

Annual Activity Report

2009

European Union Agency for Fundamental Rights

Table of contents

PART 1 – ACHIEVEMENTS BY AREA OF ACTIVITY.....	3
INTRODUCTION	3
ASYLUM, IMMIGRATION AND INTEGRATION OF MIGRANTS.....	3
RACISM, XENOPHOBIA, ANTI-SEMITISM, ISLAMOPHOBIA AND RELATED INTOLERANCE	3
DISCRIMINATION BASED ON SEX, RACE OR ETHNIC ORIGIN, RELIGION OR BELIEF, DISABILITY, AGE OR SEXUAL ORIENTATION AND AGAINST PERSONS BELONGING TO MINORITIES AND ANY COMBINATION OF THESE GROUNDS	3
THE RIGHTS OF THE CHILD, INCLUDING THE PROTECTION OF CHILDREN	4
ACCESS TO EFFICIENT AND INDEPENDENT JUSTICE.....	4
HORIZONTAL ACTIVITIES COVERING ALL MAF AREAS.....	5
DIFFERENCES BETWEEN PLANS AND DELIVERY	6
PART 2 – MANAGEMENT AND INTERNAL CONTROL SYSTEMS	7
INTRODUCTION	7
THE FUNCTIONING OF THE ENTIRE INTERNAL CONTROL SYSTEM.....	7
PART 3 – BUILDING BLOCKS TOWARDS THE DECLARATION OF ASSURANCE (AND POSSIBLE RESERVATION TO IT).....	11
BUILDING BLOCKS TOWARDS REASONABLE ASSURANCE.....	11
RESERVATIONS	14
OVERALL CONCLUSIONS ON THE COMBINED IMPACT OF THE RESERVATIONS ON THE DECLARATION AS A WHOLE	14
PART 4 – DECLARATION OF ASSURANCE.....	15
ANNEX 1: DRAFT ANNUAL ACCOUNTS AND FINANCIAL REPORTS.....	16
TABLE 1: BUDGETARY EXECUTION - COMMITMENTS (C1)	16
TABLE 2: BUDGETARY EXECUTION - PAYMENTS (C1 +C8).....	17
TABLE 3: BUDGETARY EXECUTION – C1 COMMITMENTS TO BE SETTLED	18
TABLE 4: DRAFT ANNUAL ACCOUNTS - BALANCE SHEET (ACCRUALS BASED)	19
TABLE 5: DRAFT ANNUAL ACCOUNTS - ECONOMIC OUTTURN ACCOUNT (ACCRUALS BASED)	20
TABLE 6: AVERAGE PAYMENT TIME LIMITS	21
TABLE 7: BUDGETARY REVENUE AND INCOME.....	22
TABLE 8: AGEING BALANCE OF RECOVERY ORDERS.....	23
TABLE 9: NEGOTIATED PROCEDURES	24
TABLE 10: LIST OF CONTRACTORS TO WHOM BUILDING CONTRACTS ARE AWARDED	25
TABLE 11: LIST OF CONTRACTS DECLARED SECRET	26
TABLE 12: RECOVERY ORDERS WAIVERS	27
ANNEX 2: MATERIALITY CRITERIA	28
ANNEX 3: INTERNAL CONTROL TEMPLATE(S) FOR BUDGET IMPLEMENTATION; (ICT)	29

Part 1 – Achievements by Area of Activity

Introduction

A core objective of the Agency is to provide EU policy-makers with evidence-based advice on fundamental rights issues when they implement Community law and take measures to respect fundamental rights. In 2009, the Agency achieved its objective by collecting comparable data and information on a range of fundamental rights issues and publishing its findings.

Asylum, immigration and integration of migrants

The Agency carried out in-depth research with Roma EU citizens in selected Member States to explore their experiences with regard to freedom of movement and settlement within the EU. The research results were presented at a high level conference in November 2009 that brought together the Council of Europe Commissioner for Human Rights, the OSCE Office for Democratic Institutions and Human Rights (ODIHR) and the OSCE High Commissioner on National Minorities (HCNM).

Two studies were initiated by the Agency in 2009 in relation to the under-researched situation of non-EU citizens; firstly, a legal study on voluntary and involuntary return procedures; secondly a social study exploring the situation of irregular immigrants in selected Member States with respect to the areas of health, education, housing and employment – focusing on the specific cases of women and children.

Racism, xenophobia, anti-Semitism, Islamophobia and related intolerance

At the request of the President of the European Parliament, in 2009 the Agency collected data and information for a comparative report on the situation concerning ethnic and racial discrimination in the EU. The material for the report was drawn from information supplied by the Agency's Racism and Xenophobia Information Network (RAXEN).

The Agency continued to develop its work in the field of anti-Semitism by conducting research in selected Member States with children, teachers and experts on the theme of holocaust and human rights education. The Agency, in cooperation with Yad Vashem, also brought together an EU network of teachers and developed a teaching toolkit on Holocaust education and Human Rights Education.

A new analysis of statistical data was published by the Agency on anti-Semitic trends in the EU, which served to update its reporting from previous years. The EU-MIDIS 'Data in Focus' report on Muslims, published in 2009, also contributed to current knowledge in the EU concerning discrimination against people with a Muslim religious background.

Discrimination based on sex, race or ethnic origin, religion or belief, disability, age or sexual orientation and against persons belonging to minorities and any combination of these grounds

The first deliverables from the Agency's largest single research project to date – the EU-MIDIS survey of 23,500 selected immigrant and ethnic minority groups about their experiences of discrimination and criminal victimisation across the EU's 27 Member States – were launched during 2009. The report

focusing on results for Roma respondents were presented in Brussels in April 2009. The report focusing on results for Muslim respondents was presented at a conference in Spain in May 2009, and the main results report from the survey was launched at the FRA's Fundamental Rights Conference in Stockholm in December 2009.

