

**2017**

**Annual Activity Report**

**European External Action Service**



11 July 2018

## **EEAS Annual Activity Report – 2017**

The Annual Activity Report is a management report of the Secretary General of the EEAS to the HRVP. It is the main instrument for management accountability within the EEAS and constitutes the basis on which the HRVP takes her responsibility for the management of resources, including the efficiency and effectiveness of internal control systems and an overall assessment of the costs and benefits of controls.

In accordance with the governance statement of the EEAS, staff conducts operations in compliance with the applicable laws and regulations, working in an open and transparent manner and meeting the expected high level of professional and ethical standards.

## INDEX OF CONTENT

<b>1.</b>	<b><i>Introduction</i></b>	<b>5</b>
1.1	The EEAS in brief	5
1.2	The year in brief	6
<b>2.</b>	<b><i>Achievements</i></b>	<b>8</b>
2.1	Achievements of specific objectives	8
2.2	Specific efforts to improve 'economy' and 'efficiency' of spending and 'non-spending' activities	9
2.2.1	Task Forces on Career Development and Gender and Equality Opportunities	9
2.2.2	The Security Package	9
2.2.3	Streamlining Political Objectives and Resources	9
2.2.4	Improved support to Delegations	9
2.2.5	EEAS Building Policy management	10
<b>3.</b>	<b><i>Management of Resources</i></b>	<b>11</b>
3.1	Management of human and financial resources by the EEAS	11
3.1.1	Management of human resources	11
3.1.2	Management of financial resources	17
3.1.3	Control efficiency and cost-effectiveness	27
3.1.4	Fraud prevention and detection	29
3.2	Assessment of audit results and follow-up of audit recommendations	29
3.2.1	Internal audit function	30
3.2.2	Results from audits during the reporting year	31
3.2.3	Follow up of audits from previous years	32
<b>4.</b>	<b><i>Assessment of the effectiveness of the internal control systems</i></b>	<b>34</b>
4.1	Internal Control Standards and Financial circuits in HQ	34
4.2	Internal Control Standards and Financial circuits in Delegations	36
4.2.1	Compliance with Internal Control Standards	37
4.2.2	Effectiveness of Internal Control Standards	37

<b>5.     <i>Management Assurance</i></b>	<b>39</b>
<b>5.1 Review of the elements supporting assurance</b>	<b>39</b>
5.1.1 Assessment by Management at Headquarters – synthesis of the AOSD reports	39
5.1.2 Assurance in Delegations – synthesis of the DAS of the Delegations	39
5.1.3 Follow up of previous years' reservations	40
<b>5.2 Overall conclusions on the combined elements on the Declaration as a whole</b>	<b>40</b>
<b>6. <i>Declaration of Assurance</i></b>	<b>41</b>

## Part 1 – Introduction

### 1.1 The European External Action Service in brief

The European External Action Service, or EEAS, was created by the Lisbon Treaty in 2009, and established by the Council Decision of 26 July 2010<sup>1</sup>. It came into being on 1 January 2011.

The EEAS supports the EU's High Representative for the Common Foreign and Security Policy, namely:

- in conducting the Common and Foreign Security Policy of the European Union, including the Common Security and Defence Policy;
- in his/her capacity as President of the Foreign Affairs Council; and
- in her/his role as Vice President of the European Commission responsible for the coordination of other aspects of the European Union's external action.

The EEAS also assists the President of the European Council and the President of the European Commission on foreign policy matters.

The EEAS has its Headquarters in Brussels and a network of 140 EU Delegations worldwide. The EEAS has 4,067 staff members, of which 2,077 work in Delegations. Delegations additionally employ 3,616 European Commission staff, bringing the total staff in Delegations to 5.693 (end-2017 figures). All staff members in Delegations, i.e. both EEAS and Commission staff, work under the authority of the Head of Delegation.

The EEAS is a 'functional autonomous body of the Union' originally created by transferring staff from the Commission and the General Secretariat of the Council to the new organisation. In addition, the Council Decision establishing the EEAS stipulates that, once the EEAS has reached its full capacity, at least one third of all AD-category staff should come from the diplomatic services of the Member States. By the end of 2017, 32.83% of the EEAS AD Staff were Member State diplomats.

According to the Council Decision establishing the EEAS, the budgetary responsibility of the EEAS is limited to the management of the administrative budget lines (salaries, running costs, security etc.). The total budget of the EEAS in 2017 amounted to 636.1 M€. Additionally, in 2016 the EEAS received a contribution of 185.6 M€ from the Commission for the administrative management of Commission staff in the network of EU Delegations<sup>2</sup>.

The Council Decision establishing the EEAS foresaw, for mid-2013, a review of the organisation and functioning of the EEAS. The Council, European Parliament and the Court of Auditors examined the 2013 EEAS review in detail. A progress report on the

---

<sup>1</sup> Council Decision 2010/427/EU

<sup>2</sup> This included contributions from Heading V of the Commission budget, administrative lines of the operational budget.

implementation of the 2013 review was published at the end of 2015<sup>3</sup>. This report outlined progress in consolidating the organisation and functioning of the EEAS, provided an analysis of the main areas of ongoing work in this respect, and set out orientations for future reform. The HRVP will report on further progress on the implementation of the EEAS review towards the end of her mandate.

The reporting obligations of the EEAS are similar to those of the European Union's other Institutions. The EEAS budget is subject to a discharge procedure in the same way as are the European Union's other Institutions. The Annual Activity Report (AAR) of the EEAS focuses on administrative and budgetary management. It contains the Declaration of Assurance of the Delegated Authorising Officer. In addition, to the AAR, the High Representative issues an annual report on the Common Foreign and Security Policy. All these reports are in the public domain and accessible on the internet.

## 1.2 The year in brief

2017 was a challenging year and the EEAS has once more been at the forefront of the EU's response: terrorism, hybrid threats, ongoing and new conflicts, irregular migration, human rights violations, and increasing contest of the multilateral order. To the South, instability and fragility persisted while, to the East, the European security order continued to be violated.

In the face of growing tensions, challenges to the rules based international order and democratic backsliding in its immediate neighbourhood and further afield, the EEAS has engaged and partnered with others to promote peace and security.

A region which has been high on our agenda throughout 2017 is the Western Balkans, including through the Serbia/Kosovo dialogue facilitated by the HR/VP as well as pressing ahead with the reforms agenda in the area of the rule of law, fundamental rights, and good governance, as well as countering challenges related to irregular migration. In the South, The EU remained committed to, and supportive of, the UN-led processes towards finding a peaceful solution to the crises in Syria, Yemen and Libya. A particular focus has been the peace process for Syria with active support from the EU and our partners, especially during the first Syria Conference in Brussels in April (which has been followed up with a second one in April 2018). The EEAS has continued its support to our Eastern partners, focused on the Eastern Partnership summit in November, while remaining committed to denounce Russia's violation of international law in Ukraine, including the illegal annexation of the Crimean peninsula and destabilisation of eastern Ukraine. The EU has also pursued its involvement in several complex peace efforts – more than 40 cases as well as 15 civilian and military missions and operations deployed on the ground - and played in particular a pivotal role in supporting peace agreements in Colombia and Mali.

At a time of multiple challenges to the multilateral order, the EU has been remained deeply engaged to preserve the Joint Comprehensive Plan of Action with Iran (JCPOA) and its continued implementation by all sides, not least given the HR/VP's role as Chair of the Joint

---

<sup>3</sup> Report of the High Representative of the Union for Foreign Affairs and Security Policy of 22<sup>nd</sup> December 2015 to the Council on implementing the EEAS Review, HR(2015) 170

Commission meetings to review implementation. The EU has also worked with partners at all levels to uphold the landmark achievements of the Paris Agreement on tackling climate change. It has continued to pursue important regional and bilateral partnerships, such as the negotiations with Japan for a Strategic Partnership Agreement and Free Trade Agreement or with Mercosur for an Association Agreement which continued through 2017 following their relaunch in 2016, and the negotiations for modernised agreements with Mexico and Chile.

2017 was also significant for our focus on migration, and our cooperation with Africa in this regard. This included effective action on returns, resettlement, and humane conditions for migrants. The EU's operation in the Central Mediterranean to save lives, fight smuggling, and support protection, community stabilisation, and capacity building were further expanded. The EU's dedicated efforts to support the Libyan Coast Guard continued. While our initiatives at sea continued to deliver significant results, we also paid greater attention to our activities on land with a view to improving the often appalling conditions faced by migrants in Libya and to provide alternatives for stranded migrants and victims of people trafficking. We undertook a new initiative to enhance resilience at Libya's southern land border. At the same time the EU continued to work actively with the International Organisation for Migration through the joint initiative on Migrant Protection and Reintegration. These programmes included support for assisted voluntary return and assistance for reintegration. In addition, we continued to work with Libya's neighbours to help more migrants return home from Libya, and we worked with the United Nations High Commissioner for Refugees to assist with the resettlement of refugees by the international community. The EU Emergency Trust Fund for Africa continued to play a critical role in the EU's work. The African Union-EU-United Nations Task Force, set up at the fifth African Union-European Union summit, has given new impetus to our cooperation with African partners.

As a follow up to the EU Global Strategy, a major landmark in strengthening Europe's security and defence was achieved with the launch of Permanent Structured Cooperation (PESCO). This went hand in hand with a package of measures to strengthen Europe's Common Security and Defence Policy, including a European Defence Fund and stronger cooperation with NATO. Achieving deeper cooperation on security and defence was a dream of our founders that is now being put into practice. At a time when the Union's security environment is hardening, this will allow us to become more efficient and autonomous, as Europeans, also in the field of defence and to become a more reliable point of reference for our global partners.

## 2. PART 2 – ACHIEVEMENTS

### 2.1 Achievements of specific objectives

Demand for action by Europe, and the EEAS, grew in 2017 and this trend does not look likely to change. This has several times been pointed out by the European Parliament, lately during the 2016 Discharge procedure.

The EEAS Secretary General established two Task Forces in 2017, on "Career" and "Gender Equality" respectively and the results of these two Task Forces work and recommendations are currently being implemented. This goes hand in hand with increased efforts in the training sector and the expansion of training options.

The security of staff and information and the effective management of resources remained top priorities for the EEAS in 2017. In the field of information security, the EEAS created a cyber-governance board as well as enhanced its resilience through new equipment and the training of staff.

In two delegations, in Gambia and Afghanistan, a deteriorating security situation led to staff evacuations in line with the EEAS' duty of care. While the situation in Gambia returned to normal after a few weeks, the Delegation to Afghanistan remained subject to a level 3 evacuation at the end of 2017, meaning that all non-essential staff had been withdrawn.

The EEAS delivered successfully on the 5th and final round of 5% staff cuts. The EEAS maintained its approach of previous years and made all staff cuts in headquarters to maintain staffing levels in Delegations.

Following the Special Report from the European Court of Auditors regarding the EEAS management of its buildings (13/2016), a full reassessment of the procedures and working methods within our infrastructure management took place resulting in an Action Plan submitted to the Secretary General to follow up on the recommendations made by the Court of Auditors.

The 2015 Discharge for the EEAS budget was granted by the European Parliament in its Resolution adopted in the April 2017 plenary session. The Resolution drew special attention to staff matters (such as gender balance, nationality, recruitment of local agents, and management of individual rights), procurement, co-location, and EU special representatives. The Discharge of the EEAS 2016 budget was granted by the European Parliament in the April 2018 plenary session maintaining the positive record since the establishment of the EEAS in 2011. The Resolution drew attention to transparency, the protection of whistle-blowers, and the need to improve procurement procedures.

The EEAS placed new emphasis on communication during 2017, thanks in part to the support of the European Parliament in granting additional budgetary resources for Strategic Communication. EU Delegations' press and information work focused on building and maintaining contacts with the media, responding to public enquiries, organising events, producing newsletters, managing websites and social media, and developing various types of information and promotional materials.



The EEAS Internal Audit Division identified a financial error rate of 0.03% in 2017, following the methodology of DG BUDG, which was well below the materiality threshold of 2% which would require a reserve to be entered. When adopting the methodology of the European Court of Auditors to estimate the error in cases of serious infringements in public procurement, the error rate remained very low (0.65%).

Procurement Procedures and the management of security services in Delegations continued to be a priority, as the majority of the errors identified related to these areas. The reservation entered in 2011 and 2012 by the EEAS' Chief Operating Officer was lifted in 2013, however the task force for security contracts which was put in place at the time has been maintained.

## 2.2 Specific efforts to improve 'economy' and 'efficiency' of spending and non-spending activities

### 2.2.1 Task Forces on Career Development and Gender and Equality Opportunities

The establishment of the Task Forces on 'Career Development' and 'Gender and Equal Opportunities' at the request of the Secretary General was aimed at improving working conditions in the EEAS. The Task Forces, composed of EEAS colleagues of different categories of staff, age or gender, prepared detailed recommendations which are now being implemented.

### 2.2.2 The Security Package

The security of staff, in Delegations and in Headquarters, is essential for a well-functioning and efficient organisation. The implementation of the additional "Security Package" budget allocation in 2016 and 2017 was an important step in improving the security in Delegations by strengthening the network of Regional Security Officers and upgrading the security installations and equipment.

### 2.2.3 Streamlining Political Objectives and Resources

The streamlining of resources (both human and budgetary) in line with the EEAS objectives as per the Global Strategy was an ongoing theme throughout 2017. A working group to analyse the network of Delegations, their objectives, and their resources worked throughout 2017 to establish the new Annual Review Mechanism, which will perform a continuous analysis of how the resources of the EEAS are best employed.

### 2.2.4 Improved support to Delegations

As part of the continuous screening of the optimal use of resources, the organisation of support from Headquarters to EU Delegations in the administrative area was rearranged in 2017 with the creation of a Horizontal Coordination Division directly attached to the Director General for Budget and Administration. The division draws on existing resources within the

Directorate General and provides a more comprehensive and results-oriented support to Delegations, also drawing on regional resources where necessary.

### 2.2.5 EEAS Building Policy management

The 2016 Special Report from the European Court of Auditors regarding the EEAS Building Policy management highlighted a number of areas for improvement within the building policy and building management, both centrally and in Delegations. Several of these points had already been identified by the EEAS and improvements were ongoing, but the Special Report assisted in highlighting further improvements via its recommendations.

The EEAS has drawn up an action plan in response to the report and has continued with policy and technical improvements already foreseen. In addition, the EEAS has received additional budgetary resources to reinforce this area with additional staff to ensure that recommendations are fully implemented.

