



MANAGEMENT PLAN 2014

DG BUDGET

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PART 1. MISSION STATEMENT

The six main tasks in the Budget Directorate-General's mission are:

- *Securing from the budgetary authority the resources needed to implement the European Union's policies, on the basis of an effective financial programming.* DG Budget ensures that orientation debates on new policy initiatives and/or legislative actions take into account the budgetary dimensions and that the planning of spending includes at every stage consideration of identified priorities, long term programmes, new policy directions and the management of the inevitable unforeseen developments. This means keeping Community spending within the medium term financial perspective and ensuring the smooth operation of the annual budgetary procedure through a constructive dialogue between the institutions. DG Budget thus prepares the budgetary proposals presented by the Commission and follows them through until adoption by the budgetary authority, the European Parliament and the Council of Ministers. It also allocates resources to the Commission Directorates General and Services.
- *Managing the budgetary regulatory framework.* DG Budget puts forward proposals and implements the regulatory framework for the establishment, the implementation and the control of the budget.
- *Implementing both revenue and expenditure in the budget,* in compliance with the regulatory framework. As Authorizing Officer for own resources, DG Budget manages financial flows with Member States and checks that own resources are properly collected. Under the responsibility of the Commission's Accounting Officer, DG Budget ensures the execution of payments for all authorized Commission expenditure and of recovery orders.
- *Drawing up the annual accounts of the EU and the Commission (as well as certain other institutions/bodies).* The EU annual financial statements are prepared by DG Budget on the basis of a modern accounting framework meeting generally accepted international standards and backed up by an efficient and reliable information system.
- *Promoting sound financial management within Commission services.* Thanks to its advice and training function, and by providing control and management tools, DG Budget offers Commission services both the framework and the instruments needed for strict and efficient financial management.
- *Reporting on the implementation of the budget, facilitating the relations with the Court of Auditors to obtain fair and balanced audit reports and opinions and contribute to the obtention of the annual budgetary discharge.* DG Budget coordinates the arrangements linked to the discharge procedure (relations with the Court of Auditors, the Council and the European Parliament.) It thus proposes analyses and ideas concerning the management of community funds to its main interlocutors with the aim of facilitating the granting of a positive DAS by the Court of Auditors.

PART 2. THIS YEAR'S CHALLENGES

Multiannual financial framework

Following the long-awaited agreement on the MFF 2014-2020 between the European Parliament and the Council, and its entry into force, DG Budget will make all efforts to help ensure a smooth transition and facilitate the finalisation of the legislative process on the resources side in the first months of 2014.

In parallel, the first half of 2014 will be devoted to the finalisation of the legislative work concerning the sector-specific proposals required to implement the policies and programmes under the MFF 2014-2020 which could not be completed in 2013. In particular, in addition to the conclusion of legislative proposals for which it has direct responsibility, DG Budget will continue to play a key role to ensure coherence between the legislative texts from other Commission services negotiated by the legislative authority and the overall MFF, in particular concerning the financial aspects, the respect of the sound financial management principles and the commitments to simplification.

Budget

The draft budget 2015 will be the second under the new 2014-2020 MFF and probably the first one taking into account all the new policies and programmes (CAP will be managed under a transitional regime in 2014).

Given the difficult economic environment and the continuing fiscal consolidation in Member States, the close monitoring of Budget 2014, notably in payments, will continue to be of utmost importance to ensure the adequacy of financial means to the needs. 2015 will also be the third year to implement the 5% reduction in staffing level of all EU institutions, bodies and agencies over five years, as agreed in point 23 of the draft Interinstitutional Agreement on budgetary discipline, cooperation in budgetary matters and on sound financial management. All these elements will have to be reflected in the draft budget 2015, and possible amending budgets in the course of 2014, to be proposed by the Commission.

Treasury

Within the context of the difficult economic and financial environment, the efforts of consolidation in public finances and the high level of payment needs, the regular monitoring of the treasury situation has recently become more challenging. It will be even more so in 2014 given the very tight ceilings established in the new financial framework. Variables such as the rhythm and amount of payment requests from beneficiaries (Member States in particular), the possible variances on the amount of cash resources actually received compared to forecasts, or the time of adoption of amending budgets have a direct impact on the availability of funds and the management of the treasury.

Financial rules

Following the entry into force of the new financial regulation (FR) and its rules of application (RAP) on 1 January 2013 and the subsequent Commission proposals to adapt specific financial regulations (decentralized and executive agencies, PPPs, political parties and the foundations, EDF, alignment of FR on the new procurement directive, ...), DG Budget will work to facilitate the conclusion of these legislative processes in order to give the means to all the actors establishing and implementing the general budget of the Union to successfully apply the new rules. Moreover, new instructions, internal rules or guidelines will also need to be produced, explained and disseminated through the tools at the disposal of the SFC so that they are understood and applied by the staff concerned. Finally, the fine-tuning of the internal control framework and the reporting requirements which have been adapted to the new FR/RAP to increase the accountability of the financial actors will be needed.

