

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 Commission³⁸, I have reported my advice and recommendations to the Director 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.

Corinne MIMRAN

signed

³⁸ [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:
1501-1901-2201	Education	46	152	198
1501	Culture	6	23	29
1501	Audiovisual	12	60	72
1501	Youth	5	22	27
1601	Citizenship	5	21	26
	Administrative support	23	41	64
	Coordination and Communication	5	12	17
	Total:	102	331	433

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.

ANNEX 3: DRAFT ANNUAL ACCOUNTS AND FINANCIAL REPORTS

Annex 3 Financial Reports - DG EACEA - Financial Year 2011

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

Table 4 : Balance Sheet

Table 5 : Economic Outturn Account

Table 6 : Average Payment Times

Table 7 : Income

Table 8 : Recovery of undue Payments

Table 9 : Ageing Balance of Recovery Orders

Table 10 : Waivers of Recovery Orders

Table 11 : Negotiated Procedures (excluding Building Contracts)

Table 12 : Summary of Contracts (excluding Building Contracts)

Table 13 : Building Contracts

Table 14 : Contracts declared Secret

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2011 (in Mio €)				
Chapter		Commitment appropriations authorised *	Commitments made	%
		1	2	3=2/1
Title 15 : Education and culture				
15 02	Lifelong learning, including multilingualism	239,32	236,20	98,69 %
15 04	Developing cultural and audiovisual cooperation in Europe	172,14	166,26	96,58 %
15 05	Encouraging and promoting cooperation in the field of youth and sports	23,50	22,38	95,24 %
Total Title 15		434,96	424,84	97,67 %
Title 16 : Communication				
16 05	Fostering European citizenship	28,65	28,50	99,50 %
Total Title 16		28,65	28,50	99,50 %
Title 19 : External relations				
19 05	Relations and cooperation with industrialised non-member countries	3,50	3,50	100,00 %
19 08	European Neighbourhood Policy and relations with Russia	68,53	66,00	96,31 %
19 09	Relations with Latin America	5,20	5,20	100,00 %
19 10	Relations with Asia, Central Asia and Middle East (Iraq, Iran, Yemen)	14,06	14,00	99,60 %
Total Title 19		91,28	88,70	97,17 %
Title 22 : Enlargement				
22 02	Enlargement process and strategy	0,48	0,07	15,51 %
Total Title 22		0,48	0,07	15,51 %
Total DG EACEA		555,37	542,12	97,61 %

* Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).

** Concerning the execution rate of the commitment credits for the budgetary lines covering the titles "19: External relations (97,17%)" and "22: Enlargement (15,51%)", the level 1 commitments created in 2011 by the Commission for a period of 2 years are included in the above table. However the table used for the follow up of the budgetary execution in the Agency (see above annex 2) takes into consideration the execution of the level 2 commitments of the titles "19" (99,9%) and "22" (100%) on level 1 commitments created in 2010 and 2011. Furthermore, for titles 15 and 16, the difference between the execution rate indicated above of 97,67% and 99,50% and the execution rate of the C1 and C5 credits as they appear in annex 2 of the activity report 2011 of the Agency (globally 99,9%) can be explained by a lower execution of commitment credits coming from the participation of third countries to the programmes, especially for the chapters 15 04 and 15 05, these credits which can be carried over and are not covered by the table used for the follow up of the budgetary execution in the Agency.

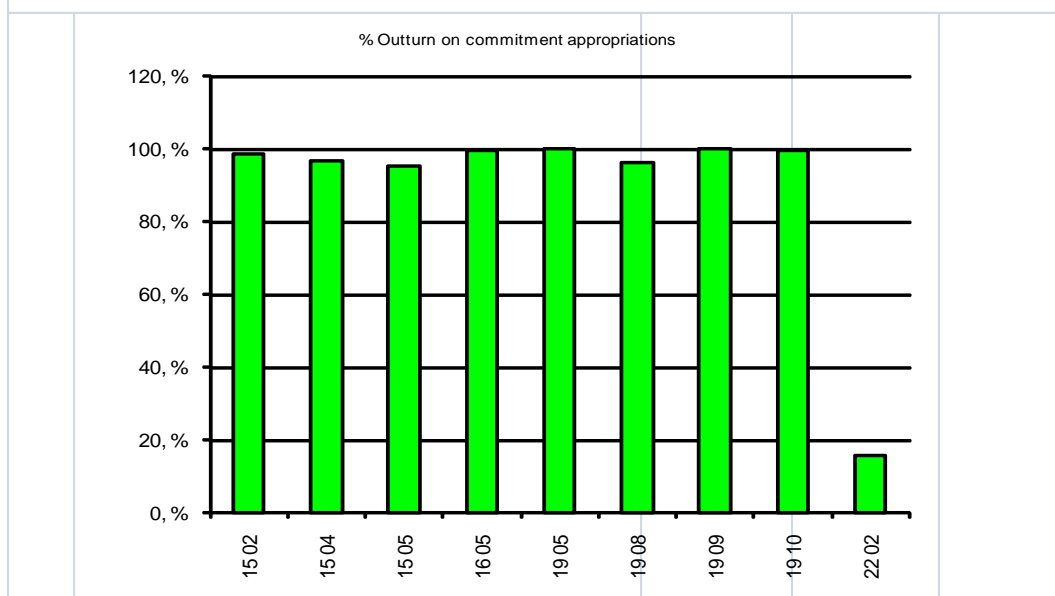


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2011 (in Mio €)				
Chapter		Payment appropriations authorised *	Payments made	%
		1	2	3=2/1
Title 15 : Education and culture				
15 02	Lifelong learning, including multilingualism	216,09	212,73	98,44 %
15 04	Developing cultural and audiovisual cooperation in Europe	166,32	153,33	92,19 %
15 05	Encouraging and promoting cooperation in the field of youth and sports	19,38	18,76	96,83 %
Total Title 15		401,79	384,82	95,78 %
Title 16 : Communication				
16 05	Fostering European citizenship	25,99	25,72	98,97 %
Total Title 16		25,99	25,72	98,97 %
Title 19 : External relations				
19 05	Relations and cooperation with industrialised non-member countries	5,20	4,91	94,49 %
19 08	European Neighbourhood Policy and relations with Russia	62,09	59,52	95,86 %
19 09	Relations with Latin America	12,13	12,13	100,00 %
19 10	Relations with Asia, Central Asia and Middle East (Iraq, Iran, Yemen)	30,64	30,50	99,53 %
Total Title 19		110,06	107,05	97,27 %
Title 21 : Development and relations with African, Caribbean and Pacific (ACP) States				
21 06	Geographical cooperation with African, Caribbean and Pacific (ACP) States	3,90	3,90	100,00 %
Total Title 21		3,90	3,90	100,00 %
Title 22 : Enlargement				
22 02	Enlargement process and strategy	27,16	26,86	98,89 %
Total Title 22		27,16	26,86	98,89 %
Total DG EACEA		568,89	548,36	96,39 %

* Payment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous payment appropriations for the period (e.g. internal and external assigned revenue).

** The difference between the execution rate indicated above of 96,39% and the execution rate of the C1 and C5 credits as they appear in annex 2 of the activity report 2011 of the Agency (99,9%) can be explained by a lower execution of payment credits coming from the participation of third countries to the programmes, especially for the chapter 15 04, these credits which can be carried over and are not covered by the table used for the follow up of the budgetary execution in the Agency.

