

ANNUAL ACTIVITY REPORT



Directorate-General for Internal Policies

20
18

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EXECUTIVE SUMMARY



1. Executive summary

Overall, the DG saw intensified legislative work, as is usually the case in the second half of a legislative term. This increased activity is demonstrated, of course, in the numbers of files on the negotiating table and, consequently, also in the number of trilogues and other meetings, with the well-known logistical challenges of finding sufficient meeting slots and interpretation facilities.

For 2019, yet a further increase of legislative work is expected given the strong time pressure to finalise dossiers before the end of the legislative term.

Core business thus increased, from an already high level in 2017, whilst the additional intensified focus on parliamentary oversight and scrutiny continued.

The Brexit process had clear implications for IPOL's work in 2018 with substantial support and expertise from IPOL committees, policy departments and horizontal services, feeding

into the Parliament's overall preparations and work, including the provision of sector analyses.

The setting-up and running of temporary committees and their secretariats again proved to be an organisational challenge for the DG (staffing, meeting slots, quick planning of hearings and missions, consultation of confidential documents, offices) which was mastered successfully, in close cooperation with other DGs concerned. Two temporary committees successfully concluded their work during the year and a third one was set up.

The human resources of DG IPOL were generally appropriate for tackling the 2018 workload. However, staffing of the temporary committee secretariats proved again to be a very difficult exercise. In fact, the staffing of these secretariats, in a context of cuts in human and budgetary resources, without additional Contract agent funding for the units of origin concerned, might risk having adverse effects on the quality of services provided to Members.

ENVIRONMENT OF THE DIRECTORATE-GENERAL, OBJECTIVES AND RESULTS



2. Environment of the Directorate-General, objectives and results

2.1 The Directorate-General (mission statement, operational context)

ENVIRONMENT OF THE DIRECTORATE-GENERAL

Legislative work in 2018 was to a high degree shaped by the dossiers of the Joint Declaration. The new Joint Declaration on the EU's legislative priorities for 2018-19, signed in December 2017, combines unfinished files from the 2017 Joint Declaration and adds new ones: It will continue to be of equally great importance for IPOL's work up to the end of the legislative term.

Two temporary committees under the umbrella of DG IPOL, TERR (Special Committee on Terrorism) and PEST (Special Committee on the EU authorisation procedure for pesticides), successfully concluded their work during the year and a third one, TAX3 (Special Committee on Financial Crimes, Tax Evasion and Tax Avoidance), was started. The rapid setting-up and staffing of these temporary committees was a considerable challenge. These temporary committees resulted in extra coordination efforts and work as regards staffing, offices and other organisational issues.

As already highlighted in last years' AAR, equipping the temporary committees with adequate staff that guarantees the effective provision of services to Members is proving more and more difficult. The timing for the creation of these secretariats is very tight (as well as the short time frame of the committee's mandate) and implies immediate redeployment of experienced colleagues from other units, in most cases from within DG IPOL.

Parliament's new meeting pattern continued in 2018. Meetings of less than 2.5 hours - both with and without interpretation - accounted for more than half of the meetings of IPOL. These meetings were held to make progress notably on legislative files in the Joint Declaration. In addition technical preparatory meetings (i.e. 3 to 4 hour working sessions at administrative level) continued as a meeting pattern, making it difficult and time-consuming to find enough resources for all these to take place.

The impact of the IT outage resulting from the 2017 incident at the EP Data Centre continued in 2018. IPOL applications are still facing delays in their development and improvement, in particular those related to the full digitalisation of the legislative process (e-Parliament).

During 2018, the outcome of the referendum on the United Kingdom's EU membership, of June

2016, had a considerable impact on IPOL committees, research units and horizontal services. IPOL units were called upon to follow this process (as had been the case in 2017) and to prepare analytical material based on fact-finding work to consider the impact of the withdrawal on the policy areas and legislation in their respective fields. Future work on this issue is of a very complex legal nature but the expertise built up in committees and policy departments is ready to be mobilised during the subsequent phases of the UK withdrawal.

OBJECTIVES RELATED TO DG IPOL'S ONGOING OPERATIONS

IPOL's objectives for 2018 aimed to support the European Parliament's capacity to achieve its legislative, budgetary and political priorities, which also unfolded from the reflection process on the Future of Europe.

These objectives were in detail:

1. In a year of intense legislative workload, continue to provide timely, coherent and high-quality support, concerning their legislative, budgetary/discharge and scrutiny functions, to parliamentary committees and bodies – including any new special and/or inquiry committees – to the Institution, to its President and Members.
2. Continue to deliver high quality expertise for committees and other political bodies, in a timely and targeted way, underlining the specific role of Policy Departments and Economic Governance Support Unit's expert

services and their added value to deliver tailor-made products for committees in line with the 2017 CCC (Conference of Committee Chairs) report on the expertise budgets. Ensure continuing innovation in their field of expertise and appropriate dissemination of their products. Maintain active and wide-ranging cooperation in full complementarity with other services and DGs as well as with external networks.

3. Provide expertise and administrative support promptly and efficiently in view of the work on the post-2020 MFF (Multiannual Financial Framework) and related multiannual programmes files. Organise and coordinate the relevant committee activities in a proactive and efficient way, building on the existing MFF network, making use of regular exchange of information and the MFF database and based on the experiences of the ongoing MFF instruments.¹
4. Continue to provide the Brexit Coordinator and the Brexit Steering Group upon request with analytical material ahead of the adoption of Parliament's positions at any moment in the negotiations with the UK. Ensure good coordination among committees and with political authorities in charge of the follow-up of the negotiations via the Conference of Committee Chairs and the Brexit Steering Group. Ensure that committees are kept informed to the extent possible on the state-of-play of the negotiations.²
5. Continue to ensure the implementation of the 2016 Better Law Making Agreement in the daily operations of parliamentary committees, through CCC monitoring and in the

¹ Related Parliamentary Project: MFF and Mid-term review/revision: follow-up of related programmes and next steps