Accounts and discharge

The accrual-based accounts should aim at a clean bill of health by the Court of Auditors for the seventh consecutive year. Following the adaptation of ABAC to the new Financial Regulation which entered into force in 2013, the priority will shift to more specific adaptations which might be required in the wake of the delegation of implementation by the Commission to its executive agencies, or for other bodies. One specific new challenge arising from the new Financial Regulation will be the need to ensure the proper accounting for new financial instruments managed by financial institutions, which are expected to be complex and numerous. The completion of the FAFA agreement with the EIB will be an important step that should allow the Accounting Officer to obtain all the necessary accounting information to fulfill his legal reporting obligations. The improvement in accounting quality, in particular pre-financing and recording of invoices and cost claims in due time, the close monitoring of payment times, the in-depth work on ABAC architecture and the examination of the potential sources for simplification of accounting in agencies and bodies will continue to be of central importance.

With the current economic and monetary situation, better cash forecasts will be required from the Authorizing Officers, and close Risk management for provisional fines and bank guarantees handling will be necessary.

The DAS 2012 showed stronger differences in the evolution of the error rates observed by the Court, with an overall error rate of 4,8% and with significant increases in some areas (agriculture, some internal policies and external actions). Efforts to reduce error rates in budget implementation will continue with a view to reaching cost-benefit equilibrium. Finally, DG Budget will contribute in implementing the Commission decisions concerning performance reporting, which follow-up on the recommendations of the 2011 discharge procedure and take into account the new provisions of the Financial Regulation.

The Communication on the Protection of the European Union Budget, to be issued every year, will be an important element to view alongside the overall error rate and to bring into the spotlight the key aspects of internal control that have not been taken into consideration by the DAS.

Following the pilot projects undertaken in 2013 DG BUDG has developed a methodology for the provision of Accounting Officer's services that will be used for any EU body requesting such services in the future.

KEY PERFORMANCE INDICATORS

<u>ABB Activity</u>	<u>Specific Objective</u>	<u>Indicator</u>	<u>Baseline</u>	<u>Target</u>	
ABB Accounting	Ensure a true and fair view of entities under the responsibility of the EC accounting officer	Obtain a positive DAS	Positive DAS on 2012 Accounts	Positive DAS on 2013 Accounts in November 2014	
ABB Budget execution, control and discharge	Make sure that budgetary implementation follows forecasts and effective use of resources principles	Difference between budget estimates and actual execution	Execution 2013 : - commitment appropriations (after carry-overs): 100% - appropriations, implementation (after carry-overs): 100 %	Full (100%) budget implementation making use of transfers and carryovers	
	Obtain the annual discharge from the EP on the 2012 budgetary year	Positive discharge resolution with no postponement or reservations	No postponement of the discharge	Getting the discharge in the 2014 April EP plenary	
ABB Financial framework and budget procedure	Establish a budget of good quality within deadlines respecting the Commission's priorities	Commission adopts Draft Budget 2015 within the deadlines set in the Treaty and Budget Authority adopts Budget 2015 according to schedule	College adopted Estimates of expenditure 2014 on 27 June 2013	Commission adopts Estimates of expenditure by 4 June 2014 and Draft Budget 2015 (all languages) by end June 2014	
			Budget authority adopted 2014 budget on 20 November 2013		Budget Authority adopts Budget 2015 by mid-December 2014
			Budget authority (BA) adopts Budget 2014 in November/ December 2013		
ABB Promotion of sound financial management	Contribute to the correct implementation of EU Budget by providing precise information, useful training and clear guidance on financial management matters, including on public procurement and grants.	Feedback received on the quality of services rendered by SFC	Score : 3,5 / 5 (Report September 2013)	Maintain 2013 score (Report December 2014)	

<u>ABB Activity</u>	<u>Specific Objective</u>	<u>Indicator</u>	<u>Baseline</u>	<u>Target</u>
ABB Administrative Support for DG Budget	Implement, maintain and report on an effective and reliable internal control system so that: reasonable assurance can be given that resources assigned are used according to the principles of sound financial management; risk of errors in operations is minimised and the control procedures put in place give the necessary guarantees concerning the legality and the regularity of the underlying transactions	Error rate detected on the legality and regularity of the underlying transactions is below the materiality criteria (2% for administrative budget implementation and 1% for Own resources collection)	Error rate below 2% for 2013 administrative budget implementation and Positive DAS Opinion on Own resources for 2012 exercise	Error rate below 2% for 2014 administrative budget implementation and Positive DAS Opinion on Own resources for 2013 exercise

PART 3. SPECIFIC OBJECTIVES FOR OPERATIONAL ABB ACTIVITIES

ABB ACTIVITY: ACCOUNTING

This activity covers: accounting and financial statements, budgetary accounting and accounting validation, management and security of the ABAC accounting system, recoveries, treasury management and relations with banking institutions

FINANCIAL RESOURCES (€) in commitment appropriations			HUMAN RESOURCES		
<u>Operational expenditure</u>	<u>Administrative expenditure (managed by the DG)</u>	<u>TOTAL</u>	<u>Establish ment plan posts</u>	<u>Estimates of external personnel (in FTEs)</u>	<u>TOTAL</u>
0	5.942.427,35	5.942.427,35	174	25	199

Specific objective : Ensure a true and fair view of entities under the responsibility of the EC accounting officer

- Spending programme
 Non-spending

Result indicator: Obtain a positive DAS

[Source : Annual Report of European Court of Auditors 5/11/2013]

