

Bi-Annual Management Report DG INFSO

01 July 2008 – 28 February 2009



European Commission
Information Society and Media



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1. Introduction

This Bi-annual Management Report (BMR) covers the period from 1 July 2008 until 28 February 2009 and is accompanied by a set of Annexes containing more detailed information. The BMR reports on issues identified in the agreed Working Methods between Mrs Reding's Cabinet and DG INFSO,¹ in line with the Code of Conduct on relations between Cabinets and Services.

As was the case last year, and in order to avoid repetition, the BMR refers – where appropriate - to DG INFSO's Annual Activity Report 2008 and presents only the information which is complementary to it.

Several chapters in this BMR include references to the topics discussed at the "Internal Control Coordination Group" (ICC Group²), the coordination forum established in order to (inter alia) ensure an effective follow-up to DG INFSO's yearly High Level Risk Assessment (HLRA) exercise. The ICC Group is chaired by the INFSO General Affairs Director and composed of permanent correspondents from all Directorates.

The ICC Group meets on a regular basis, usually every two months. During the second half of 2008, ICC Group meetings took place on 09.10.2008, and 04.12.2008 – leading to the end-year progress report (see chapter 5 for further details).

A dedicated INFSO.S intranet-page includes all related documents:
http://intra.infsoc.ec.eu.int/S/IC_coord_group/pages/meetings_2008.htm

¹ VH/af D(2005)456 of 23.02.05 and VH/af D(2006) 0834 of 10.04.06 + annex, cf. points 2.6, 2.7 and 2.8

² The mandate of the ICC Group is to assist INFSO's Senior Management to effectively prepare, coordinate, monitor and follow up all important internal control related issues of the DG, such as:

- compliance and effectiveness of the implementation of the Internal Control Standards (ICS)
- follow-up of internal audit recommendations
- follow-up of risk management action plans
- planning and follow-up of financial audits results implementation
- coordination of issues related to the ECA, OLAF, Ombudsman, DPO
- other important internal control related issue which needs coordination across the DG

2. Status of the Work Programme

The Cabinet is regularly informed, in weekly meetings with the Director General, on the state of play relating to the implementation of the Rolling Work Programme.

3. Implementation of the 2008 Budget

The detailed results of DG INFSO's budget implementation on 31.12.08 will be documented and commented on in DG INFSO's Annual Activity Report 2008 (see AAR 2008 Annex 4) covering the full year 2008.

3.1. Payment Times

Statistics for the year 2008 confirm the consolidation of the positive trend registered in the past years, with a 2008 performance of 94.3% in terms of underlying value of payments made within 45 days and 82.9% in terms of number of transactions. In terms of underlying value of payments made within 45 days, the 2008 performance is even more remarkable when compared to previous years (85.2% in 2007, 82.6% in 2006, 76.4% in 2005).

Table 1: % 2005-2008 payments within 45 days (value)

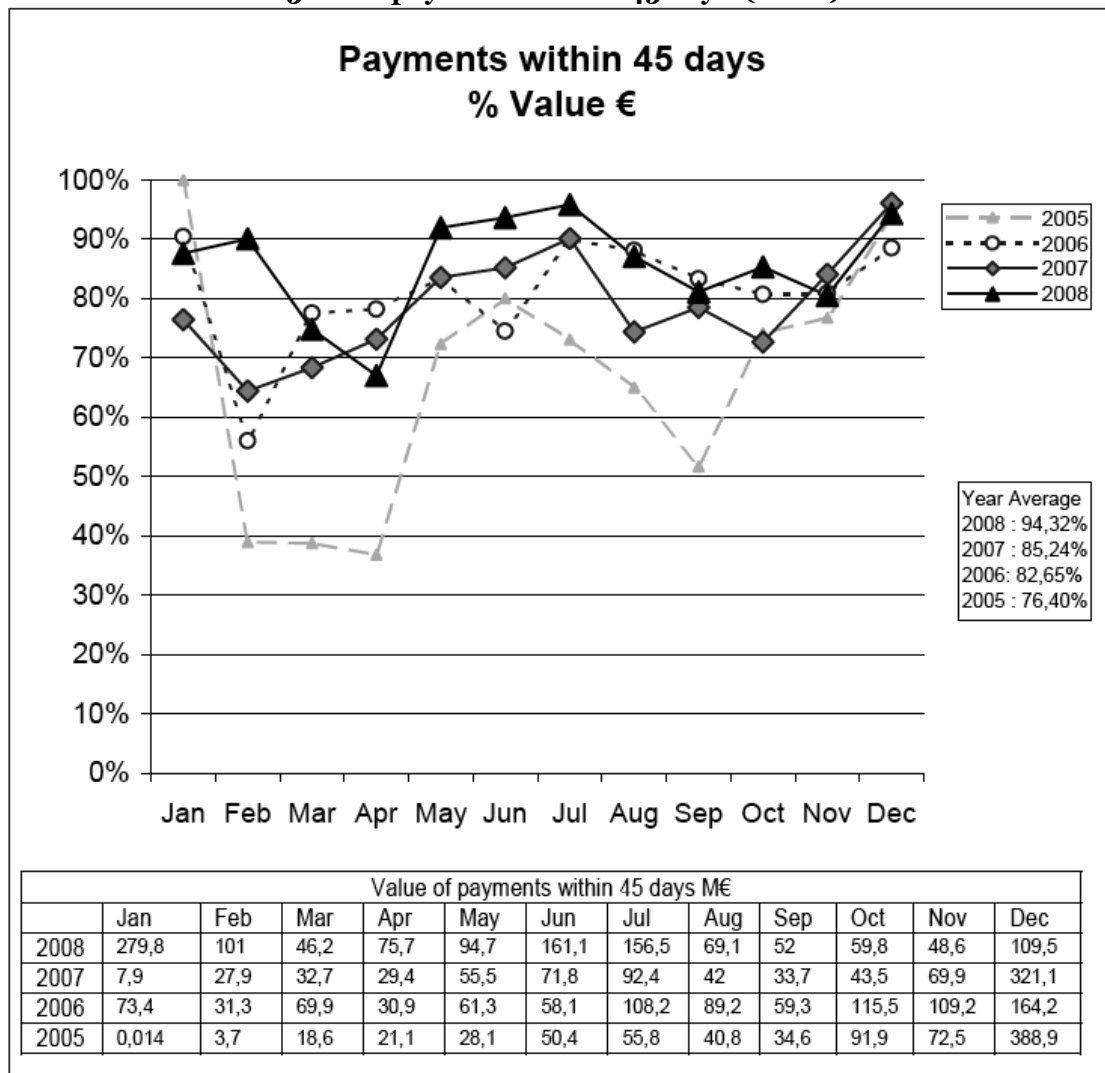
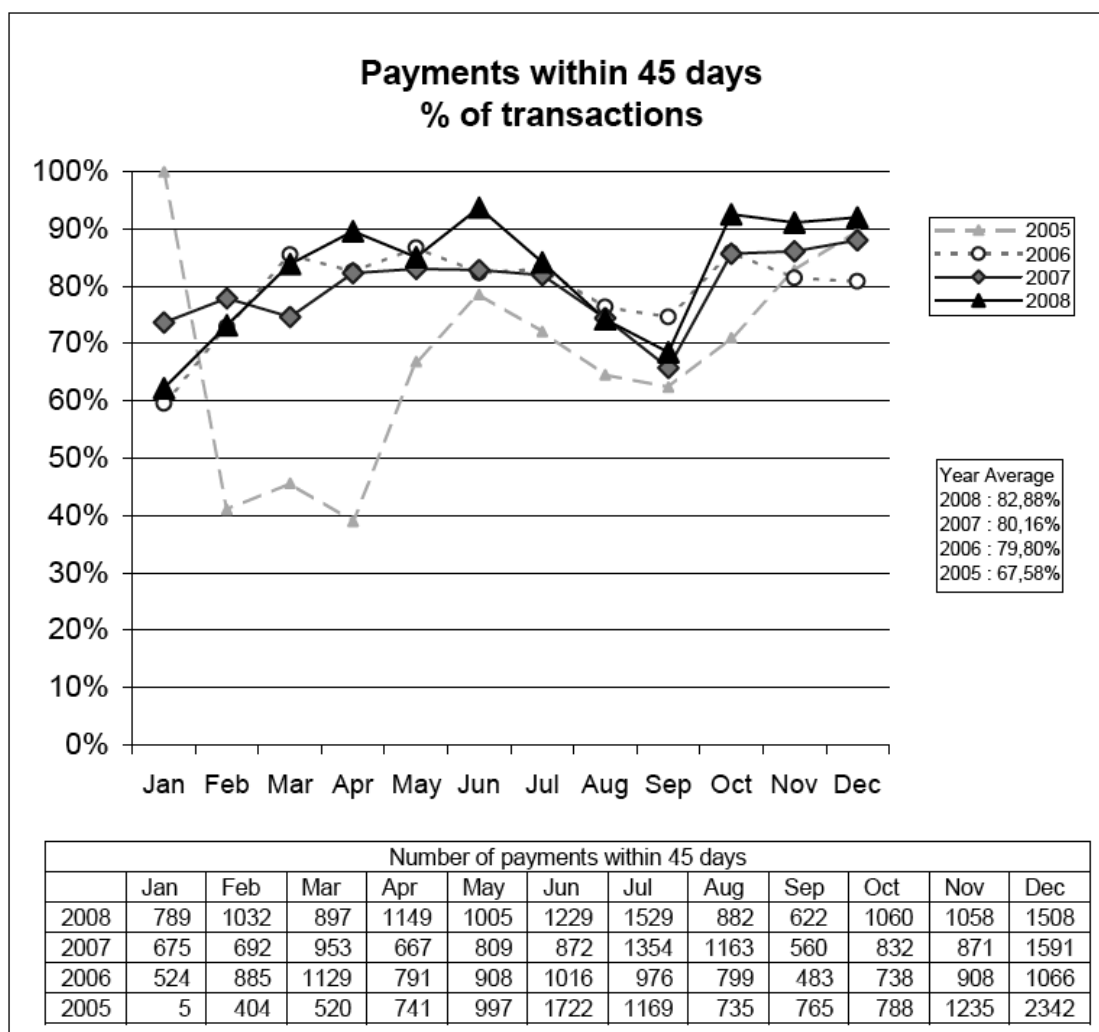


Table 2: % 2005-2008 payments within 45 days (number)



This positive trend is reflected in the breakdown by type of transaction (table 3). Payment times improved in 2008 with respect to previous years for each type of transaction, with significant improvements for the most important items of expenditure. Payment times relating to projects, representing most of DG INFSO's appropriations, were further improved in 2008. These improved results have been achieved through enhanced training/awareness-raising efforts and the development/implementation of local applications for the automatic processing of cost claims. In 2008, 82.4% of project payments were executed within 45 days, compared to 76.6% in 2007, 70.7% in 2006, 66.3% in 2005, and 61.2% in 2004.

The decline recorded in 2007 in length of time to make payments related to experts was reversed in 2008, with an improvement from 83.8% in 2007 to 89.2% in 2008. Meetings are the only type of expense where, despite a slight improvement, performance remains largely unsatisfactory (39.9% of payments executed within 45 days).

The cause for such underperformance is mostly beyond the control of DG INFSO, given that the delays are largely attributable to meeting payments executed by the PMO, and that the proposal to repatriate those payments to DG INFSO has not been retained by DG BUDG in the framework of the inter-service consultation on the 2009 internal rules, on the grounds that the

repatriation would constitute a precedent which could possibly put at risk the existence of the PMO.

A possible partial solution could therefore be to pursue further awareness-raising actions with the PMO, and streamline ex-ante verifications in DG INFSO – these could be implemented in 2009. In practice, whenever the PMO would authorise payments for meetings, operational units would send their payment files, either electronically or on paper, directly to the PMO rather than to unit R2 for ex-ante verification. This possibility will be negotiated with the PMO in the course of the first semester of 2009, with possible implementation in the second semester of 2009 in case of agreement with the PMO.

The combined effect of possible improvements in the PMO's performance and the elimination of ex-ante controls in DG INFSO is expected to have a substantially positive effect on 2009 payment times for meetings. Further efforts to improve payment times in DG INFSO will be sustained in 2009, with the priority to develop local applications for the automation of FP7 first interim payments, whose module is currently put in production, and those for FP7 second interim and final payments, whose modules are foreseen to be in production by June 2009.

The table below details performance by type of transaction over the last 3 years.

Table 3: %2006-2008 payments within 45 days (number) by type of transaction

Type of transaction	2008			2007			2006		
	% of payments	Number of payments	Value €	% of payments	Number of payments	Value €	% of payments	Number of payments	Value €
External staff	99,53%	1.261	7.606.396	93,30%	404	4.843.739	88,82%	596	4.765.258
Missions	98,24%	3.786	1.436.066	95,95%	1.516	571.825	89,48%	3.182	1.130.769
Services & Studies	92,07%	1.231	34.597.544	85,65%	1.247	19.257.763	85,43%	997	19.594.447
Experts	89,17%	3.844	10.485.037	83,77%	4.145	12.642.706	90,05%	3.004	8.137.453
Projects	82,41%	1.368	1.194.007.431	76,59%	1.145	766.056.138	70,74%	1.325	928.136.737
Meetings	39,86%	1.102	723.460	38,75%	756	445.436	52,21%	1.065	656.301
Grants	80%	66	3.187.078	100%	10	22.598.666	27,27%	21	1.446.467

3.2. Status of Recovery Orders

During the second semester of 2008 DG INFSO continued to focus on issuing new and following up existing open recovery orders.

As usual, the main reason for the establishment of new recovery orders during the second half of 2008 was the implementation of audit results (75 cases). In addition, 24 recovery orders were issued following the recovery of pre-financing amounts after final payments (10 cases), bankruptcy (9 cases), or other reasons.

On 01.07.08, the balance of 114 open recovery orders totalled 15 M€. During the second semester of 2008, the newly established recovery orders added 11,9M€. However, recovery orders worth 5,8 M€ were cashed/compensated. 1,4 M€ were waived during the second semester and 0,05 M€ was cancelled. Consequently, the balance on 31.12.08 stood at 114 open recovery orders totalling 21,22 M€.

In the list of open recoveries, the recovery orders issued following the liquidation of legal entities due to bankruptcy represent an important category. This category of recovery orders usually remains open for a long time, after which in most cases they lead to a waiving decision (once the liquidation is definitively closed, it is not possible to recover the open amounts) due to the fact that the Commission has the legal status of unsecured creditor. During the second semester of 2008, 6 cases of bankruptcy led to a waiving of 0,92 M€. This category represents 67% of the waived recovery orders. Larger amounts are still expected to be waived in the future - 17 cases totalling 2,5 M€, compared to the overall 29 cases worth 3,2 M€.

All details are provided in ***Annex A1***

4. Changes to the Financial Circuits

No changes to the financial circuits were implemented during the reporting period.

5. Risk Management

5.1. Follow-up of DG INFSO's 2007-2008 High-Level Risk Assessment (HLRA) exercise

Building upon the positive experience of DG INFSO's 2007 High-Level Risk Assessment (HLRA) exercise, the follow-up of risk management actions for the DG's risks (both "critical" risks (3) and "other" important risks) was organised on a structured basis during 2008 via the "Internal Control Coordination Group" (ICC Group) - set up specifically for these purposes.

In 2008, DG INFSO's ICC Group met five times in order to monitor the progress of the actions in the context of risk management and internal control recommendations. Based on the most recent review presented to the ICC Group on 04.12.2008, a 2008 year-end progress report was sent to DG INFSO's senior management (see **Annex B1** for further details).

The monitoring of the DG's important risks reveals that our exposure to most of those risks was under control – including for 3 of DG INFSO's 4 'critical risks' as defined during the last High-Level Risk Assessment (HLRA) exercise and reported as such in the 2008 AMP (i.e. telecom regulation, spectrum policy, JTIs, errors in ICT cost claims). However, as far as spectrum policy is concerned, the risks have indeed materialised in terms of continued objections to the Commission's proposal on the GSM Directive. This issue is currently negotiated with the EP and Council in the context of the Regulatory Review Package.

5.2. DG INFSO's new High-Level Risk Assessment (HLRA) exercise (2008-2009)

In line with the Commission's framework "Towards an effective and coherent risk management in the Commission services", DG INFSO has finalised its 2008-2009 High Level Risk Assessment (HLRA) exercise which covers all the DG's 2009 AMP objectives. In the context of this exercise, INFSO's 3 "critical risks" have been taken up in DG INFSO's 2009 Annual Management Plan (see appendix to INFSO's 2009 AMP):

- Telecom regulation;
- Spectrum policy;
- Errors in cost claims of participants in Research projects.

As for many DGs, DG INFSO's 2009 critical risks are also recurrent from 2008.

See **Annex B2** for further details.

³ definition by DG BUDG = "A risk should be considered "critical" and reported in the Annual Management Plan (AMP) if it can:

- (a) jeopardise the realisation of major policy objectives;
- (b) cause serious damage to the Commission's partners (Member States, companies, citizens, etc.);
- (c) result in critical intervention at a political level (Council/Parliament) regarding the Commission's performance;
- (d) result in the infringement of laws and regulations;
- (e) result in material financial loss;
- (f) put the safety of the Commission's staff at risk; or
- (g) in any way seriously damage the Commission's image and reputation."

According to INFSO's internal procedures, the relevant risk management mandates will be assigned (at the first 2009 ICC Group meeting) and will be elaborated by the unit(s) in charge. During 2009, the risks and progress of the action plans will be monitored via the ICC Group.

6. Internal Control & Internal Control Standards

6.1. State-of-play of the implementation of the Internal Control Standards (ICS)

DG INFSO's annual analysis of the state of the internal control system (including its compliance with the ICS requirements), the continuous enhancement of the effectiveness of its control arrangements in place (including the priority ICS-themes for 2008), and the subsequent recommendations for further improvements identified by the DG's Internal Control Coordinator (ICC) are commented in DG INFSO's Annual Activity Report 2008 (see AAR 2008 chapter 2.2).

DG INFSO's "Internal Control Coordination Group" (ICC Group) has also monitored the progress of the actions in this context. Taking into account the progress made, the efforts to be continued and the most recent status review results, the 3 previous ICS priority areas have been maintained and 2 other ICS priority areas have been added as DG INFSO's 2009 priorities for increasing the effectiveness of the implementation of the Commission's ICS (see appendix to INFSO's 2009 AMP):

- policy on sensitive functions;
- business continuity plan;
- protection of personal data;
- ethical values;
- document management.

In addition, in the context of the continuous improvement of existing management procedures, 2 ICC recommendations in the areas of (i) exceptions recording and of (ii) the follow-up of open recommendations have been issued as well.

For more details, please refer to the "Annual review and recommendations from the internal Control Coordinator (ICC)" note D(2009)107175 or ***Annex C1***.

6.2. Reporting of Directors as Authorising Officers by Sub-Delegation (DMRs)

The Directors as Authorising Officers by Sub-Delegation have reported no new issues under their responsibility – related to the principles of legality, regularity, effectiveness, efficiency and economy (sound financial management) and/or related to risk management and internal control –to be considered by the Director General as Authorising Officer by Delegation as potential qualifications or new reservations to his AAR declaration (see AAR 2008 chapter 2.3 and the corresponding DMRs).

7. Status Report on External Financial Audits up to 31 December 2008

For a detailed status report on DG INFSO's external financial audits in 2008, see the "External Audits Synthesis Report 2008" in DG INFSO's Annual Activity Report 2008 (see AAR 2008 Appendix 2) and the related comments (see AAR 2008 chapter 2).

8. Relations with the European Court of Auditors

8.1. Declaration of Assurance (DAS) 2007 – Discharge procedure

The Court published its 2007 Annual Report on 10.11.2008. The Report still contains criticisms towards the management of the Research Frameworks Programmes. As in previous years, it stresses the material level of errors in the costs declared by beneficiaries, the complexity of the legal framework and the lack of reliability of audit certificates as a control tool. It also indicates that the Commission did not apply sanctions during the course of FP6. Besides these criticisms, the Court however issues positive messages regarding, in particular, the common audit strategy for FP6 - qualified by the Court as "a sound basis for addressing the problems identified by the Court". The assessment of supervisory and control systems for internal policies is considered by the Court to be partially satisfactory, as for 2006. The Court considers that for 2007 the error range for internal policies is between 2 and 5%, which equally qualifies as being partially satisfactory.

The CONT⁴ organised a hearing of Commissioner Potocnik on 20.01.2009, in the framework of the 2007 discharge. The few MEPs who took the floor on this occasion were, in general, supportive of the efforts made by the Commission's research services to improve the management of research community funding.

The next step for the 2007 discharge procedure will be the adoption of the CONT report on 16-19.03.09. The vote on the 2007 discharge will occur in the plenary session of the European Parliament during the April session (21-24.04.09).

8.2. DAS 2008 – audits started or ongoing

• Transaction audits

Between 01.07.2008 and 28.02.2009, DG INFSO received from the Court 7 requests for documents supporting 17 transactions to be audited. The documentation was supplied within the deadline in all cases.

The Court carried out during this period 12 on-the-spot financial audits on the participation of legal entities in contracts managed by DG INFSO. One additional audit is foreseen for March 2009. DG INFSO representatives accompanied the Court for 11 of these controls.

The Court issued on 18.11.2008 a first letter of preliminary findings relating to 14 transactions, of which 2 were audited on-the-spot by the Court. The document mentions that only one of the transactions was affected by an error, amounting to 4,65% of the costs declared by the beneficiary. The Commission's reply to the Court's letter was sent on 17.12.2008.

⁴ CONT is the new acronym to be used for the CoCoBU – the Committee on Budgetary Control

- **System audits**

Between 01.07.2008 and 28.02.2009, DG INFSO received from the Court three requests for information concerning the following subjects:

- Ex-ante controls
- Internal Control Standards
- Actions taken by DG INFSO in the framework of the Commission's Action Plan for an Integrated Internal Control Framework.

These requests are being processed.

8.3. The Court's Special Reports

- **Performance Audit: "Executive Agencies"**

The Court started this audit in April 2008. The aim of the audit is to assess whether the establishment of Executive Agencies has been soundly based and if the activities are carried out more efficiently and effectively. A letter of preliminary findings entitled "Are the Executive Agencies a valid tool for the implementation of the EU-Budget?" was issued by the Court on 18.12.2008. The Commission's reply, coordinated by DG BUDG, is under preparation.

The next steps will be the issuance in mid March 2009 by the Court of a draft special report, the replies of the Commission to this draft report by mid April 2009 and the organisation of a contradictory meeting at the end of April 2009.

In its letter of preliminary findings (SPF 3047) the Court mentions its findings but neither draws conclusions nor makes recommendations. More details about the main findings of the Court and the position of DG INFSO are included in the note addressed by F. Colasanti to R. Strohmeier on 09.02.2009 (D(2009) 104238).

- **Performance Audit: "The adequacy and effectiveness of selected FP6 instruments on the achievement of Community RTD Objectives"**

The Court started its audit in July 2006. The aim of the audit is to assess the effectiveness of selected FP6 instruments in providing relevant results contributing to the achievement of the objectives of Community research.

Five letters of preliminary findings were issued by the Court between April 2007 and June 2008. A meeting took place in July 2008 in Luxembourg between representatives of the Court and of the Research DGs to discuss diverging views concerning the assessment made by the Court of the management of selected FP6 instruments by the Commission.

It appears that the draft report is under finalisation by the Court and should be sent to the Commission in the coming weeks.

- **Performance Audit: "Better regulation through Impact assessment"**

In October 2008 the Court informed the Secretariat General of the Commission that, following the results of the preliminary study (which took place in the first semester of 2008), the Court had decided to launch a performance audit on the efficiency of the Commission's impact assessment system in view of improving the regulation.

Besides the SG who coordinates this audit, the other DGs involved are TREN, EMPL, REGIO, RTD and the JRC. The kick-off meeting was organised by the Court on 24.10.08 whilst on 11.11.08 a meeting took place between the Court and DG INFSO's representatives on the impact assessment carried-out for the roaming case study.

At this stage, the Court is organising interviews with the different Cabinets, European Parliament representatives and Council working groups. A briefing meeting with the SG and the Cabinets involved was organised on 27.01.2009. A report and feedback is to be expected by the Court towards the end of this year.

8.4. The Court's work programme for 2009

The Court's work programme for 2009 was presented by the President of the Court to CONT on 17.02.2009.

As in 2008, the Court will undertake in 2009 two main types of work:

- Financial audits on the reliability of accounts and the legality and regularity of underlying transactions
- Performance audits on the soundness of financial audits (see point 8.3).

9. Main issues concerning the relations with the Internal Audit Service

During the second half of 2008, the Internal Audit Service (IAS) performed several audit commitments which related directly to DG INFSO's activities.

9.1. IAS Audit on Recovery Orders

After the fieldwork phase (before and during the summer of 2008), the IAS finalised its Audit on Recovery Orders (RO) in the Commission, which not only covered the central services (BUDG and LS) but also a selection of operational DGs (including DG INFSO). In its final audit report (08.10.2008), the IAS issued an overall "positive opinion", which means that it has reasonable assurance about the Commission's overall recovery process (both design and implementation), except for some issues which gave rise to recommendations. Those recommendations aim at better monitoring, coordination and exchange of information in order to reduce as much as possible the time elapsed before the identification of unduly paid amounts, the issuance of RO and/or the recovery of the sums.

In the report itself, DG INFSO's RO-devoted function (i.e. Complementary Verifying Agent, monitoring, reporting) was mentioned as a good practice. The IAS addressed 5 recommendations to DG INFSO, mainly relating to "Forecasts of Revenue" (FOR) - none of which having a "critical" label.

The IAS and the auditees were invited to the APC preparatory meeting of 17.11.2008, where it was decided that it was not necessary to discuss the audit on Recovery Orders at the formal APC meeting of 05.12.2008.

9.2. IAS Audit on Ethics

In May 2008, the IAS had announced its IAS Audit on Ethics in the Commission, which would include an assessment of how the Commission's ethical framework is applied in selected DGs – including DG INFSO. As previously agreed, the IAS had confirmed that the work done by DG INFSO's IAC in this field would be taken into account in order to avoid duplications in the audit fieldwork during the second semester of 2008.

The IAS audit team did indeed take into account DG INFSO's own IAC audit on ethics in INFSO. Consequently, for the implementation of the (sole) recommendation that the IAS issued to DG INFSO in its own final report (12.12.2008) – *about the adaptation of the Commission's ethics framework to the DG-specific environment* – DG INFSO's IAS-related action plan on ethics (19.01.2009) simply refers to sub-actions already included in the IAC-related compilation of envisaged actions on ethics (17.11.2008).

9.3. IAS Follow-up Audit on Ex-Post Controls

Following the 2006 IAS audit of the Research DGs' Ex-Post Controls, DG INFSO and the other Research DGs had reinforced their common FP6 audit policy - by increasing the audit coverage, by strengthening the coherence among DGs and by implementing organisational changes including the allocation of additional staff (cf. progress reporting to the ABM steering committee and APC at regular intervals during 2007 and 2008).

After a follow-up audit at the end of 2008, the IAS confirmed in its report (08.12.2008) that all recommendations were indeed implemented effectively.

