

**2015**

**Annual Activity Report**

**European External Action Service**



26 May 2016

The Annual Activity Report is a management report from the EEAS Secretary General to the HRVP. It is an instrument of management accountability and it constitutes the basis on which the HRVP takes responsibility for the management of resources and the efficiency and effectiveness of internal control systems, including an overall assessment of the costs and benefits of controls.

In accordance with the applicable governance standards, as elaborated in the so-termed 'Internal Control Standards', the EEAS' staff members conducts their activities and operations in compliance with the applicable laws and regulations, working in an open and transparent manner respecting a high level of professional and ethical standards.

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# 1. INTRODUCTION

## 1.1. The EEAS in brief

The entry into force of the Lisbon Treaty in 2009 paved the way for the creation of the European External Action Service following the adoption of Council Decision (2010/427/EU) of 26 July 2010. The EEAS started effectively on the 1 January 2011.

Key tasks of the EEAS are to support the High Representative in fulfilling his/her mandate, i.e.:

- to conduct the Common and Foreign Security Policy of the European Union, including the Common Security and Defence Policy;
- in his/her capacity as President of the Foreign Affairs Council;
- in her/his role as Vice President of the Commission in charge of the coordination of other aspects of the Union's external action; and

Finally, the EEAS assists the President of the European Council and the President of the Commission in the area of external relations.

The EEAS with its Headquarters based in Brussels also comprises a network of 139 EU Delegations. In total EEAS staffing amounts to about 4,200, of which almost 2,300 work in Delegations. Delegations additionally employ about 3,500 Commission staff, bringing the total staff in Delegations to 5,800 (end-2015 figures). All staff members in Delegations, i.e. both EEAS and Commission staff, work under the authority of the Head of Delegation.

The EEAS is a so-called 'functional autonomous body of the Union' created by transferring staff from two existing institutions, i.e. the Commission and the General Secretariat of the Council. Moreover, the staff of the EEAS must also comprise a 'meaningful presence' of staff coming from the diplomatic services of the Member States. As for the latter, the Council Decision establishing the EEAS stipulates that once the EEAS has reached its full capacity at least one third of AD staff should come from the diplomatic services of the Member States. Less than three years after the creation of the EEAS this objective was reached and it has been consolidated since then.

The Decision establishing the EEAS stipulates that the Commission remains responsible for the operational section of the budget, i.e. the responsibility of the EEAS is limited to the management of the administrative budget lines (salaries, running costs, security etc.). The total budget of the EEAS in 2015 amounted to €602.8 million<sup>1</sup>. Furthermore, in 2015 the

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<sup>1</sup> This included a total transfer €71.5 million consisting of a transfer of €46.3 million from Chapter IV (ex-BA lines) and a transfer of €25.2 million from Chapter V (Commission's administrative budget. This will cover the common costs of EU Delegations including rents, IT, etc.

EEAS received a contribution of €204.7 million from the Commission in compensation for the management of Commission staff in the network of EU Delegations.

The decision establishing the EEAS foresaw, for mid-2013, a review of the organisation and functioning of the EEAS. The Council, European Parliament and the Court of Auditors examined the 2013 review in detail. A progress report on the implementation of the 2013 review was published end-2015<sup>2</sup>. This report reviews progress in consolidating the organisation and functioning of the EEAS since the 2013 review, provides an analysis of the main areas of ongoing work in this respect and elaborates orientations for future reform.

The reporting obligations of the EEAS are similar to those of the other European Union's Institutions. As for the budget, the EEAS is subject to a discharge procedure also applicable to the European Union's Institutions. The Annual Activity Report of the EEAS focuses on administrative and budgetary management. The Annual Activity Report contains the Declaration of Assurance of the Delegated Authorising Officer. In addition, the High Representative issues an annual report on the Common Foreign and Security Policy. All of these reports are in the public domain and accessible on the internet<sup>3</sup>.

## 1.2. The year in brief

The consolidation of the EEAS continued in 2015. Important steps were taken towards a leaner and more streamlined organisation with the HRVP's decision of July 2015 to adapt the organisation chart in line with the recommendations of the 2013 EEAS review. The new organisation chart entered into force on 16<sup>th</sup> September. With the suppression of the post of Chief Operating Officer, the Secretary General became the Authorising Officer by Delegation. Furthermore, in parallel the HRVP implemented a first round of mobility for senior managers in the EEAS involving virtually all posts of Managing Director and above.

The appreciation of the US dollar (of about 20% as compared to the average of 2014) put considerable strain on the EEAS' budget in 2015. However, with careful management and by postponing non-obligatory expenditures, the allocated budget limits were respected. An important achievement was to secure a 5.1% increase in the 2016 budget allowing the establishment of a Delegation in Teheran and the relocation of the Somalia Delegation from Nairobi to Mogadishu.

The objective of employing at least one third of Member States diplomats in the AD staff category was sustained in 2015. The objective of at least 33% of Member State diplomats under the AD grade of staff (administrators) was reached in 2013. End-2015 it was stable 33% (26% at Headquarters and 43% in Delegations). The 13 Member States that have joined

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<sup>2</sup> Report of the High Representative of the Union for Foreign Affairs and Security Policy of 22 December 2015 to the Council on implementing the EEAS Review, HR(2015) 170

<sup>3</sup> Annual Activity Reports at: <http://eeas.europa.eu/background/docs/>  
Annual Report on the Common Foreign and Security Policy at : [http://eeas.europa.eu/cfsp/index\\_en.htm](http://eeas.europa.eu/cfsp/index_en.htm)

the EU since 2004 now account for almost 19% of AD EEAS staff (HQ plus Delegations), approaching their share of the population (20.6%) of the Union.

The network of EU Delegations did not undergo any changes in 2015; no Delegations were closed, nor were any new ones opened.

Our Delegations in Liberia, Sierra Leone, Guinea Conakry and Nigeria were much affected by the Ebola crisis. It led to a series of evacuation decisions in 2014 that were all lifted in 2015. During the crisis Headquarters' services stayed in close contact with Delegations; EEAS medical staff visited Liberia with a view to providing support to Delegation staff and to assessing the medical infrastructure of the country. The EEAS participated in the "Inter-institutional Medical Board". This board coordinates recommendations and measures taken in relation to Ebola by the EU Institutions.

Political instability (Burundi, Central African Republic, Chad) and natural disaster (Nepal) triggered evacuation decisions in accordance with the provisions of EEAS Decision DEC (2014)008.

In the year under review, on 7<sup>th</sup> March, an EEAS staff member, Mr. Ronny Piens was killed in Bamako (Mali) in a terrorist attack that also killed four other persons. Mr. Piens was attached to the Delegation in Mali as Regional Security Advisor. He will be remembered for his dedicated service and commitment to the cause of Europe for which he paid the highest price.

The reform of administrative support to EU Delegations commenced implementation in 2015. The objective is to make available through a pooling of expertise and resources high quality administrative support to Delegations. The pilot project Europe was launched towards the end of the year with the establishment of the Regional Centre Europe. The pilot project covers 27 Delegations.

The administrative arrangement with OLAF entered into force on 23<sup>rd</sup> January 2015. The arrangement concerns in the first place the exchange of information between OLAF and the EEAS. The arrangement will contribute to efficient EEAS/OLAF co-operation on matters of fraud, corruption and other illegal activities.

Mobility and rotation exercises were implemented as in previous years. Obligatory mobility of AD staff, the annual rotation exercise and the relatively high share of temporary agents are demanding in terms of human resources and logistical management.

Considerable resources continued to be devoted to the training of staff. In the course of the year, more than 7,000 days of training were offered to EEAS Headquarters and Delegation staff.

The year 2015 saw for the first time an opinion survey among EEAS staff. The survey dealt with questions of job satisfaction, human resources management etc. Results showed strong staff commitment to the EEAS as an organisation. At the same time, the survey established considerable scope for improved management and organisation.

A new laissez-passer for staff issued by the European Union was introduced. The new laissez-

passer complies with enhanced international and European security standards.

The 2012 Financial Regulation (article 203-8) introduced the possibility of loan financing for building projects. This new financing method was used for the first time in December 2015 to reduce the cost of purchase of the EU Delegation's building in Tokyo. For this purpose, a loan was contracted with AG Insurance by using the credit line at the disposal of the EEAS. It has generated a saving of about EUR 800,000.

Tendering procedures and management of security services in Delegations have been an area of concern. For this reason, the then Chief Operating Officer in 2011 and 2012 made a reserve with respect to the Headquarters' management of Delegations security contracts. This reserve was lifted for 2013 confirming good progress in the implementation of an action plan to address the issues underpinning the reserve. A headquarters task force was set up in 2014, to assist Delegations with the procurement of security services. By the end of 2015, all Delegations benefiting from the taskforce's support either had established new contracts following a proper tender procedure, or were in the process of doing so.

Tender procedures for goods and services other than security services deserve close attention. Non-compliance with procurement requirements are still a cause of concern. This was highlighted in previous audit reports, such as for example the 2011 Annual Report of the Court of Auditors. The highly decentralised network of 139 Delegations, a high turnover of Delegation staff, the specialised knowledge needed and the fact that procurement is not a regular task for staff in Delegations explain this less than fully satisfactory performance. Reinforced training support, ad-hoc advice by Headquarters and the reform of administrative support to Delegations are all measures that will contribute to a more satisfactory performance in this critical area.

Compared to the previous year, a slight increase was recorded in administrative anomalies at the level of ex-ante control for procurement related transactions. This will be followed-up in the year ahead through appropriate training, planning etc.

The results of the ex-post control of the 2015 financial transactions of the EEAS's administrative budget established a maximum material error rate of 0.0021%, with a residual error rate of 0.0%. As the residual error rate is lower than the material error rate found in the core sampling, this confirms that the material error rate in the global population of REEAS financial transactions should be between 0.00% and 0.0021%.

Co-operation with the IAS and the Court of Auditors progressed satisfactorily. The IAS prepared a new risk assessment in the preparation of the Strategic Audit Plan 2016 to 2018. The Court of Auditors audited a larger (about 50) than usual number (about 15) of transactions of the EEAS administrative budget for its 2016 Annual Report. An audit by the Court of Auditors of the management of buildings by the EEAS progressed well; it was published in April 2016.

In the framework of the 2013 discharge exercise, the European Parliament granted, in its resolution adopted on 29rd April 2015, the High Representative discharge in respect of the implementation of the administrative budget of the EEAS for the financial year 2013. This followed the usual consultations between the EEAS, the Court of Auditors and Parliament.



## **2. KEY RESULTS**

### **2.1. Efforts to improve 'economy' and 'efficiency' of spending and non-spending activities**

The Decision establishing the EEAS imposes the principle of 'cost-efficiency aiming towards budget neutrality'. EEAS management gives due priority to economy and efficiency in carrying out its functions. Resources used by the EEAS shall therefore be made available in due time, in appropriate quantity and quality and at the best possible price. The principle of efficiency concerns the relationship of resources employed and results achieved.

Internal procedures are designed with these principles in mind. The EEAS is continuously fine-tuning its working methods with a view to improving the efficiency and economy of its functioning. The initiatives described below show a few practical examples of how these guiding principles are implemented at the EEAS.

#### **2.1.1. Administrative support to Delegations**

Efficient administrative support to the network of 139 Delegations is of critical importance. Operating in such a highly decentralised way is very demanding from a point of view of ensuring a coherent and efficient management of resources. Pooling of expertise could therefore make an important contribution to a better provision of administrative support of Delegations. For that reason a pilot project for the reform of the administrative support to EU Delegations was launched in 2015 with the establishment of the Regional Centre Europe. The Regional Centre Europe will serve 27 Delegations, providing provide support in the area of administrative and financial management, procurement, and human resources management. The Regional Centre Europe will be fully operational as from September 2016. An evaluation will guide the establishment of additional centres. Should the pilot project be successful four more regional centres could be established to cover the entire network of EU Delegations.

#### **2.1.2. Common costs in Delegations**

Until 2014 the management of the EEAS administrative budget for 'communal shared costs' of Delegations was very challenging, with costs being shared between the EEAS and the Commission. This cumbersome system of management was, with the exception of the EDF contribution to such costs, abandoned in 2015 following agreement on the transfer of appropriations from the Commission's Headings IV and V to the EEAS' administrative budget.

Because of this, the 2015 EEAS administrative budget saw an increase of 16.2% (or €84.2 million) compared to the 2014 budget. However, this increase arose mainly from the Commission's transfer to the EEAS' budget of €71.5 million (€25.2 million from the Commission's administrative budget and €46.3 million from ex-BA lines). It is emphasised

that this transfer is budget neutral for the Institutions as a whole, while it simplifies the management of administrative funds in the Delegations.

### **2.1.3. Loan facility for infrastructure needs**

Maintaining the EEAS' worldwide network of rented and owned buildings is very demanding and costly with an annual expenditure of about €160 million annually.

To allow a better planning and to establish a more stable financial basis, a tender was concluded for a €200 million loan facility. This was made possible by a new provision (article 203-8) of the 2012 Financial Regulation. The facility provides over a 4-year period access to finance for EEAS infrastructure projects. In 2015, a first specific contract was signed making available an amount of €27.5 million for the early reimbursement of pre-financing cost for the construction of Delegation's premises in Tokyo. This generated a saving of about €800,000<sup>4</sup>.

Continued efforts in support of the co-location of offices make an important contribution to a more efficient use of resources. During 2015, 6 more co-location agreements were concluded, bringing the total number of co-location agreements to 86 at the end of 2015.

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<sup>4</sup> Valued at current exchange rates

### **3. MANAGEMENT AND INTERNAL CONTROLS**

Assurance is an objective examination of evidence for providing an assessment of the effectiveness of risk management, control and governance processes. This examination is carried out by management, which monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors. Its results are explicitly documented and reported to the HRVP. It concerns:

- the reports prepared by (sub-delegated) Authorising Officers;
- the survey on compliance and effectiveness of Internal Control Standards;
- the reports produced in the framework of ex-post control supervision and/or audit;
- the reports of the support and evaluation missions carried out by the responsible Division;
- the opinion and the observations as reported by the Internal Audit Division (IAD);
- the observations and the recommendations reported by the Internal Audit Service (IAS); and
- the observations and the recommendations reported by the European Court of Auditors (ECA).

This section reports on the management of resources and on the control results and other relevant elements that support managements' assurance on the achievement of the internal control objectives<sup>5</sup>.

#### **3.1. Management of human resources**

At the end of 2015, the European External Action Service (EEAS) had 4,187 staff members (statutory and external); of these 1,926 were working at Headquarters and 2,261 in the EU Delegations. Furthermore 3,541 staff members of the European Commission are employed in Delegations. All staff members in Delegations are under the authority of the Head of Delegation.

Local agents (1,107) constitute the largest category of EEAS staff, followed by AD staff (934), AST staff (651), and contractual agents (357).

For the EEAS with its diverse staff composition employed at Headquarters and in a decentralised worldwide network of 139 Delegations the effective management of human resources is critical. A rapidly changing environment and a high degree of staff mobility are also features that cannot be ignored. Human resources policies must therefore be adapted

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<sup>5</sup> Effectiveness, efficiency and economy of operations; reliability of reporting; safeguarding of assets and information; prevention, detection, correction and follow-up of fraud and irregularities; and adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multi-annual character of programs as well as the nature of the payments (FR Art 32).

continuously, notably with respect to the allocation of staff, selection and recruitment, frameworks rules and the individual rights of staff.

### ***EEAS Organisation and structure***

The HRVP adopted a new streamlined organisational structure for the EEAS that entered into force on 16th September 2015. The new structure has clearer and shorter reporting lines and a traditional 'pyramidal' top management structure with a Secretary-General and three Deputy Secretary-Generals. The new structure brings together CFSP departments and crisis management under the authority of a Deputy Secretary-General. The latter will also closely cooperate with EU military staff. The elimination of Director posts in geographical departments reduced the number of layers of hierarchy; a similar structure was introduced for MD-Global (i.e. Human rights, global and multilateral issues). Administrative and support services, streamlined in two Directorates rather than three as before, were brought under the authority of the Director General Budget and Administration. Finally, a new function of gender advisor, attached directly to the Secretary-General, was created.

In parallel to these structural changes the HRVP implemented a first round of mobility for senior managers, involving virtually all posts of Managing Director and above. Towards the end of the year the share of female managers (i.e. middle and senior management) stood at 21.4 percent.

### ***Mediation Service***

With a view to reflecting the new organisation chart the Decision concerning the mandate of the EEAS Mediation Service was amended<sup>6</sup>. The Decision designates the Mediation Service as an independent EEAS service accountable to the Secretary General. A new Mediator took office on 1<sup>st</sup> January 2015. The Mediator published a first report covering the period 2012 to 2014. About two thirds of the cases concern allegations of conflict, harassment and a poor working environment. The shares of Headquarters and Delegations in the total number of cases are proportionate to their staffing levels. The decline in the number of cases dealt with by the Mediator from 2012-2014 was reversed in 2015 when the caseload increased substantially; the reform of the Staff Regulations which started in 2014 is the main explanation for this. As a result, the year 2015 saw a notable increase in 'rights and obligations' cases, although these cases remain a minority of the cases dealt with by the Mediation Service.

### ***EEAS Medical Cell***

The EEAS Medical Cell was reinforced with a second medical doctor and a psychologist. This brings the total staff of the Medical Cell to four (two medical doctors, a psychologist and a nurse). With these reinforcements the Medical Cell can respond better to the needs of the service.