<u>Baseline</u>	<u>Target</u>
Positive DAS on 2012 Accounts (5/11/2013)	Positive DAS on 2013 Accounts in November 2014

Main outputs in 2014

<u>Description</u>	<u>Indicator</u>	<u>Target</u>
2013 Consolidated Annual accounts of EU	Timely delivery	Respect of the dates foreseen in the FR (31 March 2014 for provisional Accounts and 31 July 2014 for Final Accounts)
Annual Accounts of all entities for which the Accounting Officer of the Commission is the Accounting Officer	Timely delivery and positive DAS	Positive DAS and meeting Financial Regulation deadlines
Accounting Officer's Status report. FR Art 150(4)	Timely delivery of report	15 September 2014
Communication to the Council and EP on the protection of the EU Budget	Timely delivery of the Communication	30 September 2014
Quarterly reporting on financial corrections	Timely delivery of quarterly report to the EP on financial corrections	Quarterly
Validation of local systems	Timely delivery of quality reporting	Respect of 2014 Workprogramme

Specific objective : Appropriate execution of Accountant's tasks Spending programme Non-spending

Result indicator : Obtain positive opinions of the European Court of Auditors, Discharge Authority and IAS

[Source : Reports of the European Court of Auditors, Discharge Authority and IAS]

<u>Baseline</u>	<u>Target</u>
Positive opinions issued by the European Court of Auditors, Discharge Authority and IAS in their Reports during 2013	Maintain positive opinions in the Reports of the European Court of Auditors, Discharge Authority and IAS in 2014

Main outputs in 2014

<u>Description</u>	<u>Indicator</u>	<u>Target</u>
Management of the EU accounting framework and system	Extent to which the framework & systems are kept up-to-date	Proper maintenance
Follow-up of European Court of Auditors observations	Number of important accounting recommendations in 2012	Maintain the low number of important recommendations in relation with previous years
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% coverage
Efficient and effective Treasury Management : by Monitoring of available cash resources and by treasury planning to ensure continuity of payment execution within the limits of the applicable regulatory and budgetary framework.	N° of payments authorized delayed due to lack of cash resources	none
Efficient and effective Recovery Management	Number of recoveries in the backlog	< 1500 RO throughout the year (self-imposed)
Proper implementation of the financial year change process	Timely implementation of the calendar	Delays of max. 5 days for any milestone date in the calendar
Accountant's services External Entities Centralisation of Accountant's services project definition and implementation	Offers and SLA prepared and sent to the candidate entities Ensure proper implementation for the Agencies that have accepted	For all other entities interested during 2014. Maximum of 4 agencies. 2 pilot agencies in 2014

Specific objective : Provide central financial/accounting information system services

Spending programme
 Non-spending

Result indicator : Roll-out of services and deliverables according to the Roadmap

[Source : Roadmap adopted on 18/10/2013]

<u>Baseline</u>	<u>Target</u>
Roadmap adopted 18/10/2013	Implementation of deliverables in 2014 as scheduled in the adopted roadmap

Main outputs in 2014

<u>Description</u>	<u>Indicator</u>	<u>Target</u>
Continuous alignment of ABAC to business imperatives (maintenance, FR, MAFF, ..)	Completion of the EC's Financial Regulation 2012	1 st Quarter 2014
	Completion of the Multi-Annual Financial Framework	1 st Quarter 2014
	Completion of bridging facility for the 11 th European Development Fund	1 st Semester 2014
	Completion of the Revision of the Early Warning System	1 st Semester 2014
Implementation of Review ABAC Architecture Roadmap within the corporate IT-architecture	On-Time and On-Budget	On-Budget: 100%; On-Time: 90%
ABAC's secured operational continuity and efficient support to its user community ensured	Closure of incoming standard requests within 2 working days	90%
	Number of intrusion attempts having an impact on the corporate financial/accounting system	None
ABAC alignment to the new External Entities and the legal decisions affecting the External Entities according to timetable	On-Time	100%
Set-up of Trust Funds at DG's request.	Degree of implementation by DG Budget after legal creation of Trust Fund	100%

ABB ACTIVITY: BUDGET EXECUTION, CONTROL AND DISCHARGE

This activity covers: the management and the control of resources, budgetary transfers and budgetary reporting as well as relations with Court of Auditors and the discharge authority.

FINANCIAL RESOURCES (€) in commitment appropriations			HUMAN RESOURCES		
<u>Operational expenditure</u>	<u>Administrative expenditure (managed by the DG)</u>	<u>TOTAL</u>	<u>Establishment plan posts</u>	<u>Estimates of external personnel (in FTEs)</u>	<u>TOTAL</u>
0	2.568.084,18	2.568.084,18	75	11	86

Specific objective : Ensuring effective management of the relations with the Court of Auditors and the EP's Budgetary Control Committee (CONT)

Spending programme
 Non-spending

Result indicator: Delivery of the main outputs, respecting the legal and self-imposed deadlines, at a high level of quality, fulfilling the stakeholders' expectations.

