

2018

Annual Activity Report

European External Action Service



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PART 1 – INTRODUCTION

1.1 Introduction by EEAS Secretary General

Eight years after the Lisbon Treaty entered into force the external action of the EU has come a long way. The introduction of a High Representative for Foreign Affairs (who is also Vice President of the Commission – HRVP), supported by the European External Action Service (EEAS), has increased the coherence, effectiveness and visibility of EU external policy and action.

The EEAS not only serves as a professional foreign policy and diplomatic service with more than 140 Delegations around the world, but, integrating EU officials and Member State diplomats, works to nurture a common EU diplomatic culture and practically enhance the coherence of our common action.

In 2018, EU external action operated in an increasingly competitive and volatile international environment. Guided by the Global Strategy however, the EU acted to steadfastly champion multilateralism and the rules-based global order, cooperative approaches and working in partnership, an integrated approach to crises, as well as the primacy of human rights and sustainability. We also made significant progress on enhancing the EU's resilience and strategic autonomy.

This work is outlined below, in this 8th edition of the Annual Activity Report on the European External Action Service (EEAS) to the High Representative/Vice President of the Union for Foreign Affairs and Security Policy Federica Mogherini.

This management report is required by the Financial Regulation. It concentrates on the use of resources, in order to ensure transparency towards the other institutions and, more importantly, towards EU citizens. The Report is published on the EEAS website and is therefore accessible by all.

This year, we have included a chapter on the "Key political issues of 2018" in order to show even more clearly the link between our political agenda and the use of the budget granted to the EEAS by the European Parliament. We assess every year how these funds are spent and how to adapt to the new challenges the EEAS faces.

The findings in this report will therefore guide our management choices over the coming year, but also contribute to the ongoing discussions on the upcoming EU Financial Perspective and political programming of our financial instruments. Based on sound analysis, we can ensure our resources are used optimally to deliver on our strategic objectives.

Helga Maria Schmid
Secretary General
European External Action Service

1.2 Key political issues of 2018

During 2018 the EU continued to enhance its role as a security provider and reliable international partner through concerted action, in line with the EU Global Strategy. The High Representative/Vice President (HRVP) continued to conduct the Common Foreign and Security Policy and Common Security and Defence Policy and enhance the unity of the internal and external dimensions of the EU policy, with the support of the EEAS, joined up work with Member States and close cooperation with the Commission and the European Parliament.

The EU placed great emphasis on supporting **effective multilateralism** at a time of unprecedented international uncertainty. Efforts were stepped up to revitalise multilateralism, operationalising commitments and promoting smart, effective and responsive multilateralism fit to address the many concurrent challenges. The EU strengthened global networks of partnerships and built coalitions issue-by-issue in line with EU objectives in support of key global frameworks such as the **2030 Agenda and the Paris Agreement**. The EU will work with partners to make substantive and positive contributions to the UN Secretary General's Climate Summit in September 2019, and to renew and strengthen the international community's commitment to achieving the 2030 Agenda and its Sustainable Development Goals (SDGs) at the High Level Political Forum (HLPF) at Heads of State or Government level. The EU is already leading by example by turning its own ambitious commitments for 2030 into concrete action and legislation. Following the US withdrawal from the **Joint Comprehensive Plan of Action (JCPOA)**, the EU has been stepping up its efforts to preserve the JCPOA which is a key achievement of multilateral diplomacy and a cornerstone of the non-proliferation regime. It prevented a nuclear arms race in the region and continues to be crucial for the security of the European Union, the region, and the entire world. With a preserved JCPOA, the EU is in a better position to discuss other matters with Iran including issues of concern. The EU has also led in promoting new forms of **digital cooperation** to address technology-related threats and challenges and contribute to multilateral digital governance, including through the Global Tech Panel.

The EU continued to take the lead in promoting human rights and democracy across the globe. During 2018 the EU continued to address the external aspects of **migration**, in particular by embedding migration in the EU's renewed dialogues with third countries and strengthening cooperation with countries of origin and transit, stepping up the fight against smuggling networks, and strengthening trilateral African Union--EU-UN cooperation.

On a regional level, the 2018 **Western Balkans Strategy**; the May Sofia Summit and the June Enlargement Council Conclusions underlined the EU's 'unequivocal commitment' to the region. Through its engagement and continued support, EU action will foster stability and security in the region and thus the security of the EU itself by continuing to work on taking forward the EU integration perspective of the region. Since summer 2018, the EU-facilitated dialogue has entered into a new phase, with a number of high-level meetings led by HRVP Mogherini with Presidents Vučić and Thaçi, to conclude a fully comprehensive and legally binding agreement

between Serbia and Kosovo, in line with international law and EU acquis and acceptable to EU Member States and the region.

With regard to Turkey, the EU remains committed to maintaining an open and frank dialogue with **Turkey**, within the established framework, to addressing common challenges and to cooperating in essential areas of joint interest such as migration, counter-terrorism, energy, transport, the economy and trade. A High Level Political Dialogue meeting was held in November 2018.

In line with the principles of inclusivity and differentiation, the Eastern Partnership provides a framework for each partner to develop relations with the EU according to their level of ambition and specific objectives. In 2019, the **Eastern Partnership** celebrated its 10 year anniversary with a high-level Conference in May gathering leaders from the EU and Partner Countries, as well as civil society, business and a wide range of stakeholders. The event took stock of the achievements over the past decade in providing concrete benefits for the citizens of Partner countries and Member States based on implementation of so-called 20 deliverables for 2020. Our cooperation with, and discussed possible future areas of cooperation Partner countries was based on a differentiated and inclusive approach. Regarding **Central Asia**, 2018 was marked by a wide consultation process of stakeholders, in the region and in the EU, to prepare the new EU Strategy on Central Asia due for 2019.

The EU's policy towards **Russia** will continue to be guided by the five principles which were reaffirmed at the April FAC 2018 (implementation of the Minsk agreement as the key condition for any substantial change in the EU's stance towards Russia, strengthening relations with Eastern partners and other neighbours, strengthening internal EU resilience, the possibility of selective engagement with Russia on issues of interest to the EU, and the need to engage in people-to-people contacts and support Russian civil society). The main priority was to achieve a balanced and effective implementation of the five principles, as in line with the implementation of the Global Strategy and thereby ensuring a united EU approach.

The **Middle East and North Africa** (MENA) remain critical to the EU's security and prosperity. In line with the EU Global Strategy, the EU continued to mobilise all its instruments in favour of stability and development in the MENA region. Security challenges are manifold in the region, with three active military conflicts besides the persisting **Israeli-Palestinian conflict** with inevitable side effects on neighbouring countries and elements of fragility and tension perceptible throughout the region. Beyond these security challenges, the EU continued to support processes aimed at freeing up the region's potential in terms of sustainable economic growth, enhanced human development, improved governance and an active role for the region's civil society and youth and women organisations.

2018 was a year of rapid changes in **Africa** with growing popular demands in many countries, increasing external influences in Sahel and the Horn of Africa, a worsening situation in Libya, fast changing political landscapes in Sudan, Algeria and the Democratic Republic of Congo, electoral changes across the continent. Progress was made towards the redesigning of relations between the EU and Africa, marrying the Post-Cotonou negotiations and the "Africa as one" approach. At the multilateral level, the EU continued to encourage further engagement on peace and security in Africa

on the ground and at the UN Security Council (Somalia, Mali and the Central African Republic in particular) and to implement the Abidjan declaration by seeking alliances with African partners on international matters such as WTO reform and climate. The EU will keep pursuing its integrated approach in support of resilience, peace and security, notably through support to regional integration.

The transatlantic relationship based on shared values and interests, is vital to maintaining a rules-based international order. The EU will continue working strategically with the **U.S.** Administration and Congress, taking forward common work in areas of mutual interest (Russia/Ukraine, Western Balkans, Venezuela, Syria, Yemen, DPRK). Concerning **EU-Canada relations**, there has been good progress in the implementation of the EU-Canada Strategic Partnership Agreement (SPA) and the Comprehensive Economic and Trade Agreement (CETA).

The EU has been very active in addressing the continuing challenges of the crisis in **Venezuela**, in regard to which the EU established an International Contact Group with the aim of facilitating a peaceful and democratic solution to the current crisis. Meanwhile, work continues on modernising our association agreements with MERCOSUR, Mexico and Chile.

The EU's main objective in the **Asia-Pacific** continues to be to help foster the political and social stability of the region, promoting policies to assist in maintaining as much as possible its high rates of economic growth, also for the benefit of Europe's own economy and citizens. Sustainable political and social stability in the region will continue to require the advocacy of the EU's values and the spread of more resilient forms of democracy - alongside an improved rules-based multilateral order - aimed at serving the people of the region.

Specifically on **China**, in 2019, the EU will remain committed to engaging with China to uphold the rules-based international order. The EU will encourage China to bear a greater share of the burden of global responsibilities and continue to seek a new donor-to-donor relationship with it based on implementation of the SDGs. The EU will deepen engagement with China on peace and security - building on the positive cooperation on the Joint Comprehensive Plan of Action for Iran - in places such as Afghanistan, the Middle East, Africa, the Korean Peninsula and Myanmar and expects China to accept binding UNCLOS arbitration rulings on its maritime claims.

Connectivity is increasingly becoming a new global power projection policy which serves political aims and strategic objectives. This is why the Council adopted in October 2018 a new EU Strategy of Connecting Europe and Asia. This is a comprehensive policy framework which integrates political and economic tools in promoting EU principles of sustainable connectivity and a level playing field. Apart from drafting and institutionalizing the Strategy, the EEAS moved towards the initial implementation phase. The implementation is envisaged in combination of three work strands: building networks (soft and hard infrastructure), forging partnerships with like-minded countries and regions and creating financial incentives and preconditions.

EU Common Security and Defence Policy (CSDP) and Crisis Response structures have faced a number of challenges in the context of the implementation of the EU

Global Strategy. Regarding Conflict Prevention and Integrated Approach to external conflicts and crises, crisis response tools have and will be reinforced, among others, through the creation of a network of Member State focal points as well as by focusing the Early Warning System on early action. Stabilisation actions under Article 28 will remain important. Progress achieved on Security and Defence will continue in order to enhance the EU's strategic autonomy and capacity to act as a security provider. In line with existing strands of work, the main instruments are the Coordinated Annual Review on Defence (CARD), Permanent Structured Cooperation (PESCO) and the European Defence Fund (EDF).

With regard to **EU-NATO cooperation**, as a follow-up to the Warsaw Joint Declaration, implementation of the 74 common actions continues in full swing. The last progress report submitted to the respective Councils in June 2018 highlighted the main achievements in all areas of cooperation, including countering hybrid threats, cyber defence, military mobility and capacity-building of partners.

The EU also pursued its efforts to secure its uninterrupted access to **critical technologies**, such as space and cyber. In this respect, the EU and its Member States support a global, open, safe and secure cyberspace where human rights and fundamental freedoms and the rule of law fully apply, with a view to societal well-being, economic growth, prosperity and the integrity of free and democratic societies.

Finally, in December 2018, the European Commission and the High Representative presented an **Action Plan against Disinformation** setting out concrete measures to protect European democratic systems and public debate against this challenge. The plan focuses on four priority areas: (i) improved analytical and detection capabilities; (ii) enabling joint responses and establishment of a "Rapid Alert System"; (iii) engaging online platforms and industry through a Code of Practice on disinformation and (iv) awareness raising activities. In parallel, proactive **strategic communications** remained a priority activity for the EEAS. We ran a number of high profile communications and outreach campaigns on thematic foreign policy priorities (e.g. human rights, security and defence), and in key geographical areas through the three Stratcom Task Forces (East, South and Western Balkans).

PART 2 – EEAS ADMINISTRATION IN 2018

2.1 Achievement of objectives in EEAS administration

In 2018 the Directorate General for Budget and Administration (DG BA) defined its core priorities for the year based on its key role as regards three of the EEAS Secretary General's priorities. The DG BA priorities were: the further modernisation of Human Resources Policy; security of staff, infrastructure and information; enhancing the efficiency and effectiveness of administration and financial management. Progress was made on all three of the DG BA priority areas during 2018.

With regard to the **further modernisation of Human Resources Policy**, work has progressed in 2018 in ensuring adequate resourcing to the political priority areas as defined by the Global Strategy. In 2018, 16 posts were redistributed in the context of the Annual Review Mechanism, either through redeployment from Headquarters (HQ) to Delegation or through a transfer between Delegations. Further posts are foreseen to be redeployed in 2019. An improvement in the use of Human Resource Management (HRM) systems and the testing of a new online tool for HRM metrics have aided the development and optimisation of existing tools and have contributed to the improvement of decision-making on Human Resource issues.

Work continued to implement the recommendations of the two Task Forces launched by the Secretary-General (on "Career Development" and "Gender and Equal Opportunities"), as identified in an implementation roadmap, and an Advisor for Equal Opportunities and Careers was appointed. Measures implemented include the first ever induction programme for EEAS new recruits, the first appraisal exercise for Contract Agents and peer-to-peer training for outgoing Heads of Delegation and Assistants. Other achievements include the development of an EEAS management culture with a reference guide and handbook, improved transparency on staffing issues, improved selection panels through compulsory training on recognising unconscious bias and an awareness campaign to emphasise our zero-tolerance of harassment. The mentoring scheme for women managers continued in 2018 and was complemented by schemes for newly appointed Heads of Delegation and for newcomers.

The **security of staff, infrastructure and information** remains a priority for the EEAS and in 2018 DG BA continued its work to strengthen the EEAS' capacity in HQ and Delegations to deal with security threats. Thanks to the support of the Budget Authority, the EEAS was able to purchase additional security equipment and other resources which were devoted to the further development and roll-out of a formal security risk management (SRM) process and methodology for EU Delegations. In order to support the Security Management Teams (SMT) in Delegations, a further increase in security expertise and presence, both in Delegations and at Headquarters, was provided in 2018.

The development of more user-friendly IT tools for secure communications progressed in 2018 with the ongoing development of the future corporate classified platform. Additional secure communication terminals and infrastructure were deployed both in HQ and Delegations. In addition, a continued effort was made in 2018 to promote a security culture in the EEAS and in particular the use of the e-learning tools BASE and SAFE, with mandatory trainings for all Delegation staff.

DG BA strived to **enhance the efficiency and effectiveness of administration and financial management** during 2018. With a view to providing more support, increased flexibility and simplification of procedures, the successful negotiation of the revised Financial Regulation provided the possibility of substantial efficiency gains for Delegations related to the use of PC banking, the possibility of the Deputy Head of Delegation to intervene in the financial workflow and for Commission staff to assist in the administrative financial workflow.

A proposal for paperless financial circuits is under evaluation and several administrative information systems were improved in 2018 (IMMOGEST, HR Delegation, BudgDel etc.). The management of procurement circuits was revised with additional procurement training put in place, a step by step guide and templates for tender procedures published on the intranet.

The creation of the Horizontal Coordination Division brought together and streamlined crosscutting responsibilities within DGBA and improved internal coordination. The Division aims to bring innovative, practical and legally sound solutions which will help to improve the functioning of the Service as the EEAS moves ahead.

The EEAS established a risk oversight structure in 2018 with the Director General of DGBA playing the role of comprehensive risk executive. The Horizontal Coordination Division coordinated risk assessment and mitigation and it facilitated – through the Annual Management Plans (AMPs) – the integration of risk assessment and management into the ongoing strategic and business planning processes of the EEAS. In addition, risk registries for Headquarters and for Delegations were established (embedded in the AMP template).

Concerted efforts have been made to improve the feedback mechanism from Headquarters services to Delegations on the AMPs. An analysis of all AMPs was undertaken and follow up with Delegations was carried out on the most pertinent issues.

In September 2018 the EEAS adopted a new Internal Control Framework covering all the possible management needs of an organisation. The framework is applicable to all staff and work is progressing on developing training to cover the revised framework and its application.

The 2018 Staff Opinion Survey, launched in November 2018, consisted of two separate, but parallel, staff surveys: one for EEAS staff at Headquarters and the second - for the first time ever - a joint EEAS-Commission survey for staff in Delegations.

Support to Delegations was enhanced with new, innovative support mechanisms put in place to provide help and guidance to those Heads of Administration who face particular challenges in the administration of their Delegation. This has enabled the EEAS to provide more tailored solutions appropriate to the specific challenges Delegations face and to provide support to more Delegations at the same time.