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<sup>6</sup> Decision ADMIN (2015)39

### ***Staff management***

As for other EU Institutions, the EEAS must reduce its statutory staffing levels by 1 percent annually during a period of five years in accordance with the Inter-institutional Agreement on budgetary discipline, on cooperation in budgetary matters and on sound financial management. This is equivalent to an annual reduction of 17 posts in the establishment plan. As in previous years, the cuts in 2015 concentrated on Headquarters in accordance with political priorities.

2015 saw the start of the pilot project Europe to reform administrative support to Delegations. The Regional Centre Europe started on 1<sup>st</sup> December 2015; it is expected that the Centre will be fully operational in September 2016. The creation of the Regional Centre Europe will necessitate a reallocation of posts from Delegations to the Centre. Efforts have been made to make this adjustment as smooth as possible. The number of dismissals of local agents will be minimised to the degree possible making full use of vacancies and redeployment of staff members. Thanks to a concerted effort of HQ services and Delegations, the initial results are promising.

### ***Recruitment/selection/mobility/rotation***

The mobility policy introduced in 2012 for middle management and extended in 2013 to all AD staff and on a voluntary basis to AST staff was also implemented in 2015. A key objective of the mobility policy is to support staff in obtaining a mix of competences, both at Headquarters and at Delegations. The 2015 mobility exercise at Headquarters concerned 133 colleagues, including 32 managers.

Over 1,200 candidates with more than 4,000 applications participated in the annual rotation exercise for posts in Delegations. The number of applicants remained stable as compared to last year. However, the number of candidates from MS applying to AD posts published externally continues to show a steady increase.

The 2015 voluntary mobility exercise for EEAS contract agents in Delegations was launched in November 2014. Nine Delegation colleagues that participated in this second exercise could be assigned to posts according to their expressed interests. Two colleagues from Headquarters took up posts in the Delegations in a second round of recruitment, as no suitable candidates were identified in the first phase.

In addition to the annual mobility exercise, 143 posts for Headquarters and Delegations were advertised separately. In total 2,400 applications were received for these posts from more than 1,200 different candidates.

Globally, the ratio of female applicants increased to 39% for all posts, but remained at a low of 16 % for management positions.

With a view to addressing challenges in the recruitment of qualified staff for the post of Head of Administration in Delegations, a first ever specialised competition for Heads of

Administration in EU Delegations was held with the support of EPSO. All tests took place in 2015 and the list of the 30 successful candidates will be published in 2016.

In accordance with the Decision establishing the EEAS at least one third of the EEAS AD staff is composed of diplomats from Member States employed as temporary agents. This does not include SNEs. The contracts of 72 TAs on non-management positions came to an end in 2015. Following the three-way consultation process, 37 TA returned to their ministries (51%) and the remaining were offered a second contract.

In order to reduce costs of recruitment and the time it takes to recruit, the use of video conferencing has become standard practice.

### ***Seconded national experts (SNEs)***

The recommendations of the 2014 internal audit on the management of SNEs were followed up. This concerned: (i) reinforcing the monitoring and the programming of SNEs within the framework of the overall human resources strategy; (ii) measures specifically addressed to SNEs on matters of conflict of interest and security, 'processing-out' of departing SNEs etc.; (iii) initiatives to strengthen human resources management aspects of SNEs in the areas of job profiles, objectives of secondment and performance review; and (iv) measures aimed at improving the payments to SNEs by means of the Pay4SNE dedicated tool.

### ***Junior Diplomats (JDs)***

A new Diplomatic Training Secondment Programme was launched in January 2015. It was addressed to diplomats from the Member States' Ministries of Foreign Affairs with, in principle, up to three years of professional experience in foreign services. This secondment programme provided an opportunity to six junior diplomats to obtain a better understanding of EU foreign policy and the working methods of the EEAS.

### ***Junior Professionals in Delegations (JPDs)***

In 2015, 83 JPDs worked in 72 Delegations: 43 in EEAS sections and 40 in Commission sections.

The selection process for the 2016-2018 round was launched in May 2015 and 39 JPDs were selected for the EEAS (33 financed by the EEAS and 6 by Member States). Moreover, an additional 28 JPD posts were financed by the Commission and 7 by Member States.

### ***Local Agents***

The Commission and the High Representative adopted a Joint Decision on the management of the Complementary Sickness Insurance Scheme and the Provident Fund for Local Agents. Following the decision of November 2014, the extended coverage of the Complementary Sickness Insurance Scheme was implemented. The new Salary Method, adopted in June 2014, became fully implemented by all Delegations.

Minimising dismissals in the framework of reorganisation programmes (zero-based review, DEVCO's Workload Assessment of Delegations and more recently the creation of the Regional Centre Europe for administrative support) continued to be an important guideline, which was ensured by an intensive dialogue between Headquarters and the Delegations concerned.

The local agents' section of the Delegations' Guide was updated making it more user-friendly by including a number of new templates.

Proactive management and a revamped IT tool contributed to the full utilisation of the promotion rights of local agents.

A reflection was launched with a view to modernising the Framework Rules for the employment of local agents. These rules, which entered into force in 1990, provide a general framework for the conditions of employment of local agents.

### ***Career policy***

A policy paper on career development for AD staff was finalised. Mobility and the creation of polyvalent profiles supported by targeted training are the two guiding principles of the policy. As a first step a new expert career path was introduced for staff with a specialist profile. In this framework 28 expert posts were identified. During 2015 ten staff members were assigned to these posts.

The appraisal exercises for officials, temporary agents as well as for contract staff were all concluded in the first half of the year.

New rules were adopted in 2015 for the annual promotion/reclassification exercises for officials, temporary agents and contract staff. The new rules reinforced the comparison of merits of all eligible staff across the EEAS, aligned the EEAS' rules with the Commission's rules and took into account the lessons-learned from previous exercises.

The promotion exercise for officials led to the promotion of 276 EEAS officials. The EEAS reclassification exercise for temporary agents was concluded with the reclassification of 54 temporary agents. Finally, the annual reclassification exercise for contract staff led to the reclassification of 32 contract agents.

### ***Training***

Throughout 2015, 7,320 days of training were offered to EEAS staff in Headquarters and Delegations with 2,438 participants registered. Member States were offered to participate in 30 EEAS seminars.

Work on a new Learning and Development (LEAD) framework, replacing the 2011 Strategic Training Framework, started in 2015. The objective is to improve training opportunities responding to well-defined learning needs. The impact of training on job performance and career development will also be addressed.

### ***Rights and obligations***

In the framework of the regionalisation of the administrative support to EU Delegations (Pilot Project Europe), the management of individual rights of expatriate staff was centralised at Headquarters. As a result, the taking up duty travel, removal and storage files of staff from 27 Delegations were transferred to Headquarters in 2015.

A new method was introduced for establishing the annual list of countries which do not give rise to a living conditions allowance<sup>7</sup>. Living conditions in these countries are deemed to be equivalent to those prevailing in the Union. The new method makes extensive use of statistics from reputable sources; the final stage of the annual exercise foresees a validation by the steering committee for Delegations (EUDEL).

### ***Exchange programs***

Exchange programmes, including short term internships, continued to arouse strong interest. So far, the EEAS has signed arrangements for these programmes with the following countries/organisations: Switzerland, USA, Australia, New Zealand, League of Arab States, Co-operation Council for the Arab States in the Gulf, African Union Commission and the European Union Institute for Security Studies.

During 2015, the EEAS received for the first time a diplomat from the Australian Department of Foreign Affairs and Trade and from the League of Arab States. In addition, the EEAS hosted staff from the Gulf Cooperation Council, ENA (Ecole Nationale d'Administration from France), KSAP (National Public Administration School from Poland), and the EUISS (European Union Institute for Security Studies).

### ***Social dialogue***

Twenty new members of the Staff Committee were elected in March for a three-year mandate.

A revised Framework Agreement was agreed between the administration and the EEAS trade unions. The new Framework Agreement enables the administration and social partners to work together in a pragmatic spirit.

Social dialogue meetings saw the participation of a wide range of interlocutors, including Heads of Division, Directors, the Secretary-General and the High Representative. This was much appreciated and it permitted to engage with social partners on matters of both technical and of a more political nature.

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<sup>7</sup> ADMIN (2015)28



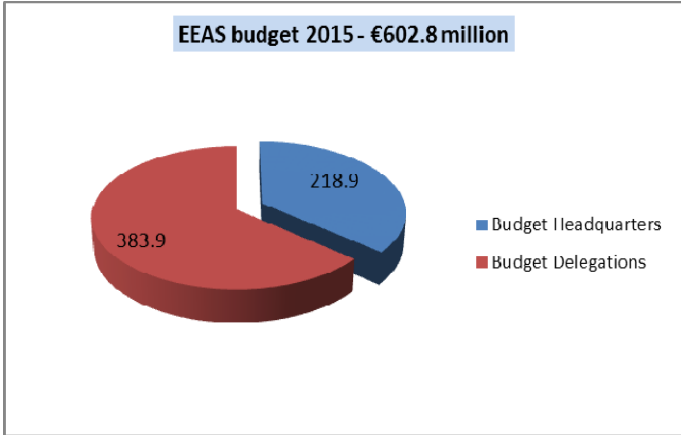
### 3.2. Management of financial resources, implementation of the administrative budget

#### 3.2.1. Implementation of the administrative budget

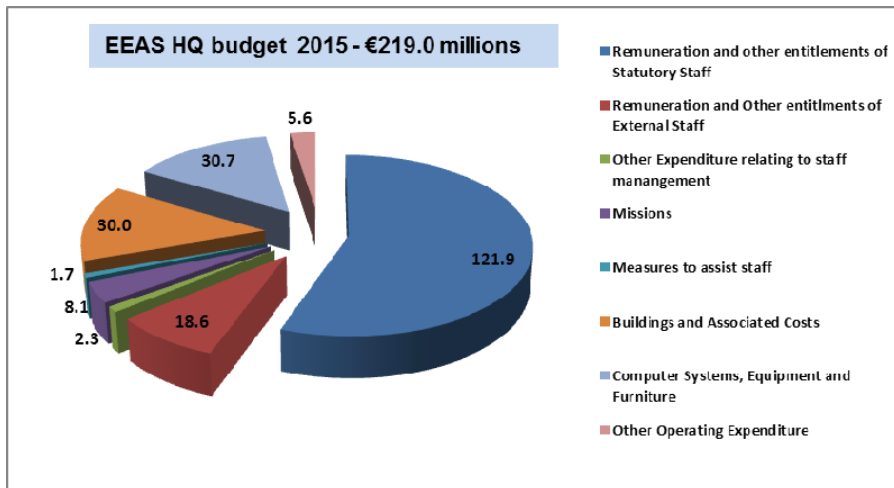
The draft budget for 2015 presented to the Budget Authority requested an amount of €531.3 million, representing an increase of 2.4% as compared to the budget of 2014. This increase was justified, inter alia, by increased salary and security costs, both physical and IT-related, and higher than usual rotation costs due to the high number of staff rotating 4 years after the EEAS was set up.

The final adopted budget for 2015 amounted to a total of €602.8 million representing a total increase of 16.2% as compared to the 2014 budget of €518.6 million. This considerable increase arose from the transfer to the EEAS budget of €71.5 million from the Commission's administrative budget (€25.2 million) and from ex-BA lines (€46.3 million) to fund the common costs of EU Delegations such as the rents and security of offices and IT costs. This transfer is overall budget neutral for the Institutions, but it simplifies the management of funds in Delegations. It should be noted that EDF funds are not included.

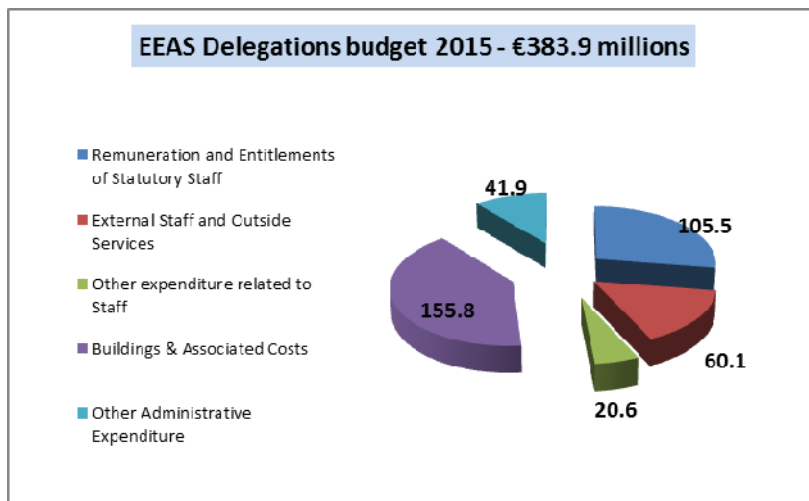
The budget was split between Headquarters and Delegations as follows:



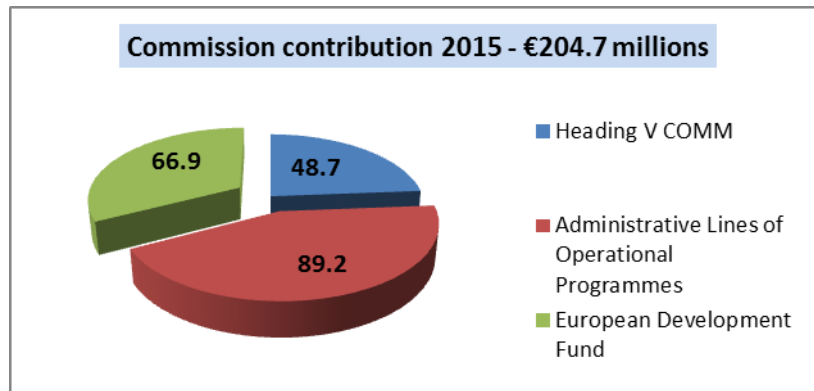
At Headquarters 64.7% of the budget (€140.5 million) was allocated to the payment of salaries and other entitlements of statutory and external staff. Other significant costs in the budget at Headquarters relate to buildings and associated costs (13.7% or €30.0 million) and computer systems (including classified information systems), equipment and furniture (14.0% or €30.7 million).



The Delegations' budget of €383.9 million was divided between €105.5 million (27.5%) for remuneration and entitlements of statutory staff, €60.1 million (15.7%) for external staff and outside services, €20.6 million (5.4%) for other expenditure related to staff, €155.8 million (40.6%) for buildings and associated costs and finally €41.9 million (10.9%) for other administrative expenditures.



In addition to the EEAS's own budget, a contribution of €204.7 million (excluding assigned revenues) was also received from the Commission to cover the administrative costs of Commission staff working in Union Delegations. This was split between the Commission's Heading V, the administrative lines of operational programmes (ex-BA lines) and the European Development Fund (including €5.4 million of carry-over from previous years) as follows:



Management of the EEAS administrative budget continued to be a challenge, particularly in relation to those Delegations where, in addition to the EEAS budget, contributions are made available from the Commission on 32 different budget lines relating to the administrative costs of Commission staff in Delegations. However, 2015 was the first year where the common overhead costs of Delegations' offices (rent, security, cleaning, and other overheads) were financed entirely from the budget lines of the EEAS (except for Delegations housing EDF). This made management of the budget for this type of expenditure simpler and more efficient compared to the previous situation when imbalances between the various budget sources could create serious difficulties for budgetary implementation.

In addition, following an agreement with the Commission services, it was decided at the end of 2015 that the EDF's share of "overhead costs" for 2016 and subsequent years would be billed as a standard amount per person to be treated as assigned revenue on the budget lines of the EEAS. This means that in the future budget implementation will be significantly simplified.

The 2015 retroactive salary adjustment of 2.4% exceeded the figure of 1.7% on which the budget estimates were based. Moreover, 2015 saw a strong appreciation of the US Dollar vis-à-vis the EURO (at year-end 1,113 US\$/€, compared 1,335 US\$/€ end-2014 and 1,326 US\$/€ end 2013). Both factors affected had a strong impact on the implementation of the 2015 budget.

Faced with an estimated deficit of about €20 million at the beginning of 2015, measures were taken to reduce all non-compulsory expenditure to ensure that statutory obligations could be met. These measures, as well as the frontloading of some expenditure in 2014, substantial savings on IT expenditure and the weakening of some currencies against the EURO enabled the institution to deal with the higher than expected salary increase. The remaining credits were used to finance a number of important construction and fitting out projects (Mogadishu, Bangkok, and Ankara), purchase urgently needed armoured vehicles and advance selected expenditure of the first quarter of 2016. These measures will also ease the pressure on the 2016 budget that was established based on an expected salary adjustment for 2015 of 1.2%, compared to the actual adjustment of 2.4%.

At times the availability of appropriations on certain lines was inadequate to deal with the actual expenditure on those lines and this necessitated transfers either from Title to Title, Chapter to Chapter or from Article to Article and also within Articles. On two occasions, transfers of appropriations under Article 27 of the Financial Regulation were submitted for decision to the Budget Authority, for amounts of €3.8 million and €1.0 million respectively. In absolute terms, the value of all transfers within the EEAS' administrative budget amounted to €16.32 million.

Some carry-overs were made in accordance with Article 13(2) (a) of the Financial Regulation after the Budget Authority had been informed (€1.31 million for the acquisition of 90 cypher machines for which the procurement procedure was delayed and €0.23 million related to technical security counter measures equipment for which the successful tenderer had not supplied the necessary supporting documentation by the end of the financial year).

