

# **Bi-Annual Management Report DG INFSO**

**01 January 2008 – 30 June 2008**





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# 1. Introduction

This Bi-annual Management Report covers the period from 1 January 2008 until 30 June 2008 and is accompanied by a set of Annexes containing more detailed information. It reports on issues identified in the agreed Working Methods between Mrs Reding's Cabinet and DG INFSO<sup>1</sup> in line with the Code of Conduct on relations between Cabinets and Services.

Several chapters in this BMR include references to the topics discussed at the "Internal Control Coordination Group" (ICC Group<sup>2</sup>), 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, normally every two months. During the first half of 2008, ICC Group meetings took place on 31.01.2008, 17.04.2008 and 12.06.2008 – leading to the mid-term progress report (D-2008-925419).  
See Annex A1.

A dedicated INFSO.S intranet-page includes all related documents:  
([http://intra.infso.cec.eu.int/S/IC\\_coord\\_group/pages/meetings.htm](http://intra.infso.cec.eu.int/S/IC_coord_group/pages/meetings.htm)).

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<sup>1</sup> 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

<sup>2</sup> 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 2008 Budget

Besides the state of play relating to the implementation of the budget for commitment and payment appropriations presented below, an overview is given for the payment time indicators and the follow-up on recovery orders for the reference period up to 30.06.2008.

#### 3.1. Commitments and Payments Status of Implementation up to 30 June 2008

**Table 1: Status of budget implementation on 30.06.2008: Commitments**  
[Re-assigned revenue or so called C4 credits excluded; 3rd country credits included]

	Budget Chapter	Planned	Actual
09.01	Administrative Expenditure	82,0%	84,6%
09.02	i2010 – Electronic Comm. and Network Security	30,3%	30,9%
09.03	i2010 – ICT Take-up	44,9%	46,5%
09.04	i2010 – Cooperation – ICTs	39,8%	51,5%
09.05	Capacities – Research Infrastructures	77,6%	77,7%
09.06	i2010 Audiovisual policy and Media programme	55,1%	52,8%
	<b>Total :</b>	44,9%	54,4%

As far as commitment appropriations are concerned, the overall execution exceeds by 10 % the forecast. This is mostly due to the rapid progress in negotiations for the FP7-ICT second call for proposals. At this stage, implementation rates of 100% or close can be expected by the end of the year.

**Table 2: Status on budget implementation on 30.06.2008: Payments**  
[Re-assigned revenue or so called C4 credits excluded; 3rd country credits included]

	Budget Chapter	Planned	Actual
09.01	Administrative Expenditure	37,4%	39,2%
09.02	i2010 – Electronic Comm. and Network Security	49,3%	50,4%
09.03	i2010 – ICT Take-up	21,7%	18,7%
09.04	i2010 – Cooperation – ICTs	51,0%	64,7%
09.05	Capacities – Research Infrastructures	93,1%	51,1%
09.06	i2010 Audiovisual policy and Media programme	40,2%	43,5%
	<b>Total :</b>	50,1%	59,7%

For payment appropriations, the average rate of execution is ahead of forecast, and in particular for FP7-ICT payments. This is also due to the rapid progress in negotiations for the FP7-ICT second call for proposals, and the subsequent pre-financing payments. The perceived delay for Research Infrastructures is related to a slight delay in a single pre-financing payment of 25.6 M€, which will be executed in July 2008.

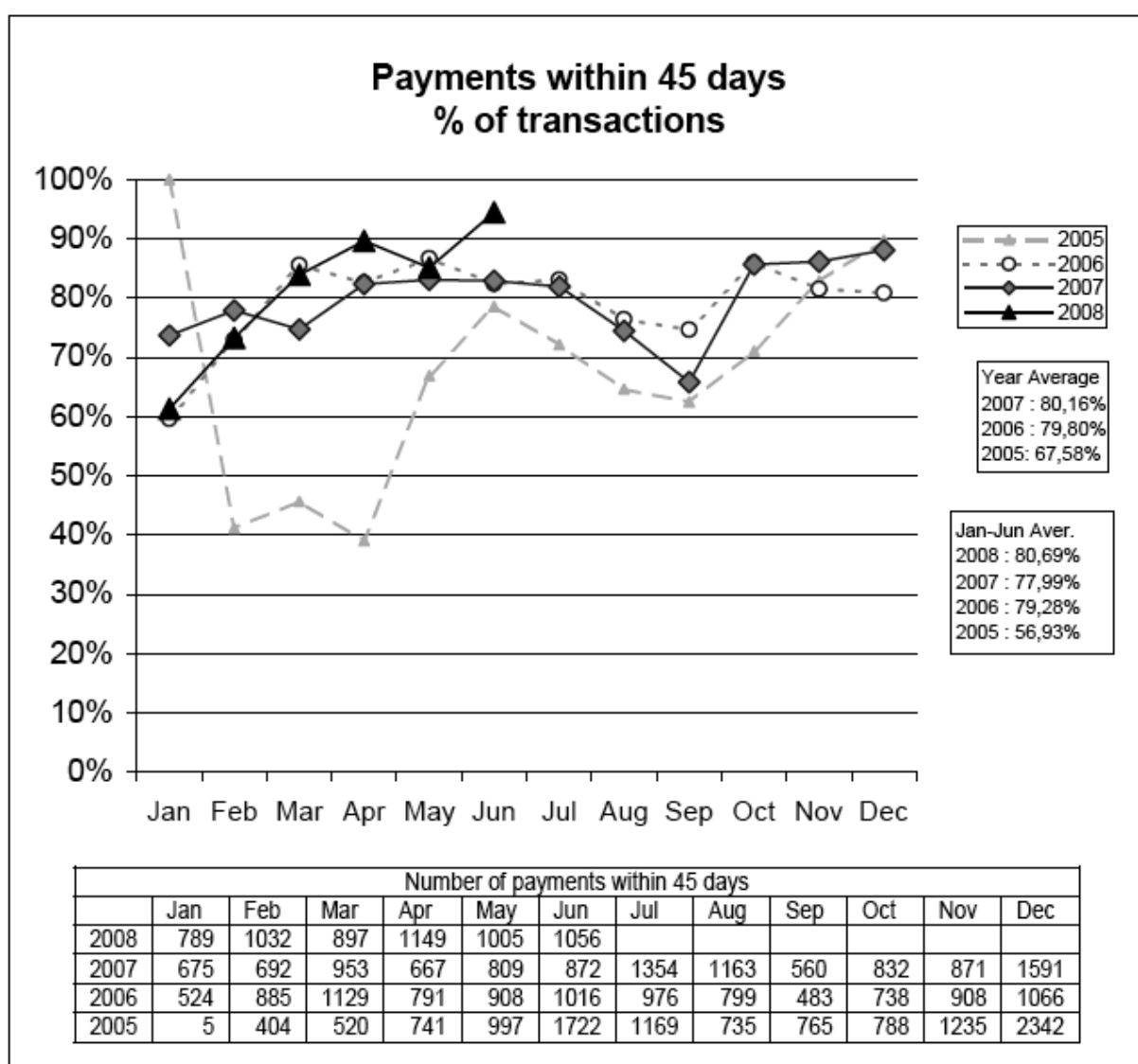
According to current estimates, there is no risk to run out of payment credits before year end, and implementation rates of 100% or close can be expected by the end of the year.

## 3.2. Payment Times

Performance in terms of average payment times over the first six months of 2008 shows an improvement with respect to 2007 and indicates a positive trend since 2005. Considering the payments carried out over the period January-June 2008, 80.69% were executed within 45 days, whereas in 2007 this figure was 77.99%.

Given the current trend, and the availability of tools to monitor in real-time the late payments and interests due for projects, it is reasonable to foresee that the percentage of payments processed within 45 days for the whole 2008 will mark an improvement with respect to 2007.

**Table 3.1: Payment times (% of transactions paid within 45 days)**

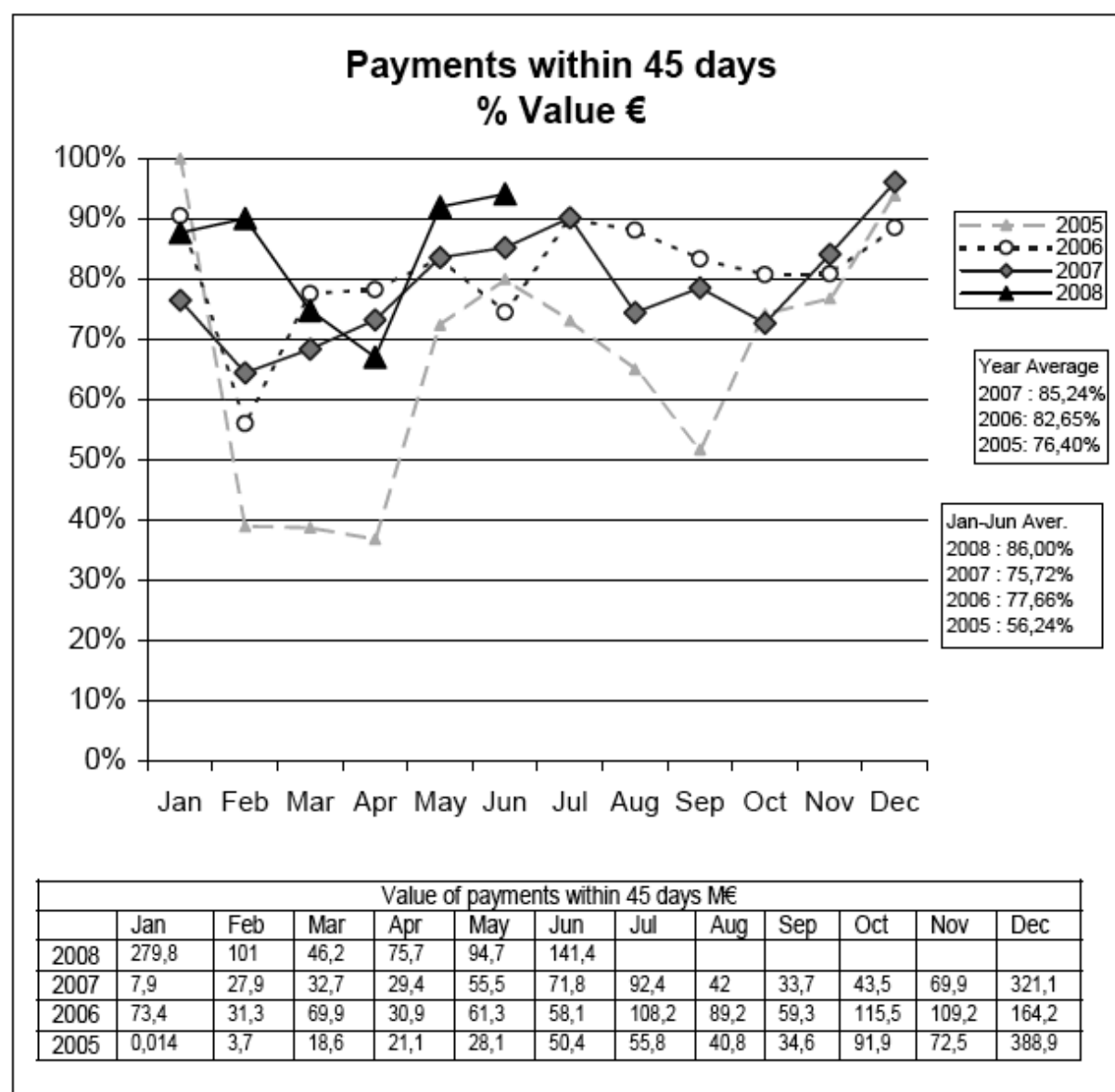


A steady increase of the percentage of payments carried out within 45 days can also be recorded in terms of underlying value. During the first 6 months of 2008, an average of 86% of the total value of the payments carried out over the period has been executed within 45 days, whereas this figure was 75.72%, 77.66% and 56.24% over the same period in 2007, 2006 and 2005 respectively.

