



**2011**

# **Annual Activity Report**

**Secretariat-General**

**Final**

**30 March 2012**

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# MISSION STATEMENT

The Secretariat General is one of the central services of the European Commission, facilitating its smooth and effective functioning. It is the President's department, at the service of the President, the College and the other Commission departments. It manages the collegial decision-making process and ensures the alignment of Community policies with the political priorities of the Commission.

In particular, the Secretariat-General:

- Initiates, defines and designs the Commission's strategic objectives and priorities and shapes cross-cutting policies;
- Coordinates, facilitates, advises and arbitrates - so as to ensure the coherence, quality and delivery of policy, legislation and operations across policy areas and Commission departments;
- Facilitates the smooth running of the Commission through planning, programming and operation of an efficient/modern registry;
- Acts as the Commission's interface and manages relations with the other European institutions, national parliaments and non-governmental organisations and entities;
- Fosters the Commission's institutional strengths and the development of a service oriented, transparent, responsible European administration which works to the highest standards of ethics and integrity.

# PART 1. POLICY ACHIEVEMENTS

## 1.1 Activity "Coordination within the Commission"

### 1.1.1 Strategic Planning and Programming

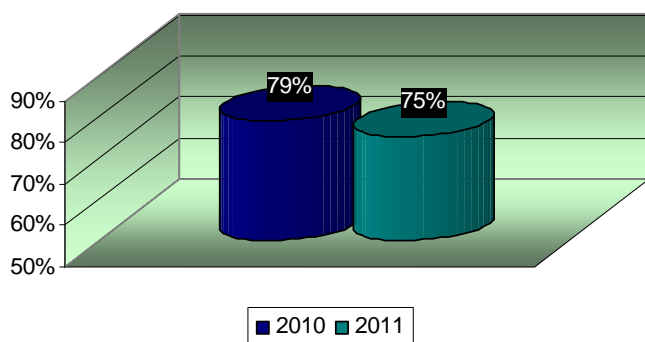
The SG's major role is to support the President and the Commission by:

- Providing strategic impetus and leading the planning process with a view to translating the 5-year [political guidelines](#) of the President into concrete actions = **Strategic planning and programming**
- Coordinating and steering the work of the other Commission departments and strengthening inter-service cooperation = **Coordination of policies**
- Assisting the President and the College by developing a political analysis capacity = **Political analysis and policy advice**
- Stimulating a constructive debate on the reform of the EU budget in order for it to be aligned with the main EU policy priorities = **Budget review/ Preparation of the next Multiannual Financial Framework**
- Ensuring that the Commission is properly equipped to continue to function in case of business disruptions, crises or disasters = **Business continuity and crisis management**
- Protecting the reputation of the institution by ensuring that the Commission complies with the highest ethical standards of service = **Ethics in the European public service**
- Steering the work on the Commission's corporate IT strategy and overseeing the streamlining and the harmonisation of business processes = **IT governance**

#### SPECIFIC OBJECTIVE 1:

*Coordinate the definition of the political priorities of the Commission for 2012 and monitor the progress in delivering on CWP 2011 commitments.*

**Implementation rate strategic initiatives CWP**



The SG manages the process of Commission planning and programming, both in terms of the week-by-week planning of items for adoption by the College, and the annual cycle of the Commission Work Programme (CWP). It is responsible for the process set up to develop and establish the work programme, coordinating the definition of political priorities of the Commission in line with the political orientations of the President.

This process involved the organisation of high-level bilateral meetings with DGs and Cabinets and a series of inter-institutional structured dialogue meetings with the European Parliament. The CWP 2012, adopted on 15 November 2011, underlined the primacy of the need to tackle the economic crisis, and the task of following up the overall proposal on the Multiannual Financial Framework (MFF) with sector-specific proposals. This required flexibility in the planning but helped to ensure that new proposals on economic governance and the single market, and a variety of proposals for the MFF, were effectively inserted into the agendas of the College.

Monitoring the implementation of the work programme is one of the most effective ways to implement upstream coordination of policy initiatives across the Commission, notably for initiatives supporting the Europe 2020 strategy. The SG is responsible following the implementation of important items for adoption, i.e. the strategic initiatives for which an inter-institutional commitment had been made in the previous CWP. The final implementation rate for the CWP 2011 was 75 %.

### Main output in 2011

- ★ Commission Work Programme 2012 ([COM \(2011\)777](#))

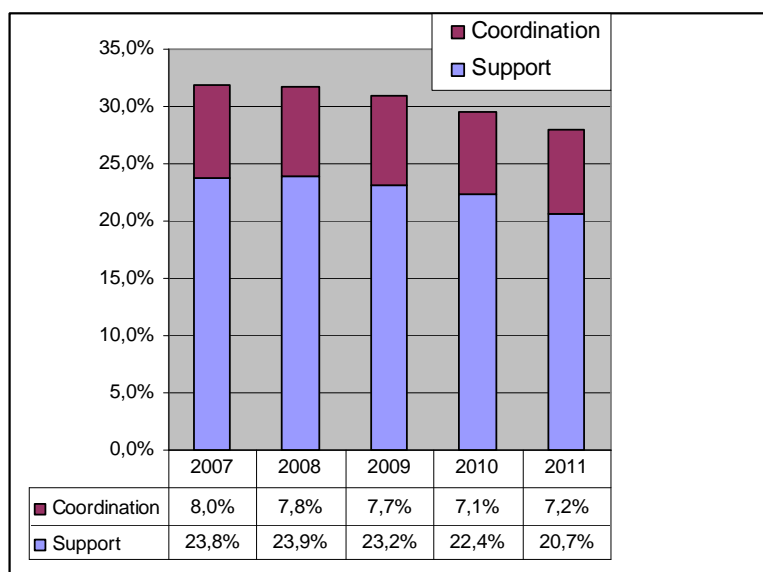
#### SPECIFIC OBJECTIVE 2:

*Ensure that the political priorities of the Commission are appropriately reflected in all Commission departments' activities and in the allocation of human resources.*

#### Alignment of the general and specific objectives in Management Plans with the Europe 2020 Strategy flagship initiatives

There is 95% of alignment (results from the three working groups set up for the flagship initiatives "Innovation Union", Youth on the Move" and "A Digital Agenda for Europe").

#### Ratio of Commission coordination/support staff, as measured through the annual screening report on human resources



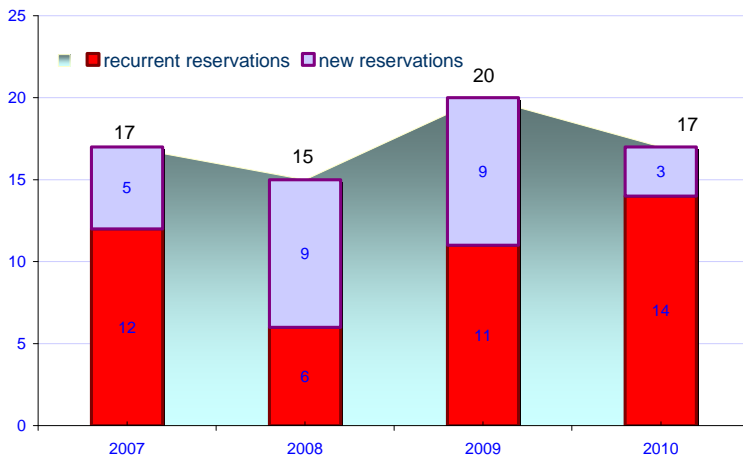
33.243 (on 1.4.2011)  
 24.241 posts  
 5.101 contract agents  
 2.311 external personnel in headquarters  
 1.590 external personnel in delegations

### Main outputs in 2011

- ★ Standing instructions for the preparation of MP 2012 (October 2011)
- ★ Contribution to the 2011 update of the Screening Report on human resources in the Commission
- ★ Contribution to the allocation of human resources: provisional allocation (April 2011 – in the draft budget) and final allocation (December 2011)
- ★ Contribution to the 2012 Draft Budget (April 2011)

### SPECIFIC OBJECTIVE 3:

*Enhance sound and efficient financial management by all Commission departments*



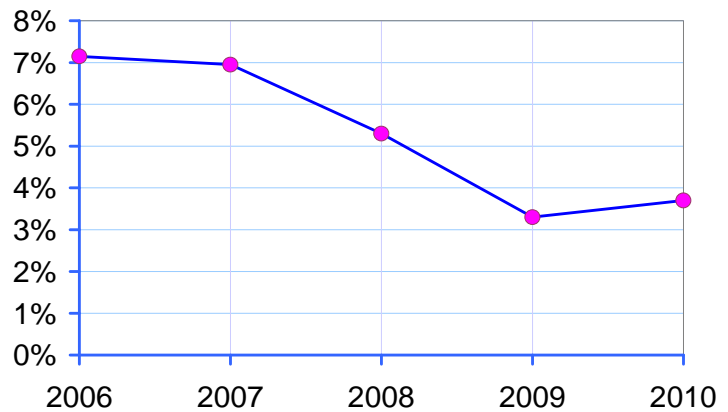
### Number of reservations in Annual Activity Reports

Twelve Directors-General and one Director of an Executive Agency issued a total of seventeen reservations in their 2010 AARs. Every Director-General and Head of Services identified the main reasons for their reservations and set out remedial actions to address them. The Court's assessment of the quality of the AARs improved.

### Error rate range in the different spending areas as estimated by the Court of Auditors

2010: 3,7%  
2009: 3,3%

For the fourth successive year, the Court gave an unqualified positive opinion on the consolidated accounts. The error-rate could be kept as low as 3,7% after several years of improving.



The Secretariat-General is continuously supporting the other DGs in reducing their error-rate further, as well as harmonising and improving their reporting on control results.

### Main outputs in 2011

- ★ Series of pre-peer-review and peer-review meetings with all major spending services (January and March 2011)
- ★ Synthesis Report of management achievements (June 2011)
- ★ Guidelines on the preparation of 2011 Annual Activity Reports (November 2011)

## 1.1.2 Coordination of policies

The SG assisted in elaborating all the Commission's policy initiatives with the objective of ensuring overall coherence and integration of different policy strands with the President's political orientations and with the Europe 2020 strategy. The SG is involved in up-stream coordination from the conceptual design of a new initiative until adoption by the Commission. It advises also in general terms on the policy substance, for instance, during negotiations with international partners on new agreements or with the other institutions on new legislation.

### **SPECIFIC OBJECTIVE 4:**

*Pursue growth enhancing reforms at both EU and national level by monitoring the implementation of the Europe 2020 strategy and providing guidance and support to Member States in their reform efforts.*

One of the SG's frontline activities was the coordination of the Europe 2020 strategy and the related European Semester process of enhanced economic and budgetary coordination amongst Member States and the euro area in particular. This included coordinating the preparation of the Annual Growth Survey (2011 and 2012) and the country-specific recommendations (of June 2011), which assessed progress made by Member States and identified key issues and recommendations for action by Heads of State and Government. The work was done in close cooperation with a wide range of Commission services, EU institutions and bodies, and in partnership with Member States to help them with the implementation of their national reform programmes and facilitate the exchange of good practices.

The SG was in the lead for the elaboration of the Flagship initiative on a "Resource-efficient Europe" (adopted in January 2011) and subsequently represented the Commission vis-à-vis the other institutions and in external stakeholder meetings, including on the links to the EU Sustainable Development Strategy and the proposed governance within the European Semester as well as international issues such as the preparation of the Rio+20 conference on sustainable development.

### **Progress towards the five headline targets of Europe 2020**

The commitments set out by Member States in their 2011 national reform programmes are insufficient to meet all Europe 2020 targets except for the 20% renewable energy target and the 20% greenhouse gas emissions reduction target. As recognised in the 2012 Annual Growth Survey, the current difficult economic context and ongoing fiscal consolidation is constraining the level of ambition. Further efforts will thus be needed over the next years to ensure the global Europe 2020 targets are met.

### **Progress towards the national targets underpinning the headline targets**

Member States' progress towards their national targets varies. Some have very ambitious targets, which will be challenging to reach, whilst other countries have been less ambitious and therefore

already meet some of their targets. Globally, progress in 2011 towards the national targets was slow or even reversing for some targets (e.g. poverty rates going up in some countries) due to the crisis.

### **Progress in delivering the seven EU flagship initiatives**

The SG ensured that the objectives of Europe 2020 were mainstreamed into proposals in all policy areas, contributing to progress towards the five headline targets of Europe 2020 and in delivering the seven EU flagship initiatives. In each flagship, a number of key actions have already been completed throughout 2010 and 2011. However, a large number of actions still need to be adopted by the Council and European Parliament. In the Annual-Growth Survey 2012, a list of proposals was identified whose adoption should be fast-tracked in the legislative procedure.

