

2018

Annual Activity Report

Annexes

**European
Strategy
(EPSC)**

**Political
Centre**

Table of Contents

ANNEX 1:	STATEMENT OF THE DIRECTOR IN CHARGE OF RISK MANAGEMENT AND INTERNAL CONTROL	3
ANNEX 2:	REPORTING – HUMAN RESOURCES, BETTER REGULATION, INFORMATION MANAGEMENT AND EXTERNAL COMMUNICATION.....	4
ANNEX 3:	DRAFT ANNUAL ACCOUNTS AND FINANCIAL REPORTS	10
ANNEX 4:	MATERIALITY CRITERIA	11
ANNEX 5:	RELEVANT CONTROL SYSTEM(S) FOR BUDGET IMPLEMENTATION (RCSs)	12
ANNEX 6:	IMPLEMENTATION THROUGH NATIONAL OR INTERNATIONAL PUBLIC-SECTOR BODIES AND BODIES GOVERNED BY PRIVATE LAW WITH A PUBLIC SECTOR MISSION (IF APPLICABLE)	15
ANNEX 7:	EAMR OF THE UNION DELEGATIONS (IF APPLICABLE).....	16
ANNEX 8:	DECENTRALISED AGENCIES (IF APPLICABLE).....	17
ANNEX 9:	EVALUATIONS AND OTHER STUDIES FINALISED OR CANCELLED DURING THE YEAR	18
ANNEX 10:	SPECIFIC ANNEXES RELATED TO "FINANCIAL MANAGEMENT"	19
ANNEX 12:	PERFORMANCE TABLES	22

ANNEX 1: Statement of the Director in charge of Risk Management and Internal Control

"I declare that in accordance with the Commission's communication on the internal control framework¹, I have reported my advice and recommendations on the overall state of internal control in the DG to the Director-General.

I hereby certify that the information provided in the present Annual Activity Report and in its annexes is, to the best of my knowledge, accurate and complete."

Date:

Pawel SWIEBODA

< signed >

¹ C(2017)2373 of 19.04.2017.

ANNEX 2: Reporting – Human Resources, Better Regulation, Information Management and External Communication

HUMAN RESOURCES MANAGEMENT

Objective: The DG deploys effectively its resources in support of the delivery of the Commission’s priorities and core business, has a competent and engaged workforce, which is driven by an effective and gender-balanced management and which can deploy its full potential within supportive and healthy working conditions.

Indicator 1a: Percentage of female representation in middle management

Source of data: DG HR

Baseline	Target	Latest known results
	2016-2020	
N/A	The Commission has not adopted any target for the EPSC (SEC(2015)336)	2018 : 100 %

Indicator 1b: Number of first appointments of female managers

N/A	Target by end 2019: 1 additional first female appointment	2018: 1
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Indicator 2: Percentage of staff who feel that the Commission cares about their well-being

Source of data: Commission staff survey

Baseline	Target	Latest known results
2014	2016-2020	
46.7 %	Positive Trend compared to baseline through 2016-2020 The EPSC will implement the “fit@work” Commission programme, notably by promoting a flexible, inclusive and engaging workplace through innovative co-working spaces and advance digital solutions.	2018: 74%

Main outputs in 2018:

Description	Indicator	Target	Latest known results
Commission caring about staff well being	Indicators as of staff survey	Positive trend compared to 2016-2020	Trend is stable for EPSC with the same positive result as in 2016 compared to the Commission average (52%)

Indicator 3: Staff engagement index

Source of data: Commission staff survey

Baseline	Target	Latest known results
2014	2016-2020	
77.9 %	80 %	2018: 78 %

Main outputs in 2018:

Description	Indicator	Target	Latest known results
To maintain a very high score of staff engagement by promoting the learning and development activities in particular in the field of project management	Indicators as of staff survey	Positive trend compared to 2016-2020	<p>The rate of 78 % is the highest in the Commission and well beyond the Commission average of 69 %</p> <p>The trend has slightly decreased in 2018 in comparison with 2016 (84 %), which can be interpreted by the last year of the EPSC mandate and the broader response rate.</p>