² Related Parliamentary Project: Brexit - committee contributions

preparation of the future Parliament report on implementation and interpretation of the new IIA (Interinstitutional Agreement). In particular: continue to ensure the annual programming, the support to the negotiations on the delineation criteria on delegated and implementing acts and on international agreements; follow up the launch of the new delegated acts register; continue to actively contribute to the setting up of an inter-institutional legislative database.³

6. With a view to delivering on the priorities identified in the annual Inter-institutional Joint Declarations before the end of this legislative term, provide enhanced legislative, administrative, expertise and logistical support, which implies the availability of the necessary human, time and material resources, also bearing in mind the numerous other legislative files which should be finalised before the end of the legislature. Ensure that up-to-date overviews are provided to the Policy Inter-DG Steering Groups to monitor the progress of the files within the JD (Joint Declarations) and that the Steering Groups continue to serve as platforms to enhance cooperation with the other services involved on the specific files.
7. Review the experiences with the Rules of Procedure and on their implementation, assess practices, and organise the exchange of best practices. Assist the AFCO working group in the review process.⁴

8. Continue to encourage scrutiny-related activities in committees as for example implementation reports, the implementation of the existing MFF programmes, scrutiny of delegated acts, the scrutiny hearings related to the Eurozone and the use of petitions in scrutiny. Analyse and report the experiences with implementation reports and decide if potential further steps are needed.⁵
9. Continue to follow-up on the Ombudsman's proposals made in the context of her strategic inquiry on the transparency of trilogues; efficiently coordinate work with other DGs and other Institutions⁶ and in compliance with the Secretary-General's approach on the coordination of relations with the Ombudsman, taking also into account the jurisprudence of the Court of Justice.
10. Further promote working in networks such as the ones on Petitions, Legislative Procedures and Trilogues, MFF, Delegated and Implementing Acts, Gender mainstreaming and Communication in order to identify and share best practices in the different policy fields.
11. Continue communicating about the committee activities by making efficient use of the available platforms and tools and by cooperating with DG COMM services. Continue to support with communication the visibility and accessibility of the expertise prepared by the Policy Departments. Intensify

³ Related Parliamentary Project: Follow-up to the Better Law-Making Agreement

⁴ Related Parliamentary Project: Rules of Procedure - committee-related follow-up to the AFCO report

⁵ Related Parliamentary Projects: Implementation reports, Expertise support for the scrutiny of the Eurozone, MFF and Mid-term review/revision: follow-up

of related programmes and next steps, Political Work Programme, Petitions and Citizens' Enquiries Review

⁶ Related Parliamentary Project: Enhancing the transparency of the legislative process

the communication activities on selected priority files with a view to contribute to the 2019 European election campaign⁷.

12. Continue to provide quality assistance and follow up on on-going projects

a) to ensure that the IT systems supporting the work of parliamentary committees and bodies are always up-to-date and well in line with the political requirements of the EP, bringing IT tools in line with the revised Rules of Procedure,

b) ensure that committee secretariats promptly complete the ITER database with the information on their ongoing legislative files and verify its accuracy in view of ITER's fundamental role in the digitalisation of the legislative process as well as the reporting obligations,

c) gradually, by actively contributing to the corporate e-Parliament PPP project, to digitalise the whole chain of activities supporting the legislative and budgetary/budgetary control work performed at committee and plenary level, so as to gain improvements in terms of efficiency of processes and quality of output⁸ and

d) continue digitalising the petitions process by upgrading the IT tools in order to provide better and faster service for citizens.

13. Ensure the efficient management of Human as well as Financial Resources to provide adequate support to the respective parliamentary and legislative work, particularly in view of the future implementation of the AST mobility and taking into account the provisions of the Financial Regulation and

the strategic decisions taken in the SEF of the Parliament and of DG IPOL.

14. Ensure flexibility in the allocation of human resources and technical support to temporary and enquiry committees so that they are put in a position to fulfil their mandate and be fully operational from an early stage.

15. Continue to implement training paths while continuously adapting the internal training offer to the varying changing needs of the DG; prepare a recommendation for the establishment of the exchange programme between IPOL and Commission/Council in the long term.

16. Following the metrics reporting covering 2017, review the appropriateness of the IPOL specific metrics, in the light of the insights gained (also against the results of 2016) and of the work invested in compiling them. Continue the regular collection of the lead indicator on inter-service cooperation / network activation and fine-tune the concept where necessary.

These objectives contributed to the achievement of the strategic goals of Parliament's renewed Strategic Execution Framework (SEF), in particular on "completing the legislative cycle – reloaded", "linking the levels" and "succeeding 2019", as well as to the Parliamentary Project Portfolio 2017-2019. DG IPOL had elaborated a full set of strategic projects in this framework. The 2018 milestones planned for these new projects formed part of DG IPOL's objectives for that year.

⁷ Related Parliamentary Project: Legislation as Communication

⁸ Related Parliamentary Project: e-Parliament (corporate project)

The objectives were not changed during the year. As regards the PPP, DG IPOL continued work on 11 projects as well as 10 subprojects to the “committee handbook”.

DG IPOL staffed the secretariats for three temporary committees:

Special Committee on the EU authorisation procedure for pesticides (PEST) – from February 2018 until the end of the year. On 6 December 2018, the work of the Special Committee on the EU authorisation procedure for pesticides was finalised with a committee vote on the draft report; on 16 January 2019, the political recommendations were adopted in plenary.

Special Committee on Terrorism (TERR) – from September 2017 until 13 November 2018. In November 2018 the work of the Special Committee on Terrorism, which began in September 2017, concluded with a vote on the report on findings and recommendations, and a vote in plenary in December 2018.

The work of the Special Committee on Financial crimes, Tax Evasion and Tax Avoidance (TAX3), set up in March 2018, is still ongoing. The vote in plenary on its political recommendations is expected during the March II part session.

DG IPOL’s units, committee secretariats, as well as policy departments and horizontal services supported Members throughout the year on a broad spectrum of questions relating to the different aspects of the ongoing Brexit negotiations.

OBJECTIVES DERIVED FROM THE PPP

In the process of contributing to the Parliament’s Strategic Execution Framework and Parliamentary Project Portfolio (PPP), DG IPOL has elaborated a new set of strategic projects for the PPP 2017 - 2019.

