



2011

Annual Activity Report

**Bureau of European
Policy Advisers**

Table of Contents

PART 1. POLICY ACHIEVEMENTS	3
PART 2. MANAGEMENT AND INTERNAL CONTROL SYSTEMS.....	10
PART 3. BUILDING BLOCKS TOWARDS THE DECLARATION OF ASSURANCE	13
PART 4. DECLARATION OF ASSURANCE.....	16

1. POLICY ACHIEVEMENTS

Objective 1: Economic Reform

Assisting the President and the Cabinet in the Economic and Monetary Union review process by reaching out to experts and opinion formers

Responding to the crisis

2011 began with the strengthening of BEPA's analytical capacity to respond to the crisis in the eurozone with the recruitment of a Head of the Analysis Team and another key economic adviser. The purpose of these appointments was to provide the President with independent advice on economic and financial issues, particularly related to the crisis. BEPA also gathered and communicated the views of top economists and engaged in dialogue with key stakeholders on these issues.

Following the adoption in June of the package of tools to reinforce economic governance in the European Union and the subsequent legislative instruments in September, BEPA organised, together with the Directorate General for Economic and Financial Affairs, a Conference on the European Semester of policy coordination. This took place on 12 January 2011, coinciding with the adoption by the Commission of the Annual Growth Survey (AGS).

The Conference was a major success, with more than 400 participants and high level speakers from national governments, the European Institutions, Think Tanks and academia.

In the context of understanding better and offering possible responses to the crisis, BEPA selected Mr Sony Kapoor, Managing Director of 'Re-Define', to serve as a Visiting Fellow in the second part of the year. He developed a project entitled FIRE (Finance for the Real Economy), that focused on "Improving EU regulation and making finance serving the real economy". The report was presented at the end of 2011.

Evaluating the Cost of non-Europe

At the request of the President, BEPA launched an important study on the Cost of non-Europe. The first phase identified and illustrated how EU policies and budget add value above and beyond individual, uncoordinated policies at Member State level. This study was published together with the Commission's proposal on the Multiannual Financial Framework, in June 2011.

The second phase seeks to quantify the opportunities for boosting economic growth, jobs and the welfare of all Europeans from completing the EU's Single Market and to identify the key barriers to achieving this. The study was put out to external tender with the contract awarded to a consortium of Price Waterhouse Cooper (PwC) and London Economics. It is due to be completed in late 2012 and will provide the evidence base for further progress in this area, notably the second wave of the Single Market Act. BEPA leads the cross-service Steering Group and oversees the project.

Organising high-profile conferences on commodities and new sources of growth

At the request of the President, BEPA organised a high-profile conference on "Commodities and Raw Materials: Challenges and Policy Responses" on 14 June 2011 at which the keynote speeches were given by President Barroso and by the President of the

French Republic, Nicolas Sarkozy. Panels discussed what determines prices and supplies in the markets for industrial raw materials, food and agricultural commodities, and fossil fuels and energy, as well as what policy responses might be needed from regulators and from multilateral institutions. The conference was very successful, with more than 400 participants, including high-level speakers from around the world and extensive press coverage.

In conjunction with the Polish Presidency and the World Bank, BEPA organised a conference on new 'Sources of Growth in Europe' on 6 October 2011. Commission Vice-President Joaquín Almunia delivered the opening address, and other key speakers included Mario Monti, currently Italy's Prime Minister, Poland's Secretary of State for European Affairs, Mikołaj Dowgielewicz, and the President of the National Bank of Poland, Marek Belka. The conference looked at the future of the European economic and social model and how to re-launch growth in Europe.

Conducting a fact-finding mission on external competitiveness

At the request of the President's Cabinet, BEPA conducted a fact-finding mission on the external competitiveness of the EU after consulting with DGs MARKT, COMP, ECFIN, TRADE, ENTR, SG and JLS. A factual briefing was produced for the President covering the various aspects of external competitiveness, such as trade in goods and services and foreign direct investment, relevant statistics, barriers in both the EU and elsewhere, legal issues and challenges for the EU. The briefing will serve as the basis for high-level discussions on these topics.