[Source : Dates of Reports submitted & replies given]

Baseline	Target
Fulfilled 100% of the stakeholders expectations, delivered 100% of the main outputs in 2013	Fulfill 100% of the stakeholders expectations, deliver 100% of the main outputs in 2014

Result indicator: Positive discharge resolution with no postponement or reservations

[Source : EP adoption of Discharge Resolution / EURLEX]

Baseline	Target
No postponement of the discharge	Getting the discharge in the 2014 April EP plenary

Main outputs in 2014

Description	Indicator	Target
Reply to ECA annual report for the financial year 2013 (art. 162(4) FR)	Timely delivery of replies to ECA annual report	15/10/2014 (legal target)
Reply to ECA Special Reports (art. 163(1) FR)	Timely delivery of replies to ECA Special Reports	2,5 months after reception of draft Special Report (legal target)
Summary of MS replies to ECA observations (art 162(5) FR)	Timely delivery of the summary of MS replies to ECA observations	28/02/2014 (legal target)
Fiche GRI in preparation of the EP plenary vote on the discharge answering to all EP discharge requests	Fiche GRI provided timely with input from all DGs concerned	15/04/2014 (self-imposed target)
Report on the follow-up to the discharge resolution and recommendations (art. 166(2) FR)	Timely delivery of a comprehensive report on the follow-up to the EP's discharge resolution and the Council recommendation	15/11/2014 (self-imposed target)
Replies to written questions from Members of the EP	Parliamentary questions on the black list	none
Evaluation of the ECA adversarial process collecting feedback from the Commission stakeholders	Launch of a survey	31/12/2014 (self-imposed target)

Specific objective: Make sure that budgetary implementation follows forecasts and effective use of resources principles	<input type="checkbox"/> Spending programme <input checked="" type="checkbox"/> Non-spending
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Result indicator: Difference between budget estimates and actual execution

[Source : BUDGWEB]

<u>Baseline</u>	<u>Target</u>
Execution 2013 : - commitment appropriations (after carry-overs): 100% - appropriations, implementation (after carry-overs): 100 %	Full (100%) budget implementation making use of transfers and carryovers

Main outputs in 2014

<u>Description</u>	<u>Indicator</u>	<u>Target</u>
Carryover Decision	Timely adoption	Carryover adopted as proposed by DG Budget (15 February 2014)
Budget Implementation Plan and regular reports to Budget Authority (BA)	% of transfers accepted by the Budget Authority Reports on Agencies sent to the BA as requested	Budget Authority accepts all transfer requests All reports delivered within established deadlines
Budget Forecast Alerts (BFA)	Information notes sent to College as foreseen	Information notes sent three times a year to Parliament and Council
Annual Reporting on allocated expenditure by MS	Timely and error-free delivery	Second half 2014

Specific objective : Efficiently and effectively manage and control the Union's own resources

Spending programme

Non-spending

Result indicator: Timely and accurate collection of Own Resources contributions and related payments from Member States and implementation of the inspection programme
 [Source : DG Budget's monthly 'Tableau de Bord']

Baseline
 100% collection and full implementation of inspection programme in 2013

Target
 100% collection and full implementation of inspection programme in 2014

Main outputs in 2014

<u>Description</u>	<u>Indicator</u>	<u>Target</u>
Management of Member States' own resources payments	Percentage of collection of OR contributions and related payments received timely	100%
Management of VAT recovery	Timely and accurate recovery of VAT paid by the Commission services	Full and timely refund by Member States
Control of the Union's traditional own resources (TOR)	Percentage of Implementation and reporting of TOR inspections in accordance with the annual programme	100%
Treatment of Member State's write-off reports	Percentage of Member States' write-off reports treatment for irrecoverable amounts of TOR	100%
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%
Production of Inspection Reports within the legal deadlines	Percentage of mission reports sent within the legally prescribed deadlines	100%
Control of GNI-based own resources: In accordance with MoU notify Member States of the setting, lifting or variation of reservations for GNI OR, attend all GNI Committee meetings and produce internal report of key points.	Percentage of notifications to MS sent within one month of Eurostat's communication concerning setting, lifting or otherwise varying GNI reservations	100%
	Attend GNI Committee meetings	100%

ABB ACTIVITY: FINANCIAL FRAMEWORK AND BUDGET PROCEDURE

This activity covers: financial framework and budgetary procedure.

FINANCIAL RESOURCES (€) in commitment appropriations			HUMAN RESOURCES		
<u>Operational expenditure</u>	<u>Administrative expenditure (managed by the DG)</u>	<u>TOTAL</u>	<u>Establishment plan posts</u>	<u>Estimates of external personnel (in FTEs)</u>	<u>TOTAL</u>
0	2.060.439,64	2.060.439,64	64	5	69

Specific objective : Establish a budget of good quality within deadlines respecting the Commission's priorities Spending programme Non-spending

Result indicator: Commission adopts Draft Budget 2015 within the deadlines set in the Treaty and Budget Authority adopts Budget 2015 according to schedule

[Source : Agenda Planning]

<u>Baseline</u>	<u>Target</u>
Draft Budget 2014 adopted on 27 June 2013	Commission adopts Estimates of expenditure by 4 June 2014 and Draft Budget 2015 (all languages) by end June 2014
Budget authority (BA) adopted Budget 2014 on 20 November 2013	Budget Authority adopts Budget 2015 by mid-December 2014

