

QUESTIONS TO COMMISSIONER VASSILIOU

1. The Court criticises the lack of reservation by the Director-General of JLS for CEPOL and the Bulgarian Schengen Facility (see annex 7.3). The Commission refutes the criticism (see Commission's reply 7.17) arguing in the best bureaucratic way that it had respected its guidelines for drafting the Annual Activity Report.

In the light of the continued media interest in CEPOL and the Bulgarian Schengen facility, does the Commission consider this a responsible reply to allay public concerns?

Does the Commissioner believe that the guidelines for including reservations are bureaucratic and arbitrary and that they should be reviewed?

Commission's answer :

This question falls under the responsibility of Commissioner Malmström.

The size of the answer allowed to be provided by DG JLS in the report of the Court was limited. Nevertheless, detailed arguments for not issuing reservations for both CEPOL and Schengen Facility Bulgaria were set out in the 2009 Annual Activity Report (AAR) of DG JLS.

The 2009 AAR presented a detailed analysis of the particular circumstances that led to the conclusion that the criteria set out in the general guidelines for issuing reservations were not met. The main argumentation is presented below.

Schengen Facility Bulgaria

◦ The reputational event was based on the loss of EDIS accreditation (Extended Decentralized Information System) for the Central Finance and Contracts Unit (CFCU) (Bulgaria). The Central Finance and Contracts Unit (CFCU) lost its DG ELARG (EDIS) accreditation as a contracting authority in June 2008. In 2009, the CFCU carried on its contracting and paying activities related to the Schengen Facility while JLS took a number of proactive measures intended to strengthen the financial monitoring of the implementation of the Facility which went beyond those set out in the relevant legal base.

◦ An *in situ* audit mission at the beginning of February 2009 showed that Bulgaria had restructured its internal control system (strengthening of the independence of the audit) and applied very strict administrative procedures leading it to cancel a considerable number of the calls for tenders which had been previously launched.

◦ JLS decided to maintain it as a reputational event on the basis that the EDIS accreditation to CFCU was not given back by DG ELARG.

◦ The situation was the same in the Annual Activity Report for 2008 (reputational risk without issuing a reservation), without any comments from the Court in this regard within the 2008 DAS procedure.

◦ The situation improved much in 2009 as compared to 2008 year when the reputational risk first appeared, therefore the issuing of a reservation in 2009 AAR was not justified.

CEPOL

◦ The reputational risk regarding CEPOL was firstly introduced in the 2008 AAR (without issuing a reservation), based on the serious financial management issues faced by the agency. In its 2008 report, the Court did not make any comment in this regard.

◦ CEPOL is an independent entity, with its own Governing Board where the Commission is a non-voting member.

◦ The Director of CEPOL is appointed by the Governing Board and he/she is accountable to the Governing Board for his/her activities;

◦ In 2009 the situation was closely followed by DG JLS, including the report issued by the Court of Auditors. Precautionary measures were taken to address the risk, as follows:

- The advances paid by JLS to CEPOL were kept to the strict minimum to ensure the functioning of the College. A Memorandum of Understanding was signed with Cepol in 2009, detailing the payment conditions for the subsidy. As a precaution and in order not to jeopardise the existence of the agency, DG JLS paid in 2009 only the necessary instalments based on the forecast of expenditure and cash flow position situation of the Agency.

- In May 2009 the Director of CEPOL announced his intention to resign on 1 January 2010. A new Director was appointed on February 2010 and was therefore in situ when the 2009 AAR was being finalized. The management of the Agency has been significantly improved in 2009, by the appointment of two new managers: a Head of Administration to coordinate relations with DG JLS on budgetary issues in particular and a Head of Programme who was responsible for policy implementation.

◦ The measures introduced both by the Commission and the agency were considered to have addressed the principal weaknesses identified at the time. Similarly, the firm commitment of the new management of the College to urgently address the on-going financial issues lead the JLS Director General to consider that the significance of reputational impact as compared to 2008 had actually diminished.

◦ However, as the *full* effect of the measures could be assessed only later in the course of 2010, JLS considered that there were residual reputational risks present and decided to maintain Cepol as a reputational event in its 2009 AAR.

2. The Court found that 29 of the 120 closures audited (a frequency of 24%) contained quantifiable errors (see 7.12). The Commission replies that "it will follow-up the errors found" (see Commission's reply to 7.12).

Does the Commissioner intend to take actions aiming at preventing errors?

Commission's answer :

The best way to prevent errors is simplification.

That is why the design of the programmes 2007-2013 has taken into account the Court of Auditors' recommendations of previous years to simplify rules and to make extensive use of lump sum financings.

The effect of these improvements is confirmed by first figures of audits performed in 2010 on behalf of DG EAC. Whereas the error rate is slightly above 2% for the old programmes (Leonardo daVinci, Socrates, Youth) the indicative error rate for the new programmes (Lifelong Learning Programme and Youth in Action) is below this threshold.