Energy and climate change

BEPA continued to follow the development of the international climate negotiations in the context of the United Nations Framework Convention on Climate Change and the run-up to the negotiations at the end of the year in Durban.

BEPA contributed to various Commission initiatives and Communications in the field of energy and climate change, for instance, the Energy 2050 Roadmap, the Energy Efficiency Communication, the follow-up of the third energy liberalisation package, the debate on whether the Union should decrease its greenhouse gas emissions by 30% rather than 20% by 2020 and the Communication on the external dimension of energy policy. BEPA also worked on several issues related to the implementation of the energy and climate package, for instance in renewables, carbon capture and storage and energy efficiency. BEPA also contributed to the wider debate on the necessary technical, policy and behavioural changes required by the decarbonisation objectives for the middle of the century and actively followed the debate on resource efficiency beyond its energy aspects.

EU 2020, research and innovation

In order to support the President and the Cabinet on the prioritisation and development of Commission initiatives contributing to growth and jobs, BEPA continued its involvement in the preparatory work for several Commissioners' Groups. BEPA delivered strategic input in key areas, including innovation, industrial policy and the internal market.

In the framework of the development of the MFF and the presentation of concrete Commission proposals in each area, BEPA provided the Cabinet with strategic advice and assistance on Horizon 2020.

Following the results of the Roland Berger study on "Communicating Europe 2020" BEPA, in cooperation with COMM/SPP, devised a "charter" which together with a "toolkit" developed by COMM laid down the principles and means for the strategic communication of Europe 2020 across the Commission.

Social innovation

BEPA helped promote and connect initiatives on social innovation by various DGs, playing a coordinating role as requested by the President following the workshop on the subject held in 2008. BEPA helped conceive and launch the Social Innovation Europe Initiative (16-17 March), together with DG ENTR, and with the participation of the President. Work was undertaken on how to integrate social innovation as a lever for innovation into the implementation of the Europe 2020 flagship initiatives and the Commission's proposals for the Multiannual Financial Framework. BEPA's report on "Empowering people, driving change: social innovation in the European Union" was widely acknowledged and referred to both within the Commission and outside.

Objective 2: Budget review

Provide a constructive approach to the Budget review exercise and the preparatory work for the forthcoming Multiannual Financial Framework 2014-2020.

As in 2010, BEPA was at the forefront of steering discussion on the new Multi Annual Financial Framework, providing policy analysis and options. BEPA participated in the various meetings/discussions within the Core Group (composed of the President's Cabinet, the Secretariat General and the Directorate General for the Budget) and in the Group of Directors General on the preparation, drafting and negotiation of the Multiannual Financial Framework, (as well as in the inter-services procedure for the relevant proposals following the MFF Communication of June).

In a significant first, BEPA organised, together with the European Parliament, the Polish Presidency and National Parliaments, a conference on the MFF held on October 20-21. The first session was open to civil society, non-governmental organisations and other stakeholders of the European budget and offered the representatives of the different institutions an overview of the added value and impact of projects financed by the European budget. The sessions on EU revenue, EU expenditure and 'Adding value' gave the representatives of the institutions an opportunity to exchange views and begin to build a common understanding about the proposals of the Commission.

The Conference registered more than 500 participants, including 80 members from National Parliaments, 40 members of the European Parliament, 27 members of the Council and several Commissioners. The Presidents of the Commission and Parliament as well as the Polish Prime Minister addressed the Conference.

Objective 3: Global Europe

Contribute to a Commission-wide debate and process aimed at rethinking the EU's role in global governance, multilateral cooperation, and key bilateral relationships.

Following the amendment of the European Parliament to the 2009 EU budget, the Commission was asked to implement a pilot project setting up an inter-institutional system aimed at identifying long-term global trends on major policy issues facing the EU. This was co-ordinated between the European Parliament, the Commission and the

Council, using the well-established European Union Institute for Security Studies (EUISS) to drive the project forward and to produce two reports on global trends and their impact on the European Union.

BEPA represented the Commission on the Inter-Institutional Task Force entrusted with the task of laying down the organisational foundation of the new system, called European Strategy and Policy Analysis System (ESPAS). BEPA's role was to lead on the substantive part of the project, while the SG was responsible for the financial management.