Main outputs in 2014

<u>Description</u>	<u>Indicator</u>	<u>Target</u>
Minimize the differences between Draft Budget and Budget	The difference between Budget 2015 adopted by Budget authority and Draft Budget 2015	Difference between Draft Budget 2015 and voted Budget 2015 < 1%
Adoption of amending letter(s) and amending budget(s)	Budget Authority adopts proposed amending budgets / letters	Budget Authority adopts Amending Letters and Budgets as proposed by College
Annual Allocation of human resources to Commission services	Decision consistent with the constraints set by Inter Institutional Agreement (IIA) and in line with the Commission policy orientations.	Decisions on HR allocations taken by the College, as proposed by DG Budget and in line with envisaged calendar (by December 2014)
Updated financial programming 2014-2020	Adoption by the College of financial programming together with Draft Budget 2015 and updated by end of January 2015 after adoption of the Budget 2015	Commission adopts financial programming as proposed by DG Budget
Produce sound opinions on legislative proposals with budgetary implications	Timely processing of legislative proposals in the course of the year	100% of Inter Service Consultations processed within the normal deadlines set by the SG
Deliver the forecast for the VAT and GNI bases for the establishment of the financing of the Draft Budget 2015 and the Draft Amending Budget 2014	Timely delivery	Forecast for VAT & GNI bases delivered in time for DB 2015
Deliver the calculation of the UK correction	Timely and error-free delivery	Error-free UK correction delivered in time for DB 2015

Specific objective : Forward budgetary planning : frame spending within short and long term financial framework

- Spending programme
 Non-spending

Result indicator: Finalisation of the legislative framework for the financing of the EU budget 2014-2020

[Source : EURLEX]

Baseline

Commission proposal for new Own Resources adopted in June 2011

Target

Adoption by Council of the Own Resources Decision in the 1st half of 2014

Main outputs in 2014

<u>Description</u>	<u>Indicator</u>	<u>Target</u>
Commission adoption of the technical adjustment of the MFF 2014-2020 for the year 2015	Timely delivery of the Technical Adjustment	Q2 2014
Assistance to the Council in the final stages of adopting the new Own Resources Decision (ORD) 2014-2020	Council adoption of the Own Resources Decision	1 st half of 2014
Assistance to the Council in adopting and the EP in giving its consent on the implementing regulation 311.4	Council adoption and consent of the EP received	1 st half of 2014
Contribute to the secretariat of the High Level Group on Own Resources	Timely and high-quality preparatory work for the High Level Group on Own Resources	Preparatory work delivered according to the calendar to be defined by the High Level Group on Own Resources

ABB ACTIVITY: PROMOTION OF SOUND FINANCIAL MANAGEMENT

This activity covers: regulatory framework, assistance and advice to DGs, documentation and training, internal control systems and risk management, harmonisation of contracts and grant agreements, functional analysis, security and user's service management of financial information systems.

FINANCIAL RESOURCES (€) in commitment appropriations			HUMAN RESOURCES		
<u>Operational expenditure</u>	<u>Administrative expenditure (managed by the DG)</u>	<u>TOTAL</u>	<u>Establishment plan posts</u>	<u>Estimates of external personnel (in FTEs)</u>	<u>TOTAL</u>
0	2.179.885,41	2.179.885,41	64	9	73

Specific objective: Issue timely derived regulations and rules to complement FR/RAP and adapted to specific needs of entities implementing EU Budget.

- Spending programme
 Non-spending

Result indicator: Timely adoption of regulation and rules.

[Source : Agenda planning & EURLEX]

<u>Baseline</u>	<u>Target</u>
FR/RAP entered into force on 1/1/2013	Derived regulations and rules adopted according to planned deadlines

Main outputs in 2014

<u>Description</u>	<u>Indicator</u>	<u>Target</u>
Internal Rules adopted	Timely adoption of relevant documents.	March 2014
Advice on the future legal bases which ensure simplification and coherence with MFF.	Number of advices given throughout the year in relation with advices requested.	Reply to 100% of advices requested
Develop framework for future & existing Innovative Financial Instruments (IFI).	Agreement achieved on the framework for IFI	March 2014
	Number of Financial Administrative framework Agreements (FAFA)	5
Adoption by Council and Parliament of revision of Financial Regulation on the funding of European political parties and foundations	Timely adoption	May 2014

Specific objective: Contribute to the correct implementation of EU Budget by providing precise information, useful training and clear guidance on financial management matters, including on public procurement and grants.

- Spending programme
- Non-spending

Result indicator: Feedback received on the quality of services rendered by SFC

[Source: Quarterly report on Quality in Central Financial Services]

<u>Baseline</u>	<u>Target</u>
Score : 3,5 / 5 (Report September 2013)	Maintain 2013 score (Report December 2014)

Main outputs in 2014

<u>Description</u>	<u>Indicator</u>	<u>target</u>
Updated pages on guidance and information on BUDGWEB and by SFC helpdesk	Number of pages updated and HD questions answered	100% of demand completed
Financial networks meetings: Internal Control Coordinators, (ICC net), Réseau des Unités Financières (RUF), ABAC coordinators and users.	Number of network meetings throughout the year	Total 21 meetings (ICC net: Quarterly ; RUF: Monthly ; ABAC: 2)
Trainings to staff managing the budget (public procurement and grants courses and models, vademecums, etc...),	Number of trainings given/information sessions provided	100% of demand completed
Feedback obtained on training's quality	Number of trainings with an evaluation below 80% of satisfaction	None

Specific objective: Issue clear guidance to harmonize and help DGs on the review of their internal control strategies to ensure cost-effectiveness and proportionality to the risks, in accordance with the new FR/RAP.