### **Main outputs in 2011**

- ★ Commission's Annual Growth Survey 2011 (January 2011) and Annual Growth Survey 2012 (advanced to November 2011)
- ★ Flagship initiative 4 "Resource-efficient Europe" (January 2011)
- ★ Policy guidance including country specific recommendations (June 2011)



### **SPECIFIC OBJECTIVE 5:**

*Take forward the policy agenda of the Commission by:*

- ✓ *ensuring coherence and integration of different policy strands with the President's political orientations and with the Europe 2020 strategy, and*
- ✓ *identifying and developing policy initiatives which cut across multiple policy strands (e.g. Services of general interest, Cooperation and Verification Mechanism for Romania & Bulgaria).*

### **Europe 2020**

A major priority for the SG is to make sure that the Commission's policy initiatives are coherent with the Europe 2020 strategy. In 2011, the SG led 27 country teams. This involved coordinating and steering around 15 DGs' input to the Europe 2020 and European semester processes, throughout the year.

For example, the SG followed the preparation of key deliverables under the Europe 2020 resource-efficient Europe flagship initiative, notably the 2050 low-carbon economy roadmap, the transport white paper, the roadmap towards a resource-efficient Europe and the 2050 energy roadmap as well as key legislative proposals such as the energy efficiency directive. As part of this flagship initiative, the SG also led the Commission's work on the Communication on commodities adopted in February 2011.

Additionally, the SG took steps to ensure that the Commission's external policies were equally coherent with and supportive of Europe 2020 objectives. To this end, a coordination group on external relations was established and regular meetings have been called. After the *Joint Commission/HR communication on a partnership for democracy and shared prosperity with the Southern Mediterranean (COM (2011) 200)* was adopted in March 2011, the SG ensured follow-up by regularly organising meetings to oversee its implementation.

### **Specific policy areas**

The SG continued to assume a coordinating role in the preparation of policy initiatives in inter-service groups, impact assessment steering groups and providing timely replies to inter-service consultations. Taking forward the policy agenda of the Commission involves issuing early warnings, Hebdo fiches, flash reports and policy option notes to the attention of the SG hierarchy or the President's Cabinet on issues where advanced steering is needed, as well as the drafting of notes for orientation debates in College.

The challenge continued in 2011 to accompany the high number of new legislative proposals on financial regulation to prevent another crisis in the financial services sector, for example, by designing reinforced prudential rules (such as on the Capital Requirement Directive, Market in financial instruments directive/Market abuse Directive and on credit rating agencies). The same applies to the preparing the single market act and its concrete deliverables which continues to be a key priority for the Commission as a source of growth-enhancing measures.

Energy also remained a priority, notably in view of climate change and security of supply concerns. This was underlined by a special European Council in February 2011, to which the SG provided input and ensured the follow-up. Moreover, the implementation of the Stockholm Programme and the use of consumer and justice policies to further the objectives of Europe 2020 required the close involvement of the SG in the elaboration of these policies.

In the context of the preparation of the MFF package, the SG provided advice on various topics, e.g. the reform of the common agricultural policy, fisheries policy, regional policy, the connecting Europe facility, the LIFE regulation, Erasmus for All, programmes in the area of home affairs and justice, research, competitiveness and large-scale projects. The follow-up of the inter-institutional negotiations on the MFF proposals required mobilisation of cross-departmental teams in the SG in order to make use of all the available expertise.

Furthermore, the SG contributed to the preparation of the Commission Communication on a quality framework for services of general interest (adopted in December 2011), which was accompanied by specific proposals on state aid, public procurement and concessions.

Another task carried out successfully by the SG was the secretariat of seven Commissioners' groups (industrial policy, digital agenda, pensions, innovation, climate change, innovative financial instruments, and internal market), including the overall planning, identifying topics suitable for discussion and the concrete organisation of meetings and drafting of minutes.

### Cooperation and Verification Mechanism:

The specific responsibility for the Cooperation and Verification Mechanism for Bulgaria and Romania led to the adoption of an interim report in February 2011 (COM (2011) 80, 81) and a full report in July 2011 (COM (2011) 459, 460), as well as continuous monitoring and dialogue as set out in the Commission Decisions of December 2006, and inter-institutional follow-up of the reports.

The Council conclusions of 12 September 2011 supported the Commission's conclusions and methodology and noted the continued good level of co-operation of Bulgaria and Romania with the Commission and the other Member States.

#### Main outputs in 2011

- ★ *Commission Communication on a quality framework for services of general interest (December)*
- ★ *Two interim reports (February) and two annual reports (July) under CVM Romania & Bulgaria*
- ★ *(Co-)drafting of communications with lead DGs*
- ★ *Information notes on G8/G20*
- ★ *Revised GICE (Groupe Interservices Compétences Externes) Vademecum on external competences*
- ★ *Contribution to the strategic discussions on the future of G8/G20 and global governance*

### 1.1.3 Political analysis and policy advice

#### SPECIFIC OBJECTIVE 6:

*Ensuring that the President, Commissioners, Cabinets and SG senior management are well-informed in good time on:*

- ✓ *meetings/ developments in the Council, European Parliament, EESC and CoR*
- ✓ *on external relations, including G8/G20 and the external dimension of internal policies*
- ✓ *on developments in Member States*

*through – inter alia – concise, coherent and focused briefings for meetings and events as well as political analysis based on full use of internal and external contacts and databases.*

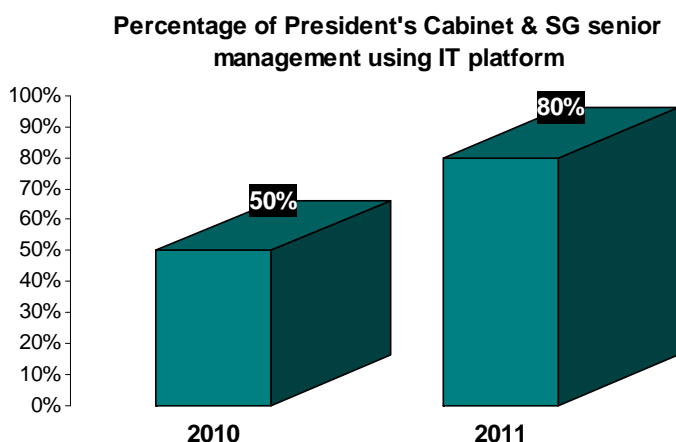
**Information and analysis on meetings/ developments in the other institutions and external organisations**

**Timely meeting coverage through flash reports: 100%.**

**Percentage of same-day flash reports after important meetings/ developments: +/- 90%.**

## Information and analysis on Member States

Information/analysis made available was consulted in 2011 by ~ 80% of the President's cabinet and SG senior management



## Briefings

### Satisfaction level of President's Cabinet and SG senior management (satisfaction survey)

In 2011, 656 briefings were delivered by the SG, all on time, with 22% of them defined as being urgent<sup>1</sup>. Briefings have been subject of continuous feedback from cabinet members and from senior management in the course of the year and a satisfaction survey in 2011 was thus not carried out.

#### Main outputs in 2011

- ★ *Early-warning of sensitive issues for the other Institutions*
- ★ *Up-to-date flash information, scenario setting, forward analysis, political planning*
- ★ *Existence of an integrated approach to policy analysis within SG and increased synergy with the other DGs*
- ★ *Better anticipation of major issues of relevance for relations with Council, EP, EESC and CoR*
- ★ *Member States material and information from the country networks across the Commission feeding into briefings*
- ★ *IT tool on information on Member States: use consolidated for President's Cabinet members and SG senior management*

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<sup>1</sup> Urgent is defined as: less than 7 working days between request and delivery of final product.

## 1.1.4 Budget review/ Preparation of the next Multiannual Financial Framework

### **SPECIFIC OBJECTIVE 7:**

*Ensure that the proposals for the next Multiannual Financial Framework are aligned with the Europe 2020 priorities and bring maximum EU added value.*

#### **Degree of alignment between the proposals for the next multiannual financial framework and the Europe 2020 Strategy flagship initiatives**

The Commission's proposals for the next Multiannual Financial Framework 2014-2020 adopted on 29 June 2011 (COM (2011) 500) are fully in line with the Europe 2020 strategy: the proposed budget has a strong pan-European logic, designed to drive the Europe 2020 growth strategy. This means concentrating programmes on a limited number of high profile priorities and actions that achieve a critical mass. All sectoral proposals have been scrutinised to make sure they also fit within the overall Europe 2020 strategy framework and objectives.

#### **Degree of acceptance of Commission proposals by EP and Council**

The European Parliament and the Council have welcomed Commission' proposals for the future Multiannual Financial Framework and stated

that proposals are a very good basis for negotiations taking place in 2012.

On 9 December 2011 the European Council welcomed the intensive preparatory work carried out on the future Multiannual Financial Framework and gave a mandate to the Danish presidency to "press ahead with the work and negotiations as far as possible by June 2012 so as to finalise negotiations by the end of 2012".

#### **Time necessary to reach a consensus on the next MFF based on the Commission's proposals**

The negotiations on the present MFF took 22 months (2004-2005).

The Commission proposals for the next Multiannual Financial Framework were adopted on 29 June 2011. The Commission has estimated that 18 months should be enough to finalise negotiations (target: by the end of 2012).

### **Main outputs in 2011**

- ★ *Commission's proposals for the next Multiannual Financial Framework adopted on 29 June 2011 ([COM \(2011\) 500](#))*
- ★ *All sectoral legislative proposals for the implementation of the future MFF have been tabled in the second half of 2011*
- ★ *Report from the SURE committee in the EP on the policy priorities and the next Multiannual Financial Framework adopted on 25 May 2011*
- ★ *Secretariat of the Commissioners Group on the next Multiannual Financial Framework (work completed with the adoption of the MFF proposals on 29 June 2011)*

## 1.1.5 IT governance

### SPECIFIC OBJECTIVE 8:

*Ensure a consistent corporate IT strategy, streamline and harmonise the business process.*

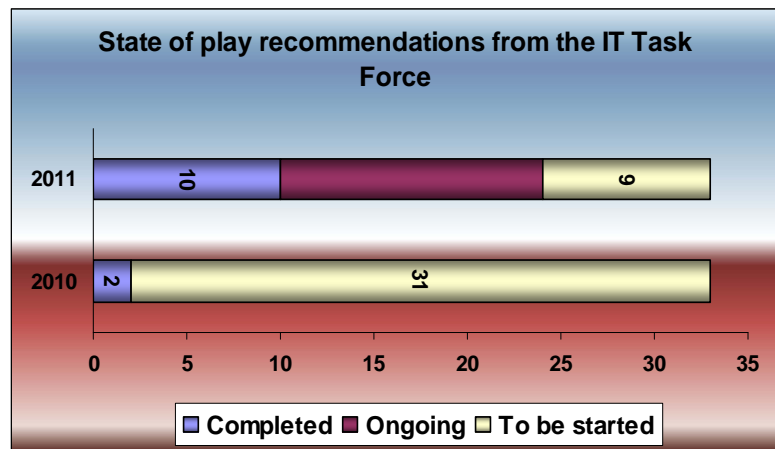
#### Number of recommendations made by the IT Task Force implemented by end 2011

Among the 33 recommendations adopted by the College in 2010, 10 have been implemented by the end of 2011 and 14 are ongoing.

#### Number of IT applications throughout the Commission

The initial inventory (2010) had revealed around 2500 IT systems, across 14 domains. A detailed portfolio analysis has been launched in 2011 for about 8 priority domains. This allowed reducing the estimated number of information systems in the Commission from 2500 to around 1600.

Based on the analysis of the priority domains, a set of recommendations have been drawn. Two main options were privileged: either to discontinue a system (when it is not necessary or when its functions are covered by another system) or to integrate it within a corporate application, taking also into account the possible simplification of the business processes associated to each domain.



#### Number of positive opinions on new IT projects submitted to the Information Systems Project Management Board

71 Projects, representing more than 311M€ (five years Total Cost of Ownership) have already been examined. They represent around 19 % of all investments to be considered on a 5 years period. Recommendations have been addressed to several systems, aiming at reducing their global cost by, for instance, reusing modules already available in another context.

#### Main outputs in 2011

- ★ *Communication from VP Šefčovič to the Commission "Follow up to the Communication "Getting the best from IT in the Commission" of 7 October 2010 - First decisions in the IT rationalisation process" (SEC(2011) 1500)*
- ★ *Decisions from the ABM+IT Steering Committee on IT issues*
- ★ *Chair and secretariat of the High Level Committee on IT*
- ★ *Secretariat of the Information Systems Project Management Board (including four ad hoc meetings on reusability issues)*
- ★ *Decision to move all DGs and services to a consolidated support service (ITIC)*
- ★ *Inclusion of the governance bodies in the IT budget allocation mechanisms, including the support to co-financing schemes across several budget lines, with a view to reduce global costs*

## 1.1.6 Business continuity and crisis management

### **SPECIFIC OBJECTIVE 9:**

*Foster the Commission's capacity to react quickly, efficiently and in a coordinated manner in times of crisis.*

### **Number of improvable areas in ARGUS (the Commission's corporate crisis management system – see Commission decision C(2005)5306)**

The SG led an extensive Commission-wide review process which included analysis of the lessons learnt documents from past crises, seventeen bilateral user consultation meetings and inter-service consultation meetings. A user requirements document for the upgrade of the ARGUS IT tool was prepared, identifying 38 improvements of which 10 represent new features. These requirements will be the basis for the implementation of the revised coordination process and upgraded IT tool in 2012.