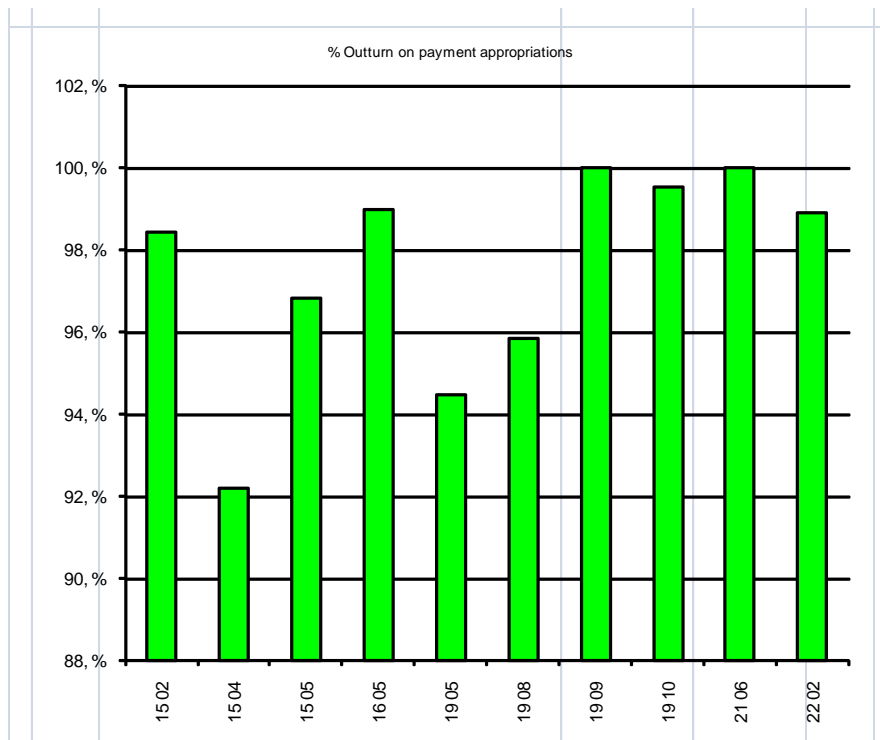


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2011 (in Mio €)

Chapter	2011 Commitments to be settled				Commitments to be settled financial years previous	Total of Commitments to be settled of financial year 2011 (incl.correct)	Total of Commitments to be settled at of financial year 2010 (incl.correction)	
	Commitments 2011	Payments 2011	RAL 2011	% to be settled				
	1	2	3=1-2	4=1-2/1	5	6=3+5	7	
Title 15 : Education and culture								
15 02	Lifelong learning, including multilingualism	236,20	135,29	100,91	42,72 %	115,48	216,39	206,92
15 04	Developing cultural and audiovisual cooperation in Europe	166,26	89,01	77,24	46,46 %	76,77	154,01	148,83
15 05	Encouraging and promoting cooperation in the field of youth and sports	22,38	14,51	7,88	35,19 %	7,94	15,82	13,76
Total Title 15		424,84	238,81	186,03	43,79 %	200,19	386,22	369,51
Title 16 : Communication								
16 05	Fostering European citizenship	28,50	12,70	15,80	55,44 %	11,44	27,24	26,39
Total Title 16		28,50	12,70	15,80	55,44 %	11,44	27,24	26,39
Title 19 : External relations								
19 05	Relations and cooperation with industrialised non-member countries	3,50	0,00	3,50	100,00 %	9,83	13,33	14,85
19 08	European Neighbourhood Policy and relations with Russia	66,00	25,72	40,28	61,03 %	62,96	103,24	101,55
19 09	Relations with Latin America	5,20	2,60	2,60	50,07 %	8,42	11,02	17,95
19 10	Relations with Asia, Central Asia and Middle East (Iraq, Iran, Yemen)	14,00	2,00	12,00	85,71 %	59,86	71,86	91,72
Total Title 19		88,70	30,32	58,38	65,82 %	141,07	199,45	226,07
Title 21 : Development and relations with African, Caribbean and Pacific (ACP) States								
21 06	Geographical cooperation with African, Caribbean and Pacific (ACP) States	0,00	0,00	0,00	0,00 %	6,51	6,51	10,61
Total Title 21		0,00	0,00	0,00	0,00 %	6,51	6,51	10,61
Title 22 : Enlargement								
22 02	Enlargement process and strategy	0,07	0,00	0,07	100,00 %	37,12	37,19	66,87
Total Title 22		0,07	0,00	0,07	100,00 %	37,12	37,19	66,87
Total DG EACEA		542,12	281,83	260,29	48,01 %	396,33	656,62	699,45

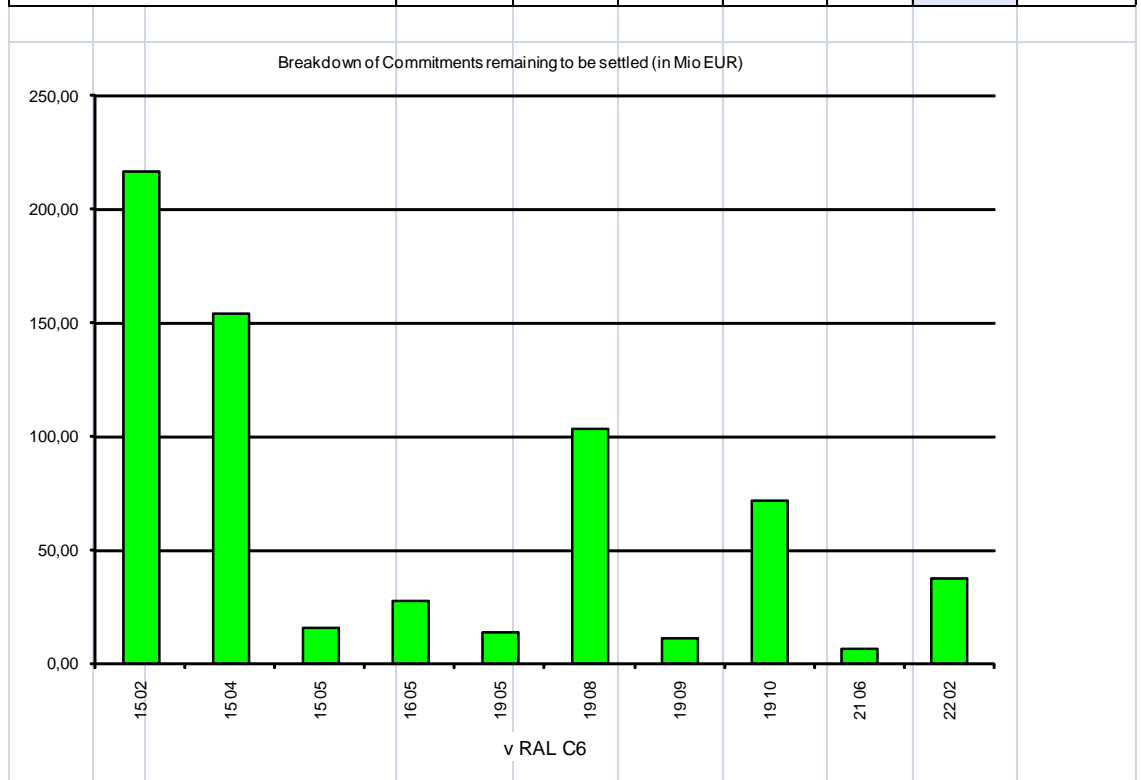


TABLE 4 : BALANCE SHEET EACEA		
BALANCE SHEET	2011	2010
A.I. NON CURRENT ASSETS	70.018.809,98	82.201.292,20
A.I.5. LT Pre-Financing	70.018.809,98	82.201.292,20
A.II. CURRENT ASSETS	295.735.573,48	282.885.328,22
A.II.2. Short-term Pre-Financing	293.109.569,18	279.830.649,77
A.II.3. Short-term Receivables	2.626.004,30	3.054.678,45
ASSETS	365.754.383,46	365.086.620,42
P.III. CURRENT LIABILITIES	-86.555.463,25	-84.664.703,71
P.III.4. Accounts Payable	-86.555.463,25	-84.664.703,71
LIABILITIES	-86.555.463,25	-84.664.703,71
NET ASSETS (ASSETS less LIABILITIES)	279.198.920,21	280.421.916,71
P.I.2. Accumulated Surplus / Deficit	0,00	0,00
Non-allocated central (surplus)/deficit*	-279.198.920,21	-280.421.916,71
TOTAL	0,00	0,00