In particular, in 2008, after a decline recorded in March and April, payments amounting to more than 90% of the total value of the payments processed each month have been executed within 45 days in May and June.

Given the current trend and the reasons cited above, it is expected that performance in terms of overall value of payments carried within 45 days for the whole 2008 will also mark an improvement with respect to 2007.

**Table 3.2: Payment times (% of value paid within 45 days)**



The table on the next page details performance by type of expenditure over the period January-May during the last 4 years.

Processing times for most categories of payments have improved or at least stabilised (in particular for projects, services and studies, external staff).

For example, the efforts mentioned last year for further improving the payment times for projects (e.g. enhanced financial training, selection and standardisation of best practices, further improvement of the IT tools to allow for a better monitoring of the whole project reporting cycle, covering both scientific and financial aspects) have been particularly fruitful as indicated by the rate of payments within 45 days which went from nearly 50 % during the first months of 2005 to almost 80 % during the 2008 similar period.

The specific situation for the payments related to the reimbursement of meetings expenditure is however still unsatisfactory. On one hand the new rules in place since the beginning of this year have clarified and imposed stricter deadlines. On the other, DG INFSO has put in place a new IT system which will increase the efficiency and will allow for a better monitoring of these payments. Some results are already visible but the real impact will only happen during the 2nd part of the year when the majority of the payments will go through the new system.

It is to be noted that DG INFSO is currently dealing with two different situations, payments on the Research budget for which DG INFSO has the full responsibility and payments on the Operational budget where DG INFSO does the preparatory work, initiates and verifies the transactions whereas PMO validates as Authorizing Officer by Delegation. While a significant improvement has been observed on the payments under the full responsibility of DG INFSO, the problem remains on the payments authorized by PMO (the average payment time for PMO is currently more than twice the one for DG INFSO). DG INFSO has raised its concerns in a note (2008/926260 of 24.06.2008) to the PMO's Director and proposed to explore all possible solutions that would have immediate impact on payment times as well as on the efficiency of the overall procedure.

**Table 4: Payment times – Performance by type of expenditure (May 2008 – Payments within 45 days)**

	January -May 2008			January -May 2007			January -May 2006			January -May 2005		
Type of Transaction	% of payments	Number of payments	Value €	% of payments	Number of payments	Value €	% of payments	Number of payments	Value €	% of payments	Number of payments	Value €
External staff	99,39%	490	3.091.923	88,8%	221	2.270.513	87,3%	276	2.128.266	66,7%	136	1.829.066
Missions	96,23%	1.431	511.439	97,0%	830	317.082	79,0%	1.288	395.853	41,6%	414	112.802
Services & Studies	88,19%	478	13.021.656	86,8%	387	6.997.366	82,0%	407	6.884.674	69,5%	233	4.532.113
Experts	82,12%	1.552	3.812.545	84,8%	1.058	2.514.453	88,8%	1.294	3.270.749	62,4%	986	2.360.437
Projects	79,43%	560	571.978.837	65,0%	322	140.911.175	67,6%	402	247.150.519	48,1%	297	52.560.881
Meetings	29,64%	313	208.958	36,5%	337	196.616	61,7%	550	340.239	33,8%	218	156.572
Grants	100%	23	1.641.219	-	-	-	50,0%	10	704.891	30,9%	312	9.033.672

External staff = ENDs, Interims

Experts = ALs/TCLs for intra/extra-muros experts

Projects =IST – Non research programmes calls

Grants = MEDIA programme (externalised to EACEA)

### 3.3. Status on Recovery Orders

During the first semester 2008, DG INFSO has continued its focus on issuing new recovery orders and following up existing ones.

A total of 83 new recovery orders were issued during the first half of 2008 as a result of the implementation of audit results (66 audits leading to recovery orders, accounting for 80% of the new cases).

On 01.01.2008, the balance of 117 open recovery orders totalled 13,6 M€. During the first semester of 2008, the 83 newly established recovery orders added 9,8 M€ to this amount. However, recovery orders worth 9,65 M€ were cashed/compensated, and 0,55 M€ were cancelled or waived. Consequently, the balance on 30.06.2008 stood at 114 open recovery orders totalling 13,74 M€.

In the stock of open recoveries, there are four important categories for which the open amount represents 12,2 M€ and 90% of the cases (financial audit 24,25% of total value; final payment 23,23%; liquidation/bankruptcy 20,31%; contract termination 21,01%). In particular, the recovery orders issued following the liquidation of legal entities due to bankruptcy usually remain open for a long period, after which in most cases they lead to a waiving decision (once the liquidation is definitively closed, no means are available to recover the open amounts). Twenty cases totalling 2,8 M€ and expected to be waived in the future belong to this category, out of a total of 33 cases worth 6,2 M€ expected to be waived.

All details are provided in Annex B1.

Concerning the Media Programme, during the first semester of 2008, one recovery order file has been received from EACEA and managed by DG INFSO for submission to the College, which led to the waiving of 0,75 M €.

## 4. Changes to the Financial Circuits

The only update introduced to the financial circuits - originally adopted in 2005 – allows operational directorates the option to initiate individual commitments for procurement contracts of a value below or equal to 5.000 €. Such an action can be completed within the ABAC Workflow either through a procedure called Workflow Rule (WFR) 11 meaning that there is a Complementary Verifying Agent (CVA) visa by unit R2, or through the WFR 2 procedure with no CVA by unit R2.





## 5. Risk Management: Follow-up of DG INFSO's High-Level Risk Assessment (HLRA) Exercise

Building upon the positive experience of DG Info's 2007 High-Level Risk Assessment (HLRA) exercise, the follow-up of risk management actions for the DG's critical and other important risks has been organised on a structural basis during 2008 via the "Internal Control Coordination Group (ICC Group)".

In 2008, DG INFSO's ICC Group has already met three times 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 12.06.08, a 2008 mid-term progress report (see Annex A1) was sent to DG INFSO's senior management.

The implementation of the action plans to further reduce some of DG INFSO's most important risks appears to be in progress as intended and will continue over the next months. In addition, the monitoring reveals that our exposure to three of DG INFSO's four 'critical risks' as defined during the last High-Level Risk Assessment exercise and reported as such in the Annual Management Plan (i.e. telecom regulation, spectrum policy, JTIs, errors in ICT cost claims) are under control. However in the area of spectrum policy the risks identified have indeed materialised (cf. pending status of the proposal to repeal the GSM Directive).



## 6. Internal Control

### 6.1. Implementation of the Recommendations from the Internal Control Coordinator (ICC)

Similar to the INFSO risk management and monitoring actions, the monitoring of the annual recommendations of the Internal Control Coordinator (ICC) and their follow-up in terms of improvement of the effectiveness of DG INFSO's internal control system are assured by the "Internal Control Coordination Group (ICC Group)".

As mentioned in the 2008 mid-term progress report (see Annex A1), most of the 10 action plans for implementing the ICC recommendations appear to be in progress as intended – including for DG INFSO's 3 'priority Internal Control Standards (ICS)'. These latter were selected following the last ICS review and reported upon in the Annual Management Plan (i.e. sensitive functions policy, business continuity plan, data protection). For 4 actions, substantial progress is planned during the second semester of 2008.

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

Through their 2008 mid-term Directorates' Management Reports (DMRs), the Directors - in their roles of Authorising Officers by Sub-Delegation - have reported no new material issues<sup>3</sup> under their responsibility to be considered by the Director General as Authorising Officer by Delegation as potential qualifications or new reservations to his AAR declaration.

Furthermore, it appears that the risks at directorates' level have been kept under control ('stable') and/or have been further reduced through risk management measures by continued line management ('reduced').

The internal control systems have been applied, and directors have reasonable assurance that suitable controls are in place and working as intended.

In their respective DMRs covering the first semester of 2008, directors have reported on a small number of minor deviations from set procedures<sup>4</sup> which all have been adequately documented in the related file and logged through the appropriate administrative/financial IT tools.

<sup>3</sup> These "material issues" relate to the principles of legality, regularity, effectiveness, efficiency and economy (sound financial management) and/or related to risk management and internal control.

<sup>4</sup> e.g. extensions of FDI after expiration, re-opening of files after termination leading to the initiation of new commitments for existing payment obligations or 'Couverture des Obligations Substantes' (COS), late signature of Appointment Letters or public procurement actions of small value, extension of procured contracts, late payments, minor deviations related to payment of experts (daily subsistence allowance or travel arrangements), FP6 contract amendment rejected (cf. missing document from a partner) and DG INFSO's decision to grant derogation to article 45 IR to allow a financial "interim" to act as FIA (including access to ABAC/SINCOM) in order to treat MEDIA II files during a limited period of time (June-August 2008).



# 7. Status Report on External Financial Audits up to 30 June 2008

## 7.1. Reinforcement of External Audit Function/ Implementation of the ABM Action Plan

In March 2007, a common audit action plan for the Research DGs was accepted by the ABM steering committee (Action plan to implement a new approach for ex-post audits of the Research Programme activities). The progress regarding the implementation of this action plan has been reported to the ABM steering committee in quarterly intervals (last report dated 24.04.2008). Regular updates have also been provided to the Cabinet.

Action Plan key objectives are:

- adapt staffing and organisational structures to the objectives of substantially increasing the overall number of audits as well as the number of audits conducted on own resources;
- reinforce the audit coverage;
- reinforce the coherence of activities of the research ex-post audit structures;
- implement a new IT tools for the sharing of audit results;
- adopt a joint approach in dealings with the external audit firms under contract with the Commission;
- reinforce the certification process regarding FP6 and FP7.

Key actions performed at DG INFSO in this context are described below. The Research DGs (RDGs) related actions have been presented to the ABM Steering Group on 24.04.2008.

1. Significant increase of audit staff: the redeployment of staff and recruitment procedures are concluded. DG INFSO's External Audit Unit has grown from 7 to 20 staff members. The unit is currently composed of 9 AD, 5 AST, 2 CA FGIV, 2 CA FGIII and 2 END. The target size of 24 staff will be reached shortly. To accommodate the significant staff increase, training and team building exercises are undertaken to support rapid integration of the new arrivals. The measures taken include the finalisation of an audit handbook which describes all relevant procedures regarding the handling of batch audits and conducting audits.
2. Significant increase of audit coverage: the number of audits launched has increased massively. The number of audits launched up to 30.06.2008 equals 158 which exceed significantly previous years' levels (40 audits launched up to 30.06.2007).

As for the number of audits closed, the planned increase is following a similar expansion path:

- No of audits finalised in 2007: 143 (compared to 2006: + 76%)
- No of audits finalised in 2008: target 211, increase by 50%.

The target number of audits finalised in 2008 includes 27 audits conducted by the Court of Auditors for the Declaration of Assurance (DAS) 2007. Eight of those have been closed in the first half of 2008; the remaining 19 audits are scheduled for closure in the months to come.

3. Audit work is currently ongoing on three Framework Programmes, eTen and Media with a focus on FP6:

• **FP5:**

Finalisation of the ongoing audits, implementation of audit results.

• **FP6:**

- The common RDG audit strategy is being implemented, with reinforced cooperation in planning and exchange of audit results amongst the RDGs.
- Balance of in-house/outsourced audits: following the IAS recommendations to decrease dependency on external audit companies, the target is to perform 20 to 25% of the audits with own staff. Given that the new recruitments will only be finalised mid 2008, DG INFSO plans to reach this target in 2009.
- Risk-based audits: DG INFSO has developed an innovative risk-based selection and auditing method. A first set of 25 contractors has been selected for audit following this methodology. Nine of those have been subjected to audits in the first six months of the year. A minimum of six additional contractors out of the remaining ones selected will be audited in the second half of 2008.

