2016

Annual Activity Report

European External Action Service



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 conduct 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 (EEAS) following the adoption of Council Decision (2010/427/EU) of 26 July 2010. The EEAS started effectively on 1st January 2011.

The 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;

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. The EEAS counts about 4,200 staff members¹ of which about 2,300 work in Delegations. Delegations additionally employ about 3,600 Commission staff, bringing the total staff in Delegations to 5,800 (end-2016 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 all AD staff should come from the diplomatic services of the Member States. This objective was reached less than three years after the creation of the EEAS; 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 2016 amounted to €636.1 million. Furthermore, in 2016 the EEAS received a contribution of €185.6 million from the Commission for the administrative management of Commission staff in the network of EU Delegations².

This includes trainees and selected service providers. For this reason this figure is different from the total figures provided in Annex 2.

² This included contributions from Heading V of the Commission budget, administrative lines of operational

The Council 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 at the end of 2015³. This report presents: progress in consolidating the organisation and functioning of the EEAS; provides an analysis of the main areas of ongoing work in this respect; and elaborates orientations for future reform. The HRVP will report on further progress on the implementation of the EEAS review towards the end of the current institutional cycle.

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 as is 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 internet⁴.

1.2. The year in brief

The 2016 political background continued to be characterised by war in neighbouring countries, high numbers of people seeking refuge in our countries, mass migration, terrorist attacks targeting innocent citizens and a much reduced level of trust in the architecture of global governance. With a view to tackling these challenges and as follow-up to the European Security Strategy of 2003, HRVP Mogherini presented in June 'A Global Strategy for the EU's Foreign and Security Policy' entitled "Shared Vision, Common Action: A stronger Europe". The strategy sets out EU core interests and principles for our worldwide engagement. It elaborates what the EU stands for. The process of reflection preceding the publication of this key document, involving a wide consultation, was about forging a shared vision. Following publication of the document and discussion in Council and Parliament, the focus shifted towards implementation and common action. A key initiative in this regard was the Implementation Plan on Security and Defence. This forms part of a wider package, together with the Commission's European Defence Action Plan and concrete proposals for the implementation of the Joint Declaration on EU-NATO cooperation signed in Warsaw. The subsequent adoption by the Council and the European Council on 15th December opened a new chapter on security and defence for the Union.

Security of staff, information and installations remains the highest priority, not least for our 5,800 expatriate and local staff working in 139 Delegations across the globe. The terrorist attacks of 22nd March at Zaventem Airport and the Maelbeek metro station underscored this

programmes, EDF and Trust Funds.

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

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

once more. In this context, the granting of an €8 million reinforcement of the administrative budget by the budgetary authority for security was of crucial importance. As a result, the number of EEAS Regional Security Officers could be increased from 34 to 58.

In 2016, 304 security incidents in Delegations were reported. This is the first time that fewer incidents (minus 12 percent) were notified than in the previous year. Improved awareness and a sustained training effort might explain this. However, more analysis is needed to have a solid basis for this decline. Most of reported incidents (120) were crime related; 44 fell into the category of civil unrest / political violence.

Since its establishment in 2011, the EEAS has continuously made efforts to streamline its organisation in search of more efficiency and in response to evolving political priorities. The September 2015 reorganisation was implemented for the same reasons. The implementation of the mandatory 1% reduction in statutory staff, from 2014 onwards, underscores the importance of adapting the organisational structure with a view to optimising scarce staff resources. The 2015 restructuring of the EEAS introduced a more traditional 'pyramidal' management structure. This allowed for the rationalisation of hierarchical layers so that more direct and clearer reporting lines could be established. Building on the reorganisation of 2015 and in response to the challenges posed by the migration challenges, a number of additional measures were taken in 2016 with the creation of a new Division "Migration and Human Security", the consolidation of support for human rights and measures to streamline a number of geographical Directorates. As for future priorities, the CSDP's structures may be reorganised with a view to responding better to evolving needs.

The 2015 and 2016 re-organisations contributed significantly to a less 'top heavy' and more 'integrated' organisation structure. Some hierarchical layers have been removed and the number of senior management posts has been reduced by four.

The pilot project 'Reform of administrative support to Delegations' (called 'Regional Centre Europe') which started in December 2015 reached its cruising speed in 2016, now serving 27 Delegations in Europe and its immediate neighbourhood. The evaluation of the project is the next step. The evaluation is expected to provide an objective assessment of the validity of the approach, possible adjustments needed and lessons learned for future decisions as to the creation of other such regional centres.

A new Business Continuity Plan for Headquarters was launched towards the end of the year. The Plan ensures that the EEAS Headquarters will continue to perform its critical and essential functions if disrupted following unexpected events. A series of information sessions for staff is planned for 2017.

The achievement of the objective of employing at least one third of Member States diplomats in the AD staff category was sustained in 2016. As at the end of 2016 it stood at 31.7 (25.3% at Headquarters and 40.8% in Delegations)⁵. The 13 Member States that joined the EU since 2004 now account for 19.6 % of AD EEAS staff (HQ plus Delegations), approaching their share of the population (20.6%) of the Union.

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⁵ This concerns occupied posts; small variations are the result of vacancies.

The network of EU Delegations did not undergo any changes in 2016; no Delegations were closed, nor were any new ones opened.

On 8th July 2016, an evacuation level 3 was declared for the Delegation in Juba, South Sudan. At the end of 2016 six Delegations were under evacuation level 3 (withdrawal of non-essential international staff, i.e. Burundi, Central African Republic, Iraq, Libya, South Sudan and Syria) and one Delegation (Yemen) under level 4 (withdrawal of all international staff). The total number of Delegations under evacuation rules was thus seven, an increase by one as compared to the end of 2015.

A survey was held among local agents in Delegations on the Complementary Sickness Insurance Scheme. More than 50% (1,473 colleagues) participated in the survey. The survey identified clear priorities for the further development of the scheme. The administration will now develop concrete proposals taking into account preferences expressed.

With a budget of circa €3.2 million considerable resources continued to be devoted to the training of staff. A new training strategy (Learning and Development (LEAD) framework) was finalised in 2016. It will guide the provision of training over the forthcoming years. In the course of the year, more than 6,600 days of training were offered to more than 2,400 participants.

Following the results of the UK referendum, on its Membership of the European Union held on 23rd June 2016 much attention has been given to ensuring appropriate communication on this matter through the EU's Delegations. The EEAS is fully associated with the work of the Commission on the consequences of the Brexit, not least for staff members possibly directly concerned, but also for our international partners.

The year 2016 also saw the second opinion survey among EEAS staff. As in 2015, the survey dealt with questions of job satisfaction, human resources management etc. The survey highlighted a good level of job satisfaction and engagement, but it also drew the attention to some concerns regarding career development prospects, the level of feedback to staff and the need to improve internal communication in general. As a follow-up, the Secretary General decided to establish two task forces: one that focuses on individual career development path for the different categories of staff in the EEAS; and another one on gender and equal opportunities.

Procurement procedures and management of security services in Delegations continued to be the focus of special attention. It is to be recalled that the then EEAS' 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 the 2013 AAR following good progress in the implementation of an action plan to address the issues underpinning the reserve. A Headquarters' task force was then also set up in 2014 with a view to assisting Delegations in the procurement of security services. Since the creation of the task force, 64 Delegations have signed a new framework contract for security services. This task force continued its work in 2016 and it is planned that it will continue to operate.

Procurement procedures for goods and services other than security services also continue to receive close attention. Ensuring compliance with public procurement directives and requirements requires continued attention, as was highlighted by the Annual report of the

European Court of Auditors on the 2015 financial year for small value contracts managed by EU Delegations. The highly decentralised network of 139 Delegations is faced with: wide differences in the level of sophistication of local commercial suppliers; a regularly significant rotation of a proportion of Delegation staff; the specialised content of the technical requirements requires liaison between HQ security staff and Delegation staff; and the fact that procurement for large value contracts under the administrative budget is not a frequent task for staff in Delegations justifies sustained efforts of support for the Delegations. Reinforced training at HQ and regionally, ad-hoc advice by Headquarters and ongoing evolutions in the provision of administrative support to Delegations are measures that will contribute to a higher overall level of performance in this critical area.

As compared to the previous year, a slight increase was recorded in administrative anomalies at the level of ex-ante control for Headquarters' commitments and payments. While it should be highlighted that anomalies identified ex-ante cannot be equated with 'real' errors, as they are eliminated by corrective action premptively, this underscores the ongoing need to invest continually the training of staff and adequate planning ahead, in particular with respect to business continuity.

The results of the ex-post control of the 2016 financial transactions of the EEAS administrative budget established a maximum material error rate of 0.05%. The material error rate is therefore below the 2% threshold, above which a reservation must be considered.

Co-operation with the Internal Audit Service (IAS) and the Court of Auditors progressed satisfactorily. The IAS' work was based on the Strategic Audit Plan 2016 to 2018. In this framework, the IAS concluded an audit into the procurement and management of security contracts in Delegations. The Court of Auditors annual report concerning the year 2015 was satisfactory. The report drew special attention to low value procurement activities and the recruitment of staff in Delegations. An audit by the Court of Auditors of the management of buildings by the EEAS was published in April.

In the framework of the 2014 discharge exercise, the European Parliament granted, in its resolution adopted on 28th April 2016, to the High Representative discharge in respect of the implementation of the administrative budget of the EEAS for the financial year 2014. 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 specifies the principle of 'cost-efficiency aiming towards budget neutrality' as a condition for the EEAS.

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.

The EEAS continuously fine-tunes its working methods with a view to improving the efficiency and economy of its functioning. The initiatives described below show a few practical examples as to how these guiding principles are implemented at the EEAS.

2.1.1. Infrastructure in Delegations

Maintaining the EEAS' worldwide network of rented and owner-occupied buildings is very demanding and costly with an annual budget of about €160 million, or about 20 percent of the EEAS budget. In the first half of 2016 the Court of Auditors finalised its report on the management of EEAS Building Policy⁶. The report highlights the challenges of the building management of 185 office buildings and 144 official residences. This portfolio is managed by a Headquarters' team of 13 staff supported by local staff in Delegations. The EEAS has agreed to the majority of the Court's recommendations, which are now being implemented. Examples of this are: the launch of the updated version of the IT tool for Building Management (IMMOGEST); the disposal of unused buildings and plots of land; and the recommendations on co-location. Co-location has become a key political priority, though its implementation can be complex and challenging. A taskorce with Member States has been established which explores the scope for future expansion. During 2016 the EEAS entered into 11 new co-location arrangements, bringing the total to 91 co-location agreements. In addition, a Global Memorandum of Understanding with DG ECHO was concluded which entered into force on 1st January 2017.

2.1.2. Adaptation of the EEAS organisation chart

In response to new and emerging needs (multiple political crisis in neighbouring countries, high levels of refugees and migrants) the organisation chart was adapted in the course of the

⁶ Court of Auditors: Special report no 07/2016: The European External Action Service's management of its buildings around the world

year. A new Division was created which focuses on migration, the problems of drugs and human trafficking. Furthermore, support for human rights was consolidated in a single Division bringing together policy development, policy implementation and human rights diplomacy. Finally, further efforts were made towards a leaner and more integrated organisation structure; the 2015 and 2016 re-organisations reduced the number of hierarchical layers and the number of senior management posts by four. Finally, it is to be mentioned that similarly to other Institutions the EEAS is obliged to reduce the number of established posts by 1% annually (17 posts) during the period 2013 to 2017. Reflecting that priority is being given to the network of Delegations, this annual reduction is entirely borne by Headquarters.

2.1.3. Administrative support to Delegations

The pilot project 'Reform of administrative support to Delegations' that started in December 2015 was gradually rolled out during the year. The objective of the pilot project is to identify ways and means to enhance the quality and the efficiency of administrative support to Delegations. The project responds also to recurrent concerns expressed by the Court of Auditors on matters of public procurement, especially in Delegations.

The Regional Centre Europe, operating from Brussels, serves 27 Delegations in Europe and neighbouring countries. With a staff of about 25, establishing the pilot project necessitated a reduction of 56 posts in the number of local agents in Delegations. The number of dismissals was minimised as much as possible, making full use of vacancies and redeployments of staff.

The Regional Centre Europe provides support in the area of administrative and financial management, procurement, and human resources management. An evaluation of the pilot project is being planned. The evaluation will assess the implementation and the results of the pilot project; it is also expected to provide guidance on the possible establishment of additional centres, including the mandate(s) of such centres.

3. MANAGEMENT AND INTERNAL CONTROLS

The EEAS' internal control structure provides management with evidence as to the effectiveness of risk management, control and governance processes. EEAS Management monitors the functioning of the internal control systems on a continuous basis. Furthermore, internal and external audit functions support the management. The results are documented and reported to the HRVP as appropriate. It concerns:

- the reports prepared by (sub-delegated) Authorising Officers;
- the survey on compliance and effectiveness of Internal Control Standards;
- the ex-ante control of high value contracts;
- the reports produced in the framework of ex-post control supervision and/or audit;
- the reports of the Inspection missions (comparable to management audits) 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 and assesses the elements identified by management that support the assurance on the achievement of the internal control objectives.

3.1. Management of human resources

At the end of 2016, the EEAS had 4,237 staff members (statutory and external); 1,953 of whom were working at Headquarters and 2,284 in EU Delegations. During the year, the EEAS recruited 322 new staff at HQ and Delegations (62 officials, 34 temporary agents, 152 SNEs and 74 contractual agents).

3,591 staff members of the European Commission were employed in EU Delegations, 50 more than in 2015. All categories of staff members in a Delegation are under the authority of the Head of Delegation.

Local agents (1,082) constitute the largest category of EEAS staff, followed by AD staff (948), AST staff (661) and contractual agents (397).

For the EEAS with its diverse staff composition employed at Headquarters and in its decentralised worldwide network of 139 Delegations the effective management of human resources is essential. 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 continuously, notably with respect to the allocation of staff, selection and recruitment, framework rules and the individual rights and obligations of staff.

EEAS organisation and structure

Building on the reorganisation of EEAS headquarters that took place in September 2015 and in response to evolving political priorities, a number of additional restructuring measures were taken in 2016, i.e.:

- a new Division, "Migration and Human Security" was created in the Human Rights, Global and Multilateral Issues Managing Directorate (MD GLOBAL), focusing on migration, the global problem of drugs and the trafficking of human beings;
- support for human rights was consolidated in a single Division in MD GLOBAL bringing together policy development, policy implementation and human rights diplomacy;
- the number of Divisions was reduced both in MD ASIAPAC (from 7 to 5) and in MD MENA (from 6 to 5); and
- the CSDP structures were reorganised with a view to responding better to evolving needs. In particular, Conflict Prevention, Peace Building and Mediation Division have merged with the Crisis Response and Coordination Division into a new Division named PRISM.

Towards the end of the year, management posts made up for 8.4% of all statutory staff (officials, temporary agents, contract agents and local agents), or 7.4% after including SNEs. This should be compared with 2015 when managers accounted for 9.2% of all statutory staff, or 8% including SNEs.