DG EAC will further reduce the number of errors by strengthening its detection and prevention mechanisms. Nevertheless, the cost of controls has to be taken into account when further developing DG EAC's supervisory strategy. DG EAC has recently launched a study on the costs of control and the preliminary results can be expected by January 2011.

3. What are currently the Commission tools in order to avoid overlapping of funding between projects managed by different DGs e.g. while DG EAC through the EACEA was financing Erasmus Mundus, DG AICO has started a pilot project named ALBAN which has the same scope?

Commission's answer :

In general, the Commission has a number of tools in place to prevent overlapping of funding between projects managed by different DGs including a rigorous consultation mechanism between relevant services (DGs) and formal inter-service consultation (ISC) before the Commission financing decision is taken.

More specifically, on the programmes designated in the question : the scope of the Commission's international higher education programmes is different, thus avoiding overlap of objectives and funding and ensuring complementarity.

The Alban scholarship programme for Latin America started in 2002, before the launch of Erasmus Mundus in 2004. In its first phase (2004-2008) Erasmus Mundus was conceived as a higher education programme opened to the world (not only to Latin America) and built around high quality European Master courses. It was only in its second phase (2009-2013) that the programme was designed to include (in its new Action 2) a strong mobility component which was to integrate all other external regional and bi-lateral mobility schemes managed by the Commission. Alban, as well as the mobility strand of other regional higher education programmes such as

Tempus, were consequently terminated (the last call for applications under Alban was in December 2006).

This development brought about more coherence and simplification in EU action in the field of international academic cooperation and mobility.

As a consequence the Commission now manages a strong and coherent Erasmus Mundus programme (2007-2013), opened to the world and which aims at supporting high quality Joint Programmes (Action 1), at fostering partnerships as the basis for academic cooperation and mobility (Action 2) and at promoting the attractiveness of European higher education (Action 3).

It also manages regional programmes (Alfa for Latin America, Tempus for Eastern Europe, Central Asia, the Western Balkans and the Mediterranean region and Edulink for ACP countries) which promote different and complementary objectives such as the reform and the modernisation of higher education systems in the partner countries (capacity building).

For the next phase of the Erasmus Mundus programme (after 2013), the relevant Commission services are already reflecting on how to bring about even more coherence in EU action in the field of international higher education cooperation.

Same question addressed to Commissioner Piebalgs (n°3)

4. Why does the Commission not have a common IT tool to manage projects instead of having different local IT systems e.g. CRIS, OLAS, etc?

Commission's answer :

Same question addressed to Commissioner Piebalgs (n°4) – Please refer to this reply.

5. The European Court of Auditor's found in its Annual Report 2009 that 24 per cent of closures audited contained quantifiable errors, in particular eligibility errors at national level. What has been done by the Commission to improve cooperation with member states in order to lower the error rate? In how far were the measures taken by the Commission effective to increase member states' compliance with controls?

Commission's answer :

Regarding Chapter 7 Education and Citizenship, the error rate only slightly exceeds 2%.

The Court found no errors in advance payments which stand for 87% of the value of payments in 2009.

The remaining 13% of the value of payments are closures in which the Court found a frequency of errors of 24%. Many of these errors are very small and in the end the error rate is close to 2%.

Most errors were found on the payments for actions under the former generation of programmes (2000-2006) with more complex rules.

The revised framework of the current generation of programmes (2007-2013) with simplified rules and extensive use of lump sum financing should reduce the risks linked to final payments. First figures of the audits performed in 2010 on behalf of DG EAC confirm this positive trend : whereas the error rate is slightly above 2% for the old programmes (Leonardo da Vinci, Socrates, Youth) the indicative error rate for the new programmes (Lifelong Learning Programme and Youth in Action) is below this threshold.

The compliance with controls of participating countries is checked during the assessment of the yearly declaration of assurance and in country-specific audits.

6. The Lifelong Learning Programme (LLP) including multilingualism represents the greatest share in expenditure for education and culture. The European Court of Auditor's mentioned in its Annual Report 2009 that there are weaknesses in the systems set up by the member states as well as in the Commissions assessment process of ex-ante and ex-post declarations for LLP. In how far have there been improvements compared to previous years and what does the Commission intend to do in the future?

Commission's answer :

The Court's findings relate to DG EAC's Annual Activity Report 2009 and thus to the ex post declarations of assurance up to 2008.

Since then, DG EAC updated its guidelines for National Authorities on the basis of detected weaknesses in the past and presented them in a seminar in March 2010. For the year 2010, DG EAC set up an intensified supervisory audit visit programme. These measures were taken to strengthen the assurance level obtained through assessment of ex post declarations of assurance.

As a consequence, the overall number of findings as regards weaknesses in the systems set up in the Member States for the Lifelong Learning Programme decreased and the desk reviews of ex post declarations of assurance 2009 and supervisory audit visits did not reveal any critical findings due to insufficient assurance for the quality of the management of the expenditure.

For the next ex post declarations of assurance 2010, DG EAC updated its guidelines for the declarations of assurance 2010 and will present them in a seminar in January 2011. The supervisory audit visits programme for 2011, in contrast to previous years, will mainly be based on the evaluation of design and effectiveness of assurance provided by National Authorities through indicators.