The 2018 milestones planned for these new projects as well as remaining 2017 milestones of old PPP projects formed part of DG IPOL’s objectives for that year.

FEASIBILITY AND RISK ASSESSMENT

Most of DG IPOL’s objectives, as described under point one, are closely linked to political processes and decisions and it is difficult to attach any specific linked financial and non-financial risks which might adversely affect them.

Similarly, assistance and expertise for the parliamentary committees, as well as many horizontal issues - in the legislative and budgetary fields particularly but also increasingly other “scrutiny measures”- are thus part and parcel of the DG’s daily work but remain linked to political decisions (for example decisions on the timetable for a legislative file, or whether to request a study or a workshop to accompany such a file, or whether to draw up a non-legislative report, etc.) both inside and outside the Parliament.

Therefore, the achievement of the main objectives of the DG are very much dependent on

such political decisions but it is not considered feasible or appropriate to try and put a price on such political developments within the framework of this overview.

However, as far as 'administrative risks' are concerned, which may of course also have a knock-on effect on the objectives described, the DG's risk register and risk assessments is monitored and regularly updated.

Again, in 2018, the main risks were the following:

- Ñ Risks related to the optimal functioning of parliamentary committees;
- Ñ Risks related to human resources;
- Ñ Risks related to financial resources;
- Ñ Risks related to the dependence on IT systems;
- Ñ Risks related to logistics, such as infrastructure, including office space.

These risks and the associated efforts to mitigate them are described in the general IPOL Risk Register, including a rating as to their likelihood and seriousness. The risk files were updated in 2018 and will be updated once again in early 2019. DG IPOL also held meetings with the Risk Manager to monitor the situation. For the first time in 2018, a Fraud Register and Project Risk Register has been added to the general Risk Register. The project selected out of IPOL's strategic projects for the PPP 2017-2019 was 'legislation and communication'.

In previous reports, IPOL underlined the need for improved "crisis management" and "business continuity management" mechanisms for unexpected events in the Parliament. DG IPOL had therefore already welcomed the creation of the Business Continuity Management Unit, in line with the recommendations made by the Internal Auditor. During 2018 DG IPOL continued to support the ongoing work in this area, notably the elaboration of a more comprehensive crisis & business continuity management scheme in the European Parliament, as well as the move to formalise and clarify responsibilities at a high management level through the Crisis & Business Continuity Management Team (to be supported by the aforementioned Unit).

IPOL's business continuity plan has been elaborated and will be sent to the Secretary General by end of February.

2.2 Key results and progress towards achieving objectives

IPOL being a DG providing direct and tailor-made support to committee Members, most of its work feeds into (and results in) processes and products which are political, such as legislative and non-legislative reports, opinions and amendments, committee meetings, trilogues, hearings and committee missions, etc.

The fact that IPOL's work feeds into the political sphere makes it difficult to link the DG's objectives to performance indicators. Dimensions of parliamentary work such as, for example, how long it took to steer a report through Parliament, how many amendments a report comprised, whether and how instruments such as hearings or studies were used, how negotiations were handled and which elements a final piece of legislation includes, are political by nature and not subject to assessments by the administration.

IPOL considers its objectives for 2018 as achieved and no incidents are to be reported. IPOL staff has done its utmost to provide high-quality, fast and flexible support to committees and to always find solutions to upcoming issues; it has maintained this service-culture and its standards also under extraordinary conditions, such as night trilogues.

Resources

As regards IT matters, in the framework of the e-Parliament corporate programme, DG IPOL remains committed to the objective of achieving full digitalisation of the legislative workflow for the beginning of the next legislative term. However, as a consequence of the IT outage in October 2017, some technical implementations were delayed, leaving less time to perform effective testing phases and therefore delaying all the improvements that would have enabled a higher usage of the applications.

In this respect, IPOL proposed (in agreement with DG EXPO and PRES) refined key performance indicators (KPIs) to measure the state of play of implementation and enable a precise targeting of the measures required to increase the usage and the benefits of the programme.

During 2018, IPOL Business Analysts played a significant role in the detailed analysis of the impact of the changes in the Rules of Procedure on the IT systems.

As concerns logistics, a first comprehensive EMAS audit of DG IPOL took place in 2018. The audit report includes references to DG IPOL achievements such as the reduction of missions, network printers, trunks, paperless committees, etc.

In 2018, 53% of Strasbourg trunks were given up by IPOL colleagues (145 out of 274).

During the second campaign launched by the EMAS unit in 2018, 117 IPOL colleagues agreed to the voluntary removal of their general purpose waste bins IPOL colleagues (19% reduction).

Finally, an EMAS network was created in 2018 at DG level with each Directorate being represented in it.

Also, IPOL committee secretariats continued to consolidate the trend towards more paperless meetings by increasingly using "e-meeting" and "e-committee" features.

The EMAS Square de Meeûs network continued carrying out various successful initiatives, such as facilitating parking for bicycles and further improving reusing and recycling of stationary. IPOL Logistics' system for the management of office supply stocks set up in 2017, continued in 2018.

In the area of finance, IPOL procurement templates for negotiated procedures with 3 and 5 candidates were revisited in order to fully respond to what the operational units need and, also, to fully take into account changes introduced to the financial regulation revisions of 2016 and 2018. While the 2016 revision concerned particularly exclusion, selection and award criteria, the 2018 revision added new contract clauses on intellectual property, data protection, e-procurement and Brexit; technical changes were also introduced in view of the coming Financial Management System (FMS).

Furthermore, IPOL prepared extensive step-by-step guides on the financial aspects of organising hearings, as well as on organisation committee missions outside the 3 places of work, focussing both on the basic financial principles and on the financial procedures to be carried out before, during and after the missions.

In the human resources field, it is worth mentioning that the first AST mobility procedure was concluded.

In 2018, the occasional teleworking scheme within DG IPOL is being increasingly used by

the staff. A pilot project on extra-time for official meetings, taking place after regular working hours, which was introduced towards the end of 2017, continued to run through 2018.