Since the creation of the Horizontal Coordination Division, relations with the European Anti-Fraud Office (OLAF), the Internal Audit Service of the Commission (IAS) and with the Court of Auditors (ECA) have strengthened and improved. As the EEAS entry point for contacts with OLAF, the IAS and the ECA, the Division worked to streamline communication channels and clarify procedures whilst following up on the activities and recommendations of these control bodies. Close cooperation was also ensured in training on combatting fraud, in particular for specific training modules for outgoing Heads of Delegation and Heads of Administration and a general awareness-raising session with the bureaux of Heads of Delegation and Heads of Administration.

Improving legal certainty was also a key priority with progress made on correcting the form of administrative decisions, the promotion of general legal principles and the reform of legal bases for the employment of local staff in Delegations.

2.2 Discharge of the EEAS administrative budget

At its plenary session of April 2018 the European Parliament granted the Discharge of the EEAS administrative budget for the 2016 financial year. The resolution adopting the Discharge drew special attention to transparency, the protection of whistle blowers and the need to improve procurement procedures.

The Discharge of the EEAS administrative budget for the 2017 financial year was granted by the European Parliament in March 2019. This continues the positive record since the establishment of the EEAS in 2011.

In the 2017 discharge Resolution, the Parliament considered the EEAS to be a vital actor in international cooperation regarding peace, security and human development. It stressed the importance of public diplomacy and strategic communications as an integral part of the Union's external relations, not only to increase the Union's visibility and communicate our values and interests, but also as a tool for countering foreign influence and propaganda against the Union and its Member States.

The Parliament also welcomed the fact that the Court of Auditors did not identify any material levels of error in the EEAS annual activity report and the overall level of error for the Multiannual Financial Framework Heading 5 (Administration) continued to be low, estimated at 0.5 % in 2017. Furthermore, the Resolution drew special attention to the EEAS' efforts to improve its administrative procedures in particular in the areas of public procurement, infrastructure and security, as well as staff management. It acknowledged the EEAS' new approach to inspections, the implementation of paid traineeships in Delegations and the extension of the network of confidential counsellors.

The EEAS has fully taken into consideration the Parliament's recommendations on the increase of carry-overs of appropriations, the EEAS buildings policy, the establishment of a European Academy and the impact of Brexit.

PART 3 – MANAGEMENT OF RESOURCES

3.1 Management of human and financial resources by EEAS

3.1.1 Management of human resources

At the end of 2018, the EEAS was comprised of 4,169 staff members of whom 2,048 (49.12%) were working at Headquarters (HQ) and 2,121 (50.88%) in EU Delegations and Offices around the world. The EEAS population was composed of 1,575 officials, 1,053 local agents, 467 contract agents, 449 seconded national experts, 339 temporary agents, as well as other external and support staff. In addition 3,717 staff members of the European Commission were employed in Delegations. The number of contract agents (CA) has increased compared to 2017 as a result of the additional CA posts granted by the budgetary authority to reinforce the areas of security, cyber-security, secure communications, infrastructure and strategic communications. 33.76% of EEAS AD staff were diplomats from Member States, which was in line with the Article 6(9) of the Council Decision establishing the EEAS (2010/427).

Staff distribution by gender and age:

At the end of 2018, the overall gender distribution was close to equal, with 47.4% EEAS staff being women (including the following categories: officials, contract agents, temporary agents, local agents and seconded national experts). As regards statutory staff members (officials, contract agents, temporary agents and local agents), the percentage of women is higher at 51.1%. However, imbalances remained within different categories and grades. In the AD category women accounted for 34.92% (compared to 33% in 2017), while they held the majority of AST and AST/SC (65.55%), Contract Agent (58.24%) and Local Agent positions (53.94). The average age of EEAS staff was 47.1 years, continuing the increasing trend of previous years (46.9 in 2017, 46.6 in 2016 and 46.1 in 2015).

Management positions:

At the end of 2018, 262 staff members held management positions in the EEAS. Overall, the imbalance between the proportion of women and men in management positions remained; however, there has been a positive increase in women managers compared to 2017. In total, 71 women (27.1%) held management positions in 2018, compared to 24.5% in 2017. At middle management level, women occupied 60 (28.44%) out of 211 positions, compared to 26% in 2017. Likewise, the percentage of women has also increased at senior management level with women occupying 11 (21.57%) out of 51 positions compared to 18% in 2017.

EEAS organisation and structure

In order to ensure the appropriate response to political priorities and to enhance efficient budgetary and administrative support, the EEAS continued streamlining its organisation at Headquarters during 2018.

In February, an internal (and post neutral) reorganisation to rationalise the structure of the Directorate-General for Budget and Administration (DG BA) took place to further improve its functioning and efficiency. The Directorate responsible for Security, Infrastructure and Budget as well as for Information technology (BA.IBS) was divided into two separate Directorates: BA.BS responsible for Budget and Support and BA.SI responsible for Security and Infrastructure. With the three BA Directorates (BS, HR & SI) the responsibilities are attributed more coherently.

As part of the same reorganisation, more visibility was given to the Protocol Service which became a Sector in the Horizontal Coordination Division (BA.01). The Information and Document management Sector was moved from the IT Division and attached directly to the Director responsible for Budget and Support (BA.BS).

With a view to strengthening the EEAS mediation service, it was moved from General Affairs (SG.AFFGEN) to report directly to the Secretariat General (SG) in March 2018. This move underlines the independence of the function of the Mediator.

In July 2018 a new sector called Mission Support Platform was created within the Mission Support Division in the Civilian Planning and Conduct Capability Directorate, in order to improve the financial management and transparency of the mission support platform budget. The mandate of the sector is to provide mission support functions for the civilian Common Security and Defence Policy (CSDP) missions.

In October, the Directorate for General affairs (SG.AFFGEN) was renamed the Directorate for Interinstitutional relations, policy coordination and public diplomacy. At the same time the Policy Coordination Division was moved to this Directorate. The reorganisation ensures a more joined-up approach to interinstitutional activities and adequate follow up to institutional meetings. The policy issues of a cross-sectoral nature are addressed holistically with the strengthened link between policy making, public diplomacy and strategic communication.

Preparations were also undertaken for a reorganisation of the CSDP and Crisis Response services of the EEAS to make them more effective in shaping the EU's response to the new security challenges and better equipped to deliver, in line with the EU's ambition as a global security actor. The reorganisation took effect in 2019.

Resource allocation

In a context of budget constraints and enhanced focus on prioritisation, the Permanent Annual Review Mechanism (ARM) was established in 2017 with a view to ensuring a strategic approach to the allocation of posts for Delegations and to address the need for the opening and closures of Delegations. The mechanism, bringing together representatives from DG BA, the Policy Coordination Division as well as geographical services, resulted in a series of recommendations to the Secretary General for implementation in 2018.

In the context of the ARM, 8 posts were transferred between Delegations (covered by a mix of AD, Contract Agents and Local Agent posts), and 8 AD posts were redeployed from Headquarters to Delegations with a view to rebalancing resources between Headquarters and Delegations.

Based on the recommendations resulting from the mechanism, the Secretary General decided on the adjustments to the allocation of posts to be implemented, including as regards the sources and final destinations of posts.

Network of Delegations

In light of the general objective of the EEAS to strengthen its global presence and ensure a more effective role of EU Delegations, the EU Network of Delegations underwent various changes in terms of openings and closures.

In 2018, the EU Delegation to the Solomon Islands was closed, following the European Commission Directorate General for Development and Cooperation (DG DEVCO) decision to transfer all development cooperation tasks from the Delegation. Since those tasks represented a considerable proportion of the Delegation's work, the Delegation was closed for efficiency reasons.

At the same time, the EU presence in Panama was upgraded to a fully-fledged Delegation at the end of 2018. This took into account the country's geo-political role, including relations with the Caribbean, the country's role in Central America and the regional integration processes, as well as its enhancing importance as a reliable partner to the EU on global issues.

Cooperation with EC (EUDEL)

The EUDEL Committee was created by the 2012 joint EUDEL Decision Commission / HRVP Decision on 'Cooperation Mechanisms concerning the Management of Delegations of the European Union'. It ensures the effective coordination between different services and consists of 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 relevant. EUDEL meetings are held on a regular basis at Director General, Director, or Head of Division/Unit (HoD/HoU) level depending on the topics on the agenda.

Five EUDEL meetings were held in 2018, one at Director General level, two at Director and two at HoD/HoU level. Inter alia, they focused on the progress made by the EEAS Working Group on the Network of Delegations; the consequences of Brexit (including preparations to open a UK Delegation on the day the UK leaves the EU); proposals for modernising the employment conditions of local agents in Delegations; the EEAS policy framework on anti-harassment issues; the review of the living conditions allowance; the Home Leave decision (with a first discussion on the ECJ ruling on Art.6 of Annex X). Also discussed were the situation of EU Delegations within EU territory; the rights and obligations of staff and the launching of a College of Heads of Administration.

Local Agents

The EEAS and the Commission employ over 3000 local agents as technical and support staff, for all activities of the EU Delegations: from driving to administration, cooperation to economic or political matters.

The management of local agents is decentralised to the Delegations. The EEAS HR Directorate defines the human resources policy and advises the Delegations on legal, financial and social dialogue issues providing daily support on recruitment, contracts, salaries, dismissals and supplementary pension and health insurances.

The local agents' chapters of the EU Delegations' Guide are the main tool providing instructions to the Delegations. The respective responsibilities and competences are therefore well-established and effective controls and checks are in place. Streamlining of procedures, fair treatment and coherent policy implementation have been further strengthened in 2018.

Local agents' conditions of employment are defined by local law, under which they are employed, and by EU Framework Rules which set minimum standards for all the Delegations. In 2018, the EEAS Human Resources Directorate accompanied the Commission in its social dialogue with the Trade Unions for modernising and improving the Framework Rules and related social security schemes. The three main decisions forming the basis of this major reform will provide a sounder and safer legal framework both for the administration and the local agents themselves.

In 2018, the HR Directorate, together with EU Delegations throughout the world efficiently managed:

- the recruitment of 233 local agents and the departure of 208, including 15 dismissals;
- the promotion of 349 local agents and the change to a higher function group of 32;
- the revision of salary grids for 102 Delegations with an average 4,3% increase in salaries;
- the reimbursement of 1,6 million Euros of medical expenditures to local agents through the dedicated insurance scheme;
- the disbursement of 5 million Euros under the Provident Fund for those agents whose contracts ended.

Training

2018 was a year of a renewed impetus for learning and development in the EEAS. In addition to the various activities stemming from the Learning and Development Framework (LEAD) and reflecting political priorities, the EEAS launched new initiatives on learning and development, in line with the recommendations by the Task Forces "Career Development" and "Gender and Equal Opportunities" set-up by the Secretary-General and the ensuing Implementation Roadmap.

The year saw a boost for peer-to-peer training, as well for mentoring programmes, e.g. for newly appointed Heads of Delegation, facilitating learning from colleague to

colleague. Developing a common management culture continued as a core issue for the EEAS, with over 40 relevant training formats offered. There was increased focus on Delegations, through an expanding training offer to suit the needs of Delegation staff, through e-learning, and the organisation of four large pre-posting seminars and four seminars for re-training staff already in Delegation. At the end of 2018, the EEAS launched a call for applications for a new initiative. The "College for future Heads of Administration" will provide targeted training with the aim of ensuring that participants have acquired the necessary skills before applying for posts in Delegations.

The EEAS training offer increased in 2018, reaching 8,027 training days, with a record 4,728 participants using online training.

Social Dialogue

Social dialogue plays a pivotal role in the EEAS. During 2018, the social dialogue actors (administration and trade unions) remained engaged in a constructive dialogue and committed to protecting and representing the interests of the EEAS staff. The six meetings held in 2018 covered topics such as: the adoption of new Missions and Authorised Travel Guide; HQ mobility 2018; the mobility of Contractual Agents in Delegation; the cumulative duration of successive non-permanent contracts with the EEAS; the home leave decision; the decision on teleworking in HQ; and the College of Heads of Administration.

Exchange Programmes

Diplomatic Training Secondment Programme

The Diplomatic Training Secondment Programme, launched in 2015, targets diplomats from the Ministries of Foreign Affairs with, in principle, up to three years of professional experience in foreign services. In 2018, the programme provided an opportunity to 8 junior diplomats (3 from Germany, 3 from the Netherlands, 1 from Austria and 1 from the UK) to become more familiar with EU foreign policy and to acquire a better understanding of the working methods and decision making process in the EEAS. All participants were assigned to services at HQ. In addition, one junior diplomat was also posted to a Delegation (Washington DC) following the assignment at HQ.

Short term secondment programme with European Parliament

The short-term secondment programme between the European Parliament (EP) and the EEAS was relaunched in May 2018, for the fifth consecutive year. 4 EEAS colleagues benefitted from the programme and were seconded to different EP units. From the EP side, 12 colleagues were assigned to different geographical and horizontal divisions at EEAS Headquarters as well as in EU Delegations. Five EP participants combined assignments in geographical or horizontal divisions in Headquarters with postings to the corresponding EU Delegations (Japan, Tunisia, Bolivia, Norway and Geneva-WTO). The programme provided an opportunity to colleagues from both institutions to have an insight into their respective priorities and working methods and to develop closer professional links, thus enhancing ties between the two institutions.

Diplomatic Exchange programmes with third countries and international organisations

The EEAS concluded several Administrative Arrangements with a view to improving mutual knowledge and sharing expertise in sectors of common interest. So far, the EEAS has signed arrangements with Switzerland, the U.S., Australia, Argentina, New Zealand, the League of Arab States, the Gulf Cooperation Council and the African Union Commission. In May 2018 a new Administrative Arrangement was signed with the Ministry of Foreign Affairs of Tunisia.

Through these Administrative Arrangements and by hosting diplomats from non-EU countries, the EEAS works on strengthening mutual understanding and the development of a common diplomatic culture in Europe and beyond its borders.

In 2018, the EEAS hosted 1 diplomat from the U.S., 1 diplomat from Australia, 2 diplomats from the Gulf Cooperation Council and 2 diplomats from Switzerland.

Diplomatic Exchange and Secondment Programme

The EEAS launches the Diplomatic Exchange and Secondment Programme (DESP) on a yearly basis with the aim of contributing to the creation of a shared diplomatic culture between different actors in EU foreign policy, notably between the EEAS and the Member States.

The DESP takes place between EEAS officials and diplomats from the Ministries of Foreign Affairs of Member States. The secondment period of EEAS staff is two years, which can exceptionally be extended to three. As a general rule, exchanges should be simultaneous, reciprocal and involve officials of an equivalent level. In 2018 one exchange took place with Spain.

Secondment to the Office of the President of the General Assembly of the United Nations

The EEAS has an Administrative Arrangement with the office of the President of the UN General Assembly establishing the secondment of an EEAS staff member to the President's office in New York. Since the launch of this agreement in 2012, six officials/TAs have been seconded for a one-year period.

Traineeship programmes with Public Administration Schools

The EEAS regularly welcomes students and officials for short-term traineeships based on Memoranda of Understanding with two National Schools of Administration: the French École Nationale d'Administration (ENA) and Krajowa Szkoła Administracji Publicznej (KSAP, Polish National School of Public Administration). In 2018, EEAS Headquarters hosted 1 student from ENA and 2 from KSAP.

[Mediation service](#)

In 2018 the EEAS Mediation Service dealt with 135 cases. This represents a slight decrease from 2017. The cases concerned disagreements regarding rights and

obligations, and different kinds of conflict at work including alleged psychological and sexual harassment. All categories of EEAS staff, in Headquarters and Delegations, were represented in the cases treated. The Mediation Service ensured that individual cases which showed gravity and urgency received first priority.

A continuous effort was made throughout the year to increase awareness of the tools at the disposal of staff through various seminars and presentations made by the Mediation Service.

The Confidential Counsellors' network, composed of 13 trained volunteers, dealt with 13 cases of conflict at work or alleged harassment over the year, compared to 11 in 2017. The network complemented the work of the Mediation Service, which acts as supervisor to the network, by dealing mostly with cases from local and contract agents who preferred to contact a colleague from the network as a first step towards resolution of their issue.

