

Bi-Annual Management Report DG INFSO

01 January 2010 – 30 June 2010



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1. Introduction

This Bi-annual Management Report (BMR) covers issues addressed in DG INFSO during the period from January 1, 2010 to June 30, 2010 and is accompanied by a set of Annexes containing more detailed information. The report complies with the Code of Conduct for Commissioners (SEC(2004) 1487/2), the Communication of 10.02.2010 on the Working Methods of the Commission 2010-2014 (C(2010) 1100), and the Procedures between DG INFSO and the Cabinet (version 29.06.2010).

Several chapters include references to topics discussed at the "Internal Control Coordination Group" (ICC Group¹), the coordination forum that (inter alia) ensures effective follow-up of the 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. A dedicated INFSO.S intranet-page includes all related documents: (http://intra.infso.cec.eu.int/S/IC_coord_group/pages/meetings_2009.htm).

The Director General set up an Audit, Control and Budgetary Committee, which met on 3.05.2010 and 9.06.2010. The Committee (see mandate in **Annex A1**) meets once a month and is composed of the Director General, the Deputy Directors General, the Internal Control Coordinator (Director S), the Resources Director (Director R) as well as the Heads of the External Audit Unit (O2), the Internal Audit Unit (O1), the Budget and Financial Unit (R2) and the Management Support Unit (S2). Any other INFSO Director and/or Head of Unit may be invited depending on the topics on the agenda. The chair is the Director General and the secretary is the Head of the Internal Audit Unit.

¹ 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, EDPS
- other important internal control related issue requiring coordination across the DG

2. Implementation of the 2010 Budget

The state of implementation of the budget for commitment and payment appropriations and an overview of payment time indicators is provided for the reference period.

2.1. Commitments and Payments: status at 30 June 2010

Implementation of commitment appropriations at the end of June was below forecast but gradually realigning (53.88% with respect to forecast in June, compared to 43.92% in May). The main cause is the catch-up of commitments for projects selected under Call 5 of FP7 ICT Cooperation, and is due to negotiations taking longer than initially foreseen. The FP7 ICT Cooperation budget line accounts for the bulk of the INFSO budget. Overall implementation of commitments progressed from 35.44% with respect to forecast in May to 52.92% in June. It is expected that the delay will be absorbed during July, when global commitments for Call 6 will be established. The delay does not constitute a risk for full year-end implementation.

Other sources of under-implementation were the CIP ICT PSP line 09 03 01, the lines for administrative expenditure of the ARTEMIS (09 04 01 03) and ENIAC (09 04 01 05) joint undertakings, and the electronic communications policy line 09 02 01. However, overall implementation of 100% or close can be expected by the end of the year.

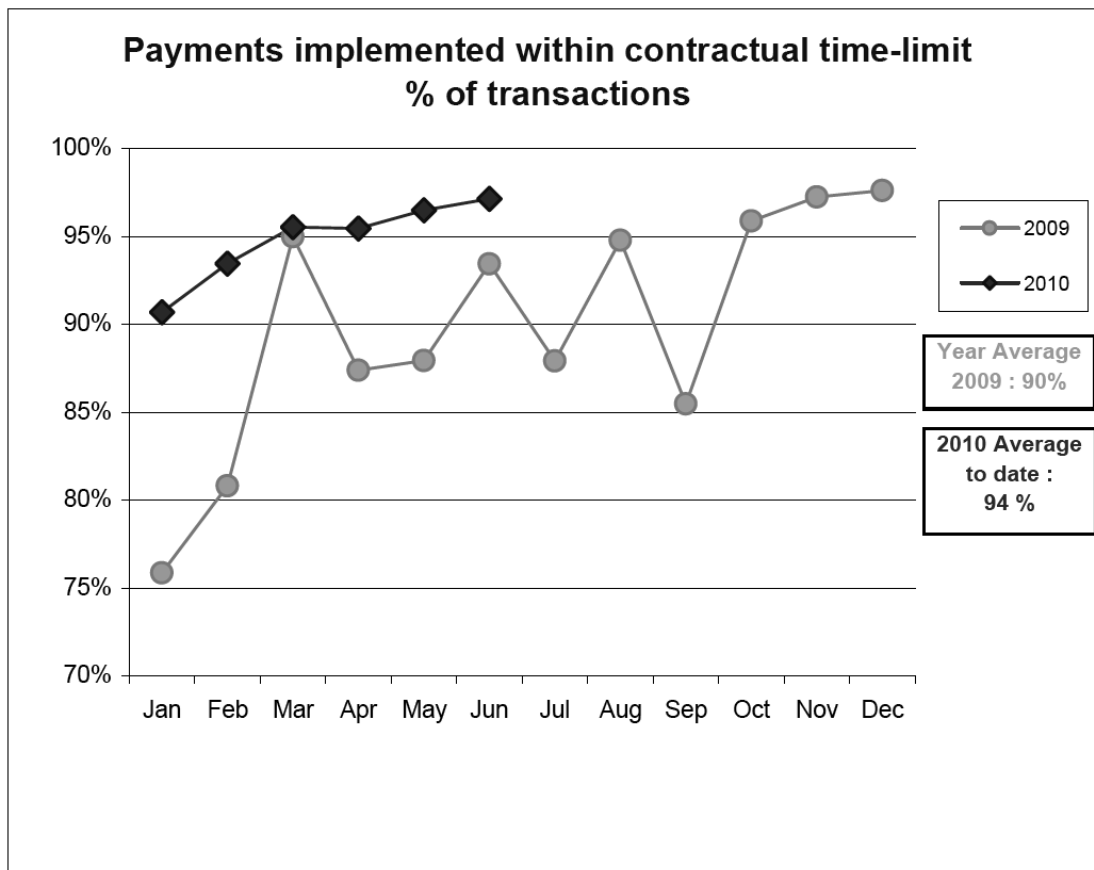
Implementation of payment appropriations is consistent with forecasts (97.58%). The under-implementation was mainly due to the ARTEMIS (09 04 01 02) and ENIAC (09 04 01 04) operational budget lines, and the Capacities budget line 09 05 01. However, a payment to the ARTEMIS Joint Undertaking (JU) is being processed, and debit notes from the ENIAC JU are expected upon conclusion of the Annual Financing Agreement, which should be signed in the course of July. Concerning the Capacities line 09 05 01, the delay should be absorbed in the course of the next two months with the pre-financing of Call 7 projects for around 30M€, and the periodic payment of the GEANT project for around 15M€.

Minor delays in consumption of payment credits were recorded on the electronic communications policy line 09 02 01, the Safer Internet line 09 02 02 01, the eContent line 09 03 02, the eParticipation line 09 03 03, and the audiovisual policy line 09 06 03. These are mainly due to payment suspensions or extensions which do not appear to be permanent causes of under-implementation, and do not constitute a risk for year-end implementation. Implementation rates of 100% or close can be expected by the end of the year.

2.2. Payment Times

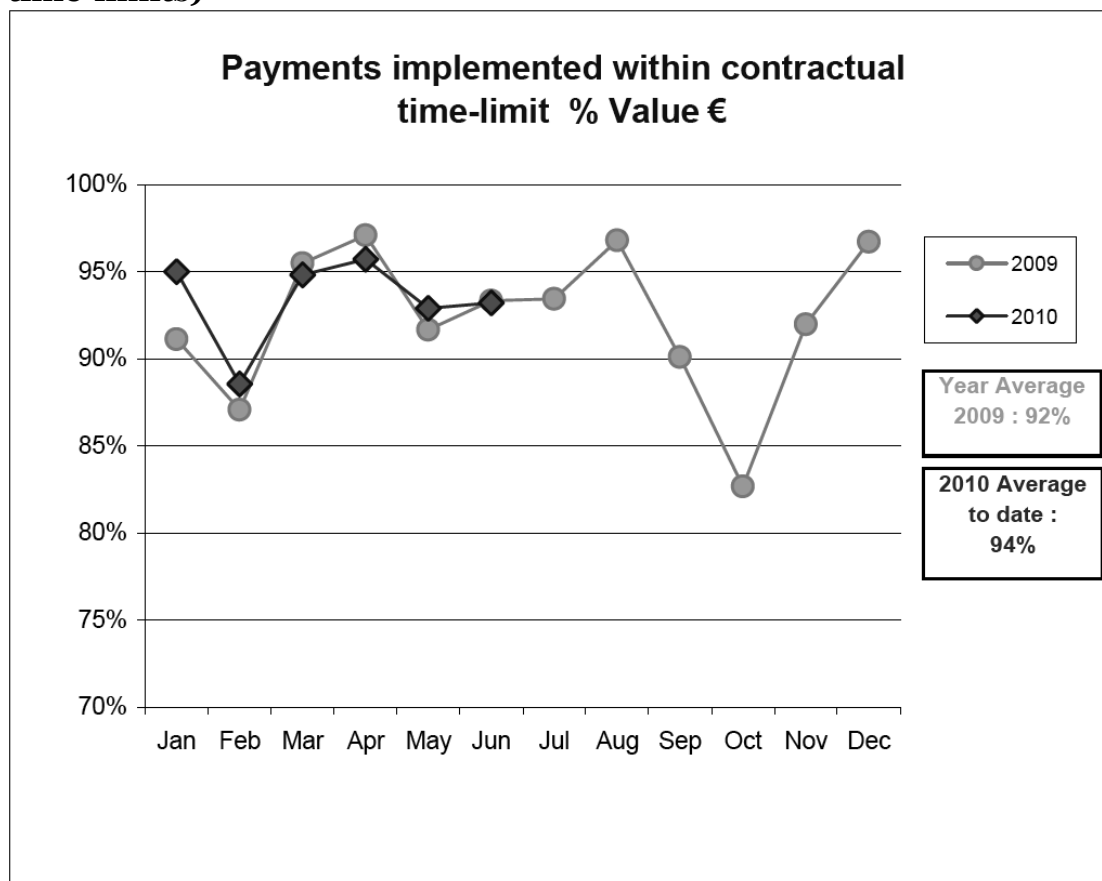
Performance in terms of average payment times over the first six months of 2010 shows a consolidation of the positive trend recorded in the last six years. 94% of the payments in the period January-June 2010 were authorised within contractual time-limits, whereas the 2009 annual average was 90%.

Table 2.2.1: Payment times (% of transactions paid within contractual time-limits)



There has been an increase in the percentage of payments carried out within contractual time-limits in terms of underlying value. During the period January-June 2010, an average of 94% of the total value of the payments carried out over the period was authorised within contractual time-limits, compared to a 2009 annual average of 92%.

Table 2.2.2: Payment times (% of value paid within contractual time-limits)



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

A steady improvement has been recorded for critical categories of transactions such as project payments, for which investment in IT tools and continuous financial training significantly reduced payment times in line with an established positive trend.

As of 2010, reporting on payment times has been limited to payments effected only by DG INFSO, therefore isolating the effects of performance due to other fund management centres (e.g. PMO). At the same time, there has been continuous simplification and streamlining - e.g. in the submission of expert reimbursement claims for payments carried out by PMO, or in the processing of invoices for research interim staff by DG HR directly, which has contributed to improving performance of other services carrying out payments on DG INFSO lines.

Table 2.2.3: Payment times – Performance by type of expenditure (Payments within contractual time-limits)

	2010*			2009			2008			2007		
Type of Transaction	% number of payments within contractual delays	Number of payments within contractual delays	Value (€) of payments within contractual delays	% number of payments within contractual delays	Number of payments within contractual delays	Value (€) of payments within contractual delays	% number of payments within 45 days	Number of payments within 45 days	Value (€) of payments within 45 days	% number of payments within 45 days	Number of payments within 45 days	Value (€) of payments within 45 days
Procurement	90,47%	636	12.903.628	81,56%	407	11.026.137	88,19%	478	13.021.656	86,8%	387	6.997.366
Evaluations & reviews	94,47%	2.593	8.997.598	93,17%	1.529	3.448.330	82,12%	1.552	3.812.545	84,8%	1.058	2.514.453
Projects	90,94%	622	496.352.103	86,49%	415	274.114.268	79,43%	560	571.978.837	65,0%	322	140.911.175
Meetings	90,21%	479	434.437	61,00%	596	327.934	29,64%	313	208.958	36,5%	337	196.616

* As of 2010, only payment times related to transactions authorised by DG INFSO are reported. 2010 data are related to the period January to June, whereas for previous years data are related to the period January to May. Data for 2009 and 2010 are partially comparable with previous years because they refer to payments authorised within contractual delays to take into account different time-limits in accordance with the type of contract, whereas for statistics elaborated until 2008 the benchmark was payments carried out within 45 days. This affects categories of transactions where the contractual delay is not equal to 45 days: Procurement (30, 45, 60 days) and Projects (45, 60, 90, 105 days)

Procurement = Studies, service and supply contracts

Evaluations and reviews = External experts appointed for proposal evaluations and project reviews

Projects = FP7 and non-research projects

Meetings = Groups of experts and committee

3. Changes to the Financial Circuits

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

4. Risk Management: Follow-up of High-Level Risk Assessment (HLRA) 2010

At the end of 2009, in line with the process for establishing the 2010 provisional Management Plan (MP), the annual High-Level Risk Assessment (HLRA) exercise was carried out. The 8 main risks assessed for 2010 were:

- FP & CIP programme management (action plan – *see below*)
- Media International preparatory action (risk transferred²)
- eCommunication framework implementation (monitoring)
- Spectrum management (monitoring)
- FP6 - errors in ICT cost claims (monitoring)
- External entities (monitoring)
- Art. 7 & 7a procedures (continued line management)
- eFP7 IT-tools (continued line management)

None of the risks assessed were considered to be 'critical risks' that would require inclusion in the MP. One risk was considered to have scope for further risk reducing actions, i.e. "Operational management of the Framework Programme". For the others central monitoring during 2010 was considered to be sufficient.³

The progress review and/or monitoring of the main risks are addressed in the "Internal Control Coordination Group (ICC Group)". During the first semester of 2010, the ICC Group met on 10.06.2010 and issued its 2010 mid-term progress report (Ares 365676 of 24.06.10 see **Annex B1**).

The actions to address the risks in "Operational management of the Framework Programme" are partially implemented. Compared to the May 2010 target date set for the action plan at the ICT Directors meeting of 12.01.2010, some aspects require finalisation. The ICT Directors will revisit the recommendations made by the three Working Groups on improving ex-ante controls (for negotiations, payments and project reviews), to endorse their conclusions, to ensure the integration of the improvements into the guidelines, procedures, communications and trainings, and report back on the systematic use and results of those improvements.

For the other main risks, for which no additional actions were considered needed/possible, the Directorates concerned reported no increase in the risk levels and they are considered to be stable.

² Following the re-attribution of portfolios to the Commissioners in the new College in early 2010, the MEDIA Programmes and the related supervision of EACEA were transferred from DG INFSO to DG EAC in March 2010. The "Media International" activity and related risk were also transferred.

³ For more details, see "Final results of DG INFSO's High-Level Risk Assessment exercise 2009-2010 & its follow-up during 2010" (note INFSO-S2 155574 of 22.12.09), annexed to the December 2009 BMR.

5. Internal Control and Internal Control Standards (ICS)

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

Based on the annual ICS-review, three "ICS priorities for improving effectiveness" were included in the 2010 provisional MP: exceptions recording/reporting (part of ICS-8); management supervision (ICS-9); and document management (ICS-11). For seven other ICC recommendations, it was decided that continued line management during 2010 would be sufficient.⁴

Review of is carried out in the ICC Group⁵.

5.2. Reporting by Directors as Authorising Officers by Sub-Delegation

Through their 2010 *mid-term* Directorates' Management Reports (DMRs), the INFSO Directors as Authorising Officers by Sub-Delegation (AOSD) reported reasonable assurance that risks are under control and that suitable controls are in place and working as intended. They did not raise any 'new' (i.e. beyond the DG's recurrent reservation on the errors in cost claims) material issues⁶ to be considered in the context of the declaration by the Director-General as Authorising Officer by Delegation (AOD).

Among the points for attention raised are the substantial amounts to be recovered in the context of the implementation of the results of risk-based audits of beneficiaries; the multiplication of IT-tools for workflows (e.g. iFlow, ARES, TSAR, Sharepoint with a need to reflect on their appropriate use);, the high dependency on contract staff and other staff with high turnover (with an increasing turnover, this remains a key management issue); potential operational weaknesses in the Ambient Assistive Living

⁴ For more details, see "Annual review and recommendations from the Internal Control Coordinator - 2009 ICC Package" (note INFSO-S2 208081 of 23.02.10), annexed to the December 2009 BMR.

⁵ Document management" actions are being finalised, as foreseen, in the context of the migration to ARES. For "management supervision", closer management supervision of open audit recommendations has been introduced (see also chapter 9.5). Closer management supervision of operational activities is being introduced in part as a result of the changes in guidelines, improved ex-ante controls and greater management awareness. Improvements in harmonising and clarifying "exceptions recording/reporting" will be addressed in detail during the second semester of 2010

The other ICC recommendations will be implemented via the usual "continued line management" by the Directorates concerned

⁶ These "material issues" relate to the principles of legality, regularity, effectiveness, efficiency and economy (sound financial management) and/or to risk management and internal control.

(AAL) action (however, as of now no critical issues have emerged); the departure of three key players in the Information and Communication Unit S3 (with resulting increased financial management risks for finalising the communication framework contract); and the implementation of the Digital Agenda for Europe (which will require a re-adjustment of priorities, policy expertise and resources).

In order to deal with exceptional circumstances, during the first semester of 2010 a number of minor exceptions⁷ (= "*deviations from established processes and procedures*") were made, but these are considered to be of limited relevance and non-systemic. They have been adequately justified, duly authorised and documented (logged through the appropriate administrative/financial IT tools). Where possible, measures have been taken to avoid similar cases in the future. The Director-General overruled (= "*instances of overriding of controls*") a financial verifying agent in the procurement files related to the urgent and high-priority organisation of DG INFSO's management's "mapping project" sessions for the "Digital Agenda for Europe".

In the context of sensitive functions, Directors reported on the status of the mitigating measures in place at the end of June 2010 – as required in order to allow functions to remain non-sensitive.

