



2014

Annual Activity Report

**European Political
Strategy Centre
(this AAR refers to the
activities of the
former Bureau of
European Policy
Advisers)**

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INTRODUCTION

The DG in brief

On the 1 of November 2014, the Bureau of European Policy Advisers (BEPA) was replaced by the European Political Strategy Centre (EPSC), with new mission, tasks and structure. This Annual Activity Report refers therefore to the BEPA's activities.

The Bureau was reporting directly to the President and operating under his authority. It was composed of a professional staff of advisers, policy analysts and support staff with appropriate experience and track record, for providing professional and targeted policy advice to the President and, through him, to the College.

BEPA's core tasks, in addition of providing support and policy advice to the President, included outreaching to civil society, Think Tanks and academia, as well as institutional activities in the field of ethics in science and new technologies, and the pursuit of the dialogue with religions, churches and communities of convictions.

The year in brief /Policy highlights of the year

2014 was marked from the institutional point of view by the European Parliament's election and by the transition towards the new Commission headed by President Jean-Claude Juncker.

In November, BEPA undergone a complete reorganisation in a new entity called European Political Strategy Centre (EPSC), with different structure and mandate.

The new Director General was appointed beginning of December.

Being the last year of the "Barroso's" Commission mandate, BEPA's principal activities were the finalisation of the European Strategy and Policy Advice System (ESPAS)'s report, the completion of the Survey on economic reforms, the finalisation of the Social Innovation report and the contribution to President Barroso's legacy, as reported in Prof. Bussière's book "Les années Barroso".

Among the other various activities, firstly, BEPA followed-up on the on-going debate on promoting a Union for stability, growth and responsibility. Throughout the economic and financial crisis, European leaders have sought to respond with policy reforms, both at the national and the European levels. Six years on, President Barroso tasked the Bureau of European Policy Advisers (BEPA) to assess the economic reforms that the EU and its member states have implemented to address the crisis and its aftermath. This analysis has led to the report titled "Survey of Economic Reforms in the European Union, 2008-2014", whose results were presented during a dedicated workshop (October 10th) with the participation of former Prime Minister of Italy and former Commissioner Mario Monti, Think Tanks representatives and members of the senior management of the Commission. The study confirmed that an unprecedented acceleration on reforms was observed, with 69 percent of European Semester's Country-Specific Recommendations (CSRs) between 2011 and 2013 being at least partially implemented one year after their adoption. However, it also showed that this progress hid important variations by policy area, with several of these reforms were

implemented widely and consistently across the Union (in areas such as economic governance, fiscal framework, financial markets, financial support mechanisms, business environment and, in part, pension systems) ; yet, in other policy areas, including labour markets, research and innovation, education and public administration, the study revealed a lower and uneven degree of implementation across the EU

In addition to the release of the study on economic reforms, BEPA concluded the drafting on the report on Social Innovation, for which President Barroso asked BEPA to investigate the definition and "raison d'être" of social innovation, document the Commission's involvement in this field, identify the barriers to its development and suggest avenues for improvement.

Always within the above mentioned field of action, BEPA was asked to organise a seminar in order to evaluate at mid-term the effectiveness and efficiency of the Europe 2020 strategy. This seminar – co-organised with the Secretariat General – fed the communication "Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth" (COM (130) final); subsequently the Commission launched a public consultation and, on the basis of its outcome, it will make proposals for the further development of the strategy in 2015.

Secondly BEPA continued to steer the Inter-Institutional Project "ESPAS" (European Strategy and Policy Analysis System), which delivered its initial results in the shape of two reports on "Global Trends 2030. Citizens in an interconnected and polycentric world" in 2011 and three sectorial reports on economy, society and governance and powers released in 2013. In 2014, the work concentrated on the preparation of the final report on future trends, drawing from the sectorial reports mentioned before and from the second annual conference with international experts (February 2014). Work is concluded and the three participating Institutions plus the EEAS are currently discussing modalities for its dissemination and publicity. In addition, the open repository base on international strategic studies ORBIS was launched during the above mentioned conference; this website contains the world large inventory on prospective studies (<http://europa.eu/espas/orbis/>).

Also on the international stage, BEPA continued to liaise with organisations like NATO, World Bank, strategic partners' organisations, third countries, governments and agencies, think tanks and others on subjects at the top of the political agenda in order to ensure that the President was regularly and thoroughly informed on major developments. In this context, in April BEPA organised a meeting on the Atlantic Space with the so-called "Group of Eminent Persons" and with high-ranking officials from the European Institutions to discuss the possibilities of wider cooperation in the Atlantic hemisphere. On that occasion, the Declaration and Call to Action titled "A new Atlantic Community: Generating Growth, Human Development and Security in the Atlantic Hemisphere" was presented.

As in the last years, following President Barroso's request, BEPA as focal point, participated in the preparatory meetings leading to the Inter-regional Dialogue on Democracy devoted to "Democracy and Development in our Regions: Towards a Post-2015 Agenda"(held in Washington in October and hosted by the Organisation of American States). BEPA participated in these meetings together with the representative of the EEAS in lieu of President Barroso. The fifth high-level meeting will address "Building Democracy in Conflict-Affected and Fragile States in our Regions" and it is likely to be hosted by the African Union. As per usual the organisation of a preparatory meeting in view of the next high-level is currently in progress.

Within the efforts to communicate Europe and its achievements, BEPA successfully organised the exposition on Space 2030, which was inaugurated by the President on October 27 and last until mid-November. Several visits from outside visitors (especially schools) were organised. On November 12, BEPA also organised, in cooperation with ESA, the projection of the live landing of the robot Philae on the comet Churyumov Gerasimenko.

BEPA continued also during 2014 to be part of the Task Force devoted to Defence and Defence Industry, led by DG Enterprise and following the conclusions of the European Council of December 2013.