Some difficulties in execution were also encountered with the Commission's contribution to the administrative costs of the Delegations, particularly on Heading V, where the initial contribution needed to be reinforced with an additional amount of €677,500 intended principally to finance the salaries of local agents underfunded in the initial contribution. In addition, some internal transfers for a value of €1.22 million took place, again to finance the salaries of local agents, staff rotation costs and mission costs.

Significant amounts were also returned to the Commission on lines 19.010404 (€300,000) and 22.010401 (€1.3 million) as the initial contributions proved to be too high.

The final budget for EEAS HQ amounted to €216.1 million. The execution in commitments at 31/12/2015 was €207.6 million (96.1%) and in payments €186.7 million (86.4%).

The final EEAS budget for the Delegations was €386.7 million. The execution commitments at 31/12/2015 was €384.9 million (99.5 %) and in payments to €333.3 million (86.2%).

Overall, the EEAS budget of €602.8 million was executed at 31/12/2015 at 98.3% in commitments and at 86.3% in payments. The rate of execution in payments will increase with payments made in 2016 on commitments carried over. In addition, it was decided to carry-over appropriations amounting to €1.537 million under Article 13(2) (a) of the Financial Regulation for commitment in 2016. If fully committed in 2016 this would bring the rate of execution in commitments to 98.5%.

During 2015, assigned revenues carried over from 2014 (C5) of €6.6 million were also available on EEAS budget lines. At 31/12/2015 commitments of €6.53 million (99%) had been made and payments amounted to €6.4 million (97%). The rate of execution in payments may increase with payments made on commitments carried over.

Furthermore, assigned revenues received during 2015 (C4) generated an additional €8.9 million in appropriations on EEAS budget lines. Of this, just €62,000 (1%) was committed and €250 was paid in 2015. The remainder of €8.8 million will be carried over to 2016 to be used in priority in accordance with the provisions of the Financial Regulation.

Finally, appropriations of €3,967 million were carried over to 2015 in accordance with Article 13(2) (a) of the Financial Regulation. At 31/12/2015 commitments of €3,431 million (98.2 %) had been made and payments amounted to €3,393 million (91.7%).

As far as the EEAS administrative budget for 2014 is concerned, payments on commitments carried over to 2015 amounted to €44.1 million. This brought total expenditure on the 2014 budget to €512.3 million (98%).

The budget of the Delegations was supplemented by a Commission contribution to finance the administrative costs of Commission staff in Delegations. The total contribution received, excluding EDF, was €137.9 million. At 31/12/2015 the execution of commitments on Heading V and other lines was €136.5 million (99%) and for payments €124.2 million (90%).

A contribution of €61.4 million was also received from the EDF and a further €5.5 million was released from unused commitments carried over from 2014 providing a total net budget of €66.9 million (excluding assigned revenues of the financial year). At 31/12/2015 execution of commitments was €64.8 million (96.9%) and for payments €56.1 million (83.9%). EDF credits, which have not been committed, are carried over to the following year as internal assigned revenue so there is no loss of appropriations.

The rate of execution in payments for the Commission/EDF contribution will increase with payments made in 2016 on commitments carried over.

During 2015, assigned revenues carried over from 2014 (C5) of €1.9 million were also available on the Commission's budget lines (Heading V and other lines). At 31/12/2015, commitments of €1.86 million (98%) had been made and payments amounted to €1.8 million (95%). The rate of execution in payments may increase marginally with payments made in 2016 on commitments carried over.

Assigned revenues received during 2014 (C4) on Commission budget lines (Heading V and other lines) generated an additional €2.1 million of which €0.434 million was committed in 2015. The balance of €1.6 million will be carried over to 2016 to be used in priority in accordance with the provisions of the Financial Regulation.

Uncommitted EDF appropriations of €4.04 million were also carried over to 2016 (this includes €0.6 million of normal assigned revenues).

As far as the Commission's contribution for 2014 is concerned, additional payments commitments carried over to 2015 (excluding EDF) amounted to €15.6 million. This brought total expenditure on the 2014 contribution (excluding EDF) to €199.1 million or 95%. Further payments of €5.7 million were made on EDF commitments carried over from 2014, bringing the execution rate for the 2014 EDF contribution to 97%.

Globally during year 2015 the EEAS committed €805,635,908.14 (representing 97% of the available budget of the year). During the same year total payments amounted to €786,762,192.35 on the appropriations committed above. The rate of execution in payments

will increase with the payments to be executed in 2016 on credits carried forward from 2015 to 2016 according to the Financial Regulation's rules.

For a set of comprehensive tables, the reader is referred to Annex I.

### **3.2.2. Accounting function and information**

The EEAS, as a separate institution<sup>8</sup>, is responsible for the preparation of its own accounts that are the subject of a discharge procedure similar to that of the Commission's. The Accountant of the Commission is the nominated Accountant of the EEAS and the largest part of the accounting functions of the EEAS is de facto implemented by the services of the Accountant (DG BUDGET).

The accounting correspondent for the EEAS works in close co-operation and co-ordination with the Accounting Officer's services of DG BUDG. He also provides accounting assistance to the Delegations and act as an interface between the Delegations and DG BUDGET for the development and improvement of the ABAC<sup>9</sup> tools. The accounting correspondent for the EEAS also executes the actions required in the context of the year-end procedures.

Efforts were maintained in 2015 to contain the balance and number of outstanding open entries on the suspense accounts (also called "Hors Budget" HB accounts), used in particular by Delegations. The use of suspense accounts in Delegations is necessary due to the nature of certain transactions, in particular: the retention of local taxes; social security contributions deducted from local staff salary payments; and the accounting for value added tax reimbursable by the host country.

It is worth underlining that during 2015 the actions foreseen by the 'Review of the management of suspense accounts', made by the Internal Audit Division of the EEAS, were implemented.

The procedure for a monthly automatic clearing of the open HB entries has improved the efficiency for clearance of entries in these accounts.

During the year 2015 the accounting capacity was strengthened following the decision to transfer the clearing process from DG BUDGET to EEAS BA.IBS.1 the Budget Division. This necessitated several adaptations of the internal organisation and the collaboration with Delegations.

The cooperation between Headquarters and Delegations, with a view to reducing the number of outstanding entries of the HB accounts and the number of "overdue" items<sup>10</sup>, proved effective. The number of outstanding entries was reduced to 36,081 at 31<sup>st</sup> December 2015. This represents an improvement of 10.5% compared to the situation at 31<sup>st</sup>

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<sup>8</sup> Article 2 of the Financial Regulation, Regulation no 966/2012

<sup>9</sup> ABAC refers to 'Accruals Based Accounting', the software package used for accounting by the EU Institutions.

<sup>10</sup> An item becomes 'overdue' if the deadline of regularisation, set by DG BUDG, has passed. It has to be noted that these deadlines vary.

December 2014. In addition, the number of "overdue" items stood at 6,228 at 31<sup>st</sup> December 2015 or 12.2% less as compared to 31<sup>st</sup> December 2014.

The accounting information for the EEAS was prepared in close co-operation between the Budget and Administration function of the EEAS and the Accounting Officer's (DG BUDG.C) services.

Concerning the provisional annual accounts of the EEAS for the financial year 2015, the Accounting Officer concluded that the risk of material misstatement because of fraud in the 2015 EEAS financial statements has been "reasonably mitigated".

During 2014 the Accounting Officer finalised an initial audit on the validation of the local financial management systems in the EEAS. In 2015 an additional audit looked into a selected financial IT applications (ABD, Immogest, Pay4SNE) used by the EEAS. Two additional recommendations resulted from this. One recommendation concerned the consistency between local IT systems and ABAC, while the other one concerned the Pay4SNE. The implementation of these two recommendations has already progressed well.

Based on the work done, the validation team had no reason to believe that there are material issues affecting the financial statements. Noting the complex accounting environment, the validation team recognised the continuous efforts made by the EEAS to improve the controls in place.

An action plan was prepared by the EEAS as follow-up to the 11 recommendations of the audit. This action plan is currently being implemented. According to the DG BUDG's assessment end-2015, 6 recommendations can already be considered as implemented.

### **3.3. Control effectiveness as regards legality and regularity**

Internal EEAS control processes must ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multi-annual character of projects as well as the nature of the payments concerned. The control objective is to determine that the material error rate does not exceed 2% on an annual basis.

#### **3.3.1. Ex ante control function and results**

The EEAS authorising officer has put in place financial circuits that incorporate three main functions: authorising officer, financial officer and desk officer (operational). Applying the 4-eyes principle means that every transaction has to be dealt with by at least two people.

As stipulated by the Financial Regulation, the person dealing with the verification cannot be subordinated to the initiator of the transaction. The verifying agent's role is to verify whether the operation is legal, regular and compliant with the principle of sound financial management; he cannot modify the operation that has been initiated. He must ensure that all tasks have been carried out correctly in conformity with the requirements of the Financial Regulation, the Implementing rules, and other sectorial rules in force.

Two ex-ante verification modes are in place in the EEAS:

- For transactions at Headquarters in the framework of a procurement contract (provision of goods and services) or works by external contractors, a decentralised ex-ante financial verification is carried out by the Contracts Division (BA.IBS.5). It concerns an additional ex-ante financial verification function (independent from the Operational Divisions), introduced by the AOD with a view to enhancing compliance and regularity (article 32 of the Financial Regulation refers to this).
- For all other financial transactions made at Headquarters for payments (staff entitlements, payments for services provided under Service Level Agreements, reimbursement of experts, etc.) and for the financial transactions in Delegations ex-ante verification is assured by the financial cell of the operational Divisions or the Delegation respectively.

It is therefore only for those transactions falling in the first category mentioned above that the following statistics apply.

During 2015 the Contracts Division performed a total of 1,076 ex-ante visa on commitments (1,224 in 2014), of which 241 anomalies (224 in 2014) were identified. The average rate of anomaly during 2015 was 22.4%, as compared to 18.3% in 2014.

These anomalies concern matters such as respect for contractual obligations, availability of supporting documents, eligibility of expenditures, use of correct budget lines etc.

During 2015 1,870 visas (2,099 in 2014) were given on payments, of which for 302 anomalies (346 in 2014) were identified. The average rate of anomaly during 2015 was therefore 16.1%, as compared to 16.5% in 2014.

The results of the financial verification on commitments and payments confirm the efficiency and effectiveness of the internal control system established by the AOD for transactions stemming from procurement contracts. Despite the efforts made, the reduction in the rate of anomalies witnessed in previous years was not fully sustained in 2015. Lack of sufficient staff in the Operational Divisions, which has an adverse impact on business continuity, has been identified as an important reason for this. Reducing the rate of anomalies requires a concerted and sustained training effort for all financial actors, while also due priority must be given to ensuring business continuity in Operational Divisions.

### **3.3.2. Ex post control function and results**

Internal control processes have been set up with a view to ensure the adequate management of the risks relating to the legality and regularity of transactions, taking into account the multi-annual character of programmes as well as the nature of the payments concerned. The control objective is to determine that the material error rate does not exceed 2% annually.

In 2015 the ex-post control function was exercised by the Evaluation Division (SG.AFFGEN.4).



The ex-post control provides a comprehensive management information tool reporting to the Secretary-General which covers both: the requirements of article 5.5 of the Council Decision establishing the EEAS whereby "the operation of each Delegation shall be periodically evaluated by the Executive Secretary-General of the EEAS"; and article 66.9 of the Financial Regulation to provide information to the Authorising Officer by Delegation allowing the reporting "to his or her institution on the performance of his or her duties in the form of an annual activity report containing financial and management information... declaring that, except as otherwise specified in any reservations related to defined areas of revenue or expenditure, he or she has reasonable assurance...".

This Division combines the qualitative-oriented approach of the regular inspections of Delegations with the quantitative-oriented approach of the former ex-post control Division.

The final results of the ex-post controls are set out in annex 5. The material error rate is below the 2 percent material error threshold, above which a reservation may be given.

### **3.3.3. Delegations support and evaluation**

In 2015 the Evaluation Division carried out 29 inspections in : India, Sri Lanka, Indonesia, Philippines, Botswana, Uganda, South Africa, Namibia, Djibouti, Cameroon, Azerbaijan, Uzbekistan, Kazakhstan, Afghanistan, OECD, Switzerland, Russia, Chile, Peru, Serbia, Central African Republic, El Salvador, Honduras., Malaysia, Singapore, Moldova, Jamaica, Mexico.

Inspection missions of Delegations cover the following main areas:

- the implementation of and contribution to EU policies by EU Delegations, falling within the remit both of the EEAS and the Commission; and
- the use and management of resources across all areas of activity, in relation to the objectives and responsibilities of the Delegation. This includes all staff irrespective of their origin, interaction with the EEAS and Commission services, the general management environment in the Delegation, including financial management and administration.

The inspections of the 29 Delegations established that in general Delegations are well run; in not a single case there was evidence of serious non-respect of rules. However, management style deserves attention; in particular, internal communication must be given appropriate attention. In addition, the increasing demands on administration sections have been noted; the envisaged reform of administrative support to Delegations should provide the necessary relief.

Much progress has been made in the Delegations' performances. Following the entry into force of the Lisbon Treaty EU visibility has been given more attention. EU Delegations assume a much appreciated co-ordinating role with Member States and information is routinely shared.

In the last quarter of 2015, the methodology and procedures as well as the report template of the inspection were reviewed and adapted. The new working processes will be tested as a pilot in the first semester of 2016.

### **3.4. Control efficiency and cost-effectiveness**

The principle of efficiency concerns the best relationship between resources employed and results achieved. The principle of economy requires that the resources used by the Institution in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price.

### **3.5. Fraud prevention and detection**

#### **3.5.1. Relations with OLAF**

Co-operation with OLAF continued as in previous years. Ongoing and new cases have been followed-up as appropriate in close co-operation with the Commission's services. In 2014 the EEAS, DG DEVCO, DG ELARG and FPI finalised a common anti-fraud strategy for EU external relations for the period 2014 to 2015. This document builds upon a common strategy and sets out specific strategies and action plans for each of the participating services. The document was shared with all staff.

The effective implementation of control mechanisms already in place (i.e. ex-ante, ex-post and internal audit capabilities) is key in the prevention of fraud. Emphasis is thereby given to raising awareness and making available appropriate training opportunities. Staff members are reminded regularly on this, as was also the case in 2015 (note of 26<sup>th</sup> August 2015 addressed to all staff by the Acting Chief Operating Officer).

The administrative arrangement, based on the revised OLAF regulation, entered into force 23<sup>rd</sup> January 2015. Within the framework of this arrangement regular consultations took place between the services concerned. A co-ordination meeting at senior level was held on 15<sup>th</sup> April; the meeting reviewed, amongst others, the implementation of the administrative arrangement.

#### **3.5.2. The setting up of a financial irregularities panel**

The EEAS signed in 2012 an amendment to the SLA with DG HR, under which the Financial Irregularities Panel of the Commission should be entrusted with EEAS cases, if any. No cases have been submitted since 2012.

### **3.6. Assessment of audit results and follow-up of audit recommendations**

This section reports and assesses the observations and conclusions reported by auditors which could have a material impact on the achievement of the internal control objectives,

and therefore on assurance, together with any management measures taken in response to the audit recommendations.

### **3.6.1. Internal audit function**

The internal audit function is shared between the Internal Audit Division of the EEAS and the Internal Auditor of the Commission.

#### **3.6.1.1. The Internal Audit Division of the EEAS**

As foreseen by the Council Decision establishing the EEAS<sup>11</sup>, an internal Audit Division has been set up in the EEAS.

The mission of the Internal Audit Division is to assist senior management with independent, objective assurance and consulting services mainly to evaluate and improve the effectiveness of governance, risk management and control processes.

Assignments of the Internal audit Division cover all of the activities of the EEAS in relation

- to the management and control risks;
- the monitoring of control systems, including financial, operational and management controls; and
- the assessment of the performance.

The Internal Audit Division operates in accordance with internationally established professional internal auditing standards (Institute of Internal Auditors - IIA) and best practice.

To ensure independence vis-à-vis operational Divisions/Departments, this Division reports directly to the Secretary-General.

#### **3.6.1.2. The Internal Audit Service of the Commission**

As set out under the Financial Regulation, the Internal Auditor of the Commission (IAS) assumes the same function for the EEAS. An internal audit charter has been signed for this purpose on 6<sup>th</sup> September 2011. Its audit scope includes all the relevant departments in the General Secretariat of the Council and in the Commission which have been transferred to the EEAS with effect from 1<sup>st</sup> January 2011.

### **3.6.2. Results from audits during the reporting year**

#### **3.6.2.1. Internal Audit Division (IAD)**

Audits and consultancy activities of the Internal Audit Division (IAD) focused on the following three activities in 2015:

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<sup>11</sup> Council Decision of 26 July 2010 (2010/427/EU), Article 4.3(b).

- A financial audit on the management of payments, as from January 2011, relating to a specific contractor. The objective of this audit was to provide the EEAS with a reasonable assurance that the internal control system works properly. The action plan to implement the different recommendations is being finalised at the end of the year.
- A follow-up audit on the implementation of the recommendations regarding a previous audit on the management of the Service Level Agreements with the Commission and the GSC. The objective of this audit was to determine whether the agreed upon actions have been effectively and adequately implemented. Limited progress in reaching an agreement of an adapted framework has hampered the implementation of the recommendations. An updated action plan to implement the different recommendations was finalised.
- An audit on the management of the recoveries within the EEAS (Headquarters and Delegations). The objective of this audit is to provide the EEAS with a reasonable assurance that the management of recoveries complies with the legal and regulatory framework and the amounts receivable are effectively recovered and recorded. The fieldwork started in September 2015 and the final report is expected for the first semester of 2016.