In addition, the SG coordinated the Commission's contribution to relevant inter-institutional activities: Crisis Management Exercise 2011 (CME-11), Analysis of Civil-Military Synergies in the area of CSDP, revision of the Council Crisis Coordination Arrangements. The SG also led the preparation of elements for the joint Commission-High Representative implementation proposal of the Solidarity Clause. The adoption is announced in the 2012 Commission Work Programme.

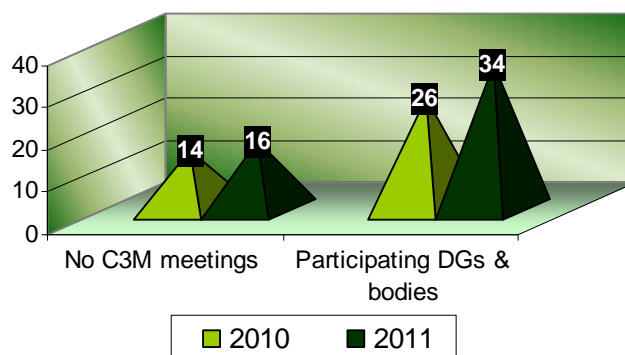
### **Number of participants multiplied by number of C3M inter-service meetings (the higher the participation, the greater the awareness and coordination)**

Sixteen C3M meetings were organised supporting information sharing and elaborating solutions to specific cross-cutting issues. For each meeting, minutes and associated documents were produced and made available on-line. Participants represented 34 DGs and bodies, up from 26 in 2010.

In addition, nine ARGUS Cabinet-service meetings were organised to coordinate the Commission's response to the Japan disaster.

Subsequently, an inter-service "lessons learnt" meeting was organised and recommendations produced and made available on-line. 11 Cabinets and 12 DGs attended.

**Community Capacity in Crisis Management**



### **Main outputs in 2011**

#### ★ Updated ARGUS documents:

- ✓ User Requirements Document
- ✓ Elements for a revised ARGUS coordination process
- ✓ Crisis Communication Standard Operating Procedures (with DG COMM)
- ✓ Definition of a cross-hazard risk and threat assessment process

#### ★ Awareness and readiness in Commission departments through dedicated exercises and training

**SPECIFIC OBJECTIVE 10:**

*Ensure that the Commission is able to maintain critical and essential functions, continue to operate in the event of a major business interruption and return to normal activities as quickly as possible.*

**Implementation rate of audit recommendations**

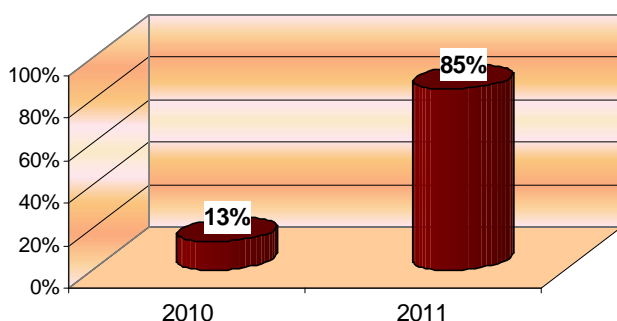
SG led the revision of the Commission Business Continuity (BC) strategy, notably translating the recommendations from audit reports, in view of a new BCM framework for the Commission. 10 out of 11 recommendations of the IAS BCM audit have been implemented; the audit follow-up is ongoing.

**Number of exercises and tests in which DGs participate/organise**

Relocation Plans were developed for all Commissioners and their Cabinets in case of unavailability of the Berlaymont building. 7 Walk-through exercises were organised to test the Relocation Plans of Cabinets. The NOAH IT Tool was successfully upgraded responding to the lessons-learned from the PEST10 exercise; it is routinely used in full scale events enabling timely communication with staff.

**Number of new Business Impact Assessments and Business Continuity Plans adopted by DGs and sent to SG following the SG guidance/ template**

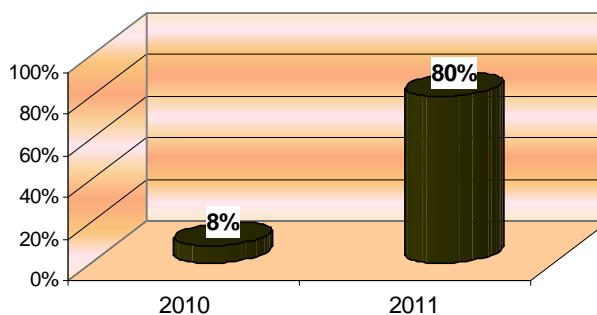
DGs which carried out new BIAs



SG pursued work in order to ensure that business continuity planning throughout the institution is compliant and updated and to increase its effectiveness through testing and embedding of best practices. 85% of all DGs have carried out new Business Impact Analysis (BIAs) during the period 2010-2011 on the basis of guidance produced by SG. 80% of DGs have developed new Business Continuity Plans (BCPs) based on SG template.

The Business Continuity Network in the Commission met 5 times in 2011. The Working Groups on Procedures & Benchmarks and on the NOAH IT Tool met 4 times and once, respectively. A BCM self-assessment tool was developed and tested. A BCM corporate training programme trained some 130 persons whose feedback was very positive.

DGs which developed new BCPs



**Main outputs in 2011**

- ★ *BCP for the College and Commissioners and their Cabinets*
- ★ *Corporate Training and Exercise Programme*
- ★ *Guidance on Evaluating BC programmes*

## 1.1.7 Ethics in the European public service

### **SPECIFIC OBJECTIVE 11:**

*Protect the reputation of the institution by fostering the highest ethical standards of service.*

**% advices provided within 5 working days on questions related to the implementation of the Code of Conduct for Commissioners**

The target of 100% respect of deadline has been achieved for these three indicators. The stakeholders, Commissioners, cabinets, Spokespersons' service and interested services have given regular positive feedback on both the timing of the contributions provided by the unit and their relevance.

**% notes transmitted within the deadline foreseen to the services and Commissioners concerned in the framework of the Memorandum of Understanding between OLAF and the Commission**

**% responses in the same working day to requests from Spokespersons' service**

The new Code of Conduct for Commissioners was adopted in April 2011. It is in line with the highest standards of ethics and integrity and

was received positively by the European Parliament. The vademecum on ethical questions and procedures explaining the new Code of Conduct is not yet completed. It will be completed in order to incorporate an overall review after a one-year period from the adoption of the new Code of Conduct. Therefore it is foreseen that the vademecum will take the form of FAQ and will be finalised in 2012.

#### **Main outputs in 2011**

- ★ *Organisation and secretariat of Clearing House meetings*
- ★ *Timely delivery of accurate briefings and fact sheets*



## 1.2 Activity "Better regulation and institutional development"

This frontline activity of the SG entails:

- Ensuring overall coherence and proper functioning of the EU's institutional set-up, in particular in light of the purposes stated in the Lisbon Treaty = **Institutional development**
- Monitoring the application of EU law in Member States and the legality of state aids = **Application of EU law**
- Improving the quality and relevance of EU legislation by evaluating the impact of the legislation throughout the policy cycle = **Smart regulation**

### 1.2.1 Institutional development

#### **SPECIFIC OBJECTIVE 12:**

*Enable European citizens to call directly on the European Commission to bring forward initiatives of interest to them in an area of EU competence.*

#### **Existence of procedures and IT tool for the management of citizens' initiatives**

**Number of citizens' initiatives recorded:**  
n/a for 2011

The inter-institutional negotiations allowed for swift adoption in first reading of the European Citizens' Initiative Regulation (16 February 2011). This was followed in November by the adoption of the Implementing Regulation by the Commission. A website was created and the IT tools for online collection of signatures are also in place.

#### **Main output in 2011**

★ *EP and Council Regulation on the citizens' initiative ([Regulation No 211/2011](#)) and Commission Implementing Regulation*

#### **SPECIFIC OBJECTIVE 13:**

*Ensure that the Commission exercises fully the powers it was entrusted with by the Treaty rules on delegated acts<sup>2</sup> (art. 290 TFEU) and implementing acts (article 291 TFEU).*

#### **Timely delivery of proposals related to the alignment of legislation**

The alignments of legislative acts in areas which were outside co-decision before the entry into force of the Lisbon treaty and need to be adapted to Article 290 TFEU continued in 2011. Twenty proposals (around 13%) have been adopted so far. Most of the remaining 130 proposals should be adopted in 2012.

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<sup>2</sup> non-legislative acts of general application supplementing or amending certain non-essential elements of a legislative act

## Level of agreement of the EP and Council on the Commission's proposals for delegated acts

In 2011, the Common Understanding on delegated acts was agreed between the European Parliament, the Council and the Commission. Internal Commission guidelines were adopted on delegated acts, thanks to the fruitful cooperation between the SG and the other DGs.

It can be noted that several inter-institutional frictions have started to emerge in the adoption of the legal bases (basic acts) conferring implementing/delegated powers to the Commission, notably on the division line between delegated acts and implementing measures.

The Commission defended the respect of the Treaty provisions before both legislators. This led approximately 10 + 6 cases where statements were made in COREPER I and COREPER II defending the Commission interpretation, notably on delegated acts.

### Main outputs in 2011

- ★ *European Parliament and Council Regulation on implementing acts*
- ★ *Common Understanding between the Commission, Council and European Parliament on delegated acts*
- ★ *Guidelines on preparation and adoption of delegated acts*
- ★ *Standard rules for Committees*
- ★ *Internal Rules for the Appeal Committee*

### SPECIFIC OBJECTIVE 14:

*Ensure good functioning of the regulatory agencies system.*

### Progress made by the Inter-Institutional Working Group on a common approach vis-à-vis regulatory agencies: number of issues on which an agreement is found:

The fiches (meta-analysis of existing regulatory agencies) have been completed and endorsed at political level. The negotiations (four meetings of the political group in 2011) - steered by the Commission - are well advanced on the basis of the Commission's draft Common understanding. There are only a limited number of issues for which an agreement is still to be reached.

### Main outputs in 2011

- ★ *Draft Common understanding on agencies proposed by the Commission to the other Institutions*
- ★ *Three reports from the technical group of the IIWG to the political group*

### SPECIFIC OBJECTIVE 15:

*Establish and promote collaborative relations with EEAS.*

### Understanding and respect for Commission procedures by EEAS

During 2011, the level of understanding and respect for Commission procedures by the EEAS has improved. Working relations between the EEAS and the Commission on key policy areas have been smooth, for example regarding the response to the Arab spring, European Neighbourhood policy and relations with strategic partner. Additionally, progress can be noted as regards reporting on parliamentary Committee meetings and the processing of parliamentary questions on the side of the

EEAS. With a view to further facilitate good relations, the SG released in 2011 a Vademecum on Working Relations with the EEAS.

**Commission external relations policies coherent with President's guidelines:** high level of coherence in 2011.

**Main outputs in 2011**

- ★ *Handbook/vademecum for relations between the Commission services and the EEAS*
- ★ *Joint Commission/EEAS instructions to Heads of Delegation on the management of staff in EU Delegations*

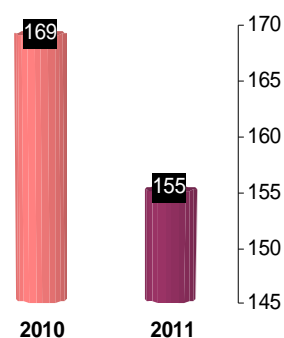
## 1.2.2 Application of EU law

**SPECIFIC OBJECTIVE 16:**  
*Co-ordinate co-operation with Member States to find early responses to complaints and resolution of infringements of EU law.*

**Quick and good resolution of questions and problems arising for citizens and enterprises also leading to a reduction in the number of infringement proceedings**

Average time taken for files to be completed in EU Pilot<sup>3</sup> is currently 155 days (time elapsed between the submission of the files to the Member States and the assessment of the Member States responses by the Commission services). In 80% of files introduced into EU Pilot the replies provided by Member States were acceptable and allowed to close the files without launching formal infringement procedures.

**Average time (days) taken for files to be completed in EU Pilot**



### **Increase in the number of participating countries**

By 31 December 2011, 25 Member States were fully participating in EU Pilot. The two remaining Member States (Luxembourg and Malta) had reached advanced stages of preparation in close consultation with the Commission (test phase).