⁷ These include: extensions of FDI after expiration, *saisine a posteriori* and/or additional commitments for existing payment obligations ('Couverture des Obligations Subsistantes' (COS)), reduced final payment in the context of mutual agreement to terminate a contract, several categories related to experts [a *posteriori* signature of Appointment Letters; Appointment Letters paid on subsequent commitments (invoices received late - initial commitments expired)]; grant of non-standard travel arrangements without prior approval, and several categories related to public procurement (change of dates and re-opening of tendering procedures; extension of procurement contracts; AL clauses missing but working time and/or travel and expenses paid; study contract notice published in the OJ before approval by Unit R2).

6. Status Report on External Financial Audits to 30 June 2010

Regarding the balance between outsourced/in-house performed audits, the assurance audits (individually significant contractors and statistical sample) are performed mainly by external audit firms. This is the most efficient and flexible way of performing these.

Risk-based audits and system certification audits are generally performed by in-house resources or at least with the participation of in-house staff. In addition, INFSO audit staff continues to accompany the European Court of Auditors (ECA) in its on-the-spot missions.

6.1. Initiation of New Audits

Up to 30.06.2010, a total of 93 "batch" audits relating to FP7 were launched. These audits are foreseen to be completed in the first quarter of 2011. The applied selection procedures are in line with the common audit strategy for FP7.

In addition, 11 audits on FP7 were launched on the basis of risk considerations. Those are conducted with own resources. Two FP7 audits were launched by the European Court of Auditors.

The launch of further FP7 audit batches comprising 40 audits is foreseen for the second half of 2010. This implies a total of 146 new audits for FP7 in 2010.

Regarding FP6 no further "assurance" audits are scheduled to be launched in 2010 as all TOP 200 beneficiaries and all beneficiaries selected via MUS (Monetary Unit Sample) have already been audited, either by DG INFSO directly or by the other Research DGs. The focus of the second semester 2010 on FP6 will be on follow-up audits and risk-based audits.

Up to 30.06.2010 30 audits concerning FP6 projects were launched, 28 of which are linked to risk considerations, 2 audits concern follow-ups which were conducted in the context of extrapolation procedures. In the second half of 2010 it is envisaged to launch another 30 risk-based FP6 audits.

Finally, 20 non-research audits are to be launched in the second half of 2010 either on the basis of risk-based analysis or at the request from the operational services. These audits are being conducted with own resources. A call for tender is in preparation to select an external audit firm to carry out "assurance" based non-research audits in the future.

Overview of audits initiated in 2010 up to 30.06.2010

	INFSO.02	External Audit Firm	ECA	TOTAL
FP5	4	0	0	4
FP6	12	18	0	30
FP7	11	93	2	106
Non-Research	2	0	0	2
TOTAL	29	111	2	142

6.2. Status on Ongoing Files

264 audits are currently ongoing of which 5 relate to FP5, 84 to FP6, 164 to FP7 and 11 to non-research programmes. The figure regarding FP7 includes 6 audits initiated and conducted by the ECA. These audits are included in the statistics as the administrative and financial follow-up is ensured by the DG.

Overview of audits ongoing up to 30.06.2010

	INFSO.02	External Audit Firm	ECA	TOTAL
FP5	5	0	0	5
FP6	20	61	3	84
FP7	17	141	6	164
Non-Research	11	0	0	11
TOTAL	53	202	9	264

6.3. Finalised Audits

Up to 30.06.2010 a total of 73 audits were closed. 1 relates to FP5, 43 to FP6, 22 to FP7, and 7 to non-research.

Overview of audits closed in the first semester 2010

	INFSO.02	External Audit Firm	ECA	TOTAL
FP5	1	0	0	1
FP6	6	33	4	43
FP7	2	17	3	22
Non-Research	4	3	0	7
TOTAL	13	53	7	73

6.4. Audit Results

For FP6 and FP7, the error rate is calculated at funding level according to the following formula:

Adjustments to funding accepted before audit in favour of the EC⁸

Total funding accepted before audit

The error rate in favour of the Commission for FP6 audits closed in 2010 (excluding risk-based and follow up audits) equals 4.72%. This rate is slightly higher than the level of errors detected in previous periods. The error rate on aggregate equals 3.94%.

⁸ adjustments to funding accepted before audit= (funding accepted before audit-funding eligible after audit)

The error rate concerning FP7 projects closed in 2010 up to 30.06 equals 1.57% which is distinctively favourable compared to FP6. However, it is too early to draw conclusions on the error rate for the whole of 2010.

6.5. Implementation of Audit Results

The implementation of audit results is handled according to standard procedures. In order to further improve the practical handling of the implementation of audit results, DG INFSO services have developed a new IT tool (webARPS). This new tool is integrated with the DG's work flow tools and also triggers the application of liquidated damages.

As regards the application of liquidated damages, internal procedures and guidelines to implement them have been elaborated by a working group animated by INFSO O2⁹. A specific communication on the application of liquidated damages is included with every audit conclusion file.

The committee composed of representatives of the Research DGs set up to coordinate the implementation of extrapolation and to make sure that systematic findings are corrected in the same manner across Research DGs meets on a monthly basis. A common IT tool (SAR-EAR) has been finalised, supporting both the analysis of the files by the committee and the follow-up of the extrapolation process by the DGs. The handling of the implementation of extrapolation results is dealt with in the DG INFSO local IT Tool WebARPS.

6.6. Risk-based audits and lessons learned

General concept

The aim of risk-based auditing is to control higher than average risk and in particular beneficiaries that may have overstated costs in an irregular and potentially deliberate manner. This requires selection methods, which discriminate between “normal” and “risky” beneficiaries, and refined audit methods in order to assess the risk, detect anomalies and safeguard evidence when required.

Audits selected on the basis of risk do not contribute to the error rate calculation for the AAR, as they are not considered as statistically representative for the whole population. However, qualitative results and lessons learnt will be presented here.

In most cases, risk-based audits are carried out by own resources. In case of risk-based audits carried out by an external audit firm, an auditor of Unit O2 accompanies them.

⁹ RTD has developed guidelines on liquidated damages with which we don't agree

Some risk-audits are conducted in co-operation with OLAF, which facilitates the effective follow up of the cases in which over-claim is linked to fraudulent procedures. This collaboration is also essential in view of the successful completion of OLAF investigations.

Results

Most risk-based audits confirmed the presence of significant risks of overstatement of costs. In some cases, the audit scope has been extended to the member of the same consortia and even to subcontractors in order to have a global picture of the irregularities carried out. Those risk-based audits have led in some instances to termination of project participations and in most cases to the transfer of files to OLAF

The most significant finding resulting from the risk-based audits is the discovery of several cases of organised networks of companies and individuals which have set up systematic fraud mechanisms. The current indications from ex-post audit work are that the problem is not marginal.

The modus operandi involves multiple entities and escapes the traditional ex-ante and ex-post control mechanisms. For this reason, the discovery has only been possible recently, thanks to the innovative ex-post control methods and tools set up by DG INFSO-02. This has already allowed the DG to start taking strong action against these structures and will engage long-term dissuasive and preventive measures. It will also help to strengthen the ex-ante controls and to refine the underlying regulations

Lessons learnt

The new audit methods and tools deployed by DG INFSO's External Audit Unit have positioned the Unit at the forefront of ex-post control in the Commission. Its achievements have been recognised by peers as well external observers like the IAS and the European Court of Auditors. The progress made in this field has been documented in a peer-reviewed article that has been accepted for publication in the INTOSAI (International Organisation of Supreme Audit Institutions) journal in the summer of 2010.

6.7. Certification policy in FP7

Unit INFSO 02 has initiated and is animating a DG INFSO working group on the handling of the certificates on financial statements (CFS), in order to guide financial officers in the interpretation of the information disclosed in the certificates. The group gives recommendations on the acceptance/rejection of CFS. Checklists have been drafted and implemented to facilitate a standardised approach among the operational services.

Unit 02 is represented in the Joint Assessment Committee which assesses requests of certificates on the methodology for approval. The Joint Assessment Committee comprises representatives and case handlers of DG RTD and DG INFSO.

22 certificates on the methodology were approved in the first semester 2010.

6.8. Conclusion

The common audit strategy FP7 is being implemented according to the agreed plan. Regarding FP6 the audit target relating to the biggest beneficiaries and the MUS selected ones has been reached either with own audits or by audits undertaken by another Research DG. Ongoing audit efforts therefore concentrate on risk-based audits and follow-up audits.

During 2010, a large number of risk-based audits will be finalized. The final or preliminary results of these audits have already allowed the development of a series of internal control measures targeted to the early detection of fraud signals and the improvement of ex-ante controls

7. European Court of Auditors (ECA)

7.1. Declaration of Assurance (DAS) 2008 – Recommendations

The Council and the European Parliament (EP) have formulated respectively 126 and 238 recommendations to the Commission, based on the Annual Report 2008 of the Court of Auditors. Among these recommendations, 5 and 9 respectively are addressed to the Research, Energy and Transport Sector, DG INFSO included, with DG RTD as "chef-de-file". DG INFSO is associated to four other EP recommendations of a more general nature and for which DG BUDG is "chef de file".

7.2. Annual Report 2009

• Audit work and preliminary findings

The Annual Report 2009 addresses the results of the following audits in DG INFSO:

- Transaction audits: for 2009, 21 DG INFSO payments and 3 MEDIA transactions of the Agency EACEA were checked by the Court. Five statements of Preliminary Findings were issued (PF 3484, PF 3550, PF 3636, PF 3757 and PF 3808) with 9 error forms concerning 9 different projects. The errors mainly concerned the overstatement of eligible personnel and/or indirect costs (6 cases).
- Follow-up to previous findings on late payments (PF 3808)
- Follow-up to errors from DAS 2007 and DAS 2008 (PF 3808)
- Ex-post control (PF 3808)
- Audit certification (PF 3808)
- Ex-ante desk check (PF 3808)
- Annual Activity Report (PF 3808)

• Draft Annual Report 2009

DG INFSO is mainly concerned by Chapter 5 (Research, Energy and Transport), but also by Chapter 1.

In **Chapter 1** (Statement of assurance concerning the reliability of accounts) the Court considers that in general the supervisory and control systems for the Research, Energy and Transport Sector are partially satisfactory, as in 2008. The Court considers that the most likely error rate for this Sector is between 2 and 5% as in 2008. The Court indicates that the AARs of the Commission policy groups "Research, Energy and Transport" and "Administrative and other expenditure" are the only ones to give a fair assessment of financial management in relation to the regularity of transactions.

In **Chapter 5** 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 2009 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 2008. The Court considers however that desk checks before payments and ex-post financial audits are effective (green colour)
- Results of transactions testing: the Court indicates that 24% (22% in 2008) of the transactions tested for DAS 2009 were "irregular" (affected by an error). The Court indicates that the most likely error rate is between 2% and 5% (yellow colour), as for 2008. The Court acknowledges the reduction in the level of error over the last years, due to the reinforcement of the internal control systems and the changes aimed at simplifying the funding rules for research projects. The Court estimates that there is a risk that the positive effect of these changes may not continue under FP7, particularly due to the difficulties in implementing the ex-ante certification of beneficiaries' costing methodologies.

The Court also reports in Chapter 5 a number of problems already noted in previous years (declaration of overstated eligible costs, in particular in relation with personnel costs and indirect costs; submission of audit certificates that confirmed the correctness of costs, although the Court detected ineligible costs).

The Court highlights several positive aspects, including the improvement in making timely payments to beneficiaries, the effectiveness of ex-ante desk reviews control system and of ex-post audits, the increase of the ex-post audit activity and the coherent approach/efficient coordination of the Research DGs for ex-post audits, the fact that the Annual Activity Reports of the policy group Research, Energy and Transport give a fair assessment of financial management in relation to legality and regularity. The contradictory meeting with the Court took place on 28.06.2010 for Chapter 5. A pre-contradictory meeting was held on 11.06.2010.

7.3. DAS 2010 – Audits Started or Ongoing

• Transaction audits

During the first semester of 2010, the Court requested the supporting documents for 12 transactions dealt with by DG INFSO.

7.4. Special Reports

• **Performance Audit on "Impact assessments in the EU institutions: do they support decision making?"**

This performance audit – which started at the end of 2008 - is coordinated for the Commission by the SG as different DGs are involved (ex TREN, EMP, REGIO, INFSO and the JRC). The Court issued its draft special report in February 2010. This report as well as the Commission's reply was discussed at the contradictory meeting that took place on 29.04.2010. It is expected that the Court's report (with the Commission's reply) will be published and discussed at the Budgetary Control Committee of the Parliament (CONT), in September 2010.

The Court considers that on balance, particularly in recent years, impact assessment has been effective in supporting decision-making within the EU institutions. The audit identified some areas for improvement related to the impact assessment procedures and the content and presentation of impact assessment reports, as the timeliness of the Impact Assessment Board intervention, the comparability of the impacts of the various policy options presented, and the analysis and quantification of the implementation and enforcement costs of the proposed legislation.

• **Performance Audit on e Government**

This audit is mainly focused on eGovernment projects implemented in the Member States and co-financed by the ERDF. The Court has finalised its work and is planning to organise a meeting in the second semester of 2010 to present its preliminary conclusions to the Commission (DGs INFSO, REGIO and DIGIT).

• **Performance Audit on the management by the Commission of the waiver procedure**

A first meeting took place between the Court and DG INFSO in January 2010 to collect information on DG INFSO' procedures relating to waivers of recovery orders. The Court will perform its audit in the autumn and DG INFSO may be a subject of this audit.

8. Internal Audit Service (IAS)

8.1. Main IAS audits and recommendations

During the first semester of 2010, the Internal Audit Service (IAS) did not launch any new audit engagements related to DG INFSO's activities.

8.2. Implementation status of open IAS recommendations

During 2010, DG INFSO is implementing the recommendations resulting from the four most recent IAS audits: on ethics, recoveries, research IT systems, and FP7 controls (design). In IAS audits of recent years, DG INFSO has not received any "critical" recommendations. From the 30 accepted recommendations, the majority (19) have already been implemented. The 11 'open' recommendations are in most cases 'partially implemented' – with 'full implementation' subject to the finalisation of some remaining aspect(s).

On 10.06.2010, the implementation status of the open IAS recommendations was reviewed by the ICC Group and is covered in its 2010 mid-term progress report (see **Annex B1**). DG INFSO has updated the IAS AMS-IssueTrack database – enabling the IAS to produce its next (twice annual) overview report to the Audit Progress Committee (APC).

In the context of the APC's scrutiny of any "significant delays" (i.e. more than 6 months overdue) in the implementation of any critical or very important IAS recommendations, as reported in the IAS 2010 Spring overview report, DG INFSO had three "very important" recommendations for which a reminder from the APC Chairman was received.¹⁰ As mentioned in the note (Ares 373724 of 28.06.10 see **Annex D1**) accompanying the draft reply to Mr Šemeta, DG INFSO does not normally have significant delays in implementing very important recommendations. However, for reasons mostly out of the control of DG INFSO, the implementation delays on some recommendations have increased.

End-June 2010, DG INFSO had eight very important recommendations overdue more than 6 months. On the one hand, this situation has to be put in context of the overall Commission picture: across all DGs, in early 2010 there were 38 very important recommendations overdue more than 6 months (of which 22 were more than 12 months delayed). On the other hand, in its latest overview report to the APC, the IAS explicitly mentions DG INFSO as one with a number of new overdue recommendations.

The reasons for delays include: dependencies on central DGs' new instructions and/or requirements, changed priorities since establishing the action plan, solutions requiring IT developments, etc.

¹⁰ For DG INFSO, see Mr Šemeta's note S(2010)92 of 15.06.10 - Ares(2010)339037

Additional measures have been taken to ensure a timely implementation of audit recommendations at DG INFSO:

- DG INFSO identified "Management Supervision (ICS-9)" as one of its 'priority' ICS (see also chapter 6.1). This was done *inter alia* to improve the management supervision of open audit recommendations issued by the IAS and IAC. New instructions¹¹ have been issued requiring closer and more frequent follow-up of audit recommendations (see also chapter 9.5).
- A dedicated "Audit, Control and Budgetary Committee" has been set up. Priorities for timely implementation of accepted audit recommendations have been stressed to ensure that (a) the resources needed for implementing recommendations are allocated accordingly, and (b) the extension of the implementation period beyond the agreed target date is subject to approval at DG-level. Also there should be more thorough review and clarification of the recommendations proposed before they are accepted to ensure that they can be achieved and within the timeframes established.

¹¹ "Strengthening Management Supervision (ICS-9): monitoring progress for ensuring a timely implementation of audit recommendations" (note INFSO-S2 220490 of 02.06.10)

9. Internal Audit Capability and Related Matters

During the first half of 2010, the Internal Audit Capability (IAC) of DG INFSO finalised one audit: "CIP, Safer Internet and other non-research Programmes not covered by IST Framework Programmes". Additionally, three follow-up audits were finalised: "Administrative/financial support from Operational Sectors and AFUs", "Ethics" and "Contract negotiation and preparation process in FP 7".

Two audits were launched during the first half of 2010 and are still in progress: "Evaluation of Research Framework Programmes managed by DG INFSO" and "Evaluation of proposals".

The IAC also has given advice upon request to the DG INFSO management.

9.1. Overview of Audits and Internal Organisation

All audits planned to be finished in the first half of the year have been executed.

The software "auto audit" has systematically been used 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.).

9.2. Four Finalised Audits

The results of the four finalised audits (one initial and three follow-ups) show that DG INFSO makes continuous efforts to improve its internal control systems. However a number of the recommendations were only partially implemented.

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

- Ten recommendations out of eleven (91%) were accepted by the auditees;

Audits	Accepted Recommendations			Rejected Recommendations			Dropped by IAC	Total
	VI (*)	I(*)	D(*)	VI (*)	I(*)	D(*)		
CIP, Safer Internet and other non-research Programmes not covered by IST FPs	5	5	0		1			11
Total	10			1				11
	11							

- As regards the recommendations in three follow-up audits, 13 recommendations out of 24 are partially implemented.