Women accounted for 22.8% (59 out of 259) of all managers, a slight increase compared to 2015. Female colleagues held 14% of senior management posts (6 out of 44) and 25% of middle management posts (53 out of 215).

End-2016, 47.7% of EEAS staff (officials, temporary agents, contract agents, local agents and SNEs) were women, comparable with 2015 (47%). In the AD category (officials and temporary agents) women accounted for 33%, again comparable with 2015 (32%). In the AST category women accounted for 68.2% (68% in 2015) and in the Contract Agents' category for 61% (same as in 2015). As for the Contract Agents' category, women are concentrated in function group II (91%) and men in function group IV (65%).

In December 2016, Member States Diplomats made up 31.6% of the total EEAS AD staff, a slight decrease as compared to December 2015 (32.9%).

At the end of 2016, 445 SNEs worked at the EEAS. Most SNEs (85%) are based in Brussels.

The average age of EEAS staff (officials, temporary agents, contract agents, local agents and seconded national experts) stood at 46.6 years.

Resource allocation

In line with the Inter-Institutional Agreement of all EU institutions, the EEAS is obliged to reduce its statutory staffing levels by 1 % annually for a period of five years.

During 2016, 17 posts (8 AD and 9 AST posts) were eliminated in the framework of the reorganisation mentioned before. So far, 68 posts have been reduced with an additional 16 post to be identified by the end of 2017. In total the EEAS will have contributed 84 posts over a 5 year period. The reduction in the number of posts has been entirely borne by Headquarters, reflecting the priority being given to maintaining existing staffing levels in Delegations.

The EEAS therefore fully complies with the obligation resulting from the Inter-Institutional Agreement; the exercise will be concluded by the end of 2017.

Network of Delegations

The network of 139 Delegations was maintained in 2016; no new Delegation was opened in 2016, nor was any Delegation closed.

A number of changes were implemented with a view to ensuring the efficient functioning of Delegations and the security of staff. On 1st September 2016, four regionalised Delegations Ecuador, Laos, New Zealand and Trinidad and Tobago became fully-fledged Delegations with the appointment of a Head of Delegation. The Samoa sub-office was closed in June 2016. Samoa will now be served from the Delegation in Fiji.

Following the green light from the Commission and the Council in 2015, preparations for the establishment of a Delegation in Tehran are ongoing. Similarly, preparations for the transfer of the Somalia Delegation from Nairobi to Mogadishu were embarked upon.

The EEAS 'Working Group on the network of Delegations' was tasked to develop a more strategic human resources policy for Delegations taking into account evolving political priorities. Work during the year concentrated on stocktaking and concept development; the Group will continue its work in 2017.

Cooperation with the European Commission

A joint Commission / HRVP decision stipulates the provisions on 'Cooperation Mechanisms concerning the Management of Delegations of the European Union'⁷. The EUDEL Committee created under this Decision plays an important role in ensuring effective coordination between the different services. The EUDEL Committee has representatives from the EEAS (Chair), the Secretariat-General of the Commission, DG BUDG, DG HR and DG DEVCO. Representatives from other (mainly External Relations) DGs with staff in Delegations may also be invited, if concerned. The EUDEL meetings are held on a monthly basis at Director General, Director, or Head of Division/Unit level.

During 2016, one EUDEL meeting was held at senior management (Director General) level and eight meetings at working (HoD/HoU) level. The meetings focused on a variety of matters, including: (i) EEAS evacuation policy; (ii) rights and obligations of staff (education allowances/'recyclage', equivalence procedure, repatriations for childbirth, gainful

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HR/COM PRO(2012)002 approving Joint Decision JOIN(2012)008

employment of spouses); (iii) the rotation exercise 2017; (iv) the pilot project reform of administrative support to Delegations; and (v) new places of assignment.

Local agents

The more than 3,000 local agents (EEAS and Commission) employed in EU Delegations constitute the single largest category of staff. Local agents are employed as technical and support staff under local law; at the same time they benefit from Framework Rules setting minimum standards for all Delegations.

Management of local staff is decentralised to Delegations; Headquarters sets the overall framework and provides specific support.

During 2016, local agents were consulted on the future of the 'Complementary Sickness Insurance Scheme'. For this purpose, more than 50% (1,473 colleagues) participated in a survey. The survey identified clear priorities for the further development of the scheme. The administration will now develop concrete proposals taking into account the preferences expressed.

The establishment of pilot project Regional Centre Europe necessitated the reduction of 56 local agent posts in Delegations' Administration sections. With a view to minimising dismissals, the EEAS, DG NEAR and Delegations made all possible efforts to redeploy staff and to use natural departures. As a result, effective dismissals were limited to 12. This ratio of 21 % (12/56) should be compared with previous restructuring exercises, which led to dismissal ratios of 65-70%.

In accordance with the Salary Method for local agents, the salary grids for 112 of the 138 places of employment were revised resulting in an average increase of 4.8%. The salary grids for 13 Delegations were converted from US dollar into EUR.

Training

A new training strategy (Learning and Development (LEAD) framework) was finalised in 2016. The new strategy emphasises that most learning is done 'on-the-job' (peer-to-peer, on the job and self-determined learning). Also different formats of e-learning are given more priority.

The EEAS provided in 2016 6,697 days of training for which 2,438 participants registered. The EEAS online offer of training was extended significantly.

Social dialogue

Twenty members with a three-year mandate, starting as from 1st January 2017, were elected for the Staff Committee. Social dialogue meetings saw the participation of a wide range of interlocutors, including Heads of Division, Directors, the Secretary-General and the High Representative. The EEAS social dialogue provides a constructive platform for constructive discussions between the administration and staff representatives / trade unions.

Exchange programmes

The EEAS hosted in 2016 two diplomats from the Co-operation Council for the Arab States in the Gulf and one diplomat from the United States Department of State.

In 2016, a new Administrative Arrangement was signed with the Argentine Ministry of Foreign Affairs and workshop for the exchange of officials under a diplomatic exchange programme.

Mediation Service

The 'Mediation Service' in 2016 focused on responding effectively to an increased number of cases and, in particular, defusing conflict. The service dealt with a record number of 147 cases, an increase of 22.5% over 2015. This reflects also the fact that much attention was paid to making the mediation services better known, especially among Commission staff and local staff in Delegations. For this purpose, the service participated in welcome meetings, pre-posting sessions and annual seminars.

The network of confidential counsellors was expanded and staff is encouraged to seek support at an earlier stage when conflicts first arise. A new telephone help-line was established along with a functional mailbox 'EEAS Harassment'.

The Mediator's principal recommendation made during the year related to the need for a more coherent and explicitly people-centred work culture in the EEAS. The duty of care for staff in Delegations needs to be complemented by greater attention to medical aptitude and the continued psychological health and wellbeing of staff in Delegations, particularly those under stress. Indicators of difficulties such as staff turnover and absenteeism need to be monitored. A review of the psychosocial risks of the EEAS could provide a basis for better prevention.

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

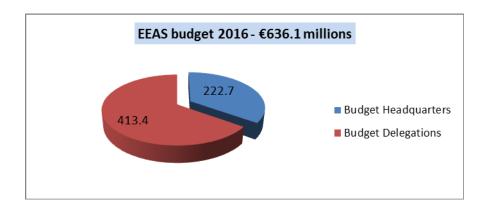
3.2.1. Implementation of the administrative budget

The initial budget for 2016 approved by the Budget Authority was €633.6 million, representing an increase of 5.1% as compared to 2015. This amount included an amount of €18.9 million (3.1 % of the EEAS administrative budget) to compensate for the loss in value of the EURO and appropriations for the opening of a Delegation in Iran, the transfer of the Somalia Delegation from Nairobi to Mogadishu and the end-of-year salary adjustments in accordance with the provisions of the Staff Regulations.

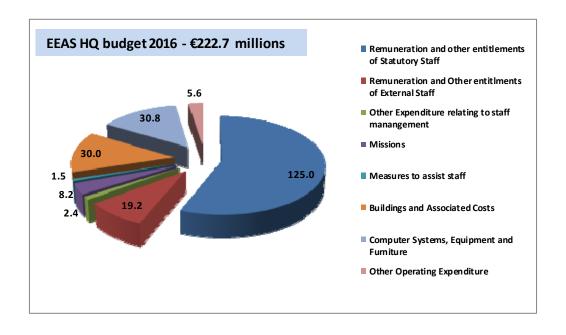
Supplementary appropriations of €2.5 million were approved late October (Amending Budget No. 3/2016) for a "security package". This provided for the recruitment of 24 additional Regional Security Officers for Delegations as well as appropriations for security works, the purchase of armoured vehicles and security training for EEAS staff.

The total budget for 2016 therefore amounted to €636.1 million.

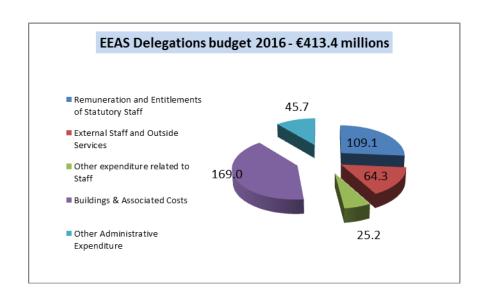
The administrative budget was split between Headquarters and Delegations as follows:



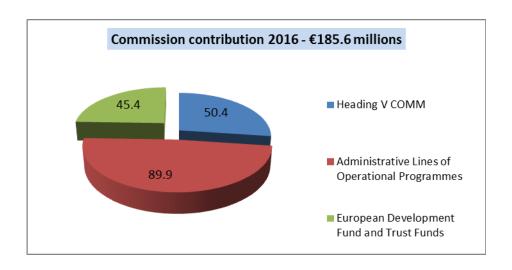
At Headquarters 65.1% of the budget (€144.2 million) was allocated to the payment of salaries and other entitlements of statutory and external staff. Other significant Headquarters' costs relate to buildings and associated costs (13% or €30.0 million) and computer systems (including classified information systems), equipment and furniture (14.0% or €30.8 million).



The Delegations' budget of €413.4 million was divided between €109.1 million (26.4%) for remuneration and entitlements of statutory staff, €64.3 million (15,6%) for external staff and outside services, €25.2 million (6.1%) for other expenditure related to staff, €169.0 million (40.9%) for buildings and associated costs and €45.7 million (11.1%) for other administrative expenditure.



To cover the administrative cost of Commission staff working in Delegations, a contribution of €185.6 million (excluding assigned revenues) was received from the Commission. This was split between the Commission's Heading V, the administrative lines of operational programmes (ex-BA lines) and the European Development Fund as follows:



In the recent past, the effective management of the EEAS' administrative budget was a challenge, particularly in relation to the Delegations. In addition to the EEAS' administrative budget, separate contributions from the Commission on 33 different budget lines relating to the administrative costs of Commission staff in Delegations had to be managed. However, as from 2016 the common overhead costs of all Delegation offices (rent, security, cleaning and other overheads), including EDF delegations, were financed entirely from the budget lines of

the EEAS. This made management of the budget for this type of expenditure simpler and more efficient.

As in previous years, the execution of the budget in 2016 was affected by exchange rate movements. The voted budget included appropriations of some about €18.9 million to compensate for the fall in the value of the EUR, in particular against the US Dollar. The average EUR/USD exchange rate in 2016 turned out to be 1.106, slightly better than the projected 1.08. This created a margin which, combined with the appropriations of the Amending Budget No.3 and the delays in projects (i.a. the opening of a new Delegation in Mogadishu and the proposed Delegation in Teheran), allowed to finance the higher than expected increases for salaries of officials and contract agents in 2015 (2.4%) and 2016 (3.3% compared to the increases which had been included in the budget (1.2% and 1.8% respectively).

At times the availability of appropriations on certain budget lines was inadequate to deal with the actual expenditure, necessitating transfers either from Title to Title, Chapter to Chapter or from Article to Article and within articles. The budgetary authority was informed of intended transfers on 3 occasions, in accordance with Article 22 of the Financial Regulation. In absolute terms, the value of all transfers made within the EEAS' administrative budget amounted to €13.72 million. These transfers increased the EEAS HQ budget by €3.2 million and decreased the Delegations' budget by a corresponding amount.

Implementing the Commission's contribution to the administrative costs of the Delegations proceeded smoothly. Internal transfers for a value of €1.7 million were made so that budget lines for the salaries of local agents, staff rotation costs and mission costs could be reinforced.

The final 2016 budget for EEAS Headquarters amounted to €225.9 million. The execution of commitments at 31/12/2016 stood at €224.7 million (99.5%) and of payments at €196.9 million (87.2%).

The final 2016 EEAS administrative budget for Delegations amounted to €410.2 million. The execution of commitments at 31/12/2016 stood at €409.4 million (99.8%) and of payments at €359.8 million (87.7%).

Overall, the EEAS budget of €636.11 million for 2016 was executed at 99.7% in commitments and 87.5% in payments as at the year-end. The rate of execution in payments will increase with payments made in 2017 on commitments carried over.

During 2016, assigned revenues carried over from 2015 (C5) of €8.79 million were also available on the EEAS' budget lines. At 31/12/2016, commitments of €8.79 million (100%) had been made with payments amounting to €8.6 million (97.7%). The rate of execution in payments may increase slightly with payments made in 2017 on commitments carried over.

Furthermore, assigned revenues received during 2016 (C4) generated an additional €34.8 million in appropriations on the EEAS' budget lines. These revenues came principally from the EDF, which, for the first time in 2016, paid a standard amount per person in respect of Delegations' overhead costs for those Commission staff financed by the EDF. Furthermore, co-location revenues from EUSR's and Member States also generated assigned revenues. Of the total amount of €34.8 million, just €3.7 million (10.6%) was committed and € 0.6 million (2%) paid in 2016. The uncommitted remainder of €31.1 million is carried over to 2017 (C5 funds source).

Finally, appropriations of \le 1.5 million were carried over to 2016 in accordance with Article 13(2)(a) of the Financial Regulation. Both commitments and payments on these appropriations amounted to \le 1.47 million (96%).

As for the EEAS' budget for 2015, payments on commitments carried over to 2016 amounted to €63.8 million. This brought total expenditure on the 2015 budget to €593.6 million equivalent to an execution rate of 97%.

As mentioned before, the budget of the Delegations was supplemented by a Commission contribution to finance the administrative costs of Commission staff in Delegations for which a contribution of €140.2 million was received, excluding EDF. At 31/12/2016, the execution stood at €138.5 million (98.7%) for commitments and at €124.0 million (88.5%) for payments.

A contribution of €43.8 million was received from the EDF and a further €4.6 million was released from unused commitments carried over from the previous year, resulting in a total net budget of €48.4 million (excluding assigned revenues of the financial year). As at 31/12/2016, the execution stood at €46.2 million (95.5%) for commitments and at €42.1 million for payments (86.9%). EDF credits that have not been committed are carried over to the following year as external assigned revenue; there is therefore no loss of appropriations.