In 2011, BEPA was heavily involved in the development of the pilot project. Two reports were produced: i) the first assesses the global political and economic environment facing the European Union over the next 20 years; ii) the second identifies the main policy challenges and choices which are likely to confront the EU Institutions during the next institutional cycle from 2014-2019. BEPA also participated in the ESPAS regional conference on the future of the transatlantic relationship held in Washington DC, and in the major ESPAS Conference held in Brussels in November. Related to the work on analysing and assessing long-term trends, BEPA was part of a networking conference organised by the National Intelligence Council of the United States.

In addition, BEPA actively participated in the preparation of the second part of the ESPAS process (the Preparatory Action), which will run between 2012 and 2014.

In order to assist the President in maximising the role of the Commission on the global stage, BEPA continued to organise a series of meetings with international counterparts to discuss issues of common interest and to strengthen the relations with strategic partners. For example, BEPA organised seminars on facing up to the challenge of democracy in the Southern Mediterranean (12 May), on relations with Turkey (7 June), on relations with Russia (27 June), on the transatlantic relationship (11 February and 1 July), and on relations with China (16 May). BEPA also continued its joint collaboration with the policy planning staff from NATO on the security perspectives of our Neighbourhood.

During 2011, the Director General of BEPA carried out visits to a number of the EU's strategic partners. He visited Brazil, where he spoke at a Conference on EU-Brazil Relations, and also had a number of official meetings in Brasilia. He also visited two other strategic partners: China and South Africa, where he participated in a number of meetings both with officials and local think tanks. In 2011, a BEPA Delegation also visited Turkey, for contacts with Government officials, business, think tanks and academics.

BEPA assisted the President's Cabinet in the preparation of bilateral Summits, such as those with Russia, China, South Africa, Brazil and with the US, by providing relevant information, and preparing strategic analyses, articles and speeches.

In the context of a Visiting Programme organised by the Brazilian Foreign Ministry, BEPA also coordinated a visit to Brazil by a delegation from the Commission and the European External Action Service.

Objective 4: Contribute to better communicating the European Union

Contribution to the Commission effort of better communicating Europe, including Europe 2020

During 2011, BEPA further developed its activities in this area.

First, in February, BEPA organised a major international conference on 'The Lisbon Treaty – one year on'. Representatives from the EU institutions, key think tankers, academics and experts from across Europe converged on Brussels for the occasion. Alongside the more focused discussion on specific aspects of the Treaty, the Conference also offered an important opportunity for the President, a number of other Commissioners, MEPs and diplomats to interact with a highly knowledgeable and influential audience. Also in February, BEPA hosted a special one-day Round Table with Special Advisers to the Commissioners at which President Barroso outlined his policy agenda and priorities.

Second, networking activities with Think Tanks have intensified and are more focused than in the past. BEPA organised two informal meetings with think tankers from Brussels and other European capitals: the first was , a workshop on 'the State of the Union held on 14 July', and the second – a lunch with President Barroso – on 23 September , in the lead-up period to his annual 'State of the Union' speech to the European Parliament. These two events were useful in harvesting ideas and differing perspectives. BEPA is continuing to pursue networking of this kind alongside more informal contacts with external experts. In addition, with the launch of the 'Think Tank Twitter', BEPA has begun systematically monitoring the output of European think tanks and making it available to the readers of its monthly Bulletin (see below under 'Publications').

Cooperation with Think Tanks has also been pursued through joint projects and activities: for instance, a workshop on "the Arab Spring, civil society and transitions in the Southern Mediterranean" was organised on 3 October, with the Paris-based international affairs institute, IFRI and selected experts from the region. Other European Think Tanks were also invited to attend. Similar initiatives were held in the context of 'Global Europe' and launched (and will be finalised in early 2012) with Notre Europe (Paris), the SWP (Stiftung Wissenschaft und Politik, Berlin) and the Open Society Institute (Brussels office).

Third, BEPA organised on 31 August a working dinner at which the President had the opportunity to exchange views with a group of European intellectuals from a number of countries. The themes addressed were perhaps unconventional but refreshing, and at least one external participant (the Austrian writer and essayist Robert Menasse) expressed an interest in returning to BEPA as a Visitor (which he did in October) with a view to completing a book he is writing on the future of European integration. In the same vein, BEPA invited Nobel Prize winners Christopher Pissarides to address a BEPA "Jaquemin Seminar" in March and Shirin Ebadi for a dinner debate with President Barroso in October.