BEPA together with the Directorate general for Communication, ensured the implementation of the pilot project requested by the EP on a "New narrative for Europe" which brings together artists, intellectuals, scientists, academics and citizens to jointly explore the history, values, symbols and cultural aspects that unite citizens and to come up with a new vision for Europe. The final deliverable was the presentation of a Charter during the third general Assembly on Forms of Imagination and Thinking for Europe in Berlin in March and of a book in October with the aim of a better understanding and communicating of the importance of the arts and sciences for the future of Europe.

At the same time, BEPA continued to work across the full range of its own areas of competence, such as: a) the dialogue with churches, religious communities and philosophical and non-confessional organisations laid down in art. 17 of the Treaty on the functioning of the European Union (TFEU) and b) the European Group of Ethics in Science and New Technologies. Concerning the latter, it has to be mentioned that the EGE submitted to the President of the Commission the opinion on Ethics of Security and Surveillance Technologies released in May.

BEPA continued to provide administrative support to the Chief Scientific Adviser to the President, who was appointed on January 2012, as well as the President's Science and Technology Advisory Council (STAC), established in February 2013. The report on "The future of Europe is science" was presented in the dedicated international conference Lisbon beginning of October.

The work of the CSA came to an end with the end of the mandate of the Barroso's Commission.

Lastly, BEPA continued the publication of the BEPA monthly newsletter, with 7 releases in 2014 the last one devoted to Social Innovation.

The above mentioned topics represented the most substantial agenda, which was accompanied by more regular activities, exchanges, seminars, conferences and papers, especially with the Brussels based Think Tanks.

In conclusion, I can state that all the activities indicated within the Management Plan specific objectives were implemented.

Executive Summary

a) Key Performance Indicators (most relevant)

Given the mission of BEPA, which is to advise, to think "out of the box" and to look forward, it is not always easy or possible to measure its performance in a conventional way, as the work undertaken is specifically linked to the President's (BEPA main client) satisfaction.

Nevertheless, in an effort to comply with the new instructions, we offer the following assessments:

Result/Impact indicator (description)	Trend	Target (or milestones)	Latest known results as per Annual Activity Report

Degree of satisfaction of the President and his Cabinet	😊	Full satisfaction of the President and his Cabinet (Difficult to measure, given that it is a more qualitative evaluation by the President or his Head of Cabinet expressed orally to the DG in their regular meetings). No complaints made by the Cabinet in the past years.	
Number of events organised by BEPA and number of participants	😊	Constant increase or stabilization in the numbers of meetings/participants. This KPI will give us an indication of the "weight" of the outreach mission of BEPA: 2010 = 32 meetings with 1287 pp 2011 = 47 meetings with 3071 pp 2012 = 59 meetings with 2881 pp 2013 = 51 meetings with 2601 pp 2014= 38 meetings with 1400 pp The decrease in the number of meetings was due to the fact that 2014 was a transition year.	
Respect of the ethical values	😊	The audit on ethics showed an ongoing effort by BEPA's administration /management to handle ethics issues correctly and raise awareness. Moreover, staff members mostly have adequate knowledge of ethics issues. However, two very important recommendations were stressed (see more on point 2.3 below) by the IAC, which were accepted and partially implemented within the new structure.	

b) Policy highlights of the year

See above "The year in brief".

c) Key conclusions on resource management and internal control effectiveness (executive summary of part 2 and 3)

BEPA conducts its operations in compliance with the applicable laws and regulations, working in an open and transparent manner and meeting the expected high level of professional and ethical standards.

The Commission has adopted a set of internal control standards, based on international good practice, aimed at ensuring the achievement of policy and operational objectives. As required by the Financial Regulation, the Director-General has put in place the organisational structure and the internal control systems suited to the achievement of the policy and control objectives, in accordance with the standards and having due regard to the risks associated with the environment in which it operates.

BEPA has assessed the effectiveness of its key internal control systems during the reporting year and has concluded that the internal control standards are effectively implemented.

In addition, BEPA has systematically examined the available control results and indicators, as well as the observations and recommendations issued by internal auditors. These elements have been assessed to determine their impact on the management's assurance as regards the achievement of control objectives. Please refer to Part 2 for further details.

In conclusion, the management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented.

The Director General, in his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

d) Information to the President

The Annual Activity Report is a management report of the Director-General of BEPA to the College of Commissioners. It is the main instrument of management accountability within the Commission and constitutes the basis on which the Commission takes its responsibility for the management of resources by reference to the objectives set in the management plan and the efficiency and effectiveness of internal control systems, including an overall assessment of the costs and benefits of control.

The main elements of this report and assurance declaration have been brought to the attention of the President, Mr Jean-Claude Juncker.

1. POLICY ACHIEVEMENTS

1.1 Achievement of specific objectives

1.1.1 ABB Activity: POLICY ADVICE

Specific objective 1: Assisting and providing timely relevant and original policy advice to the President and the Cabinet and alerting them on relevant developments and trends around Europe and on the international stage.		<input type="checkbox"/> Spending programme: <i>(name the related spending programme)</i> <input checked="" type="checkbox"/> Non-spending	
<u>Result indicator</u> : Degree of satisfaction of the President and his Cabinet (lack of complaints)			
<u>Baseline</u> 2010		<u>Current situation</u>	<u>Target</u> Maintaining the full satisfaction of the President in terms of meeting deadlines and responding to his request
.....			...
<u>Main outputs in 2014</u>			
<u>Description</u>		<u>Current situation</u>	<u>Target</u>
Survey of economic reforms		Completed	2014
Social Innovation Report		Completed	2014
Participation in the Task Force on Defence and Security		On-going	...

