



Management Plan 2016

DG BUDG

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PART 1. Overview of main challenges for 2016

1. Driving the process of strategic budgetary planning: Multiannual Financial Framework (MFF)

In accordance with the MFF Regulation, the Commission will have to present the **mid-term review/revision of the MFF** by the end of 2016. This will be the occasion to reassess the adequacy of the Union's budgetary means in the light of the new policy priorities and challenges and taking into account the political and economic context. The Commission will aim at a balanced package of proposals including quantitative aspects as appropriate and qualitative aspects underpinning its strategy for a Budget focused on results (notably on simplification).

Concerning quantitative proposals, the Commission will have to update its **medium-term payments forecasts** in order to assess the sufficiency of the agreed payment ceilings and of budgetary availabilities for the remaining years of the current MFF. An important element in that context will be the **adjustment of cohesion policy envelopes for 2017-2020** to be made by the Commission as part of the annual Technical Adjustment of the MFF¹.

Finally, during 2016 the Commission will have to **start the preparation of the package of proposals for the post-2020 MFF** due by end 2017.

2. Managing the expenditure of the EU budget efficiently within the framework of the MFF

The **implementation of the budget during 2015** focused on the adoption and launch of the new programmes in parallel to the agreement and implementation with the European Parliament and the Council of a Payments Plan in order to ensure an orderly payment of the outstanding bills from the 2007-2014 programming period. Furthermore, the EU budget had to respond to new initiatives and challenges in four different areas. First, the creation of the European Fund for Strategic Investment as a major instrument to boost investment in the EU. Secondly, the response to the Greek debt crisis via a reinforcement of payments to ensure project implementation on the ground. Thirdly, addressing the worsening market conditions for certain food products, partly due to the Russian ban on exports. Finally, the increasing pressure on the EU budget following the security challenges and the humanitarian, economic and political impact of the unprecedented refugee crisis.

These challenges will continue to influence the **implementation of the EU budget during 2016**. BUDG will closely monitor budget implementation to ensure the successful closure of the past programming period as the new programmes reach their cruising speed and are implemented on the ground. Moreover, it will be necessary to continue to seek the best way for the EU budget to contribute to an adequate **response to the refugee crisis, including the root causes of migration, and the growing challenges in the area of security**. Given the significant budgetary needs on these fronts, during 2016 it may be necessary to activate the different flexibility instruments foreseen within the MFF.

The **2017 draft budget** should reflect the progressive phasing out of the pre-2014 programmes and the cruising speed reached by most new programmes, while factoring in the new dimension taken by the refugee crisis and its ramifications. In this regard, the preparation of the draft budget may provide a good opportunity to follow the trend initiated in 2015 and show the increased focus on results via a reallocation of resources to political priorities.

¹ Furthermore, a positive settlement of the Cyprus problem would require the Commission to table, at the appropriate time, a proposal for the revision of the MFF.

The process of **5% reduction in staffing level** of all EU institutions, bodies and agencies over five years will enter its final and most challenging phase. The reduction of staffing levels will require major efforts to pursue all possible efficiency gains. As the 2016 budget has not fully integrated the higher-than-expected 2015 salary and pension update, there will be further pressure on the administrative and human resources of all the Institutions, especially the Commission (whose section includes pensions for all institutions) and other institutions.

The Commission will adjust budget proposals during the year to respond to challenges while respecting the provisions of the multiannual financial framework and trying, as was the case during 2015, to minimize any unforeseen impact on national budgets.

3. Efficiently and effectively manage and control the revenues of the EU budget

The **own resources** of the EU need to continue to be effectively managed and controlled during 2016, as confirmed by a Declaration of Assurance from the ECA.

The process of ratification by Member States of the **new Own Resources Decision** is expected to come to an end in 2016, with the Decision entering into force retroactively as from 1 January 2014. This will have a significant impact on own resources payments from Member States, to be budgeted by means of an Amending budget. The proposed **modifications of the Making Available Regulation** have to be adopted by the time the new ORD comes into effect.

Finally, BUDG will continue to support the **High level Group on Own Resources**, in particular in the preparation of the Interparliamentary Conference and the final report of the group.

4. Maintain a high quality central accounting /financial framework

The Commission demonstrates its accountability by providing high-quality and timely financial and other information to all its stakeholders, internal and external. During 2016 BUDG will produce the **annual accounts** of the EU, the Commission and other EU entities².

In addition, BUDG will publish the annual reports that provide the basis for the discharge, such as the report on budgetary and financial management and the Communication on the Protection of the EU budget.

The accruals based **annual accounts** should aim at a clean bill of health from the Court for the ninth consecutive year. The actual implementation of the reporting requirements of the sectorial legal frameworks for the period 2014-2020 as well as the new tools for implementing the budget, such as trust funds and financial instruments (e.g. EFSI), may pose specific challenges in the accounting field during 2016.