Follow- up audit	Implemented Recommendations			Partially implemented Recommendations				Total
	VI (*)	I(*)	D(*)	VI (*)	I(*)	D(*)		
Administrative /financial support from Operational Sectors and AFUs	1	5		3	2			11
Contract negotiation and preparation process in FP 7"	2	2		3	1			8
Ethics	0	1		3	1			5
Total	11			13				24
	24							

* VI: Very Important I: Important D: Desirable

The IAC Opinion concerning its audit "CIP, Safer Internet and other non-research Programmes not covered by IST Framework Programmes" is that it is satisfactory, except for further improvements needed:

- Operational directorates should provide access rights only on a need to know basis and, together with horizontal directorates, eliminate anonymous usernames in the IT applications used by DG INFSO to evaluate proposals
- The operational directorates should, with the help of horizontal directorates
 - Provide reviewers with further guidance on the checks to be done to ensure compliance with the 3E principle and encourage Project Officers to ask for on-site financial audits on a risk basis, in particular when doubts on the 3E principle arise;
 - Identify problematic projects and support a stricter approach, keeping track of the supervision.
- The unit responsible for ex-post audits should include a randomly selected sample, representative of the non-research transactions in DG INFSO, in DG INFSO's ex-post audit plan

- Operation directors should sign grant agreements with beneficiaries that are in EWS2 themselves. The unit responsible for ex-post audits should provide to the AOSD who has to sign a grant agreement with a higher risk with all information available to DG INFSO, while respecting the rules on sensitiveness of the information transmitted.
- Remarks from the external evaluators, in particular on overestimation of costs, should be adequately addressed in the negotiation. Significant remarks on overestimation of costs may be relevant when selecting risk-based ex-post audits.

The IAC's Opinion on the recommendations resulting from the three follow-up audits is that the recommendations have not yet been adequately and effectively implemented:

- Concerning the follow-up audit on "Administrative/financial support from Operational Sectors and AFUs", 3 out of 4 very important recommendations still need to be implemented: i) further clarify the boundaries between financial initiation and verification roles, ii) the content of each new checklist and subsequent updates should be authorized systematically and explicitly for being complete and iii) although the second part of the action plan referring to sensitive posts was implemented, an internal mobility strategy for OS/AFUs staff has not been entirely defined yet.
- Concerning the follow-up audit on "Contract negotiation and preparation", 3 out of 5 very important recommendations need still to be implemented. Main issues currently outstanding are: i) drafting new guidelines on basis of new LFV rules whose review was considered necessary to address issues as the verification of the operational or co-financing capacity and ii) the effective use of the template of the new negotiation report.
- Concerning the follow-up audit on "Ethics" 3 out of 4 very important recommendations need still to be implemented. Main issues currently outstanding are i) further reflex on professional ethics should be monitored ii) an automated check of the END status in iFlow to prevent assignment of ENDs to projects as main P. O. and iii) further actions should be undertaken to ensure that non-permanent staff equally receive the message of the importance of the ethical rules and principles and of the internal conduct rules.

9.3. Two Audits in Progress

The two audits launched in the beginning of 2010 "Evaluation of Research Framework Programmes managed by DG INFSO" and "Evaluation of proposals" are both in the reporting phase. Draft audit reports have been sent in July 2010 to the Directorates for comments.

9.4. Consultancy

The IAC has given advice upon request to the DG INFSO management. This advice covered mainly internal control and risk management processes.

9.5. Implementation status of open IAC recommendations

Usually one year after having received the DG's action plan for the implementation of IAC recommendations, the IAC performs a follow-up audit. The results of such follow-up audits indicate that several accepted IAC recommendations remain unimplemented in DG INFSO¹².

Therefore, as mentioned in chapter 8.2, new instructions¹³ have been issued requiring closer and more frequent follow-up of audit recommendations. In parallel, closer monitoring at DG-level is being organised – via the ICC Group and/or the Audit, Control and Budgetary Committee. Likewise as for IAS audits, the Committee has stressed the need for timely implementing also the IAC's recommendations – while for future audits it has urged auditors and auditees to discuss any proposed recommendations and related action plans thoroughly in order to ensure that they can be achieved and within the timeframes established.

During 2010, DG INFSO is implementing recommendations resulting from three IAC audits: i.e. on procurement and appointing letters (18 recommendations), on project reviews (7) and on general accounting (4). For the most recent audit on CIP and other non-research programmes, the action plan for the acceptance and implementation of the (11 'pending') recommendations was formally approved by the Director-General on 13.07.10. However, in the meantime (e.g. Directorate C had already submitted its actions proposals on 31.05.10), several recommendations are already implemented by now.

Directorates have discussed the status of the applicable IAC recommendations and have updated the progress status in the consolidated list of open recommendations as provided by the IAC. The first (quarterly) central progress check made after 30.06.2010¹⁴, indicates that 17 of the 29 recommendations are 'open' – respectively 11

¹² See the DG INFSO "Internal Audit Opinion 2009" (note INFSO-01 206498 of 12.02.10)

¹³ "Strengthening Management Supervision (ICS-9): monitoring progress for ensuring a timely implementation of audit recommendations" (note INFSO-S2 220490 of 02.06.10)

¹⁴ An Annex 4 has been issued as an addendum to the ICC Group's 2010 mid-term progress report See Annex B1

out of 18 (procurement and appointing letters), 6 out of 7 (project reviews) and 0 out of 4 (general accounting = all recommendations have been implemented).

By end-June 2010, DG INFSO had seven IAC recommendations overdue. Nevertheless, only 3 very important IAC recommendations are overdue (of which only 1 for more than 6 months) – a situation which is better than for IAS recommendations (see chapter 8.2).

10. OLAF Files

The bi-annual update of the status of OLAF files organised on 9.07.2010 enabled DG INFSO to cross-check with OLAF the status of all OLAF files up to 30.06.10, both open and under evaluation.

Annex E1 presents a description of the DG INFSO cases handled by OLAF, including the cases transmitted during the first semester 2010. Regular contacts with OLAF services, beyond the bi-annual meetings, allow constant monitoring and relevant intervention in case of any new requests or elements communicated by OLAF.

11. European Ombudsman

In the first semester of 2010, the following changes have occurred in the European Ombudsman cases for which DG INFSO is either 'chef de file' or associated:

- 3 new complaints were received
- 1 proposal for a friendly solution was received
- 1 complaint was closed
- 5 complaints are still on going.

Mr Diamandouros was re-elected as Ombudsman in January 2010. The main political priorities for his new mandate will be: i) to ensure that citizens profit fully from the Treaty of Lisbon and the Charter of Fundamental Rights; ii) to strengthen a "culture of service" vis-à-vis citizens within the EU administration; and iii) to further improve the effectiveness and efficiency of the Ombudsman's office.

The Ombudsman intends to meet all Directors-General in order to discuss their respective files. He has already met DG HR and will directly contact other Directors-General in the coming months to schedule meetings. He will start with those DGs where the situation concerning complaints is more complex and/or sensitive.

The Ombudsman will also be invited to meet the College of Commissioners in the second half of 2010.

During the reporting period, the European Ombudsman presented his Annual Report 2009¹⁵ including some statistics on 2009 complaints concerning all European institutions (about 56% of the complaints were made against the European Commission). Among other topics, the report highlights the characteristics of the main Ombudsman's inquiries (namely the lack of transparency including refusal of information, unfairness and abuse of power, avoidable delays, unsatisfactory procedures, etc.). The lack of transparency counts for 36 % of the total of the inquiries whereas unfairness or abuse of power amounts to 14 %; avoidable delays and unsatisfactory procedures represent each 13 %.

The number of complaints the Ombudsman received in 2009 decreased by around 10% compared to 2008 in spite of several awareness raising activities and large publicity given to his work during 2009. However, the Ombudsman opened almost 15% more inquiries in 2009 than 2008, which reflects his ambition to play a more active role.

During the reporting period, the Commission:

- presented its annual report 2009 on the assessment of relationships between the Commission and the Ombudsman to the GRI of 25 June 2010.
- adopted the revised Vademecum on handling Ombudsman inquiries (SP(2010)2034/3, 20.04.2010) replacing (SEC(2005)1260, 21 October 2005). The new version does not introduce any new procedures;

¹⁵ See: <http://www.ombudsman.europa.eu/activities/annualreports.faces>

however it takes into account the Lisbon Treaty and provides advice as to how to answer complaints.

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

12. Education, Audiovisual and Culture Executive Agency (EACEA) and ARTEMIS & ENIAC Joint Undertakings

12.1. Supervision of the EACEA for "MEDIA" management

In accordance with Article 15 of the EACEA's "Act of Delegation", DG INFSO has been one of the parent DGs co-responsible for the Commission's supervision of the EACEA. However, given the re-alignment of portfolios of the Commissioners in the new College, the responsibilities for the MEDIA Programmes and the related supervision of the EACEA were transferred from DG INFSO to DG EAC in spring 2010.

12.2. ARTEMIS & ENIAC Joint Undertakings

ARTEMIS

On 26.10.2009, after a DG INFSO Working Group had assessed the ARTEMIS Joint Undertaking's readiness for its budgetary autonomy, DG INFSO granted ARTEMIS its autonomy on a 'conditional' basis (subject to the implementation of a number of internal control related aspects).

On 01.02.2010, the ARTEMIS Executive Director reported back on the implementation status of those remaining aspects. After an INFSO-internal status analysis (30.03.2010), on 05.05.2010 DG INFSO informed the ARTEMIS' Governing Board members of the very good progress made (note INFSO-G 218414 of 05.05.10 see **Annex G1**).

ENIAC

On 05.03.2010, the ENIAC Joint Undertaking requested its autonomy.

On 03.05.2010, after a DG INFSO Working Group had assessed ENIAC's readiness for its budgetary autonomy, DG INFSO granted ENIAC its autonomy on a 'conditional' basis (subject to an immediate requirement to adjust its budget and to the implementation of a number of other autonomy criteria).

On 21.05.2010, the ENIAC Executive Director reported back on the implementation status of those remaining aspects. After an INFSO-internal status analysis, DG INFSO informed the ARTEMIS' Executive Director of its decision to lift the conditionality of ENIAC's autonomy (ARES (2010) 459637 of 26.07.10).

13. Declaration and Reservations

The Declaration in the 2009 Annual Activity Report (AAR) contains one reservation concerning 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 rate observed by ex-post controls was higher (2.7%) than the control objective (2.0%) and that the full impact of the multi-annual audit programme 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 2009, Chapter 3, p. 36-38.

The current state of implementation of these corrective actions and the impact they have achieved at the end of this first 2010 semester are described in detail in Chapter 7 of this BMR.

14. Annexes

Annex A - Introduction

- A1: Mandate of the Audit, Control and Budgetary Committee of DG INFSO

Annex B – Risk Management: Follow-up of High-Level Risk Assessment (HLRA) exercise

- B1: DG INFSO "Internal Control Coordination Group" (ICC Group) – 2010 mid-term progress report on actions in the context of risk management, internal control and audit recommendations and its 3 annexes

Annex C - Status Report on External Financial Audits to 30 June 2010

- C1: External key indicators
- C2: Implementation of external audit results

Annex D – Internal Audit Service

- D1: Reminder by the Audit Progress Committee (APC) – Implementation of 'very important' audit recommendations overdue by more than 6 months: DG INFSO's reply (reasons, current status and outlook) – and its annex

Annex E – OLAF Files

Annex F – European Ombudsman

- F1: Status overview

Annex G – Education, Audiovisual and Cultural Executive Agency (EACEA) and ARTEMIS & ENIAC Joint Undertakings

- G1: Analysis of the ARTEMIS report on Autonomy



EUROPEAN COMMISSION
Information Society and Media Directorate-General

Components & Systems
The Director

Brussels, **05 MAI 2010**
INFSO G/TVdP/jfb D(2010)218414

The members of the ARTEMIS Governing
Board and the ARTEMIS Executive Director

Sent by e-mail

Subject: Analysis of the ARTEMIS report on autonomy

Dear colleagues,

On 26 October 2010, in its letter granting autonomy to the ARTEMIS Joint Undertaking, the Commission had requested the immediate implementation of a number of recommendations and the reporting back on their implementation within 2 months.

As requested in the ARTEMIS Governing Board of 24 November 2009, the Executive Director presented at the ARTEMIS Governing Board meeting of 28 January 2010 the progress made in the implementation of the recommendations made by the Commission. The board members requested the delivery of a written report, which would then be handled to the Commission for opinion. On 1 February 2010, the Executive Director of ARTEMIS delivered its written report.

You will find in annex the detailed analysis made by the Commission. From this analysis, it appears that ARTEMIS has made very good progress in the implementation of the recommendations. All recommendations have been addressed (at least partially), some requiring further attention and reporting by the Executive Director to the Governing Board.

Yours sincerely,

Thierry Van der Pyl

Encl.: Analysis of the progress report

Copy: J. Cotta, T. Clausen (INFSO-G3)

Annex: Detailed analysis of the implementation of the recommendations

Recommendation 1

Recommendation text

"The ARTEMIS Governing Board to adopt its adjusted "Internal Control Framework (ICF)", based on appropriate overall Risk Assessment"

Comment by the Executive Director in his report:

- The ICF is currently being updated / upgraded for the visit of the Court of Auditors which is foreseen from 23/02 until 26/02/2010;
- Feedback from the Court of Auditors will be integrated in the ICF during March;
- The final ICF will be submitted for approval to the Governing Board by mid-March, using written procedure.

Updated status:

On 9 March 2010, the ARTEMIS Executive Director launched a written procedure for the approval of a revised set of minimum standards (ARTEMIS-GB-2010-D.08). The proposed decision concerns the implementation of the following standards in 2010: 1, 2, 3, 4, 6, 7, 10, 11, 13 and is accompanied by a revised Internal Control Framework document (ARTEMIS-ED-2010-03).

Analysis

The documents provided in the written procedure have been analysed by INFOS2 and prove to be appropriate. However, when expressing its vote, the Commission stressed the importance of having soon a subsequent decision of the Governing Board on the implementation of all remaining ICS (and in particular 9-12-15-16) before the end of 2010, as planned in the "ICS Implementation Plan" (v2.2 Oct 2009) provided to the Commission when assessing the capacity of ARTEMIS to be autonomous and as indicated in the EC assessment report on autonomy (annex to the EC letter granting autonomy).

Based on this, it is considered that the ARTEMIS Joint Undertaking has demonstrated its willingness to comply with this first recommendation. The further implementation and adoption of the remaining ICS will be monitored through the Governing Board.

Recommendation 2

Recommendation text

"The Delegations for all financial actors, Job Descriptions & Objectives for all staff and SLA with EPSO to be formalised"

Comment by the Executive Director in his report:

- Delegations for all financial actors are described in the Manual of Procedures. One back-up is still missing, that of the Accounting Officer. This will be solved by mid February, with the start of an additional financial administrative assistant. Job descriptions & objectives have been finalised for all staff, including for the Executive Director, and an SLA with EPSO has been signed.

Analysis

- The entry in function of the additional administrative assistant, Ms Soledad San José Fernández, on 16 February 2010 has been confirmed. According to the declaration of the Executive Director, this person ensures the back-up function for the Accounting Officer Mr Juan Pablo Contreras Solis.
- The Manual of Procedures (ARTEMIS-ED-32/09 adopted on 31 July 2009 – copy in annex 2) provides basic information on the delegation of financial actors. The details on the delegations have

been provided to DG BUDG at time of autonomy, as the names of the actors were needed to configure ABAC.

- The Job Description and objectives the Executive Director have been defined and agreed.
- Based on the declaration of the Executive Director, it is assumed that all other staff members do have Job Descriptions and Objectives and that the SLA with EPSO has indeed been signed.

It is therefore considered that the 2nd recommendation has been properly implemented.

Recommendation 3

Recommendation text

"The required training and appropriate backup for the Legal Officer be ensured, for her role as Verifying Agent in some financial circuits".

Comment by the Executive Director in his report:

- Training as both initiating and verifying agent have been followed by the Legal Officer, and back up is ensured in the Manual of Procedure by the Programme Manager.

Analysis

It is considered that these declarations of the Executive Director provide reasonable assurance that recommendation 3 has been properly implemented.

Recommendation 4

Recommendation text

"The understanding by all staff of the ARTEMIS procedures, roles and financial circuits to be ensured, especially in deputising, backup and/or continuity situations".

Comment by the Executive Director in his report:

- The Financial Circuits have been tested and implemented and all the necessary roles for the day to day business have their back-up, including the Accounting Officer (The Accounting Officer back-up will be on duty starting February 15th 2010);
- Since autonomy (October 26th 2009) 3 salaries payments have been done on time and more than 100 payment orders have been issued for more than 1.5Meur;
- Since September 1st 2009, all staff have followed the required trainings (about 40 days training in total, over a 3 months period).

Analysis

It is assumed that the trainings followed by the ARTEMIS staff provide them the appropriate overview of the procedures in order to ensure the proper implementation of the financial circuits. Recommendation 4 can therefore be considered to be properly implemented.

Recommendation 5

Recommendation text

"The risks related to the JU's budget to be managed, through overall programme planning (ensuring that annual budgetary allocation guarantees the implementation of the overall budget through 2013), periodic cash flow forecasts (in order for INFSO to be able to foresee the budgetary needs of ARTEMIS, thus enabling budgetary adjustments during the year if required), risk analysis (with particular focus on the impact on budget execution of late contribution from member/associated states)."

Comment by the Executive Director in his report:

- During 2009, lessons have been learned from the implementation of the operational activities related to the 2008 Call;
- A global draft picture of the 2010 budget has been made, combining the implementation of the operational activities of both 2008 and 2009 Calls;
- Cash flow forecasts still need to be improved due to lack of historic data during the start-up phase;
- Risk analysis will be drafted in the following months taking into account the closure of 2009;
- The administrative budget is highly predictable (salaries, calls, reviews, events).

Analysis

Good progress has been made in order to fulfil recommendation 5, but close monitoring is still required on this issue.

