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REFORMING THE COMMISSION

A White Paper- Part I

(presented by the Commission)

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INTRODUCTION BY THE MEMBERS OF THE COMMISSION

A strong Europe needs a strong Commission. This motivates our proposals to the IGC and our five year objectives. It also means that we must equip ourselves with a modern organisation and the resources to execute the tasks assigned to us by the Treaties.

The challenges of globalisation and future enlargement require better governance at all levels, including the EU. All political institutions in Europe must rise to this challenge and so must the Commission. Reform is, therefore, an essential pre-condition for realising our vision for Europe.

That is why, as a College and as individuals, we are committed to the Reform Programme set out in this White Paper. We are not alone in that; the staff of the Institution, who deserve tribute for their commitment to the European ideal and their current and past achievements, have made clear their wish to work with us to achieve real progress. The European Council and the European Parliament have expressed clear support for the modernisation of our Institution.

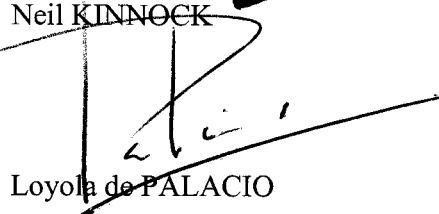
We want the Commission to have a public administration that excels so that it can continue to fulfil its tasks under the Treaties with maximum effectiveness. The citizens of the Union deserve no less, the staff of the Commission want to provide no less. To fulfil that objective, we must keep the best of the past and combine it with new systems designed to face the challenges of the future. The world around us is changing fast. The Commission itself, therefore, needs to be independent, accountable, efficient and transparent, and guided by the highest standards of responsibility.

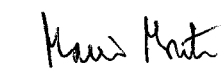
This White Paper sets out an ambitious programme for achieving that. The hard work starts now as we further develop these ideas and implement them.

The founders of the Communities were the profound modernisers of their day. We share their ideals and their sense of determination. That is why we want to honour their legacy by modernising the Commission they built to serve the citizens of Europe.

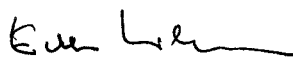

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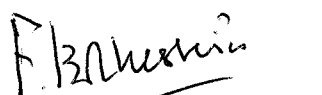

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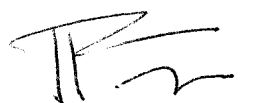

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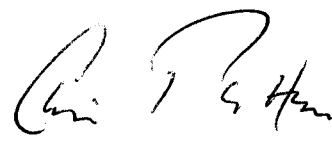

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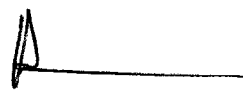

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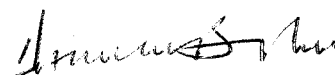

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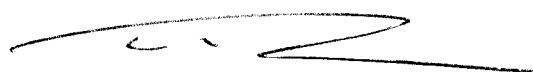

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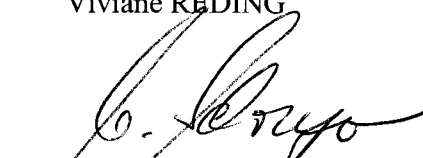

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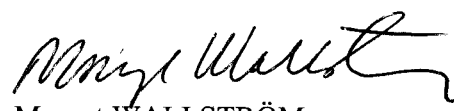

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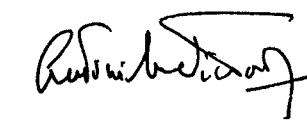

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I ***MEETING THE CHALLENGE***

The Role of the Commission

The Treaty of Rome assigned a special role and responsibility to the European Commission in the newly created European Community. It was established to act impartially in the interests of the European Community as a whole and to act as guardian of the founding Treaties, notably by exercising its right of legislative initiative; controlling Member States' respect of Community law; negotiating commercial agreements on behalf of the Community, implementing the common policies and ensuring that competition in the Community was not distorted.

Since then much has changed. The Community of six Member States has become a Union of fifteen, with further enlargement on the horizon. The Commission has been an engine of change in the transformation from customs union to economic and then political union. Its achievements have been substantial, providing much-needed vision in the move towards a European integration which serves the interests of the Union and meets the aspirations of its citizens. In addition to the important economic landmarks of a single market and now a common currency, it has laid the foundations for a cohesive Europe built on solidarity between its people and its regions. Along the way, many managerial tasks have been attributed to the Commission by the Council and the European Parliament. The societies and economies of the European Union have themselves changed significantly.

One thing is constant. A strong, independent and effective Commission is essential to the functioning of the European Union as a whole and its standing in the world. Fulfilling the tasks established by the Treaties requires substantial improvement in structures and in systems. Working practices, conventions and obligations that have accumulated over decades now inhibit the Commission's effectiveness. Administrative Reform will help the Commission to fulfil its institutional role as the motor of European integration. It is thus a political project of central importance for the European Union.

The Prodi Commission has made the strategic decision to focus more on core functions such as policy conception, political initiative and enforcing Community law. This approach implies building new forms of partnership between the different levels of governance in Europe and should allow the Commission to better reach its key policy objectives set for the period 2000-2005:

- Promoting new forms of European governance by giving people a greater say in the way Europe is run and making the European Institutions work more transparently and effectively. To this end, the Commission will adopt a White Paper on Governance shortly.
- A stable and enlarged Europe with a stronger voice in the world;
- A new economic and social agenda to modernise our economy for the digital age in a manner that promotes employment and sustainable development;
- Support a better quality of life by giving effective answers to issues which affect the daily lives of our citizens.

However, nowadays, almost half of the Commission officials are fully occupied in executive tasks, notably in managing programmes and projects and directly controlling the latter. This is not an efficient use of scarce resources. More importantly, it detracts from the Commission's role as defined in the Treaties and the Prodi Commission's five year priorities.

Against this background, this Commission has recently launched an overall assessment of its activities and resources. The objective is to concentrate activities on its core policy objectives. The Commission will therefore identify activities which can be stopped because they are not priorities with sufficient value-added at European level. In addition, resources will need to be re-

allocated within and across Commission departments on an unprecedented scale. As part of this the Commission will identify the activities which could be more usefully and efficiently executed by other bodies, where necessary, under the control of the Commission. Together, these projects will enable the Commission to focus better on its core functions. By September 2000, the Commission will have completed a comprehensive assessment of its current activities.

The Commission will then be in a position to assess accurately whether its resources are commensurate with its tasks. If they are proven not to be, additional resources will have to be made available. If such resources are not forthcoming, the Commission will need to discontinue tasks and all Institutions will need to face up to the choices honestly. The Commission will report the results of this assessment to the Council and the European Parliament in September 2000 and make the necessary proposals.

In this context, it is clear that to be effective, the Commission also needs optimal structures and systems for the deployment of its resources. This White Paper therefore sets out a programme for a fundamental review of working practices, the programming of activities and the management of human and financial resources. Obviously, the Commission's political priorities in no way absolve it of responsibility to meet the highest standards of effectiveness and integrity in the handling of public money. A reformed system of financial control will allow it to do so. The events of 1999, including the resignation of the College of Commissioners, graphically demonstrated this need.

Making reform a reality

Upon taking office, the Prodi Commission immediately embarked on preparing a programme of Reform. In doing so, it could draw on the two reports of the Committee of Independent Experts and a series of internal analyses, notably the Williamson report and the DECODE exercise, which provided essential starting points for the present Reform. The SEM 2000 and MAP 2000 programmes have also provided useful experience. However, the scope and ambition of the Reform programme far exceeds that of any previous exercise.

On this basis, the Commission published a consultative document on 18 January for detailed discussion on the proposed Reform strategy within the Commission and with the other European Institutions. The degree to which Commission staff participated individually and collectively in the consultation exercise was unprecedented. It manifested the strong interest of staff, and the overwhelming majority of responses showed the clear commitment of staff to the process. Those responses were highly constructive and they have led to significant modifications in the proposed approach (See Annex 2). The European Parliament's resolution of 19 January on the Committee of Independent Expert's Second Report strongly supported the approach proposed in the Consultative Document and provided an important input to this Reform. Following on from the conclusions of the European Council in Helsinki, the Council too adopted conclusions on the proposed approach on 14 February "warmly welcoming" the approach.

Following this intensive consultation exercise, the Commission now proposes a strategy with three related themes that are reflected in the structure of this document:

- Reform of the way political priorities are set and resources allocated. New policy-driven decision-taking mechanisms will ensure that activities undertaken by the Commission are carried out with the necessary human, administrative, IT and financial resources. The evaluation of results will become a routine part of management activities.
- Important changes to human resources policy, placing a premium on performance, continuous training and quality of management, as well as improving recruitment and career development. These changes will also place an emphasis on improving the working environment and equal opportunities, as well as the evaluation of management and staff, and will enable disciplinary matters or cases of under-performance to be dealt with properly and fairly.

- An overhaul of financial management, empowering each department to establish an effective internal control system appropriate to its own needs. In doing so, departments will be able to draw on the advice of the Commission's specialist services. Reform is predicated upon a precise definition of the responsibilities of each actor, and upon regular checks by the new Internal Audit Service on the quality and reliability of each internal control system.

The Reform is backed by an Action Plan set out in Part II of the White Paper. The programme runs up to the second half of 2002 and a full review will be published in December 2002 and transmitted to the other institutions. Regular monitoring reports will be made to the Commission throughout the period of the programme. These reports will deal not only with the delivery of the measures set out in the Action Plan but also their qualitative impact as measured by staff feedback.

Some of the Reform's effects will be visible in the near future. Others will take longer to be fully evident because certain measures need changes in law to be adopted by the European Parliament and the Council. This ambitious timetable can, therefore, be realised only with the full participation of all European Institutions. All institutions share the need for reform to succeed. And they all have a shared interest in the benefits it will bring – for example improvements in the way external aid is managed brought about through the application of the reform will increase the European Union's standing in the world.

Reform requires technical change. Describing this unavoidably means using technical terms – jargon. This should not obscure the radical nature of the proposals put forward, to which the Commission is fully committed. A glossary of key terms and acronyms is annexed (Annex 3).

II A CULTURE BASED ON SERVICE

Reform must better equip the Commission to carry out the tasks given to it in the Treaties and, thereby, serve the European Union. In line with the tenets of good governance, the Reform is based on the following key principles: independence, responsibility, accountability, efficiency and transparency. There is nothing new about these principles or about the desire of the Commission to implement them. However, by underpinning the Reform, they can now provide an explicit basis for a culture based on service:

Independence

The original and essential source of the success of European Integration is that the EU's executive body, the Commission, is supranational and independent from national, sectoral or other influences. This is at the heart of its ability to advance the interests of the European Union. For Commissioners and individual officials, it means that they shall neither seek nor take instructions from any government or from any other body. Similarly, Member States should not seek to influence Members and staff of the Commission in the performance of their tasks.

Responsibility

Responsibility applies at all levels, starting with the College when it defines what the Commission will do and how. Political responsibility lies with each Commissioner and, collectively, with the College, whereas day-to-day management responsibilities rest with the Directors General. A clear definition of tasks, both for departments and for individuals, will reduce ambiguity about who is responsible for what. Each Commission official should be clear about his or her responsibilities.

Accountability

Accountability goes hand in hand with the exercise of responsibility. The Commission is always accountable for its actions. This is expressed in different ways: for example, the Commission reports to the Council and the Parliament on its activities. But accountability goes further than

that: exercising good stewardship of the variety of resources available to the Commission means ensuring they are used efficiently and effectively. It applies within the Commission too, and relies on a culture of co-operation between staff and between departments which must be strengthened.

Efficiency

All European Institutions are faced with the challenge of ensuring maximum results with limited resources. To achieve this, it is essential to improve procedures, both internal ones and those related to the way the Commission works with other Institutions, Member States and citizens. Simplification has an important role to play since simpler procedures are easier to understand and so are more likely to be effective. Decentralisation too can increase efficiency and, linked to a clear allocation of responsibility, will empower officials to exercise their own initiative.

Transparency

The openness of an administration is an essential sign of its confidence and trust in its employees and in those to whom it is accountable. Transparency within the Commission's own administration is a vital prerequisite for the greater openness towards the outside world required in the Treaty. This means transparency internally in terms of communicating effectively at all levels, showing receptiveness to new ideas and taking a positive attitude to criticism; and externally as an organisation fully open to public scrutiny.

Whilst the whole reform process will contribute to developing this culture, there are also a number of specific actions of particular importance. For example, the establishment of a code of conduct for relations with the European Parliament will enhance efficiency by facilitating co-operation between the Commission and the European Parliament. New rules to enhance the public's access to documents of Community Institutions will further transparency, in line with the new provisions in the Amsterdam Treaty. It is important that measures are taken to ensure that monies owed by the Commission are paid promptly, in line with good practice.

The measures proposed in this Chapter are detailed in Chapter II of the Action Plan in Part II of the White Paper: Actions 1-11

III PRIORITY SETTING, ALLOCATION AND EFFICIENT USE OF RESOURCES

The Commission needs a more effective method for setting its priorities and allocating resources to them. Its limited human resources have become too thinly spread across a wide range of activities and tasks, thus damaging its effectiveness and credibility. We need to re-centre the Commission on its core activities and political objectives.

Resources have not generally been linked to priorities for two reasons. First, the Commission's own decisions on activities have generally been taken separately from those on the allocation of resources. Second, the Council and the Parliament have given additional tasks without approving extra resources. Moreover, the prevailing management culture emphasises control rather than objectives. The fact that results and responsibilities are not always adequately defined or assigned further compounds the problem.

As explained above, the Commission will address the problems inherited from the past through an overall assessment of priorities, activities and resources to be completed by September 2000.

However, that can only be a start. These issues need to be addressed on a more continuous basis within a rigorous framework that focuses on results and efficiency. There are three key areas of action :

- The establishment of priorities, including negative priorities, at every level of the Commission. The adoption of new priorities necessitates a rigorous re-evaluation of existing priorities.
- Striking a better balance between internal and external management of activities.
- Promoting better working methods.

III.1 Activity-Based Management: a tool for delivering policy priorities

The Commission needs to focus its management on obtaining *results on its policy priorities*. These include core activities and new policy priorities and will have to take obligations flowing from the Treaty and international agreements into account. To this end the Commission will introduce a system of Activity-Based Management. This system aims at taking decisions about policy priorities and the corresponding resources together, at every level in the organisation. This allows the resources to be allocated to policy priorities and, conversely, decisions about policy priorities to be fully informed by the related resources requirements.

This will promote efficiency because decisions on priorities, policy objectives and activities will be matched with decisions allocating human, administrative, IT and financial resources. It will allow responsibilities to be assigned and delegated more clearly, including greater flexibility for managers in spending defined budgets. Finally, it will give managers at all levels unprecedented access to information that is currently widely scattered and presented in widely differing formats. More streamlined reporting to individual Commissioners and the College by individual departments and by the College to the European Parliament and the Council should result, thereby significantly improving transparency at the Commission.

The Commission aims at making Activity-Based Management (ABM) fully operational throughout the Commission by July 2002. To do this a number of administrative changes will have to be introduced, including the development of an informatics support system (Integrated Resources Management System), that are set out in Part II of this White Paper (Action Plan, Chapter III).

A key feature of the system is that the planning of Commission activities and the use of its resources will become much more policy-driven. To this end a Strategic Planning and Programming function will be set up in the Secretariat-General in July 2000 to assist the College in taking decisions on policy priorities and the allocation of resources as well as to promote performance management throughout the Commission.

The starting point of this new process is a set of clear policy orientations issued by the Strategic Planning and Programming function under the authority of the President, following an orientation debate in the College.

Following input from the Commission departments, this, subsequently, leads to the establishment by the College of an annual policy strategy that sets out policy objectives, proposed policies and the matching human and financial resources by policy area for the whole Commission (i.e. roughly by Commission Department). The policy strategy will be the Commission's main instrument for deciding on positive and - equally importantly - negative priorities. The strategy will be discussed with the Council and Parliament and will be the main driver of the budgetary process including guidelines for establishing the Preliminary Draft Budget, in which it will be further detailed.

The policy strategy forms the basis of the work programme of the Commission and its departments who are charged with implementing the policy priorities and with translating these

to the level of individual officials' work programmes. In this way, the Commission's policy priorities will directly determine each of its officials' tasks.

Naturally, the Commission will need to be able to adapt its priorities flexibly during the year to cope with unforeseen events. Account will, therefore, have to be taken of the possibility to make fast-track adjustments of the policy strategy.

Better monitoring and evaluation to properly assess the effectiveness and costs of activities will also be introduced. This will provide essential feedback into the process and help identify those activities that should be considered negative priorities. Reporting should also be streamlined. An *Annual Activity Report* produced by each DG will survey the monitoring results for its activities and assess the quality of service provided. Other reporting requirements will need to be re-examined and simplified where possible.

This system will be extended to include the Commission Delegations in non-member countries to enable the management of external aid programmes to be decentralised efficiently.

The policy strategy, the budget and the work programme together will provide all Community Institutions with clearer information about the total resource costs of Community policies. It is essential, however, to clearly define the responsibilities of the individual Institutions. The Commission is accountable to the European Parliament. The European Parliament could not, however, discharge this responsibility under the Treaties if it were to take decisions on operational and management issues in the Commission. In addition, by undermining Commission managers' freedom to manage, such decisions would severely damage the Commission's ability to deliver results. For institutional and efficiency reasons, therefore, micro-management by the Budgetary Authority of Commission activities must be avoided. An inter-institutional agreement will have to be concluded to avoid this.

III.2 Developing an externalisation policy

The Prodi Commission has made the political decision to pursue externalisation, that is the delegation by the Commission of all or part of its tasks or activities, as one of the means of implementing its strategy to re-centre the Commission on its core-tasks and policy priorities. Striking the right balance between the use of internal and external resources will be especially important in a system where decisions on resource allocation are integrated with those on priority-setting and programming.