## 3. PART 3 – MANAGEMENT OF RESOURCES

### 3.1 Management of human and financial resources by EEAS

#### 3.1.1 Management of human resources

At the end of 2017, the EEAS was comprised of 4,067 staff members (statutory and external), 1,990 of whom were working in Headquarters and 2,077 in EU Delegations. In addition, 3,616 staff members of the European Commission were employed in EU Delegations, 25 more than in 2016. Local agents (1,056) constituted the largest category of EEAS staff, followed by AD staff (935), AST/AST-SC staff (630) and contractual agents (420). 32.83% of EEAS AD staff was diplomats from Member States, which was in line with the Article 6(9) of the Council Decision establishing the EEAS (2010/427). This represented a slight increase from 2016 (31.64%). During the year, the EEAS recruited 26 officials, 149 seconded national experts, 48 new diplomats from Member States (among whom 17 on management posts) and 79 new contract agents (49 in Headquarters and 22 in Delegations).

#### Management positions

At the end of 2017, 7% of statutory staff (officials, temporary agents, contract agents and local agents) held management positions (compared to 8,4% in 2016). Women remained significantly underrepresented in middle management positions (Head of Division and Head of Delegation): 57 out of 219 posts (or 26%). This is even more so at senior management (Director and above) level, with women occupying 9 out of 50 posts (or 18%).

#### Staff distribution by gender and age

At the end of 2017, the overall gender distribution was almost equal, with 49.6% of EEAS staff being women (47.7% in 2016). However, imbalances remained within different categories and grades. In the AD category women accounted for 33% (no change from 2016), while they held the majority of AST-AST/SC (67% against 68% in 2016), Contract Agent (60% against 61% in 2016) and Local Agent positions (54%, stable since 2015). By the end of 2017, more than three quarters of the SNEs working in the EEAS were men. On the contrary, women occupied three quarters of the Junior Professionals in Delegations positions.

The average age of EEAS staff was 46.9 years, continuing the increasing trend of previous years (46.6 years in 2016 and 46.1 in 2015).

#### EEAS organisation and structure

The EEAS continuously reorganises its services to streamline its organisation and respond to political priorities. Following the restructuring of the EEAS Headquarters in 2015 and 2016, further changes were made in 2017.

In September, a Horizontal Coordination Division was created as part of a plan to restructure the Directorate General for Budget and Administration (DG BA). This new division is in charge of the Annual Management Plan, Delegation support and legal support as well as planning, briefing and reporting processes which were previously scattered across DG BA.

In the same month, the High Representative/Vice-President (HR/VP) appointed a Special Envoy of the EU to Afghanistan to advance the EU's contribution to delivering lasting peace and prosperity in Afghanistan and the region.

Internal reorganisations also took place within different Directorates in order to ensure a more efficient organisation of tasks. In the Asia Pacific Managing Directorate (MD ASIAPAC) the responsibility for Sri Lanka and Maldives was transferred to the Division for Regional Affairs and South Asia. In the Africa Managing Directorate (MD AFRICA), the responsibility for the Indian Ocean Commission and four Indian Ocean island states (Madagascar, Mauritius, Seychelles, Comoros) was transferred to the Southern Africa and Indian Ocean Division to increase the coherence of MD AFRICA's work in the region of the Indian Ocean. The Ex-Post Control function (EPC) services were transferred from the Inspection Division to the Internal Audit Division to ensure a more efficient functioning.

Following the HRVP's decision in December 2016, the merger of the Conflict Prevention, Peacebuilding and Mediation Division and the Crisis Response and Coordination Division took place in January 2017. The new Division called Prevention of Conflicts, Rule of Law/Security Sector Reform, Integrated Approach, Stabilisation and Mediation (PRISM) brought together expertise along all phases of the conflict cycle.

### **Resource allocation**

The EEAS, as other EU Institutions, has been obliged to reduce its statutory staff by 1% for five consecutive years and at the end of 2017 the EEAS finalised the fifth and last staff cut exercise. 9 Administrator (AD) and 7 Assistant (AST) posts were cut, which brought the total number to 84 posts that the EEAS has contributed over the last five years to the interinstitutional staff cut exercise. The reduction in the number of posts has been entirely borne by Headquarters.

Even though the EEAS fulfilled its obligations and successfully finalised all 5 staff cut exercises, it will face additional challenges in the area of resource allocation in the upcoming years. To further increase the organisational efficiency and obtain a better balance between resources in Headquarters and Delegations, the EEAS is planning, based on its Annual Review Mechanism, to redeploy 20 posts per year from 2018-2020, if the budgetary resources for this are granted.

### **Network of Delegations**

In 2017 the network of Delegations was expanded from 139 to 140 delegations with the opening of the EU Delegation to Mongolia on 2 November. In addition, the HR/VP took a decision on 20 July to begin preparations for the closure of the EU Delegation to the Solomon Islands and to relocate all its activities to the Delegation in Fiji in 2018.

Following the 2016 Decision to end the Brussels-based evacuation of the Delegation to Yemen, staff were temporarily relocated to Amman in September 2017. Preparations for the establishment of a Delegation in Tehran continued. Similarly, preparations for the transfer of the Somalia Delegation from Nairobi to Mogadishu continued.

The EEAS Working Group on the Network of Delegations finalised its work in consolidating the strategic EEAS Human Resources policy for Delegations, inter alia proposing a permanent Annual Review Mechanism of resources and the scope of the EU Network of Delegations. Following its endorsement by the Secretary General, the Review Mechanism was launched in September 2017 bringing together DG BA and the relevant geographic and thematic EEAS services. Preparations began to undertake, as of 2018, a comprehensive review to align resources and the scope of the network of Delegations to the political priorities.

### **Cooperation with the EC**

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

During 2017, one EUDEL meeting was held at senior management (Director General) level and six meetings at working (Director or HoD/HoU) level. The meetings focused on staff and post-related issues such as the interinstitutional mobility of staff, career development in the EU's External Relations area, the follow-up of staff surveys, measures to promote staff engagement in EU Delegations and the rights and obligations of staff.

The meetings focused on the progress made by the EEAS Working Group on the Network of Delegations, the mechanism for annual review of staff resources and the opening and closure of Delegations. Also discussed were the Commission's contribution to administrative support in Delegations, the 2017 mixed posts exercise, proposals for modernizing the employment conditions of local agents in Delegations and the rights and obligations of staff.

### **Local agents**

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

The management of local agents is decentralised to the Delegations. The EEAS HR Directorate defines the human resources policy and advises the Delegations on legal, financial and social dialogue issues providing daily support on recruitments, contracts, salaries, dismissals and supplementary pension and health insurances. The local agents' chapters of the EU Delegations' Guide are the main tool providing instructions to the Delegations.

In 2017, 224 local agents left the service and 262 new local agents were recruited by the Delegations. The average number of years' service was 9 years. 8 local agents were dismissed.

Thanks to proactive management, Delegations fully used their promotion rights, promoting 340 local agents out of a possible 2230 eligible. Furthermore, another 46 local agents changed function group by applying to a vacant job.

Following the Salary Method, the salary grids for 121 of the 141 places of employment were revised with a 4.7% average increase in local currency.

#### *Improving Local Agents' employment conditions*

Local agents' conditions of employment are defined by local law, under which they are employed, and by EU Framework Rules which set minimum standards for all the Delegations. In 2017, the EEAS Human Resources Directorate launched an inter-service consultation with the Commission, as well as consultations with the Trade Unions, to modernise and improve the Framework Rules and related social security schemes. This major reform should enter into force in 2018.

#### **Training**

2017 saw a new paradigm for learning and development in the EEAS. During the first EEAS Learning and Development Days in March 2017, a new Learning and Development (LEAD) Framework was launched, signalling a shift in focus on how people learn, putting more emphasis on peer-to-peer, on-the-job and blended learning, making the EEAS learning opportunities more flexible and accessible for colleagues in Delegations.

Several innovative activities have been launched reflecting the priorities set by the HR/VP and the Secretary-General, including a stronger focus on 'people management' training, mentoring, topical issues related to the EU Global Strategy and several new e-learning modules.

The training offer has increased significantly reaching 7,412 training days organised for colleagues in HQ and Delegations and 60 hours of e-learning available.



## Social dialogue

Following the elections in December 2016, the newly elected Staff Committee took office in February 2017. Elections resulted in twenty full members and twenty alternates being appointed from both Headquarters and Delegations.

Based on the percentage of votes obtained during the Staff Committee elections and in compliance with the Framework Agreement, the EEAS conferred the status of representative Trade Unions or Staff Associations (TUSAs) on four Trade Unions (reduced to three as from September 2017 due to the split of one TUSA). This inaugurated a new phase of social dialogue consultations on a variety of topics.

EEAS social dialogue plays a pivotal role in the service and the different social dialogue actors remain committed to promoting mutual respect, exchanging of information, constructive dialogue and to protecting and representing the interests of the EEAS staff.

## Exchange programmes

### *Diplomatic Training Secondment Programme*

The Diplomatic Training Secondment Programme, launched in 2015, targets diplomats from the Ministries of Foreign Affairs with, in principle, up to three years of professional experience in foreign services. In 2017, the programme provided an opportunity to 13 junior diplomats (5 from Germany, 3 from the Netherlands, 2 from the UK, 1 from Slovakia, 1 from Hungary and 1 from Austria) to become more familiar with EU foreign policy and to get a

better understanding of the working methods and decision making process in the EEAS. All participants were assigned to Services at HQ and one was also posted to a Delegation (Washington) following an assignment at HQ.

#### *Short term secondment programme with European Parliament*

The short-term secondment programme between the European Parliament and the EEAS, in its fourth year, was relaunched in May 2017. 8 colleagues from the European Parliament participated in the programme in 2017. The European Parliament participants were assigned to different geographical and horizontal divisions at EEAS HQ as well as in EU Delegations. 2 colleagues combined assignments in geographical divisions at HQ with postings to the corresponding EU Delegations (Russia, Egypt). The programme gives an opportunity to colleagues from both institutions to get an insight into their respective priorities and working methods and to develop closer professional links, thus enhancing ties between the two institutions.

#### *Diplomatic Exchange programmes with third countries and international organisations*

The EEAS concluded several Administrative Arrangements with a view to improving mutual knowledge and sharing expertise in sectors of common interest. So far, the EEAS has signed such arrangements with Argentina, Australia, New Zealand, Switzerland, USA, the African Union Commission, the Gulf Cooperation Council and the League of Arab States.

Through these arrangements and by hosting diplomats from non-EU countries, the EEAS works on deepening mutual understanding and developing a common diplomatic culture in Europe and beyond its borders. In 2017, the EEAS hosted one diplomat from the US State Department, one diplomat from Australia and two diplomats from the Gulf Cooperation Council.

#### *Diplomatic Exchange and Secondment Programme*

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

The DESP takes place between EEAS officials and diplomats from the Ministries of Foreign Affairs of Member States. The secondment period of EEAS staff is two years, which can exceptionally be extended to three. As a general rule, exchanges should be simultaneous, reciprocal and involve officials of an equivalent level. In 2017 one national official worked at the EEAS and three EU officials in national Ministries.

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

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



### *Traineeship programmes with Public Administration Schools*

The EEAS regularly welcomes students and officials for short-term traineeships based on Memorandums of Understanding with two National Schools of Administration: the French École Nationale d'Administration (ENA) and Krajowa Szkoła Administracji Publicznej (KSAP, Polish National School of Public Administration). In 2017, the EEAS hosted five students from ENA (two at HQ, three in Delegations) and six from KSAP (three at HQ, three in Delegations).

### **Mediation Service**

In 2017 the EEAS Mediation Service treated a record number of cases: 171, representing a 16% increase from 2016. The cases concerned rights and obligations, and conflict at work including psychological and sexual harassment.

The Service ensured that individual cases, which showed a greater variety and complexity during the year, received first priority. A particular effort was made to increase prevention measures through seminars and presentations focusing on risks for different populations, including sexual harassment for the higher risks groups.

The Confidential Counsellors' network was expanded to 13 trained volunteers who dealt with 11 cases of conflict at work or harassment over the year, compared to 7 in 2016. The network complemented the work of its supervisor, the Mediation Service, by dealing mostly with cases from local and contract agents who might not have been inclined to contact the Mediation Service.

## **3.1.2 Management of financial resources**

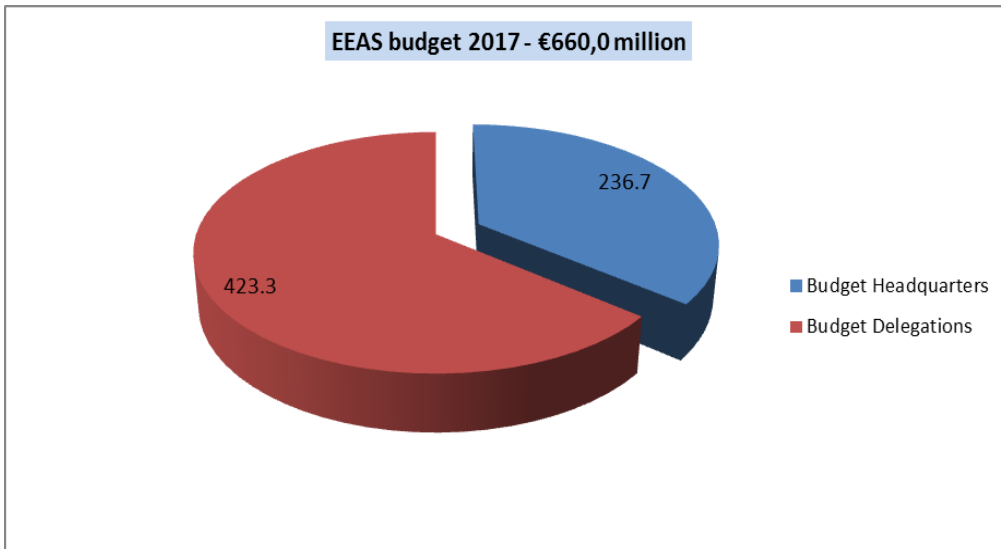
### **Implementation of the administrative budget**

The initial budget for 2017 approved by Budget Authority was 660,0 M€, representing an increase of 3,75% compared to 2016. This amount included investments in security to allow the EEAS to face the deteriorating security conditions in its area of activity, both in Headquarters and Delegations. These included security works such as the purchase of armoured vehicles and security training for EEAS staff. These explain 1,3 % of the increase compared to 2016.

No supplementary appropriations were obtained during the year.