3.1.2 Management of financial resources

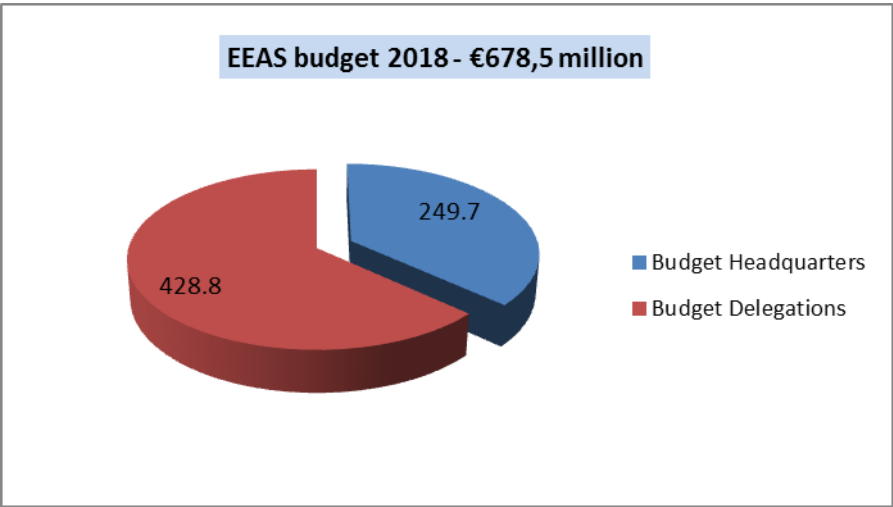
Implementation of the administrative budget

The initial budget for 2018 approved by the Budget Authority was **678,5 M€**, representing an increase of **2.8%** compared to 2017.

This amount included notably a reinforcement of the HQ Divisions managing security and infrastructure, the introduction of a stipend for trainees in Delegations and funds necessary to open a Delegation in Mongolia.

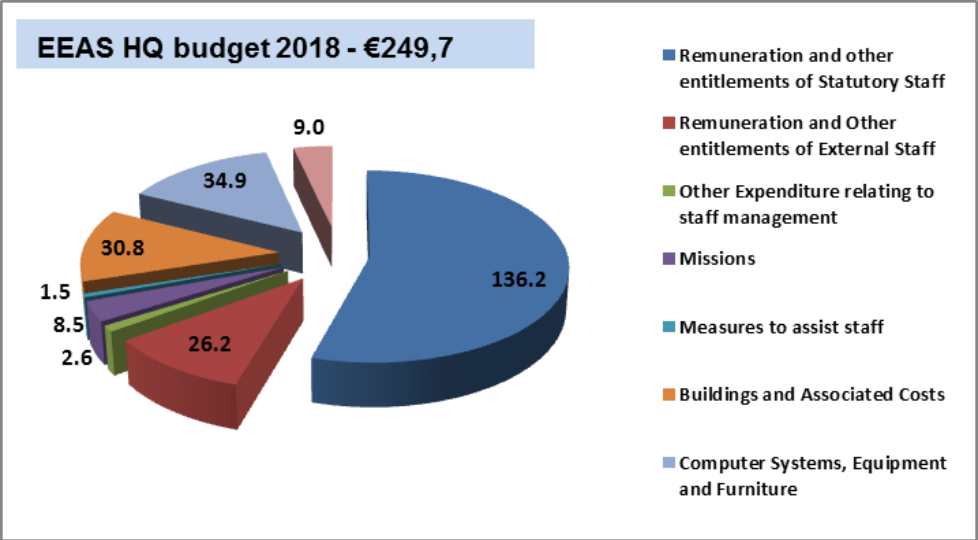
No supplementary appropriations were obtained during the year and the total voted budget for 2018 therefore amounted to 678,5 M€.

The budget was split between Headquarters and Delegations as follows:

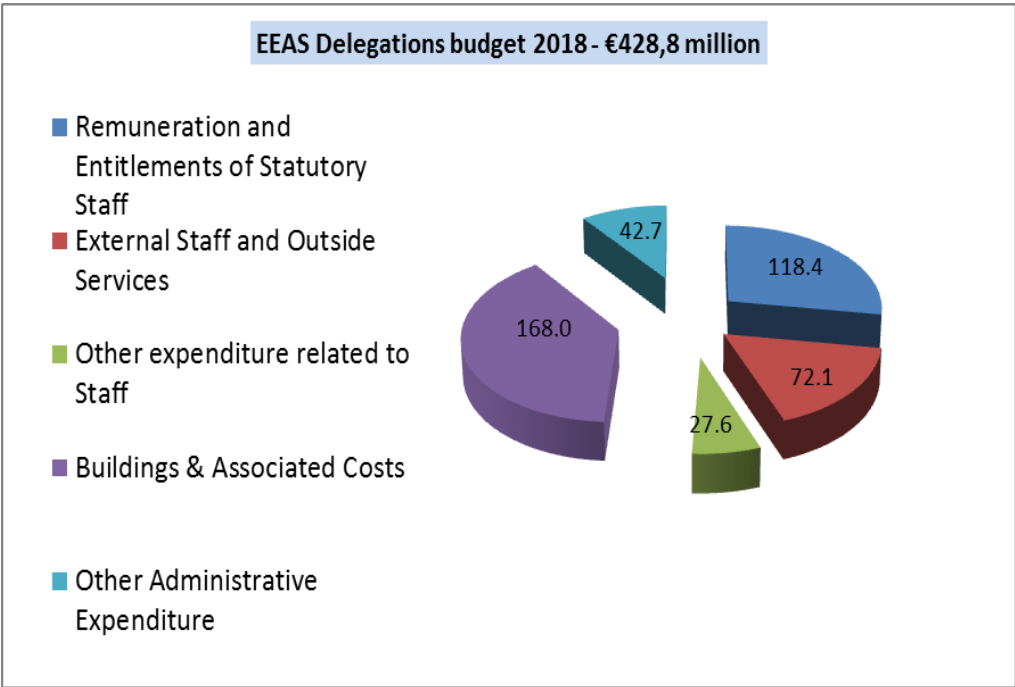


At Headquarters 65.5% of the budget (162,4 M€) was allocated to the payment of salaries and other entitlements of statutory and external staff.

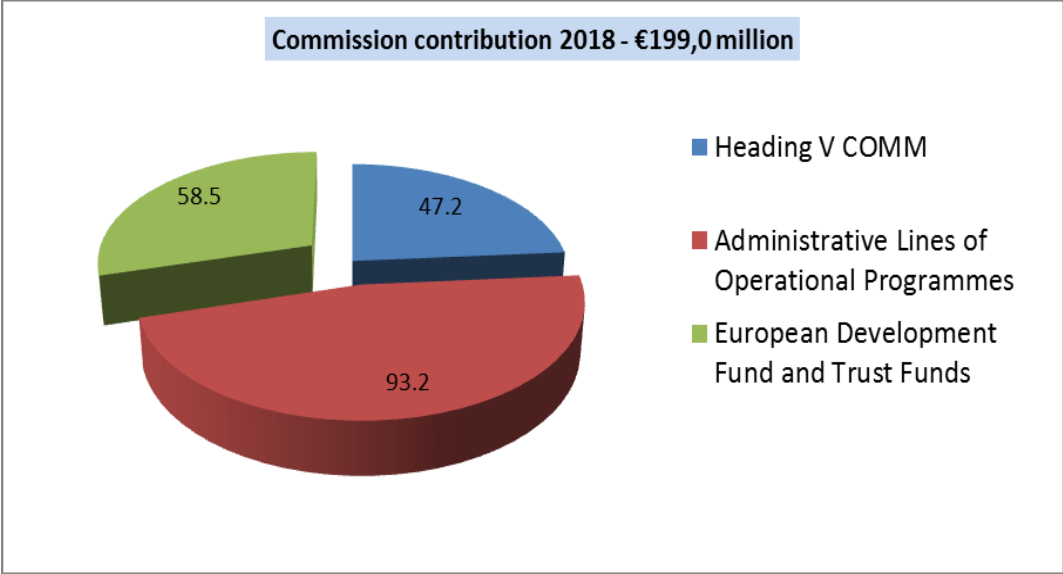
Other significant costs in the budget at Headquarters relate to buildings and associated costs (12% or 30,8 M€) and computer systems (including classified information systems), equipment and furniture with 14% or 34,9 M€:



The initial budget for Delegations of 428,8 M€ was divided between 118,4 M€ (27.6%) for remuneration and entitlements of statutory staff, 72,1 M€ (16.8%) for external staff and outside services, 27,6 M€ (6.4%) for other expenditure related to staff, 168,0 M€ (39.2%) for buildings and associated costs and 42,7 M€ (10%) for other administrative expenditure.



In addition to the EEAS's own budget, a contribution of 196,4 M€ (excluding assigned revenues) was also received from the Commission to cover the administrative costs of Commission staff working in Union Delegations. This was split between the Commission's Heading V, the administrative lines of operational programmes (ex-BA lines) and the European Development Fund as follows:



Management of the budget continues to be a challenging exercise, particularly in relation to the Delegations where, in addition to the EEAS budget we also manage contributions from the Commission on 34 different budget lines relating to the administrative costs of Commission staff in Delegations.

This is however unavoidable as the staff in question are managing various development programmes and must be financed by the respective budget lines in order to respect the principle of budgetary specificity. 2018 was the third year where 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.

At times, availability of appropriations on certain lines was inadequate to deal with the actual expenditure on those lines and this necessitated transfers either from Title to Title, Chapter to Chapter or from Article to Article and also within articles.

The budget authority was informed of intended transfers on 2 occasions in accordance with Article 25 of the Financial Regulations and on no occasion raised any objections. There were also a total of four autonomous transfers.

In absolute terms, the value of all transfers made within the EEAS administrative budget amounted to 30,8 M€, of which the largest amount concerned the financing of the purchase of a building in Washington. The transfers reduced the EEAS Headquarters budget by 10,7 M€ and increased the Delegation budget by the corresponding amount.

No significant difficulties were encountered with the implementation of the Commission's contribution to the direct costs of its staff in Delegations.

The final budget for EEAS Headquarters amounted to 238,9 M€. The execution in commitments at 31/12/2018 amounted to 238,7 M€ or 99.93% and in payments to 208,1 M€ or 87.1%.

The final EEAS budget for the Delegations was 439,6 M€. The execution in commitments at 31/12/2018 was 439,2 M€ or 99.92 % and in payments to 367,4 M€ or 83.6%.

Overall, the EEAS budget of 678,5 M€ for 2018 has been executed at 31/12/2018 to 99.9 % in commitments and 84.8% in payments.

The rate of execution in payments will increase with payments made in 2019 on commitments carried over.

During 2018, as a result of the simplification exercise mentioned above, assigned revenues carried over from 2017 (C5) of 37,1 M€ were also available on EEAS budget lines. At 31/12/2018 commitments of 37,1 M€ (99.94%) had been made and payments amounted to 23,9 M€ (64.6%). The rate of execution in payments will increase with payments made in 2019 on commitments carried over.

Furthermore, assigned revenues received during 2018 (C4) generated an additional 52,1 M€ in appropriations on EEAS budget lines.

These revenues came principally from the EDF which, for the second time paid a standard amount per person in respect of Delegation overhead costs for Commission staff financed by the EDF. These amounts, together with other receipts from co-locations with EUSR's and Member States generated the revenues in question. Of the total, 17 M€ (33%) was committed (for the purpose of financing the aforementioned purchase in Washington) and nothing paid in 2018. The uncommitted remainder is carried over to 2019 (C5 funds source).

No appropriations were carried over to 2018 in accordance with Article 13(2)(a) of the Financial Regulations.

As far as the EEAS budget for 2017 is concerned, payments on commitments carried over to 2018 amounted to 82,7 M€. This brought total consumption on the **2017 budget to 678,7 M€ or 97%**.

The budget of the Delegations was supplemented by a Commission contribution intended to finance the administrative costs of Commission staff in Delegations.

The total contribution received from the European Commission, excluding EDF, was 140,4 M€, to which comes assigned revenue of 1,3 M€. At 31/12/2018 execution in commitments on Heading V and other lines was 138,4 M€ (98%) and in payments 125,2 M€ (89%).

A contribution of 58,5 M€ was also received from the EDF and the Trust Funds. Additional carry-overs and appropriations released from decommitments brought the total amount to 70,1 M€ (including also assigned revenues of the financial year). At 31/12/2018 execution in commitments was 51 M€ (73%) and in payments 48, M€ (68%).

EDF credits which have not been committed are carried over to the following year as external assigned revenue and there is no loss of appropriations.

The rate of execution in payments for the Commission/EDF contribution will increase with payments made in 2019 on commitments carried over.

During 2018, assigned revenues carried over from 2017 (C5) of 3,1 M€ were also available on Commission budget lines (Heading V and other lines). At 31/12/2018, commitments of 3,1 M€ (100%) had been made and payments amounted to 3,1 M€ (99%). The rate of execution in payments may increase very marginally with payments made in 2019 on commitments carried over.

Globally during year 2018 the EEAS **committed 924,78 M€** (representing 94% of the available budget of the year):

During the same year the total **execution in payments was 870,47 M€** (representing 80% of the available payment appropriations).

The rate of execution in payments will increase with the payments to be executed in 2019 on credits carried forward from 2018 to 2019 according to the Financial Regulation's rules.

Accounting function and information

The EEAS, as an independent EU institution according to the Financial Regulations, is responsible for the preparation of its own accounts which are the subject of the discharge procedure of the European Parliament.

It is worth noting in this respect that at the creation of the EEAS, it was not granted the resources to deal with the tasks of the accountant (treasury management, preparation of general accounts, etc.) and therefore, to benefit from economies of scale and the experience and resources already existing with the Commission, the Accountant of the Commission is also the Accountant of the EEAS and the bulk of the accounting functions of the EEAS are *de facto* implemented by the services of the Accountant (DG BUDG).

The EEAS nevertheless has increased its accounting capacity by transferring a part of the clearing process from DG BUDG to the EEAS. The clearing of several suspense accounts in the accounting software SAP for the Delegations has been directly assumed by the EEAS. This brought new requirements in terms of internal organisation and also the collaboration with the Delegations.

During 2018 efforts were maintained to control the balance and number of outstanding open entries on the suspense accounts, used in particular by the

Delegations. The procedure for a monthly automatic clearing of the open *Hors-Budget* (HB) entries improves the efficiency for clearance of entries in these accounts. Thanks to efforts deployed, in coordination with the Delegations and DG BUDG for the clearance of the HB accounts, it was possible to maintain the number of open items at a very good level, in line with the situation of the past two years. The statistics show an overall **36,438** open transactions, of which **6,007** are overdue.

It should be emphasised that the use of suspense accounts in the Delegations is necessary due to the nature of certain transactions which are undertaken, in particular for the retention of local taxes and social security from local staff for subsequent payment to the local authorities and the accounting for Value Added Taxes which are reimbursable by the host country.

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

Concerning the provisional annual accounts of the EEAS for the financial year 2018, the Accounting Officer concluded in her transmission note that the risk of material misstatement as a result of fraud in the 2018 EEAS financial statements was reasonably mitigated.

The EEAS financial system was audited by the Accounting Officer's service in the framework of the process of validation of the local financial management systems. The audit results were globally positive and the validation team concluded they had no reason to believe that there are material issues affecting the financial statements that have not been detected by the controls applied by the EEAS and BUDG C.2.

The validation team recognised the continuous efforts made by the EEAS to improve the controls currently in place and the particularity of the accounting environment of the EEAS, due to its breadth and complexity. However a number of issues (11 recommendations in total) were identified to be followed and transformed into an action plan submitted for periodical review by DG BUDG.

The last evaluation of the status of the open recommendations was carried out at the beginning 2018. According to the final report of DG BUDG all the remaining pending recommendations flowing from the audit have been assessed as implemented and the audit has been closed.

As a result the EEAS financial system is fully and unconditionally validated by DG BUDG.

3.1.3 Control effectiveness as regards legality and regularity

Ex-ante control function and results

For financial transactions (commitments, payments and recovery orders) two ex-ante verification modes are used in the EEAS.

For Headquarters transactions in the framework of procurement contracts executed by external contractors (services, supplies and work), a decentralised ex-ante financial verification with counterweight (workflow EEAS_standard_A2) is carried out by the Finance and Contracts Division. In this case, the ex-ante financial verification function is independent from the Authorising Officer by Sub-Delegation responsible for the transaction. This verification mode was introduced by the Authorising Officer by Delegation (AOD) with a view to enhancing compliance and regularity (article 32 of the Financial Regulation).

For all other financial transactions carried out at Headquarters (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 internally by the operational divisions or by the Delegation respectively.

During 2018, for transactions falling in the first category, the Finance and Contracts Division performed:

- 1,041 ex-ante financial verifications on commitments (894 in 2017) concerning 827 commitments. Overall, 209 errors were detected, of which 192 errors were of an administrative nature. Most of them were linked to documents not presented to the ex-ante financial verification.
- 1,841 ex-ante financial verifications on payments (1,749 in 2017) concerning 1,580 payments. Overall, 258 errors were detected of which 206 errors were of an administrative nature. Most of them were linked to documents not presented to the ex-ante financial verification.

The errors linked to irregularities such as 'incorrect legal entity or bank account', 'expenditure not covered by legal basis' and 'incorrect applicable interest rate' were minor: 17 for commitments and 52 for payments.