- Spending programme
 Non-spending

Result indicator: Guidance issued on time and feedback obtained from DG's.

[Source : BUDGWEB]

<u>Baseline</u>	<u>Target</u>
Specific guidance on cost-effectiveness of controls is available	Guidance used by DG's in AAR 2013 and onwards

Main outputs in 2014

<u>Description</u>	<u>Indicator</u>	<u>Target</u>
Use of guidance on cost-effectiveness of controls by DG's in their AAR 2013 and subsequent.	% of DG's using relevant and correct calculation of cost-effectiveness on controls on their AAR's.	100% of DGs
Overview report & Synthesis report	Timely adoption of reports	June 2014
Trainings on Risk Management	Number of trainings given	48

Specific objective : Prepare candidate and potential candidate countries to correctly apply the EU own resources system and assist these countries together with the European Neighbourhood countries in creating an EU-wide platform to foster the voluntary exchange among Member States of good practice in public internal control

- Spending programme
 Non-spending

Result indicator: Achievements in aligning internal control arrangements (in candidate (CC), potential candidate (PCC) and qualifying ENP countries together with existing Member States (MS)) with international good practice standards for Internal Control.

[Source : CC – Commission Progress Reports & PCC & ENP – DG BUDG Progress reports & MS – minutes from PIC Conferences and working group events]

Baseline	Target
100% timely provision in 2013	100% timely provision in 2014
Satisfaction rating from last conference in 2012 - 75%	Minimum customer satisfaction rating of 75%.

Result indicator: Progress reported in candidate countries' Own Resources preparedness

[Source : Reports sent to ELARG]

Baseline	Target
100% timely provision in 2013	100% timely provision in 2014

Main outputs in 2014

Description	Indicator	Target
Coordination of technical assistance and monitoring progress in Own Resources preparedness in candidate countries.	Number of countries progressing to Own Resources preparedness, depending on Council decisions to open-up accession negotiations for Chapter 33	According to annual work program (100%)
Reports from fact finding missions and other assessments. Providing reliable summaries from those reports as timely input for the Progress reports on candidate, potential candidate and ENP countries	Percentage of reports produced and sent to the client country; input provided to DG ELARG and EEAS in accordance with the administrative deadlines.	100%
Organise 2014 PIC Conference with input from working group events	User satisfaction levels obtained via user appraisal forms	In excess of 75%
TOR seminar in Montenegro	Achieve all the objectives set for the seminar and timely reporting	100%
Provide DG ELARG with timely and reliable input concerning own resources for progress reports	Input that respects DG ELARG deadlines and is integrated in their reports	100%

PART 4. HORIZONTAL ACTIVITIES

ABB ACTIVITY: POLICY STRATEGY AND COORDINATION FOR DG BUDGET

This activity covers : Strategic planning and programming and Internal and external communication

FINANCIAL RESOURCES (€) in commitment appropriations			HUMAN RESOURCES		
<u>Operational expenditure</u>	<u>Administrative expenditure (managed by the DG)</u>	<u>TOTAL</u>	<u>Establishment plan posts</u>	<u>Estimates of external personnel (in FTEs)</u>	<u>TOTAL</u>
0	836.120,43	836.120,43	26	2	28

Specific objective: Implement the Commission planning and programming process so that the DG delivers its policy objectives contributing to the overall Commission strategy in an effective, timed, efficient, coherent and accountable manner

Spending programme

Non-spending

Indicator: Timely delivery of the various contributions to the Strategic Planning and Programming cycle (SPP)

[Source : ARES and for drafts emails sent to FMBs]

Baseline

AAR 2012 and MP 2014 delivered within the established deadline

Target

AAR 2013 and MP 2015 delivered within the established deadlines

Specific objective : Ensure effective operation of the DG through an efficient internal and external communication

Spending programme

Non-spending

Indicator: Adoption and implementation of internal communication strategy

[Source : ARES]

<u>Baseline</u>	<u>Target</u>
Internal Communication 2013 strategy adopted as planned. (Estimated degree of implementation 90%)	Internal Communication strategy 2014 adopted as planned 31 January 2014 and degree of implementation higher than 80 %.

Indicator: Adoption and implementation of external communication strategy

[Source : ARES]

<u>Baseline</u>	<u>Target</u>
External Communication 2013 strategy adopted as planned. Strategy adopted following discussions with all DGs directorates on time. (Estimated degree of plan implementation 95 % . When unforeseen communication events added, more than 100 %.)	External Communication strategy 2014 adopted as planned 31 January 2014 and degree of implementation higher than 80%.