The Commission has long had recourse to external resources, whether through the use of technical assistance in running operational programmes or by buying-in services from outside. However there has not been an explicit policy on externalisation, on the criteria to be applied or the legal instruments to be used. It is time to develop one. The Guide on Technical Assistance Offices published in 1999 was a first step, although, as the European Parliament has indicated, a clear strategy is needed.

Apart from the self-evident need for the Commission to have an adequate level of staffing, there will always be a need for external resources too. The Commission does not have the right internal resources for some new and/or temporary tasks. Increasingly, too, experience shows that many operations are best delivered close to the target group rather than centrally from Brussels. Finally, there are tasks in the operation of any large organisation which can be done more effectively by specialist firms.

Through the development of a policy on externalisation – the term covers devolution to Community bodies, decentralisation to national public bodies, and contracting out to private-sector bodies – the Commission will seek to bring order to what already occurs and, notably, to devise more efficient and accountable methods for handling financial programmes.

Externalisation should only be chosen when it is a more efficient and more cost effective means of delivering the service or goods concerned. Externalisation must never be used for administering ill-defined tasks and it must never be at the expense of accountability: the Commission must be able to exercise its political responsibility under Article 274 of the Treaty for the implementation of the budget.

A basic principle which must be upheld is that regulatory or negotiating activities and actions to allocate funds involving the exercise of discretionary power can only be invested in public administrations. Moreover, the Commission should refuse to take on any task which it does not consider that it is able to handle within an acceptable margin of risk, regardless of whether the task is to be managed in-house or externally.

The externalisation policy being developed will include testing a new type of implementing body headed by Commission staff. Special attention will be given to the external aid sector, which currently handles two-thirds of all external technical assistance offices used by the Commission and thousands of individual experts' contracts. There is an urgent need for solutions which give the Commission ready access to the necessary expertise to deliver projects in a timely and effective way while ensuring the necessary visibility and coherence of EU policy. One option to be examined for the management of external aid is an office-type structure/structures. This and other options need to be linked to the increased de-concentration and decentralisation which is planned as part of improving the delivery of external aid.

The need for externalisation differs between departments according to their activities, so a 'one size fits all' approach will not be appropriate. It must, however, be possible to ensure that there is more coherence so that similar instruments are used for similar cases.

In devising this policy, it is definitely not the Commission's intention to launch a generalised externalisation of its activities or to avoid tackling the question of internal resources. Externalisation will only be undertaken where it is justified on its own merits and will not be regarded as a substitute for shortfalls in the staff required for carrying out core tasks. Indeed the proper use of external resources is conditional on there being an adequate provision of internal resources to exercise control or direction.

III.3 Performance-oriented working methods

The consultation process has shown that staff generally agree on the need for working procedures in the Commission to be simplified and modernised. Good administrative practices already exist in various Directorates-General. These need to be spread throughout the Commission. However, there is a limit to how far departments can act autonomously since some of the systems or procedures in question may need to be tackled on a Commission-wide basis or across a set of Commission activities. Moreover, in developing such methods it will be necessary to study which improvements in working methods with other Institutions can be made, for example exercising self-restraint in respect of comitology. The results of that study will be reflected in the Commission's proposals.

Staff have made many helpful suggestions for improving working systems and procedures. Machinery is needed for sending in suggestions of this kind and following them up. Such mechanisms exist already in some Directorates-General. Others that do not yet have them will be encouraged to bring them in. The Secretariat-General will link up the schemes in the Directorates-General into a network constituting a shared 'ideas bank'. Each idea submitted will be evaluated and the official submitting it will be given feedback. Some proposals will be relevant only to a specific Directorate-General, but many others are likely to have a wider application. Having an ideas bank like this will help the Commission to improve its working methods continuously through incremental change.

To begin with, however, a more structured approach is required. A second Deputy Secretary-General will therefore be appointed to the Secretariat General with the specific mandate of improving working methods and promoting their application across the Commission. An action plan will be drawn up by the end of this year for tackling these issues, drawing on internal and external expertise. Areas for attention include new rules on the delegation of responsibility in the College on which a first report should be produced as a priority; simplifying decision-making and administrative procedures at headquarters and in Commission offices world-wide; better interservice co-ordination; improving the keeping of archives throughout the Commission; flexible and adaptable administrative structures; making better use of modern technologies; and introducing quality-management techniques which are already in use in parts of the Commission. Advances in information systems, in particular, such as electronic document management means that we should be making progress towards a paperless Commission.

The measures proposed in this Chapter are detailed in Chapter III of the Action Plan in Part II of the White Paper: Actions 12-20

IV HUMAN RESOURCES DEVELOPMENT

The people working in the Commission are its main asset. Their abilities and dedication have been key to all the Commission's accomplishments. An integrated human resources policy which allows all of its members of staff to fulfil their potential is vital if the Commission is to work effectively. Maintaining an independent, permanent and high-quality European civil service will enable the European Institutions to perform their roles within the European Union to maximum effectiveness. To this end, the modernisation of human resources policy from recruitment to retirement is required for the benefit of staff of all grades.

In the course of this year, consultative documents setting out detailed proposals for reform of recruitment policy, management policy, career structure etc will be available. Each document will set out a policy framework based on analysis of best practice in Member State civil services and in other international organisations. Drafts of the legal texts to implement the policy, either amendments to the Staff Regulations themselves or to implementing texts, will be included. Taking these consultative documents as a basis, staff will be consulted and involved not only regarding the general principles of reform set out in this White Paper but also regarding their implementation.

A comprehensive outline of the reform of human resources policy is set out below. Further details are presented in the Action Plan. Many of the proposed changes can be achieved under the existing Staff Regulations by better application and implementation of the existing rules. In some areas, however, it will be necessary to change the Staff Regulations. In all areas, involving the staff will be a prerequisite for success.

IV.1 Management

As in any other organisation, managers play a key role in the Commission. Their role is a dual one: they must possess specialised professional knowledge and experience but also have a general ability to motivate and lead teams. The Reform will contribute to better management by introducing clearer rules and a better definition of responsibilities. The role of middle management in reforming the Commission is of particular importance. Heads of Unit will be the driving force for decentralised reform activities: such as implementing team work and ensuring incremental improvement in the organisation of work. Specific action is also needed to raise the level of management skills and create a common management culture across the Commission.

The Commission will therefore be giving more weight to management abilities in making appointments, and these will be subject to a probationary period. The principle of reversibility will be applied: managers not demonstrating the required standard of managerial capability, or who voluntarily opt out, would revert to a non-management position, at the same grade.

A programme of management training will be introduced for all managers with provision for specific needs such as those of heads of delegation. Satisfactory participation will be required of anyone exercising management responsibility. Finally, the performance of all managers - including Directors General and Directors - will be systematically assessed.

IV.2 Career development

Recruitment

Current recruitment policy based on open competitions has provided the Commission with highly qualified and reliable staff. A system of open competitions will be maintained for generalists and for specialists. With the improved programming of Commission activities and the definition of the related competency profiles, better forward planning of human resources needs will be possible, in terms of both skills and numbers of people.

Experience and the submissions from the consultation exercise show that the organisation of open competitions and the tests used need to be improved to ensure that the Commission's personnel needs are met and to take account of advances in selection techniques and information technology. In particular, consideration will be given to means of improving the logistics of parts of the competitions. The Commission, however, must retain effective control of its recruitment. The need to ensure a reasonable geographical balance among Commission staff, in keeping with the provisions of the Staff Regulations (notably Article 27), will also be addressed. However, neither competitions organised by nationality, national quotas, nor a general move to competitions by language are appropriate. In developing new tests, full account will be taken of the multicultural dimension of the EU as well as gender so as to set the conditions for geographical balance and equal opportunities.

Recruitment to other European Institutions is also on the basis of competitions. Priority will be given to examining, together with the other Institutions, the possibility of creating an inter-institutional recruitment office.

Career guidance and mobility

After recruitment, the Commission must make best use of the skills of new staff and help them to develop their potential in the multinational environment of the Commission. New officials will follow a thorough induction programme of training during a probationary period of twelve months for all grades. The assessment at the end of this period will be rigorous, reflecting the fact that admission to the status of permanent official carries with it important rights.

The Commission will introduce a central careers guidance function to spread best practice amongst Directorates-General and advise and assist officials in their career development. A network of similar functions will be established within each Directorate-General so that officials have access to the best possible advice throughout their working lives.

Internal mobility will be encouraged by removing barriers such as those caused by the existing promotion system. The mobility rules specific to the External Service will be maintained and improved where necessary. The terms and conditions for mobility among European Institutions, and between them and Member State administrations and possibly other public and private bodies, will be explored with a view to facilitating exchanges. More generally, to respond to limited mobility of certain people and to provide an incentive to mobility, it will be considered an asset in staff appraisals and in appointing managers. The continuity of activities in the face of

greater mobility will be ensured, notably, by better organisation of the handover of responsibilities between officials.

Training

The training budget for Commission staff is proportionately far lower than even the average achieved in national civil services. It is equivalent to two days training per member of staff per year. This figure covers general, language and information technology training. Training also takes time, which means that attendance at training courses needs to be factored into each unit's activities. Task assignments must take account of it. The Commission needs to develop a learning culture which views training as essential rather than an optional extra. Staff of all grades should be encouraged, and allowed, to develop their personal potential. Implementation will require a step-change increase in the budget for training and a higher level of staffing.

The focus will be on continuous training throughout the working life. Specific training may be recommended at certain points in an official's career (such as strengthening drafting skills or 'managing diversity'). Other forms of training will be required. Some would have to be taken by all officials, for example to develop basic legal, economic, drafting and budgetary skills. Others would vary according to the nature of the work or the career stage (for example, induction courses, specific training in budget and finance, training in management skills).

Finally, the creation of a dedicated European Civil Service Training Centre will be explored, together with the other Institutions, in particular for middle and senior management.

Career structure

The present distinction between different categories of staff is very heavily based on qualifications and training at the moment of recruitment. As a consequence, the structure does not adequately reflect the evolution of the capacities of individual members of staff, or provide properly for assessment of broader capabilities – for instance decision-making abilities or managerial potential. In addition, it generally takes too little account of qualifications acquired by B, C and D staff after recruitment, of their skills and of the reality of the tasks that they perform. Movement between categories is difficult and internal competitions are not organised regularly. With only a limited number of grades in each category, most officials are promoted only three or four times in the course of their careers. The limited numbers of grades also means that significant bottlenecks occur at the top of the B, C and D categories and at A4 level.

To sum up, the current system provides little incentive to good performance or reward for personal initiative, whether in the work-place or in acquiring new skills and qualifications. It acts as an artificial constraint on the advancement of those manifesting particular talent and capability. It fails to give due recognition to the tasks performed by B, C and D grade staff, which often involve far greater responsibility than is implied by the standard job descriptions set out in the Staff Regulations. This is to the detriment of both staff and the Institution. It is to the credit of Commission staff that they have performed well despite these structural deficiencies.

In view of the weaknesses in the current system, the Commission proposes to develop a new and more linear career structure without categories. It would contain more grades than in the current system but fewer steps per grade. Recruitment would be to certain levels of the grading scale in line with minimum levels of qualification and professional experience.

The new career structure should also provide for certain well-defined posts or functions to carry a specific grade. Officials occupying these posts, involving special responsibilities, would be rewarded in the form of payment at that grade for the duration that they occupy this post. Appointments to such posts would be on an objective basis following transparent procedures.

Whilst merit would determine promotion from grade to grade, seniority would be acknowledged by progress through the steps in each grade. Finally, the system should ensure that there are good career possibilities for officials who are not managers, but who have knowledge and skills that

are valuable to the organisation. This implies, in particular, that promotion to higher grades should not generally depend on occupying a management post.

In any public administration, the creation of a new career structure is of major significance as the implications can be far-reaching. Developing a new structure also requires a detailed analysis of many issues, including staff appraisal and promotions. This White Paper gives a broad outline of a new career structure for EU civil servants. Following thorough examination of the various options for a linear career structure, the Commission will publish a detailed proposal in November 2000.

The Commission undertakes to ensure that any new career structure honours its commitment that the reform will not result in deterioration either in the overall terms and conditions of employment of existing staff or in its multi-cultural composition. This will be reflected in any Commission proposal to the Council on the subject.

Performance appraisal

Any staff appraisal system serves a number of purposes from providing feedback to staff and assessing performance against agreed objectives to judging their suitability for promotion. The starting point for staff appraisal in the Commission must be clearly defined mission statements for each department and job descriptions and task assignments for each member of staff. These are, in any event, key elements of the system of planning and programming of Commission activities.

While a new system is needed, experience has shown that the key to a successful staff appraisal system lies in its fair and proper application by assessors. As a priority, management will receive special training in appraisal and there will be checks on their application of the system. Further thought will be given to ways to guarantee that appraisals are conducted equitably and efficiently.

The heart of the new system of appraisal should be an annual dialogue between the assessed and their assessor to discuss how far clearly set objectives have been achieved. This is common in other European administrations and would provide staff with objective feedback on their performance, recognising achievement and, if necessary, encouraging them to do better by identifying areas for improvement. Career development issues, such as training and mobility, should also be discussed.

Appraisal should also help in assessing a person's suitability for promotion based on past performance and aptitude for new tasks and responsibilities. Merit is a relative concept requiring staff to be assessed for promotion by comparison with their peers. This means that the appraisal needs to include the attribution of a mark (or marks). At present, appraisals in the Commission are made every two years. The link between the new annual appraisal and promotion procedures will be examined carefully to avoid placing an undue burden on managers and staff. More investment of time and effort in the new appraisal system is, however, needed.

This new staff appraisal system must clearly be fair, transparent and objective. Assessment should be carried out by the staff member's immediate superior, perhaps involving other colleagues, and the use of "two-way feedback".

Finally, the appraisal of managers should include an element of assessment by their staff. Safeguards will be developed for those involved in assessing their managers. A separate appraisal system will be introduced for Directors-General and Directors, which will assist the Commission in judging Directors for promotion to Director-General.

Promotion

One of the benefits of a better appraisal system will be meeting the explicit requirement in the Staff Regulations that promotions should be based on merit. Further improvements to the

promotion system are needed to bolster the aim that good performance should be properly rewarded. This should include taking account of mobility and the development of specialist skills.

Procedures to help under-performing staff

A clear definition of each official's tasks will give them and their managers an agreed basis on which to assess performance. The annual appraisal dialogue ought then to lead to an earlier detection of under-performance. The new career guidance function will include counselling for apparent under-performers and a skills review. There will be a guide to provide a clear definition of under-performance and guidelines for detecting it as well as procedures to be followed. Remedial measures may include additional training and reassignment to other posts.

A specific procedure that is distinct from the disciplinary procedure will be introduced for dealing fairly with established cases of professional incompetence under Article 51 of the Staff Regulations.

Flexible retirement

Flexibility in retirement age is one of the instruments that can contribute to optimum use of human resources. The current rules on the age and conditions of retirement penalise those who wish to leave the service before the age of 60. No official can continue work beyond the age of 65. These issues need to be addressed. A new early-retirement scheme needs to be developed. This will have implications for the Staff Regulations and the pension scheme.

More specifically, it is clear that further enlargement of the European Union will confront the Commission with a significant challenge. An early-retirement scheme could play an important role in easing the integration of members of staff from new Member States. In the light of this, reflection is needed on a special scheme of early retirement directly linked to enlargement.

IV.3 Non permanent staff

Contract staff have always made a useful contribution to the Commission's work bringing in skills not otherwise available within the Commission. In addition, local agents in the representations in Member States and Delegations in non-member countries have played an important role in assuring Commission activities in those countries.

The commitment of such staff to the goals of the European Union is not in doubt. However the variety of the terms and conditions on which they are employed and deployed is confusing. In addition, recourse to contractual staff can be wasteful as the cost of employing them can be greater than for permanent officials, yet the Commission cannot count on retaining their skills. The Commission will continue to use contract staff but intends to reduce its reliance on them, especially at headquarters. It will therefore make a proposal to convert part of its budget for such staff into permanent posts.

Any ambiguity about the rules under which contract staff operate and the tasks which they may and may not perform will be addressed. The new rules should also provide some flexibility for executing certain activities with contractual staff, for example, given the need to attract individuals with specific technical knowledge not otherwise available to the Commission. There is a link between these rules on the one hand and policy on externalisation and the definition of activities on the other hand: the extent to which contract staff are used will vary according to the nature of the activities; and the scope for using contract staff within the Commission can have an impact on the need for externalisation.

IV.4 The working environment and equal opportunities

Working environment

The Commission ought to be a model employer offering its staff a good working environment. The legacies of the past mean that the organisation of work in the Commission tends to be rigid, with insufficient understanding of how the cultural diversity that characterises and enriches the Commission can affect working relationships. Further enlargement of the European Union will increase this diversity. Finally, both the working culture in the Commission and the fact that resources in some areas have been insufficient have extended hours worked and often made it hard for many officials to reconcile their professional and private lives.

Various steps will be taken to improve working conditions. Greater emphasis will be put on training related to working in a multicultural environment and to managing diversity. There is a growing demand from officials of all grades for more flexible working hours. In a more results-oriented organisation, these aspirations must now be met, since they could provide increased flexibility and productivity for the Commission and better motivation and job satisfaction for staff. Measures will be taken to facilitate flexible working, include flexitime, job sharing, part-time working, and teleworking. The issue of replacing staff who work flexible hours will need to be addressed.

In order to allow parents to balance their professional lives with their family obligations, a right to parental leave will be introduced for both natural and adoptive parents. The existing provisions on maternity leave will also need to be improved as will the infrastructure provided by the Commission for childcare. Finally, a right to family leave will be introduced.

Equal opportunities

The improvements sought in the working environment are likely to make a significant contribution to promoting equal opportunities.