In addition, contributions totalling €1.55 million were received from four Trust Funds giving rise to commitments of €1.09 million (70.7%) and payments of €0.79 million (50.6%). As the funds were received late in the year, the rate of execution was low. However, non-committed Trust Fund credits are carried over to the following year as external assigned revenue; there is therefore is no loss of appropriations.

During 2016, assigned revenues carried over from 2015 (C5) of €1.67 million were also available on Commission budget lines (Heading V and other lines). As at 31/12/2016, the execution stood at €1.67 million (99.6%) for commitments and €1.66 (99.5%) for payments. The rate of execution in payments may increase marginally with payments made in 2017 on commitments carried over.

Assigned revenues received during 2016 (C4) on Commission budget lines (Heading V and other lines) generated an additional €2.9 million of which €0.25 million was committed in 2016. The balance of €2.6 million will be carried over to 2017 as internal assigned revenue.

As far as the Commission's contribution for 2015 is concerned, additional payments on commitments carried over to 2016 (excluding EDF) amounted to €9.3 million. This brought total expenditure on the 2015 contribution (excluding EDF) to €133.5 million (95.2%).

Further payments of €7.1 million were made on EDF commitments carried over from 2015, bringing the execution rate for the 2015 EDF contribution to 97.5%.

Globally during the year 2016 the EEAS committed €835.5 million equivalent to 95% of the available budget of the year. During the same year total payments amounting to €735.9 million were spent on the appropriations committed above. In accordance with the provisions of the Financial Regulation the rate of execution in payments will increase with the payments to be executed in 2017 on credits carried forward from 2016 to 2017.

3.2.2. Accounting function and information

The EEAS, as a separate institution⁸, is responsible for the preparation of its own accounts, which are the subject of the discharge procedure similar to that of the Commission. The Accountant of the Commission is nominated as Accountant of the EEAS and the largest part of the accounting functions of the EEAS are de facto implemented by the EC's services of the Accountant (DG BUDG).

In 2015 the EEAS increased its accounting capacity when a part of the clearing process was transferred from DG BUDG to the EEAS. In fact, responsibility for the clearing of several suspense accounts in SAP for Delegations was assumed by the EEAS. This necessitated several adaptations of the internal organisation and the method of collaboration with Delegations.

Sustained efforts were made in 2016 to limit the balance and number of outstanding open entries on the suspense accounts (also called "Hors Budget", HB accounts) used in particular by the Delegations. The procedure for a monthly automatic clearing of the open HB entries has improved the efficiency for clearing the entries of these accounts. Thanks to efforts deployed in close coordination with the Delegations concerned, the number of outstanding entries stood at its lowest ever level at 31st December 2016 (34,951 open transactions) which is 3.3% lower than a year before (36,081 open transactions). In addition, the number of "overdue" items was maintained at a stable level (6,343 open items as compared to 6,228 at 31/12/2015). These figures are provisional as the accounting closure is still to be completed and some figures may therefore change.

It is to be emphasised that the use of suspense accounts in the Delegations is necessary due to the nature of certain transactions (withholding local taxes and social security contributions of local agents, reimbursable value added taxes etc.).

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

Concerning the provisional annual accounts of the EEAS for the financial year 2016, the Accounting Officer concluded that the risk of material misstatement because of fraud in the 2016 EEAS financial statements has been reasonably mitigated.

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

During 2015, the Accounting Officer supplemented its initial audit (finalised in 2014) on the validation of the local financial management systems in the EEAS with a complementary audit, which added two more recommendations to the initial audit. The report is in general positive. The validation team believes that there are no material issues affecting the financial statements not detected by the controls applied by the EEAS and DG BUDG. Moreover, the validation team recognised the continuous efforts made by the EEAS to improve the controls in place. It was also noted that the accounting environment of the EEAS has certain difficulties, due to its breadth and complexity.

A number of issues (11 recommendations in total) were identified which are followed up in an action plan prepared by the EEAS. This action plan is now being implemented and according to the assessment done by DG BUDG at the beginning of 2016, six recommendations are considered as implemented with five still open. Based on the EEAS' assessment of the actions implemented at the end of 2016, a new evaluation of the status of the five open recommendations is expected to take place shortly. A key issue is the use of provisional commitments in Delegations. In the view of the EEAS this practice is efficient and practical and responds best to the specific situation of Delegations. In the framework of the revision of the Financial Regulation, the EEAS has proposed to recognise the use of such commitments as a standard for Delegations.

3.3. Control effectiveness as regards legality and regularity

The EEAS' internal control processes aim at ensuring adequate management of the risks relating to the legality and regularity of the underlying 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% on an annual basis.

3.3.1. Ex ante control function and results

For financial transactions (commitments, payments and recovery orders) two ex-ante verifications modes are in place in the EEAS:

- For Headquarters' transactions in the framework of procurement, contracts executed by external contractors (services, supplies, works and some building contracts) a decentralised ex-ante financial verification is carried out by Contracts Division (workflow EEAS standard A2). In this case, the ex-ante financial verification function is independent from the AOSD responsible for the transaction. This mode was introduced by the AOD with a view to enhancing compliance and regularity (article 32 of the Financial Regulation).
- For all other financial transactions carried out at Headquarters for payments (staff entitlements, services provided under Service Level Agreements, reimbursement of experts, etc.) and for the financial transactions in Delegations the ex-ante verification is assured by the financial cell of the Operational Divisions, or the Delegation respectively.

During 2016, for transactions falling within the first above-mentioned mode, the Contracts Division identified 255 anomalies in a total of 1,080 ex-ante financial verification commitment visa.. The average rate of anomaly was therefore 23.6%. This should be

compared with 241 anomalies in 1,076 ex-ante commitment verifications in 2015 (anomaly rate 22.4%).

As for payments, 2,047 ex-ante financial verifications payment order visa were given in which 390 anomalies were detected. The average anomaly rate was therefore 19.1%. This should be compared with 302 anomalies in 1,870 ex-ante payment verifications in 2015 (anomaly rate 16.1%).

The most common errors are of an administrative errors (incorrect budget nature, unavailability of supporting documents, etc.); for the remaining part it concerns irregularities (ineligibility of expenditures, non-respect of contractual obligations, etc.).

The results of the financial verification on commitments and payments confirm the efficiency and effectiveness of the internal control system as 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, which came to a halt in 2015, was not reversed in 2016.

A lack of trained staff in the Operational Divisions, which has had an adverse impact on business continuity, has been identified as an important reason for this. Reducing the rate of anomalies continues to require a concerted and sustained training effort for all financial actors, while due priority must also be given to ensuring business continuity in Operational Divisions.

For public procurement, two ex-ante verification modes are in place in the EEAS:

For <u>high value</u> contracts, the ex-ante financial verification by Contracts Division is independent from the AOSD in charge of the procurement file in Operational Divisions and Delegations. This mode was introduced by the AOD with a view to enhancing compliance and regularity (article 32 of the Financial Regulation). During 2016 the Contracts Division performed:

- 46 verifications of the tender files prior to the launch of the procedure (publication of contract notice / invitation to tender); and
- 44 verifications of the entire procurement procedure prior to the signature of the award decisions that led to the signature of 33 high value contracts.

For <u>middle and low value</u> contracts, the ex-ante verification is assured by the financial cells of the Operational Divisions or by the Delegations.

3.3.2. Ex post control function and results

Internal control processes at the EEAS aim at ensuring that risks relating to the legality and regularity of the underlying transactions are duly identified.

Ex-post control is a critical part of this internal control process. The objective of ex-post control is to determine the material error rate. This is subsequently compared with the 2% threshold above which a reservation may be considered.

Ex-post control provides a comprehensive management information tool for the Secretary-General in accordance with article 66(9) of the Financial Regulation.

Ex-post control for the purpose of this report covers the payments made until the end of October. It excludes salaries paid to (statutory) staff, revenues and regularisation payments that fall under the control remit of the Paymaster's Office (PMO)⁹.

The results of the ex-post controls for 2016 are set out in annex 5.

3.3.3. Inspection Division

The EEAS Inspection Division is charged with the task to give guidance and support to EU Delegations (and to HQ Divisions if relevant). For this purpose, the Division carries out inspections of Delegations that may include reviews of managerial, operational, administrative and financial matters. The actual scope of inspection visits varies depending on the Delegation. In the conduct of its work, the Division fulfils the legal obligation of the Council Decision establishing the EEAS (2010/427/EU of 26 July 2010) which stipulates in its Article 5(5) that "The operation of each Delegation shall be periodically evaluated by the Executive Secretary-General of the EEAS; evaluation shall include financial and administrative audits".

New guidelines for the cycle of inspection visits were introduced in 2016. The criteria for prioritizing Delegations in the Division's planning were defined as follows: first time EU Ambassadors, Delegations facing particular challenges and the period expired since the previous inspection. Larger Delegations should be inspected, in principle, every 5 years.

The Inspection is carried out through missions in Delegations covering 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;
- 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 EEAS and Commission services, with the host country and EU
 Member States; the general management environment in the Delegation, the financial
 management and administration.

A total of 34 inspection missions were carried out in 2016: Ukraine, Ethiopia, Bolivia, Venezuela, Benin, Ghana, United Arab Emirates, Egypt, Tunisia, Australia, New Zealand, Timor Leste, Kyrgyzstan, Kazakhstan, Kenya (limited mandate), Guinee-Conakry, Turkey, Canada, Argentina, Brazil, Lebanon, Mauritania, Nepal, Cambodia, Niger, Nigeria, Sierra Leone, Liberia, Lesotho, Swaziland, Mozambique, Eritrea, African Union (Addis) and Council of Europe (Strasbourg).

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It is recalled that this has been the subject of exchange between the Court and the EEAS. For the purpose of this report, the established practice of excluding (statutory) staff salaries, revenues and regularisation payments has been maintained.

Globally, the 2016 inspection visits of the 34 Delegations confirm that Delegations are well run. In not a single case there was evidence of serious non-respect of the rules. Nevertheless, certain matters require special attention, in particular matters related to management culture and management style, exemplified by a lack of inclusive internal communication. Human resources management would also benefit from additional attention. This is not only about career planning, but also the recruitment of staff ("the right person in the right function"), the duty of care, etc. Finally, the administrative workload and the corresponding skills of staff in administrative sections are often identified as matters of concern.

It should be noted that EU Delegations perform particularly well in policy outreach to their host country. EU visibility in the post-Lisbon context has much improved. Inspection visits have also confirmed the appreciation of Member States for the coordinating role of Delegations and the quality of Delegation reports that are shared with Member States.

In 2016, the follow-up of the recommendations issued following inspection missions became an integral part of the inspection process. During the year the recommendations following inspection missions of 2014, 2015 and the first quarter of 2016 were the subject of this review.

3.4. Control efficiency and cost-effectiveness

Control activities in the EEAS are targeted at the prevention and detection of inaccuracies, irregularities and fraud. The EEAS devotes substantial resources to ex-ante, ex-post, and internal audit functions while control is also exercised at an operational level both at Headquarters and at Delegations. In a strict sense, the benefits of control can be measured by the errors identified by ex-post control. However, a complete picture of the resources invested by EEAS in control-related activities must also include ex-ante control, Delegation Inspection and internal audit functions. Furthermore, time devoted by all concerned staff in Delegations to activities that incorporate an element of control must also be taken into account.

Most EEAS control activities aim at assuring respect for EU rules and regulations. Their very existence constitutes an important factor in the prevention and deterrence of fraud. Controls aim also at reducing the impact of accidental errors, irregularities, miscalculations, etc. The existence of the control system in its broadest sense is therefore to be seen essentially as a prevention, detection and deterrence system.

Nevertheless, there is also a quantitative aspect of the ex-post control of the execution of a budget. For this purpose the cost of controls have been estimated over recent years as is shown in the table below.

Estimated Cost of Ex-Post Control Operations (1)		2013	2014	2015	2016
FTE Officials ^(1,2)	Count	11	8	8	6.6
TTE Officials	EUR	€1,452,000	€1,094,500	€1,057,344	€939,100
FTE Contract Agents (1,2)	Count	2	2	2	0.7
· ·	EUR	€140,000	€140,000	€140,000	€52,000
Expenditure (3)	EUR	€101,500	€100,179	€18,951	Included
Total direct costs	EUR	€1,693,500	€1,334,679	€1,216,295	Included
Indirect costs (3)	EUR	€105,907	€143,377	€114,071	Included
Overhead costs ⁽³⁾	EUR	not calculated	not calculated	not calculated	Included

Total Costs on a full-cost basis (3)	€1,799,407	€1,478,056	€1,330,366	€991,100
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^{(1) &}quot;Guidelines: Minimum Set of Common Control Efficiency Indicators", European Commission DG Budget - Central Financial Services Version November 2016.

Confronting these costs with the errors detected provides an indicator for control efficiency and cost-effectiveness. This is shown in the table below.

Effectiveness of ex-post control activities		2013	2014	2015	2016
Qualitative Benefits The main benefit of ex-post control activities is qualitative in nature and dissuasive in its effects.					cts.
	EUR value of material error detected in the sample	€36,154	€46,428	€1,981	€16,319
Detected errors available for	EUR value of ECA reputational error in the sample				€449,152
quantitative assessment	Related EUR value of contracts (annualised) related to ECA reputational errors	€11,159,294	€5,671,370	€6,453,236	€4,772,797
	Total EUR value of detected errors	€11,195,448	€5,717,798	€6,455,217	€4,339,964
	€1,799,407	€1,478,056	€1,330,366	€991,100	
Value in EUR of	€6.2	€3.9	€4.9	€4.4	
Cost in EUR of Ex-Post Control for every EUR detected		€0.16	€0.26	€0.21	€0.23

⁽¹⁾ The lower EUR value of the sample population in 2016 is due to the risk-based randomised sample producing fewer transaction with high-EUR value rent and far more transactions with lower-EUR value local agents' salaries. The number of transactions remains similar to previous years.

⁽²⁾ Based on (1) and DG Budget's "Preparation of the Legislative Financial Statements". Url: https://myintracomm.ec.testa.eu/budgweb/EN/pre/legalbasis/Pages/pre-040-020_preparation.aspx. Version posted on 23 February 2017.

⁽³⁾ For 2016, we use DG BUDG's Guidelines in point (2) above, which provides full-cost averages. Historical full-cost calculations have been left unchanged.

⁽²⁾ Core population, net of all exclusions.

A comparison between the value of the errors identified and the value of the sample of the budget controlled provides an indicator for the degree to which the budget has been implemented in accordance with the rules of legality and regularity.

Another way of quantitatively evaluating cost-effectiveness of ex-post control is to compare the cost of ex-post control activities in relation to the value of detected errors.

The last two lines of the table above summarises these two comparisons.

Therefore for every EURO spent on Ex-Post control activities in 2016, €4.40 worth of errors were detected. Alternatively: the unit cost of detecting errors (cost per EUR) amounted to detected 23 cents in 2016. The table shows as well a historical comparison of the estimated cost of ex-post control operations.

