

Annex 1: Statement of the Resources Director

I declare that in accordance with the Commission's communication on clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission¹, I have reported my advice and recommendations to the Director-General/Head of Service on the overall state of internal control in the DG/service.

I hereby certify that the information provided in Parts 2 and 3.1 of the present AAR and in its annexes 2 to 5 is, to the best of my knowledge, accurate and exhaustive.

[Signed]

Gianmarco Di Vita

¹ [SEC\(2003\)59 of 21.01.2003.](#)

Annex 2: Human and Financial resources by ABB activity

Code ABB Activity	ABB Activity	Human Resources by ABB activity		
		Establishment Plan posts	External Personnel	Total
25 01 06	Better regulation and institutional development	74	16	90
25 02	Relations with civil society, openness and information	31		31
25 AWBL-01	Administrative support for the Secretariat-General	58	14	72
25 AWBL-02	Co-ordination within the Commission	93	9	102
25 AWBL-03	Co-ordination and relations with the other institutions	96	12	108
25 AWBL-09	Policy strategy and coordination for the Secretariat-General	31		31
25 AWBL-12	Logistical support for the Commission and protocol	136	16	152
	Total	519	67	586

General remark: the above data rely on the snapshot of Commission personnel actually employed in each DG/ service as of 31/12/2011. These data do not constitute full-time-equivalent units throughout the year.

IMPLEMENTATION OF THE GLOBAL ENVELOPE

BUDGET LINES CONCERNED: XX 01 02 11 00 01 TO XX 01 02 11 00 06
(based on information received from BUDG services following the 2013 Budget circular)

(IN EUROS)		APPROPRIATIONS 2011 (C1)			APPROPRIATIONS carried over (C8)	
BUDGET LINE*	BUDGET LINE DESCRIPTION	AVAILABLE APPROPRIATIONS 2011	COMMITMENTS 2011	PAYMENTS 2011	AMOUNTS OF APPROPRIATIONS CARRIED OVER FROM 2010	% IMPLEMENTATION ON APPROPRIATIONS CARRIED OVER FROM 2010
25.010211.00.01.10	Mission expenses	645.000	640.000	528.678	59.294	100%
25.010211.00.01.30	Representation expenses					
25.010211.00.02.20	Meeting costs	102.740	102.740	95.449	17.784	100%
25.010211.00.02.40	Conference costs	85.000	85.000	58.346	13.399	100%
25.010211.00.03	Meetings of committees					
25.010211.00.04	Studies and consultations				38.060	100%
27.010211.00.04	Studies and consultations					
25.010211.00.05	Development of management and information systems	2.793.577	2.793.577	996.632		
25.010211.00.06	Further training and management training	196.137	196.136	79.616	130.940	100%
26.010211.00.06	Further training and management training – ARIANE	650.000	649.874	229.858	404.212	100%
	TOTAL	4.472.454	4.4467.327	1.988.579	663.689	

Annex 4: Materiality criteria

The SG uses the guidelines provided in the communication COM(2003)28 of 21 January 2003. According to these, only material reservations can be used to qualify the annual declaration.

The process of deciding whether a deficiency is material consists of the following steps:

a) Identifying a deficiency (e.g.: a significant weakness of the control systems, insufficient audit coverage, a critical issue outlined by the European Court of Auditors, the Internal Audit Service and OLAF);

b) Determining if the deficiency falls within the scope of the AOD declaration (it relates to the *reasonable assurance concerning the use of resources, sound financial management or legality and regularity of underlying transactions*);

c) **Qualitative assessment:** assessing if the deficiency is significant in qualitative terms means analysing:

- the nature and scope of the deficiency,
- the duration of the deficiency,
- the existence of compensatory measures (mitigating controls which reduce the impact of the deficiency),
- the existence of effective remedial actions to correct the deficiencies (action plans and financial corrections) which have had a measurable impact;

d) **Quantitative assessment:** a deficiency which is significant from a qualitative perspective must be quantified in terms of "monetary value of the identified problem"/ "amount considered at risk". In line with the guidelines agreed centrally in the Commission, the SG applies the recommended threshold of **2%** i.e. when the value of the transactions affected by the deficiency represents more than 2% of the budget of one ABB activity of the DG;

e) For deficiencies which are considered significant from a qualitative point of view, but their financial impact is lower than the 2% threshold, the SG takes into account the potential **reputational consequences** they may entail. A reservation would be made if such a reputational event were to occur and negatively impact on the image of the Commission.

Additionally, the SG continues to apply another materiality criterion: its **systemic responsibilities**. Beyond its own operational responsibilities, the SG is a horizontal service operating as a service provider and thus also bears responsibility for the development and quality of a certain number of corporate processes. In particular, the SG has the responsibility at Commission level for the decision making process of the College, document management and crisis management (Argus).

Annex 5:

Internal Control Template for budget implementation (ICT)

1. Inherent nature and characteristics of the DGs policy environment and stakeholders

Summary:

The SG only managed appropriations falling under heading 5 of the financial framework "Administrative Expenditure". The SG managed a limited budget of € 8.8 million in 2011 for administrative expenditure and €5.9 million for operational expenditure. As project owner for important corporate informatics projects, the SG cross sub-delegated € 4.2 million in 2011 to DG DIGIT and 0.1 million to OIB.

The Secretariat General buys mainly services in the area of information technology, document analysis and document management. There are approximately 1-2 tender procedures a year, but none for 2011. For the rest the SG is generally using 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 needs to organise calls for tenders, and then the 'Comité de Pilotage' ensures the respect of rules and procedures.

Management mode/s:

The financial circuits implemented in the SG follow the centralised model (model 4) for the global envelope of administrative appropriations, except for informatics expenditures, and a partially decentralised circuit (model 2) is used for other expenditure including informatics expenditure.

For the centralised model (model 4), financial initiation and verification, as well as operational verification, are carried out by the financial cell of Unit R4 "Budget, Programming and Communication" and the role of Authorising Officer by Sub-delegation (AOSD) is undertaken mostly by the Head of Sector, the Head of Unit R4 and the Resources Director. The functions of operational initiation are carried out by the operational units. Regarding missions, the role of AOS is decentralised at Director level.

For the partially decentralised circuit (model 2), the financial initiation and verification are centralised in the financial cell of Unit R4, whereas the operational initiation and verification and the role of the AOSD is carried out by the operational units, namely the units R.3, R.4, B.5 and C1.

Key figures:

Appropriations: € 5,9 million for the operational lines ("Relations with civil society, openness and information") and € 8.8 million for "Administrative support for the SG".

Implementation for commitment appropriations for the overall budget was 100% and 100% for the global envelope of administrative appropriations. Concerning payment appropriations, the implementation rate of 70% is considered satisfactory.

The SG made 807 payments on its own budget lines, 651 of which (80.67%) were carried out in due time. That's below the target of 95% of on-time payments that the SG has set itself but actions have been taken (see Ares note (2011)1046198)