Coverage: all accesses to IT assets, all ESTAT data collections Frequency: Daily	Costs: Monitoring website Software and estimation of the support provided (in FTE). Estimation of staff involved in Monitoring rights (in FTE) Benefit: Protection of ESTAT environment. Ensure continuous publication of statistical information towards users	Number of sensitive data collections encrypted during transport Number of incidents reported for the website

Stage 4: Controls of accesses and use in IT infrastructure and information

Main control objectives: Monitoring of accesses to ESTAT infrastructure

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
Wrong manipulation of IT assets Cyber-attack on ESTAT IT environment Information is corrupted by hackers or wrong manipulation	In-depth analysis and monitoring of access controls and IT assets (servers, applications) logs implemented through Splunk. Periodical and correct performance of the backups of the infrastructure	Coverage: All IT assets Frequency: Real-time	Costs: Cost of SPLUNK SW licences Estimation of staff involved in supporting Hardware plus support for defining controls (in FTE) Benefit: Secure dissemination of statistics.	Alerts provided by Splunk Monthly Splunk reports of incidents in ESTAT environment

SAFEGUARDING OF SENSITIVE INFORMATION

Stage 1: Management of sensitive information in Eurostat

Main control objectives: Identification and definition of sensitive information in Eurostat

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
Sensitive information is not correctly understood/identified	Definition of sensitive information in ESTAT. Yearly inventory of sensitive information as declared by ESTAT units (1 st inventory launched 2015). Definition of protection measures to be applied for sensitive information. Periodic information to Staff	Coverage: 100% Frequency: Yearly	Costs: Estimation of staff involved in Yearly inventory of all information managed by ESTAT units and its classification (in FTE) Benefit: Better knowledge of the location and use of sensitive information. Better understanding of the concept and management of sensitive information by staff.	Number of units reporting use of sensitive and classified information. Number of modifications from former inventory (for 2016)

Stage 2: Protection of sensitive information in ESTAT

Main control objectives: Define roles and responsibilities and protection measures for sensitive information

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
Sensitive information is not correctly managed by ESTAT staff	Association of a DCRO (Data Collection Responsible Person) for each of the identified sensitive information collection. The DCRO is responsible for the protection of the collection and for giving access to it on a "Need to Know" basis. Signature of a declaration of confidentiality by all ESTAT staff.	Coverage: 100% Frequency: Yearly with periodic updates if needed	Cost: Specific staff (DCRO) has additional duties. To be estimated once the first inventory is created – For 49 already existing confidential data collection. (in FTE) Benefit: Clearer responsibilities of units and staff regarding sensitive information management	Number of DCROs and sensitive information collections All Staff signing declarations (0 discrepancy between staff list and declaration list) Number of training sessions on security and sensitive information

Stage 3: Access to sensitive information

Main control objectives: Monitoring and control of access to sensitive information

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
All ESTAT staff can have access to all sensitive information	LISO is allowing access to sensitive information to staff identified by DCRO on a "Need to Know" Basis Sensitive information is protected either by encryption or by being stored in ESTAT secured environment	Coverage: 100% of sensitive information is protected Frequency: Daily authorisation	Costs: Management of access by LISO, administrative procedure launched by DCRO for providing access to individual staff. (in FTE) Benefit: Access to sensitive collections is controlled.	Number of access rights processed and recorded.

Stage 4: Controls of accesses to sensitive information

Main control objectives: Real-time monitoring of accesses to sensitive information

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
Breach of sensitive information	DLP (Data Leak Prevention) System implemented through Splunk application monitoring all accesses on identified information. Periodic revision of the database with access rights and association to ESTAT staff mobility	Coverage: All identified sensitive information Frequency: real-time	Cost: SPLUNK SW licences and supporting Hardware plus maintenance (in EUR) Estimation of the customisation of the software (in FTE) Benefit: Real-time protection and monitoring of accesses	Number of alerts provided by Splunk Number of revisions of the access rights database. Nr of incidents related to breach of confidentiality

GNI

The controls performed by ESTAT regarding the GNI are disclosed by the AOD responsible for the related Revenue in the AAR prepared by DG BUDG.