Another source of public information is the publication of the beneficiaries of EU funds through the **Financial Transparency System (FTS)**, part of the European Transparency Initiative launched in 2005. The FTS project, which started in 2007, is now a well-known and widely used web search engine offering the possibility to search for beneficiaries of EU funds directly managed by the Commission. It provides information on the beneficiary's name and address, the subject of the grant or contract, the committed amount and the commitment position key and practically covers the legal obligations of Commission services for the ex-post publication of beneficiaries of grants (not contracts).

² Using the resources and expertise at its disposal, BUDG's accounting services are already providing high quality services to 7 EU agencies and joint undertakings and 3 trust funds and remain available to expand the offer to any other interested body. This allows these entities to reduce their headcount while maintaining (and often improving) their performance in this area. As the number of entities availing of this option grows, so do the cost savings and efficiency gains

Progress should be made during 2016 in the upgrading of the **financial reporting framework** in order to help improve budget management and accountability.

The Commission will also continue to raise the profile of its accounting services within the global accounting profession through participation in fora, conferences and standard setting activities.

5. Support to Commission Services through Treasury management and recovery of funds management and a high quality Information System (ABAC).

During 2016 BUDG will continue to support other DGs in the implementation of the annual budget, via an efficient **execution of payments and revenues** and the correct management of the **corporate information and accounting IT tool (ABAC)**.

The Commission must safeguard its assets and the Accounting Officer is responsible for the safekeeping of its cash and cash equivalents; for this purpose BUDG's services establish and apply appropriate risk and cash management policies. **Treasury management** will probably continue to be particularly challenging in the course of 2016 in view of the persistence of a negative interest rate environment. In addition, the recurrence of shortages of cash resources in certain periods of the year require increased monitoring of cash flows to ensure the orderly and timely execution of all payments, which is key to budget implementation. An effective treasury management and safeguarding of EU assets has therefore become increasingly critical.

The Commission will continue during 2016 to recover all amounts due as efficiently and effectively as possible, using all the initiatives available to avoid unnecessary losses and applying an appropriate **risk management for provisional fines and bank guarantees**.

2016 will be a key year for making progress in the implementation of the **new ABAC architecture**, in order to maintain a high quality financial and accounting system that provides the optimal level of performance while meeting the needs of its users. With this in mind, it is necessary to start to take the necessary actions to build the future architecture. The first action for 2016 will be to simplify the current architecture by replacing the Contracts module. The second is to draft a business case for a revision of the accounting system based on SAP.

6. Promote consistency and simplification of financial rules, sound financial management and cost-effectiveness of controls.

The Central Financial Service will continue during 2016 to provide training and advice on the application of financial rules, in order to ensure an appropriate control but also efficiency in the implementation of the EU budget. In this regard, in line with the better regulation agenda of the Commission and the Budget Focused on Results strategy (see below), BUDG will focus during 2016 in the preparation of key deliverables in an agenda of **flexibility and simplification** which may feed into the Mid-Term Review of the MFF:

- the monitoring of progress towards simplification in the implementation of the current legal and financial rules will be resumed with the publication of a **Simplification Scoreboard** assessing not only the efforts done by the Commission (direct and indirect management) but also, for the first time, efforts made by the Member States (shared management);
- a **proposal to revise the Financial Regulation** will also be presented in order to make the current legal framework applicable to the implementation of the EU budget more simple and more flexible in line with the main priorities of the Mid Term Review as well as more focussed on the delivery of concrete results on the ground.

- Implementation of revised financial regulation, in particular the **Early Detection Exclusion System (EDES)**

During 2016 BUDG should also **upgrade its role as domain sponsor** of the financial management community inside the Commission, in particular leading progress in different workstreams and networks, such as the Strategic Programming and Planning cycle, Staff professionalization, Cost-effectiveness of controls, Streamlining of financial circuits, and efficiency gains in public procurement (via the co-chairmanship with DIGIT of the working group leading the implementation of e-procurement and SEDIA).

Finally, during 2016 BUDG will continue to support the negotiation of **framework agreements with financial institutions** (such as the World Bank, or UN bodies) for the implementation of the EU budget and contribute to the correct and efficient implementation of financial instruments and the European Fund for Strategic Investments.

7. Driving the strategy of EU budget focused on results

After the initial phase of design and launch of the strategy for an EU budget focused on results (BFOR) during the past two years, BUDG will drive during 2016 its progressive implementation inside the Commission and engage with the different stakeholders with a view to making progress along three axis (i) reinforced alignment with political priorities (focus), (ii) effectiveness in implementation (speed) and (iii) positive impact on the ground (impact).

The main challenge during 2016 will be to make visible progress in the different workstreams and gather the support of the Court of Auditors, the European Parliament, Council and Member states for the proposed approach. The main challenges and outputs to be expected are:

- The development of a comprehensive **methodology**, in line with international best practices, for the assessment and reporting on performance, bringing together progress of the different workstreams launched during 2015.
- Establishment of the **expert group on performance-based budgeting**: this expert group will bring together different perspectives (e.g. European Commission, Council and MS administrations, European Parliament administration, academics and subject matter experts) to exchange best practices and develop a common understanding on performance of the EU budget.
- The **annual conference on BFOR**, to be organized in September 2016, and other presentations and events in the Council, the EP and member states will allow the Commission to present main developments in this area.
- The ongoing work in the field of BFOR should provide input for the qualitative leg of the midterm review of the MFF and any possible legislative proposals for simplification of the financial legislation. The Commission intends to present a **Communication on BFOR** to provide a comprehensive vision of further work and progress made so far.