Recommendation 6

Recommendation text

"In the context of the (signed) "General Financing Agreement (GFA)", now the annual financing agreement and the payment request should be formalised."

Comment by the Executive Director in his report:

- For 2009, an Annual Financing Agreement proposal was delivered to DG INFSO;
- A payment request for administrative and operational expenditures was formalized using the recovery order tool which was issued on October 2009 and cashed on November 2009;
- For 2010, and Annual Financing Agreement proposal is ready.

Analysis

It is considered that these declarations of the Executive Director and the progress in the establishment of the Annual Financing Agreement 2010 provide reasonable assurance that recommendation 6 has been properly implemented.

Recommendation 7

Recommendation text

"Furthermore, an agreement with DG BUDG is to be concluded in order to comply with the provisions of Article 6 thereof (on the exclusion of candidates)."

Comment by the Executive Director in his report:

An agreement with DB BUDG has been formalised, where access to the "exclusion of candidates" database is granted to ARTEMIS Data Protection Officer.

Analysis

It is considered that these declarations of the Executive Director provide reasonable assurance that recommendation 7 has been properly implemented.

Recommendation 8

Recommendation text

"A stable settlement of the ICT equipment renewal and maintenance scheme to be pursued, and MoUs with the various partners (REA, RTD, DIGIT) to be concluded".

Comment by the Executive Director in his report:

- The financial circuit is fully implemented in ABAC in compliance with EC financial regulations. All financial transactions are operated through the S-TESTA line, a dedicated and secure physical link; ABAC ensures adequate follow-up of all financial operations.
- The current ICT solution has been set-up by DG-RTD (R4) for the JUs, according to EC standards, with expiry date fall 2010;
- Specifications for ICT infrastructure, equipment renewal and maintenance are currently being drafted by all JUs with the support of DG RTD for the final JU seat. A call for tender for a Framework Contract covering all ICT needs will be published by the 5 JUs in Q1 2010.
- SLA and MoUs with REA and RTD granting access to the relevant IT tools supporting the project life cycle management are in the signature process;
- An MoU on Security has been signed with DG-HR (formerly DG-ADMIN);
- Where needed, system owners have properly addressed security issues with the relevant EC services (e.g. DIGIT granted all ARTEMIS users an active eECAS account).

Analysis

It is considered that these declarations of the Executive Director provide reasonable assurance that recommendation 8 has been properly implemented. Regular update on the progress made in the items indicated by the Executive Director (Award of framework contract for ICT infrastructure at the new JU seat,...) should be provided to the ARTEMIS Governing Board.



The Director-General

Brussels,
INFSO-S2/GV/aa
(Member Responsible: Mr C-C. BUHR)
(Member Responsible: Mr H. DUPUY)

NOTE TO VICE-PRESIDENT NEELIE KROES

Subject: Reminder by the Audit Progress Committee (APC) – Implementation of 'very important' audit recommendations overdue by more than 6 months: DG INFSO's reply (reasons, current status and outlook)

Reference: Note from Mr A. Šemeta: "Reminder – Implementation of very important recommendations overdue by more than six months – DG INFSO", ref. S(2010)92 of 15.06.10 - Ares(2010)339037

As Chairman of the Commission's Audit Progress Committee (APC), Commissioner Šemeta has sent a formal reminder that the implementation of three 'very important' audit recommendations issued by the Internal Audit Service (IAS) to DG INFSO is overdue by more than 6 months. Enclosed you will find a draft reply for your signature.

Below is the information on the background, current status and additional measures taken concerning these recommendations. Details per recommendation (including reasons for the delays) are provided in annex.

1. Background

After having received – as auditee – a final audit report from the IAS, DG INFSO establishes its action plan for the implementation of the accepted recommendations. Usually, the implementation horizon is up to one year for the more extensive recommendations. Twice a year, after an internal progress check in June and December, DG INFSO updates the implementation status in the IAS' AMS-IssueTrack database as required (next due date = 09.07.10).

Based on that information, the IAS writes its twice annual overview report to the APC. Any critical and/or very important recommendations overdue more than 6 months trigger a formal inquiry letter from the APC Chairman to the Commissioner concerned. These delayed recommendations are to be reported by the Director-General in the Annual Activity Report (AAR), and are considered as a negative element in the building blocks providing management assurance. In DG INFSO's Bi-annual Management Reports (BMR) to its Commissioner, the status of IAS audits is a specific chapter.

2. Current status (June 2010)

Currently, DG INFSO is implementing the recommendations resulting from its four most recent IAS audits: i.e. on ethics, recoveries, research IT systems and FP7 controls. In IAS audits of recent years, DG INFSO has not been issued any "critical" recommendations. From the total of 30 accepted recommendations, the majority (19) have already been implemented. The 11 'open' recommendations are in most cases 'partially implemented' – with their 'full implementation' subject to the finalisation of some remaining aspect(s).

DG INFSO does not normally have significant delays in implementing "very important" recommendations. However, for reasons mostly out of the control of DG INFSO, the implementation delays on some recommendations have indeed increased. *In early 2010, DG INFSO had three very important recommendations overdue more than 6 months (i.e. the ones referred to in the current reminder by the APC). By end-June 2010, there will be seven. On the one hand, this situation has to be put in context of the overall Commission picture: across all DGs, in early 2010 there were 38 very important recommendations overdue more than 6 months (of which 22 were more than 12 months delayed). On the other hand, in its latest overview report to the APC, the IAS explicitly mentions DG INFSO as one with a number of new overdue recommendations.*

There are reasons to explain delays: e.g. dependencies on central DGs' new instructions and/or requirements, changed priorities since establishing the action plan, solutions requiring IT developments, etc. – see explanations, status and outlook in annex (one fiche for each of the 3 recommendations concerned). Although "very important" accepted audit recommendations should be implemented effectively and on time, in some cases the objective of making effective improvements may require a trade-off in timing of the implementation.

3. Additional measures taken

Additional measures have been taken to ensure a timely implementation of audit recommendations at DG INFSO:

- In its provisional 2010 Management Plan (MP), DG INFSO identified "Management Supervision (ICS-9)" as one of its 'priority' Internal Controls Standards (ICS)¹. This was done *inter alia* to improve the management supervision of open audit recommendations issued by the IAS and IAC². New instructions³ have been issued requiring closer and more frequent follow-up of audit recommendations. In parallel, a closer and more frequent central monitoring will be organised at DG-level.
- I have also set up a dedicated "Audit, Control and Budgetary Committee". In that context the priorities for timely implementation of accepted audit recommendations have been stressed to ensure that (a) the resources needed for implementing recommendations should be allocated accordingly, and (b) the extension of the implementation period beyond the agreed target date should become subject to approval at DG-level. Also there should be an even more thorough review and clarification of the recommendations proposed before they are accepted to ensure that they can be achieved and within the timeframes established.

4. Your reply to Commissioner Šemeta

Enclosed is a draft reply, for your signature, to Mr A. Šemeta, Chairman of the Commission Audit Progress Committee.

(signed)

Robert Madelin

Annex: Three *fiches* on the status of the IAS recommendations

Enclosed: Draft reply to Mr A. Šemeta, Chairman of the APC

c.c.: A. Whelan, L. Boix Alonso, C-C. Buhr, H. Dupuy, A-M. Henriques, K. Brunzell (Cabinet Mrs Kroes);
A. Peltomäki, Z. Stančič, A. Bucher, M. Richards, F. Sendra Palmer, F. Dezeure, INFSO Assistants, C. Dubs, J. Perez-Echague, H. De Sadeleer, H. Oleksy, D. Costens, A. Rauch, G. Veldeman, C. Farcas, A. Sarkisyan (INFSO).

¹ Annual review and recommendations from the Internal Control Coordinator - "2009 ICC Package"; note INFSO-S2 208081 of 23.02.10

² DG INFSO's "Internal Audit Opinion 2009", note INFSO-01 206498 of 12.02.10

³ Strengthening Management Supervision (ICS-9): monitoring progress for ensuring a timely implementation of audit recommendations, note INFSO-S2 220490 of 02.06.10

Recommendation N° 1 – "Adaptation of the Commission's ethics framework to the DG specific environment"

Priority = VI	Original target date = 30.06.09	<p>"It is recommended to consolidate existing INFSO specific guidance material and further develop this where relevant (e.g. in the framework of a charter or code <u>in addition to the DG ADMIN guidance</u>). It should be considered to align practices and guidance material between the different Research DGs where relevant.</p> <p>It is recommended to consolidate the information on ethics on one site on the INFSO website and remove old or unnecessary documents."</p>
Action Ethics website	implemented	<p>"A better visibility will be ensured on the Unit R1 intranet and possibly on the DG INFSO homepage"</p> <p><i>The new INFSO Ethics website was launched in mid-2009, as announced in the <u>HR Insights newsletter</u> of July 2009.</i></p> <p><i>The webpage contains complete information on ethics documents and references, together with concrete advice on the steps to be taken for declaring a potential conflict of interest, external activities, professional activities after leaving the service, employment of spouse or partner, publishing a text or speech, gifts and favours, standing for elections.</i></p> <p><i>The website provides links to all the forms that staff may need to fill in these cases, as well as the routing sheet for validation.</i></p>
Action Ethics seminars	implemented	<p>"Organisation of workshops covering ethics for Project Officers, Financial Officers, Policy Officers and all external staff"</p> <p><i>In DG INFSO, the immediate priority has been to keep lively debates on ethics, therefore two Ethics seminars have been organised throughout 2009 (on June 22 and October 28). They were tailor-made to staff specific needs, therefore one seminar was dedicated to Senior and Middle Management and one was dedicated to all staff. The seminars included workshops where practical case-studies were debated.</i></p>
Action Ethics guidelines	<i>partially</i> implemented	<p>"<u>Once DG ADMIN has finalised the charter on ethics</u>, Unit R1 will complete the charter to adapt to DG INFSO's specific activities"</p> <p><i>Unit R1 is currently finalising DG-specific Ethics guidance based on the conclusions of the Ethics seminars held in 2009 and on the results of a working group set up early 2010.</i></p> <p><i>The drafting process of the "DG INFSO Ethics Guide" was initially delayed by <u>our commitment to be in line with general DG HR recommendations</u>. As stated in the Communication from Vice-President Kallas on Enhancing the Environment for Professional Ethics in the Commission, which was approved by the College on 5 March 2008 (SEC(2008) 301/4), <u>DG HR committed itself to a number of actions</u>. Some of them, concerning the launching of a new decision on gifts and hospitality, a revision of the existing Commission decision on outside activities and assignments and a Statement of Principles on Professional Ethics, are <u>not yet implemented</u>.</i></p>

		<p><i>The preparation of a one-stop shop electronic approval system for declarations and authorisations under the Staff Regulations and the establishment of an all-embracing "Ethics website" are <u>still under way in DG HR</u>.</i></p> <p><i>Nevertheless, in the meantime DG INFSO addressed several specific issues that needed additional guidance or revised rules. These aspects are covered by the note on "Mission paid by organisers - new rules" (D102371 of 23 January 2009), the note on "Transparency and disclosure of information" (D210238 of 23 March 2010) and the FAQ on what tasks can be assigned to SNE and NEPT, published on the intranet.</i></p> <p><i>Furthermore, the note on "<u>Keeping ethics on the agenda of DG INFSO</u>" explaining the actions planned for 2010 was circulated to management by the Director-General at the end of 2009 (D150792 of 22 December 2009). The note highlights the importance of creating a <u>working group to provide feedback on the "DG INFSO Ethics Guide", to encourage discussions on ethics in each Unit and Directorate and be a point of debate on further actions to be considered in order to mainstream ethics in all activities</u>. We consider this process to be extremely important as ethics is an underlying part of our organisational culture and awareness-raising on ethics is a constant effort, as opposed to a one-off action. The note states that the working group on ethics will meet a maximum of three times in the first semester of 2010. <u>The third and final meeting of the working group is planned for 24 June</u>, date at which the final draft of the INFSO guide will be presented. Once endorsed by the working group, the "DG INFSO Ethics Guide" will be presented to Senior Management for final approval and then be made available to staff via the Ethics website.</i></p>
<p>Action</p> <p>Ethics training</p>	implemented	<p>"Provide training sessions or workshops (senior staff to coach newcomers) on practical everyday work implications of ethical rules within DG INFSO, if not organised centrally"</p> <p><i>A seminar "Train the trainers on ethics" took place on 17 June 2009. The internal trainers will include an ethics module in trainings mainly for Financial Officers, Project Officers and Policy Officers.</i></p> <p><i>Since 2009, the training for mentors includes an ethics topic; therefore mentors are aware that they need to discuss ethics-related issues with their mentees.</i></p>
<p>Action</p> <p>Ethics awareness campaign</p>	implemented	<p>"Contribution to an awareness campaign (i.e. quiz) to improve everyone's understanding of ethical topics"</p> <p><i>One of the core priorities of Unit R1 throughout 2009 was raising the awareness of professional ethics. This included the revamping of the intranet site, the Ethics seminars and the actions mentioned above.</i></p> <p><i>The awareness raising has continued in 2010 with the meetings of the Ethics Working Group and the inclusion of ethics on the agenda of Unit or Directorate meetings (see above under "Keeping ethics on the agenda of DG INFSO" in the action on Ethics guidelines).</i></p> <p><i>DG INFSO considers that awareness raising is a continuous process and will continue to develop/implement awareness activities over the years to come.</i></p>

Status 15.06.10	Partially implemented	<p>New target date = 31.12.10</p> <p>Reason for delay = DG INFSO initially planned to implement its actions by taking into account the (forthcoming) guidance from DG HR (as instructed in the IAS' recommendation). However, several of the actions committed to by DG HR have not yet been finalised.</p> <p>DG INFSO now proceeds without waiting for finalisation by DG HR of the pending actions and will update its DG-specific guidance whenever needed.</p>
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Recommendation N° 8 – "Develop and endorse an overall security policy as required by the Commission Decision 2001/3031/CE on the Provisions on Security"

Priority = VI	Original target date = 30.06.09	"Develop and endorse an overall security policy as required by the Commission Decision 2001/3031/CE on the Provisions on Security."
Action overall Security Plan	<i>partially</i> implemented	<p>"LISO and LSO to develop an overall Security Plan for endorsement"</p> <p><i>An overall Security Plan including all IT assets (IT software, IT hardware and other physical and non-physical assets) has to be produced <u>once the Information Security Plans are issued (see rec. 9).</u></i></p> <p><i>This document will cover the IT infrastructure that is in addition to the infrastructure which supports the Business Applications. It is envisaged that this can be covered by a single Security Plan.</i></p> <p><i>Unit R3's Project Plan envisages that the roadmap for the creation of those Information Security Plans will be completed by the end of June 2010 – with the completed Security Plans written, agreed and published by the <u>end of September 2010.</u></i></p>
Status 15.06.10	Partially implemented	<p>New target date = 30.09.10</p> <p>Reason for delay = dependency on the implementation of recommendation N° 9</p>

Recommendation N° 9 – "Develop and endorse an Information Security Policy aligned with the DG INFSO overall security policy."

Priority = VI	Original target date = 30.06.09	<p>"The LISO should develop, under the supervision of the LSO, an Information System Security Policy. Additionally, a communication plan should be developed and executed accordingly.</p> <p>This policy should be based on the specific needs of the DG and should be consistent with the overall security policy of the DG and with the general instructions of the Commission on this matter.</p> <p>The policy should be based on a formal risk analysis and should clearly assign responsibilities to the actors concerned (LSO, LISO, IRM, users, ...).</p> <p>The policy should serve as the cornerstone for a set of formalised procedures: physical security, access to systems, identification, authorisation, use of medias, use of email, backup, disaster recovery, incident handling, etc."</p>
<p>Action</p> <p>Information Security Plan(s)</p>	<p><i>partially</i> implemented</p>	<p>"LISO to develop [an] Information Security Plan[s]"</p> <p><i>In 2009, a first Security Plan was drafted, grouping all the IT assets managed in DG INFSO. This Information Security Plan was discussed with DG HR.DS. <u>Following a HR.DS recommendation, i.e. to produce a security plan per (family of) Information System(s) (IS), this Security Plan had to be rewritten.</u></i></p> <p><i>Four families of IS have been identified. They regroup the IS according to their level of confidentiality, the use of personal data and the type of (external or only internal) users having access to the IS.</i></p> <p><i>Initial estimates indicate that at least 7 IS Security Plans will be needed. Beginning 2010, Business Impact Analyses for the business applications have been completed (cf. Commission Decision 3602: requirement to determine for which systems and applications 'specific' security measures are needed beyond the 'standard' corporate security measures). In this exercise, the Business/Systems Owners have been involved. The Business Impact Analyses indicate that a minimum of seven Risk Analyses are required (6 specific and 1 global risk analyses).</i></p> <p><i>An external resource has now been engaged to produce these Risk Analyses. Work began mid-May 2010. When the risk analysis phase will be completed, a clearer picture of the number of required security plans will emerge.</i></p> <p><i>Unit R3's Project Plan envisages that the risk analyses and roadmap for creation of these 'specific' IS Security Plans will be completed by the end of June 2010 – with the full Information Security Plans written, agreed and published by the <u>end of September 2010</u>. Implementation of some IT security measures specified in the plans will be carried out after this milestone.</i></p>

Status 15.06.10	Partially implemented	New target date = 30.09.10 Delay caused by (i) a DG HR.DS request to have an Information Security Plan per Information System (family), and (ii) the DS guidelines on how to draft a Security Plan having become available only recently (03.05.10)
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Brussels,
INFSO-S2/GV/aa

**NOTE TO MR ROBERT MADELIN,
DIRECTOR-GENERAL DG INFSO**

Subject: DG INFSO "Internal Control Coordination Group" (ICC Group) – 2010 mid-term progress report on actions in the context of risk management, internal control and audit recommendations

In 2007, DG INFSO's Internal Control Coordinator (ICC) set up an "Internal Control Coordination Group (ICC Group) with representatives from all Directorates¹. The ICC Group mandate includes monitoring progress of actions taken relating to risk management, internal control and audit recommendations.