This brief overview confirms that ex-post control is an essential element of the control environment. Experience shows that ex-post control implemented by the EEAS identifies and measures efficiently the quality of the execution of the budget.

3.5. Fraud prevention and detection

3.5.1. Relations with OLAF

Fruitful co-operation with OLAF continued during the year, facilitated by the EEAS/OLAF Administrative Arrangement concluded in January 2015. Numerous exchanges took place between EEAS staff and OLAF in the framework of mainly internal investigations. Several times the EEAS was requested to implement a litigation hold on electronic data. As foreseen in the administrative arrangement two high level meetings took place between the EEAS and OLAF. The EEAS reported also on the implementation of OLAF recommendations (recoveries and other measures).

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 of their obligations in the fight against fraud, corruption and irregularities. This was also the case in 2016 (note Ares(2016)2620947 - 06/06/2016 signed by the Director General for Budget and Administration).

3.5.2. The setting up of a financial irregularities panel

The EEAS signed in 2012 an amendment to the SLA wit 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 organisation and functioning of the EEAS¹⁰, 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 may cover all the activities of the EEAS in relation

- to the management and control of 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 (IAS)

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 was signed for this purpose on 6th September 2011. The 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 as from 1st January 2011. Policy-making falls outside the scope of the IAS.

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¹⁰ Council Decision of 26 July 2010 (2010/427/EU), Article 4.3(b).

3.6.2. Results from audits during the reporting year

3.6.2.1. Internal Audit Division (IAD)

The Internal Audit Division (IAD) carried the following audits during the year:

- An audit into the management of recoveries by the EEAS (Headquarters & Delegations).
 The objective of this audit was to verify that the management of recoveries complies with
 the legal and regulatory framework. This reassurance audit should also identify any
 matters that would enable a further strengthening of the sound financial management of
 the recovery process by the authorising services. The draft report was submitted to the
 EEAS' management at the beginning of January 2017. The report is currently being
 finalised.
- A financial audit into the management of the building projects by the Delegation of Timor-Leste. The objective assigned to this audit was to determine the materiality of the presumptions of possible contractual and financial irregularities in the management of the renovation and rehabilitation projects for the offices of the Delegation and the residence of the Head of Delegation. Given the importance of the audit findings, the Internal Audit Division was not in a position to provide reasonable assurance on the legality and regularity of the underlying transactions, the effectiveness of internal control and the compliance with the principles of sound financial management. Following the completion of the audit an action plan was drawn up.
- A financial audit into the management of administrative and financial activities of the
 Delegation in Timor-Leste. The objective assigned to this audit was to evaluate the
 functioning of the internal control system relating to its efficiency and effectiveness. The
 report concludes that the internal control system set up for the management of the
 financial and administrative activities provides reasonable assurance as regards the
 detection of accounting and financial irregularities. An action plan is currently being
 finalised.

3.6.2.2. Internal Audit Service (IAS)

In accordance with the audit programme of the Strategic Audit Plan 2016 to 2018, the IAS carried out an audit on the procurement and contract management of security services in Delegations.

The audit objective was to assess the effectiveness and efficiency of the control system designed and implemented by the EEAS. This included a review of compliance with the main provisions on public procurement as well as a performance review.

The audit recognises the considerable efforts undertaken by the EEAS to improve over time the controls of Delegations ensuring compliance and effectiveness of their tendering procedures on security services. Nevertheless, there is continued scope to enhance the efficiency and effectiveness of procurement and contract management.

Following the audit, an action plan was prepared. The IAS considers that it adequately addresses the risks identified and will mitigate these once implemented.

3.6.2.3. European Court of Auditors (ECA)

Two comments of the Annual Report of the Court of Auditors concerning the year 2015 were specifically addressed to the EEAS. Firstly, the report drew the attention to weaknesses in the procurement of low value contracts (i.e. contracts worth less than €60,000) in Delegations. Secondly, the report noted that transparency in the recruitment of local agents could be improved.

During the first semester of 2016, the ECA concluded an audit into the EEAS' management of its buildings launched in 2014. The report concludes that buildings generally meet the needs of the EEAS but do not always provide best value for money. The audit examines the reasons for these shortfalls and makes recommendations to strengthen systems, particularly in view of EEAS plans to invest in purchasing, rather than renting, buildings.

In a large number of cases the EEAS was involved with the work of the Court of Auditors as an associated service. These concerned audits for which in most cases the Commission, being in charge of operational funds, took the lead.

3.6.3. Follow up of audits from previous years

3.6.3.1. Internal Audit Division (IAD)

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

- The follow-up to the outstanding recommendations of the 2014 audit on the video surveillance at the EEAS Headquarters' buildings is planned for the first quarter of 2017;
- The follow-up to the 2015 financial audit made into the payments (2011-2014) relating to contracts with a security company will be planned as soon as the action plan to implement the accepted recommendations is finalised.

3.6.3.2. European Court of Auditors (ECA)

As required by the Decision establishing the EEAS, the HRVP conducted a review of the EEAS in 2013. Responding to the Council Conclusions of 17th December 2013 on this matter, the HRVP submitted in January 2016 a progress report to the European Parliament and the Council on progress in the implementation of the EEAS review. The detailed actions enumerated in the report respond also to recommendations of the Special Report 2014/11 on the establishment of the EEAS. The report pointed to, inter alia:

- The new streamlined organizational chart of the EEAS with clearer and shorter reporting lines;
- The enhanced role of the HRVP as Vice-President the Commission, including through the Commissioners' Group for External Action;

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- The intensified engagement with the European Parliament;
- The strengthened role of EU Delegations, in accordance with the Lisbon treaty; and
- Progress towards a more balanced representation of all MS in the EEAS at all levels.

It should also be noted that the finalisation in June of 'A Global Strategy for the EU's Foreign and Security Policy' entitled "Shared Vision, Common Action: A stronger Europe" responded directly to one of the recommendations of the Court's Special Report 2014/11.

Following the publication of the Court's Special report on the EEAS management of its buildings¹², the EEAS embarked on implementing the recommendations of the report. An updated version of the IT tool IMMOGEST was launched and the management of co-location was reinforced with a framework agreement signed (with DG ECHO); a framework agreement with the EIB is being prepared.

The EEAS took good note of the observations made by the Court in its annual report on the financial year 2015. As for the recruitment in Delegations, more detailed guidelines were provided. As for procurement, better training of staff and support through the provision of templates will help to improve procurement in Delegations. As for the matter of family allowances, staff members are reminded regularly of their obligation to report without delay changes in their family situation. Recovery of unduly paid allowances is a standing practice.

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. These standards are the same as those adopted by the Commission. This ensures that the same standards apply in Delegations to both EEAS and Commission staff. 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, as in previous years, assessed via an internal survey addressed to the management of the EEAS at the end of 2016. 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 2017. The survey adopted a 'top-down' approach with regard to the ICS compliance of the control arrangements in place.

Special report no 07/2016: The European External Action Service's management of its buildings around the world.

Furthermore, the 'bottom-up' information on internal control issues obtained from AOSD Management Reports has been checked for confirmation, or counter-indications.

The 2016 survey shows results comparable to those of previous years, with some indicators moving into a positive direction (business continuity), while others (mission) showed a slight decline.

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.

On the basis this assessment, it is concluded that the EEAS implements the internal control standards effectively.

2016 EEAS review results		
Internal Control Standards for effective management		
internal Control Standards for effective management	Compli	ed with
	Yes	No
ICS1. Mission		
Your Services (MD, Directions and Divisions) have up-to-date mission statements which are linked across all hierarchical levels and made	known t	o staff.
Are the mission statements up-to-date and sufficiently instructive?	84,6%	15,4%
2. Are staff aware of the EEAS, their MD, Directorate's and Division's mission statements?	84,6%	15,4%
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 are made aware of the necessity to avoid conflicts of interest and the procedure to manage such situations should they arise, the rules rewhistleblowing and the procedure to report fraud and irregularities. A solid and targeted antifraud strategy is organised at EEAS level.	•	
3. Are staffs sufficiently aware of the different requirements and provisions concerning ethics and integrity?	100%	0%
ICS4. Staff Appraisal and Development		
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.		7,7%
ICS9. Management Supervision		
Management supervises the activities they are responsible for. They keep track of main issues and ensure the follow-up of accepted audi recommendations e.g. linked to interval evaluations and reviews. Management supervision covers both legality and regularity aspects alperformance and includes supervision of external bodies entrusted with the budget implementation tasks.		
17. Are the supervisory activities sufficiently focused on high-risk areas?	100%	0%
18. Is there systematic follow-up of significant issues identified through the supervisory activities?	100%	0%
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)?	100%	0%
ICS10. Business Continuity		
Adequate measures -including handover files and deputising arrangements for relevant operational activities and financial transactions - ensure the continuity of all service during "business-as-usual" interruptions (such as sick leave, staff mobility, migration to new IT system etc.).		
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?	100%	0%
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?		7,7%

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 budget is implemented at an operational level by the Heads of Division at Headquarters and by the Heads of Delegations throughout the network of Delegations'.

For the purpose of budget implementation, the EEAS has adopted the following financial circuits at Headquarters:

<u>EEAS STANDARD</u>: 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.

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

<u>EEAS EXTRA LIGHT</u>: - 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 exclusively 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 it has been agreed between the EEAS and the Commission that the internal Control Standards (ICS) for effective management by the Commission are also applied by the Delegations¹³.

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 2016. The questionnaire is

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

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 2016 exercise consisted, as in previous years, of two parts:

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

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 31st December 2016, 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".

	Partially Implemented as of 31/12/2016	Implemented as of 31/12/2016	Not Implemented as of 31/12/2016
	· ,	, ,	, ,
ICS 1: Mission	24%	76%	0%
ICS 2: Ethical and organisational values	16%	83%	1%
ICS 3: Staff allocation and mobility	30%	68%	2%
ICS 4: Staff Appraisal	19%	80%	1%
ICS 5: Objectives and performance indicators	14%	86%	0%
ICS 6: Risk management process	15%	84%	1%
ICS 7: Operational Structure	17%	80%	3%
ICS 8: Processes and procedures	8%	92%	0%
ICS 9: Management supervision	9%	85%	6%
ICS 10: Business continuity	24%	75%	1%
ICS 11: Document management	24%	76%	0%
ICS 12: Information and communication	12%	87%	1%
ICS 13: Accounting and financial reporting	4%	89%	7%
ICS 14: Evaluation of activities	9%	89%	2%
ICS 15: Assessment of ICS	10%	86%	4%
ICS 16: Internal audit capability	not in	cluded	
	16%	82%	2%

The survey shows a slight improvement compared to 2015. A few standards stand out. It concerns 'Staff allocation and mobility', 'Mission', 'Business continuity' and 'Document management'. This follows a pattern already witnessed in previous years. Overall, Delegations reported that 82% of all standards are fully implemented with a further 15.6% 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 as to the degree of effectiveness.

In order to prepare for a new Internal Control Framework, in force from January 2018, an indepth analysis of the answers and the shortcomings is being conducted by the EEAS.

	My assessment is positive	My assessment is positive but changes are needed	My assessment is negative in some respects	My assessment is negative
ICC 4 Mississ	070/	120/	40/	00/
ICS 1: Mission	87%	12%	1%	0%
ICS 2: Ethical and organisational values	94%	6%	0%	0%
ICS 3: Staff allocation and mobility	88%	9%	1%	2%
ICS 4: Staff Appraisal	84%	14%	1%	1%
ICS 5: Objectives and performance indicators	89%	9%	2%	0%
ICS 6: Risk management process	82%	15%	1%	2%
ICS 7: Operational Structure	89%	9%	2%	0%
ICS 8: Processes and procedures	92%	7%	1%	0%
ICS 9: Management supervision	95%	5%	0%	0%
ICS 10: Business continuity	74%	24%	2%	0%
ICS 11: Document management	79%	18%	2%	1%
ICS 12: Information and communication	87%	11%	0%	2%
ICS 13: Accounting and financial reporting	85%	14%	1%	0%
ICS 14: Evaluation of activities	94%	4%	0%	2%
ICS 15: Assessment of ICS	89%	10%	1%	0%
	87%	11%	1%	0.7%

As for the effectiveness of Internal Control Standards, 'business continuity' and 'document management' show room for improvement. Overall, Delegations reported that 87% of all standards are fully implemented and with 11% of standards partially implemented.

3.7.4. Financial circuits in Delegations

The financial circuits used by the EEAS in the Delegations during 2016 were:

DEL_NORM (IA – VA/IAH – AOSD) – this is the standard workflow in application in the 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.

It should be noted that 2016 was the first full year that the pilot project Regional Centre Europe (RCE), based in Brussels, was operational; it provides support to 27 Delegations.

Based on a sub-delegation provided by the respective Heads of Delegation, the RCE intervenes directly in the financial workflows of Delegations.

It is considered that the two circuits mentioned before are the most appropriate taking into account the nature of the transactions to be authorised (administrative expenditure) and the resources available to the EEAS. In Delegations with a high share of Commission staff, the role of initiating agent (both financial and operational) is often performed by Commission staff working in the administrative sections of Delegations. The roles of financial and operational verification are confined 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 AD¹⁴.

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. An amendment to the Financial Regulation allowing Commission staff to act, under well-defined conditions, as sub-delegated authorising officer, or to deputise for EEAS administrative budget transactions, would also resolve this problem.

4. MANAGEMENT ASSURANCE

This section reviews the assessment of the elements reported in Parts 2 and 3. It draws conclusions supporting of the declaration of assurance and whether the declaration 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 (AOD) in the drafting of the Annual Activity Report. For this purpose, all the sub-delegated authorising officers were asked to submit a report for the financial year 2016 based on a common template with a view to consolidating the results and to providing an overall assessment for the EEAS 2016 Annual Activity Report.

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

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¹⁴ There is one exception to this rule defined under article 5.3 of (ADMIN(2015)40. This article authorises the Head of the Regional Center, provided certain conditions are met, to sub-delegate his powers to officials and temporary agents of grade AST 10 (Senior Assistant).

- All authorising Officers by sub-delegation provided a positive assurance with regard to the management of the administrative budget entrusted to them;
- The agreement with the Commission to transfer from 2015 onwards the budget for socalled 'communal costs' to the EEAS proved to be an important step towards the simplification of administrative management of Delegations. As for the EDF contribution, which was not covered by the earlier agreement, the EEAS and the Commission agreed at the end of 2015 that an contribution from the EDF would be made by means of standard amount per person, to be treated as assigned revenues;
- Changes of authorising officer by sub-delegation during the year must be carefully monitored from a point of view of business continuity. In particular compliance with the requirement of making available hand-over reports for successors must be ensured;
- Continued progress is being made in addressing the deficiencies identified in previous
 years in the area of procurement of security services. The security contracts task force
 that was set-up in December 2013 has contributed positively to ensuring the overall
 legality and regularity of tender procedures. The backlog has been largely addressed and
 the taskforce has adopted a more pro-active approach with a view to consolidating the
 progress made;
- A low level of administrative errors has been recorded, with a material error rate well below the 2 percent threshold of materiality; and
- Several AOSDs identify a continued lack of staff as a critical issue.