8. Ensure effective management of the relations with the Court of Auditors and other institutions paving the way for the annual discharge of the Commission in the implementation of the EU budget

On top of the positive finalisation of the discharge process for the 2014 budget, a series of actions will be taken in 2016 to ensure that the existing positive trend regarding the report of the Court of Auditors is maintained in the future.

In the area of **compliance**, mitigating actions have to be implemented in the first place by the responsible DGs (including a better use of all available information to prevent errors) to avoid that acceleration of the implementation of the new programmes for the period 2014-2020 may lead to a higher risk of error.

BUDG will continue to coordinate the **response to the Annual report**³ of the Court of Auditors and to support the improvement of processes and controls to reduce the residual error. The concept of the **Residual Error** will be further developed in order to allow an assessment of the Court's annual error rate in the context of multi-annual corrective mechanisms and provide evidence that corrective measures adequately protect the EU budget from illegal expenditure. The annual **Communication on the protection of the EU budget** will continue to be an important element to assess and report to external stakeholders on progress made in this area.

BUDG will also continue to coordinate the **responses to the Special Reports**. The shortening of the timeline (6 weeks instead of 10) for preparing the replies and the increased number of special reports of the Court planned for 2016 will make it difficult to provide timely high quality replies. In this regard, BUDG has to enhance its support role during 2016 to address the root causes of persistent errors, in particular by pushing for progress in real simplification and clear guidance on specific issues, such as public procurement.

Moreover, new avenues will be explored (including via the Public Internal Control network) to help improve national control systems in Member States, candidate and potential candidate countries, to supplement the existing follow-up of findings and recommendations from the Court of Auditors, the European Parliament and the Council.

Finally, BUDG will need during 2016 to continue to play an important role in coordinating the response of the Commission to the **increasing role of performance issues** in the annual and special reports. In line with the Budget Focused on Results initiative, the right balance must be struck to pursue efforts to continue to reduce errors while ensuring the **cost-benefit equilibrium of controls**.

Along this line, BUDG will take actions in order to implement effectively and to gain ownership of external stakeholders about the **improved quality of the reporting framework for the Strategic Planning and Programming cycle**, including in particular the revamped annual report on the management and performance of the EU budget (merged Synthesis and Article 318 Report).

³ including the Summary of the Member States' replies

PART 2. Organisational management

A. Human Resource Management

DG Budget's human resources situation is quite stable at this moment. During 2016 it is not expected that BUDG will be affected by massive retirements or loss of competencies.

The major challenge for BUDG in 2016 in terms of Human Resource Management will be to achieve further staff reductions without endangering the achievement of the key objectives and maintaining at the same time the level of engagement and motivation of staff. With this aim, BUDG will continue to scrutinize the allocation of human resources to the identified priorities by analysing the profile of each post which becomes vacant. Furthermore BUDG will focus in 2016 on the following main areas:

1. Further staff reductions require additional efforts to seek efficiency gains wherever possible. To this purpose, building further on the Efficiency Gains exercise realised in 2012, a Business Process Analysis (BPA) exercise will take place in 2016 with the aim at identifying better ways of doing or negative priorities.
2. Providing the necessary flexibility in terms of HR allocation so that BUDG may achieve its objectives building bridges between units/directorates to respond quickly to extra workload. Flexibility in this context can be ensured by enhancing the "working together" traineeships and taking more advantage of their potential.
3. Representation of women in middle management positions. The target set for BUDG is 35% by 2019. With a representation of women in middle management positions of 26,9% in 2015, BUDG will continue its actions to provide high potential women with the best guidance.
4. Continue activities in response to the 2014 Staff Survey and address the results of the 2016 Staff Survey:
 - ☞ a 360° evaluation exercise for the managers has been launched in 2015 and will continue in 2016. Results will be analysed together with a coach and a personalised follow-up will be offered to all interested managers.
 - ☞ Working breakfasts of the Director General with different groups on interest
 - ☞ Individual talks with all managers and ASTs
 - ☞ Personalisation of the training offer for BUDG staff, namely the organisation of internal lunchtime conferences on subjects of interest grouping several units

B. Financial Management: Internal control and Risk management

BUDG manages an administrative expenditure, including procurement, whose **intrinsic risk** is rather low due to its limited amount, as well as the centralized and direct mode of budget implementation. The risks are effectively mitigated by means of ex-ante and ex-post controls put in place.