Both the Survey of economic reforms and the Social Innovation Report were completed and released as foreseen in 2014 (see the year in brief for info).

The Survey of Economic Reforms was launched in the seminar organised with the participation of the President on 10 October 2014.

BEPA continued to be an active part of the Task Force on Defence and Security. This Task Force is supposed to continue its work also behind 2014.

Concerning the event on the Internet Economy ("High level seminar") that was foreseen in the Management Plan, in the course of the year it became a negative priority.

As evidenced above, this part of the policy managed by the DG met the objective foreseen and has achieved the annual performance indicators or outputs and milestones in the reporting year.

1.1.2 ABB Activity: POLICY STRATEGY AND COORDINATION

Specific objective 2: reaching out to experts, opinion formers, academia, think tanks and other stakeholders on issues relevant for the President		<input type="checkbox"/> Spending programme: <i>(name the related spending programme)</i> <input checked="" type="checkbox"/> Non-spending	
Result indicator (definition): 1) Number of publications released and 2) matching the number of events and participants according to the policy needs			
<u>Baseline</u> 1) 2013		<u>Current situation</u>	<u>Target</u> 8 BEPA Monthly
2) 2013			Maintain the high number of participants in our events ("full room")
.....			...
<u>Main outputs in 2014</u>			
<u>Description</u>		<u>Current situation</u>	<u>Target</u>
Contribution to the mid-term evaluation of the Europe 2020 Strategy		Completed	2014
Participation in the preparatory work for the 4 th International Dialogue on Democracy		Completed	2014
Participation in the general assembly on forms of imagination and thinking in the context of the pilot project on the "New Narrative for Europe"		Completed	2014
BEPA monthly publication		Completed	8 issues

As in the past years, BEPA for the Commission continued to be the focal point for the Inter-regional Dialogue on Democracy, which this year took place in Washington in October and was devoted to "Democracy and development in our regions: towards a post 2015 development agenda". The meeting focused on the importance of the post 2015 development process that has created a positive momentum for change, but also recognised

the difficulties of ensuring the implementation of provisions on democratic governance.

In 2013 and 2014, the European Commission implemented the pilot project¹ "New Narrative for Europe".² This pilot project had its roots in the "2012 State of the Union Address" by the former Commission's President Barroso, in which he called for a genuine debate with citizens to deepen the political union.

The New Narrative for Europe pilot project was therefore born as an initiative that was designed to give a voice to the artistic, cultural, scientific and intellectual communities in the debate about the future of Europe, so as to help connect the general public with the European integration project via the arts and sciences.

Central to the project was the need to identify a new narrative for future European integration – one that goes beyond the paradigm of peace through economic and political integration that guided the process so far – by mobilising a "European spirit" based on shared values and experiences, ready for the new challenges of the 21st Century.

The work leading to the Declaration, as well as the materials that emerged from the debates, are now documented in the book "The Mind and Body of Europe: a new narrative", which was presented in Brussels on 28 October 2014.

As evidenced above, this part of the policy managed by the DG is on course to meet its multiannual objectives for this objective and has achieved the annual performance indicators or outputs and milestones in the reporting year.

¹ C (2013) 289 of 25.1.2013 and C (2014) 132 of 21.1.2014

² A pilot project is an action falling within the competences of the Union that does not need a basic act to be implemented. Pilot projects are actions of an experimental nature that are designed to test the feasibility and usefulness of future actions undertaken by the Union. They can be implemented for not more than two consecutive years.

Specific objective 3: Contributing to foresight and strategic planning in the EU Institutions (namely the European Strategy and Policy Advice System)		<input type="checkbox"/> Spending programme: <i>(name the related spending programme)</i> <input checked="" type="checkbox"/> Non-spending	
<u>Result indicator</u> (definition): 1) number of ESPAS Task Force meetings and 2) of visits to the ESPAS website			
<u>Baseline</u>		<u>Current situation</u>	<u>Target</u>
1) 2013 (8 meetings of the TF)			2014 (6 meetings of the TF)
2) 2013			2014 Monthly increasing hits (see table below)
<u>Main outputs in 2014</u>			
<u>Description</u>		<u>Current situation</u>	<u>Target</u>
Organisation of the 2 nd ESPAS annual conference		Completed	February 2014
Finalisation of the report on the Global Trends		Completed beginning 2015	End 2014
Implementation of the global repository website (ORBIS)		On going	...
Establishment of the Commission network of foresight experts (in cooperation with the CSA team)		Done	2014
Organisation of an exhibition and activities on SPACE 2030 – landing of the Philae satellite on the Chury comet		Done	October/ November 2014

BEPA continued to lead for the Commission in this inter-institutional project on trends analysis and building a foresight capacity. Specifically, BEPA led on the preparation of the ESPAS Global Trends Report drawing on the three sectorial trends reports (on economy, social trends and on international governance and power) by independent researchers published in 2013. During the course of the year, BEPA also successfully organised the ESPAS annual conference on "Global Trends 2030: key challenges ahead for the EU", with more than 250 policy makers and experts from all over the world. Finally, BEPA continued in the implementation of the online facility for the sharing of information on global trends "ORBIS" (<http://europa.eu/espas/orbis/>) which was launched in February 2014 during the above mentioned conference.

Fig : Path in the ESPAS website’s hits during the year



As evidenced above, this part of the policy managed by the DG is on course to meet its multiannual objectives for this objective and has achieved the annual performance indicators or outputs and milestones in the reporting year.