### 3.6.2.2. Internal Audit Service (IAS)

The IAS' work for the EEAS continued to be based on an in-depth risk assessment conducted in 2012 complemented by annual updates. In 2015, the IAS performed a new in-depth risk assessment in view of establishing the Strategic Internal Audit Plan for the period 2016 to 2018. The draft strategic internal audit plan 2016 to 2018 was presented to the EEAS in December. It includes draft proposals for future IAS audits.

Furthermore during 2015, the IAS carried out a follow-up audit on recommendations outstanding from previous IAS audits.

The objective of this follow-up engagement was to assess the progress made in implementing the open recommendations that resulted from the audits on the management of SLAs (Infrastructure & IT), the budgeting process and the recruitment and management of SNEs. This follow-up did not result in a re-assessment of the adequacy of controls as a whole but focused on the specific recommendations in the original audit.

Based on the results of this follow-up audit, the action plan, with revised deadlines, for the completion of outstanding recommendations was finalised towards the end of 2015.

### 3.6.2.3. European Court of Auditors (ECA)

Following the DAS audit 2014, the Court of Auditors published its observations in the 2014 Annual Report. The 2014 Annual Report did not address any specific observations to the EEAS. It noted however for a number of Institutions, including the EEAS, weaknesses in the management of family allowances.

The Court of Auditors continued in 2015 an audit into the EEAS' management of its buildings launched in 2014. The audit is expected to be finalised in the first semester of 2016.

Work commenced on the DAS 2015. Being a focal Institution in 2015, a larger than usual number of transactions pertaining to the EEAS will be scrutinised by the Court of Auditors. The results of which will be presented in the Court's Annual Report 2015.

### **3.6.3. Follow up of audits from previous years**

#### **3.6.3.1. Internal Audit Division (IAD)**

6 audits carried out by the Internal Audit Capability before the setting up of the EEAS, with recommendations classified "Very important" and "Important" from an audit point of view, have been closely monitored by all the Divisions concerned. Most of the recommendations have been implemented as at 31<sup>st</sup> December 2015.

Since the setting up of the EEAS until 2014, audits and consultancy activities of the Internal Audit Division (IAD) have been focused on three consultancy activities and two audits:

- Consultancy on a risk management framework for the EEAS (2011);
- Consultancy and support to the Human resources screening exercise at Headquarters (2011/2012);
- Consultancy on the optimisation of the functioning of the administrative sections in Delegation (2013/2014);
- Audit on the management of the Service Level Agreements (SLAs) with the EC and the GSC (2012/2013); and
- Audit on the video-surveillance at the EEAS Headquarters' buildings and the compliance with the data protection rules (2014).

According to Internal Audit Standards and the Internal Audit Charter of the IAD, only audit reports require a follow-up engagement which must be planned and conducted within the two years from the issuing of the final report.

For the audit on the management of the SLAs, the follow-up on outstanding recommendations was carried out in 2015.

The follow-up on the audit on the video-surveillance at Headquarters is planned for 2016.

#### **3.6.3.2. European Court of Auditors (ECA)**

As a follow-up to the recommendations on the management of family allowances (Annual Reports of the Court) it has become standing practice to remind staff regularly of the obligation to declare: (i) changes in the conditions governing the entitlement to the allowance; and (ii) similar allowances received from other sources.

As for the follow-up to Special Report 2014/11<sup>12</sup>, the following can be noted:

- The European Union's Heads of State and Governments asked the High Representative for Foreign Affairs and Security Policy to prepare an **EU Global Strategy on Foreign and Security Policy** to guide the European Union's global actions in the future. This is ongoing;
- The creation of the Commissioners' Group on External Action of which the monthly meetings are chaired by the HRVP, has enhanced the High Representative's role as Vice President of the Commission;
- a more streamlined organisation has been established with the number of hierarchical layers reduced;
- progress has been made in the financial framework of the management of EU Delegations; and
- co-location of Delegations' offices has been further pursued with almost 50 colocation projects either in operation or in preparation as at the end of 2015.

### 3.7. Assessment of the effectiveness of the internal control systems

The EEAS has adopted a set of internal control standards, based on international good practice, aimed at ensuring the achievement of clearly defined policy and operational objectives. As regards financial management, compliance with these standards is a compulsory requirement.

The EEAS has applied the organisational structure and the internal control systems best suited to achieve these policy and control objectives, in accordance with the standards and having due regard to the risks associated with the environment in which it operates.

#### 3.7.1. Internal control standards at Headquarters

The effectiveness of the internal control standards was assessed via an internal survey addressed to the management of the EEAS at the end of 2015. The survey's main objective was to assess the implementation of the EEAS' internal control standards and to draw-up on this basis conclusions for follow-up in 2016. The survey adopted a 'top-down' approach with regard to the ICS compliance of the control arrangements in place. Furthermore, the 'bottom-up' information on internal control issues obtained from AOSD Management Reports has been checked for confirmation or counter-indications.

Enhancing the effectiveness of the EEAS's control arrangements in place, by taking into account any control weaknesses reported and exceptions recorded, is an on-going effort in line with the principle of continuous improvement of management procedures.

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<sup>12</sup> European Court of Auditors, The establishment of the European External Action Service, Special Report 11/2014

The general result of this assessment leads to the conclusion that the EEAS implements the internal control standards effectively. However, and in order to improve the application of these standards, measures will be taken to further improve the efficiency of internal control systems in the area of 'Business continuity'.

Results on the 2015 EEAS review on		
Internal Control Standards for effective management / questions to measure compliance and effectiveness of the standard in the Service	Answers received from the MD	
	Complied with	
	Yes	No
<b>ICS1. Mission: Your Services (MD, Directions and Divisions) have up-to-date mission statements which are linked across all hierarchical levels and made known to staff.</b>		
1. Are the mission statements up-to-date and sufficiently instructive?	95%	5%
2. Are staff aware of the EEAS, their MD, Directorate's and Division's mission statements?	100%	0%
<b>ICS2. Ethical and Organisational Values: The EEAS ensures that his/her staffs are aware of relevant ethical and organisational values and the associated rules and procedures. In particular staffs are made aware of the necessity to avoid conflicts of interest and the procedure to manage such situations should they arise, the rules regarding whistleblowing and the procedure to report fraud and irregularities. A solid and targeted antifraud strategy is organised at EEAS level.</b>		
3. Are staffs sufficiently aware of the different requirements and provisions concerning ethics and integrity?	100%	0%
<b>ICS4. Staff Appraisal and Development</b>		
4. Staff performance is appraised according to rules and instructions set by the EEAS. As part of the appraisal dialogue and report, the learning and development needs of staff are discussed and recorded.	100%	0%
5. Managers support staff in developing knowledge and competencies useful for their job and career. Learning and development needs are defined on the basis of the policy goals of the EEAS and the staff profiles needed to reach those goals. The definition of needs respects the strategy, guidelines and instructions issued by the central services.	100%	0%
<b>ICS9. Management Supervision: Management supervises the activities they are responsible for. They keep track of main issues and ensure the follow-up of accepted audit and other recommendations e.g. linked to interval evaluations and reviews. Management supervision covers both legality and regularity aspects and operational performance and includes supervision of external bodies entrusted with the budget implementation tasks.</b>		
17. Are the supervisory activities sufficiently focused on high-risk areas?	95%	5%
18. Is there systematic follow-up of significant issues identified through the supervisory activities?	95%	5%
19. Do management have satisfactory evidence that key controls in place are operating as intended in practice (for example via the results of supervisory activities, audits, investigations and other relevant sources of information)?	95%	5%
<b>ICS10. Business Continuity: Adequate measures -including handover files and deputising arrangements for relevant operational activities and financial transactions -are in place to ensure the continuity of all service during "business-as-usual" interruptions (such as sick leave, staff mobility, migration to new IT systems, incidents, etc.).</b>		
20. Continuity of Service (Business-As-Usual): Are the EEAS's procedures to ensure continuity of service (handover arrangements, backup procedures, etc.) sufficiently known, readily accessible (in particular to new staff) and applied in practice?	89%	11%
21. Business Continuity Plan: Are management and relevant staff sufficiently aware and appropriately trained regarding the BCP? Do they know what to do in the immediate response to major disruption in order to minimise the risks to staff and assets? Is the BCP easily understandable and readily accessible to those who need it when they need it?	74%	26%

### 3.7.2. Financial circuits at Headquarters

The EEAS, represented by the High Representative for Foreign Affairs and Security Policy, performs the duties of authorising officer in accordance with Article 65(1) of the Financial Regulation. The powers of authorisation have been delegated, in accordance with the last Decision on the Internal Rules on the implementation of the Budget, to the Secretary General of the EEAS who has delegated the Director General for Budget and Administration as Principal/AOSD of the EEAS. The Director General for Budget and Administration has in turn the possibility to sub-delegate those powers to Managing Directors, Directors, Heads of Delegation and Heads of Division. In practical terms the administrative budget is implemented at an operational level by the Heads of Division at Headquarters and by the Heads of Delegation throughout the network of Delegations.

For the purpose of budgetary implementation, the EEAS has adopted the following financial circuits at headquarters:

EEAS STANDARD: This is a fully de-centralised model with all operations, including operational and financial initiation and verification, taking place within the line manager's services. The operations processed using this circuit are those consisting of provisional commitments/de-commitments, accounting regularisations and payments to members of staff.

EEAS STANDARD A2: Also de-centralised model with all operations, including financial and operational initiation, and operational verification, taking place within the line manager's services. However this model also contains an ex-ante financial verification which is carried out by a service independent of the line manager's services. This model is used in respect of procurement operations and/or payments to external service or goods providers.

EEAS EXTRA LIGHT: - This is a fully de-centralised model with all operations, including operational and financial initiation and verification, taking place within the line manager's services. It is used in particular for low risk operations, for example the payment of mission expense claims which have been examined by the PMO for conformity with the mission guide and for other payments to EEAS staff members.

At Headquarters, the financial circuits are operated entirely by EEAS staff.

### **3.7.3. Internal Control Standards and Financial circuits in Delegations**

In order to establish a coherent framework of internal control in Delegations, and as agreed between the EEAS and the Commission, the internal Control Standards (ICS) for effective management are also applied by the Delegations<sup>13</sup>.

In order to assess the compliance and the effectiveness of the internal control standards Delegations participate in an annual survey launched by the EEAS' Headquarters. For this purpose, an on-line questionnaire was launched in October 2015. The questionnaire is coordinated with DG DEVCO and DG NEAR and is integrated into the 'e-DAS' application for the preparation of the Declaration of Assurance for administrative expenditures. Each completed questionnaire is shared with DG DEVCO for use in the preparation of the External Assistance Management Report.

The 2015 consisted, as in previous years, of 2 parts:

- Assessment of compliance with the internal Control Standards; and
- Assessment of effectiveness of the implemented control arrangements.

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<sup>13</sup> Joint note EEAS/Commission to Heads of Delegation, Ares(2011) 836896 of 1 August 2011



### 3.7.3.1. Compliance with Internal Control Standards

Each ICS can relate to several actions to be implemented. Delegations were requested to indicate whether, by 31<sup>st</sup> December 2015, each of the actions was "implemented", "partially implemented" or "not implemented". Delegations were obliged to justify their answer if the standard concerned was considered not to be "implemented".

	Implemented as of 31/12/2015	Partially Implemented as of 31/12/2015	Not Implemented as of 31/12/2015
ICS 1: Mission	77%	23%	1%
ICS 2: Ethical and organisational values	82%	16%	1%
ICS 3: Staff allocation and mobility	64%	35%	1%
ICS 4: Staff Appraisal	77%	22%	1%
ICS 5: Objectives and performance indicators	83%	16%	1%
ICS 6: Risk management process	81%	17%	2%
ICS 7: Operational Structure	78%	15%	7%
ICS 8: Processes and procedures	90%	9%	1%
ICS 9: Management supervision	82%	9%	9%
ICS 10: Business continuity	70%	27%	3%
ICS 11: Document management	74%	25%	0%
ICS 12: Information and communication	85%	13%	2%
ICS 13: Accounting and financial reporting	87%	4%	9%
ICS 14: Evaluation of activities	88%	9%	4%
ICS 15: Assessment of ICS	87%	9%	5%
ICS 16: Internal audit capability		not included	
	80%	16%	3%

The results of the survey are quite similar to the results of previous years. Staff allocation and mobility, business continuity and document management standards perform well below average and mission and staff appraisal slightly below the average. Overall, Delegations reported that 80% of all standards are fully implemented and in addition 16% are partially implemented.

### 3.7.3.2. Effectiveness of Internal Control Standards

As in previous surveys, Delegations were also asked to assess, based on experience and available information, if the systems in place provide reasonable assurance that the associated internal controls are effectively achieving their goals and work as intended. Therefore for each of the internal Control Standards, Delegations had to indicate if the measures taken are "positive", "positive but changes are needed", "negative in some respects" or "negative". For this part of the survey comments were to be provided in all cases explaining the judgement on the degree of effectiveness.

Of the Internal Control Standards that were seen less favourable ('negative in some respects' and 'negative'), the following standards are concerned: No 7 – Organisational Structure (6 Delegation replied negatively and 14 partially negatively); No 12 – Information and

Communication (13 Delegations replied negatively and 5 partially negatively) and No 11 – Document management (1 flagged it negatively and 13 partially negatively).

	My assessment is positive	My assessment is positive but changes are needed	My asses My assessment is negative in some respects	My assessment is negative
ICS 1: Mission	82%	17%	1%	0%
ICS 2: Ethical and organisational values	94%	6%	0%	0%
ICS 3: Staff allocation and mobility	86%	13%	0%	1%
ICS 4: Staff Appraisal	83%	15%	1%	0%
ICS 5: Objectives and performance indicators	84%	14%	1%	0%
ICS 6: Risk management process	79%	19%	1%	1%
ICS 7: Operational Structure	88%	9%	2%	1%
ICS 8: Processes and procedures	90%	9%	1%	0%
ICS 9: Management supervision	94%	5%	0%	0%
ICS 10: Business continuity	72%	26%	2%	0%
ICS 11: Document management	78%	20%	2%	0%
ICS 12: Information and communication	84%	13%	1%	2%
ICS 13: Accounting and financial reporting	85%	13%	2%	0%
ICS 14: Evaluation of activities	92%	7%	0%	0%
ICS 15: Assessment of ICS	88%	10%	2%	0%
	85%	13%	1%	1%

### 3.7.4. Financial circuits in Delegations

The financial circuits used by the EEAS in the delegations during 2015 were the same as in previous years:

- DEL\_NORM (IA – VA/IAH – AOSD) – this is the standard workflow applied in Delegations. The function of operational and financial initiation is normally performed by a local agent (accountant or administrative assistant). The role of operational and financial verification is performed by the Head of Administration/Imprest Account Holder. The role of the AOSD role is performed by the Head of Delegation or another AD official of the EEAS;
- DEL\_SMALL (IA/IAH – VA – AOSD) – This second workflow permits the signature by the same AOSD, of both the VA and AOSD roles. It is used in absence of sufficient personnel. The responsible authorising officer shall define the framework for the use of these financial workflows.

These circuits are considered to be the most appropriate taking into account the nature of the transactions to be authorized (entirely administrative expenditure) and the resources available to the EEAS.

In Delegations, where a large proportion of the personnel are Commission staff members, the role of initiating agent (both financial and operational) is often performed by members of the Commission staff working in the administrative sections of the Delegations. The roles of financial and operational verification are restricted to EEAS staff members. The function of sub-delegated authorising officer is performed by the Head of Delegation, who is an EEAS staff member or by another EEAS member of staff in the category AD.

As a large number of Delegations only have one or two EEAS staff members of the AD category (including the Head of Delegation) ensuring business continuity during absences for professional purposes, holidays or illness of the Head of Delegations can be problematic. With a view to overcoming this problem, prior to the absence of staff certain transactions are advanced as much as possible or a system of remote authorisation is used for certain transactions. An amendment to the Financial Regulation allowing Commission staff to act, under certain conditions, as sub-delegated authorising officer or to deputise for EEAS administrative budget transactions, would also address the problem.

## **4. MANAGEMENT ASSURANCE**

This section reviews the assessment of the elements reported in Parts 2 and 3 and draw conclusions supporting of the declaration of assurance and namely, whether it should be qualified with reservations.

### **4.1. Review of the elements supporting assurance**

#### **4.1.1. Assessment by Management at Headquarters – synthesis of the AOSD reports**

In accordance with the Charter of tasks and responsibilities of authorising officers by Delegation, the sub-delegated authorising officers (AOSD) assist the delegated authorising officer in the drafting of the Annual Activity Report. For this purpose, all the sub-delegated authorising officers have been asked to submit a report for the financial year 2015 based on a common template in order to consolidate the results and provide an overall assessment for the EEAS 2015 Annual Activity Report.