**Main output in 2011**

- ★ *Clear procedures for establishing priority cases and improved respect of the management benchmarks set by the Commission (Coherence Review mechanism)*

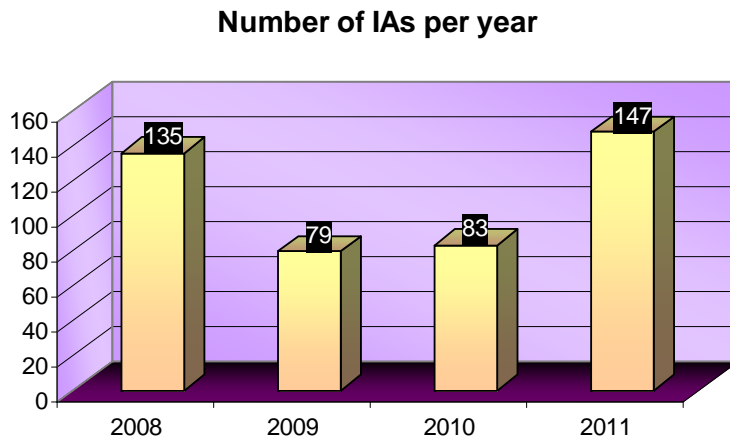
<sup>3</sup> System of finding quick solutions to problems related to the application of EU law

### 1.2.3 Smart regulation

#### **SPECIFIC OBJECTIVE 17:**

*Substantiate the Commission's proposals with results from high quality impact assessments and evaluations of existing legislation.*

#### **Number of impact assessments processed by the Impact Assessment Board secretariat**



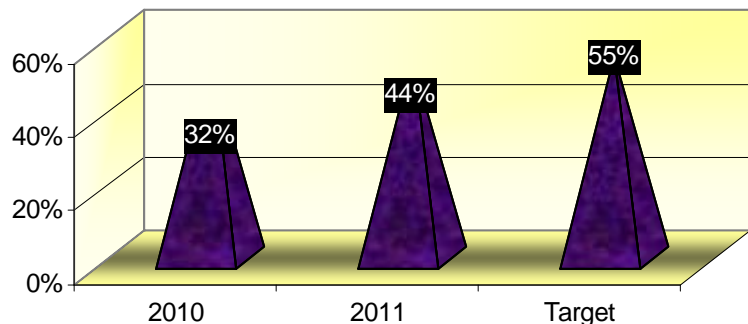
The year 2011 has seen the highest number of impact assessment reports (IAs) being submitted to the Impact Assessment Board (IAB) for its scrutiny since it started its operations in 2007. The IAB secretariat processed 147 IAs of which 43 that accompanied sectoral spending proposals for the next Multiannual Financial Framework. In addition in its quality support role, the Board issued four upstream support recommendations to services on complex MFF cases.

Four IA Working Group meetings were held with an average attendance of 35 colleagues from all policy DGs. A total of 45 IA training courses from basic to specialised level were provided with around 590 participants.

#### **Percentage of significant CWP 2011 proposals that are supported by evaluations (available or ongoing in 2011): 44 %, 32% for 2010.**

This brings the Commission closer to reaching the mid-term target of 55 %. This indicator shows the increase in the range of ex-post evaluation of the performance of existing EU regulation in connection with key areas of regulatory development. It increases information on the extent to which EU legislation has already achieved its objectives. It also lays a solid ground for Impact Assessment in the preparation of future legislation.

#### **Percentage of significant CWP 2011 proposals that are supported by evaluations**



**Level of satisfaction of participants in evaluation training (feedback survey):** on average, 87 % of the participants reported a very high level of satisfaction.

### Main outputs in 2011

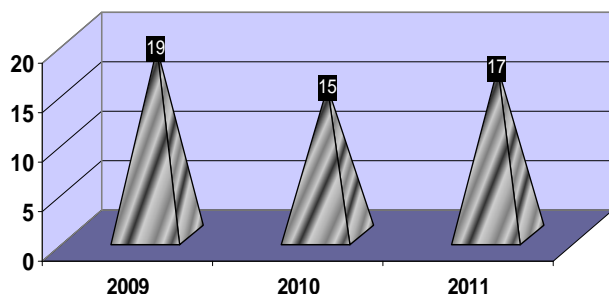
- ★ 175 opinions on first readings and re-submissions issued by the IAB
- ★ Report on IAB activities during 2010 (24 January 2011)
- ★ 2010 report on subsidiarity and proportionality (18th report on Better Lawmaking) adopted on 10 June 2011
- ★ More than 230 roadmaps published in 2011, outlining planned policy development work
- ★ 26 evaluation training sessions (8 modules I, 8 modules II, 7 modules III and 3 targeted)
- ★ 2 contributions to evaluation seminars and workshops and 1 network meeting
- ★ Separate website for evaluation planning. The Commission's multiannual evaluation planning is on a specific website to allow Member States and stakeholders to prepare inputs at an early stage

### SPECIFIC OBJECTIVE 18:

*Reduce the administrative burdens and simplify the acquis, in partnership with the Council, EP and Member States.*

The target of the Action Programme is a 25% reduction by the end of 2012. By the end of 2011 a reduction of 33% has been proposed by the Commission and 22% adopted by the EU legislator.

Number of Commission simplification proposals adopted (CWP)



The SG coordinated the simplification and administrative burden reduction proposals planned under (1) the Action Programme and (2) the Simplification rolling programme (CWP annex III) adopted by the Commission. The CWP annex III 2011 contained 48 proposals.

In the Action Programme, 8 measures were proposed in 2011 and 3 were adopted.

### Main outputs in 2011

- ★ The Report on Best Practices by the High Level Group of Independent Stakeholders on Administrative Burdens (finalised in December)
- ★ 2 meetings and one sectoral event with Member States/ SPOCs (Single Point of Contact)
- ★ Administrative burden calculator launched in 2011
- ★ Identification of two new priority areas for fitness checks and simplification: cars and waste
- ★ Report on minimizing regulatory burdens for SMEs adopted in November 2011
- ★ 6 training sessions on administrative burden reduction

## 1.3 Activity "Co-ordination and relations with other institutions"

The Secretariat-General is responsible for relations between the Commission and other European institutions and bodies. This activity involves:

- Coordination within the Commission and taking all necessary steps to ensure harmonisation of the various policy strands in order to guarantee that the Commission speaks with one voice in its dialogue with external actors = **Commission coordination and consistency**
- Promoting and managing constructive and efficient working relations with other institutions (Council, European Parliament, national governments and parliaments, the European Economic and Social Committee (EESC), the Committee of the Regions (CoR), the European Ombudsman (EO), EEAS = **Maintaining good inter-institutional relations**

### 1.3.1 Commission coordination and consistency

The Secretariat-General is steering and coordinating the other Commission services in inter-institutional relations, so as to ensure that the Commission plays coherently its prominent inter-institutional role and to encourage enhanced cooperation between the institutions.

#### **SPECIFIC OBJECTIVE 19:**

*Strengthen the Commission's position in inter-institutional contacts by preparing the Commission's participation in the meetings of the European Council, European Parliament, Council, as well as ensuring proper follow-up.*

#### **Consistency of Commission's proposals seen from the point of view of relations with the other institutions**

The pre-GRI/GRI (Groupe relations interinstitutionnelles)/ HEBDO mechanisms allowed the College to ensure collegiality and coherence of positions towards the other institutions as well as consistency of the Commission's proposals seen from the point of view of relations with them. The Commission played a proactive role in the Council and the European Council, as well as in the European Parliament, promoting its proposals and the Community interest.

#### **Timely and well prepared Commission interventions in Council/EP to promote priorities and/or to anticipate and/or address potential difficulties**

In 2011, the SG prepared and co-ordinated the Commission's intervention in: approx. 110 Political and Security Committee (PSC) meetings, 96 COREPER meetings (39 COREPER II and 57 COREPER I meetings), 94 Council meetings, European Councils or heads

of state and government meetings and contributed to the preparation of 33 Informal Councils. The Commission interventions in the Council were in general terms timely and effective, promoting Commission priorities, and proposing possible solutions. The level of co-operation with the Council Presidencies in 2011 was satisfactory.

On the EP side, the Commission interventions in Parliament to promote priorities and/or anticipate and/or address potential difficulties were timely and well-prepared.

Early internal agreement in the Commission through pre-GRI/GRI (Groupe relations interinstitutionnelles)/HEBDO mechanisms proved pivotal in that respect and allowing the College to concentrate in time on politically sensitive issues.

**Avoidance of clashes between the Commission and Parliament due to delayed preparation:** The goal was fully met. In 2011, there were no such clashes.

## Number and percentage of formal Council, EP and trilogue meetings covered by flash reports

All Council and COREPER meetings were covered by flash reports: 116 after COREPER and 20 after COREPER lunches, 70 after Council meetings, 34 after Council lunches. Approximately 90 flash reports sent after PSC. All plenary sessions of the European Parliament were covered by daily reporting. All (formal) meetings of Parliament's bodies were covered by reporting and in addition flash reports, if indicated. Equally, all trilogue meetings were covered by flash reports.

## Number of institutionalised information networks with Member States

Six instances have been covered, two more than last year: COREPER I + II, Antici, Mertens, PSC and the Nicolaidis Group. In this context, it is worth mentioning the Commission's contribution to strengthen the role of national parliaments at European level, in particular via the COSAC ("Conférence des organes spécialisés des Assemblées de la Communauté"). (for details, see below under Specific Objective 20).

### Main outputs in 2011

- ★ Briefings which form the basis of positions taken in the European Council, the Council, Parliament and international fora, including their respective support structures
- ★ Positions taken in COREPER, the European Council, the Council, Parliament and international fora, including their respective support structures
- ★ Revamped trainings for Inter-institutional relations (Ariane IV)
- ★ Revised Vademecum for relations with the Council
- ★ Commission participation in meetings of COSAC, Speakers' Conferences and meetings of the permanent representatives of national parliaments, as well as bilateral meetings between Commissioners and national parliaments
- ★ Political intelligence and early warning from Member States, the Presidency, the Council and the President of the European Council that served to protect and better define the Commission's positions in inter-institutional context
- ★ Intensified contacts with incoming Council Presidencies through inter alia holding of regular meetings with COREPER I and II Chairs and their teams and contacts with the Presidency teams in the capitals; training for incoming Presidencies (CY+ LT)

### 1.3.2 Maintaining good inter-institutional relations

Equally important for the SG is to establish and consolidate the working relations with the Council of the European Union, European Parliament, advisory bodies of the EU (EESC and CoR), national parliaments and the European Ombudsman.

#### **SPECIFIC OBJECTIVE 20:**

*Foster positive relations with the other EU institutions and bodies (Council, European Council, European Parliament, EESC, CoR, European Ombudsman) and national parliaments.*

#### **Council and European Council**

#### **Degree of support for the Commission in its different roles under the Treaty**

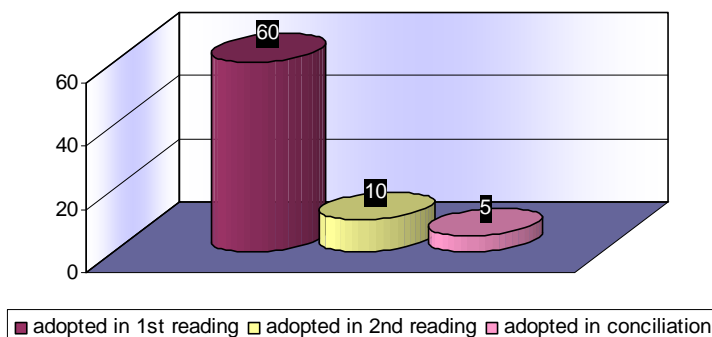
Commission's agenda was largely shared and supported in 2011. Only a few instances occurred when

Commission proposals were not taken forward or have been significantly altered. In the area of economic governance, the Commission has strengthened its role and gained new responsibilities. In the area of external representation of internal policies, ongoing efforts are being made to bring the Commission's role fully in line with the Treaty.

**Percentage of Commission proposals adopted by the Council at the first reading**

The total number of Commission proposals adopted in 2011 was 75. Out of these, 60 were adopted in first reading (80%), 10 (13%) in second reading and 5 (7%) in conciliation.

**Adoption of Commission proposals (2011)**



**Voting patterns in Council showing that a vast majority of decisions are taken along the lines sought by the Commission, in particular by minimising situations in which a decision is taken against the stated position of the Commission**

The number of Council decisions in relation to which the Commission has had major objections has been limited. In some specific policy areas the Commission proposals under discussion could not gather support due mainly due to subsidiarity concerns. This is specifically the case of the social and employment policies (EAGF, equal treatment, maternity leave).

**European Parliament**

**Mutual satisfaction with planning and implementation of EP agendas**

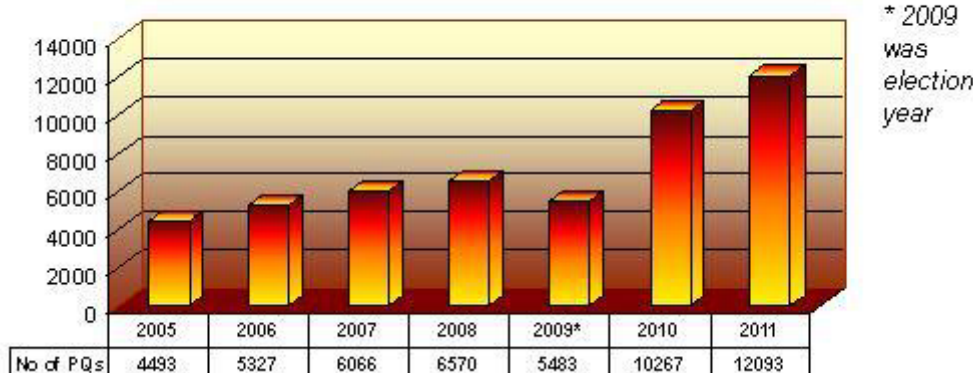
The Commission's Secretariat-General maintains close informal contacts with Parliament's services to provide the Commission's input into the planning and implementation of Parliament agendas, contributes actively to the work of the Inter-Institutional Coordination Group (GCI) and observes the final decisions of Parliament's Conferences of Presidents. Nevertheless, in 2011, agenda-setting and implementation of plenary sessions have given rise to certain problems for both Parliament and Commission, which are, however, being addressed in the context of the Framework Agreement concluded in 2010 between Parliament and Commission.