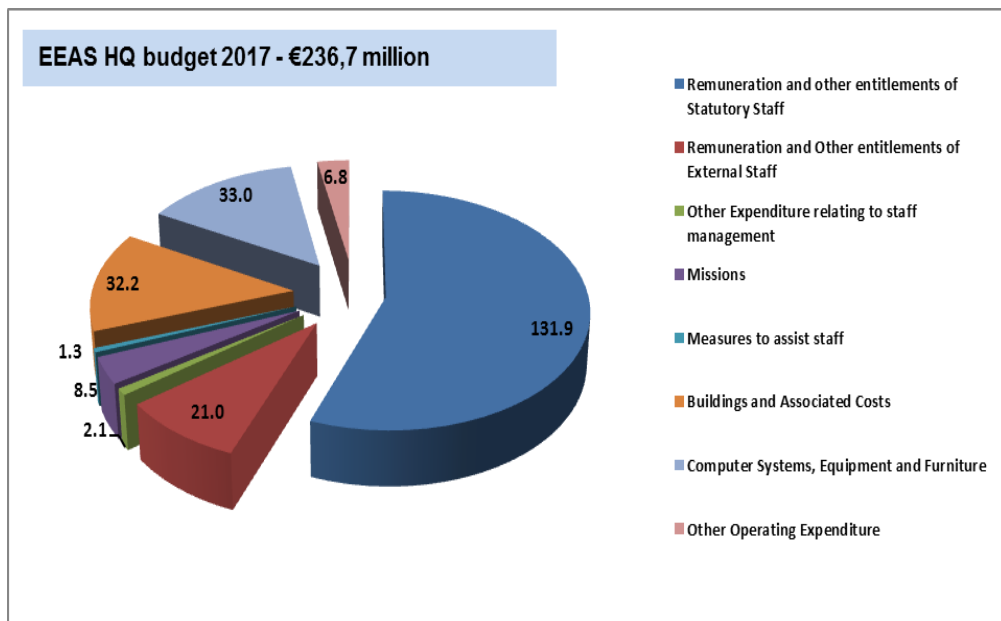
The total voted budget for 2017 therefore amounted to 660,0 M€.

The budget was split between Headquarters and Delegations as follows:

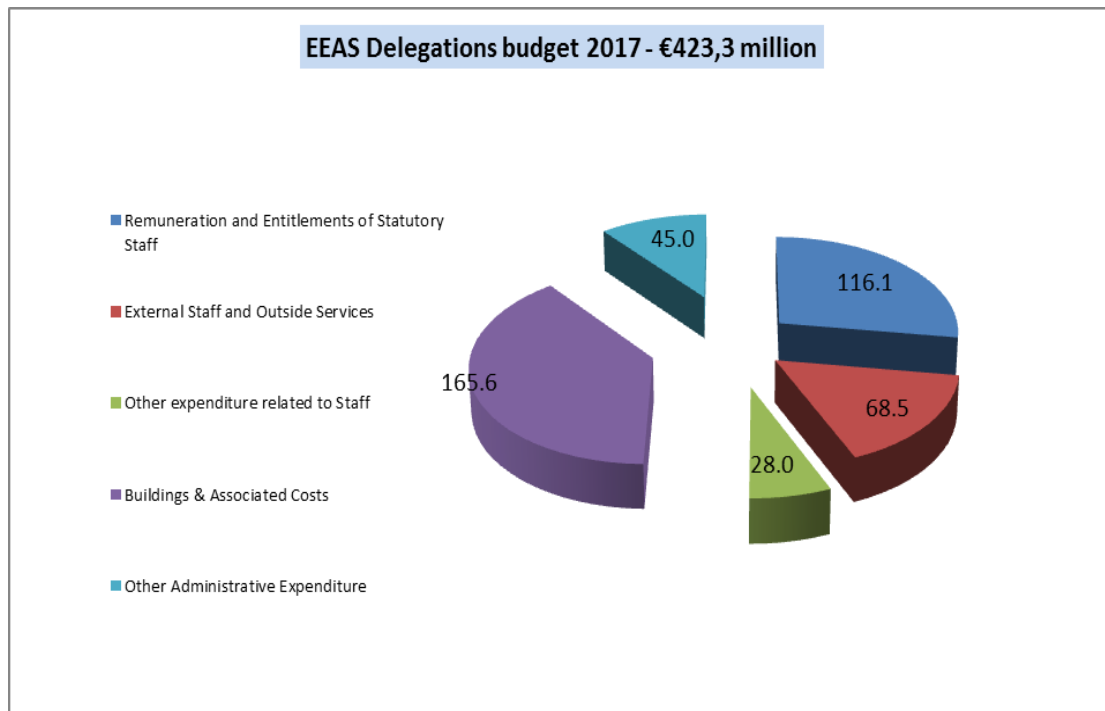


At Headquarters 64.6% of the budget (153.8 M€) was allocated to the payment of salaries and other entitlements of statutory and external staff.

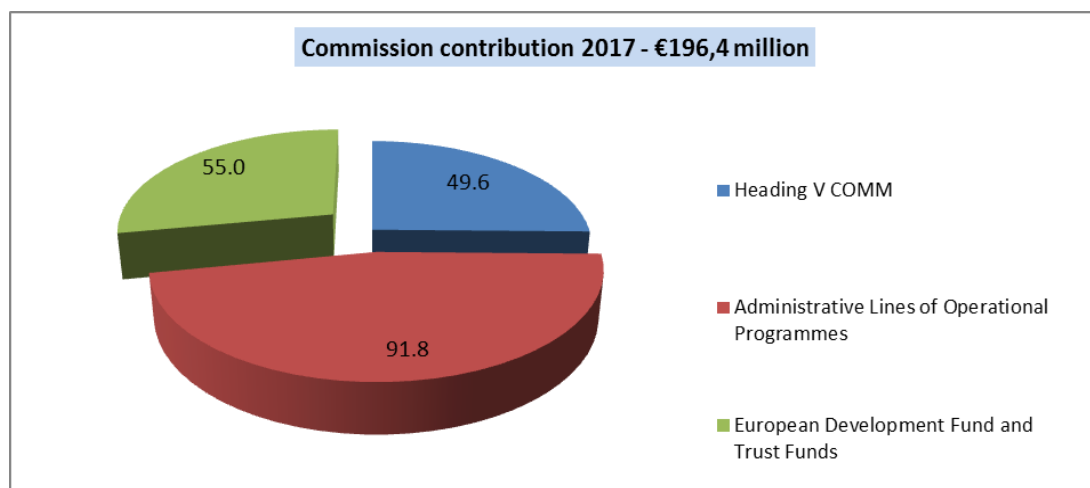
Other significant costs in the budget at Headquarters relate to buildings and associated costs (14% or 32.2 M€) and computer systems (including classified information systems), equipment and furniture (14.0% or 33.0 M€):



The Delegations' initial budget of 423.3 M€ was divided between 116.1 M€ (27.4%) for remuneration and entitlements of statutory staff, 68.5 M€ (16.2%) for external staff and outside services, 27.9 M€ (6.6%) for other expenditure related to staff, 165.6 M€ (39.1%) for buildings and associated costs and 45.0 M€ (10.6%) for other administrative expenditure.



In addition to the EEAS's own budget, a contribution of 196.4 M€ (excluding assigned revenues) was received in 2017 from the Commission to cover the administrative costs of Commission staff working in Delegations. This was split between the Commission's Heading V, the administrative lines of operational programmes (ex-BA lines) and the European Development Fund as follows:



An additional amount of 1,56 M€ was added to the European Development Fund (EDF) and Trust Funds (TF) contributions, which was adopted in late 2017 but for which the related income was only perceived in early 2018.

Management of the budget continues to be a challenging exercise, particularly in relation to the Delegations where, in addition to the EEAS budget, the EEAS also manages contributions from the Commission on 34 different budget lines relating to the administrative costs of Commission staff in Delegations. This is however unavoidable as the staff in question are managing various development programmes and must be financed by the respective budget

lines in order to respect the principle of budgetary specificity. 2017 was the second year where the common overhead costs of all Delegation offices (rent, security, cleaning, and other overheads), including EDF delegations, were financed entirely from the budget lines of the EEAS. This made management of the budget for this type of expenditure simple and efficient.

At times the availability of appropriations on certain lines was inadequate to deal with the actual expenditure on those lines and this necessitated transfers either from Title to Title, Chapter to Chapter or from Article to Article and also within articles. The budget authority was informed of the intended transfers on three occasions in accordance with Article 25 of the Financial Regulation, and at no time were any objections raised. In absolute terms, the value of all transfers made within the EEAS administrative budget amounted to 14.4 M€, of which the largest amount concerned an advance contract regarding Afghan security. The transfers reduced the EEAS HQ budget by 5.1 M€ and increased the Delegation budget by a corresponding amount.

No significant difficulties were encountered with the implementation of the Commission's contribution to the direct costs of its staff in Delegations. Some internal transfers, amounting to 795 k€, took place to reinforce the budget lines for salaries of local agents, staff rotation costs, expenses of other staff and mission costs. These amounts came from infrastructure lines.

Reinforcements were made for 203 k€ on FPI lines and 174 k€ on Heading 5 lines for mission expenditure and remuneration of other staff. 700 k€ were returned on NEAR lines, 270 k€ on RTD lines and 1.9 M€ on the infrastructure lines for Heading 5.

The final budget for EEAS HQ amounted to 231.7 M€. The execution in commitments at 31/12/2017 amounted to 230.7 M€ or 99.6% and in payments to 202.6 M€ or 87.5%.

The final EEAS budget for the Delegations was 428.3 M€. The execution in commitments at 31/12/2017 was 427.3 M€ or 99.8 % and in payments to 369.5 M€ or 86.3%.

Overall, the EEAS budget for 2017 has been executed at 31/12/2017 to 99.7 % in commitments and 86.7% in payments. The rate of execution in payments will increase with payments made in 2017 on commitments carried over.

During 2017, as a result of the simplification exercise mentioned above, assigned revenues carried over from 2016 (C5) of 33.2 M€ were also available on EEAS budget lines. At 31/12/2017 commitments of 33.2 M€ (99.9%) had been made and payments amounted to 28.4 M€ (85.4%). The rate of execution in payments will increase with payments made in 2017 on commitments carried over.

Furthermore, assigned revenues received during 2017 (C4) generated an additional 37.5 M€ in appropriations on EEAS budget lines. These revenues came principally from the EDF which, for the second time, paid a standard amount per person in respect of Delegation overhead costs for Commission staff financed by the EDF. These amounts, together with other receipts from co-locations with EUSR's and Member States, generated the revenues in question. Of the total, only 410 k€ (1.1%) was committed and nothing paid in 2017. The uncommitted remainder will be carried over to 2018 (C5 funds source).

No appropriations were carried over to 2017 in accordance with Article 13(2)(a) of the Financial Regulation.

As far as the EEAS budget for 2016 is concerned, payments on commitments carried over to 2017 amounted to 75.0 M€. This brought total expenditure on the 2015 budget to 641 M€ or 99%.

The budget of the Delegations was supplemented by a Commission contribution intended to finance the administrative costs of Commission staff in Delegations. The total contribution received, excluding EDF, was 141.4 M€, added to which is an assigned revenue of 3.2 M€. At 31/12/2017 execution in commitments on Heading V and other lines was 137.9 M€ (97.5%) and in payments 124.0 M€ (88.4%).

A contribution of 54.9 M€ was also received from the EDF and the Trust Funds. Additional carry-overs and appropriations released from decommitments brought the total amount to 59.7 M€ (including assigned revenues of the financial year). At 31/12/2017 execution in commitments was 52.6 M€ (88.1%) and in payments 46.5 M€ (78.0%). EDF credits which have not been committed are carried over to the following year as external assigned revenue and there is no loss of appropriations.

The rate of execution in payments for the Commission/EDF contribution will increase with payments made in 2018 on commitments carried over.

During 2017, assigned revenues carried over from 2016 (C5) of 2.14 M€ were also available on Commission budget lines (Heading V and other lines). At 31/12/2017, commitments of 2.12 M€ (99%) had been made and payments amounted to 2.12 M€ (99%). The rate of execution in payments may increase marginally with payments made in 2018 on commitments carried over.

### **Accounting function and information**

The EEAS, an independent institution according to the Financial Regulation, is responsible for the preparation of its own accounts which are the subject of the discharge procedure. It is worth noting in this respect that at the creation of the EEAS it was not granted the resources to deal with the tasks of the accountant (treasury management, preparation of general accounts, etc.). Therefore, to benefit from economies of scale and the experience and resources already existing with the Commission, the Accountant of the Commission is also the Accountant of the EEAS and the bulk of the accounting functions of the EEAS are de facto implemented by the services of the Accountant (DG BUDG).

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

During 2017 efforts were maintained to control the balance and number of outstanding open entries on the suspense accounts, used in particular by the Delegations. The procedure for a

monthly automatic clearing of the open Hors Budget (HB) entries has improved the efficiency for clearance of entries in these accounts. Thanks to efforts deployed, in coordination with the Delegations for the clearance of the HB accounts, it was possible to again decrease the number of outstanding entries at 31/12/2017 to the lowest ever level (33 454 open transactions) which is 4.3% lower than the situation at 31/12/2016 (34.951 open transactions). In addition, the number of "overdue" items was also reduced significantly (4.321 open transactions) which is 31.9% lower than the situation at 31/12/2016 (6.343 open transactions).

These figures are provisional as the accounting closure is still to be completed and some figures may change.

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

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

Concerning the provisional annual accounts of the EEAS for the financial year 2017, the Accounting Officer concluded that the risk of material misstatement as a result of fraud in the 2017 EEAS financial statements has been reasonably mitigated<sup>4</sup>.

The EEAS financial system was audited in 2014 and 2015 by the Accounting Officer's service in the framework of the process of validation of the local financial management systems.

The report was globally positive and the validation team concluded that it had no reason to believe that there are material issues affecting the financial statements that have not been detected by the controls applied by the EEAS and BUDG C.2. The validation team recognised the continuous efforts made by the EEAS to improve the controls currently in place and the particularity of the accounting environment of the EEAS, due to its breadth and complexity.

However a number of issues (11 recommendations in total) were identified to be followed up. These recommendations were transformed in an action plan, submitted for periodical review by DG BUDG. At the beginning of 2017 there were 5 recommendations still considered open and 6 were considered closed. The 5 remaining recommendations related to ensuring the data consistency between local IT systems and ABAC, Assess the categories of transactions for the use of provisional commitments, proper accounting for land of buildings in Delegations, complete inventory count at the HQ and instruct and supervise the Delegations and perform an ageing of suspense accounts and necessary write offs from the 2012 validation exercise.

A last evaluation of the status of the open recommendations was carried out at the beginning of 2018. According to the final report of DG BUDG<sup>5</sup> all the remaining pending recommendations flowing from the audit have been assessed as implemented and the audit

---

<sup>4</sup> Ares note (2018) 801261 from DG BUDG, Ms R ALDEA BUSQUETS: Risk Assessment: 2017 EEAS financial statements

<sup>5</sup> Ares (2018) 122974

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

### **Control effectiveness as regards legality and regularity**

The EEAS internal control processes aim at ensuring adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned.

### **Ex-ante control function and results**

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

For Headquarters transactions in the framework of procurement contracts executed by external contractors (services, supplies, works and some building contracts), a decentralised ex-ante financial verification with counterweight (workflow EEAS\_standard\_A2) is carried out by the Finance and Contracts Division. In this case, the ex-ante financial verification function is independent from the Authorising Officer by Sub-Delegation responsible of the transaction. This mode was introduced by the Authorising Officer by Delegation with a view to enhancing compliance and regularity (article 32 of the Financial Regulation).