* This figure is a balancing amount presented here so as to reflect the fact that the accumulated result of the Commission is not attributed to each DG

It should be noted that the balance sheet and economic outturn account presented in Annex 3 to this Annual Activity Report, represent only the (contingent) assets, (contingent) liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and economic outturn account they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

TABLE 5 : ECONOMIC OUTTURN ACCOUNT EACEA

ECONOMIC OUTTURN ACCOUNT	2011	2010
II.1 SURPLUS/ DEF. FROM OPERATING ACTIVIT	539.652.512,93	507.609.485,56
II.1.1. OPERATING REVENUES	-3.200.859,12	-3.512.751,89
II.1.1.1. Other operating revenue	-3.200.859,12	-3.512.751,89
II.1.2. OPERATING EXPENSES	542.853.372,05	511.122.237,45
II.1.2.1. Administrative Expenses		0,00
II.1.2.2. Operating Expenses	542.853.372,05	511.122.237,45
II.2. SURPLUS/DEF. NON OPERATING ACTIVIT	-479.652,36	-635.598,94
II.2. FINANCIAL OPERATIONS	-479.652,36	-635.598,94
II.2.1. Financial revenue	-497.300,80	-642.114,44
II.2.2. Financial expenses	17.648,44	6.515,50
ECONOMIC OUTTURN ACCOUNT	539.172.860,57	506.973.886,62

It should be noted that the balance sheet and economic outturn account presented in Annex 3 to this Annual Activity Report, represent only the (contingent) assets, (contingent) liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and economic outturn account they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

TABLE 6: AVERAGE PAYMENT TIMES FOR 2011 - DG EACEA

Legal Times							
Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	51	46	90,20 %	12,41	5	9,80 %	53,20
45	5672	5448	96,05 %	11,08	224	3,95 %	96,31
60	1	1	100,00 %	22,00			
90	2294	1938	84,48 %	53,03	356	15,52 %	106,15
105	18	18	100,00 %	43,11			

Total Number of	8036	7451	92,72 %		585	7,28 %	
Average Payment	27,89			22,08			101,93

Target Times							
Target Payment Time (Days)	Total Number of Payments	Nbr of Payments within Target Time	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
20	3606	3344	92,73 %	9,55	262	7,27 %	39,19
30	2130	1862	87,42 %	10,43	268	12,58 %	81,99
45	1	1	100,00 %	28,00			
60	3	3	100,00 %	14,00			
75	2278	1531	67,21 %	45,31	747	32,79 %	94,12
90	18	17	94,44 %	40,00	1	5,56 %	96,00

Total Number of	8036	6758	84,10 %		1278	15,90 %	
Average Payment	27,89			17,97			80,32

Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
14	28	2040	25,39 %	8036	110.495.255,37	20,33 %	543.503.797,07

Late Interest paid in 2011			
DG	GL Account	Description	Amount (Eur)
EACEA	65010000	Interest expense on late payment of charges	1 044,97
EACEA	65010100	Interest on late payment of charges New FR	16 603,47
			17 648,44

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2011

Chapter	Revenue and income recognized			Revenue and income cashed from			Outstanding balance	
	Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total		
	1	2	3=1+2	4	5	6=4+5		
Title 5: REVENUE ACCRUING FROM THE ADMINISTRATIVE OPERATION OF THE INSTITUTIONS								
52	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	504.894,20	84.048,34	588.942,54	439.756,39	82.906,94	522.663,33	66.279,21
	Total Title 5	504.894,20	84.048,34	588.942,54	439.756,39	82.906,94	522.663,33	66.279,21
Title 6: CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH UNION/COMMUNITY AGREEMENTS AND PROGRAMMES								
60	CONTRIBUTIONS TO UNION/COMMUNITY PROGRAMMES	83.657,96	3.837,00	87.494,96	46.060,82	366,70	46.427,52	41067,44
61	REPAYMENT OF MISCELLANEOUS EXPENDITURE	-631409,14	8.121233,01	7.489.823,87	-1581244,24	2.805.052,74	1223.808,50	6.266.015,37
66	OTHER CONTRIBUTIONS AND REFUNDS	8.826.029,36	4.247.987,23	13.074.016,59	7.232.059,62	1868.192,67	9.100.252,29	3.973.764,30
	Total Title 6	8.278.278,18	12.373.057,24	20.651.335,42	5.696.876,20	4.673.612,11	10.370.488,31	10.280.847,11
	Total DG EACEA	8.783.172,38	12.457.105,58	21.240.277,96	6.136.632,59	4.756.519,05	10.893.151,64	10.347.126,32

**TABLE 8 : RECOVERY OF UNDUE PAYMENTS
(Number of Recovery Contexts and corresponding Transaction Amount)**

RECOVERY ORDERS ISSUED IN 2011 Year of Origin (commitment)	Error		Follow Up		Irregularity		No error / irregularity		TOTALS	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2004	4	76.825,16			11	351.861,03	1	97.117,20	16	525.803,39
2005	4	270.449,14			22	383.509,14	3	130.698,43	29	784.656,71
2006	3	39.411,18			24	572.266,81	3	191.565,95	30	803.243,94
2007	22	438.456,30			44	954.116,91	20	1.834.881,59	86	3.227.454,80
2008	9	255.180,76			50	845.519,35	30	424.824,64	89	1.525.524,75
2009	9	62.479,69			85	714.691,66	106	1.592.987,34	200	2.370.158,69
2010	10	27.709,72	1	22.084,00	89	720.714,91	18	277.682,27	118	1.048.190,90
2011					5	76.703,65	1	28.000,00	6	104.703,65
No Link					45	655.418,79	2	13.428,00	47	668.846,79
	61	1.170.511,95	1	22.084,00	375	5.274.802,25	184	4.591.185,42	621	11.058.583,62

EXPENSES	Nbr	Amount
	INCOME LINES IN INVOICES	0

	Error		Irregularity		No error / irregularity		Follow Up	
	Nbr	Non-Eligible Amount	Nbr	Non-Eligible Amount	Nbr	Non-Eligible Amount	Nbr	Non-Eligible Amount
NON ELIGIBLE AMOUNT IN COST CLAIMS	311	1.916.882,64	1157	9.755.422,87	103	536.487,81	11	54.252,10