9.4. IAS Audit on FP7 controls

In early 2009, the IAS did in fact launch its announced audit on FP7 controls in DG INFSO as well (cf. already started in 2008 in DG RTD). Taking into account the deployment of the controls along the course of the FP7 life-cycle – i.e. ex-ante controls first, ex-post controls later on – the IAS will focus on the design of the FP7 controls. The control arrangements being prepared for the Joint Undertakings will also be considered. The opening meeting took place on 26.01.2009, and the kick-off meeting on 19.02.2009. After the validation of findings, a draft audit report is expected by end-March and the final audit report by end-April.

9.5. Other IAS-related Issues

DG INFSO updated the IAS' AMS-IssueTrack database with the relevant information on the implementation status, at 31.12.2008, of the accepted recommendations from previous audits. This update enabled the IAS to produce their (twice annual) overview report to the APC.

There are no significant delays in the implementation of any critical or very important other IAS recommendations relating to DG INFSO.

10. Audits Performed by DG INFSO's Internal Audit Unit and Related Matters

During the reporting period, the Internal Audit Capability (IAC) of DG INFSO finalised two audits: an audit on "Ethics" and another on "Contract negotiation and preparation process in the FP 7 IST programme".

Two follow-up audits "Financial statements processing and payment process in the FP6-IST programme" and "Project review process in the FP6-IST programme" were finalised on 2.02.2009. Furthermore, two audits on "Procurements including appointment letters" and on "Monitoring of DG INFSO over the activities and operations performed by EACEA" were launched during the second semester of 2008 and are still in progress.

As part of its consulting activities, the IAC also gave several pieces of advice to the Director General, at his request.

See DG INFSO's Annual Activity Report 2008, 2.3.2. and 2.3.3. as well as this report's *annex D1* for further details and *D2* for the IAC's annual opinion 2008.

11. State of Play of OLAF's Files

12. State of Play of the European Ombudsman's Files

During the reporting period, four new complaints and one informal request (telephone procedure) were received by DG INFSO as "chef de file". Six complaints were closed by the Ombudsman, out of which three maladministration decisions were taken.

As indicated in DG INFSO's note 953340 of 19.01.2009 on the state of play since the beginning of Ms Reding's mandate of complaints to the Ombudsman, there is a tendency in the Ombudsman's closing decisions to limit the scope of his remarks to a few number of the complainants' arguments whilst rejecting a majority of them. At the Commission as well as at DG INFSO level, the instances of maladministration focus on a small number of similar problems. Thus, in the reporting period, these instances concerned failures to reply to an email directly, to provide the required information or convincing reasons capable of justifying the delay in payment of cost statements, as well as a Commission's decision to shorten the public consultations period below the minimum foreseen (all other complainant's arguments having been rejected).

In addition, DG INFSO received as "associated DG" two new complaints and one request for friendly solution. The Ombudsman closed two complaints for which DG INFSO was associated and out of which one was a maladministration decision about the Commission's failure to reply to a citizen (non-recruitment of the complainant by the Commission after having included him on the reserve list of an open competition).

In September 2008, the Ombudsman decided to introduce changes intended to lighten and improve the structure of his decisions by making them more reader-friendly and thus offering clearer guidance, to both citizens and officials, as to what constitutes good administration. Indeed, over the years, the issues raised by the average complainant have become more numerous and more complex. From September 2008 onwards, in the two first sections of his decisions, the Ombudsman sets out the background of the complaint and explains the scope of his enquiry. The following section refers to the stages of the inquiry procedure, including the Ombudsman's efforts to solve the problem(s) and the differences between the parties. As before, the final section reviews the evidence and explains the Ombudsman's findings and his reasons for closing the inquiry.

See **Annex F1** for the full status report.

13. Relations with the Education, Audiovisual and Culture Executive Agency (EACEA) – MEDIA Programme

13.1. INFSO's Supervision of the EACEA

As mentioned in DG INFSO's Annual Activity Report 2008 (see AAR 2008 chapter 2.1), in accordance with Article 15 of the EACEA's "Act of Delegation", DG INFSO is one of the parent DGs co-responsible for the "scrutiny" of the EACEA. During 2008, 5 meetings of the Agency's Management Board ("Steering Committee") took place on 22 January, 3 March, 31 March, 23 July, and 12 November 2008.

In the wider context of the EACEA's management of the MEDIA Programmes, during the reporting period, the following issues are to be noted:

- The EACEA's 2008 budget execution for the **current MEDIA Programme** (i.e. "MEDIA 2007" covering 2007-2013 with a total budget of 755 M€) reached 100% for commitments and 99,9% for payments.
- In autumn 2007, the EACEA had to put on hold a number of actions in the treatment of open **MEDIA II files** (in particular the issuing of recovery orders) and the Legal Service clarified that an amendment of the COM Decision setting up EACEA was needed to explicitly include MEDIA II in the Agency's mandate. The Regulatory Committee of Executive Agencies took place on 15.04.2008 and unanimously voted in favour of extending EACEA's mandate to include MEDIA II. The EP's COBU took a positive decision on 29.05.2008. The Decision on the extension of the EACEA mandate to include MEDIA II was adopted on 12.06.2008 and the amended EACEA act of delegation was adopted by the Commission on 23.07.2008. On the same day, the EACEA's Steering Committee confirmed the entry into force of the delegation given to the Agency. As a temporary solution and in order to ensure continuity in processing pending MEDIA II files during 2008, INFSO/A handled 24 MEDIA II dossiers. The renunciations and cancellations of these MEDIA II recovery orders were introduced in ABAC and the respective credit notes were issued.
- A major achievement of 2008 was the launch and implementation of the first year of the Preparatory Action **MEDIA International**. In December 2007, the European Parliament allocated 2M€ of the 2008 budget to this Preparatory Action which aims at exploring ways of reinforcing cooperation between European and third country professionals from the audiovisual industry. The first year was a great success, in spite of the short timeframe for finding foreign partners and submitting proposals. In December 2008, the European Parliament voted for an extension of the MEDIA International Preparatory Action and earmarked 5M€ in the 2009 budget for the second year of MEDIA International.
- The Preparatory Action MEDIA International is also designed to pave the way for a fully-fledged **MEDIA Mundus** Programme, of which the proposal was adopted on 09.01.2009. It is a proposal for a broad international cooperation programme (covering 2011-2013 with a total budget of 15 M€) for the audiovisual industry that aims at strengthening cultural and commercial relations in the audiovisual field between European and third country professionals.

The final reports of the European Court of Auditors' performance audit on Executive Agencies (see 8.3) and of the EACEA mid-term evaluation (by COWI) will be published in 2009.

13.2. EACEA's Management Reporting

In the context of preparing the EACEA's 2009 Annual Management Plan (in annex to INFSO's 2009 AMP), the Agency made its annual risk assessment exercise. For 2009, one "critical risk" remains and is related to the unavailability of IT-tools (cf. the consequences to programme management of further delays of the Symmetry system).

Furthermore, as required in the context of the revised ICS 2008, the EACEA has selected 3 priority ICS-themes for 2009:

- Staff mobility;
- Processes and procedures;
- Supervision.

The EACEA's 2008 AAR and BMR will be forwarded to the Cabinet once received in the approved version.

14. Declaration and Reservations

This part has been fully documented and intensively commented in DG INFSO's Annual Activity Report 2008 (see AAR 2008 Chapter 3).

15. Annexes

Annex A - Implementation of 2008 budget

A1: Overview Status of Recovery orders

Annex B - Risk Management

B1: Internal Control Coordination Group: Monitoring of DG INFSO's actions in the context of Risk Management and Internal Control – 2008 year-end progress report

B2: Finalisation of DG INFSO's 2008 High-Level Risk Assessment exercise at the INFSO Directors meeting

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LIMITED

Bi-Annual Management Report DG INFSO

01 JULY 2008 – 28 FEBRUARY 2009

Annexes



European Commission
Information Society and Media



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Annex A – Implementation of 2008 budget

- A1: Overview Status of Recovery Orders

Overview status of Recovery orders up to 31.12.2008

BMR 1July - 28 February 2009

Recovery Type	Balance 30/06/2008		New RO 2nd semester 2008		Cashed or compensated 2008	Waived 2008	Cancelled 2008	Balance 31/12/2008		Estimated amounts / nbr to be waived in the future	
	Nr	amount	Nr	amount				Nr	amount		
CoA Audit	4	586.098	0	0	0	0	0	4	586.098	3	240.801
Financial Audit	46	3.564.132	75	1.954.406	1.802.631	323.480	119.882	42	3.272.545	0	0
Final Payment	33	3.219.666	10	913.369	150.662	74.581	358.985	37	3.548.807	9	815.860
Liquidation/bankruptcy	20	2.791.114	3	244.158	0	925.865	0	17	2.109.407	17	2.109.407
Contract Termination	4	3.032.450	2	55.477	177.313	52.991	0	4	2.857.623		
Other/divers	7	1.870.126	9	8.804.882	1.832.377	0	0	10	8.842.631		
Grand Total	114	15.063.586	99	11.972.292	3.962.983	1.376.917	478.867	114	21.217.111	29	3.166.069

* there is a difference in the June 2008 balance in comparison with the previous report due to the fact that some recoveries were partially paid, waived or cancelled. Consequently, the balance was adapted accordingly with the real figure.

- 1 Procedure for forced recovery in progress
- 2 file to be followed-up with liquidator

Annex B – Risk Management

- B1: Internal Control Coordination Group: Monitoring of DG INFSO's actions in the context of Risk Management and Internal Control – 2008 year-end progress report
- B2: Finalisation of DG INFSO's 2008 High-Level Risk Assessment exercise at the INFSO Directors meeting



EUROPEAN COMMISSION
Information Society and Media Directorate-General
General Affairs
The Director – The Internal Control Coordinator

Brussels, 22 DEC. 2008
INFSO-S2/GV/cf D (2008) 951211

**NOTE FOR THE ATTENTION MR F. COLASANTI,
DIRECTOR GENERAL DG INFSO**

Subject: ICC Group: monitoring of DG INFSO's actions in the context of risk management and internal control – 2008 year-end progress report

References:

- "INFSO's 2007 HLRA - endorsed documents at INFSO Directors meeting of 14.01.08" (note 902162 of 05.02.08);
- "Annual recommendations from the Internal Control Coordinator" (note 907178 of 13.03.08);
- "ICC Group: [...] 2008 mid-term progress report" (note 925419 of 26.06.08)

During 2008, DG INFSO's "Internal Control Coordination Group" (ICC Group) has met five times in order to monitor the progress of the actions in the context of risk management and internal control recommendations. As foreseen, both a mid-term and a year-end progress report is addressed to INFSO's senior management. Similar to the mid-term progress report which fed into the mid-term Bi-annual Management Report (BMR) to the Commissioner, this year-end progress report will feed into the end-of-year management reporting processes (AAR and BMR).

Risk management and risk monitoring

In terms of risk management, the action plans to further reduce some of DG INFSO's most important risks for 2008 have been implemented as intended – except for the part on the review of DG INFSO's policy on sensitive functions (which has been continued under ICC recommendation n° 1 – see below).

In addition, the monitoring of other important risks (for which the scope for additional action was limited) reveals that our exposure to most of those risks is under control as well – including for 3 of DG INFSO's 4 'critical risks' as defined during the last High-Level Risk Assessment (HLRA) exercise and reported as such in the Annual Management Plan (i.e. telecom regulation, spectrum policy, JTIs, errors in ICT cost claims).

However, in the context of the spectrum policy, the risks have indeed materialised (cf. MS' reluctance to accept the Commission's role; extra efforts have been made and are to be continued in 2009).

Any risks that remain important and/or any new risks signalled are being assessed at the occasion of the new High-Level Risk Assessment (INFSO's HLRA 2008 for the AMP 2009) and will be included in the ICC Group's next follow-up mandate.

Implementation of ICC recommendations

In terms of the annual recommendations from the Internal Control Coordinator (ICC), the implementation of several actions has incurred some delays during the second semester of 2008 – including for DG INFSO's 'priority ICS' selected following the last ICS review and reported as such in the Annual Management Plan (i.e. sensitive functions policy, business continuity plan, data protection) – but in most cases their completion is expected for early 2009. Details per action can be found in annex.

In terms of results, the following examples of progress made and actions to be continued may be highlighted:

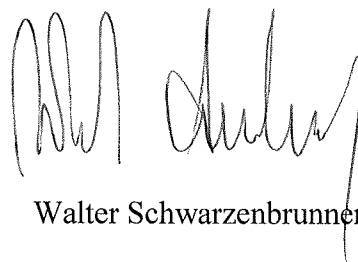
Important achievements made

- The extension of the EACEA's mandate to include MEDIA II has been arranged
- The risk-based auditing specifically targeted to weak co-funding participants has been launched (plus: SME-status verifications have been reintroduced)
- ENISA's transition for 2009-2012 has been arranged
- The JTI's start-up and interim phases have been managed
- The implementation of the FP6 audit strategy is fully in place
- An DG INFSO network of audit correspondents has become operational, which has improved the implementation of complicated external financial audit results

Actions to be continued in 2009

- Monitoring the risks related to telecom regulation and (especially) spectrum policy (*risks being re-assessed in DG INFSO's HLRA 2008 and to be included in the ICC Group's next follow-up mandate*)
- Reviewing DG INFSO's sensitive functions, enhancing DG INFSO's Business Continuity Plan (BCP), strengthening awareness on ethics within DG INFSO.

You will find a full status overview in annex. Furthermore, the 3 detailed underlying working documents are made available on the ICC Group's dedicated intranet pages (see reference below).



Walter Schwarzenbrunner

Annex: 2008 year-end progress report from DG INFSO's "ICC Group"

c.c.: A. Peltomäki, INFSO Directors, F. Sendra Palmer, Assistants;
members ICC Group;
A. Rauch, A. Vanroelen, G. Veldeman.



EUROPEAN COMMISSION
Information Society and Media Directorate-General
General Affairs
Management Support

Annex to note INFSO-S2/GV/cf D(2008) 951211

2008 YEAR-END PROGRESS REPORT FROM DG INFSO'S "INTERNAL CONTROL COORDINATION GROUP": MONITORING OF INFSO ACTIONS IN THE CONTEXT OF RISK MANAGEMENT AND INTERNAL CONTROL (STATUS 04.12.08)

Context

DG INFSO's "ICC Group", chaired by the General Affairs director (in his function as the DG's Internal Control Coordinator) and composed of permanent correspondents from all INFSO directorates, has met five times during 2008; on 31.01.08, 17.04.08, 12.06.08, 09.10.08 and 04.12.08.

Its mandate includes the follow-up of actions related to:

- *DG INFSO's annual High-Level Risk Assessment exercise ("HLRA") by Senior Management;*
- *The annual recommendations from the DG's Internal Control Co-ordinator ("ICC").*

State-of-play at 04.12.08

See next pages (3 lists)

Contact

Geert Veldeman, S2, tel. 55857

Available on the ICC Group's dedicated intranet-pages

3 detailed tables (internal working documents); 1 for each of the categories of actions

1. Implementation of action plans for further reducing INFSO's important risks (status 04.12.08)

In the context of 2 of the 3 action plans for further reducing INFSO's important risks, as identified in the 2007 HLRA, the actions have been implemented as intended. In 1 case, the action is still in progress and is partially to be continued during 2009 (i.e. the action to review DG INFSO's sensitive functions – see ICC recommendation 1 in table n°3).

<p>MEDIA/EACEA Risk identified: Difficulties in achieving execution of the MEDIA Programme, if the EACEA's mandate fails to be extended to cover previous programmes (cf. MEDIA II). Achievements made: The Regulatory Committee of Executive Agencies took place on 15.04.08 and unanimously voted in favour of extending EACEA's mandate to include MEDIA II. The EP's COBU took a positive decision on 29.05.08. The Decision on the extension of the EACEA mandate to include MEDIA II (1st step) was adopted on 12.06.08. The modification of the EACEA's Act of Delegation was adopted on 23.07.08, after which the Steering Committee of the EACEA confirmed the effect of the delegation given to the Agency. Steps to be finalised: (none)</p>	<p>Target = SEP 08 Unit = A-OS Status = implemented Risk elapsed</p>
<p>HUMAN RESOURCES Risk identified: Quality and efficiency of the DG's operational performance affected by human resources issues due to: difficulties to recruit staff (...), transfer of research posts (...), high dependency on external IT experts (...) and high turnover of contractual AST staff (...). Achievements made: - Within the current limited HRM-margin (cf. ceiling and transfer of posts), DG INFSO uses a very small pool of vacant posts for redeployment purposes (e.g. Dirs A and B) - Proposal for the other Research DGs (RDGs) concerning the re-distribution of research posts between the RDGs following the creation of the second Research Agency - Review of the ICT-Dirs sizing exercise in the context of the changed 2008 FP6/FP7-activities balance - Unit R3 is currently improving its IT documentation; see Action Plan related to the IAS audit on Research IT Systems. Steps to be finalised: - Elaboration and implementation of a new INFSO policy on sensitive functions; <u>see INFSO ICC recommendation 1</u></p>	<p>Target = DEC 08 Unit = R1 Status = in progress; <u>partially to be continued during 2009</u> Situation critical = no</p>
<p>CO-FUNDING CAPACITY Risk identified: Funding of individual (micro) SMEs from one or more sources within the DG and/or across DGs, which may conflict with their actual co-funding capacity. Achievements made: - Risk-based auditing specifically targeted to weak co-funding participants has started. - SME self-declaration reliability has been checked on more than 10% of the SME participants (7% erroneous declarations); SME status verifications, by RTD's Central Validation Team CVT, have been reintroduced for INFSO as well. Steps to be finalised: (none)</p>	<p>Target = DEC 08 Unit = S5 Status = implemented Risk reduced</p>

2. Reinforced monitoring of other important INFSO risks (status 04.12.08)

The monitoring of other important INFSO risks (*), also identified in the 2007 HLRA but for which no additional actions could be taken, reveals that the existing controls are working as intended. Consequently, the exposure to all but 1 of these 7 risks has not increased and/or has even been reduced. However, in the context of the spectrum policy, the risks have indeed materialised (cf. MS' reluctance to accept the Commission's role; extra efforts have been made and are to be continued in 2009).

(*) which include the 4 risks (marked below) labelled by DG INFSO as being "critical risks"

ENISA Risk identified: Risk of discontinuity of ENISA due to lack of legal basis after March 2009, whilst EECMA not yet in place (...)	Unit = A3 risk exposure = risk elapsed cf. transition 2009-2012 approved
TELECOM REGULATION (*) Risks identified: (i) Risk of the Commission's Electronic Communications Package review proposal being modified by Council and/or EP in a way which would make it unacceptable for the Commission (...) (ii) Risk of weak "roaming" enforcement (...)	Unit = B1 risk exposure = stable
SPECTRUM POLICY (*) Risks identified: (i) Risk of Commission not being able to take a lead on Spectrum policy, or to deliver quality measures in a timely manner, due to MS' reluctance to accept the Commission's role (...) (ii) Concrete radio spectrum policy measures (such as harmonisation) paralysed (...)	Unit = B4 risk exposure = risk level increased <i>(i) to be resolved in the context of negotiations on the Review package</i> <i>(ii) the Commission has made a new proposal (on the GSM Directive) in order to overcome EP concerns about its continued role</i>
OPERATIONAL RISKS RELATED TO SET-UP OF JTIs (*) Risks identified: Loss of the funding contribution share to be made available by the MS due to the delay or cancellation of the calls launched by JTIs (ARTEMIS & ENIAC) foreseen in the interim period (2008-09) until the operational start of the Joint Undertakings (JUs) (...)	Unit = G0 risk exposure = risk elapsed cf. successful JTI calls
ERRORS IN ICT COST CLAIMS (*) Risk identified: Payment of non-eligible costs linked to a high frequency of errors in cost claims by beneficiaries (...)	Unit = S5 risk exposure = stable cf. implementation of FP6 audit strategy
IT SYSTEMS Risks identified: Reliability of current IT tools and potential delay in the deployment of efficient and user-friendly RDGs common IT tools, due to the complexity of the IT architecture, lifecycle and governance	Unit = R3 risk exposure = stable cf. release of IT tools for FP7 <i>(see also Action Plan related to the IAS audit on Research IT Systems)</i>

<p>EXTERNALISATION</p> <p>Risks identified:</p> <p>(i) Risk of efficiency losses and overlap of responsibilities caused by externalisation under the existing complex rules.</p> <p>(ii) Research Agencies: Given the diverging views and intentions of different Research DGs (in particular as regards scope of mandate), there is a risk that DG INFSO could be forced to align itself in one way or the other with less desirable scenarios. In that respect, the more extensive approach of TREN/ENTR could create problems for DG INFSO's strategic approach based on synergies between the different business areas.</p> <p>(iii) Risk of delays in the set-up and operational start-up of the two JUs due to difficulties to agree on staff implementing rules and to recruit personnel with the required profile in due time. Difficulties may also originate from legal issues or disagreement among the MS and the industrial associations that are members of the JUs.</p>	<p>Unit = S0 + S4 risk exposure = stable</p>
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3. Recommendations from the Internal Control Coordinator: implementation of actions to improve the application of ICS in INFSO (status 04.12.08)

For the implementation of most of the 2008 Internal Control Coordinator's recommendations, delays have been incurred during the second semester of 2008 (execution of action plans is behind schedule, but completion is expected for early 2009). However, for 4 out of the 10 action plans, the finalisation of their implementation will only be possible well into 2009.

<p>ICS PRIORITY N°1 - SENSITIVE FUNCTIONS POLICY</p> <p>Recommendation: Following the issuance of new guidance by SG-ADMIN-BUDG (January 2008) on sensitive functions and mobility, DG INFSO's related policy should now be reviewed, focussing more on mitigating measures and de-sensitizing of posts (new ICS 7)</p> <p>Steps taken: Elaboration of a new INFSO policy (e.g. establishment of criteria for defining sensitive posts and for de-sensitising them) + Sr Mngt endorsement</p> <p>Steps to be finalised: Implementation and application of new policy: re-assessment and de-sensitisation of functions</p>	<p>Target = DEC 08</p> <p>Unit = R1</p> <p>Status = in progress; to be continued in 2009</p> <p>Situation critical = no</p>
<p>ICS PRIORITY N°2 - BUSINESS CONTINUITY PLAN</p> <p>Recommendation: Following the Commission-wide first test of the DGs' Business Continuity Plans (05.12.07), lessons learned at DG INFSO should lead to a review and update of the DG INFSO BCP (new ICS 10)</p> <p>Steps taken: nomination of a BC Correspondent and a BC Desk Officer for DG INFSO (both at R0 – cf. recent appointment of LSO), plus creation of a BC Duty Officer function at DG INFSO (rotating pairs of staff from Dirs R and S)</p> <p>Steps to be finalised:</p> <p>(i) Second enhancement of INFSO's BCP: Based on the experiences and ideas drawn from the Tocsin 07 BCP test exercise end-2007, an inventory of possible further improvements had already been compiled by R0. Now that the LSO has been appointed, R0 will update the current version of the INFSO BCP based on the experiences from both Tocsin 07 and NOX 08.</p> <p>(ii) BCP communication and staff readiness: Creation of a website dedicated to the INFSO BCP and launching a communication campaign to increase awareness and readiness among staff.</p>	<p>Target = DEC 08</p> <p>Unit = R0</p> <p>Status = in progress; to be continued in 2009</p> <p>Situation critical = no</p>
<p>ICS PRIORITY N°3 - PROTECTION OF PERSONAL DATA</p> <p>Recommendation: Following the efforts to increase awareness in terms of protection of personal data, focus should now be put on ensuring that the data protection arrangements put in place are working effectively as intended (new ICS 8-11-12)</p> <p>Steps taken:</p> <ul style="list-style-type: none"> - 4 Training sessions BRU-LUX for all staff + systematic briefing for newcomers - "briefing on data protection issues" in view of the weekly meeting of Director Generals on 12.06.08. <p>Steps to be finalised:</p> <ul style="list-style-type: none"> - Development of further simplified procedures in collaboration with key Units (R1-R2-R3-R4-S1-S4-C4 & AFU) - Re-shape the INFSO-intranet on Data Protection - Regular reports to the Directors/DG by the DPC on the state of play - Establish monitoring mechanisms on the effectiveness of the data protection measures 	<p>Target = DEC 08</p> <p>Unit = S2</p> <p>Status = in progress</p> <p>Situation critical = no</p>

<p>AWARENESS RAISING ON INTERNAL CONTROL ISSUES WITH A FOCUS ON ETHICS</p> <p>Recommendation: Such an awareness campaign should aim at notably addressing the recurrent concerns about the adequate balance to be sought between operational activities and control/audit activities. It should also take into consideration the "ethics" topic which is a Commission-wide priority for 2008 and the outcome in terms of recommendations of DG INFSO's IAC audit on ethics within the DG.</p> <p>Steps taken:</p> <ul style="list-style-type: none"> - Unit R1 recalled the ICS on Ethical & Organisational Values in its first newsletter 'HR Insights'. - New trainings (offered by OLAF) are being evaluated for potential inclusion in INFSO training offer. - DG INFSO has nominated its Ethics correspondents (first meeting on 3 October). - The final report of the IAC audit on ethics has been presented and Action plans by Directorates have been produced. - The IAS audit on Ethics has been launched (INFSO workshop of 24 September, draft report 07.11.08). <p>Steps to be finalised: Elaboration of the initial outline into 3 actions:</p> <ul style="list-style-type: none"> - enhanced regular and sustained communication on ethics- and values-related themes; - dedicated training (e.g. recognising conflicts of interest, indications of fraud, etc) for PO and other INFSO staff; - (sustained) awareness increasing communication campaign on the INFSO approach towards an optimal 'balance' between operations and risk-based controls. 	<p>Target = DEC 08</p> <p>Unit = S2, R1, 01</p> <p>Status = in progress; to be continued in 2009</p> <p>Situation critical = no</p>
<p>PROMOTING AND BOOSTING THE CERTIFICATION OF METHODOLOGY IN FP7</p> <p>Recommendation: In the context of ex-post controls and the development – by DG INFSO in cooperation with DG RTD – of a FP7 audit strategy in line with the recent one for FP6, it is proposed to boost the take-up by beneficiaries of the possibility in FP7 to get a Certification of Methodology by launching a promotion campaign.</p> <p>Steps taken:</p> <ul style="list-style-type: none"> - publication of guidance notes for beneficiaries and auditors (completed in March 2008) - establishment of the Joint Assessment Committee (members of the JAC inter-DG certification service have been nominated; the operational and functioning procedures are established) - communication actions have been made (pilot reviews conducted at some beneficiaries' premises, individual letters sent to 400 beneficiaries in January 2008, helpdesk created, explanations given in National Contact points meetings) <p>Steps to be finalised: Implementation modalities as regards evaluation of methodologies have been prepared by the RDGs; an ISC is launched in view of a Commission decision.</p>	<p>Target = DEC 08</p> <p>Unit = S0</p> <p>Status = in progress</p> <p>Situation critical = potentially yes (cf. resistance by BUDG)</p>
<p>REVIEWING EX-ANTE CONTROL PRACTICES</p> <p>Recommendation: A methodology for risk-based auditing has been developed specifically in the context of DG INFSO's High Level Risk Assessment to deal with the risk of overdependence on EU funds. Such a methodology responds to the need to strengthen ex-post controls to cope with the residual risk resulting from the simplification of the ex-ante control systems in FP6 and FP7.</p> <p>Steps taken:</p> <ul style="list-style-type: none"> - Risk-based audits have been conducted. Some feedback has already been given to improve the ex-ante control system (checks on plagiarism, checks on existence of legal entities, focussed technical reviews). 	<p>Target = DEC 08</p> <p>Unit = S5</p> <p>Status = in progress</p> <p>Situation critical = no</p>