7. How many applications for funding have been received by the Commission in each of the different programmes in the field of Education, Youth and Culture in the year of 2009? How many applicants have actually received funding? What was the amount of funding in 2009? What was the average cost of funding per application per program?

Commission's answer :

| 2009 | Number of applications for funding | Number of applicants that received funding | Total amount of funding for applicants (million €) | Average funding per applicant (€) |
|-----------------------------|------------------------------------|--|--|-----------------------------------|
| Lifelong Learning Programme | 71877 | 37935 | 892.5 | 23,527€ |
| Erasmus Mundus* | 22762 | 10684 | 235.6 | 22,052€ |
| Culture | 749 | 299 | 49.0 | 163,880€ |
| Youth | 16508 | 7808 | 121.8 | 15,596€ |

* including action 2, funded from external budget (Heading 4)

Given that figures include very different actions, the average cost of funding per application per program is not a reliable indicator, since it mixes small measures like individual mobilities in Comenius, Grundtvig, Study Visits, Erasmus or Youth, that have low average funding (less than €2000), with more important measures such as partnerships, networks or multilateral projects like the Transfer of Innovation in Leonardo da Vinci, that can go up to € 300 000.

8. Have there been recipients of EU funding in the field of Education, Youth and Culture outside the European Union in year 2009? Have there been funded measures or projects in this field in 2009 which rendered services in countries outside the European Union? If yes, how high has the funded amount been? What was the total amount of administrative costs for these funds?

Commission's answer :

There are several programmes in the field of Education, Youth and Culture that fund measures or projects outside the EU.

Erasmus Mundus is a cooperation and mobility programme in the field of higher education that aims to enhance the quality of European higher education and to promote dialogue and understanding between people and cultures through cooperation with Third-Countries. In addition, it contributes to the development of human resources and the international cooperation capacity of Higher education institutions in Third Countries by increasing mobility between the European Union and these countries.

The Erasmus Mundus programme provides support to: higher education institutions from EU and non-EU countries that wish to implement joint programmes at postgraduate level (Action 1) or to set-up inter-institutional cooperation partnerships (Action 2); individual non-EU or EU students, researchers and university staff who wish to spend a study / research / teaching period in the context of one of the above mentioned joint programmes or cooperation partnerships; any other EU or non-EU

organisation active in the field of higher education that wishes to develop projects aimed at enhancing the attractiveness, profile, visibility and image of European higher education worldwide.

Until 2009 the Erasmus Mundus Programme scholarships under Action 1 were only granted to third-country students and scholars – as had been the case throughout the first phase of the programme. Only did the 2010 selection round introduce the rules of the second phase of the programme, which extended Masters scholarships to EU nationals (as well as to third-country nationals). In this respect, all this funding was delivered towards countries outside the eligible applicant countries under Erasmus Mundus (this means the EU-27 plus Iceland, Liechtenstein and Norway). Under Action 2, 8260 scholarships were awarded to students and academics participating in partnerships selected in 2009. 6543 of these were for third-country nationals.

For industrialised countries, all actions funded under the bilateral Agreements with the US and Canada, but also under the ICI Regulation (i.e. with Australia, New Zealand, Korea and Japan) are governed by the matching funds principle which means that the EU funds only the EU consortia partners in the project. The consortia in the partner countries are paid by the partner countries' governments.

In the last few years also the **Erasmus Programme** has provided financial support to non-EU students (resident in the EU) to carry out mobility between EU universities. In addition, the EFTA countries (Iceland, Lichtenstein and Norway) as well as Turkey are fully participating in the programme, while Croatia and the Former Yugoslav Republic of Macedonia participated in the preparatory measures to LLP as part of their pre-accession strategy.

The **Jean Monnet Programme** stimulates teaching, research and reflection on European integration in higher education institutions worldwide. As part of the EU's Lifelong Learning Programme, Jean Monnet funds the creation of Jean Monnet Chairs, Centres of Excellence, Modules, information and research activities as well as support for academic associations of professors and researchers in European integration. These projects are present in 62 countries across the five continents. Between 1990 and 2009, the Action has helped to set up 141 Jean Monnet European Centres of Excellence, 775 Jean Monnet Chairs and 1 137 Jean Monnet Modules and permanent courses. These projects bring together 1 500 professors, and reach 250 000 students every year.

The **Culture Programme** is also open to cooperation with Third Countries that have concluded association or cooperation agreements with the Community and that have ratified the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions.

Each year the special action enables one or more countries to be the subject of a call for proposals. The call enables grants to be given for cooperation projects, which correspond to the objectives of the Culture Programme.

The only eligible applicants are public or private organisations with legal personality whose main activity is in the cultural field (areas of cultural or creative activity) and whose head office is in one of the countries taking part in the Programme.

These countries have participated in the special action so far: 2007: China and India; 2008: Brazil; 2009 and 2010: Countries covered by the European Neighbourhood Policy: Armenia, Belarus, Egypt, Georgia, Jordan, Moldova, occupied Palestinian Territory and Tunisia. These countries will participate in the future: 2011: United States of Mexico; 2012: Republic of South Africa.