• **FP7:**

- The implementation of the new approach for the certification on methodology using "agreed upon procedures" is progressing as planned. Guidance notes for beneficiaries and auditors have been completed and published on Cordis. A Joint Assessment Committee has been established between DG RTD and DG INFSO for the assessment of the acceptability of the certificates on the methodology. Several pilot on-the-spot and desk reviews of interested big beneficiaries have been conducted jointly with DG RTD. Three requests for certificates have already been submitted by beneficiaries. However, from the analysis conducted on the submitted certificates, it appears that the methodologies used by the beneficiaries are not yet fully in compliance with the necessary requirements. Contacts with these beneficiaries and further communication efforts are ongoing in order to promote the correct use of this instrument in FP7.
- The call for tender to select external audit firms for FP7 has been finalised and has been published. Evaluation procedures will start end of August 2008. The availability of the framework contract is scheduled for end of year.

• **eTen:**

audits are conducted on request from the operational services.

- **Media:**

an initial set of four "Media Desks" are scheduled for audit. Two of those audits have been performed; the remaining two audits are scheduled for 09.2008 and 11.2008.

4. Implementation of audit results

- Important progress has been made in the implementation of audit results: the number of projects with open amounts from audit closed before 2007 decreased from 209 (status 01.01.2007) to 17 (status 30.06.2008)
- Guidelines for the implementation of FP6 audit adjustments in DG INFSO have been finalised and will be distributed soon.
- A new IT tool (SAR WIKI) has been launched to share the audit results between RDGs. The tool is already operational. It contains guidance notes, meeting minutes of inter-DG committees and the audit reports of audits conducted in the past by the different RDGs.
- A committee composed of representatives of the four RDGs has been set up to coordinate the implementation of extrapolation and to make sure systematic findings are corrected in the contracts of the four DGs in the same manner. Audits conducted by one DG can therefore be used to correct the budget in all four DGs.

In summary, substantial progress has been accomplished in every area of importance regarding the implementation of the ABM action plan. In particular to mention are organisational aspects (creation of the external audit unit, redeployment of additional posts for audit and audit related functions and creation of the ex-post audit correspondents functions in the operational directorates), the implementation of the common FP6 audit strategy concerning the number of audits launched, the applied selection methodology and the consistent application of audit results to non-audited projects and periods.

## 7.2. Initiation of New Audits

Up to 30.06.2008, a total of 136 batch audits relating to FP6 have been launched in 3 batches comprising of 71, 10 and 55 audits. These batches are foreseen for completion in 2008. The applied selection procedures are in line with the common audit strategy for FP6, i.e. the selection comprises big contractors in terms of funding, statistically sampled contractors as well as audits on the basis of risk considerations. In addition, 10 eTen audits have been launched.

The launch of a further audit batch comprising 24 audits is foreseen for October 2008. This establishes a total of 160 batch audits which is in line with the audit programme foreseen in 2008.

Eight audits have been launched applying the risk based selection method. These audits are being conducted with own resources.

Unit S5 has furthermore conducted a review of a certificate on methodology regarding FP7, a check on the compliance with the FP7 SME self-declaration rules and one "Media Desk" audit. Unit S5 has also participated in a joint on the spot investigation with OLAF (disclosed under FP6 risk based audits).

The total number of audits initiated in 2008 is indicated in the table below.

Type of Audit	N° of audits initiated in 2008
FP 6	136
- Top 100	76
- MUS (Monitoring Unit Sampling)	51
- Risk*	9
FP7 (reviews)*	2
Non-research	10
Media Desk*	1
<b>Total</b>	<b>158</b>

\* conducted with own resources

The audit programme foresees in the second half of 2008 the launch of:

- 24 batch audits FP6;
- 10 batch audits relating to the non-research programme;
- 6 risk based audits (conducted with own resources);
- 5 follow-up audits on extrapolation (4 of which conducted with own resources);
- 2 "Media Desks" (conducted with own resources).

It should be noted that the bulk of the audits foreseen to be launched in 2008 has already been initiated.

### 7.3. Status on Ongoing Files

In total, 251 audits are currently ongoing of which 22 relate to FP5, 218 to FP6 and 11 to non-research programmes (e-Ten). The figure regarding FP6 includes 19 audits initiated and conducted by the ECA. These audits are included in the statistics as the administrative and financial follow-up is ensured by S5.

The completion of several audits is currently in delay, mainly due to performance problems of the external audit firm regarding the timely provisions of reports and at times quality issues. The delays have been explained by the external audit firm (Polaris) as being related to structural problems in the Polaris member firms in Spain, France and Belgium. Polaris informed DG INFSO that the problems are resolved and that backlogs will be resolved shortly.

### 7.4. Finalised Audits

By mid July 2008 a total of 68 audits have been closed. Sixteen of those relate to FP5, and 49 to FP6 (including 8 audits which initially have been conducted by the ECA).



## Overview of audits planned and closed in 2008

	Planned for 31.12.2008	Actual by 30.06.2008	Closed by 30.06.2008	Forecast in Q. III	Forecast in Q. IV	Forecast by 31.12.2008
FP5	40	25	16	12	12	40
FP6*	160	40	49	56	55	160
Of which Top	76	20	25	26	25	76
MUS*	70	20	21	25	24	70
risk	10	0	3	3	4	10
Follow-up FP6	4	0	0	2	2	4
FP7	5	0	2	1	2	5
Non research	10	7	0	5	5	10
Media	2	1	1	0	1	2
<b>Total</b>	<b>217</b>	<b>73</b>	<b>68</b>	<b>74</b>	<b>75</b>	<b>217</b>

\* includes audits conducted by the ECA; these audits are procedurally closed and financially followed-up by S5

It can be concluded that the targets according to the work programme for the first half of 2008 have been largely attained. The targets for the second half of the year are considerably higher, in line with the increase in staffing of S5. Continuous monitoring is applied and when needed specific discussions take place with the external audit firm regarding the timely delivery of audit reports. In addition, internal procedures will concentrate on efficient handling of audit files in order to speed-up processing time without lowering the established quality standards.

## 7.5. Audit Results

Annex C2 provides a quantitative overview of the finalised audits, both in terms of numbers of audits and the resulting adjustment rates.

The adjustment rate is measured as the ratio between eligible costs after audit and audited costs. The adjustment rate in favour of the Commission for FP6 audits closed in 2008 (49 audits) equals 0,88 %. This figure is uncharacteristically low and cannot be considered representative for what is expected to be the error rate for 2008.

The audits closed so far in 2008 include seven audits conducted by the Court which resulted in no adjustments. The remaining audits conducted by the Court in the framework of the DAS 2007 still need to be closed and these present in some cases important adjustments.

## 7.6. Implementation of Audit Results

A summary of the implementation of the external audit results in DG INFSO up to 15.07.2008 can be found in Annex C3. Additional progress was made with the implementation of old files.

The implementation of audit results for FP6 is currently handled in principle according to standard procedures. New guidelines for the implementation of audit adjustments had to be developed in view of the fact that the budget ceiling of FP6 projects is established on project level rather than at beneficiary level. This generates additional complexity in the implementation of audit adjustments. The new guidelines have been finalised in the first semester of 2008 and will be used from now on. The progress in implementation of audit adjustments for FP6 has also been reported to the ABM steering committee on 15.07.2008.

## 7.7. Audit of the Top Beneficiaries

A key component of the RDG's audit strategy is the systematic auditing of all the key beneficiaries. In auditing these TOP beneficiaries and extrapolating the results to non-audited contracts a large proportion of the budget would become free of systematic errors.

Initially, DG INFSO intended to audit all the TOP100 beneficiaries, covering 38% of the budget. Due to the newly introduced systematic sharing of audit results between the RDGs, this objective will be over fulfilled. An up-date towards 200 might be possible during the review of the audit strategy.

## 7.8. Risk Based Auditing

Under this approach all contractors which have more than five contracts with DG INFSO in FP6 have been screened and analysed for specific risks (universities, public authorities and big companies with an annual turnover much bigger than the FP6 budget contribution granted by DG INFSO excluded). The applied criteria were:

- Analyse the financial viability check, if available.
- Analyse the existing audit report(s), if available.
- Overall view on the contractual links with the Commission, not limited to DG INFSO (projects, payments, expert contracts), this analysis is hampered by the fact that the Commission IT systems do not allow cross-checking across DGs.
- Performance of the contractor during the FP6 projects with DG INFSO (project negotiations, project reviews, management reports...)

- Activity of the company (economically and scientifically), by looking at the way the company presents itself on its own website(s) and the publication records.
- References to the contractor in previous audit reports.

On that basis, a first set of about 20 contractors has been selected for auditing in 2008. Eight risk-selected audits are currently ongoing for which the preliminary results actually reveal significant levels of error.

## 7.9. Conclusion

The reinforcement of the ex post audit function in terms of staff and organisation is largely completed. Once the new staff is fully integrated and trained, S5 will reach full cruising speed regarding the implementation of the common FP6 audit policy. The accomplished results mid 2008 are in essence in line with the initially planned work programme. From today's point of view, the set audit targets for 2008, though very ambitious, can be attained.



## 8. Relations with the European Court of Auditors

The Court's activity increased significantly in the first semester of 2008, both in relation to the Declaration of Assurance 2007 and to "performance audits". These different aspects are developed in the following paragraphs.

### 8.1. Declaration of Assurance (DAS) 2006 – Recommendations

The Council and the Parliament have formulated respectively 66 and 114 recommendations to the Commission, based on the Annual Report 2006 of the Court of Auditors. Among these recommendations, 6 and 5 respectively are addressed to Internal Policies DGs, DG INFSO included, with DG RTD as chef-de-file.

One other Parliamentary recommendation concerns the peer review of Executive Agencies. DG INFSO gave by the end of June its visa on the consolidated reply proposed by the SecGen.

Finally DG INFSO, as chef de file, has proposed by the end of June a reply to two other Parliamentary recommendations concerning on the one hand the rejection of the Commission's proposal concerning the European Telecom Marketing Authority, on the other hand the promotion of women's participation in the knowledge society.

### 8.2. Court's Annual Report 2007

#### • The Court's audit work and preliminary findings

For DG INFSO, the Court's Annual Report 2007 is based on the results of the following audits:

- Transaction audits: for 2007, 56 DG INFSO's payments and 2 commitments were checked by the Court, to be compared with respectively 23 payments and 1 commitment in 2006. Eight sector letters were issued (PF 2716, PF 2717, PF 2809, PF 2826, PF 2845, PF 2870, PF 2909 and PF 2942) with 63 error forms concerning 34 different projects. The errors mainly concerned overstatement of eligible personnel and indirect costs (18 cases), declaration of other ineligible costs (8 cases), inadequate supporting evidence to justify costs claimed (10 cases), declaration of costs not attributable to the project (6 cases) and the issue of unqualified audit certificates although the Court found errors in the cost statements (14 cases).
- Late payments (PF 2836)
- Follow-up to previous findings (PF 2842)
- Common ex-post audit strategy for FP6 (PF 2923)

## • The Court's draft Annual Report 2007

DG INFSO is mainly concerned by Chapter 7 on Internal Policies, but also by a number of cross-cutting Chapters.

In **Chapter 1** (Statement of assurance concerning the reliability of accounts) the Court considers that the supervisory and control systems for the Research, Energy and Transport Sector are partially satisfactory, as in 2006 (unsatisfactory in 2005). The Court considers that the error range for this Sector is between 2 and 5%. The Court mentions that the balance between the cost of controls and the residual risk of error is an important issue that should take into account the nature of the different types of spending and should be approved at political level (i.e. by the budget/discharge authorities). DG INFSO is specifically mentioned only once in Chapter 1, in relation with its correct way of clearing pre-financings in the case of cost claims not accompanied by audit certificates.