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

For high value contracts, the ex-ante verification by the Finance and Contracts Division is independent from the Authorising Officer by Sub-Delegation (AOSD) in charge of the procurement file in the operational Divisions and Delegations. This mode was introduced by the Authorising Officer by Delegation (AOD) with a view to enhancing compliance and regularity (article 32 of the Financial Regulation). During 2018, the Finance and Contracts Division performed:

- 58 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 39 high-value contracts.

For middle and low value contracts, the ex-ante verification is assured internally by the operational Divisions or by the Delegations.

Ex-post control function and results

The aim of the internal control processes at the EEAS is to ensure that risks relating to the legality and regularity of the underlying transactions are duly identified.

The ex-post control function is a critical part of this internal control process in determining the residual error rate. This is subsequently compared with the 2% materiality threshold, above which a reservation in the AOD's Declaration of Assurance may be considered.

The 2018 ex-post assessment was both quantitative (financial errors) and qualitative (nature of the errors detected, showing the main areas of concern in the execution of the budget).

Concerning the quantitative assessment, the EEAS follows the guidance of the Commission (DG BUDG) in the calculation of the error rate¹, including the treatment of the anomalies detected in procurement according to which there are two categories of irregularities: financial procurement errors and reputational procurement errors. Thus, the ex-post control provides two types of error rate:

- error rate with a financial impact
- error rate with a reputational impact

In 2018 a new Internal Audit Strategy and a detailed Multi-Annual Strategic Audit Plan for 2018-2021² was established, following the merge of the ex-post control section (previously part of the Inspection Division), with the Internal Audit Division.

The aim of the new audit strategy is to focus more on quality rather than quantity, providing more profound and relevant analysis and systemic recommendations which would be potentially applicable to all Delegations/Divisions.

This new strategy aims at exploiting the synergies created by the Division's merger to the fullest extent while taking due account of several elements:

- the resources allocated to the control function
- the low error rate for the EEAS administrative budget
- the recommendations of the Court of Auditors regarding the ex-post control scope
- the other control experiences of European Institutions similar to EEAS

With the aim of better covering all the administrative and support activities of the EEAS, the processes have been grouped into four fundamental areas which constitute the running costs of the EEAS as reflected in the EEAS administrative budget:

- staff expenditure

¹ Annex 4 of the "Guidance on the calculation of error rates, the financial exposure as amount at risk, the materiality for a potential reservation and the impact on the AOD's declaration" issued by BUDG/D3 in November 2017 – included in the list of guidance documents for the preparation of the 2018 Annual Activity Reports: ref. Ares(2018)5781197 of 12/11/2018

² Ref Ares(2018)1163171-01/03/2018

- infrastructures and other operating expenditure
- security
- IT and Telecommunication

In terms of efficiency and reliability, this new control strategy provides better representative results by focusing on more homogeneous subpopulations instead of a single sample covering all transactions across all budget areas.

All financial transactions of the EEAS budget, recorded during the budget year, are now controlled on random stratified samples:

- Payments (including the relevant commitments) stratified by the domains mentioned above.
- Revenues - only the revenues duly registered in the accounts. All the entries in the suspense account (also called hors budget) will be in the scope once they will be cleared and will be accounted for.

The methodology applied for the sampling of transactions under this new Ex-Post Control Strategy has changed in 2018, following the methodology used by the European Court of Auditors (ECA) for the DAS (*Déclaration d'Assurance*). It applies the same parameters for the sample size (95% confidence level and 5% audit risk/margin of error) and the same non-judgmental sampling technique: the Monetary Unit Sampling (MUS) for Expenditure and the Random Sampling technique for Revenues.³

The random MUS approach implies a slight bias towards size/value, with a higher probability of hitting more than once relative large numbers in the population. Therefore, the controls carried out on the salaries of the statutory staff, where monthly transactions were hit several times, were performed on individual payslips randomly selected from the NUP (unique pay number) list. Similarly, for the other domains (infrastructures and other administrative expenses, security, IT & Telecommunication), if a transaction was hit more than once, it was selected for control only once.

The stratification is based on the administrative budget lines of the EEAS which have been divided in accordance with the nature of the expenditure/revenue and the posting criteria.

This methodology provides a reduced sample size (150 transactions per domain) while ensuring an objective opinion with the same degree of reasonable assurance on the execution of the budget as the one resulting from a more extensive sampling as in the previous methodology.

The results of the controls will provide an error rate per domain and an aggregated error rate to the Authorising Officer by Delegation.

³ Considering the nature of EEAS revenues, the random sampling technique is applied to the revenue stratum to give each individual in the population of interest an equal likelihood of selection without any bias towards size

It is important to note that the results of the ex-post controls performed in 2018 are not comparable to those of the previous years for the two following considerations:

- The entirely non judgmental sampling – the 2017 MUS sample, which aimed at covering all EEAS entities, had been supplemented by transactions selected partially on a judgmental basis. The 2018 MUS sample is stratified per domain linked to the EEAS budget lines (which implies that not all entities have been selected) and without any further considerations apart from the previously mentioned;
- The wider scope – the 2017 core population (a) covered the expenditure from January to October 2017 (and November/December 2016 to fully comply with an ECA recommendation to cover the full financial year) and (b) excluded financial transactions with zero or negative EUR value; remuneration of statutory staff at Headquarters and EU Delegations; missions registered in MIPS; Imprest Account payments and revenues. In turn, the 2018 core population (a) covers the full financial year and (b) includes transactions which were previously out of scope.

Although not comparable, the figures relating to the current and previous exercises are set out below for information purposes:

Financial transactions (Mio €)	Ex Post Control 2018 (January to December)		Ex Post Control 2017 (January to October)	
	Expenditure	Revenue (Titles 5 to 9)	Expenditure	Revenue (Titles 5 to 9)
Total Population (a)	870,47	253,07	859,29	240,64
Core Population for the sampling	870,47	253,07	477,31	0
Sampling (b)	127,05	2,33	31,56	0
% on total population – (b) / (a)	14.60 %	0.92 %	3.67 %	0 %

Authorising officers by sub delegation	Ex Post Control 2018		Ex Post Control 2017	
	HQ Divisions	EU Delegations	HQ Divisions	EU Delegations
Total (a)	15	140	15	141
Entities controlled (b)	11	121	15	141
% controlled – (b) / (a)	73.33 %	86.43 %	100 %	100 %

a) Quantitative assessment – error rate with a financial impact

For the 2018 Annual Activity Report, the quantitative threshold for materiality of 2% as defined by the European Commission⁴ has been used. The level of financial error is understood as the EUR value of any payments overstated or revenues understated, which would be liable for recovery as detected during ex-post controls.

The overall financial error rates for the EEAS Administrative Budget (financial impact on the whole budget) resulting from the ex-post controls are the following: 0.50 % for expenditure and 0.16 % for revenues. The former rate corresponds to a weighted average error rate for stratified sampling, in accordance with guidance issued by the Commission (DG BUDG)⁵. These are below the materiality threshold of 2% to provide reasonable assurance with regard to the legality and regularity of the underlying transactions. Therefore, the AOD's Declaration of Assurance should not include any financial reservations.

Although the results of the previous year are not comparable due to a narrow scope of control and the fact that the transactions were selected partially on a judgmental basis (see explanation above), the error rate for expenditure was 0.03% for 2017.

⁴ The "Guideline for determining materiality as regards the legality and regularity" – Annex 4 of the instructions for the 2018 Annual Activity Reports issued by DG BUDG (ref. Ares(2018)5781197 of 12/11/2018) states that "As regards legality and regularity, the proposed standard quantitative materiality threshold MUST NOT exceed 2%". This refers to the residual error rate, i.e., the error remaining after corrections (namely from ex-ante controls) have been made. This threshold follows the ECA approach.

⁵ "Guidance on the calculation of error rates, the financial exposure as amount at risk, the materiality for a potential reservation and the impact on the AOD's declaration" issued by BUDG/D3 in November 2017.

Financial Errors – Sampling 2018 (January to December)							
Budget Domain		Population EUR	Sampling		Financial Error		
			Number of sampled transactions	Value of the sample EUR	Number of transactions with financial error	Value of detected financial error EUR	Financial Error rate (calculated on the sample)
Expenditure	Staff Expenditure	491,312,941	150	1,760,922	3	54	0.0031 %
	Infrastructures & other operating expenditure	234,898,430	150	45,269,798	7	365,844	0.81 %
	Security (*)	75,931,711	150	32,353,187	10	1,055,916	3.26 %
	IT & Telecommunication	69,331,196	150	47,668,391	2	384	0.0008 %
	Total Expenditure	870,474,278	600	127,052,298	22	1,421,760	1.12 %
Revenue and Income cash (Titles 5 to 9)		253,075,455	150	2,326,848	7	3,676	0.16 %

(*): This domain contains also mixed expenditure: security & infrastructure

Financial Impact - Budget 2018 - Amount at Risk					
Budget Domain		Population EUR	Financial Error rate (calculated on the Budget)	Estimated amount at risk EUR	
Expenditure	Staff Expenditure	490,312,941	0.0031 %	15,119	
	Infrastructures & other operating expenditure	234,898,430	0.81 %	1,898,312	
	Security (*)	75,931,711	3.26 %	2,478,195	
	IT & Telecommunication	69,331,196	0.0008 %	559	
	Total Expenditure		870,474,278	0.50 %	4,392,184
	Revenue and Income cashed (Titles 5 to 9)		253,075,455	0.16 %	3,676

(*): This area domain contains also mixed expenditure Security & Infrastructures

It is estimated that overall amounts at risk for the 2018 payments was EUR 4,392,184 and EUR 3,676 for revenues.

This is the best and conservative estimate provided to the Authorising Officer by Delegation of the amount of relevant expenditure which is not in compliance with the applicable contractual and regulatory provisions at the time the payment was made.

b) Quantitative assessment – error rate of a reputational nature

Since 2012, the European Court of Auditors (ECA) quantifies all payments linked to a contract stemming from a procurement procedure containing serious procedural errors in the procurement selection process at 100% error rate⁶. The EEAS acknowledges that such errors are indeed serious and also set such errors at 100% in order to allow a comparison of the EEAS control results with the ECA's results for the "most likely error rate" (MLE).

However, the EEAS, like the European Commission⁷, is of the opinion that the actual financial impact of such errors cannot be quantified in a manner consistent with the other errors and should therefore not be added to the financial exposure (amount at

⁶ Serious infringements, considered by the European Court of Auditors as 100% errors, are: (i) 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; (iv) splitting of contracts in order to bring projects below the thresholds although they are related to the same economical objective.

⁷ Instructions for the preparation of the 2018 Annual Activity Reports - Ares(2018)5781197 - 12/11/2018.

risk) nor 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.

Expenditure		EC & EEAS approach		European Court of Auditors approach	
	Population EUR	Financial Error rate	Amount at Risk EUR	Procurement procedural errors (Breach of key principle) EUR	Total ECA Error amount
			(a)	(b)	(c) = (a) +(b)
Staff expenditure	490,312,941	0.003 %	15,119	64,800	79,919
Infrastructures & other operating expenditure	234,898,430	0.81 %	1,898,312	251,646	2,149,958
Security	75,931,711	3.26 %	2,478,195	7,504,601	9,982,796
IT & Telecommunication	69,331,196	0.0008 %	559	106,658	107,217
Total	870,474,278	0.50 %	4,392,184	7,927,705	12,319,889
Financial impact		0.5 %	4,392,184	Not meaningful	4,392,184
Assessment of materiality		0.5 %	4,392,184	Lower than material threshold 0.91 %	Lower than material threshold 1.42 %
Conclusion on potential reservation		No reservation)	(financial	No reputational reservation	No reservation

This reputational error was found in 31 transactions. The annualised value of related contracts amounted to 7,93 M€.

The comparable error rate with the ECA's error rate would be 1.42% which is still under the materiality threshold; therefore the AOD's Declaration of Assurance should not include any reputational reservations.

3.1.4 Control efficiency and cost-effectiveness

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

One segment of the control environment is the ex-post control. All ex-post control activities are, by their very nature, performed after events have taken place.

Due to this limitation, the largest element of the assessment on ex-post control activities remains qualitative. The largest qualitative benefit of ex-post controls activities is their dissuasive character and the support to management to take an informed decision on how to manage the weaknesses of the Institution.

However, there is also a quantitative element inherent in the execution of a budget. For this purpose, the cost of controls has been estimated over recent years as is shown in the table below.

Assessment of the cost-effectiveness of Ex-Post Control Activities		2014	2015	2016	2017	2018
Qualitative Benefits	The main benefits of ex-post control activities in nature and dissuasive in its effects					
Detected Errors available for Quantitative assessment	EUR value of material error detected in the sample	€46,428	€1,981	€16,319	€10,804	€ 1,421,760
	Related EUR value of contracts (annualised) related to ECA Reputational Errors	€5,671,370	€6,453,236	€4,323,645	€2,975,443	€7,927,705
	Total EUR value of Detected Errors	€5,717,798	€6,455,217	€4,339,964	€2,986,247	€ 9,349,465
Value in EUR of errors detected for each EUR spent in Ex-Post Control		€3,9	€4,9	€4,4	€3,6	€ 11,3
Cost in EUR of Ex-Post Control for every EUR detected		€0,26	€0,21	€0,23	€0,28	€ 0,09

In 2018, for every Euro spent in ex-post control activities, the EEAS detected EUR 11,3 worth of errors. In other words, the EEAS spent 9 cents of a Euro for every Euro of detected errors.

Finally, the table below shows a historical comparison of the estimated cost of ex-post control operations.

Estimated Cost of Ex-Post Control Operations (1)		2014	2015	2016	2017	2018
FTE Officials (1) (2)	Count	8	8	6.6	5.4	5.1
	EUR	€1,094,500	€1,057,344	€939,100	€772,200	€754,800
FTE Contract Agents (1) (2)	Count	2	2	0.7	0.7	0.9
	EUR	€140,000	€140,000	€52,000	€51,800	€69,300
Expenditure (3)	EUR	€100,179	€18,951	Included	Included	Included
Total Direct Costs	EUR	€1,334,679	€1,216,295	Included	Included	Included
Indirect Costs (3)	EUR	€143,377	€114,071	Included	Included	Included
Overheads Costs (3)	EUR	Not calculated	Not calculated	Included	Included	Included
Total Costs on a full-cost basis (3)	EUR	€1,478,056	€1,330,366	€991,100	€824,000	€824,100

(1): "Guidelines: Minimum set of common central efficiency indicators", European Commission DG BUDG – Central Financial Services. Version January 2018.

(2): Based on (1) and DG BUDG's "Preparation of the Legislative Financial Statements" – Overview of average costs updated on 3 December 2018 - https://myintracomm.ec.europa.eu/budgweb/EN/pre/legalbasis/Pages/pre-040-020_preparation.aspx

(3): For 2018, we use DG BUDG's Guidelines in point (2) above, which provides full-cost averages. Historical full cost calculations have been left unchanged.

From a quantitative point of view, it can be concluded that the ex-post controls can be said to be efficient in terms of working in an organised and cost-conscious way. From a qualitative point of view, the ex-post controls provide the EEAS with fact-based guidance for potential future decisions as it identifies and measures qualitative weaknesses in the execution of the EEAS Administrative Budget. It supports the entities, in particular Delegations, by highlighting the identified weaknesses and proposing solutions to improve the management of certain files; it pinpoints weaknesses in the process of executing the budget and it quantifies the impact of these weaknesses in EUR.

3.1.5 Fraud prevention and detection

The EEAS continues to sharpen the implementation of the "Anti-Fraud Strategy for EU External Relations"⁸ focussing in particular on the achievement of better coordination in tackling fraud, stressing the responsibilities of management in Delegations for fraud prevention.

To intensify its fraud prevention and reporting work the EEAS has restructured – in agreement with DG DEVCO and NEAR - the Declaration of Assurance Survey adding questions regarding the prevention of fraud (ICP⁸). The survey shows that among Heads of Delegation there is a very strong awareness of the risk of fraud, and 93 % of the respondents saying they have received adequate instructions about how to deal with internal and external fraud.

⁸ COM(2011) 376 24.06.2011.

⁹ Internal Control principle 8: Management considers the potential for fraud in assessing risks to the achievement of objectives.

External fraud, in its growing complexity and in growing use of technology, is at the centre of Delegation management concerns. Delegations largely feel well equipped to deal with internal fraud.

The EEAS intends to focus increasingly on risk analysis, correlating risk factors and identifying those Delegations and sectors which call for the greatest efforts in risk mitigation. It also intends to increasingly focus on training as a key preventive factor. A first step in this direction is the ongoing work to develop a new online training on Internal Controls (see further).