Specific objective 4: reaching out to and interfacing with the representatives of churches as well as with philosophical and non-confessional organisations, ex art.17 of the TFEU		<input type="checkbox"/> Spending programme: <i>(name the related spending programme)</i> <input checked="" type="checkbox"/> Non-spending	
<i>Result indicator</i> (definition): President' satisfaction and collaborative relations and positive exchanges with all the organisation ex art.17			
<u>Baseline</u> 2013		<u>Current situation</u>	<u>Target</u> Maintain open, transparent and regular dialogue with full satisfaction of the President
.....			...
<i>Main outputs in 2014</i>			
<u>Description</u>		<u>Current situation</u>	<u>Target</u>
Organisation of dialogue seminars (feeding into policy making process)		Completed	2 dialogue seminars
Annual high-level meeting with religious leaders		Completed	1

BEPA continued promoting the dialogue with churches, religious communities as well as philosophical and non-confessional organisations, based on article 17 of the Treaty on the Functioning of the European Union. This dialogue has been conducted over several decades by the European Commission.

The year 2014 marked the tenth anniversary of the high-level meeting between the Presidents of the Commission, Parliament and Council and religious leaders in June. Given the significant changes in the EU institutions in the course of 2014 and in view of the challenges inside and outside the EU, the leaders discussed main issues related to the future of Europe debate.

At the end of the year, following the Commission's decision on the restructuring of the services, the dialogue art.17 was transferred to DG JUST and placed under the authority of the First Vice-President Frans Timmermans.

Specific objective 5: Providing support to the EGE (European Group on Ethics in Science and New Technologies).		<input type="checkbox"/> Spending programme: (name the related spending programme) <input checked="" type="checkbox"/> Non-spending	
Result indicator : Number of events organised and delivery of the opinion requested by the President			
<u>Baseline</u> 2013		<u>Current situation</u>	<u>Target</u>
(please indicate the corresponding year ³)			Maintain the usual number of events and deliver the opinion requested
.....			...
<u>Main outputs in 2014</u>			
<u>Description</u>		<u>Current situation</u>	<u>Target</u>
Deliver and publish the opinion on the Ethics of Security and Surveillance technologies		Completed	May 2014
Participation in the International Dialogue on Bioethics		Completed	October 2014
Two regional dialogues on Bioethics		Completed	June and October 2014

The Commission's coordinated activities to embed ethics into EU policymaking on science and new technologies continued and strengthened in 2014.

The EGE adopted, in May 2014, an Opinion on the Ethics on Security and Surveillance Technologies. The Opinion, which was developed through an intense series of meetings with experts and stakeholders (including civil society, NGOs, industry, academia and the chairpersons of the EU-28 national ethics councils) provided pertinent reflections to feed contemporary policy debates on privacy, data protection and what it means to deliver security in a globalised world.

At the request of the President of the Commission, the EGE also began work in 2014 on its forthcoming Opinion on the ethics of citizen involvement in health, including in the development of new health technologies, policies and practice.

³ 2013 for the objectives related to spending programs, but different years may be indicated for reasons related to data availability.

The Commission consolidated and expanded its activities to forge international cooperation on ethics in science and technologies. The annual European Commission International Dialogue on Bioethics (IDB) provided a platform of mutual learning between the Presidents of national ethics councils from Member States and third country partners across all continents. Alongside the 2014 IDB on the ethics of citizen involvement and health, the Commission laid the groundwork for new and emerging bi-regional dialogues, including the Latin America – EU Dialogue which took place in June 2014 and the EU - African Union Dialogue which took place in October 2014.

As evidenced above, this part of the policy managed by the DG is on course to meet its multiannual objectives for this objective and has achieved the annual performance indicators or outputs and milestones in the reporting year.

Specific objective 6: Enhancing the evidence base of EU policy –making by delivering coordination and advice through the Chief Scientific Adviser (CSA) and the President Science and Technology Advisory Council (STAC)		<input type="checkbox"/> Spending programme: <i>(name the related spending programme)</i> <input checked="" type="checkbox"/> Non-spending	
<u>Result indicator</u> : Delivery of the report by STAC			
<u>Baseline</u> 2013		<u>Current situation</u>	<u>Target</u>
(please indicate the corresponding year ⁴)			Coordinate the work of the STAC for the drafting of the report
.....			...
<u>Main outputs in 2014</u>			
<u>Description</u>		<u>Current situation</u>	<u>Target</u>
Five meetings of the Science and Technology Advisory Council (STAC)		Completed	2014
Conference on the "Future of Europe is Science " and release of the report with the same name		Completed	October 2014
Creation of the European Scientific Advisers Forum (ESAF)		14 on 28 member states	Create an informal network (2014)

It is important to underline that since its creation in 2012, the CSA, whilst being administratively allocated to BEPA, was directly reporting and under the instruction of the President Cabinet.

Since 2012, the Chief Scientific Adviser has encouraged greater recognition of what science and technology can deliver European policy-making in particular. The CSA liaised with the member states' governments for creating a new informal network of science advisers, the European Scientific Advisers Forum (ESAF). ESAF held its first meeting in June 2014 in Copenhagen.

Within the Commission, the Chief Scientific Adviser has contributed to more collaborative working between services on cross-cutting issues. The Chief Scientific Adviser also coordinated, together with DG RTD, DG COMM and a network composed by other services of the Commission a Eurobarometer Survey on citizens' expectations towards scientific and

⁴ 2013 for the objectives related to spending programs, but different years may be indicated for reasons related to data availability.

technological progress, which will help to inform the priority-setting of the European Commission.

The President's Science and Technology Advisory Council launched its second report, entitled "The Future of Europe is Science", in October 2014 in Lisbon, at the President's conference bearing the same title. The message of the report and of the conference was that science and technology should provide significant opportunities to improve Europe and the lives of its citizens, and that through foresight and a balanced approach to risk-taking, we can create the future we want.

With the end of the mandate of President Barroso's Commission, the CSA function came to an end.