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 (DG DEVCO only)

Not applicable

ANNEX 8: Decentralised agencies (if applicable)

Not applicable

ANNEX 9: Performance information included in evaluations

Title of the Evaluation:	Final evaluation of the implementation of a programme for the Modernisation of European Enterprise and Trade Statistics (MEETS)¹
ABB activity:	<i>3403 Production of European Statistics</i>
Type of evaluation:	Expenditure programme (E).
Summary of performance related findings and recommendations:	<p>The MEETS Decision described actions to be financed over the five years of the MEETS programme. A relatively large number of initiatives could have been undertaken in the first two years of the programme. However, there were budget cuts and a lack of human resources in the NSIs.</p> <p>This meant the programme had to be streamlined by merging certain activities and/or focusing on six main areas covered by ESSnets: consistency of concepts and methods, EGR, profiling large and complex multinational enterprise groups, micro-data linking and data warehousing in statistical production, methodology for business statistics, and the use of administrative and accounting data.</p> <p>By the end of 2013, these ESSnets accomplished an impressive amount of work within areas such as EGR methodology, profiling, use of administrative data, consistency of legal acts, data warehousing and data linking initiatives. The most important outputs are methodological recommendations for a wide spectrum of business and trade statistics related areas. The recommendations are meant to facilitate the integration of data sets and might, if implemented, reduce the statistical burden on businesses.</p> <p>In parallel, a substantial number of individual grants were used to support the work of ESS members within areas such as EGR, linking of micro data, use of administrative data, facilitation of data transfer from enterprises to NSIs, and better use of administrative data and development of tools and methods for data exchange in Intrastat.</p> <p>A limited number of contracts were awarded with the aim of acquiring services within areas such as better data exchange systems in Intrastat, implementation and testing of profiling, and development of EU sampling schemes to produce EU aggregates.</p> <p>Both grants and contracts contributed to the output of the ESSnets, in the main by preparing the methodology or by testing the feasibility. Furthermore, they have led to improvements in the areas mentioned on national level.</p> <p>The benefits of the MEETS programme for the Union, Member States, providers and users of related statistics are difficult to quantify, as returns on investments will only materialise gradually over time. Most actions focused directly or indirectly on improving efficiency in the production of business statistics, e.g. through fostering integration, innovation of key production processes and knowledge transfer across the ESS. Improving efficiency will reduce the</p>

¹ Decision No 1297/2008/EC of the European Parliament and of the Council - OJ L 340, 19.12.2008, p. 76

administrative burden for enterprises. This should be done in line with the Commission's ongoing effort to improve Union legislation to stimulate extra growth for the EU economy². The MEETS programme was part of the statistical community's contribution in this respect.

Without the MEETS programme, some Member States would have invested budget in the modernisation of business and trade statistics in an uncoordinated way. This would have produced results that would not have been comparable to those in other EU Member States, making aggregation to European aggregates problematic. Some Member States would not have taken appropriate action, and would be lagging behind in developments in areas such as globalisation, and would have been missing in the European picture. Some Member States would have duplicated efforts, carrying out similar exercises and repeating mistakes.

The marginal costs of implementing approaches for successfully modernising systems of business and trade statistics of some Member States might be lower than developing completely new systems. Uncoordinated efforts would have led to a situation where potential savings would not have been possible.

The aim of the MEETS programme was not only to reduce the response burden, but also to look into the possibility of creating new statistical production processes and new statistical information, to stay relevant for users. New information requirements might increase the response burden for different sectors. Also, the re-engineering of statistical operations and statistical processes requires further efforts and investments.

To fully exploit opportunities to provide the EU with better, relevant business and trade statistics, while reducing the burden on businesses that statistics generate, there was a need for investment to enable a renewed system to become operational. Some new, more cost-effective data collection systems (by linking existing data and alternative ways of collecting data other than traditional surveys) were tested in a number of Member States with the aim of creating models applicable for all. Sharing experiences and good practices (ESSnets) were the core of this programme.