The second part of the Agency's groundbreaking work on homophobia and discrimination on grounds of sexual exploitation and gender identity, the sociological study, was published in March 2009. Along with the legal report from June 2008, this was used extensively in the discussions regarding the draft horizontal anti-discrimination directive and thus underpinned the policy initiative by the Commission and Parliament.

At the request of the European Commission, the Agency carried out research and collected data and information for a comparative report on the "Housing conditions of Roma and Travellers in the European Union". The research results were presented in October 2009 at the FRA Roundtable in Brussels on Roma and Housing, which brought together over sixty participants, including Romani women.

The Agency organised a first meeting with national equality bodies and the European Network of Equality Bodies, EQUINET, in Vienna on 12-13 May to discuss mutual areas of interest and possibilities for co-ordination. Following this general meeting, cooperation with a large number of national equality bodies from across the EU was pursued within a number of specific projects, particularly in relation to Roma, LGBT and disability issues. Discussions focused in particular on ways forward in light of the findings of the extensive EU-MIDIS survey on victimisation, which show that equality bodies are not as well known as they ought to be among potential victims.

The Agency further developed its cooperation with the European Broadcasting Union on training journalists on issues related to diversity. The Agency's Diversity Toolkit was translated into additional languages and a train-the-trainer seminar was delivered to public service broadcasters from Eastern European EU Member States to encourage using the diversity toolkit for in-service training.

The Agency also launched a major study on the fundamental rights of persons with intellectual disabilities and persons with mental health problems; the first part of which examines the legal situation in the 27 Member States concerning these vulnerable groups.

The rights of the child, including the protection of children

Following a request of the European Commission, the Agency published a report in March 2009 on developing indicators for the protection, respect and promotion of the rights of the child.

Building on the rights of the child indicators report, a legal study on child trafficking in the EU was undertaken and published by the Agency. The outputs from the research were picked up and used by key stakeholders at EU level and fed into important legislative and policy actions, for example, the European Parliament resolution on preventing trafficking in human beings.

Access to efficient and independent justice

The first component of a large-scale project on access to justice was undertaken in 2009. This consisted of a legal 'mapping exercise' with respect to existing legislation and procedures in Member States concerning access to justice in the area of discrimination and civil procedures.

Horizontal activities covering all MAF areas

The Agency's annual report was launched at the FRA's premises in Vienna. Work with key stakeholders continued in 2009, the key partner for much of the Agency's work being the European Commission, as the Agency provides data and information to inform the policy development conducted by the Commission. Cooperation with the Council of Europe took place in the context of the Agency's projects and the Council of Europe had the opportunity to make suggestions for the Agency's work programme in 2010.

Following the elections of the European Parliament, the FRA Director was given the opportunity to speak at a joint debate of the European Parliament Committee on Civil Liberties, Justice and Home Affairs (LIBE) and the Sub-committee on Human Rights (DROI) on 30 September.

The Agency has initiated a targeted Human Rights education (HRE) stakeholder consultation to be better able to define the scope of the future Human Rights education strategy and programme. Targeted external awareness raising activities have been carried out by attending HRE related conferences and workshops. The Fundamental Rights Conference (FRC) is the Agency's largest event and an annual forum for policy-makers, practitioners and experts to examine key fundamental rights challenges and develop courses of action that better guarantee their protection. The FRC 2009 was held in Stockholm on 10-11 December 2009 and organised in cooperation with the Swedish Presidency of the EU. The press were invited to attend the Conference in addition to the press conference on the EU-MIDIS main results report that took place on 9 December.

Communication and awareness raising

Another objective of the Agency is to raise public awareness of fundamental rights and actively disseminate its work. Over 80 different publications were printed in 2009 including research reports, awareness raising material and the Annual Report. Media launches accompanied 12 of these publications. Media coverage varied according to the theme of the publications and between Member States but was generally good, covering a range of Member States and different media.

An important component of the Agency's awareness raising work is the Diversity Day event aimed at encouraging young people to actively engage with fundamental rights issues. Three Diversity Day events took place in 2009 - in Vienna, Berlin and Barcelona - building upon the single event that has taken place in Vienna for the past two years.

28 visitor groups, comprising 624 individuals, were introduced to fundamental rights at the FRA premises in 2009. This strand of the Agency's awareness raising work enables groups, ranging from students to future police executives, to gain an insight into the place of fundamental rights in EU policy and practice and the functioning of the Agency.

The S'cool Agenda is the FRA's awareness raising product for young people. In 2009, the Agency received very positive feedback from young people and teachers and distributed 32450 copies of the agenda in French, 36721 copies in English and 30470 copies in German.

In the context of the Agency's objective to record relevant, objective, reliable and comparable information and data, the Agency's InfoPortal remains incredibly important. In 2009 the site received 153 707 visits.

Differences between plans and delivery

In 2009 the Agency did not publish, as intended, a report on ethnic profiling. Given that political agreement on the Lisbon Treaty was only decided at the end of the year, with its implications concerning the removal of the pillar structure of the EU, a decision was made by the Agency to delay any publication on profiling to take into account the potential for a report on this subject to address more directly issues of policing. To this end, the Agency decided to publish this report in 2010 together with an accompanying report from EU-MIDIS on law enforcement and minorities.

Also in 2009 the Agency did not publish, as intended, its pilot media project study as extensive stakeholder consultation took place in relation to this project in 2009. Media professionals were asked to provide input on the findings of the project. Unpredictably, the consultation process took longer than foreseen. Additionally, it was decided that the study should be published in several languages and that the release of all languages should take place at the same time. Therefore, the translation and editing of the study could not be finalised by the end of 2009. To this end, the Agency decided to publish this study in 2010.