<p>- SME report finalised; SME status verification has been reintroduced (CVT).</p> <p>Steps to be finalised:</p> <ul style="list-style-type: none"> - Training for POs is being prepared for 2009. - Working groups to be set up to contribute to improve the ex-ante control system. 	
<p>ENHANCING TARGETED SUPPORT FUNCTIONS AS REGARDS COMPLICATED AUDITS AND FRAUD CASES</p> <p>Recommendation: Improvements should be sought in implementing complicated external financial audit results, as well as in following up, getting more regular feedback and reporting on anti-fraud investigations. These enhancements should take into account among others the recent Commission-wide OLAF awareness raising campaign.</p> <p>Steps taken: S5 has set up a DG INFSO network of audit correspondents</p> <p>Steps to be finalised: strengthening of OLAF liaison function : a draft note on new procedures and new overall coordination is being updated by S5 (in view of the upcoming transfer of the OLAF interface function from S2 to S5)</p>	<p>Target = DEC 08</p> <p>Unit = S5</p> <p>Status = in progress</p> <p>Situation critical = no</p>
<p>EXCEPTIONS RECORDING AND REPORTING (PHASE 2)</p> <p>Recommendation: Increase the effectiveness of DG INFSO's control arrangements in place, by (...) strengthening the horizontal monitoring and follow-up of the reported exceptions.</p> <p>Steps taken:</p> <ul style="list-style-type: none"> - A note (D(2007)853921) reviewing and clarifying the procedures for recording and reporting exceptions was sent on 21.12.07. This note covers procedures of a financial (with or without iFlow) as well as non-financial nature. - iFlow now contains, for all types of transaction, an option to fill in a box if a transaction is subject to an exception. <p>Steps to be finalised:</p> <ul style="list-style-type: none"> - By mid-2009, Unit R3 will implement an on-line report in MIS that will show all the exceptions recorded in iFlow during the reporting period (twice a year). - In order to strengthen the horizontal monitoring and follow-up of the reported exceptions, S2 will continue analyse the lists of recorded exceptions (cf. DMR & iFlow/MIS), and determine whether further harmonisation/clarification and/or changes to the internal control system are necessary. 	<p>Target = DEC 08</p> <p>Unit = S2</p> <p>Status = in progress</p> <p>Situation critical = no</p>
<p>PUBLIC PROCUREMENT PROCESS (REPORT FROM WORKING GROUP)</p> <p>Recommendation: Increase the effectiveness of DG INFSO's control arrangements in place, by finding a way for a better tracking of Public Procurement files: mandate for a working group in charge of a structural review of INFSO's CPP procedures (operational units and horizontal support).</p> <p>Steps taken: In terms of Public Procurement procedures, a mandate for a working group in charge of a structural review of INFSO's CPP procedures (operational units and horizontal support) has been finalised. The final report has been submitted to Senior Management for decision and potential implementation in 2008.</p> <p>After having discussed the topic at the INFSO Dirs meeting of 21.04.08, the final version of the new "rules on the Verification of Public Procurement Files of a Value higher than 60.000 EUR" have been issued (note D(2008)917335 of 07.05.08).</p> <p>Steps to be finalised: (none)</p>	<p>Target = DEC 07</p> <p>Unit = S2 etc</p> <p>Status = finalised</p>

FOLLOW-UP TOOL (SCOPE CHANGED)

Recommendation: Consolidated overview of INFISO-related recommendations - *Even though the idea of using a "one-stop" IT tool is not considered anymore, it appears useful to establish and maintain, at DG level, a consolidated overview of the state of implementation of INFISO-related recommendations per topic. This overview would be complemented with an analysis and comments where appropriate and be made available to Senior Management twice a year and/or upon request.*

Steps taken:

- template of a table has been distributed to the different chefs de file
- collection and consolidation of open recommendations and action plans from IAC, ICC, HLRA, IAS, OLAF, Ombudsman, Council, Parliament, ECA (for systemic and performance audits)

Steps to be finalised:

- draft overview report with analysis and comments where appropriate;
- prepare and organise a meeting with key units/colleagues for finalisation and validation of the draft report;
- transmission of the overview report to senior management.

Target = DEC 08

Unit = S2

Status = in progress; to be
continued in 2009

Situation critical = no



Brussels, 22 DEC. 2008
INFSO-S2/GV/cf D (2008) 951409

**NOTE FOR THE ATTENTION OF MR F. COLASANTI,
DIRECTOR GENERAL DG INFSO**

Subject: Finalisation of DG INFSO's 2008 High-Level Risk Assessment exercise at the INFSO Directors Meeting

Reference: Launch of DG INFSO's "High-Level Risk Assessment" exercise 2008, INFSO-S2 D(2008)941103 of 24.10.08

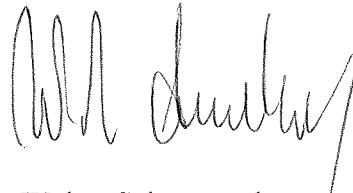
Further to the launch of DG INFSO's 2008 High-Level Risk Assessment exercise at the DG INFSO Directors meeting (27.10.08), please find enclosed the document consolidating the work done so far.

The exercise is based on the Directorates' inputs and related discussions (ICC Group meeting of 04.12.08), during which we have experienced the constructive co-operation from the Directors' delegates. In annex, you will find DG INFSO's consolidated list of main risks for 2009. Similar as in previous years, the finalisation of DG INFSO's 2008 HLRA exercise should now be discussed and endorsed by Senior Management at one of the next INFSO Directors' meetings (early January).

In the margin of this HLRA exercise, some (other) concerns have been raised as well on a number of issues which, however, are already being dealt with via other management modes. Therefore, they have not been included among the identified risks. The issues concerned were the need to (re)balance the resources allocated to operations and support functions, the retention difficulties related to contractual staff and statutory staff after attestation/certification, the negative side-effects of rapidly changing procedures, the quality assurance of ICT project deliverables, the promotion of the certification of methodology for FP7, the preparation of the Commission change-over in 2009.

In the context of the finalisation of DG INFSO's 2009 Annual Management Plan (AMP), which is due by end-December, those risks that during the HLRA exercise have been identified as being "critical risks" are to be extracted from the overall table and annexed to the AMP. It is suggested that 3 such risks would be identified for 2009 (telecom regulation, spectrum policy, errors in ICT cost claims), as already listed as critical risks in our 2008 AMP. In terms of DG INFSO's 2009 priorities for increasing the effectiveness of the implementation of the Commission's Internal Control Standards (ICS), I would suggest to maintain the 3 current priority areas (sensitive functions, business continuity, data protection) and complement them by adding 2 other areas (ethical values, document management).

After the finalisation of this years' HLRA exercise, the risk management mandates will be elaborated together with the unit(s) in charge. Also during 2009, the risks and the progress of the action plans will again be monitored via the Internal Control Coordination Group (ICC Group).



Walter Schwarzenbrunner

Encl.: List of DG INFSO's main risks for 2009

c.c.: A. Peltomäki, INFSO Directors, F. Sendra Palmer, Assistants;
A. Rauch, J. Cotta, T. Hallantie, P. Bucciarelli, A. Vanroelen, G.
Veldeman.

As foreseen in the Commission-wide risk management framework (aiming at a coherent application of ICS-6), DG INFSO's 2008 High Level Risk Assessment (HLRA) exercise has covered all the DG's 2009 AMP objectives. Similar to the previous year (cf. INFSO's fairly stable multi-annual programming environment), the exercise was organised along the lines of the ABB-structure, which arranges the "activities" of DG INFSO's policy area into 6 clusters:

- i2010 - *Electronic Communications Policy and Network Security* (Dirs. A, B) – "**ECP & NS**";
- i2010 - *Audiovisual Policy and MEDIA Programme* (Dir. A) – "**A. P. & MEDIA**";
- i2010 - *Research Cooperation - ICT* (Dirs. C, D, E, F, G, H) – "**ICT**";
- *Capacities - Research Infrastructures* (Dir. F) – "**Infra**";
- i2010 - *ICT Take-Up* (Dirs. C, H) – "**ICT Take-Up**";
- *Resources and Support* (Dirs. R, S) – "**SUPP**" [combination of the administrative budget chapters].

After the launch of the exercise at the DG INFSO Directors meeting (27.10.08), the process was based on bottom-up inputs from the INFSO Directorates, which were consolidated and discussed by the members of DG INFSO's Internal Control Coordination Group (ICC Group meeting of 04.12.08).

Out of the risks reported, a consolidated set of the DG's **8 main risks** (residual risk level of 5 or above) has been selected. In function of (i) political/reputational importance, (ii) residual risk level and (iii) scope for further risk reduction actions by DG INFSO during 2009, the appropriate risk management mode will be applied: (a) dedicated action plan; (b) reinforced monitoring; or (c) continued line management. Similar as in previous years, the relevant risk management mandates will be assigned to and elaborated by the unit(s) in charge – via the ICC Group which will also monitor the risks and the progress made during 2009.

The results of the INFSO 2008 HLRA have been discussed and endorsed by DG INFSO's Senior Management (cf. INFSO Directors Meeting of xx.01.09). From the list of main risks, **3 risks (cf. political/reputational exposure) have been labelled as DG INFSO's "critical risks" (*) and are reported in annex to DG INFSO's 2009 AMP**. Finally, as requested for the AMP as well, DG INFSO will prioritise 5 "key" ICS themes on which it will focus its 2009 improvement actions towards increased effectiveness of the controls put in place (see pre-selection on last page – will be integrated in the upcoming "annual recommendations from the Internal Control Coordinator").

References:

- "Towards an effective and coherent risk management in the Commission services", SEC(2005)1327 of 20.10.05
- "Launch of DG INFSO's "High-Level Risk Assessment" exercise 2008", INFSO-S2 D(2008)941103 of 24.10.08
- "Finalisation of DG INFSO's 2008 High-Level Risk Assessment exercise at the INFSO Directors Meeting", INFSO-S2 D(2008)951409 of 22.12.08

(*) In the Commission, a risk should be considered "critical" if it can: endanger the realisation of a major policy objective; cause serious damage to the Commission's partners (Member States, companies, citizens, etc.); result in critical intervention at political level (Council/Parliament) regarding the Commission's performance; result in infringement of laws and regulations; result in material financial loss; put the safety of the Commission's staff at stake; or in any way seriously impact the Commission's image and reputation.

DG INFSO's HLRA 2008 – consolidated inputs: main risks to be considered at INFSO Directors meeting for HLRA / step 3

Risk Nr (+ ref. risk register) + Dir(s) responsible	Risk description potential consequences and root causes	Risk type Commission's risk typology	Main existing controls or mitigating factors List of existing controls	Residual risk level net residual risk level = L + I = ? (0->5) + (0->5) = 0->10 Risk "critical" (*) ?	Action scope Potential for additional action by INFSO during 2009, if any <i>Outline only; to be elaborated later via ICC Group</i>	Risk response Either: - To be reduced (=action plan) <i>or</i> - Accepted (=reinforced monitoring) <i>or</i> - Continued line management
1 A.P. & Media – 1 <i>Audiovisual Policy & MEDIA Programme</i> DIR A	MEDIA International / MEDIA Mundus Reputational risk (e.g. expectation gaps with stakeholders / UNESCO Convention on Cultural Diversity) when not complying with the inter-institutional agreement to launch the new programme based on the Preparatory Action, <u>due to</u> failure to deliver legal base in time / reach agreement on financing of the new instrument. <i>EP would require justification why Preparatory Action MEDIA International was not followed up in time with adoption of a legal base that would allow actions to continue after the 3rd year of the Preparatory Action comes to an end in 2010 (Programme duration 2011-2013)</i>	Risks related to the external environment: • EU Institutions Risks related to planning, processes and systems: • internal decisions • operational processes	proposal initially planned for December 2008 (co-decision procedure)	HIGH: 3 + 4 = 7	- Continuous close follow-up - Inter-service group - Extra actions if/as needed	ACCEPTED (=reinforced monitoring)

<p>2</p> <p>ECP&NS – 1</p> <p><i>Electr. Comm. Policy & Network Security</i></p> <p>DIR B</p>	<p>TELECOM REGULATION</p> <p>Risk of the Commission's Electronic Communications Package review proposal being modified by Council and/or EP in a way which would make it unacceptable for the Commission (in particular as regards key elements such as the creation of ECMA, functional separation, spectrum policy)</p>	<p>Risks related to the external environment:</p> <ul style="list-style-type: none"> • MS decisions • EU Institutions 	<p>Continuous close follow-up in weekly conjunction with Cabinet; extra actions if/as needed</p>	<p>HIGH: 3 + 4 = 7</p> <p>CRITICAL RISK</p>	<p>In the Council, key elements such as the regulatory authority, functional separation and spectrum policy are the subject of compromise Presidency texts. All key issues have been the subject of intensive discussion under the current French Presidency, which is aiming at a political agreement in the Council, to be followed by a common position on 19 January 2009. The Commission will adopt its Communication on the Council's common position in 2009.</p> <p>In the European Parliament, the first reading vote took place on 24 September. The Commission submitted its amended proposals in the light of the amendments adopted.</p>	<p>ACCEPTED</p> <p>(=reinforced monitoring)</p>
<p>3</p> <p>ECP&NS – 2</p> <p><i>Electr. Comm. Policy & Network Security</i></p> <p>DIR B</p>	<p>SPECTRUM POLICY</p> <p>1. Risk of Commission not being able to take a lead on Spectrum policy, or to deliver quality measures in a timely manner, due to MS' reluctance to accept the Commission's role in light of the review proposals coupled with the EP's desire to limit the use of comitology and have a greater scrutiny on implementing measures.</p> <p>2. Concrete radio spectrum policy measures (such as harmonisation) paralysed <u>due to</u>:</p> <ul style="list-style-type: none"> • review of the regulatory 	<p>Risks related to the external environment:</p> <ul style="list-style-type: none"> • MS decisions • EU Institutions 	<p>Continuous close follow-up; extra actions if/as needed</p>	<p>HIGH: 3 + 4 = 7</p> <p>CRITICAL RISK</p>	<p>In the Review negotiations (significant resistance in the Council to enhancing the Community dimension of Spectrum policy), some attempts are being made to undermine the existing acquis. This can only be resolved in the context of negotiations on the Review package.</p> <p>The Commission is negotiating with the EP and Council to ensure the appropriate procedures are applied to harmonisation and to technical implementation measures respectively. In one specific case, the Commission has made a new proposal (on the GSM Directive) in order to overcome</p>	<p>ACCEPTED</p> <p>(=reinforced monitoring)</p>

	<ul style="list-style-type: none"> framework; • inter-institutional negotiations on comitology; • new comitology procedures being unduly burdening and delaying. 				EP concerns about its continued role.	
4 ICT – 1 <i>ICT – Research Cooperation</i> DIR G/H + DIR R + DIR S	EXTERNALISATION a – JU: set-up of ENIAC and ARTEMIS JUs 1. Risks of delayed progression of the two Joint Undertakings (JUs) to full autonomy , <u>due to</u> delays in appointment of the two Executive Directors; 2. Non-execution of EC contribution , <u>due to</u> lack of funding commitment of Member States in the current economic climate; 3. Reputational risk for DG INFOS associated with the JU operations when fully autonomous, i.e. set-up of internal controls and financial operations + horizontal "supervision" and "scrutiny" aspects b – AAL initiative (article 169) 1. Non-execution of the initiative , <u>due to</u> un-sustained support from Member States in the current economic climate;	Risks related to People and the organisation: • human resources Risks related to the external environment: • macro-econ. • MS decisions • EU partners Risks related to the external environment: • macro-econ. • MS decisions • EU partners	Close and intensive follow-up by supervision at senior and middle management level, and with Cabinet, to monitor the progress and review as needed.	MEDIUM: 3 + 3 = 6	Respectively: a – JU: set-up of ENIAC and ARTEMIS JUs 1. Swift finalisation of the Executive Director recruitment process that was launched in May 2008 (estimated for 2H09 only). 2. Continuous close follow-up with MS , JUs governing bodies and other stakeholders. 3. Close follow-up of operations by the EC representative in the Public Authorities Board (PAB) and Governing Board (GB).	Respectively: ACCEPTED (=reinforced monitoring)
			idem	LOW: 2 + 2 = 4	b – AAL initiative (article 169) Continuous close follow-up	ACCEPTED (=reinforced monitoring)

<p>6</p> <p>ICT – 3</p> <p><i>ICT – Research Cooperation</i></p> <p>DIR E</p>	<p>EUROPEANA – re-launch</p> <p>Risk of repeated reputational event in case of non-performance (or weak performance) when re-launching the Europeana service, run by the European Digital Library Foundation</p>	<p>Risks related to the external environment:</p> <ul style="list-style-type: none"> • macro-econ • EU partners 	<p>Commission task-force to provide technical assistance and financial resources to plan and implement Europeana's re-launch</p>	<p>MEDIUM: 2 + 3 = 5</p>	<p>- Continuous close follow-up</p> <p>- Extra actions if/as needed?</p>	<p>ACCEPTED</p> <p>(=reinforced monitoring)</p>
<p>7</p> <p>SUPP – 1</p> <p><i>Resources & Support</i></p> <p>DIR S</p>	<p>ERRORS IN ICT COST CLAIMS</p> <p>It may remain necessary to maintain an AAR reservation on errors in cost claims by beneficiaries, due to :</p> <ul style="list-style-type: none"> - the fact that - despite the implementation of the FP6 audit strategy being in line with plans - the level of observed error rates remains material; - the intended budgetary effect of the correction of errors is highly dependent on the successful extrapolation of audit results (which remain a new and complex control feature); - the potential reputational fallout from the risk-based audits on-the-spot (out of the ordinary negative results of a few cases on 'intentional errors') 	<p>Risks related to the external environment:</p> <ul style="list-style-type: none"> • EU partners • EU Institutions <p>Risks related to planning, processes and systems:</p> <ul style="list-style-type: none"> • internal decisions 	<p>- FP6 audit strategy</p> <p>- FP7 certification of methodologies</p>	<p>HIGH: 3 + 4 = 7</p> <p>CRITICAL RISK</p> <p>(cf. recurrent AAR reservation)</p>	<p>- Ensure implementation and extrapolation of audit results (cf. follow-up audits and potential liquidated damages)</p> <p>- Risk-based part of FP6 audit strategy</p>	<p>ACCEPTED</p> <p>(=reinforced monitoring)</p>

<p>8</p> <p>SUPP – 2</p> <p><i>Resources & Support</i></p> <p>IT S.C. + DIR R</p>	<p>IT SYSTEMS</p> <p>1. Availability and reliability of the IT tools necessary to cope with the day to day business requirements – to become operational gradually along the line of the FP lifecycle (e.g. FP7 amendments & payments are due) – and to provide summary views for supervision and validation purposes.</p> <p>Potential delay in the deployment of efficient and user-friendly RDGs common and local INFISO IT tools, due to the complexity of the IT architecture, the IT governance structure and the business processes. Particular concern lies in the timely availability of the systems supporting the FP7 research grants management (= INFISO's core business), with regard to financial statements and amendments processing.</p> <p>2. Difficulties bound to managing the transition from a partly paper-based system of exchanges, to a totally electronic and interactive system (based on a fully fledged <u>Participant Portal</u>).</p> <p>Possible negative implications are foreseen to emerge both among the "external constituency" of participants (new complex system they</p>	<p>Risks related to planning, processes and systems:</p> <ul style="list-style-type: none"> • IT systems 	<p>- INFISO IT Steering Committee (IT SC), RDGs IT Supervisory Board (ITSB), RDGs IT Project Steering Committee (ITPSC), RDGs IT Stakeholders Group (ITPSG), IT Project Office (ITPO), Local and Joint Schema Directeurs, IT Disaster Recovery Plan.</p> <p>- Monitoring of ITPO deliverables.</p> <p>- Involvement of local IT units (e.g. INFISO-R3) in the development and deployment of common IT solutions.</p>	<p>MEDIUM/LOW</p>	<p>INFISO and Research family governance structures in place.</p> <p>Close monitoring by INFISO IT SC and senior management.</p> <p>Close operational monitoring at weekly AFUs meetings.</p> <p><i>See also Action Plan related to the IAS audit on Research IT Systems.</i></p>	<p>continued line management at DIR R</p>
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	<p>will have to learn quick, but use seldom), and within the "internal users" (e.g. potential divergence between paper files and electronic files).</p> <p><i>cf. number of actors and systems involved (Research DGs, DIGIT, BUDG, SG, Agency, subcontractors) and the evolving scenario being planned (deployment of common IT tools such as URF/PDM, evolution of the Participant Portal; incidence on DG INFISO back office systems).</i></p>						
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INFSO's 2009 AMP – Internal Part – Demonstration of effectiveness relating to the implementation of certain ICS
Pre-selection of ICS for which DG INFSO wishes to place emphasis on evaluating the effectiveness of the controls put in place

<i>ICS</i>	<i>Brief description of the context</i>
2. Ethical and Organisational Values	<p>Awareness of relevant ethical values</p> <ul style="list-style-type: none"> • Would DG-specific ethical guidance be meaningful? For example, although the rules relating to “conflict of interests” apply to all persons in the Commission, a DG/Directorate/Unit with significant procurement activities may want to emphasise this aspect. Dealing with insider information and preventing financial fraud are other topics that certain DGs, Directorates or Units may want to stress. • Is the ethical guidance concise and user-friendly? The way the code of conduct/guidance is written will affect its effectiveness. Studies show that the most effective codes of conduct are those that are short and concise, focus on a few main messages and utilise a straightforward vocabulary. • Are staff sufficiently aware of the different requirements and provisions concerning ethics and integrity (via training of newcomers, regular information, etc.)? Staff awareness can, for example, be analysed through surveys. • Is enough done to facilitate the practical application of the code of conduct and other ethical guidance? For example, creating easily accessible and secure channels for staff to confidentially report alleged wrongdoings could make the code of conduct more effective in this domain. • Do results of the supervisory activities, audit reports, reported deviations or other relevant sources suggest that there could be ethical issues or problems in the DG/Directorate/Unit? Have adequate measures been taken to address these issues?
3. Staff Allocation and Mobility + 7. Operational Structure	<p>Revision of sensitive functions policy</p> <ul style="list-style-type: none"> • Where sensitive functions have been removed and allocated to a different member of staff, is management satisfied that the risks involved have been effectively mitigated? • Where additional mitigating controls have been put in place, is management satisfied that these controls are effective and that the risks involved have been reduced to an acceptable level (considering impact and likelihood of the risk)? • Do results of the supervisory activities, audit reports or other relevant sources suggest that there could be failings or issues associated with the DG’s sensitive functions? • Is the number of sensitive functions that require mandatory staff mobility reasonable? The cost of excessive mandatory staff mobility (negative impact on operations) may outweigh the benefits (reduced risk of conflict of interest and fraud).
8. Processes and Procedures + 11. Document Management + 12. Information and Communication	<p>Data protection</p> <ul style="list-style-type: none"> • Are arrangements in place to ensure data protection is applied to manual processes? • Document management systems and related procedures comply with relevant compulsory security measures, provisions on document management and rules on protection of personal data. • Data management systems and related procedures comply with relevant Information Systems Policy, compulsory security measures and rules on protection of personal data.

10. Business Continuity	<p>Effectiveness of INFSO's BCP (beyond the already existing IT Disaster Recovery Plan)</p> <ul style="list-style-type: none"> • Cf. "Business Continuity Plans are in place to ensure that the Commission is able to continue operating to the extent possible whatever the nature of a major disruption" and related requirements.
11. Document Management	<p>Document management to be secure, efficient and compliant with applicable legislation</p> <ul style="list-style-type: none"> • Are documents adequately protected against destruction, theft, fire, etc.? • Are the procedures for registration sufficiently known? Are they applied in practice? • Are the procedures for filing sufficiently known? • In general, is the time spent on finding documents reasonable? • Are applicable rules (Commission and DG-specific) regarding handling of sensitive documents sufficiently known and applied in practice? • Are adequate measures taken to ensure the readability of documents in the future, especially when the DG owns the repository system? • Are management and staff sufficiently aware of applicable retention periods for documents? Are retention periods respected in practice?

Annex C – Internal Control & Internal Control Standards

- C1: Annual review and recommendations from the Internal Control Coordinator (ICC)



Brussels, **24 FEB. 2009**
INFSO-S2/AR/GV/cf D (2009) 107175

**NOTE FOR THE ATTENTION OF MR F. COLASANTI,
DIRECTOR GENERAL DG INFSO**

Subject: Annual review and recommendations from the Internal Control Coordinator (ICC)

Each year, the Internal Control Coordinator is required to report on the state of the DG's internal control arrangements and to provide advice and recommendations to the Director General (¹). Moreover, the report is a major element for the assurance building process as described in Part 2 of the Annual Activity Report (AAR).

As in previous years (²), after an initial desk review by Unit S2 itself, the other horizontal units that are the 'chefs-de-file' in their area of expertise for the implementation of the 16 (³) Internal Control Standards (ICS) within DG INFSO have been interviewed. This leads to the 'top-down' assessment of the DG's internal control status during 2008, with respect to both the compliance and the effectiveness of the control arrangements in place. Furthermore, the 'bottom-up' information on internal control issues received through chapters 2-6 of the 2008 Directorates' Management Reports (DMRs) has been checked for confirmation or any counter-indications. Finally, the IAC's annual Opinion has been taken into account as well.

As in previous years, the ICC's annual review and recommendations are based on these sources of information.

1. Annual Review of Internal Control Standards in DG INFSO

In order to have a more coherent framework for assessing the compliance with the ICS baseline requirements and especially the effectiveness of the internal control arrangements in place, DG BUDG has issued a new set of methodological guidelines, which inter alia aims at reducing the

¹ Communication to the Commission: "Clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission", SEC(2003)59 of 21.01.2003

² In its audit of the AAR Assurance Process, the IAS has mentioned DG INFSO's Internal Control assessment process and documentation as a good practice.

³ As from 2008, the ICS requirements have been re-structured into a set of 16 ICS (reduced from 24).

subjectivity and increasing the transparency of this rather 'qualitative' assessment process)⁽⁴⁾. They contain sets of detailed questions for analysis per ICS and suggestions for a synthetic presentation of the results into 6 categories of ICS ('building blocks').

Consequently, INFISO-S2 has used this new guidance for underpinning DG INFISO's 2008 ICS review. As for previous exercises, the resulting detailed analysis notes (working document of 60 pages) and the synthesis document are available on Unit S2's intranet-page dedicated to ICS-15 "Assessment of internal control systems" ⁽⁵⁾. Therefore, in this report, only the overall summary and general conclusions appear:

1a. compliance with the ICS baseline requirements

In terms of ICS compliance in 2008, DG INFISO has implemented all baseline requirements which underpin the 16 ICS. No counter-indications have been identified, not from the review, or from the DMRs, or from the IAC's Opinion.

