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EUROPEAN COMMISSION

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REPLIES OF THE COMMISSION TO CHAPTER 9 OF THE ANNUAL REPORT

2009 ADMINISTRATIVE AND OTHER EXPENDITURE

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INTRODUCTION

REGULARITY OF TRANSACTIONS

9.9. The Commission welcomes the Court of Auditors' positive assessment that the administrative expenditure was free from material error.

OBSERVATIONS ON SPECIFIC INSTITUTIONS

9.18. The Office for Administration and Payments of Individual Entitlements (PMO) has already taken action to catch up delays in the control of national social allowances and will follow up the detected cases. Between mid October 2009 and end of April 2010, 348 files out of 598 files have been opened and already 243 files have been closed. Controls will continue further.

It is foreseen to build in the new system the possibility to update automatically national allowances, but it will not be possible to put this module into operation before the beginning of 2011. However, from that moment onwards, allowances will be corrected retroactively and recovered according to article 85 of the Staff regulations.

9.19. The Commission (DG RELEX) takes note of this observation and will address this problem with the provision of timely and adequate information to officials and with regular checks. There are checks on the personal situation of staff when new staff arrives to take up their posts. Regular checks on staff who have served for some time may also be undertaken as a part of controls operated by the units responsible for the management of rights and obligations of staff in Delegations.

In particular, the forthcoming creation of the European External Action Service (EEAS) will require the circulation of information and the adoption where necessary of standard documents for the new service. The adaptation of the EC Staff Regulations will provide the opportunity to remind staff that, among other matters, where their personal circumstances change they have to inform the EEAS's services and they have to provide the documents proving their situation.

Concerning the five cases identified the Commission will duly follow-up these cases and if there is a financial impact, the necessary corrective measures shall be taken.

9.20. The update of all files where this provision of the Staff Regulation is applicable began in February 2010. As soon as the backlog will have been addressed, the PMO will review the files concerned whenever there is a modification in the situation of the beneficiaries or when the criteria mentioned in Article 81a apply. The PMO will also examine if the new IT system being developed for determining the pensions could be used for an automatic update of the files.

EUROPEAN AGENCIES

9.34. When preparing the 2008 budget, the Commission proposed a budget for the Euratom Supply Agency (ESA). This was refused by the Budgetary Authority and so the Commission took charge of all the expenses incurred by the ESA in 2008. The Commission continued to take charge of the ESA's expenses in the 2009 and 2010 budgets and has proposed to do likewise for 2011.

EUROPEAN SCHOOLS

9.37. The application of the accrual based accounting principle is being examined in a review, currently under way, of the Financial Regulation of the European Schools. Proposals arising from the review will be submitted to the Board of Governors later this year.

Annex 9.4

Point 6. The PMO has already started the tests of the redevelopped modules for the management of individual entitlements. The extensive test programme elaborated takes into account the lessons drawn from past experience.

Point 7. Making the current complementary scheme permanent needs a legal basis. This requires an amendment of the Conditions of Employment of Other Staff, which the Commission has included in the EEAS proposal to the Council and the Parliament.