For all other financial transactions carried out at Headquarters (staff entitlements, services provided under Service Level Agreements, reimbursement of experts, etc.) and for the financial transactions in Delegations, the ex-ante verification is assured internally by the operational divisions or by the Delegation respectively.

During 2017, for those transactions falling within the first above-mentioned mode, the Finance and Contracts Division performed:

- 894 ex-ante financial verifications on commitments (955 in 2016) concerning 792 commitments. Overall, 63 errors were detected, of which 55 errors were of an administrative nature. Most of them were linked to documents not presented to the ex-ante financial verification.
- 1,749 ex-ante financial verifications on payments (2,045 in 2016) concerning 1615 payments. Overall, 120 errors were detected of which 90 errors were of an administrative nature. Most of them were linked to documents not presented to the ex-ante financial verification.

The detected errors linked to irregularities such as 'incorrect legal entity or bank account', 'legal commitment signed without budgetary commitment' and 'credit note to be requested' were minor: 12 for commitments and 30 for payments.

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

For high value contracts, the ex-ante verification by Finance and Contracts Division is independent from the AOSD in charge of the procurement file in the Operational Divisions and Delegations. This mode was introduced by the AOD with a view to enhancing compliance and regularity (article 32 of the Financial Regulation). During 2017, the Finance and Contracts Division performed:

- 45 verifications of the tender files prior to the launch of the procedure (publication of contract notice / invitation to tender); and
- 31 verifications of the entire procurement procedure prior to the signature of the award decisions that led to the signature of 25 high-value contracts.

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

### Ex-post control function and results

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

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

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

The 2017 ex-post assessment was both quantitative (financial errors) and qualitative (nature of the errors detected, showing the main areas of concern in the execution of the budget).

Concerning the quantitative assessment, the EEAS follows the guidance of the Commission (DG BUDG) in the calculation of the error rate<sup>6</sup>, including the treatment of the anomalies detected in procurement according to which there are two categories of irregularities: financial procurement errors and reputational procurement error. Thus, the ex-post control provides two types of error rate:

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

The sampling methodology remained unchanged in relation to previous years. It essentially used a randomised risk-based Monetary Unit Sampling (MUS) method for the selection of samples of financial transactions for ex-post control.

In performing the ex-post controls, some exclusion criteria<sup>7</sup> were applied on the total population of payments (EEAS population) of 859.3 M€ to obtain a Core Population<sup>8</sup> of financial transactions worth 477.3 M€. From this Core Population, in 2017 a representative sample of financial transactions was extracted, worth 31.6 M€.

<sup>6</sup> "For procurement: error rate, financial exposure and materiality for a potential reservation AAR Instructions" Annex 4 to AAR Instruction, BUDG/D3 – November 2017

<sup>7</sup> Exclusion Criteria: financial transactions with zero or negative EUR value; remuneration of statutory staff at HQ and EU Delegations (*These amounts are calculated by PMO which confirmed that are subject to ex post controls. In accordance with the single audit concept, these transactions are not subject to a double control*); missions registered in MIPS; Imprest Account payments; revenues and financial transactions in November and December 2017.

<sup>8</sup> Core Population refers the total EEAS Budget minus the Exclusion criteria.



The sample represents 6.6% in EUR value of the Core Population. This sample covers 156 entities, including 15 HQ Divisions, 139 EEAS Delegations and 2 regionalised Delegations.

In addition, and in order to comply with the recommendation of the Court of Auditors to cover all the financial year, during the 2017 exercise the ex-post control team also controlled, for the first time, the population of November-December 2016.

For the population of payments (EEAS population) of 132 M€ run over November and December 2016, a Core Population<sup>9</sup> of financial transactions worth 100.5 M€ was extracted. From this Core Population, a representative sample of financial transactions was extracted, worth 7.4 M€ (7,4% of the Core Population).

In terms of the nature of the expenditure controlled, the largest in terms of the number of financial transactions are as follows:

- Services (46%)
- Local agents' salaries (22%)
- Other reimbursement to staff (9%)
- Rent under Article 23 (5%)

The remaining types, amounting to 18% of the total number of transactions, include representation costs, rent under Article 5, office rent, and rent charges for the Residence. If compared with the previous years, it is to be noted that the proportions of the types of costs controlled is relatively stable, therefore the results are comparable over the years.

#### Quantitative assessment – error rate with a financial impact

For this report the quantitative threshold for materiality of 2%, as defined by the European Commission<sup>10</sup>, has been used. The level of financial error is understood as the EUR value of any overpayment which is liable for recovery as detected during ex-post controls.

The overall financial error rate for EEAS Administrative Budget resulting from the ex-post controls is 0.03% for 2017, compared to a rate of 0.05% for 2016, 0.002% for 2015, 0.04% for 2014 and 0.03% for 2013.

Financial Errors – 2017 (January to October)					
Scope	Number of sampled transactions	EUR value of the sample	Number of transactions with financial errors	EUR Value of detected financial error	Financial error rate
DEL	1311	12,179,226.45	28	10,803.93	0.09%
HQ	109	19,387,229.54	0	0	0
<b>Total</b>	<b>1420</b>	<b>31,566,455.99</b>	<b>28</b>	<b>10,803.93</b>	<b>0.03%</b>

<sup>9</sup> Core Population refers the total EEAS Budget minus the Exclusion criteria (financial transactions with zero or negative EUR value; remuneration of statutory staff at HQ and EU Delegations; missions registered in MIPS; Imprest Account payments; revenues).

<sup>10</sup> "As regards legality and regularity, the proposed standard quantitative materiality threshold MUST NOT exceed 2%". Guideline for determining materiality as regards legality and regularity.

Core population (euro)	477,317,642
Error rate	<b>0.03%</b>
Estimated amount at risk (euro)	<b>143,195</b>

It is estimated that the overall amount at risk for the 2017 payments was 143,195€. This is the best conservative estimate by the Authorising Officer by Delegation of the amount of relevant expenditure not in compliance with the applicable contractual and regulatory provisions at the time the payment is made.

In addition, in 2017, following an ECA recommendation, the ex-post control also controlled for the first time the expenditures of the end of year 2016. The overall financial error rate for the EEAS Administrative Budget resulting from the ex-post controls is 0.06% for November and December 2016. The slightly higher error rate towards the end of the year could be explained by the higher workload faced by the administrative sections towards the year end combined with the absence of personnel due to the approaching holidays season.

Financial errors - Nov- Dec 2016					
Scope	Number of sampled transactions	EUR value of the sample	Number of transactions with financial errors	EUR Value of detected financial error	Financial error rate
DEL	364	2,532,032.11	5	4,405.59	0.17%
HQ	35	4,859,696.11	1	40.00	0.00%
<b>Total</b>	<b>399</b>	<b>7,391,728.22</b>	<b>6</b>	<b>4,445.59</b>	<b>0.06%</b>

Core population (euro)	104,616,385
Error rate	<b>0.06%</b>
Estimated amount at risk (euro)	<b>62,770</b>

### Quantitative assessment – error rate of a reputational nature

Since 2012, the ECA quantifies all payments linked to a contract stemming from a procurement procedure containing serious procedural errors in the procurement selection process at 100% error rate<sup>11</sup>. The EEAS acknowledges that such errors are indeed serious and also set such errors at 100% in order to allow a comparison of the EEAS control results with the ECA's results for the "most likely error rate" (MLE).

However, the EEAS, as with the European Commission<sup>12</sup>, is of the opinion that the actual financial impact of such errors cannot be quantified in a manner consistent with the other

<sup>11</sup> Serious infringements, considered by the European Court of Auditors as 100% errors, are: (i) no or restricted tendering for the main or supplementary contracts (except where explicitly allowed by the legal framework); (ii) inappropriate assessment of the bids affecting the outcome of the tender; (iii) substantial change of the contract scope; (iv) splitting of contracts in order to bring projects below the thresholds although they are related to the same economical objective.

<sup>12</sup> Instructions for 2017 Annual Activity Report. Ares(2017)5864280. Annex 4 "For procurement: error rate(s), financial exposure and materiality for a potential reservation" to "Guidance on calculation for error rates, the

errors and should therefore not be added nor considered for a potential financial reservation. In fact, even if the contractor should/could have been different, this does not mean that the full 100% of the contract value is at risk.

Error types	Value concerned (euro)	Error rate (%)	Financial impact (amount at risk)	Assessment of materiality	Conclusion on potential reservation
Financial errors	477,317,642	0.03%	143,195	143,195	No (financial) reservation
Procurement procedural errors (breach of a key principle)	2,975,443	set' at 100%	not meaningful	Lower than material threshold	No (reputational) reservation
<b>Total</b>	480,293,084	0.65% comparable with ECA's error rate (ceteris paribus)	143,195	143,195	No reservation

This reputational error was found in 140 transactions of 71 entities. The annualised value of related contracts amounted to 2,98 M€.

The comparable error rate with the ECA's error rate would be 0.65%, which is still under the materiality threshold; therefore no reputational reservation should be put.

### 3.1.3 Control efficiency and cost-effectiveness

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

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

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

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

---

financial exposure (amount at risk), the materiality for a potential reservation and the impact on the AOD's declaration (2017 version).

Assessment of the cost-effectiveness of Ex-Post Control activities		2014	2015	2016	2017
Qualitative Benefits	The main benefit of ex-post control activities is qualitative in nature and dissuasive in its effects.				
Detected Errors available for Quantitative assessment	EUR value of material error detected in the sample	€46,428	€1,981	€16,319	€10,804
	Related EUR value of contracts (annualised) related to ECA Reputational Errors	€5,671,370	€6,453,236	€4,323,645	€2,975,443
	<b>Total EUR value of Detected Errors</b>	<b>€5,717,798</b>	<b>€6,455,217</b>	<b>€4,339,964</b>	<b>€2,986,247</b>
<b>Value in EUR of errors detected for each EUR spent in Ex-Post Control</b>		€3.9	€4.9	€4.4	€3.6
<b>Cost in EUR of Ex-Post Control for every EUR detected</b>		€0.26	€0.21	€0.23	€0.28

In 2017, for every Euro spent in ex-post control activities, the EEAS detected 3.6€ worth of errors. In other words, the EEAS spent 28 cents of a Euro for every Euro of detected errors.

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

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

(1) "Guidelines: Minimum set of common control efficiency indicators", European Commission DG Budget - Central Financial Services. Version January 2018.

(2) Based on (1) and DG Budget's "Preparation of the Legislative Financial Statements". Url: [https://myintracomm.ec.testa.eu/budgweb/EN/pre/legalbasis/Pages/pre-040-020\\_preparation.aspx](https://myintracomm.ec.testa.eu/budgweb/EN/pre/legalbasis/Pages/pre-040-020_preparation.aspx). Overview of average costs updated on 13 December 2017.

(3) For 2017, we use DG BUDG's Guidelines in point (2) above, which provides full-cost averages. Historical full-cost calculations have been left unchanged.

From a quantitative point of view, it can be concluded that the ex-post controls are efficient in terms of working in an organised and cost-conscious way. From a qualitative point of view,

the ex-post control provides the EEAS with fact-based guidance for potential future decisions as it identifies and measures qualitative weaknesses in the execution of the EEAS Administrative Budget. It supports the entities, in particular Delegations, by highlighting the identified weaknesses and proposing solutions to improve the management of certain files; it pinpoints weaknesses in the process of executing the budget and it quantifies the impact of these weaknesses in EUR.

### 3.1.4 Fraud prevention and detection

The EEAS, together with the other external relations DGs, has developed a specific "Anti-Fraud Strategy for EU External Relations" as foreseen in the overall OLAF and Commission anti-fraud strategy<sup>13</sup>.

#### 3.1.5.1 Relations with OLAF

Fruitful co-operation with OLAF continued during the year. A new EEAS/OLAF Administrative Arrangement (AA) was concluded in October 2017, which takes into account the new structure of DG BA and streamlines the communication channels. A new OLAF focal point was appointed in the EEAS within DG BA01. As foreseen in the AA one high level meeting took place between the two instances.

Numerous exchanges took place between EEAS staff and OLAF in the framework of mainly internal investigations. On several occasions the EEAS was requested to implement a litigation hold on electronic data or to facilitate inspection to premises, in HQ and abroad.

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

Cooperation on anti-fraud matters was further strengthened with Commission services, namely with FPI, DG DEVCO and DG NEAR.

The effective implementation of control mechanisms already in place (i.e. ex-ante, ex-post and internal audit capabilities) is key in the prevention of fraud. Emphasis is thereby given to raising awareness and making available dedicated training opportunities.

Staff members are reminded regularly of their obligations in the fight against fraud, corruption and irregularities.

## 3.2 Assessment of audit results and follow-up of audit recommendations

This section reports and assesses the observations and conclusions reported by auditors, which could have a material impact on the achievement of the internal control objectives, and therefore on assurance, together with any management measures taken in response to the audit recommendations.

---

<sup>13</sup> COM(2011) 376 24.06.2011.

### 3.2.1 Internal audit function

The internal audit function is shared between the Internal Audit Division of the EEAS and the Internal Auditor of the Commission

#### **The Internal Audit Division of the EEAS**

As foreseen by the Council Decision establishing the organisation and functioning of the EEAS<sup>14</sup>, an Internal Audit Division (IAD) was created in the EEAS.

The mission of the IAD is to assist senior management with independent, objective assurance and consulting services to evaluate and improve the effectiveness of governance, risk management and control processes.

The assignments of the IAD cover all the activities of the EEAS in relation to

- the management and control risks;
- the monitoring of control systems, including financial, operational and management controls; and
- the assessment of the performance.

The IAD operates in accordance with internationally established professional internal auditing standards (Institute of Internal Auditors - IIA) and best practice.

To ensure independence vis-à-vis operational Divisions/Departments, the Division reports directly to the Secretary-General.

In July 2017 the IAD was merged with the ex-post control section. Being halfway through the execution of the 2017 control program, the ex-post control methodology applied did not change in 2017.

As from 2018, a new methodology will be applied. The IAD has produced a new Internal Audit Strategy and a detailed Multi-Annual Strategic Audit Plan for 2018-2021<sup>15</sup>.

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

This new strategy aims at exploiting the synergies created by this merge to the fullest extent whilst taking due account of several elements:

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

---

<sup>14</sup> Council Decision of 26 July 2010 (2010/427/EU), Article 4.3(b).

<sup>15</sup> Ref Ares(2018)1163171-01/03/2018

The ex-post audits will be one pillar of the new Internal Audit Strategy together with financial system audits and Operational Audits.

### **The Internal Audit Service of the Commission**

As set out under the Financial Regulation, the Internal Auditor of the Commission (IAS) assumes the same function for the EEAS. An internal audit charter has been signed for this purpose on 6th September 2011. The IAS' audit scope includes all the relevant departments in the General Secretariat of the Council and in the Commission which have been transferred to the EEAS with effect from 1st January 2011.

However it should be noted that policy-making is outside of the scope of the IAS.