In the field of learning and development, specific training paths were implemented. The internal training offer was further expanded to cater for the changing needs of DG IPOL colleagues. Also, a pilot for a short-term staff exchange programme between DG IPOL, the Commission and Council services was run, in order to assess the feasibility of establishing such an exchange scheme on a regular basis.

Obtained results (data against budget items)

The below are annual statistics to measure some of the quantitative aspects of the DG's output, which also contribute to meeting the objectives of the DG. They are linked - sometimes directly and sometimes indirectly - to practically all of the objectives:

Ñ 525 parliamentary committee meetings were organised (2017: 392). These, and all related work prior to them, eventually led to the treatment and vote of some 564 committee procedures (2017: 477 procedures).

Ñ 307 trilogue meetings were organised in 2018 (251 such meetings in 2017, 135 in 2016 and 226 in 2015).

With the upcoming end of the legislative term, activity on legislative files picked up considerably, particularly on the files included in the recently adopted Joint Declaration for 2018/19. At the beginning of January 2019, there were still 241 open COD procedures under EP first reading/Council reading.

Concerning budget resources managed directly by DG IPOL, the following quantitative analysis can be made:

Ñ Concerning sub-item 1612-02 (professional training): DG IPOL organised 50 external individual courses. Also, 12 “Unit External Training Days” - ex Away Days (6 in 2017, 11 in 2016) and 3 specific collective trainings (3 in 2017, 0 in 2016) were organised.

Ñ Concerning sub-item 3042-01 (committees' missions): In total, 117 missions were organised (96 in 2017, 79 in 2015), out of which 81 had a financial impact against this line, i.e. organisational costs such as rental of office space and local transport (70 in 2017). The number of missions thus increased compared to last year, especially taking the temporary committees into account.

Ñ Concerning sub-item 3200-01 (external expertise): The policy departments commissioned a total number of 159 items of external expertise (2017:239, 2016: 264). Of these, 12 were long studies between EUR 60.000 and EUR 135.000 (2017: 10, 2016: 12), 59 were medium studies between EUR 15.000 and EUR 60.000 and 88 were short studies of less than EUR 15.000. On 31 December 2018, IPOL policy departments had 9 framework contracts in place (2017: 9, 2016: 8). The DG also disposes of 4 CEI (call for expression of interest) lists (2016 and 2017: 4), to further widen the choice of expertise in some areas.

Ñ Importantly, some 330 publications were internally produced, not drawing on any budget funds managed by IPOL (2017: 479, 2016: 382, 2015: 352 and 2014: 218). This again demonstrates a solid in-house expertise, which now makes up a very substantial part of activities. And, in addition to this, both committees and policy departments were as always involved in continuously updating the “EP fact sheets”, numbering in their hundreds. Against a backdrop of tight human resources budgets, this development was impressive.

Ñ The policy departments also organised 37 workshops (2017: 45, 2016: 31) in which external experts participated and discussed with committee members. A total of 59 experts were reimbursed against this item (2017: 59, 2016: 70). Further 20 experts were invited to share their economic, financial and monetary expertise in preparatory meetings of Monetary Dia-

logue sessions organised by ECON; these experts delivered 41 briefing papers prior to the sessions (2017: 32, 2016: 38).

Ñ The parliamentary committees organised 121 hearings, including 23 by temporary committees (2017: 133, 2016: 124, 2015: 100 and 2014: 50). A total number of 204 guests at these hearings were reimbursed for travel costs against this item (2017: 167, 2016:127, 2015: 183 and 2014: 104). Also, the Petitions Committee heard 187 petitioners (208 in 2017) at different hearings and meetings, 33 of whom were reimbursed against this item.

Ñ Sub-item 3220-13 (books and subscriptions) was used 12 times for various books and subscriptions (8 times in 2017, 16 times in 2016, 30 times in 2015 and 7 times in 2014).

RESOURCES MANAGEMENT



3 Resources management

3.1 Human resources

The decrease of 3 posts in 2018 is the result of the final contribution of DG IPOL to the establishment plan's reduction.

ESTABLISHMENT PLAN

on 01/01/2018					on 01/01/2017				
	AD	AST	AST/SC	Total	AD	AST	AST/SC	Total	
Permanent posts	280	235	13	528	281	237	12	530	
Temporary posts	4	1	0	5	4	2	0	6	
Total	284	236	13	533	285	239	12	536	

STAFF NUMBERS AT 31.12.2018

	AD	AST	AST/SC	Total
Officials	267	205	12	484
Temporary Agents	8	9	0	17
- on temporary posts	3	1		4
- on permanent posts	0	3	0	3
- on part time compensation	5	5		10
Contract Agents	7	4	24	35
Seconded National Expert (SNE)	22			22
Interims				
Total				558

3.2 Financial and budgetary management

INITIAL AND FINAL APPROPRIATIONS

Final appropriations amounted to EUR 5.35 million compared to the EUR 5.57 million originally available.

FINAL APPROPRIATIONS AND APPROPRIATIONS COMMITTED

Overall implementation stood at 90 % (88% in 2017), corresponding to EUR 4.8 million committed (4.6 million in 2017).

As in previous years, a certain margin also existed with regard to the budgeting of full amounts for temporary committees, as stipulated in the guidelines laid down by the Conference of Committee Chairmen, which the running temporary committees did not fully absorb.

For further details, please see annexes.

APPROPRIATIONS COMMITTED AND PAYMENTS MADE

Payments on contracted appropriations stood at 42% at year-end, a slight increase compared to last year (34 %).

This relatively modest level of payments in year n, and the consequently rather high level of carry-overs to year n+1, stems from the fact that research departments commission studies

and papers on the basis of political requests, during the financial year, from the committees. Many of these, particularly the more costly ones, are subject to time-consuming research and rarely give rise to payments in the same year. This has a major effect on executed payments against commitments.

Additionally, guests entitled to reimbursements sometimes send in their requests and receipts only after the end of the financial year, possibly when they prepare their private tax returns. This means that a significant portion of provisional commitments for travel and subsistence allowances has to be carried over as well.