4.1.2. Assurance in Delegations – synthesis of the Statement of Assurance of the Delegations

In their capacity of sub-Delegated Authorising Officer, Heads of Delegations provide a Statement of Assurance (DAS – Déclaration d'Assurance) in conjunction with an annual report about the administrative expenditures under their authority. This follows the provisions of the Financial Regulation and Rules of Application for the general budget of the EU.

The 2016 exercise was launched in October 2016 via the internal electronic application 'e-DAS' which also incorporates the Internal Control Standard survey. At the time of drafting this report, all Delegations except the OECD/UNESCO Paris-based Delegation had provided a Statement of Assurance without reservation. The Delegation to OECD/UNESCO maintained the 2015 reservation for the execution of its administrative budget. An action plan established in 2016 with support of the Regional Centre is under implementation. It concerns in particular the launch of different procurement procedures of which the contracts are expected to be signed in the course of 2017.

The e-DAS declaration and accompanying information are reviewed by the different departments of the EEAS Headquarters' services; they constitute 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.

The potential amounts affected by the reservation 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

Following the implementation of an action plan, the Authorising Officer by Delegation lifted in 2013 the reservation given for 2011 and 2012 about the Headquarters' management of security contracts for a number of Delegations. The subsequent establishment of a task force 'Management of Security Contracts in Delegations' has contributed greatly to addressing the backlog in procurement. At the end of 2016, for all of the Delegations concerned the security contract procurement procedure had been launched. It has been decided that the task force will continue its work, paying special attention to the recommendations of the 2016 IAS audit into the procurement and contract management of security services in Delegations.

For those Delegations that had 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 2015 reservations have been 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. In this regard, the planned new Internal Control Framework is also expected to make an important contribution.

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 concluded 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 concerning the achievement of the other internal control objectives.

5. DECLARATION OF ASSURANCE

I, the undersigned,

EEAS.

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 view¹⁵.

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,	8 June 2017
	(signed) Helga Schmid

True and fair view in this context means a reliable, complete and correct view on the state of affairs in the

Annexes

2016

Annual Activity Report

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Annex 6 List of acronyms

Statement of the Director General for Budget and Administration

I declare that in accordance with the Commission's communication¹ 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 2016 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 11 May 2017

(signed) Gianmarco DI VITA

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

Annex 2: Human resources

Posts occupied on	Offic	als		ry Agents plomats		nporary ts - others	Contract	Seconded	Junior Professionals	Local	Takal
31.12.2016	AD	AST	AD	AST	AD	AST & AST/SC	Agents	National Experts	in Delegations	Agents	Total
Headquarters	410	445	141	0	7	28	177	378	0	0	1586
Delegations	230	188	159	0	1	0	220	67	39	1082	1986
Total	640	633	300	0	8	28	397	445	39	1082	3572

The above table provides a snapshot of EEAS staff actually employed as at 31st December 2016. These data do not necessarily constitute full-time-equivalents throughout the year or the posts in the authorised establishment plan.

Financial reports and annual accounts

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2016 (million EUR)

			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
		Title 1 STAFF AT HEADQUAR	TERS		
1	11	REMUNERATION AND OTHER ENTITLEMENTS RELATING TO STATUTORY STAFF	126.55	126.15	99.69 %
	12	REMUNERATION AND OTHER ENTITLEMENTS RELATING TO EXTERNAL STAFF	21.94	20.57	93.76 %
	13	OTHER EXPENDITURE RELATING TO STAFF MANAGEMENT	2.30	2.29	99.97 %
	14	MISSIONS	8.58	8.41	97.95 %
	15	MEASURES TO ASSIST STAFF	1.90	1.40	73.71 %
Total	Title 1		161.26	158.82	98.49 %
	Title 2	BUILDINGS, EQUIPMENT AND OPERATING EXPE	ENDITURE AT H	EADQUARTER	s
2	20	BUILDINGS AND ASSOCIATED COSTS	32.21	30.39	94.35 %
	21	COMPUTER SYSTEMS, EQUIPMENT AND FURNITURE	34.43	34.17	99.25 %
	22	OTHER OPERATING EXPENDITURE	7.01	6.91	98.48 %
Total	Title 2		73.65	71.47	97.04 %
		Title 3 DELEGATIONS			
3	3 0	DELEGATIONS	446.34	417.78	93.60 %
	30	DELEGATIONS	195.91	187.41	95.66 %
Total	Title 3		642.25	605.19	94.23 %
Total	DG EEAS		877.17	835.48	95.25 %

^{*} 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 2016 (million EUR)

		Chapter	Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
		Title 1 STAFF AT HEADQUARTER	s		
1	11	REMUNERATION AND OTHER ENTITLEMENTS RELATING TO STATUTORY STAFF	126.55	126.15	99.69 %
	12	REMUNERATION AND OTHER ENTITLEMENTS RELATING TO EXTERNAL STAFF	22.17	20.48	92.39 %
	13	OTHER EXPENDITURE RELATING TO STAFF MANAGEMENT	3.11	2.15	69.09 %
	14	MISSIONS	10.62	8.12	76.48 %
	15	MEASURES TO ASSIST STAFF	2.54	1.47	57.78 %
Tota	al Title 1		164.99	158.37	95.99 %
		Title 2 BUILDINGS, EQUIPMENT AND OPERATING EXPEND	TURE AT HEADO	QUARTERS	
2	20	BUILDINGS AND ASSOCIATED COSTS	34.86	31.21	89.55 %
	2 1	COMPUTER SYSTEMS, EQUIPMENT AND FURNITURE	46.34	24.15	52.10 %
	2 2	OTHER OPERATING EXPENDITURE	8.87	6.63	74.75 %
Tota	al Title 2		90.06	61.99	68.83 %
		Title 3 DELEGATIONS			
3	3 30 DELEGATIONS		497.94	410.77	82.50 %
	30	DELEGATIONS	215.34	184.97	85.90 %
Tota	al Title 3		713.28	595.74	83.52 %
	Total D	G EEAS	968.33	816.10	84.28 %

^{*} 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 revenue).

TABLE 3: BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2016 (million EUR)

Chapter Co		20	16 Commitme	ents to be sett	led	Commitments to be settled from	Total of commitments to be settled at end	Total of commitments to be settled at end	
		Commitments 2016	Payments 2016	RAL 2016	% to be settled	financial years previous to 2016	of financial year 2016 (incl corrections)	of financial year 2015 (incl. corrections)	
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
			Title 1:	STAFF AT HE	ADQUARTERS				
1	1 1	REMUNERATION AND OTHER ENTITLEMENTS RELATING TO STATUTORY STAFF	126.15	126.15	0.00	0.00 %	0.00	0.00	0.00
	1 2	REMUNERATION AND OTHER ENTITLEMENTS RELATING TO EXTERNAL STAFF	20.57	20.26	0.31	1.49 %	0.00	0.31	0.23
	1 3	OTHER EXPENDITURE RELATING TO STAFF MANAGEMENT	2.29	1.43	0.86	37.61 %	0.00	0.86	0.82
	1 4	MISSIONS	8.41	6.32	2.09	24.84 %	0.00	2.09	2.03
	1 5	MEASURES TO ASSIST STAFF	1.40	1.00	0.40	28.46 %	0.00	0.40	0.64
Tot	al Title 1		158.82	155.17	3.66	2.30%	0.00	3.66	3.72
		Title 2: BUILDING	SS, EQUIPMENT	AND OPERAT	ING EXPENDIT	JRE AT HEADQ	UARTERS		
2	2 0	BUILDINGS AND ASSOCIATED COSTS	30.39	28.78	1.62	5.32 %	0.00	1.62	2.64
	2 1	COMPUTER SYSTEMS, EQUIPMENT AND FURNITURE	34.17	13.04	21.13	61.85 %	0.00	21.13	11.92
	2 2	OTHER OPERATING EXPENDITURE	6.91	5.15	1.76	25.49 %	0.00	1.76	1.85
Tot	al Title 2		71.47	46.96	24.51	34.29%	0.00	24.51	16.41
			Т	itle 3 : DELEG	ATIONS				
3	3 0	DELEGATIONS	417.77	365.21	52.56	12.58 %	0.00	52.56	51.59
	30	DELEGATIONS	187.41	168.56	18.85	10.06 %	0.00	18.85	21.61
Tot	al Title 3		605.18	533.77	71.41	11.80%	0.00	71.41	73.21
		Total DG EEAS	835.48	735.90	99.58	11.92 %	0.00	99.58	93.34

TABLE 4: BALANCE SHEET

BALANCE SHEET	2016	2015
A.I. NON CURRENT ASSETS	416,367,820.60	402,787,874.36
A.I.1. Intangible Assets	283,316.68	459,842.36
A.I.2. Property, Plant and Equipment	337,437,225.68	338,520,210.38
A.I.6. Non-Cur Exch Receiv & Non-Ex Recoverab	78,647,278.24	63,807,821.62
A.I.7. OLD LT Pre-Financing	0.00	0.00
A.II. CURRENT ASSETS	105,288,104.06	98,255,409.53
A.II.2. Current Pre-Financing	541,529.01	0.00
A.II.3. Curr Exch Receiv &Non-Ex Recoverables	53,219,919.80	51,939,167.32
A.II.6. Cash and Cash Equivalents	51,526,655.25	46,316,242.21
ASSETS	521,655,924.66	501,043,283.89
P.I. NON CURRENT LIABILITIES	-288,128,945.75	-286,290,601.53
P.I.3. Non-Current Financial Liabilities	-288,128,945.75	-286,290,601.53
P.II. CURRENT LIABILITIES	-56,347,267.64	-57,358,749.15
P.II.2. Current Provisions	0.00	-61,000.00
P.II.3. Current Financial Liabilities	-1,219,584.00	-1,203,006.92
P.II.4. Current Payables	-31,568,090.11	-35,345,423.02
P.II.5. Current Accrued Charges &Defrd Income	-23,559,593.53	-20,749,319.21
LIABILITIES	-344,476,213.39	-343,649,350.68
NET ASSETS (ASSETS less LIABILITIES)	177,179,711.27	157,393,933.21
P.III.2. Accumulated Surplus / Deficit	-157,393,933.24	-147,241,753.80
Non-allocated central (surplus)/deficit*	-19,785,778.03	-10,152,179.41
TOTAL	0.00	0.00

TABLE 5a: STATEMENT OF FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL PERFORMANCE	2016	2015
II.1 REVENUES	-851,535,725.50	-826,638,807.23
II.1.1. NON-EXCHANGE REVENUES	-820,184,377.87	-783,929,303.66
II.1.1.6. OTHER NON-EXCHANGE REVENUES	-820,184,377.87	-783,929,303.66
II.1.2. EXCHANGE REVENUES	-31,351,347.63	-42,709,503.57
II.1.2.1. FINANCIAL INCOME	-98,663.68	-117,772.80
II.1.2.2. OTHER EXCHANGE REVENUE	-31,252,683.95	-42,591,730.77
II.2. EXPENSES	831,749,947.44	816,486,627.79
II.2. EXPENSES	831,749,947.44	816,486,627.79
II.2.10.OTHER EXPENSES	382,843,523.04	384,446,449.10
II.2.6. STAFF AND PENSION COSTS	441,392,065.71	423,541,155.17
II.2.8. FINANCE COSTS	7,514,358.69	8,499,023.52
STATEMENT OF FINANCIAL PERFORMANCE	-19,785,778.06	-10,152,179.44

TABLE 5b: OFF-BALANCE SHEET

OFF BALANCE	2016	2015
OB.1. Contingent Assets	13,424,504.36	2,275,616.10
GR for performance	1,090,929.71	1,184,291.67
GR for pre-financing	12,333,574.65	1,091,324.43
OB.2. Contingent Liabilities	-491,100.00	-305,000.00
OB.2.7. CL Amounts relating to legal cases	-491,100.00	-305,000.00
OB.3. Other Significant Disclosures	-411,380,582.37	-388,236,167.63
OB.3.2. Comm against app. not yet consumed	-52,132,066.87	-51,167,919.06
OB.3.3.7.Other contractual commitments	95,339,316.00	102,413,128.50
OB.3.5. Operating lease commitments	-454,587,831.50	-439,481,377.07
OB.4. Balancing Accounts	398,447,178.01	386,265,551.53
OB.4. Balancing Accounts	398,447,178.01	386,265,551.53
OFF BALANCE	0.00	0.00