1.1.3 ABB Activity: ADMINISTRATIVE SUPPORT

<p>Specific objective 7: Plan, monitor and report on the spending of financial resources in a sound and efficient way. Maintain control procedures in order, so as to ensure the legality, accuracy and transparency of the transactions.</p>	<input type="checkbox"/> Spending programme: <i>(name the related spending programme)</i> <input checked="" type="checkbox"/> Non-spending	
<p><u>Main outputs in 2014</u></p>		
<p><u>Result indicator</u></p>	<p><u>Current situation</u></p>	<p><u>Target</u></p>
<p>% of execution rate of administrative budget</p>	<p>63,26 % in commitment 55,16 % in payment</p>	<p>≥75%</p>
<p>Number of days for payment's execution per year</p>	<p>9,44</p>	<p>≤10 days</p>
<p>Late Interest paid in euro</p>	<p>0</p>	<p>0</p>

The target concerning the budget execution rate was not met mainly due to the change of Commission and reorganisation of BEPA into the new entity EPSC.

The BEPA.01 Coordination Unit responsible for the financial management of all payments had the target to decrease the number of days for the payment execution, due to the small quantity of transactions of repetitive nature. This target was met thanks to better monitoring of invoices, which implied that no late interest payment was registered for 2014.

1.2 Economy and efficiency of spending and non-spending activities.

According to the financial regulation (art 30), the principle of economy required that the resources used by the institution in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and the best price. The principle of efficiency concerns the best relationship between resources employed and results achieved.

The respect of these principles is continuously pursued through the implementation of internal procedures and predefined practices. These procedures ensure that activities are executed in an efficient manner (e.g. the different workflows contribute to the efficient cooperation between staff, units, etc...) and according to the principle of economy (e.g. the procurement rules ensure procurement in optimal conditions).

BEPA is continuously fine-tuning its internal arrangements in order to improve the efficiency and economy of its operations. The following initiatives show how these principles are implemented in our DG:

1.2.1 Example 1

The detailed organisation of the ESPAS conference was outsourced again to SCIC, which resulted in savings in term of workload for the small team in charge and budget. Moreover, since the SCIC has a number of framework contracts, the service works with negotiated prices and can provide a better service at the lowest cost. Finally, given that SCIC is a commission service, we are not paying high management fees, which would be the case if we were sourcing this service from an external PCO (Professional Conference Organiser).

1.2.2 Example 2

In 2014 the two contracts with the service provider Novacomm (for BEPA and ESPAS websites) have not been fully consumed due to the fact that the webmaster of BEPA's website was undertaking most of the updates on the 2 websites. We have de-committed in total 8.738,12 € (4.434, 37 € for ESPAS website contract and 4.303,75 € for BEPA website contract).

2. MANAGEMENT OF RESOURCES

Assurance is an objective examination of evidence for the purpose of providing an assessment of the effectiveness of risk management, control and governance processes. This examination is carried out by management, who monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors. Its results are explicitly documented and reported to the Director-General. The reports produced are:

- the monthly financial reports to the AOSDs;
- the contribution of the Internal Control Coordinator, including the results of the Internal Annual Risk assessment exercise and the Internal Control Action Plan at the DG level;
- the observations and recommendations of BEPA's Internal Audit Capability;
- the exceptions and non-compliance reports

This section reports the control results and other relevant elements that support managements' assurance on the achievement of the internal control objectives⁵. It is structured in three separate sections: (1) the DG's assessment of its own activities for the management of its resources; (2) the assessment of the activities carried out by other entities to which the DG has entrusted budget implementation tasks; and (3) the assessment of the results of internal and external audits, including the implementation of audit recommendations.

BEPA manages administrative appropriations in direct management covering administrative expenditure (namely conferences and expert meetings organisation, studies, missions). The authorised budget for 2014 was equivalent to 832.062 euros.

BEPA also managed for the last year the ESPAS Preparatory Action (2012-2014), which was an Inter-institutional project. The authorised budget for 2014 was 250.000 euros in payments available to finalise the actions undertaken in the previous years. The ESPAS Preparatory Action has been implemented through the launch of three open calls with contracts signed at the end of 2012 and studies delivered in 2013. The activities financed by the 2014 ESPAS budget were the payments of the organization of the annual conference in February (co-delegation with SCIC) and the last development phase of a global repository website called ORBIS (the latter using existing FWC).

The summary table below is showing the split between the expenditure linked to the use of public procurement procedures (mainly Framework Contracts and low value procedures) and the expenditure related to administrative tasks (missions, reimbursement of experts etc.).

⁵ Effectiveness, efficiency and economy of operations; reliability of reporting; safeguarding of assets and information; prevention, detection, correction and follow-up of fraud and irregularities; and adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programs as well as the nature of the payments (FR Art 32).

Expenditure type linked to Procurement	Commitment Appropriations (C1)	Committed Appropriations	%	Payment Appropriations (C1, C2)	Consumed Payments Appropriations	%
Admin Budget	501.740	193.843	38,63%	501.740	143.972	28,69%
Preparatory Action ESPAS (*)	-	-	0,00%	97.198	35.716	36,75%
Co-delegation SCIC Preparatory Action ESPAS (*)	-	-	100%	152.802	152.802	100,00 %
Subtotal Procurement	501.740	193.843	38,63%	751.740	332.490	44,23%
Expenditure type non Procurement	Commitment Appropriations (C1)	Committed Appropriations	%	Payment Appropriations (C1)	Consumed Payments Appropriations	%
Representation costs	600	600	100%	600	275	45,92%
Missions costs (sub-delegation PMO)	125.000	125.000	100%	125.000	109.557	87,65%
Experts meetings (sub-delegation PMO)	210.722	210.722	100%	210.722	141.531	67,17%
Subtotal non Procurement	336.322	336.322	100%	336.322	251.364	75%
GRAND TOTAL	838.062	530.165	63,26%	1.088.062	583.853	53,66%
C8 Payment Appropriations carried forward	-	-	-	164.643	107.080	65,04%
C4 Internal assigned revenue	0	0	-	0	0	-
TOTAL BUDGET 2014	838.062	530.165	63,26%	1.252.705	690.934	55,16%

The execution of the budget in commitment appropriations is equal to 63,26%, and to 55,16% in payments appropriations.