The **Youth in Action Programme** also features a strong international dimension. Through the ‘Youth in the World’ Action, it helps strengthen relations between the EU and its neighbours, as well as the rest of the world by providing young people and youth workers from Europe with the opportunity to take part in exchanges and other non-formal education activities with their peers living outside the Union. In this way, ‘Youth in the World’ seeks to deepen mutual understanding, tolerance and intercultural awareness among young people within the Union and beyond.

The ‘Youth in the World’ Action supports various projects with EU Partner Countries, with a special focus on its neighbouring regions – Eastern Europe and Caucasus, the Mediterranean region, and South-East Europe. However it is also open to all Partner Countries around the world that have signed a youth-related agreement with the EU. The aim is to promote the exchange of experience and good practice in the field of youth and non-formal education, as well as to develop lasting partnerships and networks between youth organisations from across much of the globe.

The funded amounts in the various programmes were:

| 2009 | Amount of funding spent in countries outside EU-27 (million €) |
|-----------------------------|--|
| Lifelong Learning Programme | 71.7 |
| Erasmus Mundus | 199.6 |
| Culture | 3.0 |
| Youth | 18.8 |

The administrative costs for these actions are in line with the general administrative costs (see below). As an example, for Lifelong Learning, the EU's contribution (operating grants) to the administrative costs of non-EU member states amounted to € 4.1 million in 2009

9. What is the total amount of administrative costs in the field of Education, Youth and Culture (for the European Union and the member states)?

Commission's answer :

The total administrative costs for programme management (including staff cost for programme management and corresponding overheads in the Commission, the administrative cost for running the programmes in EACEA, and the EU contribution to the functioning of the National Agencies) is reflected in the following table.

| 2009 | Administrative cost for running programme (million €) |
|-----------------------------|---|
| Lifelong Learning Programme | 67.8 |
| Erasmus Mundus* | 5.5 |
| Culture | 5.5 |
| Youth | 16.7 |

* including smaller external actions, excluding actions funded from external budget (Heading 4)

The costs of the operation of the National Agencies are covered by a grant from the EU budget which is based on a flat rate approach; therefore, the Commission does not dispose of accounting data identifying precisely the full costs supported by the Member States. When the flat rate approach was established, an implicit equal sharing of the costs between the EU and the Member States was assumed.

10. How high were the average administrative costs for each of these programmes and each application in 2009?

Commission's answer :

Compared to the previous hearing of the Commissioner for Education, Culture and Youth concerning the 2007 discharge, the average administrative cost of the DG has declined from 8.1% (7.9% excluding the Citizenship programme that has meanwhile been transferred to DG COMM) to 7.3%.

| 2009 | Average administrative cost | Average administrative cost per application |
|-----------------------------|-----------------------------|---|
| Lifelong Learning Programme | 6.7% | 1788 |
| Erasmus Mundus* | 5.3% | NA |
| Culture | 10.0% | 18256 |
| Youth | 13.0% | 2142 |
| Total DG EAC | 7.3% | NA |

* including smaller external actions, excluding actions funded from external budget (Heading 4)

The average cost per application should not be compared across programmes and is even far from uniform within a programme, given the different types of measures like individual mobilities in Comenius, Grundtvig, Study Visits, Erasmus or Youth, that have low average funding, with more important measures such as partnerships, networks or multilateral projects.

11. How many people have been involved in direct management of funds both in the executive agencies as well as in the Directorates General?

12. How many people have been involved in the management of funds in the member states?

Commission's answer (11+12) :

Estimates for the number of people involved in programme management (including corresponding overhead) in the Commission, EACEA and the National Agencies are reflected in the following table:

Lifelong Learning, Erasmus Mundus*, Culture, Youth in 2009

| Staff in EAC | Staff in EACEA | Staff in National Agencies |
|---------------------|-----------------------|-----------------------------------|
| 202 | 194 | 1642 |

**including smaller external actions, excluding actions funded from external budget (Heading 4)*

13. What impact did the executive agencies' start of operations have on the processing of the applications for funding? / What impact did the existence of the executive agencies have on the processing of the applications for funding?

Commission's answer :

- a) Increase of the number of applications received by organising information campaigns or participating in information campaigns of national bodies and by having simplified application forms.
- b) Better quality of applications received by organising information campaigns or participating in information campaigns of national bodies, a better assistance of national bodies which have followed the training sessions organised by EACEAC, computerised application forms which reduce the risk of errors of applicants, a better feedback to unsuccessful applicants which allows them to elaborate better future applications.
- c) Speeding up the time to award by using computerised application forms and an optimised selections process in EACEA.
- d) Decreased number of complaints from unsuccessful applicants by a reinforced framework of independent experts for the assessment of proposals and a better feedback to unsuccessful applicants.

14. DG EAC's Annual Activity Report contains a reservation on the "Too high error rate in centralised direct management, due to lack of justifying documents for cost claims, concerning projects from the previous generation of programmes". In order to deal with the identified problem DG EAC has taken several steps and corrective actions. What is state of play regarding the implementation of these actions?