Relations with OLAF

Cooperation with OLAF continued fruitfully during the year, with numerous exchanges taking place between the new EEAS Focal Point within DG BA 01 and OLAF in the framework of mainly internal investigations. In application of the Administrative Arrangement one high level meeting took place between the two instances.

The EEAS also reported on the implementation of OLAF recommendations (recoveries and other measures).

3.2 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.

3.2.1 Audit functions

The audit functions are shared between the Internal Audit Division of the EEAS, the Internal Auditor of the Commission and the European Court of Auditors.

Internal Audit Division

As foreseen by the Council Decision establishing the organisation and functioning of the EEAS¹⁰, the EEAS Internal Audit Division (IAD) operates on the basis of its Audit Charter, following its Multi-Annual Strategic Audit Plan for 2018-2021¹¹ and in accordance to internationally established professional internal auditing standards (Institute of Internal Auditors - IIA).

The IAD focuses on four key functional areas: staff, security, infrastructure (but also equipment and other functioning expenses), IT and telecommunications. After the merge with the Ex Post Control function (since July 2017), the IAD deploys an

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

¹¹ Ref Ares(2018)1163171-01/03/2018

integrated strategy with three pillars: Ex-Post Audit, Financial System Audit, and Operational Audit. The IAD applies the principle of "cross-reliance on audits" in order to avoid any audit work duplication with other audit or inspection services (IAS, Court of Auditors, EEAS Inspection Division) and to minimize the administrative burden on auditees.

To ensure independence vis-à-vis operational Divisions/Departments, the Division reports directly to the Secretary-General. The Internal Audit Division liaises also with the Internal Audit Service (IAS).

Commission Internal Audit Service

As set out under the Financial Regulation (Article 98.2 Fin. Reg. 2017):

For the purposes of the internal auditing of the EEAS, Heads of Union Delegations, acting as authorising officers by sub delegation in accordance with Article 56(2), shall be subject to the verifying powers of the internal auditor of the Commission for the financial management sub delegated to them.

The internal auditor of the Commission shall also act as the internal auditor of the EEAS in respect of the implementation of the EEAS section of the budget, subject to Article 213.

An internal audit charter has been signed for this purpose on 6th September 2011.

European Court of Auditors

The European Court of Auditors (ECA) is the EU's independent external auditor. It enhances the quality of the EU's financial management, fostering accountability and transparency, and acts as the "independent guardian of the financial interests of the citizens of the Union".

3.2.2 Results from audits during the reporting year

Internal Audit Division

According to the multi annual audit programme based on risk mapping, three audits were launched in 2018, which should be finalised in 2019.

- Audit on the information flows between the EEAS, DG HR and PMO.
The purpose of this audit is to assess the correctness, the effectiveness and efficiency of the information flows, in particular regarding the compliance of the resulting financial transactions with the applicable rules, the control system in place and the sharing of tasks between the institutions designed in a way to respect the sound financial management principle.
- Audit on the management of local agents salary.

The objective of this audit is to evaluate the compliance with the legal framework, the efficiency and effectiveness of the internal control system in place and the completion and accuracy of the IT tools/data bases used.

- Audit on the recruitment and management of local agents and equivalent local staff.

This audit focuses on the compliance of the recruitment and management of local agents with the applicable rules and the principle of transparency and equal treatment, the efficiency and effectiveness of the control system put in place for recruitment and task assigned to local staff.

In addition to the development of the new audit strategy, a major audit on the management of the recoveries within the EEAS (Headquarters & Delegations) was finalised in April 2018, with the action plan elaborated by the services concerned.

The various recommendations should address the weaknesses of the internal control system in place for the recovery process in the Delegations and enable further strengthening of the sound financial management by the authorising services.

As a reminder, the objective assigned to this audit was to verify that the management of recoveries complies with the legal and regulatory framework and the amounts receivable are effectively recovered and recorded.

Commission Internal Audit Service

During 2018, the IAS carried out an audit on EC-EEAS Coordination.

The audit objective was to assess the coordination and consistency which according to Art. 21 TEU the Union has to ensure between the different components of its external action and its other policies. Actors of this coordination are the HRVP, the EEAS, the Commission (represented by DG ECHO, DEVCO, NEAR, TRADE, the FPI and numerous thematic DGs active in the external dimension of internal policies) and the Council. The HRVP according to article 18 of the Treaty of Lisbon shall in particular: "*ensure the consistency of the Union's external action. She shall be responsible within the Commission for responsibilities incumbent on it in external relations and for coordinating other aspects of the Union's external action. ...*".

The audit concludes that coordination activities between the Commission (DG DEVCO, DG NEAR and FPI) and the EEAS, both at headquarters and EUD level, on the management of the EUDs, and in programming and implementing external instruments are overall effective and efficient.

The audit however recommends several measures to further reinforce coordination:

- The organisation by the EEAS of Country Team Meetings with the definition of a functional framework conducive to define a non-fragmented view of the overall EU external assistance to a given country.
- The need for a global overview of EU-funded programmes in each third country further building on existing aid implementation dashboards.
- The need to revise and update the working arrangements of the Steering Committee for Delegations (EUDEL) which ensure EEAS- EC cooperation and consultation for all issues regarding the management of the EU Delegations.

- The need to put in place a mechanism for providing feedback to EU Delegations on completeness and adequacy of their AMPs.
- The need to establish a system for EU Delegations to report to HQ on the implementation of EEAS-related general and specific objectives and its AMP, with particular reference to obligations deriving from the Lisbon Treaty.
- The need to reinforcing (in coordination with DEVCO and NEAR) risk assessment and management, developing a common view on uncertainty and mitigating strategies.

In the second half of 2018, the IAS took the preliminary steps in order to launch an audit on the 'Administrative Performance management Framework' of the EEAS.

European Court of Auditors

The EEAS actively cooperated with the Court of Auditors in the preparation of the Statement of Assurance for 2018. The final report pointed out that the few shortcomings (principle of annuality, weaknesses in procurement procedures and payment processes) encountered in the previous two years were not encountered again. As usual, sample transactions were examined and did not give rise to any observations.

In 2018 addressed recommendations to the EEAS in 3 Special Reports, as associated service:

- The African Peace and Security Architecture (A.P.S.A) (S.R. n.°20) : in the report, E.C.A. recommends that the Commission and the EEAS to foster AU (African Union) ownership of the APSA in order to achieve financial independence and refocus EU support away from supporting operational costs towards capacity building measures.
- EU Assistance to Myanmar/Burma (S.R. n.°4): in the report, the Commission and the EEAS are asked to:
 - o better focus the areas of support in order to increase the impact of the aid;
 - o strengthen coordination with DG ECHO;
 - o justify and document the allocation of funding to sectors and for actions
 - o enhance the cost - effectiveness of multi donor actions;
 - o improve project management and ensure that EU actions have more visibility
- Strengthening the capacity of the internal security forces in Niger and Mali (S.R. n.°15) : in the report the Commission and the EEAS are asked:
 - o to take measures to improve the operational efficiency of the Missions;
 - o to improve the occupancy rate of staff posts in the Missions;
 - o to set mandates and budgets to match operations and provide for an exit strategy;
 - o to increase the focus on sustainability;
 - o to improve indicators, monitoring and evaluation

In addition, the EEAS was involved with the work of the Court of Auditors as an associated service on a number of special reports. The Commission was lead service in these special reports as they are in charge of operational funds.

3.2.3 Follow up of audits from previous years

Internal Audit Division

According to Internal audit standards and the Internal Audit Charter of the IAD, the audit report requires a follow-up engagement which has to be planned and conducted within the two years from the issuing of the final report.

In 2019, two follow-up audits should be performed to assess the progress made in implementing the accepted recommendations that resulted from the audits finalised in 2016/2017 on the financial management of security contracts with a specific company and on the management of the real estate projects of the Delegation in Timor-Leste.

European Court of Auditors

In 2017 the European Court of Auditors issued the following reports with relevance for the EEAS. In the reports which did not yield recommendations for the EEAS, the Service was only associated to the report preparation.

[Special report No 22/2017: Election Observation Missions – efforts made to follow up recommendations but better monitoring needed.](#) In the Report ECA recommends the EEAS to:

- ensure, through a systematic quality control on the format before publication of the final report, that the EU EOMs follow the drafting guidelines and template;
- systematically ensure that the Core Team consults stakeholders in the host country on the recommendations before the report is finalised;
- make sure that the stakeholder roundtable is scheduled at least four working days after the report is released, giving participants enough time to familiarise themselves with the report and its recommendations ahead of the meeting;
- when possible, deploy EFMs to countries that have hosted an EU EOM, at a suitable time between elections, provided that the political or security situation in the host country so allows;
- set up a centralised depository for EU EOM recommendations;
track progress on implementing EU EOM recommendations on a regular basis.

[Special report no 11/2017: The Bêkou EU trust fund for the Central African Republic: a hopeful beginning despite some shortcomings.](#) No recommendations for the EEAS.

[Special report no 06/2017: EU response to the refugee crisis: the ‘hotspot’ approach.](#) No recommendations for the EEAS.

[Special report No 03/2017: EU Assistance to Tunisia](#): in this special report ECA recommended:

The EEAS and the Commission should:

- (a) use political and policy dialogue to ensure that the Tunisian authorities adopt a comprehensive national development plan.
- (b) for the next planning period, develop a limited number of specific priorities and reduce the number of actions in order to increase the focus and potential impact of the EU assistance.
- (c) make sure that joint programming with Member States is achieved, in order to improve the focus and coordination of the aid

[Special report no 33/2016: Union Civil Protection Mechanism: the coordination of responses to disasters outside the EU has been broadly effective](#).

No recommendations for the EEAS.

PART 4 –ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS

4.1 Financial circuits in HQ and in Delegations

Financial Workflows in application during year 2018 in Headquarters

The EEAS, represented by the High Representative for Foreign Affairs and Security Policy, performs the duties of authorising officer (AO) in accordance with Article 73 of the Financial Regulations. In accordance with the last Decision on the Internal Rules on the implementation of the Budget, the powers of authorisation have been delegated to the Secretary General, who is the Authorising Officer by Delegation (AOD) of the EEAS. The Secretary General sub-delegates powers to the Director General for Budget and Administration, who acts as Principal Authorising Officer by sub-delegation, who in turn sub-delegates to the 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 in Headquarters and by the Heads of Delegations throughout the Delegation network.

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

(1) **EEAS STANDARD:** which is fully de-centralised for all operations, including 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 for the Delegations, accounting regularisations and payments to members of staff.

(2) **EEAS STANDARD A2:** which is also de-centralised for all operations, including financial and operational initiation, and operational verification, taking place within the line manager's services.

However this model also contains an ex-ante verification which is carried out by the ex-ante control function of Division BA.BS.2 and is used in particular for payments related to public procurement to third parties.

(3) **EEAS EXTRA LIGHT:** used in particular for payment of mission expense claims which have been examined by the PMO for conformity with the missions guide and for payment of representation expenditure to EEAS staff members.

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

Financial Circuits in application during year 2018 in EU-Delegations

The EEAS, represented by the High Representative for Foreign Affairs and Security Policy, performs the duties of authorising officer (AO) in accordance with Article 73 of the Financial Regulations. In accordance with the last Decision on the Internal Rules on the implementation of the Budget, the powers of authorisation have been delegated by the Director General for Budget and Administration to the Heads of Delegation.

For the purpose of budget implementation, the EEAS has adopted the following financial circuits in the **EU-Delegations network**:

(1) **DEL_NORM** (IA – VA/IAH – AOSD): this is the standard workflow in application in the Delegations. The Initiating Agent (IA) role is normally performed by a local agent (accountant or administrative assistant), the Verifying Agent (VA) / Imprest Account Holder (IAH) is performed by the Head of Administration / Imprest Account Holder, the Authorising Officer by Sub-Delegation (AOSD) role is performed by the Head of Delegation or another AD official of the EEAS;

(2) **DEL_SMALL** (IA/IAH – VA – AOSD): this second workflow permits the signature by the same Authorising Officer by Sub-Delegation (AOSD), for both the Verifying Agent (VA) and Authorising Officer by Sub-Delegation (AOSD) roles. It is used in the absence of sufficient personnel. The responsible authorising officer shall define the framework for the use of these financial workflows.

In Delegations, where a large proportion of the personnel are Commission staff, the role of Initiating Agent (IA) (both financial and operational) is at times performed by Commission staff working in the administrative sections of the Delegations. The roles of financial and operational verification are restricted to EEAS staff members. The function of Authorising Officer by Sub-Delegation is performed by the Head of Delegation who is an EEAS staff member or by another EEAS member of staff in the category AD (with the exception of the Regional Centre Europe where also senior-AST officials are allowed to receive a sub-delegation).

It should be noted that the Regional Centre Europe (RCE), based in Brussels, provides services for 27 Delegations. The RCE can intervene directly in the financial workflows of the relevant Delegations.

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

4.2 Internal Control Standards in HQ and in Delegations

4.2.1 Internal Control Principles at the EEAS

In 2018 the EEAS adopted a new Internal Control Framework, based on the internal control principles of the European Commission, which in turn are founded on COSO's (Committee of Sponsoring Organisations of the Treadway Commission) 2013 revision of its *Internal Control–Integrated Framework*.

The new framework is based on the best practice accumulated internationally since 1992, and reflects the influence of factors such as changes in technology and their associated risks, an increased focus on risk assessment, an expanded demand for new forms of reporting on organisational performance.

The new framework is based on 17 principles (which replace the old 15 "standards"). Each principle is described by "points of focus" which describe important characteristics of each principle. The 17 principles place even more emphasis than before on individual competence and on holding individuals accountable for their role in materialising controls.

The risk of fraud is now particularly emphasised in internal controls, both in relation to management of financial assets, compliance and operations. The new framework reasserts the importance of competent and effective governance, and fosters the role of controls in building trust with stakeholders, such as Member States, the European public at large and the global partners of the EU.

In order to enhance the practice of the new approach to controls within the EEAS (both in Headquarters and in Delegation), and with a view to supporting the development of an administrative culture which recognises the importance of risk assessment and the fight against fraud, the EEAS is developing an online training on Internal Controls, which continues the successful model of the SAFE and BASE trainings for field security, and will use storytelling to convey the substance of the principles. Participants will be shown the consequences of a loss of control in various professional contexts (such as professional conduct, tackling fraud, physical risks).

4.2.1 Compliance with Internal Control Principles

Following the adoption of the new control framework in 2018, the EEAS, in agreement with DG DEVCO and NEAR modified the structure of the DAS (Declaration of Assurance) process, introducing a richer online questionnaire with regard to controls. The aim of the questionnaire was to better contextualise the judgement on the application of the principles, and to verify the application of controls in Delegations.

The same online questionnaire has been submitted to AOSDs in Headquarters.

Having changed the number and the nature of the controls and also having changed the structure and content of the online survey on the application of controls, the resulting data cannot be compared to previous observations.

All the controls are shown to be implemented positively or mostly positively (answers of "positive" or "mostly positive" explain between 80% to 90% of the variance, except in the area of control activities over technology (Principle11), where the figure is 76.7%.) This is one of the areas where additional controls, efforts and improvement are required.

4.2.2 Effectiveness of Internal Control Principles

The evaluation of the Internal Control survey in Headquarters and in Delegations shows that there is a strong awareness about the risk of fraud and recognition by Heads of Delegation (81.1%) of their responsibilities to tackle it. Whilst in Headquarters this figure is 92.3%. Although the instructions received seem adequate (for 96.5% of the respondents), a number of Delegations (23.6%) consider it important to receive new and specific fraud detection training, notably to tackle external fraud.

The vast majority of respondents (96.5%) consider Senior Management to be actively engaged in discussing the course of action. Equally the majority of the respondents (97.2%) consider that Senior Management invests sufficient time and effort in evaluating the information provided through regular reporting. A large majority (94.4%) of managers think that Senior Management thoroughly assess the rationale and the underlying information that support decisions taken at headquarters and Delegation level.

However, the survey also indicates that a considerable number of Divisions and Delegations (35.8%) feel that the specific feedback they receive on the Annual Management Plan is not sufficient. DG BA has devoted specific attention to the enhancement of the quality and significance of the AMP process.

In 2018 DG BA carried out an analysis of the most relevant alerts found in the Delegations AMP and organised systematic debriefings with both geographic, thematic and support divisions at Headquarters level.

Concerning human resources, 96.4% of respondents declare their ability to attract motivated and suitable candidates. Some 94.6% of the respondents indicate that clear, specific and agreed job descriptions and goals are drafted for each member of the team. Finally some 38.8% indicate that these job descriptions have been adapted to address unforeseen challenges.