The execution rate has been lower than last year due to the following factors:

a) the end of the mandate of the previous Commission had an impact on the BEPA's activities, which were slow down by the transition between the 2 Commissions.

b) the end of the ESPAS preparatory action has also to be taken into account due to the fact

that it was substantially increasing the activities and the budget allocated to BEPA in the last years.

c) The College decided to restructure the existing DG BEPA into the new entity "European Political Strategy Centre" with a retroactive effect on 1 November 2014.

2.1 Management of human and financial resources by DG BEPA.

This section reports and assesses the elements identified by management that support the assurance on the achievement of the internal control objectives. Annex 5 outlines the main risks together with the control processes aimed to mitigate them and the indicators used to measure the performance of the control systems.

Control effectiveness as regards legality and regularity

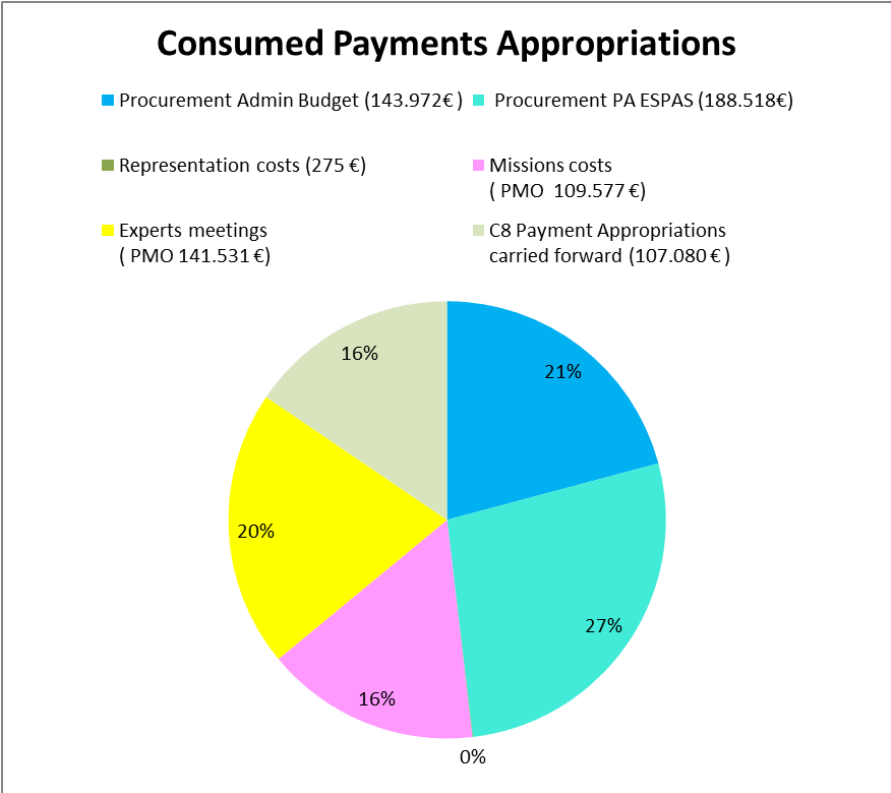
BEPA has set up internal control processes aimed to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions.

As stated previously, BEPA managed a small budget, implemented on a centralised basis (fully centralised model). The budget covered only administrative expenditure of the global envelope.

In addition to that, BEPA also managed the budget devoted to the inter-institutional preparatory action ESPAS (European Strategy and Policy Analysis System), ending in 2014, also under the administrative expenditure and on a centralized basis.

The public procurement activities were mainly linked to existing framework contracts and to the use of negotiated procedures (below 15.000 euros).

The chart below shows the percentages of BEPA activities in 2014 based on public procurement procedures:



Due to its small budget, BEPA had a very limited number of financial transactions (75 payments in 2014), allowing the verification ex-ante of all the transactions by the BEPA Coordination Unit (now called in the EPSC structure "Management and Resource Unit") and thus reducing considerably the error rate (100% ex-ante verification). Our control tools were and still are structured in such a way that the segregation of tasks and implementation of the "four eyes" principle allow for the possibility to have ex-ante control for all commitments and payments. In general, the number of transactions is limited and of a repetitive nature.

No errors were detected during the annual accounting quality reviews and the 2014 cut-off exercise, for which BEPA applied a new process proposed by the DG BUDGET called "Light Cut-off".

Concerning the materiality criteria, the annual risk of errors (very rare given the above) had a financial impact which is lower than 2% of the budget. It is important to underline that BEPA having no ex-post control, the error rate was not quantifiable.

The control system was centralised, as the operational and financial verification functions for public procurement are always performed by the Finance team (staff with experienced know-how). The systematic ex-ante control, prior to the award of contract or authorisation of payment, prevented errors and detected non-compliance with contractual provisions. There are no supervisory ex-post controls, but the Internal Control Coordinator is registering exceptions or non-compliance events, which would allow the detection of weaknesses in the management of public procurement.

For 2014 there was no exception recorded directly linked to public procurement, but all exceptions recorded were analysed to detect potential weakness of internal control. BEPA was therefore able to conclude that there were no indications that procurement procedures and payment transactions were illegal and irregular.

Control efficiency and cost-effectiveness.