1b. effectiveness of the implemented ICS

In its 2008 AMP, DG INFISO had prioritized 3 ICS for which targeted actions to improve the effectiveness of their implementation would be elaborated: i.e. sensitive functions policy, business continuity plan, data protection. During 2008, DG INFISO's "Internal Control Coordination Group" (ICC Group) has met five times in order to monitor the progress of the actions in this context. In its 2008 year-end progress monitoring report ⁽⁶⁾, both the steps already taken in 2008 and those to be finalised in 2009 have been mentioned in detail - see summary below:

2008 ICS PRIORITY N°1 - SENSITIVE FUNCTIONS POLICY

Steps taken: Elaboration and endorsement of a new INFISO policy on sensitive functions (establishment of criteria for defining sensitive posts and for de-sensitising them)

Steps to be finalised: Implementation and application of the new policy: re-assessment and de-sensitisation of functions across the DG

2008 ICS PRIORITY N°2 - BUSINESS CONTINUITY PLAN (BCP)

Steps taken: Nomination of a BC Correspondent and a BC Desk Officer for DG INFISO (both at R0), plus creation of a BC Duty Officer function at DG INFISO (rotating pairs of 'stand-by' staff from Directorates R and S)

Steps to be finalised:

(i) Second enhancement of INFISO's BCP: Based on the experiences and ideas drawn from the test exercises by SG in 2007 and 2008, an inventory of possible further improvements has been compiled. The current version of the INFISO BCP will be updated based on those experiences.

(ii) BCP communication and staff readiness: Creation of a website dedicated to the INFISO BCP and launching a communication campaign to increase awareness and readiness among staff.

2008 ICS PRIORITY N°3 - PROTECTION OF PERSONAL DATA

Steps taken: Training sessions for all staff + systematic briefings for newcomers

Steps to be finalised: Ensuring that the data protection arrangements in place are working as effectively as intended, by:

- further simplifying procedures in collaboration with key INFISO units (R1-R2-R3-R4-S1-S3-S4 & AFU)
- regularly reporting to the Directors/DG on the state of play

⁴ See BudgWeb-link to "Guidelines on assessing the effectiveness of the Internal Control System": http://www.cc.cec/budg/man/icrm/doc/services/guidelines/doc_081110_icsystemeffectivenessmeasureguidelines_en.pdf

⁵ See the "ICS-15" page: http://intra.infiso.cec.eu.int/index.htm?url=/ICS/16_ics/ics2008_15.htm

⁶ "2008 year-end progress monitoring report from the ICC Group" (INFISO-S2 951211 of 22.12.08)

As far as the overall state of ICS effectiveness in DG INFSO (assessment of the effective implementation of all 16 ICS at 31.12.08) is concerned, based on the detailed analysis and the overall synthesis results, we can conclude the following:

- In general terms, for the majority of the ICS and for all their underlying requirements, DG INFSO services comply with the 3 assessment criteria for effectiveness; i.e. (a) staff having the required knowledge and skills, (b) systems and procedures designed and implemented to manage the key risks effectively, and (c) no instances of ineffective controls that have exposed the DG to its key risks. Consequently, the overall effectiveness can be considered **satisfactory** (the majority of the controls are working as intended; there are no issues or only some minor improvements needed).
- Nevertheless, for some ICS, the effectiveness of the existing controls in the context of a few underlying specific aspects should be **further improved**:
 - *sensitive functions policy (ICS-7): new INFSO policy on sensitive functions to be fully implemented*
 - *Business Continuity Plan (ICS-10): INFSO BCP to be updated, communicated and tested (similar to the already effective INFSO IT Disaster Recovery Plan)*
 - *data protection (ICS-8): ensuring the effective implementation of the data protection arrangements made*
 - *ethical values (ICS-2): implementation of IAS and IAC audits action plans (inter alia clarifying and tailoring the existing ethical guidance)*
 - *document management (ICS-11): re-addressing issues such as version management, filing and retention*
 - *follow-up of open recommendations (ICS-9): continuing the efforts for a more integrated and formalised follow-up of all open recommendations and related action plans*

Consequently, taking into account the progress made, the efforts to be continued and the most recent status review results, the 3 previous ICS priority areas (sensitive functions, business continuity, data protection) have been maintained and 2 other ICS priority areas (ethical values, document management) have been added as **DG INFSO's 5 ICS priorities for 2009** ⁽⁷⁾.

In addition, in the context of the continuous improvement of existing management procedures, it is advisable to add **an ICC recommendation** in the area of follow-up of open recommendations (ICS-9). See chapter 3 below.

⁷ See note on the "finalisation of the 2008 High-Level Risk Assessment exercise" (INFSO-S2 951409 of 22.12.08) and DG INFSO's 2009 AMP

2. Information on internal control from the Directors' Management Reports (DMRs) and from the IAC Opinion

2a. information from the INFSO Directors

An overview of the information on internal control issues received from the Directors, as *Authorising Officers by Sub-Delegation (AOSDs)*, via their *Directorates' Management Reports (DMRs)*, is provided in Annexes 1 and 2.

The main conclusion is that INFSO Directors have **reasonable assurance** that risks are under control and that suitable controls are in place and working as intended. They have **not raised any new issues** to be considered in the context of the declaration by the Director General.

Taking into account the number and scope of DG INFSO's main **exceptions and derogations** in 2008, it can be concluded that this source of information does not lead to concerns that procedures and/or controls would not be suitable or not working as intended. However, based on the information collected about some categories of the minor deviations (*see Annex 1*) – e.g. *while one ICT Directorate reports inter alia 66 cases of "extension of expired FDI" and 23 cases of "COS", others report none or a few* – it would be useful to analyse (e.g. via the ICC Group) whether there is need for more consistency among directorates and/or for more scrutiny/surveillance of the exceptions in order to determine whether they are an indication of the current procedures not being suitable anymore. Consequently, in the context of the continuous improvement of existing management procedures, it is advisable to add **an ICC recommendation** in the area of exceptions recording (ICS-8). See chapter 3 below.

In the context of their **comments and suggestions** on DG INFSO's current working methods, they have suggested to put a number of important topics of concern on the agenda for discussion at the Directors meeting (e.g. the need for more coordination among ICT directorates, the need for more horizontal coordination of and assistance for audit results implementation, the need for more focused IAC audits that add value in essential areas, the need to re-balance staff allocation and to limit the mobility of contract staff).

2b. opinion from the INFSO internal auditor

In addition, from the *IAC Opinion 2008* ⁽⁸⁾, it appears that the internal control system and governance processes in place provide **reasonable assurance**. The IAC is not aware of major weaknesses in the internal control system which might lead to a potential AAR reservation (except for the recurrent existing reservation on the frequency of errors in cost claims).

Still, **very important recommendations** have been issued regarding the organisation of the Administration and Finance Units (AFUs), the management of legacy projects from previous FPs, the governance of ethics in INFSO, the coherence of the FP7 negotiation and contracting processes.

Finally, the IAC advises to address the **remaining issues** related to the Central Validation Team for the Legal and Financial Viability (LFV) checks, the need to better monitor the ICT operations, and the need to implement the suspended FP6 related recommendations.

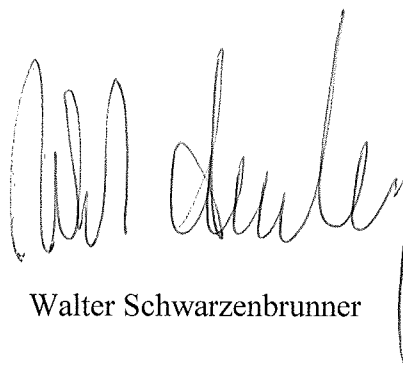
⁸ INFSO-01 105214 of 10.02.09

3. Recommendations from the Internal Control Coordinator for 2009

Enhancing the effectiveness of a DG's control arrangements in place is an ongoing effort in line with the principle of continuous improvement of management procedures. Having taken in consideration the results from the analyses and reports mentioned above, as well as the current Commission instructions on ICS, **I would confirm the following ICS priorities and would propose the following ICC recommendations for further improvement actions during 2009:**

- As DG INFSO's 2009 ICS priorities, for increasing the effectiveness of the implementation of the Commission's Internal Control Standards, we maintain the 3 previous priority areas (sensitive functions, business continuity, data protection) and complements them by adding 2 other areas (ethical values, document management);
- In addition, in the context of the continuous improvement of existing management procedures, we add 2 ICC recommendations in the areas of (i) exceptions recording and of (ii) follow-up of open recommendations.

Consequently, with your agreement and in line with last years' arrangements, **I would suggest mandating the ICC Group** (based on input from Unit S2) to further develop actions covering these priorities and recommendations, prepare their implementation, report on their progress on a regular basis, and present the results to senior management (and the Commissioner, via the BMR).



Walter Schwarzenbrunner

Encl.:

- Annex 1: Information on internal control from the 2008 Directors' Management Reports (DMRs)
- Annex 2: Overview of information from DG INFSO's 2008 DMRs (chapters 2-6); in two tables – part A: Directorates A, B, C, D, E; part B: Directorates F, G, H, R, S

C.c.: A. Peltomäki, INFSO Directors, F. Sendra Palmer, A. Rauch, Assistants;
DG INFSO's ICS 'chefs-de-file' units R1, R2, R3, R4, R0-SO, S1, S2, S3, C3, 01.

Annex 1 - Information on internal control from the 2008 Directors' Management Reports (DMRs)

A full overview of the information on internal control issues received from the Directors, as Authorising Officers by Sub-Delegation (AOSDs), via their 2008 Directorates' Management Reports (DMRs), is provided in Annexes 2a+2b (set of 2 tables).

The information can be summarized as follows:

- *Beyond the DG's main risks already covered through the previous High-Level Risk Assessment (HLRA) exercise, the **identified risks** at directorates' level have been kept under control and/or have been further reduced through risk management measures by continued line management.*
- *In terms of the (new) reporting requirements for "**reputational events**" which have occurred during 2008, in their DMRs the Directors have only mentioned the "Broadband-Billion" initiative. However, this initiative does not fit the criteria set by SG: it is not a reputational event that has actually materialised in 2008; it includes only a potential reputation risk which is inherent to any policy initiative taken. On the other hand, considering the reputational damage fairly limited, Directors have not mentioned the reputational event relating to the launch of "Europeana". Given that the nature of this event does fit the criteria, the INFSO 2008 Declaration Group has nevertheless discussed it and indeed considers the reputational damage as being not material.*
- *The supervision and control arrangements in place have been further improved. The internal control systems have been applied, and the Directors state that they have **reasonable assurance** that suitable controls are in place and working as intended.*
- *Exceptions 2008*

*In one single case an **overriding** decision by the competent AOSD was taken and recorded in accordance with the applicable rules. This decision concerned the non-respect of a 14 days standstill during a negotiated procedure for a service contract.*

*In three cases, an **exception** was recorded and reported: a complementary payment made to a project beneficiary, the use of a non-standard service contract, the à posteriori approval by the competent AOSD of the opening and evaluation committees as appointed by a HoU in the context of an award procedure for a service contract.*

*Further to that only **minor deviations** considered of a limited relevance and non-systemic nature have been reported – i.e. extension of expired FDI, re-opening of a file after termination because of miscalculations leading to the initiation of new commitments for existing payment obligations ('Couverture des Obligations Subsistantes' - COS), late counter-signature of Appointment Letters (expert in place, task has started) or public procurement contract (work completed), extension of procurement contracts, commitment corrections, contract amendments, commitments à posteriori, late payments, provision of ABAC/SINCOM access to an interim staff member. They have been properly documented in the related file and logged through the appropriate administrative/financial IT tools as requested.*

- *Derogations 2008*

*In 2008, DG INFSO has requested **3 derogations** to allow staff to remain in a sensitive function longer than five years (for 3 HoUs in the interest of the service; i.e. for continuity of operations given, respectively, the functioning as Director ad interim, the Deputy HoU retiring at the same time, the need for continuation until the next Commission).*

At 31.12.2008, 26 other INFSO staff members were 5 years in a sensitive function as well. However, for these staff their cases have been settled by internal mobility during the DG's reorganisation on 01.01.2009 or by their functions being de-sensitised early 2009 (ref.: note INFSO-R1 101750 of 02.02.2009).

*Taking into account the number and scope of DG INFSO's main **exceptions and derogations** in 2008, it can be concluded that this source of information does not lead to concerns that procedures and/or controls would not be suitable or not working as intended. However, based on the information collected about some categories of the minor deviations (see above) – e.g. while one ICT Directorate reports inter alia 66 cases of "extension of expired FDI" and 23 cases of "COS", others report none or a few – it would be useful to analyse (e.g. via the ICC Group) whether there is need for more consistency among directorates and/or for more scrutiny/surveillance of the exceptions in order to determine whether they are an indication of the current procedures not being suitable anymore.*

- *Only a few **minor** internal control **weaknesses** (concerning objectives setting for HoU, recruitment and staffing, business continuity and back-ups, document management and filing) have been signalled.*
- *Suggestions from the Directors on **potential ICS priorities** for 2009 included: mission (ICS-1), ethics (ICS-2), staff allocation and mobility (ICS-3), procedures (ICS-8), business continuity (cf. handover to next Commission)(ICS-10), communication (ICS-12). These suggestions have been considered, while taking into account the already ongoing actions as well, for determining the INFSO 2009 priorities for new actions (see ICS priorities and ICC recommendations in the note itself).*
- *In the context of DG INFSO's 2008 Annual Activity Report (AAR) process, the Directors (as Authorising Officers by Sub-Delegation) have reported **no** comments on the follow-up of previous AAR reservations nor raised any **new issues to be considered** by the Declaration Group in the context of the declaration by the Director General (as Authorising Officer by Delegation) – beyond the DG's recurrent reservation on the frequency of errors in cost claims.*
- *In the context of their **comments and suggestions on DG INFSO's current working methods**, Directors have reported concerns about the need for more coordination among ICT directorates, the need for more horizontal coordination of and assistance for audit results implementation, the need for more focused IAC audits that add value in essential areas, the need to re-balance staff allocation and to limit the mobility of contract staff. Given the importance of these topics, they should be discussed at Senior Management level.*

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2 Risk assessment and management 2.1 Directorate-specific risks; continued line management (<i>excl. risks monitored via ICC Group</i>)	<p>Directorate A actively contributes to DG INFSO's general risk assessment and risk management in the context of the annual High Level Risk Assessment (HLRA) exercise. The 2008 year-end progress report on INFSO's risk management and control lists among its 6 important achievements two risks made redundant that concerned Directorate A in 2008, namely</p> <ul style="list-style-type: none"> • "The extension of the EACEA's mandate to include MEDIA II has been arranged." • "ENISA's transition for 2009-2012 has been arranged." <p>For the HLRA of DG INFSO in 2008/2009, MEDIA Mundus was identified as a critical risk, given the considerable budgetary uncertainties which characterised the</p>	<p>Risks related to financial management faced by Directorate B have not substantially changed in terms of nature and scale and have remained stable in 2008. The challenge in this respect consists in remaining alert despite the repetitive nature of tasks and the relatively small budget for which our directorate is responsible.</p> <p>This is achieved by reminding regularly rules to colleagues, urging them to keep abreast of the evolution of rules, attending adequate training courses (such as Adaptation of Financial Regulation, Low-Level Contracts...), and maintaining a culture of verification.</p> <p>Risks related to "political and reputational exposure" have increased following initiatives taken respectively as regards the Review of the Regulatory</p>	<p>Directorate C must again draw attention to the risks for the achievement of our planned activities of the high volume of demand-led work (generated in particular by briefing and speeches requests from the Cabinet) that falls on units C1 and C2, often to the detriment of other work which might objectively be considered more important. Between them, in 2008, these two units coordinated the DG's responses to 332 inter-service consultations (of which 251 fell to C1) and 206 briefing and/or speech drafting requests, an increase on 2008.</p> <p>– ICT Take-up 1 and 5: i2010 policy impetus and coordination. The risk level was not modified. Work related to the 2008 mid-term review of the i2010 strategy and its follow-up, namely</p>	<p>The 2008 high-level risk assessment (D/902162) has not identified direct high-level risks in the operations of INFSO.D, however lists a borderline case risks related to "Delays in the implementation of FP7 and legacy activities due to the reduction of resources as such and those available to the programme activities".</p> <p>As directorate specific risks we perceive:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Lack of resources and stability of resources, despite an increase in FP7 budgets and responsibility, because of: O The high dependency on contract staff, and O The brevity of stay of staff, in particular the duration of stay of financial and administrative staff continues to decrease, well below the 3 years available for contract agents. <input type="checkbox"/> Further inefficient 	<p>No Directorate-specific risks have been identified during 2008.</p>

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	<p>delays in the interservice negotiations as well as the discrepancy between funds made available by DG BUDG and expectations of stakeholders. [...]</p> <p>Directorate-specific risks: In 2008, risks followed up through continued line management were:</p> <ul style="list-style-type: none"> • Weak audiovisual law enforcement: Delayed and/or weak audiovisual Community law enforcement (cf. constant infringement of quantitative and/or qualitative advertising rules) due to the dependency on the contribution and services by external partners (providing MS monitoring reports). [under control, ...] • Considerable workload increase for the MEDIA Unit, incl. pending MEDIA II files [under control, ...] • MEDIA Desks: A low number and/or a low quality of MEDIA projects, due to the MEDIA desks not carrying out effectively or in full their contractual duties 	<p>Framework for eCommunications and Spectrum Policy. The "risk response" in these two areas was considered as "accepted" but the "residual risk level" was considered as "critical". Reinforced monitoring was implemented in order to keep situation under control.</p> <p>Management of budget</p> <p>In order to improve the monitoring of our operational budget line (09 0201), mainly devoted to studies, a new integrated monitoring system was established. It permits to monitor on-line the status of all our commitments, payments and RAL ("Reste à Liquider"). It also includes forecasts of payment requests and a mention of FDI ("Final Date of Implementation") for each transaction. The situation of the line can thus be immediately described and known, at any time.</p> <p>[...]</p> <p>Risks related to policy initiatives</p>	<p>the launch of preparatory work on a post-i2010 strategy, was carried out in close consultation and coordination with the Member States. Member States and the broader community of stakeholders remained involved in the debate on a post i2010 strategy through a number of presidency events, studies and workshops.</p> <p>– ICT -7: ICT Programme Implementation – delays due to the reduction of resources: Directorate C's role is largely coordination and evaluation of the Programme as opposed to implementation. It is therefore not directly concerned by this risk at the moment.</p> <p>No new risk management action plans specific to Directorate C were made during 2008.</p>	<p>segregation of RTD project monitoring from the associated research policy and technology policy initiatives, because of:</p> <ul style="list-style-type: none"> ○ Lack of resources, directorate D has the lowest number of AD staff compared to all other research directorates (see annex 4), and, ○ Loss of technical/financial competences. <p>□ Not achieving the 'programme approach' called for in the ICT work programmes, i.e. a coherent and efficient set of projects, because:</p> <ul style="list-style-type: none"> ○ Mechanistic approach during the selection of projects, after their evaluation, <p>Risk related towards the launch of FP7 (software tools, procedures, guidelines, evaluation, re-view and payments) have been mitigated by:</p> <ul style="list-style-type: none"> □ Increased coordination with horizontal services in R, S and C, □ Increased training and preparation for new tools, procedures and guidelines, □ Better testing of tools and procedures, 	

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	<p>in terms of information and assistance to potential beneficiaries (cf. re-selection may disturb continuity in some MS). [under control, ...]</p> <p>In late 2008, the following risk was monitored through continued line management:</p> <ul style="list-style-type: none"> • Following a change of rules and financial systems in summer 2008, Unit A4 and the A-OS were faced with increasing problems implementing the budget allocated to the delegations of Beijing and Brasilia (one ICT counsellor each) to cover salaries of local assistants, missions, other expenditure for support activities. Among DGs BUDG, RELEX and INFSO no solution could be found in autumn/winter 2008 to enable INFSO to use of the new procedure for authorisation of expenditure in ABAC; additional complications relate to the need for frequent recalculations of the exchange rate and disproportionately high 	<p>In the context of the High Level Risk Assessment exercise, two risks corresponding to directorate B activities and initiatives were labelled as DG INFSO "critical risks" and reported in annex to DG INFSO 2009 AMP. These risks concerned respectively the Review of the Regulatory Framework for eCommunications and Spectrum Policy.</p> <p>[...]</p> <p>In both cases, close and intensive supervision measures at middle and senior management levels were taken, in close cooperation with the Cabinet, to monitor the situation and provide adequate responses in real time.</p> <p>Other traditional policy risks facing Directorate B were also closely monitored, in particular:</p> <ul style="list-style-type: none"> - malfunctioning of Article 7 mechanism [...] - risks of inappropriate legislation and initiatives [...] 		<p><input type="checkbox"/> High degree of vigilance when using new tools or procedures.</p> <p>While the general exercise of risk management (identification, evaluation, planning and action) continues to be of management value, the high degree of formalisation and frequency of discussion and review is deemed as not sufficiently productive.</p> <p>The Directorate continues to be vigilant towards the emergence of new risks.</p>	

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	<p>administrative burden for committing/paying individual invoices for relatively small sums for which the delegations request reimbursement. Directorate A is currently pushing for clearly defined financial responsibilities; the respective exchange is ongoing at service level as well as between the two Directors General of DG RELEX and DG INFSO.</p> <p>Other comments on Risk Management regarding EACEA</p> <p>The Education, Audiovisual and Culture Executive Agency (EACEA) is supervised on a joint basis by the three DG de tutelle, namely DG INFSO, DG EAC and DG AIDCO. The Director of INFSO/A is Vice-President of the EACEA Steering Committee and ensures regular reporting to the Director General (and, through him, to the Commissioner) through a formal reporting procedure</p>				

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	<p>on the outcome of each Steering Committee Meeting.</p> <p>For horizontal aspects, specific coordination meetings take place regularly in preparation of the Steering Committee Meetings and the Assistant of INFSO/A ensures coordination/preparation for the Steering Committee Meetings with INFSO/R, INFSO/S and INFSO/01 as regards issues concerning EACEA's human resources, financial circuits and budget implementation as well as internal control, risk management and audits.</p> <p>The development of SYMMETRY falls under the primary responsibility of DG EAC. DG INFSO mitigates this risk by following-up its development through the participation of the Director on the Steering Committee.</p> <p>In autumn 2007, EACEA had to put on hold a number of actions in the treatment</p>				

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	<p>of open MEDIA II files (in particular the issuing of recovery orders) and the Legal Service clarified that an amendment of the COM Decision setting up EACEA was needed to explicitly include MEDIA II in the Agency's mandate. The respective Decision on the extension of the EACEA mandate to include MEDIA II was adopted on 12 June 2008 and the amended EACEA act of delegation was adopted by the Commission on 23 July 2008. As a temporary solution and in order to ensure continuity in processing pending MEDIA II files INFSO/A handled 24 MEDIA II dossiers in 2008. The renunciations and cancellations of these MEDIA II recovery orders were introduced in ABAC and the respective credit notes issued (see annex 7.4).</p>				
2.2 Reputational events which may have occurred (new as from 2008)	none	To my knowledge, no significant event of this kind affected directorate B in 2008.	Broadband infrastructure billion announced in COM(2008)800 "economic recovery plan"	No event has occurred damaging the reputation of the European Commission during 2008.	None [sic - quid Europeana fitting the criteria ?]

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			<p>[sic – not fitting the criteria ?]</p> <p>Stakeholders' expectations</p> <p>Member States may reject the reattribution of the budget surplus to broadband projects infrastructure and 100% broadband target by 2010 under QMV, leading to loss of prestige for Commission, deterioration of relations in council.</p> <p>Press and citizens across Europe</p> <p>Last month of 2008 and during 2009 whilst proactive steps are taken to retain the overall target of 100% coverage and concrete timescale proposed in the COM800 are retained in presidency conclusions</p>		
3 Internal control 3.1 Supervision	<i>Directorate A is complying with all (new) 16 Internal Control Standards, in line with the Commission</i>	For financial transactions As regards the operational budget line devoted to studies	Staff Objectives In 2008 there was in improvement in the	The financial circuits in place within INFSO.D follow the DG-wide standards set into collaboration with INFSO.S	All applicable instructions issued at Directorate level during the period 2003-2008 are available for all

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	<p><i>guidelines as defined in SEC(2007)134 and the INFSO rules defined by INFSO/S2. [...]</i></p> <p>With respect to ICS-9 (supervision), regular management supervisory controls are carried out by the OS-team of Directorate A in order to ensure that the financial regulations and its implementing rules are adhered to and respected. Check-lists for monitoring the standards and quality of financial dossiers are systematically used by the units and the Operational Sector for all financial transactions.</p> <p>The following supervisory procedures are in place in directorate A:</p> <ul style="list-style-type: none"> • Weekly Head of Unit meetings, chaired by the Director, are held and minutes of meetings are distributed electronically and placed on Directorate A intranet for accessibility of all staff. • Monthly Management Reports on financial 	<p>(09.02 01), supervision remained unchanged and consisted in checking that pre-financing, interim and final payments as well as prolongation of contracts, if any, were made on time, that they were in conformity with the requirements of Terms Specifications (TS) and that the quality of deliverables was acceptable. Checks concerning conformity with TS and quality of deliverables were achieved via verifications resulting in a specific note signed by the project officer in charge and his Head of Unit, prior to financial verifications made by the Operational Sector.</p> <p>These measures have resulted in an absence of problems in the financing management of studies. It should also be noted that there was no need for reports of credits to 2008.</p> <p>In the same way, the supervision measures (as detailed above) concerning the framework contract for translations of notifications presented by National</p>	<p>definition of objectives for the staff and especially the HoU objectives were made specific in connection with the CDR exercise, except for two, where the DR exercise was not conducted in 2008.</p> <p>Directorate C also continued to be less systematic about holding weekly meetings of HoUs and recording the outcome of these than some other Directorates. This is however not considered a weakness either in case of the quality of supervision or information flow in the Directorate. I am in regular and frequent contact with all the units on an ad hoc basis and they keep me fully informed and consult me as necessary.</p> <p>Financial supervision</p> <p>During 2008 the limited implementation of the subdelegation of the Director's AOSD functions to the Head of C/OS as reported in the 2007 DMR was maintained, covering</p>	<p>and INFSO.R where the ex-ante verification is assured by a properly trained financial officer.</p> <p>Furthermore, staff from INFSO.D, both from the operational units and from the administration and finance unit, participate regularly at the supervision workshops organized at DG level by budget and finance unit R2 and are kept informed regarding updates of documents and procedures.</p>	<p>staff on the Intranet site of unit "Administration and Finance".</p>