Commission's answer :

In its AAR 2009, DG EAC has made a reservation on the management of grants under centralised direct management as the untargeted ex post controls that were finalised in 2009 showed an error rate of 2.3%. The observed errors predominantly concerned the inability by the beneficiaries to produce justifying documents or these documents were of insufficient quality. Already in the AAR 2008, an error rate of 1.9% was identified for centralised direct management, which approached the 2% threshold. Therefore, it was considered that for 2009 a reservation was warranted, even though:

- the error rate exceeded the threshold only to a limited extent in 2009;
- the errors all concerned projects of the previous generation of programmes; recent improvements to the DG's financial management system were therefore not yet reflected in the error rate;
- the centralised direct management mode (excluding the subsidies to Cedefop and ETF) represents only 5.6% of the total budget of the DG; the amount at risk remained therefore very low: only 0.1% of the budget;
- the observed error rate was heavily influenced by a high error rate in one relatively large project; the error rate for the other projects in the sample was only 0.3%.

Action Plan

The outline of the action plan was included in the AAR. To help its further elaboration, the IAC was requested to conduct a consulting engagement on reducing errors in centralised direct management in March-April 2010. This confirmed the analysis from the AAR. Based on the conclusions of the IAC consulting engagement, the Action Plan was completed and agreed in May 2010. It can be summarised in five main action lines:

1. Issue recovery orders for identified errors and improve the regular reporting on and follow-up of the recovery process.
2. For ongoing projects, improve the information to beneficiaries in order to make them better aware of which justifying documents they need to be able to produce.
3. Clarify rules on eligibility of costs, notably treatment of VAT and contributions in kind.
4. For future projects, look for methods to reduce the need for justifying documents by relying more on result-based closures, lump sums, and subsidies for specific actions instead of for a full organisation. For projects where there is no alternative to a cost-based approach, clarify and improve the use of audit certificates (for example through the definition of the terms of reference for the certificates).

5. Introduce a specific ex ante verification for calls for proposals, in order to ensure that they respect existing rules and incorporate the approach agreed in the action plan fully.

Many of the above actions will also include specific trainings or work shops.

Progress

Most main actions are well advanced. In many cases, the initial steps consisted of conducting analysis and defining an improved approach in detail. This new approach will be integrated in the definition of new calls for proposal and verified by the new ex ante verification.

It should be noted, however, that due to the type of reservation, its swift removal seems unlikely, mainly for two reasons:

- The changed approach can only be introduced in the new calls for proposal and its effect will, therefore, only become visible when the projects financed by these calls are closed – a process which takes several years.
- Due to the time it takes to conduct and finalise ex post controls, the error rate used in a specific AAR is based on projects closed two years earlier. For example: the error rate in the AAR 2009 was based on audits that were closed in 2009, but launched in 2008 and concerned projects that received their final payment in 2007. Therefore, even if we would manage to clean up fully the situation in 2010, this will only become visible in the AAR 2012.

From the draft results of the ex post controls that are being closed in 2010 (based on projects closed in 2008), it is already evident that the error rate will indeed not drop below 2% in the AAR 2010.

Nevertheless, there is a chance that we will see an "automatic" improvement of our error rate over the coming years, thanks to the improvements to the control framework that have been introduced in the current generation of programmes. Indeed, the limited number of projects concerning the current programmes that were included in the sample of ex post controls being closed in 2010 tend to show lower error rates. If this trend is confirmed, the error rate might decline in following years as the proportion of new projects increases in the ex post control sample.

15. Does EU funding in the field of Education and Youth have a significant impact on sustainable economic output? Which average yields in the medium/long term on an invested Euro for Education spent on European level are realized?

Commission's answer :

Investments in education bring results in the medium to long term and EU action in this field complements member States' own policies.

The interim evaluation of the Education programme, based on research, case studies, national reports as well as surveys shows that European added value is considerable.

The intensive cooperation the EU programme supports, in particular between institutions, allows changing structures and practices in education and training, including internationalisation of strategies and closer links with business and civil society. Mobility schemes developed at EU level, such as Erasmus, complement international, bilateral and national programmes that exist and, reinforce the European citizenship of mobile learners and teachers.

Complementing the impact of the formal national education and training schemes, as supported by the Lifelong Learning Programme, on the economic growth of the Union, the EU funding under the Youth in Action Programme aims at fostering non formal learning, with a view to ensuring the full participation of young people in education, employment and society. The Commission does not have a precise measurement of the return on investment in the medium/long term in this field, but the mid-term evaluation of the Youth in Action Programme, as well as a survey among participants, suggest a noticeable impact of this Programme on the employability of the young participants. Furthermore participating in this Programme has a positive impact on the perception of the European Union among young people (for example, 60% of young participants voted during the 2009 European elections, to be compared to an average 29% among the global EU youth population); supporting the global European project also contributes to the sustainable economic development of the Union and its Member States.