As regards revenue financial operations relating to the collection and making available of own resources, BUDG analyses the systems set up by Member States and assesses whether they provide reliable assurance as regards the accuracy of the information provided and the legality and regularity of these operations. In case BUDG determines that it cannot rely on some of these systems for assurance purposes, it would qualify its annual Declaration of Assurance in case the amount of revenue concerned has the potential to exceed 1 % of the total relevant resource-segment (i.e. TOR, or VAT/GNI -based own resources).

For GNI data for OR purposes, the control activity is performed by ESTAT. The data provided by Member States are analysed and verified by ESTAT which also makes on-the-spot checks. These verifications are governed by a Memorandum of Understanding (MOU) agreed between ESTAT and BUDG.

The execution rate of 2015 administrative budget (C1 credits) was 99.24% of commitment appropriations. A similar rate is expected for 2016. Concerning the payment deadlines, 99.93 % of payments were made on time in 2015. The same level of timely payments is expected for 2016. The cost of controls in this area will continue to be analysed and will be reduced where possible.

Actions defined in the context of BUDG Anti-Fraud Strategy for 2014 and 2015 were successfully implemented (for more detailed information, see the *"Note to the Vice-President by the Director General on audit, fraud and internal control matters"*, prepared in Dec-14 and June-15. The strategy has been reviewed during 2015 and new initiatives have been proposed (see note ARES (2015) 4607584) which continue to address its two objectives:

- ❖ Raise awareness amongst the staff on the fight against fraud and ethics
- ❖ Improve the internal procedures for fraud prevention and detection purpose

C. Information management aspects

Document management in DG BUDG

All incoming and outgoing documents are registered and filed in Nomcom files. Procedures are in place to follow up on the correct and timely attribution and filing. 97% of BUDG files are readable by all units; the other 3% have a more restrictive nature and are only accessible by the stakeholders. In 2016 we will examine if accessibility could be broadened by giving reading rights to other DGs/Commission for a number of files. All files have a retention code metadata to ensure the correct follow up in terms of archiving and accessibility at the long term.

Since November 2015, Basis is implemented in BUDG for the management of briefings. Business processes are in place and the output documents are automatically transferred to Ares and filed in appropriate Nomcom files. Training and awareness campaigns will be organised on document management and the use of Ares, Decide and Basis throughout the year.

Internal communication within BUDG

Internal communication will focus on staff commitment to the Commission's political priorities and to BUDG mission. BUDG managers at all levels will play an important role especially in sharing information and providing feedback to staff who is encouraged to take part in communication activities.

Interactive communication between staff and management to enhance trust and mutual understanding will be supported through regular BUDG Management video readouts, regular all-staff meetings and Director-General's informal gatherings with staff. Through these channels, as well as through regular directorate's, unit or individual meetings, staff will be kept abreast of the challenges facing the Commission and BUDG in particular.

Communication and cooperation among BUDG directorates and units will be promoted on BUDGnet and through staff lunchtime conferences/workshops.

Reflecting the changes of MyIntracomm BUDGnet will concentrate on BUDG relevant information. Increased ownership of communication activities will be promoted through renewed BUDGnet network of correspondents.

BUDG Communication Weeks with social events, lunchtime presentations, workshops on and BUDG external communication activities will be organized

D. External communication activities

BUDG external communication will focus on how the EU budget contributes to the achievement of President Juncker's ten political priorities and on the way the EU budget helps to address the urgent challenges Europe faces, especially the refugee crisis.

BUDG will coordinate the way the Commission will present funding opportunities offered by the EU budget through revamped corporate pages on Europa⁴. Country-specific information will be updated highlighting the key benefits to each Member State.

Demonstrating concrete results achieved thanks to EU budget through the "EU Budget for results" project database ("web app")⁵ which will help ensuring that the discharge is granted.

Consultations with the public and communication with stakeholders will frame the presentation of new proposals for the revision of the Financial Regulation.

Interactive ways of presentation will prevail over traditional paper-based publications. Apart from high quality complete information for experts and interested stakeholders simplified information material will be available to explain the complexities of EU budget and its impact on the daily life of European citizens⁶.

Initiatives to improve economy and efficiency of financial and non-financial activities

For details please refer to page 8 part A. Human Resources Management.

⁴ http://ec.europa.eu/budget/index_en.cfm

⁵ http://ec.europa.eu/budget/euprojects/search-projects_en

⁶ <http://ec.europa.eu/budget/mycountry/>

Other publications in http://ec.europa.eu/budget/biblio/publications/publications_en.cfm

Annexes to the Management Plan

Annex 1a. Performance tables on Part 1. Overview of the main outputs for 2016

GO 11: To help achieve the overall political objectives, the Commission will effectively and efficiently manage and safeguard assets and resources, and attract and develop the best talents

SO1 : Drive the process of strategic budgetary planning: Ensure full implementation of the MFF, conduct the mid-term review / revision to be proposed during 2016, upgrade short, mid and long term financial forecasting, and prepare the proposals for the post 2020 MFF