Beyond this, gender mainstreaming must be central to the new integrated human resources policy. The Commission has already committed itself to tackling the current gender imbalance in the staffing structure, for example by giving women preference for senior appointments when there are male and female candidates of equal merit. It has also set itself the minimum target of doubling the number of women in top management by the end of its mandate. In no case should geographical balance be an obstacle to appointments. At the entry level, special care will be taken to ensure that the tests for competitions do not disadvantage women and that selection boards include a sufficient number of women. Finally, improved access to, and provision of, training for management should also enhance potential promotion opportunities.

The Commission intends to abolish the existing age limits for recruitment by competition. Consultation with other EU Institutions on this issue is underway and the Commission is willing to lead by example. The conditions for recognising stable partnerships outside marriage will be defined. Further thought should be given to ways of ensuring that the cultural diversity and ethnicity of today's Europe is reflected in the staff of the Commission and the Commission will promote discussions with Member State administrations to that end.

IV.5 Discipline

Few Commission staff members ever have reason to encounter the disciplinary system. However, the current system has shortcomings. The system is too slow, has many layers of procedure and is based around a disciplinary board that varies in composition and is purely internal. Staff are not sufficiently well-informed about their obligations and the possible consequences of breaches of the rules.

A number of administrative measures can be taken to improve the situation without changing the Staff Regulations: clear rules will be set out in a handbook together with an explanation of rights and obligations; guidelines will be developed for penalties related to the gravity of the offence; an enlarged permanent secretariat for the Disciplinary Board will provide greater consistency; and disciplinary decisions will be published (with names removed to protect confidentiality).

Further actions in this field to make the system more effective and less subject to delays will require amendments to the Staff Regulations. These include setting up an Inter-Institutional Disciplinary Board and the possibility for the Administration to present its case to the Disciplinary Board.

IV.6 Whistleblowing

All responsible organisations, particularly public administrations, need provisions which ensure that employees with serious reason to suspect that wrongdoing either has taken, is taking or could take place can report their concerns and be sure there will be a thorough investigation and an effective response. In the Commission, there is a need to clarify the rights and obligations of officials who report alleged wrongdoing and to provide a workable system that is fair to “whistleblowers”, to the people accused of wrongdoing, and to the Institution. At the same time, there should be guarantees that when legal or administrative proceedings are undertaken they are not compromised by untimely disclosures of evidence.

The OLAF Regulation that came into effect in June 1999 gives a clear indication of the channels to be used for reporting irregularities. Officials are obliged to report suspected irregularities to their superiors or to the Secretary-General or to OLAF. There is now a need to clarify that reporting a case to OLAF for investigation does not absolve managers from taking the necessary steps themselves to remedy problems brought to their attention.

There is also a need to establish more precisely the rights and obligations of officials to report wrongdoing responsibly through internal channels (but not exclusively through the hierarchical line), and to define appropriate rules for the use of external reporting channels. The external channel should act as a “safety valve”: the circumstances in which going outside the Commission would be allowed will have to be carefully defined. A reinforced central mediation service should act as a contact point for cases of alleged wrongdoing that do not involve alleged fraud or action affecting the financial interests of the Community.

In keeping with best practice in Member States, necessary protection consistent with the provisions in the OLAF Regulation will be provided for officials making reports through the legally established means, and – in the interest of all staff and the Institution - safeguards will be provided against frivolous or malicious allegations.

IV.7 Transparent Staff Regulations

A large number of legal texts have been adopted over the years to implement the Staff Regulations. Some of them apply to all EU Institutions, while others apply only within the Commission. Little effort has been made to make these texts accessible to staff, nor have the many administrative decisions adopted by the Commission under the Staff Regulations been made available. As a result, no clear, consolidated set of rules can be consulted. Both the issue of transparency and the proper application of the rules must now be addressed. Common Staff Regulations applying to all EU Institutions will be maintained.

The rules adopted to implement the Staff Regulations will be simplified, consolidated and published. The Commission’s administrative procedures for applying the Staff Regulations will also be reviewed. At the same time, the Staff Regulations themselves need to be examined – in full consultation with staff representatives – in order to identify any provisions which are clearly

outdated and which are no longer needed to ensure the permanence, quality and independence of the European Civil Service. In this context, it is important to stress that this Reform in no way calls into question the principle of involvement of joint committees involving staff representatives and the Administration in the Commission's human resources policy. To ensure the effectiveness of involvement in the interests of staff, the operation and function of those committees will be reviewed in each specific area.

These changes will be undertaken as part of an on-going commitment to simplify and clarify the staff's rights and obligations.

IV.8 Other issues

The human resources policy outlined in this White Paper is a key component of the Commission's strategy for reaching the objectives set out in the 2000-2005 programme, for example, the challenge which enlargement of the European Union will bring in terms of integrating members of staff from new Member States. Two further areas of human resources policy which merit particular attention in the years ahead have been identified. The first concerns staff who are paid from the Research budget. Specific rules apply to this category of staff. The longer-term objective of this Commission is to integrate Research Staff into the mainstream of the Commission's personnel policy. The possibility to recruit some specialist staff on a temporary basis will be retained. The second concerns the Commission's external service. Special consideration will be given to managing the career of officials in delegations and at headquarters, including the rotation exercise, the provision of language and other training, the treatment of couples of EU civil servants when one is posted to a Delegation and the policy towards local staff.

Implementing the framework of reforms set out here represent a significant and sustained challenge to the Commission's central administrative services. It is a challenge which they must now meet.

The measures proposed in this Chapter are detailed in Chapter IV of the Action Plan in Part II of the White Paper: Actions 21-62

V AUDIT, FINANCIAL MANAGEMENT AND CONTROL

One central aim of the Reform is to create an administrative culture that encourages officials to take responsibility for activities over which they have control – and gives them control over the activities for which they are responsible. The Commission as a whole has a particular responsibility for managing EU funds, i.e. the taxpayers' money. Improving and modernising financial management is, therefore, desirable on its own merits and can make a direct and practical contribution to lifting operational performance generally.

The Commission's systems for financial management and control are no longer suited to the type and number of transactions which they have to deal with. When the present centralised systems were designed, the Commission was processing sums of money very much smaller than today's. Financial transactions have grown exponentially – for instance, they have doubled in the past five years to more than 620,000. External aid has increased by a factor of three over the last ten years and is set to grow by a further 44% between 1999 and 2000.

These realities mean that procedures need to be made simpler and faster, more transparent and decentralised. There has to be a clear distribution of tasks and responsibilities among all participants – both financial and 'technical' – who have a role in managing operations that have financial implications. Adequate organisational rules and structures are also essential. Specific

arrangements will be needed to equip the Commission's external delegations to handle these new responsibilities.

A key component of better financial management will be the new approach introduced by Activity-Based Management for allocating resources of all kinds to match the Commission's priorities (see Part III of this White Paper). The Commission should then no longer find itself in a position of having taken on tasks without the means to execute them properly.

In addition, the following actions are needed:

- The ***financial management, control and audit system*** will be radically overhauled, updated and brought into line with best practice. In order to make the best use of resources and expertise and take account of the different types of spending for which the Commission is responsible, new organisational structures will have to be brought in and others phased out. Benchmarks will be introduced to measure progress in reducing payment delays and recovering funds unduly paid.
- ***Authorising officers and indeed all managers must take responsibility*** for the quality, correctness and efficiency of what they do. The rules should be communicated to all officials in a consolidated, simplified and easily accessible form.
- Steps to ***better protect the Community's financial interests*** will be taken, in particular fraud-proofing of legislation not just at the proposal stage but throughout the legislative process. Co-operation between the Commission and the Member States will be significantly improved. As the Court of Auditors points out, it is in the Member States that the "vast bulk" of expenditure that is not properly used and/or accounted for takes place.

V.1 Defining the responsibilities of authorising officers and line managers

Creating a real sense of responsibility for sound financial management means, first of all, clearly defining tasks; secondly, making sure that everyone knows and understands their responsibilities; thirdly, quality controls built into management processes; and finally, fair and trusted ways of dealing with breaches of the rules.

Financial management is only one aspect of operational management. The delegation of powers to authorise expenditure also has to parallel the management chain of command, from the individual official to Director-General, to the individual Commissioner and to the College.

The Commission will draw up clear rules defining the responsibilities of each financial actor. These will be handed out to each one when they are appointed and be accompanied by appropriate training. If they fail to meet these standards, they will have the responsibilities withdrawn.

These rules on the responsibilities of authorising officers will include procedures for delegating responsibility for authorising expenditure within departments. As far as possible, the person taking the operational decision to go ahead with an operation involving expenditure should also be the one authorising the expenditure. However, an adequate system needs to be in place to check the correctness of transactions.

The best way of ensuring that these rules and procedures are followed is to make them readily available to all officials. The rules will therefore be consolidated and presented in simple, clearly set-out manuals that are updated as needed.

Simpler, consolidated rules and procedures are especially necessary in the areas of grants and procurement. A number of principles must be rigorously applied: competitive procedures for allocating funding, full information about funding available, equal treatment of all tenderers, transparent selection procedures, publication of the outcome, and proper follow-up and evaluation.

At the margins, the dividing line between a grant and a procurement procedure is a delicate issue. Authorising officers need to be able to obtain advice on what type of procedure to adopt from the Contracts unit of the Central Financial Service (see Chapter V.2). This problem will be addressed in a separate section of the draft proposal revising the Financial Regulation.

The Commission will also be proposing improvements to its procurement procedures; in particular it will consider the creation of an independent body to handle complaints arising out of procurement procedures.

Without calling into question the role of OLAF, where financial errors or suspected irregularities occur which do not involve fraud, Directors-General will be able, before initiating disciplinary proceedings, to refer a case to a panel which has a helpdesk function advising on possible financial irregularities. This panel will be set up by 1 July 2000. The panel will naturally hear the official or officials involved. This advisory panel is designed to be an intermediary step between detection of an irregularity and the possible start of formal disciplinary procedures. Where possible, the panel should recommend corrective and preventive measures to the Director-General concerned.

Finally, the provisions in the current Financial Regulation which provide that authorising officers are professionally and financially liable are likely to severely hamper the ‘responsibilisation’ of authorising officers. This clash could be highly counter-productive. The new disciplinary procedures proposed in Chapter IV already provide fair and adequate means of dealing with financial irregularities and fraud through the Staff Regulations’ provisions on civil servants’ liability for serious misconduct. Accordingly, the Commission will be proposing that these specific provisions be dropped from the Financial Regulation.

V.2 Overhauling financial management, control and audit

The Commission’s present financial management, control and audit system has been heavily criticised, from both inside and outside the Institution, for not preventing significant wrongdoing in a number of major instances (see, for example, the reports of the Committee of Independent Experts and the Court of Auditors).

Basically, the current financial ex-ante controls consist of centralised checking and approval of financial transactions against largely procedural rules laid down in the Financial Regulation – called the “ex-ante visa” – but this has proved inadequate as a way of comprehensively assessing the added value and correctness of financial operations. As a result, the system gives decision-makers a false sense of security, leading to a culture that “de-responsibilises” managers. At the same time, by being cumbersome and procedurally complex, it has made efficient execution of the budget harder.

Added to this, the Financial Regulation gives responsibility for both ex-ante vetting (the ‘visa’) and ex-post evaluation of systems (‘audit’) to the Commission’s Financial Controller, giving rise to a significant potential for conflicts of interest within the Financial Control DG.

Proposed changes

The solution proposed in this paper is presented schematically in Figure I. The aim is to devolve controls currently under the responsibility of the Financial Controller to DGs so that Directors-General are made directly answerable for adequate internal controls in their departments and managers are made wholly responsible for the financial decisions they take. This responsibility should find expression in a declaration by each Director-General in their Annual Activity Report that adequate internal controls have been put in place and that, on the basis of the analysis made in the Report, the resources have been used for the intended purposes. Once the Financial Regulation has been changed to create the conditions for more secure, efficient and effective resource management, the centralised ‘ex-ante visa’ would be abandoned.

Within Directorates-General, the Finance Units will have the basic function of providing advice and assistance to operational units. They may be given additional functions depending on the specific organisational set-up in each DG. Because spending profiles and requirements for financial management vary between departments, each Director-General will have to define the appropriate financial processes to be followed in his or her department, within the framework of a set of minimum standards for all departments to be defined in line with the principles set out in this White Paper. These standards will include the principle of segregating duties, in order to ensure that every decision involving expenditure in any department has been assessed from the operational and financial viewpoints by at least two persons.

A Central Financial Service will be created which will provide advice to operational departments in the Commission. This Service would come under the direct responsibility of the Budget Commissioner and would define financial rules and procedures and common minimum standards for internal controls in DGs as well as advising on their application.

An Internal Audit Service under the authority of the Vice-President for Reform will be set up to assist management within the Commission to (1) control risks, (2) monitor compliance, (3) provide an independent opinion about the quality of management and control systems, and (4) make recommendations for improving the efficiency and effectiveness of operations and ensuring that Commission resources are used cost-effectively ('security for money and value for money').

Each DG will set up a specialised audit capability (that could range from an individual relying largely on the work of the Internal Audit Service to a fully-fledged unit), reporting directly to the Director-General, to carry out reviews of the internal control system of the DG as well as reviews of the management and use of Commission funds paid to external beneficiaries.

Finally, an Audit Progress Committee will be set up. Its job will be to monitor (1) the control processes of the Commission through the results of audits of the Internal Audit Service and the Court of Auditors, (2) the implementation of audit recommendations, including those from the Court of Auditors accepted by the Commission, and (3) the quality of audit work. The Committee will be chaired by the Budget Commissioner and will be further composed of the Vice-President for Reform, two other Commissioners and an external member. The latter will have to have relevant knowledge and experience of corporate governance and controls. All these new Services and the Audit Progress Committee will be set up by 1 May 2000.

The proposed changes will ensure that responsibilities are properly assigned to managers who take decisions with financial implications; they, in turn, will be properly advised and guided by a central financial function. To complement this, the Internal Audit Service will play an important oversight role and its recommendations will be given due attention by the Audit Progress Committee. In the final analysis, this approach should fully remedy the 'de-responsibilising effect' and the potential conflict of interest between financial control and internal audit that mark current arrangements.

The Transition

Moving to the system set out above will be a complex process and cannot be achieved in the very short term. The existing legal framework, in particular the Financial Regulation, requires that the centralised ex-ante visa be maintained and it also assigns responsibility for ex-ante financial controls and internal auditing to the Financial Controller. As a result, the ex-ante visa function as carried out by the Financial Control DG cannot be ended without amendment to the Regulation nor, therefore, be replaced by an automatic technical visa on all transactions.

The Commission will tackle this problem in two ways.

First, to shorten the period of transition to the new system as much as possible, it will propose, as part of the revision of the Financial Regulation, that responsibilities for financial controls and

internal auditing are separated. This should make it legally possible for the Commission to transfer responsibility for internal auditing from the Financial Controller to another senior official with equivalent independence (the Internal Auditor). The Commission hopes that this part of the recasting of the Financial Regulation can be processed speedily and adopted by 1 January 2001.

Secondly, pending adoption of the general revision of the Regulation, the Commission will already begin to decentralise audit and ex-post control activities – currently performed centrally under the responsibility of the Financial Controller – to operational Directorates-General. Before any decentralisation of responsibilities, the obligations of every person intervening in financial decisions will be defined and communicated. The traditional ex-ante visa control will be deconcentrated by locating the controllers in the Directorates-General whilst maintaining their reporting lines to the Financial Controller, as required by the Financial Regulation. During this period, the Financial Controller will report separately to the Vice-President for Reform on internal auditing, so immediately reducing the potential for conflicts of interest.

Human resources and training

A fundamental factor necessary to ensure the robustness of the new audit, financial and control system is that financial operations must be run by highly competent staff. Any shortfall in human resources, skills or expertise would seriously undermine the reliability of the system. Insufficient emphasis may have been given to such jobs, to the support systems, and to specialist training in the past, making a career in this sector less attractive, so increasing the shortfall. Financial management and control should, therefore, be a priority for Directors General in making an assessment of their human resources needs. If necessary, resources should be made available immediately. A specialised competition could be envisaged if - after redeployment of existing staff in the Financial Control DG, the allocation of additional posts and the provision of internal training - there were still insufficient numbers of personnel with the necessary expertise.

To ensure a common understanding of the concepts and vocabulary of the new audit, financial and control system across the Commission, staff will be trained immediately on the principles behind the financial reforms. Managers in charge of spending programmes will be given training courses on strategies for maximising the value for money of their activities. Once the new operational manuals with simplified and consolidated rules and procedures are available, an intensive and thorough training programme will be provided for operational staff responsible for programmes that involve expenditure, in particular dealing with project management, public procurement and award of subsidies. An introduction to the way the Commission's budgeting and financial systems work will be compulsory for all staff.

V.3 Protecting the Community's financial interests

A series of measures are necessary to maximise the prevention of irregularities and the fraud-proofing of legislation and financial management rules and procedures. A wide range of actions include:

- Guidelines for sound project management.
- Better co-ordination of the interaction between the independent Anti-Fraud Office (OLAF) and other Commission departments.
- Closer involvement of OLAF in the fraud-proofing of legislation and systems for tender and contract management.
- Optimisation of the central early warning system for beneficiaries of EU funds.
- More effective management of the recovery of unduly paid funds.

In addition, co-operation among Commission departments and between the Commission and Member States, particularly in the area of the Structural Funds and the EAGGF clearance procedure, will need to be better defined to ensure that more effective action is taken to improve the prevention and detection of irregularities, fraud and corruption.