The final amount carried over to 2019 (EUR 2.79 million) was lower than last year (EUR 3.05 million). As a proportion of contracted commitments, the ratio thus remained rather stable.

Amounts carried over will then be paid the following year at a rate that should approach 100% (96 % on 2017 funds carried over to 2018). Exceptions can relate to cases where the Parliament cancels a particular expertise item or considers that only part of the service has been delivered. They can also relate to carry-overs for travel and subsistence reimbursements, as the travel costs are not known at the time of the carry-over. It is therefore necessary to make an estimation erring on the safe side.

USE OF AUTOMATIC AND NON-AUTOMATIC CARRYOVERS FROM 2017 TO 2018

The use of the appropriations carried over from 2017 to 2018 was about 96 %.

For DG IPOL, which exclusively tenders for services (mainly studies and briefing papers) it is not unusual that a small part of the carry-overs is in fact cancelled, but the DG tries to minimise this portion through active follow-up and reminders from the Finance Unit.

If some amounts are not finally used it can relate to the fact that papers may occasionally be rejected once received, either outright or (more often) in view of substantial modifications that need to be made. This is sound financial management as studies of insufficient quality should not be paid for, or only paid for partially.

Also, there are some (minor) outstanding amounts, not finally used, that relate to carry-overs made on provisional commitments related to travel reimbursements. This is difficult to avoid since the final costs are not known at the time of the carry-overs procedure.

APPROPRIATIONS CORRESPONDING TO ASSIGNED REVENUE

EUR 937,63 were recovered by EP corresponding to budget line 03200-01 expertise (see Annex 6.II.4). This amount being recovered late in the year will be carried over and spent in 2019.

**EVALUATION AND EFFECTIVENESS
OF INTERNAL CONTROL, INCLUDING
OVERALL ASSESSMENT OF
COST-EFFECTIVENESS**



4. Evaluation and effectiveness of internal control, including overall assessment of cost-effectiveness

4.1 Assessment of the effectiveness and efficiency of internal control

IPOL's financial activities include a mix of medium to low-value transactions. In terms of value, some 90 % of the budget is related to the purchase of expertise following requests from parliamentary committees. A substantial number of very low-value transactions is also handled and relate to reimbursement of experts for hearings.

The budget structure and detailed financial circuits for the DG's implementation of these funds are published and updated on its web-pages. A substantial update and check of this information was made in 2014, at the request of the Authorising Officer by Delegation (AOD), and is also done continuously by the Finance Unit.

The AOD always includes an item of budget follow-up on every agenda of the Directors' meetings (weekly). The implementation of all funds is authorised at the level of Directorates, with the respective Director as Authorising Officer by Sub-delegation (AOS), and in close cooperation with the Finance Unit in terms of ex-ante

control and advice. This cooperation between operational departments and the Finance Unit, and also with the personnel and IT units for those issues, reflect a strong culture of cooperation and communication in an essentially decentralised structure with strong central support functions.

The use of budget funds is transparent and under detailed scrutiny at all levels of the hierarchy. Naturally, all basic concepts, such as the segregation of duties, are fully respected.

The DG objectives are set annually, taking into account the Parliamentary Project Portfolio in which DG IPOL presently manages 11 projects and 10 sub-projects. The objectives are communicated to staff in writing and orally in meetings. Delegations of powers are clearly defined and always communicated in writing.

Risk management within the DG has evolved considerably over the past few years and the identified risks and mitigating measures were updated once during the year, and will be updated again in early 2019.

In addition to the above, IPOL also operates a number of other procedures and work practices to continuously monitor and improve the compliance with the minimal norms for internal control and their effective functioning.

For example, DG specific instructions on public procurement issues are also published and updated, including all relevant links to DG Finance.

IPOL also runs an official working group to promote knowledge and experience in the field of procurement and contract management. This group liaising with the Public Procurement Forum is very useful to discuss and resolve issues of concern for DG IPOL in detail, such as consequences of the new rules and their implementation.

Regular meetings with all financial actors have also been set up by the AO, implemented by the Finance Unit, in order to continuously monitor and improve financial and contractual procedures.

The AO has since many years operated a training programme for newcomers, also including a module on "financial circuits" to emphasise the importance of correctly applying the existing procurement, contractual and financial rules.

4.2 Assessment of the costs and benefits of the controls

Overall, the cost effectiveness of controls is assessed by the Resource Directorate in consultation with the Director General and his staff. This is done within the framework of the annual budget procedure and the annual report procedure. By and large, the aspects of "methodology" and the DG's approach are described and built into the Annual Report itself.

It is considered that the effectiveness of controls and preventive measures is high with a large degree of transparency, good cooperation and clear procedures, while at the same time maintaining a lean establishment plan and an un-bureaucratic central structure.

In order to achieve efficiency of the control system, DG IPOL's scarce resources are geared towards preventing any erroneous and non-compliant expenditure in the first place, and its working methods were set up to achieve this goal.

Records of the overall results of financial controls are kept in the FINIP (IPOL Finance Unit internal database) and FINORD, as well as in Web-contracts. In our FINIP database the records include the following mandatory information:

- identification of all transactions and operations of the DG, together with the total amount of these items,
- identification of the ex-ante verifiers who carried out the control,
- information whether the result was positive or negative, and, in case it was negative, it is reported as an exception or derogation describing i.a. whether a) it referred to internal procedures or b) to contractual or regulatory provisions;

Importantly, DG IPOL also continued to dedicate a previously existing post of an ex-ante verifier purely for procurement issues and contractual advice as from January 2012. This strategy has continued to give positive results during the course of the last 6 years.

The focus on giving individual assistance to operational departments "ante ex-ante" i.e. before submitting the files for the official ex-ante verification, thus continues in a successful way, preventing the risk of errors to a very high degree and thus keeping the error rate for legality and regularity extremely low.

In connection with the Annual Report, the existing measures are considered in the light of

the year in question. So far, they have always been deemed appropriate and adequate.