Following the entry into force of the Lisbon Treaty and the new tasks that this involves for the Agency, as well as the success of the EU-MIDIS project, larger scale projects are recommended for the future. This will require an increase in the Agency's budget in the coming financial years.

Part 2 – Management and Internal Control Systems

Introduction

In order to achieve its objective the Agency collects data via its framework contractors, organises meetings with external experts and, whenever necessary, sets up ad-hoc working parties. Data collection is undertaken by these framework contractors on the basis of technical specifications prepared by experienced staff members, taking into account the nature of the risk and control environment. The deliverables are evaluated and reviewed by the Agency. On the basis of the data collected, the Agency formulates analyses, conclusions and opinions which are communicated to its stakeholders. Communication and awareness raising activities consist of dialogue with civil society; publication of reports, conclusions and opinions; organisation of events and conferences; managing the Agency's web presence, etc.

The Agency consists of six departments: four operational and two administrative. During the financial year, in order to improve the management culture, the Director delegated authorisation to the four Operational Heads of Departments. The limit for this authorisation was set at 100,000 EUR and only for operational expenditure. In the past only two out of the four Operational Heads had been delegated the Authorisation with the limit of 60,000 EUR.

In addition, during the financial year the Head of Human Resources and Planning was delegated authorisation for the maximum amount of 500,000 EUR and limited to staff expenditure. The Finance Manager was also delegated authorisation with the limit of 60,000 EUR in order to ensure business continuity, acting as a backup Authorising Officer by Delegation.

The functioning of the entire internal control system

The Agency's internal control standards are structured around five 'building blocks': the control environment, performance and risk management, information and communication, control activities, and audit and evaluation. Based on these standards the Agency developed and implemented internal control systems. Its objective is to maintain an appropriate balance between risks to be addressed and the controls required in minimising these risks.

The functioning and effectiveness of the internal control systems are assessed on the basis of:

- the experience of the operation of the control system – on the basis of which the internal control system has effectively managed exposure to key risks
- the staff capacity – in terms of staff skills and allocation of resources, and
- the capacity of systems and procedures – based on the sufficiency of the existing systems to mitigate the key risks.

The assessment of the internal control systems is based on management knowledge gained from daily operations, management reviews, audit reports, evaluations of expenditure programmes, and results from tests of key controls.

Compliance with the requirements of the control standards

Following the strategic objective of creating lean management, in December 2009 the Agency's Management Board adopted the new Internal Control Standards (ICS) for effective management (down to 16 from 24), which are based on international good practice and those adopted by the European Commission. Therefore, the management during the financial year was based on the former 24 ICS.

The Agency fully complied with the standards below and their requirements.

- 1 Ethics and integrity.
- 2 Mission, role and tasks.
- 3 Staff competence (recruitment and training).
- 4 Staff performance.
- 7 Objective setting.
- 8 Multi-annual programming.
- 9 Annual management plan.
- 10 Monitoring performance against objectives and indicators.
- 13 Mail registration and filing systems.
- 14 Reporting improprieties.
- 16 Segregation of duties.
- 17 Supervision.
- 19 Continuity of operations.
- 20 Recording and correction of internal control weaknesses.
- 21 Audit reports.
- 22 Internal audit capability.
- 23 Evaluation.
- 24 Annual review of internal control.

Detailed information on the standards with which the Agency partially complied with is provided below.

5 Sensitive functions;

The Agency adopted a sensitive functions procedure. Taking into consideration that staff mobility is not feasible within a small Agency, the associated risks are to be addressed with further supervision and risk mitigation. The inventory of the sensitive functions needs to be finalised.

6 Delegation

Responsibilities and authority limits are clearly defined, assigned and communicated in writing for all financial actors involved in the financial information systems. This needs to be extended to financial actors like Operational Initiating Agents who are only involved on paper.

By the end of the year, the Agency already formally nominated all financial actors in written, defining their roles and responsibilities.

11 Risk analysis and management

The Agency systematically analyses risks in relation to its main activities at least once a year, develops appropriate action plans to address them and assigns responsible staff for implementing those plans. However, more detailed plans are required in order to anticipate potential problems in contracting and processing financial transactions so that necessary measures can be taken in time.

The Agency, following its new organisational structure, is reinforcing its planning and monitoring functions with the appointment of a specialised team. It is expected that this team will be fully functional in 2010.

12 Adequate management information

Managers and other staff receive regular, reliable and easily accessible management information on budget execution, use of resources and progress of their management plan.

In addition to management information reports, which include the level of implementation, payment delays, evolution of outstanding commitments, and number of recovery orders issued, the Agency recently developed a project management tool (MATRIX). The Agency is in the process of developing the reporting part of this tool and will consider different levels of details for different levels of management.

15 Documentation of procedures

Most of the procedures used in the Agency for its main processes are fully documented, kept up to date and available to all relevant staff. Moreover, they are compliant with the financial regulation and all relevant decisions. The Agency still needs to document the VAT recovery, budget preparation, budgetary transfer, procurement, as well as its operational procedures.

At the time of writing the AAR, the VAT procedure had already been adopted and the remaining financial procedures are expected to be finalised in 2010. These procedures will be drafted with simplification in mind. Relevant template documents such as checklists and routing slips will be defined. A Quality Manager was considered in the establishment plan and took up post on 1 March 2010.

18 Recording exceptions

The Agency records all instances of overriding of controls or deviations from established policies and procedures under exceptional circumstances are documented, justified and approved at an appropriate level before action is taken. A method of dealing with and recording exceptions to main procedures should be established, including who may authorise such exceptions.

This method is under preparation and it is expected that it will be finalised in 2010.