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	<p>transactions, including statistics on number of transactions, quality of files, payment delays, etc., and a special report on status of studies are produced by the Operational Sector and discussed in the Head of Unit meetings.</p> <ul style="list-style-type: none"> • Following discussions during their away-days most units updated their mission statement and/or re-organised task allocation and organisation in the units ("clusters"), up-to-date mission statements of the Directorate and the units are available on the Directorate A website, the Intranet presentation of the Directorate and the units is regularly updated. • Systematic use of ADONIS is being made for the attribution of actions and the monitoring of deadlines; all newcomers are registered for the relevant Adonis-courses. • Electronic filing of the directorate has improved considerably and is now, on average, well above the INFSO-target of 90% for 	<p>Regulatory Authorities (NRAs) in the context of Article 7 of the Regulatory Framework, have led to an absence of problem in the management of the 96 "bons de commande" issued all through the year.</p> <p>Out of a total amount of 1 977 706 € paid in 2008 on our operational and administrative lines, 91 % was paid on time, within 45 days, (see table in annex on page 31).</p> <p>In order to contribute to the improvement of supervision for financial transaction in general, awareness of existing procedures by staff members is important. In this respect, directorate B started to provide on its Intranet detailed descriptions of some financial/administrative procedures; a good example is provided by the description on how to proceed for the organisation of meetings.</p> <p>For compliance with other ICS</p> <p>A note was addressed to HoUs on 6 March (D(2008)908664)</p>	<p>validation of decommitments (67), technical modifications (7) and some ad hoc operations (validation of invoice clearing = 1; validation of guarantee release operations = (5). The Head of OS consulted me before giving the electronic visa for these latter operations. It is my intention in 2009 to extend the implementation of the subdelegation to include all the AOSD roles of Head of OS defined in the DG's Financial Circuits, namely, validation of provisional commitments to cover reviewers/evaluators and their payments as well as pre-financing and interim payments on procurement contracts. The Head of OS will continue to refer to me all the above files if they require making a decision on whether or not to initiate an exception to the relevant internal control standards. She will also provide me with regular reports on transactions she has validated as AOSD.</p>		

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	<p>2008, two units regularly achieving 100% .</p> <p>Appropriate processes and procedures are in place to ensure that Directorate A's document management is secure, efficient and complies with applicable legislation. Directorate A organised with the support of INFSO's Document Management Officers a training for the units' document managers and separate sessions on document management at unit level (ICS 11).</p> <ul style="list-style-type: none"> • Regular updates to the financial fiche de circulation and checklists are made, and reflect the financial circuits and management structures in place in DG INFSO and signataires are used for financial circuits to ensure the appropriate level of authorisations. • Financial procedures are described on the Dir A intranet and/or links to relevant websites are provided, including S2 (Manual of Procedures), R2 and C5 • Extensive use of general 	<p>in order to focus on the following three specific ICS during the year:</p> <ul style="list-style-type: none"> - ethical and organisational values - staff evaluation and development - management supervision. <p>Concerning Ethical and organizational Values (ICS 2):</p> <ul style="list-style-type: none"> - HoUs were requested to initiate a long-term process aiming at raising awareness of staff and building a new culture in this area through exchange of views with all staff, during Units meetings. - A direct link to relevant information ("Staff ethics and conduct, Relations with the public, Behaviour at work, Individual obligations, Prevention and remedies"), was made available on Intra B Homepage. <p>In the context of ICS 2, HoUs were invited to draw the attention of their respective staff members to staff regulations concerning conflicts of interest. Staff members were invited to report about personal</p>	<p>Error rate on financial files and speed of processing</p> <p>The OS put in place a database for recording numbers and types of errors as well as the time taken to handle files within the OS. The database takes into account "stop the clock" days when OS is awaiting feedback from the Units on a query or corrections it has requested to errors detected. The average number of days from arrival in the OS to departure (either to Director, R2 Financial Service or S4) is 2 days. 79% of files are dealt with by the OS within 3 days, with 63% of dossiers handled within 24 hours. Prompt but thorough file handling is an important service to the Units and to meet the objectives of the Directorate. The fact that Directorate C does not handle complex project files, which by their very nature may require more time to verify, is all the more reason to aspire to a high level of efficiency whilst maintaining strict</p>		

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	<p>alert reports published on the R2 intranet and special reports on the status of the commitments using Business Objects are prepared by the Operational Sector.</p> <ul style="list-style-type: none"> • Meetings with financial officers to discuss important issues common for all the units are organised when needed (March in 2008). 	<p>situations which could entail a conflict of this nature. No report was brought to the attention of the hierarchy of directorate B.</p> <p>HoUs confirmed in January that their respective SNEs did not deal with matters pertaining to their National Regulatory Authorities.</p> <p>The note of 13 March 2008 to F. Colasanti concerning annual recommendations from the Internal Control Coordinator was brought to the attention of Heads of Unit of directorate B on the occasion of a management meeting on 24 March.</p> <p>Management supervision was enforced with particular care at middle and senior management levels, in close cooperation with the Cabinet, in order to address the risks related to policy initiatives which directorate B had to face as regards the Review of the Regulatory Framework, Spectrum Policy and to a lesser extent, other issues such as roaming and termination</p>	<p>standards in terms of compliance with the Financial Regulation, Implementation Rules and the principle of sound financial management. As regards the errors detected by the OS, 24% of files were logged as containing errors. The highest category of error was related to encoding in ABAC, which has become increasingly complex with a proliferation of fields to complete. The second highest category was missing documentation, e.g. printouts of ABAC background documents (commitment when signing contracts or making payments, financial tables of Framework Contracts when making commitments). The OS will take into account the most frequent errors identified in 2008 when updating its checklists for 2009.</p> <p>Financial Expiring/expired FDI and RAL are monitored monthly by the OS, with reminders to effect final payments sent promptly to</p>		

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		<p>rates (see section 2.1.2 above).</p> <p>Staff evaluation and development was also brought special attention because of the high number of new colleagues who joined our Directorate in 2008.</p>	<p>Project Officers and Financial Officers in the Units and copied to the Heads of Unit for information. The aim is to alert staff in time to encourage contractors to send their final invoices promptly. This monitoring process contributes to the timely decommitment of surplus amounts. A more systematic approach to decommitting surpluses when Final Payment files are received has been pursued since the latter end of 2008.</p> <p>Open Invoices have been monitored regularly by the OS since mid-2008 and brought to the attention of the Units' Financial Agents with a view to reducing the risk of late payment.</p> <p>Document Management</p> <p>Directorate C's electronic filing rate has improved compared to 2007, with four out of the five units above 90% and one at only 84%. The situation is monitored</p>		

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3.2 Exceptions	<p>Exceptions according to ICS 8 are duly recorded, justified in the corresponding files and approved by the Director. There was no overruling and the exceptions recorded are regarded as immaterial and non systemic nature respecting the guidelines given by INFSO/S. Four authorised recorded</p>	<p>I am not aware of any recorded deviation from procedures in 2008, including overruling of decisions, in order to deal with exceptional circumstances.</p>	<p>and reported to the Director regularly, with Units and the Director's secretariat, receiving statistics and lists of unfiled documents for follow-up action.</p> <p>Budget for horizontal information and communication activities</p> <p>In 2008, at C4's request, non-research money was specifically earmarked by Directorate B for communication activities. This was a further improvement on 2007 and diminished the risk of the use of research funds for non-research activities.</p> <p>9 [minor] exceptions were recorded in 2008 [annex]. This is 5 less than in 2007. None of these exceptions represented any significant risk to the financial interests of the Communities or an exception according to the definition recommended by Unit R2.</p>	<p>[4 "minor" exceptions (?):]</p> <p>D5 - A financial commitment and purchase order (<5000 Euro) were processed together in the same file, commitment was taken to verification level, but was not signed by the AOSD at the same time as the signature of the purchase order - The problem was identified the following days and the</p>	<p>None</p>

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Part A: INFSO Directorates A, B, C, D and E

	Dir. A	Dir. B	Dir. C	Dir. D	Dir. E
	<p>deviations from established financial or other procedures were already reported by the Director INFSO/A in his mid-term management report in June 2008 :</p> <ul style="list-style-type: none"> • Exception to provide ABAC/SINCOM access to an Interim to handle MEDIA II files was requested by Unit A2 and approved the Director General. • Exception report related to the approval of the final report and final invoice concerning an order form for monitoring the TSWF directive in Estonia • Exception report on issuance of a COS-commitment of 437,22€ concerning a payment of delivery cost of WSIS brochures to Tunis following the misplacement of the original order form and invoice in 2006. • Exception concerning a retroactive signature of an Appointment Letter by the Commission, which took place in December 2007 but was reported in February 			<p>commitment was therefore concluded - Non-systematic omission, corrected by the service themselves.</p> <p>D5 - Due to the unavailability of the ABAC during early 2008, interest on FP7 pre-financing due was accrued. The issue was not limited to INFSO.D - The issue was looming, since we were asked to sign contracts in December with the risk not having the money/tools to pay the pre-financing in-time. - Non-systemic</p> <p>D5 - Updating the expired FDI of the Commitment of project MEMBRANE (FP6 027310 IST). It was erroneously put in the past following an amendment (2/3/08 instead of 02/03/09) - Human error in the encoding. It was identified by the regular monthly reporting and corrected - 10 July 2008 in ABAC</p> <p>D1 - Updating the expired FDI the Commitment of project CODMUCA (FP6 027448 IST) - The Liberty/UPC legal entities have so far failed to</p>	

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Part A: INFSO Directorates A, B, C, D and E

	Dir. A	Dir. B	Dir. C	Dir. D	Dir. E
	2008 before the payment to the expert.			provide the necessary documents in order to amend the contract and execute the Final Payment. - The operational Unit was confident that the final payment could happen in the 6 months following the end of the project but special circumstances delayed the payment (change in the consortium) - 10 December 2008 in ABAC	
3.3 ICS difficulties and weaknesses	<p>A functional mailbox exists to streamline the reporting process. Directorate A staff is informed about this and asked to report any identified weaknesses or difficulties as defined in ICS 12.</p> <p>In December 2008, staff was informed about the Directorate's contact person for Reporting Internal Control Weaknesses (contact person: HoS A-OS, back up: DepHoU A4).</p> <p>No weaknesses or difficulties have been reported so far.</p>	ICS 3 ("Staff allocation and mobility") was particularly difficult to implement. Long delays encountered in recruiting new staff because of "EUR 10" restrictions and empty lists of candidates jeopardized the good application of this standard.	ICS 9 (objective setting) – see 3.1 above.	No deficiencies and weaknesses have been reported.	None

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Part A: INFSO Directorates A, B, C, D and E

	Dir. A	Dir. B	Dir. C	Dir. D	Dir. E
4 Recommendations and inquiries 4.1 status of financial audit results	<p>Directorate A received the external audit results of two FP5 projects (EISTP and EISTP Nominees) on 19 December 2008. Analysis and implementation of the recommendations is foreseen for 2009. There are no other external audits pending for implementation.</p> <p>In 2007/2008, three MEDIA Desks and Antennae were subject to external audits; these three audits do not require any action as regards implementation of audit recommendations.</p>	n.a.	No action required by Directorate C.	<p>With the continuing increase of audit results to be analysed and implemented, the directorate has installed in 2007 a detailed process for handling audit results received by directorate S [+ detailed process flowchart], which we continued to use as a best practice during 2008. Structuring the process well, increases the efficiency in handling financial audit reports, a key issue at a time where we have to deal with an increasing number of reports with constant re-sources. The audit correspondent assures the liaison with the External Audit Unit (S5) and coordinates and harmonises the approach taken and streamlines the operations for highest productivity. During 2008 INFSO.D processed 85 financial audit results which were duly analysed for their needed course of action. Of this 47 needed no further intervention, for the remainder – 38 re-ports</p>	<p>External Financial Audits: 169 financial audit reports (as compared with 57 in 2007) were transmitted by unit S5 "External Audit", of which 33 resulted in implementation of extrapolation of the audit results in Dir E projects. For 25 reports no action was needed at Directorate level as it concerned positive adjustments in favour of the contractor. All audit recommendations have been followed up, and they have or are being implemented. In 2008 the Directorate also received audit reports concerning non-research programmes (eContent and Safer Internet).</p> <p>From the audit reports, it appears that the observed FP6 error rate for INFSO is at a similar level as for DG RTD, with no significant variation as compared with previous years. An issue to</p>

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Part A: INFSO Directorates A, B, C, D and E

	Dir. A	Dir. B	Dir. C	Dir. D	Dir. E
				<p>– a detailed analysis was prepared, covering 56 projects (through the direct application of audit results or extrapolations). Because INFSO.D devised this detailed process we are in a good position to estimate the effort the directorate expends in implementing the financial audit results. For 2008 the overall effort for the implementation of financial audit results for INFSO.D amounted to approximately 165 person days. While implementing the final financial audit results provided by INSFO.S5, we ran into several contestations regarding process and the audit results in itself. At the end of 2008 we had six contestations outstanding:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Mobisoft OY (FI), <input type="checkbox"/> Cyberce SA (GR), <input type="checkbox"/> NCSR Democritos (GR), <input type="checkbox"/> CWI (NL), <input type="checkbox"/> Alcatel-Lucent (DE), and, <input type="checkbox"/> INTER-UNEC (FR). <p>For two cases, Alcatel-Lucent and NCSR Democritos, the financial audit has been re-opened by the competent services, i.e. INFSO.S.</p>	<p>be considered is the overall lengthy procedure to implement the audit results, in particular when certain big organisations tend to challenge the Commission conclusions with the result of delaying the process.</p> <p>A Directorate E representative continues to participate to the EPAC, "Ex-Post Audit Correspondents Network", tasked to coordinate financial audit activities and facilitate cooperation with unit S5 "External Audit" regarding the implementation of audit results and audit certificates.</p> <p>Several FP6 financial transactions from our Directorate were audited in the framework of the Court of Auditors' activities related in particular to the DAS 2008</p>

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Part A: INFOSD Directorates A, B, C, D and E

	Dir. A	Dir. B	Dir. C	Dir. D	Dir. E
4.2.a Implementation status of earlier audits	DG INFOSD's Internal Audit Unit (INFOSD/01) launched a Follow-up Audit on	Following the general conclusions of the Internal Audit on Administrative and	<ul style="list-style-type: none"> Financial statement processing and payment process in the FP6 IST 	<p>These contestations and the potential procedural, financial and reputational risk they pose, has been discussed among the Directors and the Heads of AFU in view of possibly finding a common and efficient approach towards handling them.</p> <p>Prior to the financial audit, INFOSD.S5 requests information and documentation concerning project partners. During 2008 we received requests for a total of 170 files, FP6 projects only. For each of these 170 files, we collect the following information: contract, annexes, amendments, review reports, management reports and then specifically for the partner audited: form C, audit certificate and the payment calculation for each period. The collected information is filed in a structured way on the shared drive (J:/) to be picked up by INFOSD.S5 for further processing by them.</p>	The Directorate has participated in the following internal audits

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Part A: INFSO Directorates A, B, C, D and E

	Dir. A	Dir. B	Dir. C	Dir. D	Dir. E
	<p>Financial Management within Directorate A (phase 1 and phase 2) during the fourth quarter of 2007 in accordance with its annual work plan for 2007, and one year after the conclusion of the original audit. The updated action plans were submitted to INFSO/01 in October 2007. According to the final audit report published in 2008, INFSO/01 assessed that there are still two recommendations in progress: one related to the management of financial roles (recommendation 4, phase 1) and another one related to the availability of checklists (recommendation 5, phase 2). These two recommendations will not be the subject of a further follow-up audit but will be incorporated into the follow-up audit on financial and administrative support from the OS and AFUs as they relate to a similar issue raised by that audit.</p>	<p>Financial support from DG INFSO OS and AFU, Directorate B decided to pay particular attention to recommendations n°1 (Mission Statement), n°2 (Task allocation list) and n°5 (Financial initiation and verification).</p> <p>In this respect, the system of back-up launched during the last quarter of 2007 to improve business continuity in the Operational Sector was completed and job descriptions of staff members were adapted. Staff members were required to follow training corresponding to their tasks as "back-up".</p> <p>This measure found an immediate application since the person in charge of human resources was absent for medical reason from July to December; two colleagues respectively took over tasks corresponding to statutory and external staff.</p> <p>The mission statement of the OS was also redefined and its shared drive was reorganised</p>	<p>Programme Directorate C was concerned by 3 points of the action plan, of which the Directorate C related parts have all been reported as closed.</p> <ul style="list-style-type: none"> • Project review process in the FP6-IST programme Directorate C was involved in 4 action points of the action plan, of which the Directorate C related parts have been reported as ongoing in 3 actions and closed in one action. <p>It is noteworthy that, in addition to any Directorate C-specific actions, Unit C5 plays a significant role in the coordination and drafting of input, answers and action plans for audits where a coordinated approach is more appropriate than individual responses from Directorates.</p>	<p>practices have been implemented swiftly and without delay. INFSO.D operates on this practice and hence no back-log of implementation of earlier audit results exists.</p>	<p>performed by IAC, concerning the assessment of the efficiency and effectiveness of procedures used in INFSO:</p> <ul style="list-style-type: none"> - Follow-up audit on financial statements' processing and payment process in FP6-IST - Follow-up audit on project reviews in FP6-IST - Internal audit on administrative and financial support from "Administration and Finance" Units, which started in 2007 - Internal audit on legacy of open commitments, which started in 2007 - Internal audit on ethics, which started in 2007. <p>These audits are now concluded. Audit recommendations have been followed up, and actions have or are being implemented.</p>

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Part A: INFSO Directorates A, B, C, D and E

	Dir. A	Dir. B	Dir. C	Dir. D	Dir. E
4.2.b New audits	<p>In addition, Directorate A was partially involved and contributed in several other audits launched by INFSO/01 in 2008, for example the audits on:</p> <ul style="list-style-type: none"> • Administrative and financial support from DG INFSO Operational sectors and Administration and Finance Units • Ethics in DG INFSO • Financial statement processing and payment process in the FP6 IST Programme • Project review process in the FP6-IST programme • FP7 negotiations and contract preparation <p>These audits have not led to any special</p>	<p>along five clusters of activities (Budget, Procurements & Contracts, Human Resources, IT & Logistics, Other Administrative Tasks) in order to improve its efficiency. The content which is useful for the information of colleagues will be adapted and transferred to the Intranet in the first quarter of 2009.</p> <p>None</p>	<ul style="list-style-type: none"> • Ethics • Contract Negotiation and preparation process in the FP7 ICT Programme • Appointment letters and procurement (initiated in 2008, but final report and action plan will not be concluded until 2009) <p>The following two audits were initiated in 2007, with the Final Report and Action Plan drawn up in 2008. Implementation is underway:</p> <ul style="list-style-type: none"> • Administrative and financial support from OS & AFUs • Legacy of open commitments from previous programmes 	<p>Audits performed by the ECA</p> <ul style="list-style-type: none"> □ For the assessment of management of selected FP6 instruments by the Commission, INFSO.D provided all review reports of all projects. □ ECA sought access to 13 files, of which 5 were FP6 projects, 7 were FP7 projects and 1 concerned the procurement file for an Impact Analysis. During 2007 ECA requested 12 files, hence a small increase. This work included the gathering all the documentation concerning each project involved, starting with the call for tender/proposal up to the payment processing, including 	<p>During 2008 IAC has initiated the following audits (not yet concluded), concerning also Directorate E:</p> <ul style="list-style-type: none"> – Internal audit on appointment letters – Internal audit on procurements – Internal audit on contract negotiation and preparation process in the FP7 IST programme.

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Part A: INFSO Directorates A, B, C, D and E

	Dir. A	Dir. B	Dir. C	Dir. D	Dir. E
	<p>recommendations for Directorate A.</p> <p>In late 2008, DG INFSO's Internal Audit Unit launched an audit on the Monitoring of DG INFSO over the Activities and Operations Performed by EACEA. Field work on this audit is ongoing, the draft audit report is expected during the second quarter of 2009.</p>			<p>all relevant ICT documents, negotiation etc... basically the whole history! The information has been delivered using DVDs.</p> <p>In terms of effort, we estimate that this task consumed about 22 working days during 2008. Since files are kept electronically, are centralised in few places and filing is generally of quite high standard, it would be more efficient and convenient for the ECA to be given access to the IT tools, rather than we duplicating what we have on DVD.</p> <p>Audits performed by the IAC</p> <p>INFSO.D services collaborated with the IAC and contributed to their audits on:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Internal audit on ethics in DG INFSO - REPORT N° IA/2007/REP/05 <input type="checkbox"/> Audit of the legacy of open commitments from previous programmes (REPORT N° IA/2007/REP/03) <input type="checkbox"/> Follow-up audit on the financial statement processing and payment process in the FP 6 — IST programme 	

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Part A: INFSO Directorates A, B, C, D and E

	Dir. A	Dir. B	Dir. C	Dir. D	Dir. E
				<input type="checkbox"/> Internal audit on Procurements, including Appointment Letters - announcement letter and mandate sent to Directors <input type="checkbox"/> Internal audit of legacy of open commitments from previous programmes <input type="checkbox"/> Internal audit on the administrative and financial support from the DG INFSO operational sectors and administration and finance units (REPORT N° IA/2007/REP/03) <input type="checkbox"/> Internal audit on contract negotiation and preparation process in the FP7 programme - (REPORT NO. IA/2007/REP/04) For all the above audits staff time has been made available for interviews, draft reports have been analysed and commented upon, final reports have been analysed again and an action plan (or a contribution to thereof) drawn up and implemented. Audits performed by the IAS required the preparation during 2008 of: <input type="checkbox"/> one FP6 project file,	

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Part A: INFSO Directorates A, B, C, D and E

	Dir. A	Dir. B	Dir. C	Dir. D	Dir. E
4.2.c Any inconsistencies	None.	None	Differences, if any, between the Directorate's own opinion and the auditor's perception regarding recommendations are handled within the normal audit procedures	<p> <input type="checkbox"/> one FP5 project file, <input type="checkbox"/> procurement files : O one rapporteur contract, O one study contract, and, O all the service contracts that were done on the provisional publication commitment - 7 in total. It has to be noted, that we do not make copies, rather they come and take our files to study them and return them to us. In addition we reply to any of their follow-on questions. The Commission Internal Audit Service performed a Commission audit on work ethics, for which DG INFSO was chosen to participate in the Focus Group Self Assessment Workshop held in October 2008. Two staff members prepared themselves and participated at the one-day workshop. </p> <p>Regarding audits carried out by the IAC</p> <p>1. It would be desirable to focus their activities on areas where the potential recommendations can be implemented in time and will</p>	None.

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Part A: INFSO Directorates A, B, C, D and E

	Dir. A	Dir. B	Dir. C	Dir. D	Dir. E
				<p>immediately add value to the work of the DG. It is not obvious that a highly dynamic and operational environment such as INFSO.D finds the time to be audited seven times per year and then implements the large number of resulting recommendations, several of which being very questionable (e.g. the internal audit report on the AFU), including follow-up audits upon previous audits.</p> <p>Compounded with a staff reductions and high staff turnover, too many changes will inevitably lead to instability with negative consequences on quality and productivity.</p> <p>2. It would be good practice if the internal audit capacity would expand their website to a repository, holding for future reference all previous and all ongoing audits, including draft and final audit reports, and the replies of the services audited.</p> <p>Regarding financial audits carried out by INFSO.S5</p> <p>1. In the cases where an audit</p>	

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Part A: INFSO Directorates A, B, C, D and E

	Dir. A	Dir. B	Dir. C	Dir. D	Dir. E
				<p>has to be implemented by different directorates and the results are not clear enough it would be highly desirable that greater emphasis is given to coordination, in order to ensure that a DG-wide harmonized approach is taken.</p> <p>2. Cases where contractors contest the results of the audit or its process shall be the responsibility of INFSO.S5 to resolve. The operational directorates do not have the qualified resources, nor the history of the file and neither the full documentation about the file to deal with contestation cases which often are of quite complex nature.</p> <p>3. We would like to note that financial audits of project partners carry inherently a reputational risk for the European Commission, as we can expect partners to strongly defend their views, especially if they are supported by their own auditors or their accounting services. We would advise the competent units to exercise utmost care when establishing audit reports and</p>	

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Part A: INFSO Directorates A, B, C, D and E

	Dir. A	Dir. B	Dir. C	Dir. D	Dir. E
				<p>work towards commonly accepted results or, if this is not possible, very well founded and documented results.</p> <p>4. Like in the previous year, we note again that a position "...that the authorizing officer by sub delegation is responsible for the implementation..." should not be taken as a pretext not to coordinate actions across the DG for consistency and efficiency.</p>	
5 Opinions of the Director 5.1 Overall opinion on internal control system	<i>Taking into account the objectives of Directorate A and the risks deriving from the management environment and the nature of the operations, the Director INFSO/A has established, maintained and enhanced the management and control systems in Directorate A (which comply with the new internal control standards set by the Commission in SEC(2007)134 and in force</i>	<i>Taking into account the objectives of my Directorate, the risks deriving from the management environment and the nature of the operations, I have established, maintained and enhanced the management and control systems in my Directorate (which comply with the internal control standards set by the Commission) in order to provide reasonable assurance that suitable controls are in place and working as intended</i>	<i>Taking into account the objectives of this Directorate and the risks deriving from the management environment and the nature of the operations, I have established, maintained and enhanced the management and control systems in the Directorate (which comply with the internal control standards set by the Commission) in order to provide reasonable</i>	INFSO.D operated and operates processes embedded within the applicable guidelines and rules which aims at consistently excelling in their implementation. Standardisation of processes, making them table or IT driven, and transparency are key objectives we aim to implement. This allowed INFSO.D, despite being the research directorate with the least number of AD and AST staff (see annex 4), to be best-	Internal Control is exercised in the Directorate as required for sound management

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	Dir. A	Dir. B	Dir. C	Dir. D	Dir. E
	<i>since 01 January 2008) in order to provide reasonable assurance that suitable controls are in place and working as intended to reduce or keep the risk exposure at an acceptable level.</i>	<i>to reduce or keep the risk exposure at an acceptable level.</i>	<i>assurance that suitable controls are in place and working as intended to reduce or keep the risk exposure at an acceptable level.</i>	<p>performer in terms of management indicators in the monthly reports prepared by INFSO.R2, see [annex].</p> <p>The above principle continued to influence the management approach in 2008 in fact quite little changed compared to 2007 in terms of overall approach, as the focus fell on fine-tuning existing processes.</p> <p>I can therefore declare, that <i>taking into account the objectives of my directorate and the risks deriving from the management environment and the nature of the operations, I have established, maintained and enhanced the management and control systems in my Directorate (which comply with the internal control standards set by the Commission) in order to provide reasonable assurance that suitable controls are in place and working as intended to reduce or keep the risk exposure at an acceptable level.</i></p>	
5.2 Suggestions for	None.	Taking into account the DG's	None.	Taking into account the DG's	None

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Part A: INFSO Directorates A, B, C, D and E

	Dir. A	Dir. B	Dir. C	Dir. D	Dir. E
ICS priorities		<p>environment, challenges and objectives for the coming year, I would suggest the following ICS as candidates for receiving a priority status to focus on for improving their effectiveness in DG INFSO:</p> <ul style="list-style-type: none"> - Following a number of remarks made at the General Assembly of DG INFSO on 12/01/2009, it was suggested to bring special attention to improving links between the different parts of the DG strategy. In this respect, ICS 1 ("Mission") should be regarded as a priority. - Following the internal audit on ethics in INFSO conducted last year, it is important to ensure that recommendations are implemented and become part of our culture. I would therefore keep ICS 2 ("Ethical and organisational values"), which was already proposed last year. - 2009 will be a year of changes for the Commission and the European Parliament. In this respect, ICS 10 ("Business continuity") is particularly important. 		<p>environment, challenges and objectives for the coming years, I suggest the following ICS as candidates for receiving a priority status to focus on for improving their effectiveness in DG INFSO:</p> <ul style="list-style-type: none"> □ ICS3 – Staff Allocation and Mobility ... in particular as the DG continues relying to a large extent on temporary contract staff for its financial transactions, with the associated problems and risks in training and continuity, quality and reliability of these transactions. □ ICS 8 – Processes and Procedures ... as DG INFSO keeps on changing, adaptations to processes and procedures are inevitable, e.g. how to do more better and with less staff. We have fallen back in profiting from IT tools and a critical and systematic review of the procedures should aim at reducing complexity. □ ICS 12 – Information and Communication ... the directorate-general has repeatedly identified this as a 	

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Part A: INFSO Directorates A, B, C, D and E

	Dir. A	Dir. B	Dir. C	Dir. D	Dir. E
5.3 Remarks on previous AAR qualifications	None.	None	None.	<p>priority, as well have other institutions asked for an improved information and communication policy of the DG.</p> <p>1. The existing coordination across directorates should be further strengthened in order to facilitate the exchange of information, the development of harmonised approaches and more effective and speedy decision making, in particular on matters pertaining to the life-cycle of ICT projects such as project reviews and the consistent and coherent use of IT tools supporting the ICT project life cycle (PPM) which has not made the progress during 2008 we had hoped for.</p> <p>2. 2008 continued to produce a high number of internal audits with often poorly researched recommendations which probably create more work than potential benefits. I propose to re-focus the work of the internal audit to few but essential areas, to allow for in-depth analysis of the processes in place and to recommend</p>	None

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Part A: INFSO Directorates A, B, C, D and E

	Dir. A	Dir. B	Dir. C	Dir. D	Dir. E
				<p>improvements which are thorough analysed for their feasibility and impact together with the services concerned.</p> <p>3. Staff allocation has shifted out of balance over the last few years as tasks kept on shifting, budgets changed and internal reorganisation appeared necessary. It is high time to review again the criteria for research staff allocation to directorates and units and adjust in case of imbalance. Such imbalances as they exist today can create risks, notably in terms of quality and efficiency of work.</p> <p>4. On personnel matters, careful consideration should be given to the very significant training periods granted to newcomers, especially contractual staff, who opt to move to other directorates within their first year, or leave the Commission for an agency. This has resulted into serious management issues at the level of the units. Stricter rules on mobility of temporary staff are most desirable. This matter was brought up in the DMR</p>	

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Part A: INFSO Directorates A, B, C, D and E

	Dir. A	Dir. B	Dir. C	Dir. D	Dir. E
5.4 Any material issue for declaration	None	None	None	<p>2007 already, however no progress have been achieved.</p> <p>5. Lack of clarity and explanation regarding loss of posts to be re-allocated to other DGs has led to concerns being raised by Heads of Units, concerns which are motivated by their in-ability to properly plan and allocate work with their units.</p> <p>Eventually I call for a formal DG wide process which debates the above issues among senior management, e.g. in the INFSO Directors meeting, in view of selecting the few crucial issues where changes can make a difference to the DG. Failing to do so, will inevitable lead to reporting the same issues year after year.</p>	None
6 Director's judgement	Unqualified opinion.	Unqualified opinion.	Unqualified opinion.	Unqualified opinion.	Unqualified opinion.