TABLE 6: AVERAGE PAYMENT TIMES 2016

Maximum Total Number Payments Average Ner of Late Average	Legal Times							
2 1 1 100.00 % 6.00 3 13 13 100.00 % 18.17 4 28 28 100.00 % 11.36 5 100 100 100.00 % 11.36 6 60 60 100.00 % 11.90 7 77 5 6.49 % 4.00 72 93.51 % 18.66 8 48 13 27.08 % 6.67 35 72.92 % 15.38 9 5 5 100.00 % 26.20 10 88 25 28.41 % 7.39 63 77.59 % 31.23 11 41 1 2.44 % 7.00 40 97.56 % 16.65 12 32 10.00 % 16.75 13 4 1 25.00 % 11.00 3 75.00 % 27.33 14 35 4 11.43 % 7.33 31 88.57 % 25.95 15 4	Payment Time		within Time	Percentage	Payment Times		Percentage	Payment Times
3 13 13 10000% 18.17 4 28 28 100000% 11.36 5 100 100 10000% 11.392 6 60 60 100.00% 11.90 7 77 5 6.49% 4.00 72 93.51% 18.66 8 48 13 27.08% 6.67 35 72.92% 15.38 9 5 5 100.00% 25.20 10 68 25 28.41% 7.39 63 71.59% 31.23 11 41 1 2.44% 7.00 40 97.56% 16.65 12 32 100.00% 25.20 32 100.00% 27.33 14 35 4 11.43% 7.33 31 88.57% 25.95 15 46 46 100.00% 27.33 14 35.4 11.43% 7.33 31 88.57% 25.95 15.00% <t< td=""><td>1</td><td>1</td><td></td><td></td><td></td><td>1</td><td>100.00 %</td><td>19.00</td></t<>	1	1				1	100.00 %	19.00
4 28 1000 % 11.36 5 100 100 100.00 % 13.92 6 60 100.00 % 11.90 7 77 5 6.49 % 4.00 72 93.51 % 18.66 8 48 13 27.08 % 6.67 35 72.92 % 15.38 9 5 5 100.00 % 25.20 10 88 25 28.41 % 7.39 63 71.99 % 15.38 10 88 25 28.41 % 7.30 40 97.56 % 16.65 12 32 32 100.00 % 16.65 12 32 100.00 % 16.65 13 4 1 25.00 % 11.00 3 75.00 % 16.65 15 46 11.43 % 7.33 31 88.57 % 25.95 15 46 14 25.00 % 12.25 12 75.00 % 218.3 17 24 5 </td <td>2</td> <td>1</td> <td></td> <td></td> <td></td> <td>1</td> <td>100.00 %</td> <td>6.00</td>	2	1				1	100.00 %	6.00
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6 60 60 60 100.00 11.90 7 777 5 6.49 4.00 72 93.51 18.66 8 48 13 27.08 6.667 35 72.92 15.38 9 5 5 5 100.00 25.22 10 88 25 28.41 77.39 63 71.59 13.23 11 41 1 2.44 77.00 40 97.56 16.65 12 32 1 25.00 11.00 3 75.00 27.33 14 35 4 11.43 77.33 31 88.57 25.95 15 46 46 100.00 12.25 12 75.00 19 79.17 100.00 15.03 16 16 6 4 25.00 11.50 19 79.17 100.00 25.73 17 24 5 20.83 12.50 19 79.17 100.00 25.73 18 22 2 2 100.00 25.73 20 13 4 30.77 15.17 9 69.23 28.23 21 1 1 1 10.00 15.17 9 69.23 28.23 21 1 1 1 10.00 1 10.00 1 10.00 27.00 22 1 1 1 10.00 1 10.00 1 10.00 1 27.00 24 3 1 33.33 19.00 2 66.67 26.00 27 7 7 100.00 2 26.00 27 7 7 100.00 2 26.00 27 7 7 100.00 3 37.50 27.00 28 13 1 5.56 17.00 17 94.44 33.05 30 170.336 136103 79.90 15.06 34.233 20.10 16 49.20 31 1 1 1 10.00 13 75.00 19 94.44 19.20 32 1 8 38.10 10.00 1 79.44 14 33.00 33 21 8 38.10 10.00 1 79.44 14 33.00 33 21 8 38.10 10.00 1 79.44 14 14 10.00 13 10.00 33 21 8 38.10 10.00 1 79.44 14 14 10.00 13 10.00 33 21 8 38.10 10.00 1 79.44 14 15.00 17 17 94.44 14 15.00 17 17 94.44 14 15.00 17 17 94.44 14 15.00 17 17 94.44 14 15.00 17 17 94.44 14 15.00 17 17 94.44 14 15.00 17 17 94.44 14 15.00 17 17 94.44 14 15.00 17 17 94.44 17 17 100.00 17 17 94.44 17 17 100.00 17 17 100.00 18 10.00 17 17 17 17 17 17 17 17 17 17 17 17 17	4	28				28	100.00 %	
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9 5	7	77	5	6.49 %	4.00	72	93.51 %	18.66
10	8	48	13	27.08 %	6.67	35	72.92 %	15.38
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13 4 1 25.00 % 11.00 3 75.00 % 27.33 14 35 4 11.43 % 7.33 31 88.57 % 25.95 15 46 46 100.00 % 35.03 16 16 4 25.00 % 12.25 12 75.00 % 21.83 17 24 5 20.83 % 12.50 19 79.17 % 23.05 18 22 2 100.00 % 26.14 22 100.00 % 26.14 19 22 2 100.00 % 25.73 20 13 4 30.77 % 15.17 9 69.23 % 28.33 21 1 1 100.00 % 27.00 22 1 100.00 % 27.00 22 1 50.00 % 13.00 1 50.00 % 27.00 22 1 50.00 % 13.00 1 50.00 % 27.00 24 3 1 33.33 %	11	41	1	2.44 %	7.00	40	97.56 %	16.65
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17 24 5 20.83 % 12.50 19 79.17 % 23.05 18 22 22 100.00 % 26.14 19 22 22 100.00 % 25.73 20 13 4 30.77 % 15.17 9 69.23 % 28.33 21 1 1 100.00 % 53.00 27.00 22 1 1 100.00 % 53.00 27.00 24 3 1 33.33 % 19.00 2 66.67 % 26.00 27 7 100.00 % 31.00 26.66.67 % 26.00 27.00 28 13 13 100.00 % 31.00 26.66.67 % 26.00 27.00 22 66.67 % 26.00 27.00 22 66.67 % 26.00 27.00 27.00 28 13 13 100.00 % 31.00 28.00 27.00 27.00 27.00 27.00 27.00 27.00 27.00 27.00 27.00 2	15	46				46	100.00 %	35.03
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30 170,336 136103 79.90 % 15.06 34,233 20.10 % 49.20 31 1 1 100.00 % 38.00 32 4 1 25.00 % 10.00 3 75.00 % 43.00 33 21 8 38.10 % 28.00 13 61.90 % 44.77 34 27 27 100.00 % 40.50 35 3 1 33.33 % 31.00 2 66.67 % 48.50 36 20 20 100.00 % 30.40 33.00 1 100.00 % 45.00 43 1 1 100.00 % 44.00 45.00 45.00 45.00 44 1 1 100.00 % 22.61 34 13.60 % 66.80 51 2 1 50.00 % 39.00 1 50.00 % 82.00 60 859 845 98.37 % 21.72 14 1.63 % 95.04	28	13				13	100.00 %	33.00
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33 21 8 38.10 % 28.00 13 61.90 % 44.77 34 27 27 100.00 % 40.50 35 3 1 33.33 % 31.00 2 66.67 % 48.50 36 20 20 100.00 % 30.40 30	31	1				1	100.00 %	38.00
34 27 27 100.00 % 40.50 35 3 1 33.33 % 31.00 2 66.67 % 48.50 36 20 20 100.00 % 30.40 45.00 45.00 45.00 45.00 44.00 44.00 44.00 44.00 44.00 44.00 44.00 45.00 46.80 46.80 56.80 </td <td>32</td> <td>4</td> <td>1</td> <td>25.00 %</td> <td>10.00</td> <td>3</td> <td>75.00 %</td> <td>43.00</td>	32	4	1	25.00 %	10.00	3	75.00 %	43.00
35 3 1 33.33 % 31.00 2 66.67 % 48.50 36 20 20 100.00 % 30.40 30.40 33.00 33.00 43.00 43.00 44.00 44.00 45.00 44.00 44.00 44.00 44.00 45.00 45.00 44.00 45.00 45.00 44.00 45.00 46.80 <	33	21	8	38.10 %	28.00	13	61.90 %	44.77
36 20 20 100.00 % 30.40 37 11 11 100.00 % 33.00 43 1 1 100.00 % 45.00 44 1 1 100.00 % 44.00 45 250 216 86.40 % 22.61 34 13.60 % 66.80 51 2 1 50.00 % 39.00 1 50.00 % 82.00 60 859 845 98.37 % 21.72 14 1.63 % 95.04 75 6 4 66.67 % 32.75 2 33.33 % 254.00 90 151 140 92.72 % 17.21 11 7.28 % 157.92	34	27				27	100.00 %	40.50
37 11 11 100.00 % 33.00 1 100.00 % 45.00 43 1 1 100.00 % 44.00 44.00 44.00 44.00 44.00 45.00 44.00 44.00 45.00 44.00 45.00 45.00 45.00 45.00 45.00 45.00 46.80 40.00 46.80 40.00 46.80 40.00 46.80 40.00 46.80 40.00 46.80 40.00 46.80	35	3	1	33.33 %	31.00	2	66.67 %	48.50
43 1 1 100.00 % 45.00 44 1 1 100.00 % 44.00 45 250 216 86.40 % 22.61 34 13.60 % 66.80 51 2 1 50.00 % 39.00 1 50.00 % 82.00 60 859 845 98.37 % 21.72 14 1.63 % 95.04 75 6 4 66.67 % 32.75 2 33.33 % 254.00 90 151 140 92.72 % 17.21 11 7.28 % 157.92	36	20	20	100.00 %	30.40			
44 1 1 100.00 % 44.00 44.00 66.80 45 250 216 86.40 % 22.61 34 13.60 % 66.80 51 2 1 50.00 % 39.00 1 50.00 % 82.00 60 859 845 98.37 % 21.72 14 1.63 % 95.04 75 6 4 66.67 % 32.75 2 33.33 % 254.00 90 151 140 92.72 % 17.21 11 7.28 % 157.92	37	11	11	100.00 %	33.00			
45 250 216 86.40 % 22.61 34 13.60 % 66.80 51 2 1 50.00 % 39.00 1 50.00 % 82.00 60 859 845 98.37 % 21.72 14 1.63 % 95.04 75 6 4 66.67 % 32.75 2 33.33 % 254.00 90 151 140 92.72 % 17.21 11 7.28 % 157.92	43	1				1	100.00 %	45.00
51 2 1 50.00 % 39.00 1 50.00 % 82.00 60 859 845 98.37 % 21.72 14 1.63 % 95.04 75 6 4 66.67 % 32.75 2 33.33 % 254.00 90 151 140 92.72 % 17.21 11 7.28 % 157.92	44	1	1	100.00 %	44.00			
60 859 845 98.37 % 21.72 14 1.63 % 95.04 75 6 4 66.67 % 32.75 2 33.33 % 254.00 90 151 140 92.72 % 17.21 11 7.28 % 157.92	45	250	216	86.40 %	22.61	34	13.60 %	66.80
75 6 4 66.67 % 32.75 2 33.33 % 254.00 90 151 140 92.72 % 17.21 11 7.28 % 157.92	51	2	1	50.00 %	39.00	1	50.00 %	82.00
90 151 140 92.72 % 17.21 11 7.28 % 157.92	60	859	845	98.37 %	21.72	14	1.63 %	95.04
Total Number of	75	6	4	66.67 %	32.75	2	33.33 %	254.00
Total Number of	90	151	140	92.72 %	17.21	11	7.28 %	157.92
	Total Number of		1	T			T	

Total Number of Payments	172,414	137,416	79.70 %		34,998	20.30 %	
Average Net Payment Time	21.95			15.12			48.75
Average Gross Payment Time	22.05			15.21			48.89

TABLE 6: AVERAGE PAYMENT TIMES FOR 2016 (continued)

Target Times							
Target Payment Time (Days)	Total Number of Payments	Nbr of Payments within Target Time	, and the second	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
20	14	9	64.29 %	11.38	5	35.71 %	40.60
30	1,337	996	74.50 %	18.71	341	25.50 %	46.23

Total Number of Payments	1,351	1,005	74.39 %		346	25.61 %	
Average Net Payment Time	25.68			18.64			46.15
Average Gross Payment Time	26.72			19.69			47.13

Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	26	869	0.50 %	172,414	10,686,564.54	1.35 %	794,286,398.16

Late Interest paid in 2016								
DG	GL Account	Description	Amount (Eur)					
EEAS	65010000	Interest expense on late payment of charges	518.90					
EEAS	65010100	Interest on late payment of charges New FR	51 722.35					
			52 241.25					

TABLE 7: SITUATION ON REVENUE AND INCOME IN 2016 (million EUR)

		Reve	nue and income recog	nized	Reve	nue and income cashed	from	Outstanding
	Chapter	Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	balance
		1	2	3=1+2	4	5	6=4+5	7=3-6
40	DEDUCTIONS FROM STAFF REMUNERATION	26,153,929.48	0.00	26,153,929.48	26,153,929.48	0.00	26,153,929.48	0.00
41	CONTRIBUTIONS TO THE PENSION SCHEME	18,855,137.74	0.00	18,855,137.74	18,855,137.74	0.00	18,855,137.74	0.00
50	PROCEEDS FROM THE SALE OF MOVABLE AND IMMOVABLE PROPERTY	288,093.56	0.00	288,093.56	288,093.56	0.00	288,093.56	0.00
51	PROCEEDS FROM LETTING AND HIRING	3,484,826.92	0.00	3,484,826.92	3,446,837.53	0.00	3,446,837.53	37,989.39
52	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	54,901.13	0.00	54,901.13	54,901.13	0.00	54,901.13	0.00
55	REVENUE FROM THE PROCEEDS OF SERVICES SUPPLIED AND WORK CARRIED OUT	30,201,216.77	0.00	30,201,216.77	30,002,378.94	0.00	30,002,378.94	198,837.83
57	OTHER CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH THE ADMINISTRATIVE OPERATION OF THE INSTITUTION	189,299,708.80	571,136.56	189,870,845.36	188,652,414.08	563,863.58	189,216,277.66	654,567.70
59	Autres recettes provenant de la gestion administrative	212,639.11	0.00	212,639.11	212,639.11	0.00	212,639.11	0.00
70	Autres intérêts de retard	1,474.49	0.00	1,474.49	1,474.49	0.00	1,474.49	0.00
90	Recettes diverses	-36.05	0.00	-36.05	-36.05	0.00	-36.05	0.00
	Total DG EEAS	268,551,891.95	571,136.56	269,123,028.51	267,667,770.01	563,863.58	268,231,633.59	891,394.92

TABLE 8: RECOVERY ON UNDUE PAYMENTS

(number of recoveries corresponding amounts in EUR)

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2016	ORDERS Error		Irregularity		Total undue payments recovered		Total transactions in recovery context(incl. non-qualified)		% Qualified/Total RC	
Year of Origin (commitment)	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2011			3	605,312.18	3	605,312.18	4	605,648.18	75.00%	99.94%
2013			6	22,484.86	6	22,484.86	8	30,476.12	75.00%	73.78%
2014			14	47,789.71	14	47,789.71	25	65,078.12	56.00%	73.43%
2015	13	3,862.56	3	17,269.12	16	21,131.68	20	442,515.80	80.00%	4.78%
No Link			16	66,867.79	16	66,867.79	160	209,874,573.08	10.00%	0.03%
Sub-Total	13	3,862.56	42	759,723.66	55	763,586.22	217	211,018,291.30	25.35%	0.36%

EXPENSES BUDGET		Error	Irre	egularity	OLA	F Notified	Total	undue payments recovered	recovery	Total transactions in ecovery context(incl. non- qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	
INCOME LINES IN INVOICES									8	5,824.28			
NON ELIGIBLE IN COST CLAIMS													
CREDIT NOTES	4	1,127.01					4	1,127.01	55	219,734.55	7.27%	0.51%	
Sub-Total	4	1,127.01					4	1,127.01	63	225,558.83	6.35%	0.50%	
GRAND TOTAL	17	4,989.57	42	759,723.66			59	764,713.23	280	211,243,850.13	21.07%	0.00%	

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2016

	Number at 01/01/2016	Number at 31/12/2016	Evolution	Open Amount (Eur) at 01/01/2016	Open Amount (Eur) at 31/12/2016	Evolution
2012	1	1	0.00 %	9,449.78	9,449.78	0.00 %
2014	1		-100.00 %	4,993.03		-100.00 %
2015	24	3	-87.50 %	597,983.39	10,422.37	-98.26 %
2016		11			901,713.61	
	26	15	-42.31 %	612,426.20	921,585.76	50.48 %

TABLE 10: RECOVERY ORDER WAIVER >= EUR 100,000 in 2016

NONE

<u>Table 11: Census of negotiated procedures – 2016 (excluding building contracts)</u>

Procurement > EUR 60,000

Summary by legal base

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
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
Total	8	5,909,772.69