INFORMATION MANAGEMENT

Objective (mandatory): Information and knowledge in your DG is shared and reusable by other DGs. Important documents are registered, filed and retrievable

Indicator 1 (mandatory – data to be provided by DG DIGIT): Percentage of registered documents that are not filed² (ratio)

Source of data: Hermes-Ares-Nomcom (HAN)³ statistics

Baseline 2015	Target	2018
3.91%	0%	4.42 %

Indicator 2 (mandatory - data to be provided by DG DIGIT): Percentage of HAN files readable/accessible by all units in the DG

Source of data: HAN statistics

Baseline 2015	Target	2018
38.85%	30%	43.87%

Indicator 3 (mandatory data to be provided by DG DIGIT): Number of HAN files shared with other DGs

Source of data: HAN statistics

Baseline 2015	Target	2018
4.48%	30%	27.14 %

² Each registered document must be filed in at least one official file of the *Chef de file*, as required by the [e-Domec policy rules](#) (and by ICS 11 requirements). The indicator is to be measured via reporting tools available in Ares.

³ Suite of tools designed to implement the [e-Domec policy rules](#).

Main outputs in 2018:			
Description	Indicator	Target	Latest known results
Mission reports 2018 filed in financial files and political files	100 %	100%	100 %
Systematic registration of Weekly Highlights	100 %	100%	100 %
Systematic identification of publications	Number of publications published on the EPSC website	100%	100 %
E-signatory in Ares for all administrative documents signed by the Head of Unit	Pilot Project	Q4	Completed in Q4

DG EPSC reached its objective of 100% of mission reports being filed in ARES under the financial and political headings to reflect both aspects. The financial ones account for the management of expenses for missions whereas the thematic ones take stock of the steps undertaken in the relevant policy fields.

DG EPSC also identified publications in a systematic manner, via the Publications Office, to ensure access, visibility and preservation.

The large number of new staff arrivals to the EPSC over 2018 and the split of the staff across BERL and BU buildings put an additional burden on the administration and de facto reduced the possibility to monitor the filing “reflexes” within the DG. This resulted in a slight increase of unfiled registered documents.

COMMUNICATION

Objective (mandatory): Citizens perceive that the EU is working to improve their lives and engage with the EU. They feel that their concerns are taken into consideration in European decision making and they know about their rights in the EU.

Indicator 1 (mandatory): Percentage of EU citizens having a positive image of the EU

Source of data: Standard Eurobarometer (DG COMM Budget)

Baseline (November 2014)	Target: 2020	2018 (March)
Total "Positive": 39% Neutral: 37% Total "Negative": 22%	Positive image of the EU > 50%	Total "Positive": 43% Neutral: 36% Total "Negative": 20%

Main outputs in 2018:

Description	Indicator	Target	Latest known results
Publications	<i>Number of Strategic Notes</i>	Circa 12 over the year	3 Strategic Notes, including 2 Special ones under the heading "EURoad2Sibiu"
	<i>Number of Policy Briefs/special publications</i>	No quantitative objectives, Production is driven by qualitative objectives: quality policy making, timeliness, relevance.	5 Publications 2 Trends Publication
	<i>Number of Newsletters</i>	Minimum 2 per year	1
	<i>Number of subscriptions to the publication mailing list</i>	Positive trend	
Online presence	<i>Website – number of visits</i>	Positive trend	130,659
	<i>Twitter: number of tweets, number of retweets, endorsements, etc.</i>	Positive trend	150-300 new followers per month
	<i>Medium: number of articles published, number of followers, number of endorsements</i>	Positive trend	
	<i>LinkedIn</i>	Positive trend	

It is very important to emphasize that EPSC has only an administrative budget covering all activities' costs described in the financial management part and therefore no specific budget for communication activities.