Given the strong focus on ex-ante advice and checks (preparative and preventive work) as well as considering the annual budgets and staff resources available, ex-post controls have not been considered appropriate from the point of view of cost-benefit. Full and strong cooperation is of course afforded to any actions in this respect by the Court of Auditors and/or the Internal Auditor.

4.3 Summary of internal and external audits

In the field of public procurement, DG IPOL has consistently implemented all recommended improvements, included those by the internal auditor. Only one older issue remains: the creation of a common database or webpage for supplier quality assessment sheets. It should however be noted that these are already now fully available through the Finance Unit. This issue is still pending mainly due to other priorities imposed by the legislator, such as the new Financial Management and Document Management Systems.

STATEMENT OF ASSURANCE



Statement of assurance

I, the undersigned, **Riccardo Ribera d'Alcalá**

Director-General of **Internal Policies**

hereby declare, in my capacity as authorising officer by delegation, that I have reasonable assurance that:

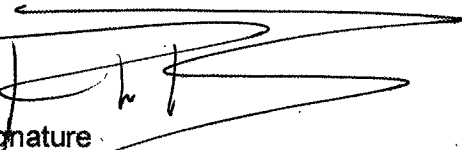
- the information contained in the report presents a true and fair view;
- the resources assigned to the activities described in the report have been used for their intended purpose and in accordance with the principle of sound financial management;
- the control procedures put in place give the necessary 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 self-assessment and remarks by the Internal Audit Service, as well as the lessons learned from the reports of the Court of Auditors for financial years prior to that for which this declaration is being made.

I also confirm that I am not aware of any fact not set down herein that could be prejudicial to the interests of the Institution.

Done at **Brussels**

On **15/02/2019**



Signature

ANNEXES



Annexes

I. Budgetary implementation overview

			IPOL	
Code	Appropriation type	Type de crédits	EUR ou %	Formule
	Appropriations of 2018	Crédits 2018		
A	Initial appropriations	Crédits initiaux	5.571.000,00	
B	Final appropriations	Crédits finaux	5.355.000,00	
C	Commitments	Engagements	4.814.633,67	
D	Commitments in % of final appropriations	Engagements en % des crédits finaux	90%	D=C/B
E	Payments	Paiements	2.019.060,55	
F	Payments in % of commitments	Paiements en % des engagements	42%	F=E/C
G	Cancellations of 2018 final appropriations	Annulations de crédits finaux 2018	540.366,33	G=B-C-K
H	Cancellations appropriations in % of final appropriations	Annulations en % des crédits finaux	10%	H=G/B
	Appropriations carried over from 2018 to 2019	Crédits reportés de 2018 à 2019		
I	Automatic carryovers from 2018 to 2019	Crédits reportés automatiquement de 2018 à 2019	2.795.573,12	I=C-E
J	Automatic carryovers from 2018 to 2019 in % of commitments	Crédits reportés automatiquement de 2018 à 2019 en % des engagements	58%	J=I/C
K	Non-automatic carryovers from 2018 to 2019	Crédits reportés non-automatiquement de 2018 à 2019	0	
L	Non-automatic carryovers from 2018 to 2019 in % of final appropriations	Crédits reportés non-automatiquement de 2018 à 2019 en % des crédits finaux	0%	L=K/B
	Appropriations carried over from 2017 to 2018	Crédits reportés de 2017 à 2018		
M	Automatic carryovers from 2017 to 2018	Crédits reportés automatiquement de 2017 à 2018	3.054.796,60	
N	Payments against automatic carryovers from 2017 to 2018	Paiements sur crédits reportés automatiquement de 2017 à 2018	2.929.560,10	
O	Payments against automatic carryovers from 2017 to 2018 in % of automatic carryovers from 2017 to 2018	Paiements sur crédits reportés automatiquement de 2017 à 2018 en % des crédits reportés automatiquement de 2017 à 2018	96%	O=N/M
P	Cancellations of automatic carryovers from 2017 to 2018	Annulations de crédits reportés automatiquement de 2017 à 2018	125.236,50	P=M-N
Q	Cancellations of automatic carryovers from 2017 to 2018 in % of automatic carryovers from 2017 to 2018	Annulations de crédits reportés automatiquement de 2017 à 2018 en % des crédits reportés automatiquement de 2017 à 2018	4%	Q=P/M
R	Non-automatic carryovers from 2017 to 2018	Crédits reportés non-automatiquement de 2017 à 2018	0,00	
S	Payments of non-automatic carryovers from 2017 to 2018	Paiements sur crédits reportés non-automatiquement de 2017 à 2018		
T	Payments against non-automatic carryovers from 2017 to 2018 in % of non-automatic carryovers from 2017 to 2018	Paiements sur crédits reportés non-automatiquement de 2017 à 2018 en % des crédits reportés non-automatiquement de 2017 à 2018	-	T=S/R
U	Cancellations of non-automatic carryovers from 2017 to 2018	Annulations de crédits reportés non-automatiquement de 2017 à 2018		U= R-S
V	Cancellations of non-automatic carryovers from 2017 to 2018 in % of non-automatic carryovers from 2017 to 2018	Annulations de crédits reportés non-automatiquement de 2017 à 2018 en % des crédits reportés non-automatiquement de 2017 à 2018		V=U/R
	Assigned revenue in 2018	Recettes affectées 2018		
W	Appropriations from assigned revenue in 2018 (current)	Crédits de recettes affectées courants 2018	937,63	
X	Assigned revenue carried over to 2018	Crédits de recettes affectées reportés à 2018	0,00	
Y	Balance of commitments on assigned revenue carried over to 2018	Solde des engagements reportés à 2018 sur crédits de dépenses spécifiques sur recettes affectées	0,00	
Z	Payments in 2018 against appropriations from assigned revenue (current and carried-over)	Paiements sur crédits de recettes affectées 2018 (courants et reportés)	0,00	
AA	Payments in 2018 against assigned revenue in % of assigned revenue in 2018 (current and carried-over)	Paiements sur crédits de recettes affectées 2018 en % des crédits de recettes affectées 2018 (courants et reportés)	0%	AA=Z/(W+X+Y)