The measures proposed in this Chapter are detailed in Chapter V of the Action Plan in Part II of the White Paper: Actions 63-98

VI DELIVERING AND SUSTAINING REFORM

Implementation of many measures can start immediately as set out in this document and in the Action Plan. The Commission attaches particular importance to pressing ahead with Reform to maintain the momentum and to reaping early benefits from the Reform for staff and the other Institutions

Achievements by July 2000

In particular, the Commission is committed to delivering the following essential measures by July 2000:

- The establishment of the Internal Audit Service, the Audit Progress Committee and the Central Financial Service.
- Departments will draw up an inventory and evaluation of their financial organisation and a first assessment of the staff needs in this area.
- The setting up of a Commission-wide programme of training and information on the new Commission financial architecture.
- The establishment of a mission statement for every Directorate and unit on the basis of the mission statement of its Directorate-General.
- Job descriptions for each official/staff member on the basis of clear guidelines and the mission statement of the unit in which he/she works.
- The completion of a comprehensive programme of pilot projects for the new management training scheme and improvements in the operation of the appointment procedure to senior posts.
- The setting up of a representative Customer Panel to advise the Vice-President for Reform on the quality of the services provided by the Department for Personnel and Administration.
- A proposal for a major revision of the Financial Regulation.
- A proposal on the urgent task of improving the management and delivery of external aid programmes and the implementation of the first steps of this Reform.

Implementation 2000-2002

By the end of 2000, consultative documents on all key areas of Human Resources policy such as career development and structure, discipline, and recruitment - including proposals for any necessary legal changes - will have been tabled. These documents will set out detailed proposals in areas where this paper provides general orientations. Full consultation on these proposals will take place. The Commissioners' Group on Reform will be habilitated to adopt draft proposals for consultation. In order to ensure full transparency, all Commissioners will be kept informed throughout.

This will comprise consultation with the Commission's staff representatives and, where changes to the Staff Regulations applying to all Institutions are concerned, also with the Inter-Institutional Committee. The Commission aims at completing the internal consultations by early 2001. Implementation of measures not requiring changes to the Staff Regulations will then commence immediately. The inter-Institutional consultations should be completed by November 2001 at the latest. The Commission will subsequently propose an integrated proposal for modifying the Staff Regulations, covering personnel policy and pay and pensions, to the Council to be presented by December 2001. On this basis, the full implementation of the Reform proposals set out in this White Paper should be achieved by the second half of 2002.

Pay and pensions

The objective of Reform is to ensure that the Commission has an administration where the highest standards of performance, integrity and service prevail. Quality should be properly rewarded and the general conditions of employment of European civil servants must, therefore, not deteriorate.

Meeting these objectives means that major challenges for the pay and pension system will have to be faced. First, the current system for adjusting salaries will expire in June 2001. Secondly, there is a legal obligation to achieve an actuarial balance of the pension regime.

Given the link between pay and pensions and reform – notably insofar as changes to the career structure are concerned - and the complexities of what would be two successive and major sets of negotiations, the best solution for staff, Commission and Council will be a single global negotiation in Council on pay and pensions and revised Staff Regulations.

This objective can be reached by presenting a proposal to the Council in the course of this year, containing two parts. First, a proposal to maintain the status quo for a short period of, say, 2 years by extending the existing Method, crisis levy, salary structure including allowances and pensions regime. Secondly, a firm commitment to present an integrated package for revision of the Staff Regulations together with a new Method and measures to address the long-term equilibrium of the pension regime by December 2001.

This would allow the Commission to present an integrated package to Council allowing time to reach agreement before the expiry of the short term extension of the Method. There are no legal impediments to such an approach and there are considerable practical advantages.

Investing in Reform

Implementing the Reform will require an investment of resources. Accordingly, as already mentioned, posts will be made available immediately by means of administrative measures to reduce the vacancy rate in the Commission, for a period of two years, notably to support the new internal control system and to develop Activity-Based Management in the Directorates-General. In addition, substantial increases will be sought from the Budgetary Authority in the level of resources allocated to training and to information technology. In the latter area, this will help to close the gap between the provision in delegations and the rest of the Commission. Strengthening IT provision in delegations is a prerequisite for greater de-concentration of tasks from headquarters. Resources need to be released to tackle the backlog, notably in the external aid sector.

Structures for delivering and communicating Reform

Establishing and implementing the process of Reform has several aspects and the Commission has consequently set up several structures for delivering the Reform, including the Reform Task Force, Planning and Co-ordination Groups chaired by Directors General to test proposed measures from an implementation point of view and a Reform Group of Commissioners. In parallel, Relex Commissioners are reviewing the management and delivery of external aid in line with the principles of the Reform. In addition, the horizontal Budget and Personnel and

Administration departments have also been given significant responsibilities and a Deputy Secretary General will be appointed with the specific remit of improving working practices and associated tasks. The Vice-President for Reform is setting up an External Advisory Group composed of experienced leaders from public administrations and the private sector to provide advice on the Reform process. The Commission will review the structure for delivering Reform regularly, starting in July 2000 and will make any changes needed.

The Commission will continue to ensure full communication with and involvement of staff and provide for effective means of feedback and input. This communication strategy is intended as a supplement to, and not a replacement for, the normal consultations with staff representatives.

Role of European Parliament and Council

The Commission cannot achieve the objectives of comprehensive Reform on its own. A results-based approach to setting and implementing priorities represents a change of behaviour within the Commission. It can only succeed if there is a parallel change within the Council and the Parliament so that, when they ask the Commission to assume new tasks, they are conscious of the implications for the Commission's ability to execute existing responsibilities. The Commission will have to refuse these tasks when it is not properly resourced: the other institutions should not regard such a refusal as a negation of the democratic will but as responsible and reasonable behaviour necessary to safeguard the interests of EU citizens and taxpayers. Better planning and programming of activities and improved dialogue between the Institutions should, however, prevent matters ever getting to such a situation.

Finally, as legislators, the Council and the European Parliament will handle the revision of the Financial Regulation and the Staff Regulations. The Court of Auditors will also be called on to give an Opinion on the new Financial Regulation. Unlike most other legislative proposals, these measures have a direct impact on the way the other institutions operate. Therefore, achieving the objective of full implementation of the action programme set out in this White Paper by the second half of 2002 requires the active support and commitment of all European Institutions, each of which has emphasised its desire for effective and comprehensive Reform.

VII CONCLUSION

This White Paper sets out a programme of reform to equip the Commission with an administration that excels. The programme runs to the second half of 2002, and includes legislative changes to the Staff and Financial Regulations. Like all such programmes, it will require a significant investment in change. The Council and the European Parliament must also play their part. They have rightly willed the ends, it is sensible to expect them to will the necessary means

This Reform is a once-in-a-generation programme. One of its purposes is to create a culture of continuous improvement and to ensure that the Commission is flexible enough to change itself in the future as new challenges confront it in an ever-changing world. The Commission will review progress in the second half of 2002, when it expects to have implemented the Reform Strategy set out in this Paper.

As the key principles of independence, accountability, responsibility, efficiency and transparency are further embedded in working practices, further change can be incremental and led by the staff themselves. Indeed, without the full-hearted commitment of staff at all levels, no progress will be made. Part of the purpose of this programme is precisely to release further the energies and talents of the high quality staff of the Institution, and to provide better working lives for them. The scale and nature of many of the changes will pose a challenge to the people in the Commission. It is a challenge to which they will rise, due to their high level of ability and commitment, together with the new support systems and training provision.

But the underlying objective must be to serve the citizens of Europe, and the European ideal, by maintaining and strengthening the key role of the Commission as an independent public service acting as the guardian of the Treaties and the motor of the Union. The Commission has a proud history and an essential role to play now. It is more important than ever as the Union faces up to the challenges of enlargement and globalisation. Modernising the governance of the Commission, as part of the wider challenge of modernising the governance of the Union, will enable the Commission to play its essential role for the future of Europe.

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ANNEX 1 TO CONSULTATIVE DOCUMENT ON REFORMING THE COMMISSION

◆ KEY REFORM ISSUES ◆

I. KEY CHANGES IN ADMINISTRATIVE FUNCTIONS AND STRUCTURES INTRODUCED BY THE REFORM¹

A. New

Under the authority of the President, a **Strategic Planning and Programming** function in the Secretariat-General will assist the College in setting priorities and allocating resources and in promoting performance management and a second **Deputy Secretary-General** will have the specific responsibility for devising more efficient working methods, cutting red tape and simplifying systems.

An **Internal Audit Service**, under the responsibility of the Vice-President for Reform, will carry out the ex-post examination of the Commission services' internal control and management systems and performance, and provide necessary advice to management. An **Audit Progress Committee**, under the responsibility of the Budget Commissioner, will ensure that the recommendations are followed up.

An **Committee on Standards in Public Life** will advise on ethics and Standards of Conduct in all European Institutions.

B. Adapted

Building on the existing structure, a central **Career Guidance** function will ensure that the Commission can better match its staff with jobs, assess and guide mobility and provide training.

Bringing together existing functions and adding new ones, a **Central Financial Service**, operating under the responsibility of the Budget Commissioner, will define the financial rules and procedures and the minimum standards for internal control, provide advice to operational departments and develop and manage common financial management information systems.

Building on the existing structure, a **Central Mediation Service** will be created to offer assistance to staff members reporting alleged wrongdoing that does not involve fraud or other action affecting the financial interests of the Community.

An **Inter-institutional Disciplinary Board** will replace the present Disciplinary Board and a function in the Commission will be created to prepare and bring the Administration's case to the Disciplinary Board.

¹ For a full overview of all administrative functions and structures see action plan.

C. Abolished

The current **DG Financial Control** will be abolished following the incorporation of its internal audit activities into the Internal Audit Service and the abolition, in the new Financial Regulation, of the ex-ante visa by the financial controller.

The **Inspectorate General of Services** will be abolished following the incorporation of its activities into the Internal Audit Service.

As part of the programme of administrative simplification the second Deputy Secretary-General, the Strategic Planning and Programming function and the Internal Audit Service will study any further changes to simplify existing functions and structures.

II. CHRONOLOGY OF KEY REFORM ACTIONS¹

YEAR	QUARTER	KEY REFORM ACTION
2000	2000/I	Commission proposal for a Regulation on public access to European Parliament, Council and Commission documents Continuing work on the development of the information technology tool (Integrated Resource Management System) to support the introduction of Activity-Based Management.
	2000/II	Commission proposal for recasting the Financial Regulation (including the suppression of the <i>ex-ante</i> visa). Creation of an Internal Audit Service, an Audit Progress Committee and a Central Financial Service. Strengthening of internal control in Commission departments. Diffusion of Activity-Based Management.
	2000/III	Establishment of the new Strategic Planning and Programming cycle (SPP) necessary for the operation of Activity-Based Management. Appointment of second Deputy Secretary-General Commission Communication on externalisation. Commission Communication on the resource implications of reform.
	2000/IV	Consultative documents on discipline, professional incompetence, whistleblowing, new career system and new management policy. Commission decision on a financial corrections mechanism for the Structural Funds. Commission Action Plan on the simplification of administrative procedures.

¹ For a full chronology of all actions see Annex 2

YEAR	QUARTER	KEY REFORM ACTION
2001	2001/I	Commission Decision on further decentralisation in terms of internal working practices. Consultation of OSPs within Commission on the proposed changes to the Staff Regulations.
	2001/II	Contracts database Commission decisions on a new evaluation system for staff, a new promotion system for staff and a new management policy. Consultation of Inter-Institutional Staff Regulations Committee on the proposed changes to the Staff Regulations.
	2001/IV	Commission submits integrated proposal to Council on Method, pension regime and the changes to the Staff Regulations necessary for Reform.
2002		Agreement by Council to the amendments to the Staff Regulations and the Financial regulation necessary for Reform. Commission adopts review of progress on Reform.

THE CONSULTATION PROCESS

Following the adoption by the Commission on 18 January of a consultation document as the basis for internal debate on the shape of the Reform, staff throughout the Commission took part in structured discussions within their Directorates General as well as participating directly in the consultation whether through direct messages to the Vice President for Reform, through contributions to the Reform Forum website on the Commission's intranet, or in cross-service groups established spontaneously by officials themselves. Comments came from throughout the Commission, regardless of grade or location. Full consultation with staff representatives has also taken place, leading to a clarification of positions as well as a resolution of the General Assembly of personnel, both in Brussels and Luxembourg.

This level of staff interest is important for the success of the Reform and ways will be sought to maintain it at the level of Directorates General and generally across the Commission, both in the formal consultation on detailed measures and on the implementation itself. This will include a mechanism for submitting and acting on suggestions for improving the way the Commission works. Naturally, none of this will replace the existing arrangements for inter-service consultation and the social dialogue on specific proposals in the areas set out in the Action Plan.

This note summarises the main comments and the way the White Paper has taken them into account. Other comments will provide an input to the preparation of implementing measures.

I. THE REFORM CONTEXT

<i>Key concerns</i>	<i>Key responses in the White Paper</i>
- Political vision not evident - Reform strategy not clearly stated Tone of document negative about staff - No reference to external policy Consultation too short - Assumes no big change in staffing levels	- Introduction by the College and other references - Reform linked clearly to strategic objectives - Text recast plus College introduction - External service and external aid added - Consultation continues on measures - Commission ready to ask for more staff after an internal restructuring and should a needs assessment prove it necessary

II. A SERVICE CULTURE

<i>Key concerns</i>	<i>Key responses in the White Paper</i>
- Understates political role of Commission - Retention of Commission's independence Empowerment/decentralisation missing Responsibility of Commissioners	- Spelt out in Section I and introduction - Spelt out in Section I and introduction - Empowerment/decentralisation added - Responsibilities already clearly stated

III. PRIORITY SETTING AND ALLOCATION OF RESOURCES

<i>Key concerns</i>	<i>Key responses in the White Paper</i>
ABM seems complex - Need for flexibility to respond to events - College must take political decisions - Role of other institutions in priority setting Externalisation text weak - Fear of widespread privatisation - Control over external bodies - Little detail on working method improvements - Greater flexibility needed in structures - Too much centralisation at present	- Presentation improved - Room for flexibility more clearly explained - Text made more explicit - Seek agreement with EP and Council - Rewritten - Explicitly ruled out - Highlighted as a key issue – ref. to Article 274 - Detail in White Paper and Action Plan - Specified in Action Plan - Emphasis on greater delegation

IV. HUMAN RESOURCES

<i>Key concerns</i>	<i>Key responses in the White Paper</i>
- No reference to research or external service - Negative tone - Nationality element in recruitment - Suggested inter-Institutional recruitment office - Temporary contracts for new staff opposed - Concern about link between pay & linear career - Time needs to be given to attend training - Training seems to be mainly for managers - Doubts about annual staff appraisals - Opposition to quota of notation points Equal opportunities section weak - Sexual/other harassment not addressed - General concern about pay and pensions - Universal opposition to “light” Statute Early retirement needs to be more attractive - No reference to joint staff committee system	- Both areas specifically mentioned - Ambiguous phrases clarified - Nationality element dropped from competitions - Such an office to be considered urgently - Temporary contract for new staff dropped - Specific conditions to ensure that there will be no deterioration in terms and conditions - Emphasis on learning culture and provision - Continuing training for all staff confirmed - Issue of apparent burden to be addressed - Further consultation on variety of options - Actions much more specific - Provision for mediation function - Clear description of the Commission strategy “Light” Statute suggestion dropped - Commitment to develop a framework - Principle of involving staff committees in human resources policy is maintained

V. FINANCIAL MANAGEMENT AND CONTROL

<i>Key concerns</i>	<i>Key responses in the White Paper</i>
- Need for financial training Responsibilities need to be clear - Need to address issue of financial liability Staffing implications of DG level controls - More information needed on transition phase - Role of accounting officer unclear Timetable tight Redeployment of DG Audit’s current staff	- Detailed outline of training programme - Text more explicit - Proposal to change Financial Regulations - Additional resources to be made available - Detailed outline of the implementation process - Text more explicit - Mobilise resources to meet the objectives - Redeployment strategy designed

VI. DELIVERING AND SUSTAINING REFORM

<i>Key concerns</i>	<i>Key responses in the White Paper</i>
- Feasibility of timetable - Complicated implementing structure Resource implications Workload for all DGs not just lead services - Need for staff involvement - Need system for monitoring the reform	- Some dates adjusted; progress to be monitored - System to be reviewed in July - Extra resources to be allocated; more sought - Extra resources for to additional work in short term - Further consultation; ideas bank - Regular reports to the Commission

VII. CONCLUSION

<i>Key concerns</i>	<i>Key responses in the White Paper</i>
Self-critical tone of parts of the document	Text revised

GLOSSARY

A

Accountability

Obligation to answer for a responsibility that has been conferred.

Accounting Officer

One of the three financial actors defined by the Treaty. In charge of the accounting systems, the treasury and the financial reporting to other institutions. In the organigramme of the Commission, the director of the Accounting Directorate within DG Budget.

Activity Based Budgeting (ABB)

Budgetary building block of the wider Activity Based Management approach.

Activity Based Management (ABM)

New programming, budgeting, managing and reporting method adopted by the Commission. It encompasses prioritisation and resource allocation at the level of the College and general principles for management at the level of departments.

Audit Progress Committee (APC)

Committee chaired by the Budget Commissioner and further composed of the Vice-President for Reform, two other Commissioners and an external member. It will monitor the control processes of the Commission through the results of audits of the Internal Audit Service and the Court of Auditors; the implementation of audit recommendations, including those from the Court of Auditors accepted by the Commission; and the quality of audit work.

Authorising Officer

One of the three financial actors defined by the Treaty. Authorises expenditure and issues recovery orders. The College has the primary power to authorize expenditure. It can delegate it to officials (i.e. Directors General) who may subdelegate that power under the conditions defined by the Commission's internal rules on the execution of the budget.

C

Central Financial Service (CFS)

Central financial help-desk within DG Budget in charge of defining rules, procedures and minimum standards for internal control, providing advice on their application, developing financial information systems and delivering training.