The impact of both Lifelong Learning and Youth in Action Programmes goes well beyond the personal benefit for their individual participants: these Programmes support the modernisation of the formal and non-formal education systems in the Member States and hence contribute to a smart, sustainable and inclusive growth in Europe.

16. The European Court of Auditors reports that in a random sample in 54% of closures (39 of 72) errors have been identified, 33% of them (26 of 79) are quantifiable. Therefore a significant deviation of the error rate from $\leq 5\%$ in closures cannot be rejected. What does the Commission intend to do to improve this situation?

Commission's answer :

The frequency of errors cannot be considered as an indication for the error rate. In fact, the error rate was only slightly above 2% in 2009, despite the apparently high frequency of errors. This is explained by the fact that the quoted frequency of errors reflects the number of errors found in the sample. In 2009, the sample consisted almost completely of closures (120 out of 150 transactions). However, closures represent only 13% of the value of our payments in 2009; in the advances, which represent 87% of our payments, no errors were found.

Most errors were found on the payments for actions under the former generation of programmes (2000-2006) with more complex rules.

The revised framework of the current generation of programmes (2007-2013) with simplified rules and extensive use of lump sum financing should reduce the risks linked to final payments. First figures of the audits performed in 2010 on behalf of DG EAC confirm this positive trend. Whereas the error rate is lightly above 2% for the old programmes (Leonardo daVinci, Socrates, Youth) the error rate for the new programmes (Lifelong Learning Programme and Youth in Action) is below this threshold.

17. As the Commissioner for Education, Multilingualism and Youth several regulatory agencies are under your authority. (CdT, CEDEFOP, ETF, EIT) and relevant parts of the executive agencies EACI and EAC-EA.
- a. Which interdependences exist among agencies? Which interdependences exist with the Commission? Do double structures exist?
 - b. In how many tranches do the agencies under your authority receive their community subsidy in cash (except CdT) from the Commission? What are the administrative costs for each tranche? Does the Commission face any problems in the cash management of those agencies?
 - c. The Court of Auditors reports several shortcomings in the above mentioned agencies regarding staff selection and general irregularities in human resources, carry overs, unused appropriations etc...

What is the Commissioner intending to do to stop infringements within the agencies under her authority?

Commission's answer :

Concerning EACI

The Executive Agency for Competitiveness and Innovation does not fall under the responsibility of Commissioner Vassiliou.

The parent DGs of EACI are DG ENTR, DG ENV, DG ENER and DG MOVE.

a. There are no interdependencies or double structures between the EACI and EAC-EA as the EACI does not implement programmes or projects falling under the responsibility of Commissioner Vassiliou.

Regarding the EACI and its relations with DG ENTR as one of its parent-DGs, there is a monitoring and supervision set-up in place which derives from the general legislative framework for EU executive agencies and legal documents specifically concerning the EACI. It covers three levels: strategic and political supervision, administrative and horizontal management issues, as well as operational supervision of individual measures delegated to the EACI. This "system" is designed in a way which excludes double structures. It has been audited and accepted by the ECA and the IAS.

b. The yearly subsidy to EACI is paid in 3 tranches. As shown in the table below, the contribution from the ENTR budget line was € 6,2 million in 2009 and € 7,5 million in 2010. Due to the low risk environment for such transactions, DG ENTR has adopted the normal workflow. In total, five agents are involved. There is no problem in cash management to report.

c. Since its first year of operation, the EACI has always received a positive DAS.

In its report on the annual accounts of the EACI for the financial year 2009 (OJ 2010/C 338/15), the Court criticised the overestimation of the budget and the need for making budget amendments. The EACI took appropriate measures so that this situation did not occur in 2010. With regard to human resources, the Court criticised certain aspects of formalisation and documentation in the EACI's recruitment procedure. The Agency's action plan to respond to these observations is on-going.

Concerning relations between ETF and CEDEFOP:

a. - Article 3.3 of the ETF Regulation (EC) 1339/2008 sets the obligation for ETF to "cooperate with the other relevant Community bodies, with the support of the Commission. The Foundation shall cooperate, in particular, with (CEDEFOP) in the framework of a joint annual work programme annexed to the annual work programme of each one of the two agencies with the objective of promoting synergy and complementarity between their activities". Joint working programmes between ETF and CEDEFOP have been implemented since 2002. The most recent Memorandum of Understanding between the two Agencies was adopted in November 2009.

The complementarity comes from the fact that, even if the two agencies have a similar thematic scope which is Vocational Education and Training (VET), the targeted EU policy is different. While CEDEFOP works under the heading of "Sustainable Growth", ETF evolves under the heading of "EU as a global player" dedicated "to developing human capital development (...) through the improvement of VET systems in the context of the EU external relations policies". Therefore, through a linked thematic scope, the two agencies work under different EU policies in different geographical areas: CEDEFOP with the EU Member States; ETF with 29 non-Member States: ENP Countries, IPA Countries and others designated by its Governing Board as Partner Countries.

The synergy between the two Agencies comes from the fact that one of the main missions of CEDEFOP is the identification and information on best practices in the EU while ETF uses the results of the CEDEFOP' work as an input for disseminating them to and among Partner Countries.