Twice a year, the ICC provides a report of the ICC Group work to senior management. These progress reports also serve as input for the Bi-annual Management Report (BMR) to the Commissioner, for the Annual Activity Report (AAR) and for recording progress (and delays) in implementing action plans related to IAS audit recommendations. During the first semester of 2010, the ICC Group met on 10.06.10.

1. Risk Management

Following the DG INFSO annual High-Level Risk Assessment exercise (HLRA, cf. ICS-6) in the context of the annual Management Plan (MP), senior management endorses the risk register of the most important risks identified for the next year – including any "critical risks" that require inclusion in the MP. During the subsequent year, there is a review of progress made in implementing the actions to reduce the residual level of those risks. There is also a monitoring² of risks for which no additional action was deemed necessary. Both are done via the ICC Group (based also on status reports from the Directorates).

¹ See the ICC Group intranet pages: http://intra.infso.cec.eu.int/S/IC_coord_group/pages/reference_docs.htm

² A.k.a. "reinforced monitoring", i.e. done via the ICC Group at DG-level for the most important risks (compared to risk monitoring at Directorate(s) level for those at low(er) risk levels)

For 2010³, none of the INFSO risks were "critical risks". One of the DG INFSO main risks was considered to have scope for further risk reducing actions (risk 5A - Operational management of the Framework Programme). For the other main risks, it was decided that central monitoring during 2010 would be sufficient.

Status as reported – June 2010 (see details in Annex 1)

The actions concerning the risks in "Operational management of the Framework Programme" (5A) are partially implemented. Compared to the May 2010 target date set for the action plan at the ICT Directors meeting of 12.01.10, some aspects require finalisation.

The ICC Group agreed at its meeting on 10.06.10 to request that ICT Directors revisit the recommendations made by the three Working Groups on improving ex ante controls (for negotiations, payments and project reviews), to endorse their conclusions, to ensure the integration of the improvements into the guidelines, procedures, communications and trainings, and to report back on the systematic use and results of those improvements.

For the other main risks, for which no additional actions were considered needed/possible, the Directorates concerned reported no increase in the risk levels and they are considered to be stable.

2. Internal Control

Based on the annual ICS-review (ICC Package, cf. ICS-15), a key input to the AAR Part 2 and a major assurance building block for the AAR Declaration, the ICC submits annual recommendations to the Director General for approval – including the "ICS priorities for improving effectiveness" for formal inclusion into the MP. During the subsequent year, there is a review of progress in actions to improve the effectiveness of the ICS via the ICC Group.

For 2010⁴, the three "ICS priorities" were: exceptions recording/reporting (part of ICS-8); management supervision (ICS-9); and document management (ICS-11). For seven other ICC recommendations, it was decided that continued line management during 2010 would be sufficient.

Status as reported – June 2010 (see details in Annex 2)

"Document management" actions are being finalised, as foreseen, in the context of the migration to ARES. For "management supervision" closer management supervision of open audit recommendations (see below) has been introduced. Closer management supervision of operational activities is being introduced in part as a result of the changes in guidelines, improved ex ante controls and greater management awareness. Improvements in harmonising and clarifying "exceptions recording/reporting" will be addressed in detail during the second semester of 2010.

The other ICC recommendations will be implemented via the usual continued line management.

3. IAS audit recommendations

³ Final results of DG INFSO "High-Level Risk Assessment" exercise 2009-2010 & its follow-up during 2010; note INFSO-S2 155574 of 22.12.09

⁴ Annual review and recommendations from the Internal Control Coordinator - "2009 ICC Package"; note INFSO-S2 208081 of 23.02.10

After receipt of a final IAS audit report, an action plan for implementing the accepted recommendations is developed and, depending on the nature of the recommendation, generally is to be implemented within one year. Twice a year, after an internal review, the implementation status is updated by INFSO in the IAS AMS-IssueTrack database. Based on that information, the IAS forwards its overview reports twice a year to the Commission Audit Progress Committee (APC). Any critical and/or very important recommendations overdue more than 6 months trigger a formal inquiry letter from the APC Chairman to the Commissioner concerned⁵. Such recommendations are to be reported in the AAR and are considered as a negative element among the building blocks towards management assurance.

Status as reported – June 2010 (see details in Annex 3)

Currently, DG INFSO is implementing the recommendations resulting from its four most recent IAS audits: i.e. on ethics, recoveries, research IT systems and FP7 controls. In IAS audits of recent years, DG INFSO has not been issued any "critical" recommendations. From the total of 30 accepted recommendations, the majority (19) have already been implemented. The 11 'open' recommendations are in most cases 'partially implemented' – with their 'full implementation' subject to the finalisation of some remaining aspect(s).

DG INFSO does not normally have significant delays in implementing "very important" recommendations. However, for reasons mostly out of the control of DG INFSO, the implementation delays on some recommendations have indeed increased. In early 2010, DG INFSO had three very important recommendations overdue more than 6 months. By end-June 2010, there will be seven. On the one hand, this situation has to be put in context of the overall Commission picture: across all DGs, in early 2010 there were 38 very important recommendations overdue more than 6 months (of which 22 were more than 12 months delayed). On the other hand, in its latest overview report to the APC, the IAS explicitly mentions DG INFSO as one with a number of new overdue recommendations.

There are reasons to justify delays: e.g. dependencies on central DGs' new instructions and/or requirements, changed priorities since establishing the action plan, solutions requiring IT developments, etc. Although "very important" accepted audit recommendations should be implemented effectively and on time, in some cases the objective of making effective improvements may require a trade-off in timing of the implementation.

4. IAC audit recommendations

The IAC "Annual Opinion"⁶ is another major building block for management assurance in the AAR, in which the Internal Auditor also identifies any concerns about the implementation of IAC recommendations. Usually one year after having received the DG's action plan for the implementation of IAC recommendations, the IAC performs a follow-up audit. The results of such follow-up audits indicate that several accepted IAC recommendations remain unimplemented in DG INFSO.

Status as reported – June 2010 (an Annex 4 will complement this chapter early July)

⁵ For DG INFSO, recently via Mr Šemeta's note S(2010)92 of 15.06.10 - Ares(2010)339037

⁶ DG INFSO "Internal Audit Opinion 2009", note INFSO-01 206498 of 12.02.10

In its provisional 2010 Management Plan (MP), DG INFSO identified "Management Supervision (ICS-9)" as one of its 'priority' Internal Controls Standards (ICS). This was done *inter alia* to improve the management supervision of open audit recommendations issued by the IAS and IAC. New instructions⁷ have been issued requiring closer and more frequent follow-up of audit recommendations. In parallel, a closer and more frequent central monitoring will be organised at DG-level.

As discussed at the Audit, Control and Budget Committee meeting on 9.06.10, greater attention will be paid in future to the wording and addressees of such recommendations to ensure that they are and can be implemented quickly and lead to effective results.

Based on a recently updated set of all (currently 27 + 10 pending) 'open' IAC recommendations, a first (quarterly) progress check under the new instructions will be consolidated right after 30 June. *A dedicated Annex 4 will be issued early July, as an addendum to this note.*

Your contact person in Unit S2 "Management Support" for this progress report is Geert Veldeman (tel. 55857).

Megan Richards

Annexes: Annex 1 – INFSO HLRA 2009-2010: Detailed Action Plan or Reinforced Monitoring;
 Annex 2 – ICS Priorities & ICC Recommendations for 2010: follow-up;
 Annex 3 – IAS Audit Recommendations: follow-up;
 Annex 4 – IAC Audit Recommendations [*will be issued early July*].

c.c.: A. Peltomäki, Z. Stančič, INFSO Directors, F. Sendra Palmer, F. Dezeure, INFSO Assistants;
 E. Forti, T. Hallantie;
 A. Rauch, A. Vanroelen, G. Veldeman, S. Norton, C. Farcas, A. Sarkisyan.

⁷ Strengthening Management Supervision (ICS-9): monitoring progress for ensuring a timely implementation of audit recommendations, note INFSO-S2 220490 of 02.06.10

Annex 1 – "INFSO High-Level Risk Assessment 2009-2010": Detailed Action Plan OR Reinforced Monitoring – ICCGr 10.06.10

Risk N°	P	Risk + risk description	Existing controls + Initial outline for potential further mitigating actions	"Chef de file"/Associated Dirs & Units	Detailed Action Plan (DAP): action(s) [to be] taken <u>OR</u> Reinforced Monitoring: any points of attention ? any new developments ?	Target date "MM.10"	Implementation Status <u>OR</u> Under control ?
1 A.P. & Media – 1	M	<p>MEDIA International - Preparatory Action (*)</p> <p>Expectation gaps and reputation/credibility issues, related to the inter-institutional agreement, caused by budget cuts to 2010 commitment credits for the Preparatory Action's 3rd year (CULT 5M€, COBU 1M€).</p> <p>(*) activity and risk are transferred to DG EAC, early 2010 (cf. final version of MP)</p>	<p>Continuous close follow-up; extra actions if/as needed</p> <p>Initial outline =</p> <ul style="list-style-type: none"> - Continuous close follow-up - Extra actions if/as needed (e.g. communication to limit damage that the EP's budget cut may have on the Commission's reputation) <p>Limited scope for action that would change the EP decision. But in 2011, new programme takes over anyway.</p>	<p>DIR A</p> <p>ex-A2</p>	<p><u>Reinforced monitoring</u></p>	n/a (*)	(*) activity and risk are transferred to DG EAC, early 2010 (cf. final version of MP)
2 ECP&NS – 1	M	<p>E-COMMUNICATION FRAMEWORK</p> <p>Implementation risk: poor implementation of the reformed Electronic Communication Framework package, due to potential delays and/or defects in the MS' legal transposition of the new provisions, in the successful establishment of the BEREC office, in the Commission's procedures for assessing the NRAs' proposals related to regulatory market definitions, market power findings and remedies – included the related human resources needed</p>	<p>Continuous close follow-up; extra actions if/as needed</p> <p>Initial outline =</p> <ul style="list-style-type: none"> - Continuous close follow-up - Extra actions if/as needed (e.g. possible reinforcement of human resources in future regarding the sole responsibility of competition aspects of Article 7 infringements and the set-up of BEREC) 	<p>DIR B</p> <p>B2+B3</p> <p>via Yves</p>	<p><u>Reinforced monitoring</u></p> <p>Preventive actions have started and will be continued during 2010, in particular via the Communications Committee (transposition tables, guidance papers, regular tour de table on status of national legislative process)</p> <p>Step-up of efforts to work towards the set-up of the BEREC Office</p>	n/a	Risk is stable

Annex 1 – "INFSO High-Level Risk Assessment 2009-2010": Detailed Action Plan OR Reinforced Monitoring – ICCGr 10.06.10

Risk N°	P	Risk + risk description <i>cf. Final results of DG INFSO's "High-Level Risk Assessment" exercise 2009-2010 & its follow-up during 2010; note INFSO-S2 D(2009)155574 of 22.12.09</i>	Existing controls + Initial outline for potential further mitigating actions	"Chef de file"/Associated Dirs & Units	Detailed Action Plan (DAP): action(s) [to be] taken <u>OR</u> Reinforced Monitoring: any points of attention ? any new developments ?	Target date "MM.10"	Implementation Status <u>OR</u> Under control ?
3 ECP& NS – 2	M	SPECTRUM MANAGEMENT 1. Spectrum policy: risk of Commission not being able to deliver quality measures in a timely manner, <u>due to</u> MS' reluctance to accept a meaningful strategic policy programme coupled with the EP's desire for a more direct role in policy formulation and greater scrutiny of implementing measures. 2. Concrete radio spectrum policy measures (such as harmonisation) rendered more difficult <u>due to</u> : <ul style="list-style-type: none"> inter-institutional negotiations on comitology; new comitology procedures being unduly burdensome and time-consuming. 	Continuous close follow-up The Commission proposals under preparation for a Radio Spectrum Policy Programme are the appropriate vehicle to deliver, and to convince the co-legislator to adopt, a meaningful programme. Adoption scheduled for September 2010. While the comitology regime will be altered (cf. Lisbon Treaty), under the new comitology decision: <i>"the current comitology system should continue to operate for several months or years in parallel with the new one"</i> .	DIR B B4 via Yves	Reinforced monitoring The risk is also being mitigated by closer monitoring of implementation by the MS of Spectrum Decisions and of the reforming process under the amended GSM Directive, to ensure a more coherent and co-ordinated approach to spectrum policy and management.	(09.10)	Risk is stable
4 ECP& NS – 3	M	ART. 7 & 7a PROCEDURES Risk of not delivering the newly re-organised Commission's Recommendations and/or Decisions in response to the notifications of the NRAs' proposals related to regulatory market definitions, market power findings and remedies within the legal binding deadlines (in accordance with Articles 7 & 7a of the Framework Directive 2009) <u>due to</u> strain on human	Continuous close follow-up; extra actions if/as needed Initial outline = - Continuous close follow-up - Extra actions if/as needed (<i>e.g. beware of resources implications</i>)	DIR B B5 via Yves	p.m.: out of HLRA scope = Continued Line Management	n/a	p.m.: to be reported in DMR

Annex 1 – "INFSO High-Level Risk Assessment 2009-2010": Detailed Action Plan OR Reinforced Monitoring – ICCGr 10.06.10

Risk N°	P	Risk + risk description <i>cf. Final results of DG INFSO's "High-Level Risk Assessment" exercise 2009-2010 & its follow-up during 2010; note INFSO-S2 D(2009)155574 of 22.12.09</i>	Existing controls + Initial outline for potential further mitigating actions	"Chef de file"/Associated Dirs & Units	Detailed Action Plan (DAP): action(s) [to be] taken <u>OR</u> Reinforced Monitoring: any points of attention ? any new developments ?	Target date "MM.10"	Implementation Status <u>OR</u> Under control ?
		resources.					
5 ICT – 1	M	<p>FP & CIP PROGRAMME MANAGEMENT</p> <p>a) operational risks related to INFSO's FP Management</p> <p>1. FP7 Simplification</p> <p>Reputational risk <u>due to</u> inability to meet stakeholders' expectations for major changes as a result of the 2010 FP7 simplification exercise (e.g. the handling of average personnel costs)</p> <p>2. Errors in FP7 cost claims</p> <p>Risk of extension of similar problems from FP6 audit strategy to FP7, <u>due to</u> : - complexity of rules; - expectations of simplification in the application of FP7 rules not being met.</p>	<p>Suggestions for simplification within current legal framework to be continued Initial outline = (preparing for lowering the stakeholders' expectations)</p> <p>'Common' FP7 audit strategy Initial outline = (implementation of FP7 audit strategy)</p>	<p>all ICT DIRs via C5 via Zoe</p> <p>Dir S (supported by Dir C)</p> <p>02 (in cooperation with Dirs S and C)</p>	<p>To be reduced = "Action Plan", i.e. as agreed at the ICT Directors meeting of 12.01.10</p> <p><i>The results of all the actions will be reviewed by the ICT Directors at a future meeting. The proposed deadline for a decision on the HLRA is May 2010.</i></p> <p>Request to identify problems and to come back with concrete proposals to address this risk after the Communication on FP7 simplification has been published (Spring 2010).</p> <p>Request to identify the existing problems and to establish a time-frame for communication actions on this risk.</p>	05.10	<p>Status of the "Action Plan" (as per ICT Dirs meeting minutes) = ongoing / partially implemented</p> <p>These proposals will be brought forward for endorsement by the Directors at a future ICT Directors' Meeting. (ongoing)</p> <p>To be reviewed by the ICT Directors at a future meeting. (ongoing)</p>

Annex 1 – "INFSO High-Level Risk Assessment 2009-2010": Detailed Action Plan OR Reinforced Monitoring – ICCGr 10.06.10

Risk N°	P	Risk + risk description	Existing controls + Initial outline for potential further mitigating actions	"Chef de file"/Associated Dirs & Units	Detailed Action Plan (DAP): action(s) [to be] taken <u>OR</u> Reinforced Monitoring: any points of attention ? any new developments ?	Target date "MM.10"	Implementation Status <u>OR</u> Under control ?
		<i>cf. Final results of DG INFSO's "High-Level Risk Assessment" exercise 2009-2010 & its follow-up during 2010; note INFSO-S2 D(2009)155574 of 22.12.09</i>					
		3. Fraud in FP6-FP7 projects Financial and/or reputational risks, <u>due to</u> the detection of fraud and/or surfacing of non-detected fraud cases: - Projects to be terminated - Recovery orders to be cancelled - Negative publicity and Court cases - Criticism and/or over-reacting in terms of 'controls'	Recently strengthened "vigilance" in the operational Directorates: - thorough better assessment of participants' capacities - new approach to project reviews - reinforced monitoring of problem projects - suspension of payments - termination of participants - faster issuing of recovery orders Communication 'campaign' to prevent negative repercussions Initial outline = New 'more vigilant' approach and efforts initiated in 2009 (as mentioned) are to be continued, generalised and strengthened during 2010 Communication 'campaign' in a pro-active way	Dir C	Agreement to create a working group which will look into this risk. It was agreed to set up a Working Group on Project Reviews. This working group will draft a common action plan to implement the recommendations of the final IAC Audit Report on FP7 Project Reviews.		Action executed - the results have been agreed by the Directors.
		4. FP7 Evaluation and Review of projects (and to lesser extent FP6) - Reputational risk of potential conflicts of interest; not ensuring full compliance with all rules in project evaluations	Review of guidelines and implementation of evaluation process Initial outline = - IAC audit Action Plan, via OS/AFU and/or - 3rd of the 3 WGs – i.e. on Reviews	Dir C	For the risk on conflicts of interest for evaluators it was agreed to modify appropriately the Handbook for Call 6		Action executed - the results have been agreed by the Directors.