## **3.2.2 Results from audits during the reporting year**

### **Internal Audit Division (IAD)**

In addition to the development of the new audit strategy, applicable from 2018 onwards, and the preparation of the update of the Internal Audit Charter and the Mutual Expectation Paper, the main audits and consultancy activities of the IAD focused on a major audit on the management of the recoveries within the EEAS (Headquarters & Delegations).

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

This reassurance audit also focused on identifying any elements that would enable further strengthening of the sound financial management of the recovery process by the authorising services.

The report was submitted to the EEAS' management at the beginning of 2017. The final remarks and the action plan of the services concerned for the different recommendations were still being finalised at the time of this report.

### **Commission Internal Audit Service (IAS)**

During 2017, the IAS carried out an audit on IT governance in the EEAS.

The audit objective was to assess whether IT governance ensures optimal alignment between business and IT, sound management of IT resources and effective IT solutions.

The audit recognises that the EEAS's IT functions delivers effective IT solutions and have an adequate IT portfolio management in place. Nevertheless, the IAS concluded that there are a number of weaknesses in the current IT governance arrangements, which could jeopardise the optimal business-IT alignment.

All the IAS recommendations have been accepted and an action plan for their implementation have been submitted.

## European Court of Auditors (ECA)

In the 2016 Annual Report of the Court of Auditors the ECA noted for the EEAS that it had still found some weaknesses in the procurement procedures in non-EU countries. In addition, the Special Report 7/2016 on EEAS' management of its buildings is mentioned in the Annual Report of the ECA.

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

The ECA also concluded a "Rapid case review on the implementation of the 5% reduction of staff posts". In this review, the ECA concluded that the EEAS complied with the obligations imposed on them to cut 5% of staff posts by the end of 2017. In agreement with the arrangements for the EEAS, being a new organisation, this was one year later compared to the majority of the other institutions.

### 3.2.3 Follow up of audits from previous years

#### Internal Audit Division (IAD)

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

In 2017, a follow-up audit was performed to assess the progress made in implementing the accepted recommendations that resulted from a 2014 audit on the management of video-surveillance in the EEAS Headquarters buildings and the compliance with data protection rules.

Based on the results of this audit, the IAD assesses that all recommendations have not yet been adequately and effectively implemented. As a consequence, the services concerned have elaborated an update of their action plan to address the different risks reported in the initial audit report which have not been fully mitigated yet.

#### European Court of Auditors (ECA)

Three comments in the Annual Report of the Court of Auditors for 2016 (published in 2017) were specifically addressed to the EEAS. One concerned buildings (allocation of space, alignment with market prices and cost recovery). A second regarded the interpretation of a provision of the Financial Regulations. A third concerned the problems in procurement procedures, a concern already mentioned in 2015.

Regarding Special reports (SR) the EEAS was in the lead for the ECA's SR on Electoral Observation Assistance.

In a large number of cases the EEAS was involved with the work of the ECA as an associated service, in particular in the case of country specific or thematic Special Reports. These audits were, in most cases, led by the Commission, as they are in charge of operational funds.



## European Commission Accountant Service

The Commission's Accountant Service verified the financial structures and procedures of the EEAS in the framework of the validation process of the EEAS financial system. Following their audits during 2014 and 2015 of the EEAS systems, DG BUDG provided 11 recommendations. According to the latest assessment of DG BUDG, all of the recommendations are implemented and closed and the EEAS is seen as fully compliant<sup>16</sup>.

---

<sup>16</sup> Ares (2018) 122974

## **4. PART 4 –ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS**

### **4.1 Internal Control Standards and Financial circuits in HQ**

#### **Internal Control Standards in HQ**

The EEAS has adopted the internal control standards of the European Commission, based on international good practice, aimed to ensure the achievement of policy and operational objectives. Compliance with these standards is a compulsory requirement for financial management.

The EEAS has put in place the organisational structure and the internal control systems suited to the achievement of the policy and control objectives, in accordance with the standards and having due regard to the risks associated with the environment in which it operates.

For 2017 the Authorising Officers by Subdelegation (AOSD's) in HQ all provided their AOSD reports at the beginning of 2018. As part of their individual reports, they also report on the implementation of the Internal Control Standards (ICS) in their area.

The EEAS has established standard financial workflows (see below for details) which are applied by all AOSD's. In addition, the ex-ante and ex-post controls established in the EEAS also form part of the internal control environment and provide additional controls and follow up.

The analysis of the AOSD reports as well as the reports from ex-ante and ex-post from HQ does not give raise to major concerns of the implementation or efficiency ICS in place for 2017.

In general, the EEAS has recognised that an area of improvement within the ICS' could be ICS 9 - namely follow up via an annual review of recommendations made and action taken in response to audit reports by the Internal Audit Service, the Internal Audit Division of the EEAS, the European Court of Auditors, as well as to inspection/verification, Ex post Control reports. As a general response to the slight weaknesses seen in this area, DG.BA has established a horizontal Division which is tasked with establishing a more comprehensive and proactive follow up of such recommendations and ensuring that the appropriate actions are implemented both in the legal framework and guidelines as well as in the operations carried out within the organisation.

During 2017, the EEAS cooperated with the European Commission in the development of the new Internal Control Framework and the development of the indicators for this new system. This new system is being implemented in the EEAS for 2018.

#### **Financial Circuits**

The EEAS, represented by the High Representative for Foreign Affairs and Security Policy, performs the duties of authorising officer in accordance with Article 65(1) of the Financial Regulation.

The powers of authorisation have been delegated, in accordance with the last Decision on the Internal Rules on the implementation of the Budget, to the Secretary General of the EEAS who has delegated the Director General for Budget and Administration as Principal/AOSD of the EEAS. The Director General for Budget and Administration has in turn the possibility to sub-delegate those powers to Managing Directors, Directors, Heads of Delegation and Heads of Division. In practical terms the budget is implemented at an operational level by the Heads of Division in Headquarters and by the Heads of Delegations throughout the Delegation network.

### Financial Circuits in Headquarters

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

EEAS STANDARD: This is a fully de-centralised model with all operations, including operational and financial initiation and verification, taking place within the line manager's services. The operations processed using this circuit are those consisting of provisional commitments/de-commitments, accounting regularisations and payments to members of staff.

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

EEAS EXTRA LIGHT: - This is a fully de-centralised model with all operations, including operational and financial initiation and verification, taking place within the line manager's services. It is used in particular for low risk operations, for example the payment of mission expense claims which has been examined by the PMO for conformity with the mission guide and for other payments to EEAS staff members.

### Financial Circuits in Headquarters

The financial circuits used by the EEAS in the Delegations during 2017 were:

DEL NORM (IA – VA/IAH – AOSD) – this is the standard workflow in application in the Delegations. The function of operational and financial initiation is normally performed by a local agent (accountant or administrative assistant). The role of operational and financial verification is performed by the Head of Administration/Imprest Account Holder. The role of the AOSD role is performed by the Head of Delegation or another AD official of the EEAS;

DEL SMALL (IA/IAH – VA – AOSD) – This 2nd workflow permits the signature by the same AOSD, of both the VA and AOSD roles. It is used in absence of sufficient personnel. The responsible authorising officer shall define the framework for the use of these financial workflows.

It should be noted that 2017 was the second year of implementation of the Regional Centre Europe (RCE) based in Brussels and providing service for 27 Delegations. The RCE can intervene directly in the financial workflows of the relevant Delegations.

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

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

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

As a large number of delegations only have two EEAS staff members of the AD category (including the Head of Delegation) ensuring business continuity during absences for professional purposes, holidays or illness of the Head of Delegations can be problematic. The EEAS endeavours to overcome this problem, which did not exist when Commission staff members could also be involved at all levels of the financial workflows, by anticipating transactions as much as possible prior to absences and by a system of remote authorisation by the sub-delegated authorising officer.

## 4.2 Internal Control Standards and Financial circuits in Delegations

In 2017 the EEAS continued to apply the same Internal Control Standards (ICS) as the European Commission and in continuity of the previous years. The agreement to apply the same ICS was taken in 2011 to ensure a coherent and effective management in the Delegations.

The EEAS conducted its annual, on-line survey to measure the conformity and effectiveness of the ICS in Delegations as part of the Annual Declaration of Assurance from the Heads of Delegation. The questionnaire and the exercise are coordinated with the Commissions services, with DG DEVCO as centre of gravity. The completed questionnaires are shared with DG DEVCO for use in the preparation of their External Assistance Management Report.

The 2017 exercise consisted, as in previous years, of two parts:

- Self-Assessment of compliance with the internal control standards and
- Self-assessment of the effectiveness of the implemented control arrangements.

During 2017, the EEAS participated in the work of DG BUDG to establish the new Internal Control Framework. Separate work was undertaken with DG DEVCO and the associated DG's to start working on new indicators under the new framework.

#### 4.2.1 Compliance with Internal Control Standards

As with previous years, the Delegations were requested to indicate the degree of implementation of the different actions relating to the 16 ICS. In the cases where the answer was "not implemented" the Delegations were requested to justify their answers.

		Implemented as of 01/01/2017	Partially Implemented as of 01/01/2017	Not Implemented as of 01/01/2017
ICS 1	Mission	81%	19%	0%
ICS 2	Ethical and organisational values	87%	13%	0%
ICS 3	Staff Allocation and mobility	69%	29%	1%
ICS 4	Staff Appraisal	85%	15%	0%
ICS 5	Objectives and performance indicators	84%	15%	1%
ICS 6	Risk Management Process	83%	15%	2%
ICS 7	Operational Structure	80%	17%	3%
ICS 8	Processes and procedures	91%	9%	1%
ICS 9	Management supervision	84%	11%	5%
ICS 10	Business Continuity	76%	22%	2%
ICS 11	Document Management	76%	23%	1%
ICS 12	Information and Communication	86%	13%	1%
ICS 13	Accounting and financial reporting	90%	4%	6%
ICS 14	Evaluation of activities	89%	9%	3%
ICS 15	Assessment of ICS	87%	10%	3%
ICS 16	Internal audit capacity		Not included	
Total excluding 16		83%	15%	2%

The 2017 result is comparable to 2016 (82% fully implemented and 16% partially implemented), with an overall positive score of 98%. ICS 16 was disregarded, as the Internal Audit Capacity is established at HQ level and not on a Delegation level, which is why the Delegations are not able to assess this element. Any variations on the different ICS are within 1-2%.

#### 4.2.2 Effectiveness of Internal Control Standards

As with previous years, in addition to the compliance, the Delegations were asked to assess the reasonable assurance that the current system of ICS provides an effective basis for reaching the goals of the EEAS. Therefore, for each measure taken, the Delegation was requested to assess the degree of effectiveness. For this part of the survey, the Delegations are requested to provide comments and reasons when the assessment is not positive.

		My assessment is positive	My assessment is positive but changes are needed	My assessment is negative in some respects	My assessment is negative
ICS 1	Mission	87%	12%	1%	1%
ICS 2	Ethical and organisational values	95%	5%	0%	0%
ICS 3	Staff Allocation and mobility	89%	9%	2%	0%
ICS 4	Staff Appraisal	86%	13%	1%	0%
ICS 5	Objectives and performance indicators	87%	12%	0%	0%
ICS 6	Risk Management Process	86%	11%	1%	1%
ICS 7	Operational Structure	89%	10%	1%	0%
ICS 8	Processes and procedures	93%	7%	0%	0%
ICS 9	Management supervision	94%	6%	0%	0%
ICS 10	Business Continuity	74%	24%	2%	0%
ICS 11	Document Management	82%	16%	2%	0%
ICS 12	Information and Communicatoin	89%	10%	1%	1%
ICS 13	Accounting and financial reporting	89%	10%	0%	0%
ICS 14	Evaluation of activities	96%	2%	0%	1%
ICS 15	Assessment of ICS	91%	8%	1%	0%
Total		88%	11%	0.9%	0.4%

The results of the survey were very similar to the previous year; 2016 gave 87% 'positive', 11% 'positive but changes are needed', 1% was 'negative in some respects' and 0.7% were 'negative'. The changes from 2016 to 2017 are therefore less than 1%.

## 5. PART 5 – MANAGEMENT ASSURANCE

### 5.1 Review of the elements supporting assurance

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

In accordance with the Charter of tasks and responsibilities of Authorising Officers by Delegation (AOD), the AOD is assisted by the Sub-Delegated Authorising Officers (AOSD) for the drafting of the Annual Activity Report. For this purpose, all AOSD's were requested to submit a report for the financial year 2016 based on a common template, with a view to consolidating the results and providing an overall assessment for the EEAS 2016 Annual Activity Report.

The analysis of these reports lead to the following conclusions:

- A positive declaration, without reservation, was provided by all AOSD's in HQ
- The material error rate detected was well below the 2% threshold.
- Several AOSD's were concerned about a lack of staff with the correct qualifications for different posts
- The implementation of the budget was in general positive although some delays were seen in a few major projects, leading to a large carry over of credits.
- The "security package" was successfully implemented throughout 2017
- The Special Report of the European Court of Auditors on the EEAS Building Management was followed up with an action plan and additional budget allocations.

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

As part of the annual reporting of the administrative budget of the Delegation, the Heads of Delegation in their role of Authorising Officer by Sub-Delegation, each provide a Statement of Assurance (DAS – Déclaration d'Assurance).

The 2017 exercise was launched in October 2017 via the electronic application e-DAS, which also encompasses the Internal Control Standards survey. All Heads of Delegation, except the Head of Delegation to Syria, has provided a declaration without reservation. The Delegation to Syria is currently evacuated to Lebanon and operates from there. The Delegation has indicated an action plan to alleviate the problems it has faced of having to function in a war zone. The reservation is seen as non-material in terms of amounts for the whole of the EEAS budget.

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

### 5.1.3 Follow up of previous years' reservations

Procurement procedures and management of security services in Delegations continued to be the focus of special attention. It is to be recalled that the then EEAS' Chief Operating Officer in 2011 and 2012 made a reserve with respect to the Headquarters' management of Delegations' security contracts.

Following the implementation of an action plan, in 2013 the Authorising Officer by Delegation lifted the reservation given for 2011 and 2012 regarding the Headquarters' management of security contracts for a number of Delegations. The subsequent establishment of a Task Force 'Management of Security Contracts in Delegations' in November 2013 has contributed greatly in assisting the EU Delegations in the procurement of security services contracts.

The task force 'Management of Security Contracts in Delegations', continued its work in 2017, paying special attention to the recommendations of the 2016 IAS audit into the procurement and contract management of security services in Delegations. In this context, the organisation of the Task Force was revised in June 2017 and new templates of procurement documents were developed in order to better reflect the needs in terms of security services in EU Delegations.

Since the creation of the Task Force, in November 2013, 75 Delegations have signed a new framework contract for security services. In 2017, 11 new contracts were signed and 27 new procurement procedures were launched.

It is planned that the Task Force will continue to operate as it contributes positively to ensuring the overall legality and regularity of procurement procedures for security services contracts.

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

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

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



## **PART 6 – DECLARATION OF ASSURANCE**

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

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

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the work of the internal audit capability, the observations of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.