CREDIT NOTES	Nbr	Credit Note Amount
		0

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2011 FOR EACEA

Year of Origin	Number at 01/01/2011	Number at 31/12/2011	Evolution	Open Amount (Eur) at 01/01/2011	Open Amount (Eur) at 31/12/2011	Evolution
2001	16	6	-62,50 %	401.897,87	128.307,42	-68,07 %
2002	26	16	-38,46 %	564.812,89	409.799,50	-27,45 %
2003	53	33	-37,74 %	1.326.197,21	952.075,29	-28,21 %
2004	20	18	-10,00 %	526.806,00	497.451,00	-5,57 %
2005	8	4	-50,00 %	224.247,04	89.934,03	-59,90 %
2006	8	4	-50,00 %	533.898,36	457.398,36	-14,33 %
2007	26	19	-26,92 %	606.064,84	532.218,34	-12,18 %
2008	47	36	-23,40 %	1.182.980,92	835.212,58	-29,40 %
2009	45	36	-20,00 %	982.417,19	812.941,68	-17,25 %
2010	157	40	-74,52 %	6.107.783,26	2.985.248,33	-51,12 %
2011		123			2.646.539,79	
Totals	406	335	-17,49 %	12.457.105,58	10.347.126,32	-16,94 %

TABLE 10 : RECOVERY ORDER WAIVERS IN 2011 >= EUR 100.000

	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
1	3233110121	3241012763	-100.000,00	Private Companies	PE/2011/3184 du 18/05/2011	
2	3233110171	3230812974	-131.106,00	Private Companies	PE/2011/4676 du 13/07/2011	
3	3233110218	3241100692	-150.000,00	Private Companies	PE/2011/3742 du 07/06/2011	
4	3233110222	3241010477	-135.000,00	Private Companies	PE/2011/6797 du 13/10/2011	
5	3233110225	3241011479	-108.447,00	Private Companies	PE/2011/6797 du 13/10/2011	
6	3233110226	3241010479	-184.018,00	Private Companies	PE/2011/6797 du 13/10/2011	

Total DG EACEA	-808.571,00
-----------------------	--------------------

Number of RO waivers	6
-----------------------------	----------

TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG EACEA - YEAR 2011

Contracts > 60.000		
Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Article 126.1(f) IR	2.	540,687.97
Total	2.	540,687.97

TABLE 12 : SUMMARY OF PROCEDURES OF DG EACEA EXCLUDING BUILDING CONTRACTS

Internal procedures > € 60,000	2010		2011	
Contract Class	Count	Amount (€)	Count	Amount (€)
Service	7,	1.513.473,00	4,	1.065.233,97
TOTAL	7,	1.513.473,00	4,	1.065.233,97

Procedure Type	Count	Amount (€)	Count	Amount (€)
Negotiated Procedure without publication of a contract notice (Art. 126 IR)			2,	540.687,97
Open Procedure (Art. 122.2 IR)	7,	1.513.473,00	2,	524.546,00
TOTAL	7	1.513.473,00	4	1.065.233,97

External procedures > € 10,000	2011	
Contract Class	Count	Amount (€)
Service		
TOTAL		

Procedure Type	Count	Amount (€)
(Ext. act) Service - Procedure with a single offer below 10 000 euro (Art. 241.1 IR)		
TOTAL		

Additional comments

The original Annex published in this report contained the data related to the operational and administrative budgets of the Agency. The data have been split into two tables. This Annex refers to the operational budget of the Commission managed by the Agency. The same annex has also been prepared for the administrative budget. The figures refer to the number of procurements awarded in 2011, taking into account the value of the award decisions and not the amount of the yearly contracts.

TABLE 13 : BUILDING CONTRACTS

Total number of contracts :	0
Total amount :	

Legal base	Contract Number	Contractor Name	Description	Amount (€)
------------	-----------------	-----------------	-------------	------------

No data to be reported

TABLE 14 : CONTRACTS DECLARED SECRET

Total Number of Contracts :	0
Total amount :	

Legal base	Contract Number	Contractor Name	Type of contract	Description	Amount (€)
------------	-----------------	-----------------	------------------	-------------	------------

No data to be reported

Annex 3 Financial Reports - EACEA - Financial Year 2011

Administrative Budget

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

Table 4 : Balance Sheet

Table 5 : Economic Outturn Account

Table 6 : Average Payment Times

Table 7 : Income

Table 8 : Recovery of undue Payments

Table 9 : Ageing Balance of Recovery Orders

Table 10 : Waivers of Recovery Orders

Table 11 : Negotiated procedures

Table 12 : Summary of procedures

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2011 (in Mio €)				
Chapter		Commitment appropriations authorised *	Commitments made	%
		1	2	3=2/1
Title A-1 FRAIS DE PERSONNEL				
A-11	Salaires	27,78	27,77	99,95 %
A-13	Frais de missions	0,70	0,67	95,71 %
A-14	Socio, infrastructure, formation	0,37	0,37	99,05 %
A-16	Service Social	0,68	0,68	99,98 %
A-17	Réceptions, Événements	0,00		
Total Title A-1		29,54	29,49	99,84 %
Title A-2 FRAIS DE FONCTIONNEMENT				
A-20	Loc. immeuble et frais	5,90	5,89	99,96 %
A-21	Traitement des données	4,32	4,32	99,93 %
A-22	Biens, meubles et frais accessoires	0,27	0,26	98,75 %
A-23	Dépenses de fonctionnement administratifs courants	0,22	0,21	99,22 %
A-24	Télécommunication & Affranchissement	0,88	0,87	99,96 %
A-26	Frais Administratifs liés activités opération.	8,84	8,80	99,55 %
Total Title A-2		20,42	20,36	99,75 %
TOTAL EACEA%		49,95	49,86	99,80 %

* Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).