Annex 1 – "INFSO High-Level Risk Assessment 2009-2010": Detailed Action Plan OR Reinforced Monitoring – ICCGr 10.06.10

Risk N°	P	Risk + risk description	Existing controls + Initial outline for potential further mitigating actions	"Chef de file"/Associated Dirs & Units	Detailed Action Plan (DAP): action(s) [to be] taken <u>OR</u> Reinforced Monitoring: any points of attention ? any new developments ?	Target date "MM.10"	Implementation Status <u>OR</u> Under control ?
		<p><i>cf. Final results of DG INFSO's "High-Level Risk Assessment" exercise 2009-2010 & its follow-up during 2010; note INFSO-S2 D(2009)155574 of 22.12.09</i></p>					
		<p>- Operational, financial and/or reputational risks of selecting and/or not terminating underperforming projects in time, due to:</p> <ul style="list-style-type: none"> - tendency to try to find solutions for problematic projects - need to treat problematic projects at senior level; - anti-fraud stance during the project cycle to be further reinforced; <ul style="list-style-type: none"> – Limited incentive to propose termination; – Complexity and effort involved for the Commission to close an underperforming project. <p>b) operational risks related to INFSO's CIP Management</p>	<p>Review of guidelines and implementation of project review process</p> <p>Initial outline =</p> <ol style="list-style-type: none"> 1. make sure that actions are not sub-critical 2. make sure that negotiations, management and budget execution from Commission is timely 3. manage high turnover of POs and financial officers <p>extra actions if/as needed / close follow-up with ICT Committee / close monitoring by AFU in payment execution</p> <p>Initial outline =</p> <ul style="list-style-type: none"> - Continuous close follow-up / Extra actions if/as needed? - Regular meetings with AFUs / continuous monitoring and reporting by HoUs 		<p>Reinforced monitoring</p> <p>p.m.: cf. new dedicated IAC audit & related action plan</p>	n/a	Risk is stable

Annex 1 – "INFSO High-Level Risk Assessment 2009-2010": Detailed Action Plan OR Reinforced Monitoring – ICCGr 10.06.10

Risk N°	P	Risk + risk description <i>cf. Final results of DG INFSO's "High-Level Risk Assessment" exercise 2009-2010 & its follow-up during 2010; note INFSO-S2 D(2009)155574 of 22.12.09</i>	Existing controls + Initial outline for potential further mitigating actions	"Chef de file"/Associated Dirs & Units	Detailed Action Plan (DAP): action(s) [to be] taken <u>OR</u> Reinforced Monitoring: any points of attention ? any new developments ?	Target date "MM.10"	Implementation Status <u>OR</u> Under control ?
6 ICT – 2	M	<p>FP6 - ERRORS IN ICT COST CLAIMS</p> <p>Despite the promising results of the FP6 audit strategy (which may limit the <u>financial</u> impact of errors in cost claims under FP6 (and likewise FP7)), it could remain necessary to maintain an AAR reservation on the frequency of errors in cost claims by beneficiaries for <u>reputational</u> reasons, <u>due to</u>:</p> <ul style="list-style-type: none"> - the potential fallout from the risk-based audits on-the-spot (out of the ordinary negative results of a few cases of 'fraud' and/or 'intentional errors'); - limited results and difficulties with implementation and/or extrapolation of (disputed) financial audit results – including court and ombudsman cases; - the catch-22-situation related to the "extrapolation" part of the audit strategy (required by ECA, criticised by EP), which might limit the 'budget cleaning effect' of the audit strategy considerably. 	<ul style="list-style-type: none"> - ABM SG reporting - FP6 audit strategy - inter-institutional agreement on "extrapolation" <p>+ (beyond FP6):</p> <ul style="list-style-type: none"> - FP7 certification of methodologies - FP7 audit strategy - TRE discussions <p>Initial outline =</p> <ul style="list-style-type: none"> - Risk-based part of FP6 and FP7 audit strategy - Continuous close follow-up - Extra actions if/as needed? e.g.: - Ensure implementation and extrapolation of audit results (cf. follow-up audits and potential liquidated damages) - Pro-actively communicating on new possibilities for detecting cases (which should be seen as a good thing) - TRE discussions leading to an inter-institutional understanding - Commission communication on flat rate approach to "extrapolation" to be agreed Budgetary authority to be informed and to agree. 	<p>Unit 02</p> <p>02</p> <p>via Camille</p>	<p>Reinforced monitoring</p> <p>no new information suggesting we should expect a major change of risk level in this area</p>	n/a	Risk is stable

Annex 1 – "INFSO High-Level Risk Assessment 2009-2010": Detailed Action Plan OR Reinforced Monitoring – ICCGr 10.06.10

Risk N°	P	Risk + risk description	Existing controls + Initial outline for potential further mitigating actions	"Chef de file"/Associated Dirs & Units	Detailed Action Plan (DAP): action(s) [to be] taken <u>OR</u> Reinforced Monitoring: any points of attention ? any new developments ?	Target date	Implementation Status
		cf. Final results of DG INFSO's "High-Level Risk Assessment" exercise 2009-2010 & its follow-up during 2010; note INFSO-S2 D(2009)155574 of 22.12.09				"MM.10"	<u>OR</u> Under control ?

<p>7</p> <p>SUPP – 1</p>	<p>M</p>	<p>EXTERNAL ENTITIES</p> <p>JUs: functioning of ENIAC and ARTEMIS</p> <p>Future Internet - PPP</p> <p>1. ENIAC - Risk of delays in the operational start due to difficulties to agree on staff implementing rules and to recruit personnel</p> <p>2. JUs - Non-execution of EC budget contribution, <u>due to</u> lack of funding commitment of Member States in the current economic climate</p> <p>3. Reputation risk for DG INFSO associated with the JU operations when fully autonomous, i.e. set-up of internal controls and financial operations + horizontal "supervision" and "scrutiny" aspects</p> <p>4. <i>AAL Joint Programme – risk of fraud with EU funds channelled through AAL Association and national agencies to project parts</i></p>	<p>Close and intensive follow-up by supervision at senior and middle management level to monitor the progress and review as needed.</p> <p>Interim evaluation and other reporting (to Council, EP) as requested by the underlying legal basis.</p> <p>Audits as foreseen in legal basis and contracts.</p> <p>Initial outline =</p> <p>Accept risks, but be/make aware of them</p> <p><i>Ex-ante assessment of AAL Association, documentation of national audit processes, annual reporting of audits undertaken in findings (in case of need for adjustments)</i></p> <p><i>Annual review of AAL Joint Programme for 2008-2009 operations undertaken in April 2010, follow-up of recommendations</i></p>	<p>DIR G & H</p> <p>via Paolo & Willy</p> <p><i>H5 - W. Van Puymbroek</i></p> <p><i>H3 - P. Timmers</i></p>	<p>Reinforced monitoring</p> <p>1. ENIAC delay: risk has now elapsed</p> <p>2. Lack of funding from MS: the first interim evaluation will contribute to raise awareness on JTIs at political level. Communication of the evaluation results to the Council/Parliament are foreseen before end 2010.</p> <p>3. Reputational risk, internal controls, supervision: Dir G is now establishing formal governance mechanism and procedures, for each of the two JTIs. Dir S and R will be consulted.</p> <p><i>Follow-up of annual review and recurring annual reviews as larger scale payments incur</i></p>	<p>n/a</p>	<p>Risk is stable</p> <p>Risk is stable</p>
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Annex 1 – "INFSO High-Level Risk Assessment 2009-2010": Detailed Action Plan OR Reinforced Monitoring – ICCGr 10.06.10

Risk N°	P	Risk + risk description	Existing controls + Initial outline for potential further mitigating actions	"Chef de file"/Associated Dirs & Units	Detailed Action Plan (DAP): action(s) [to be] taken <u>OR</u> Reinforced Monitoring: any points of attention ? any new developments ?	Target date "MM.10"	Implementation Status <u>OR</u> Under control ?
8 SUPP – 2	M	IT TOOLS FOR eFP7 Despite progress over the last 2 years, there is a risk of potential further delays in the deployment of efficient and user-friendly RDGs ‘common’ INFSO IT tools , due to the complexity of the IT architecture, the IT governance structure and the business processes.	- INFSO IT Steering Committee (IT SC), RDGs IT Supervisory Board (ITSB), RDGs IT Project Steering Committee (ITPSC), RDGs IT Stakeholders Group (ITPSG), Local and Joint Schema Directeurs, IT Disaster Recovery Plan. - Secondment of INFSO staff to DIGIT - Involvement of local IT units (e.g. INFSO-R3) in the development and deployment of common IT solutions.	DIR R + ITSC name = ... via ...	p.m.: out of HLRA scope = Continued Line Management	n/a	p.m.: to be reported in DMR

Annex 2 - "ICS Priorities & ICC Recommendations for 2010": follow-up – ICC Group 10.06.10

Rec. nr Rel. to ICS N°	P	Recommendation <i>cf. Annual review and recommendations from the Internal Control Coordinator - "2009 ICC Package"; note INFSO-S2 208081 of 23.02.10</i>	Initial outline for potential actions	"Chef de file"/Associated Dirs & Units	Detailed Action Plan (DAP): action(s) [to be] taken	Target date MM.10	Implem. Status
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Prior. 1 ICS 8 (part)	P	Exceptions recording/reporting (part of ICS-8)	Initial outline: ensuring more standardisation among directorates in the recording/reporting of exceptions: cf. differences in numbers and type of (minor) exceptions recorded/reported	Dir S S2: S. Norton	Detailed Action Plan <i>Action scheduled; will be carried out during 2nd semester</i>	12.10	planned
Prior. 2 ICS 9	P	Management Supervision (ICS-9)	Initial outline: ensuring more effective management supervision of decentralised responsibilities (<i>e.g. via a somewhat more formalised status monitoring and analysis – e.g. once a month at the Directorate's management meeting</i>) combined with more frequent and/or closer monitoring at the ICC Group (<i>e.g. quarterly instead of twice annual frequency, more detailed reporting on specific topics/aspects identified, etc</i>) – e.g. more proactive supervision in some areas, follow-up of open audit recommendations, analysis of signalled internal control weaknesses, recording of exceptions, investments of time and resources in document management aspects, control of agencies/JTIs, etc. (e.g. re-considering some good practices offered by other DGs and BUDG - e.g. 'surveillance' for some areas ?)	Dir S S2: G. Veldeman	Detailed Action Plan 1. New training module for managers on Supervision techniques and best practices suggested to INFSO Managers (via R1's Training newsletter) = Done (April 2010) – but to be stressed and/or repeated regularly (?) 2. New instructions on decentral supervision of open audit recommendations, combined with closer central monitoring and reporting to INFSO's ABC Committee = In progress (first update due by end-June 2010) 3. New instructions on exceptions recording/reporting and signalling internal control weaknesses = See ICS-8 above 4. New Document Management related instructions, including supervision aspects, in the context of the ARES-deployment at DG INFSO = See ICS-11 below 5. DG-wide re-clarification of supervision aspects	12.10	in progress

Annex 2 - "ICS Priorities & ICC Recommendations for 2010": follow-up – ICC Group 10.06.10

Rec. nr Rel. to ICS N°	P	Recommendation <i>cf. Annual review and recommendations from the Internal Control Coordinator - "2009 ICC Package"; note INFSO-S2 208081 of 23.02.10</i>	Initial outline for potential actions	"Chef de file"/Associated Dirs & Units	Detailed Action Plan (DAP): action(s) [to be] taken	Target date MM.10	Implem. Status
					related to Community bodies (ENISA, BEREC, ARTEMIS, ENIAC, etc) – e.g. in line with our previous set-up related to EACEA = Planned (included in mandate of INFSO's ABC Committee – plus included in "to do's" for INFSO Dirs meeting)		
Prior. 3 ICS 11	<u>P</u>	Document Management (ICS-11)	Steps to be finalised: finalising the remaining document management aspects (e.g. filing/closing/retrieving and retention/access/readability) particularly in the context of DG INFSO's switch-over to ARES in June 2010. This may need to be accompanied by additional monitoring by management (e.g. via reporting back via DMRs, ICC Group, etc.)	Dir S S2/DMO: A. Vanroelen	Detailed Action Plan On ARES, see the updated migration plan, training plan and communication strategy as presented at the INFSO senior and middle management seminar on Document Management of 20 April 2010. On Access to Documents, see note (D-2010-216912) from M. Richards to R. Madelin. On use of e-signataire, see note (D-2010 – 219166) from M. Richards to R. Madelin. On the archive list to be established by DG INFSO, it has been agreed with SG at the ARES migration Kick-off mtg of 9 February 2010 that INFSO will look into the archive structure following the migration and the availability of the appropriate tool in ARES. On the status of the filing plan, the units have completed their clean up exercise. The data have been frozen on 14 May 2010 as to allow DIGIT to upload the structure into ARES.	06.10	in progress

Annex 2 - "ICS Priorities & ICC Recommendations for 2010": follow-up – ICC Group 10.06.10

Rec. nr Rel. to ICS N°	P	Recommendation <i>cf. Annual review and recommendations from the Internal Control Coordinator - "2009 ICC Package"; note INFSO-S2 208081 of 23.02.10</i>	Initial outline for potential actions	"Chef de file"/Associated Dirs & Units	Detailed Action Plan (DAP): action(s) [to be] taken	Target date MM.10	Implem. Status
Rec. 4 ICS 1		Mission Statements (ICS-1)	Initial outline: The new College's mandates and priorities will be the occasion to review all mission statements in early 2010	Dir S SI: T. Hallantie	p.m.: Continued Line Management	06.10	p.m.: to be reported in 2010 year-end DMR
Rec. 5 ICS 2	-	Ethical values (ICS-2)	Steps to be finalised: Once the practical DG-specific ethics guidance will be established (subject to DG HR's 'corporate principles' guidance), it may be useful to review compliance and to ensure full understanding and effectiveness by means of periodic assessment.	Dir R R1: Irina Sofletea	p.m.: Continued Line Management	06.10	p.m.: to be reported in 2010 year-end DMR
Rec. 6 ICS 3	-	Staffing (ICS-3)	Steps to be finalised: The only unfulfilled recruitment target is for EUR-2 AD-Research posts	Dir R R1: C. Dubs ?	p.m.: Continued Line Management	12.10	p.m.: to be reported in 2010 year-end DMR
Rec. 7 ICS 4	-	Staff Development (ICS-4)	Initial outline: The management of staff development might be improved if achieving some HRM-related targets could be monitored at DG-central level (e.g. more detailed analysis of the DG's training statistics per Directorate/Unit).	Dir R R1: C. Dubs ?	p.m.: Continued Line Management	12.10	p.m.: to be reported in 2010 year-end DMR
Rec. 8 ICS 3 & 5	-	Staff Allocation & Objectives (ICS-3 & 5)	Initial outline: The DG's resources (re)deployment in function of (re)prioritised ABM-objectives may benefit from a (DG-wide) re-sizing/allocation exercise	Dir R & S R1: C. Dubs ? SI: T. Hallantie ?	p.m.: Continued Line Management	12.10	p.m.: to be reported in 2010 year-end DMR
Rec. 9 ICS 10	-	Business Continuity (ICS-10)	Steps to be finalised: The BCP's overall effectiveness may benefit from the actual testing of staff awareness,	Dir R R0-LSO: C. Sion	p.m.: Continued Line Management	12.10	p.m.: to be reported in 2010 year-end DMR

Annex 2 - "ICS Priorities & ICC Recommendations for 2010": follow-up – ICC Group 10.06.10

Rec. nr Rel. to ICS N°	P	Recommendation <i>cf. Annual review and recommendations from the Internal Control Coordinator - "2009 ICC Package"; note INFSO-S2 208081 of 23.02.10</i>	Initial outline for potential actions	"Chef de file"/Associated Dirs & Units	Detailed Action Plan (DAP): action(s) [to be] taken	Target date MM.10	Implem. Status
			cascade communication and some scenario simulations				
Rec. 10 ICS 12	-	Information Systems and Communication (ICS-12)	Steps to be finalised: The DG's IT Security will benefit from the finalisation of the IAS-related action plan (last elements to be finalised during 2010) The DG's internal communication will be further improved by taking into account the results from the recent survey on internal communication	Dir R & Advisor R3: H. Oleksy & Advisor.: W. Streitenberger	p.m.: Continued Line Management	06.10	p.m.: to be reported in 2010 year-end DMR



EUROPEAN COMMISSION
Information Society and Media Directorate-General

The Director-General

FSP/di D(217979)

Mandate for the Audit, Control and Budgetary Committee of DG INFSO

The Audit, Control and Budgetary Committee (The Committee) is composed of the Director General (DG), the Deputy Director Generals (DDG), the Internal Control Coordinator (ICC) (Dir. S), the Resources' Director (Dir. R) and the Heads of the External Audit (02) and Internal Audit (01) (IAC) units, Budget and Financial Unit (R2) and Management Support Unit (S2). The secretary of the Committee is the Head of the Internal Audit Unit and the Committee is normally chaired by the Director General.

The Committee may also invite any other INFSO Director and/or his/her representatives to attend the Committee, depending on the topics on the agenda.

The Committee normally meets on the second Wednesday of the month.

The Committee's mandate, in summary, is to

Discuss and coordinate all aspects of importance on Internal and External Audit, Internal Control and Budget, which may have an impact on the activities of DG INFSO.

1) With regards to internal audits carried out by the IAC (preparatory work under the responsibility of the IAC)

To take decisions or to prepare decisions to be taken by the whole management team on internal audit issues. Specifically, to

- (a) Give input to the IAC's risk assessment and to agree on what actions its findings imply for the DG. To propose taking actions addressing those findings and to agree on timetables and responsibilities for the actions.
- (b) Give input to the internal audit work programme based on the knowledge of additional potential risks in some specific areas.
- (c) Provide input to the Director General on his approval of the annual internal audit work programme submitted by the IAC to him, as well as on any changes to it.
- (d) Follow-up on the implementation of the annual audit work programme,
- (e) Follow-up the execution of the audit and consultancy assignments, reviews, and other tasks assigned by the Director General to the IAC, by
 - giving input to the Director General for his approval of each Engagement Planning Memorandum (EPM),

- following-up the progress of each audit and consultancy assignment,
- commenting the final audit report and its recommendations, following the presentation of the report by the IAC,
- inviting the Directors responsible for the audited area to the Committee meeting to respond to the observations and recommendations of Internal Audit reports,
- accepting or not the eventual rejection of recommendations by the Directors responsible for the audited area,
- endorsing the Action Plan agreed between the auditees and the IAC as updated with the decisions made in the Committee and recording these decisions for each recommendation in the minutes of the meetings and
- informing the management team of these decisions as appropriate.