II. Budget implementation statement 2018

1. Current appropriations as at the end of December - Financial year 2018 (nature 0)
2. Automatic carryovers as at the end of December - Financial year 2018 (nature 2)
3. Non-automatic carryovers as at the end of December - Financial year 2018 (nature 6) **N/A**
4. Specific expenditure appropriations/assigned revenue as at the end of December - Financial year 2018 (nature 7)

5. Specific expenditure appropriations/assigned revenue carried over as at the end of December - Financial year 2018 (nature 5) **N/A**
6. Specific expenditure commitments/assigned revenue carried over as at the end of December - Financial year 2018 (nature 3) **N/A**
7. Specific expenditure appropriations/external assigned revenue as at the end of December - Financial year 2018 (nature 9) **N/A**

Use of current appropriations as at 31 December 2018 (source: FINORD)

Situation of current appropriations										Situation of payments		
Sub-item	Initial appropriations	Transfers / Amending Budgets	Appropriations	Commitments done	Appropriations available	% Committed	Payments done	Still to be paid	% Paid			
1	2	3	4	5	6=4-5	7=5/4	8	9=5-8	10=8/5			
1612-02 * Formation professionnelle	85.000,00	0,00	85.000,00	52.956,56	32.043,44	62,30%	44.111,56	8.845,00	83,30%			
Total chapter 16	85.000,00	0,00	85.000,00	52.956,56	32.043,44	62,30%	44.111,56	8.845,00	83,30%			
03020-09 * Frais de réception et représentation comm.parlem.	66.000,00	0,00	66.000,00	39.629,08	26.370,92	60,04%	24.467,21	15.161,87	61,74%			
03042-01 * Réunions des commissions	250.000,00	0,00	250.000,00	226.662,14	23.337,86	90,66%	208.797,35	17.864,79	92,12%			
Total chapter 30	316.000,00	0,00	316.000,00	266.291,22	49.708,78	84,27%	233.264,56	33.026,66	87,60%			
03200-01 * Acquisitions d'expertise : politiques interne de l'UE	5.115.000,00	-216.000,00	4.899.000,00	4.488.467,19	410.532,81	91,62%	1.734.765,73	2.753.701,46	38,65%			
03220-13 * Livres et inscriptions	55.000,00	0,00	55.000,00	6.918,70	48.081,30	12,58%	6.918,70	0,00	100,00%			
Total chapter 32	5.170.000,00	-216.000,00	4.954.000,00	4.495.385,89	458.614,11	90,74%	1.741.684,43	2.753.701,46	38,74%			
TOTAL	5.571.000,00	-216.000,00	5.355.000,00	4.814.633,67	540.366,33	89,91%	2.019.060,55	2.795.573,12	41,94%			

Annex 6.II.2 - Appropriations carried over from 2017

Use of appropriations carried over from 2017 as at 31 December 2018
(source: FINORD)

Situation of appropriations carried over						
Sub-item	Appropriations carried over	Payments done	Still to be paid	% Paid		
1	2	3	4 = 2-3	5 =		
1612-02 * Formation professionnelle	4.352,40	4.348,60	3,80	99,91%		
Total chapter 16	4.352,40	4.348,60	3,80	99,91%		
03020-09 * Frais de réception et de représentation	5.098,40	4.374,39	724,01	85,80%		
03042-01 * Réunions des commissions	21.400,00	15.314,37	6.085,63	71,56%		
Total chapter 30	26.498,40	19.688,76	6.809,64	74,30%		
03200-01 * Acquisitions d'expertise : politiques internes de l'UE	3.023.945,80	2.905.522,74	118.423,06	96,08%		
03220-13 * Livres et inscriptions	0,00	0,00	0,00	N.A		
Total chapter 32	3.023.945,80	2.905.522,74	118.423,06	96,08%		
TOTAL	3.054.796,60	2.929.560,10	125.236,50	95,90%		

Situation des crédits de dépenses spécifiques/RA

Exercice: 2018 (en EUR)

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Poste	Intitulé	Virements	Crédits an. cumulés.	Crédits Actuels	Engagements Contractés	% Util.	Paiements Effectués	Sol des Engag. E.C.	Crédits Disponibles
03...									
032..									
0320.									
03200	Acquisition d'expertise								
03200-01	Acquisition d'expertise : études, experts et autres personnalités, évaluation d'impact (politiques internes de	0,00	937,63	937,63	0,00	0,00	0,00	0,00	937,63
Total Titre	03...	0,00	937,63	937,63	0,00	0,00	0,00	0,00	937,63
Total Général		0,00	937,63	937,63	0,00	0,00	0,00	0,00	937,63

III. List of exceptions - derogations from the rules

EXCEPTIONS TO PROCEDURE

DECISIONS TO MAKE AN EXCEPTION TO THE APPLICABLE PROCEDURES AND RULES

DOCUMENT REF.	RELEVANT AUTHORIZING OFFICER	SUBJECT	AMOUNT	VERIFIER'S OPINION	VERIFIER'S OPINION	DECISION	DECISION
OD 514/113 IP/C/PETI/I C/2017-106	M. Speiser	IDA - Update of the study 'waste management in Europe: main problems and best practices'	14.000	Non conforme	Breach of Art. 86.1 Fin. Reg. : order form signed one day before ED 514/15183 - see GEDA note D(2018) 20340	M. Speiser	Mr. Speiser signed both documents the same day. He was just wrong about the handwritten date on the order form.
ED 964/15218 IP/A/ECON - BU/FWC/2 015- 057/2/3/6	Karl-Peter Repplinger	BP - Valuation reports in the context of banking resolution	4.000	Non conforme	Briefing paper has been delivered without financial and legal commitment (breach of article 86 Fin. Reg.) - GEDA note D(2018)42922 - 06/11/2018. Passer-outré : 22/11/2018	Karl-Peter Repplinger	Authorization of Riccardo Ribera (AOD) to overrule verifier's negative opinion on 14.11.2018.
OD 843/161 IP/B/PECH/ IC/2017- 100	Susanne Oberhauser	Study on seafood integration	116.500	Observation	Substantial extension of deadline for final report granted informally without formal contract modification between AOS and service provider - risk of breach of competition rules	Susanne Oberhauser	Explicative note from I. Watt of 28.11.18

WAIVERS/CANCELLATIONS OF RECEIVABLES N/A

RECEIVABLE WAIVER/CANCELLATION PROCEDURES

DOCUMENT REF. (FINORD REF.)	RELEVANT AUTHORIZING OFFICER	SUBJECT	AMOUNT	AUTHORISING OFFICER'S REASONS FOR WAIVER/CANCELLATION
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IV. Results of assessments

There are no posts available in DG IPO for ex-post evaluations.