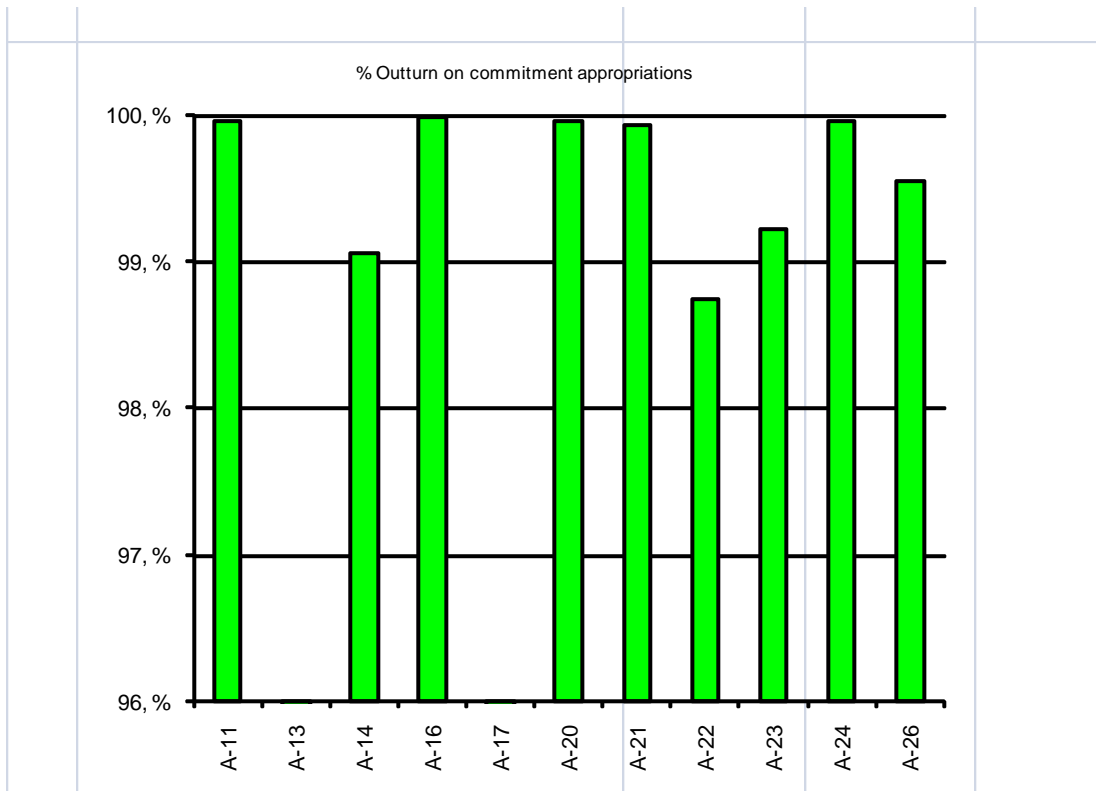


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2011 (in Mio €)				
Chapter		Payment appropriations authorised *	Payments made	%
		1	2	3=2/1
TITLE A-1 FRAIS DE PERSONNEL				
A-11	Salaires	28,11	27,84	99,04 %
A-13	Frais de missions	0,79	0,66	83,83 %
A-14	Socio, infrastructure, formation	0,64	0,43	67,63 %
A-16	Service Social	0,69	0,12	17,33 %
A-17	Réceptions, Événements	0,00		
TOTAL A-1		30,23	29,06	96,11 %
TITLE A-2 FRAIS DE FONCTIONNEMENT				
A-20	Loc. immeuble et frais	6,64	5,84	87,95 %
A-21	Traitement des données	5,69	4,49	79,00 %
A-22	Biens, meubles et frais accessoires	0,38	0,26	67,07 %
A-23	Dépenses de fonctionnement administratifs courants	0,25	0,21	82,88 %
A-24	Télécommunication & Affranchissement	0,88	0,83	93,90 %
A-26	Frais Administratifs liés activités opération.	11,99	9,00	75,05 %
TOTAL A-2		25,84	20,63	79,84 %
TOTAL EACEA%		56,08	49,69	88,61 %

* Payment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous payment appropriations for the period (e.g. internal and external assigned revenue).

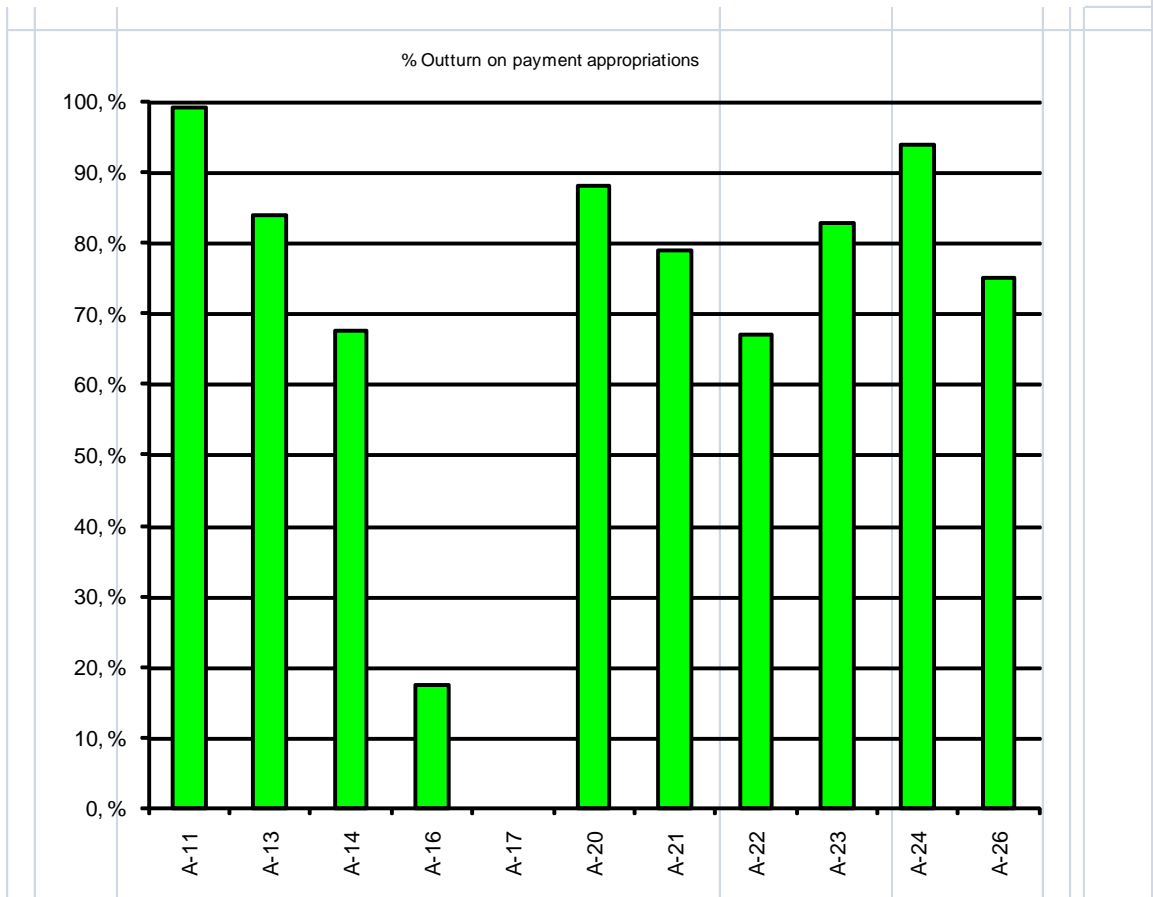


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2011 (in Mio €)					
Chapter		2011 Commitments to be settled			
		Commitments 2011	Payments 2011	RAL 2011	% to be settled
		1	2	3=1-2	4=1-2//1
Title A-1 FRAIS DE PERSONNEL					
A-11	Salaires	27,77	-27,58	0,19	0,68 %
A-13	Frais de missions	0,67	-0,59	0,08	11,76 %
A-14	Socio, infrastructure, formation	0,37	-0,26	0,11	28,85 %
A-16	Service Social	0,68	-0,11	0,57	83,69 %
A-17	Réceptions, Événements				
Total Title A-1		29,49	-28,55	0,94	3,20 %
Title A-2 FRAIS DE FONCTIONNEMENT					
A-20	Loc. immeuble et frais	5,89	-5,15	0,74	12,61 %
A-21	Traitement des données	4,32	-3,17	1,15	26,52 %
A-22	Biens, meubles et frais accessoires	0,26	-0,16	0,11	40,73 %
A-23	Dépenses de fonctionnement administratifs courants	0,21	-0,19	0,02	10,68 %
A-24	Télécommunication & Affranchissement	0,87	-0,83	0,04	5,13 %
A-26	Frais Administratifs liés activités opération.	8,80	-6,14	2,65	30,16 %
Total Title A-2		20,36	-15,65	4,72	23,17 %
TOTAL EACEA%		49,86	-44,19	5,66	11,36 %

Breakdown of Commitments remaining to be settled (in Mio EUR)