The principle of efficiency concerns the best relationship between resources employed and results achieved. The principle of economy requires that the resources used by the institution in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price.

BEPA's statistics on payment delays in 2014 shows a real improvement in comparison with 2013 as the average time has been reduced from 15,98 days to 9,44 days with no registration of late payment. It demonstrates that control efficiency requirements have been consolidated. The main purpose of public procurement's controls is to guarantee that procurement procedures and payment transactions are correct for the validation of the AOSD. The overall cost of control for all expenditure has decreased in 2014 due to the fact that it was a transitional year for BEPA (75 payments instead of 155 payments in 2013) and is therefore equal to 66.000 euros (= 0,5 FTE) but the quantifiable benefits are very difficult to evaluate and are mainly qualitative benefits due to the reputational damage to be taken into consideration as a risk in the particular case of BEPA. For 2014, the overall cost of control represented 9, 55% of the payment made (690.933,79 euro).

Moreover, BEPA was not managing any asset and sensitive information, which could have impacted the control cost.

Based on the present approach, BEPA considered its control procedures are as cost-effective as is reasonably possible taking into account the necessary segregation of duties as recommended by the Financial Regulation.

Fraud prevention and detection

BEPA has developed its Anti-fraud strategy as foreseen in the Commission's overall Anti-fraud strategy⁶, which complements the Commission Code of Ethics and Integrity.

The strategy takes into account the relatively small budget and absence of operational budget. It also addresses the risk of fraud in non-spending activities.

Due to the arrival of the Juncker Commission on the 1st of November 2014, BEPA changed its mission and name. Therefore, the current Anti-fraud strategy and its Action Plan will be subject to possible changes due to the new mandate and the on-going setting-up of the service.

Despite all the changes, the risk of fraud was and will continue to be annually assessed in the context of its Risk Assessment exercise, with special focus on the ICS number 2 (the respect of the ethical and organisational values) in order to avoid any reputational risk, while increasing fraud awareness amongst staff.

During the reporting year, OLAF has not initiated any case concerning BEPA's activities.

Other control objectives: use of resources for their intended purpose, reliability of reporting, safeguarding of assets and information

Not applicable.

2.2 Budget implementation tasks entrusted to other DGs and entities.

As is customary in the Commission, the management of payments related to 'missions' and 'expert meetings' budget lines rests with the PMO.

In addition to the above, BEPA concluded a service level agreement with the SCIC for the organisation of conferences by means of horizontal co-delegation. The Director General of SCIC manages the credits placed at his disposal by BEPA to cover the expenditure relating to the organization of conferences. The total budget executed by the SCIC was equal to 152.802,00 € in payment credits.

⁶ COM(2011) 376 24.06.2011.

PMO Director and SCIC General Director are Commission AODs themselves, subject to similar management governance modalities; therefore BEPA can rely on their control systems. Neither has been issued a critical audit recommendation, nor been issued a reservation on its control system in its own AAR.

BEPA can conclude that controls of PMO and SCIC can be considered as effective and that its administrative budget payments have been legal and regular.

Furthermore, as inter alia considerations about economies of scope and scale have been one of the reasons behind the Commission decision to set-up centralised support on behalf of all DGs, BEPA assumed that control efficiency and cost-effectiveness purposes are served as well.

2.3 Assessment of audit results and follow up of audit recommendations

This section reports and assesses the observations and conclusions reported by auditors which could have a material impact on the achievement of the internal control objectives, and therefore on assurance, together with any management measures taken in response to the audit recommendations.

During the period of reference, the Internal Audit Capability (IAC) assessed the exposure of BEPA to ethical risks (following the Multiannual Audit Plan agreed for the period 2013-15).

The IAC expressed the opinion that the internal control system in place provided reasonable assurance regarding the achievement of the business objectives set up for the processes audited except for two very important issues:

- Awareness and training: more than half of the staff didn't followed the Commission's mandatory training course on ethics and the control to monitor staff's attendance to the compulsory ethics training for newcomers was not effective;
- Procedures for escalating ethical issues and staff understanding of ethics regarding favours and missions: only two thirds of staff resulted fully aware of whom possible fraud should be reported to and of certain aspects regarding benefits offered by meetings organisers in the context of missions were not clearly understood by some staff.

Measures have already been implemented in the EPSC in order to respond to the above mentioned recommendations.

As regards the implementation of recommendations issued in the context of the audit on Financial Review, the relevant action plans are implemented as planned and recommendations are closed.

As a result of the assessment of the risks underlying the auditors' observations together with the corrective measures already taken, BEPA's management estimated that the recommendations issued didn't raise any assurance implications; they are being implemented as part of the on-going continuous efforts towards a sound and effective internal control system.

3. ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS

The Commission has adopted a set of internal control standards, based on international good practice, aimed to ensure the achievement of policy and operational objectives. In addition, as regards financial management, compliance with these standards is a compulsory requirement.

BEPA has put in place the organisational structure and the internal control systems suited to the achievement of the policy and control objectives, in accordance with the standards and having due regard to the risks associated with the environment in which it operates.

BEPA's internal Control Standard Action Plan adopted in 2012, is meant to be reviewed in 2015. Almost all the actions to be taken are implemented within the deadline.

BEPA had decided to continue to prioritise the Internal Control Standard N.2 "Ethical and organisational values".

Because of the composition of BEPA staff, mainly external, BEPA management considered important to insist on the awareness of the provisions of the above ICS, with regular information to staff and other forms of communication (mandatory trainings for newcomers, information in the welcome pack, continuous reminders through e-mails, etc). The actions indicated in the Action Plan are a continuous process: the information to new and existing staff about relevant rules concerning ethics and conflict of interest, the reporting of irregularities and exceptions. At the same time, the DG has developed procedures for specific actions (like whistle blowing, conflict of interest, information to be given to newcomers etc).