Effectiveness of implementation of the prioritised control standards

In 2009 the agency was focused on achieving compliance with the following Internal Control Standards:

6 Delegation

Compliance with this standard was prioritised in order to minimise the risks involved. For this reason the Agency was focused in the formal delegation of the operational initiation. The remaining financial actors

were already officially delegated their role and responsibilities. The Agency established a procedure of communicating in writing the delegation of the operational initiation and of receiving its acknowledgement. The list of the delegated operational initiating agents has been forwarded to all financial actors. This list is kept up-to-date. These actions ensure that financial transactions are initiated by competent staff members who are aware of their roles and responsibilities and contribute in minimising the risks associated.

11 Risk analysis and management

All decisions, whether they concern routine transactions or new ideas and opportunities, always involve a degree of uncertainty. Risk analysis and management can help to justify any decisions with reasoned judgments of both intended and unintended outcomes. By adopting a risk-based approach, the Agency can make better judgments about how systems can be improved, where resources should be allocated, or how to achieve a better balance between the level of risk and the cost of controls. Risk analysis and management forms an essential part of the management and control environment.

In this context the Agency prioritised this standard. During the reporting period the risk analysis and management procedure was prepared. Once this procedure and the associated actions are finalised, the Agency will improve and complete the current Strategic Planning and Programming (SPP)/Activity-based Management (ABM) performance management system by ensuring that the key risks related to its activities are duly taken into account. It will also reinforce the integrated internal control framework, thereby contributing towards achieving a positive statement of assurance.

15 Documentation of procedures

The Agency believes that all financial actors involved in the implementation of the budget must be provided with the necessary administrative support. Moreover, staff members need to be provided with guidelines on the implementation of the staff regulation, financial rules and their implementing rules. Roles and responsibilities need to be clarified. All these, should be provided keeping in mind simplification and the efficient use of resources (i.e. financial and human). The expected results among others include lean management; improved support to core activities; and problem identification and immediate solution.

Thirty three procedures have been identified. By the end of 2009 six procedures were fully documented and stable and up to date. Five of them were readily accessible. Nine procedures were in draft version. All of the procedures are user friendly ensuring appropriate segregation of duties. None of the procedures found to be contradictory or to contain contradictory parts.

Conclusion

The Agency has put in place monitoring measures which ensure that the internal control systems are effective. It has also considered the risks and it focuses on the control resources in the areas where risks are the greatest, while ensuring adequate control over all activities. Based on all information and the above analysis, it can be stated that the Agency has an effective, robust and reliable internal control system at its disposal.

Part 3 – Building blocks towards the declaration of assurance (and possible reservation to it)

Building blocks towards reasonable assurance

The Agency's assurance architecture is structured around 4 'building blocks' as follows.

Building block 1 – Assessment by management

Key indicators on legality and regularity

Indicator	2009	Target
<i>Input: resources devoted to ex-ante financial verification to ensure legality and regularity of underlying transactions</i>		
Staff devoted to ex-ante financial verification	1 full time equivalent	<= than the previous year (i.e. 1 full time equivalent in 2008)
Total staff for Financial resources	5 (2 TAs and 3 CAs) for a total of 1996 transactions	<= 2 TAs (Finance Manager and Budget officer) + 1 CA per 400 transactions
<i>Output: Level and nature of controls carried out</i>		
Budget coverage of ex-ante financial verification	100%	100%
Budget execution percentage	99.44%	95%
<i>Results of controls: What the controls allowed to discover/remedy</i>		
<ul style="list-style-type: none"> Controls carried out to show that there have been no material errors (low error rates) as regards legality and regularity 	0	0
<ul style="list-style-type: none"> Number of exceptions registered: Three exceptions* were registered in 2009. All three cases refer to commitments 'a posteriori'. None of the recorded exceptions caused a financial loss for the Agency's budget. 	3	<= than the previous year (i.e. three commitments 'a posteriori' out of eight exceptions in 2008)

* In order for an exception to be reported, the amount involved

must be more than 5.000 EUR or for:

- operational expenditure higher than 2% of the budget of the area of activity involved (article's budget),
- administrative expenditure higher than 2% of the chapter's budget.

The results of the management self-assessment exercise are satisfactory.

Building block 2 – Results from audits during the reporting year

IAS Audits

During 2009 the Internal Audit Service (IAS) carried out an audit on 'Financial Management', covering the following elements:

- framework for financial management
- budget preparation
- budget implementation, and
- management and control supervision.

Based on the results of this audit, IAS believes that the internal control systems in place provide reasonable assurance regarding the adequacy and effectiveness of the Financial Management in the Agency. However, the following issues were raised:

(a) Controls on individual transactions

The Agency should ensure that the financial actors involved are clearly identified and formally assigned to the tasks they perform.

This issue refers to the formal nomination of the Operational Initiating Agents through a Director's decision. The Agency took note of the IAS's recommendation and started identifying and formally nominating Operational Initiating Agents in 2009. The remaining financial actors involved in the implementation of the Agency's budget (i.e. Verifying Agents, and Authorising Officers granted access in ABAC) were already formally nominated during the previous financial years.

(b) Content of Work Programme 2009

The Agency should ensure the necessary components for a Financing Decision in the Annual Work Programme.

The Agency took note of this issue and will update its Annual Work Programme in order to accommodate this need. Ad-hoc financing decisions will be prepared when appropriate.

(c) Tool for planning and monitoring

The Agency should ensure that the information needs at each level within the organisation are properly defined and addressed.

After the introduction of the new organisational structure the Agency is reinforcing its planning and monitoring functions with the appointment of a specialised team. As soon as this team is fully functional the different reporting needs for each level within the organisation will be further defined. It is expected that this team will be fully functional in 2010.

Strengths

The IAS found that the Annual Work Programme of 2009, in line with best practice, includes priorities for every operational project and enables a transparent reallocation of resources if requests for unforeseen activities need to be accommodated.

ECA's Audits

An audit on the 2009 Agency's accounts took place in October 2009 and February 2010 and the final report is expected in the first semester of 2010.