Finally, BEPA organised an informal meeting in early November with representatives of the world of art and culture (Platform Culture) that was also attended by the President.

Objective 5: Consolidation of the dialogue with Churches, religious communities and non-confessional organizations

Shaping the dialogue with churches, religious communities and philosophical non-confessional organisations

In the framework of the regular dialogue with Churches, religious communities and philosophical non-confessional organisations, BEPA organized a series of dialogue seminars and meetings throughout 2011.

It is worth mentioning two high-level meetings co-chaired by President Barroso and his counterparts in the European Parliament and the Council.

- First, a high-level meeting with faith leaders from across Europe. The discussion focused on the topic "A partnership for democracy and shared prosperity: a common willingness to promote democratic rights and liberties" (May 30)
- Second, a high-level meeting on the same topic with a large delegation of philosophical and non-confessional organisations (November 30).

As part of the ongoing dialogue seminars convened by BEPA, a joint meeting was held with the European federative bodies of the Christian Churches (COMECE and the CEC) under the title "Roma inclusion: a need, a challenge, and a duty" (June 27). Also a seminar on "Europe and Youth: the youth policies of the European Commission" was organized jointly with COMALACE on July 12.

Alongside these conferences, BEPA engaged with several other interlocutors in this field of interest. The discussions mainly focused on Article 17 of the Treaty on the Functioning of the European Union (TFUE) and on the general dialogue framework of the Commission with the communities of belief.

Objective 6: Ensure a smooth running of the activities of the European Group on Ethics in Science and New Technologies (EGE)

On 10 January 2011, President Barroso appointed the 15 members of the European Group on Ethics in Science and New Technologies (EGE) to serve for the period 2011 - 2016. The selected EGE members serve in a personal capacity and are asked to offer independent advice to the Commission. The EGE held its first meeting of the year on 8-9 February in Brussels with the participation of President Barroso.

On March 22, President Barroso asked EGE to issue an Opinion on the ethical implications of Information Communication Technology (ICT). 11 EGE meetings were subsequently organised and 26 experts invited for hearings including Members of the relevant Commission Cabinets and the EU Data Protection Supervisor. EGE discussed the Opinion with the Chairs of EU 27 National Ethics Councils in September 21. On November 15 EGE held an open conference with relevant stakeholders on the ethics of ICT (attracting 100 participants) and finalised the Opinion for its approval in February 2012.

On September 20, the third meeting of the European Commission International Dialogue on Bioethics (EC IDB) took place under the auspices of the Polish and Hungarian Council Presidencies. Invited participants at this event included EGE, the Chairs of the EU 27 National Ethics Councils (NEC), the Chairs of 15 non-EU NEC (G20), and

representatives of UNESCO, WHO and the Council of Europe. The topic of the meeting was the protection of fundamental ethical principles in international research and innovation programmes.

At the request of the French Prime Minister, BEPA co-organised with the French Institute for Higher National Defence Studies (IHEDN), a conference on “Common Security and Defence Policy, Ethics and Moral Values”, addressing issues related to ethics in EU security and defence.

Finally, the EGE Secretariat organised and chaired three meetings of the Inter-services group on Ethics and EU Policies, a group which aims to rationalise and coordinate the Commission's actions in the fields of ethics and EU policies. The following topics were discussed: topics for future EGE Opinions; the societal dimension in Security Research; the Inter-Institutional debate on the revision of the novel food regulation; responsible research and innovation in Horizon 2020, the EU strategy on IPR, Internet of things, and the EGE Opinions on ICT (2012).

Publications

Ten issues of the Bulletin (*BEPA Monthly Brief-BMB*) were published and uploaded on the BEPA website in 2011, each one devoted to a specific theme. Those on economic governance, the Lisbon Treaty, Raw Materials and the Arab Spring were also circulated in large numbers at the relevant Conferences and workshops organised by BEPA throughout 2011, thus highlighting our contribution to the debates.