The analysis of the AOSD reports lead to the following conclusions:

- All authorising Officers by sub-delegation provided a positive assurance with regard to the management of the budget entrusted to them with one Authorising Officer by Sub-delegation providing a 'relative positive assurance' for 'ICT related financial management'. The latter is motivated by concerns regarding business continuity;

- Changes of authorising officer by sub-delegation during the year must be carefully monitored from a point of view of business continuity. Especially compliance with the requirement of making available hand-over reports for successors must be stressed;
- Continued progress is made in addressing the deficiencies identified in previous years in the area of procurement of security services. With over more than 100 procedures launched since the creation of the 'task force security' 61 contracts were signed before the end of 2015;
- A low level of administrative errors has been recorded, with a material error rate well below the 2 percent threshold of materiality;
- Good progress was made in providing practical support to the administrative management of Delegations. Following last year's introduction of MIPS, continued training support in the area of procurement and the update of the local agents' sections in the EU Delegations' Guide are examples of this during the year under review;
- The agreement with the Commission to transfer from 2015 onwards the budget for so-called 'communal costs' to the EEAS proved to be an important step towards the simplification of administrative management of Delegations; and
- Several AOSDs identify a lack of staff as a critical issue, particularly with regard to the management of public procurement and business continuity.

#### **4.1.2. Assurance in Delegations – synthesis of the DAS of the Delegations**

The Heads of Delegations are required in their capacity of sub-Delegated Authorising Officer, to provide a Declaration of Assurance (DAS) and to provide an annual report, as part of the provisions of the Financial Regulation and Rules of Application for the general budget of the EU.

The 2015 exercise was launched in November 2015 via our electronic application 'e-DAS' which also incorporates the Internal Control Standard survey. At the time of drafting this report April 2015, all Delegations except one (Somalia, which does not have a separate administrative budget in 2015), have provided their Declaration of Assurance.

The e-DAS declaration and accompanying information are reviewed by the different departments of the EEAS Headquarters' services and constitutes a major element of the Declaration of Assurance of the Authorising Officer. Collectively the reports provide an overview of the administrative financial functioning of the EU Delegations.

With two exceptions, all Heads of Delegation provided a Declaration of Assurance without a reservation. The two Delegations concerned are the Delegation of the United Arab Emirates and the Delegation to the OECD/UNESCO in Paris.

One reservation concerns the fact that no hand-over report was made available to the Head of Delegation that took up duty in September 2015. As a result essential elements for a

statement of assurance without reservation were missing. However, there were no specific indications of irregularities and non-compliance. The second Delegation introduced a reservation for reasons of a lack of proper tendering procedure for two low value contracts. The recently established Regional Centre Europe will provide support to this Delegation.

The potential amounts affected by the two reservations are non-material in the overall picture of the administrative spending in Delegations. There is therefore no reason not to provide an Assurance of the expenditures in Delegations.

#### **4.1.3. Follow up of previous years' reservations**

The Authorising Officer by Delegation lifted in 2013 the reservation given for 2011 and 2012 with regards to the Headquarters' management of security contracts for a number of Delegations. The follow-up has been satisfactory with good progress being made in addressing the backlog in procurement. At the end of 2015, for all of the Delegations concerned the security contract procurement procedure had been launched or had been completed with the support of the task force established for this purpose in December 2013.

For those Delegations that provided a reservation in previous years, a follow-up was given in the framework of a compulsory action plan. With one exception (OECD/UNESCO Delegation in Paris), all 2014 reservations were lifted.

#### **4.1.4. Assurance received from other Authorising Officers in cases of crossed sub-delegation**

The EEAS does not receive sub-delegations from other Institutions.

## **4.2. Overall conclusions**

In view of the control results and all other relevant information available, the Authorising Officer by Delegation's estimate of the risks relating to the legality and regularity for the expenditure authorised during the reporting year is between 0% and 2%, which implies an amount at risk of below €1.1 million.

The internal control strategy foresees the implementation of further controls during subsequent years aimed at detecting and correcting these errors.

Taking into account the conclusions of the review of the elements supporting assurance and the expected corrective capacity of the controls to be implemented in subsequent years, it is possible to conclude that the internal controls systems implemented by the EEAS provide sufficient assurance to adequately manage the risks relating to the legality and regularity of the underlying transactions. Furthermore, it is concluded that the internal control systems provide sufficient assurance with regards to the achievement of the other internal control objectives.

## 5. DECLARATION OF ASSURANCE

I, the undersigned,

Secretary General of the EEAS, in my capacity as authorising officer by delegation,

Declare that the information contained in this report gives a true and fair view<sup>14</sup>.

State that I have a reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principle of sound financial management and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, the ex post controls, the work of the Internal Audit Division the observations of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.

Confirm that I am not aware of anything not reported which could harm the interests of the Institution.

Brussels,

26 May 2016

(Signed)  
Alain Le Roy

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<sup>14</sup> True and fair view in this context means a reliable, complete and correct view on the state of affairs in the EEAS.

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**Annexes**

**2015**

**Annual Activity Report**

**European External Action Service**





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## **Annex 2 Human resources**

## **Annex 3 Financial reports and annual accounts**

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## **Annex 4 Materiality criteria**

## **Annex 5 Ex-post control function and results**

## **Annex 6 List of acronyms**

## Annex 1

### Statement of the Director General for Budget and Administration

*I declare that in accordance with the Commission's communication<sup>1</sup> on clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the EEAS, I have reported my advice and recommendations to the Secretary-General on the overall state of internal control in the EEAS.*

*Based on the 2015 reports of the Authorising Officers by sub-delegation and the hand-over report from my predecessor, I hereby certify that the information provided in the present AAR and in its annexes is, to the best of my knowledge, accurate and exhaustive.*

*Brussels*

*24 May 2016*

*(signed)*  
*Gianmarco DI VITA*

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<sup>1</sup> Communication to the Commission: Clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission; SEC(2003)59 of 21.01.2003.

## Annex 2: Human resources

Posts occupied on 31.12.2015	Officials		Temporary Agents		Contract Agents	Seconded National Experts	Junior Professionals in Delegations	Local Agents	Total
	AD	AST	AD	AST					
Headquarters	401	423	148	37	168	376	-	-	1553
Delegations	219	191	166	-	189	58	38	1107	1968
Total	620	614	314	37	357	434	38	1107	3514

The above table provides a snapshot of EEAS staff actually employed as at 31<sup>st</sup> December 2015. These data do not necessarily constitute full-time-equivalents throughout the year or the posts in the authorised establishment plan.

## Annex 3

### Financial reports and annual accounts

**Table 1: Outturn on commitment appropriations in 2015 (million EURO)**

			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
<b>Title 1 STAFF AT HEADQUARTERS</b>					
1	11	REMUNERATION AND OTHER ENTITLEMENTS RELATING TO STATUTORY STAFF	121.14	120.91	99.81 %
	12	REMUNERATION AND OTHER ENTITLEMENTS RELATING TO EXTERNAL STAFF	20.28	19.50	96.17 %
	13	OTHER EXPENDITURE RELATING TO STAFF MANAGEMENT	2.32	2.31	99.51 %
	14	MISSIONS	8.54	8.30	97.14 %
	15	MEASURES TO ASSIST STAFF	1.82	1.80	99.26 %
<b>Total Title 1</b>			154.10	152.82	99.17%
<b>Title 2 BUILDINGS, EQUIPMENT AND OPERATING EXPENDITURE AT HEADQUARTERS</b>					
2	20	BUILDINGS AND ASSOCIATED COSTS	30.16	28.05	92.98 %
	21	COMPUTER SYSTEMS, EQUIPMENT AND FURNITURE	33.90	24.71	72.89 %
	22	OTHER OPERATING EXPENDITURE	6.78	6.33	93.36 %
<b>Total Title 2</b>			70.84	59.08	83.40%
<b>Title 3 DELEGATIONS</b>					
3	30	DELEGATIONS	608.06	593.73	97.64 %
<b>Total Title 3</b>			608.06	593.73	97.64%
<b>Total DG EEAS</b>			833.00	805.64	96.72 %

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

**Table 2: Outturn on payment appropriations in 2015 (million EURO)**

Chapter			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
<b>Title 1 STAFF AT HEADQUARTERS</b>					
1	11	REMUNERATION AND OTHER ENTITLEMENTS RELATING TO STATUTORY STAFF	121.14	120.07	99.12 %
	12	REMUNERATION AND OTHER ENTITLEMENTS RELATING TO EXTERNAL STAFF	20.56	19.52	94.96 %
	13	OTHER EXPENDITURE RELATING TO STAFF MANAGEMENT	3.05	2.18	71.70 %
	14	MISSIONS	9.89	7.42	75.02 %
	15	MEASURES TO ASSIST STAFF	2.31	1.50	65.01 %
<b>Total Title 1</b>			156.95	150.70	96.02%
<b>Title 2 BUILDINGS, EQUIPMENT AND OPERATING EXPENDITURE AT HEADQUARTERS</b>					
2	20	BUILDINGS AND ASSOCIATED COSTS	32.46	27.58	84.97 %
	21	COMPUTER SYSTEMS, EQUIPMENT AND FURNITURE	49.48	27.75	56.09 %
	22	OTHER OPERATING EXPENDITURE	8.57	5.75	67.07 %
<b>Total Title 2</b>			90.51	61.08	67.49%
<b>Title 3 DELEGATIONS</b>					
3	30	DELEGATIONS	672.39	574.98	85.51 %
<b>Total Title 3</b>			672.39	574.98	85.51%
<b>Title X</b>					
X	X1		0	0	0.00 %
<b>Total Title X</b>			0	0	0.00%
<b>Total DG EEAS</b>			919.86	786.76	85.53 %

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

**Table 3: Breakdown of commitments to be settled 31/12/2015 (million EURO)**

Chapter			2015 Commitments to be settled				Commitments to be settled from financial years previous to 2015	Total of commitments to be settled at end of financial year 2015 (incl corrections)	Total of commitments to be settled at end of financial year 2014 (incl. corrections)
			Commitments 2015	Payments 2015	RAL 2015	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
<b>Title 1 : STAFF AT HEADQUARTERS</b>									
1	11	REMUNERATION AND OTHER ENTITLEMENTS RELATING TO STATUTORY STAFF	120.07	120.07	0	0.00 %	0.00	0.00	0.00
	12	REMUNERATION AND OTHER ENTITLEMENTS RELATING TO EXTERNAL STAFF	19.50	19.27	0.23	1.17 %	0.00	0.23	0.28
	13	OTHER EXPENDITURE RELATING TO STAFF MANAGEMENT	2.31	1.50	0.82	35.32 %	0.00	0.82	0.72
	14	MISSIONS	8.30	6.26	2.03	24.53 %	0.00	2.03	1.35
	15	MEASURES TO ASSIST STAFF	1.80	1.16	0.64	35.51 %	0.00	0.64	0.49
<b>Total Title 1</b>			151.98	148.26	3.72	2.45%	0	3.72	2.85
<b>Title 2 : BUILDINGS, EQUIPMENT AND OPERATING EXPENDITURE AT HEADQUARTERS</b>									
2	20	BUILDINGS AND ASSOCIATED COSTS	28.05	25.40	2.64431071	9.43 %	0.00	2.64	2.30
	21	COMPUTER SYSTEMS, EQUIPMENT AND FURNITURE	24.71	12.75	11.95	48.38 %	0.00	11.95	15.58
	22	OTHER OPERATING EXPENDITURE	6.33	4.48	1.85	29.24 %	0.00	1.85	1.79
<b>Total Title 2</b>			59.08	42.63	16.45	27.84%	0	16.45	19.67
<b>Title 3 : DELEGATIONS</b>									
3	30	DELEGATIONS	593.64	520.98	72.67	12.24 %	0.55	73.22	65.80
<b>Total Title 3</b>			593.64	520.98	72.67	12.24%	0.55	73.22	65.80
<b>Total DG EEAS</b>			804.71	711.87	92.84	11.54 %	0.55	93.39	88.32

**Table 4: Balance sheet**

EUR '000

	Note	31.12.2015	31.12.2014
<b>NON-CURRENT ASSETS</b>			
<i>Intangible assets</i>	2.1	460	827
<i>Property, plant and equipment</i>	2.2	338 520	347 099
<i>Exchange receivables and non-exchange recoverables</i>	2.5	63 808	4 490
		<b>402 788</b>	<b>352 416</b>
<b>CURRENT ASSETS</b>			
<i>Financial assets</i>	2.3	–	50 426
<i>Pre-financing</i>	2.4	–	4 402
<i>Exchange receivables and non-exchange recoverables</i>	2.5	51 939	40 847
<i>Cash and cash equivalents</i>	2.6	62 988	59 734
		<b>114 927</b>	<b>155 408</b>
<b>TOTAL ASSETS</b>		<b>517 715</b>	<b>507 824</b>
<b>NON-CURRENT LIABILITIES</b>			
<i>Financial liabilities</i>	2.8	(296 277)	(299 803)
		<b>(296 277)</b>	<b>(299 803)</b>
<b>CURRENT LIABILITIES</b>			
<i>Provisions</i>	2.7	(61)	(76)
<i>Financial liabilities</i>	2.8	(1 203)	(1 984)
<i>Payables</i>	2.9	(35 345)	(25 006)
<i>Accrued charges and deferred income</i>	2.10	(20 749)	(15 403)
		<b>(57 359)</b>	<b>(42 468)</b>
<b>TOTAL LIABILITIES</b>		<b>(353 636)</b>	<b>(342 272)</b>
<b>NET ASSETS</b>		<b>164 079</b>	<b>165 552</b>
<i>Accumulated surplus</i>		165 552	129 757
<i>Economic result of the year</i>		(1 473)	35 795
<b>NET ASSETS</b>		<b>164 079</b>	<b>165 552</b>

**Table 5: Statement of financial performance**

		EUR '000	
	Note	2015	2014
<b>REVENUE</b>			
<b>Revenue from non-exchange transactions</b>			
<i>Funding from the Commission</i>		744 321	723 921
<i>Other non-exchange revenue</i>	3.1	39 608	44 065
		<b>783 929</b>	<b>767 986</b>
<b>Revenue from exchange transactions</b>			
<i>Financial income</i>	3.2	124	520
<i>Other exchange revenue</i>	3.3	30 962	31 913
		<b>31 086</b>	<b>32 433</b>
		<b>815 015</b>	<b>800 418</b>
<b>EXPENSES</b>			
<i>Staff costs</i>	3.4	(423 541)	(400 635)
<i>Finance costs</i>	3.5	(8 501)	(7 067)
<i>Administrative expenses</i>	3.6	(384 446)	(356 922)
		<b>(816 489)</b>	<b>(764 623)</b>
<b>ECONOMIC RESULT OF THE YEAR</b>		<b>(1 473)</b>	<b>35 795</b>



**Table 6: Average payment times for 2015**

Maximum payment time (days)	Total number of payments	Nbr of payments within time limit	Percentage	Average payment time (days)	Nbr of late payments	Percentage	Average payment times (days)
1	137				137	100.00 %	18.97
2	3				3	100.00 %	15.50
3	4				4	100.00 %	26.33
4	71				71	100.00 %	18.49
5	57	1	1.75 %	4.00	56	98.25 %	24.27
6	38	1	2.63 %	6.00	37	97.37 %	11.27
7	25	2	8.00 %	3.00	23	92.00 %	15.92
8	53	14	26.42 %	6.86	39	73.58 %	17.43
9	27	4	14.81 %	9.00	23	85.19 %	19.30
10	84	40	47.62 %	8.51	44	52.38 %	30.72
11	42	34	80.95 %	10.91	8	19.05 %	12.38
12	76	22	28.95 %	11.64	54	71.05 %	13.81
13	37	37	100.00 %	13.00			
14	82	16	19.51 %	11.63	66	80.49 %	35.10
15	87	30	34.48 %	12.19	57	65.52 %	28.59
16	19	18	94.74 %	14.89	1	5.26 %	37.00
17	13	1	7.69 %	2.00	12	92.31 %	21.38
18	2	2	100.00 %	18.00			
20	16	3	18.75 %	11.75	13	81.25 %	46.20
22	1	1	100.00 %	21.00			
24	1	1	100.00 %	24.00			
25	3	1	33.33 %	20.00	2	66.67 %	46.00
26	4				4	100.00 %	39.25
28	2	1	50.00 %	28.00	1	50.00 %	29.00
30	166400	131932	79.29 %	15.13	34468	20.71 %	50.54
31	2				2	100.00 %	52.00
33	23	1	4.35 %	14.00	22	95.65 %	37.00
34	15				15	100.00 %	38.40
36	32	1	3.13 %	30.00	31	96.88 %	37.00
37	2				2	100.00 %	53.00
38	2				2	100.00 %	41.00
44	2	2	100.00 %	30.00			
45	428	378	88.32 %	15.77	50	11.68 %	61.40
51	35				35	100.00 %	55.57
60	719	704	97.91 %	20.51	15	2.09 %	106.72
66	1	1	100.00 %	61.00			
75	6	6	100.00 %	36.17			
90	40	39	97.50 %	21.74	1	2.50 %	94.00
133	1	1	100.00 %	86.00			

<b>Total number of payments</b>	<b>168592</b>	<b>133294</b>	<b>79.06 %</b>		<b>35298</b>	<b>20.94 %</b>	
<b>Average payment time</b>	<b>22.46</b>			<b>15.15</b>			<b>50.04</b>

The maximum payment delays of between 1 and 29 days referred to in column 1 refer in the main to payments of salaries for local agents. The informatic system used for the calculation of these payments, automatically calculates the payment delay from the date the information is encoded in the system to the date foreseen for the payment of the salaries. Because these payments are made using the local bank accounts of the delegations, although the payments are in fact executed on time either by bank transfer or cheque, the payment date is recorded as the date of the bank statement on which the transaction finally appears. These payments (up to 655 payments) are therefore incorrectly classified by the ABAC accounting system as late, when in reality they have been paid on time.