With regard to risks, 92.8% of Heads of Delegation consider the instructions from Headquarters 'adequate' when dealing with specific risks (e.g. natural disasters, evacuation, political instability, medical emergencies and epidemics, terrorism). Almost all Delegations 98.2% declare to actively assess risks on the ground. In 59.5% of the cases risk reduction and methods to better achieve objectives are discussed either always or very often. With regard to risk mitigation additional efforts have to be made to mitigate IT risks locally, as some 26.7% of the respondents do not feel able to mitigate these risks.

PART 5 – MANAGEMENT ASSURANCE

5.1 Review of the elements supporting assurance

5.1.1 Assessment by Management at Headquarters – synthesis of the AOSD reports

In accordance with the Charter of tasks and responsibilities of Authorising Officers by Delegation (AOD), the AOD is assisted by the Authorising Officers by Sub-Delegation (AOSD) for the drafting of the Annual Activity Report. For this purpose, all AOSD's were requested to submit a report for the financial year 2018 based on a common template, with a view to consolidating the results and providing an overall assessment for the EEAS 2018 Annual Activity Report.

The analysis of these reports lead to the following conclusions:

- All Authorising Officers by Sub-Delegation provided a positive assurance with regard to the management of the administrative budget entrusted to them;
- The material error rate detected was below the 2% threshold.
- Several AOSDs highlighted understaffing; balancing cuts in staff over the last five years with an increase in the activities of the EEAS and a growing demand from stakeholders.
- Tangible progress has been made on the implementation of the Court of Auditor's recommendations with regard to the Special Report on the EEAS Building management.
- The pilot project for the centralisation of Financial Initial Agent tasks for several HQ Divisions did not produce the expected results and improvements.

5.1.2 Assurance in Delegations – synthesis of the DAS of the Delegations

As part of the annual reporting of the administrative budget of the Delegation, the Heads of Delegation in their role of Authorising Officer by Sub-Delegation, each provide a Statement of Assurance (DAS – Déclaration d'Assurance). The 2018 exercise was launched in November 2018 via the electronic application e-DAS, which also encompasses the Internal Control Principles survey.

Only two Delegations (Syria and Council of Europe, Strasbourg) have expressed reservations on the management of administrative expenditures in the Delegations.

The reservation in Syria, relates to the impossibility of concluding a tender for security in the current climate, to problems replenishing the local bank accounts and with the income tax of local agents. Should the ongoing war situation and related matters improve significantly, a tendering procedure for security could be envisaged, as well as solutions to the local bank accounts and tax issues.

The reservation expressed by the Head of Delegation to the Council of Europe (Strasbourg) is in relation to contracts which were put in force by the former Head of

Delegation, which do not comply with procurement rules. With the support of the Regional Centre Europe (BA.BS.4) a full review of all contracts is underway as a corrective measure and to ensure compliance with the financial rules.

The reservations above do not deter from the possibility of giving a positive Declaration of Assurance of the EEAS overall.

The Declarations and the accompanying information are available to the different Divisions in Headquarters to assist them in their controls. They form a basis for the Declaration of Assurance of the Authorising Officer and provide collectively an overview of the financial functioning of the administrative budget in the EU Delegations.

5.1.3 Follow up of previous years' reservations

In 2018 the EEAS continued to focus particular attention on procurement procedures and management of security services in Delegations. The Task Force 'Management of Security Contracts in Delegations' has assisted Delegations in ensuring improved security services contracts and contributes to ensuring the legality and regularity of procurement procedures.

The work of the Task Force and the special attention given to this subject are in response to the 2011 and 2012 reservations with respect to the Headquarters management of Delegations' security contracts. These reservations were subsequently lifted in 2013 following the implementation of an action plan and the creation of the task force 'Management of Security Contracts in Delegations'.

The task force has contributed positively to the considerable improvement of the Delegations' security contracts. The IAS observed during its audit on Procurement and Contract management of Security Services the good practices and positive developments made by the EEAS.

Since the creation of the Task Force in 2013, 102 Delegations have signed a new framework contract for security services. In 2018, 27 new contracts were signed and 28 new procurement procedures were launched which demonstrates the continuous work in progress.

Taking into account the importance (operationally and financially) of the security contracts and the continuous need for monitoring and support in order to prevent an irregular extension of contracts, the Task Force is now a structural element of the EEAS' organisation.

5.2 Overall conclusions on the combined elements on the Declaration as a whole

On the basis of the results of the internal controls, the ex-ante and ex-post control as well as specific audits and declarations by the AOSDs, the Authorising Officer by Delegation's estimate of the risk relating to the legality and regularity for the expenditures authorised during the reporting year is below 2%.

On the basis of the analyses of the internal control system of the EEAS as well as the control results, it is concluded that the internal control system implemented by the EEAS is providing sufficient assurance to adequately manage the risks relating to legality and regularity of the underlying transactions.

PART 6 – DECLARATION OF ASSURANCE

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

Declare that the information contained in this report gives a true and fair view.

State that I have 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 principles 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, ex-post controls, the work of the internal audit capability, 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 here which could harm the interests of the institution.

Brussels

1 July 2019

(signed)
Helga Maria Schmid

ANNEXES

Annex 1 **Statement of the Director General for Budget and Administration**

Annex 2 **EEAS HQ Organigramme as at 1 December 2018**

Annex 3 **Human resources**

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Table 2: Outturn on Payment appropriations in 2018

Table 3: Breakdown of Commitments to be settled at 31.12.2018

Table 4: Balance Sheet

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Table 6: Average payment times for 2018

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Table 13 (a): Building contracts signed in 2018 (Headquarters)

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Table 14: Contracts declared secret

Annex 5 **List of acronyms**

Annex 1

Statement of the Director General for Budget and Administration

I declare that in accordance with the Commission's communication¹² on clarification of the responsibilities of the key actors in the domain of internal audit and internal control, I have reported my advice and recommendation to the Secretary-General on the overall state of internal controls in the EEAS.

Based on the 2018 reports of the Authorising Officers by sub-delegation I hereby certify that the information provided in Parts 2 and 3 of the present AAR and in its annexes is, to the best of my knowledge, accurate and exhaustive."

Brussels

20 June 2019

(signed)
Gianmarco DI VITA

¹² 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 3

Human Resources

Posts occupied on 31.12.2018	Officials		Temporary Agents		Seconded National Experts	Young Experts in Delegations	Contract agents	Local agents	Total
	AD	AST	AD	AST					
Headquarters	391	425	160	10	392		239		1617
Delegations	229	191	168	1	57	41	228	1053	1968
Total	620	616	328	11	449	41	467	1053	3585

Annex 4

Financial reports and annual accounts

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2018 (in Mio €)					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 1 STAFF AT HEADQUARTERS					
1	1 1	REMUNERATION AND OTHER ENTITLEMENTS RELATING TO STATUTORY STAFF	126,58	126,47	99.91 %
	1 2	REMUNERATION AND OTHER ENTITLEMENTS RELATING TO EXTERNAL STAFF	27,02	25,15	93.08 %
	1 3	OTHER EXPENDITURE RELATING TO STAFF MANAGEMENT	2,51	2,48	98.99 %
	1 4	MISSIONS	9,05	8,69	96.05 %
	1 5	MEASURES TO ASSIST STAFF	1,80	1,78	98.96 %
Total Title 1			166,96	164,57	98.57%
Title 2 BUILDINGS, EQUIPMENT AND OPERATING EXPENDITURE AT HEADQUARTERS					
2	2 0	BUILDINGS AND ASSOCIATED COSTS	34.23	32,72	95.60 %
	2 1	COMPUTER SYSTEMS, EQUIPMENT AND FURNITURE	36.04	35,65	98.93 %
	2 2	Strategic Communication Capacity	9.02	8,91	98.85 %
Total Title 2			79.28	77,29	97.48%
Title 3 DELEGATIONS					
3	3 0	DELEGATIONS	737,80	682,92	92.56 %
Total Title 3			737,80	682,92	92.56%
Total EEAS			984,03	924,78	93.98 %

* 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).

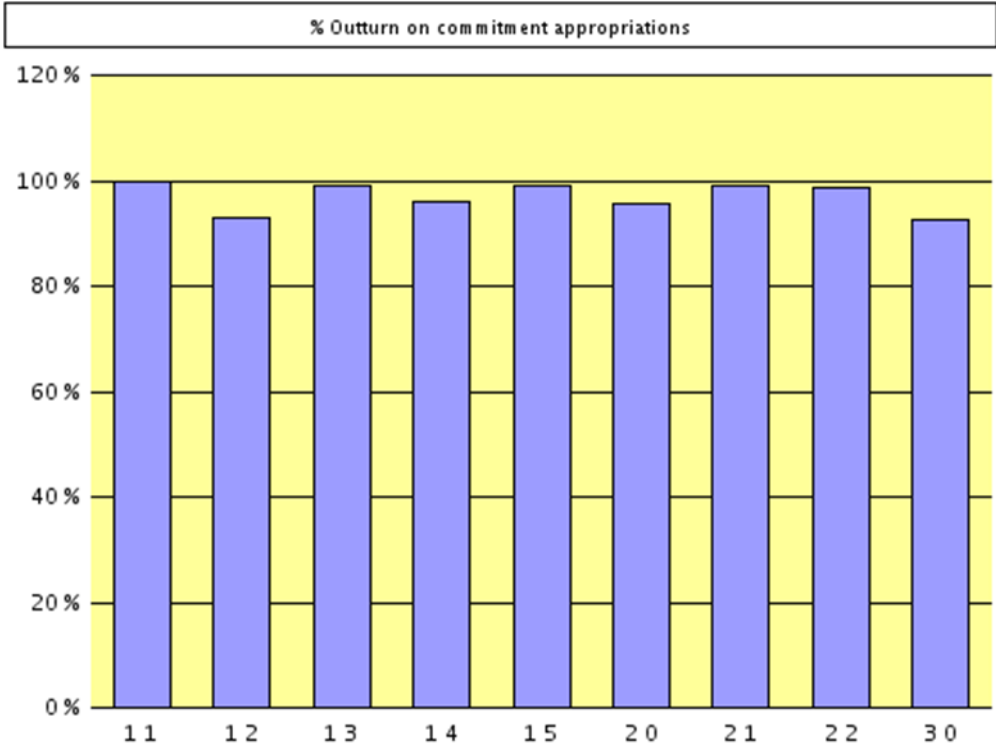


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2018 (in Mio€)					
Chapter			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 1 STAFF AT HEADQUARTERS					
1	1 1	REMUNERATION AND OTHER ENTITLEMENTS RELATING TO STATUTORY STAFF	126,58	126,47	99.91 %
	1 2	REMUNERATION AND OTHER ENTITLEMENTS RELATING TO EXTERNAL STAFF	27,67	24,58	88.85 %
	1 3	OTHER EXPENDITURE RELATING TO STAFF MANAGEMENT	3,50	2,50	71.56 %
	1 4	MISSIONS	10,39	7,30	70.30 %
	1 5	MEASURES TO ASSIST STAFF	2,22	2,04	91.95 %
Total Title 1			170,35	162,90	95.63%
Title 2 BUILDINGS, EQUIPMENT AND OPERATING EXPENDITURE AT HEADQUARTERS					
2	2 0	BUILDINGS AND ASSOCIATED COSTS	35,85	30,26	84.41 %
	2 1	COMPUTER SYSTEMS, EQUIPMENT AND FURNITURE	57,69	35,64	61.78 %
	2 2	Strategic Communication Capacity	10,51	7,56	71.96 %
Total Title 2			104,05	73,46	70.61%
Title 3 DELEGATIONS					
3	3 0	DELEGATIONS	815,63	634,12	77.75 %
Total Title 3			815,63	634,12	77.75%
Total EEAS			1.090,03	870,47	79.86 %

* 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).

"% Outturn on payment appropriations"

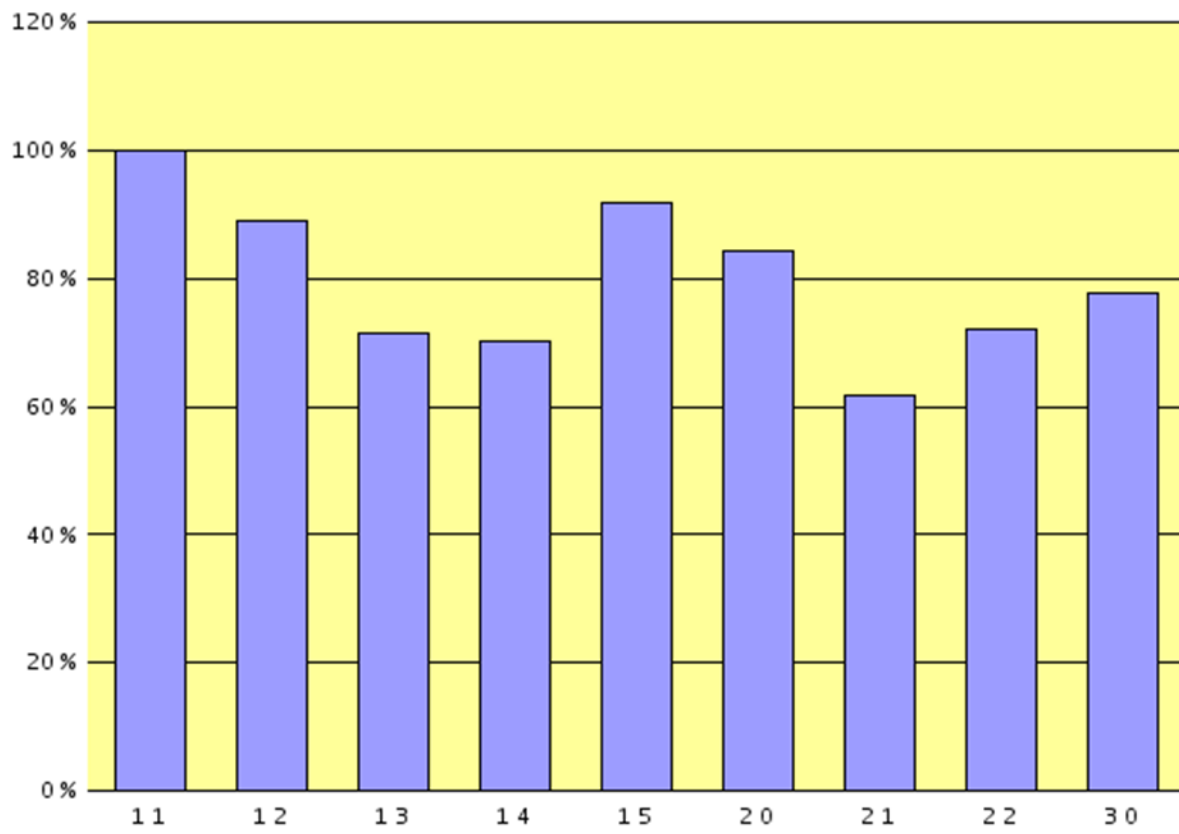


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2018 (in Mio €)

Chapter			2018 Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2018	Total of commitments to be settled at end of financial year 2017
			Commitments 2018	Payments 2018	RAL 2018	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
Title 1 : STAFF AT HEADQUARTERS									
1	1 1	REMUNERATION AND OTHER ENTITLEMENTS RELATING TO STATUTORY STAFF	126,47	126,47	0,00	0.00 %	0,00	0,00	0,00
	1 2	REMUNERATION AND OTHER ENTITLEMENTS RELATING TO EXTERNAL STAFF	25,15	24,03	1,12	4.44 %	0,00	1,12	0,64
	1 3	OTHER EXPENDITURE RELATING TO STAFF MANAGEMENT	2,48	1,61	0,87	35.03 %	0,00	0,87	0,99
	1 4	MISSIONS	8,69	6,28	2,41	27.77 %	0,00	2,41	1,34
	1 5	MEASURES TO ASSIST STAFF	1,78	1,66	0,12	6.68 %	0,00	0,12	0,42
Total Title 1			164,57	160,05	4,52	2.75%	0,00	4,52	3,39
Title 2 : BUILDINGS, EQUIPMENT AND OPERATING EXPENDITURE AT HEADQUARTERS									
2	2 0	BUILDINGS AND ASSOCIATED COSTS	32,72	28,96	3,77	11.51 %	0,00	3,77	1,62
	2 1	COMPUTER SYSTEMS, EQUIPMENT AND FURNITURE	35,65	15,89	19,76	55.42 %	0,00	19,76	21,65
	2 2	Strategic Communication Capacity	8,91	6,23	2,68	30.08 %	0,00	2,68	1,49
Total Title 2			77,29	51,08	26,20	33.91%	0,00	26,20	24,76
Title 3 : DELEGATIONS									
3	3 0	DELEGATIONS	682,89	564,73	118,15	17.30 %	0,15	118,30	79,14
Total Title 3			682,89	564,73	118,15	17.30%	0,15	118,30	79,14