**Total number of parliamentary questions received and percentage of timely replies provided**

In response to ever-increasing number of parliamentary questions and in order to save resources, revised editorial guidelines were introduced in 2011 including a 20 lines limit for

written replies and the development of new functions in Basil, the Commission's IT tool for parliamentary questions. These measures improved the quality and timeliness of the process of replying to parliamentary questions and also increased coherence of the answers provided.

**Number of parliamentary questions**





During 2011, the Commission received from Parliament in total 12093 written questions, of which 11109 were normal written questions ('E') and 984 written questions to be answered with priority ('P'). This is 18% more than in 2010, and 94% more than in 2009. Timely replies were provided to 62% of the E-questions and to 23% of the P-questions, which, while involving the same procedure as E questions and often being of the same complexity, have a 3 rather than 6 week deadline.

In addition, the Commission received from Parliament 424 so-called oral questions, of which 245 were foreseen for possible debates ('O') and 179 for Question Time ('H'). The old system of Question Time was replaced on 1 September 2011 by a system that saves Commission resources, requiring the presence of only three Commissioners (previously up to 6) and no longer involving the transmission of written answers.

### **Total number and percentage of timely replies to EP resolutions in the form of written follow-ups**

In 2011, in total 269 non-legislative suites (170 suites (fiches) and 99 negative answers) and 82 legislative suites were treated or are still being processed. These replies to Parliament resolutions in the form of written follow-ups were largely provided in a timely fashion and the respective procedure respected. No complaints were received from Parliament.

### **Total number and percentage of timely replies to petitions transmitted by Parliament**

In 2011, 465 petitions were received from Parliament for the first time and 937 first and subsequent responses transmitted to them. Overall, the current level of quality and timeliness of the process of replying to petitions transmitted by Parliament was satisfactory. The rejection rate at SG level was standing at less than 4%.

## **National parliaments**

### **Level of satisfaction of national parliaments as regards the practical implementation of the protocol on subsidiarity and proportionality/ involvement of national parliaments and the Commission's contribution in strengthening NPs' role at European level, as evidenced in opinions from NP on Commission Annual Reports on relations with them and in COSAC contributions ("Conférence des organes spécialisés des Assemblées de la Communauté")**

Globally, national parliaments are still very appreciative of the Commission's efforts to involve them closer in decision-making processes at EU level (political dialogue, meetings etc.), and this is among other things clearly reflected in both COSAC contributions adopted in 2011 and opinions received on the Commission's Annual Report 2010. The implementation of the subsidiarity control mechanism is still working very smoothly. However, some concerns have been raised, notably in the COSAC Contribution of October 2011, as regards the subsidiarity justifications of legislative proposals, which according to national parliaments are insufficient or sometimes even lacking completely. Some criticism has also been raised as to the delays in the Commission's replies to national parliaments and to the quality, with certain chambers perceiving them as sometimes too generic and not replying to the concerns raised by national parliaments. Further awareness-raising among services, through written guidelines and training, is already envisaged for 2012. This includes the completion of the comprehensive update of the part of the Manual of Procedures dealing with national parliaments.

### **Number of NP opinions received and percentage of NP opinions for which proper follow-up was given timely**

2011 saw another increase in the number of NP opinions of 60%: 620 opinions received during the year (compared to 387 in 2010). 53 of these opinions were reasoned opinions according to Protocol 2 of the Treaty. Of the 231 replies sent in 2011, only 20% respected the self-imposed deadline of 3 months. This challenge, mainly resulting from the huge increase in the overall number of opinions the Commission receives, clearly needs to be addressed in 2012.

## European Economic and Social Committee and Committee of the Regions

The legislative proposals foreseen for 2011 on the composition of the Committees, in line with the Lisbon Treaty provisions, were postponed in order to allow for more in-depth reflection.

### Number of meetings with bodies of EESC and CoR

In 2011, the EESC held 9 plenary and 11 EESC Bureau meetings and the CoR 6 plenary and 8 Bureau meetings. In addition, 5 bilateral preparatory meetings were held between the SG and representatives of the two Committees. In total, the SG produced 39 notes on the EESC meetings in and 32 notes on the CoR meetings.

### Respect of deadlines regarding the follow-up on the most important opinions

The application of the Protocols with EESC and CoR is being closely monitored, notably regarding the follow-up of opinions. Regular follow-up takes place after each plenary session

and deadlines have been generally respected in 2011.

## European Ombudsman

### Extent to which new internal Vademecum is being respected

The Commission's internal Vademecum on the relations between the Commission and the European Ombudsman is generally respected. However, more attention should be paid to the respect of deadlines established by the Ombudsman.

### Feedback from the Ombudsman Services on the quality of relations provided, on the basis of a scoreboard on ongoing complaints, in monthly discussions with the EO representatives and at the occasion of meetings between the EO and the hierarchy of the Commission

The Ombudsman and his team consider that the relations between both institutions are very good at all levels and that there is room for improvement regarding respect of deadlines to reply to the Ombudsman's complaints.

## Main outputs in 2011

### European Council, Council and Euro Summits

- ★ *Positive relations with the Council Secretariat and the staff of the President of the European Council in view of the preparation of European Councils and Euro Summits*
- ★ *Adequate Commission representation in Council bodies*
- ★ *Adequate external Commission representation*
- ★ *Presentation of all MFF related sectoral proposals in COREPER after their adoption by the Commission in view of facilitating negotiations*
- ★ *Close cooperation with and assistance to the Presidencies resulting in COREPER/Council agendas reflecting Commission priorities*

### European Parliament

- ★ *Smooth transition to the extended powers conferred upon the EP by the Lisbon Treaty regarding the new rules/practices for international negotiations*
- ★ *Development of new functions (search and statistic tools) in Basil, the IT tool for parliamentary questions*
- ★ *Annual list of international and regional conferences and meetings sent to EP*
- ★ *Management of the authorisation procedure for requests for participation of MEPs at international and regional conferences and meetings, including negotiation sessions*

### Other EU bodies & national parliaments

- ★ *Orientation list of main opinions, agreed between the Commission and each Committee, in line with Commission needs*
- ★ *Smooth management of requests for participation of EESC and CoR Members at international and regional conferences and meetings*
- ★ *Operational IT tool for the transmission of documents between the Commission and NP (ASAP)*

## 1.4 Activity "Relations with Civil Society, Openness and Information"

The aim of this activity of the Secretariat-General is to:

- actively coordinate measures fostering a culture of dialogue between the Commission and civil society while also increasing the involvement of civil society in policy making = **Relations with stakeholders**
- advance and ensure effective implementation of rules on openness and access to documents throughout the Commission = **Access to Commission documents**

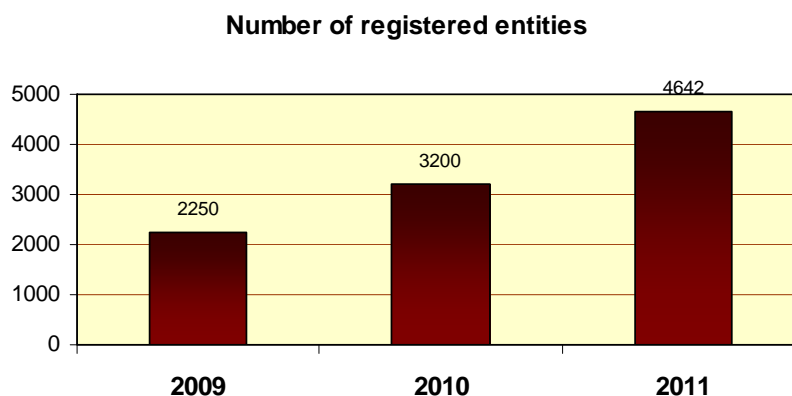
### 1.4.1 Relations with stakeholders

#### **SPECIFIC OBJECTIVE 21:**

*Ensure transparency in relation with stakeholders by maintaining a balanced and proportionate framework in lobbying and interest representation.*

#### **Coverage of the register (in relation with target groups)**

At the end of the year, registered organisations amounted in total to 4642 (3030 already transferred in the new common EP-Commission Transparency register and 1612 still remaining in the former Register of interest representatives).



#### **Existence of a common Register of Interest Representatives of the Commission and Parliament**

The Common EP-Commission Transparency Register has become operational on 23 June 2011 as expected. The progress made in this area has significantly enhanced the level of transparency offered to citizens by the European Commission, together with the Parliament. This is because the opening of the common register provides to citizens a further set of information never before available about organisations engaged in EU policy-making, including through lobbying activities.

#### **Main outputs in 2011**

- ★ *Commission – European Parliament agreement on Transparency register*
- ★ *Joint EP-COM Secretariat of the common register*

## 1.4.2 Access to Commission documents

### **SPECIFIC OBJECTIVE 22:**

*Facilitate the public access to Commission documents with a view to increasing transparency.*

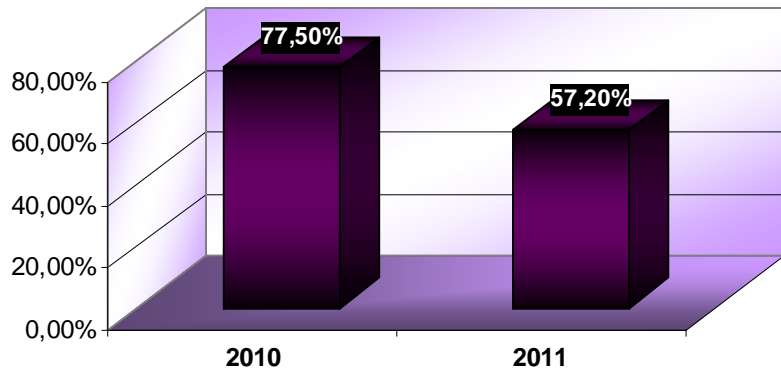
**Rate of SG confirmative decisions reversing initial DG's answers to requests: 57,2%**

**Rate of confirmatory applications following initial replies where DGs failed to comply with the basic requirements: 69,5%**

A set of measures (qualitative check list, pre-diagnostic, capacity building in the

departments, etc.) has been taken in 2011 to accelerate and improve the handling of files. Their impact is expected to start producing effect in 2012, as compared to the base line now constituted in 2011.

**Rate of SG confirmative decisions reversing initial DG's answers to requests of access to documents**



### **Main outputs in 2011**

- ★ *Annual report on access to documents*
- ★ *Improved working methods to speed up the handling of confirmatory applications*

## 1.5 Activity "Logistic support for the Commission and Protocol"

The Secretariat-General also provides efficient logistic support to the work of the Commission (College and services). To that effect, it will in particular:

- Ensure that all stages of the Commission's decision-making process run smoothly, while developing new decision-making procedures and tools with a view to advancing towards an e-Commission = **Commission decision-making procedures and tools**
- Further improve document management and modernise the system = **Document management and archives**
- Safeguard the rights of subjects whose personal data need to be used by the Commission = **Data protection**
- Provide protocol assistance and advice for Commission services = **Protocol**

### 1.5.1 Decision-making procedures and tools

#### **SPECIFIC OBJECTIVE 23:**

*Guarantee the smooth functioning of the Commission's decision-making process, including the simplification of procedures and the development of the related IT tools, as well as the possible adaptation of the internal rules of procedure.*

#### **More efficient College meetings, concentrating on important political discussions and decisions**

A series of measures were introduced and implemented in 2011 in order to improve working methods as well as the preparatory process for College meetings. The objective was to contribute to the setting up of a more focused Commission agenda and a better preparation of College meetings, notably through rationalisation, simplification, early warning and information, new tools and a reviewed approach with regard to reporting.

These measures included, inter alia, the organisation of early information meetings of Heads of cabinet as well as College orientation debates, clarification on the use of "A" and "B" points, adjustments to the Commission agenda to reflect current external and economic issues,

the elaboration, setting up and operation of a device to limit speaking time thus facilitating more interactive debates, a new reporting system for Special Chefs and Hebdo meetings with shorter and better targeted notes, etc. (for more details, see note SEC(2011) 400).

The combination of these elements contributed to allowing the Members of the Commission to concentrate their discussions on truly outstanding key issues. This was complemented by intensive work with partner DGs, including timely advice and assistance, to improve workflows and procedures, and to promote better preparation of files and closer coordination.

#### **Up-to-date rules of procedure of the Commission**

A revision of the Internal Rules of Procedure was adopted on 21 November 2011 (C(2011) 9000) to take into account the special powers granted by the President to the Vice-President responsible for economic and monetary affairs and the Euro (President's decision of 27 October 2011).

As regards the Rules giving effect to the Rules of Procedure of the Commission, a rather technical draft decision has been prepared in order, on the one hand, to update the references to the basic rules on comitology and, on the other hand, to clarify some provisions whose interpretation and/or application

may have led to ambiguities or confusion. The decision should be submitted to the Commission in the first semester of 2012.

## LegisWrite – Vision for the future

In July 2011 the LEOS ("Legislation Editing Open Software") study was launched in all Members States, in order to identify good practices and reusable solutions from the ways other European institutions, national administrations, national parliaments and publication editors produce legislation.