**Table 6: Average payment times for 2015 – (continued)**

<b>Target Times</b>							
<b>Target payment time (Days)</b>	<b>Total number of payments</b>	<b>Nbr of payments within target time</b>	<b>Percentage</b>	<b>Average payment times (days)</b>	<b>Nbr of late payments</b>	<b>Percentage</b>	<b>Average payment times (days)</b>
5	2				2	100.00 %	26
10	1				1	100.00 %	21
20	16	9	56.25 %	12.42	7	43.75 %	27.17
30	2416	1907	78.93 %	16.50	509	21.07 %	44.15
<b>Total Number of Payments</b>							
	<b>2435</b>	<b>1916</b>	<b>78.69 %</b>		<b>519</b>	<b>21.31 %</b>	
<b>Average Payment Time</b>							
	<b>22.31</b>			<b>16.48</b>			<b>43.81</b>
<b>Suspensions</b>							
<b>Average report approval suspension</b>	<b>Average payment suspension days</b>	<b>Number of suspended Ppymts</b>	<b>% of total number</b>	<b>Total number of payments</b>	<b>Amount of suspended payments</b>	<b>% of total amount</b>	<b>Total paid amount</b>
0	45	58	0.03 %	168592	4,247,945.93	0.51 %	833,203,494.49
<b>Late interest paid in 2015</b>							
<b>DG</b>	<b>GL Account</b>	<b>Description</b>		<b>Amount (EUR)</b>			
EEAS	65010000	Interest expense on late payment of charges		131.65			
EEAS	65010100	Interest on late payment of charges New FR		4 776.72			
				<b>4 908.37</b>			

**Table 7: Situation on Revenue and Income in 2015 (in EURO)**

Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	
40	DEDUCTIONS FROM STAFF REMUNERATION	22,733,967.91	-	22,733,967.91	22,733,967.91	-	22,733,967.91	-
41	CONTRIBUTIONS TO THE PENSION SCHEME	16,802,259.76	-	16,802,259.76	16,802,259.76	-	16,802,259.76	-
52	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	95,796.50	-	95,796.50	95,796.50	-	95,796.50	-
57	OTHER CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH THE ADMINISTRATIVE OPERATION OF THE INSTITUTION	210,702,036.07	77,903.99	210,779,940.06	210,130,899.51	77,903.99	210,208,803.50	571,136.56
70	INTEREST ON LATE PAYMENTS	1,744.48	-	1,744.48	1,744.48	-	1,744.48	-
90	MISCELLANEOUS REVENUE	309,550.63	-	309,550.63	309,550.63	-	309,550.63	-
<b>Total DG EEAS</b>		<b>250,645,355.35</b>	<b>77,903.99</b>	<b>250,723,259.34</b>	<b>250,074,218.79</b>	<b>77,903.99</b>	<b>250,152,122.78</b>	<b>571,136.56</b>

**Table 8: Recovery on undue payments**  
(number of recoveries and corresponding amounts in EUR)

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2015 Year of Origin (commitment)	Error		Irregularity		Total undue payments recovered		Total transactions in recovery context(incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2011			1	7,272.98	1	7,272.98	1	7,272.98	100.00%	100.00%
2012	1	4,807.92			1	4,807.92	1	4,807.92	100.00%	100.00%
2013	1	152.96	3	7,586.47	4	7,739.43	4	7,739.43	100.00%	100.00%
2014	5	16,495.80	10	51,081.08	15	67,576.88	16	77,014.42	93.75%	87.75%
2015	6	14,549.36			6	14,549.36	10	72,508.77	60.00%	20.07%
<b>Sub-Total</b>	<b>13</b>	<b>36,006.04</b>	<b>14</b>	<b>65,940.53</b>	<b>27</b>	<b>101,946.57</b>	<b>104</b>	<b>75,560,525.69</b>	<b>25.96%</b>	<b>0.13%</b>

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context(incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES												
NON ELIGIBLE IN COST CLAIMS												
CREDIT NOTES									129	6,518,244.76		
<b>Sub-Total</b>									<b>129</b>	<b>6,518,244.76</b>		

<b>GRAND TOTAL</b>	<b>13</b>	<b>36,006.04</b>	<b>14</b>	<b>65,940.53</b>			<b>27</b>	<b>101946.57</b>	<b>233</b>	<b>82,078,770.45</b>	<b>11.59%</b>	
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**Table 9: Ageing balance of recovery orders at 31.12.2015**

	Number at 01/01/2015	Number at 31/12/2015	Evolution	Open amount (EUR) at 01/01/2015	Open amount (EUR) at 31/12/2015	Evolution
2012	3	1	-66.67 %	16,489.63	9,449.78	-42.69 %
2014	20	1	-95.00 %	209,059.77	4,993.03	-97.61 %
2015		25			597,847.50	
	23	27	17.39 %	225,549.40	612,290.31	171.47 %

**Table 10: Recovery Orders waivers  $\geq$  EUR 100,000 in 2015**

**NONE**

**Table 11: Census of negotiated procedures – 2015 (excluding building contracts)**

**Procurement > EUR 60,000**

Procedure ID	Procedure Reference	Lot Number	Lot Award Date	Negotiated Procedure Article	Negotiated Procedure Description	Lot Ceiling Amount
PROC-089129-v1	EEAS-396-DIVB3-SER-FWC-2015	1	27/01/2015	Art. 134.1(b)	(FR2012) Art. 134.1(b) (Without prior publication) Technical or artistic reasons, or reasons connected with the protection of exclusive rights	914,295.54
PROC-093660-v1	DELJPN/ADM/2015 IT Support	Lot for 30-CE-0726966/00-36	23/06/2015	Art. 134.1(c)	(FR2012) Art. 134.1(c) (Without prior publication) Reasons of extreme urgency	155,996.00
PROC-094435-v1	DELNERN PROCEDURE NEGOCIEE	1	27/05/2015	Art. 134.1(b)	(FR2012) Art. 134.1(b) (Without prior publication) Technical or artistic reasons, or reasons connected with the protection of exclusive rights	340,170.44
PROC-095202-v1	Delzark-AO sécurité	1	11/09/2015	Art. 135.1(a)	(FR2012) Art. 135.1(a) (After prior publication) Submission of irregular or unacceptable tenders	2,910,422.00
PROC-097430-v1	EEAS-398bis-DELKAZA-SER-FWC	01	09/11/2015	Art. 135.1(a)	(FR2012) Art. 135.1(a) (After prior publication) Submission of irregular or unacceptable tenders	500,000.00
PROC-100592-v1	SWZ/2016-001 - Security	Lot 1- 2016	31/12/2015	Art. 135.1(a)	(FR2012) Art. 135.1(a) (After prior publication) Submission of irregular or unacceptable tenders	375,000.00
PROC-100608-v1	EEAS-488-DELBIHS-SUP-DIR	3	21/12/2015	Art. 134.1(b)	(FR2012) Art. 134.1(b) (Without prior publication) Technical or artistic reasons, or reasons connected with the protection of exclusive rights	82,838.71
PROC-101432-v1	EEAS-453-DELKENN-SER-FWC 2016	LOT 1	17/12/2015	Art. 134.1(c)	(FR2012) Art. 134.1(c) (Without prior publication) Reasons of extreme urgency	631,050.00
						<b>5,909,772.69</b>

**Table 11: Census of negotiated procedures – 2015 (excluding building contracts) – (cont'd)**

**Procurement > EUR 60,000**

**Summary by legal base**

<b>Negotiated Procedure Legal base</b>	<b>Number of Procedures</b>	<b>Amount (€)</b>
Art. 134.1(b)	3	1,337,304.69
Art. 134.1(c)	2	787,046.00
Art. 135.1(a)	3	3,785,422.00
<b>Total</b>	<b>8</b>	<b>5,909,772.69</b>



**Table 12: Delegation building contracts signed in 2015**

CONTRACT REFERENCE	DELEGATION	DESCRIPTION	CONTRACTOR NAME	DURATION OF THE CONTRACT	AMOUNT in EURO
30-CE-0742315/00-22	ANGOLA	Rent of Accommodation	JOSEPHA AUGUSTA DAS CHAGAS	4 years	862,302.00
30-CE-0712238/00-48	ALBANIA	Purchase of Residence	DURO/SADUSHAJ MIMOZA	not applicable	1,649,000.00
30-CE-0754327/00-95	ARMENIA	Rental of Office spaces	KHACHATRYAN	4 years	960,000.00
30-CE-0699540/00-22	AUSTRIA	Rent of Garage space	BIP GARAGENGESELLSCHAFT BREITENEDER GES M B H & CO KG*	1 Year	2,147.30
30-CE-0713518/00-78	BELARUS	Rent of Accommodation	ASINTSAVA	4 years	129,600.00
30-CE-0694911/00-19	BELARUS	Rental of Office spaces	CJSC MATENA*	3 years	1,069,078.00
30-CE-0713686/00-21	BELARUS	Rent of Accommodation	ZIALENSKAYA	4 years	32,400.00
30-CE-0719132/00-54	BOSTWANA	Rental of Accommodation	DESAI	4 years	651,000.00
30-CE-0745841/00-13	CENTRAL AFRICAN REP	Rent of Accommodation	LA PROMESSE SOCIETE CIVILE IMMOBILI ERE*	3 Years	131,688.00
30-CE-0756283/00-37	CANADA	Rent of Offices spaces Montreal	DREAM OFFICE LP*	10 years	887,923.00
30-CE-0718518/00-12	CHINA	Rent of Offices spaces Mongolia	CHABO INTERNATIONAL LLC*	4 years	33,784.80
30-CE-0727134/00-10	CAMEROUN	Rent of Accommodation	COMPAGNIE AFRICAINE DE DIFFUSION SA *CAD	4 years	135,000.00
30-CE-0706451/00-21	CONGO	Rent of Accommodation	OTSE MAWANDZA	4 years	278,067.00

<b>CONTRACT REFERENCE</b>	<b>DELEGATION</b>	<b>DESCRIPTION</b>	<b>CONTRACTOR NAME</b>	<b>DURATION OF THE CONTRACT</b>	<b>AMOUNT in EURO</b>
30-CE-0704519/00-61	CONGO	Rent of Accommodation	SOCIETE CIVILE IMMOBILIERE MISSION* SCI MISSION	4 years	275,964.00
30-CE-0731963/00-13	CUBA	Rent of Accommodation	REPUBLICA DE CUBA*REPUBLIQUE DE CUB A REPUBLIC OF CUBA	4 years	144,000.00
30-CE-0749088/00-21	EQUATOR	Rent of Accommodation	VALENCIA SALA	4 Years	118,300.00
30-CE-0719906/00-72	FIDJI	Rent of Accommodation	HEXAGON APARTMENTS LIMITED*	1 Year	29,000.00
30-CE-0740215/00-76	FIDJI	Rent of Accommodation	JKS HOLDINGS LTD	4 years	111,526.84
30-CE-0740488/00-10	FIDJI	Rent of Accommodation	MEG INVESTMENT LIMITED	4 years	133,000.00
30-CE-0696033/00-72	GABON	Rent of Accommodation	AGENCE IMMOBILIERE DE LIBREVILLE SA RL*AIL	4 years	60,869.80
30-CE-0696049/00-74	GABON	Rent of Accommodation	AGENCE IMMOBILIERE DE LIBREVILLE SA RL*AIL	4 years	64,566.61
30-CE-0696039/00-40	GABON	Rent of Accommodation	IMMOBILIERE DE L'ESTUAIRE*	4 years	71,840.00
30-CE-0726212/00-87	REPUBLIC OF GUIINEA	Rent of Residence	ABOUBACAR SIDIKI MARA*ETABLISSEMENT M SANKARAN ETS SMS	4 years	130,000.00
30-CE-0725419/00-40	REPUBLIC OF GUIINEA	Rent of Accommodation	SOCIETE D'INVESTISSEMENT DES PROJET S DOMICILIAIRES ET CONSTRUCTION SA* SIPDC SA	4 years	76,800.00
30-CE-0725628/00-50	REPUBLIC OF GUIINEA	Rent of Accommodation	SOCIETE D'INVESTISSEMENT DES PROJET S DOMICILIAIRES ET CONSTRUCTION SA* SIPDC SA	4 years	95,000.00
30-CE-0713770/00-69	GUINEA BISSAU	Rent of Accommodation	EMBALO	1 Year	39,000.00
30-CE-0739431/00-64	GUINEA BISSAU	Rent of Accommodation	FUNDACAO GUINEENSE PARA O DESENVOLV IMENTO EMPRESARIAL INDUSTRIAL - DR BARTOLOMEU SIMOES PEREIRA*FUNDEI	3 Years	92,202.00
30-CE-0739054/00-13	GUINEA BISSAU	Rent of Accommodation	KEITA GOMES	1 Year	22,800.28

<b>CONTRACT REFERENCE</b>	<b>DELEGATION</b>	<b>DESCRIPTION</b>	<b>CONTRACTOR NAME</b>	<b>DURATION OF THE CONTRACT</b>	<b>AMOUNT in EURO</b>
30-CE-0761250/00-09	HONG KONG	Rent of Residence	LEAD HONOUR HOLDINGS LIMITED*	3 Years	1,009,744.00
30-CE-0761252/00-63	HONG KONG	Rent of Accommodation	SUPER TYPE DEVELOPMENT LIMITED*	8 months	87,124.00
30-CE-0761254/00-20	HONG KONG	Rent of Accommodation	THE REPULSE BAY COMPANY, LIMITED*	2 Years	262,010.00
30-CE-0750544/00-02	INDONESIA	Rent of Residence	DJOHAN	4 Years + 4 Years	1,200,000.00
30-CE-0750533/00-38	INDONESIA	Rent of Accommodation	RUSLI	4 Years	220,000.00
30-CE-0752065/00-34	INDONESIA	Rent of Accommodation	TJAHYADI	4 Years	280,000.00
30-CE-0726761/00-92	KENYA	Rent of Accommodation	BALUCH	1 Year	12,000.00
30-CE-0743299/00-09	KENYA	Rent of Accommodation	KIBUWA LEASING AND MANAGEMENT LIMITED*	4 years	118,860.81
30-CE-0743304/00-06	KENYA	Rent of Accommodation	KIBUWA LEASING AND MANAGEMENT LIMITED*	4 years	118,387.80
30-CE-0725965/00-61	KENYA	Rent of Accommodation	ROTRITE LIMITED	4 years	101,125.99
30-CE-0726011/00-57	KENYA	Rent of Accommodation	ROTRITE LIMITED	4 years	101,125.99
30-CE-0743235/00-85	KENYA	Rent of Accommodation	ROTRITE LIMITED	4 years	104,353.15
30-CE-0743252/00-72	KENYA	Rent of Accommodation	ROTRITE LIMITED	4 years	104,353.15
30-CE-0743273/00-70	KENYA	Rent of Accommodation	ROTRITE LIMITED	4 years	105,411.60
30-CE-0736388/00-44	CAMBODIA	Rent of Accommodation	PA	1 year	27,533.04

<b>CONTRACT REFERENCE</b>	<b>DELEGATION</b>	<b>DESCRIPTION</b>	<b>CONTRACTOR NAME</b>	<b>DURATION OF THE CONTRACT</b>	<b>AMOUNT in EURO</b>
30-CE-0714926/00-12	LEBANON	Rent of garage space	AL OLA AL IKARIAH SA*	1 year	218,400.00
30-CE-0736515/00-19	LIBERIA	Rent of Accommodation	COOPER-LIVERPOOL	3 Years	127,795.53
30-CE-0736700/00-47	LIBERIA	Rent of Accommodation	GEMAWAT	3 Years	115,015.97
30-CE-0700686/00-88	SRI LANKA	Rent of Accommodation	ABHAYARATNE	4 years	104,443.00
30-CE-0741483/00-17	SRI LANKA	Rent of Accommodation	ELLAWALA	4 years	170,085.00
30-CE-0730428/00-08	SRI LANKA	Rent of Accommodation	PIERIS	4 years	94,880.00
30-CE-0725612/00-48	SRI LANKA	Rent of Accommodation	RAMCHANDANI	4 years	64,673.00
30-CE-0743295/00-95	MADAGASCAR	Rent of Accommodation	LOUYS RANARIVELO	3 Years	44,200.00
30-CE-0743336/00-65	MADAGASCAR	Rent of Accommodation	RAHARINOSY	5 Years	72,437.50
30-CE-0754815/00-63	MALI	Rent of Accommodation	NIANGADO	3 Years	58,450.42
30-CE-0760567/00-46	MALAWI	Rent of Accommodation	CASTLEDINE	4 Years	101,900.00
30-CE-0760783/00-09	MALAWI	Rent of Accommodation	MHONE	4 Years	98,800.00
30-CE-0760757/00-15	MALAWI	Rent of Accommodation	PEMPHO CHET LIKONGWE*LIKONGWE AND C OMPANY	4 Years	122,650.00
30-CE-0720766/00-54	MALAYSIA	Rent of Accommodation	BINTI ABDULLAH	1 Year	60,306.05
30-CE-0747653/00-91	NIGERIA	Rent of Accommodation	CJI NIGERIA LIMITED*	1 Year	55,409.59