Main political outputs - 2016		
<u>Description</u>	<u>Indicator</u>	<u>Target</u>
Mid-Term Review/revision (Art. 2 MFF Reg.)	Adoption by the Commission of the mid-term review / revision and accompanying legislative proposals	Adoption in 2016
Enhance payment planning, monitoring and forecasting	Develop, refine and update scenarios on annual payment needs under the MFF for all (sub-)headings	Mid 2016: deliver comprehensive payment forecasts for the MFF 2014-2020 to back up the adjustment of cohesion policy envelopes in the framework of the Technical Adjustment for 2017 Address needs stemming from the refugee crisis within the agreed MFF Phasing out of 'abnormal' backlog of outstanding unpaid bills from past programming period
Annual Technical Adjustment including the adjustment of cohesion policy envelopes (Arts 6 and. 7 MFF Reg.)	Adoption by the Commission of the Technical Adjustment, including the adjustment of cohesion policy envelopes	Ahead of the adoption of DB 2017
Implementation of the Own Resources Decision	Adoption by the Commission of a DAB for budgeting the retroactive impact of the entry into force of the ORD	As of entry into force of the ORD (current estimate in the course of 2016).
Possible revision of the MFF in the event of reunification of Cyprus (Art. 22 MFF Reg.)	Adoption of a proposal for revision of the MFF in the event of reunification of Cyprus	depending on if and when a settlement agreement materialises

SO2: Manage the expenditure of the EU budget efficiently within the framework of the MFF: Ensure the adoption of annual budgets within the set deadlines that respond to the political priorities within the MFF. Make sure that budgetary implementation is in line with the annual budget and responds to an efficient use of resources. Allocate Resources to Commission services according to needs and promote efficiency

Main political outputs - 2016		
Description	Indicator	Target
Establish an annual budget for 2017 according to needs within legal deadlines respecting the political priorities	1. Difference between the Draft Budget (DB) and authorized budget 2. Timely adoption of estimates and DB for 2017 3. Timely adoption of amending letters & amending budgets aligned with political priorities 4. Technical update of 2017-2020 financial programming after adoption of 2016 Budget and together with Draft Budget 2017	1. Difference < 1% 2. Commission adopts estimates of expenditure by legal deadlines. 3. Budget 2017 adopted by EP and Council before the end of 2016. All amending budgets approved by the budget authority by mid Dec. 2016 4. Update sent to EP and Council by end-January 2016 and adopted together with DB 2017
Allocate Human Resources to Commission services to promote efficiency and alignment to political priorities	Decision consistent with: 1. 5% staff reduction target set in Inter Institutional Agreement, 2. occupation of the establishment plan and corresponding salary credits and 3. Commission policy orientations	Decisions in March, May and December 2016.
Assess budgetary implications and ensure sound budgeting within the MFF for new legal acts/Commission decisions	Interservice consultations (ISC) processed on time	At least 95% of replies to ISC within normal ISC deadline
Annual budget implementation making use of transfers and carryovers	Degree of annual budget implementation Number of transfers accepted by the budgetary authority Timely adoption of the justified carryover requests	Full implementation making use of transfers and carryovers Budgetary Authority approves all transfer requests; Decision taken by 15/2/2016
Development of methodology for fee-funded agencies	Timely production of the working document on agencies, which accompanies the draft budget	Working document on agencies published together with DB 2017 Feeding work of Inter-institutional Group on Agencies

SO3: Efficiently and effectively manage and control the revenues of the EU budget, in particular the Union's own resources. Provide support to the High Level Group on Own Resources, chaired by Mario Monti, whose report by the end of 2016 will serve as an input for COM proposals post 2020

Main political outputs - 2016		
Description	Indicator	Target
Effective management of Member States' own resources payments	1. Timely and accurate collection of OR contributions and related payments	100%
	2. Opinion of the Court of Auditors	Positive opinion
Management of VAT exemption pursuant to PPI (Protocol of Privileges and Immunities)	Timely and accurate recovery of VAT paid by the Commission services	All annual refund requests to be sent by 30/06/2016
Control of the Union's traditional own resources (TOR)	1. Implementation and reporting of TOR inspections in accordance with the annual programme	100%
	2. Timeliness of assessment of Member States' write-off reports and related financial impact	All irregular TOR write-offs are made available to the EU budget
Control of VAT-based own resources: Reasonable assurance that Member States' VAT statements are correct and comply with OR regulations	Degree of completion of agreed programme of inspections	100%
Establishment, in close co-operation with Eurostat, of GNI-based own resources	Agreement by the Member States in the October GNI Committee, for the calculation of annual VAT/GNI balances	Agreement reached on time
Provide support to the High Level Group on Own Resources (HLGOR) and its chairman; ensure the coordination within the Commission (internal network)	1. Ensure the preparation of the interparliamentary Conference on Own Resources	June 2016
	2. Prepare meetings of the HLGOR and its final report. Conduct the work of the secretariat of the HLGOR and support chairman.	Dec 2016
Calculation of Own Resources basis	Approval in the ACOR meeting (possibly based on new ORD if entered into force)	Approval obtained on time
Calculation of UK rebate	Approval in the ACOR meeting	Approval obtained on time