From March onwards, the BMB also included a new service, the *Think Tank Twitter* that aims to provide regular information and updates on what is produced by think tanks and research centres across Europe (and beyond) on EU policy issues.

Since September, BEPA has also started to produce '*BEPA Alerts*'. These are short briefs on themes of current relevance for the EU. They are intended mainly for the President's Cabinet and are for internal consumption only.

Finally, BEPA has developed the concept of the 'Berlaymont Papers' which will make available to a wider public some of the key thinking going on within the service. The first issue of the 'Berlaymont Papers', building on the Workshop on the Arab Spring organised with IFRI, was released in January 2012. A second one, on European think tanks, is planned for March/April.

BEPA also continued to publish the "Ethically Speaking" newsletter.

Conferences and seminars

In 2011, BEPA successfully organised 47 conferences and seminars with external experts.

2. MANAGEMENT AND INTERNAL CONTROL SYSTEMS

2.1 Introduction to BEPA

The BEPA organisational chart was completed during 2011. As in 2010, there was a significant turnover of staff.

BEPA recruited five new members of staff to existing posts which were made free because of transfers to other DGs or retirement: the Principal Adviser, who is also Head of the Analysis Team, one Adviser (also for the Analysis Team), and three Seconded National Experts.

In the second half of 2011, two out of the current nine advisers were appointed to special missions: one as the President's representative to the UN Good Offices Mission to Cyprus and the other as a member of the Support Group for Portugal. These two appointments resulted in the loss of two posts for BEPA, because of the internal redeployment of the tasks attributed to the advisers mentioned above.

BEPA's mission is unchanged, reporting directly to the President and operating under his authority. The service is composed of a team of advisers, policy analysts and support staff with relevant experience and track record, in order to provide professional and targeted policy advice to the President and the College.

BEPA's core tasks are therefore to support the work of the President through policy advice as well as outreach to civil society, institutional activities in the field of ethics in science and new technologies, and dialogue with religions, churches and communities of conviction.

Its mission is complementary to that of the President's Cabinet and to the Spokesperson's Service (SPP). The Cabinet provides day-to-day management of the President's political activities, and the SPP media outreach. BEPA completes this picture by providing support to the Cabinet on specific subjects, as well as policy advice of a more long term nature, and by complementing SPP's operations through its own outreach to civil society.

In terms of structure, BEPA retained the same organizational structure in 2011 as in the previous year with two teams directly linked to the Deputy Head and a Head (Director General):

1. The Outreach Team, divided into a) European dialogue - which coordinates contacts with Think Tanks, academia and stakeholders on general issues of European integration as well as contacts in the field of culture and art; b) Global dialogue – which coordinates contacts on globalization issues.
2. The Analysis Team, which provides policy analysis and general or specific policy advice as requested by the President and the Cabinet, in close liaison with other Commission services. It is also responsible for organising regular meetings between the President and his Cabinet and relevant experts and academics. It provides support to the European Group on Ethics in Science and New Technologies.

As a means to ensure a better balance between BEPA's responsibilities and its compliance with administrative and financial procedures, the Service Level Agreement

(SLA) between BEPA and the Secretariat General, signed in 2006, was maintained in 2011, following an agreement between the two Directors General. Under this agreement, the SG provides support to BEPA in a number of areas, including *inter alia* the management of human and financial resources, internal audit capability, and IT tools.

According to this SLA, the Secretary General has received a cross-sub delegation from the Director General of BEPA for the financial circuits. As a consequence, all the credits of BEPA are managed by the SG, under the centralised model (model 4). Financial initialisation and verification (ex-ante controls) are centralised in the SG financial unit. A description of the financial circuits of the various authorisations granted (SAOs and authorisations to sign "conforme aux faits" et "bon à payer"), as well as check lists accompanying each transaction are documented and updated as necessary. The authorising officers by sub-delegation reported in March 2012 on implementation of the budget at 31/12/2011.

The risks faced by BEPA are mainly reputational. It is because of this that BEPA considered it particularly important to concentrate its efforts in 2011 on the Internal Control Standard on Ethical and Organisational values, highlighted accordingly as a priority in the Management Plan for 2011.