## Speed and quality of decision-making process

➤ In 2011, 14 new decisions (8 empowerments and 6 delegations) were adopted in the field of delegating powers to Members of the Commission and Directors-General. These decisions will speed up the adoption and simplify the translation regime of acts formerly adopted by written procedure.

➤ Thanks to LegisWrite 5.8 and to e-Grefe 1.13, the internal finalisation tool was improved. A further improvement of these results is expected in 2012 when e-Grefe 1.15 starts operations.

➤ The interface ASAP/e-Grefe facilitates and speeds up workflow for the transmission of responses to national parliaments.

➤ Since 2010, the Commission is sending, for information purposes, adopted texts to Member States with a view to simplifying and speeding up the flow of information between the Commission and Member States. This action is extremely appreciated by Permanent Representations and is a very useful tool to prepare the grounds for electronic notification.

**Production in 2011:** 10,064 files were adopted by the Commission through the different procedures available.

## Easily accessible, high quality, quickly available and well-targeted information for users

### e-Grefe: user-friendliness

Two new versions of e-Grefe were delivered in 2011, the first one in April (1.12) and the second one in July (1.13). The main novelties of these releases were:

- a specific bilingual portal for the legislative coordinators to facilitate their access to the files they are responsible for;
- a new interface with the ASAP application to facilitate the transmission of responses to national parliaments;
- the integration with SG-Vista, so that information can flow directly from e-Grefe to SG-Vista;
- the adaptation to the eTrustEx platform, in order to improve the transmissions to other institutions.

An in-depth analysis of the purpose and destination of acts was carried out for version 1.14 of e-Grefe. This new version, which was put into production on 26 January 2012, addresses the needs raised by the suppression of the Memorandum to the Commission (simplification measure), the use of the new codes JOIN and SWD (rationalisation measure) and guides the user through the choices to be made when submitting a file.

### Vista: high-performing and user-friendly repository of documents related to the dorsale décisionelle

In 2011, the main efforts were concentrated on the analysis of the information feed from e-Grefe and SG-Vista towards Vista and on the improvement of the user-friendliness of the application. The first release is planned for the first semester 2012.

### **Main outputs in 2011**

- ★ *Several contributions for the improvement and clarification of procedures and working relations between the Commission and the High Representative / European External Action Service (for example, the Vademecum on Working Relations with the External Action Service (SEC(2011)1636))*
- ★ *2 new releases (1.12 and 1.13) of e-Greffe*
- ★ *2 new versions (5.8 and 5.8.1) of LegisWrite, notably introducing revamped cover pages and redefining the scope of LegisWrite*
- ★ *Contribution to the overall trend of greater interconnection and interoperability of IT tools, generating economies of scale (in 2011 notably through the ASAP/e-Greffe interface)*

### **SPECIFIC OBJECTIVE 24:**

*Ensure that internal procedures are coherent, complete and efficient by analysing existing procedures and providing specialised advice and assistance to all Commission services (creating an expertise centre).*

### **Procedures rationalised, coherent, adequately documented and up-to-date**

The SG succeeded in 2011 to define a strategy meant to ensure genuine coherence and coordination of procedures. A stocktaking exercise of all the procedures of the Registry was carried out and all the procedures were updated. Furthermore, a process of ongoing review of processes and procedures was put in place to strive for optimisation in the field of written, empowerment and delegation procedures and in the legal and administrative follow-up actions to the adoption of acts. Rationalisation and savings were already achieved in 2011.

### **Main outputs in 2011**

- ★ *The documentation of SG procedures was updated and stored in a [commonly accessible space](#)*
- ★ *Preparation of an Action Plan for 2012 following both the results of the Audit Report and the conclusions of the Seminar on external communication organised by the Greffe*
- ★ *The Registry help desk answered an ~ 800 questions per month*
- ★ *8 'Greffe info' newsletters (4 on IT applications and 4 on procedures)*

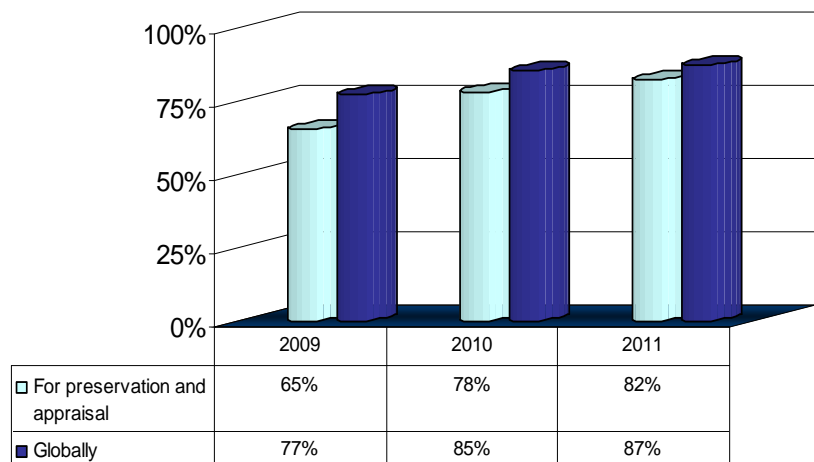
## 1.5.2 Document management and archives

### **SPECIFIC OBJECTIVE 25:**

*Implement, monitor and streamline Commission-wide policy on electronic document management and archiving.*

### **Compliance with Commission policy regarding the retention and transfer to the historical archives of electronic and digitised documents**

The overall level of compliance with Commission eDomec rules increased (see chart). The level of compliance for preservation and appraisal of closed files also rose since 2009. Full compliance on retention and transfer to the historical archives will only be possible when IT tools covering the complete document lifecycle are available (by end 2014).



The Commission adopted the proposal for a regulation on electronic publication of the Official Journal of the European Union on 4 April 2011. At the end of 2011, the legislative procedure was still ongoing.

SG and DIGIT successfully implemented four major releases of Hermes-Ares-Nomcom (HAN) in 2011. These included a new version of the Commission filing plan (Nomcom 3) and the first part of Hermes Preservation Services (HPS), which applies the retention schedule for managing closed files.

By the end of 2011, 40 IT systems had been integrated with Hermes, using Hermes Repository Services (HPS). In October 2011, the business process for managing the President's mail was fully absorbed into Ares. This enables the IT system previously used for this purpose (SYBIL) to be decommissioned.

Document management was one of the first 8 IT rationalisation domains. The College endorsed the strategy for rationalising this domain on 30 November 2011 – SEC(2011)1500. 17 systems are proposed for absorption into Ares and 215 systems are proposed for integration with Hermes by end 2014. Analysis has already begun on rationalising SG systems used in the legislative and document management domains (CIS-Net, eGrefte, Vista etc). Major cross-domain integration is also being planned with ABAC and SYSPER2.

#### **Main outputs in 2011**

- ★ *Proposal for a regulation on the authentic value of the electronic version of the Official Journal (4 April 2011)*
- ★ *Development by DG DIGIT and roll-out of NomCom3 (IT filing plan and file management) and Phase 1 of the Hermes Preservation Services (retention list and archiving workflow)*
- ★ *Integration of additional 20 corporate and local IT applications with Hermes and analysis of the integration of CIS-Net, SG-Vista, e-Grefte and ABAC*



**SPECIFIC OBJECTIVE 26:**

*Reinforce inter-institutional and international cooperation on archives.*

**Clear long term role of the European University Institute (EUI) in the management of the EU historical archives defined**

In February 2011, a framework partnership agreement (FPA) was negotiated between the Commission and the European University Institute. This updates the conditions under which EU institutions deposit their historical archives with the EUI, where they are made available for public consultation and research. The other depositing institutions endorsed the FPA, which was signed in November 2011 and entered into force on 1 January 2012.

The Secretariat-General prepared a draft proposal to revise Council Regulation n° 354/1983, which governs the opening of the EU institutions' historical archives to the public after 30 years. The proposed amendment will confirm the role of the EUI in managing the historical archives of all EU bodies and take account of emerging technological developments such as digital archives and on-line archive portals. In 2011, consultations took place with the EUI, the Italian government and other EU institutions. The Commission is expected to adopt the proposal in the first half of 2012.

**Main output in 2011**

★ *Framework Partnership Agreement with the European University Institute*

**1.5.3 Data protection**

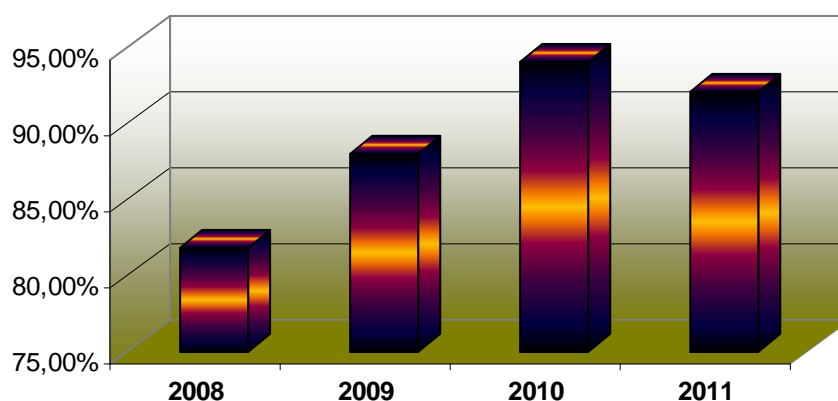
**SPECIFIC OBJECTIVE 27:**

*Ensure that Commission's services respect the right to protection of personal data.*

**Percentage of compliance with the data protection regulation for the inventory entries, within the deadline set by the European Data Protection Supervisor**

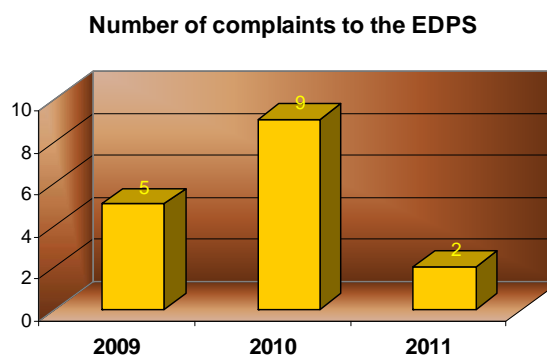
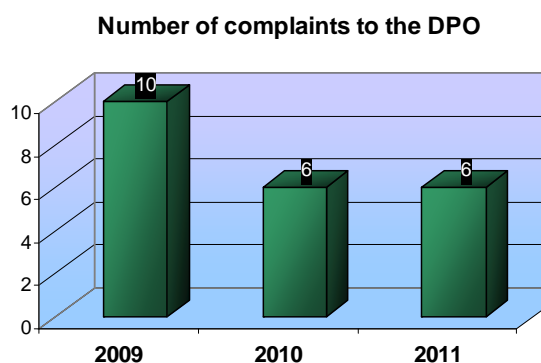
95% compliance rate achieved at end June 2011, 92% end December. At the same time, a significant rationalisation of the DPO register was achieved through development of corporate and model notifications.

**Compliance rate**



## Number of complaints to the Data Protection Officer

6 complaints in 2011, 11 in 2010



## Number of complaints to the EDPS

2 complaints in 2011, 9 in 2010

### Main outputs in 2011

- ★ Development of the new DPO-2 information system and revamped DPO website on My IntraComm (to be launched in January 2012)
- ★ Substantive contribution of the DPO to the review of the legal framework for data protection initiated by DG JUST.

## 1.5.4 Protocol

### SPECIFIC OBJECTIVE 28:

*To provide the President, the College and DGs with protocol support and diplomatic assistance.*

## Number of diplomatic incidents & complaints from the College

Two complaints in 2011 (one Mission complained because their national flag was not correctly hoisted in the Berlaymont during their President's visit and one Commissioner expressed his dissatisfaction about the organisation of a working dinner of the College in Germany).