In **Chapter 2** (Commission's internal control framework, including AAR and declarations by DGs), the Court notes that for most policy areas, the annual activity reports are closer to the conclusions of the relevant DAS specific assessment than in previous years. The Court also notes the high degree of implementation of internal control standards and the progress in the implementation of the Commission's action plan towards an integrated internal control framework. However the Court does not find yet evidence of the impact of the action plan. No specific reference to DG INFSO is made in Chapter 2, except concerning the full compliance with the baseline requirements for the eight internal control standards tested by the Court.

In **Chapter 7** (Research, Energy and Transport), the general results drawn by the Court concerning the assessment made on supervisory /control systems and on the errors found in transactions selected for testing in the framework of DAS 2007, are the following:

- Supervisory and control systems: The Court considers that overall the systems are partially effective (yellow colour). This assessment is in line with the one made by the Court for 2006, but is better than the one made in 2005 when the Court considered the systems as not effective (red colour).
- Results of transactions testing: the Court indicates that 48% of the transactions tested for DAS 2007 were affected by an error. This rate has to be compared with less than 20% in DAS 2006. The increase of the number of errors found can be explained by the fact that the Court has considerably increased the number of its on-the-spot audits (for DG INFSO, from 7 in 2006 to 46 in 2007), and that most errors can only be detected by on-the-spot controls. The Court indicates that the error rate is between 2% and 5% (yellow colour), as for 2006.

The Court also reports in Chapter 7 a number of problems already noted in previous years (declaration of overstated eligible costs, in particular in relation with personnel costs and indirect costs; identification of unqualified audit certificates, although the Court detected ineligible costs or the use by the beneficiary of a costing methodology not compliant with the terms of the contract; shortcomings in the sharing of audit results; complexity of the legal framework; late payments - the Court notes that little progress has been made in reducing payment delays for FP6)

A "new" problem reported by the Court is that the Commission has not applied any sanctions during the course of FP6, although sanctions were one of the main corrective measures introduced at the start of FP6.

A positive aspect of the report is that the Court confirms that the common ex-post audit strategy for FP6 represents a sound basis for addressing the problems identified by the Court.

The contradictory meeting with the Court took place on 01.07.2008 for Chapter 7 and was preceded by two pre-contradictory meetings on 9 and 27 June 2008 (see for more details note 928176 of 4.07.2008 for the Jour fixe meeting of 8.07.2008). The contradictory meetings for Chapters 1 and 2 are scheduled in September 2008.

### 8.3. DAS 2007 – Audits Started or Ongoing

- **Transaction audits**

The Court has announced that for 2008 it will test 150 transactions for the Research, Energy and Transport Sector instead of 180 in 2007. About 25% should concern DG INFSO.

During the first semester of 2008, the Court requested the supporting documents for 19 transactions dealt with by DG INFSO.

### 8.4. Court's Special Reports

- **Performance Audit: « The Commission's system for evaluating the impact of indirect actions under the EU RTD Framework Programmes »**

The Court adopted a report on the Evaluation of the EU Research Framework Programmes on 22.11.2007. The main criticisms of the Court concerned the lack of intervention logic by the Commission and the presence of poorly defined programme objectives with resulting difficulties for ex-post evaluation. The Court also criticised the Commission for the lack of a common strategy for the Framework Programmes. The report was presented to the Budgetary Control Committee of the EP (CONT) on 26.02.2008. The "rapporteur", Eluned Morgan (PSE/UK), prepared a working document in which she welcomed the "considerable number of improvements" already introduced by the Commission over the years and recognised that a more explicit intervention logic is embedded in the 7th RTD FP (see Annex VI). The Court proposed to make a follow-up audit in 2010, instead of 2008 as suggested by E. Morgan.

- **Performance Audit: "Regulatory Agencies"**

The Court forwarded to the Commission early March 2008 a draft "Special Report on Agencies" related to the processes that 14 regulatory agencies have implemented in order to plan, monitor, report on and evaluate their activities. ENISA was one of the Agencies audited. The report reflects on the Agencies as such, as well as on the management of the Agencies by the Commission services. Rather than stressing weaknesses, the report highlights improvements which could be made in the different domains audited and gives examples of good practices which could be expanded. The report also

invites the Commission to reassess its role in certain areas such as the evaluation of the best monitoring systems in place in some Agencies. For clarity and transparency reasons, the Court recommends that Agencies use the ABB/ABM system in place in the Commission, in particular as far as activity reports are concerned, and that the indicators should better reflect both the resources used and the results obtained in terms of effect and impact. The contradictory meeting took place with the Court on 21.04.2008 and the final report should be approved and published by the Court in the next few weeks.

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

Concerning the audit on the adequacy and effectiveness of selected FP6 instruments the Court has issued in June 2008 a fourth and a fifth Statement of Preliminary Findings. The first one (SPF 2835) gives the Court's assessment of the management of selected FP6 instruments by the Commission. This assessment contains the results of the testing of eight calls for proposals managed by four Commission DGs, together with specific assessments of key management areas. The second one (SPF 2936) contains the results of a survey conducted among research organisations. The Court is not giving any interpretation of the results of the survey and the sector letter is therefore purely factual. A specific report on the subject should be published end of 2008 at the earliest.

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

The Court has started an audit covering all Executive Agencies. 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". The audit will include two parts, one on the basis for the establishment of the Agencies and one on the efficient and effective functioning of each Agency. The Court intends to issue a first draft report before the year-end.

- **Preliminary study: "Better regulation through Impact assessment?"**

The European Court of Auditors has identified the Commission's strategy to simplify the regulatory framework for European business and citizens as one of its priority areas for 2008. In this context, the Court has launched a preliminary study of the Commission's impact assessment system. This exercise is coordinated for the Commission by the SecGen. On 27.06.08, an introductory meeting took place with the auditors concerned in order to familiarise them with the INFSO impact assessment practice. The Court intends to submit its preliminary report by the end of July and to take a final decision at the beginning of the autumn as to whether or not an audit as such will be launched.



## 9. Relations with the Internal Audit Service

During the first semester of 2008, the Internal Audit Service (IAS) had several audit engagements which were directly relating to some of DG INFSO's activities.

### 9.1. IAS Audit of the Annual Activity Report (AAR) Assurance Process

As briefed during the "jour fixe" meeting of 12.02.08 (cf. point 3 on "IAS Action Plan" – briefing note D/905486 of 08.02.08), the IAS sent its audit report on the AAR assurance process on 21.01.08. It should be noted that in the context of the requested action plan, the three recommendations addressed to DG INFSO (i.e. suggestions related to the DMRs, exception reporting and respecting the AAR standing instructions) had already been implemented at the end of 2007 in so far as they had been accepted by DG INFSO.

### 9.2. IAS Audit of the Research IT Systems – Audit Progress Committee

Last autumn, the IAS launched its "audit of research information systems" (briefing during the "jour fixe" meeting of 17.06.08 - cf. note D/924972 of 13.06.08).

The background of this audit can be found in:

- the 2005 ECA report on FP5 which recommends for FP6 the set-up of "common or integrated systems" and centralised support functions;
- the FP6 IT governance structure under which, finally, no common system was used for contract, project and financial management.

The audit covered the information systems directly related to the Research policy's grant management at DG RTD and INFSO, leading to IAS "recommendations" on the management of the IT systems currently used and/or being developed. In addition, the IAS was also to provide "issues for consideration" for the inter-DG FP7 IT Governance structure currently set up. The audit scope focussed on governance and project management aspects of those IT systems (in terms of business adequacy and effectiveness) including IT security.

#### • Research IT systems at DG INFSO

Following the fieldwork phase of this audit, the IAS presented its "observations" for pre-validation at a meeting on 26.02.08, which have been discussed at the IT Supervisory Board (ITSB) meeting of 04.03.08. Taking into account DG INFSO's comments, the IAS sent its preliminary draft report on 03.03.08 followed by the final report on 31.03.08. DG INFSO submitted its action plan on 08.05.08.

In terms of substance, the IAS has issued a "positive opinion" or reasonable assurance on the DG INFSO's governance and security related to the research IT systems including the achievement of the business objectives set up for the processes audited.

Moreover, DG INFSO's IT strengths are mentioned in the report – some of which are absent at DG RTD. DG INFSO compares quite favourably to previous IAS audits of IT systems of other DGs. This is mainly due to the consequences of a less harmonised organisation of their directorates and the degree of outsourcing of their IT thus less closely aligned to the users.

For DG INFSO, the IAS has issued 14 recommendations, none with a "critical" label. In terms of "very important" recommendations, there are 3 related to planning, organisation and project management (i.e. information systems architecture, project management methodology and change request management) and 3 related to IT security (LISO function, overall security policy, information security policy).

### • IAS limited review of inter-DG FP7 IT Governance

After an informal IAS-INFSO-meeting on the topic (11.04.08), the IAS sent its draft limited review for formal reactions (06.05.08) and its final limited review on 26.05.08.

In addition, the IAS has identified some "issues for consideration" related to the inter-DG FP7 IT governance structure currently set up:

- Reinforcement of the IT Programme Steering Committee (ITPSC)'s role (full overview of all Research-related IT developments), mandate (covering all common and shared systems), monitoring and decision taking (based on performance and financial reporting from AOSDs), and RTD representation;
- Continued harmonisation and alignment of the common FP7 business and IT processes including a coherent information system architecture (enabling system integration and inter-operability);
- Strengthening of project management<sup>5</sup> beyond the individual audit recommendations addressed to DG RTD and DG INFSO;
- (re-)assessment of the need of all exiting governance structures, roles and responsibilities<sup>6</sup>.

As all DG INFSO's comments have been taken into account by the IAS, DG INFSO made no further comments or objections to the IAS review and related "issues for consideration" for further improving the inter-DG FP7 IT Governance structure.

### • Audit Progress Committee (APC) meeting

The APC Preparatory Group meeting (29.05.08) discussed both the IAS audits of the two DGs and the IAS limited review of the inter-DG governance issues. The APC meeting (02.06.08) itself took the occasion to discuss the broader Commission-wide lessons to be learned on IT governance, project management and security.

<sup>5</sup> e.g. improved collaboration by making use of mixed teams, filling the remaining security gaps of the NEF application, ensure compliance with Commission decision 3602 on the security of information systems, the ITPO to consider project management delegations when given extended responsibilities

<sup>6</sup>cf. clear authority, responsibility, accountability, communication, etc

### 9.3. IAS Audit of Recovery Orders (RO)

Last autumn, the IAS launched its "audit of recoveries" to provide an opinion on the management of the recovery of sums unduly paid in the context of centralised management. The main risks would be the financial and/or reputational risks related to the non-recovery of unduly paid funds which would be lost due to weaknesses in the Commission's internal processes. In addition to the central services -DG BUDG and the Legal Service-, DG INFSO and the EACEA are included inter alia in the sample of operational DGs/services audited. Even though the events generating the RO (e.g. ex-ante verification of final payment, ex-post controls and implementation/extrapolation of audit results, result of OLAF-investigation) are out of the scope, the audit does cover the identification of unduly paid funds (phase 1), the issuance of RO (phase 2), the cashing/offsetting of RO (phase 3) and the monitoring of the recovery process (phase 4).

After the fieldwork phase and the validation of observations, the IAS sent its pre-draft audit report on 11.06.08 – for the auditees to comment on by 01.07.08. In this report, the IAS issues 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 would give rise to recommendations. Those recommendations would probably 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) has been mentioned as a good practice.

The IAS has addressed seven findings related to the operational DGs, none of which having a "critical" label. In terms of "very important" findings, there are two related to (i) the long delays between the issuance of the RO and the recovery<sup>7</sup> and (ii) the backlog of files assigned to the Legal Service<sup>8</sup>.