<b>CONTRACT REFERENCE</b>	<b>DELEGATION</b>	<b>DESCRIPTION</b>	<b>CONTRACTOR NAME</b>	<b>DURATION OF THE CONTRACT</b>	<b>AMOUNT in EURO</b>
30-CE-0747807/00-32	NIGERIA	Rent of Accommodation	CJI NIGERIA LIMITED*	1 years	55,409.59
30-CE-0747838/00-64	NIGERIA	Rent of Accommodation	CJI NIGERIA LIMITED*	2 Years	110,819.18
30-CE-0708010/00-39	NIGERIA	Rent of Accommodation	DAMULAK	1 Year	41,235.95
30-CE-0731239/00-14	NIGERIA	Rent of Accommodation	DAMULAK	1 Year	62,876.13
30-CE-0752360/00-49	NIGERIA	Rent of Accommodation	DAMULAK	1 Year	50,320.22
30-CE-0743953/00-61	NIGERIA	Rent of Accommodation	INDUSTRIAL AND GENERAL SERVICES NIGERIA LIMITED	2 Years	84,791.15
30-CE-0744003/00-68	NIGERIA	Rent of Accommodation	INDUSTRIAL AND GENERAL SERVICES NIGERIA LIMITED	2 Years	84,791.15
30-CE-0745523/00-43	NIGERIA	Rent of Accommodation	INDUSTRIAL AND GENERAL SERVICES NIGERIA LIMITED	2 Years	84,791.15
30-CE-0745529/00-11	NIGERIA	Rent of Accommodation	INDUSTRIAL AND GENERAL SERVICES NIGERIA LIMITED	2 Years	84,791.15
30-CE-0707694/00-92	NIGERIA	Rent of Accommodation	KHAMAR PROPERTIES DEVELOPMENT COMPANY LIMITED*	1 Year	26,508.79
30-CE-0743937/00-04	NIGERIA	Rent of Accommodation	KHAMAR PROPERTIES DEVELOPMENT COMPANY LIMITED*	1 Year	53,552.30
30-CE-0751665/00-95	NIGERIA	Rent of Accommodation	KHAMAR PROPERTIES DEVELOPMENT COMPANY LIMITED*	1 Year	54,894.78
30-CE-0718867/00-14	NIGERIA	Rent of Accommodation	LE BRISTOL LIMITED*	1 Year	26,510.33
30-CE-0727281/00-52	NIGERIA	Rent of Accommodation	LE BRISTOL LIMITED*	1 Year	62,408.22
30-CE-0727307/00-89	NIGERIA	Rent of Accommodation	LE BRISTOL LIMITED*	1 Year	62,408.22

<b>CONTRACT REFERENCE</b>	<b>DELEGATION</b>	<b>DESCRIPTION</b>	<b>CONTRACTOR NAME</b>	<b>DURATION OF THE CONTRACT</b>	<b>AMOUNT in EURO</b>
30-CE-0727313/00-15	NIGERIA	Rent of Accommodation	LE BRISTOL LIMITED*	1 Year	62,408.22
30-CE-0727323/00-49	NIGERIA	Rent of Accommodation	LE BRISTOL LIMITED*	1 Year	64,243.76
30-CE-0731237/00-57	NIGERIA	Rent of Accommodation	ROCK-EDGE ESTATE AND PROPERTY DEVELOPMENT COMPANY LTD*REPDCL	1 Year	55,241.17
30-CE-0731238/00-84	NIGERIA	Rent of Accommodation	ROCK-EDGE ESTATE AND PROPERTY DEVELOPMENT COMPANY LTD*REPDCL	1 Year	55,241.17
30-CE-0757378/00-39	NICARAGUA	Rent of Residence	INVERSIONES THE POINT 27B SA	4 years	308,506.61
30-CE-0722078/00-76	PAPUA NEW GUINEA	Rent of Accommodation	THE EDGE LIMITED*	1 years	67,826.99
30-CE-0748608/00-04	RUSSIA	Rent of Accommodation	DEUTSCHE BAU- UND GRUNDSTUCKS-AG*BAUGRUND	2 months	13,411.98
30-CE-0748835/00-28	RUSSIA	Rent of Garage space	DEUTSCHE BAU- UND GRUNDSTUCKS-AG*BAUGRUND	4 years	6,760.00
30-CE-0748916/00-37	RUSSIA	Rent of Accommodation	DEUTSCHE BAU- UND GRUNDSTUCKS-AG*BAUGRUND	4 years	300,000.00
30-CE-0748975/00-20	RUSSIA	Rent of Accommodation	DEUTSCHE BAU- UND GRUNDSTUCKS-AG*BAUGRUND	4 years	120,000.00
30-CE-0711173/00-51	RUSSIA	Rent of Accommodation	ROSSIJSKAJA FEDERACIJA*FEDERATION DE RUSSIE RUSSIAN FEDERATION	3 years	97,064.84
30-CE-0711199/00-87	RUSSIA	Rent of Accommodation	ROSSIJSKAJA FEDERACIJA*FEDERATION DE RUSSIE RUSSIAN FEDERATION	3 years	111,661.72
30-CE-0715168/00-41	RUSSIA	Rent of Parking space	ROSSIJSKAJA FEDERACIJA*FEDERATION DE RUSSIE RUSSIAN FEDERATION	1 year	2,421.77
30-CE-0725160/00-11	RUSSIA	Rent of Accommodation	ROSSIJSKAJA FEDERACIJA*FEDERATION DE RUSSIE RUSSIAN FEDERATION	2,5 years	120,061.71
30-CE-0729352/00-20	RUSSIA	Rent of Parking space	ROSSIJSKAJA FEDERACIJA*FEDERATION DE RUSSIE RUSSIAN FEDERATION	1 year	2,232.38

<b>CONTRACT REFERENCE</b>	<b>DELEGATION</b>	<b>DESCRIPTION</b>	<b>CONTRACTOR NAME</b>	<b>DURATION OF THE CONTRACT</b>	<b>AMOUNT in EURO</b>
30-CE-0729356/00-31	RUSSIA	Rent of Parking space	ROSSIJSKAJA FEDERACIJA*FEDERATION D E RUSSIE RUSSIAN FEDERATION	1 year	2,232.38
30-CE-0729362/00-54	RUSSIA	Rent of Parking space	ROSSIJSKAJA FEDERACIJA*FEDERATION D E RUSSIE RUSSIAN FEDERATION	1 year	2,232.38
30-CE-0729387/00-63	RUSSIA	Rent of Parking space	ROSSIJSKAJA FEDERACIJA*FEDERATION D E RUSSIE RUSSIAN FEDERATION	1 year	2,232.38
30-CE-0729413/00-58	RUSSIA	Rent of Parking space	ROSSIJSKAJA FEDERACIJA*FEDERATION D E RUSSIE RUSSIAN FEDERATION	1 year	2,232.38
30-CE-0729417/00-69	RUSSIA	Rent of Parking space	ROSSIJSKAJA FEDERACIJA*FEDERATION D E RUSSIE RUSSIAN FEDERATION	1 year	2,232.38
30-CE-0729427/00-06	RUSSIA	Rent of Parking space	ROSSIJSKAJA FEDERACIJA*FEDERATION D E RUSSIE RUSSIAN FEDERATION	1 year	2,232.38
30-CE-0729428/00-33	RUSSIA	Rent of Parking space	ROSSIJSKAJA FEDERACIJA*FEDERATION D E RUSSIE RUSSIAN FEDERATION	1 year	2,232.38
30-CE-0748492/00-48	SAUDI ARABIA	Rent of Accommodation	ARABIAN HOMES CO LTD*	1 year	52,455.02
30-CE-0726995/00-14	SAUDI ARABIA	Rent of Accommodation	REAL ESTATE INVESTMENT COMPANY LLC* REIC	4 years	134,135.59
30-CE-0729468/00-72	SAUDI ARABIA	Rent of Accommodation	THE ARAB INVESTMENT COMPANY JSC*TAI C	4 years	190,993.27
30-CE-0737537/00-89	SUDAN	Rent of Accommodation	AWAD ELRAYAH BANNAGA	4 years	107,028.75
30-CE-0747633/00-23	SUDAN	Rent of Accommodation	DIAB KARRAR AHMED KARRAR	4 years	185,481.01
30-CE-0708636/00-84	SINGAPORE	Rent of Residence	GOMEZ	5 Years	1,087,394.00
30-CE-0728276/00-04	SOLOMON ISLANDS	Rent of Accommodation	GROSSMITH	terminated	70,000.00
30-CE-0728014/00-34	SOLOMON ISLANDS	Rent of Accommodation	O'BRIEN	4 Years	105,000.00

CONTRACT REFERENCE	DELEGATION	DESCRIPTION	CONTRACTOR NAME	DURATION OF THE CONTRACT	AMOUNT in EURO
30-CE-0728271/00-63	SOLOMON ISLANDS	Rent of Accommodation	PRESTIGE PROPERTY DEVELOPMENT AND MANAGEMENT LIMITED*	2 Years	60,000.00
30-CE-0728275/00-74	SOLOMON ISLANDS	Rent of Accommodation	PRESTIGE PROPERTY DEVELOPMENT AND MANAGEMENT LIMITED*	Terminated	604,800.00
30-CE-0755557/00-51	SOLOMON ISLANDS	Rent of Accommodation	SANGATU	amendment	9,805.25
30-CE-0720672/00-27	SIERRA LEONE	Rent of Accommodation	MACKIE	4 years	99,117.00
30-CE-0713822/00-03	TOGO	Rent of Accommodation	DJONDO	2 years	54,881.65
30-CE-0736166/00-16	THAILAND	Rent of Offices space	KRUNG THAI ASSET MANAGEMENT PUBLIC COMPANY LIMITED (KTAM)	15 Years	10,415,700.00
30-CE-0736386/00-87	TIMOR	Rent of Accommodation	LAVA EAST COMPANY, UNIPESSOAL LDA	4 years	160,000.00
30-CE-0725932/00-72	TURKEY	Rent of Residence	NUROL GAYRIMENKUL YATIRIM ORTAKLIGI AS*NUROL REAL ESTATE INVESTMENT TR UST	8 Years	654,736.00
30-CE-0738757/00-11	TURKEY	Rent of Office space	SOPIYEVA MAYA*SOPYYEWA	1 Year	44,666.00
30-CE-0736914/00-95	TURKEY	Rent of Accommodation in Turkmenistan	SUHANBERDIYEV ATAMYRAT*SUHANBERDIYE W	3 Years	100,500.00
30-CE-0731735/00-59	TAIWAN	Rent of Residence	YAU	4 years	800,000.00
30-CE-0739674/00-90	NEW YORK	Rent of Accommodation	ANASTASI	2 Year	96,645.37
30-CE-0731473/00-88	NEW YORK	Rent of Accommodation	ERP OPERATING LIMITED PARTNERSHIP*	2 Year	72,000.00
30-CE-0731221/00-55	NEW YORK	Rent of Accommodation	STEELE	3 Years	350,000.00
30-CE-0750577/00-88	UZBEKISTAN	Rent of Accommodation	AKHMETSHINA	4 Years	120,000.00



<b>CONTRACT REFERENCE</b>	<b>DELEGATION</b>	<b>DESCRIPTION</b>	<b>CONTRACTOR NAME</b>	<b>DURATION OF THE CONTRACT</b>	<b>AMOUNT in EURO</b>
30-CE-0711116/00-25	UZBEKISTAN	Rent of Accommodation	ASADOVA	4 Years	155,263.30
30-CE-0750532/00-11	UZBEKISTAN	Rent of Accommodation	ASADOVA	4 Years	175,000.00
30-CE-0750635/00-45	UZBEKISTAN	Rent of Accommodation	INAGAMOVA	4 Years	110,000.00
30-CE-0711124/00-05	UZBEKISTAN	Rent of parking spaces	XALQARO HAMKORLIK MARKAZI AK*	1 Year	1,659.75
30-CE-0759293/00-12	UZBEKISTAN	Rent of parking spaces	XALQARO HAMKORLIK MARKAZI AK*	1 Year	1,646.84
30-CE-0750611/00-63	UZBEKISTAN	Rent of Accommodation	ZAYIDOV	4 Years	77,000.00
30-CE-0744006/00-52	VENEZUELA	Rent of Accommodation	DI MARTINO CARUSO	4 Years	195,000.00
30-CE-0747368/00-13	VENEZUELA	Rent of Accommodation	ESCALANTE MONTOYA	4 Years	170,000.00
30-CE-0744582/00-78	VENEZUELA	Rent of Accommodation	HERNANDEZ PEREZ	2 Years	60,000.00
30-CE-0744236/00-60	VENEZUELA	Rent of Offices spaces	INVERSIONES GRECARE CA*	5 Years	2,000,000.00
30-CE-0736850/00-73	VIETNAM	Rent of Residence	CONG TY TNHH HO TAY MOT THANH VIEN* HO TAY COMPANY LIMITED HTC	5 Years	520,500.00
30-CE-0715194/00-35	WEST BANK	Rent of Accommodation	AL-MASHTAL TOURISM INVESTMENT COMPANY LTD*	2 Years	44,640.00
30-CE-0750259/00-21	WEST BANK	Rent of Accommodation	GBARA	1 Year	24,734.53
30-CE-0732715/00-36	KOSOVO	Rent of Offices spaces	MUNICIPAL ASSOCIATION OF RETIRED PERSONS*	10 Year	60,000.00
30-CE-0724951/00-68	SOUTH AFRICA	Rent of Accommodation	ENGELBRECHT	10 Years	1,104,000.00

CONTRACT REFERENCE	DELEGATION	DESCRIPTION	CONTRACTOR NAME	DURATION OF THE CONTRACT	AMOUNT in EURO
30-CE-0740390/00-69	DEMOCRATIC REP CONGO	Rent of Residence	AKSEL IMMO SPRL*	4 Years	528,000.00
30-CE-0746063/00-71	DEMOCRATIC REP CONGO	Rent of Accommodation	KAMALANDUA DISHIKI	4 Years	231,345.95
30-CE-0741352/00-32	DEMOCRATIC REP CONGO	Rent of Accommodation	KANI	4 Years	394,145.00
30-CE-0699522/00-08	DEMOCRATIC REP CONGO	Rent of Accommodation	USINES TEXTILES AFRICAINE SARL*	4 Years	460,800.00
30-CE-0743685/00-67	ZAMBIA	Rent of Residence	VANGELATOS	8 years	557,000.00
30-CE-0742653/00-60	ZIMBABWE	Rent of Accommodation	KONUNGARIKET SVERIGE*ROYAUME DE SUEDE KINGDOM OF SWEDEN	1 Year	21,172.53
30-CE-0723836/00-40	ZIMBABWE	Rent of Accommodation	VEIT-WILD VEIT	1 Year	21,814.20
30-CE-0723800/00-67	ZIMBABWE	Rent of Accommodation	XIMEX MANAGEMENT SERVICES PRIVATE L IMITED	3 Year	79,295.16
TOTAL					<b>38,565,508.68</b>

The total amount corresponds to the entire duration of each contract, which varies from contract to contract.

**Table 13: Contracts declared secret**

<b>Total Number of Contracts</b>	<b>Total amount</b>
<b>10</b>	<b>4,205,580.00</b>

## Annex 4

### Materiality criteria

For the 2015 AAR exercise, the EEAS has used the indicative quantitative threshold for materiality (i.e. the measurement of errors in budgetary execution having a potentially positive or negative financial impact) as being at 2% of the administrative budget consumed. This 2% limit has been applied to the four previous exercises and has now again been applied to the results of the controls over the execution of the 2015 administrative budget managed by the EEAS.

From the ex-post controls upon the 2015 financial transactions related to the execution of the EEAS's administrative budget - a maximum rate of material error of 0.0021 % was determined, with a residual error rate of 0.0%.

As the residual error rate is lower than the material error rate found in the core sampling - this validates the methodology applied and confirms that the material error rate in the global population of EEAS financial transactions should be between 0.00% and 0.0021%.

## Annex 5

### Ex-post control results

As in previous years, the ex-post control function assessed the level of sound financial management in the execution of the EEAS' administrative budget, covering both EEAS HQ and the EU Delegations. The result of this work supports both the annual 'Declaration of Assurance' of the EEAS General Secretary and of the Heads of EU Delegation, as required under article 66.9 of the Financial Regulation.

For 2015, as for the 2014 budgetary reporting exercise, the Evaluation Division has applied the 'Monetary Unit Sampling' (MUS) method in the selection of samples of transactions for financial verification ex-post. Using the MUS method a core sample for ex-post controls was extracted from the global population of financial transactions used to execute the EEAS Administrative Budget.

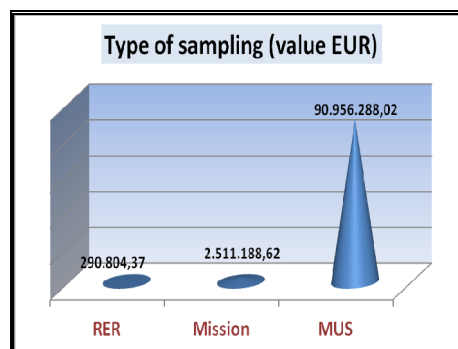
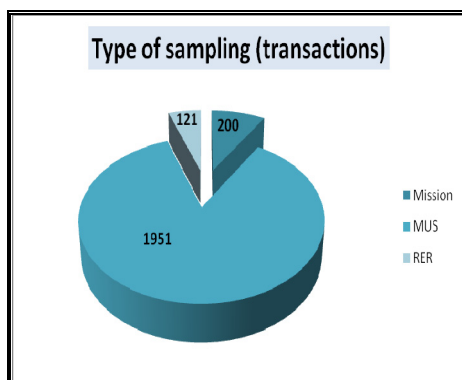
In order to validate the results generated from the risk based MUS testing a 'Residual Error Rate' (RER) sampling and calculation was also made. These methods differ in that whereas the MUS method requires inter-alia the application of a risk analysis in the generation of the samples, the RER sample was chosen on a random sample basis from the global population, i.e. no risk analysis was applied.