### Main outputs in 2011

- ★ 47 preparatory visits & accompaniments (124 days)
- ★ 485 visits of Heads of State, Prime Ministers etc
- ★ Assistance to DGs for 16 international conferences and 27 signatures of agreements
- ★ 4 seminars of the College, 2 meetings with the EU Presidency and 6 high level events for the College
- ★ Management of 306 official gifts
- ★ 41 accreditation procedures and 7 ceremonies for presentation of credentials
- ★ Creation of a centre of expertise on protocol (training, assistance, advice etc.): 10 information sessions delivered

## LIST OF ACRONYMS

Term	Definition
AAR	Annual Activity Report
AB	Administrative burden
ABAC	Accrual-Based Accounting
ABM	Activity Based Management
ARGUS	General Rapid Alert System
ASAP	Operational IT tool for the follow-up to national parliaments' opinions
ASP	Acquis search platform
Basil	IT tool for parliamentary questions
BC	Business Continuity
BCM	Business Continuity Management
BCP	Business Continuity Programme
BIA	Business Impact Assessment
C3M	Community Capacity in Crisis Management
CIS-Net	Database for Interdepartmental Consultations
COM	Commission
CoR	Committee of the Regions
COREPER	The Permanent Representatives Committee or "Coreper" (Article 240 of the Treaty on the Functioning of the European Union) is responsible for preparing the work of the Council of the European Union
COSAC	Conférence des organes spécialisés des Assemblées de la Communauté
CVM	Cooperation and Verification Mechanism
CWP	Commission Work Programme
DG	Direction générale
DORIE	DOcumentation et Recherche sur les questions Institutionnelles Européennes (database)
EDPS	European Data Protection Supervisor
EEAS	European External Action Service

EESC	European Economic and Social Committee
EIMS	Evaluation Information Management System
EO	European Ombudsman
EP	European Parliament
EU	European Union
EUI	European University Institute
EU 2020	Commission's Communication: A strategy for smart, sustainable and inclusive growth
GICE	Groupe interservices compétences externs
GRI	Groupe des Relations Inter-institutionnelles
HEBDO	Réunion hebdomadaire des chefs de Cabinet
Hermes	Outil de gestion documentaire
IA	Impact Assessment
IAB	Impact Assessment Board
IAS	Impact Assesment Service
IIWG	Inter-Institutional Working Group
IS	Information Systems
IT	Information Technology
MEP	Member of the European Parliament
MFF	Multiannual Financial Framework
MS	Member States
NGO	Non Governmental Organisation
NOAH	Tool for Business Continuity Management in the Commission
NomCom	Nomenclature Commune=plan de classement de la Commission (outil de gestion et de consultation)
NP	National parliaments
NRP	National Reform Programmes
PSC	Political and Security Committee
RSCC	Réunion spéciale des chefs de Cabinet
SCA	Special Committee Agriculture

SG-Vista	Application: Official procedures and documents
SLA	Service Level Agreement
SMART	Specific, Measurable, Achievable, Relevant, Timed
SPOC	Single Point of Contact
SPP	Strategic Planning Programmation
SURE	Special Committee on Policy Challenges and Budgetary Resources for a Sustainable European Union after 2013
TFEU	Treaty for the Functioning of the European Union

# PART 2. MANAGEMENT AND INTERNAL CONTROL SYSTEMS

## 2.1 Introduction to the Secretariat-General

The Secretariat-General (SG) is one of the Commission's central services. It plays a key role in providing internal coordination and impetus to ensure that the College delivers on its strategic priorities. Furthermore, the SG contributes to the internal governance of the institution. In this capacity, its direct and main stakeholders are the President, the College, other Commission services and the other institutions. Moreover, the SG interacts with civil society and Member States, including in the implementation of EU law.

Most of the issues for which the SG has a leading role have a high political profile. Many are dependent on the actions of other institutions and Member States (for example the EU2020 Strategy, smart regulation, etc).

The SG also has systemic responsibility for a number of corporate processes regarding for example the decision making process, document management, business continuity/crisis management and strategic planning. Robust procedures and IT applications have been developed by the SG to achieve objectives and provide the best possible service to other DGs. All new applications rely on resilient systems built according to the accepted standards in the field. Their hosting is being progressively transferred to the Commission's Data Centre (managed by DG Informatics) in order to provide a resilient working environment with a back-up mechanism assumed by secondary systems.

In particular, the SG is responsible as a system owner for:

- e-Greffe, CIS-Net, Agenda Planning, Basil, Petition, Mediateur, NIF, e-Meetings, Comitologie, EU Pilot and Mne. These information systems support the decision making-process, providing the necessary tools to manage the document flow within the Institution. Failure of these systems would have consequences for the efficient functioning of the institution. While e-mails and paper documents can always be used as an alternative in case of disruption, their use might adversely affect ability to respect deadlines.
- Hermes-Ares-Nomcom, Sybil and CHAP. These applications for document and mail management are an important element for the continuity of operations and the accountability of all Commission services to the public and other institutions.
- ARGUS / NOAH. Applications for supporting communication among services and coordinating response to possible external and internal crises.
- GestDem, DORIE, Register of Commission documents, experts groups, Comitology and Lobby. These information systems implement the transparency policy of the European Commission.

In financial management, the SG has a low-risk profile. In 2011, the SG managed appropriations falling under:

- The global envelope of administrative appropriations;
- The activity "Relations with civil society, openness and information", dedicated to on-line dissemination of institutional information and databases, as well as contribution to the Community's historical archives under a service contract with the European University Institute in Florence and ESPAS, a Pilot Project designed "to set up an inter-institutional system identifying long-term trends on major policy issues facing the EU;
- Financial management of the Bureau of European Policy Advisors (BEPA), for which the SG became responsible as from January 2006 through a service level agreement signed by the Secretary-General and the Director-General of BEPA, and through a cross delegation to the Secretary-General for the budgetary appropriations of BEPA.

The financial circuits used in the SG in 2011 followed the centralised model (model 4) for the global envelope of administrative appropriations, except for informatics and Competitiveness & Innovation Programme-related expenditure, and a partially decentralised circuit (model 2) for other expenditure, including informatics expenditure. The initialisation and financial verification (ex-ante controls) are centralised in the financial service. The "SG financial circuits" gives a description of the various authorisations granted (the sub-delegated authorising officers and authorisations to sign "*certified correct*" and "*passed for payment*"). The authorising officers by sub-delegation reported on implementation at mid-term and year end. No reservations/ observations were issued.

As in previous years, the SG cross sub-delegated to DG Informatics a higher volume of appropriations for informatics projects than it manages directly. In 2011, the weight of cross sub-delegations to DIGIT was 59% of the global envelope and 30% of the Documentary Databases. This is because the SG is project owner of important corporate informatics projects such as e-Grefte, Hermes-Ares-Nomcom2 and ARGUS, whilst DG Informatics is the system supplier for these applications.

Finally, several modifications have been made to the operational structure of the DG:

- ➔ Three Deputy Secretaries-General were appointed;
- ➔ Directorate E was abolished; its units were transferred to the directorates which were most closely linked to their activities:
  - Unit SG.E.1 "Institutional issues" went to Directorate G, where the institutional matters were best placed in the inter-institutional context, and became unit SG.G.4 "General institutional issues"
  - Unit SG.E.2 "Application of EU law" went to Directorate C, as part of the smart regulation cycle and contributing to the improvement of the quality of legislation, and became unit SG.C.4
  - Unit SG.E.3 "Transparency and relations with stakeholders" went to Directorate B, already in charge of corporate administrative matters and document management, and became unit SG.B.5 "Transparency"
- ➔ Directorate R was re-organised by internal re-shuffling of their portfolios i.e. the budget and programming part of unit SG.R.1 went to unit SG.R.4 and logistics went from SG.R.2 to SG.R1. Unit were renamed to reflect their new responsibilities.

## 2.2 The functioning of the entire Internal Control system

### 2.2.1 Compliance with the requirements of the control standards

For the purposes of this AAR, compliance with the requirements has been assessed through an online questionnaire for SG managers. 19 responses have been registered, offering a satisfactory representation rate of the management population in the DG. The questions related in particular to the internal control priorities for 2011 and the internal control standards for which the latest assessment (a workshop on the same topic held with managers in September 2011) concluded that still need improvement. For each requirement of the internal control standards concerned, managers were asked to rate from 1 to 5 (5 = best case) the performance of the SG control environment in terms of:

- **Experience** (very few/no previous instances of ineffective controls that endangered the DG's objectives)
- **Staff capability** (staff allocation & skills and knowledge)
- **Systems and procedures** (systems and procedures in place and correctly implemented)

Based on the answers, a weighted average was calculated for each requirement, showing clearly a

score (maximum 5) for the performance of the control system in that respective field.

The section below provides details on the internal control standards for which the results of this survey indicate that there is only partial compliance with the requirements. The ICS prioritised in 2011 (ICS 3 and ICS 8) are addressed in section 2.2.2.

The regular analysis of sensitive functions has been carried out. Out of five staff members who reached at least 5 years in their current job, one has been re-appointed on the same function by the College and one is acting director and therefore, once a new director will be appointed, will no longer perform the respective sensitive function. For the remaining three cases derogations from mandatory mobility will be applied, in the interest of the service, and will be taken into account in a future re-organisation of the SG.

### **ICS 6 Risk Management**

The survey results show that the SG is compliant with all the requirements of this internal control standard, but comments reveal that the concept is understood quite unevenly in the SG, that it is still perceived as an artificial exercise for a horizontal DG and there seems to be also little agreement on what "critical risk" means.

Yet, an effort was made in 2011 to review and simplify the SG Risk Register through individual contacts between the Resources Directorate and each unit which has risks listed in the document. Each risk was analysed and, if still deemed relevant, it was ensured that its formulation contained the causes and potential consequences so that the mitigation measures could be better targeted. When the Management Plan 2012 was prepared, the Risk Register was updated.

### **ICS 12 Information and Communication**

The SG made significant progress in internal communication mainly due to two events which took place in the first six months of 2011. The SG Away-Day (18 March) was an opportunity for all SG staff to discover the various facets of the SG, make more personal contacts and strengthen team spirit. Many suggestions on how to improve the way the SG functions internally were made. These have been consolidated into an action plan which is currently being implemented.

One of the actions in the same spirit with the Away-Day was the Internal Communication Week (27 June – 1 July). It was an intensive week of at least two activities per day, comprising workshops, conferences, film screenings, and concluded with a staff lunch. The purpose of these events was to promote the exchange of information, as well as cultural exchanges, all in an informal and relaxed atmosphere.

The management seminar of 19 September generated measures in the area of internal communication as well. One of these was to strengthen the thematic dimension of the SG's internal work methods by setting up task forces (initially on the MFF, economic governance and Schengen) with representatives of all directorates involved. Another measure was to ensure systematic debriefings for colleagues across the DG, at desk officer level, on important policy developments.

Many new channels of encouraging intra-DG communication are being created or developed. For example, the "SG.R Magazine" has been broadened to "SG Magazine", a lively tool of communicating truly "hot" topics horizontally across the SG and bringing people closer together.

In terms of compliance with ICS requirements, the survey indicates that there is partial compliance. The weighted average of managers' answers in the survey shows that the SG does not score high in terms of management scoreboards' use and communicating internal control weaknesses.

Managers also commented that strengthening internal communication is necessary, but the needs of "clients" in the DGs, cabinets and beyond the Commission should not be neglected in terms of communication either. Another suggestion that was made is a more consistent inclusion in job requirements of information and coordination obligations of staff.



Additionally, room for improvement was identified in terms of information management. It is imperative to balance security with transparency. Steps are currently being undertaken to raise awareness and remedy this through the setting up of a working group which has a clear action plan to follow and implement in the coming year.

Taking into account all these elements, ICS 12 was flagged as priority ICS for the SG in 2012.

### **ICS 14 Evaluation of Activities**

Although this ICS does not specifically concern the SG as a horizontal DG, several managers commented in the survey that there are SG activities which have an external dimension and for which evaluations could be carried out. Even certain "service-provider" type of activities could use having evaluations made on the added value that they bring, especially in connection with the resources constraints that apply.

## **2.2.2 Effectiveness of implementation of the prioritised control standards**

### **ICS 3 Staff Allocation and Mobility**

The SG, as all other DGs, must meet the future challenge of delivering more with fewer resources. It is a relatively small DG, but it has high ambitions, which sometimes put extreme pressure on staff. For this reason, it is of paramount importance to bring more balance between the workload of the different units and in particular to channel resources towards recognised policy priorities.

The Unit Management Plan (UMP) is a new tool introduced in the SG in spring 2011 with a view to show how units translate the Management Plan objectives at their level and how they deploy their staff. The UMP proved to be instrumental in gathering information on resources allocation and, combined with individual meetings held with each Head of Unit, allowed the Resources Directorate to elaborate a comprehensive report on the allocation of HR in the SG, possible savings and areas where synergies can be envisaged. This report was discussed at senior management level in September 2011 and was very useful for identifying areas of rationalisation. This reflection is all the more important given the recent proposals of the Commission liked to the revision of the Staff Regulations.

Job descriptions are consistent with units' missions. In the context of the UMP meetings with Heads of Unit, the HR unit also carried out a thorough analysis of job titles and introduced a new job title taxonomy in order to get a better overview of the jobs/"métiers" that the SG needs and will need in the future. This simplification will have several advantages, e.g. in terms of forward planning, career development and programming of training. The survey reveals that managers found this harmonisation a step forward.

The policy to support and integrate newcomers is very appreciated (high scores and positive comments from managers participating in the survey). The alignment between organisational structure and staff allocation with priorities and workload is considered satisfactory, although somewhat slow. Survey respondents commended the HR unit on its efforts to start a process of matching priorities and resource allocation, as well as on the support it provides to managers in solving staffing problems effectively and rapidly.

Staff mobility, on the other hand, scores less well in the statistics of the survey (3.1 out of 5 for "experience", 3.1 out of 5 for "staff capability" and 2.6 out of 5 for "systems and procedures"). The explanations given by managers point towards the structural rigidities of staff allocation and mobility which limit the matching of demand with supply.

A clear and pro-active policy of mobility for the SG seems in this context more than welcome and the HR unit has already made this a priority for 2012.

## ICS 8 Processes and Procedures

The work launched in 2010 on reviewing and updating the documentation of the SG procedures was continued this year. The list of the SG's main procedures was refined by indicating who is the user of the procedure. As a result, "client-procedures"<sup>4</sup> have been published in October 2011 on a dedicated page on the SG intranet. This "one-stop shop" for SG procedures will make access for colleagues inside and outside of the SG much easier, will enhance transparency and facilitate updates.