Conclusions

Based on the above, none of the recommendations provided by the Internal Audit Service (IAS) were flagged 'critical'. In addition, opinion of the European Court of Auditor's (ECA) concerning the legality and regularity of the transactions underlying the accounts is expected to be positive. Therefore, no significant weaknesses have been identified leading to a reservation.

Building block 3 – Follow-up of previous years' reservations and action plans for audits from previous years

Follow-up of previous AAR reservations

There were no reservations listed on the Annual Activity Reports of the previous years.

Follow-up of previous years IAS reports

There were no open recommendations from IAS reports of the previous years.

Follow-up of previous years ECA reports

Based on the Court's report on the Agency's annual accounts for the financial year 2008, the Agency needed to improve its objectives and indicators in the Annual Work Programme. The Agency was called to link planned projects, outputs and indicators to the objectives laid out at the activity level.

The Agency improved its objectives and indicators in the 2009 Annual Work Programme implementing the SMART and RACER approach accordingly. Planned projects were linked to the objectives laid out at the activity level.

Follow-up of previous years discharge

The issues that remained open from previous years discharges are related to the execution of the Annual Work Programme and its planning, and procurement procedure. As mentioned above the Agency is

working in order to address these issues through the establishment of a planning team and the development of relevant IT software. The Agency is also preparing its procurement procedure.

Building block 4 – Assurance received from other Authorising Officers in cases of crossed sub-delegation

Not applicable.

Reservations

No reservations are issued.

Overall conclusions on the combined impact of the reservations on the declaration as a whole

As no major weaknesses were identified related to the financial management of appropriations inside the Agency, no reservations are made in this context in the declaration.

No reservations are issued.

Part 4 – Declaration of Assurance

I, the undersigned, Director of the European Union Agency for Fundamental Rights,

In my capacity as authorising officer,

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 judgment and on the information at my disposal, such as the results of the self-assessment, ex post controls, 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 Agency and the institutions in general.

Done in Vienna on _____

/signed/

Morten Kjaerum

Director

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

Annex 1: Draft annual accounts and financial reports

Table 1: Budgetary Execution - Commitments (C1)

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2009 (in Mio €)				
Chapter		Commitment appropriations authorised	Commitments made	%
		1	2	3=2/1
Title A-1 STAFF EXPENDITURE				
A-11	STAFF IN ACTIVE EMPLOYMENT	5.91	5.90	99.80 %
A-13	MISSIONS AND DUTY TRAVEL	0.30	0.29	96.96 %
A-14	SOCIOMEDICAL INFRASTRUCTURE	0.03	0.03	99.92 %
A-15	MOBILITY EXCHANGES OF CIVIL SERVANTS AND EXPERTS	0.16	0.16	98.50 %
A-16	SOCIAL WELFARE	0.22	0.21	95.42 %
A-17	ENTERTAINMENT AND REPRESENTATION	0.01	0.01	93.48 %
Total Title A-1		6.63	6.59	99.49 %
Title A-2 BUILDINGS EQUIP. & MISC OPERATING EXPENDITURE				
A-20	RENTAL OF BUILDINGS AND ASSOCIATED COSTS	1.56	1.56	99.99 %
A-21	DATA PROCESSING	0.79	0.77	98.03 %
A-22	MOVABLE PROPERTY AND ASSOCIATED COSTS	0.90	0.90	99.68 %
A-23	CURRENT ADMINISTRATIVE EXPENDITURE	0.16	0.15	96.64 %
A-24	POSTAGE AND TELECOMMUNICATIONS	0.10	0.10	96.82 %
A-25	EXPENDITURE ON MEETINGS	0.01	0.01	100.00 %
A-26	STUDIES SURVEYS CONSULTATIONS	0.02	0.02	100.00 %
Total Title A-2		3.55	3.52	99.24 %
Title B0-3 OPERATIONAL EXPENDITURE				
B3-2	FREEDOMS	0.61	0.61	100.00 %
B3-3	EQUALITY	2.55	2.52	98.79 %
B3-6	JUSTICE	0.80	0.80	100.00 %
B3-7	HORIZONTAL OPERATIONAL ACTIVITIES	2.51	2.50	99.76 %
B3-8	BODIES OF THE AGENCY	0.36	0.36	100.00 %
B3-9	RESERVE FOR TITLE 3	0.00	0.00	0.00 %
Total Title B0-3		6.83	6.79	99.46 %
TOTAL		17.00	16.90	99.44 %

Table 2: Budgetary Execution - Payments (C1 +C8)

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2009 (in Mio €)				
Chapter		Payment appropriations authorised *	Payments made	%
		1	2	3=2/1
TITLE A-1 STAFF EXPENDITURE				
A-11	STAFF IN ACTIVE EMPLOYMENT	5.96	5.81	97.53 %
A-13	MISSIONS AND DUTY TRAVEL	0.32	0.25	78.84 %
A-14	SOCIOMEDICAL INFRASTRUCTURE	0.03	0.02	70.10 %
A-15	MOBILITY EXCHANGES OF CIVIL SERVANTS AND EXPERTS	0.16	0.16	98.50 %
A-16	SOCIAL WELFARE	0.24	0.21	90.22 %
A-17	ENTERTAINMENT AND REPRESENTATION	0.01	0.01	89.93 %
TOTAL A-1		6.71	6.46	96.29 %
TITLE A-2 BUILDINGS EQUIP. & MISC OPERATING EXPENDITURE				
A-20	RENTAL OF BUILDINGS AND ASSOCIATED COSTS	1.81	1.49	82.12 %
A-21	DATA PROCESSING	1.28	0.66	51.17 %
A-22	MOVABLE PROPERTY AND ASSOCIATED COSTS	0.95	0.09	9.07 %
A-23	CURRENT ADMINISTRATIVE EXPENDITURE	0.17	0.12	75.17 %
A-24	POSTAGE AND TELECOMMUNICATIONS	0.12	0.10	77.39 %
A-25	EXPENDITURE ON MEETINGS	0.01	0.01	100.00 %
A-26	STUDIES SURVEYS CONSULTATIONS	0.09	0.09	90.58 %
TOTAL A-2		4.43	2.54	57.36 %
TITLE B0-3 OPERATIONAL EXPENDITURE				
B3-1	DIGNITY	1.92	1.91	99.45 %
B3-2	FREEDOMS	2.27	1.97	86.94 %
B3-3	EQUALITY	3.77	1.64	43.56 %
B3-4	SOLIDARITY	0.79	0.74	94.07 %
B3-6	JUSTICE	0.80	0.05	5.96 %
B3-7	HORIZONTAL OPERATIONAL ACTIVITIES	2.51	1.05	41.75 %
B3-8	BODIES OF THE AGENCY	0.36	0.21	58.93 %
B3-9	RESERVE FOR TITLE 3	0.00		
TOTAL B0-3		12.41	7.57	61.01 %
TOTAL		23.55	16.57	70.37 %