Committee of Independent Experts (CIE)

In the context of the refusal by the European Parliament (EP) of the 1996 discharge, a resolution of 14 January 1999 called for a Committee to be set up to “examine the way in which the Commission detects and deals with fraud, mismanagement and nepotism, including a fundamental review of Commission practices in the awarding of all financial contracts”. The 5 members were appointed jointly by the EP and the Commission and submitted a report on 15 March 1999 which led to the resignation of the Commission the following day. A second report, focusing on financial and human resources management practices and listing 90 recommendations to prevent mismanagement, irregularities and fraud was submitted on 10 September 1999.

Committee on Standards in Public Life

Inter-institutional Committee which will provide advice on ethics and standards of conduct in all EU Institutions.

Control

Any action taken by management to enhance the likelihood that established objectives and goals will be achieved. Management plans, organises and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved. The result of proper planning, organising and directing by management.

Control Self-Assessment

Process which involves line management and staff in identifying objectives, controls and risks in their area and agreeing and implementing improvements.

Cost-Effectiveness

Relationship between the cost of a given level of output and the extent to which such output achieves, or helps to achieve an objective.

D

DECODE

Designing Tomorrow’s Commission (from French title “Dessiner la Commission de demain”). A “screening exercise” launched in October 1997 by the Commission to provide up-to-date analysis of all activities carried out by the Commission, as well as the resources and working methods. Placed under the responsibility of the Inspectorate General, the exercise resulted in 47 reports on each DG/Service produced by twelve screening teams, and in a series of working documents covering more horizontal issues. A summary report providing a broad picture was issued on 7 July 1999.

E

Early Warning System (EWS)

Computer-based system for the signalling of beneficiaries of EU funds linked to serious administrative errors, irregularities or fraud.

Economy (“doing things cheap”)

Minimising the cost of resources acquired or used for an activity, having regard to the appropriate quality. Cost of actual input in comparison with planned input.

Effectiveness (“doing things right”)

The extent to which objectives are achieved and the relationship between the intended impact and the actual impact of an activity.

Efficiency (“doing things well”)

Relationship between the output, in terms of goods, services and other results, and the resources used to produce them. An efficient activity maximises output for a given input or minimises input for a given output.

Evaluation

Judgement of interventions according to their results, impacts and the needs they aim to satisfy. Ex-ante evaluation is the evaluation of an activity carried out before implementation and examines needs and foreseeable results and impacts. Ex-post evaluation is the evaluation carried out either during or after the completion of an activity and examines impacts.

F

Financial control

(See also internal control) Set of mechanisms designed to ensure that the use of financial resources is made in compliance with rules and procedures. Its scope is, by definition, thinner than the one of internal control.

Financial Irregularities Panel (FIP)

A panel with helpdesk function to advise on possible financial irregularities. Designed to be an intermediary step between detection of an irregularity and the possible start of formal disciplinary procedures.

I

Information and Communication Technology (ICT)

The technology - hardware (computers, personal computers, networks, printers, scanners, etc.) and software (information systems, data-bases, search and retrieval tools, communication and presentation facilities, etc.) - supporting the processes of an organisation by providing appropriate information, supporting procedures, communicating results. ICT enables the redesign of processes to become more efficient and effective not only in administration, but also in policy-making, strategy development and client relations.

Information System

A structured set of hardware and software organised within a functional and technical architecture. It supports a vertical or horizontal business domain by supporting its workflow (e.g. processing transactions, passing documents, accumulating and consolidating information).

Internal Audit

An independent and objective assurance and consulting activity designed to add value and improve an organisation's operations by bringing a systematic, disciplined approach to evaluate and improve effectiveness of risk management, control and governance process (Institute of Internal Auditors). The word "internal" is describing the placement within an organisation and not the subject of an audit (complete chain of management, if necessary down to the level of the final beneficiary).

Internal Audit Service (IAS)

New Service, under the responsibility of the Vice-President for Reform, which will carry out the ex-post examination of the Commission services' internal control and management systems and performance, and provide necessary advice to management.

Internal Control

The globality of policies and procedures conceived and put in place by an organisation's management to ensure the economic, efficient and effective achievement of its objectives; the adherence to external rules and to management policies and regulations; the safeguarding of assets and information; the prevention and detection of fraud and error, and the quality of accounting records and the timely production of reliable financial and management information. Internal control has five components: 1) control environment, 2) risk assessment, 3) control activities, 4) information and communication, and 5) monitoring.

Internal Control System

The whole network of systems established in an organisation to ensure that its objectives are achieved and in the most economic and efficient manner.

M

MAP 2000

Modernising the Administration and the Personnel policy with 2000 on the horizon (From French: Modernisation de l'administration et de la politique du personnel à l'horizon 2000). Initiative launched by the Commission in April 1997, building on a report on decentralisation carried out by the Inspectorate General. The objectives were to achieve a higher degree of decentralisation transferring administrative management responsibility to Directorates General, to simplify procedures and to rationalise the usage of human resources. It resulted in 25 measures to be implemented in two different phases: the second one was due to start in March 1999 but the overall process was put on hold after the resignation of the Commission on 15 March 1999.

Monitoring

Observing and testing activities and appropriately reporting to responsible individuals. Monitoring provides an ongoing verification of progress towards the achievement of objectives and goals.

P

Performance Indicators

Direct or indirect measures of the extent to which effectiveness, efficiency and economy, quality and service levels have been achieved in an activity or function.

R

Risk Analysis

A formal method of evaluating the vulnerability of a particular system or group of systems. Risk in systems may be viewed as the chance (or probability) of one or more management's objectives not being met.

S

SEM 2000

Sound and Efficient Management, a reform programme of financial and resources management adopted, in three successive stages by the Commission during 1995. The objectives were the rationalisation and simplification of financial management procedures, the evaluation and the cost effectiveness analysis of Community programmes, and a better taking into account of the observations of the Court of Auditors, the Council and the European Parliament. The implementation of the programme, which has been reviewed and updated since then, is regularly evaluated by external consultants.

Strategic Planning and Programming function

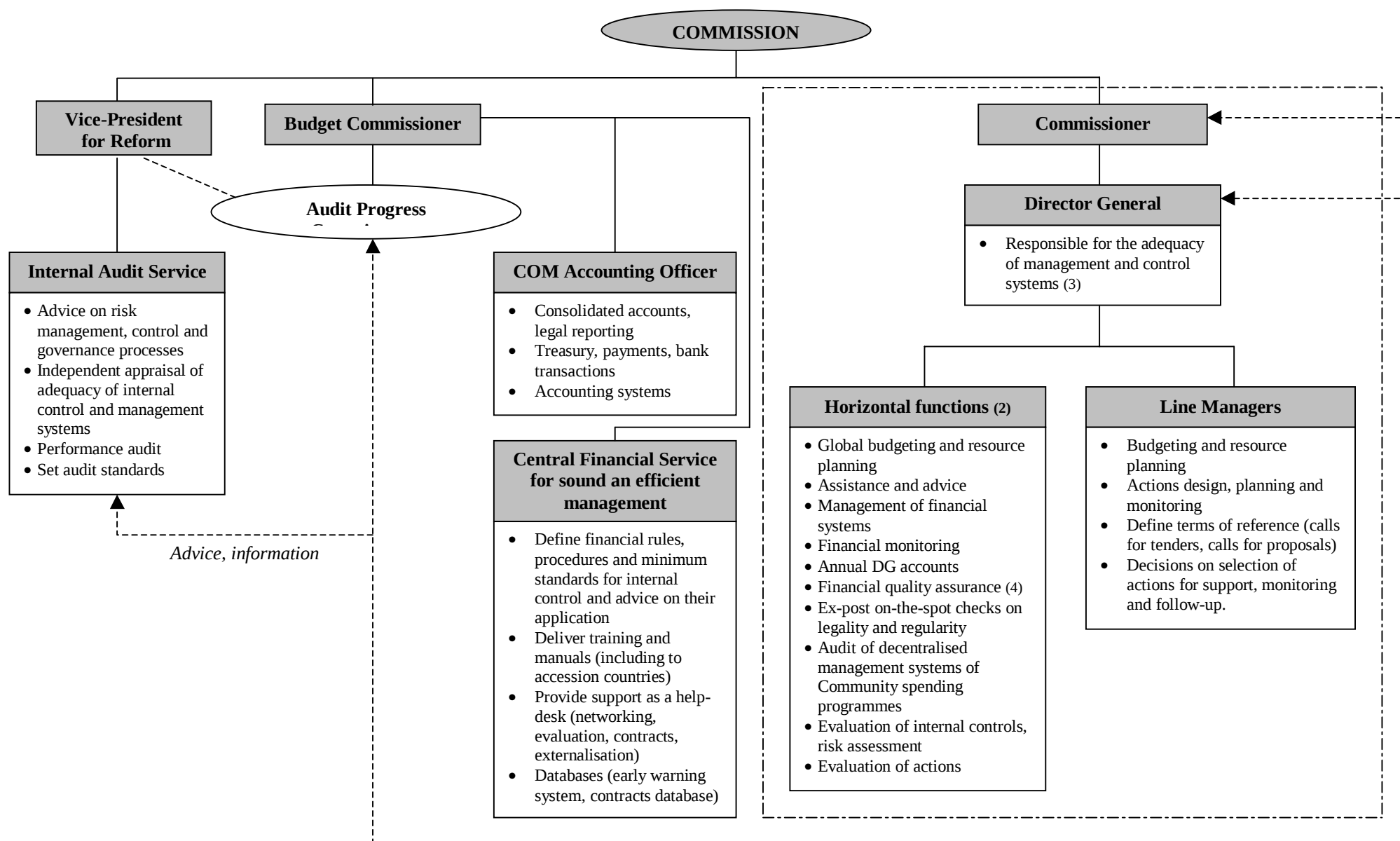
Set up in the Secretariat-General of the Commission, it will assist the College in defining its annual policy strategy (policy priorities and allocation resources) and will promote performance management throughout the Commission.

W

Williamson Report

Report issued in on 6 November 1999 by the “Reflexion Group on personnel policy” chaired by the former Secretary General of the Commission, David Williamson. The Group was composed on an equal basis of representatives of the Administration and of the Trade Unions / Professional Associations (OSPs); it was set up following an agreement between the Commission and Trade Unions/Professional Associations (OSPs) on 18 May 1998 and reviewed, during the July-November 1998 period, a wide range of human resources related issues. The report resulted in a series of conclusions and recommendations for further action.

FIGURE I: OVERVIEW OF THE NEW STRUCTURE FOR FINANCIAL MANAGEMENT, CONTROL AND INTERNAL AUDIT



(1) The Audit Progress Committee will assign responsibilities in the Commission relating to the follow-up to be given to audit reports, to monitor progress and to ensure that the Audit Service's work is fully embedded in the Commission.

(2) The Director General will decide on the most appropriate organisation to undertake these functions.

(3) The authorising officer checks the validity of the discharge ('*acquit libératoire*') for each transaction. The '*acquit libératoire*' implies that the invoice is ready to be paid by the accounting officer.

(4) The Director General to decide whether the financial quality assurance should include ex-ante control of transactions (*watchdog*).

Annex 4 to White Paper on Reforming the Commission
TIMETABLE OF ACTIONS
- ACTIONS 2000/2001 -

II. A CULTURE BASED ON SERVICE

Lead Service	Actions	Mrch	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2001
SG	I. Standards of behaviour in public life 1. A Committee on Standards in Public Life Commission Proposal Institutional Agreement				√						√	
SG	II. A code of good administrative behaviour 2. A Code of Good Administrative Behaviour		√									
SG	III. New rules to enhance Public Access to documents of Community Institution. 3. Proposal for a Regulation on public access to European Parliament, Council and Commission documents											May
SG	IV. Improving the dialogue with civil society 4. Development of a set of recommendations identifying best practices in consultation										√	
SG	5. Establishment of a list of the committees and working groups involved in formal or structured consultation procedures.											June
SG	V. Code of conduct with the European Parliament framework 6. Negotiate a new framework agreement in line with Parliament's Resolution of 15 September 1999 on the new Commission.	>>	>>	>>	>>	>>	>>	>>	>>	>>	>>	
DG ADMIN/DIL, CTI, SG, OPOCE, INFSO, Press Service	VI. Towards the e-Commission 7. Towards the e-Commission (a) ICT support (b) Communications networks 8. Meeting users' needs (a) feedback mechanisms and technology developments (b) Moving to interactive policy consultations using Internet (c) Constant improvement of the "Europa" Web site 9. Electronic public procurement and transactions					√	>>	>>	>>	>>	>>	
		>>	>>	>>	>>	>>	>>	>>	>>	>>	>>	
											√	
											√	
		>>	>>	>>	>>	>>	>>	>>	>>	>>	>>	
											√	
All DGs BUDG	VII. Speeding-up payments 10. Reporting on the record of individual DGs in meeting payment deadlines 11. Central invoices register											Jan. June

√ = Target Month

>> = Ongoing process or preparation time

Annex 4 to White Paper on Reforming the Commission
TIMETABLE OF ACTIONS
- ACTIONS 2000/2001 -

III. PRIORITY SETTING, ALLOCATION AND EFFICIENT USE OF RESOURCES

[illegible]

>> = Ongoing process or preparation time

42

Annex 4 to White Paper on Reforming the Commission
TIMETABLE OF ACTIONS
- ACTIONS 2000/2001 -

IV. HUMAN RESOURCES

Lead Service	Actions	Mrch	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	2001	2002
ADMIN/PCG HR	XI. Management performance 21. Selection of senior managers a. Proposals to render the selection procedures more professional b. An assessment of the application of the new rules on merit based appointments. c. The selection procedures for Heads of Units will also be revised. 22. Ensure continuing evaluation of management performance Adoption draft Commission Decision Adoption Commission Decision 23. Management training					√					√		
									√			April	
ADMIN/PCG HR	XII. Recruitment policy 24. Better identification of the Commission's needs 25. Improving the organisation of competitions 26. Geographical balance 27. Equal opportunities 28. Improving selection boards 29. Ensuring transparency for candidates All Consultative document Inter-institutional consultation Proposals for changes in Staff Regulations										√		
												Jun Dec	
ADMIN/PCG HR	XIII. Career structure, staff appraisal and promotion 30. Creation of a more linear career system Communication on new career system, incl. proposal to amend the Staff Regulations Submission of proposal to SRC Submission of proposal to the Council Agreement by the Council and implementation 31. Simplification of existing grading procedures - draft Adoption of Commission Decision 32. Establishment of a new annual staff appraisal system Draft Commission Decision Decentralised system 33. Promotion based on merit Adoption draft Decision Adoption Decision Application of new system 34. Flexibility in retirement age Consultative document setting out framework retirement + proposal to amend Staff Regulations & proposal scheme for engagemment Submission of proposal to SRC Submission of proposal to the Council								√				
						√				√		May Dec	√
									√			May	
									√			May	√
										√		May Dec	

√ = Target Month

>> = Ongoing process or preparation time

Annex 4 to White Paper on Reforming the Commission
TIMETABLE OF ACTIONS
- ACTIONS 2000/2001 -

IV. HUMAN RESOURCES continued...

Lead Service	Actions	Mrch	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	2001	2002	2003
ADMIN/PCG HR	XIV. Career guidance, mobility and underperformance													
	35. Provide access to career guidance													
	and 36. Encouraging mobility													
	Creation central career guidance function										√			
	Decentralised career guidance system											Jul.		
	New version SYSPER available												√	
	37. Tackling inadequate performance													
	Implementation early warning system										√			
	Consultative document on professional incompetence + draft Commission Decision + proposals to amend Staff Regulations								√					
	Adoption of Commission Decision + submission amendment Staff Regulations to SRC											Apr.		
	Submission of proposal to the Council											Dec		
	Agreement by the Council and implementation												√	
ADMIN/PCG HR	XV. Training					√	>>	>>	>>	>>	>>	>>		
	38. Promoting a learning culture					√	>>	>>	>>	>>	>>	>>		
	39. Supporting the Reform process									√				
	40. Integrating training with other areas of human resource management	>>	>>	>>	>>	>>	>>	>>	>>	>>	>>	>>		
	41. Reform of language training							√	>>	>>	>>			
	42. Create a New Officials Programme													
	Proposals								√					
	43. Increase training budgets													
	Report on measures to increase internal training activities								√					
	Initial increase in budget of 1,5 Mio€											√		
	Further total increase of at least 4Mio€												√	√
BUDG BUDG ADMIN/PCG/HR ADMIN/PCG/HR ADMIN/PCG HR	XVI. Non-permanent staff													
	44. Performance of core activities											√		
	a. Multiannual programme for transformation of credits											√		
	b. Multiannual programme of transformation of temporary posts													
	c. Amendment Commission Decision on detached national experts									√		May		
	Adoption of Commission Decision													
	d. Adoption Draft Commission Decision on recruitment of temporary agents									√		May		
	Adoption of Commission Decision													
	e. Phasing out of all other contractual staff on core tasks													Dec
	43. Use of non-permanent staff for non-core activities													
	Adoption of draft Code of Conduct									√		May		
	45. Adoption of Code of Conduct													
	46. Examine the need to change the Staff Regulations										√			

√ = Target Month

>> = Ongoing process or preparation time

Annex 4 to White Paper on Reforming the Commission
TIMETABLE OF ACTIONS
- ACTIONS 2000/2001 -