Annual communication spending (based on estimated commitments):			
Baseline (Year n-1):	Target (Year n):	Total amount spent	Total of FTEs working on external communication
N/A	N/A	N/A	1

ANNEX 3: Draft annual accounts and financial reports

ANNEX 4: Materiality criteria

In quantitative terms:

In line with the internal guideline agreed centrally, DG EPSC applies the recommended threshold of 2% of the total payment budget.

In qualitative terms:

When assessing the significance of any deficiency from a qualitative point of view, DG EPSC takes into account the potential reputational consequences of its close relation with the President and his Cabinet.

The other elements analysed are:

- The ex-ante controls,
- The degree of effectiveness of the internal control systems in place based on the results of the audit performed by IAS and the annual assessment of the Internal Control Framework,
- The analysis of the exceptions/non-compliance events of the register of exceptions.

ANNEX 5: Relevant Control System(s) for budget implementation (RCSs)

PROCUREMENT DIRECT MANAGEMENT

The DG EPSC is managing a small budget falling under heading 5 "Administrative expenditure": the procurement procedures are in general low value contracts (negotiated procedures under the threshold of 15,000 euro) for the production of reflection papers based on a specific expertise. The DG EPSC is mainly using existing framework contracts for its regular activities, in particular for conferences' organisation and the maintenance of its website.

STAGE 1: PROCUREMENT

A- Needs analysis and planning

Main control objectives: Effectiveness, efficiency and economy

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
The needs are not well defined given the flexible approach to planning resulting from the mandate of the EPSC	Decisions taken during management meetings and meetings with the Cabinet Validation by AO(s)D of justification based on a detailed note addressed to the management	Coverage/Frequency: 100 % of the forecast procurements	<u>Effectiveness</u> : Number of planned tenders cancelled <u>Benefits</u> : non-quantifiable benefits <u>Efficiency</u> : average cost per tender <u>Economy</u> : single global indicator = overall cost of control/payments made during the year (%)

B- Needs assessment & definition of needs

Main control objectives: Effectiveness, efficiency and economy. Compliance (legality and regularity)

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
The needs are not well defined (operationally and/or economically) in the draft tender specifications documents	AOsD supervision and approval of the tender specifications Standard templates updated regularly for the preparation of tender specifications Additional supervisory verification of the tender documents by	Coverage/Frequency: 100% of the specifications are scrutinised	<u>Effectiveness</u> : Number of requests for clarification regarding the tender <u>Benefits</u> : limit the risk of litigation <u>Efficiency</u> : Estimated average cost of a procurement procedure

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
	Management and Resources Unit for all procedures launched		<u>Economy</u> : single global indicator = overall cost of control/payments made during the year (%)

C- Selection of the offer & evaluation

Main control objectives: Effectiveness, efficiency and economy. Compliance (legality and regularity). Fraud prevention and detection

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
The evaluation process of the submitted offers by the contractor is biased or inaccurate or "unfair"	Documented evaluation by Management and Resources Unit of all offers received Staff in charge of the evaluation signs the declaration of absence of conflict of interests	Coverage/Frequency: 100 % - all documents transmitted are analysed	<u>Effectiveness</u> : Numbers of "valid" complaints or litigations cases <u>Benefits</u> : compliance with FR Amount of contracts for which the control prevented the risk of litigation or fraud <u>Efficiency</u> : number of complaints or litigation cases <u>Economy</u> : single global indicator = overall cost of control/payments made during the year (%)

STAGE 2: FINANCIAL TRANSACTIONS

Main control objectives: Ensuring that the implementation of the contract is in compliance with the signed contract

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
The services delivered by the contractor are not, totally or partially in compliance with the contractual terms and/or the amount to be paid is not correct with the applicable contractual provisions.	Operational and financial steps performed in accordance with the financial circuits (segregation of duties) Ex-ante verification performed centrally by Management and Resources Unit based on detailed check-	Coverage/Frequency: 100% of the contracts and payments are controlled	<u>Effectiveness</u> : minimum error rate (0.5%) <u>Benefits</u> : non-quantifiable qualitative benefits (reputational damage) <u>Efficiency</u> : Time to payment, Late interest payment and damages paid by the