Total EEAS	924,75	775,87	148,88	16.10 %	0,15	149,03	107,29
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= "Breakdown of Commitments remaining to be settled (in Mio EUR)"

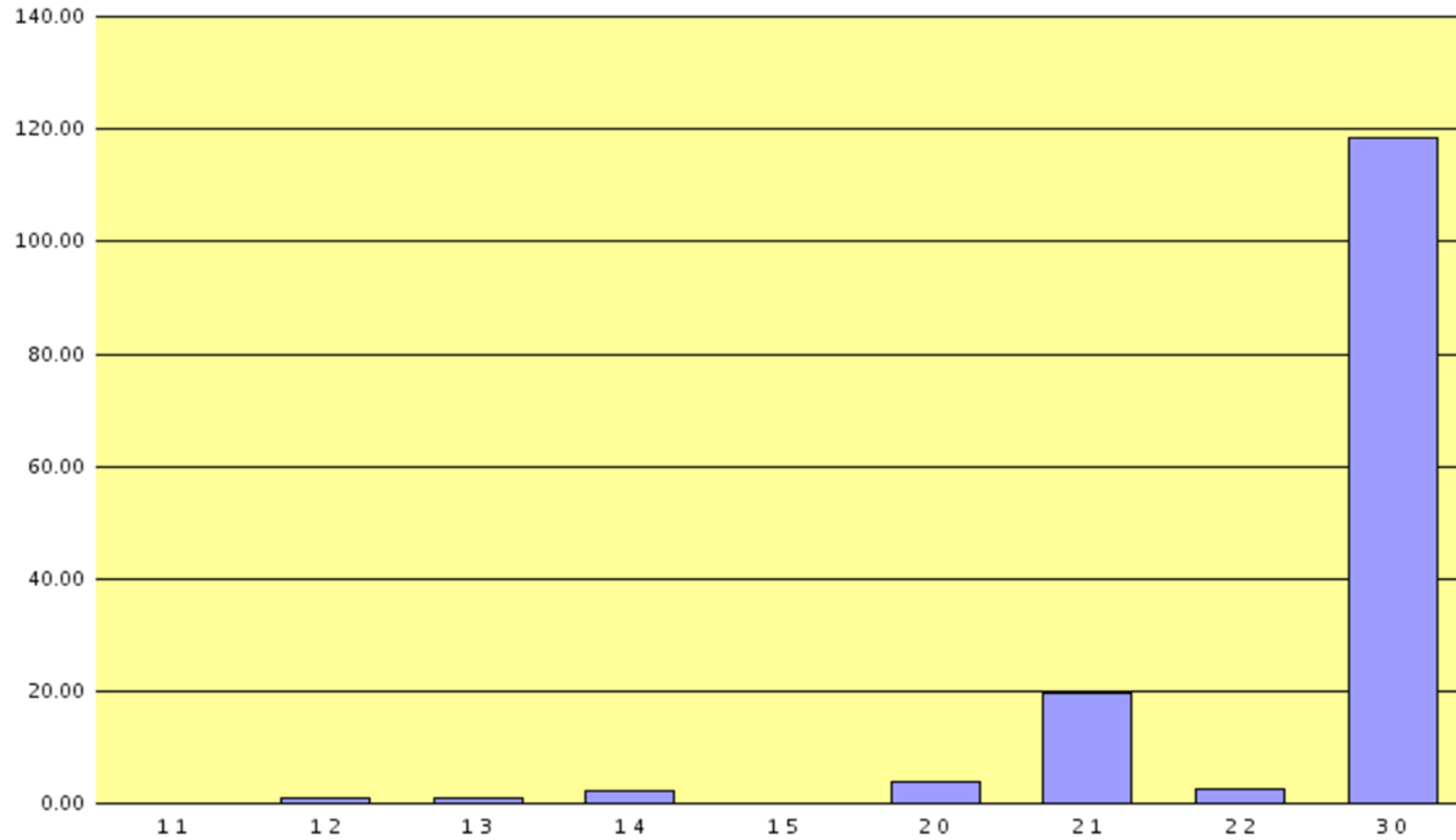


TABLE 4 : BALANCE SHEET

BALANCE SHEET	2018	2017
A.I. NON CURRENT ASSETS	391,233,531.78	403,240,049.23
A.I.1. Intangible Assets	42,195.39	72,625.16
A.I.2. Property, Plant and Equipment	313,183,495.23	325,040,951.15
A.I.6. Non-Cur Exch Receiv & Non-Ex Recoverab	78,007,841.16	78,126,472.92
A.I.7. OLD LT Pre-Financing	0.00	0.00
A.II. CURRENT ASSETS	80,010,068.75	84,237,961.01
A.II.2. Current Pre-Financing	139,403.46	9,935,132.59
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	27,018,153.66	33,947,321.11
A.II.6. Cash and Cash Equivalents	52,852,511.63	40,355,507.31
ASSETS	471,243,600.53	487,478,010.24
P.I. NON CURRENT LIABILITIES	-278,112,712.31	-280,266,800.10
P.I.3. Non-Current Financial Liabilities	-278,112,712.31	-280,266,800.10
P.II. CURRENT LIABILITIES	-93,533,142.94	-81,947,981.32
P.II.2. Current Provisions	-320,000.00	-225,000.00
P.II.3. Current Financial Liabilities	-1,203,417.84	-1,236,390.21
P.II.4. Current Payables	-62,406,018.91	-55,016,267.80
P.II.5. Current Accrued Charges & Defrd Income	-29,603,706.19	-25,470,323.31
LIABILITIES	-371,645,855.25	-362,214,781.42
NET ASSETS (ASSETS less LIABILITIES)	99,597,745.28	125,263,228.82
P.III.2. Accumulated Surplus/Deficit	-125,263,228.85	-177,179,711.30
Non-allocated central (surplus)/deficit*	25,665,483.57	51,916,482.48
TOTAL	0.00	0.00

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL PERFORMANCE	2018	2017
II.1 REVENUES	-883,706,097.43	-829,436,949.71
II.1.1. NON-EXCHANGE REVENUES	-852,518,145.71	-807,909,959.03
II.1.1.6. OTHER NON-EXCHANGE REVENUES	-852,518,145.71	-807,909,959.03
II.1.2. EXCHANGE REVENUES	-31,187,951.72	-21,526,990.68
II.1.2.1. FINANCIAL INCOME	-115,157.79	-90,022.92
II.1.2.2. OTHER EXCHANGE REVENUE	-31,072,793.93	-21,436,967.76
II.2. EXPENSES	909,371,580.97	881,353,432.16
II.2. EXPENSES	909,371,580.97	881,353,432.16
II.2.10. OTHER EXPENSES	445,822,828.49	426,655,714.25
II.2.6. STAFF AND PENSION COSTS	456,983,911.86	447,075,503.67
II.2.8. FINANCE COSTS	6,564,840.62	7,622,214.24
STATEMENT OF FINANCIAL PERFORMANCE	25,665,483.54	51,916,482.45

TABLE 5bis : OFF BALANCE SHEET

OFF BALANCE	2018	2017
OB.1. Contingent Assets	12,499,239.35	17,168,462.09
GR for performance	1,707,105.97	1,303,190.97
GR for pre-financing	10,792,133.38	15,865,271.12
OB.2. Contingent Liabilities	-1,249,700.00	-1,048,900.00
OB.2.7. CL Legal cases OTHER	-1,249,700.00	-1,048,900.00
OB.3. Other Significant Disclosures	589,473,658.56	-608,492,015.50
OB.3.2. Comm against app. not yet consumed	-94,803,204.62	-52,211,138.70
OB.3.3.7. Other contractual commitments	-79,526,387.99	-82,128,886.02
OB.3.5. Operating lease commitments	-415,144,065.95	-474,151,990.78
OB.4. Balancing Accounts	578,224,119.21	592,372,453.41
OB.4. Balancing Accounts	578,224,119.21	592,372,453.41
OFF BALANCE	0.00	0.00

TABLE 6: AVERAGE PAYMENT TIMES FOR 2018 - DG

Legal Times							
Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
5	9	1	11.11 %	4	8	88.89 %	21
7	19	1	5.26 %	3	18	94.74 %	15
8	31	16	51.61 %	7	15	48.39 %	20
10	38	13	34.21 %	8	25	65.79 %	35
15	28	6	21.43 %	0	22	78.57 %	36
17	10	5	50.00 %	7	5	50.00 %	33
23	1				1	100.00 %	39
28	1	1	100.00 %	11			
29	1	1	100.00 %	14			
30	182,549	151,066	82.75 %	15	31,483	17.25 %	48
34	3				3	100.00 %	50
45	111	104	93.69 %	15	7	6.31 %	50
49	2				2	100.00 %	65
50	4	4	100.00 %	21			
60	935	920	98.40 %	19	15	1.60 %	103
65	6	6	100.00 %	20			
90	108	103	95.37 %	21	5	4.63 %	123

Total Number of Payments	183,856	152,247	82.81 %		31,609	17.19 %	
Average Net Payment Time	21			15			48
Average Gross Payment Time	21			15			48

Suspensions							
Average Report Approval Suspension	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	23	1,038	0.56 %	183,856	24,655,913.16	2.92 %	843,660,235.83

Late Interest paid in 2018			
DG	GL Account	Description	Amount (Eur)
EEAS	65010000	Interest expense on late payment of charges	3 218.22
EEAS	65010100	Interest on late payment of charges New FR	7 657.73
			10 875.95

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2018

Chapter	Revenue and income recognized			Revenue and income cashed from			Outstanding balance	
	Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total		
	1	2	3=1+2	4	5	6=4+5	7=3-6	
4 0	DEDUCTIONS FROM STAFF REMUNERATION	25,486,699.77	0.00	25,486,699.77	25,486,699.77	0.00	25,486,699.77	0.00
4 1	CONTRIBUTIONS TO THE PENSION SCHEME	18,373,204.18	0.00	18,373,204.18	18,373,204.18	0.00	18,373,204.18	0.00
5 0	PROCEEDS FROM THE SALE OF MOVABLE AND IMMOVABLE PROPERTY	954,151.94	0.00	954,151.94	916,066.22	0.00	916,066.22	38,085.72
5 1	PROCEEDS FROM LETTING AND HIRING	17,482,580.52	114,858.97	17,597,439.49	17,328,901.63	111,603.30	17,440,504.93	156,934.56
5 2	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	86,206.16	0.00	86,206.16	86,206.16	0.00	86,206.16	0.00
5 5	REVENUE FROM THE PROCEEDS OF SERVICES SUPPLIED AND WORK CARRIED OUT	33,846,108.62	229,772.15	34,075,880.77	33,696,211.79	229,772.15	33,925,983.94	149,896.83
5 7	OTHER CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH THE ADMINISTRATIVE OPERATION OF THE INSTITUTION	199,047,389.78	1,622,410.53	200,669,800.31	198,847,510.11	1,615,137.55	200,462,647.66	207,152.65
5 9	OTHER REVENUE ARISING FROM ADMINISTRATIVE MANAGEMENT	226,674.99	0.00	226,674.99	223,017.65	0.00	223,017.65	3,657.34
7 0	Interest on late payments	21,028.54	0.00	21,028.54	21,028.54	0.00	21,028.54	0.00
Total EEAS		295,524,044.50	1,967,041.65	297,491,086.15	294,978,846.05	1,956,513.00	296,935,359.05	555,727.10

**TABLE 8 : RECOVERY OF PAYMENTS
(Number of Recovery Contexts and corresponding Transaction Amount)**

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2018	Irregularity		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
Year of Origin (commitment)								
2012	2	8,200.79	2	8,200.79	2	8,200.79	100.00%	100.00%
2013	6	8,722.48	6	8,722.48	6	8,722.48	100.00%	100.00%
2016	1	216.90	1	216.90	2	85,078.94	50.00%	0.25%
2017	5	14,197.07	5	14,197.07	8	20,507.07	62.50%	69.23%
No Link					181	243,764,396.26		
Sub-Total	14	31,337.24	14	31,337.24	199	243,886,905.54	7.04%	0.01%

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES									35	65,391.36		
NON ELIGIBLE IN COST CLAIMS												
CREDIT NOTES	3	26,249.94	30	290,099.07			33	316,349.01	68	366,923.68	48.53%	86.22%
Sub-Total	3	26,249.94	30	290,099.07			33	316,349.01	103	432,315.04	32.04%	73.18%

GRAND TOTAL	3	26,249.94	44	321,436.31			47	347,686.25	302	244,319,220.58	15.56%	0.14%
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TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2018 FOR EEAS

	Number at 01/01/2018	Number at 31/12/2018	Evolution	Open Amount (Eur) at 01/01/2018	Open Amount (Eur) at 31/12/2018	Evolution
2012	1	1	0.00 %	9,449.78	7,085.98	-25.01 %
2015	2	2	0.00 %	9,577.09	9,577.09	0.00 %
2016	1		-100.00 %	38,975.86		-100.00 %
2017	52	1	-98.08 %	2,224,986.61	3,255.67	-99.85 %
2018		28			686,545.57	
	56	32	-42.86 %	2,282,989.34	706,464.31	-69.06 %

TABLE 10 : RECOVERY ORDER WAIVERS IN 2018 >= EUR 60.000

	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
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Total EEAS	
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Number of RO waivers	
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There are 3 waivers below 60 000 € for a total amount of -4,208.82

TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES 2018

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Art. 134.1(a) RAP(Without prior publication) No tenders or no suitable tenders have been submitted	1	74,796.00
Art. 134.1(b) RAP (Without prior publication) Technical or artistic reasons, or reasons connected with the protection of exclusive rights	1	120,000.00
Art. 134.1(b) RAP (Without prior publication) Work of art, technical reasons or protection of exclusive rights	3	280,849.38
Art. 134.1(c) RAP (Without prior publication) Reasons of extreme urgency	1	1,009,128.60
Art. 134.1(e) RAP (Without prior publication) New services or works consisting in the repetition of similar services or works	2	285,760.00
Art. 134.1(f) RAP (Without prior publication) New services or works consisting in the repetition of similar services or works	2	188,645.92
Art. 135.1(d) RAP Competitive procedure with negotiation	6	91,941,882.84
Total	16	93,901,062.74

TABLE 12 : SUMMARY OF PROCEDURES OF EEAS EXCLUDING BUILDING CONTRACTS

External Procedures > € 20,000

Procedure Legal base	Number of Procedures	Amount (€)
Competitive procedure with negotiation (Annex 1 - 12.1)	1	68,852.68
(Ext. act) Exceptional Negotiated Procedure with a single offer (Art. 266 RAP)	1	73,450.00
(Ext. act) Service - Exceptional Negotiated Procedure with a single offer (Art. 266 RAP)	1	33,965.00
(Ext. act) Service - International Restricted Procedure with prior publication (Art. 265.1(a)(i) & 2 RAP)	1	3,440,852.00
(Ext. act) Service - Procedure with a single offer below 20 000 euro (Art. 265.1 RAP)	1	54,881.65
(Ext. act) Works - Competitive Negotiated Procedure with at least three candidates without pub. (Art. 269.1(c) & 2 RAP)	1	77,860.29
(Ext. act) Works - Local Open Procedure with prior publication (Art.269.1(b) RAP)	1	362,052.15
Procedure with single tender - Contracts of a value up to EUR 20 000 (Annex 1 - 38.2 (d))	1	98,494.26
Total	8	4,210,408.03

Internal Procedures > € 60,000

Procedure Legal base	Number of Procedures	Amount (€)
Call for expressions of interest - List of vendors (Art. 136.1(b) RAP)	1	152,763.08
Call for expressions of interest - Pre-selection of candidates (Art. 136.1(a) RAP)	7	1,231,254.91
Competitive Dialogue (104(1) (e) FR)	1	65,000.00
Competitive procedure with negotiation (Art. 135 RAP)	7	93,784,566.64
Exceptional Negotiated Procedure without publication of a contract notice (Art. 134 RAP)	14	2,843,466.26
Negotiated procedure middle value contract (Annex 1 - 14.2)	7	813,826.11
Negotiated Procedure with at least five candidates below Directive thresholds (Art. 136a RAP)	82	18,243,385.01
Negotiated Procedure with at least one candidate below euro 15 000 (Art. 137.2 RAP)	3	839,930.57
Negotiated Procedure with at least three candidates below euro 60 000 (Art. 137.1 RAP)	11	27,706,781.10
Open Procedure (Art. 104(1) (a) FR)	13	8,643,736.00
Open Procedure (Art. 127.2 RAP)	2	5,017,169.54
Open procedure (FR 164 (1)(a))	8	2,428,769.31
Restricted Procedure (Art. 104(1) (b) FR)	17	71,753,634.64
Restricted Procedure (Art. 127.2 RAP)	14	41,459,947.51
Restricted procedure (FR 164 (1)(b))	6	29,517,103.15
Restricted Procedure involving a call for expressions of interest (AMI) (Art. 128 IR)	1	400,000.00
Total	194	304,901,333.83