As direct follow-up to the MEETS programme, Eurostat has launched a fundamental revision and integration of business-related statistics via a common legal framework for collecting, compiling, transmitting and disseminating statistics on the economic activities of the business sector, FRIBS. Currently, Intrastat is considered to be the most time-consuming area, imposing more than 50 % of the entire statistical burden on businesses³. As part of FRIBS, Eurostat's aim is to reform Intrastat⁴ by means of the so-called international trade package or Single Market Statistics (SIMSTAT). Special attention will be given to smaller EU Member States. This tackles the simplification of Intrastat and the quality of related statistical data.

Availability of [MEETS report](#)
the report on
Europa

² http://ec.europa.eu/smart-regulation/index_en.htm.

³ http://ec.europa.eu/smart-regulation/refit/admin_burden/docs/enterprise/files/abst09_statistics_en.pdf.

⁴ Regulation (EC) No 638/2004 of the European Parliament and of the Council of 31 March 2004 relating to the trading of goods between Member States and repealing Council Regulation (EEC) No 3330/91 (OJ L 102, 7.4.2004, p. 1).

ANNEX 10: Specific annexes related to "Management of resources" (Part 2)

Detailed results of the ex-ante controls performed

Grants (own appropriations)

Standard ex ante controls - All payment files are subject to ex ante controls. Checks are made on contractually received documents; additional supporting documents are requested from beneficiaries when there is indication of errors or irregularities. See in table below main figures for payments (grants) processed in 2014⁵ for own appropriations excluding pre-financing paid in 2014 and excluding transactions under reinforced ex ante control:

N° of payments	Weight % (number)	Amount claimed (Eur)	Weight % (value)	Amount paid (Eur)	Non eligible amount (Eur)	Error rate*
210	91%	24.944.709,8	95%	24.414.487,8	530.222,0	2,13%

*Errors corrected before payment

The main findings identified during standard ex-ante controls are the following: non-eligible costs due to the staff calculation method, missing appropriate supporting documents; inadequate quality implementation; procurement rules not followed and calculation mistakes.

Reinforced ex ante controls - Reinforced ex ante controls are performed on a sample of files, based on supplementary supporting documents. A two-pronged approach was applied: controls in high risk areas were complemented by random controls. Reinforced ex ante controls covered 18 beneficiaries in 2014⁶, of which 14 randomly selected.

The error rate for the random sample is 0,89%, 2 transactions from 14, had an error rate above the materiality threshold of 2%. Main weaknesses identified are linked to non-eligible staff cost and incorrect application of rule for travel and subsistence cost:

Beneficiaries	N° of payments	Amount claimed (Eur)	Amount paid (Eur)	Non eligible amount (Eur)	Error rate*
14	14	681.907,0	675.842,0	6.065,0	0,89%

*Errors corrected before payment

No systematic weakness has been identified.

The error rate for risk areas is 0,16%. The low error rate of 0,16% for risk area is explained by the fact that in 2014 only follow-up financial controls were carried out. These is an indication that ex ante controls and ex post controls performed in the past allowed to reduce the risk of error in the payment request submitted to DG ESTAT.

⁵ EU Statistical Programme (2008-20012/2013-2017) and MEETS "Full grant value of the grants for which the balance payment was made this year = interim/final 'balance' payments done this year + their related pre-financing payments 'cleared' this year." from BUDG/D3 "AAR Standing Instructions November 2013" page 8.