SO4: Maintain a high quality central accounting / financial framework so as to deliver true and fair annual accounts, as well as to provide reliable and relevant financial information to all stakeholders

Main Political Outputs - 2016		
<u>Description</u>	<u>Indicator</u>	<u>Target</u>
Publication of the Commission and consolidated Annual accounts of the EU budget	1. Timely adoption by Commission 2. Positive DAS on annual accounts from ECA	1. Adoption: 31/7/N+1 2. Maintain the positive DAS on annual accounts
Annual Accounts of all entities under the responsibility of the Accounting Officer of the Commission	1. Timely adoption by Commission 2. Positive DAS on annual accounts from ECA	1. Adoption: 31/7/N+1 2. Maintain the positive DAS on annual accounts
Issue Communication to the Council and EP on the protection of the EU Budget	Positive impact on discharge discussions wide use.	High quality and readable report, with a positive impact on discharge discussion.
Issue reports that are required by the Financial Regulation or at the request of the Budgetary Authority <u>(see Annex 1. : Reporting obligations of DG BUDGET)</u>	1. Reports are complete and correct 2. Feedback received from ECA or the Budgetary Authority on the content and quality of the reports.	1. Timely issue/publication with regard to what is specified in the FR/RAP or as required by the final recipient of the report. 2. Positive feedback

SO5: To support the Commission services and other bodies in the implementation of the EU budget via effective treasury management, timely execution of all payments , efficient collection of revenues and maintenance and development of a high quality Information System (ABAC)

Main political outputs - 2016		
Description	Indicator	Target
Efficient and effective Treasury Management and safekeeping of funds	1. Lack of cash resources has no impact on the processing of authorised payments 2. Execution of payments within one day after authorisation. 3. Regular availability of cash forecasts at short and medium term 4. No losses on bank balances 5. Positive DAS on the treasury tasks	1. No payments authorised are delayed due to lack of cash 2. 98% of all payments 3. Daily update for very short term and weekly for monthly forecasts 4. losses on bank balances = 0% 5. Positive DAS
Ensure the budgetary financial year transition	Timely opening in ABAC of the budget year (appropriations + RAL)	the commission's services were able to execute payments early in January
Efficient and effective Recovery Management	Number and amount of open recoveries at the end of 2016 in relation with the number of recovery orders issued in 2016	10% of the total number and 0,2% of the total amount of RO's issued during the year
Efficient and effective management of fines	% of coverage of the fines and safeguard of the related financial assets in accordance with the applicable risk management policy	100 % (96,07 % at 31 December 2015)
Validation of local systems	1. Timely evaluations according to the Work Programme 2. Assurance is provided that local systems function well and they send reliable and complete data to the central accounting system	1. Completion of the Work Programme at year end 2. Timely implementation the recommendations issued by the validation team in BUDG
Ensure that the ABAC services are highly available within reasonable costs and efforts	1. Number of incoming ABAC requests at the helpdesk are closed within 4 hours 2. Availability of ABAC	1. > 80% 2. Up time of ABAC > 95%
Continuous alignment of ABAC to legal (FR, MFF, ..) and new business needs	1. Finalisation of the revision of the Early Warning System and new Central Exclusion Database ("EDES") 2. Integration of External Entities in ABAC (new agency :Shift2Rail, May 2016) 3. Set-up of new standard Trust Funds (Trust Fund Columbia, March 2016) 4. Migration of DEVCO's CRIS Financial Module into ABAC	1. Full legal requirements, mainly IMS (OLAF) integration, due in 1/1/2017. Some other improvements expected in 2016. 2. Operational as agreed with the entity 3. Trust Fund operational within one month following the decision 4. ABAC opened for the 2000 new DEVCO users, June 2016
Implementation of the new ABAC architecture to maintain a modern and high quality Information System	1. Development of LCK (Legal Commitment management) aligned to the future corporate tools SEDIA (Third Party Portal), SYGMA (RTD, Grant management) and PPMT(JRC, Procurement management) 2. Assessment of possible options regarding the new architecture.	1. Functional testing starting by the end of 2016 2. Business Case completed by the end 2016

SO6: Promote consistency and simplification of the financial rules, sound financial management and cost-effectiveness of controls