One issue that emerged during the September management workshop on internal control is that the documentation of procedures should not be confused with the governance of processes. The latter is not under the remit of ICS 8 but rather a complex matter where coherence is indeed desirable, but a lot more efforts, under a strong leadership, are necessary in order to overcome the current fragmented approach.

In the field of exception reporting, it can be noted that the SG adapted its own internal reporting method in line with the recent guidelines issued by DG BUDG. The aim was to avoid a burdensome mechanism, while reflecting the spirit of the guidelines and ensuring compliance with ICS 8. The resulting modified procedure was communicated widely in the SG, through a note, a new user-friendly page on MySGnet and information points in meetings with Heads of Unit.

The answers to the survey confirmed that the SG addressed properly all the shortcomings it had in the field of ICS 8 and it now enjoys an effective mechanism for documenting and updating procedures, as well as reporting exceptions.

### 2.2.3 Conclusion

The above analysis confirms that the SG benefits from a sound and reliable internal control system which constantly monitors the ongoing processes and takes corrective measures swiftly when shortcomings are detected. While there is still significant room for improving the control system, in particular with regard to ICS 3, ICS 6, ICS 12 and potentially ICS 14, the Secretariat-General has identified no compliance issues which could undermine the basis for reasonable assurance.

## 2.3 Information to the Commissioner

The main elements of this report and assurance declaration have been brought to the attention of President Barroso.

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<sup>4</sup> "A client-procedure" is called any procedure managed by the SG which has as a purpose to guide colleagues from the SG or from other DGs through a processes that concerns them (e.g. European Council preparation and follow-up)

# PART 3. BUILDING BLOCKS TOWARDS THE DECLARATION OF ASSURANCE (AND POSSIBLE RESERVATIONS TO IT)

## 3.1 Building blocks towards reasonable assurance

The building blocks to support reasonable assurance are based on the functioning and effectiveness of the implementation of the internal control standards (described in Part 2 of the AAR) including risk management (section 3.1.1), the audit findings (section 3.1.2) and the assurance received from sub-delegated authorising officers by sub-delegation and crossed sub-delegation (sections 3.1.1 and 3.1.4). Findings are checked against the materiality criteria as described in more detail in the annex 4 of the AAR.

The materiality analysis begins by a *qualitative assessment* (nature, duration of the deficiency, compensatory measures taken, remedial actions planned) followed by a *quantitative assessment* (the value of the transactions affected by the deficiency should represent more than 2% of the budget of one ABB activity of the DG). These are supplemented by careful consideration of the *reputation consequences* that the deficiency identified may entail. Lastly, the SG also applies as a criterion its *systemic responsibilities* (horizontal service operating as a service provider for other DGs).

<u>Assessment by management</u>	<u>Results from independent audits during the reporting year</u>	<u>Follow up of action plans in reply to audit work performed in previous years</u>	<u>Assurance reported by other AODs in the case of crossed sub-delegation</u>
<ul style="list-style-type: none"> <li>➤ key indicators on legality and regularity and sound financial management;</li> <li>➤ assessment of effectiveness of the internal control standards (including risk management);</li> <li>➤ ICC contribution (i.e. the statement of the Resource Director annexed to the AAR);</li> <li>➤ AOSD reporting;</li> <li>➤ high-level exception reporting;</li> </ul>	<ul style="list-style-type: none"> <li>➤ IAC's opinion;</li> <li>➤ relevant IAS audit reports;</li> <li>➤ other independent audits;</li> </ul>	<ul style="list-style-type: none"> <li>➤ Follow-up of other identified system weaknesses (e.g. IAS and IAC reports,) including significant delays in implementation of action plans.</li> </ul>	

### 3.1.1 Building block 1: Assessment by management

The SG has not developed its own specific key indicators on the legality and regularity of underlying transactions and sound financial management. However, the SG is compliant with regulations and guidelines on budget management and ensures strict monitoring of budget implementation and payment delays.

## KEY INDICATORS ON THE LEGALITY AND REGULARITY OF UNDERLYING TRANSACTIONS:

### **Input: Resources devoted to ex ante controls to ensure legality and regularity of underlying transactions:**

- Within the financial circuits, 2 different staff members perform the ex-ante control: one the ex-ante operational verification and one the ex-ante financial verification;
- Financial resources: 5 persons.

### **Out put: Level and nature of controls carried out**

- The budget coverage of first level ex-ante control is 100 % (in 2010 – 100 %);
- The budget coverage of second level ex-ante control is 100 % (in 2010 – 100 %);
- The budget execution percentage for 2011 is 99 % (in 2010 – 99 %).

### **Results of controls: What the controls allowed to discover/remedy**

- Instances of overriding of controls or deviations from established policies (ICS 8): 26

In the SG exceptions from standard procedures, financial or operational, are duly approved and recorded centrally. None of the exceptions registered in 2011 is deemed to be of a nature or extent to lead to a reservation.

Appropriate financial circuits have been approved by the delegated authorising officer and implemented in the SG. They are documented and updated when necessary. The operational part of the process is separate from the financial part. The persons entitled to sign "*certified correct*" or "*passed for payment*" are clearly identified in writing, and all financial transactions are checked by a financial verifying agent other than the initiating officer.

In planning, programming, monitoring and reporting processes, directors have been invited to establish and communicate the planning of administrative expenditure for their directorates. Consolidation and follow-up are ensured by the financial service, and monthly reviews are carried out to monitor the level of implementation of administrative appropriations. Authorising officers by sub-delegation are invited on a regular basis to submit implementation reports for the lines for which they received sub-delegation. For 2011, all reports have been transmitted and raise no particular problems with regard to financial management of the funds sub-delegated.

The SG generally uses framework contracts concluded by other services for the selection of contractors:

- Informatics projects are managed through DG Informatics framework contracts;
- For studies the SG usually organises calls for tenders and the "*Comité de Pilotage*" ensures the respect of rules and procedures for every call for an amount higher than 50.000€.

Verifications are carried out at the financial initiation stage of operations. Information is verified by a financial verifying agent of the financial service. A second verification is performed in the final phase of the process, based on the supporting documents submitted for the payment requests.

### **Risk management**

As described in section 2.1, the SG has a low-risk profile as concerns financial management, the majority of risks recorded in the SG Risk Register being of a political nature and usually difficult to mitigate. Within the MP 2011 exercise, no critical risk was identified.

## 3.1.2 Building block 2: Results from audits during the reporting year

The IAC audits carried out in 2011 were as follows:

### Audit on the Registry

The objectives of this audit were to assess: (i) risks and mitigating controls linked to quality of incoming files, security of information and guidance; concerning in particular the helpdesk, e-Greffe, OJ-sector, written/ delegation/ empowerment procedures; state aid/ infringement/ mergers and communication tools, (ii) risks and mitigating controls linked to DG COMP's operational interface with the Registry, and (iii) the progress made with the modernisation of the Registry.

The report was issued on 28 October 2011. The IAC issued a qualified opinion and made five recommendations (2 very important, 2 important, 1 desirable), which all were accepted by management.

### Financial review of legality and regularity of selected financial transactions of the SG in 2011

The scope of the audit was comparable to that of the similar review carried out in 2010 and it was combined with the follow-up to the audit carried out last year (cf. section 2.1.3 below). The objective of the audit was to establish whether the existing rules and the financial circuits applicable to the selected transactions have been appropriately applied as regards commitment, validation, authorisation and payment of expenditure operations and to assess the effectiveness of control mechanisms applied to ensure the legality and regularity of the transactions. The final report was issued on 13 February 2012. The IAC's audit opinion was qualified and three new recommendations (important) were issued, which all were accepted by management.

### Financial review of the 2010 cut-off exercise of the SG

The scope of the audit was comparable to that of the similar review carried out in 2010 and it was combined with the follow-up to the audit carried from last year (cf. section 2.1.3 below). The objective of the audit was to assess compliance with DG BUDG's guidelines on cut-off postings for 2010 with a focus on their completeness, accuracy, reliability and presentation; efficiency and effectiveness of the process for establishing the postings and of control procedures applied in order to ensure accounting quality of underlying transactions. The final report was issued on 13 February 2012. The IAC's audit opinion was qualified and no new recommendations were issued over and above those from last year's exercise.

### Business Continuity Management in the SG

An unqualified audit opinion was issued (report of 14 December 2011) based on the audit from 2009 and on the subsequent implementation of recommendations as ascertained in the follow-up, cf. section 2.1.3 below.

### Audit opinion

Based on the results of the audits, as described above, and scope of the engagements carried out by during 2010, the IAC of the SG believes that the internal control system in place in the SG **provides reasonable assurance**<sup>5</sup> regarding the achievement of the business objectives set up for the processes

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<sup>5</sup> Even an effective internal control system, no matter how well designed and operated, has inherent limitations – including the possibility of the circumvention or overriding of controls – and therefore can provide only *reasonable assurance* to management regarding the achievement of the business objectives and not absolute assurance.

audited, except for the following issues:

- THE REGISTRY AT THE SG: communication to corporate users via webpages and for the delineation of the role of the SG's own legislative coordinators.
- LEGALITY AND REGULARITY OF FINANCIAL TRANSACTIONS IN 2011: certain aspects of the application of Financial Circuits<sup>6</sup> and weaknesses in the process of changing ABAC access rights.
- 2010 CUT-OFF EXERCISE OF THE SECRETARIAT GENERAL: The scope of the audit relates to the accounting year 2010<sup>7</sup>. The cut-off exercise provides reasonable assurance regarding the reliability of SG 2010 financial statements and achievement of other objectives set up for the audited process except for weaknesses in documentation and supervision of control mechanisms for revision of accounts.

### **3.1.3 Building block 3: Follow-up of previous years' reservations and action plans for audits from previous years**

#### **The SG has pending recommendations from the following Internal Audit Service (IAS) audit:**

##### **Business Continuity Management**

At the end of 2011, one recommendation concerning the BCM is still pending. This recommendation is classified as "very important" and refers to the supervision of the implementation of the BCM. Implementation is currently on-going

#### **Follow-up audits carried out by the IAC in 2011:**

##### **1<sup>st</sup> follow-up to the financial review of legality and regularity of selected financial transactions of the SG in 2010**

The follow-up recognised five out of the ten recommendations as fully implemented. One recommendation was assessed as largely implemented, three as in progress and one as not implemented. Outstanding very important recommendations are those described in the section 2.1.2 above.

##### **1<sup>st</sup> follow-up to financial review of the 2009 cut-off exercise of the SG**

The follow-up recognised five of the twelve recommendations as fully implemented. Two recommendations were assessed as largely implemented, four as in progress and one as not implemented. Outstanding very important recommendations are those described in the section 2.1.2 above.

##### **1<sup>st</sup> follow-up to Business Continuity Management in the SG**

The follow-up recognised almost all recommendations as fully implemented. Only certain elements are outstanding for two recommendations (Berlaymont; exercise programme).

##### **4<sup>th</sup> follow-up to the Audit on Financial Circuits**

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<sup>6</sup> Legal and corresponding budgetary commitment not always authorised by the same person.

<sup>7</sup> Accounting year 2011 has not yet been audited

The implementation of the only remaining recommendation (financial manual) of this audit from 2007 is still in progress.

### **Final follow-ups**

All remaining recommendations from three older audits were all regarded as implemented in the framework of follow-up audits carried out 2011: (i) two recommendations from the Audit on IT local systems, (ii) one recommendation from the Audit on Ethics in the SG and (iii) two recommendations from the Audit on Human Resources Management in the SG.

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To sum up, the internal control weaknesses identified during the audit and advice engagements IAC carried out during 2011 do not represent deficiencies likely to have an impact on the content of the annual Declaration of the Secretary-General.

### **3.1.4 Building block 4: Assurance received from other Authorising Officers in cases of crossed sub-delegation**

In 2011, the SG has given crossed sub-delegations to DG DIGIT and OIB. The reports from authorising officers by sub-delegation have all been received at the beginning of 2011 and signal no problems or deviations from regular procedures in their financial management of the budget lines sub-delegated to them.

### **3.1.5 Completeness and reliability of the information reported in the building blocks**

The information provided under the building blocks is complete and reliable and therefore provides reasonable assurance for the conclusion on the effectiveness of the internal control system of the SG as stated in section 2.2.3 of the AAR.

## **3.2 Reservations**

None of the materiality criteria mentioned in Annex 4 has revealed significant weaknesses in 2011. No other issues were raised by the Court of Auditors or the IAS. Therefore, no reservations are made.

## **3.3 Overall conclusions on the combined impact of the reservations on the declaration as a whole**

Not applicable.



## PART 4. DECLARATION OF ASSURANCE

*I, the undersigned,*

*Secretary-General*

*In my capacity as authorising officer by delegation*

*Declare that the information contained in this report gives a true and fair view<sup>8</sup>.*

*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, the observations of the Internal Audit Service 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.*

*[Signed]*

*Catherine Day*

*Brussels,*

*30 March 2012*

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<sup>8</sup> *True and fair in this context means a reliable, complete and correct view on the state of affairs in the service.*