The functioning of the internal control systems has been closely monitored throughout the year by the systematic registration of exceptions (under ICS 8).

In conclusion, the internal control standards are effectively implemented. In addition, BEPA has taken measures to further improve the efficiency of its internal control systems in the area of ethics.

4. MANAGEMENT ASSURANCE

This section reviews the assessment of the elements reported in Parts 2 and 3 and draw conclusions supporting of the declaration of assurance and namely, whether it should be qualified with reservations.

4.1 Review of the elements supporting assurance

Statement on the completeness (as regards the coverage of the budget delegated to the AOD, i.e. that information has been reported for all significant budget areas) and the reliability of the information reported in Parts 2 and 3.

The information reported in Parts 2 and 3 stems from the results of management and auditor monitoring contained in the reports listed. These reports result from a systematic analysis of the evidence available. This approach provided sufficient guarantees as to the completeness and reliability of the information reported and resulted in a complete coverage of the budget delegated to the Director-General of BEPA.

4.2 Overall conclusion on assurance and reservations (if applicable)

No reservations; amount at risk for the year below 2%.

In view of the control results and all other relevant information available, the AOD's best estimation of the risks relating to the legality and regularity for the expenditure authorised during the reporting year (EUR 690.933) is between 0% and 2%, which implies an amount at risk of below EUR 14.000

The internal control strategy foresees the implementation of further controls during subsequent years aimed to detect and correct these errors. It is not possible to identify the specific errors and amounts which will be effectively corrected in the coming years, yet the implementation of these corrective controls since 2009 have resulted on average in recoveries and financial corrections representing 0.01%* of the average payments over the same period. This percentage applied to this year's payments made (resulting in EUR 690) provides the best available indication of the corrective capacity of the ex-post controls systems implemented by the DG.

Taking into account the conclusions of the review of the elements supporting assurance and the expected corrective capacity of the controls to be implemented in subsequent years, it is possible to conclude that the internal controls systems implemented by DG BEPA provide sufficient assurance to adequately manage the risks relating to the legality and regularity of the underlying transactions. Furthermore, it is also possible to conclude that the internal control systems provide sufficient assurance with regards to the achievement of the other internal control objectives.

*(ARC figure provided is equal to 3.13%, but the rate of 0.01% is the correct one when the registration of 2013 credit note, which was not a recovery or financial correction, is excluded from the calculation)

DECLARATION OF ASSURANCE

I, the undersigned,

Director-General of EPSC

In my capacity as authorising officer by delegation

declare that the information contained in this report gives a true and fair view⁷.

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the work of the internal audit capability, for years prior to the year of this declaration.

Confirm that I am not aware of anything not reported here which could harm the interests of the institution or those of the Commission" here.

Brussels,

Ann METTLER

(signed)

⁷ True and fair in this context means a reliable, complete and correct view on the state of affairs in the service.

ANNEXES

ANNEX 1: Statement of the Resources Director

I declare that in accordance with the Commission's communication on clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission⁸, I have reported my advice and recommendations to the Director-General on the overall state of internal control in the DG.

I hereby certify that the information provided in Parts 2 and 3 of the present AAR and in its annexes is, to the best of my knowledge, accurate and exhaustive.

Date

Maria Angeles Benitez Salas

(signed)

⁸ Communication to the Commission: Clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission; SEC(2003)59 of 21.01.2003.

ANNEX 2: Human and Financial resources

Human Resources by ABB activity				
Code ABB Activity	ABB Activity	Establishment Plan posts	External Personnel	Total
Management	Management of the European Political Strategy Centre	3	1	4
Policy advice	Policy advice	20	7	27
Policy strategy and coordination	Policy strategy and coordination for the European Political Strategy Centre	11	1	12
Total			9	43

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

As mentioned earlier, EPSC was created in November. As a new entity, EPSC was not subject to ABB screening during the two month-period that preceded the snapshot and as a result the snapshot had to be adapted to be more representative of the actual repartition of ABB activities in BEPA and EPSC.

Implementation of BEPA Global envelope as of 31 December 2014 (budget lines: XX 01 02 11 00 01 to XX 01 02 11 00 06).

	Credits	Engagement	Payment	% EXECUTION
25.010211.00	838.062			
25.010211.00.01.10		125.000	109.557	
25.010211.00.01.30		600	275	
25.010211.00.02.20		210.722	141.531	
25.010211.00.02.40		193.843	143.972	
25.010211.00.03				
25.010211.00.04				
25.010211.00.05				
25.010211.00.06				
	838.062	530.165	395.336	63,26%

ANNEX 4: Materiality criteria

BEPA has elaborated the following materiality criteria on the basis of the guidance provided by DG BUDG and the Secretariat-General in the standing instructions for the preparation of Annual Activity Reports.

This materiality criteria is limited to the financial management of the DGs activities. However, and even considering that BEPA didn't have spending programmes, the impact of our actions can be extremely important for the institution in terms of reputation.

The selected materiality criteria are the following:

Quantitative criteria

The proposed standard quantitative materiality threshold in the above-mentioned guidance is 2% of the payment budget of the ABB activity for the DG.

BEPA took the view that this is an appropriate threshold.

Qualitative criteria

In qualitative terms, when assessing the significance of any weaknesses, the following are taken into account:

- A significant reputational risk for the DG or the Commission: BEPA was aware, as EPSC is now, that given the nature of its work and the its close relation to the President and his Cabinet, serious deficiencies in ethical standards could have a significant impact on the reputation of the Commission;
- The degree of effectiveness of the internal control systems in place, assessed on the basis of the results of the checks performed notably by the ICC, by the IAC, the ex-ante controls and exceptions reported in the exception registry.
- No critical findings identified by auditors.