Main Political Outputs - 2016		
<u>Description</u>	<u>Indicator</u>	<u>Target</u>
Ensure annual reporting on the management and performance of the EU budget (Synthesis+318 report)	Timely contribution to synthesis report	June 2016
Promote simplification, coherence and sound financial management within the existing legal framework and act as sponsor/leader of financial community	1. Use of simplification tools in the implementation of funding programmes 2. Contributions to Inter-Service Consultations 3. Advice on the application of the Financial Regulation 4. Feedback from users	1. Increasing use 2&3. Timely, relevant and useful contributions and advice 4. Positive feedback
Further development of the concept Residual Error to incorporate the multi-annual corrective mechanisms of the EU budget	The Concept "Residual Error" is clarified and evidence is provided on the extent to which corrective mechanisms protect the EU budget from illegal and irregular expenditure	Timely and relevant contribution
Set-up and functioning of the Early Detection and Exclusion System and related guidance	1. Publication of guidance and of new training 2. Report on number of cases	Timely publication (February 2016) End 2016
Revision of Internal Control Standards in line with international rules	Adoption by the Commission	Timely Adoption (May 2016)
Negotiation of revised Financial and Administrative Framework Agreement (FAFA) with the World Bank and the United Nations	Signature of the FAFA	Timely signature (July 2016)
Implementation of the strategy for e-procurement and SEDIA	Uptake of electronic modules of the e-procurement suite	On time implementation

SO7: Drive the strategy of EU budget focused on results inside the Commission and engaging with the different stakeholders with a view to making progress throughout the current MFF along three axis (i) reinforced alignment with political priorities (focus), (ii) effectiveness in implementation (speed) and (iii) positive impact on the ground (impact).

Main Political Outputs - 2016		
<u>Description</u>	<u>Indicator</u>	<u>Target</u>
Drive the implementation of the BFOR initiative	1. Support the Network of Commissioners Lead the Inter-Service Working Group on Performance 2. Develop a methodology for the performance system of the EU budget	1. Three meetings during 2016 to drive strategy inside the Commission 2. Methodology aligned with international standards by end 2016
External Communication and dialogue on BFOR	1. Organise the conference on EU Budget focused on results 2. Establish the experts meetings on Performance-Based Budgeting (PBB) 3. "EU Budget for results" project database ("web app") supporting the communication on EU budget focused on results	1. High level conference attendance, positive media coverage 2. Expert meetings producing expected results 3. The database will contain at least 1500 project by year end Communication on BFOR
Proposal for a revision (simplification) of the Financial Regulation	Adoption of a proposal for a simplified Financial Regulation	Adoption during 2016
Ensure meaningful and consistent indicators for cost-effectiveness of controls reported by the Commission services	Endorsement by the GDR on control cost-effectiveness indicators Consistent reporting by all DGs on cost-effectiveness of controls	Endorsement during 2016
Improving the consistency of reporting on Budget performance	Programme Statements contain comprehensive information on programmes' progress and performance of the predecessor programmes	1. Implementation of the new framework of AAR + annual report on the management and performance of the EU budget during 2016 2. "Programme fiches" successfully integrated into the Programme Statements; 3. Screening of indicators in the Programme statements completed by 2016

SO8: Ensure effective management of the relations with the Court of Auditors , the EP's Budgetary Control Committee (CONT) and the Council paving the way to the Commission's annual discharge. Coordinate follow up to the recommendations of the Court of Auditors, the EP and the Council inter alia via the support to improvements of national Public Internal Control systems in Member states, candidate countries and neighbourhood countries.

Main Political Outputs - 2016		
Description	Indicator	Target
EP grants 2014 Discharge	Discharge resolution adopted	Adoption in April 2016
Reply to ECA annual report for the financial year 2015 (art. 162(4) FR); Reply to ECA Special Reports (art. 163(1) FR)	Timely delivery of quality replies to ECA annual report & Timely delivery of quality replies to ECA Special reports.	Annual Report: 15/10/2016 Special reports: The procedure should be completed in 2.5 months although this timeline will be shortened to 6 weeks for draft reports initiated as of 1/1/2016.
Obtain engagement by Member States to extend the scope of the PIC Network to cover EU funds.	Work within the PIC network related to EU budget	Inclusion in the Agenda for the 2017 Network Conference of topics focusing on EU-funds internal control issues.
Coordination of technical assistance and monitoring progress in PIFC preparedness in candidate, potential candidate and qualifying ENP countries	Provide timely input to Commission Progress reports for Candidate Countries. For others provide timely input to EEAS progress reports or for Association Agreement monitoring purposes.	Measurable achievement recorded in annual Progress or Monitoring Reports

Annex 1b. : Performance tables Part 2. Overview of the main outputs 2016

A. Human Resource 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.

Main outputs in 2016:		
<u>Description</u>	<u>Indicator</u>	<u>Target</u>
Sound allocation of human resources ensuring effective and efficient operation of the DG	Delivery of the DG in the context of the 5% reduction	Delivery on all objectives as set out in part 1 of the MP
Flexibility of staff and building bridges across the DG	Number of "working together" traineeships per year Horizontal working groups Lunchtime seminars and presentations	≥ 10 According to needs Monthly
Internal mobility favours the efficient and effective operation of the DG through increased motivation and broadened experience of staff, while ensuring continuity of service	Internal mobility rate (%)	≥5%
High satisfaction rate enhances engagement and motivation of staff	Average satisfaction rate of DG BUDG staff on in house training Perception of BUDG staff of balance between private and professional life Perception of BUDG staff on equal opportunities as opposite gender	> 80% ≥ 60% ≥ 60%
Increase gender balance through promotion of equal opportunities	Representation of women in Middle Management posts in DG BUDG	Commission level : No target fixed by DG HR per year, however the target is fixed for 2019 BUDG target: reach the 2019 target for MM (35%) progressively each year