Table 12: Delegation building contracts signed in 2016 1/

	Contract Reference	Delegation	Description	Contractor Name	Amount in EUR	Duration
1	30-CE-0844888/00-53	Angola	Rent of accommodation	PAULO GOUVEIA	367,380	3 years
2	30-CE-0844912/00-91	Angola	Rent of accommodation	DE VASCONCELOS TEIXEIRA DO LAGO DE CARVALHO	508,644	3 years
3	30-CE-0845774/00-03	Angola	Rent of accommodation	MANITA DE OLIVEIRA MENDES	380,340	3 years
4	30-CE-0831240/00-50	Argentina	Rent of residence	BONEO	379,051	3 years
5	30-CE-0830234/00-79	Bangladesh	Rent of office space	SHAHABUDDIN, NAZIMUDDIN, ASHRAF UDDIN, SIDDIQUE & MOHAMMAD GIASUDDIN	9,296,288	20 years
6	30-CE-0845505/00-80	Bosnia and Herzegovina	Rent of office space	KOKANOVIC	327,999	53 months
7	30-CE-0837496/00-73	Brazil	Rent of office space	HRDINA	41,656	3 years
8	30-CE-0841243/00-26	Botswana	Rent of accommodation	W.N. INVESTMENTS LIMITED	61,105	4 years
9	30-CE-0841244/00-53	Botswana	Rent of accommodation	SYPOL INVESTMENTS PROPRIETARY LIMITED	66,845	4 years
10	30-CE-0845303/00-23	Suisse - WTO/Geneva	Rent of residence	GARZOTTI	437,811	4 years
11	30-CE-0854203/00-17	Suisse - UN/Geneva	Rent of residence	BERNARD NICOD GENEVE SA	357,372	2 years
12	30-CE-0837495/00-46	Chile	Rent of residence	HAVIV	540,000	4 years
13	30-CE-0765654/00-12	China	Rent of office space	BEIJING FEIYU MICRO-ELECRONIC CO. LTD	4,407,908	4 years

Table 12: Delegation building contracts signed in 2016 (cont'd)

	Contract Reference	Delegation	Description	Contractor Name	Amount in EUR	Duration
14	30-CE-0836366/00-70	Cameroun	Rent of accommodation	YOMI TCHATO	64,394	4 years
15	30-CE-0850435/00-93	Cameroun	Rent of accommodation	SOCIETE NATIONALE D'INVESTISSEMENT	88,672	4 years
16	30-CE-0849735/00-74	Congo - Brazzaville	Rent of accommodation	SOCIETE CIVIL IMMOBILIER NOKI	493,935	4 years
17	30-CE-0840129/00-25	Cuba	Rent of accommodation	REPUBLICA DE CUBA	195,766	4 years
18	30-CE-0832179/00-02	Eritrea	Rent of accommodation	GHEBREMEDHIN TSADWA	83,520	4 years
19	30-CE-0832180/00-84	Eritrea	Rent of accommodation	NEGUSSE	84,000	8 years
20	30-CE-0824811/00-30	Fiji Islands	Rent of accommodation	PERMAL	103,104	4 years
21	30-CE-0825128/00-45	Fiji Islands	Rent of accommodation	QUAI HOI	122,055	4 years
22	30-CE-0825133/00-41	Fiji Islands	Rent of accommodation	KUMAR	103,824	4 years
23	30-CE-0824810/00-03	Fiji Islands	Rent of accommodation	ERASITO	85,608	4 years
24	30-CE-0825129/00-72	Fiji Islands	Rent of accommodation	BSP LIFE FIJI LIMITED	92,383	4 years
25	30-CE-0825508/00-80	Fiji Islands	Rent of accommodation	KELTON INVESTMENTS LIMITED	121,277	4 years
26	30-CE-0825506/00-26	Fiji Islands	Rent of accommodation	SEAVULA	123,657	4 years
27	30-CE-0825507/00-53	Fiji Islands	Rent of accommodation	VUSONIWAILALA	91,541	4 years
28	30-CE-0825893/00-13	Fiji Islands	Rent of accommodation	TRUSTEES FOR FIJI OF THE CHURCH OF ENGLAND - DIOCESE OF POLYNESIA	52,950	2 years
29	30-CE-0812510/00-62	Guinea - Conakry	Rent of accommodation	SOCIETE D'INVESTISSEMENT DES PROJET S DOMICILIAIRES ET CONSTRUCTION SA	93,600	2 years

Table 12: Delegation building contracts signed in 2016 (cont'd)

	Contract Reference	Delegation	Description	Contractor Name	Amount in EUR	Duration
30	30-CE-0835267/00-02	Guinea - Conakry	Rent of accommodation	SOCIETE D'INVESTISSEMENT DES PROJET S DOMICILIAIRES ET CONSTRUCTION SA	450,000	6 years
31	30-CE-0805066/00-93	Guinea - Bissau	Rent of residence	FUNDACAO GUINEENSE PARA O DESENVOLV IMENTO EMPRESARIAL INDUSTRIAL	78,000	x years
32	30-CE-0845643/00-18	Guinea - Bissau	Rent of accommodation	SAVKOVIC LIMA GOMES	72,000	4 years
33	30-CE-0845783/00-10	Guinea - Bissau	Rent of accommodation	SAVKOVIC LIMA GOMES	72,000	4 years
34	30-CE-0845888/00-01	Guinea - Bissau	Rent of accommodation	CORREIA ANDRADE TAVARES	69,600	4 years
35	30-CE-0846407/00-32	Guinea - Bissau	Rent of accommodation	SEIDI	54,000	3 years
36	30-CE-0846752/00-23	Guinea - Bissau	Rent of accommodation	FUNDACAO GUINEENSE PARA O DESENVOLV IMENTO EMPRESARIAL INDUSTRIAL	72,000	4 years
37	30-CE-0847268/00-14	Guinea - Bissau	Rent of accommodation	FUNDACAO GUINEENSE PARA O DESENVOLV IMENTO EMPRESARIAL INDUSTRIAL	72,000	4 years
38	30-CE-0847269/00-41	Guinea - Bissau	Rent of accommodation	LOPES RODRIGUES	51,840	3 years
39	30-CE-0844317/00-23	Hong-Kong	Rent of accommodation	SURE RICH PROPERTIES LIMITED	226,078	2 years
40	30-CE-0844319/00-77	Hong-Kong	Rent of accommodation	MID-LEVELS PORTFOLIO (AIGBURTH) LTD	351,538	2 years
41	30-CE-0844310/00-28	Hong-Kong	Rent of office space	ST JOHN S BUILDING LIMITED	1,503,135	2 years
42	30-CE-0844311/00-55	Hong-Kong	Rent of accommodation	THE REPULSE BAY COMPANY, LIMITED	328,157	2 years
43	30-CE-0829844/00-50	Haiti	Rent of accommodation	DE LESPINASSE	148,324	3 years
44	30-CE-0836653/00-08	Haiti	Rent of accommodation	NATIONALE D'ASSURANCE SA	220,123	4 years
45	30-CE-0836654/00-35	Haiti	Rent of accommodation	NATIONALE D'ASSURANCE SA	198,111	4 years

Table 12: Delegation building contracts signed in 2016 (cont'd)

	Contract Reference	Delegation	Description	Contractor Name	Amount in EUR	Duration
46	30-CE-0797829/00-17	India	Rent of office space	SHARMA	1,347,837	3 years
47	30-CE-0831244/00-61	India	Rent of residence	JAISWAL	992,865	3 years
48	30-CE-0844061/00-75	Jamaica	Rent of accommodation	CHANG	72,000	3 years
49	30-CE-0844802/00-07	Jamaica	Rent of office space	TUT	43,282	1 year
50	30-CE-0844807/00-45	Jamaica	Rent of accommodation	RAYNOR	50,400	1 year
51	30-CE-0844808/00-72	Jamaica	Rent of accommodation	MJM LIMITED	136,800	3 years
52	30-CE-0844846/00-57	Jamaica	Rent of office space	PRIME ASSET MANAGEMENT LIMITED	823,273	3 years
53	30-CE-0844848/00-14	Jamaica	Rent of accommodation	CAMPBELL	38,400	1 year
54	30-CE-0833506/00-25	Kazakhstan	Rent of office space	LIMITED LIABILITY PARTNERSHIP TEMIR ARGYMAK	388,297	1 year
55	30-CE-0843506/00-17	Kyrgyzstan	Rent of office space	ORION HOTELS LLC	816,064	4 years
56	30-CE-0834805/00-96	Laos	Rent of residence	SISOUPHANH	11,850	6 months
57	30-CE-0847454/00-69	Laos	Rent of residence	CAMCE INVESTMENT (LAO) CO LTD	179,274	3 years
58	30-CE-0835103/00-28	Liberia	Rent of office space	JOSEPH JENKINS ROBERTS EDUCATIONAL FOUNDATION	1,345,807	20 years
59	30-CE-0837702/00-03	Liberia	Rent of accommodation	PARKER	132,074	3 years
60	30-CE-0813218/00-76	Libya	Rent of office space	NEIFAR	56,153	1 year
61	30-CE-0813546/00-80	Libya	Rent of office space	NEIFAR	34,678	2 year

Table 12: Delegation building contracts signed in 2016 (cont'd)

	Contract Reference	Delegation	Description	Contractor Name	Amount in EUR	Duration
62	30-CE-0814101/00-42	Sri-Lanka	Rent of accommodation	JAYATILAKE	86,564	4 years
63	30-CE-0841017/00-29	Sri-Lanka	Rent of accommodation	LORA PROPERTIES TWO (PVT) LIMITED	42,015	2 years
64	30-CE-0799991/00-82	Moldova	Rent of residence	VISNEA	216,000	2 years
65	30-CE-0819499/00-66	Madagascar	Rent of residence	RANARIVELO	42,000	1 year
66	30-CE-0833362/00-21	FYROM	Rent of residence	POPOVIKJ POPOVIC	52,800	10 months
67	30-CE-0848587/00-56	FYROM	Rent of residence	TAHIRI BESIMI	168,000	4 years
68	30-CE-0854054/00-17	Mali	Rent of accommodation	NIANGADO	58,540	4 years
69	30-CE-0830883/00-37	Myanmar	Rent of accommodation	Rent of accommodation HTAY WIN		3 years
70	30-CE-0833507/00-52	Myanmar	Rent of accommodation	Rent of accommodation HEIN		1 year
71	30-CE-0834332/00-61	Myanmar	Rent of accommodation	THINN THINN KHINE	191,174	3 years
72	30-CE-0834334/00-18	Myanmar	Rent of accommodation	NYUNT	91,586	1 year
73	30-CE-0834363/00-93	Myanmar	Rent of accommodation	HTAY NWE	70,870	1 year
74	30-CE-0834392/00-71	Myanmar	Rent of residence	WIN	317,400	1 year
75	30-CE-0834394/00-28	Myanmar	Rent of accommodation	WIN	198,000	3 years
76	30-CE-0834396/00-82	Myanmar	Rent of accommodation	AYE	232,100	3 years
77	30-CE-0834776/00-20	Myanmar	Rent of accommodation	LWIN AUNG	252,000	3 years

Table 12: Delegation building contracts signed in 2016 (cont'd)

	Contract Reference	Delegation	Description	Contractor Name	Amount in EUR	Duration
78	30-CE-0839281/00-88	Myanmar	Rent of accommodation	KHUN ZAW PO AUNG	103,827	1 year
79	30-CE-0844474/00-02	Myanmar	Rent of accommodation KYAW LINN		71,483	1 year
80	30-CE-0850254/00-34	Myanmar	Rent of accommodation	SWE AYE	222,137	3 years
81	30-CE-0845490/00-07	Malawi	Rent of accommodation	FENCHURCH ENGINEERING SERVICES LTD	85,960	4 years
82	30-CE-0845491/00-34	Malawi	Rent of accommodation	KAMBAUWA WIRIMA	112,534	4 years
83	30-CE-0846651/00-43	Malawi	Rent of accommodation	MKANDAWIRE	86,564	4 years
84	30-CE-0846718/00-49	Malawi	Rent of accommodation	DANGA INVESTMENTS LIMITED	95,948	4 years
85	30-CE-0842981/00-18	Malaysia	Rent of office space TAN & TAN REALTY SDN BHD		14,822	1 year
86	30-CE-0843502/00-06	Malaysia	Rent of office space	TAN & TAN REALTY SDN BHD	276,289	3 years
87	30-CE-0844132/00-50	Malaysia	Rent of residence	BINTI ABDULLAH	305,244	6 years
88	30-CE-0829633/00-83	Nigeria	Rent of accommodation	LE BRISTOL LIMITED	61,317	1 year
89	30-CE-0835618/00-59	Nigeria	Rent of accommodation	LE BRISTOL LIMITED	61,317	1 year
90	30-CE-0836581/00-06	Nigeria	Rent of accommodation	AYONETE INVESTMENT SERVICES LIMITED	327,114	1 year
91	30-CE-0836601/00-75	Nigeria	Rent of accommodation	KHAMAR PROPERTIES DEVELOPMENT COMPA NY LIMITED	54,103	1 year
92	30-CE-0839837/00-89	Nigeria	Rent of accommodation	KHAMAR PROPERTIES DEVELOPMENT COMPA NY LIMITED	54,103	1 year
93	30-CE-0839861/00-29	Nigeria	Rent of accommodation	LE BRISTOL LIMITED	61,317	1 year

Table 12: Delegation building contracts signed in 2016 (cont'd)

	Contract Reference	Delegation	Description	Contractor Name	Amount in EUR	Duration
94	30-CE-0839922/00-67	Nigeria	Rent of accommodation	DAMULAK	63,120	1 year
95	30-CE-0844439/00-01	Nigeria	Rent of accommodation ROCK-EDGE ESTATE AND PROPERTY DEVEL OPMENT COMPANY LTD		61,500	1 year
96	30-CE-0848742/00-79	Nigeria	Rent of residence	FELAK CONCEPT LIMITED	154,899	1 year
97	30-CE-0839287/00-56	Nepal	Rent of residence	SHAKYA	450,000	5 years
98	30-CE-0848845/00-16	Pakistan	Rent of accommodation	KHALEEQ	176,455	3 years
99	30-CE-0848912/00-77	Pakistan	Rent of accommodation	ARIFF	138,041	5 years
100	30-CE-0848923/00-41	Pakistan	Rent of accommodation	GUL	70,097	2 years
101	30-CE-0849091/00-14	Pakistan	Rent of accommodation MEHMOOD		36,097	3 years
102	30-CE-0849092/00-41	Pakistan	Rent of accommodation KHAN		34,994	3 years
103	30-CE-0849093/00-68	Pakistan	Rent of accommodation	IQBAL	107,941	3 years
104	30-CE-0849418/00-34	Pakistan	Rent of accommodation	RAZA JAN	93,542	3 years
105	30-CE-0849424/00-57	Pakistan	Rent of accommodation	MIAN	72,514	2 years
106	30-CE-0849711/00-92	Pakistan	Rent of accommodation	AMEEN ASLAM	25,500	8 months
107	30-CE-0849720/00-02	Pakistan	Rent of accommodation	WALAYAT	92,192	3 years
108	30-CE-0841665/00-57	Papua New Guinea	Rent of accommodation	THE PENINSULA HC LIMITED	381,024	3 years
109	30-CE-0841719/00-45	Papua New Guinea	Rent of accommodation	THE EDGE LIMITED	280,041	3 years