(f) Monitor the implementation of the action plans in response to audit recommendations based on the follow-up work carried out by the IAC; advice auditees on finding solutions in cases where implementation has been delayed or has encountered difficulties; and ensure risks identified in the audit reports are mitigated to an acceptable level.

(g) Ensure that the lessons learned and recommendations given have been considered on a DG INFSO wide level, when feasible.

2) Concerning internal audits carried out by the IAS (preparatory work under the responsibility of the Management Support Unit)

Discuss the conclusions and recommendations of the IAS internal audit reports on DG INFSO activities, and agree on drafting and implementing the related action plans regarding the recommendations.

Approve DG INFSO's line to take in its participation to the Audit Progress Committee (APC).

Endorse the twice annual INFSO progress reporting for the IAS' AMS-system (cf. IAS progress report to the APC) and the INFSO replies to the Commissioner's letters on overdue recommendations.

3) As regards reports of the European Court of Auditors (ECA) (preparatory work done by the Management Support Unit)

Discuss the conclusions and recommendations of audit reports by the European Court of Auditors (ECA) resulting from their audits carried out on DG INFSO activities and agree on drafting and implementing necessary action plans regarding the recommendations.

4) With respect to on-the-spot external financial audits (ex-post controls) (preparatory work under the responsibility of the External Audit Unit)

To help the management team in its decision making on external audit issues. This entails to

- (a) Discuss, approve and give input to the corresponding risk assessment,
- (b) Provide input to the risk assessment used by the External Audit for risk-based audits,

- (c) Approve and monitor the implementation of the annual work programme for external audits,
- (d) Take regularly note of finalised external audit reports and their main findings and discuss needed actions on the internal controls of DG INFSO,
- (e) To inform the management team, as appropriate, of decisions taken regarding key beneficiaries.

5) By reference to internal control & risk management coordination (ICC) (preparatory work done by the Management Support Unit)

Discuss the annual ICS review and resulting ICC recommendations (cf. ICS-15 = INFSO's "ICC Package"); decide on the DG's ICS priorities for the next year (cf. Management Plan).

Monitor, on the basis of the results of the Internal Control Coordination Group (ICC Group), the progress to be made in order to increase the effectiveness of ICS implementation at DG INFSO and in particular any ICS identified for attention in that year.

Endorse the results of the annual High-Level Risk Assessment (HLRA) exercise, including the DG's "critical risks" (if any) to be included in the Management Plan.

Monitor, on the basis of the results of the ICC Group, the progress to be made in order to reduce or contain the DG's risk exposure (action plan or reinforced monitoring).

Discuss the progress made related to recommendations (from "all sources") addressed to DG INFSO services and consider any resulting decisions/actions (if appropriate – e.g. to avoid recommendations becoming overdue).

Discuss the information received, twice a year, through the AOSDs management reporting (Directorate Management Reports-DMRs) and consider any resulting decisions/actions (if appropriate).

Endorse the "management reporting" in the draft BMR to the Commissioner and in the draft AAR.

6) As regards the budget (preparatory work under the responsibility of the Budget and Financial Unit)

Monitor the evolution of the budget implementation, considering commitments, payments and payment delays.

Analyse the monthly reporting presented by the Budget and Financial Unit.

Discuss suggestions made by Resources Director on Budgetary Management and inform the management team as appropriate of these decisions.

6) Regarding audit, control and budgetary aspects of external bodies (e.g. Agencies and JTIs) operating within DG INFSO policy areas

Review their Annual Audit Plans and their implementation, as well as the Internal Auditors' Reports and the Action Plans resulting from all audits carried out by the ECA, IAS, own Internal Auditor, ex-post controls.

Review their management reporting (e.g. AAR), with respect to the implementation of their Internal Control Framework.

Be informed on the results of meetings of these external bodies as reported by the corresponding Audit Committee member(s).

Monitor the follow-up of the implementation of conditions and/or recommendations made by the Commission when granting autonomy to the JTIs.

Robert Madelin

Annex 3 - "IAS Audit Recommendations": follow-up – ICC Group 10.06.10

Audit Year	C ?	IAS Audit (subject) (*)	Number of "open" recommendations (compared to total number of recommendations)	"Chef de file"/Associated Dirs & Units	Number of [critical / very important / important / desirable] recommendations: - overdue - overdue more than 6 months	Initial Target Date MM.YY	New Target Date MM.YY
2008	-	Ethics	1 "open" recommendation (on a total of : 1) REC n° 1	Dir R R1: C. Dubs	1 very important recommendation; overdue > 6 M	06.09	06.10 12.10 (?) = 12 months / = 18 months
2008	-	Recoveries	1 "open" recommendation (on a total of : 4) REC n° 4	Dir R R2: A. Burgueno	1 very important recommendation; overdue > 6 M	07.09	04.10 09.10 = 9 months / = 14 months
2008	-	Research IT Systems	4 "open" recommendations (on a total of : 14) REC n° 7 – 8 – 9 – 11	Dir R R3+R4: H. Oleksy + H. De Sadeleer	3 very important recommendations; overdue > 6 M 1 important recommendation; overdue > 6 M	06.09	12.10 (changed to 06.10 - DMR) now 09.10 & 12.10 = 12 months / = 15 to 18 months
2009	-	FP7 controls (design)	5 "open" recommendations (on a total of : 11) REC n° 1 – 2 – 3 – 6 – 10	all Dirs – via Dir S via S2: G. Veldeman & C. Farcas	3 very important recommendations; 1 overdue & 2 overdue > 6 M 2 important recommendations; overdue > 6 M	09.09	03.10 & 06.10 09.10 & 12.10 = 6 to 9 months / = 6 to 12 months

(*) cf. DGs' twice annual status reporting in the IAS'AMS-IssueTrack database
+ the IAS' twice annual report to the Audit Progress Committee (APC)
+ reminders from/to Commissioners on any critical and very important recommendations overdue > 6 months

Annex 4 – "IAC Audit Recommendations": follow-up – = addendum to the *ICC Group (10.06.10)* 2010 mid-term progress report

Audit Year	C ?	IAC Audit (ref.)	Number of "open" recommendations	"Chef de file"/Associated Dirs & Units	Number of [<i>critical / very important / important / desirable</i>] recommendations: - overdue less than 6 months - overdue more than 6 months	Initial Target Date(s) MM.YY	New Target Date(s) MM.YY
2008	-	Procurement including Appointment Letters IAC-2008-REP-001	11 "open" recommendations (on a total of :18)	Dirs R, S, C	4 recommendations overdue (>6M), of which: 1 very important recommendation overdue > 6 M = REC n° 5	09.09-12.10 + 2011 2012	10-12.10 = 13 months (overall delay = 0 months)
2009	-	Audit on FP7 Project Reviews IAC-2009-REP-001	6 "open" recommendations (on a total of : 7)	Dirs R, S, C + ICT Dirs	3 recommendations overdue, of which: 2 very important recommendations overdue < 6 M = REC n° 2 & 3	06.10-12.10	11-12.10 = 5-6 months (overall delay = 0 months)
2009	-	Limited review of general accounting in DG INFSO IAC-2009-REP-002	0 "open" recommendations (on a total of : 4)	Dir R (= R2)	all recommendations declared as being implemented now	12.09-01.10	(none)
2009 (new)	-	Audit on CIP, Safer Internet and other non-research programmes not covered by IST framework programmes IAC-2009-REP-004	11 " <u>pending</u> " recommendations (on a total of : 11)	Dir C + ICT Dirs + R, S, 02 via C5 (?)	None; action plan is yet to be established	n.a.	n.a.

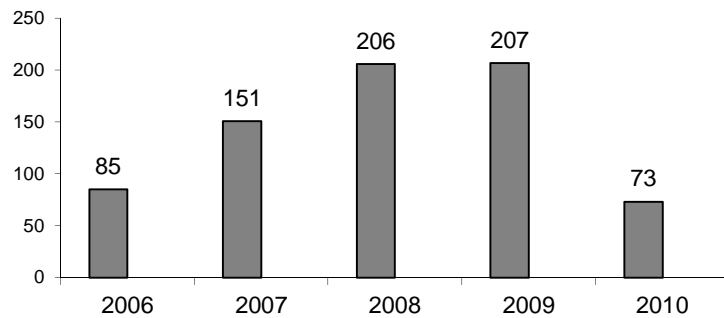
Cf.:

- DG INFSO "Internal Audit Opinion 2009", note INFSO-01 206498 of 12.02.10
- Strengthening Management Supervision (ICS-9): monitoring progress for ensuring a timely implementation of audit recommendations, note INFSO-S2 220490 of 02.06.10
- IAC at INFSO's OS/AFU-meeting of 06.05.10: list of «IAC open recommendations» in an xls-file on the J-drive, including a column «Status [as assessed by the] auditees», for 'constant'/quarterly update

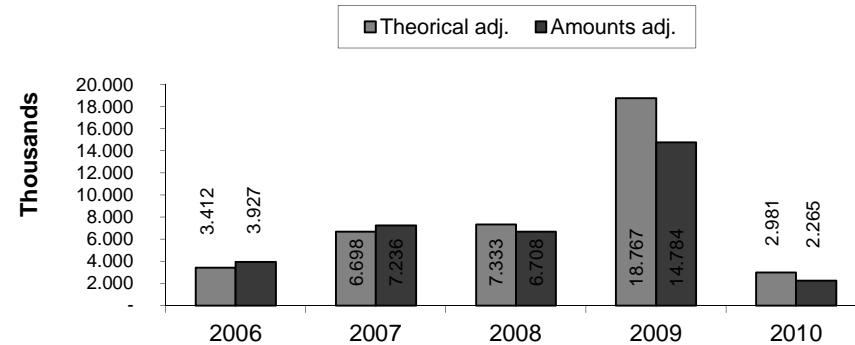
External audit key indicators

30.06.2010

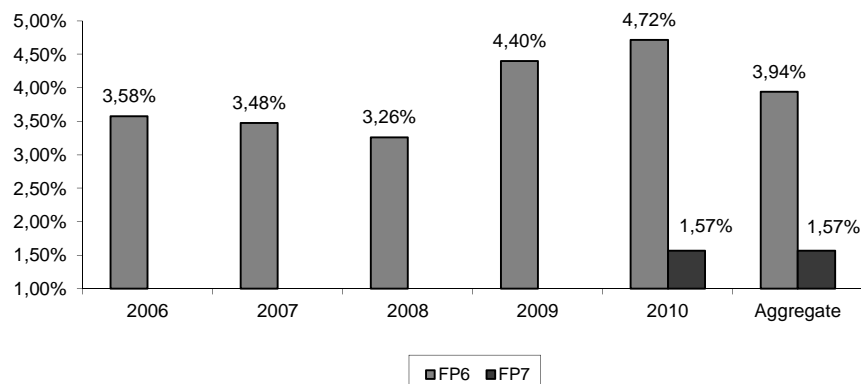
Number of finalised audits per year



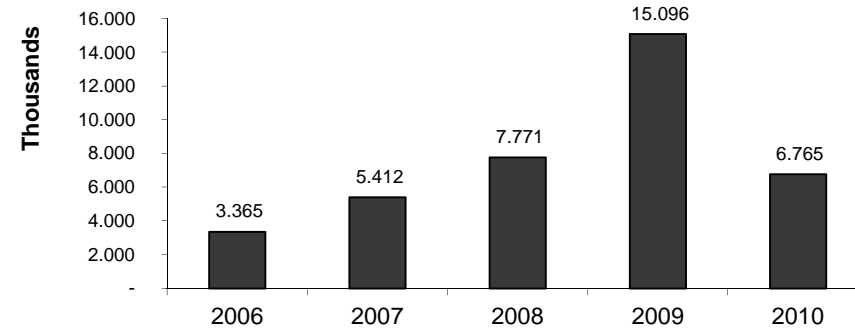
**Implementation of audit results
by year audit was closed (FP5, FP6 & FP7)**



Error rate



**Implementation of audit results
by year of implementation (FP5, FP6 & FP7)**



Note: for years 2007 and prior, total implemented amounts include also application of audit findings to non-audited periods. For this reason, these amounts may be higher than the adjustments in favour of the EC.

Total audit closed

Closed	
2006	85
2007	151
2008	206
2009	207
2010	73

Error rate

	FP6	FP7
2006	3,58%	
2007	3,48%	
2008	3,26%	
2009	4,40%	
2010	4,72%	1,57%
Aggregate	3,94%	1,57%

Implementation by audit closure date (FP5, FP6 & FP7)

To be updated every month

	Theoretical adj.	Amounts adj.	Not impl.
2006	3.412.311	3.927.321	- 515.010
2007	6.697.747	7.236.326	- 538.579
2008	7.333.487	6.708.307	625.180
2009	18.766.766	14.784.316	- 11.803.176
2010	2.981.140	2.264.913	
Totals	39.191.451	34.921.183	-

Implementation by year amounts were implemented (FP5 & FP6)

Year	Implementation
2006	3.365.355
2007	5.411.727
2008	7.770.682
2009	15.096.268
2010	6.765.471

Total imple 38.409.503

Amounts adjusted + amounts not adjusted > 0

Total implemented by audit closure date

38.409.503

Total implementation done by years

3.365.355

Implementation done in 2006 on prior years

35.044.148

Progress report on implementation of audit results - 30.06.2010

Implementation of the ex-post audit results for FP6

Results from external audits					Status of implementation					
					Implementation done				Ongoing	
					1=2+3+4	2	3	4		
Audit closing year	Audits closed	Participations with adjustments in favour of the EC	Adjustments in favour of the EC €	Total implementation done €	Offset from payments €	Recoveries €	Waived or no financial impact* €	Forecast of revenues issued €	Forecast of revenues to be issued €	
INFO	2010	43	55	2.540.150	2.259.631	814.005	1.416.805	28.821	50.437	21.616
	2009	180	307	17.619.605	14.158.832	5.754.473	7.452.223	952.136	2.595.580	865.193
	2008	156	171	4.596.265	4.104.325	1.534.027	2.441.794	128.504	491.940	0
	2007	54	85	1.516.196	1.723.899	794.361	599.491	330.047	0	0
	2006	6	3	54.684	92.096	395	91.701	0	0	0
	TOTAL	439	621	26.326.900	22.338.783	8.897.261	12.002.014	1.439.508	3.137.957	886.809

Implementation of the ex-post audit results for FP5

Results from external audits					Status of implementation					
					Implementation done				Ongoing	
					1=2+3+4	2	3	4		
Audit closing year	Audits closed	Participations with adjustments in favour of the EC	Adjustments in favour of the EC €	Total implementation done €	Offset from payments €	Recoveries €	Waived or no financial impact* €	Forecast of revenues issued €	Forecast of revenues to be issued €	
INFO	2010	1	1	292.469	0	0	0	0	292.469	
	2009	6	10	1.147.161	625.484	0	613.623	11.861	0	
	2008	35	57	2.737.222	2.603.982	0	2.074.326	529.656	50.532	
	2007	90	132	5.181.551	5.259.813	167.373	4.366.198	726.242	0	
	2006	75	99	3.357.627	3.835.225	256.108	3.069.913	509.204	0	
	TOTAL	207	299	12.716.030	12.324.504	423.481	10.124.060	1.776.963	343.001	

Note: for years 2007 and prior, total implemented amounts include also application of audit findings to non-audited periods. For this reason, these amounts may be higher than the adjustments in favour of the EC.

* : theoretical adjustment at funding level (calculated by the auditors) may not result in real financial impact in several scenari, as for instance when maximum funding limit has been reached or when the auditee had claimed less than the funding he was entitled to on the basis of the costs declared

Brussels,
CAB-6 (2010) / CCB / A / D

NOTE FOR THE ATTENTION OF Mr Algirdas ŠEMETA,
Chairman of the European Commission's Audit Progress Committee (APC)

Subject: Reminder – Implementation of very important recommendations overdue by more than six months – DG INFSO

Ref.: Your note S(2010)92 of 15.06.10 - Ares(2010)339037

Thank you for your recent note concerning DG INFSO's overdue recommendations issued by the Internal Audit Service (IAS). All accepted audit recommendations should be implemented effectively and on time and I agree with your concern that the "very important" accepted audit recommendations require particular attention.

However, in some cases the objective of attaining effective improvements sometimes requires a bit more time than initially expected and/or the implementation of the recommendations is not solely within the control of one Service (e.g. dependencies on central DGs' new instructions and/or requirements). Therefore sometimes there are perfectly valid reasons for delays, which is the case for the recommendations indicated in your note, which have been reviewed with Mr Madelin.

Please find attached the details per recommendation (one 'fiche' for each of the three recommendations), including the reasons for the delays and the new target date for implementation.

The services of DG INFSO are, of course, available to provide the APC any complementary clarification or information which may be necessary.

Neelie Kroes

Annex: Three *fiches* on the status of the IAS recommendations

c.c.: B. Gray, F. Merchán Cantos, L. Milne (IAS);
A. Whelan, L. Boix Alonso, C-C. Buhr, H. Dupuy, A-M. Henriques, K.
Brunzell (Cabinet);
R. Madelin, A. Peltomäki, Z. Stančič, A. Bucher, M. Richards, F. Sendra
Palmer, C. Dubs, J. Perez-Echague, A. Rauch (INFSO).