⁶ NSI DE, NSI NL, NSI FI, NSI RO, NSI CY, NSI CZ, NSI SI, NSI HU, NSI EL, NSI LT, NSI DK, NSI IT, NSI MT, NSI AT- random; NSI BE, NSI DK, NSI NL, NSI PL, NSI UK, DEFRA UK

Beneficiaries	N° of payments	Amount claimed (Eur)	Amount paid (Eur)	Non eligible amount (Eur)	Error rate*
6	6	734.492,0	733.324,0	1.168,0	0,16%

*Errors corrected before payment, two beneficiaries are in risk and random ex ante control

Additional indicators for grants (own and sub-delegated appropriations):

	Indicator	Results 2014	Cumulated for the program ⁷
Ex-ante controls	Average time to inform applicants (art 128 para.2a FR)	74 days	n.a.
	Average time to sign grant agreements or notify grant decisions (art 128 para.2b FR)	27 days	n.a.
	Time to pay (% on time, value)	89.25%	n.a.
	Time to pay (% on time, number)	90.44%	n.a.
	Average time to pay (% on time) (art 92 FR)	47.05 days	n.a.
Ex-post control	Average time to recover/offset (% on time)*	54 days	43 days
	Average cost of ex-post audit (EUR)	14.700 ⁸	16.100 ⁹
	Expected non-monetary return of auditing projects	Non – quantifiable (preventive;dissuasive effect)	

*Date of launch = start date ABAC work flow

Procurement (own appropriations)

Ex ante controls - All payment files are subject to ex ante controls. Checks are made on contractually received documents; additional supporting documents are requested from contractors when there is indication of errors or irregularities. See in table below main figures for payments (procurements) processed in 2014¹⁰ for own appropriations:

⁷ Statistical Programme 2008-2012

⁸ Direct costs including costs for designing the control procedure, appointing and monitoring external audit firms.

⁹ Direct costs including costs for designing the control procedure, appointing and monitoring external audit firms.

¹⁰ Balance of the payments made in 2014 (excluding value of the pre-financing amount to K€1.5) for EU Statistical Programme (2008-20012/2013-2017) and MEETS.

Amount claimed (Eur)	Amount paid* (Eur)	Detected error rate (Eur)	Detected error rate (%)
39.344.901	39.266.567	78.334	0,20%

*Source AAR part 2

Main weaknesses identified are linked to an inadequate quality implementation and missing of supporting documents.

Additional indicators from ex-ante controls (own and sub-delegated appropriations):

	Indicator	Results 2014	Cumulated for the program
Ex-ante controls	Time to pay (% on time, value)	93.81%	n.a.
	Time to pay (% on time, number)	93.06%	n.a.
	Average time to pay (% on time) (art 92 FR)	22.60 days	n.a.
	Procurements error rate (based on credit notes); corrected before payment.	0.25 %	n.a.

The main indicators per Statistical Programme from the ex-ante and ex-post controls are reported below:

	Indicator	Statistical Programme 2008-2012*		Statistical Programme 2013-2017		MEETS (cumulated SP 2008-2012)
		Results of controls finalised 2014	Cumulated for the programme	Results of controls finalised 2014	Cumulated for the programme	
Ex-ante controls	Difference between EU contribution claimed and paid (standard ex-ante controls)	1.78%	n.a.	0.08%	n.a.	n.a.
	Difference between EU contribution claimed and paid (ex-ante random controls)	0.85%	n.a.	0.0%	n.a.	n.a.
	Difference between EU contribution claimed and paid (ex-ante risk controls)	0.51%	n.a.	n.a.	n.a.	n.a.
	Difference between EU contribution claimed and paid (total ex-ante controls) considered as well as the average error rate	1.72% (K€569)	1.31%**	0.07%	0.07%	1.91%***

Ex-post controls	Detected Error Rate from random audits	n.a.	n.a.	n.a.	n.a.	n.a.
	Detected Error Rate from "highest value" targeted visits/ or monitoring visits (if applicable)	n.a.	n.a.	n.a.	n.a.	n.a.
	Detected Error Rate from risk-based audits	0,06%	0,63%	n.a.	n.a.	0,51%
	Value of corrections made by implementing and extending audit results, by recoveries (accounting system) and/or offsetting (local grant management system)	€ 3.466,67	€ 87.253,83	n.a.	n.a.	€ 351,94

ANNEX 11: Specific annexes related to "Assessment of the effectiveness of the internal control systems" (Part 3)

Not applicable