### 9.4. IAS Audit on Ethics

On 28.05.08, the IAS has announced its IAS audit on Ethics which will include an assessment of how the Commission's ethical framework is applied in selected DGs – including DG INFSO. A 'discussion meeting' on the audit's scope was held on 06.06.08, while a (common) kick-off meeting took place on 26.06.08.

As agreed earlier, the IAS has confirmed that the work done by DG INFSO's IAC in this field (cf. Internal audit on Ethics in INFSO; draft report of 30.05.08) will be taken into account in order to avoid duplications in the audit fieldwork, which is planned for the second semester of 2008.

### 9.5. Other IAS Related Issues

By 27.06.08, DG INFSO has again updated the IAS' AMS-IssueTrack database with the relevant information on the implementation status of accepted recommendations from previous audits – enabling the IAS to produce its next (interim) overview report to the APC with no INFSO-related

<sup>7</sup> Need for better coordination, exchange of information and monitoring between the different services involved.

<sup>8</sup> Suggestion for a regular clearing by a joint task-force

recommendations to be flagged as being "significantly delayed" in their implementation<sup>9</sup>.

All recommendations resulting from the IAS audit of ex-post controls at DG INFO and from the IAS audit of the Annual Activity Report (AAR) assurance process are closed.

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<sup>9</sup> The two still partially open EAC/EACEA-related recommendations, of which the implementation of the parts on the MIS-aspects were linked to the (delayed) deployment of the new "Symmetry" system modules, are now due to be implemented by September 2008 (cf. switch Symmetry -> Business Objects).

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

During the first half of 2008, the Internal Audit Capability (IAC) of DG INFSO finalised three audits. Their respective scope was the roles and responsibilities of the Administrative and Finance Units (AFUs), the legacy of open commitments from previous programmes and the follow-up of a previous audit of Directorate A. There are two audits in progress (one on ethics and another one on contract negotiation and preparation process in the FP7 IST programme) and one in preparation (on procurements including appointment letters). The IAC gave also advices to the Director General.

## 10.1. Overview of the Audits and Internal Organisation

An overview of the audits is described in Annex D1 and a detailed description is made in Annex D2.

The delay for the execution of the Work Programme 2008 of the IAC is explained mainly by:

- the vacant post of the Head of Unit during four months;
- several items of advice provided and not forecast in the work programme (ad hoc requests from the Director General);
- a broader scope and deeper work than foreseen in some audits.

In view of the above, the audit on IST project monitoring has been postponed until 2009.

The software "auto audit" has been used systematically since mid 2007 to carry out audits in order to have a better audit trail, a formalised supervision and a production of ad hoc reports (observations and recommendations per audit, time sheets etc.).

## 10.2. Three Finalised Audits

The results of the three audits (two initial audits and one follow-up audit) show that DG INFSO makes continuous efforts to improve its internal control systems.

As detailed in the table of the number of recommendations hereafter:

- Nineteen recommendations out of 22 (86%) were accepted by the auditees;
- Three recommendations were rejected by the auditees, but the IAC decided to maintain these very important recommendations. These recommendations are related to (i) the reporting and monitoring of old

files, (ii) the availability of experienced staff for old files and (iii) the administrative and financial information shared during the OS/AFU meetings, which is not directly and readily available for all staff ;

- Three other recommendations were rejected by the auditees and dropped by the IAC.

Audits	Accepted Recommendations			Rejected Recommendations	Dropped by IAC	Total
	VI (*)	I(*)	D(*)	VI (*)		
OS/AFUs	3	8		1	1	<b>13</b>
Legacy	4	1	1	2	2	<b>10</b>
Follow-up Dir A	2					<b>2</b>
<b>Total</b>	<b>19</b>			<b>3</b>	<b>3</b>	<b>25</b>
	<b>22</b>					

\* VI: Very Important      I: Important      D: Desirable

The IAC's Opinion concerning these three audits is satisfactory, except for further improvements needed in particular:

- Concerning the audit on OS/AFUs, (i) there is no singularity of the person who is acting as financial initiating agent for some types of transactions, (ii) the standard checklists in iFlow could be more complete and the information on coordination meetings should be easily and quickly available; decisions during OS/AFU meetings could be better reflected in the rules and procedures affected by those decisions and (iii) an internal mobility strategy would secure the expert skills in the OS/AFUs;
- As regards the audit on legacy files, (i) the processes could be improved at the level of the design of the systems (experienced gestionnaires available at any moment for old files; written and improved procedure for the use of the Final Date for Implementation (FDI); share of best practices) and (ii) at the level of the functioning of the systems (at Directorate level, a better use of rules and procedures for amendments, reminders, decommitments; at central level, an improved communication, a reinforced reporting and monitoring for a better use of rules and procedures);
- Concerning the follow-up audit on Directorate A, the main recommendations are implemented. It remains only an effort to be done to introduce adequate standard checklists.

### 10.3. Two Audits in Progress and One in Preparation

The audit on Ethics is at the stage of discussion of the audit report. The Director General of DG INFSO will discuss the results of this report with the Directors.

The audit on contract negotiation and preparation process in the FP7 IST programme is at the stage of discussion of the "observations table" with the auditees. The draft audit report will be written by July 2008.

The audit on procurements, including appointment letters, is in preparation from July 2008 onwards.

## 10.4. Consultancy

The IAC gave some advices to help the management. This advice covered mainly internal control and organisational aspects (ad hoc analysis on AAL (Ambient Assisted Living), observer during audits carried out by IAS, specific advices to the Director General).





## 11. State of Play on OLAF's Files



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

In the first semester of 2008, the following changes have occurred in the European Ombudsman's files for which DG INFSO is either 'chef de file' or associated:

- one new complaint was received where DG INFSO was in consultation (this complaint was already mentioned in the previous BMR covering period 1.07.2007 to 28.02.2008). The Ombudsman closed this case with a critical remark: he 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"
- one request for a friendly solution was received
- two informal requests took place
- one complaint with DG INFSO as 'chef de file' was closed by the Ombudsman with a further remark: he considers that it would be most useful if the Commission could ensure that, "in the context of procedures for filling high-ranking positions, the consultants should be guided and supervised in such a way as to ensure that the procedure and its outcome do not give rise to objections that could have been avoided".
- twelve complaints (DG INFSO is in consultation for five of them) are still ongoing.

In addition, during the reporting period, the European Ombudsman:

- presented his Annual Report 2007<sup>11</sup> including some statistics regarding 2007 complaints concerning all European institutions (about 2/3 of the complaints were made against the European Commission, 14 % against EPSO and 9% the EP). Among other topics, the report highlights the characteristics of the main Ombudsman's inquiries (in decreasing order: access to documents and data protection, the European Commission as guardian of the Treaty, tender contracts and grants, personnel matters including recruitment). The lack of transparency counts thus for 28 % of the total of the inquiries whereas unfairness or abuse of power amounts to 18 %; avoidable delays and discrimination represent respectively 9 and 8 %.
- welcomed the changes to his statute as proposed in a report by the European Parliament on 18.06.2008. The new rules, which will have to be agreed upon by the Council in order to enter into force, will :
  - give the Ombudsman full access to EU-documents during his inquiries (the information may no longer be refused on grounds of secrecy and rules are spelled out for the handling of classified information);
  - abolish the requirement that EU officials who testify must do so "in accordance with instructions";

<sup>11</sup> See: <http://www.euro-ombudsman.eu.int/report/en/default.htm#20052009>

- recognise the need for the Ombudsman to cooperate with institutions for the promotion and protection of fundamental rights.

See Annex F1 for the full status report.

# 13. Relations with the Education, Audiovisual and Culture Executive Agency (EACEA)

## 13.1. INFSO's Supervision of the EACEA

In accordance with Article 15 of the EACEA's "Act of Delegation" (C(2005)365 of 15.02.05), DG INFSO is one of the parent DGs (DGs-de-tutelle) co-responsible for the "scrutiny" of the EACEA. DG INFSO's monitoring and supervision needs in the context of the EACEA are being met through the participation in the "horizontal issues" and the "coordination committee (ex-task force)" meetings between the Agency and the parent DGs. In addition, regular MEDIA-specific "réunions de suivi" take place between the Director of the Agency and the INFSO/A Director to monitor the implementation of the annual work programme and to discuss the Agency's programme-specific reporting (cf. "mirror units" INFSO.A2 – EACEA.P8). Finally, the INFSO/A Director is also Vice-Chairman of the EACEA Steering Committee and ensures the regular reporting to DG INFSO's Director General (and, through him, the Commissioner) through a formal reporting procedure on the outcome of the Steering Committee meetings.

During the first semester of 2008, three meetings of the Agency's Management Board ("Steering Committee") took place (22.01.2008, 03.03.2008 and 31.03.2008). The next one is scheduled for 23.07.2008.

As already discussed during the "jour fixe" meeting of 21.05.08 and followed up through a briefing note to the Cabinet ("Status pending MEDIA II files" - D/924698 of 13.06.08 + annexes), DG INFSO's main concern related to the EACEA's management of the MEDIA Programme has been the mitigation of the issues related to the treatment of open MEDIA II files<sup>12</sup>. 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, as the Legal Service had clarified that an amendment of the Commission's decision setting up the EACEA was needed to explicitly include MEDIA II in the Agency's mandate. Transitional modalities of cooperation and financial circuits between EACEA, INFSO/A and INFSO/R have been defined in winter 2007/2008 for temporarily handling the remaining MEDIA II dossiers. In parallel, an amendment of the EACEA's mandate to specifically include MEDIA II was prepared.

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 COM Decision on the extension of the EACEA mandate to include MEDIA II (1st step) was adopted on 12.06.08. The Decision adoption now has to be followed up with a modification of the EACEA's Act of Delegation (2nd step). The

<sup>12</sup> Specificities of the MEDIA II programmes (1996-2000) include the nature of the contracts (cf. 10-year-duration or even unlimited in time – 750 or 12.5% of contracts still open in 2008) and the 'mechanism' of the subvention scheme (cf. conditionally repayable loans – leading to the systemic issuance of Recovery Orders).

amendment of the delegation act to include MEDIA II (CIS launched on 19.06.08 - written procedure) is expected by early/mid-July.

## 13.2. EACEA's Management Reporting

The EACEA's 2008 mid-term BMR will be forwarded to the Cabinet once received in the approved version.

## 14. Declaration and Reservations

The Declaration in the Annual Activity Report for 2007 contains only one reservation. It concerns the rate of residual errors with regard to the accuracy of cost claims in Framework Programme six contracts.

The reasons for the reservation lie essentially with the observations that the residual error from ex-post controls was higher than the control objective and that the full impact of the multi-annual audit programme to address this issue will only be reached later in the management cycle.

For further details, notably on the justification for the reservation, the materiality criteria, the quantification of the weaknesses and the related corrective actions, see AAR 2007, Chapter 3, p. 51-55.

The current state of implementation of these corrective actions and the impact they have achieved at the end of this first 2008 semester are described in detail in Chapter 7 of this BMR. It should also be noted that these actions have been as last year closely followed up in the Activity-Based Management (AMB) Steering Committee meetings (24.04.2008 and 15.07.2008.).





## 15. Annexes

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### ***Annex B - Implementation of 2008 budget***

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F1: Status overview

**LIMITED**

# **Bi-Annual Management Report DG INFSO**

**01 JANUARY 2008 – 30 JUNE 2008**

## **Annexes**



**European Commission**  
Information Society and Media



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- C1: Audit Results: Summary Table– Status of 15.07.2008
- C2: Summary of Implementation of the external audit results  
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### ***Annex D – Audits performed by DG INFSO's Internal Audit Capability and related matters***

- D1: Overview of Execution/Planning of Audits carried out by IAC INFSO
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### ***Annex E - State of play on OLAF's files***

- E1: Status overview of files/cases with OLAF
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### ***Annex F - State of play on the European Ombudsman's files***

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***Annex A - Introduction***

- A1: Internal Control Coordination Group: Monitoring of DG INFSO's actions in the context of Risk Management and Internal Control – 2008 mid-term progress report





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

Brussels, **26 JUN 2008**  
INFSO-S2/GV/cf D(2008) 925419

**NOTE FOR THE ATTENTION OF 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 mid-term 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)

During 2008, DG INFSO's "Internal Control Coordination Group" (ICC Group) has already met three times in order to monitor the progress of the actions in the context of risk management and internal control recommendations. Although, as foreseen, most actions will continue during the next months of 2008, similarly to last year a mid-term progress report is addressed to INFSO's senior management – which will feed into the mid-term Bi-annual Management Report (BMR) to the Commissioner as well.