Confirm that I am not aware of anything not reported here which could harm the interests of the institution.

Brussels

11 July 2018

(signed)  
Helga Schmid

# **ANNEXES**

**2017**

**Annual Activity Report**

**European External Action Service**



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

**Annex 2**      **EEAS HQ Organigramme as at 1 December 2017**

**Annex 3**      **Human resources**

**Annex 4**      **Financial reports and annual accounts**

Table 1:	Outturn on Commitment appropriations in 2017
Table 2:	Outturn on Payment appropriations in 2017
Table 3:	Breakdown of Commitments to be settled at 31.12.2017
Table 4:	Balance Sheet
Table 5:	Statement of financial performance
Table 6:	Average payment period for 2017
Table 7:	Situation on Revenue and Income in 2017
Table 8:	Recovery on undue payments
Table 9:	Ageing balance of Recovery Orders at 31.12.2017
Table 10:	Recovery Orders waivers in 2017
Table 11:	Census of negotiated procedures (excluding building contracts)
Table 12:	Building contracts signed in 2017
Table 13:	Contracts declared secret

**Annex 5**      **List of acronyms**

## Annex 1

### Statement of the Director General for Budget and Administration

*I declare that in accordance with the Commission's communication<sup>17</sup> on clarification of the responsibilities of the key actors in the domain of internal audit and internal control, I have reported my advice and recommendation to the Secretary-General on the overall state of internal controls in the EEAS.*

*Based on the 2017 reports of the Authorising Officers by sub-delegation I hereby certify that the information provided in Parts 2 and 3 of the present AAR and in its annexes is, to the best of my knowledge, accurate and exhaustive."*

Brussels

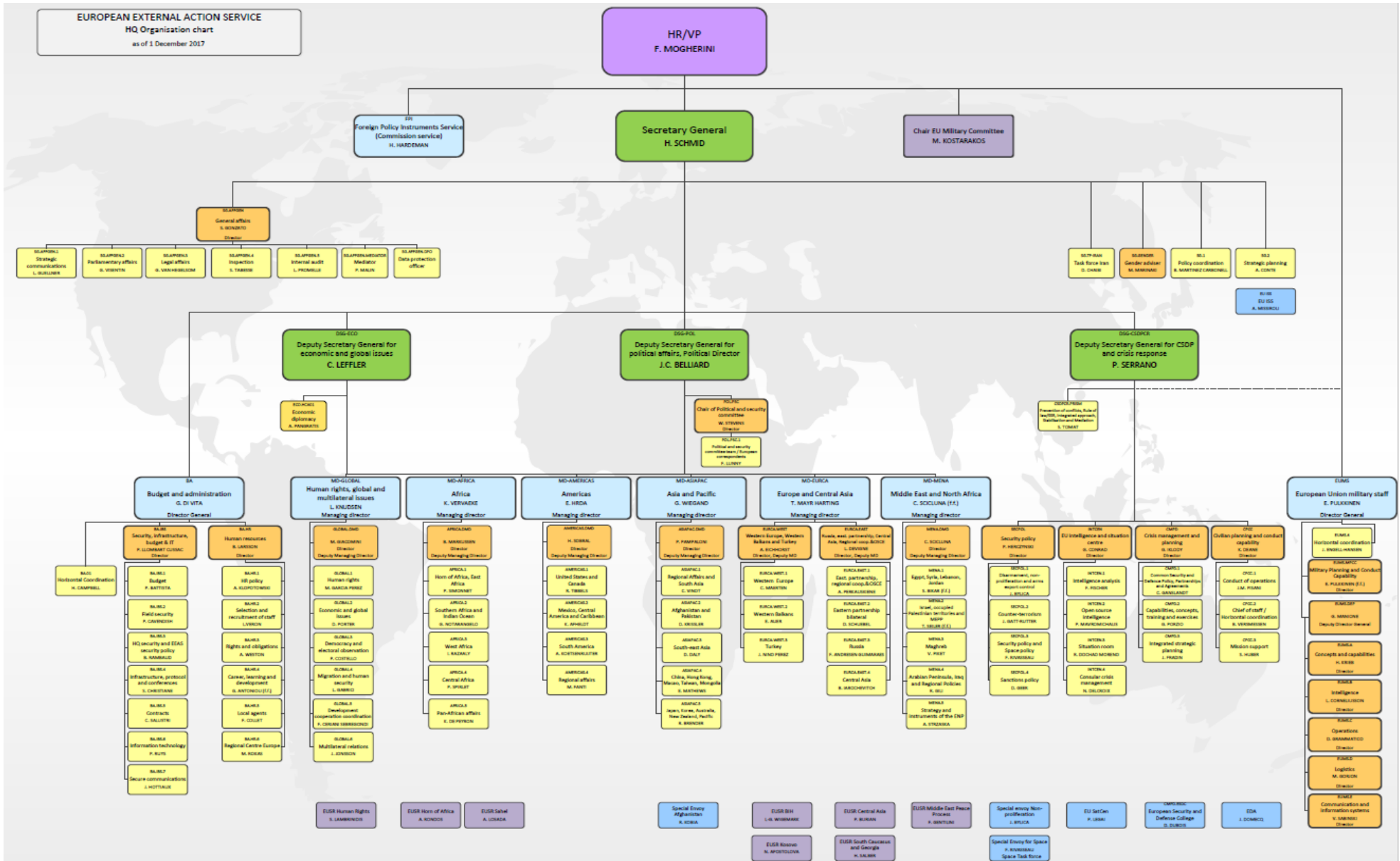
31 May 2018

*(signed)*  
*Gianmarco DI VITA*

---

<sup>17</sup> Communication to the Commission: Clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission; SEC(2003)59 of 21.01.2003

# Annex 2: EEAS HQ Organigramme as at 1 December 2017



EEAS report to HR/VP  
The Working Groups Chairs work under the authority of their Managing Director/Director and under the guidance of the PSC Chair.

## Annex 3

### Human Resources

Posts occupied on 31.12.2017	Officials		Temporary Agents		Seconded National Experts	Junior Professionals in Delegations	Contract agents	Local agents	Total
	AD	AST-AST/SC	AD	AST-AST/SC					
Headquarters	385	440	154	10	387	0	192		
Delegations	236	180	160	0	62	41	228		
<b>Total</b>	<b>621</b>	<b>620</b>	<b>314</b>	<b>10</b>	<b>449</b>	<b>41</b>	<b>420</b>		

The above table provides a snapshot of EEAS staff actually employed as at 31<sup>st</sup> December 2017. These data do not necessarily constitute full-time-equivalents throughout the year or the posts in the authorised establishment plan.

## Annex 4

### Financial reports and annual accounts

<b>TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2017 (in Mio €)</b>					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
<b>Title 1 STAFF AT HEADQUARTERS</b>					
1	1 1	REMUNERATION AND OTHER ENTITLEMENTS RELATING TO STATUTORY STAFF	128.12	128.11	99.99%
	1 2	REMUNERATION AND OTHER ENTITLEMENTS RELATING TO EXTERNAL STAFF	23.41	21.99	93.91%
	1 3	OTHER EXPENDITURE RELATING TO STAFF MANAGEMENT	2.35	2.33	99.13%
	1 4	MISSIONS	8.79	8.63	98.13%
	1 5	MEASURES TO ASSIST STAFF	1.73	1.68	97.34%
<b>Total Title 1</b>			<b>164.40</b>	<b>162.73</b>	<b>98.98%</b>
<b>Title 2 BUILDINGS, EQUIPMENT AND OPERATING EXPENDITURE AT HEADQUARTERS</b>					
2	2 0	BUILDINGS AND ASSOCIATED COSTS	32.65	30.71	94.06%
	2 1	COMPUTER SYSTEMS, EQUIPMENT AND FURNITURE	33.81	33.53	99.17%
	2 2	OTHER OPERATING EXPENDITURE	7.22	7.08	98.07%
<b>Total Title 2</b>			<b>73.68</b>	<b>71.23</b>	<b>96.80%</b>
<b>Title 3 DELEGATIONS</b>					
3	3 0	DELEGATIONS	698.61	645.48	92.39%
<b>Total Title 3</b>			<b>698.61</b>	<b>645.48</b>	<b>92.39%</b>
<b>Total DG EEAS</b>			<b>936.70</b>	<b>879.54</b>	<b>93.90 %</b>

\* Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2017 (in Mio €)					
Chapter			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 1 STAFF AT HEADQUARTERS					
1	1 1	REMUNERATION AND OTHER ENTITLEMENTS RELATING TO STATUTORY STAFF	128.12	128.11	99.99%
	1 2	REMUNERATION AND OTHER ENTITLEMENTS RELATING TO EXTERNAL STAFF	23.72	21.64	91.22%
	1 3	OTHER EXPENDITURE RELATING TO STAFF MANAGEMENT	3.21	2.18	67.89%
	1 4	MISSIONS	10.88	9.03	82.99%
	1 5	MEASURES TO ASSIST STAFF	2.13	1.49	69.87%
<b>Total Title 1</b>			168.06	162.44	96.65%
Title 2 BUILDINGS, EQUIPMENT AND OPERATING EXPENDITURE AT HEADQUARTERS					
2	2 0	BUILDINGS AND ASSOCIATED COSTS	34.27	30.65	89.44%
	2 1	COMPUTER SYSTEMS, EQUIPMENT AND FURNITURE	54.94	32.67	59.45%
	2 2	OTHER OPERATING EXPENDITURE	8.98	7.13	79.47%
<b>Total Title 2</b>			98.19	70.45	71.75%
Title 3 DELEGATIONS					
3	3 0	DELEGATIONS	768.37	626.4	81.52%
<b>Total Title 3</b>			768.37	626.4	81.52%
<b>Total DG EEAS</b>			1,034.63	859.29	83.05%

\* Payment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous payment appropriations for the period (e.g. internal and external assigned revenue).



TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2017 (in Mio €)									
Chapter			2017 Commitments to be settled				Commitments to be settled from financial years previous to 2017	Total of commitments to be settled at end of financial year 2017	Total of commitments to be settled at end of financial year 2016
			Commitments 2017	Payments 2017	RAL 2017	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
<b>Title 1 : STAFF AT HEADQUARTERS</b>									
1	1 1	REMUNERATION AND OTHER ENTITLEMENTS RELATING TO STATUTORY STAFF	128.11	128.11	0	0.00 %	0.00	0.00	0.00
	1 2	REMUNERATION AND OTHER ENTITLEMENTS RELATING TO EXTERNAL STAFF	21.99	21.34	0.64	2.93 %	0.00	0.64	0.31
	1 3	OTHER EXPENDITURE RELATING TO STAFF MANAGEMENT	2.33	1.34	0.99	42.36 %	0.00	0.99	0.86
	1 4	MISSIONS	8.63	7.29	1.34	15.50 %	0.00	1.34	2.09
	1 5	MEASURES TO ASSIST STAFF	1.68	1.26	0.42	25.05 %	0.00	0.42	0.40
<b>Total Title 1</b>			<b>162.73</b>	<b>159.34</b>	<b>3.39</b>	<b>2.08%</b>	<b>0</b>	<b>3.39</b>	<b>3.66</b>
<b>Title 2 : BUILDINGS, EQUIPMENT AND OPERATING EXPENDITURE AT HEADQUARTERS</b>									
2	2 0	BUILDINGS AND ASSOCIATED COSTS	30.71	29.09	1.62	5.27 %	0.00	1.62	1.62
	2 1	COMPUTER SYSTEMS, EQUIPMENT AND FURNITURE	33.53	11.88	21.65	64.57 %	0.00	21.65	21.13
	2 2	OTHER OPERATING EXPENDITURE	7.08	5.58	1.49	21.10 %	0.00	1.49	1.76
<b>Total Title 2</b>			<b>71.32</b>	<b>46.56</b>	<b>24.76</b>	<b>34.72%</b>	<b>0</b>	<b>24.76</b>	<b>24.51</b>
<b>Title 3 : DELEGATIONS</b>									
3	3 0	DELEGATIONS	645.27	566.20	79.07	12.25 %	0.06	79.14	71.41
<b>Total Title 3</b>			<b>645.27</b>	<b>566.20</b>	<b>79.07</b>	<b>12.25%</b>	<b>0.06</b>	<b>79.14</b>	<b>71.41</b>
<b>Total DG EEAS</b>			<b>879.33</b>	<b>772.10</b>	<b>107.23</b>	<b>12.19 %</b>	<b>0.06</b>	<b>107.29</b>	<b>99.57</b>

**TABLE 4 : BALANCE SHEET EEAS**

<b>BALANCE SHEET</b>	<b>2017</b>	<b>2016</b>
<b>A.I. NON CURRENT ASSETS</b>	<b>401,549,003.32</b>	<b>416,367,820.60</b>
A.I.1. Intangible Assets	72,625.16	283,316.68
A.I.2. Property, Plant and Equipment	323,349,905.24	337,437,225.68
A.I.6. Non-Cur Exch Receiv & Non-Ex Recoverab	78,126,472.92	78,647,278.24
A.I.7. OLD LT Pre-Financing	0.00	0.00
<b>A.II. CURRENT ASSETS</b>	<b>74,637,569.90</b>	<b>105,288,104.06</b>
A.II.2. Current Pre-Financing	334,741.48	541,529.01
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	33,947,321.11	53,219,919.80
A.II.6. Cash and Cash Equivalents	40,355,507.31	51,526,655.25
<b>ASSETS</b>	<b>476,186,573.22</b>	<b>521,655,924.66</b>
<b>P.I. NON CURRENT LIABILITIES</b>	<b>-280,266,800.10</b>	<b>-288,128,945.75</b>
P.I.3. Non-Current Financial Liabilities	-280,266,800.10	-288,128,945.75
<b>P.II. CURRENT LIABILITIES</b>	<b>-81,947,981.32</b>	<b>-56,347,267.64</b>
P.II.2. Current Provisions	-225,000.00	0.00
P.II.3. Current Financial Liabilities	-1,236,390.21	-1,219,584.00
P.II.4. Current Payables	-55,016,267.80	-31,568,090.11
P.II.5. Current Accrued Charges & Defrd Income	-25,470,323.31	-23,559,593.53
<b>LIABILITIES</b>	<b>-362,214,781.42</b>	<b>-344,476,213.39</b>
<b>NET ASSETS (ASSETS less LIABILITIES)</b>	<b>113,971,791.80</b>	<b>177,179,711.27</b>
P.III.2. Accumulated Surplus/Deficit	-177,179,711.30	-157,393,933.24
Non-allocated central (surplus)/deficit*	63,207,919.50	-19,785,778.03
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>

**TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE EEAS**

<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>2017</b>	<b>2016</b>
II.1 REVENUES	-829,436,949.71	-851,535,725.50
II.1.1. NON-EXCHANGE REVENUES	-807,909,959.03	-820,184,377.87
II.1.1.6. OTHER NON-EXCHANGE REVENUES	-807,909,959.03	-820,184,377.87
II.1.2. EXCHANGE REVENUES	-21,526,990.68	-31,351,347.63
II.1.2.1. FINANCIAL INCOME	-90,022.92	-98,663.68
II.1.2.2. OTHER EXCHANGE REVENUE	-21,436,967.76	-31,252,683.95
II.2. EXPENSES	892,644,869.18	831,749,947.44
II.2. EXPENSES	892,644,869.18	831,749,947.44
II.2.10. OTHER EXPENSES	437,947,151.27	382,843,523.04
II.2.6. STAFF AND PENSION COSTS	447,075,503.67	441,392,065.71
II.2.8. FINANCE COSTS	7,622,214.24	7,514,358.69
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>63,207,919.47</b>	<b>-19,785,778.06</b>

**TABLE 5bis : OFF BALANCE SHEET EEAS**

<b>OFF BALANCE</b>	<b>2017</b>	<b>2016</b>
OB.1. Contingent Assets	17,168,462.09	13,424,504.36
GR for performance	1,303,190.97	1,090,929.71
GR for pre-financing	15,865,271.12	12,333,574.65
OB.2. Contingent Liabilities	-1,048,900.00	-491,100.00
OB.2.7. CL Amounts relating to legal cases	-1,048,900.00	-491,100.00
OB.3. Other Significant Disclosures	-608,492,015.50	-411,380,582.37
OB.3.2. Comm against app. not yet consumed	-52,211,138.70	-52,132,066.87
OB.3.3.7. Other contractual commitments	-82,128,886.02	95,339,316.00
OB.3.5. Operating lease commitments	-474,151,990.78	-454,587,831.50
OB.4. Balancing Accounts	592,372,453.41	398,447,178.01
OB.4. Balancing Accounts	592,372,453.41	398,447,178.01
<b>OFF BALANCE</b>	<b>0.00</b>	<b>0.00</b>

**TABLE 6: AVERAGE PAYMENT TIMES FOR 2017 - EEAS**

Legal Times							
Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
4	3				3	100.00 %	23.67
5	46	4	8.70 %	4.50	42	91.30 %	15.18
6	1				1	100.00 %	22.00
7	40	8	20.00 %	5.38	32	80.00 %	26.90
8	30	20	66.67 %	6.25	10	33.33 %	18.75
9	1				1	100.00 %	24.00
10	54	20	37.04 %	8.16	34	62.96 %	38.64
11	3	1	33.33 %	8.00	2	66.67 %	32.00
12	2				2	100.00 %	26.50
13	1				1	100.00 %	28.00
14	11	6	54.55 %	10.50	5	45.45 %	32.20
15	30	8	26.67 %	7.75	22	73.33 %	39.91
16	2				2	100.00 %	31.50
17	15	10	66.67 %	8.80	5	33.33 %	20.80
19	2	1	50.00 %	7.00	1	50.00 %	25.00
20	2	1	50.00 %	15.00	1	50.00 %	45.00
23	1	1	100.00 %	7.00			
24	1				1	100.00 %	34.00
25	1				1	100.00 %	34.00
29	1	1	100.00 %	29.00			
30	175,284	141,525	80.74 %	14.97	33,759	19.26 %	47.85
35	1				1	100.00 %	51.00
41	1	1	100.00 %	40.00			
44	2				2	100.00 %	56.00
45	159	151	94.97 %	20.12	8	5.03 %	67.67
60	977	972	99.49 %	18.87	5	0.51 %	139.13
75	1	1	100.00 %	26.00			
90	56	55	98.21 %	18.40	1	1.79 %	197.00

<b>Total Number of Payments</b>	<b>176,728</b>	<b>142,786</b>	<b>80.79 %</b>		<b>33,942</b>	<b>19.21 %</b>	
<b>Average Net Payment Time</b>	<b>21.29</b>			<b>15.00</b>			<b>47.77</b>
<b>Average Gross Payment Time</b>	<b>21.39</b>			<b>15.10</b>			<b>47.89</b>

Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	23	940	0.53 %	176728	24,116,835.31	2.88 %	837,232,441.86

Late Interest paid in 2017			
DG	GL Account	Description	Amount (Eur)
EEAS	65010000	Interest expense on late payment of charges	0.00
EEAS	65010100	Interest on late payment of charges New FR	5,622.15
			<b>5,622.15</b>

**TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2017**

Chapter	Revenue and income recognized			Revenue and income cashed from			Outstanding balance	
	Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total		
	1	2	3=1+2	4	5	6=4+5		
4 0	DEDUCTIONS FROM STAFF REMUNERATION	25,136,686.62	0.00	25,136,686.62	25,136,686.62	0.00	25,136,686.62	0.00
4 1	CONTRIBUTIONS TO THE PENSION SCHEME	17,749,030.30	0.00	17,749,030.30	17,749,030.30	0.00	17,749,030.30	0.00
5 0	PROCEEDS FROM THE SALE OF MOVABLE AND IMMOVABLE PROPERTY	894,691.83	0.00	894,691.83	894,691.83	0.00	894,691.83	0.00
5 1	PROCEEDS FROM LETTING AND HIRING	5,654,108.77	37,989.39	5,692,098.16	5,577,239.19	0.00	5,577,239.19	114,858.97
5 2	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	85,687.98	0.00	85,687.98	85,687.98	0.00	85,687.98	0.00
5 5	REVENUE FROM THE PROCEEDS OF SERVICES SUPPLIED AND WORK CARRIED OUT	31,622,909.67	198,837.83	31,821,747.50	31,394,123.99	197,851.36	31,591,975.35	229,772.15
5 7	OTHER CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH THE ADMINISTRATIVE OPERATION OF THE INSTITUTION	200,227,069.05	654,567.70	200,881,636.75	198,611,931.50	647,294.72	199,259,226.22	1,622,410.53
5 9	OTHER REVENUE ARISING FROM ADMINISTRATIVE MANAGEMENT	208,596.19	0.00	208,596.19	208,596.19	0.00	208,596.19	0.00
7 0	Interest on late payments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9 0	Recettes diverses	28,005.92	0.00	28,005.92	28,005.92	0.00	28,005.92	0.00
<b>Total DG EEAS</b>		<b>281,606,786.33</b>	<b>891,394.92</b>	<b>282,498,181.25</b>	<b>279,685,993.52</b>	<b>845,146.08</b>	<b>280,531,139.60</b>	<b>1,967,041.65</b>

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

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2017  Year of Origin (commitment)	Error		Irregularity		Total undue payments recovered		Total transactions in recovery context(incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
	2012			14	30,401.81	14	30,401.81	14	30,401.81	100.00%
2013	1	3,288.50	22	67,150.44	23	70,438.94	23	70,438.94	100.00%	100.00%
2014			4	18,235.39	4	18,235.39	4	18,235.39	100.00%	100.00%
2015			2	10,831.20	2	10,831.20	2	10,831.20	100.00%	100.00%
2016	2	1,015.18	16	26,813.34	18	27,828.52	18	27,828.52	100.00%	100.00%
2017			6	17,653.14	6	17,653.14	8	21,018.04	75.00%	83.99%
No Link	1	3,955.23	2	1,635.94	3	5,591.17	125	231,453,540.46	2.40%	0.00%
<b>Sub-Total</b>	<b>4</b>	<b>8,258.91</b>	<b>66</b>	<b>172,721.26</b>	<b>70</b>	<b>180,980.17</b>	<b>194</b>	<b>231,632,294.36</b>	<b>36.08%</b>	<b>0.08%</b>

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context(incl. non- qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
	INCOME LINES IN INVOICES									20	6,554.60	
NON ELIGIBLE IN COST CLAIMS												
CREDIT NOTES	22	92,636.98							22	92,636.98	52	136,508.06
<b>Sub-Total</b>	<b>22</b>	<b>92,636.98</b>							<b>22</b>	<b>92,636.98</b>	<b>72</b>	<b>143,062.66</b>
<b>GRAND TOTAL</b>	<b>26</b>	<b>100,895.89</b>	<b>66</b>	<b>172,721.26</b>					<b>92</b>	<b>273,617.15</b>	<b>266</b>	<b>231,775,357.02</b>

**TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 12/31/2017 FOR EEAS**

	Number at 1/1/2017 1	Number at 12/31/2017	Evolution	Open Amount (Eur) at 1/1/2017 1	Open Amount (Eur) at 12/31/2017	Evolution
2012	1	1	0.00 %	9,449.78	9,449.78	0.00 %
2015	3	2	-33.33 %	10,422.37	9,577.09	-8.11 %
2016	11	1	-90.91 %	901,713.61	38,975.86	-95.68 %
2017		52			2,224,986.61	
	15	56	273.33 %	921,585.76	2,282,989.34	147.72 %

TABLE 10 : RECOVERY ORDER WAIVERS IN 2017 >= EUR 100.000						
	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments

Number of RO waivers	<b>None</b>
----------------------	-------------



**TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - EEAS 2017**

**External Procedures > € 20,000**

<b>Negotiated Procedure Legal base</b>	<b>Number of Procedures</b>	<b>Amount (€)</b>
Art. 134.1(b) (Without prior publication) Work of art, technical reasons or protection of exclusive rights	9	2,185,911.30
Art. 134.1(c) (Without prior publication) Reasons of extreme urgency	4	1,342,793.32
Art. 134.1(e) (Without prior publication) New services or works consisting in the repetition of similar services or works	3	21,953,796.92
<b>Total</b>	<b>16</b>	<b>25,482,501.54</b>

**Internal Procedures > € 60,000**

<b>Negotiated Procedure Legal base</b>	<b>Number of Procedures</b>	<b>Amount (€)</b>
Art. 134.1(b) (Without prior publication) Technical or artistic reasons, or reasons connected with the protection of exclusive rights	1	68,674.04
Art. 134.1(c) (Without prior publication) Reasons of extreme urgency	1	11,826,980.00
<b>Total</b>	<b>2</b>	<b>11,895,654.04</b>

*Table 11: Census of negotiated procedures (excluding building contracts)*

<b>Negotiated Procedure Legal base</b>	<b>Number of Procedures</b>	<b>Amount (€)</b>
Art. 134.1(b) (Without prior publication) Work of art, technical reasons or protection of exclusive rights	6	1,830,009.24
Art. 134.1(c) (Without prior publication) Reasons of extreme urgency	3	12,247,273.32
Art. 134.1(e) (Without prior publication) New services or works consisting in the repetition of similar services or works	1	220,000.00
<b>Total</b>	<b>10</b>	<b>14,297,282.56</b>

**TABLE 12 (A): BUILDING CONTRACTS SIGNED IN 2017 (HEADQUARTERS)**

There were no building contracts signed in 2017 for headquarters.

**TABLE 12 (B): BUILDING CONTRACTS SIGNED IN 2017 (DELEGATIONS)**

Delegation	Contract Signature Date	Beneficiaries	Contract Type	Total
ALGERIA	26/01/2017	CHENOUF	Accommodation	144,039.40
	28/01/2017	BENGANA	Accommodation	82,603.24
<b>ALGERIA Total</b>				<b>226,642.64</b>
ANGOLA	18/07/2017	PENA VAN-DUNEM	Residence lease contract	960,000.00
<b>ANGOLA Total</b>				<b>960,000.00</b>
ARGENTINA	27/05/2017	MIRAMONTES.	Accommodation	57,284.49
	16/08/2017	LARROCA	Accommodation	51,155.26
<b>ARGENTINA Total</b>				<b>108,439.75</b>
ARMENIA	11/12/2017	GEVORGYAN	Residence lease contract	658,350.00
<b>ARMENIA Total</b>				<b>658,350.00</b>
AUSTRIA	07/12/2017	MIX/MULLER	Residence lease contract	77,005.00
<b>AUSTRIA Total</b>				<b>77,005.00</b>
BELARUS	09/05/2017	MUSIKHIN	Residence lease contract	55,800.00
<b>BELARUS Total</b>				<b>55,800.00</b>
BOLIVIA	20/11/2017	LOPEZ DE MEERKEL	Residence lease contract	163,000.00
<b>BOLIVIA Total</b>				<b>163,000.00</b>
BOTSWANA	09/03/2017	CHOKWE	Accommodation	57,456.01
<b>BOTSWANA Total</b>				<b>57,456.01</b>
BRAZIL	01/08/2017	COEMI NEGOCIOS IMOBILIARIOS EIRELLI-EPP	Office lease contract	86,451.44
<b>BRAZIL Total</b>				<b>86,451.44</b>
BURMA/MYANMAR	21/06/2017	AYE MYA MYA NYUNT	Accommodation	205,029.35
	20/07/2017	KYAW WIN	Accommodation	159,604.40
	24/07/2017	KHIN MYINT	Accommodation	153,465.77
	15/12/2017	WIM	Residence lease contract	811,528.86

<b>BURMA/MYANMAR Total</b>				<b>1,329,628.38</b>
BURUNDI	08/09/2017	CAPRICORN INVESTMENT HOLDING	Accommodation	57,600.00
<b>BURUNDI Total</b>				<b>57,600.00</b>
CAMBODIA	15/09/2017	YIM	Accommodation	68,479.36
<b>CAMBODIA Total</b>				<b>68,479.36</b>
CAMEROON	12/01/2017	KOUINCHE	Accommodation	68,602.06
	07/02/2017	NGUEGANG	Accommodation	80,493.08
	14/02/2017	NDOUMBEMANDENG	Accommodation	87,627.70
	15/02/2017	COMPAGNIE AFRICAINE DE DIFFUSION SA	Accommodation	94,176.90
	12/05/2017	BIMBIA PAMBETEFK	Accommodation	12,195.92
	27/07/2017	MANDENGUE KEDI	Accommodation	92,567.04
	12/01/2017	COMPAGNIE AFRICAINE DE DIFFUSION SA	Accommodation	80,797.98
	29/12/2017	HERITIER NGONGO OTTOU	Residence lease contract	335,387.84
<b>CAMEROON Total</b>				<b>851,848.52</b>
CAPE VERDE	01/01/2017	SILVA	Accommodation	21,765.75
	08/08/2017	DOS REIS MARTINS	Accommodation	78,356.69
<b>CAPE VERDE Total</b>				<b>100,122.43</b>
CENTRAL AFRICAN REPUBLIC	21/02/2017	BABAMODIKEDINE	Accommodation	100,946.50
	07/06/2017	ALIMA KENGUELEOUA	Accommodation	172,878.00
<b>CENTRAL AFRICAN REPUBLIC Total</b>				<b>273,824.50</b>
CHAD	07/01/2017	SABIT CHOUKRI	Accommodation	98,786.96
<b>CHAD Total</b>				<b>98,786.96</b>
COE	30/05/2017	VILEN	Residence lease contract	138,000.00
<b>COE Total</b>				<b>138,000.00</b>
COLOMBIA	19/10/2017	CUBIDES TERREROS	Office Purchase Contract	59,143.74
		PARQUE INDUSTRIAL MALAMBO	Office Purchase Contract	819,106.64
		JUANBE	Office Purchase Contract	313,958.53
		GLOBAL DE INVERSIONES	Office Purchase Contract	278,535.08
		SANDRA ORDONEZ Y ASSOCIADOS	Office Purchase Contract	85,293.37
		MARIO ESCOBAR	Office Purchase Contract	1,403,836.21