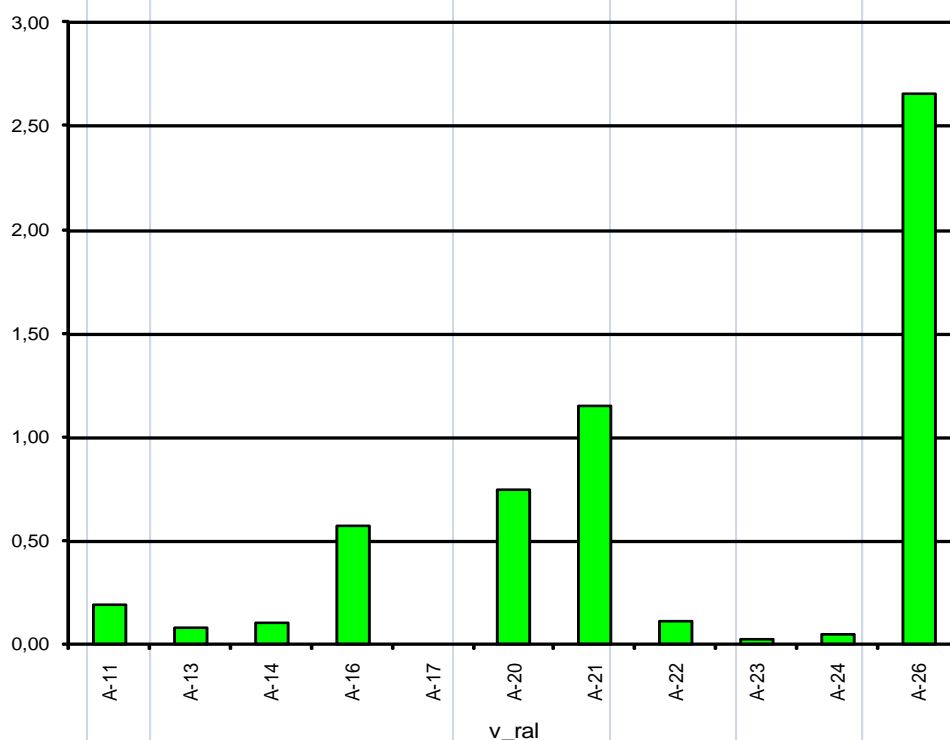


TABLE 4 : BALANCE SHEET EACEA

BALANCE SHEET	2011	2010
A.I. NON CURRENT ASSETS	875.109,99	946.122,98
A.I.1. Intangible Assets	246.317,00	172.970,10
A.I.2. Property, plant and equipment	628.792,99	773.152,88
A.II. CURRENT ASSETS	7.854.440,63	8.043.935,80
A.II.2. Short-term Pre-Financing	0,00	71.111,11
A.II.3. Short-term Receivables	2.017.147,40	1.839.280,30
A.II.5. Cash and Cash Equivalents	5.837.293,23	6.133.544,39
ASSETS	8.729.550,62	8.990.058,78
P.I. NET ASSETS/LIABILITIES	-5.004.805,45	-3.913.816,12
P.I.2. Accumulated Surplus / Deficit	-5.004.805,45	-3.913.816,12
P.II. NON CURRENT LIABILITIES	0,00	0,00
P.II.4. Other long-term Liabilities	0,00	0,00
P.III. CURRENT LIABILITIES	-3.864.033,87	-3.985.253,33
P.III.2. Short-term provisions	-205.258,83	0,00
P.III.4. Accounts Payable	-3.658.775,04	-3.985.253,33
LIABILITIES	-8.868.839,32	-7.899.069,45
NET ASSETS (ASSETS less LIABILITIES)	-139.288,70	1.090.989,33
P.I.2. Accumulated Surplus / Deficit	5.004.805,45	3.913.816,12
Non-allocated central (surplus)/deficit*	-4.865.516,75	-5.004.805,45
TOTAL	0,00	0,00

* This figure is a balancing amount presented here so as to reflect the fact that the accumulated result of the Commission is not attributed to each DG

It should be noted that the balance sheet and economic outturn account presented in Annex 3 to this Annual Activity Report, represent only the (contingent) assets, (contingent) liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and economic outturn account they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 & 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

TABLE 5 : ECONOMIC OUTTURN ACCOUNT EACEA

ECONOMIC OUTTURN ACCOUNT	2011	2010
II.1 SURPLUS/ DEF. FROM OPERATING ACTIVIT	129.376,56	-1.091.269,12
II.1.1. OPERATING REVENUES	-49.292.466,20	-48.385.376,30
II.1.1.1. Other operating revenue	-49.292.466,20	-48.385.376,30
II.1.2. OPERATING EXPENSES	49.421.842,76	47.294.107,18
II.1.2.1. Administrative Expenses	49.420.574,55	47.293.041,09
II.1.2.2. Operating Expenses	1.268,21	1.066,09
II.2. SURPLUS/DEF. NON OPERATING ACTIVIT	9.912,14	279,79
II.2. FINANCIAL OPERATIONS	9.912,14	279,79
II.2.2. Financial expenses	9.912,14	279,79
ECONOMIC OUTTURN ACCOUNT	139.288,70	-1.090.989,33

It should be noted that the balance sheet and economic outturn account presented in Annex 3 to this Annual Activity Report, represent only the (contingent) assets, (contingent) liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and economic outturn account they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 & 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

TABLE 6: AVERAGE PAYMENT TIMES FOR 2011 - EACEA

Legal Times							
Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	2570	2430	94,55 %	14,51	140	5,45 %	36,82
45	411	404	98,30 %	13,59	7	1,70 %	54,00
Total Number of Payments	2981	2834	95,07 %		147	4,93 %	
Average Payment Time	15,53			14,38			37,64
Target Times							
Target Payment Time (Days)	Total Number of Payments	Nbr of Payments within Target	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
20	5	4	80,00 %	14,00	1	20,00 %	43,00
30	2976	2814	94,56 %	14,27	162	5,44 %	37,30
Total Number of Payments	2981	2818	94,53 %		163	5,47 %	
Average Payment Time	15,53			14,27			37,33
Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	15	183,	6,14 %	2.981,	1.849.251,20	6,07 %	30.469.953,65
Late Interest paid in 2011							
DG	GL Account	Description	Amount (Eur)				
EACA Dummy PC	65010000	Interest expense on late payment of charges	9 911,54				
			9 911,54				

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2011					
Title	Description	Year of Origin	Revenue and Income recognized	Revenue and Income cashed	Outstanding Balance
10-1	Subvention:	2011	43.771.237,00	43.771.237,00	0,00
10-3	Subvention:	2011	4.621.000,00	4.621.000,00	0,00
10-4	Subvention:	2011	1.219.000,00	1.219.000,00	0,00
10-5	Subvention:	2011	342.000,00	342.000,00	0,00
23-0	Recette diverses	2011	47.022,08	6.908,94	40.113,14
TOTAL			50.000.259,08	49.960.145,94	40.113,14

TABLE 8 : RECOVERY OF UNDUE PAYMENTS (Number of Recovery Contexts and corresponding Transaction Amount)										
RECOVERY ORDERS ISSUED		TOTALS								
Year of Origin (commitment)	Nbr	RO Amount								
Sum:										
EXPENSES			Nbr	Amount						
INCOME LINES IN INVOICES			0,							
			Error		Irregularity		No error / irregularity		Not specified	
			Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
NON ELIGIBLE AMOUNT IN COST CLAIMS			7,	1.956,39	2,	660,00	270,	30.767,14	1,	92,00
			No error / irregularity							
			Nbr	Amount						
CREDIT NOTES			2,	-289,19						