*Risk management and risk monitoring*

The implementation of the action plans to further reduce some of DG INFSO's most important risks appears to be in progress as intended.

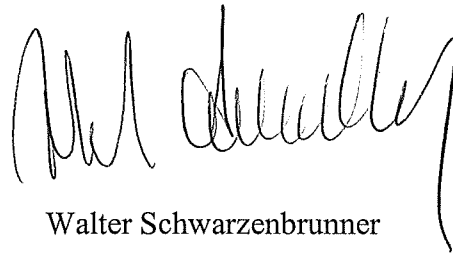
In addition, the monitoring of other important risks reveals that our exposure to most of those risks is under control as well – including for 3 of DG INFSO's 4 'critical risks' as defined during the last High-Level Risk Assessment exercise and reported as such in the Annual Management Plan (i.e. telecom regulation, spectrum policy, JTIs, errors in ICT cost claims). However, in the context of the spectrum policy, the risks have indeed materialised (cf. pending status of the proposal to repeal the GSM Directive).

*Implementation of ICC recommendations*

Most of the 10 action plans for implementing the annual recommendations from the Internal Control Coordinator (ICC) appear to be in progress as intended as well – including for DG INFSO's 3 'priority ICS' as 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). For 4 actions real progress will only be possible as from the second semester of 2008, but nevertheless their implementation is still planned for December 2008.



For your information, you will find a full status overview in annex. Furthermore, the 3 detailed underlying internal working documents will become available on the ICC Group's dedicated intranet pages (see reference below).



Walter Schwarzenbrunner

Appendix: 2008 mid-term progress report from DG INFSO's "ICC Group"

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

ICC Group's intranet pages:

[http://intra.infso.cec.eu.int/index.htm?url=/S/IC\\_coord\\_group/pages/meetings\\_2008.htm](http://intra.infso.cec.eu.int/index.htm?url=/S/IC_coord_group/pages/meetings_2008.htm)



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

Appendix to note INFSO-S2/GV/cf D (2008) 925419

**2008 MID-TERM PROGRESS REPORT FROM DG INFSO'S "INTERNAL CONTROL COORDINATION GROUP": MONITORING OF INFSO ACTIONS IN THE CONTEXT OF RISK MANAGEMENT AND INTERNAL CONTROL (STATUS 12.06.08)**

***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 already three times during 2008; on 31.01.08, 17.04.08 and 12.06.08.*

*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 12.06.08***

*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 12.06.08)**

In the context of the 3 action plans for further reducing INFSO's important risks, as identified in the 2007 HLRA, the implementation of the actions foreseen are in progress as intended.

<p><b>MEDIA/EACEA</b>  <b>Risk identified:</b> Difficulties in achieving execution of the MEDIA Programme, if the EACEA's mandate fails to be extended to cover previous programmes (cf. MEDIA II).  <b>Achievements made:</b> 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.  <b>Steps to be finalised:</b> The Decision adoption has to be followed up with a modification of the EACEA's Act of Delegation. The CIS on the amendment of the delegation act to include MEDIA II (2nd step) was launched on 20.06.08 (adoption in written procedure expected by early/mid July).</p>	<p>Target = SEP 08  Unit = A-OS  Status = in progress  Situation critical = no</p>
<p><b>HUMAN RESOURCES</b>  <b>Risk identified:</b> 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 (...).  <b>Achievements made:</b>  - 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 redistribution 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.  <b>Steps to be finalised:</b>  - Elaboration and implementation of a new INFSO policy on sensitive posts; see INFSO ICC recommendation 1a</p>	<p>Target = DEC 08  Unit = R1  Status = in progress  Situation critical = no</p>
<p><b>CO-FUNDING CAPACITY</b>  <b>Risk identified:</b> Funding of individual beneficiaries from one or more sources within the DG and/or across DGs, which may conflict with their actual co-funding capacity.  <b>Achievements made:</b>  Risk-based auditing specifically targeted to weak co-funding participants has started.  <b>Steps to be finalised:</b>  - extended analysis of available data with regard to identifying the potentially weak financial capacity of organisations  - monitoring of participants' cumulative financing throughout the FP-lifecycle calls  - adaptation of the risk-based part of the audit strategy in that respect; see also INFSO ICC recommendation 4</p>	<p>Target = DEC 08  Unit = S5  Status = in progress  Situation critical = no</p>

## 2. Reinforced monitoring of other important INFISO risks (status 12.06.08)

The monitoring of other important INFISO 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, our exposure to most 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. pending status of the proposal to repeal the GSM Directive).

<b>ENISA</b> <b>Risk identified:</b> 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 under control  <i>new developments (cf. the "EECMA-refusal");</i> new actions in progress as foreseen
<b>TELECOM REGULATION</b> <b>Risks identified:</b> (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
<b>SPECTRUM POLICY</b> <b>Risks identified:</b> (i) MS reluctance to accept a Commission lead (...) on spectrum policy, due to the Commission's risk of not delivering quality and qualification (...) (ii) Concrete radio spectrum policy measures (such as harmonisation) paralysed due to the review of the regulatory framework (...), inter-institutional negotiations on comitology, new comitology procedures being unduly burdening and delaying	Unit = B4 risk exposure = risk level increased  risks have materialised with regard to the repeal of the GSM Directive
<b>OPERATIONAL RISKS RELATED TO SET-UP OF JTIs</b> <b>Risks identified:</b> 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 = stable  cf. actions coordinated by Dir G; risks are under control and diminishing
<b>ERRORS IN ICT COST CLAIMS</b> <b>Risk identified:</b> 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
<b>IT SYSTEMS</b> <b>Risks identified:</b> 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. see also Action Plan related to the IAS audit on Research IT Systems

<p><b>EXTERNALISATION</b></p> <p><b>Risks identified:</b></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 12.06.08)

Most of the 10 action plans for implementing the Internal Control Coordinator's recommendations are in progress as intended. For 4 actions (\*) real progress will only be possible as from the second semester of 2008, but nevertheless their implementation is still planned for December 2008.

<p><b>ICS PRIORITY N°1 - SENSITIVE FUNCTIONS POLICY</b>  <b>Recommendation:</b> 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)  <b>Steps taken:</b> Elaboration of a new INFSO policy (e.g. establishment of criteria for defining sensitive posts and for de-sensitising them) + Sr Mngt endorsement  <b>Steps to be finalised:</b>  - Draft policy note for pre-endorsement by the DirGen (*)  - Implementation and application of policy: re-assessment and de-sensitisation of functions</p>	<p>Target = JUN (*) + DEC 08    Unit = R1    Status = in progress; to be continued    Situation critical = no</p>
<p><b>ICS PRIORITY N°2 - BUSINESS CONTINUITY PLAN</b>  <b>Recommendation:</b> 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)  <b>Steps taken:</b> (...)  <b>Steps to be finalised:</b>  (i) Second enhancement of INFSO's BCP: An inventory of possible further improvements has been compiled by R0. After the handover to the next LSO (to be appointed (*)), R0 will update the current version of the INFSO BCP based on the experiences and ideas drawn from Tocsin 07.  (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    Unit = R0    Status = in progress; to be continued    Situation critical = no    (*) <i>quid timing appointment Dir R and R0 Assistant-LSO ?</i></p>
<p><b>ICS PRIORITY N°3 - PROTECTION OF PERSONAL DATA</b>  <b>Recommendation:</b> 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)  <b>Steps taken:</b> cf. ongoing in May-June:  - 4 Training sessions BRU-LUX for all staff, including newcomers  - Mailing «DP in 5 minutes» and mail-survey ante/post-campaign + 100 interviews on the level of knowledge (statistics by Directorate)  <b>Steps to be finalised:</b>  - Development of further simplified procedures in collaboration with key Units (R1-R2-R3-R4-S1-S4-C4 &amp; AFU)  - 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>	<p>Target = DEC 08    Unit = S2    Status = in progress; to be continued    Situation critical = no</p>
<p><b>AWARENESS RAISING ON INTERNAL CONTROL ISSUES WITH A FOCUS ON ETHICS</b>  <b>Recommendation:</b> 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 (*).  <b>Steps taken:</b>  - Unit R1 recalled the ICS on Ethical &amp; Organisational Values in its first newsletter 'HR Insights'.  - New trainings (offered by OLAF) are being evaluated for potential</p>	<p>Target = DEC 08    Unit = S2, R1, 01    Status = prep. steps being taken (*)    Situation critical = no</p>

<p>inclusion in INFSO training offer.</p> <p>- The draft report of the IAC audit on ethics is currently under review (*).</p> <p><b>Steps to be finalised:</b></p> <p>Elaboration of the initial outline into 3 actions:</p> <ul style="list-style-type: none"> <li>- enhanced regular and sustained communication on ethics- and values-related themes;</li> <li>- dedicated training (e.g. recognising conflicts of interest, indications of fraud, etc) for PO and other INFSO staff;</li> <li>- (sustained) awareness increasing communication campaign on the INFSO approach towards an optimal 'balance' between operations and risk-based controls.</li> </ul>	
<p><b>PROMOTING AND BOOSTING THE CERTIFICATION OF METHODOLOGY IN FP7</b></p> <p><b>Recommendation:</b> 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><b>Steps taken:</b> 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), communication actions initiated (pilot reviews conducted at some beneficiaries' premises, individual letters sent to 400 beneficiaries, helpdesk created, explanations given in National Contact points meetings).</p> <p><b>Steps to be finalised:</b> the JAC's operational and functioning procedures are under finalisation; further communication actions and ECA contacts are ongoing.</p>	<p>Target = DEC 08</p> <p>Unit = S0</p> <p>Status = in progress; to be continued</p> <p>Situation critical = no</p>
<p><b>REVIEWING EX-ANTE CONTROL PRACTICES</b></p> <p><b>Recommendation:</b> 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><b>Steps taken:</b> Sample check of SME-status self-declarations; report being finalised.</p> <p><b>Steps to be finalised:</b> Follow-up on conclusions of the report</p>	<p>Target = DEC 08</p> <p>Unit = S5</p> <p>Status = prep. steps launched</p> <p>Situation critical = no</p>
<p><b>ENHANCING TARGETED SUPPORT FUNCTIONS AS REGARDS COMPLICATED AUDITS AND FRAUD CASES</b></p> <p><b>Recommendation:</b> 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><b>Steps taken:</b> cf. S5 + network of Dir correspondents</p> <p><b>Steps to be finalised:</b> cf. S4 (+ S2) : strengthening OLAF liaison function (S4 to further elaborate draft note on new procedures and overall coordination)</p>	<p>Target = DEC 08</p> <p>Unit = S5, S4+S2</p> <p>Status = in progress; to be continued</p> <p>Situation critical = no</p>
<p><b>EXCEPTIONS RECORDING AND REPORTING (PHASE 2)</b></p> <p><b>Recommendation:</b> 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><b>Steps taken:</b></p> <ul style="list-style-type: none"> <li>- 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.</li> <li>- iFlow now contains, for all types of transaction, an option to fill in a box if a transaction is subject to an exception.</li> </ul> <p><b>Steps to be finalised:</b></p> <ul style="list-style-type: none"> <li>- Unit R3 will implement an on-line report in MIS that will show all the</li> </ul>	<p>Target = DEC 08</p> <p>Unit = S2</p> <p>Status = in progress; to be continued</p> <p>Situation critical = no</p>