Indicator: Assessment on the ICS 12-Internal Communication

[Source : ICAT exercise]

<u>Baseline</u>	<u>Target</u>
90% effective in 2013	>=75% effectiveness in 2014

Indicator: Financial Transparency System published with complete and precise information

[Source : FTS database]

<u>Baseline</u>	<u>Target</u>
Complete and precise information in 2013 published on financial year 2012 taking into account the requirements of the new Financial Regulation by 30 June 2013 and through a technical update on 28 October 2013 which corrected the failure of data control by three DGs. This correction concerned only 0, 62% of total value and 0, 12% of total number of commitments published that year.	Complete and precise information in 2014 and publication of 2013 data in time (by the end of June 2014).

ABB ACTIVITY: ADMINISTRATIVE SUPPORT FOR DG BUDGET

This activity covers : Actions that are necessary for the functioning of the DG such as Human & financial resources management , management of information and communication technologies (ICT), document management, internal audit and internal control and risk management

FINANCIAL RESOURCES (€) in commitment appropriations			HUMAN RESOURCES		
<u>Operational expenditure</u>	<u>Administrative expenditure (managed by the DG)</u>	<u>TOTAL</u>	<u>Establishment plan posts</u>	<u>Estimates of external personnel (in FTEs)</u>	<u>TOTAL</u>
0	1.075.011,98	1.075.011,98	28	8	36

DG BUDGET'S MEDIUM AND SHORT TERM IT STRATEGY

All DG Budget Information Systems are essential for the achievement of the DG missions and are closely integrated with the business processes at all levels.

DG Budget's short-and mid-term IT strategy focuses on the following objectives:

- Ensure business continuity by providing reliable, responsive, consistent corporate information systems for the financial and asset management domains for which DG Budget is the domain leader within the Commission
- Integrate all new legal requirements in time and quality into the DG Budget corporate information systems
- Support and further increase compliance with Commission's corporate IT system landscape rationalisation and alignment with Commission's IT standards and policies
- Increase efficiency of financial processing for DG Budget's and for other DGs.
- Strive for reducing the Total Cost of Ownership of DG Budget's IT systems and improving the efficiency of IT management processes

To achieve these objectives, 5 flagship projects or systems have been defined (more details are provided in the IT Master Plan):

- Flagship 1: ABAC and Badge-Bud systems

Business continuity and service provisioning is the top-priority. Towards the external world, the clean bill of health by the Court of Auditors on the accounts cannot be put to risk, not by business initiatives nor by technical initiatives.

- Flagship 2: legal compliance project

This project is about keeping all Information systems aligned with DG Budget legal obligations in the areas of New Financial Regulation (NFR) and Multi Annual Financial Framework (MFF), 11th European Development Fund (EDF/FED), revision of the Early Warning System (EWS), Trust Funds

- Flagship 3: revision of ABAC architecture project

The main objectives of this programme, consisting of multiple projects, is a) to maximize the added value for the business community through IT-to-business alignment whilst and b) to ensure long term system sustainability at an acceptable Total Cost of Ownership for central and local systems alike. The Review of the ABAC Architecture is thus a key contribution of DG Budget to Corporate IT rationalisation. The implementation of the objectives of re-usability and integration across the IT-landscape will be based on a services-oriented architecture providing reusable business services.

- Flagship 4: Budgetary Preparation + Reporting project

The project includes the evolutionary maintenance of Badge-Bud and its further interoperability with ABAC.

- Flagship 5: Corporate IT Rationalisation programme

Efforts towards the convergence between ABAC SAM and ABAC Assets will continue and are driven by the following considerations: no loss of functionality or support to the respective user communities, respect of the key principles as set out, leveraging the results of the Review of the ABAC Architecture, guaranteed business continuity, process efficiency and robustness.

This flagship also covers the rationalisation of DG Budget's local applications.

DG Budget's IT strategy fully supports the corporate strategies in the financial and asset management domains and is aligned with the procurement, grant management and IT domains:

Financial management

- ABAC: The Review of the Architecture is a key enabler in the rationalisation of the domain as it will drastically reduce functional and data redundancy across the corporate systems landscape (plus the associated maintenance and development costs)
- Alignment to corporate standards for authentication and document management are initiated

Asset management & other related issues

- In view of the convergence between ABAC Assets and ABAC SAM, a first project to elaborate and implement "quick wins" has been initiated.
- The in-depth convergence will be aligned to the Review of the ABAC Architecture and will as well be dependent on the level of integration achieved in the domains of procurement and grants management.

Procurement and Grant management

- ABAC is to be integrated as a "back-office" financial application to the corporate systems supporting Grants and Procurement.

Specific objective : Recruit, train, assess, motivate and retain highly qualified staff so that effective and efficient operation of the DG is ensured as well as promotion of equal opportunities

Spending programme
 Non-spending

Indicator: Adequate HR allocation in line with the staffing needs assessed in the HR report of the DG and the Unit management plans

[Source : Unit R2/HR reporting]

Baseline	Target
Reallocation of posts not linked to change of priorities or organisation chart in 2013: 1.86%	<5% (excluding staff reduction)

Indicator: Internal mobility rate (%)

[Source : Unit R2/HR reporting]

Baseline	Target
6,25 % in 2013	≥5%

Indicator: Average satisfaction rate of DG BUDG staff on in house training

[Source : Unit R2/HR reporting]

Baseline	Target
2013: 87,4%	> 80%

Indicator: Representation of women in Senior Management, Middle Management and non-management AD posts in DG BUDG