Table 12: Delegation building contracts signed in 2016 (cont'd)

	Contract Reference	Delegation	Description	Contractor Name	Amount in EUR	Duration
110	30-CE-0843751/00-55	Papua New Guinea	Rent of accommodation	THE EDGE LIMITED	106,732	11 months
111	30-CE-0847108/00-51	Paraguay	Rent of office space BAGA SA		4,601,383	22 years
112	30-CE-0823944/00-24	Russia	Rent of accommodation	Rent of accommodation ROSSIJSKAJA FEDERACIJA		17 months
113	30-CE-0833582/00-92	Russia	Rent of accommodation	ROSSIJSKAJA FEDERACIJA	72,904	15 months
114	30-CE-0835360/00-57	Russia	Rent of accommodation	ROSSIJSKAJA FEDERACIJA	146,519	21 monhs
115	30-CE-0835387/00-23	Russia	Rent of accommodation	ROSSIJSKAJA FEDERACIJA	103,148	3 years
116	30-CE-0835388/00-50	Russia	Rent of accommodation	ROSSIJSKAJA FEDERACIJA	70,081	3 years
117	30-CE-0835417/00-29	Russia	Rent of accommodation ROSSIJSKAJA FEDERACIJA		53,555	3 years
118	30-CE-0837279/00-83	Russia	Rent of accommodation	ROSSIJSKAJA FEDERACIJA	57,587	2 years
119	30-CE-0847987/00-17	Russia	Rent of accommodation	ROSSIJSKAJA FEDERACIJA	93,095	3 years
120	30-CE-0848036/00-94	Russia	Rent of accommodation	ROSSIJSKAJA FEDERACIJA	104,920	3 years
121	30-CE-0848367/00-82	Russia	Rent of accommodation	ROSSIJSKAJA FEDERACIJA	56,424	2 years
122	30-CE-0849110/00-56	Russia	Rent of accommodation	ROSSIJSKAJA FEDERACIJA	56,424	2 years
123	30-CE-0789167/00-41	Russia	Rent of accommodation	ROSSIJSKAJA FEDERACIJA	67,414	3 years
124	30-CE-0788425/00-53	Russia	Rent of accommodation	ROSSIJSKAJA FEDERACIJA	80,177	29 months
125	30-CE-0824296/00-40	Saudi Arabia	Rent of accommodation	ARABIAN HOMES CO LTD	52,045	1 year

Table 12: Delegation building contracts signed in 2016 (cont'd)

	Contract Reference	Delegation	Description	Contractor Name	Amount in EUR	Duration
126	30-CE-0768121/00-05	Sudan	Rent of accommodation	ABDALMANEM	72,000	2 years
127	30-CE-0836792/00-70	Solomon Islands	Rent of office space	Rent of office space CITY CENTRE LTD		2 years
128	30-CE-0780354/00-09	Solomon Islands	Rent of accommodation	ISLAND MANUFACTURING LIMITED	88,985	3 years
129	30-CE-0845105/00-74	El Salvador	Rent of office space	CASTELEC SA DE CV	120,402	4 years
130	30-CE-0848641/00-02	Chad	Rent of accommodation	YOUSSOUF AHMED	98,787	4 years
131	30-CE-0848900/00-86	Chad	Rent of accommodation	ALBACHIR AHMAT	98,787	3 years
132	30-CE-0848913/00-07	Chad	Rent of accommodation	ТАНА	87,810	3 years
133	30-CE-0849001/00-96	Chad	Rent of accommodation	Rent of accommodation HACHIM MAHAMAT		3 years
134	30-CE-0849002/00-26	Chad	Rent of accommodation	ABBA ADJI	98,787	3 years
135	30-CE-0849114/00-67	Chad	Rent of accommodation	НАСНІМ МАНАМАТ	164,645	6 years
136	30-CE-0849128/00-15	Chad	Rent of accommodation	HACHIM MAHAMAT	164,645	6 years
137	30-CE-0851193/00-41	Thailand	Rent of residence	ALL SEASONS PROPERTY CO LTD*CONRAD BANGKOK	84,165	1 year
138	30-CE-0792462/00-24	Turkey	Rent of office space	SOZMEN	68,674	2 years
139	30-CE-0803389/00-11	Turkey	Rent of office space	SOPIYEVA MAYA	36,000	1 year
140	30-CE-0836716/00-03	Turkey	Rent of office space	GUNAL INSAAT TICARET VE SANAYI AS	528,000	3 years
141	30-CE-0824731/00-48	Ukraine	Rent of residence	LIMITED LIABILITY COMPANY SATURN IN VEST SERVICE	1,181,667	4 years

Table 12: Delegation building contracts signed in 2016 (cont'd)

	Contract Reference	Delegation	Description	Contractor Name	Amount in EUR	Duration
142	30-CE-0834763/00-02	USA - New York	Rent of accommodation RIVER PLACE II LLC		124,593	4 years
143	30-CE-0844979/00-96	Uzbekistan	Rent of accommodation	SAMIGOV	160,227	4 years
144	30-CE-0844955/00-17	Uzbekistan	Rent of accommodation	MURATKHONOVA	180,343	4 years
145	30-CE-0818483/00-19	Venezuela	Rent of residence	BRILLEMBOURG AGUERREVERE	605,000	4 years
146	30-CE-0818553/00-64	Venezuela	Rent of accommodation	CREMISINI PRIETO	163,370	3 years
147	30-CE-0853130/00-40	Kosovo	Rent of accommodation RAFUNA		17,000	18 months
148	30-CE-0787120/00-14	RDC	Rent of accommodation	Rent of accommodation EBALE residence SARL		4 years
149	30-CE-0854760/00-02	RDC	Rent of office Space	BANQUE COMMERCIALE DU CONGO	3,007,680	5 years
150	30-CE-0847189/00-59	Zimbabwe	Rent of accommodation	CANADA	74,662	3 years
151	30-CE-0847941/00-10	Zimbabwe	Rent of accommodation	STANBIC BANK ZIMBABWE LIMITED	65,922	3 years
152	30-CE-0847943/00-64	Zimbabwe	Rent of accommodation	KONUNGARIKET SVERIGE	21,050	11 months
153	33-CE-0847942/01-25	Zimbabwe	Rent of accommodation	CANADA	75,752	3 years
154	30-CE-0850649/00-44	Zimbabwe	Rent of accommodation	VIMBAI AG PLACEMENTS (PRIVATE) LIMI TED	128,940	6 years

^{1/} The total amount corresponds to the entire duration of the contract, which varies from contract to contract.

Table 13: Contracts declared secret

Total Number of Contracts	Total amount			
6	€ 17,385,337.90			

Materiality criteria

As for previous years, also for the 2016 exercise, ex-post control assessed the level of legality and regularity as applied in the execution of the EEAS administrative budget, covering both EEAS Headquarters and its Delegations. This is used to support the annual "Declaration of Assurance", as required under article 66(9) of the Financial Regulation.

The sampling methodology remained unchanged in relation to previous years. It essentially uses a randomised risk-based Monetary Unit Sampling (MUS) method for the selection of samples of financial transactions for ex-post control. The MUS sample is also supplemented and reinforced by three other approaches: a Mission sample whereby transactions are selected on a judgemental basis and embedded in the Inspection Programme for the year; a Detection sample equally judgemental, but not part of the Inspection Programme and, finally, a non-risk randomised sample.

Ex-post controls are performed on a core population of EUR 423 million obtained by applying exclusion criteria² to a total population of payments (EEAS population) of EUR 816 million. From this core population, in 2016 a representative sample of 2,070 financial transactions was extracted, worth EUR 30 million.

The sample represents 7.2% in EUR value of the core population. This sample covers 157 entities, including 14 HQ Divisions, 139 EEAS Delegations and 3 regionalised Delegations³.

The overall material error rate for EEAS Administrative Budget resulting from the ex-post controls is 0.05% for 2016, compared to a rate of 0.0021% for 2015, 0.04% for 2014 and 0.03% for 2013.

The exclusion criteria are: financial transactions with zero or negative EUR value; remuneration of statutory staff at HQ and EU Delegations; missions registered in MIPS; Imprest Account payments; revenues and financial transactions in November and December.

³ 157 entities are covered by the local system which includes Panama, New Caledonia and Samoa.

Ex-post control results

INTRODUCTION

The 2016 ex-post assessment covers two distinct parts. A quantitative ex-post assessment that focuses on both material errors is presented firstly, which is followed by an evaluation of material errors with a reputational nature.

QUANTITATIVE ASSESSMENT - MATERIAL ERROR RATE WITH A FINANCIAL IMPACT

For the 2016 Annual Activity Report, the customary quantitative threshold for materiality of 2% as defined by the Commission⁴ was applied. A material error is defined as a payment that should not have been paid because it was not used in accordance with the legislation concerned and for that reason recoverable. The resulting material error rate (the sum of payments affected by material error divided by the total amount of the sample dverified) is not a measure of fraud or waste, it is an indicator of payments that were made not in full accordance with applicable legislation.

The overall ex-post results were obtained on the basis of a sample of 2,070 transactions representing payments worth EUR 30.3 million. The table below provides a breakdown of these transactions by type of transaction.

Table: Ex-post control by type of transaction - 2016

	Number of	
	transactions	Share (%)
Services	983	48
Local Agents' salaries	494	24
Representation cost	91	4
Rent under article 23	84	4
Rent under article 5	58	3
Other	360	17
Total	2,070	100

[&]quot;As regards legality and regularity, the proposed standard quantitative materiality threshold MUST NOT exceed 2%". Guideline for determining materiality as regards legality and regularity. European Commission DG Budget — Central Financial Services, 12 May 2016. Source: https://myintracomm.ec.testa.eu/Search/Pages/results.aspx?u=https://myintracomm.ec.testa.eu/budgweb&k=materiality, retrieved in March 2017.

The table shows that payment for 'services' is the largest category, followed by 'salaries of local agents'. The category 'other' includes rent charges for the Residence, and office rent and works.

The table below presents the results of the 2016 ex-post analysis.

Material Error Rate - 2016							
Scope	EUR value of Sample	Number of transactions with a material error	Value of material errors (EUR)	Material Error Rate			
HQ Divisions	€19,295,334	0	N.A.	N.A.			
Delegations	€10,983,827	34	€16,318.99	0.15%			
Total	€30,279,160	34	€16,318.99	0.05%			
			Core Population	€422,650,100			
			Average Error Rate	0.05%			
		Estimated overall amou	unt at risk at closure	€227,788			

It is estimated that overall amount at risk for the 2016 payments was EUR 227,788. This is the best and conservative estimate by the Authorising Officer by Delegation of the amount of relevant expenditure not in compliance with the applicable contractual and regulatory provisions at the time the payment is made ⁵.

QUANTITATIVE ASSESSMENT — MATERIAL ERROR RATE OF A REPUTATIONAL NATURE

Since 2012, all payments linked to a contract stemming from a procurement procedure with serious procedural are considered as 100% errors⁶. Acknowledging this method, this approach was also applied for 2016, with a view to allowing a comparison between the EEAS control results with the Court of Auditors' results for the "most likely error rate" (MLE).

However, the EEAS, as is the Commission, believes the actual financial impact of such errors cannot be quantified in a manner consistent with the other errors and should therefore not be considered for a potential financial reservation. In fact, even if the contractor should/could have been different, this does not mean that the full 100% of the contract value is at risk.

⁶ Serious infringements, considered by the European Court of Auditors as 100% errors, are: (1) no or restricted tendering for the main or supplementary contracts (except where explicitly allowed by the legal framework); (ii) inappropriate assessment of the bids affecting the outcome of the tender; (iii) substantial change of the contract scope; and (iv) splitting of contracts in order to bring projects below the thresholds although they are related to the same economical objective.

It is recalled that this excludes salaries paid to (statutory) staff, revenues and regularisation payments that fall under the control remit of the Paymaster's Office (PMO); see also section 3.3.2 of the main report.

	ECA Reputational Error									
	Entities					Transactions				
		Number of entities	%	Number of transactions	%	EUR accepted value	%	Exposure: Financial Impact of errors		
s	Core Population	157		>115,000		€422,650,100				
c	Sample	157		2,070		€30,279,160				
o p e	ECA Reputational Error	94		237		€449,152		N.A; expected to be minimal		
A n	% Reputational Error vs. Core Population		60%		0.2%		0.1%			
a I y s i s	Related EUR value of contracts (annualised)					€4,772,797				
	% of related EUR value of contracts vs. population						1.1%			

The result of this analysis (see table before) shows in 94 entities errors of reputational nature were identified, with 237 transactions affected, representing a total of EUR449,152 in payments; the annualised value of related contracts amounted to EUR4.8 million.

While for a relatively large number of entities errors of a reputational nature were identified, this represents a relatively small number of transactions (0.2% of all transactions) with a corresponding relatively small amount of payments (0.1 % of payments). The annualised value of the related contracts amounts to a mere 1.1% of the value of core population transactions.

In conclusion, adopting the ECA approach towards errors shows that the financial impact (exposure) of the ECA Reputational Error is minimal.

To respond to concerns expressed by the Court of Auditors, the EEAS will continue its efforts to enhance the quality of public procurement procedures, in particular of low and middle-value contracts. In practice this means more targeted training, better templates and guidelines and support from the Regional Centre Europe and Headquarters. On the basis of a comprehensive procurement plan for high- and middle-value contracts Headquarters will also strengthen the monitoring of procurement procedures.

List of Acronyms

ABAC Accrual Based Accounting

AD Administrator

AOSD Sub-delegated Authorising Officer

AST Assistant

BUDG Directorate-General for Budget

CFSP Common Foreign and Security Policy
DAS Annual Declaration of Assurance

DEL Delegation

DEVCO DG for Development & Cooperation

ECA European Court of Auditors
EDF European Development Fund
EEAS European External Action Service
EOMs Election Observation Missions

EU European Union

EUCI European Union Classified Information

EU MS EU Member States

FPI Service for Foreign Policy Instruments

HQ Headquarters

High Representative of the European Union for Foreign Affairs and

HRVP Security Policy and Vice President of the European Commission

HRM Human Resource Management

IA Initiating Agent

IAH Imprest Account Holder IAS Internal Audit Service

ICI Industrialised Countries Instrument ICMT Internal Control Management Tool

ICS Internal Control Standards
IfS Instrument for Stability

MDR Managing Directorate Resources
OLAF European Anti-fraud Office

PMO European Union Office for Administration and Payment

PPD Press and Public Diplomacy

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

VA Verifying Agent
VAT Value-Added Tax
VM Vademecum

VP Vice-President of the European Commission

WTO World Trade Organization