Similar arrangements exist with EUROFOUND.

Concerning the EU services, CEDEFOP works currently with DG EMPL, DG ENTR and with DG EAC as parent DG. DG EAC is member of the CEDEFOP' Governing Board.

ETF works currently with eight DGs (DG EAC as parent DG, plus the four External Relations DGs and EMPL, ENTR, JHA in the broad field of Human Capital Development). DG EAC, RELEX and ENLARG are members of ETF's Governing

Board whilst the eight DGs participate in the bi-annual Structured Dialogue meetings which contribute to define ETF working programme.

Coherence and complementarity between the two Agencies and the Commission's services is ensured by the fact that DGs are involved in the drafting and agreement of the working programmes.

The Commissioner in charge is satisfied with the work achieved by the Agencies which is noticeable through the following actions:

- CEDEFOP: New skills for new jobs; Skills supply and demand in Europe: medium-term forecast up to 2020; Skills for green jobs; The development of national qualifications frameworks in Europe and A bridge to the future: European policy for vocational education and training 2002-10.
- ETF: Portraits of Innovative Vocational Schools in Southern Europe; Labour Markets and employability: trends and challenges in Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine; Transnational Qualifications Frameworks; Qualifications that count: strengthening the recognition of qualifications in the Mediterranean Region; Human and social capital development for Innovation and Change.

Double structures do not exist.

b. ETF and CEDEFOP receive the Community subsidy generally in four tranches, upon request from the Agencies, based on the approved budget and the forecast of expenses to take place in the next quarter. This implementing method is possible due to the fact that there is a permanent monitoring of the budget and working programme execution. There are no particular administrative cost related to this transactions other than normal cost related to any financial transaction carried out by the Commission services.

c. ETF and CEDEFOP are committed to develop and implement an activity-based management as well as a performance-based management laying on result-orientation and continuous improvement. The Agencies systematically prepare an action plan responding to the findings and recommendations of the Court of Auditors, the Internal Audit Service as well as the external evaluators and auditors contracted by the Agencies or the Commission to check a particular policy, process or practice or even the overall performance of the Agencies. The different action plans include specific objectives and targets for each field covered by a recommendation or finding, under tied timetables and distribution of roles and responsibilities for implementation. The Agencies' Directors regularly monitor the progress achievement of the different actions according to the plan. Concerning the recommendations reported by the European Court of Auditors on Human Resources in the last years, both the auditors from the European Court of Auditors and from Internal Audit Service(IAS) have confirmed progress in both Agencies.

The Agencies regularly report progress in the IAS's Risk Register. In addition, the IAS auditors annually check during their visits the improvement made concerning previous recommendations. This leads often to a downgrading or even a cancellation of the risk category identified, which confirms the improvement in the respective area

covered by the recommendation. The Agencies also make an annual assessment of the Internal Control Standards and a Risk Assessment aiming at the identification and further mitigation of potential risks.

OLAF has opened a small number of administrative investigations in the last five years concerning the two Agencies. None of these investigations showed evidence of fraud.

In general, ETF and CEDEFOP are considered as mature and well managed Agencies.

DG EAC continuously monitors ETF and CEDEFOP management through permanent contacts and monitoring visits. Any potential deviation is corrected in due time by the Agencies' Director in full cooperation with their parent DG. At present there are no evidences of infringements needing to be stopped.

The Commission has an active role in the different phases of the agencies' work programme: drafting and approval of the WP, implementation and follow-up of progress and annual reporting and evaluation on results and accounts. Furthermore, the Commission is informed on the Agencies performance through the ECA and IAS reporting and follows the progress in the implementation of the corresponding action plans on the basis of the findings and recommendations contained in these reports.

Concerning Executive agencies

a) No interdependencies with other EAs at least as concerns the EACEA comes to my mind. The EACEA is for its functioning fully dependent on the Commission (subsidy + general frames) as well as concerning the Commission procedures (ISCs, eGreffé, etc.), whereas EAC depends on the EACEA for the fulfilment of its objectives on a political level. The division of tasks between EAC and EACEA is defined so as to avoid double structures.

b) The subsidy to the EACEA is paid in four instalments. The indicative payment schedule, as well as the amount of each payment, is known by the Commission in advance (drawn up by the EACEA based on their treasury needs), which facilitates the management of the subsidy. The administrative costs of each tranche consist mainly of the time it takes one AD grade official to verify the debit note sent by the EACEA, and prepare the payment file (1-2 hours), together with the different steps of the standard circulation of a payment file (encoding + verification + authorisation). No particular problems have been experienced in the cash management of the EACEA.

c) EACEA has put procedures in place, mirroring those of the Commission, which largely mitigate the risk for shortcomings in these fields. In addition, the Commission has put supervisory structures in place, consisting of reporting and meetings both on a formal and informal level, together with the audit functions (IACs of the EACEA and the Commission). These structures regularly address the issues referred to.