* 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: Budgetary Execution – C1 Commitments to be settled

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2009 (in Mio €)					
Chapter		2009 Commitments to be settled			
		Commitments 2009	Payments 2009	RAL 2009	% to be settled
		1	2	3=1-2	4=1-2//1
Title A-1 STAFF EXPENDITURE					
A-11	STAFF IN ACTIVE EMPLOYMENT	5.90	-5.77	0.13	2.26 %
A-13	MISSIONS AND DUTY TRAVEL	0.29	-0.23	0.06	20.21 %
A-14	SOCIOMEDICAL INFRASTRUCTURE	0.03	-0.02	0.01	29.85 %
A-15	MOBILITY EXCHANGES OF CIVIL SERVANTS AND EXPERTS	0.16	-0.16	0.00	0.00 %
A-16	SOCIAL WELFARE	0.21	-0.20	0.01	5.71 %
A-17	ENTERTAINMENT AND REPRESENTATION	0.01	-0.01	0.00	3.80 %
Total Title A-1		6.59	-6.38	0.21	3.22 %
Title A-2 BUILDINGS EQUIP. & MISC OPERATING EXPENDITURE					
A-20	RENTAL OF BUILDINGS AND ASSOCIATED COSTS	1.56	-1.24	0.32	20.67 %
A-21	DATA PROCESSING	0.77	-0.17	0.60	77.62 %
A-22	MOVABLE PROPERTY AND ASSOCIATED COSTS	0.90	-0.04	0.86	95.17 %
A-23	CURRENT ADMINISTRATIVE EXPENDITURE	0.15	-0.12	0.04	23.60 %
A-24	POSTAGE AND TELECOMMUNICATIONS	0.10	-0.07	0.02	25.89 %
A-25	EXPENDITURE ON MEETINGS	0.01	-0.01	0.00	0.00 %
A-26	STUDIES SURVEYS CONSULTATIONS	0.02	-0.02	0.01	35.66 %
Total Title A-2		3.52	-1.67	1.85	52.57 %
Title B0-3 OPERATIONAL EXPENDITURE					
B3-2	FREEDOMS	0.61	-0.32	0.30	48.21 %
B3-3	EQUALITY	2.52	-0.63	1.89	74.84 %
B3-6	JUSTICE	0.80	-0.05	0.75	94.04 %
B3-7	HORIZONTAL OPERATIONAL ACTIVITIES	2.50	-1.05	1.46	58.15 %
B3-8	BODIES OF THE AGENCY	0.36	-0.21	0.15	41.07 %
B3-9	RESERVE FOR TITLE 3	0.00	0.00	0.00	0.00 %
Total Title B0-3		6.79	-2.26	4.53	66.76 %
TOTAL		16.90	-10.31	6.60	39.02 %

Table 4: Draft Annual Accounts - Balance sheet (accruals based)

	Note	31.12.2009	31.12.2008
		€	€
A. NON CURRENT ASSETS		1,531,199	1,366,591
Intangible fixed assets		67,734	84,048
Tangible fixed assets		1,463,465	1,282,543
Investments		-	-
Loans		-	-
Long-term pre-financing		-	-
Long-term receivables		-	-
B. CURRENT ASSETS		3,565,423	8,252,685
Stock		-	-
Short-term pre-financing		119,981	17,776
Short-term receivables		257,198	435,104
Short-term Investments		-	-
Cash and cash equivalents		3,188,244	7,799,805
TOTAL ASSETS		5,096,623	9,619,276
C. NON CURRENT LIABILITIES		-	-
Employee benefits		-	-
Provisions for risks and liabilities		-	-
Financial liabilities		-	-
Other long-term liabilities		-	-
TOTAL NON CURRENT LIABILITIES		-	-
D. CURRENT LIABILITIES		2,284,544	2,385,613
Employee benefits		-	-
Provisions for risks and liabilities		15,400	-
Financial liabilities		-	-
Accounts payable		2,269,144	2,385,613
TOTAL LIABILITIES		2,284,544	2,385,613
E. NET ASSETS / LIABILITIES		2,812,079	7,233,663
Reserves		-	-
Accumulated result		2,812,079	7,233,663
B. Minority interest		-	-
TOTAL NET ASSETS / LIABILITIES		2,812,079	7,233,663

Table 5: Draft Annual Accounts - Economic outturn account (accruals based)