[Source : DG HR's State of Equal opportunities report for DG BUDGET]

Baseline	Target
2013: 37,5% Senior Managers; 20,8% Middle Managers; 43% non-management AD	Target for 2014: 25% Senior Managers; 28% Middle Managers; 43% non-management AD

Indicator: Perception of DG BUDG staff of balance between private and professional life

[Source : Bi-annual DG HR Staff Survey]

Baseline	Target
2013: Male 64%; Female 70% (agree and slightly agree)	Target for 2015: >60%

Indicator: Perception of DG BUDG staff on equal opportunities as opposite gender

[Source : Bi-annual DG HR Staff Survey]

Baseline	Target
2013: Male 73%; Female 64% (agree and slightly agree)	Target for 2015: >60%

Specific objective: Plan, perform, monitor and report on the spending of financial resources so that sound financial management is ensured throughout the DG's activities

Spending programme

Non-spending

Indicator: Execution rate of the administrative budget (C1 credits)

[Source : ABAC & BO (Unit R2-Financial cell reporting)]

<u>Baseline</u>	<u>Target</u>
Execution 2013 (end 2013) :	>95% of commitment appropriations
99.79 % of commitment appropriations	>50% of payment appropriations
54.56 % of payment appropriations	

Indicator: Percentage of payments on the administrative budget made within the time limits

[Source : DG Budget's monthly 'Tableau de Bord']

<u>Baseline</u>	<u>Target</u>
99.44 % (end 2013)	Above 95%

Specific objective : Define, plan and develop high quality Information and Communication Technology infrastructure, tools and services so that the staff is adequately supported in their operation

Spending programme

Non-spending

Indicator: Availability of ABAC

[Source: R4/Patrol IT Monitoring System]

<u>Baseline</u>	<u>Target</u>
99,82% on 30/11/2013	97%

Indicator: Percentage of solved ABAC user issues

[source: R4/ABAC HelpDesk – Ticketing System]

<u>Baseline</u>	<u>Target</u>
84,33% (<1h) 90,90% (<4h) as of 30/09/2013	70% of all ABAC user issues are to be resolved within one hour and 80% within four hours, measured quarterly.

Specific objective : Improve the DG's governance, risk management, and control processes

Spending programme

Non-spending

Indicator: Timely adoption of IAC Work plan 2014 by the DG

[Source : ARES]

<u>Baseline</u>	<u>Target</u>
The work plan was adopted 13/02/2013	End February 2014

Indicator: Timely delivery of the Annual Report of the IAC including the Opinion on the state of internal control (contribution to the DG's AAR)

[Source : ARES]

<u>Baseline</u>	<u>Target</u>
15/2/2013	15/02/2014

Indicator: Percentage of completion of IAC Work plan

[Source : Bi-annual follow-up IAC report]

<u>Baseline</u>	<u>Target</u>
90,40% at 15/11/2013	>90%

Indicator: Total number of recommendations accepted by the auditees contained in final IAC reports issued in the calendar year. (% of recommendations accepted versus recommendations issued)

[Source : Bi-annual follow-up IAC report]

<u>Baseline</u>	<u>Target</u>
100%	At least 90%

Indicator: Percentage of recommendations implemented

[Source : Bi-annual follow-up IAC report]

<u>Baseline</u>	<u>Target</u>
91% (end of 2013)	Above 75%

Specific objective : Implement, maintain and report on an effective and reliable internal control system so that: reasonable assurance can be given that resources assigned are used according to the principles of sound financial management; risk of errors in operations is minimised and the control procedures put in place give the necessary guarantees concerning the legality and the regularity of the underlying transactions

- Spending programme
- Non-spending

Indicator: Error rate detected on the legality and regularity of the underlying transactions is below the materiality criteria (2% for administrative budget implementation and 1% for Own resources collection)
[Source : Accounting quality revision results on administrative budget & DAS opinion on Own resources by ECA]

<u>Baseline</u>	<u>Target</u>
Error rate below 2% for 2013 administrative budget implementation and Positive DAS Opinion on Own resources for 2012 exercise	Error rate below 2% for 2014 administrative budget implementation and Positive DAS Opinion on Own resources for 2013 exercise

Indicator: Result of the ICAT survey (Internal Control Assessment Tool – Effectiveness of the implementation of Internal Control Standards)

[Source : ICAT exercise statistics]

<u>Baseline</u>	<u>Target</u>
- Effectiveness assessment of 93%	- Effectiveness assessment above 75%
- Participation rate of selected staff:69%	- Participation rate of selected staff above 60%

Indicator: Number of critical / very important audit recommendations overdue for more than 6 months

[Source : Unit R2 / ICC reporting]

<u>Baseline</u>	<u>Target</u>
Determine for Nov-13 (last known data)	None

Indicator: Percentage of delayed open recommendations by IAC and IAS

[Source : Bi-annual follow-up IAC & IAS reports]

<u>Baseline</u>	<u>Target</u>
Determine for Nov-13 (last known data)	None

Indicator: Degree of implementation of the anti-fraud strategy

[Source : DG Budget's AAR]

<u>Baseline</u>	<u>Target</u>
Anti-Fraud Strategy adopted on time (Dec-13)	Above 80% of implementation