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Part B: INFSO Directorates F, G, H, R and S

	Dir. F	Dir. G	Dir. H	Dir. R	Dir. S
2 Risk assessment and management 2.1 Directorate-specific risks; continued line management (<i>excl. risks monitored via ICC Group</i>)	<p>A centralised approach to risk management is in place in DG INFSO, co-ordinated by unit S2.</p> <p>Directorate F participated actively in the identification, evaluation and prioritisation of DG level risks, as part of the High-Level Risk Assessment (HLRA) exercise 2008 co-ordinated by unit S2, in the last quarter of the year. The risks and the related corrective actions are in general quite similar across the five IST Research Directorates, of which Directorate F is one. In particular, Directorate F provided input to the cluster groups "ICT Research", and "Research Infrastructures". The risks are addressed by a series of common measures identified in the HLRA, including action plans, reinforced monitoring and continued management. The actions necessary to eliminate or mitigate the identified risks are discussed and agreed in the framework of the Internal Control Standards</p>	<p>It should be noted that, based on the experience of previous years, most of the risks and the related corrective actions are in general quite similar among the five ICT research directorates (D, E, F, G, H). Therefore the actions necessary to eliminate or mitigate these risks (e.g. putting in place common administrative best practices) are discussed and agreed among these directorates, in the framework of the monthly Internal Controls Coordination Group, coordinated by Dir S, as well as during the weekly "AFU meetings" coordinated by Unit C5.</p> <p>This "commonality" of risks is confirmed by the list of "DG INFSO Main Risks for 2009" stemming from the recent High Level Risk Assessment (HLRA) exercise, where risks number 4 to 8 clearly address the "ICT Cluster" of activities as a whole. These risks are controlled through a series of agreed common measures like</p>	<p>The risks for the Director are by and large as in the other ICT research Directorates. These risks have been identified in the DG wide High Level Risk Assessment to which this Directorate has actively participated. This Directorate endorses the risks and mitigating controls that have been identified in particular with respect to the potential impact of the economic crisis on the implementation of the projects and the implementation of the AAL Joint Action.</p> <p>For 2008 three strategic risks had been identified as follows:</p> <ul style="list-style-type: none"> • The risk related to the negotiations of Pilot Type A projects, which is a new/main instrument within the ICT PSP programme; • The operational launch of the Art. 169 Ambient Assistive Living (AAL) initiative; and 	<p>I. RISK ASSESSEMENT</p> <p>The main risks related to the mission and the objectives pursued by Directorate R are of a structural nature. Therefore, most of the risks identified in the Management Report of 2008 are still relevant, and equally the corresponding mitigating measures continue to exist, among which [...]</p> <p>In addition to risks already analysed and explicitly addressed in previous exercises or in the High Level Risk Assessment exercise, the following risks have been more specifically identified in 2008.</p> <p>1.1 General Risks</p> <ul style="list-style-type: none"> • Crisis management in case of major disruptions of activities (business continuity). <p>1.2 Risks related to Human Resources management</p> <ul style="list-style-type: none"> • With regard to statutory staff, difficulties to recruit / retain staff [...] • With regard to contractual 	<p>Structural risks</p> <p>As described under chapter 1, the General Affairs Directorate provides support to the Director General, the Deputy Director General, the other INFSO Directors and their services.</p> <p>Directorate S also ensures co-ordination at DG level with respect to requirements from other DGs and institutions, such as DG BUDG, the SG, the IAS, the European Ombudsman, OLAF, and is in charge of the inter-institutional relations with the European Parliament, the Council, the Court of Auditors, etc.</p> <p>The majority of the Units of Directorate S are highly dependent on the input and preliminary work of operational services as well as on the work and initiatives of other services</p>

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Part B: INFSO Directorates F, G, H, R and S

	Dir. F	Dir. G	Dir. H	Dir. R	Dir. S
	<p>Group and in the context of the "AFU meetings".</p> <p>Directorate F has no other general or specific risks to highlight other than the ones raised in the context of the preparation of the HLRA 2008.</p> <p>However we feel it is useful to reiterate our perception already stated in 2007 of the risks involved in implementing both the FP7 Co-operation and Capacities Work Programmes without adequately documented, easy to understand and effective tools.</p> <p>Coordination with Unit R3 is regular to overcome difficulties and the Directorate collaborates actively in the DG INFSO IT Steering Committee.</p> <p>Furthermore and due to the complexity of the rules governing Framework Programmes 6 and 7, a fair number of contractors may make mistakes identifiable only by external audits. When contractors disagree with the audit findings and contest the conclusions there may be a risk that the Directorate and DG INFSO are perceived as overly bureaucratic and acting</p>	<p>action plans, reinforced monitoring and continued line management.</p> <p>Directorate G has no other general or specific risk to mention other than those already raised in the occasion of the HLRA 2008.</p>	<p>• The follow-up on the 3-year preparatory action on e-Participation which will end in 2008.</p> <p>None of these three strategic risks materialised – three Pilot Type A projects were swiftly launched within the ICT PSP programme, a general agreement with the AAL Association – the body set up by the Member States and the participating states to manage the initiative – was signed at the end of 2008 and an annual budget of 7M€ to cover eParticipation type of work within ICT PSP was allocated by the budget authorities.</p> <p><i>For 2009 no specific strategic risks beyond those identified at DG level have been identified.</i></p> <p>The risk identified in the previous Directorate Management Report related to the frequent change of personnel and the high dependence of the Directorate on temporary staff remains valid and is a</p>	<p>staff [...]</p> <p>1.3 Risks related to financial management [...]</p> <p>1.4 Risks related to Information systems development and support [...]</p> <p>1.5 Risks related to Information technology infrastructure and services [...]</p> <p>II. RISK MANAGEMENT</p> <p>2.1 Human Resources Management</p> <p>• With regard to statutory staff</p> <p>- The transfer of posts to the other Research DGs is due to take part over the period 2007-2010. The discussions between research DGs are still ongoing.</p> <p>- Throughout 2008, several actions were undertaken, aimed at raising awareness within the Directorates of the importance of their recruitment policy with regard to the quota. These actions included provision of periodic statistics, discussion during Directors' meetings and slowing down of EUR15 recruitments.</p> <p>• The specific problems and</p>	<p>and institutions. Therefore, Directorate S is quite often faced with very short deadlines and a concentration of requirements during certain periods of time. For some tasks (i.e. checking of procurement award files) extreme seasonal peaks lead to bottlenecks.</p> <p>Consequently, Directorate S is structurally faced with the following risks:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Difficulties in respecting the deadlines imposed by central services <input type="checkbox"/> Difficulties in meeting the "clients'" expectations when providing support or advice both in terms of quality and timing <input type="checkbox"/> Confusion of responsibilities between operational and co-ordination duties <input type="checkbox"/> Lack of predictability of resource needs for co-ordination, cross-cutting duties and advice <input type="checkbox"/> Negative impact on the relations with "clients". <p>Risks identified in the 2007 High Level Risk</p>

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	<p>unreasonably. To mitigate this risk, contractors are briefed when they engage in new contracts and regularly, when necessary.</p>		<p>matter of constant concern and attention in the Directorate. The actions considered to address operational risks in 2008 (including in particular the deployment of Phoenix Project Management – in line with the conclusions of the ICT Directors, a more active follow-up of so-called legacy cases – including the closing of FP5 projects and the implementation of long-outstanding audit results, the preparation for the processing of FP7 payments, the continuation of the Task Force on FP6 payments and extend its remit to include the handling of particular difficult cases and the participation in audits – in particular follow-up audits – of FP6 projects) have all been implemented.</p> <p><i>In 2009 specific attention will be paid to the following issues:</i></p> <ul style="list-style-type: none"> • The 'fall-out' of risk based audits. During 2008 and the beginning of 2009 audits of several 'risky' beneficiaries 	<p>risks related to contractual agents, i.e. limited duration of the contracts, the lack of reserve lists with adequate profiles and moves to the Research Agencies cannot be managed at local DG level. Hence, the problems were raised on several occasions during the meetings of the network of HR responsables.</p> <p>2.2 Financial Management</p> <ul style="list-style-type: none"> • Risk of lack of accuracy of data of the INFSO accounts <p>Controls put in place consist of issuing of guidelines and instructions and provision of help-desk and support functions for the use of central tools. As far as the big number of mass transactions in DG INFSO's financial business is concerned, the use of local applications and the in-built controls mitigate the risks involved to a large extent. The risks related to transactions not supported by IT tools have been greatly diminished by checks done by R2 on a large sample of transactions. It is worth mentioning in this context the design of the new IT application supporting FP7 payments, which includes a</p>	<p>Assessment (HLRA)</p> <p>In the 2007 High Level Risk Assessment (HLRA), one risk was identified for which Directorate S followed up through "continued line management" measures within the Directorate:</p> <ul style="list-style-type: none"> □ The risk of erroneous awarding of SME status (cf. self-declarations) has been analysed and managed (re-introduction of SME status verification via the Research family's Central Validation Team). <p>One other risk was subjected to an "action plan" to reduce the residual risk level:</p> <ul style="list-style-type: none"> □ The risk related to the co-funding capacity of individual (micro) SMEs has been analysed and managed (risk-based auditing targeted to weak co-funding participants). <p>Finally, two other risks were identified for which Directorate S-was responsible for "reinforced monitoring":</p>

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			<p><i>participating in Directorate H projects were done. It may be that as a result significant amounts need to be claimed back and the participation of some of these beneficiaries may have to be terminated. If so this will have a negative impact on the projects and may have implications on the programme as a whole – potentially representing a significant reputational risk. As an immediate measure the checking of the operational and financial capacity of applicants (potential beneficiaries) will - within the existing guidance and procedures - be reinforced;</i></p> <ul style="list-style-type: none"> • <i>The payment to eTEN initial deployment projects. So far there is no experience in processing final payments of initial deployment projects. The processing of these payments is very different from processing market validation payments as for initial deployment projects a verification of the actual total investment cost is needed (the maximum Community funding is 10 or</i> 	<p>real time control to ensure 100% consistency of data encoded in the accounting system. The amount of eventual errors should therefore be rather immaterial, and the risk is not expected to be material in 2009.</p> <ul style="list-style-type: none"> • Risk related to the follow-up of recovery orders <p>In past years this risk has been consistently mitigated. It is expected that the intrinsic residual risk lying with the decentralised structure of management responsibilities will be sufficiently mitigated by the development of a new iFlow tracking recovery orders in real time, and that the risk will not be material in the course of 2009.</p> <p>2.3 Information technology infrastructure and services</p> <ul style="list-style-type: none"> • Risks related to Information technology services <p>DG DIGIT's central IT Infrastructure consolidation (ITIC) study identified several issues / possibilities and a pilot project began in 2007, for which the results should be known during 1H2009. The IT unit follows closely the pilot through direct contacts with</p>	<ul style="list-style-type: none"> □ The risk of errors in ICT cost claims (cf. implementation of the FP6 audit strategy); □ The risk of efficiency losses through overlaps of responsibilities caused by externalisation – including the new aspects relating to the Research Agencies and the Jus. <p>The detailed ICCGroup progress reports on, inter alia, the risks identified in the 2007 HLRA and the corresponding actions taken during 2008 have been produced by Unit S2 (see annex II). In this report the actions taken to appropriately tackle the various risks are explained in details.</p> <p>Risks related to the specific activities of the Units</p> <p>[a table] explains the risks related to specific activities of the Units and the corresponding assessment. It also indicates the main actions taken in terms of risk control.</p>

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			<p>30% of the actual total investment cost) and 'interim' payments are essentially pre-financing payments (based on a declaration by a beneficiary or member that 70% of the pre-financing has been used for the project). In 2008 the procedures/guidance documents have been elaborated and these need to be finalised in early 2009. These take into account that it may not be possible to do exhaustive verifications and a sampling approach to verify the investment cost may need to be considered; and</p> <ul style="list-style-type: none"> • In FP7 and ICT PSP audit certificates have been replaced by certificates of financial statements. The latter do not provide 'reasonable assurance' signed of by an independent auditor but a number of statements that need to be interpreted within the Directorate as part of the payment process. Start-up problems may occur and as was done in the beginning of FP6 'clinics' to establish a common 	<p>the DG's, analysis of the reports produced by DG DIGIT, and checking it's potential impact, mainly on Research DGs like ours in terms of flexibility, efficiency and effectiveness. Unit R4 has used this opportunity to start a project to align the unit activities with the best market practices as laid down in ITIL/ISO 20000.</p> <ul style="list-style-type: none"> • Risks related to Information technology infrastructure <p>The presence of single points of failure in the network infrastructure, for the part not directly managed by DG INFSO, may produce temporary unavailability of ICT resources in large parts of the DG. This risk, specifically identified in previous years, should continue to deserve a particular attention, especially in the framework of the Business Continuity Plan of the DG and also Commission-wide.</p> <ul style="list-style-type: none"> • Other risk management action plans <p>- Further contribute to ICS 8 (Processes and Procedures): Unit R4 has progressed very well on a project to align the unit activities with the best</p>	

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			<p><i>understanding/approach will be set-up should there be a need to do so. In addition some further issues may have an impact on the payment process such as how to deal with organisations using average personnel rates and e.g. the quality of data of the FP7 account in particular with respect to the use of the transitional flat rate and 75% funding rate. Continued attention will be given to data quality.</i></p> <ul style="list-style-type: none"> • <i>Lastly with respect to ICT PSP – IT to support payments may not be ready in time and ad hoc solutions may need to be put in place.</i> 	<p>market practices as laid down in ITIL. All the services (and related support procedures) provided by the unit to the users have been described.</p> <ul style="list-style-type: none"> - Further contribute to ICS 10 (Business Continuity) <p>The internal operational procedures for the Disaster Recovery Plan, initiated in 2004, were further enhanced to reduce the loss of data and a full-scale test was performed successfully September 2008.</p> <p>The Disaster Recovery Plan was revised to ensure the integration with the general DG INFSO Business Continuity Plan.</p> <p>2.4 Business Continuity</p> <p>The DG INFSO Business Continuity Plan provides an overview of functions that have been identified as being critical, essential and necessary, based on a DG INFSO Business impact analysis including risk assessment, a critical review of DG INFSO's activities and the Commission-wide exercises. In this context, there are no critical functions in DG INFSO but only essential functions</p>	

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2.2 Reputational events which may have occurred (new as from 2008)	None	None	<p>No reputational events occurred in 2008.</p> <p><i>As indicated above a potential risk which may materialise in 2009 relates the possible negative outcome of the audit of risky partners participating in the part of the ICT programme managed by Directorate H.</i></p>	<p>which need to be restored within one week in the event of a crisis.</p> <p>An INFSO "security cabinet" has been created in 2008 in order to coordinate all security matters linked to the LISO and to some LSO tasks, included the launch of a security campaign to increase awareness among staff.</p> <p>None for 2008</p>	None
3 Internal control					
3.1 Supervision	<p>Directorate F works in line with the procedures and organisational structures established within DG INFSO. Rules and procedures are similar across the five research-oriented Directorates and a number of them have been enforced by the use of electronic workflow tools such</p>	<p>The Directorate is following all established supervision procedures stemming from the existing financial circuits, sub delegations and official rules and guidelines. Some of these procedures have been embedded in IT tools like iFlow, Phoenix, Abac/Si2, PPM, AL2, and have been</p>	<p>The main supervision components in 2008 were the regular HoU meetings and the frequent meetings of HoU with their staff. In accordance with the existing financial circuits there is a 100% verification of all financial transactions. The further deployment of</p>	<p>The supervision within Directorate R is assured, where appropriate, by the following key management instruments:</p> <p>Management Plans and Reports</p> <p>Directorate R provides specific contributions on HR, financial</p>	<p>Supervision within the Directorate is first of all based on the preparation and monitoring of yearly detailed work plans for each Unit, through the measures described below:</p> <p><input type="checkbox"/> Mission statements</p>

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	<p>as iFlow, NEF, AL2, PPM, etc. This may have caused, in some cases, administrative delays, notably in the implementation of contracts, but provides for better assurance of the correctness of the data used, thus constituting an important element of the supervision system.</p> <p>Furthermore, issues that may arise are taken up and discussed at weekly Unit and Directorate meetings. The Director and the Heads of Unit are provided weekly with a detailed report of the progress of all administrative dossiers. The reports contain relevant information regarding commitments and payments, specific progress of Call implementations and studies, consumption of mission budget, etc. Given its particular importance, the AFU circulated regularly early-warning lists of expiring FDIs to the Units.</p> <p>Aspects relating to administrative and financial procedures are also discussed within the Directorate's TQM quality circles, and where necessary raised for</p>	<p>considerably improved through a thorough revision of checklists, new workflows, increased logging and registration capabilities, facilitated access to documents.</p> <p>Another notable set of supervision systems in place is constituted by the already mentioned (i) weekly Directorate meeting of Units representatives, (ii) weekly meeting of the AFU representatives. Finally, a number of specific supervision arrangements have been pursued within Directorate G during the reference period, as follows:</p> <ul style="list-style-type: none"> • A procedure is in place in Dir G to report on potential internal control weaknesses (ICS 12) and procedural exceptions (ICS 8) [...] • A monthly Budget Execution Report for the directorate is regularly distributed to the Director and HoUs, discussed at Directorate meetings and published on the G6 intranet [...] • In 2008 the AFU (with the help of the Operational Units) has performed a thorough 	<p>electronic workflow circuits (iFLOW) supports supervision in the Directorate.</p> <p>Reports on budget execution, time to payment, follow-up of legacy cases etc. are regularly discussed at all levels and when necessary lead to corrective actions – see e.g. the note of the Director on respect of the Final Date of Implementation and avoidance of 'COS' commitments (D/927274).</p> <p>The Directorate actively participates in the meetings of the Internal Control Coordination network (ICC) which is chaired by the director of Directorate S and as such contributes to the discussion on the implementation of internal control standards in the DG and hence the Directorate.</p>	<p>management and IT systems for Commission wide and DG specific planning and reporting exercises.</p> <p>Regular Meetings</p> <p>Regular weekly meetings are held at Directorate level both with all Heads of Unit together and in separate bilateral “jours fixes”. At unit level, different schemes of regular meetings are in place, depending on the specific requirements; regular weekly or two-weekly meetings are organised either at unit or at team-/sector level. This guarantees both a continuous and smooth information flow and the monitoring of actions in progress. For any specific requirement, in particular when it is necessary to discuss and define the approach to be taken in a particular case or file, ad-hoc meetings are organised at the appropriate level in order to provide the necessary guidance and support to staff.</p> <p>Follow-up of deadlines</p> <p>All relevant mail and all requests of critical significance</p>	<p>The mission statements of both Directorate S and its Units are published on the Intranet and updated when necessary. A yearly meeting between the Director and the Units at the beginning of the year concentrates on the missions and the work plan. Both emphasise Directorate S' support and co-ordination role within DG INFSO and provide an overview of the key roles and responsibilities assumed by Directorate S. The work plan also contains the priorities and the identification of specific milestones per area of activity. The work plans of the Unit are therefore discussed both at management level (management meetings with all Heads of Unit) and with the staff in each Unit.</p> <p>□ Regular meetings</p> <p>At Directorate level a weekly meeting is held with all Heads of Unit. During this meeting the Head of Units are debriefed on the</p>

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	<p>implementation and decision at Directorate weekly meetings.</p> <p>Performance indicators (cf. ICS 5 and ICS 9), Capacities Programme</p> <p>In the AMP 2008, the time to contract (TTC) was set to 75% within 220 days, corresponding to the best performance achieved in 2007.</p> <p>Due to the technical problems that followed the re-engineering of the NEF application, the introduction of URF (Unique Registration Facility) as well as the slow average reaction time of the CVT (Central Validation Team) service, the negotiation and contracting phase of all projects resulting from Call 3 of Research Infrastructures was delayed. Such a delay was further increased by the unfavourable scheduling of the meetings of the Research Infrastructures Management Committee (whose opinion is foreseen in the comitology). As a consequence, the target values for the TTC results indicators were reviewed during Mid-term Report on Impact and Result Indicators and in the AMP 2009 the target TTC has</p>	<p>analysis of late payments [...]</p> <ul style="list-style-type: none"> Concerning TCL/AL, a recent exercise has addressed the "cleaning up" of all contracts from previous years [...] Finally, as a consequence of the increased number of research projects and beneficiaries terminations (e.g. due to bankruptcies, adverse audit results, non performance), a new shared monitoring table of "special" cases has been put in place and kept updated weekly [...] 		<p>are registered with appropriate deadlines for action in ADONIS, which permits a close and timely monitoring of outstanding actions at all management levels.</p> <p>Intranet</p> <p>The extensive use of the intranet for the posting of relevant information assures essential pro-active support both within the units of Directorate R and across the whole DG with regards to the horizontal support and co-ordination functions of Directorate R.</p> <p>Quality Assurance on files other than financial transactions</p> <p>All files which are not financial transactions are subject to quality assurance controls by hierarchical superiors. In the case of files submitted to the Director General such quality assurance controls are exercised both at Head of Unit and Director's level.</p> <p>Financial Verification</p>	<p>outcomes of the Directors' meeting, the ICT-Directors' meeting, the jour fixe meeting with the Cabinet and other meetings to which the Director has participated. Deadlines are monitored and discussed. Each Unit debriefs on the main activities of the week. Priorities in relation to the work plans as well as unforeseen ones are discussed. Specific tasks are defined and attributed. Follow up is ensured via the minutes of the meeting, ongoing monitoring by the Director's assistant and the secretariat at Directorate level and verification in the following meeting.</p> <p>Weekly bilateral meetings are also held between the Director and the Heads of Unit where the activities of the Units are discussed in details, deadlines monitored, necessary actions planned and specific critical files evaluated with the Director.</p> <p>Meetings are also held with staff responsible for</p>

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	been lowered to 250 days.			<p>The financial verification of all transactions processed by Directorate R is executed by experienced financial agents, supported by dedicated checklists and based on guidelines and manuals. Files containing identified errors are submitted to the initiators of the transaction for correction and the event is recorded.</p>	<p>specific files to discuss specific issues. For this kind of meetings, minutes are produced in order to record actions to be taken and related deadlines.</p> <p>Specific files which require the assessment or the opinion of various Units in the Directorate (like critical audit files) are treated in a coordinated manner via specific meetings in which all involved Units participate, the Director and the Director's assistant.</p> <p>The Directorate's contribution to the high level meetings (Director, ICT, jour fixe with the Cabinet, other meetings like ABM steering, APC, ICC, etc) are monitored regularly by establishing a monthly planning and weekly verification.</p> <p>Since Directorate S does not dispose of an Administration and Finance Unit all horizontal administrative matters, both of financial and human resources nature, are dealt</p>

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					<p>with at Directorate level. The planning in terms of needs is established at the beginning of the year and updated regularly, following inputs required by Directorate R or other internal necessity. The financial files of the Unit S5 are initiated and verified at Unit level.</p> <p><input type="checkbox"/> Follow-up of deadlines</p> <p>All relevant mail is registered in Adonis, which allows a close monitoring of coming and expired deadlines through its 'alert'-functionality. Record of deadlines is also kept at Directorate level and checked on a daily basis.</p> <p><input type="checkbox"/> Attributions</p> <p>Within Directorate S, the attributions are done at Directorate level.</p> <p><input type="checkbox"/> Quality assurance of Directorate S' output</p> <p>Quality control of all files is exercised by the hierarchical relevant</p>

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3.2 Exceptions	<p>No exceptions in accordance with the Note by the Director of Directorate S – D(2007)853921 have to be reported. No overruling has occurred and only exceptions which are of limited relevance and non-systemic have taken place:</p> <ul style="list-style-type: none"> • 5 extension of FDI after expiration (Art. 77.3 of Financial Regulations); • reopening of files: 1 FP6 project NICIS; • late counter-signatures of ALs: 3 cases identified, all caused by the late signature by the experts; • correction of commitments: 9 AL had to be corrected (they had been erroneously attached 	<p>In accordance with the instructions [...], two exceptions have to be reported during the year of reference and are described below.</p> <ul style="list-style-type: none"> • G3 - Request for complementary final payment for partner INPG in FP5 project IST-2001-35304 AMETIST - INPG was initially defined in the contract as a zero budget contractor. In the last reporting period, the Project Officer accepted costs for work performed by INPG, although no EC funding of those was contractually due. [...] - Sincom reference: Payment Order SI2.1909866, 	<p>Exceptions were duly recorded and justified in the individual dossiers and approved by the Director. These exceptions concern essentially (i) the extension of the Final Date of Implementation (FDI) after the FDI expired (ii) the initiation of new commitments for existing payment obligations ('COS'), (iii) signing of appointment letters after the task of the expert has started (iv) occasionally the extension of procured contracts and (v) late payments. In accordance with the note</p>	<p>Nothing to mention for 2008.</p>	<p>supervisors. All files to the signature of the Deputies Director-General, of the Director-General or the Cabinet, are verified at Directorate level. All controversial or potentially critical files, even if signed at the Head of Units level, are endorsed at Directorate level.</p> <p>Supervision at Unit Level [p.m.]</p> <p>Directorate S has recorded a derogation (<i>sic</i> = <i>deviation</i>) from the rules for Unit S5. In the context of an award procedure, an opening and evaluation committee was appointed by the Head of Unit S5 on 16 September 2008, instead by the Authorising Officer as foreseen by the provisions of the Implementing Rules to the Financial Regulation, Art. 145.2 and 146.1. This nomination has however been approved by the Authorising Officer, that is the Director S, a posteriori.</p>