Recommendation N° 1 – "Adaptation of the Commission's ethics framework to the DG specific environment"

Priority = VI	Original target date = 30.06.09	<p>"It is recommended to consolidate existing INFSO specific guidance material and further develop this where relevant (e.g. in the framework of a charter or code <u>in addition to the DG ADMIN guidance</u>). It should be considered to align practices and guidance material between the different Research DGs where relevant.</p> <p>It is recommended to consolidate the information on ethics on one site on the INFSO website and remove old or unnecessary documents."</p>
Action Ethics website	implemented	<p>"A better visibility will be ensured on the Unit R1 intranet and possibly on the DG INFSO homepage"</p> <p><i>The new INFSO Ethics website was launched in mid-2009, as announced in the <u>HR Insights newsletter</u> of July 2009.</i></p> <p><i>The webpage contains complete information on ethics documents and references, together with concrete advice on the steps to be taken for declaring a potential conflict of interest, external activities, professional activities after leaving the service, employment of spouse or partner, publishing a text or speech, gifts and favours, standing for elections.</i></p> <p><i>The website provides links to all the forms that staff may need to fill in these cases, as well as the routing sheet for validation.</i></p>
Action Ethics seminars	implemented	<p>"Organisation of workshops covering ethics for Project Officers, Financial Officers, Policy Officers and all external staff"</p> <p><i>In DG INFSO, the immediate priority has been to keep lively debates on ethics, therefore two Ethics seminars have been organised throughout 2009 (on June 22 and October 28). They were tailor-made to staff specific needs, therefore one seminar was dedicated to Senior and Middle Management and one was dedicated to all staff. The seminars included workshops where practical case-studies were debated.</i></p>
Action Ethics guidelines	<u>partially</u> implemented	<p>"<u>Once DG ADMIN has finalised the charter on ethics</u>, Unit R1 will complete the charter to adapt to DG INFSO's specific activities"</p> <p><i>Unit R1 is currently finalising DG-specific Ethics guidance based on the conclusions of the Ethics seminars held in 2009 and on the results of a working group set up early 2010.</i></p> <p><i>The drafting process of the "DG INFSO Ethics Guide" was initially delayed by <u>our commitment to be in line with general DG HR recommendations</u>. As stated in the Communication from Vice-President Kallas on Enhancing the Environment for Professional Ethics in the Commission, which was approved by the College on 5 March 2008 (SEC(2008) 301/4), <u>DG HR committed itself to a number of actions</u>. Some of them, concerning the launching of a new decision on gifts and hospitality, a revision of the</i></p>

		<p>existing Commission decision on outside activities and assignments and a Statement of Principles on Professional Ethics, are <u>not yet implemented</u>. The preparation of a one-stop shop electronic approval system for declarations and authorisations under the Staff Regulations and the establishment of an all-embracing "Ethics website" are <u>still under way in DG HR</u>.</p> <p><u>Nevertheless, in the meantime DG INFSO addressed several specific issues that needed additional guidance or revised rules</u>. These aspects are covered by the note on "Mission paid by organisers - new rules" (D102371 of 23 January 2009), the note on "Transparency and disclosure of information" (D210238 of 23 March 2010) and the FAQ on what tasks can be assigned to SNE and NEPT, published on the intranet.</p> <p>Furthermore, the note on "<u>Keeping ethics on the agenda of DG INFSO</u>" explaining the actions planned for 2010 was circulated to management by the Director-General at the end of 2009 (D150792 of 22 December 2009). The note highlights the importance of creating a <u>working group to provide feedback on the "DG INFSO Ethics Guide", to encourage discussions on ethics in each Unit and Directorate and be a point of debate on further actions to be considered in order to mainstream ethics in all activities</u>. We consider this process to be extremely important as ethics is an underlying part of our organisational culture and awareness-raising on ethics is a constant effort, as opposed to a one-off action. The note states that the working group on ethics will meet a maximum of three times in the first semester of 2010. <u>The third and final meeting of the working group is planned for 24 June, date at which the final draft of the INFSO guide will be presented</u>. Once endorsed by the working group, the "DG INFSO Ethics Guide" will be presented to Senior Management for final approval and then be made available to staff via the Ethics website.</p>
<p>Action</p> <p>Ethics training</p>	implemented	<p>"Provide training sessions or workshops (senior staff to coach newcomers) on practical everyday work implications of ethical rules within DG INFSO, if not organised centrally"</p> <p>A seminar "Train the trainers on ethics" took place on 17 June 2009. The internal trainers will include an ethics module in trainings mainly for Financial Officers, Project Officers and Policy Officers.</p> <p>Since 2009, the training for mentors includes an ethics topic; therefore mentors are aware that they need to discuss ethics-related issues with their mentees.</p>
<p>Action</p> <p>Ethics awareness campaign</p>	implemented	<p>"Contribution to an awareness campaign (i.e. quiz) to improve everyone's understanding of ethical topics"</p> <p>One of the core priorities of Unit R1 throughout 2009 was raising the awareness of professional ethics. This included the revamping of the intranet site, the Ethics seminars and the actions mentioned above.</p> <p>The awareness raising has continued in 2010 with the meetings of the Ethics Working Group and the inclusion of ethics on the agenda of Unit or Directorate meetings (see above under "Keeping ethics on the agenda of DG INFSO" in the action on Ethics guidelines).</p>

		<i>DG INFSO considers that awareness raising is a continuous process and will continue to develop/implement awareness activities over the years to come.</i>
Status 15.06.10	Partially implemented	<p>New target date = 31.12.10</p> <p>Reason for delay = DG INFSO initially planned to implement its actions by taking into account the (forthcoming) guidance from DG HR (as instructed in the IAS' recommendation). However, several of the actions committed to by DG HR have not yet been finalised.</p> <p>DG INFSO now proceeds without waiting for finalisation by DG HR of the pending actions and will update its DG-specific guidance whenever needed.</p>

Recommendation N° 8 – "Develop and endorse an overall security policy as required by the Commission Decision 2001/3031/CE on the Provisions on Security"

Priority = VI	Original target date = 30.06.09	"Develop and endorse an overall security policy as required by the Commission Decision 2001/3031/CE on the Provisions on Security."
Action overall Security Plan	<i>partially</i> implemented	<p>"LISO and LSO to develop an overall Security Plan for endorsement"</p> <p><i>An overall Security Plan including all IT assets (IT software, IT hardware and other physical and non-physical assets) has to be produced <u>once the Information Security Plans are issued (see rec. 9).</u></i></p> <p><i>This document will cover the IT infrastructure that is in addition to the infrastructure which supports the Business Applications. It is envisaged that this can be covered by a single Security Plan.</i></p> <p><i>Unit R3's Project Plan envisages that the roadmap for the creation of those Information Security Plans will be completed by the end of June 2010 – with the completed Security Plans written, agreed and published by the <u>end of September 2010.</u></i></p>
Status 15.06.10	Partially implemented	<p>New target date = 30.09.10</p> <p>Reason for delay = dependency on the implementation of recommendation N° 9</p>

Recommendation N° 9 – "Develop and endorse an Information Security Policy aligned with the DG INFSO overall security policy."

Priority = VI	Original target date = 30.06.09	<p>"The LISO should develop, under the supervision of the LSO, an Information System Security Policy. Additionally, a communication plan should be developed and executed accordingly.</p> <p>This policy should be based on the specific needs of the DG and should be consistent with the overall security policy of the DG and with the general instructions of the Commission on this matter.</p> <p>The policy should be based on a formal risk analysis and should clearly assign responsibilities to the actors concerned (LSO, LISO, IRM, users, ...).</p> <p>The policy should serve as the cornerstone for a set of formalised procedures: physical security, access to systems, identification, authorisation, use of medias, use of email, backup, disaster recovery, incident handling, etc."</p>
<p>Action</p> <p>Information Security Plan(s)</p>	<p><i>partially</i> implemented</p>	<p>"LISO to develop [an] Information Security Plan[s]"</p> <p><i>In 2009, a first Security Plan was drafted, grouping all the IT assets managed in DG INFSO. This Information Security Plan was discussed with DG HR.DS. <u>Following a HR.DS recommendation, i.e. to produce a security plan per (family of) Information System(s) (IS), this Security Plan had to be rewritten.</u></i></p> <p><i>Four families of IS have been identified. They regroup the IS according to their level of confidentiality, the use of personal data and the type of (external or only internal) users having access to the IS.</i></p> <p><i>Initial estimates indicate that at least 7 IS Security Plans will be needed. Beginning 2010, Business Impact Analyses for the business applications have been completed (cf. Commission Decision 3602: requirement to determine for which systems and applications 'specific' security measures are needed beyond the 'standard' corporate security measures). In this exercise, the Business/Systems Owners have been involved. The Business Impact Analyses indicate that a minimum of seven Risk Analyses are required (6 specific and 1 global risk analyses).</i></p> <p><i>An external resource has now been engaged to produce these Risk Analyses. Work began mid-May 2010. When the risk analysis phase will be completed, a clearer picture of the number of required security plans will emerge.</i></p> <p><i>Unit R3's Project Plan envisages that the risk analyses and roadmap for creation of these 'specific' IS Security Plans will be completed by the end of June 2010 – with the full Information Security Plans written, agreed and published by the <u>end of September 2010</u>. Implementation of some IT security measures</i></p>

		<i>specified in the plans will be carried out after this milestone.</i>
Status 15.06.10	Partially implemented	New target date = 30.09.10 Delay caused by (i) a DG HR.DS request to have an Information Security Plan per Information System (family), and (ii) the DS guidelines on how to draft a Security Plan having become available only recently (03.05.10)

European Ombudsman 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° 2938/2009/GIS/IP	10.05.2010	<p><u>Allegations:</u></p> <ol style="list-style-type: none"> 1. The Commission failed to deal with him confirmatory application for access to documents 2. The Commission failed to reply to his letter dated 15 July 2009. <p><u>Claims:</u></p> <ul style="list-style-type: none"> • The Commission should respond to the confirmatory application. • The Commission should inform the complainant about its examination of his letter dated 15 July 2009, and its corresponding conclusions. 	<p>On 08.06.2010 SG sent a holding reply to the complainant (Deadline 29.06.2010). ISC has been started on 22.06.2010 (Draft reply prepared by DG INFSO). 2nd holding reply sent to the complainant on 30.06.2010.</p> <p>SG will send the final reply to the complainant as soon as it is translated into Italian (the complainant's mother language) Request for LS approval on: 02.07.2010. (Reply required before 16.07.2010)</p> <p>On 09.07.2010 SG sent to the complainant a reply to his confirmatory application.</p> <p>Request for Cabinet agreement on 12.07.2010 (Reply required before 19.07.2010)</p>	Commission's reply to be sent to the Ombudsman on: 31.07.2010

 - new cases; events or actions during the reporting period

European Ombudsman files
Status overview

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■ - new cases; events or actions during the reporting period

European Ombudsman files
Status overview

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■ - new cases; events or actions during the reporting period

European Ombudsman files
Status overview

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<p style="text-align: center;">N° 3065/2009/JF</p>	<p>18.02.2010</p>	<p><u>Allegations :</u></p> <ol style="list-style-type: none"> 1. The Commission failed to explain why the assessment made by its auditor should prevail over the assessment made by complainant's <i>Commissaire aux comptes</i>. 2. The Commission's plans to conduct further audits into the complainant's activities are motivated by revenge for its having complained to the European Ombudsman in 2007, and are thus unjustified. <p><u>Claims:</u></p> <ul style="list-style-type: none"> • The Commission should recognize the above. • The Commission should repay to the complainant the EUR 73 619 recovered on the basis of the 2007 audit. • The Commission should abandon its intention to conduct further audits into the complainant's activities. 	<p>Commission's reply sent to the Ombudsman on: 30.06.2010</p>	<p>European Ombudsman's closing decision: awaiting (between 6 months & 1 year)</p>
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Status overview

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- new cases; events or actions during the reporting period

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N° 2008/3373	22.12.2008	<p>This complaint relates to the earlier complaint 2008/2291 which was closed with no follow-up by the Ombudsman.</p> <p><u>Allegations:</u></p> <ol style="list-style-type: none"> 1. The Commission acted unfairly by not accepting the complainant's costs related to salaries it paid to employees 2. The Commission unilaterally changed contracts by transferring funds from different budget lines 3. The Commission failed to reply in substance (and not only formally) to his letter of 13.08.2008. <p><u>Claims:</u></p> <ul style="list-style-type: none"> • The Commission should waive some of its recovery orders. 	<p>Commission's opinion sent to the Ombudsman: 15.05.2009 Proposal of the European Ombudsman for a friendly solution: 19.10.2009 Reply sent by DG INFSO via empowerment procedure: 02.12.2009 Commission's reply sent to the Ombudsman: 15.01.2010</p>	European Ombudsman's closing decision: awaiting (between 6 months & 1 year)
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- new cases; events or actions during the reporting period

European Ombudsman files
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N° 488/2007/PB	24.09.2007	<p><u>Allegations:</u></p> <p>1. The Commission failed to give valid and adequate grounds for its rejections of his confirmatory application for full access to the documents requested.</p> <p><u>Claims:</u></p> <ul style="list-style-type: none"> The Commission should grant full access to the documents requested. 	<p>Date of the Ombudsman's sending to the Commission: 24.09.2007 Attribution to Cabinet Barroso (SecGen): 31.05.2007 SecGen asking for DG INFSO contribution: 22.08.2007 DG INFSO forwarded its contribution to SG-E3: 30.08.2007 Comments of the Commission sent to the Ombudsman by SG-E3: 01.10.2007 Ombudsman's proposal for a friendly solution sent to the Commission on 24.09.2008 SG /E/3 (Transparency, Relations with Stakeholders and External Organisations)-asked whether it would be possible to re-consult the representatives of the Member States concerned to see if they maintain their opposition to the disclosure of documents/data provided by them: 25.09.2008 Consultation of the ERG Extension of the Ombudsman's deadline for answer: 31.01.2009 DG INFSO's draft reply sent to the SecGen on 09.01.09 SecGen's comments on the DG INFSO's draft reply: 20.01.2009 Legal Service's comments: 05.02.09 SecGen's amended draft reply : 09.02.2009 DG INFSO's approval of the amended draft reply: 16.02.09 Commission's reply sent to the Ombudsman: 19.03.2009 Commission's translated reply sent to the</p>	<p>Commission's reply to be sent on: 30.04.2010 Given the high number of ongoing complaints running within SG-E3 and given that DG INFSO is mainly concerned by the further remark made by the Ombudsman regarding this complaint, it has been decided to start drafting a reply. The DG INFSO's reply has been sent to SG-E3 on 06.07.2010. DG INFSO's agreement has been given on 16.07.2010.</p>
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■ - new cases; events or actions during the reporting period

European Ombudsman files
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			<p>Ombudsman: 30.03.2009 SecGen asking for DG INFSO contribution: 16.07.2009 DG INFSO forwarded its contribution to SG-E3: 16.07.2009 European Ombudsman's closing decision sent to the Commission on 03.11.2009 (No Instance of Maladministration but further remarks) The Ombudsman considers that the factual outcome of his friendly solution proposal may be considered satisfactory but he nevertheless asked for 2 further clarifications: 1) whether Article 4(5) of Regulation 1049/2001 applied to the private undertakings or whether the Commission consulted the private undertakings indirectly by contacting the national authorities, AND 2) whether refusals to provide access to a document with reference to confidentiality requests should be supported by a concrete reference</p>	
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- new cases; events or actions during the reporting period

European Ombudsman files
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DG INFSO associated

Name of the complaint	Date of reception of the complaint	Background	Steps taken	Next steps
N° 2720/2009 /GG	26.10.2009	The Ombudsman asked the Commission to answer letters from the complainant dated 25.10.2009 and 29.07.2009. These letters concern the possible harmful effects of the waves produced by GSM.	The SG encountered difficulties regarding the attribution of this complaint. Finally it was decided that the SG will be "chef de file" to reply to the complainant with collaboration of DGs INFSO/SANCO/JLS): 28.01.2010 DG INFSO sent its input: 01.02.2010 Reply sent to the complainant by SG.G.3: 04.02.2010 European Ombudsman's closing decision: 23.06.2010 (Insufficient grounds to institute an inquiry into the allegation)	NONE



- new cases; events or actions during the reporting period

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N° 2781/2008	02.12.2008	<p><u>Allegations:</u></p> <p>1. The Commission failed to provide valid and adequate grounds for the refusal of access to the documents that he requested under Regulation 1049/2001.</p> <p><u>Claims:</u></p> <ul style="list-style-type: none"> The Commission should grant access to the documents requested, without, if necessary, revealing the identities of the individual experts. 	<p>Attribution to DG INFSO: 02.12.2008. SG G3's draft reply sent on 27.01.2009 DG INFSO's agreement with annotations sent on 10.02.2009 Legal Service's agreement asked by SG G3 on 11.02.2009 SG agreement with annotations received on 23.02.2009 SG G3 agreement received on 23.02.2009 Commission's reply sent to the Ombudsman: 19.03.2009.</p>	European Ombudsman's closing decision: awaiting (between 6 months & 1 year).
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- new cases; events or actions during the reporting period

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N°2403/2008/OV	24.07.2008	<p>On 24.07.2008 a 3rd complaint was sent by the complainant to the Ombudsman. This 3rd complaint is the follow up of the 2 earlier ones for failure to deal, both as regards the procedure and the substance (only pending replies have been yet received by the complainant), with the initial complaint of 26.09.2007.</p>	<p>3rd complaint sent to the Ombudsman: 24.07.2008 Transmission of this 3rd complaint by the Ombudsman to the Commission: 11.09.2008 authorities' reply received through the EU-Pilot mechanism on 18.09.2008. Proposed reply on the substance (based on the feedback) from F. Colasanti to the complainant sent for comments to the involved DGs and the Ombudsman's related correspondents within the DGs (deadline: 10 working days): 14.10.2008 Reminder sent by DIR A to DG EMPL and LS on 31.10.08. Reattribution by the SG to DG EMPL 11.11.2008 DG EMPL's suggestion to re-attribution to DG INFSO as chef de file (which is rejected by DG INFSO): 13.11.08 Note by DG INFSO sent to DG EMPL: 10.12.2008 DG INFSO's holding reply sent to 11.12.2008 Commission's opinion sent to the Ombudsman: 06.02.2009. Date of the Ombudsman's further request for info: 28.10.2009 Reattribution to DG EMPL as chef de file: 29.10.2009 DG INFSO input sent: 18.12.2009 DG INFSO's agreement with annotations sent on 11.01.2010 Reply sent to Ombudsman: 01.02.2010 Translation sent: 08.02.2010</p>	<p>European Ombudsman's closing decision: awaiting (between 6 months & 1 year).</p>
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■ - new cases; events or actions during the reporting period

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