<p>exceptions recorded in iFlow during the reporting period (twice a year).</p> <p>- In order to strengthen the horizontal monitoring and follow-up of the reported exceptions, S2 will analyse the lists of recorded exceptions (cf. DMR &amp; iFlow/MIS), and determine whether further harmonisation/clarification and/or changes to the internal control system are necessary.</p>	
<p><b>PUBLIC PROCUREMENT PROCESS (REPORT FROM WORKING GROUP)</b></p> <p><b>Recommendation:</b> 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><b>Steps taken:</b> 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 Colasanti D(2008)917335 of 07.05.08).</p> <p><b>Steps to be finalised:</b> (none)</p>	<p>Target = DEC 07</p> <p>Unit = S2 etc</p> <p>Status = finalised</p> <p>Situation critical = no</p>
<p><b>FOLLOW-UP TOOL (SCOPE CHANGED)</b></p> <p><b>Recommendation:</b> Consolidated overview of INFSO-related recommendations - <i>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 INFSO-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.</i></p> <p><b>Steps taken:</b> (...)</p> <p><b>Steps to be finalised:</b></p> <ul style="list-style-type: none"> <li>- ensure completeness of available information as regards recommendations and action plans from the different sources (IAS, IAC, OLAF, Ombudsman, ECA);</li> <li>- consolidate data and, where appropriate, compare data; draft overview report;</li> <li>- prepare and organise a meeting with key units/colleagues for finalisation and validation of the draft report;</li> <li>- transmission of the overview report to senior management.</li> </ul>	<p>Target = DEC 08</p> <p>Unit = S2</p> <p>Status = prep. steps being taken</p> <p>Situation critical = no</p>





## ***Annex B - Implementation of 2008 budget***

- B1: Overview Status of Recovery orders



## Overview status of Recovery orders up to 30.06.2008

BMR 1 January - 30 June 2008

Recovery Type	Balance 31.12.2007*		New RO 2008		Cashed or compensated 2008	Waived 2008	Cancelled 2008	Balance 30.06.2008		Estimated amounts / nbr to be waived in the future	
	Nr	amount	Nr	amount				Nr	amount		
CoA Audit	4	586.098	1	51.682	51.682	0	0	4	586.098	3	240.801
Financial Audit	51	3.918.104	66	2.515.624	2.917.850	98.868	84.666	46	3.332.344	0	0
Final Payment	37	3.180.850	2	97.699	86.892	0	0	33	3.191.657	9	815.860
Liquidation/bankruptcy	19	2.691.184	1	99.930	0	0	0	20	2.791.114	20	2.791.114
Contract Termination	5	3.057.658	0	0	0	0	171.058	4	2.886.600	1	2.367.521
Other/divers	1	194.756	13	7.007.559	6.053.144	0	194.756	7	954.415		
<b>Grand Total</b>	<b>117</b>	<b>13.628.651</b>	<b>83</b>	<b>9.772.494</b>	<b>9.109.568</b>	<b>98.868</b>	<b>450.480</b>	<b>114</b>	<b>13.742.229</b>	<b>33</b>	<b>6.215.297</b>

\* there is a difference in the final year balance 2007 in comparison with the previous report due to the fact that some recoveries were partially paid, waived or cancelled. Consequently, the final year balance was adapted accordingly with the real figure.

Attribution by service - open recovery orders at 30.06.2008		
	Nr	amount
INFSO-H	3	253.673
INFSO-R2	6	202.798
<b>Sub total</b>	<b>9</b>	<b>456.471</b>

DG BUDG	36	2.066.843
Legal Service (1)	45	7.395.153
LS/OLAF/BUDG	1	654.249
OLAF	8	1.334.415
<b>Sub total</b>	<b>90</b>	<b>11.450.660</b>
Liquidator (2)	15	1.835.098
<b>Sub total</b>	<b>15</b>	<b>1.835.098</b>
<b>Total</b>	<b>114</b>	<b>13.742.229</b>

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



***Annex C – Status report of External financial audits up to 30.06.2008***

- C1: Audit Results: Summary Table – Status of 15.07.2008
- C2: Summary of Implementation of the external audit results Status of 07.07.2008
- C3: Implementation of the ex-post audit results for FP6



**Audit Results: Summary table - Status of 15.07.2008**



### Summary of implementation of the external audit results in DG INFSO - Status of 07.07.2008

	Number of audits closed	Number of projects audited	Adjustment on EC contribution			Audit adjustments implemented				Difference theoretical / implemented adjustments	Open Adjustments				
			Positive (in favour of the EC)	Negative (in favour of contractors)	Balance	Interim payment	Final payment	Recovery Order	Total		Positive (in favour of the EC)	Projects	Negative (in favour of contractors)	Projects	Balance
2000	23	70	2.831.264	-838.193	1.993.071	-334.923	154.631	1.950.981	1.770.689	183.505	38.878	4	0	0	38.878
2001	38	99	5.141.633	-436.456	4.705.177	468.367	796.741	2.820.589	4.085.697	519.374	100.070	4	0	0	100.070
2002	54	107	3.227.899	-871.883	2.356.016	436.277	47.756	1.482.924	1.966.957	359.060	29.998	1	0	0	29.998
2003	74	197	2.586.364	-1.358.509	1.227.855	1.265.632	77.175	281.083	1.623.890	-502.890	106.369	3	0	0	106.369
2004	95	230	4.311.680	-2.279.626	2.032.054	673.522	358.659	2.720.245	3.752.426	-1.720.372	0	0	0	0	0
2005	30	72	2.572.147	-316.294	2.255.853	36.615	114.722	2.106.841	2.258.178	-40.321	37.995	1	0	0	37.995
2006	85	197	3.589.672	-1.106.907	2.482.765	140.029	110.731	2.914.864	3.165.624	-713.527	30.950	4	0	0	30.950
2007	150	346	6.864.129	-2.548.298	4.315.831	-10.279	198.051	2.898.350	3.086.122	-1.755.670	3.259.555	107	-274.176	34	2.985.379
2008	68	143	2.254.696	-1.182.121	1.072.575	0	0	737.568	737.568	-319.014	1.512.817	61	-858.794	32	654.023
<b>Total</b>	<b>617</b>	<b>1.461</b>	<b>33.379.484</b>	<b>-10.938.287</b>	<b>22.441.197</b>	<b>2.675.240</b>	<b>1.858.466</b>	<b>17.913.445</b>	<b>22.447.151</b>	<b>-3.989.855</b>	<b>5.116.632</b>	<b>185</b>	<b>-1.132.970</b>	<b>66</b>	<b>3.983.662</b>

## Implementation of the ex-post audit results for FP6

	Results from external audits units				Implementation from operational units					
	Audit closing year	Audits closed	Participations with adjustments in favour of the EC	Adjustments in favor of the EC	Closed participations			Open participations		
					Offset from payments	Recoveries	Waived or not recoverable	Forecast revenue of	Open participations with adjustments in favour of the EC	Pending adjustments in favor of the EC
INFSO	2008	49	43	332.384 €	28.901 €	0 €	2.213 €	64.230	31	298.969 €
	2007	53	86	1.540.965 €	401.458 €	5.846 €	79.283 €	331.600	49	1.054.438 €
	2006	6	3	86.756 €	32.941 €	91.701 €	0 €	- €	0	0 €
	<b>TOTAL</b>	<b>108</b>	<b>132</b>	<b>1.960.105 €</b>	<b>463.300 €</b>	<b>97.547 €</b>	<b>81.496 €</b>	<b>395.830</b>	<b>80</b>	<b>1.353.407 €</b>



***Annex D – Audits performed by DG INFSO's Internal Audit Capability and related matters***

- D1: Overview of Execution/Planning of Audits carried out by IAC INFSO
- D2: Detailed Information on Audits and Consultancy



## OVERVIEW OF EXECUTION / PLANNING OF AUDITS CARRIED OUT BY IAC INFO

Year & Months	2006	2007												2008												2009			
Internal Audits		January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	March	April
FP6 Payments	EPM	FIELD		DRAFT	CONTR	FINAL	COMPL AP										Copy A P												
Project reviews					PREP	EPM	FIELD	DRAFT	CONTR		FINAL	COMPL AP					Copy A P												
OS/AFU					PREP	EPM	FIELD (the auditor was following a training)							DRAFT	CONTR	FINAL		COMPL AP											
Legacy							PREP	EPM	FIELD			DRAFT		CONTR		FINAL		COMPL AP											
Ethics										PREP		EPM	FIELD						OBS	DRAFT	FINAL		COMPL AP						
Negotiation Process FP7										PREP		EPM	FIELD						OBS										
Follow-up Dir A										ANL				PREP		FIELD		DRAFT	FINAL										
2 combined audits: Procurements & Appointment letters																													
Follow-up FP6 Payments & Legacy																													
Follow-up Project Reviews																													
IST project monitoring (contract, amendments)																													

Legend	
EPM	For new audits only - Engagement Planning Memorandum sent to the Directors - click on the table above "EPM" in order to consult the detail
ANL	For Follow-up audits only - Announcement letter sent to the Directors
PREP	Preparation (collection of data, planning of interviews, sample, survey etc.)
FIELD	Fieldwork (interviews, survey, tests, meetings)
OBS	Discussion on Observations at Directorate level
DRAFT	draft report sent to the Directors
CONTR	Contradictory Procedure
FINAL	final report and action plan to be completed sent to the Directors
COMPL A P	completed action plan received from the Directors
COPY A P	completed action plan sent to the Director ICC (Internal Control Coordinator)

update 4 July

	Number of accepted Recommendations				Number of rejected Recommendations				Dropped by IAC - Number of Recommendations				Waiting for Action Plan - Nr Recommendations				TOTAL
	Critical	Very Important	Important	Desirable	Critical	Very Important	Important	Desirable	Critical	Very Important	Important	Desirable	Critical	Very Important	Important	Desirable	
FP6 Payments	0	7	10	1			4										22
Project reviews	0	0	7	0	0	0	1	1									9
OS/AFUs		3	8			1			0	0	1	0	0	0	0	0	13
Legacy	0	4	1	1	0	2					1	1					10
Ethics																	0
Negotiation Process FP7																	0
Follow-up Dir A	0	2	0	0	0	0	0	0									2
<b>TOTAL</b>	<b>0</b>	<b>16</b>	<b>26</b>	<b>2</b>	<b>0</b>	<b>3</b>	<b>5</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>56</b>

Follow-up Dir A	Very good improvement with the implementation of the main recommendations. Only 2 very important recommendations remain open. The follow-up of these 2 recommendations will be included in the follow-up audit on OS/AFU (same recommendation).
Legacy	4 recommendations are rejected by the auditees 2 recommendations are dropped: 1 is desirable, 1 is important (retroactivity on amendments will be checked for FP7 audit) 2 very important recommendations are maintained by IAC INFO (ensure experienced gestionnaires for legacy files; improve monitoring and reporting) A note was sent in May 2008 to the DG to explain the IAC's position on these two "not accepted" recommendations
OS /AFUs	2 recommendations are rejected by the auditees 1 recommendation is dropped: important (mention in the AMP of the OS /AFUs' activity) 1 very important recommendation is maintained by IAC INFO (efficient and easy accessibility of the major topics discussed during the cross-Directorate meetings)



## Detailed Information on Audits and Consultancy

### 1. Finalised audits

#### 1.1. Audit of the Administrative and Finance Units

- **Audit Objectives**

The audit principally aimed at giving assurance that the current roles and responsibilities formally assigned to the OS and AFUs are adequately and effectively helping the DG to achieve its strategic objectives.

- **Timing**

The IAC started the audit in April 2007. The draft report was sent in February 2008 and the final report in April 2008. The action plan was completed in June 2008.