To determine whether results from the MUS method indicate that the ex-post control strategy has been effective it is necessary to make a comparison of the 2 material error rates generated based on the ex-post controls, one from the core MUS sample and one from the RER sample. Material in this respect means any error with a financial impact. The material error rate in total must not exceed the threshold of 2% of the administrative budget – above this level a reservation may have to be given.

If the error rate for the MUS sample controlled is greater than the error rate from the RER sample controlled then the risk based MUS sample is validated – i.e. the risk analysis used with the MUS is well founded. If the error rate for the MUS sample was lower than the error rate from the RER sample this would call into question the risk analysis and so the effectiveness of the ex-post control strategy. For the 2015 exercise, the MUS error rate exceeds the RER error rate therefore the MUS results for the EEAS 2015 reporting exercise are credible<sup>2</sup>. The charts below detail the sampling methodology.

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<sup>2</sup> Please note, that the methodology applied for the risk analysis was the same for 2012, 2013, 2014, and 2015 but the risk factors and weightings scores were revised and the risk updated.



### **Population checked from the administrative budget**

The following transactions were outside of the scope of the ex-post controls actually carried out:

- The management of salaries covered by Service Level Agreements (SLA signed between the EEAS and the Commission; these payments would have to be jointly audited as they are subject to control by the Pay Master's Office (PMO);
- The payments registered in the 'Imprest Account' module;
- The payments registered in the 'MIPS' module (managed under a SLA signed with the PMO);
- Transactions of the period November to December 2015 - this is in order to produce timely results for publication in the AAR; and
- The EEAS's revenues, due to allocation of staff resources to other priorities.

For the 2015 administrative budget the following ex-post control activities were undertaken;

- The number of Delegations controlled ex-post amounted to 139 (including 353 on-the-spot controls: Afghanistan, Ethiopia AU, Azerbaijan, Bolivia, Botswana, Chile, Djibouti, El Salvador, Ethiopia, Honduras, Iceland, India, Indonesia, Jamaica, Kazakhstan, Malaysia, Mexico, Moldova, Namibia, OECD/UNESCO, Peru, Philippines, Russia, Serbia, Singapore, South Africa, Sri Lanka, Sudan, Switzerland, Uganda, Ukraine, United Arab Emirates, Uzbekistan and Venezuela);
- The number of Headquarters' Divisions controlled ex-post amounted to 13;
- The number of reports to be issued will be 152; and
- The total number of transactions checked is 2,272.

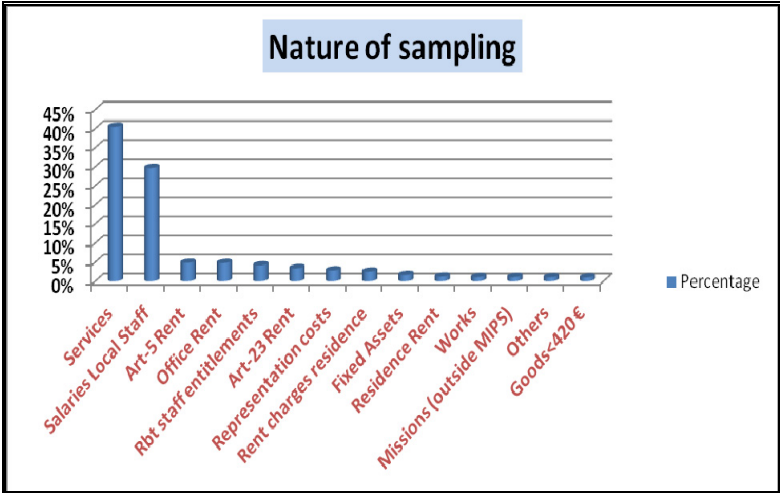
### **Representativeness of the samples**

<sup>3</sup> Even if some Delegations have been visited during the 2016 first wave of missions from the Evaluation Division, the sampling of transactions for the ex-post controls on the spot related to 2015 budgetary exercise.

The Evaluation Division selected for verification 1.68% and 2.14% of the 2015 population of “Payment Request Headers” (i.e. requests for one or more payments) respectively for the Delegations and for the Headquarters’ Divisions. These represent in monetary value terms 13.07% and 32.93% of their respective populations within the scope of controls.

Entity	Transactions within the scope of controls	Value EUR	Sampled transactions	Value EUR	Ratio total population/sampling	
					Transactions	Value EUR
HQ	7144	133.322.496,07	153	43.908.073,06	2,14%	32,93%
DEL	126320	381.554.699,56	2119	49.850.207,95	1,68%	13,07%
<b>TOTAL</b>	<b>133464</b>	<b>514.877.195,63</b>	<b>2272</b>	<b>93.758.281,01</b>	<b>1,70%</b>	<b>18,21%</b>

Due to the fact that the samples selected covered the majority of the categories of expenditures for the 139 Delegations controlled and nearly all of the Divisions at Headquarters responsible for managing funds, they are considered as being representative of the transactions concerning the functioning of the EEAS Delegations and Headquarters’ Divisions during 2015.

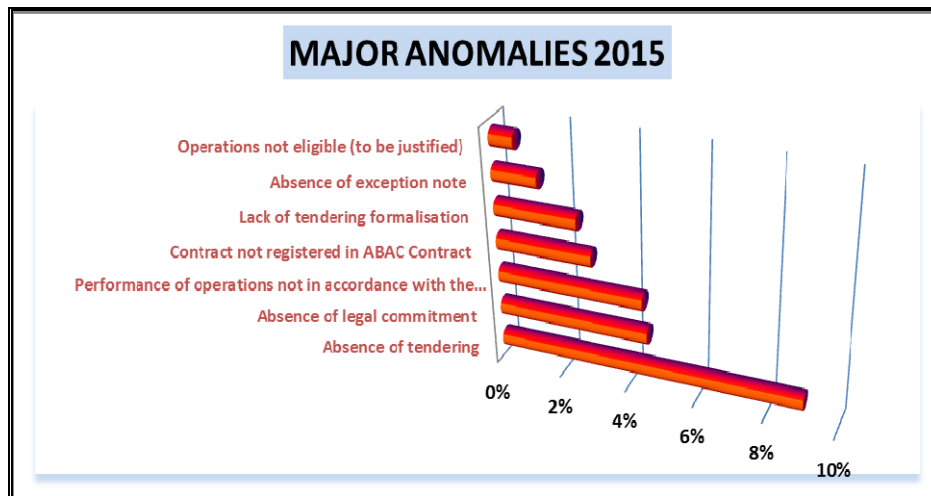


All of the transactions sampled were subject to ex-post financial controls; only half of them were subject to ex-post administrative controls due to the allocation of staff resources to other priorities.

In relation to the latter, the most frequent administrative errors arising in 2015 relate to;

- the absence of tendering or lack of formalisation of the tender process,
- absence of legal commitment,
- performance of operations not in accordance with the contract provisions,
- contract(s) not registered in ABAC Contracts,

- absence of exception note to justify an irregularity, or
- operations not eligible (to be justified).



The Evaluation Division issued recommendations to each of the entities controlled in order to assist them in remedying the issues identified during controls.

**Material<sup>4</sup> errors:**

It is very important to point out that when applying the established methodology, the value amount and percentage of material errors is very low. In fact the downwards trend already noted for 2014 was confirmed for 2015. In fact, the 2015 material error rate is the lowest rate reported since the creation of the EEAS. It stood at 0.0021% for Delegations and 0.0% for HQ Divisions for 2015. The comparative numbers for 2014 were 0.05% and 0.03% for Delegations and HQ Divisions respectively. The combined error rate for HQ and Delegations is 0.0021% for 2015 (see table 1) compared to 0.041% for 2014. This error rate is not significant, as it is well below the 2% material error rate threshold.

As far as the financial volume impacting the absence of tendering process, table 2 shows that this represents 8.98% of the total number of transactions controlled and 6.88% of the financial volume. These amounts do not correspond to the financial impact, i.e. they are not quantifiable as recoverable or payable.

<sup>4</sup> By material it is meant an error with a financial effect, either positive or negative, and the rate should not have exceeded the 2% threshold.

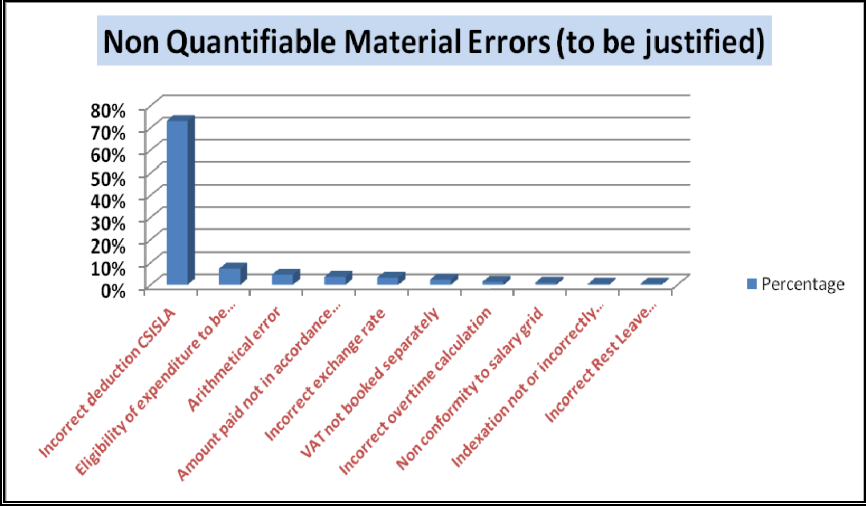


TABLE 1: MATERIAL ERRORS TO BE REGULARISED						
Description	MUS		MISSIONS	RER		TOTAL
	DEL	HQ	DEL (35)	DEL	HQ	
Total transactions	1805	146	200	114	7	2272
Material Errors	7	0	2	0	0	9
<b>Ratio</b>	<b>0.39%</b>	<b>0.00%</b>	<b>1.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.40%</b>
Total value (€)	47,072,427.85	43,883,860.17	2,511,188.62	266,591.48	24,212.89	93,758,281.01
Material Errors (€)	1,674,56	0.00	306.40	0.00	0.00	1,980.96
<b>Ratio</b>	<b>0.0036%</b>	<b>0.00%</b>	<b>0.012%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.0021%</b>

TABLE 2: FINANCIAL VOLUME ABSENCE OF TENDERING						
Description	MUS		MISSIONS	RER		TOTAL
	DEL	HQ	DEL (35)	DEL	HQ	
Total transactions	1805	146	200	114	7	2272
Absence of tender(s)	166	12	18	8	0	204
<b>Ratio</b>	<b>9.20%</b>	<b>8.22%</b>	<b>9.00%</b>	<b>7.02%</b>	<b>0.00%</b>	<b>8.98%</b>
Total value €	47,072,427.85	43,883,860.17	2,511,188.62	266,591.48	24,212.89	93,758,281.01
Absence of tender(s) €	3,260,296.17	3,071,413.88	114,520.60	7005.51	0.00	6,453,236.16
<b>Ratio</b>	<b>6.93%</b>	<b>7.00%</b>	<b>4.56%</b>	<b>2.63%</b>	<b>0.00%</b>	<b>6.88%</b>

Finally, for 219 transactions the material error is not quantifiable, i.e. it is not possible to calculate the financial impact.

The chart below gives an overview of the nature of transactions for which the material error could not be calculated.



Each Delegation concerned was informed about the results of the control and requested to provide a justification for the transactions concerned, and, if necessary to regularise the operation. The Evaluation Division will ensure follow-up in 2016. The chart below gives an overview of the nature of transactions for which the material error could not be calculated.

As a conclusion, the very low combined material error rate of 0.0021%, for HQ Divisions and Delegations, provides strong evidence that the incidence of error across the whole population is low and that internal controls are well designed and operating effectively.

The material error rate is well below the threshold of 2% used by the EEAS, which is the yardstick applied to determine whether the EEAS' Administrative Budget has been implemented in accordance with the Financial Regulation and Rules of Application.

As the 'RER' is 0.0% and is thus lower than the 'MUS' core sample rate, considering that the amount of budget spent is almost equal for Delegations and HQ, it validates the risk analysis and provides a sound basis for the conclusion that the ex-post control risk analysis and MUS were well designed and applied.

**Appreciation of the results of the 2015 Ex-Post controls on the EEAS Administrative Budget**

Based on the ex-post control methodology used, applied, the financial management of administrative expenditures by the EEAS Headquarters' Divisions and EU Delegations did not result in a significant level of material error, i.e. errors with a financial impact. Another characteristic is the near negligible rate of financial irregularities, which could lead to the emission of recovery orders or compensatory payments.

As in the past, ex-post control results confirm the need to promote the follow-up of ex-post control reports and the need to enhance communication with colleagues in Delegations and HQ Divisions on these matters.

In the opinion of the Evaluation Division, the Delegations checked for 2015 have made very significant efforts to apply the principle of sound financial management in order to achieve the objectives of economy, efficiency, and effectiveness.

Certain Delegations and some of the Headquarters' Divisions encounter still difficulties in complying with a certain financial and administrative rules, although these are principally of an administrative error nature (i.e. without a quantifiable financial impact) rather than of a material error nature (i.e. with a quantifiable financial impact).

**Cost of controls for ex-post control activities**

With a view to providing an input in the form of an independent opinion about the quality of financial management, ex-post control activities provide an indispensable contribution. The results of ex-post control provide an opinion (evaluation) about the level of sound financial management of the EEAS' Administrative Budget for the various actors in the financial circuits. This opinion is given in the form of ex-post control (EPC) reports for administrative entities established on the basis of a verification of samples of financial transactions and the implementation of relevant internal control standards.

The principal use of ex-post control reports is to support compliance with the legal requirement of providing a 'Statement of Assurance'. Contrary to the Statement of Assurance, which is not quantifiable in value terms, the EPC function can be evaluated in terms of control efficiency and cost-effectiveness. This is shown below for the budgetary exercise 2015. To be noted that EPC reports are prepared for all Headquarters' Divisions in charge of budget execution and for the entire Delegation network.

The table below presents the results for 2015.

<b>Costs of controls</b>			<b>2015</b>	<b>Benefit of controls</b>		<b>2015</b>
Direct costs	FTE Officials *	n	7,9	Deterred	n.q.	
		€	1.057.344	Prevented	n.q.	
	FTE CA *	n	2	Detected	Material error	1.981
		€	140.000		Incorrect tendering	6.453.236
	Expenditure**	€	18.951	Corrected	n.q.	
total	€	1.216.295	<b>Total findings</b>	<b>6.455.217</b>		
Indirect costs***			114.071	Total expenditure (checked)		93.758.281
Overhead costs			not calculated	<b>Overall cost-effectiveness</b>		<b>6,9%</b>
<b>Total costs</b>			<b>1.330.366</b>			<i>= total findings / total expenditure</i>
<p>* 2015 staff costs communicated by BA.IBS.1  ** Mission budget spent related to transactions checked = 1/5 of total inspection mission  *** Depreciation over 5 years for IT developments and external contractor costs, plus yearly hosting costs (DIGIT), plus one IT project manager 10%. Costs communicated by BA.IBS.6</p>				<b>Supervisory checks cost-effectiveness</b>		<b>4,9</b>
						<i>= total findings / total costs</i>
				<i>Total findings / total expenditure (checked)</i>		
				<i>Total findings / total costs</i>		

## Annex 6

### List of Acronyms

ABAC	Accrual Based Accounting (System)
AD	Administrator
AOSD	Sub-delegated Authorising Officer
AST	Assistant
BUDG	Directorate-General for Budget
CE	Communauté Européenne
CFSP	Common Foreign and Security Policy
CHAR	Charlemagne Building
DAS	Annual Declaration of Assurance
DEL	Delegation
DG	Directorate-General
DG HR	Directorate-General for Human Resources
DEVCO	DG for Development & Cooperation
ECA	European Court of Auditors
EDF	European Development Fund
EEAS	European External Action Service
EU	European Union
EU MS	EU Member States
FPI	Service for Foreign Policy Instruments
GSC	General Secretariat of the Council
HQ	Headquarters
HR	High Representative of the European Union for Foreign Affairs and Security Policy
IA	Initiating Agent
IAH	Imprest Account Holder
IAS	Internal Audit Service
ICS	Internal Control Standards
IfS	Instrument for Stability
IIA	Institute of Internal Auditors
OLAF	European Anti-fraud Office
PMO	European Union Office for Administration and Payment
RELEX	Directorate-General External Relations
RO	Recovery Order
SDAO	Sub-delegated Authorising Officer

SEAE	Service de l'Action Extérieure de l'UE
SLA	Service Level Agreement
SNE	Seconded National Expert
UN	United Nations
VA	Verifying Agent
VAT	Value-Added Tax
VP	Vice-President of the European Commission
WTO	World Trade Organisation