IV. HUMAN RESOURCES continued...

Lead Service	Actions	Mrch	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2001	2002
ADMIN/PCG HR	XVII - Equal opportunities and gender balance												
	47. <i>Gender balance</i>												
	Equal opportunities in the work place												
	Modernising the staff regulations												
	48. <i>Disability</i>												
	49. <i>Racial and ethnic diversity</i>												
	50. <i>Age</i>												
ADMIN/PCG HR	51. <i>Sexual orientation</i>												
	47-51 Consultative document + Draft Proposal for changes to the Staff Regulations								√				
	Proposal changes Staff Regulations to SRC											May	
	Commission proposal to Council											Dec	
ADMIN/PCG HR	XVIII. A better working environment and social policy												
	52. <i>A more service-oriented Directorate General for Personnel & Admin.</i>	>>	>>	>>	>>	>>	>>	>>	>>	>>	>>	>>	
	53. <i>Reconciling professional and private lives</i>												
	Consultative document + draft proposal modification Staff Regulations								√				
	Submission proposal to SRC											May	
ADMIN/PCG HR	54. <i>Social Policy</i>								√			Dec	
ADMIN/PCG HR	XIX. Transparency of personnel policy												
	55. <i>Clear rules applied in a clear way</i>					√							
	Publication Staff Reg. + other Commission's decisions & documents										√		
	Results review admin. proc. for application Staff Regulations												
	56. <i>The Staff Regulations</i>												
	Results examination + consultative document if necessary + draft proposals to change Staff Regulations										√		
ADMIN/PCG HR	Submission proposal to SRC											May	
	Submission proposal to Council											Dec	
ADMIN/PCG HR	XX. Discipline												
	57. + <i>Improvements at the level of administrative practice</i>												
	58. <i>Improvements in the staff Regulations</i>												
	Consultative document + proposals improving admin.proc. & amendments to S.R.								√				
	Adoption Draft Commission Decision								√				
	First reading proposal amendment Staff Regulations								√				
	Adoption Commission Decision											Apr.	
	Submission proposal to amend Staff Regulations to SRC											Apr.	
ADMIN/PCG HR	Submission proposal to Council											Dec	

√ = Target Month

>> = Ongoing process or preparation time

Annex 4 to White Paper on Reforming the Commission
TIMETABLE OF ACTIONS
- ACTIONS 2000/2001 -

IV. HUMAN RESOURCES continued...

Lead Service	Actions	Mrch	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2001	2002
ADMIN/PCG/HRD	XXI. Rules for whistleblowers												
	59. <i>Rights and obligations on reporting wrongdoing to be inserted in the Staff Regulations</i>												
	60. <i>Creation of a central mediation service</i>												
	56-60 Communication rules whistleblowing + proposal changes S.R. + clarification reporting wrongdoing to OLAF								√				
	Adoption Draft Commission Decision								√				
	Draft Inter-institutional agreement on whistleblowers								√				
	Creation central mediation service										√		
	Adoption Commission Decision											Mrch	
ADMIN	XXII. Pay and pension												
	61. <i>Proposed approach to pay & pensions</i>				√								
BUDG/ADMIN	XXIII. Resource implications of reform												
	62. <i>Review of the resource implications of reform and policy action to deal with it.</i>												
	Preliminary Draft Budget		√										
	Decision on allocation of posts			√									
	Communication on requirements							√					

√ = Target Month

>> = Ongoing process or preparation time

TIMETABLE OF ACTIONS

- ACTIONS 2000/2001 -

V. AUDIT, FINANCIAL MANAGEMENT AND CONTROL

Lead Service	Actions	Mrch	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	2001
BUDG/TFAR + PCG FC All DGs, BUDG+PCG FC BUDG+PCG FC SG, BUDG, TFAR+PCG FC BUDG	XXIV. Empowerment, responsibility and accountability of authorising officers and line managers											
	63. Description of the responsibilities of each financial actor			√								
	64. Delegation of powers											Jan
	65. Suppression of ex-ante visas		√									
	66. Financial Irregularities Panel											
	67. Financial liability governed only by the Staff Regulations		√			√						
ADMIN/TFAR/BUDG ADMIN/TFAR/BUDG ADMIN/TFAR/BUDG SG or BUDG	XXV. Creation of an Internal Audit Service											
	68. Setting up of an Internal Audit Service by May 2000	>>	>>									
	69. Reporting and Planning of the Internal Audit Service										√	Mrch
	70. Separation of internal audit from financial control		√									
BUDG+PCG FC BUDG BUDG+PCG FC BUDG, TFAR+PCG FC BUDG+PCG FC BUDG	XXVI. Creation of a Central Financial Service											
	72. Creation of a Central Financial Service			√	>>	>>	>>	>>	>>	>>	>>	Jun
	73. Advice on Contracting				√							Jun
	74. Contracts database											
	75. Operational manuals of financial management										√	
	76. Contracts and grants		√									
	77. User networks	>>	>>	>>	>>	>>	>>	>>	>>	>>	>>	
CFS+IAS, OLAF, PCG FC, TFAR All DGs+CFS+ PCG FC, TFAR All DGs+CFS+ PCG FC, TFAR All DGs+CFS, TFAR All DGs All DGs	XXVII. Financial Management and Control within Directorates-General											
	78. Minimum standards for internal control				√							
	Draft Proposal											
	Commission decision							√				
	79. Segregation of duties and financial circuits	>>	>>	>>	>>	>>	>>	>>	>>	>>	>>	
	80. Evolution of the role of finance units in DG	>>	>>	>>	>>	>>	>>	>>	>>	>>	>>	
	81. Strengthening the role of the DGs' control function	>>	>>	>>	>>	>>	>>	>>	>>	>>	>>	
All DGs All DGs All DGs	82. Declaration by the Director General in her/his Annual Activity Report	>>	>>	>>	>>	>>	>>	>>	>>	>>	>>	Apr
	83. Adequate levels of staffing	>>	>>	>>	>>	>>	>>	>>	>>	>>	>>	
All DGs+CFS+ PCG FC, TFAR All DGs+CFS+ PCG FC, TFAR All DGs+CFS+ PCG FC, TFAR BUDG, TFAR, ADMIN IAS ADMIN BUDG	XXVIII. The Transition Phase											
	84. Review and assessment of current internal controls and financial processes											
	Description of current systems		√									
	Self-assessment				>>	>>	>>	>>				
	85. Design of adequate internal controls and financial processes					√						
	Set up of control functions											
	Changes in organisation charts							>>	>>	>>	>>	Jun
	Compliance with all minimum standards											
	86. Decentralisation				>>	>>						
	87. Review of progress made by Commission's services in the change process								>>	>>	>>	Mar
BUDG, TFAR+ PCG FC	88. Financial Control DG and Inspectorate General of Services	√										
	89. Consultation of ACPC				√							
	XXIX. Human Resources and Training											
	90. Assessment of human resources needs for financial management and control											
	At the level of operational DGs				√							
BUDG, SG, LS OLAF, IAS, BUDGET, ADMIN All DGs, OLAF, BUDG BUDGET, IAS, LS, OLAF+PCG FC BUDG, OLAF, LS REGIO AGRI	At the level of the Commission							√				
	91. a) Training on the principles of the new Commission's financial system	>>	>>	>>	>>			>>	>>	>>	>>	Jul
	b) Training on 'value for money'							>>	>>	>>	>>	June
	c) Training on budgetary and financial management											>> July
BUDG, SG, LS OLAF, IAS, BUDGET, ADMIN All DGs, OLAF, BUDG BUDGET, IAS, LS, OLAF+PCG FC BUDG, OLAF, LS REGIO AGRI	XXX. Protecting the Community's Financial Interests											
	92. Guidelines for sound project management										√	
	93. Better co-ordination of interaction between OLAF and other services										√	
	94. Fraud "proofing" of legislation and contract management			>>	>>	>>	>>	>>	>>	>>	>>	>>
	95. Optimisation of Early Warning System											
	96. More effective management of recovery of unduly paid funds					√						
	97. Improved monitoring of Structural Funds					√						
	98. Simplified clearance procedure for EAGGF				√						√	

√ = Target Month

>> = Ongoing process or preparation time

Annex 4 to White Paper on Reforming the Commission
TIMETABLE OF ACTIONS
- ACTIONS 2000/2001 -

ABM	= WORKING GROUP ON B7ACTIVITY BASED MANAGEMENT
ADMIN	= DG PERSONNEL AND ADMINISTRATION
AGRI	= DG AGRICULTURE
AIMS	= WORKING GROUP ON ACTIVITY EXT BASED MANAGEMENT
BUDG	= DG BUDGET
DI	= INFORMATICS DIRECTORATE
F.CONTROL	= DG FINANCIAL CONTROL
IAS	= INTERNAL AUDIT SERVICE
IGS	= INSPECTORATE GENERAL
INFSO	= DG INFORMATION SOCIETY
OLAF	= ANTI-FRAUD OFFICE
OPOCE	= OFFICE OF PUBLICATIONS
PCG EXT	= PLANNING COORDINATION GROUP ON EXTERNALISATION
PGG HRD	= PLANNING COORDINATION GROUP ON HUMAN RESOURCES
PCG IAS	= PLANNING COORDINATION GROUP ON INTERNAL AUDIT SERVICE
PCG FIN	= PLANNING COORDINATION GROUP ON THE FINANCIAL CIRCUIT
REGIO	= DG REGIONAL POLICY
SG	= SECRETARIAT GENERAL
SJ	= LEGAL SERVICE
SRC	= STAFF REGULATIONS COMMITTEE
TFAR	= TASK FORCE ON ADMINISTRATIVE REFORM



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VOLUME II

REFORMING THE COMMISSION

A White Paper – Part II

ACTION PLAN

(presented by the Commission)

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Figure I: Annual Strategic Planning and Programming Cycle

Figure II: Reform of Personnel Policy

Figure III: The Financial Circuit

Figure IV: Overview of the implementation process for strengthening financial management and control capacity within DGs

CHAPTER II – A CULTURE BASED ON SERVICE

I - STANDARDS OF BEHAVIOUR IN PUBLIC LIFE

1. OBJECTIVE

To support holders of public office and officials in maintaining high standards of ethical behaviour thereby contributing to the confidence of the public in the functioning of the European Institutions.

Standards in public life are not static. Although ethical standards must be reflected in the legal framework of the European Institutions, an additional explicit ethical framework can help to focus on results and to clarify remaining grey areas. In the context of the current administrative reform the additional challenges that a clear and workable framework for ethics will have to address are greater decentralisation and delegation of authority, new forms of service delivery and a greater focus on the interests of users.

All this puts greater emphasis on accountability. The purpose of action in this area is to supply a general framework to support holders of public office and officials in dealing with the more complex ethical issues involved in new ways of delivering public services and new management approach, and to prevent corruption.

2. ACTION RECENTLY TAKEN

A Code of Conduct for Commissioners and a Code of Conduct governing relations between Commissioners and Departments were adopted by the Commission in the second half of 1999.

In November 1999 the Commission approved at first reading a draft Code of Good Administrative Behaviour (see Chapter II-II - A Code of Good Administrative Behaviour).

3. NEW ACTION TO BE IMPLEMENTED

Action 1 A Committee on Standards in Public Life

The Commission will propose that such a Committee will be established via an inter-Institutional Agreement. The Committee's role would be to provide advice on ethical standards in the European Institutions. This could include a contribution in the context of a general Code of Conduct applicable to the European Institutions and of specific Codes of Conduct for each Institution as well as assistance in the monitoring and implementation of these codes.

Coherence will be sought with other measures concerning professional standards, in particular with those laid down in legal instruments (see Chapter IV-XIX, Action 55 & Action 56).

4. LEAD SERVICE(S)

Action 1 SG

5. TIMING

Action 1 June 2000 – Commission proposal.

December 2000: target date for inter-Institutional agreement

CHAPTER II – A CULTURE BASED ON SERVICE

II - A CODE OF GOOD ADMINISTRATIVE BEHAVIOUR

1. OBJECTIVE

To establish guidelines for officials in their relations with the public following the call for a Code of Conduct in this area by the Ombudsman in July 1999.

2. ACTION RECENTLY TAKEN

Preparation for a Code of Conduct for staff of the European Commission dates back to Autumn 1997. A first draft code was made available to staff on the Commission's Intranet in April 1998. In November 1999 the Commission approved at first reading a draft Code of Good Administrative Behaviour. The Commission is currently consulting the staff representatives on the draft.

3. NEW ACTION TO BE IMPLEMENTED

Action 2 A Code of Good Administrative behaviour

The Code applies to Staff employed under the Staff Regulations and the Conditions of Employment of Other Servants of the European Communities. It establishes guidelines for good administrative behaviour in the relations with the public.

4. LEAD SERVICE

Action 2 SG

5. TIMING

Action 2 April 2000, second reading by the Commission and adoption of the Code

CHAPTER II – A CULTURE BASED ON SERVICE

III - NEW RULES TO ENHANCE PUBLIC ACCESS TO DOCUMENTS OF COMMUNITY INSTITUTIONS

1. OBJECTIVE

To implement the right of access of citizens and residents in the European Union to documents of the three institutions in line with Art. 255 of the Amsterdam Treaty.

2. ACTION RECENTLY TAKEN

Code of Conduct concerning public access to Commission and Council documents implementing declaration No. 17 attached to the Maastricht Treaty. Adopted on 6.12.1993 by the Council and on 8.4.1994 by the Commission. The European Parliament adopted virtually identical rules on 25.9.1997.

3. NEW ACTION TO BE IMPLEMENTED

Action 3 *Proposal for a Regulation on public access to European parliament, Council and Commission documents*

In drawing up this proposal for a regulation, the Commission has taken into account, inter-alia, best practices in Member States' legislation on access to documents.

The proposal represents an extension to the existing voluntary code which has existed for five years. It includes incoming documents as well as those drawn up by the institutions. It requires the institutions to provide public registers of documents and to help citizens exercise their rights.

Providing the widest possible access is the rule and the provisions in the proposed regulation which limits the general rule of access are not new restrictions but merely a clarification of existing practice. The definition of what is a document excludes "texts for internal use such as discussion documents, opinions of departments and informal messages". This is in agreement with the second report of the Committee of Independent Experts which emphasised that "like all political institutions, the Commission needs the space to think to formulate policy before it enters the public domain".

4. LEAD SERVICE(S)

Action 3 SG

5. TIMING

Action 3 Adopted by the Commission on 26 January 2000. According to Art. 255.(2) of the Treaty of Amsterdam this regulation will have to be adopted by the Council according to the co-decision procedure before May 2001.

CHAPTER II – A CULTURE BASED ON SERVICE

IV - IMPROVING THE DIALOGUE WITH CIVIL SOCIETY

1. OBJECTIVE

The Commission adheres to the principle of open government. Timely consultation with all stakeholders at an early stage of policy-shaping is therefore increasingly part of the Commission's practice of consulting widely, in particular before proposing legislation, to improve policy design and to increase efficacy.

In order to be mutually beneficial, dialogue and consultation require proper planning and a high level of commitment by all participants throughout the process. The Commission therefore wishes to develop a framework of principles for creating a more structured and more transparent dialogue with Civil Society Organisations.

2. ACTIONS RECENTLY TAKEN

On 18 January 2000 the Commission approved the Discussion Paper entitled "The Commission and Non-governmental Organisations: Building a Stronger Partnership". The purpose of this document is two-fold. First of all, it aims to give an overview of the existing relationships between the Commission and NGOs including some current problems. Secondly, it aims to suggest possible ways of developing these relationships by considering the measures needed to improve and strengthen the existing relationship between the Commission and the NGOs. Thus, the Discussion Paper suggests ways of providing a more coherent Commission-wide framework for co-operation that has hitherto been organised on a sector-by-sector basis.

3. NEW ACTION TO BE IMPLEMENTED

Action 4 *Development of a set of recommendations identifying best practice in consultation*

Action 5 *Establishment of a list of the committees and working groups involved in formal or structured consultation procedures, including information about the civil society organisations belonging to them (their legal status, objectives, membership structure, and main sources of financing). This information will be made available to the general public on the EUROPA server.*

4. LEAD SERVICE

Action 4 SG

Action 5 SG

5. TIMING

Action 4 December 2000

Action 5 June 2001

CHAPTER II – A CULTURE BASED ON SERVICE

V - FRAMEWORK AGREEMENT WITH THE EUROPEAN PARLIAMENT

1. OBJECTIVE

To negotiate a new Framework Agreement providing a clear codification of relations between the new Commission and Parliament. The new agreement will build on the principles and the practices of the current agreement, bringing them into line with the institutional changes that resulted from the Treaty of Amsterdam.

2. ACTION RECENTLY TAKEN

There is a Code of Conduct in force that was agreed between the previous Commission and Parliament in 1995.

3. NEW ACTION TO BE IMPLEMENTED

Action 6 *Negotiate a new framework agreement in line with Parliament's Resolution of 15 September 1999 on the new Commission.*

4. LEAD SERVICE(S)

Action 6 SG

5. TIMING

Action 6 Negotiations are underway and they will be concluded at the earliest opportunity.

CHAPTER II – A CULTURE BASED ON SERVICE

VI - TOWARDS THE E-COMMISSION

1. OBJECTIVES

Technological development holds out the potential of modernising the administration and improving its communication and working methods both internally and with its partner organisations and interlocutors.

The Commission's initiative "eEurope – An information Society for all"¹, under its action line 10 "Government online", set ambitious targets for the Member States and the Commission for harnessing information technology and Internet to provide better public services to the citizens. An easy access to public sector statistics and data and electronic public procurement can also give a strong stimulus for new private sector value-added services.

An administration based on a high-performance informatics infrastructure will be able to progressively reduce the usage of paper: it will keep information electronically stored (archiving and management of documents by e-mail) and it will undertake communications and presentations based on computer technology. This requires effective use of security and encryption technologies.

In 1995, "Europa" was established as the single Internet site of the European Commission. The Commission uses this site to provide information to and communicate with European citizens.

The growth of "Europa" has been very significant; recent data shows an impressive level of consultations: 100 million hits were recorded in November 1999. "Europa" has become the main information site on EU affairs in the world. "EuropaPlus", the internal Commission's Intranet site, is also widely used by Commission officials and those of the other EU Institutions.