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2011 FOR EACEA						
Year of Origin	Number at 01/01/2011	Number at 31/12/2011	Evolution	Open Amount (Eur) at 01/01/2011	Open Amount (Eur) at 31/12/2011	Evolution
2010	2		-100,00 %	70,62		-100,00 %
2011		3			40.113,14	
Totals	2	3	50,00 %	70,62	40.113,14	56701,39 %

TABLE 10 : RECOVERY ORDER WAIVERS IN 2011 >= EUR 100.000						
Waiver Central Key	Linked RO Central Key	RO Accepted amount (Eur)	LE Account Group	Commission Decision	Comments	
Total EACEA						
Number of RO waivers		0				
<p><i>Justifications:</i></p>						

TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - EACEA - YEAR 2011			
Contracts > 60.000			
Negotiated Procedure Legal	Number of Procedures	Amount (€)	
Article 126.1(f) IR	1.	200,000.00	
Total	1.	200,000.00	

TABLE 12 : SUMMARY OF PROCEDURES OF EACEA EXCLUDING BUILDING CONTRACTS

Internal procedures > € 60,000	2010		2011	
Contract Class	Count	Amount (€)	Count	Amount (€)
Service	1.	2,000,000.00	1.	200,000.00
Supply				
TOTAL	1.	2,000,000.00	1.	200,000.00

Procedure Type	Count	Amount (€)	Count	Amount (€)
Open Procedures	0.	0.00	0.	0.00
Restricted Procedures	0.	0.00	0.	0.00
Negotiated Procedures	1.	2,000,000.00	1.	200,000.00
TOTAL	1	2,000,000.00	1	200,000.00

External procedures > € 10,000
Contract Class
TOTAL

Procedure Type
TOTAL

Additional comments

The original Annex published in this report contained the data related to the operational and administrative budgets of the Agency. The data have been split into two tables. This Annex refers to the administrative budget of the Commission managed by the Agency. The same annex has also been prepared for the operational budget. The figures refer to the number of procurements awarded in 2011, taking into account the value of the award decisions and not the amount of the yearly contracts.

ANNEX 4: MATERIALITY CRITERIA

The materiality criteria are judged in both qualitative and quantitative terms.

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

- The nature and scope of the weakness;
- The duration of the weakness;
- The existence of compensatory measures (mitigating controls which reduce the impact of the weakness);
- The existence of effective corrective actions to correct the weaknesses (action plans and financial corrections) which have had a measurable impact.

In quantitative terms, in order to make a judgement on the significance of a weakness, it is essential to quantify the potential impact in monetary terms or the amount considered at risk. As regards the legality and regularity of the underlying transactions, the Agency uses the standard quantitative materiality threshold of 2% of the payment budget of the ABB activity.

However, the Commission's 'standard' breakdown per ABB activities being too broad (especially in the education area) and covering programmes/activities for which there are significant differences in the size and types of projects, the Agency assesses the materiality per programme managed by the Agency. It concerns the following programmes: Lifelong Learning (LLP), Erasmus Mundus, Culture, Youth, Citizenship, MEDIA and Tempus.

In determining the need to make a potential reservation, the Agency follows the so-called "3+1 steps" approach; i.e. the four stages of analysis needed to come to a sound conclusion on whether to qualify the AOD's declaration with a reservation and, if so, to estimate its impact in monetary terms:

- Step 1: calculating the representative detected error rate in a sample of transactions and taking account of any corrections made for the calculation of the residual error rate in the population;
- Step 2: estimating the actual exposure as 'amount at risk' to the value of the projects closed during the reporting year, based on those error rates calculated for a population of projects mostly closed through final payment or recovery order in previous years;
- Step 3: relating the 'amount at risk' for the activity considered to the relevant programme managed by the Agency for determining whether a reservation would be due;
- Step 4: if a reservation is entered, then assessing its relative impact on the AOD's overall assurance and declaration.

1. A 'detected' and 'residual' error rate is calculated for each of the programmes managed by the Agency.

In order to check the legality and regularity and sound financial management for EACEA's underlying transactions, EACEA requests an external audit firm to conduct ex-post controls (i.e. financial audits on-the-spot) on a 'random' selection of closed projects³⁹. The project can be closed by either final

³⁹ Value of the closed projects includes pre-financing, interim/final payment and any recovery orders.

payment and/or recovery order.

The annual error rate on a programme is considered non representative if the sample on the basis of which it is calculated is assessed as non representative, for example in the case where only a very limited number of audits have been carried out.

The annual error rate is calculated as follows.

Detected error (amount) = A-B

Detected error rate (%) = (A-B)/A

Where

A = the Agency-share of the eligible costs initially accepted after ex-ante controls, on the basis of which the final payment or recovery order was calculated and paid (and on the basis of which the pre-financing was cleared)

B = the Agency-share of eligible costs finally accepted after ex-post controls (audits)

To arrive at the 'residual' error rates, one takes into account the fact the 'detected' error rates remain for the non-audited part but these error rates are cleaned from the audited part through 'corrections', meaning the issuance of recovery orders by the Agency. In terms of timing, the correction is deemed to have been effected at the time when the recovery order has been authorised or when the amount due has been recorded in the local accounting system for offsetting from a future payment to the same beneficiary.

2. The financial impact of the errors in terms of 'amount at risk' as exposure to this year's budget is calculated.

Even in case the detected and residual error rates are considered to be representative for the population of closed projects under the programme, it is necessary to establish a link between these control results and the actual operations authorised during the reporting year, in this case 2011. Indeed, usually the audits have examined costs declared in support of projects closed in past years.

The amount at risk is the amount that could have been paid in excess to beneficiaries assuming that the projects closed during the reporting year 2011 are affected by the same error rates as found above.

The amount at risk is calculated by multiplying the 'detected' error rate by the value of the closed projects⁴⁰ for which a final payment and/or recovery order was done in 2011 minus the value of corrections for the grants from the audited population, which has been "cleaned" from the errors detected.

As far as projects managed by the Agency are concerned, the "value of the closed project" paid in year x is equal to the amount of the final payment and/or recovery order done in year x plus the amount of the related pre-financing(s) paid during the same or previous year(s) and 'cleared' when the final payment or recovery order is done.

3. The materiality of the amount at risk is calculated by programme.

⁴⁰ Although pre-financing payments can be considered not yet "at risk" (e.g. because they are still accounts receivable 'owned' by the EACEA and any errors can still be rectified at the time of the final payment or recovery order), they become "value at risk" at the time of the transfer of ownership when the pre-financing is cleared together with the related final payment or recovery order.

The materiality of the amount at risk is calculated by comparing the value at risk with the total amounts of payments made in 2011 for each the programmes having an error rate above 2%.

4. The impact of a reservation on the overall declaration is calculated (if applicable) by assessing its 'weight' on the overall budget managed by the Agency in 2011.