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	<p>to a 2007 commitment while appropriate 2008 financial commitment was available). Such cases have been duly documented in the related files as required.</p>	<p>AO validation date 30-09-08, code PP</p> <ul style="list-style-type: none"> • G0 Advisor – Non-financial exception: non-standard contract used for tender <p>"Facilities for an Information and Brokerage Conference in Moscow on 21-23 October 2008" - After consultation of the Legal unit and of the Budget unit, and considering the very short time frame that would not allow for the preparation of a bi-lingual modification of the standard contract, it was decided to use directly the hotel's contract, and record this as a legal/procedural exception. - Sincom reference: Commitment SI2.508185, AO validation date 21-08-08, code AC</p> <p>Apart from these, only exceptions considered of a limited relevance and of non-systemic nature have taken place (e.g.: extension of FDI after its expiration, re-opening of a file after termination because of miscalculations leading to a COS, late signature of Appointment Letters). All these minor cases</p>	<p>by the Director General of the 28/04/2003 (220391), these exceptions were considered as minor deviations that do not need to be reported. These exceptions were accepted by the verifying agent (no formal 'overruling' was applied) and they have no policy nor systemic dimension, nor set precedents. For completeness the list of [23] 'COS' commitments and [66] FDI extensions is annexed to this report.</p> <p>One exception for which the Authorising Officer used overruling occurred in 2008 as follows:</p> <p>H3 - Non-respect of 14 days stand still before signature for a service contract related to a negotiated procedure without prior OJ publication</p> <p>– Justification = Delay in the negotiation process and resulting tight deadlines to start execution of tasks - AOS overrule code in SINCOM (commitment SI2.513403 / contract 30-ce-0223316/00-49)</p>		

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3.3 ICS difficulties and weaknesses	<p>With respect to all ICS, Directorate F contributed to ongoing DG activities, implemented recommendations as they arose and otherwise maintained awareness of staff as to ICS issues in 2008. Implementation of ICS is also about suggestions for improvement, and in this respect, Directorate F has proposed several modifications to current procedures with a view to their simplification. Specifically the introduction of electronic signatures is seen as a potential improvement. There follows a [list] of ICS for which the Directorate encountered difficulties achieving complete implementation and/or for which any deficiencies and weaknesses are to be reported, plus remedies applied.</p> <p>EC representation on the Board</p>	<p>have anyway been properly documented in the related file – and logged through the appropriate administrative /financial IT tools - as requested.</p> <p>No specific difficulties or weaknesses to report in 2008.</p>	<p>In addition [4] 'COS' commitments to cover a 'saisine a posterio' were made [table]. The four cases concern small service contracts.</p> <p>A system to record weaknesses in Directorate H is in place and staff was informed on 19 May 2005. Any weaknesses observed by Dir. H personnel should be reported to a functional mailbox.</p> <p>To date no weaknesses have been reported through this mechanism. Considering the passage of time between the instructions and the fact that since these instructions many of staff is new a reminder on the recording of control weaknesses will be issued.</p> <p>Specific attention has/ and will continued to be paid to continuity of service and the proper registration/storage and archiving of communications/mail (including e-mail).</p>	<p>ICS-11 document management – electronic filing</p>	<p>Within Directorate S, some remaining difficulties and weaknesses were identified in terms of ICS 19 (Continuity of operations). [details on back-ups]</p>

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	<p>of Trustees of HFSP</p> <p>The Head of Unit F1 has been authorised by the INFSO Director-General to be one of the two representatives of the EC in the Human Frontier Science Programme Board of Trustees (HFSP BOT), the other representative being Mr. Manuel Hallen, Head of Unit of DG RTD F2. Financing decisions related to the contribution of the ICT Theme to HFSP were taken by the INFSO Director-General and related payments followed the financial circuit in Directorate F. This item was previously reported in the Directorate's Management Reports of 2004 – 2007.</p>				
<p>4 Recommendations and inquiries</p> <p>4.1 status of financial audit results</p>	<p>Directorate F implemented the audit results coming from external audits and the Court of Auditors, desk audits on a regular and timely basis. A particular effort was made during 2008 to close dossiers where there were pending implementations of audits; this</p>	<p>Regarding external audits of FP5 and FP6 projects, figures and general statistics are available on request from the S5 External Audit Unit and from the reporting facility in ARPS (DG INFSO local IT system). For Directorate G, figures relating to audits</p>	<p>Information on the implementation of external audits is available through ARPS. In accordance with the procedures in place in the DG all relevant requests for audit implementation are recorded in ARPS and transmitted to the</p>	<p>[sic - not applicable]</p>	<p>Regarding financial audits, see S5's annual synthesis report in annex I to the DMR.</p>

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	<p>entailed either the reconfirmation that the audit results had no impact on the payments done (e.g. maximum level of financing reached) or the implementation of corrective actions. Guidelines for the implementation of Audits may need to be revisited to ensure the correct segregation of responsibilities within the Directorate General. Regarding implementation of audits of FP5 and FP6 projects, an overall system, ARPS, is in place under the ownership of S5. It is not easy to extract consistent information from the system on the monitoring of the progress of implementation of audits. Directorate F has highlighted these problems to Unit S5 and plans exist for a new IT system to be developed at the earliest in 2009. As a provisional solution, unit F6 has established a local tracking system of the audit implementations within Directorate F as of mid-2008.</p> <p>The [table] summarises the status of implementation of audits in the second half of 2008:</p>	<p>processed in 2008 have already been reported in Chapter 1.4.2.</p> <p>Overall, the situation at the end of 2008 was the following (2007 between brackets):</p> <ul style="list-style-type: none"> • FP5/FP6 audits in progress (in Dir. G projects): 112 (40) • FP5/FP6 audits pending implementation (of audits results or their extrapolation): 82 (80) • FP5/FP6 audits whose implementation has been taken (in 2008): 107 (72) <p>In 2008, all previously pending audit implementations have been 'taken'. Moreover, during the course of 2008, all requests for corrections received before December 2008 have been initiated (and a large part completed). Concerning extrapolations, two thirds of the required actions have been completed, giving priority to the 'old' long standing cases.</p> <p>For what regards new audits, it should be noted that a growing number of them are planned to be finalised in the short-medium term. Also, a number</p>	<p>operational Units. Towards the end of 2008 H5 started to monitor the timely implementation of audit results within 30 days. Furthermore the Directorate participates in the EPAC 'Ex-post Audit Correspondents Network'. In this context further progress was made in the implementation of old audit results.</p>		

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	Dir. F	Dir. G	Dir. H	Dir. R	Dir. S
	<p>Audits implemented = 12 Not required = 18 In progress = 25 Total (pending) = 55</p> <p>Further 36 audit extrapolations (not all of them might need action) have to be added to the total number of pending audit implementations. The [table] does not show the significant number of audit implementations executed in the first half of 2008.</p>	<p>of extrapolations is becoming necessary as a result of audits executed by the other RDGs (in particular DG RTD). Finally, instructions have been received from the legal services that extrapolations of audit results will have to be operated also on projects that have been closed in the last 5 years. Therefore, in order to be ready to cope with these challenges, it is now expected:</p> <ul style="list-style-type: none"> □ that a final version (rather than a working draft) of the guidelines on the implementation of FP6 audit results will be made available very soon, completed with a number of useful specific cases discussed at the EPAC meetings, □ that the ARPS system, used to monitor audit implementations, will soon be updated, and its (rather limited) reporting capabilities improved. 			
4.2.a Implementation status of earlier audits	<p>Conclusions from internal audits are analysed and discussed across the operational Directorates. Implementation is also agreed and done across those Directorates (e.g. in the context of regular AFU</p>	<p>A number of internal audits and risk assessments have closed their activity in the course of 2008 (or previously). The related recommendations have been considered and action plans have been drafted</p>	<p>In 2008 the Directorate was subject to 4 internal audits as follows:</p> <ul style="list-style-type: none"> • Administrative and financial support from DG INFSO Operational Sectors and Administrative and 	[none]	<p>In the context of the IAC's "Internal audit of financial management within Directorate INFSO-A (phase 1)", S2 has implemented recommendation (n°3)</p>

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	<p>coordination). The results of these audits normally affect the implementation of procedures and the supporting IT tools. Particular attention is placed on communicating the audit results to staff and stakeholders due to the fact that some of the procedures and tools may have changed since the time of execution of the audited contracts.</p>	<p>in order to tackle the shortcomings addressed. Such actions have always been discussed and regularly followed up in the weekly meetings of the AFUs, the great majority of the issues being common to several Directorates. Risks and actions have also been regularly monitored in the framework of the internal Control Coordination Group (ICCG). As far as Directorate G is concerned, no specific additional risks or actions have to be reported in 2008.</p> <p>During the year of reference, the Directorate was subject to 6 internal audits from the DG INFSO Internal Audit capacity (IAC) and 3 from the Internal Audit Service (IAS):</p> <ul style="list-style-type: none"> • Administrative and financial support from OSs and AFUs (IAC) • Legacy of open commitments from previous programmes (IAC) • Contract negotiation and preparation process in the FP 7 (IAC) • Follow up – Project review process in FP6 (IAC) 	<p>Financial Units</p> <ul style="list-style-type: none"> • Legacy of open commitments from previous programmes • Contract negotiation under FP7 • Ethics <p>In each of these audits the Directorate participated in the field work, commented on the draft audit reports, contributed to the discussion of the audit reports (mainly in the context of the OS/AFU meetings) and was active in the drafting of the action plan. In particular as a follow up to the audit on the administrative and financial support, H5 visited the AFU in Luxembourg in order to explore ways of improving its functioning.</p> <p>To address the observations made in the audit report on open commitments potential problem cases are now identified as early as possible within the task force on FP6 payments that was set up in the Directorate in 2007.</p>		<p>about enhancing the monitoring of recording/reporting exceptions. The full implementation has been done (re- adjustment of DMR, iFlow features, procedure and guidance reviewed, and central monitoring which remains a recurrent process).</p> <p>In 2008 the IAS performed a follow-up audit concerning the implementing status of the recommendations expressed within the frame of the audit on "ex-post controls" which has been affected in 2006. The follow-up audit concluded that the implementing status of the recommendations is adequate and effective.</p>

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	Dir. F	Dir. G	Dir. H	Dir. R	Dir. S
		<ul style="list-style-type: none"> • Follow up - Financial statements processing and payment process in FP6 (IAC) • Procurement on administrative and operational budget lines, including appointment letters (IAS) • 2 on Ethics (IAC and IAS) • Management of Research Information Systems (IAS) <p>In each of these audits the Directorate participated in the field work, commented on the draft audit reports, contributed to the discussion of the audit reports (mainly in the context of the OS/AFU meetings) and was active in the drafting of an action plan.</p> <p>As already mentioned in the previous chapters of this report, Directorate G has contributed to the High Level Risk Assessment (HLRA) 2008 which aimed to draft the list of DG INFSO main risks for 2009.</p>			
4.2.b New audits	Directorate F contributes regularly to audit plans, contributes to requests to establish external audits, and implements audit results as	Recently received internal audit results have been treated in line with what has already been explained in the previous chapter.	In 2009 the following audits are planned to be completed: • Procurement on administrative and	IAS - Ethics On Ethics the IAS has launched an audit in September 2008. The final Report on the	During 2008, the IAC and IAS have performed the following audits which involved Directorate S: <input type="checkbox"/> IAC :

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	Dir. F	Dir. G	Dir. H	Dir. R	Dir. S
	<p>required.</p> <p><i>Other inquiries (OLAF, Ombudsman), MEP questions and Cabinet requests</i></p> <p><i>EDNES, an association from Strasbourg, was audited by Deloitte on behalf of the European Commission for the work done in projects WISTCIS, TELEBALT and TELESOL.</i></p> <p><i>The final audit report was sent to EDNES on 15/01/2007. Since this date, EDNES has addressed several services in the Commission to be compensated for claimed overhead costs related to work (re)classified as "subcontracting". Their last request, dated 23/10/08, was addressed to Commissioner Reding who answered on the 20th of November 2008 that the detailed reanalysis of the whole dossier does not reveal any element that will lead to a revision of the decisions taken. EDNES sent a complaint to the European Ombudsman, who approached DG INFSO with several questions to be answered before 31/03/2009. In collaboration with units S2, S4 and S5, Directorate F (Unit</i></p>	<p>It is foreseen that the following internal audits will take place in 2009 – or will continue from 2008 and be completed in 2009 – and will affect Directorate G:</p> <ul style="list-style-type: none"> • Procurement on administrative and operational budget lines, including appointment letters (IAS) • Follow up – Project review process in FP6 (IAC) • Follow up - Financial statements processing and payment process in FP6 (IAC) • Internal control system for managing FP7 (IAS) 	<p>operational budget lines, including appointment letters</p> <ul style="list-style-type: none"> • Follow-up of project reviews • Follow-up on Financial statement processing and payment process in the FP6 IST programme. <p>At this stage in the audit process no major difficulties are expected.</p>	<p>IAC audit on Ethics has been presented and Directorate R has produced an Action Plan to be continued in 2009.</p> <p>IAS - Recovery orders</p> <p>The IAS presented its final report on the audit on recovery orders in October 2008. No major problems were identified in DG INFSO and all the findings and recommendations specific to DG INFSO had been agreed in advance. Actually most of the recommendations had been implemented by the time the final report was ready. In addition DG INFSO has agreed to participate in the task-force to be set up by the horizontal services, DG BUDG and LS, to further improve the coordination among services. The task-force will start its work in 2009.</p> <p>Court of auditors - DAS2007 - Audit on the reliability of the accounts</p> <p>DG INFSO was one of the nine DGs selected by the CoA on the DAS specific on the accounting systems. No</p>	<ul style="list-style-type: none"> - audit of the Administrative and Finance units - internal audit of the legacy of open commitments from previous programmes - internal audit of ethics - audit on contract negotiation and preparation process in the FP7 IST programme - follow-up audit on the financial statement processing and payment process in the FP6 IST programme - follow-up audit on the project review process in the FP6 IST programme □ IAS : none <p>In 2008 the ECA performed within the frame of the DAS 2007 exercise and audit on the ex-post audit function with a view on the progress of implementation of the common ex-post audit strategy for FP6. Procedures are not finalised at this stage.</p>

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	<i>F4) is coordinating the preparation of the answers.</i>			<p>observations, findings were identified related to DG INFSO accounts and on the contrary, DG INFSO was highlighted in several items as an example of good practice. The only recommendation for improvement was a more active involvement of the Internal Auditor in the DG accounts. This recommendation has been accepted and the IAC is participating in the closure of the 2008 accounts, also subject to the CoA supervision. It is worth mentioning that this is the first time since the accountancy reform that the Court of Auditors gives a positive opinion on the reliability of the Commission accounts.</p> <p>In addition, the unit R2 has been involved and contributed to other audits carried out by the IAC, the IAS and the CoA with some financial impact but not being chef de file (FP6 monitoring, FP7 negotiations, Procurement, DAS2007 on FP6, etc).</p> <p>IAS – IT systems</p>	

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	Dir. F	Dir. G	Dir. H	Dir. R	Dir. S
				<p>In the first quarter of 2008, the IAS concluded its audit on the management of the local IT systems within DG INFSO. The IAS concluded that the management of IT systems within DG INFSO provide reasonable assurance regarding the achievements of the business objectives set up for the processes audited, except for 5 very important issues which are being addressed. The IAS audit was concluded on the 31st March 2008. The audit opinion was that: Based on the results of our audit, as defined by the scope of the engagement, we believe that the internal control system put in place for the management of the local IT within DG INFSO provide reasonable assurance regarding the achievement of the business objectives set up for the processes audited...".</p> <p>The audit report also mentioned 5 issues for which specific actions have been planned and reported in our Action Plan. [...]</p>	

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	Dir. F	Dir. G	Dir. H	Dir. R	Dir. S
4.2.c Any inconsistencies	<p>The Directorate has actively participated to regular internal meetings to improve the effectiveness of the procedures (e.g. the audit of the FP7 project negotiation).</p> <p>Directorate F is also broadly in line with the recommendations issued by the Internal Audit capability of DG INFSO with which we have collaborated actively (e.g. audit on Ethics). Regarding the implementation of external audits it must be noted that, in some cases, the audited organisations disagreed with the audit results (e.g. due to different interpretation of legal or financial aspects). In these cases, Directorate F advocates that Directorate S is better placed to defend the correctness of the approach taken (given its in depth knowledge of the audit work performed), to protect the interests of the European Commission (e.g in possible legal actions) and to ensure a fair and even treatment of the audited organisations (in its role of central capability).</p>	<p>No discrepancy with internal auditors' opinion has to be mentioned in the reference period.</p> <p>Concerning external audits of research grants, it is noted that in a growing number of cases the audited organisations have expressed disagreement with the audit results (or at least a difference of interpretation with the EC services in charge to implement such results, or in some cases that it was not possible to comply fully with the EC indications). In these cases, in order to avoid inconsistencies of treatment of the same organisation participating in different projects, it is recommended that the discussions be managed centrally by the DG INFSO unit in charge of external audits, rather than by each individual unit or PO in charge of the projects. This central service is in fact better aware of the audit analysis work and of the motives of the recommendations made, and is therefore in a better position to conduct a further dialogue with the contractor, thus ensuring a single final</p>	None	<p>Directorate R is aware of the need to clarify and strength the rules on ethics in DG INFSO and to organise awareness raising on these issues amongst staff.</p> <p>However, human resources are lacking to run properly these actions, namely following the transfer of the research posts and the screening exercise.</p>	None.

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	Dir. F	Dir. G	Dir. H	Dir. R	Dir. S
		decision on the implementation of the audit. This would also better protect the EC from possible legal actions stemming from a potential unfair or uneven treatment.			
5 Opinions of the Director 5.1 Overall opinion on internal control system	<i>Taking into account the objectives of my Directorate, and the risks deriving from the management environment and the nature of the operations, I have established, maintained and enhanced the management and control systems in my Directorate (which comply with the Internal Control Standards set by the Commission) in order to provide reasonable assurance that suitable controls are in place and working as intended to reduce or keep the risk exposure at an acceptable level.</i>	<i>Taking into account the objectives of my Directorate and the risks deriving from the management environment and the nature of the operations, I have established, maintained and enhanced the management and control systems in my Directorate (which comply with the internal control standards set by the Commission) in order to provide reasonable assurance that suitable controls are in place and working as intended to reduce or keep the risk exposure at an acceptable level.</i> Note. Implementation of ICSs in Directorate G is continuously monitored by means of Directorate meetings and discussed at the AFUs meetings. Additionally, it is	<i>Taking into account the objectives of my Directorate and the risks deriving from the management environment and the nature of the operations, I have established, maintained and enhanced the management and control systems in my Directorate in order to provide reasonable assurance that suitable controls are in place and working as intended to reduce or keep the risk exposure at an acceptable level.</i>	<i>Upon my arrival on the first of October 2008, I have maintained the management and control systems in the Resources Directorate (which comply with the internal control standards set by the Commission) in order to provide reasonable assurance that suitable controls are in place and working as intended to reduce or keep risk exposure at an acceptable level.</i> <i>In 2009, I will assess which efforts are to be made to increase the effectiveness in the use and implementation of established procedures, thus contributing to further improving overall performance.</i>	On the basis of what analysed and described under chapters 2 and 3, Directorate S' compliance to the ICS can be assessed as being satisfactory and does not show any specific situation that can be regarded as critical. The Directorate considers that the internal control systems put in place are appropriately conceived and that they correspond to the defined requirements. <i>Taking into account the objectives of my Directorate and the risks deriving from the management environment and the nature of the operations, I have established, maintained and enhanced the management</i>

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	Dir. F	Dir. G	Dir. H	Dir. R	Dir. S
5.2 Suggestions for ICS priorities	<p>Taking into consideration the DG's environment, the challenges and objectives for the coming year, I would suggest the following ICS as a candidate for receiving a priority status to focus on for improving their effectiveness in DG INFSO:</p> <p>ICS 3 – Staff Allocation and Mobility.</p> <p>During 2008 Directorate F was not able to replace three permanent AD staff (two of them in one single Unit) and</p>	<p>worth mentioning that with the completion and introduction of more and more sophisticated IT tools, internal control is embedded into the procedures and workflows implemented by means of such tools. Notable examples of such tools are iFlow, ARPS, PPM that all embed ICS compliant procedures in their flows.</p> <p>As of today, Directorate G ICS compliance is overall satisfactory and does not show any specific situation that can be regarded as critical.</p> <p>Considering the DG's environment, challenges and objectives for the coming year, I would suggest the following ICS as candidate for receiving a priority status to focus on for improving their effectiveness in DG INFSO:</p> <p>ICS 3: Staff Allocation and Mobility.</p> <p>Continuity of operations is currently affected by high turnover of personnel working in positions that require a specific Commission know</p>	<p>Taking into account the DG's environment, challenges and objectives for the coming year, I agree with the ICS standards the ICC network identified as candidates for receiving a priority status to focus on for improving their effectiveness in DG INFSO.</p>	<p>Taking into account Directorate R's core activities and changes that are occurring in the field of its expertise, Directorate R would suggest focusing on following ICS:</p> <ul style="list-style-type: none"> • ICS 2 – Ethical and organisational values; • ICS 10 – Business Continuity; 	<p><i>and control systems in my Directorate (which comply with the internal control standards set by the Commission) in order to provide reasonable assurance that suitable controls are in place and working as intended to reduce or keep the risk exposure at an acceptable level.</i></p> <p>Taking into account the DG's environment, challenges and objectives for the coming year, in my role of Internal Control Coordinator, I would suggest the following ICS as candidates for receiving a priority status to focus on for improving their effectiveness in DG INFSO during 2009: three of these suggestions were already part of the ICC recommendations for 2008, the two other will be added for 2009:</p>

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	Dir. F	Dir. G	Dir. H	Dir. R	Dir. S
5.3 Remarks on previous AAR qualifications	<p>experienced a high rotation on contractual agent posts (26 new persons), with obvious potential implications on the performance of the Directorate. Efforts to stabilise the number of posts and the personnel in Directorate F are crucial to improve performance and should be increased. This suggestion applies to other DG INFSO research Directorates alike.</p> <p>None</p>	<p>how, like the one on administrative and financial rules and procedures. Induction courses alone cannot solve the problem, since most of the knowledge necessary for such posts is slowly acquired directly on the job by treating "real life" cases. These jobs would in fact require either permanent posts or contractual agents posts with extended contract duration (more than 3 years).</p> <p>None</p>	<p>None</p>	<p>[sic - none]</p>	<p><input type="checkbox"/> effectiveness of Business Continuity Plan (BCP) - continued</p> <p><input type="checkbox"/> effectiveness of Data Protection arrangements - continued</p> <p><input type="checkbox"/> effectiveness of INFSO's policies on sensitive functions and forced mobility - continued</p> <p><input type="checkbox"/> effectiveness and awareness of ethics-related provisions</p> <p><input type="checkbox"/> effectiveness of document management</p> <p>In the AAR 2007, there was a reservation related to the residual error rate in the implementation of the Research Framework Programme. For FP6, the audits conducted over the whole of the Framework Programme resulted in a residual error rate which was higher than the materiality threshold established by the ECA.</p> <p>As regards the evolvement on these issues in 2008, I refer to the information as contained in Annex I, External Audits Synthesis</p>

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	Dir. F	Dir. G	Dir. H	Dir. R	Dir. S
5.4 Any material issue for declaration	None	No qualifications or reservations relating to any “material” issue or deficiency to be reported in 2008.	I agree with the conclusion of the DG INFSO declaration group and have no further material issues to report which have an impact on the declaration or reservations by the AOD	None	Report 2008. None
6 Director's judgement	Unqualified opinion.	Unqualified opinion. <i>This assessment is based on my own opinion and the hand-over report D(2008) 927950 by Dr R. Zobel who was Director of this Directorate until 31/03/2008.</i>	Unqualified opinion.	Unqualified opinion.	Unqualified opinion, except: As regards the issues on research spending, I refer to the information as contained in details in the External Audit Synthesis Report 2008 annexed to this report.

Annex D – Audits performed by DG INFSO's Internal Audit Unit and Related Matters

- D1: Status Overview
- D2: IAC's annual opinion 2008

INFSO's Internal Audit Unit and Related Matters Status Overview

Audit on ethics

- **Objective**

The main objective of the audit was to provide an opinion on the effectiveness of the implementation of the ethics framework within DG INFSO. The audit assessed the adequacy and effectiveness of the internal control system on ethics and, in particular, the audit examined the awareness, understanding and respect by personnel of relevant rules, organisational principles and values.

- **Scope**

The audit covered all processes and activities carried out by DG INFSO. The auditors performed a risk-based analysis considering the three categories contained in the IIA (Institute of Internal Auditors) guidance, i.e. the ethical culture, the internal influences and the external influences. The fieldwork of the audit focused on the main risks identified.

The main ethical aspect not included in the scope was the ethical content of research projects (e.g. concerning research on animals, human embryos, etc.) selected for funding by the Commission. Consequently, the auditors did not evaluate the potential risk of grant agreement negotiation not taking adequately into account recommendations from the Ethical Review Panel.

- **IAC's Conclusion**

Based on the results of its audit, according to the objectives and scope of the engagement, the IAC believe that the internal control system in place for the management of Ethics within DG INFSO provides reasonable assurance regarding the achievement of the business objectives set up for the processes audited, except for the points to be improved listed hereafter:

- The audit work revealed that awareness of professional ethical rules and principles can be improved to a large extent for all kind of staff working in DG INFSO, including also interim and *intra-muros*. The above would strengthen the reflex for correct professional behaviour;
- The systemic and formalised use of checks on conflicts of interest at the very beginning of the grant management process would increase its effectiveness;
- Some improvements are also possible in preventing document leakage and supervising the internal control systems on ethics

Limited

Limited

- **Current state of play**

Following the request of the Director General¹, Directorate R has taken the lead to implement a consolidated action plan. Directorate R will also provide the IAC with a communication programme on ethics integrating the contributions from all relevant Directorates and including measures to ensure the effectiveness of such communication.

Audit on contract negotiation and preparation process in the FP7 ICT programme.

- **Objective**

The audit had a threefold objective:

- (i) to check compliance with applicable rules and regulations as well as to review the status of the main internal control standards applicable to the management of these processes;
- (ii) to evaluate the effectiveness and efficiency of the process and the control measures;
- (iii) to make recommendations to improve the current procedure in the 7th Framework Program (FP 7);

- **Scope**

The audit focused on the contract negotiation and preparation process in the FP 7 IST programme managed by Directorates D, E, F, G and H.