It is foreseen that the use of the Internet will grow strongly over the coming years. At the same time, the development and introduction of new technologies will have a major impact on the way in which the Internet is used. The Commission must be at the forefront of web-based technologies, which is the only solution to cope with the increased demand and to offer a professional service. This requires a substantial up-grading of Commission's communications networks to ensure appropriate data transmission capacity.

2. NEW ACTION TO BE IMPLEMENTED

Action 7 *Definition of a strategy towards the e-Commission: better use of ICT and communications networks*

(a) Better use of ICT

The Commission must design a medium-term strategy to adapt its current IT policy, organisation and resources in order to create the e-Commission, thereby progressively reducing the use of paper, and developing an essential building block for the Reform .

It is evident that all working methods have to make use of the potential of ICT. The Reform approach with its intention to improve procedures within new organisational frames is an opportunity to apply business-engineering techniques to streamline and simplify procedures and then to build the appropriate ICT support. This calls for a revision of internal policy, organisation and resources.

ICT support will concentrate on:

- Review of current ICT policy (assessment of services needs – including specific profiles, feedback mechanisms, priorities setting, decision-making process, etc.) and proposal for a new approach;
- Information systems to assist operations like policy making (see ABM) and spending funds;

¹ COM (1999) 687, 8 December 1999

- Information systems to assist administration like accounting, contracts, clients, personnel etc.;
- Electronic document management to support working in groups and to facilitate research of information, composition of documents, communication of documents etc;
- Information tools for researching and aggregating information as input to strategic, conceptual and planning work. The same tools can also be used in audit and evaluation procedures;
- A coherent policy to increase the availability of advanced communications systems and facilities, with a view to improving real-time communication between Commission sites and offices world-wide, as well as with other European institutions and Member States administrations;
- Training, technical advice and helpdesk that will accompany the implementation of information technology supported working methods.

Urgent attention has to be given in particular to the specific needs of delegations some of which do not even have adequate access to the most basic facilities (e-mail, internet, video-conferencing) not to mention the financial management systems they will need in order to take on more responsibilities for project implementation.

(b) Up-grading and improving the security of the Commission's communications networks

The Commission's communications' networks will need to be up-graded and made more secure in order to meet the challenge of the e-Commission. The first step will thus be the definition of a general strategy. Communication networks both internal to the Commission and the Institution's connections to the outside world, as well as supporting server infrastructure and the software it uses need to be at the cutting edge, if the ambitions of the e-Commission are to be achieved. As far as telecommunications costs are concerned, the liberalised markets should offer opportunities for savings.

Action 8 *Meeting users' needs: internally and externally*

(a) Feed-back mechanisms and technology developments

The Commission must set-up a procedure to obtain regular feedback from users and regularly monitor technological developments. This will allow to properly assess the level of equipment of consumers, their needs and their comments, with a view to meeting their requirements (multi-lingual, access for disabled and visually impaired people, presentation of information, a rapid reply system, etc.).

(b) Moving to interactive policy consultations using Internet

In line with the targets of eEurope Initiative, the Commission should extend the use of the Internet to ensure consultation and feedback on major political initiatives. The aim would be to go beyond simply publishing policy documents on Internet, and to establish appropriate feedback mechanisms. Resources will have to be made available to this end.

(c) Constant improvement of the "Europa" Web site

The Commission must allocate the necessary financial, technical and personnel resources for constant maintenance and up-grading of the "Europa" site. Defining the necessary resources will thus be the first step. "Europe" is already a well-known site, and maintaining it up to highest standards is vital for the e-Commission's image and credibility.

Action 9 *Electronic public procurement and transactions*

The Commission will propose changes to the EU's public procurement legal framework to allow the use of electronic means in all public procurement procedures and transactions. For its own part, the Commission will aim to offer the possibility to citizens to carry out all their interaction with the Commission electronically. Internally, the use of electronic signatures will be accepted and encouraged for administrative acts, in line with the electronic signatures directive adopted in November 1999.

3. LEAD SERVICE(S)

Action 7 (a) DG Admin/DIL, CTI, DG BUDG, DG INFSO, SG

(b) DG Admin, DG INFSO, DG BUDG, SG

Action 8

(a) DG Admin, supported by OPOCE, INFSO, Press Service, DG BUDG, SG

(b) DG MARKT to lead pilot exercise, supported by OPOCE, INFSO, SG and Press Service

(c) DG ADMIN, DI, SG

Action 9

Modifications to public procurement Directives: DG MARKT, supported by INFSO, DG ADMIN, and SG

Commission procurement practices: DG BUDG, SG, supported by DG MARKT and DG ADMIN

Electronic Signatures Directive: DG BUDG, SG, supported by DG ADMIN

4. TIMING

Action 7

(a) July 2000: review of the Commission's overall ICT policy.

(b) On-going

Action 8

(a) December 2000

(b) Review by end 2000

(c) On-going

Action 9

Review by end 2000

CHAPTER II – A CULTURE BASED ON SERVICE

VII - SPEEDING UP PAYMENTS

1. OBJECTIVE

Delays in the payment by the Commission of monies it owes causes difficulties for the beneficiaries and is bad for the Commission's image not least because the Commission itself, in its Enterprise Policy, proposed legislation to end such practices.

It is Commission policy that all valid invoices should be submitted within 60 days. For a variety of reasons, this timeframe is respected for only 60% of the current payments respect it. The objective of the Reform is to raise this to 95% by 2002. In addition to the current central monitoring of the performance of departments in this area, Directorates General will be asked to include information about their record on meeting the 60 day rule when reporting on performance generally in their Annual Activity Report. Improved information systems will assist monitoring across the Commission on a consistent basis. In any case, the Commission is committed to working towards the same discipline in its payments as it has proposed for the public authorities of Member States in its proposal for the Directive on combating late payments in commercial transactions.

The sheer scale of the number of individual financial transactions handled annually by the Commission – now over 600 000 and more than double what it was five years ago – is a factor in delaying the processing of payments. When designing their systems for financial management, Directorates General should also take account of the different workload involved in handling grants, say, as opposed to contracts and of the number of payments per commitment.

2. COMPLEMENTARY ACTIONS

Various actions under the Reform will reduce the number of controls and increase the efficiency of the system. Their implementation will have an impact on the time taken to process payments:

- The abolition of the centralised ex-ante visa and the rationalisation of the respective tasks of the authorising officer and the accounting officer

Expected impact on average time to make payments: 15 days.

- The responsabilisation of managers will have a double impact on the shortening of payment delays: first, managers will be directly accountable for the output of their service and their performance assessed against objective criteria such as the payment performance of their service; secondly, the review of financial processes in order to better define tasks and responsibilities will make redundancies visible and therefore allow to avoid them

Expected impact on average time to make payments: 10 days.

- The standardisation of contracts will establish common rules and provisions on the way claims are submitted and this should speed up the processing of invoices.

Expected impact on average time to make payments: 10 days.

3. NEW ACTION TO BE IMPLEMENTED

Action 10 *Reporting on the record of individual DGs in meeting payment deadlines*

Services will be asked to set their own targets for meeting the Commission-wide target of payment in 60 days for 95% of invoices by 2002 and to report on the measures taken as well as the results in their

Annual Activity Report. The appraisal by the Commission of the outputs delivered by services will take into account this indicator.

Action 11 *Central invoices register*

A common information system for registering invoices, also covering delegations, will be available services to allow a better follow-up. This system will be linked to the contracts database, the bank accounts system (third-party file) and the accounting system (Sincom) and will need to be accessible to delegations as well as to headquarters departments.

4. LEAD SERVICE (S)

Action 10 All DGs.

Action 11 DG BUDG.

5. TIMING

Action 10 January 2001 - Annual Activity Reports for 2000 and annually thereafter.

Action 11 June 2001.

CHAPTER III – PRIORITY SETTING, ALLOCATION AND EFFICIENT USE OF RESOURCES

VIII - ACTIVITY BASED MANAGEMENT (ABM)

1. OBJECTIVE

Activity Based Management (ABM) is the covering notion for the new programming, budgeting, management and reporting methods adopted by the Commission. It encompasses prioritisation and resource allocation at the level of the College and general principles for management at the level of departments. It covers all resources managed by the Commission regardless of the budgetary source and thus covers the European Development Fund and the ECSC as well as the Community Budget.

In future, planning and programming must be seen as organising resources to carry out activities that pursue clearly defined policy objectives and priorities. Management by activities aims to: (1) increase cost awareness through integrated decisions on priorities, objectives, activities and allocation of human, administrative and financial resources, (2) articulate strategic planning with the operational programming of activities and the monitoring and evaluation of their implementation, and (3) develop performance management by emphasising results rather than input control.

Activity Based Management brings together the following elements:

a) Strategic planning and budgeting

Planning will take the form of 5-year strategic priorities and of an Annual Policy Strategy (APS) comprising policy objectives, the main activities designed to pursue the objectives for each policy and the corresponding human, administrative and financial resources. Policy priorities and budgetary orientations will provide the basis for the preparation of the activity-based Preliminary Draft Budget (PDB) and the Commission's decision on the allocation of human resources.

b) Operational programming and management

The Annual Policy Strategy will be translated into specific policy objectives and operational activities (DG mission statements and work programmes) and human, financial and administrative resources assigned to these activities. The Commission Work Programme covers the new operational decisions to be taken by the College in execution of the Annual Policy Strategy.

Programming of operational activities must include monitoring, evaluation and reporting provisions.

c) Monitoring and reporting

Monitoring is crucial for timely adjustments in programming. Each DG must design monitoring arrangements that ensure that information on outcomes and use of resources is regularly collected. This information will be aggregated into an *Annual Activity Report* issued by each DG and providing feedback for planning and programming for subsequent years.

An IT instrument will help to stock and process monitoring information and to compile annual reports.

d) Evaluation

Good monitoring is a prerequisite for proper evaluation. Policy and programme/project evaluation, ex-ante and ex-post, must become systematic within operational DGs and address effectiveness and added value in achieving results and economy and efficiency in the use of human,

administrative and financial resources. Evaluation results must be fed into the planning and programming process.

e) Internal Audit

The new Internal Audit Service will contribute to the consolidation of Activity Based Management through its independent appraisals of the management systems of Commission departments. It will report to the Audit Progress Committee on the evolution of ABM practices and on the quality of information supplied in the annual reports.

2. ACTION RECENTLY TAKEN

Since September 1999 the Commission has taken important decisions in order to improve strategic planning and co-ordination and adapt service structure to new needs. These include:

- the adoption of 5-year strategic priorities;
- an annual orientation debate on policy priorities and objectives;
- the allocation of resources in accordance with the priorities and objectives, and on the basis of accurate and transparent assessments of organisational requirements;
- the gradual introduction of activity-based budgeting (ABB) ensuring that:
 - budgeting and financial management takes place in an integrated manner on the basis of activities linked closely to the Commission's priorities and objectives;
 - these decisions are informed through dependable monitoring, evaluation and auditing systems.
- the pilot implementation and introduction throughout the Commission of a computerised instrument to support the planning and programming process.

3. NEW ACTION TO BE IMPLEMENTED

Action 12 *A new strategic planning and programming (SPP) cycle (see Figure 1 and related text of chapter III.1 in White Paper)*

The Commission will institute a new, policy-driven, planning and programming cycle synchronised with the budgetary process. A policy circular issued by the President will provide orientation to Directorates-General for the elaboration of an annual policy strategy (APS) which will set out policy objectives, proposed policies and corresponding resources. The APS will provide the basis for the establishment of the Preliminary Draft Budget, operational programming by the DGs and of the Commission's Work Programme. The length of the budget approval procedure means that this work has to begin thirteen months before the start of the programming year (i.e. for the 2002 budget in December 2000).

The Commission will initiate discussions with the European Parliament and the Council with a view to reaching a satisfactory agreement with them on the scope of the Annual Policy Strategy, the structure of the Activity-Based Budget, their respective roles and the workings of the strategic planning and programming cycle. The latter must also provide for fast-track adjustment of the Policy Strategy and of the Commission's Work Programme in the light of new urgent circumstances.

Action 13 *Establishment of a Strategic Planning and Programming function*

The need to articulate strategic planning and operational programming of activities, to integrate decisions on priorities, policy objectives, activities with those on the allocation of resources and to promote management by objectives and results calls for the creation of a new central function to prepare the Annual Policy Strategy debate, ensure a consistent follow-through and promote performance management.

This *Strategic Planning and Programming (SPP)* function will be created in the Secretariat-General. Its role will be twofold:

- a) Assisting the College in the setting of policy priorities and resource allocation by:
- issuing the annual policy circular on the initiative of the President and following a Commission debate and drafting the Commission's Annual Policy Strategy (APS) and Work Programme, in close co-operation with DG Budget and other DGs. The planning and programming function will synthesise the information available in a common format, including ex-ante and ex-post policy evaluation and human and financial resource implications and will thus facilitate an integrated discussion between the Institutions on policies and budgetary implications. The preparation of the Preliminary Draft Budget (PDB) and the actual allocation of resources will be undertaken by DG Budget in line with the Annual Policy Strategy,
 - assessing the coherence of operational proposals made in implementation of the Work Programme,
 - assisting the Commission in the establishment and overall direction of a coherent evaluation programme with due attention to strategic planning priorities and timetable,
 - monitoring the pertinence of administrative structures and the adequacy of staff forces.
- b) Promoting performance management by ensuring co-ordinated norms and diffusion of good practice in respect of the planning and programming process, monitoring and evaluation, the integration of information systems, and the organisation of administrative structures. Special attention will be given to streamlining reporting arrangements and ensuring that the Annual Activity Report becomes a simple and efficient instrument for presenting monitoring information.

The strategic planning and programming function will be established in July 2000 and endowed with adequate human, administrative and financial resources to fulfil the above duties.

The division of tasks between the strategic planning and programming function, DG Budget and the Internal Audit Service in setting standards and providing advice on different aspects of Activity Based Management, particularly on monitoring, reporting and evaluation, will be defined at the same time.

Action 14 *Development of an activity-based IT instrument to support Activity Based Management*

The successful introduction of Activity Based Management will depend crucially on the deployment of an adequate IT instrument for stocking and transmitting management information both at strategic and at operational level. A prototype has been prepared under the name Integrated Resource Management System (IRMS). The scope of this instrument must be adapted to cover the information systems for planning and programming, budget, financial and human resource management. The instrument should respond flexibly to basic harmonised requirements across the Commission, thus avoiding proliferation of disconnected systems. It will extend to the External Service activities and resources including the European Development Fund.

Action 15 *Promote diffusion of Activity Based Management practice and 'learning by doing'*

More than establishing a planning tool, the introduction of Activity Based Management entails a profound cultural change in management practices, strong and persistent commitment at the highest level, a continual process of 'learning by doing' and effective ownership by users. Its implementation is also closely linked to the actions proposed under the section VIII on 'More efficient working methods' and the chapter IV on 'Human resources development'. It is, therefore, necessary to:

- establish an awareness-raising and training programme on Activity Based Management,
- implement pilot exercises in several DGs (in conjunction with the dissemination of IRMS).

The dissemination of ABM (and of IRMS) will become an essential concern and responsibility of the strategic planning and programming function and of the corresponding planning services within DGs.

Action 16 *Strengthening of the evaluation system*

The general principles for evaluation of SEM 2000 need consolidation and further precision to fully coincide with Activity Based Management. The Commission will issue a Communication on the ways to strengthen the instruments and structures for evaluation following the lines presented above.

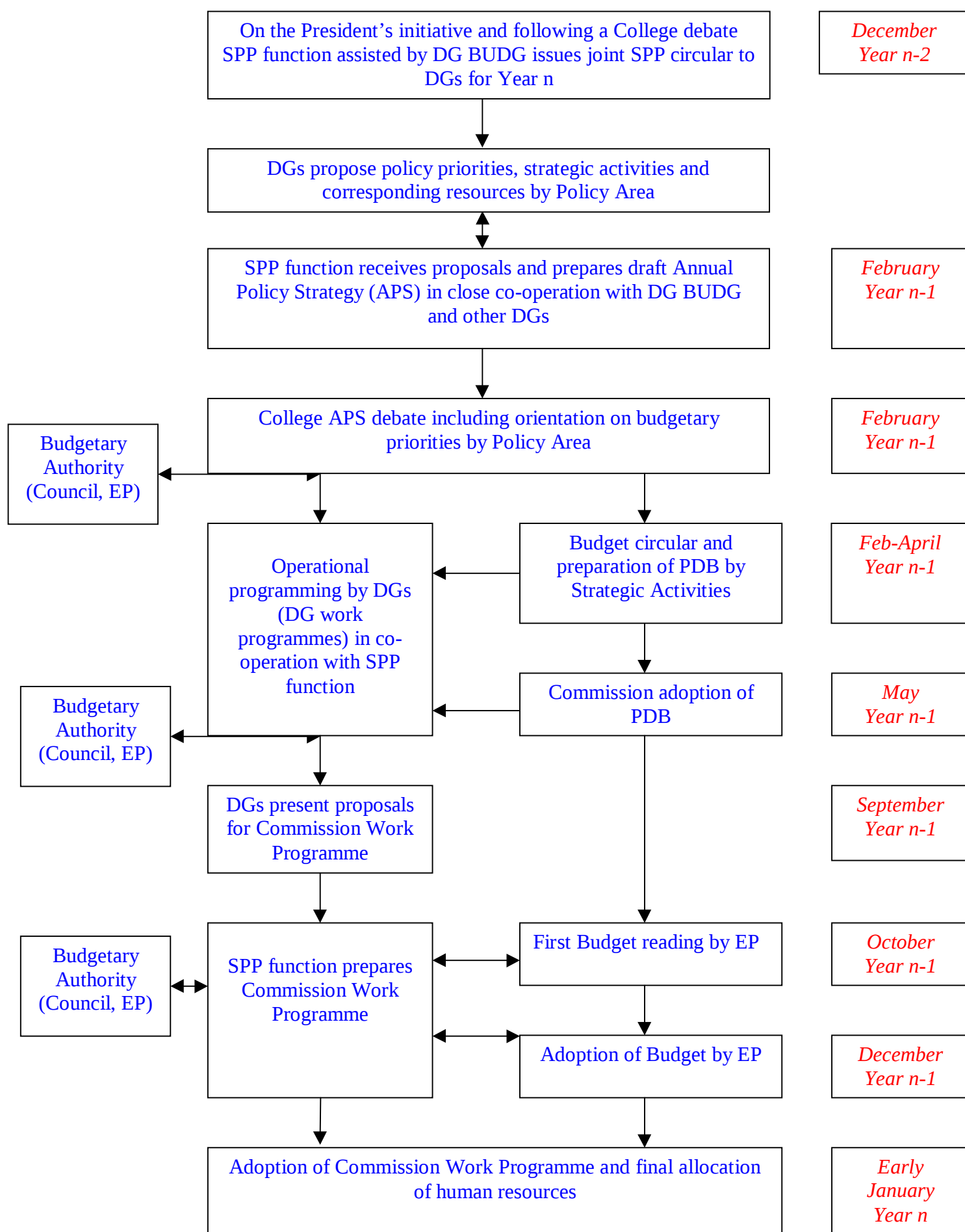
4. LEAD SERVICE(S)

- Action 12** SG with the support of the Activity Based Management (ABM) group, DG BUDG.
- Action 13** SG with the support of the ABM group, DG BUDG.
- Action 14** IRMS working to the ABM group.
- Action 15** DG Admin-DI with the support of the ABM group.
- Action 16** DG Budget (pending the establishment of the strategic planning and programming function) with the support of the ABM group.