		INVERSIONES JUANBE Y ANITA	Office Purchase Contract	162,559.69
		ZULUAGA ESCOBAR	Office Purchase Contract	107,726.10
		AGROBETANIA	Office Purchase Contract	1,766,805.25
<b>COLOMBIA Total</b>				<b>4,996,964.61</b>
CONGO, DEMOCRATIC REP.	19/01/2017	USINES TEXTILES AFRICAINE SARL	Accommodation	508,800.00
	16/05/2017	COMPAGNIE DE FINANCE ET ENTREPRISE SARL	Accommodation	484,714.95
	03/07/2017	USINES TEXTILES AFRICAINE SARL	Accommodation	451,200.00
	15/09/2017	COMPAGNIE DE FINANCE ET ENTREPRISE SARL	Accommodation	366,565.96
<b>CONGO, DEMOCRATIC REP. Total</b>				<b>1,811,280.92</b>
CONGO, REP. BRAZZAVILLE	01/01/2017	SOC CIVIL IMM NOKI	Accommodation	54,882.00
<b>CONGO, REP. BRAZZAVILLE Total</b>				<b>54,882.00</b>
DJIBOUTI	15/01/2017	SAFIA OMAR FARAH	Accommodation	77,514.47
	01/02/2017	ABDALLAH AREF	Accommodation	90,000.00
<b>DJIBOUTI Total</b>				<b>167,514.47</b>
EGYPT	06/07/2017	ELDEIB ABDEL KAWI MABROUK	Residence lease contract	967,317.97
<b>EGYPT Total</b>				<b>967,317.97</b>
ERITREA	01/05/2017	ASGHEDOM WELDEMARIAM	Accommodation	48,471.50
	01/08/2017	TESFAZGHI ADHANOM	Accommodation	45,016.63
	01/08/2017	TESFAZGHI ADHANOM	Accommodation	45,016.63
<b>ERITREA Total</b>				<b>138,504.75</b>
ETHIOPIA	03/02/2017	FRATTOLIN.	Accommodation	52,878.00
<b>ETHIOPIA Total</b>				<b>52,878.00</b>
FIJI	28/03/2017	GANDHI	Accommodation	130,642.17
	22/05/2017	GUIHENEUF	Accommodation	69,881.64
	30/05/2017	NA HINA LIMITED	Accommodation	80,902.33
	31/05/2017	JASON INVESTMENTS JASON SUSHIL CHANDRA KALPANA KUSHLA LAL	Accommodation	0.00

<b>FIJI Total</b>				<b>281,426.14</b>
FYROM	19/12/2017	ELAN PROPERTIES B.C. DOOEL	Office lease contract	6,957,360.00
<b>FYROM Total</b>				<b>6,957,360.00</b>
GABON	22/02/2017	BONGO	Residence lease contract	289,430.29
<b>GABON Total</b>				<b>289,430.29</b>
GEORGIA	26/07/2017	ANDJAPARIDZEZARDIASHVILI	Residence lease contract	547,939.19
<b>GEORGIA Total</b>				<b>547,939.19</b>
HAITI	28/03/2017	STEFANSSON CARDOZO	Accommodation	163,219.04
	07/05/2017	NADER	Accommodation	198,292.48
	22/05/2017	BABOUN	Accommodation	218,121.73
	07/06/2017	AL RAYES MARZOUKA.	Accommodation	171,842.84
	21/06/2017	HIPPOLYTE VOLCY	Accommodation	178,013.99
	23/06/2017	FLAMBERT	Accommodation	163,250.69
	29/06/2017	COLES	Accommodation	171,842.84
	06/08/2017	CHAMBLAIN	Accommodation	122,772.61
13/08/2017	BOULOS	Accommodation	245,545.23	
<b>HAITI Total</b>				<b>1,632,901.45</b>
HONDURAS	25/01/2017	CHAVARRIA ISAULA	Accommodation	33,289.01
<b>HONDURAS Total</b>				<b>33,289.01</b>
HONG KONG	16/08/2017	THE REPULSE BAY COMPANY, LIMITED	Accommodation	244,044.62
<b>HONG KONG Total</b>				<b>244,044.62</b>
ICELAND	29/11/2017	SVEINSSON	Residence lease contract	340,800.00
<b>ICELAND Total</b>				<b>340,800.00</b>
INDIA	01/09/2017	SINGH	Accommodation	32,000.00
<b>INDIA Total</b>				<b>32,000.00</b>
JAMAICA	06/06/2017	CHARLES	Accommodation	128,882.13
	27/07/2017	DESIGNS BY MARC LIMITED	Accommodation	31,542.98
	29/08/2017	CHONG	Accommodation	15,346.58
<b>JAMAICA Total</b>				<b>175,771.68</b>
JORDAN	29/01/2017	AL KURDI	Residence lease contract	944,516.41
<b>JORDAN Total</b>				<b>944,516.41</b>

KENYA	08/02/2017	KNIGHT FRANK VALUERS LIMITED	Accommodation	59,686.59
	24/04/2017	AMCARO INVESTMENTS LIMITED	Accommodation	67,106.77
	19/07/2017	BUSY BEE INVESTMENTS	Accommodation	139,230.00
	24/04/2017	AMCARO INVESTMENTS LIMITED	Accommodation	67,106.77
	24/04/2017	AMCARO INVESTMENTS LIMITED	Accommodation	67,106.77
<b>KENYA Total</b>				<b>400,236.90</b>
LEBANON	26/02/2017	CHEKERDJIAN	Office lease contract	121,637.00
	18/04/2017	AL OLA AL IKARIAH	Office lease contract	118,300.00
<b>LEBANON Total</b>				<b>239,937.00</b>
LIBERIA	17/02/2017	EL KADIAL-KADI	Accommodation	110,645.43
<b>LIBERIA Total</b>				<b>110,645.43</b>
LYBIA	16/09/2017	BELKHOJA	Residence lease contract	28,423.68
	01/07/2017	NEIFAR	Office lease contract	114,240.93
<b>LYBIA Total</b>				<b>142,664.61</b>
MADAGASCAR	25/04/2017	RAJOHNSONRAVELOSOA	Accommodation	15,165.14
	27/07/2017	RANARIVELO	Residence lease contract	255,000.00
<b>MADAGASCAR Total</b>				<b>270,165.14</b>
MALAWI	13/03/2017	NAMATA	Accommodation	122,414.28
	14/03/2017	MAKDA	Accommodation	127,514.88
	12/06/2017	JERE	Accommodation	103,105.70
	13/06/2017	BOWLER	Accommodation	113,649.72
	29/06/2017	NGALANDE-BANDA	Accommodation	107,401.77
<b>MALAWI Total</b>				<b>574,086.35</b>
MAURITIUS	24/09/2017	PUCHTLER	Residence lease contract	375,000.00
	18/12/2017	ABDOOLAMID	Office lease contract	2,227.16
<b>MAURITIUS Total</b>				<b>377,227.16</b>
MONTENEGRO	29/05/2017	CELEBIC	Residence lease contract	216,000.00
<b>MONTENEGRO Total</b>				<b>216,000.00</b>
NEW CALEDONIA	24/07/2017	SECRETARIAT GENERAL DE LA COMMUNAUTE DU PACIFIQUE	Office lease contract	282,843.58
<b>NEW CALEDONIA Total</b>				<b>282,843.58</b>

NEW ZEALAND	23/08/2017	CANIWI PROPERTIES	Residence Purchase Contract	2,102,714.41
<b>NEW ZEALAND Total</b>				<b>2,102,714.41</b>
NIGERIA	25/04/2017	LE BRISTOL LIMITED	Accommodation	51,224.74
	25/04/2017	LE BRISTOL LIMITED	Accommodation	51,224.74
	25/04/2017	ROCK-EDGE ESTATE AND PROPERTY DEVELOPMENT COMPANY LTD	Accommodation	57,278.57
	25/04/2017	LE BRISTOL LIMITED	Accommodation	51,224.74
	25/04/2017	DAMULAK	Accommodation	65,195.12
	26/04/2017	ROCK-EDGE ESTATE AND PROPERTY DEVELOPMENT COMPANY LTD	Accommodation	93,135.89
	26/04/2017	KHAMAR PROPERTIES DEVELOPMENT COMPANY LIMITED	Accommodation	167,644.59
<b>NIGERIA Total</b>				<b>536,928.38</b>
PAKISTAN	30/06/2017	MALIK	Office lease contract	0.00
	02/08/2017	FAYYAZ	Accommodation	84,252.71
<b>PAKISTAN Total</b>				<b>84,252.71</b>
PAPUA NEW GUINEA	27/01/2017	THE PENINSULA HC LIMITED	Accommodation	267,270.17
	18/04/2017	THE PENINSULA HC LIMITED	Accommodation	260,000.00
	26/06/2017	THE PENINSULA HC LIMITED	Accommodation	196,600.00
	26/06/2017	THE PENINSULA HC LIMITED	Accommodation	196,615.46
	26/06/2017	THE PENINSULA HC LIMITED	Accommodation	202,841.85
	18/04/2017	THE PENINSULA HC LIMITED	Accommodation	259,813.30
<b>PAPUA NEW GUINEA Total</b>				<b>1,383,140.77</b>
RUSSIA	14/06/2017	ZVERKOVA	Accommodation	127,065.19
	14/06/2017	ROSSIJSKAJA *FEDERATION DE RUSSIE RUSSIAN FEDERATION	Accommodation	67,198.36
	09/08/2017	OOO BALTSCHUG	Residence lease contract	123,837.35
<b>RUSSIA Total</b>				<b>318,100.91</b>
SAUDI ARABIA	10/05/2017	DUR HOSPITALITY COMPANY	Residence lease contract	98,411.70



	24/05/2017	REAL ESTATE INVESTMENT COMPANY LLC	Accommodation	500,000.00
	17/08/2017	REAL ESTATE INVESTMENT COMPANY LLC	Accommodation	483,720.00
<b>SAUDI ARABIA Total</b>				<b>1,082,131.70</b>
SIERRA LEONE	13/09/2017	DAKLALAH	Accommodation	90,634.44
<b>SIERRA LEONE Total</b>				<b>90,634.44</b>
SOUTH AFRICA	01/06/2017	BRINK	Accommodation	160,204.50
	01/08/2017	SWART	Accommodation	155,799.00
	01/10/2017	ENGELBRECHT	Accommodation	65,953.54
<b>SOUTH AFRICA Total</b>				<b>381,957.04</b>
SRI LANKA	15/03/2017	SEYLAN DEVELOPMENTS PLC	Accommodation	50,439.22
	21/05/2017	ABDUL HUSSEIN	Accommodation	95,000.00
	24/05/2017	FERNANDO	Accommodation	89,966.03
	06/09/2017	SEYLAN DEVELOPMENTS PLC	Accommodation	49,345.42
<b>SRI LANKA Total</b>				<b>284,750.67</b>
TAJIKISTAN	30/07/2017	MORDONOV ZOHID SADIKOVICH	Office lease contract	5,543,678.26
<b>TAJIKISTAN Total</b>				<b>5,543,678.26</b>
THAILAND	24/09/2017	GM TOWER COMPANY LIMITED	Residence lease contract	436,396.70
<b>THAILAND Total</b>				<b>436,396.70</b>
TRINIDAD AND TOBAGO	01/04/2017	SAGICOR LIFE INC	Office lease contract	123,477.00
<b>TRINIDAD AND TOBAGO Total</b>				<b>123,477.00</b>
TURKEY	11/04/2017	KABALAK	Office lease contract	47,244.00
<b>TURKEY Total</b>				<b>47,244.00</b>
UN/NY	16/02/2017	BPP STPCV HOLDINGS LLC	Accommodation	134,246.47
<b>UN/NY Total</b>				<b>134,246.47</b>
VENEZUELA	15/02/2017	VELARDITA SCIARRA	Accommodation	146,849.00
	29/05/2017	BRILLEMBOURG AGUERREVERE	Residence lease contract	700,000.00
	07/08/2017	GONZALEZ FRAGA.	Accommodation	147,500.00
	08/12/2017	AQUINN MURCIANO	Accommodation	35,511.96
<b>VENEZUELA Total</b>				<b>1,029,860.96</b>
YEMEN	14/09/2017	BAGAEEN	Office lease contract	572,888.70

	15/10/2017	HAITHAM	Residence lease contract	646,660.12
<b>YEMEN Total</b>				<b>1,219,548.82</b>
ZIMBABWE	01/06/2017	OLRAY ENTERPRISES	Accommodation	21,708.15
	02/08/2017	CANADA	Accommodation	73,663.57
<b>ZIMBABWE Total</b>				<b>95,371.72</b>
<b>Grand Total</b>				<b>42,488,497.63</b>

**TABLE 13: CONTRACTS DECLARED SECRET**

Total Number of Contracts	Total Amount
10	€ 20,294,022.23

## Annex 5

### Acronyms

AD	Administrator
AOD	Authorising Officer by Delegation
AOSD	Sub-delegated Authorising Officer
AST	Assistant
BUDG	Directorate-General for Budget, European Commission
CFSP	Common Foreign and Security Policy
DAS	Annual Declaration of Assurance
DEL	Delegation
DESP	Diplomatic Exchange and Secondment Programme
DEVCO	Directorate General for Development & Cooperation, European Commission
DG BA	Directorate General for Budget and Administration, EEAS
DG HR	DG for Human Resources, European Commission
ECA	European Court of Auditors
EDF	European Development Fund
EEAS	European External Action Service
EPC	Ex-Post control
EU	European Union
EUCI	European Union Classified Information
FPI	Service for Foreign Policy Instruments
HB	Hors Budget
HQ	Headquarters
HRVP	High Representative of the European Union for Foreign Affairs and Security Policy and Vice President of the European Commission
HRM	Human Resource Management
IAD	Internal Audit Division
IAH	Imprest Account Holder
IAS	Internal Audit Service
IC	Internal Controls
ICS	Internal Control Standards
IfS	Instrument for Stability
LEAD	Learning and Development Framework
MD AFRICA	Africa Managing Directorate, EEAS
MD ASIAPAC	Asia Pacific Managing Directorate, EEAS
OLAF	European Anti-fraud Office

PESCO	Permanent Structured Cooperation
PRISM	Prevention of Conflicts, Rule of Law/Security Sector Reform, Integrated Approach, Stabilisation and Mediation
RCE	Regional Centre Europe
RO	Recovery order
SNE	Seconded National Expert
TA	Temporary Agent
TF	Trust Fund
TUSA	Trade Union or Staff Association
VA	Verifying Agent
VAT	Value-Added Tax