The on-line IT tool called NEF (Negotiation Facility) was not audited because it was not yet in use. The Legal and Financial Verification (LFV) system has not been audited. In the context of this audit, the auditors mainly assumed the correctness of the financial viability category (good, acceptable, weak or insufficient). In order to go deeper into the details a separate audit would be needed.

- **IAC's Conclusion**

Based on the results of its audit, as described in the objectives and scope of the audit engagement, the IAC believe that the internal control system in place for the contract negotiation and preparation process in the FP 7 IST programme within DG INFSO provides reasonable assurance regarding the achievement of the business objectives set up for the processes audited, except for the following points to be improved:

- Most of the tasks mentioned in the "FP7 Negotiation guidance notes" have been accomplished during the negotiation process, with regard to the sample of projects selected by the auditors. However, the written documentation did not always provide conclusions of these tasks or did not provide enough audit trails on how to justify the conclusions. Furthermore, the auditors found lack of coherence and efficiency in preparation, management and documentation of the negotiation.

¹ Note INFSO-O1fFSPIMB/ D (2008) 943616 of 17.11.2008

Limited

Limited

- Legal and financial validation (LFV) checks are not always updated and adequately reported, on a risk-based analysis.
- The current regulations and the results of the LFV checks are not always correctly interpreted.
- The nature of AFU verification checks in the negotiation process has not been clarified in detail in the guidelines and is not harmonized at DG-level.
- There is no overall information available to identify and analyse at DG-level: (i) changes (e.g. beneficiaries, amount of funding, duration of the project) made to proposals during the negotiation process and (ii) beneficiaries whose LFV status need clarification (e.g. financially "insufficient" partners or "weak" coordinators).

- **Current state of play**

All the recommendations were accepted and an action plan was proposed² to implement the recommendations. A follow-up audit will be performed within one year time from the finalisation of the original audit, to determine the adequacy, effectiveness, and timeliness of the actions taken by management on the findings reported in the "Audit on contract negotiation and preparation process in the FP 7 IST programme".

Follow-up audit on financial statements processing and payment process in the FP6 IST programme

- **Objective and scope**

The main objective was to determine the adequacy, effectiveness, and timeliness of the actions taken by management on the findings reported in the original audit.

- **IAC's Conclusion**

Based on the results of the follow-up audit as described in the objectives and scope, the IAC assess that not all accepted recommendations that resulted from the original Audit of Financial statement processing and payment process in the FP6-IST programme (performed in 2007), have been adequately and effectively implemented.

Indeed, the main issues which are currently outstanding (being only in progress or partially implemented) are:

- Training on Financial statements is not mandatory for *gestionnaires* and Project Officers (in progress).
- FP 6 payment guidelines concerning the stop-the-clock method and baseline date calculation (including examples of reasons to stop the clock) are not yet refined; and baseline date calculation is not yet introduced and checked in the IT application (in progress).

² Note DG INFSO/C5/MM/vlg- D(2008) 948016 of 21.11.2008

Limited

Limited

- Reliable statistics are not available to check the total elapsed payment delays (partially implemented).

- **Current state of play**

Those actions have been suspended for FP6 in order to focus on the start of FP7. Once the FP7 process is fully implemented, actions intended to improve FP6 will be re-considered.

Follow-up audit on project review process in the FP6 IST programme

- **Objective and scope**

The main objective was to determine the adequacy, effectiveness, and timeliness of the actions taken by management on the findings reported in the original audit.

- **IAC Conclusion**

Based on the results of its follow-up audit as described in the objectives and scope, the IAC assess that the accepted recommendations resulting from the "Audit of the project review process in the FP 6-IST programme" (carried out in 2007) have not yet been adequately and effectively implemented, except recommendation 3 (redefine the "Overall assessment in the review report template") and recommendation 8 ("Improve the approval process of the consolidated review report").

Indeed, the main issues which are currently outstanding (being only in progress) are:

- Ensure adequate assessment of economy and necessity in FP6 project review (in progress).
- Help the Project Officers to adequately reject costs or terminate the contract when these actions are due (in progress).
- Implement in EMM application the requested changes (in progress).
- Set additional supervision measures on the project review process (in progress).

Audits in progress, started in 2008

- **Audit on procurements including appointment letters:**

- **Background**

The main objective is to review the management process of public procurement including appointment letters in DG INFSO, in order to provide reasonable assurance that the existing internal control systems are adequate and effective.

- **Present status**

The draft observations table, based on the fieldwork performed, have been discussed with representatives of all directorates in February 2009. The final report will be finalised by the end of March/April 2009.

- **Monitoring of the EACEA:**

This audit will review how DG INFSO monitors EACEA, in order to provide reasonable assurance that the internal control system in place is adequate and effective. The audit is in a preliminary phase.

Consultancy and other activities

At the request of the Director General, the IAC gave him advice at several occasions, with regard to issues regarding DG INFSO.

The Head of Unit (IAC) held frequent meetings during the second semester of 2008 with the Director-General, to brief him on the state of play of the audit engagements, the problems encountered and the status of the implementation of the recommendations.

The IAC attended also the weekly Directors' meeting as well as other management meetings (ICT Directors' meetings, AFUs/OS meetings, Internal Control Coordination Group, AAR Declaration Group, etc.).

The IAC gave assistance to IAS' audit activities in DG INFSO, either as contact point or by participating in meetings during the second semester of the year 2008. Such assistance concerned the IAS audits on Ethics and on Internal control system for managing FP7 as well as the IAS follow-up audits on IAC quality review and on ex-post controls.

The IAC is part of the Declaration Group, responsible for the preparation of the AAR. In this regard, an annual activity report on the activities performed by the IAC during 2008 was sent to the Director-General on 28 January 2009 and to the IAS. This report included the contribution of the IAC to the establishment of the Annual Activity Report (AAR) of DG INFSO and is one of the elements of information to assist the Director General in the formulation of the Annual Declaration, which is annexed to the AAR.

Furthermore, the IAC has expressed its annual opinion on the internal control system, risk management and governance processes in place within DG INFSO, based on the nature and the scope of its work during the year 2008. Such an annual opinion was sent to the Director General on 10 February 2009.

The IAC has also sent its Work plan for 2009 to the Director General, for his approval.



EUROPEAN COMMISSION
Information Society and Media Directorate-General

Internal audit

Brussels, 10 February 2009
INFSO-01/FSP/di D(2009)105214

Limited

**Note to MR. FABIO COLASANTI
DIRECTOR GENERAL DG INFSO**

Subject: IAC's annual opinion 2008

Dear Director General,

Following our Charter, the IAC shall be accountable to the Director-General. The IAC shall express an opinion on the state of control within DG INFSO, based on the nature and the scope of the IAC work during the year.

The "legal basis" for the IAC annual opinion is Communication SEC (2003)59 on *"Clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission"*. Also the Standards of the Institute of Internal Auditors (IIA) require the internal audit activity to evaluate the adequacy and effectiveness of controls.

During the year 2008, the IAC of DG INFSO has completed four audits. They covered the activities carried out by the Administrative and Finance Units (AFUs), the management of the legacy of open commitments from previous programmes, the implementation of the ethics framework within DG INFSO and the contract negotiation and preparation process in the FP 7 IST programme.

Based on the results of our audits as described in the objectives and scope of the engagements, I believe that the internal control system, risk management and governance processes in place provide reasonable¹ assurance regarding the achievement of the business objectives set up for the activities and processes audited, except for the following observations, which resulted in very important recommendations:

Audit of the Administrative and Finance Units (AFUs)

- There is no singular person acting as financial initiating agent for some types of transactions; financial initiating tasks for the same transaction are performed both in the operational units and in the AFUs. Initiation and verification tasks in the AFUs do not always appear to be adequately distinguished.
- The standard checklists that are available in iFlow (IT workflow system) to the financial verifying agents in the AFUs confuse initiation and verification tasks. They are incomplete and therefore do not enable the financial officers in the AFUs to prove that they performed all necessary controls, and to be aware of any deviation from established rules and procedures.
- Knowledge and know-how shared during the regular coordination meetings and cross-DG working groups established between AFUs and horizontal services are not directly and readily available in a comprehensive way for all staff that may need them in their daily work.
- There is no internal mobility strategy to secure the required administrative and financial expert skills and competences in the AFUs.

Audit of the legacy of open commitments from previous programmes

- Non-availability of experienced *gestionnaires* in the operational units to deal with old project files, which require an expertise on specific rules. Most of the *gestionnaires* are contractual agents with a contract of limited duration;
- Non-compliance with applicable rules (amendments are made one year after the end of the project, lack of registered and strict reminders sent to the partners in order to close the files sooner or late de-commitments);
- No reporting and monitoring on Final Date for Implementation (FDI) extensions;
- No complete overview of the projects (scientific, administrative and financial aspects);
- Need for a better communication and a reinforced monitoring by the DG's central units, in compliance with applicable rules and procedures (reminders, amendments, calculation and FDI extension, de-commitments etc.).

¹ 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.

Audit on Ethics

- Awareness of professional ethical rules and principles can be improved to a large extent for all kind of staff working in DG INFSO, including also interim and intra-muros. The above would strengthen the reflex for correct professional behaviour;
- The systematic and formalised use of checks on conflicts of interest at the very beginning of the grant management process would increase its effectiveness;
- Some improvements are needed to prevent document leakage and to supervise the internal control systems on ethics.

Audit on Contract negotiation and preparation process in the FP 7 IST programme

- Written documentation does not always provide conclusions on tasks mentioned in the *"FP7 Negotiation guidance notes"* or does not provide enough audit trails on how to justify such conclusions. Furthermore, the auditors found lack of coherence and efficiency in preparing, managing and documenting the negotiation phase.
- Legal and financial validation (LFV) checks are not always updated and adequately reported, on a risk-based analysis.
- The current regulations and the results of the LFV checks are not always correctly interpreted.
- The nature of AFU verification checks in the negotiation process has not been clarified in detail in the guidelines and is not harmonized at DG-level.
- There is no overall information available to identify and analyse at DG-level: (i) changes (e.g. beneficiaries, amount of funding, duration of the project) made to proposals during the negotiation process and (ii) beneficiaries whose LFV status need clarification (e.g. financially "insufficient" partners or "weak" coordinators).

The above observations are the result of the audit work performed, which is documented in the IT tool Audit Management System (AMS). Such audit work included mainly reviews of the system documentation, interviews with key personnel, flowcharts or narratives of the processes, description of the internal control systems, risk assessments, design and performance of test of transactions and substantive tests and meetings to discuss the Observations and Recommendations Matrix ("Observations table").

In addition to the opinions given above, and taking into account their coverage of the activities and processes in DG INFSO, I declare that I am not aware of anything not reported here which may constitute a major weakness in the internal control system or may lead to a potential reservation in the AAR, except for the eventual residual error rate observed by ex-post controls (not yet calculated), which may be higher than the control objective.

As regards the adequacy of the internal control system in place, however, the following issues should be duly taken into account:

- The significant number of changes (some of them mistakes, other are unjustified changes or delays) related to the Legal and Financial status of beneficiaries in FP7, resulting from the Legal and Financial Validation carried out by the recently created Central Validation Team, following the agreement among the Research DGs.
- The need to reinforce the overall reporting and monitoring on operations of DG INFSO (e.g. overall information on the Final Date for Implementation and extensions, changes during the Negotiation phase or reliable statistics to check the total elapsed payment delay).
- The follow-up audits on financial statements and project review processes in FP6 have shown that almost half of the recommendations, which were accepted by the services, in fact have not been implemented or have been only partially implemented, because FP6 related developments on payments are suspended until the FP7 process is fully implemented. With respect to project review, several recommendations have been postponed to a later target date.



Fernando Sendra-Palmer
Head of Unit 01 (IAC)

Annex E - State of play on the OLAF's files

- E1: Status overview

Annex F – State of play on the European Ombudsman's files

- F1: Status overview

State of play on the European Ombudsman's files
Status overview

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DG INFSO "Chef de file"

Name of the complaint	Date of reception of the complaint	Background	Steps taken	Next steps
N° 2008/3373	22.12.2008	<p>This complaint of 3.10. and 27.10.2008 relates to the earlier complaint 2008/2291 which was closed with no follow-up by the Ombudsman.</p> <p>The complainant alleges that the Commission acted unfairly by not accepting the complainant's costs related to salaries it paid to employees, that the Commission unilaterally changed contracts by transferring funds from different budget lines and that it failed to reply in substance (and not only formally) to his letter of 13.08.2008.</p> <p>The complainant claims that the Commission should waive some parts of reimbursement orders.</p>	Commission's draft reply to the Ombudsman: in preparation by the concerned services	Deadline for the Commission's reply: 31.03.09 (postponed to 30.04.2009 due to additions in the complaint)

State of play on the European Ombudsman's files
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N° 2008/3003	16.12.2008	The complainant alleges that the Commission has not appropriately supervised the publicity in Member states as regards the "e-Inclusion Awards 2008". This alleged failure would explain the non-participation of some stakeholders in the event including the complainant. The complainant also requests information on the selection procedure of the projects which have participated in this event as well as on the European funds involved. Furthermore the complainant has not received a reply to his email of 9.11.2008.	Ombudsman's request (informal request-telephone procedure) for answering by 6.01.2009 at the latest the complainant's questions transmitted to DG INFSO's concerned services: 17.12.2008. Phone contacts between DG INFSO and the complainant: 18.12.2008. Reply sent by the Commission to the complainant (copy sent to the SG): 6.01.2009 Ombudsman's closing decision: 17.02.2008	none
N° 2245/2008/WP	12.09.2008	The complaint concerns . Further to warnings by the consortium, the technical performance of this organisation led to the termination of the participation of this organisation to the project and a reimbursement was requested by DG INFSO. The complainant makes the following allegations: it was inappropriate for the Commission to insist on recovering from it financial contributions; the Commission unfairly rejected his	Reply from Ms Reding to MEP sent on: 15.09.2008 The Court informed on 12.12.2008 the Commission's external lawyer that liquidation procedure has been formally opened. The external lawyer confirmed that everything will be done to register the Commission's claim in time, ie at the latest on 23.01.2008. A first audience is planned on 4/03/2009. The SG sent a note to the Ombudsman on 18.12.2008 informing him that the liquidation procedure was formally opened	The expected Ombudsman's decision will very likely be the dropping of the case as the Commission will continue the legal proceedings

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		suggestions for an alternative solution to the problem. A MEP, , sent also a letter to Ms Reding on 6.09.2008 with regard to this issue.	on 9.12.2008 in and that the Commission will register its claims in the course of the procedure.	
N°2403/2008/OV	24.07.2008	On 24.07.2008. a 3 rd complaint was sent by the complainant to the Ombudsman. This 3 rd complaint is the follow up of the 2 earlier ones for failure to deal, both as regards the procedure and the substance (only pending replies have been yet received by the complainant), with the initial complaint of 26.09.2007.	3 rd complaint sent to the Ombudsman: 24.07.2008 Transmission of this 3 rd complaint by the Ombudsman to the Commission: 11.09.2008 authorities' reply received through the EU-Pilot mechanism on 18.09.2008. Proposed reply on the substance (based on the feedback) from F. Colasanti to the complainant sent for comments to the involved DGs and the Ombudsman's related correspondents within the DGs (deadline: 10 working days): 14.10.2008 Reminder sent by DIR A to DG EMPL and LS on 31.10.08. Reattribution by the SG to DG EMPL 11.11.2008 DG EMPL suggests re-attribution to DG INFSO as chef de file (which is rejected by DG INFSO): 13.11.08 Note DG INFSO sent to DG EMPL: 10.12.2008 DG INFSO's holding reply sent to 11.12.2008 Commission's opinion sent to the Ombudsman: 06.02.2009	

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<p align="center">N°1507/2008/OV</p>	<p>(27.09.2007) Attribution to DG INFSO: 28.05.2008</p>	<p>A 2nd holding reply was sent to the complainant on 21.04.2008, this time by the Cabinet of Commissioner Kovács. The reply pointed out that the matter has once again been forwarded to the Cabinet of another Commissioner, namely Commissioner Reding. On 29.04.2008, the complainant wrote again to the Ombudsman, pointing out that he had still not received a reply on the substance to his email of 26.09.2007. After discussions between SG, DG INFSO and a number of services possibly related to the issue, the complaint was finally attributed to DG INFSO on 19.06.2008, although no service seemed competent. After DG INFSO replied to the complainant on 17/07/2008 explaining that it had to undertake further investigations on the side of the the Ombudsman considered that the Commission took steps to settle the matter and closed this 2nd complaint on 24.07.2008.</p>	<p>2nd holding reply sent to the complainant: 21.04.2008 Second e-mail from the complainant: 29.04.2008 First attribution to Cabinet Reding/DG INFSO: 28.05.2008 Reattribution to DG TAXUD: 04.06.2008 New reattribution to DG INFSO: 19.06.2008 After consultation of all concerned DGs, reply to the complainant and letter to the Permanent Representation signed by Mr F. Colasanti: 17.07.2008. Ombudsman's 2nd closing decision: 24.07.2008 3rd complaint sent to the Ombudsman: 24.07.2008</p>	
<p align="center">N° 2007/3100</p>	<p align="center">September 2007</p>	<p>The 3 complaints concern a failure to reply to the complainant's e-mail of 26 September 2007 addressed to Commissioner Kuneva. In this e-mail the complainant, a citizen living in , claimed that authorities discriminate against foreign</p>	<p>Reminder by the Ombudsman: the Cabinet of Commissioner Kuneva sent a first holding reply to the complainant on 11.12.2007. This holding reply stated that the complainant's email would be answered as quickly as possible by the Commission's services.</p>	

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(pour mémoire – DG INFSO not involved)		EU nationals entitled to unemployment benefits, by depriving them of the possibility of being exempted from payment of the TV and radio licence fees.	The complaint (N° 3100/2007/OV) is closed by the Ombudsman on 17.01.2008 as settled by the Commission.	
N° 2597/2007/RT	14.11.2007	This complaint concerns the project under contract . The complainant alleges that the Commission did not pay the eligible costs and failed to explain its delay. In addition the complainant alleges that the Commission did not reply to its e-mail dated 7 March 2007. The complainant finally claims the eligible costs to be paid.	Draft reply prepared by DG INFSO: 28.11.2007 DG BUDG's approval on: 28.01.2008 LS 's approval on: 22.02.2008 Cabinet's approval on: 03.03.2008 Dossier sent to the Cabinet for Mme Reding's signature on: 06.03.2008 Comments of the Commission sent to the Ombudsman: 25.03.2008 Ombudsman's follow-up request on the payment to the complainant: 12.06.2008 DG INFSO's reply sent on: 26.06.2008 Payment by the Commission done on 14.07.2008 and SG informed on 15.07.2008 Ombudsman's closing decision: 09/12/2008 (maladministration: failure to reply to the complainant's email directly and to provide him with the required information, including the reasons for its payment delay)	Deadline for the Commission's reply to the critical remark: 30.06.2009

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N° 3617/2006/JF	26.01.2007	<p>The complaint relates to the process leading to the adoption of the Proposed Regulation on international roaming charges and the Impact Assessment by the Commission. According to the complainant the Commission failed to conduct a proper impact assessment (limited scope, guidelines not fully respected, incorrect market data,...). Both phases of the public consultation were criticised as far as in particular their publication, content, respect of time limits were concerned.</p>	<p>Attribution to DG INFSO/Cabinet Reding: 29.01.2007 Comments of the Commission sent to the Ombudsman: 23.05.2007 The complainant's observations to the Commission's reply sent 25.09.2007</p> <p>Ombudsman's closing decision: 03.07.2008 one instance of maladministration was noted which is in relation to the time limits for participation in the consultations. A critical remark refers to the fact that the Commission's decision to shorten the public consultations period below the normal minimum of 8 weeks foreseen was not in accordance with the conditions laid down in the communications or consultations. All the other complainant's arguments were rejected (content and publication of the regulation proposal, issues linked to impact assessment...)</p> <p>Meeting of the "Relations with Stakeholders inter-service Group" of SG: 18/09/2008. Comments of the INFSO B on the closing decision of maladministration and critical remark of the European Ombudsman sent to INFSO S2 and INFSO B2 on 4.12.2008.</p>	<p>Deadline for the Commission's reply to the Ombudsman: 30.04.2007</p>

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			Interservice consultation launched on 10.12.2008. Agreements DG COMP, DG MARKT + SG E3 received on 17.12.2008. Cabinet's agreement received on 19/02/09	
N° 2392/2005/OV	26.07.05	The complainant () contests the change from “additional cost” model to “full Cost Flat rate” model which was proposed by the EC services through a contract amendment in order to be in line with the FP5 rules for participation. Following a first request for information from the European Ombudsman and the corresponding comments by the Commission on 02.12.2005, the complainant replied on 12.01.2006, maintaining his claim (loss of money due to change of cost model). As a follow up the Ombudsman sent to the Commission on 14.11.2006 a new request for further information notably on the contractual basis and exact reasons for the requested change of cost model.	Attribution to DG INFSO/Cabinet Reding: 14.11.2006 Comments of the Commission sent to the Ombudsman: 26.02.2007 Request for friendly solution: 31.01.2008 Comments of the Commission sent to the Ombudsman on: 11.06.2008 Ombudsman's closing decision: 26.09.2008 (case closed without further action because of initiation of Court proceedings by the complainant)	none
N° 1785/2005/OV	13.06.2005	The Ombudsman sent to the Commission on 14.06.2007 a new request for further information following a first request for information where the complainant maintained his earlier complaint related to the EC project (delay in interim payment, final payment outstanding and abuse of power by the EC services by auditing the conference income and expenditure) claiming for	Date of the Ombudsman's first request for info to Commission: 13.06.2005 Comments of the Commission sent to the Ombudsman: 03.01.2006 Date of the Ombudsman's further request for info: 14.06.2007 Comments of the Commission sent to the Ombudsman: 13.12.2007 Ombudsman's closing decision: 16.12.2008 (Maladministration with the following	Deadline for the Commission's answer to the critical remark: 31.05.2009

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		compensation.	critical remark: the Commission failed to provide convincing reasons capable of justifying the delay in the payment of cost statements 5 and 6 which occurred from 5.01.2004 to 21.04.2004) Draft reply in preparation by the Commission's services	

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DG INFSO associated

Name of the complaint	Date of reception of the complaint	Background	Steps taken	Next steps
N° 3399/2008	28.01.2009	The complainant, a former employee at , alleges that the Commission did not carry out his invalidity procedure correctly.	Attribution to DG INFSO: 28.01.2009 DG ADMIN's draft reply: in preparation	Deadline for the Commission's answer: 30.04.2009
N° 2781/2008	02.12.2008	The complainant alleges that the Commission failed to provide valid and adequate grounds for the refusal of access to the documents that he requested under Regulation 1049/2001. The complainant claims that the Commission should grant access to the documents requested, without, if necessary, revealing the identities of the individual experts.	Attribution to DG INFSO: 02.12.2008. SG G3's draft reply sent on 27.01.2009 DG INFSO's agreement with annotations sent on 10.02.2009 Legal Service's agreement asked by SG G3 on 11.02.2009	Deadline for the Commission's answer: 31.01.2009

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N° 3158/2006/IP	01.02.2007	The complainant alleges that the Commission failed to take a decision on his complaint (non-notification of an Italian legislation on the operating of its electronic network used to connect legal games submitted on 07.11.2005, and claims that the Commission should take a decision.	Attribution to Cabinet Verheugen /DG ENTR: 07.02.2007 DG ENTR asked for DG INFSO contribution: 09.03.2007 DG INFSO forwarded its contribution to DG ENTR: 13.03.2007 Comments of the Commission sent to the Ombudsman by DG ENTR: 07.05.2007 European Ombudsman's closing decision: 18.12.2008 (no maladministration)	none

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<p>N° 2681/2007/PB</p>	<p>17.01.2008</p>	<p>The complainant claims that the Commission has given the Ombudsman untrue information with regard to document ERG (06) 45a. In its reply to the Ombudsman concerning complaint No 488/2007/PB, the Commission stated that this document (a submission note) had not been prepared and thus there was no document with reference number ERG (06) 45a. The complainant submits that he has obtained this document from two independent sources</p>	<p>Attribution to Cabinet Barroso (SecGen): 18.06.2007 SecGen asking for DG INFSO contribution: 29.01.2008 DG INFSO forwarded its contribution to SG-E3: 05.02.2008 SecGen asking for modifications: 12.02.2008 DG INFSO final contribution sent: 22.02.2008 Comments of the Commission sent to the Ombudsman by SG-E3: 11.03.2008 European Ombudsman's closing decision (maladministration with a critical remark because the Ombudsman does not consider that "he has been provided by the Commission with information and explanations that demonstrate compliance with the duty of ensuring the accuracy of the statements which set the non-existence of certain requested documents"): 19.06.2008 DG INFSO's draft reply to the critical remark sent to SG on 26.09.2008 President's Cabinet approval received on 19.02.2009</p>	<p>Deadline for the Commission's answer: 31.12.2008</p>
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<p align="center">N° 488/2007/PB</p>	<p>24.09.2007</p>	<p>The complainant alleges that the Commission failed to give valid and adequate grounds for its rejections of his confirmatory application for full access to the documents requested.</p>	<p>Date of the Ombudsman's sending to the Commission: 24.09.2007 Attribution to Cabinet Barroso (SecGen): 31.05.2007 SecGen asking for DG INFSO contribution: 22.08.2007 DG INFSO forwarded its contribution to SG-E3: 30.08.2007 Comments of the Commission sent to the Ombudsman by SG-E3: 01.10.2007 Ombudsman's proposal for a friendly solution sent to the Commission on 24.09.2008 SG /E/3 (Transparency, Relations with Stakeholders and External Organisations)-asked whether it would be possible to re-consult the representatives of the Member States concerned to see if they maintain their opposition to the disclosure of documents/data provided by them: 25.09.2008 Consultation of the ERG's Extension of the Ombudsman's deadline for answer: 31.01.2009 DG INFSO's draft reply sent to the SecGen on 09.01.09 SecGen's comments on the DG INFSO's draft reply: 20.01.2009 Legal Service's comments: 05.02.09 SecGen's amended draft reply : 09.02.2009 DG INFSO's approval of the amended draft reply: 16.02.09</p>	<p>Deadline for the Commission's answer: 30.11.2008</p>
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<p>N° 3697/2006/PB</p>	<p>05.02.2007</p>	<p>This complaint concerns the Commission's handling of the complainant's application for public access to a number of documents (Report on Mobile access market competition, MVNO/access and bottlenecks, ERG (06)45 and Internal report on Mkt 18 analysis, ERG (06)47).</p>	<p>Attribution to Cabinet Barroso (SecGen): 06.02.2007 SecGen asked for DG INFSO contribution: 03.05.2007 DG INFSO forwarded its contribution to SG-E3: 08.05.2007 SecGen made comments on INFSO contribution: 10.05.2007 DG INFSO gave its final approval to SG-E3: 10.05.2007 Comments of the Commission sent to the Ombudsman by SG-E3: 04.06.2007 European Ombudsman's closing decision: 22.10.2007 (Instance of maladministration) Commission's answer to the Ombudsman's critical & further remarks sent on 19.01.09</p>	<p>none</p>
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