TABLE 13a : BUILDING CONTRACTS (Headquarters) 2018

Building	Adress	Contract type	Beneficiary	Signature date	Annual Amount
NEO	Arlon 88/ Science 27	Usufruit	DEGI Arlon, DEGI Science	17/05/2018	4.202.272,00 €
B100	Rue Belliard 100	Bail	Belliard 100 sprl	24/07/2018	900.000,00 €
LEX	Rue de la Loi 145	SLA	Secrétariat général du Conseil	10/10/2018	243.237,50 €

TABLE 13b : BUILDING CONTRACTS (Delegations) 2018

Delegation	Contract type	LC Total Amount	Currency
Afghanistan - Kabul	Accommodation	720,000.00	USD
Afghanistan - Kabul	Accommodation	504,000.00	EUR
Afghanistan - Kabul	Accommodation	168,000.00	EUR
Afghanistan - Kabul	Accommodation	504,000.00	EUR
Afghanistan - Kabul	Accommodation	680,000.00	USD
Afghanistan - Kabul	Accommodation	168,000.00	EUR
Afghanistan - Kabul	Office	264,000.00	EUR
Afghanistan - Kabul	Office	462,000.00	EUR
Afghanistan - Kabul	Office	464,000.00	EUR
Afghanistan - Kabul	Office	2,707,200.00	EUR
African Union – Ethiopia - Addis Ababa	Accommodation	68,000.00	USD
African Union – Ethiopia - Addis Ababa	Accommodation	84,000.00	USD
Albania-Tirana	Office	3,300.00	EUR
Argentina - Buenos Aires	Accommodation	135,200.00	USD
Azerbaijan - Baku	Office	236,016.00	USD
Barbados - Bridgetown	Office	1,006,500.00	BBD
Barbados - Bridgetown	Residence	148,872.00	BBD
Botswana - Gaborone	Accommodation	920,000.00	BWP
Botswana - Gaborone	Accommodation	870,000.00	BWP
Burundi - Bujumbura	Accommodation	57,600.00	EUR

Burundi - Bujumbura	Accommodation	43,200.00	EUR
Burundi - Bujumbura	Accommodation	66,300.00	EUR
Cameroon - Yaounde	Accommodation	70,200,000.00	XAF
Cameroon - Yaounde	Accommodation	52,800,000.00	XAF
Cameroon - Yaounde	Accommodation	47,520,000.00	XAF
Cameroon - Yaounde	Accommodation	86,400,000.00	XAF
Cameroon - Yaounde	Accommodation	75,600,000.00	XAF
Cameroon - Yaounde	Accommodation	53,900,000.00	XAF
Cameroon - Yaounde	Accommodation	37,089,259.00	XAF
Cameroon - Yaounde	Accommodation	52,164.00	EUR
Cameroon - Yaounde	Accommodation	35,150,000.00	XAF
Cameroon - Yaounde	Accommodation	72,000,000.00	XAF
Cameroon - Yaounde	Accommodation	55,200,000.00	XAF
Cameroon - Yaounde	Accommodation	57,600,000.00	XAF
Cameroon - Yaounde	Accommodation	50,400,000.00	XAF
Central African Republic - Bangui	Accommodation	33,538.78	EUR
Central African Republic - Bangui	Accommodation	27,440.82	EUR
Central African Republic - Bangui	Accommodation	196,787,100.00	XAF
Central African Republic - Bangui	Accommodation	120,002.88	EUR
Central African Republic - Bangui	Accommodation	54,000,000.00	XAF
Central African Republic - Bangui	Accommodation	72,000,000.00	XAF
Central African Republic - Bangui	Accommodation	72,000,000.00	XAF

Central African Republic - Bangui	Accommodation	72,000,000.00	XAF
Central African Republic - Bangui	Accommodation	72,000,000.00	XAF
Central African Republic - Bangui	Accommodation	69,837,984.00	XAF
Central African Republic - Bangui	Accommodation	72,000,000.00	XAF
Central African Republic - Bangui	Accommodation	60,000,000.00	XAF
Central African Republic - Bangui	Accommodation	432,000,000.00	XAF
Central African Republic - Bangui	Residence	69,408.00	EUR
Chad – N'Djamena	Accommodation	131,715.92	EUR
Chad – N'Djamena	Accommodation	98,786.94	EUR
Chad – N'Djamena	Accommodation	98,786.94	EUR
Chad – N'Djamena	Accommodation	31,099.56	EUR
Chad – N'Djamena	Accommodation	32,928.98	EUR
Chad – N'Djamena	Accommodation	2,744.08	EUR
Chad – N'Djamena	Accommodation	32,928.98	EUR
Chad – N'Djamena	Accommodation	32,928.98	EUR
Chad – N'Djamena	Accommodation	32,928.98	EUR
Chad – N'Djamena	Accommodation	30,184.09	EUR
Chad – N'Djamena	Accommodation	32,928.98	EUR
Chad – N'Djamena	Accommodation	93,298.79	EUR
Colombia - Bogota	Office	12,600,000,000.00	COP
Colombia - Bogota	Residence	419,564,696.00	COP
Congo Rep - Brazzaville	Accommodation	126,227.80	EUR

Congo Rep - Brazzaville	Accommodation	27,254.96	EUR
Congo Rep - Brazzaville	Accommodation	2,570,121.00	EUR
Costa Rica - San Jose	Residence	609,600.00	USD
Cuba - Havana	Accommodation	254,400.00	USD
Cuba - Havana	Accommodation	330,000.00	USD
Cuba - Havana	Accommodation	191,526.60	USD
Cuba - Havana	Accommodation	116,000.00	USD
Cuba - Havana	Accommodation	242,966.80	USD
Cuba - Havana	Accommodation	242,966.80	USD
Cuba - Havana	Office	137,600.00	USD
Cuba - Havana	Residence	368,000.00	USD
Democratic Republic of Congo - Kinshasa	Accommodation	421,020.00	EUR
Democratic Republic of Congo - Kinshasa	Accommodation	45,000.00	EUR
Democratic Republic of Congo - Kinshasa	Accommodation	419,098.00	EUR
Democratic Republic of Congo - Kinshasa	Accommodation	477,771.84	EUR
Democratic Republic of Congo - Kinshasa	Accommodation	14,600.00	EUR
Democratic Republic of Congo - Kinshasa	Accommodation	556,800.00	EUR
Democratic Republic of Congo - Kinshasa	Accommodation	419,098.56	EUR
Eritrea - Asmara	Accommodation	41,760.00	EUR
Ethiopia - Addis Ababa	Accommodation	1,367,520.00	EUR
Ethiopia - Addis Ababa	Accommodation	172,800.00	USD
Ethiopia - Addis Ababa	Accommodation	37,716.00	EUR

Ethiopia - Addis Ababa	Office	88,320.00	USD
Ethiopia - Addis Ababa	Office	32,460.00	USD
Georgia - Tbilisi	Office	5,645,708.40	EUR
Guinea Bissau - Bissau	Residence	47,228,928.00	XOF
Guinea Republic - Conakry	Accommodation	80,000.00	EUR
Guinea Republic - Conakry	Accommodation	75,000.00	EUR
Guinea Republic - Conakry	Accommodation	10,000.00	EUR
Guinea Republic - Conakry	Accommodation	75,000.00	EUR
Guinea Republic - Conakry	Residence	17,002,416.00	XOF
Haiti -Port au Prince	Accommodation	225,600.00	USD
Honduras - Tegucigalpa	Accommodation	18,200.00	USD
Honduras -Tegucigalpa	Accommodation	64,800.00	USD
Honduras -Tegucigalpa	Residence	768,000.00	USD
Iceland - Reykjavik	Office	350,366.47	EUR
India - New Delhi	Office	138,600,000.00	INR
India - New Delhi	Residence	1,297,800.00	INR
Jamaica - Kingston	Accommodation	132,000.00	BZD
Jamaica - Kingston	Accommodation	45,600.00	USD
Jamaica - Kingston	Accommodation	30,000.00	USD
Jamaica - Kingston	Accommodation	126,000.00	USD
Jamaica - Kingston	Office	48,000.00	USD
Kazakhstan - Astana	Residence	58,000.00	USD

Kenya - Nairobi	Accommodation	225,100.66	USD
Kenya - Nairobi	Accommodation	17,454,000.00	KES
Kenya - Nairobi	Accommodation	145,590.23	USD
Kenya - Nairobi	Accommodation	17,069,198.16	KES
Kenya - Nairobi	Accommodation	132,000.00	USD
Kenya - Nairobi	Accommodation	6,755,400.00	KES
Kenya - Nairobi	Accommodation	6,755,400.00	KES
Kenya - Nairobi	Accommodation	6,755,400.00	KES
Kenya - Nairobi	Accommodation	6,755,400.00	KES
Kenya - Nairobi	Accommodation	6,755,400.00	KES
Kenya - Nairobi	Accommodation	6,755,400.00	KES
Kenya - Nairobi	Accommodation	7,308,000.00	KES
Kenya - Nairobi	Accommodation	15,061,057.20	KES
Liberia - Monrovia	Accommodation	144,000.00	USD
Liberia - Monrovia	Accommodation	132,000.12	USD
Liberia - Monrovia	Accommodation	138,000.24	USD
Liberia - Monrovia	Residence	1,800,000.00	USD
Libya - Tripoli	Accommodation	129,600.00	TND
Libya - Tripoli	Accommodation	85,995.00	TND
Malawi - Lilongwe	Accommodation	135,552.00	USD
Malawi - Lilongwe	Accommodation	139,648.05	USD
Mali - Bamako	Accommodation	48,000,000.00	XOF
Mexico - Mexico	Accommodation	811,200.00	USD

Moldova - Chisinau	Accommodation	624,000.00	EUR
Moldova - Chisinau	Accommodation	60,000.00	MDL
Myanmar - Yangon	Accommodation	74,400.00	USD
Nepal - Kathmandu	Accommodation	40,370.81	EUR
Nepal - Kathmandu	Accommodation	60,556.00	EUR
Nepal - Kathmandu	Accommodation	84,417.86	EUR
Nepal - Kathmandu	Accommodation	10,800,000.00	NPR
Niger - Niamey	Accommodation	45,600,000.00	XOF
Niger - Niamey	Accommodation	48,000,000.00	XOF
Niger - Niamey	Accommodation	45,600,000.00	XOF
Niger - Niamey	Residence	4,000,000.00	XOF
Nigeria - Abuja	Accommodation	61,500.00	USD
Nigeria - Abuja	Accommodation	4,583.33	USD
Nigeria - Abuja	Accommodation	47,232.00	USD
Nigeria - Abuja	Accommodation	59,400.00	USD
Nigeria - Abuja	Accommodation	59,400.00	USD
Nigeria - Abuja	Accommodation	51,250.00	USD
Nigeria - Abuja	Accommodation	70,200.00	EUR
Nigeria - Abuja	Accommodation	5,366.67	EUR
Nigeria - Abuja	Accommodation	60,843.94	USD
Nigeria - Abuja	Accommodation	89,713.18	USD
Nigeria - Abuja	Accommodation	89,713.18	USD

Nigeria - Abuja	Accommodation	40,455,696.18	NGN
Nigeria - Abuja	Accommodation	39,814,650.00	NGN
Norway - Oslo	Residence	3,740,000.00	NOK
Pakistan - Islamabad	Accommodation	168,000.00	USD
Pakistan - Islamabad	Accommodation	168,000.00	USD
Pakistan - Islamabad	Accommodation	172,800.00	USD
Pakistan - Islamabad	Accommodation	69,600.00	USD
Papua New Guinea - Port Moresby	Accommodation	1,146,787.00	PGK
Paraguay - Asuncion	Residence	84,000.00	EUR
Philippines - Manila	Residence	15,498,000.00	PHP
Russia - Moscow	Accommodation	170,000.00	RUB
Saudi Arabia - Riyadh	Accommodation	1,040,000.00	SAR
Saudi Arabia - Riyadh	Accommodation	560,000.00	SAR
Saudi Arabia - Riyadh	Accommodation	532,000.00	SAR
Saudi Arabia - Riyadh	Accommodation	532,000.00	SAR
Serbia - Belgrade	Office	2,212,637.00	EUR
Sierra Leone - Freetown	Accommodation	108,000.00	USD
Sierra Leone - Freetown	Accommodation	108,000.00	USD
Sierra Leone - Freetown	Accommodation	108,000.00	USD
Sierra Leone - Freetown	Residence	239,880.00	USD
Somalia - Mogadishu	Accommodation	13,447,590.00	KES
South African - Pretoria	Accommodation	4,320,000.00	ZAR

South African - Pretoria	Accommodation	1,440,000.00	ZAR
South African - Pretoria	Accommodation	1,920,000.00	ZAR
South African - Pretoria	Accommodation	1,056,000.00	ZAR
South African - Pretoria	Accommodation	1,458,868.80	ZAR
South African - Pretoria	Accommodation	117,214.40	ZAR
South African - Pretoria	Accommodation	1,333,863.84	ZAR
South African - Pretoria	Accommodation	1,235,595.84	ZAR
South African - Pretoria	Accommodation	1,157,874.24	ZAR
South African - Pretoria	Accommodation	1,327,500.00	ZAR
Sri Lanka - Colombo	Accommodation	84,000.00	USD
Sri Lanka - Colombo	Accommodation	110,880.00	USD
Sri Lanka - Colombo	Accommodation	93,600.00	USD
Sri Lanka - Colombo	Accommodation	104,640.00	USD
Swaziland - Mbabane	Residence	440,000.00	EUR
Switzerland - Bern	Office	0.00	CHF
Taiwan - Taipei	Accommodation	6,949,440.00	TWD
Tajikistan - Dushanbe	Office	129,600.00	USD
Tajikistan - Dushanbe	Residence	1,296,000.00	USD
Tanzania - Dar Es Salaam	Residence	509,253.94	USD
Thailand - Bangkok	Office	97,900,000.00	THB
Tunisia - Tunis	Residence	1,020,000.00	EUR
Turkey - Ankara	Accommodation	36,000.00	USD

Turkey - Ankara	Accommodation	78,000.00	USD
Turkey - Ankara	Office	917,666.00	EUR
Turkey - Ankara	Office	36,000.00	USD
United Arab Emirates - Abu Dhabi	Accommodation	225,000.00	AED
United Arab Emirates - Abu Dhabi	Accommodation	247,781.00	AED
United Arab Emirates - Abu Dhabi	Accommodation	255,000.00	AED
USA - New York	Residence	249,696.00	USD
Uzbekistan - Tashkent	Accommodation	196,000.00	USD
Uzbekistan - Tashkent	Accommodation	117,500.00	USD
Uzbekistan - Tashkent	Accommodation	115,000.00	USD
Venezuela - Caracas	Accommodation	60,000.00	USD
Venezuela - Caracas	Accommodation	28,000.00	USD
Venezuela - Caracas	Office	1,800,000.00	USD
Venezuela - Caracas	Residence	334,656.90	USD
Zambia - Lusaka	Office	278,400.00	USD
Zambia - Lusaka	Residence	624,000.00	USD
Zimbabwe - Harare	Accommodation	96,900.00	USD

TABLE 14 : CONTRACTS DECLARED SECRET

Total Number of Contracts	Total Amount (€)
4	€243,361.02

Annex 5

Acronyms

AD	Administrator
AOSD	Sub-delegated Authorising Officer
AST	Assistant
BUDG	Directorate-General for Budget
CA	Contract Agent
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
EU MS	EU Member States
FPI	Service for Foreign Policy Instruments
HQ	Headquarters
HRVP	High Representative of the European Union for Foreign Affairs and Security Policy and Vice President of the European Commission
HRM	Human Resource Management
IA	Initiating Agent
IAD	Internal Audit Division
IAS	Internal Audit Service
ICS	Internal Control Standards
LA	Local Agent
OLAF	European Anti-fraud Office
PMO	European Union Office for Administration and Payment
SLA	Service Level Agreement
SNE	Seconded National Expert
VA	Verifying Agent
VAT	Value-Added Tax