In relation to financial management, all appropriations fall under Heading 5 of the financial perspectives ("Administrative Expenditure") and risks are considered as low, because of the relatively small budget involved.

Finally, the working arrangements between BEPA and the President's Cabinet have been fully implemented. Regular contacts and exchanges have been kept, including the participation of BEPA management in the daily Cabinet meetings, regular (monthly) meetings between the Head of the Cabinet and the Head of BEPA as well as meetings between the President and the Head of BEPA.

2.2 The functioning of the entire Internal Control system

The Internal Control system in BEPA has considerably improved since 2007 when the first audit on the ICS was carried out. In 2011, two audits were performed, one on the follow up to the financial review of the 2009 cut-off exercise (final report issued on 16/12/2011) and one on the review of the 2010 cut-off exercise (final report issued also on 16/12/2010).

The above-mentioned audits concluded that the internal control system in place provides reasonable assurance and that there are no outstanding critical or very important observations from audit reports issued prior to 2011 with risks not mitigated as at 31/12/2011. The only issues underlined by the Internal Audit Capability concerned – as indicated below in point 3.1.2 – are tasks which were not in BEPA's competences but in those of the SG.

2.2.1 Compliance with the requirements of the Internal Control Standards

Like last year, BEPA is particularly focused on the following two Internal Control Standards and on the actions taken:

- ICS 2: Ethical and Organisational Values

Although its ethical environment is considered to be sound, BEPA continued to work on improving the awareness of staff on the main ethics rules. All newcomers are made aware of ethical rules upon their arrival and invited to participate in training on this issue,

among others. Reminders of rules were regularly notified to staff on a case by case situation.

BEPA is fully compliant with the remaining standards.

2.2.2 Effectiveness of implementation of the Prioritised Control Standards

In the 2011 Annual Management Plan, particular attention was given to *Ethical and Organisational Value*, given BEPA's direct link to the President and the high percentage of external staff working in the service.

In order to ensure that staff are aware of relevant ethical and organisational values, in particular ethical conduct, avoidance of conflict of interest, fraud prevention and reporting of irregularities, BEPA has put relevant procedures in place (regular information on rules and procedures, mandatory training for newly recruited staff, ethical guidance in the welcome pack etc ...).

2.2.3 Conclusion

Given the above, it can be concluded that BEPA has a reliable and effective internal control system, which gives reasonable assurance to the management.

2.3 Information for the President

The main elements of this report and assurance declaration have been brought to the attention of the President, Mr José Manuel Barroso.

3. BUILDING BLOCKS TOWARDS THE DECLARATION OF ASSURANCE

3.1. Building blocks towards reasonable assurance

The building blocks to support reasonable assurance are based on the functioning and effectiveness of the implementation of the Internal Control Standards (described above in section 2.2) including risk management, the audit findings and the assurance received from sub-delegated authorising officers through bi-annual reporting. Findings are checked against the materiality criteria as described in Annex 4 to the AAR.

<u>Assessment by management</u>	<u>Results from independent audits during the reporting year</u>	<u>Follow up of action plans in reply to audit work performed in previous years</u>
<ul style="list-style-type: none"> ➤ key indicators on legality and regularity and sound financial management ➤ assessment of effectiveness of the implementation of internal control standards ➤ ICC contribution (i.e. the statement of the Resource Director annexed to the AAR) ➤ AOSD reporting ➤ High-level exception reporting 	<ul style="list-style-type: none"> ➤ IAC's opinion (see below) 	<ul style="list-style-type: none"> ➤ Follow-up of other identified system weaknesses including significant delays in implementation of action plans.

3.1.1. Building block 1: Assessment by management

BEPA has not developed its own specific key indicators on the legality and regularity of underlying transactions and sound financial management. However, it is compliant with regulations and guidelines on budget management and ensures strict monitoring of budget implementation and payment delays.