	2009 €	2008 €
GNI based resources	-	-
VAT resources	-	-
Traditional Own Resources	-	-
Funds transferred from the Commission to other Institutions	-	-
Contributions of EFTA countries belonging to the EEA	-	-
Fines	-	-
Recovery of expenses	-	-
Revenues from administrative operations	147,392	2,966
Other operating revenue	13,001,992	14,192,491
TOTAL OPERATING REVENUE	13,149,384	14,195,457
Administrative expenses	-9,097,468	-6,682,088
Staff expenses	-5,597,641	-3,831,293
Fixed asset related expenses	-339,078	-254,634
Pensions	-	-
Other administrative expenses	-3,160,748	-2,596,161
Operational expenses	-8,473,500	-7,572,585
Centralized Direct Management	-	-
Centralized Indirect Management	-	-
Decentralized Management	-	-
Shared Management	-	-
Joint Management	-	-
Other operational expenses	-8,473,500	-7,572,585
TOTAL ADMINISTRATIVE AND OPERATIONAL EXPENSES	-17,570,968	-14,254,673
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES	-4,421,584	-59,216
Financial revenues	-	-
Financial expenses	-	-
Share of net surpluses or deficits of associates and joint ventures accounted for using the equity method	-	-
SURPLUS/ (DEFICIT) FROM NON OPERATING ACTIVITIES	-4,421,584	-59,216
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES		
Minority interest	-	-
Extraordinary gains (+)	-	-
Extraordinary losses (-)	-	-
SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS	-	-
ECONOMIC RESULT OF THE YEAR	-4,421,584	-59,216

Table 6: Average payment time limits

Full Year

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)
30	907	671	74%	16	236	26%	49
45*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*

Total Number of Payments	1 879	907*	74%*		236*	26%*	
Average Payment Time*	24.70			16*			49*

Q4 2009

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)
20	6	6	100%	14.00	0	0%	0
30	573	374	65.27	14.94	199	34.37%	63.53

Q4 Total Number of Payments	579	380	65.63%		199	34.37%	
Q4 Average Payment Time*	31.63			14.92			63.53

Late Interest paid in 2008		
GL Account	Description	Amount (EUR)
—	No bank interest on late payment was paid in 2009	0.00

Number of payments suspended	Percentage of payments suspended	Average days of suspension
150	8%	55.43

* Payment time limits refer to Title II – Operating expenditure and Title III – Operational expenditure. Due to technical reasons Title I – Staff expenditure payment time limits could not be report for Q1, Q2 and Q3. The issue identified and solved as from Q4.

Table 7: Budgetary Revenue and Income

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2009					
Title	Description	Year of Origin	Revenue and Income recognized	Revenue and Income cashed	Outstanding Balance
20-0	European Community subsidy	2009	12,750,000.00	12,750,000.00	0.00
90-0	Miscellaneous revenue	2009	434,478.82	312,478.82	122,000.00
TOTAL			13,184,478.82	13,062,478.82	122,000.00

Table 8: Ageing balance of recovery orders

TABLE 8: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2009 FOR FRA						
Year of Origin	Number at 01/01/2009	Number at 31/12/2009	Evolution	Open Amount (€) at 01/01/2009	Open Amount (€) at 31/12/2009	Evolution
2009		1			122,000.00	
Totals		1			122,000.00	

Table 9: Negotiated procedures**NEGOTIATED PROCEDURES – CONTRACTS > € 60.000**

Count:	1
Total amount:	64,000

Number	Contractor(s)		Type of contract	Description	Amount (€)	Legal base
	Name	Address				
EUMC02/2006 /3102/04-28-10	NUMENA - Centro de Investigacao Emciencias Socias e Humanas	Taguspark - Parque de Ciênciã e Tecnologia, Núcleo Central 379, 2740-122 Porto Salvo, Portugal	Service	RAXEN Data Collection for Portugal	64,000	Art. 126 (a) (c) of the IR

Table 10: List of contractors to whom building contracts are awarded

BUILDING CONTRACTS

Count:	0
Total amount:	0

Number	Contractor(s)		Type of contract	Description	Amount (€)	Legal base
	Name	Address				
N/A						

Table 11: List of contracts declared secret

SECRET CONTRACTS

Count:	0
Total amount:	0

Number	Contractor(s)		Type of contract	Description	Amount (€)	Legal base
	Name	Address				
N/A						

Table 12: Recovery orders waivers

Recovery order waivers >= € 100.000					
Waiver Central Key	Linked RO Central Key	RO Accepted Amount (€)	LE Official Name	Agency Decision	Comments

Total:	0
---------------	---

Number of RO waivers:	0
------------------------------	---

Annex 2: Materiality criteria

Materiality is the basis for defining significant deficiencies in both qualitative and quantitative terms. The materiality criteria used by the Agency and the way of assessing their significance is presented below.

Qualitative criteria are linked to failure in achieving the Agency's short-term objectives, reputational risks of the Agency, significant deficiencies in the Agency's control systems and repetitive errors. These involve use of resources, sound financial management, and legality and regularity of the transactions. Their significance is judged on the basis of their nature, context, scope, duration, compensatory measures, remedial actions, etc.

In quantitative terms a deficiency is considered material in cases where the financial impact or risk of loss is greater than 2% of the Agency's Area of Activity's budget or more than 5,000 EUR. In addition, the weakness must imply a significant reputational risk.