ANNEX 5: INTERNAL CONTROL TEMPLATE(S) FOR BUDGET IMPLEMENTATION (ICT)

ICT N°:											
<p>Management mode:</p> <ul style="list-style-type: none"> • <i>Indirect centralised management for the operational budget</i> • <i>The grant award decisions are taken by the Commission when comitology procedure applies or by the Agency Director/LLP Head of Department.</i> <p>Key figures:</p> <ul style="list-style-type: none"> • The Agency is involved in : <ul style="list-style-type: none"> -the management of projects related to (i) 7 major programmes of the current generation (2007-2013) and to (ii) bilateral cooperation agreements with industrialized countries -the closure of projects related to 14 programmes of the previous generation • Number of new contracts signed in 2011: 4579 • Number of contracts running on 31/12/11: 8334 • Budget execution: <ul style="list-style-type: none"> -Commitments appropriations: 621 Mio € (2011 rate: 99.9%) -Payments appropriations: 534 Mio € (2011 rate: 99.9%) • Abnormal RAL: 684 cases closed by end 2011 • Nature and volume of transactions: <ul style="list-style-type: none"> -Commitments: 4579 -Payments: 8030 -RO issued: 601 <p><u>Total:</u> 13210 transactions</p> <p>Average amount of commitment/grant: 135.797€</p> <p>Average amount of payment:66.501€</p>	<table border="1" style="margin: 0 auto; border-collapse: collapse;"> <caption>Transaction Amount Distribution</caption> <thead> <tr> <th>Amount Range</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Below 0,05 M</td> <td>57%</td> </tr> <tr> <td>Between 0,1 and 0,5 M</td> <td>21%</td> </tr> <tr> <td>Between 0,05 and 0,1 M</td> <td>16%</td> </tr> <tr> <td>Above 0,5 M</td> <td>6%</td> </tr> </tbody> </table>	Amount Range	Percentage	Below 0,05 M	57%	Between 0,1 and 0,5 M	21%	Between 0,05 and 0,1 M	16%	Above 0,5 M	6%
Amount Range	Percentage										
Below 0,05 M	57%										
Between 0,1 and 0,5 M	21%										
Between 0,05 and 0,1 M	16%										
Above 0,5 M	6%										

Management and control systems : stages and main actors

Key inherent risks in the Executive Agency environment:

- Most of the programmes delegated to the Agency involve a large number of different beneficiaries who, for some programmes, often do not have sophisticated management structures.
- Although the management of programmes has been simplified e.g. by the introduction of lump sums and flat rate to reduce the risks of errors linked to the eligibility of expenditure, detailed eligibility and financial rules still exist for a certain number of actions.

Key controls in place:

- Financial circuits and segregation of duties
- Control of eligibility of costs through ex-ante controls (desk reviews, monitoring missions)
- Supervision procedure
- Simplification measures and harmonisation implemented within the same programme and between different programmes (sharing of best practices)
- Use of lump sums and flat rates for some strands/actions
- Management reporting (monthly, quarterly and yearly like AAR)
- Centralised ex-ante control for public procurement, calls for proposals & grant agreements

<p>Selection process (of beneficiaries, intermediaries, agencies, contractors etc), including preventive measures</p>	<p>-Proposals are selected according to their credentials and financial stability and other criteria imposed by the calls for proposals.</p> <p>-To select high quality proposals, use is made of external experts for the evaluation and an evaluation committee panel (Agency + Commission) performs quality control and ranking of proposals.</p> <p>-The award decision is taken by the Agency (if no comitology and under the informative procedure) or by the Commission (after consulting the programme committee).</p>
<p>Communication and information measures to improve the quality of financial management and provision of supporting data by beneficiaries, contractors and intermediaries</p>	<p>-Multilingual website</p> <p>-Information meetings with beneficiaries and applicants (e.g. Info Days, kick-off meetings, coordinator's meetings)</p> <p>-Leaflets on the programmes produced by the Commission</p> <p>-Extensive guidance notes</p> <p>-Valorisation strategy has been implemented for the dissemination and the exploitation of results</p> <p>-Direct contact with beneficiaries to resolve particular issues</p>

<p>Detective and corrective controls:</p> <p>Checks and monitoring during the initial phases of the programme/contract</p> <p>Checks and monitoring during the final/ closure phases of the programme/contract</p>	<p><i>Controls during the implementation period of projects</i></p> <ul style="list-style-type: none"> -Standard control provisions provided in the agreements -Desk checks of expenditure based on supporting documents, including progress/final reports and other project deliverables -Monitoring controls on projects -Centralised ex-ante verification level 2 on a MUS basis for both amendments under the operational budget and financial transactions under some budget lines under administrative expenditure <p><i>Checks and monitoring during the final/closure phases of the project</i></p> <ul style="list-style-type: none"> -Desk checks of expenditure based on final report (technical and financial) - Centralised ex-ante verification level 2 on a MUS basis for both amendments under the operational budget and financial transactions under some budget lines under administrative expenditure
<p>Preventive and corrective controls and audit:</p> <p>Desk reviews, on-the-spot audits carried out either <i>ex-ante</i> or <i>ex-post</i>.</p>	<ul style="list-style-type: none"> - Ex post controls by means of audits are carried out on both a random and risk-based selection of closed projects -The analysis of findings found through ex-post controls highlights key issues in order to take preventive mitigating actions.
<p>Feedback which enables control activities to be optimised</p>	
<p>Verification that processes are working as designed</p>	<ul style="list-style-type: none"> -In line with the requirements of the Financial Regulation and the Delegation Act, the Directors General of parent DGs have verified and approved the internal control system and procedures of the Agency before they became operational. When systems or procedures are modified, the parent DGs are informed and have to agree on the changes. -Supervision procedure: selecting specific control processes within the Agency and subjecting them to in-depth tests to ensure correct functioning and appropriate corrective measures. -Risk management exercise and annual assessment of the compliance and effectiveness of ICS – conclusions of the exercise at the Agency management level.

<p>Feedback on the adequacy of the system</p>	<p>- The management of the Agency is supervised by the Steering Committee that validates all the major decisions and documents and is regularly kept informed on management and control issues.</p> <p>-Feedback is also provided by the Agency's Internal Audit Capacity (IAC), the parent DG's IAC, the Commission's Internal Audit Service (IAS), and the European Court of Auditors (ECA) and by the discharge by the European Parliament. Recommendations made by these bodies are followed up systematically within the Agency.</p>
<p>Monitoring of performance of independent bodies, 3rd party auditors, externally contracted auditors</p>	<p>-Audit framework contract is monitored via an internal team including close review and analysis of all reports, and regular contacts.</p> <p>-Audit framework contract is bound to follow precise audit rules & procedures.</p>
<p>High level management reporting (e.g. to the Director) and its role in monitoring problem issues</p>	<p>- There are weekly senior management meetings presided by the Director while a monthly dashboard presents the key financial & operational performance indicators in line with AMP. In addition, there are monthly, bi-lateral meetings between the Director or the Head of Department and the Heads of Units, if needed accompanied by the Heads of Sector.</p> <p>- In line with the supervision procedure, the Agency works on five axes:</p> <ol style="list-style-type: none"> 1) Legality and regularity aspects (e.g. check on application of horizontal procedures, ex-ante verification of calls for proposals & grant agreements, exception reporting, access controls to IT systems like ABAC & APPFIN, control on accounting quality, etc.) 2) Operational performance as defined in AMP (monthly reporting, meetings at different levels, etc.) 3) Critical (if any) and significant risks in line with annual risk management exercise 4) Implementation of action plans in relation to recommendations issued by IAC, IAS or ECA 5) Reporting to parent DGs in line with the cooperation modalities

**ANNEX 6: IMPLEMENTATION THROUGH NATIONAL
OR INTERNATIONAL PUBLIC-SECTOR BODIES AND
BODIES GOVERNED BY PRIVATE LAW WITH A
PUBLIC SECTOR MISSION**

(N/A)

ANNEX 7: AAR(S) OF EXECUTIVE AGENCY/IES
(N/A)