Only in the frame of the annual carry-over exercise, IPO ex-ante verifiers may control the respective transactions ex-post based on cost effectiveness and performance.

V. Assessment of the implementation of the minimum internal control standards

SELF-ASSESSMENT SUMMARY TABLE

STANDARD	ACHIEVED	ALMOST	PARTLY	STARTED	TO BE STARTED/N.A.
Section 1: mission statement and values					
1. Duties					
2. Ethical and organisational values					
Section 2: Human resources					
3. Allocation of staff and mobility					
4. Staff assessment and development					
Section 3: Planning and risk management					
5. Objectives and performance indicators					
6. Risk management process					
Section 4: Operations and control activities					
7. Operational set-up					
8. Processes and procedures					
9. Supervision by management					

STANDARD	ACHIEVED	ALMOST	PARTLY	STARTED	TO BE STARTED/N.A.
10. Business continuity					
11. Document management					
Section 5: Information and financial reporting					
12. Information and communication					
13. Accounting and financial information					
Section 6: Evaluation and auditing					
14. Evaluation of activities					
15. Evaluation of internal control systems					
16. Audit reports					

COMMENTS ON THE OUTCOME OF THE ANNUAL SELF-ASSESSMENT OF MICS PERFORMANCE

Standards assessed as ‘achieved’ – good practices

List of examples (N° of standard(s) in brackets):

- ▮ Role, objectives and mandate published on IPOLnet (1);
- ▮ Regular training for newcomers (2);
- ▮ Staff allocation and recruitment based on IPOL’s needs and priorities; (3);
- ▮ Dialogue with line manager for annual assessment in place (3, 4);
- ▮ Objectives of the DG are defined and communicated each year (5);
- ▮ Compilation of both operational and strategic metrics since 01.07.2016; IPOL lead indicator (active involvement of internal actors in all stages of the legislative cycle) endorsed in 2017 (5);
- ▮ Weekly monitoring of main budget implementation done by the DG’s Finance Unit in cooperation with all operational departments (5);
- ▮ IPOL Risk Register updated regularly in close cooperation with and assistance from the EP Risk Manager (6);

- ▮ Delegation of powers established; identification of sensitive posts and mitigation procedures in place as well as staff mobility; list of IPOL Financial Agents table published on INTRAnet (7);
- ▮ Financial circuits in line with Financial Regulation in place and published on IPOLnet; detailed checklists for initiation, verification and archiving continuously updated and published (8);
- ▮ Exceptions and Derogations are registered in the Finance Unit’s data base FINIP and in WebContracts (8);
- ▮ Budget follow-up figures on every agenda of the Directors’ (AOS) weekly meetings (9)
- ▮ On a political level, the Conference of Committee Chairs reviews the budget in September for potential adjustments and re-allocations in accordance with the Committees’ needs (9)
- ▮ Back-up in place to ensure the continuity of operations; (10).
- ▮ Financial archives, of the DG centralised and managed by in the DG’s Finance unit; all procedures published; in addition, destruction of all financial documents fulfilling the conditions established by DG IPOL’s Retention Schedule Document (11, 12);
- ▮ Rules published on IPOLNET (12, 13);

Standards assessed as ‘almost achieved’ – further work required

- ▮ Elaboration of IPOL business continuity plan in progress (10);
- ▮ On-going regular update and revision of tailor-made IPOL templates and best practice in procurement. Full harmonisation of IPOL specific models for all procedures in place (8). A major check and up-date of on-line based manuals / templates of financial and contractual procedures on the new IPOL web site is being done since it has been launched in October 2014. Moreover, continuous feeding of a “NEWS” section in Finance Unit’s web-site containing the latest replies to relevant questions by the financial actors allows improved efficiency of communication with all financial agents and Committee Secretariats (12);
- ▮ Follow-up a continuous implementation of recommendations (e.g. IPOL working group to improve efficiency of procurement activities). In 2018 IPOL ‘Negotiated Procedure’ templates with 3 and 5 candidates have been updated by the official IPOL working group on procurement and contract management to fully adapt them to the 2016 and 2018 revisions of the Financial Regulation (8);
- ▮ Annual revision of control framework in connection with the annual activity report. Such a “method” should still be better defined, even though the control framework is continuously monitored and improved, notably through the Finance Unit and particularly the use of the DGs web pages (15)

Standards assessed as ‘partly achieved’ or ‘started’ – weaknesses and practices

NA

Standards assessed as ‘to be started’ or ‘non-applicable’

NA

Other comments

- ▮ From a purely political aspect, control standard 5 is, however, partially non-applicable. This is due to the fact that the most important objectives of the DG are of a political nature and mostly depend on political decisions. They do not lend themselves easily to measurement through quantitative indicators. In his recent audit report n° 16/18 on the Annual Activity Reporting, the Internal Auditor confirmed the specific nature of “political DGs” compared to purely “administrative DGs” and recommended that the future objective-setting framework for the annual reporting should take this difference better into account.
- ▮ Multi-annual programming is not an integral part of the current system of an annual “administrative work program”. With the introduction of a “Strategic Execution Framework” (SEF), multiannual aspects feature more prominently.

Ń The DG does not operate an ex-post evaluation system. Given the need to carefully weigh the benefits of such controls compared to the resources needed to implement them, it is considered much more effective to concentrate limited resources on ex-ante controls in conjunction

with continuous information and training. This is particularly so given the DGs relatively modest annual budget. Nevertheless, informal ex-post controls can be made when deemed pertinent.