Concerning the CDT

a./b. The 'Centre de Traduction' was established in 1994 by Council Regulation (EC) No 2965/94 with the mission to provide translation services to the other decentralised

Community agencies. It performs and charges these services on the basis of a cooperation agreement signed with each customer. Today the Centre translates for over 50 Community agencies, institutions and other bodies.

The Centre's second mission is to actively participate in the cooperation between the EU's translation services. This interinstitutional cooperation has the objective of rationalising working methods, of harmonising procedures and of making overall savings in the field of Community translation.

c. In its report on the annual accounts of the Translation Centre for the Bodies of the European Union for the financial year 2009, the Court of Auditors confirmed the reliability of the Centre's accounts along with the legality and regularity of underlying practices.

18. According to the Court of Auditors Annual report, p.7.12 states that 24% of closures audited contained quantifiable errors, mainly due to accuracy and declaration of ineligible costs. The Commission response that at this time the eligibility criteria offered a certain flexibility. Nevertheless, because of the non-availability of a justification concerning this old file, the Commission will recover the funds concerned. However, as Youth in Action programme is ongoing, and the Court finds error rates between 1% and 13%, what are the main difficulties regarding the implementation of the programme and what concrete measures were undertaken so that similar examples of 13% error rate would be strongly lowered?

Commission's answer :

All projects referred to by the Court of Auditors in the youth field (the particular case identified and the other projects presenting error rates between 1 and 13%) were projects, dating back to 2004 or 2005, which were supported under the previous "Youth" Programme (2000-2006). The eligibility rules have been strengthened with the entry into force of the new "Youth in Action" Programme in 2007, with a view to lower the risk of error as well as the uncertainty for the applicant regarding the final level of the grant. Examples of the concrete measures include:

- more clarity in the "Programme Guide" (for the applicants), the purpose of which is to explain i.a. the eligibility rules applying to the projects; precision has been introduced in the Guide regarding, for example, the duration of an activity, the age limits of the participants, the conditions for the eligibility of certain exceptional costs...;

- more clarity in the "NA Guide" (put at the disposal of the National Agencies (NAs), with a view to increase the quality and consistency of the management of the Programme at their level); precision has been introduced in the Guide regarding various steps to be followed by the NAs in the management of the life cycle of a project (for example as regards the signature of grant agreements with the beneficiaries, with a view to avoid any misunderstanding regarding the starting date of the project), as well as regarding the internal management of the NAs (for example as regards the audit trail of the procedures applied to the projects).

19. Annex 7.1 of the Annual report a transactions testing, which for Education and culture found that 42% of transactions were affected by error. What is the Commission doing to improve this situation?

Commission's answer :

See reply to Question 2.

20. In 2009, as every year, all institutions, including the Commission, spent large sums on translation and interpretation. Every institution has its own service for this.

- a. Can the Commission envisage any positive effects from coordinating the translation services?
- b. Does the Commission believe there could be increased efficiency and reduced costs with the formation of a common, inter-institutional translation service?

Commission's answer :

a. The Inter-institutional Committee for Translation and Interpretation (ICTI) was created in 1995 by the Secretaries-General to improve inter-institutional cooperation between the translation services. ICTI's mission has consistently been to find ways to save on resources and to improve working methods. The guiding principle is to concentrate efforts where inter-institutional cooperation brings added value.

A large number of actions and activities have been launched to improve cooperation, in particular following the 2006 special report of the Court of Auditors on translation expenditure incurred by the Commission, the Parliament and the Council.

Many activities are now coordinated at ICTI level, e.g. development of management tools (e.g. performance indicators and score boards), training and exchange of staff, collaboration with EPSO (including recruitment before enlargements and awareness raising campaigns for the translator and interpreter professions), and reflections cross-cutting linguistic issues.

Resources are common or shared to a high degree in three areas:

ICT: Common Documentary resources and translation tools. E.g. for terminology (IATE and Quest), translation memories (Euramis), document-specific information (ELISE). As of 2012, the new DocFinder tool will be added to this list.

Human resources: Shared training activities.

Outsourcing and procurement: Common procurement procedures for freelance translations and ICT.

In addition, the Workload Balancing Scheme is designed to allow the evening out of the excessive workload being experienced by one Institution in situations where other institutions have spare capacity.

The higher number of co-decision acts resulting from the implementation of the Lisbon Treaty opens up possibilities for new synergies between the Institutions involved in the co-decision procedure. This will be important for a cost-efficient use of resources. A working group has been set up under ICTI to examine this issue.

The Commission believes that the cooperation within ICTI has been very successful and yielded considerable savings and improved quality. The Commission is committed to further strengthening the cooperation.

b. In 2003 and 2004, the ICTI examined this issue. One scenario analysed was to merge the translation services of the Commission, the European Parliament, the Council, the European Economic and Social Committee, and the Committee of the Regions. The ICTI concluded that such a merger would not produce substantial savings. Instead, most of these savings could be achieved through reinforced inter-institutional cooperation (see answer to point a. above). This conclusion was confirmed by the Court of Auditors in its special report from 2006, to the extent that the Court reflected on inter-institutional issues.

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