Annex 3: Internal Control Template(s) for budget implementation; (ICT)

CHARACTERISTICS OF THE AGENCY'S ENVIRONMENT	
<p>Management mode</p> <p>Direct centralised.</p>	
<p>Key figures</p> <p>In 2009 the Agency implemented 16,904,537 EUR representing 99.44% of the budget. This subsidy consisted of non-differentiated appropriations.</p> <p>828 budgetary commitments were introduced during the financial year. This resulted in a total number of 1,879 payments where the amount of 10,308,801 EUR was paid.</p> <p>The percentage of automatically carried forward in 2010, was reduced by 5% compared to the previous financial year.</p>	
<p>Management and control systems : stages and main actors</p>	
<p>Selection process, including preventive measures</p>	<p>Research is based on secondary and primary data collection across the European Union. Research based on secondary data entails the following risks:</p> <ul style="list-style-type: none"> - non-availability of relevant data because Member States do not collect them - delays in the production of relevant data by the competent authorities - inability or refusal by contractors to collect and/or deliver the relevant data, and - in case of non-official data inaccurate or biased content. <p>Research based on primary fieldwork research entails the following risks:</p> <ul style="list-style-type: none"> - inability to develop a sample due to unavailability of appropriate sampling frame or to legal restrictions - inability to access the selected sample or refusal of significant number of sampled respondents to participate - errors in coding respondent answers, and - not securing the respondents informed consent. <p>Internal procedure on project management is under preparation.</p>

Communication and information measures to improve the quality of financial management and provision of supporting data by beneficiaries, contractors and intermediaries

During the financial year the revised Internal Control Standards (ICSs) were adopted. Within the spirit of the ongoing simplification initiatives within the EU environment, the revised Standards (from 24 to 16) are written in simpler language, without specialist jargon, to underline the message that internal control is the business of all staff, from top management downwards. Among others the revised ICSs aim at strengthening Internal Control Effectiveness. A flexible approach and optional effectiveness guidance will enable the Agency to prioritise effectiveness action on certain standards in line with the nature of their activities and risks. This will increase assurance on the effectiveness of the Agency's internal control systems and allow more effective use of control resources.

The Agency continues to monitor the effects of actions already taken. It improves the reliability of the assessments of the strength of internal controls and of the areas of high risk.

The selection, design and operation of programmes of expenditure ensure high quality of spending. The Annual Work Programme is the outcome of consultation with the Agency's stakeholders (i.e. Fundamental Rights Platform, Liaison Officers and European Commission). The objectives set in 2009 were SMART and the indicators were RACER.

Simplification and lean management is in the Agency's strategic priorities for the forthcoming years. The Agency balances the control costs and the benefits of further reductions in errors. In 2009 the financial circuits were reviewed. In cases involving routing administrative expenditure and small amounts where the risks for errors were reduced, simplified workflows have been introduced.

In addition, ex-post evaluation methods have been introduced for the 2009 projects. There are two main types of evaluation that the Agency will undertake: process and outcome.

1. Process evaluation is intended to measure the effectiveness of the Agency's organisation to implement the Annual Work Programme as planned.
2. Outcome evaluation is intended to measure the degree to which the objective has been met (and therefore the problem impacted) as the result of the implementation of selected strategies and activities.

Moreover, in 2009 the Agency adopted the Activity Based Budgeting. With this way accountability has been increased and therefore, the quality of spending is expected to be further increased.

Finally, the monthly management reporting has been further developed and includes the following Finance, Procurement and Accounting issues:

- budgetary execution for all types of credits accompanied by comments announcing possible surpluses
- number of transactions (i.e. commitment and payments)
- payment time limits
- suspended invoices
- open invoices
- sleeping commitments
- commitments and payments in the workflow
- recovery orders due and not cashed
- implementation level of projects
- exceptions registered
- open pre-financings and bank guarantees (both issued and received), and
- framework contracts expiring within the next nine months.

<p>Detective and corrective controls:</p> <p>Checks and monitoring during the initial phases of the programme / contract</p>	<p>The Agency implements its budget on a centralised basis and the budget implementation tasks are performed directly by the Agency. The Financial Workflow complies with the “four eyes principle”.</p> <p><i>Title I – Staff expenditure</i></p> <p>Simplified workflow applies for routine administrative expenditure under Title I. The initiation is done in the Human Resources Department. The verification process lies with the Authorising Officer.</p> <p><i>Title II – Operating expenditure, and Title III – Operational expenditure</i></p> <p>The operational (achievement of results) and financial part (legality and regularity of the transaction) of the workflow are undertaken by different financial actors. The operational initiation and verification are under the responsibility of the department concerned. The financial initiation and verification is centralised in Administration – Finance. The financial actors are selected taking into consideration their professional experience, qualifications, skills and competences. After the completion of these controls the transaction is forwarded to the relevant Authorising Officer.</p>
---	---

PROCUREMENT

Management mode

The Agency has centralised its procurement function under Administration Department within Finance and Procurement team. There are two staff members dedicated to tendering and contracting procedures being supervised by the Senior Procurement Advisor.

Key figures

Following the completion of tender procedures, 310 contracts amounting € 6,792,278 were signed for the provision of services and supplies in 2009.

Specific contracts implementing framework contracts, concluded after open calls for tender, represented the major part of these contracts (€ 4,888,570), in particular for the services provided by the RAXEN National Focal Points, the legal experts under FRALEX and the functioning of the Agency.

The overall value of the low-value contracts signed (above €5,000.00 and not exceeding €60,000.00) was € 151, 576.

Supplies and IT services have been provided in the framework of the Commission inter-institutional Call for tender for an amount of € 435,606.

Management and control systems : stages and main actors

Selection process, including preventive measures

The Agency designs the selection criteria of its tendering procedures by keeping a balance between the professional capacity of the potential contractors and the principle of non-discrimination. During the selection phase the capacity of economic operators is assessed on the basis of the pre-defined minimum standard and those that are found not to fulfil the requirements due to their level of financial or technical capacity are excluded. The award phase takes into consideration the quality of the technical offers. The Agency awards contracts to economic operators mainly offering the best economic advantageous offer on the basis of the quality and the price.

Contracts with a value greater than 60,000 EUR are evaluated by an evaluation committee. This committee consists of five members with no hierarchical link between them and representing at least two different departments. Each member of the evaluation committee declares absence of conflict of interest before the initiation of the procedure. In cases where conflict of interest arises, the Agency's Director replaces the staff member in question.

Procurement is highly regulated. Detailed rules exist and in-depth knowledge is provided via the use of standardised procedures and templates, and also through experience.