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
	lists		Commission <u>Economy</u> : single global indicator = overall cost of control/payments made during the year (%)

STAGE 3: SUPERVISORY MEASURES

Main control objectives: Ensuring that any weakness in the procedures (tender and financial transactions) is detected and corrected

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
An error or non-compliance with regulatory and contractual provisions, including technical specifications, or a fraud is not prevented, detected or corrected by ex-ante controls, prior to payment or prior to the awarding decision	Review of any events/problem signalled Review of exceptions and non-compliance reports reported	Review of any significant problem 100% at least once a year	<u>Effectiveness</u> : amounts associated with errors detected (related to fraud, irregularities and error) in % over total checked. <u>Benefits</u> : systematic weaknesses corrected to improve procedures and to better address related risks (not quantifiable) <u>Efficiency</u> : Average cost of an ex-post control <u>Economy</u> : single global indicator = overall cost of control/payments made during the year (%)

ANNEX 6: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission (if applicable)

Not Applicable

ANNEX 7: EAMR of the Union Delegations (if applicable)

Not Applicable

ANNEX 8: Decentralised agencies (if applicable)

Not Applicable

ANNEX 9: Evaluations and other studies finalised or cancelled during the year

Not Applicable

**ANNEX 10:
Management"**

Specific annexes related to "Financial

Table Y Overview of the estimated cost of controls at Commission (EC) level:

Relevant control system related to Payments							
Ex ante controls			Ex post controls			Total**	
EC total costs (in EUR)	funds managed (in EUR)*	Ratio (%)*: <i>Total ex ante control cost in EUR ÷ funds managed in EUR</i>	EC total costs (in EUR)	total value verified and/or audited (in EUR)	Ratio (%): <i>Total ex post control cost in EUR ÷ total value verified and/or audited in EUR</i>	EC total estimated cost of controls (in EUR)	Ratio (%)*: <i>Total cost of controls ÷ funds managed</i>
54.250 EUR	319.886 EUR	(54.250/319.886)= 16.96 %	0	0		54.250 EUR	16.96 %
Relevant Control System N°2 related to Revenues							
Ex ante controls			Ex post controls			Total**	
EC total cost (in EUR)	funds managed (in EUR)*	Ratio (%)*: <i>Total ex ante control cost in EUR ÷ funds managed in EUR</i>	EC total costs (in EUR)	total value verified and/or audited (in EUR)	Ratio (%): <i>Total ex post control cost in EUR ÷ total value verified and/or audited in EUR</i>	EC total estimated cost of controls (in EUR)	Ratio (%)*: <i>Total cost of controls ÷ funds managed</i>
0	0		0	0		0	0%
OVERALL estimated cost of control at EC level							
Ex ante controls			Ex post controls			Total**	
EC total cost (in EUR)	funds managed (in EUR)*	Ratio (%)*: <i>Total ex ante control cost in EUR ÷ funds managed in EUR</i>	EC total costs (in EUR)	total value verified and/or audited (in EUR)	Ratio (%): <i>Total ex post control cost in EUR ÷ total value verified and/or audited in EUR</i>	EC total estimated cost of controls (in EUR)	Ratio (%)*: <i>Total cost of controls ÷ funds managed</i>

					<i>audited in EUR</i>	EUR)	
54.250 EUR	319.886	(54.250/319.886)= 16.96 %	0	0		54.250 EUR	16.96 %

* ratio possibly "Not Applicable (N/A)" if a RCS specifically covers an Internal Control Objective such as safeguarding sensitive information, reliable accounting/reporting, etc

** any 'holistic' control elements (e.g. with 'combined' ex-ante & ex-post characteristics) can be mentioned in the total column (without being in either one of the ex-ante or ex-post columns), provided that a footnote clarifies this (their nature + their cost). *Example: MS system audits in shared management*

ANNEX 12: Performance tables

See part 1 for performance table.