B. Financial Management: Internal control and Risk management

Objective: Effective and reliable internal control system giving the necessary guarantees concerning the legality and the regularity of the underlying transactions

Main outputs in 2016:

Description	Indicator	Target
Error rate detected on the legality and regularity of the underlying transactions in BUDG	Error rate detected on the legality and regularity of the underlying transactions is below the materiality criteria 2% for administrative budget implementation & below the materiality criteria 1% for Own Resources collection	Error rate below 2% for administrative budget implementation Error rate below 1% for Own Resources collection

Objective: Effective and reliable internal control system in line with sound financial management.

Main outputs in 2016:

Description	Indicator	Target
Overall costs of controls	Overall costs of controls (%) 1) Administrative expenditure implementation 2) Own Resources collection	1) < 7% (2015 AAR) 2) Maintain same level as in 2014 (0.29% of OR collected)
Execution of the administrative budget	Execution rate of the administrative budget (C1 credits)	2016 : >95% of CA >50% of PA
On time execution of payments	Percentage of payments on the administrative budget made within the time limits	>95%
Internal Control Systems assessment	Effectiveness ICS assessment (ICAT survey and specific questionnaires) Participation rate of selected staff in the ICAT questionnaire	>=75% >=65%
Open recommendations from auditors	1. Number of critical/very important recommendations overdue for more than 6 months	None at the end of 2016
	2. Percentage of recommendations implemented out of the recommendations due	Above 80% at the end of 2016
	3. Percentage of delayed recommendations by IAS	Below 10% at the end of 2016

Objective: Minimisation of the risk of fraud through application of effective anti-fraud measures, integrated in all activities of the DG, based on the DG's anti-fraud strategy (AFS) aimed at the prevention, detection and reparation of fraud.

Main outputs in 2016:

Description	Indicator	Target
Actions defined in the Anti-Fraud Strategy are implemented	Degree of implementation of the anti-fraud strategy actions	100% implementation of actions previewed for 2016

C. Information management aspects

Objective: Information and knowledge in your DG is shared and reusable by other DGs. Important documents are registered, filed and retrievable

Main outputs in 2016:

Description	Indicator	Target
BUDG Communication Week	Active participation of BUDG staff	At least 2 persons per each Directorate
BUDG Management Video Readout	Regular publication on the next day after management meeting.	> 90 %.
BUDG Units presentations on BUDGnet	Regular presentation of BUDG units on BUDGnet	At least 15 units
Important documents are registered, filed and retrievable	Percentage of registered documents filed in Nomcom	> 99 %
Access to important documents is guaranteed at the long term	Follow-up on archiving procedure in Hermes Preservation System Number of files with a retention code in Nomcom	100% of files with retention code
Documents are shared and reusable by other DGs.	Percentage of files accessible to other DGs	To be determined in 2016, after consultation of the units

D. External communication activities

Objective: 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.

Main outputs in 2016:

Description	Indicator	Target
EU Budget for Results Project Web application Phase 2	Number of visits	200 000
Financial Report 2015	Number of copies distributed	250

Annual communication spending (based on estimated commitments): 310 000 € + 87 000€ (from DG COMM)

Baseline (2015): 145 000 (paper and e-publications), 160 000 web mastering, 25 000 media seminar	Target (2016): 150 000 (paper and e-publications), 160 000 web mastering + 12 000 open doors day, 25 000 media seminar, , 50 000 Conference on Budget Focused on Results
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Annex 1. : Reporting obligations of DG BUDGET

Reports		
Description	Legal Basis	Timing
Legally required reports:		
Annual budget implementation reports (Budgetary outturn accounts)	FR Art.146	By mid-March
Annual Report on Budgetary and Financial Management	FR Art.142	By 31 March (FR Art.142§1)
Monthly reports on the implementation of the budget	FR Art. 150	Within 10 working days of the end of each month (FR Art. 150§1)
Publication of information on recipients of EU funds through the Financial Transparency System (FTS)	FR. Art. 35	Before 30 June (RAP Art.21)
Legally required reports as part of the Discharge package:		
Report on the follow-up to the discharge resolution and recommendations	FR Art. 166(2)	End September (2014 discharge)
Summary of MS replies to ECA observations	FR Art 162(5)	End February (2014 discharge)
Non-legally required reports:		
Active monitoring and forecast of budget implementation	Jointly required by BA and Commission	February (2015 implementation), July and October
Budget Implementation Plan	Required as WD (V) to the DB	End May
Weekly budget implementation report	EP requirement	From mid-April up until end September on a fortnight basis and from then on up until the year-end on a weekly basis
Implementation of structural funds reports	EP requirement	Monthly, quarterly, annually
General:		
Ensure the availability of reliable financial data by the ABAC Data warehouse for operational and official financial reporting and provide support to users.	System owner obligation	Daily