- **Recommendations**

The report expressed 13 recommendations, of which 11 were accepted.

The two rejected recommendations are:

- Useful and relevant administrative and financial information shared during the OS/AFU meetings is not directly and readily available for all staff who may need it in their daily work. The IAC decides to maintain this recommendation;
- the description of the activities of the OS / AFUs in the AMP: the IAC agrees to drop the recommendation, given that REC no.1 (Mission statements of the AFUs) is accepted and action will be undertaken to explicitly link the AFUs' mission with the DG's.

- **IAC's Opinion**

Satisfactory except for further improvements needed, in particular:

- There is no singularity of the person who is acting as financial initiating agent for some types of transactions, as financial initiating tasks for the same transaction are performed both in the operational units and in the OS/AFU. Initiation and verification tasks in the OS/AFUs could be better distinguished.
- The standard checklists that are available in iFlow could be more complete in order to sufficiently demonstrate that the staff performs all necessary controls and is aware of possible deviation from established rules and procedures.



- Knowledge and know-how shared during the regular coordination meetings and cross-DG working groups established between OS/AFUs and horizontal services could be easily and quickly available for all staff who may need it in their daily work. Decisions taken and/or announced during OS/AFU meetings could be better reflected in the rules and procedures affected by those decisions.
- The DG could develop an internal mobility strategy that would rightfully secure the required administrative and financial expert skills in the OS/AFUs.

## 1.2. Audit of the legacy of open commitments from previous programmes

### • **Audit Objectives**

The main objective of this audit is to review the process of the management of the legacy of closed programmes in DG INFSO, i.e. the management of files corresponding to projects launched during previous programmes, in order to provide reasonable assurance that the internal control systems, applied in the Directorates regarding this process, are adequate and effective.

### • **Timing**

The IAC started the audit in July 2007. The draft report was sent in December 2007 and the final report in March 2008. The action plan was completed in May 2008.

### • **Recommendations**

The report expressed 10 recommendations, of which 6 were accepted.

The four rejected recommendations are:

- Reinforce the reporting and monitoring of some transactions in order to close old files sooner and to guarantee a correct application of rules/procedures, as well as an adequate justification of still open files. This reporting and monitoring can be done easily by using the existing IT tools. The IAC decides to maintain this recommendation;
- Identify experienced gestionnaires to be available at any moment in operational Units for the management of old files which require an expertise on specific rules. This could improve the continuity of management of old projects and an improvement of the delay of closure of old files. For instance, experienced agents could be identified in a list according to their expertise. Further, an inventory of old files could be established by each AFU and a reallocation of old files to experienced gestionnaires would be decided by the Director. The IAC decides to maintain the recommendation.
- The two other recommendations are dropped by the IAC because one is only "desirable" and the other one does not apply anymore (not applicable to FP6 and FP7 rules).

- **IAC's Opinion**

Satisfactory except for further improvement in particular as regards the following areas:

- The design of the processes (experienced gestionnaires have to be made available at any moment for old files; written and improved procedure for the use of the Final Date for Implementation (FDI) ; sharing best practices;
- The functioning of the processes (at Directorate level, a better use of rules and procedures for amendments, reminders, decommitments; at central level, an improved communication, a reinforced reporting and monitoring for a better use of rules and procedures).

### 1.3. Follow-up audit of Directorate A

- **Audit Objectives**

The purpose of this follow-up audit is to determine the adequacy, effectiveness, and timeliness of the actions taken by the management on the findings reported during phase 1 and phase 2 of the audit. The extent of the follow-up testing will vary based on the importance of the reported audit issue, and on the complexity of the corrective action.

- **Timing**

The draft follow-up report was sent to the Directors concerned in April 2008. The final report was issued in May 2008.

- **IAC's Opinion**

Satisfactory except for two recommendations that are still in progress and 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 the latter audit (adequate checklists available in iFlow).

## 2. Audits in progress and one in preparation

### 2.1. Audit in progress – Ethics in DG INFSO

- **Audit Objectives**

The main objective of the audit was to assess the effectiveness of the measures in place on ethics in order to formulate recommendations for addressing main risks and to provide reasonable assurance that the internal control system is adequate and effective. In particular, the aim was to examine the awareness, understanding and respect by personnel of relevant rules, organisational principles and values.

It was not in the objectives of this audit to specifically perform a fraud search or any individual investigation.

- **Timing**

The IAC had started the audit in October 2007. The draft report was sent in May 2008 to the Directors. Following their observations, the report was sent in July 2008 to the Director General. The Director General will discuss the results of this audit report with the Directors.

## 2.2. Audit in progress - Contract negotiation and preparation process in the FP 7 IST programme

- **Audit Objectives**

The main objectives of the audit are 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 and to evaluate the effectiveness and efficiency of the process and the control measures. The audit examines the various aspects of the Negotiation process through which the projects retained in an evaluation exercise have to go, until the signature of the grant agreements.

- **Timing**

The IAC started the audit in October 2007. The draft report will be sent in July 2008 and the final report in September 2008. The action plan is planned to be completed in October 2008.

## 2.3. Audit in preparation – Procurements including appointment letters

- **Audit Objectives**

This audit will assess and review the procurement process, including public procurement and appointment letters.

The objectives will be further specified in the Engagement Planning Memorandum of the audit.

The provisional objectives of the audit are to check compliance with applicable rules and regulations as well as to review the implementation of the main internal control standards applicable to the management of these processes and to evaluate the effectiveness and efficiency of the processes and the control measures.

- **Timing**

The IAC will start the audit in July 2008.

### 3. Consultancy and other activities

This covered four main domains:

- Three notes on consultancy requested by the Director General;
- One ad hoc analysis (Unit H3) on Ambient Assisted Living (AAL), and one advice related to the iCar competition (Unit C4);
- As an observer during three audits carried out by IAS (IT systems, Recovery Orders and ethics);
- Four replies on interservice consultation related to IAS' documentation.



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

- E1: Status overview of files/cases with OLAF
- E2: Status overview of follow-up actions concerning OLAF closed cases



**State of play on the files/cases with OLAF**  
Status overview



**State of play on the files/cases with OLAF**  
Status overview

- -

**State of play on the files/cases with OLAF**  
Status overview

**State of play on the files/cases with OLAF**  
Status overview

**State of play on the files/cases with OLAF**  
Status overview

**State of play on follow-up actions concerning OLAF closed cases**  
**Status overview**

**State of play on follow-up actions concerning OLAF closed cases**  
**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**

Limited

**DG INFSO "Chef de file"**

Name of the complaint	Date of reception of the complaint	Background	Steps taken	Next steps
N° 2597/2007/RT	14.11.2007	<p>This complaint concerns the project</p> <p>.....: 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.</p>	<p>Attribution to DG INFSO/Cabinet Reding: 14.11.2007</p> <p>Draft reply prepared by Unit H2: 28.11.2007</p> <p>DG BUDG's approval on: 28.01.2008</p> <p>LS 's approval on: 22.02.2008</p> <p>Cabinet's approval on: 03.03.2008</p> <p>Dossier sent to the Cabinet for Mme Reding's signature on: 06.03.2008</p> <p>Comments of the Commission sent to the Ombudsman: 25.03.2008</p> <p>Ombudsman's follow-up request on the payment to the complainant: 12.06.2008</p> <p>DG INFSO's reply sent on: 26.06.2008</p>	<p>Payment by the Commission foreseen before 15.07.2008</p> <p>European Ombudsman's closing decision: awaiting (between 6 months &amp; 1 year)</p>

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

Limited

<b>N° 184/2005/GG</b>	02.02.2005	<p>The complainant expressed her concerns on the Commission's handling of her application for the position of Executive Director of the</p> <p>She considers that her application was unfairly treated.</p>	<p>Date of the Ombudsman's first request for info to Commission: 02.02.2005  Comments of the Commission sent to the Ombudsman: 30.04.2005  Date of the first inspection of file: 11.10.2005  Date of the Ombudsman's further request for info to the Commission: 05.12.2005  Comments of the Commission sent to the Ombudsman: 20.02.2006  Date of the second inspection of the file: 26.09.2006  Date of the Ombudsman's second further request for info: 27.09.2007  Comments of the Commission sent to the Ombudsman: 29.11.2007  Ombudsman's closing decision: 26.05.2008 (no maladministration but a further remark on the usefulness for the Commission to ensure increased guidance and supervision to consultants in the context of recruitment for high-ranking positions).</p>	<p>Draft reply to the Ombudsman's further remark to be prepared in cooperation with DG ADMIN (No deadline provided for by the internal procedure SEC (2005) 1260 dated 21.10.2005).</p>

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

Limited

N° 2392/2005/OV	14.11.2006	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	European Ombudsman's closing decision: awaiting (between 6 months & 1 year)
N° 201/2008/WP	20.02.2008	The complainant's letter of 22/08/2005 addressed to Mrs Reding was apparently never answered. The Ombudsman therefore asks the Commission to answer it within 3 working days in order to avoid an official inquiry for maladministration to President BARROSO.	Date of the Ombudsman's informal request: 20.02.2008 Reply sent to the complainant by Mrs Reding: 06.03.2008 Ombudsman's closing decision: 11.03.2008 No maladministration	none
	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	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	European Ombudsman's closing decision: awaiting (between 6 months & 1 year)

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

Limited

N° 1785/2005/OV		outstanding and abuse of power by the EC services by auditing the conference income and expenditure) claiming for compensation.	Ombudsman: 13.12.2007	
N° 3100/2007/OV	(27.09.2007) Attribution to DG INFSO: 28.05.2008	The complaint concerns a failure to reply to the complainant's e-mail of 26 September 2007 addressed to Commissioner Kuneva. In this mail the complainant, a " " citizen living in " ", claims that " " authorities discriminate against foreign EU nationals entitled to unemployment benefits, by depriving them of the possibility of being exempted from payment of the TV and radio licence fees.	Holding reply sent by the cabinet of Commissioner Kuneva to the complainant: 11.12.2007 Second holding reply sent to the complainant: 21.04.2008 by the Cabinet of Commissioner Kovács Second mail from the complainant: 29.04.2008 Attribution to Cabinet Reding/DG INFSO: 28.05.2008 First reattribution to DG TAXUD: 04.06.2008 Second reattribution to DG INFSO: 19.06.2008 Draft reply to the complainant and letter to the German Permanent Representation by INFSO/A/1: 26.06.2008 Consultation of SG/E/2, DG JLS, DG MARKT, DG TAXUD, DG COMP, DG EMPL by Unit S/2: 26.06.2008	Reply to the complainant and the letter to the " " "Permanent Representation to be signed by Mr. F. Colasanti: in process Use of the dedicated application (EU Pilot)

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

Limited

**DG INFSO associated**

<b>Name of the complaint</b>	<b>Date of reception of the complaint</b>	<b>Background</b>	<b>Steps taken</b>	<b>Next steps</b>
<b>N° 3158/2006/IP</b>	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: awaiting (between 6 months & 1 year)

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

Limited

<b>N° 3697/2006/PB</b>	05.02.2007	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).	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)	Reply to the Ombudsman's critical & further remarks to be drafted by SecGen. DG INFSO will be associated (waiting for the SecGen's request for contribution). No deadline provided for by the internal procedure SEC(2005) 1260 dated 21.10.2005.
<b>N° 488/2007/PB</b>	24.05.2007	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.	Date of the Ombudsman's sending to the Commission: 24.05.2007 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	European Ombudsman's closing decision: awaiting (between 6 months & 1 year)
	17.01.2008	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)	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:	Reply to the Ombudsman's critical remark to be drafted by SecGen. DG INFSO will be associated (waiting for the SecGen's request for contribution). No deadline provided for by the internal procedure SEC (2005) 1260 dated 21.10.2005.

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

Limited

N° 2681/2007/PB		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>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</p>	
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