<p>KEY INDICATORS ON THE LEGALITY AND REGULARITY OF UNDERLYING TRANSACTIONS</p> <p>Input: Resources devoted to ex-ante controls to ensure legality and regularity of underlying transactions.</p> <ul style="list-style-type: none"> • Within the financial circuits, 2 different staff members perform the ex-ante control: one the ex-ante operational verification and ex-ante financial verification • Financial resources: 5 persons • As above mentioned, ex-ante controls are centralised in the SG financial unit <hr/> <p>^c Output: Level and nature of controls carried out.</p>

- The budget coverage of first level ex-ante control is 100%
- The budget coverage of second level ex-ante control is 100%
- The budget execution percentage for 2011 is 99 % and 43% in²² payments

Results of controls: What the controls allowed to discover/remedy

- Instances of overriding of controls or deviations from established policies (ICS 8):
In BEPA, exceptions from standard procedures, financial or operational are duly approved and recorded centrally. None of the exceptions registered in 2011 is deemed to be of a nature or extent to lead either to a reservation or to the identification of a material weakness in the Internal Control System.

Appropriate financial circuits have been approved by the delegated authorising officers and implemented in BEPA. These are documented. The operational part of the process is separate from the financial part. The persons entitled to sign "*conforme aux faits*" or "*bon à payer*" are clearly identified in writing, and all financial transactions are checked by a financial verifying agent other than the initiating officer.

BEPA generally uses framework contracts concluded by other services for the selection of contractors in the following fields:

- Publications are entirely contracted through the Publications office;
- Website design modifications;
- Informatics projects, if any, are managed through DG Informatics framework contracts;
- Conferences, managed with the help of SCIC in some cases

As for studies, BEPA organises calls for tenders, and then the "*Comité de Pilotage*" ensures the respect of rules and procedures.

Verifications are carried out at the financial initiation stage of operations. Information is verified by a financial verifying agent of the financial unit. A second verification is performed in the final phase of the process, based on the supporting documents submitted for the payment requests.

3.1.2. Building block 2: Results from audits during the reporting year

As mentioned before (point 2.2) BEPA was submitted to two follow up audits during the reporting year, one follow up to the 2009 cut-off exercise and a review of the 2010 cut-off exercise and the other was a fourth follow-up to the audit on financial circuits in the SG and BEPA.

The first one concerned progress made in implementing the recommendation that resulted from the financial review of the 2009 cut-off exercise, finalised on 7/7/2010 and provided an audit opinion on the 2010 BEPA cut-off exercise. Based on the results, IAC concluded that the 2010 cut-off exercise provides reasonable assurance regarding the reliability of the 2010 financial statements of BEPA and the achievement of other objectives set up for the reviewed process, except for weaknesses in documentation and supervision of control mechanisms for revision of accounts, analysis of accounting risks

and insufficient feedback to BEPA on parked cut-off postings. These tasks are within SG competence.

Concerning the fourth follow-up of the audit on financial circuits in the SG and BEPA, one of the recommendations is currently in progress (i.e. the revision/updating of the financial manual and the replacing of the obsolete version published on the Intranet). This recommendation is addressed to SG, not to BEPA.

The IAC delivered his overall opinion on 14 February 2012¹, stating that he was not aware of any outstanding critical or very important observations from audit reports issued prior to 2010 with risks not mitigated as 31/12/2010.

In the above opinion, the IAC also declared that, taking into account the coverage of activities/processes in BEPA, he was not aware of anything not reported which may lead to a potential reservation in the AAR.

3.1.3. Building block 3: Follow-up of previous years' reservations and action plans from audits from previous years

Not applicable

3.1.4. Building block 4: Assurance received from other Authorising Officers in cases of cross-sub delegation

The AOSD report on the execution of sub-delegated budget lines received in March 2012 states that the overall execution of accounts for 2011 was 99%.

3.1.5. Completeness and reliability of the information reported in the building blocks

The information provided under the building blocks is complete and reliable and therefore provides reasonable assurance for the conclusion on the effectiveness of the internal control system of the SG as stated in section 2.2.3 of the AAR.

4. DECLARATION OF ASSURANCE

I, the undersigned,

Director-General of the Bureau of European Policy Advisers,

In my capacity as authorising officer by delegation declare that the information contained in this report gives a true and fair view².

¹ Ares (2012) 165899

² *True and fair in this context means a reliable, complete and correct view on the state of affairs in the service*

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, 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, 2 April 2012

Jean Claude THEBAULT(Signed)