5. TIMING

- Action 12** Autumn 2000 – Discussion with EP and Council;
October 2000 – adoption of guidelines to operational services;
December 2000 – 1st Strategic Planning and Programming Circular;
January 2001 First Annual Activity Report by DGs.
- Action 13** May 2000 – Commission decision on definition of organisational structure and resources of Strategic Planning and Programming function;
July 2000 – Commission decision on the establishment of SPP function.
- Action 14** February-September 2000 – Development of IRMS instrument in line with Activity Based Management specifications;
January 2002 – Full deployment of IRMS throughout the Commission.
- Action 15** May 2000 – Definition and launch of Activity Based Management training programme and pilot actions.
- Action 16** May 2000 – Commission Communication on strengthening of the evaluation system.

Figure I: Annual Strategic Planning and Programming Cycle



CHAPTER III – PRIORITY SETTING, ALLOCATION AND EFFICIENT USE OF RESOURCES

IX - DEVELOPING AN EXTERNALISATION POLICY

1. OBJECTIVE

The Commission services perform a variety of different activities. The Commission's origins were those of an organisation that initiated measures to further European integration and acted as the guardian of the Treaties – with a heavy emphasis on regulatory activities. With the passage of time, the Commission has concentrated more and more on a third activity - managing significant budgets and operational programmes. It is clear that the Commission will continue in the future to engage in all three activities, but the degree of relative emphasis placed on each of them is crucial in determining resource needs, organisational structures and management requirements.

The more rigorous approach to priority setting, which lies at the heart of the reform process, will contribute to a clearer identification of the Commission's core activities. It provides also the wider context in which to address the central questions of why and when externalisation is to be recommended, how far externalisation can go, and the form it should take. Core activities² are those that the Commission exercises by virtue of its role and powers under the Treaty and are thus central to its *raison d'être*. These are the missions which the Commission carries out in pursuit of the Union's objectives: accordingly they may change as the Union develops. Core activities will always be carried out by the Commission itself, although certain support tasks that are not fundamental to the activity itself could be outsourced.

Non-core activities can be externalised if this is more effective and efficient, without a loss of accountability. Non-core activities are public service activities that do not necessarily have to be done at EU level but, if they are, they must be done by the Commission. The way in which the Commission does so does not preclude a degree of externalisation of related tasks provided that the form chosen enables the Commission to retain the appropriate level of control. Moreover, an alternative to externalisation for certain non-core tasks can be to perform them in-house with contractual staff.

In any event, the Commission should refuse to take on any non-core activity which it does not feel able to discharge within an acceptable margin of risk, regardless of whether the activity is to be managed in-house or externally. The performance of core activities will continue to be confined to the Commission services.

For the execution of non-core activities involving budgetary outlays – notably the running of programmes and actions – a choice needs to be made between carrying these activities out internally, externally, or in a mixed manner. The guiding principles for the choice should be cost-effectiveness and accountability, in particular taking full account of such elements as the political presence and visibility of the European Union as well as the ability of the Commission to exercise its responsibilities under Article 274 of the Treaty for the execution of the budget.

² Activities are established following an examination of the strategic objectives of the Commission which have been set by political decisions: Treaties; Council/Parliament; Commissioner; Director General; (*a contrario*, activities can only be deleted by a political decision at the same political level). A *task* relates to any type of work that has to be carried out as part of an activity. The DECODE list included management, co-ordination, policy development and methodology, representation and negotiation, relations with other institutions, drafting and monitoring legislation, case handling, management and execution of programmes/projects, Financial & budgetary management, statistics & economic analysis, 'on the spot' controls, evaluation, informatics, information & communication, staff management, administrative/logistic support, linguistic. See DECODE Vademecum.

2. ACTION RECENTLY TAKEN

Guide to Technical Assistance Offices – July 1999

Decision by the Commission on general guidelines for an externalisation policy - December 1999

3. NEW ACTION TO BE IMPLEMENTED

Action 17 A framework for externalisation

The Commission intends to elaborate a policy on externalisation which will cover the issues of the circumstances in which externalisation is to be recommended, the limits to externalisation, and the types of externalisation which are possible.

By externalisation, the Commission has in mind three main forms of the delegation of all or part of the Commission's activities or tasks, namely:

- **Devolution**, defined as the delegation of responsibilities to public service bodies that can either be part of the Community administrative structures (including, for example, existing agencies, new implementing bodies as suggested by the EP and Committee of Independent experts) or national/transnational public bodies acting as 'intermediaries' for the implementation of certain Community policies. The extent of activities/tasks that may be devolved to these bodies can go much further than what is or could be externalised to private-sector bodies.

This type of externalisation may be appropriate for non-core activities that can be done more flexibly and efficiently, with a certain degree of independence from the Commission services in a strict sense: frequently, these are the technical activities linked to policy implementation which have been given to Agencies such as the European Medicines Evaluation Agency. However, in the case of either other agencies of the traditional type (e.g. the future Food Authority) or new implementing bodies, it is conceivable that the delegation of responsibilities may go beyond purely technical activities.

- **Decentralisation**, defined as the delegation of responsibilities to public service national public bodies acting as intermediaries for the implementation of certain Community policies. A variant of this is the delegation of responsibilities to transnational public such as CENE-CENELEC or the UN). As in the case of devolution, the extent to which activities/tasks may be devolved to these bodies goes further than what is or could be externalised to private-sector bodies.

This type of externalisation may be appropriate for non-core activities or tasks where the execution of clearly defined objectives is carried out in a partnership with public bodies. This is already the case, for example, in the Structural Funds and some internal policy and external aid programmes.

- **Outsourcing** (*Fr. sous-traitance*), defined here as the delegation to private sector entities, typically involving a contractual relationship. This mostly includes non-core tasks (e.g. security guards).

This may be appropriate for non-core activities as well as, possibly, specific tasks related to core activities that can be wholly or partly entrusted to external contractors: these are typically support tasks which can be clearly defined and for which expected outputs can be readily measured. This category covers tasks that require specialist expertise not easily available in the Commission (for example, for evaluations) as well as tasks that are more efficiently externalised, such as the security guards.

The policy will establish a set of criteria so that the decision to externalise for any given task or activity and the way in which it is done is done on a consistent basis across the Commission.

The option of externalisation will only be chosen if it is a more efficient and effective means of delivering the service or goods concerned. Within this, important factors include the respect of the rules set by the legislative and budget authority; the proximity to the target population; the visibility of the European Union's role; the need to retain an appropriate level of expertise in-house; ensuring that the delegation of activities or tasks do not reduce the Commission's freedom of action; and ensuring, where appropriate, that basic principles like objectivity, impartiality, and proportionality are duly taken into account.

Each cost/benefit analysis of the possibility to externalise an activity will take account of opportunity costs and of the resource costs for the Commission in technical preparation, support, supervision and control. There should be clear reporting guidelines for bodies carrying out externalised activities and they should be able to carry out their work for the Commission without interference from outside. The issue of how responsibility is to be exercised by the authorising service in the Commission will need to be given special attention.

A Communication in September will set out a proposed regulatory framework, an inventory of activities that could be externalised, a possible timetable for testing new arrangements by 2001, and a first assessment of the human resource implications. The Communication will review the experience to date of the different types of externalisation. It will take account, among others, of a review launched by DG ADMIN into the future role of the DG which includes consideration of which of its tasks, if any, could be externalised. Finally, the issue of accountability (to whom, by whom, and for what) will be addressed.

The work under the auspices of the Relex Commissioners to improve the management and delivery of external aid will be an integral part of the exercise since there is an urgent need to optimise the use of external resources in this area. This will include the use made by the Commission's Delegations of external resources in implementing aid programmes.

4. LEAD SERVICES

Action 17 Planning and Co-ordination Group on Externalisation in co-operation with the Planning and Co-ordination Group on Human Resources insofar as the latter Group addresses the issue of the work which may be performed by non-permanent staff.

5. TIMING

Action 17 April 2000: Definition of the regulatory framework, structure and mandate of the different instruments of externalisation including the possibility to create a new category of Commission or Community bodies for the implementation of Community programmes and actions.

September 2000: Adoption by Commission of the Communication.

CHAPTER III – PRIORITY SETTING, ALLOCATION AND EFFICIENT USE OF RESOURCES

X - MORE EFFICIENT, PERFORMANCE-ORIENTED WORKING METHODS: A WORK PROGRAMME

1. OBJECTIVE

The Commission has been a powerful advocate of the benefits of simplifying administrative procedures. Yet it has been slower in simplifying its own procedures, especially internal ones. Simplification is not always easy: rules build up over the years, becoming more complicated as they are amended and adapted to the point where the underlying objective is obscured. It does no disservice to these rules or to the people who made them to develop the habit of systematically questioning whether such rules still have a purpose and, if so, how they can be simplified. A mechanism for the submission and follow-up of staff suggestions on these issues, and to establish a network of DG level schemes so that a common 'ideas bank' will be established.

Along the same lines, the Commission has already embarked on the route of decentralised management (SEM 2000 and MAP 2000), and a number of good practices have developed over the years within the services. The advantages of decentralisation both in terms of financial savings and increased responsibility for the services, is not questioned. In particular, support services should only be provided centrally where added value can be demonstrated. However, the decentralisation of management-related activities should be based on an appropriate cost-effectiveness analysis. Before moving further, it is necessary to carry out a wide review of internal decentralisation and assess benefits and costs, tools and quality of service delivered.

In this context, performance management requires that officials be allowed and aided to take more responsibility for their work by internal devolution and simplification of administrative decisions and structures. However, this calls for a proper definition of each official's role through adequate job-descriptions and task-assignments and the setting of a clear framework allowing for further delegation of responsibility to take place.

In parallel, adequate organisation structure should be devised, including provisions to guarantee the necessary flexibility to tackle new challenges and promote new working habits based on increased co-operation among the services. The fragmentation and lack of coherence in the organisation charts of departments needs to be addressed.

To keep the Commission at the leading edge of modern administrative management, it will be necessary to provide for continuous monitoring and implementation of modern quality assurance methods, including exchanges of information with advanced public and private sector administrations world-wide. Internally, this requires an improvement of the co-operation between horizontal and operational services and a more service-oriented approach.

The use of information communications and web-based technologies is dealt with in Chapter II - VI - Towards the E-Commission.

2. ACTIONS TO BE IMPLEMENTED

The above objectives are all inter-related and must be addressed in a comprehensive framework. They will be pursued through a set of actions carried out under the authority of the second Deputy Secretary General.

Action 18 *Decentralisation of decision-making and simplification of administrative procedures*

A detailed survey will be undertaken rapidly to analyse the current state and cost-effectiveness of decentralisation, and the way it is implemented within the services. Bearing in mind the principle of subsidiarity, the analyses will identify those services currently provided by horizontal DGs which should be provided centrally, as well as further tasks that may be decentralised. It should be clear what the costs and the anticipated benefits (including increased responsibility of the services) at Commission level would be. The resources necessary to deliver an appropriate service will be quantified and transferred accordingly. Horizontal services should provide vademecums, guidelines, help-desk, facilities and advice. Delegation of responsibility in the College will also be covered by this action and should be addressed as a matter of priority.

Simplification means designing and re-designing procedures to offer the quickest, simplest and more transparent way to achieve an objective. Firstly, it will be necessary to engage a systematic review of all current procedures and assess whether they are still justified and implemented in the most effective way. This will result in proposals to simplify and improve the decision-making process.

A permanent mechanism must be provided for to identify and disseminate best practices to formalise proposals for change and to review progress. In order to promote staff involvement, it would typically include designing a staff suggestions scheme about how systems and procedures can be improved and carrying out employee satisfaction surveys on regular basis. A common 'ideas bank' will be created, where each idea submitted should be assessed and the official submitting it given a response.

Action 19 *Promoting personal responsibility and initiative and leaner administrative structures*

Strengthened responsibility and initiative require greater delegation. DG mission statements and work programmes should be translated into job descriptions and flexible task assignments setting out annual targets for each official, the means to achieve them, milestones and deadlines, and performance indicators where possible. Their annual review will be combined with the staff appraisal report (see Chapter IV).

Managers must be able to delegate decisions independently of grade and seniority (subject to special rules for financial management) and to promote teamwork. Heads of Unit must be able to define working arrangements and responsibilities flexibly. For example, 'project leaders' will be given responsibility for a project regardless of grade and seniority. It is, therefore, necessary to revisit the official rules for delegating responsibility (and signature) and to work out the form and procedure for the definition of job descriptions and task assignments. In addition, managers will be expected to respond to any requests and comments made by their staff.

Current practices on job-descriptions and task assignments will be reviewed and tested, and guidelines established including the role and responsibility of each level of hierarchy. Any changes required in Commission rules of procedure and of the Appointing Authority concerning delegation of responsibility will be proposed. Periodic revisions of these measures will be provided.

New guidelines will be elaborated on the design of organisational charts. All organisational arrangements, including the implementation of structures laid down in organisational charts and the allocation of tasks to individuals, will be subject to management audits by the Internal Audit Service.

Action 20 *Cross-fertilisation, teamwork and quality of services*

Sometimes a task cannot be dealt with adequately within current structures yet revising the structures themselves would be a disproportionate response. The use of short-term (e.g. 3-6 months) full-time Task Forces or multidisciplinary groups with specific mandates on crosscutting issues increases managerial flexibility, improves coherence across departmental boundaries and can produce more effective solutions more rapidly. It can also increase job satisfaction for the staff involved. It should be possible to establish such teams by written agreements between departments covering the objectives, mission, respective responsibilities, and duration and staffing arrangements. Some guidance to promote inter-departmental networks will be needed.

With decentralisation horizontal services increasingly play an advisory / guidance role, while operational services assume increased administrative management responsibility. For the benefit of both horizontal and operational services, it is necessary to develop a service-oriented relationship. This approach is

already advanced with those services that are more clearly identified with a 'product' such as Translation, Publications, and Statistics. Steps in this direction have now been taken in other areas (DG ADMIN, DG BUDG) in the form of 'service agreements' with user departments. The benefit of this approach is that the operational departments are called on to define their needs in an explicit way, often for the first time, while the horizontal services now have a sound base on which to plan their activities. Planning of activities in the horizontal services will thus be more in tune with Activity Based Management (ABM).

An examination of the scope for greater use of the 'service agreement' approach will be carried out and will result in designing practical guidelines and explore methods allowing horizontal and operational services to evaluate service delivery and procedures.

Finally the potential for using modern quality assurance methods will be examined: a number of Commission departments already use quality management techniques. The scope for extending their use and for evaluating the applicability of such techniques will be explored.

3. LEAD SERVICE(S)

Action 18 The SG (second Deputy Secretary General) supported by the operational DGs takes overall lead for the action plan;

Action 19 DG ADMIN, supported as necessary by SG and the Internal Audit Service;

Action 20 DG ADMIN, supported as necessary by SG, Internal Audit Service.

4. TIMING

Immediate launching of some preparatory sub-actions :

Action 18 October 2000: Report on current decision-making and administrative procedures and review of current state of decentralisation.

Action 19 April 2000: Guidelines for job description and task assignment;
July 2000: Generalised implementation by all services.

All Actions The implementation of all actions will be detailed in an "action plan" to be presented at the end 2000.

CHAPTER IV – HUMAN RESOURCES

XI - MANAGEMENT PERFORMANCE

1. OBJECTIVE

The issue of management in the Commission has been addressed critically by the reports of the Committee of Independent Experts and also by the Williamson Report. The accent has been put on the urgent need to put in place a comprehensive approach to improve management standards within the Commission and to develop a culture of accountability. This approach will consist in: a clear definition of competence and responsibilities; transparent and reliable selection procedures ensuring appointments of high quality officials in management posts; measures to ensure regular performance evaluation at all management levels and solid training programmes for managers as well as potential managers.

2. NEW ACTION TO BE IMPLEMENTED

Action 21 *Selection of senior managers*

The Commission has already established, clear procedures and criteria (18th September 1999) and guidelines (8th December) for merit-based appointments to Director General (A1) and Director (A2) posts including provisions for increasing the number of women. Further action will involve :

- a) proposals to render the selection procedures more professional;
- b) an assessment of the application of the new rules on merit based appointments. The selection procedures for Heads of Units will also be revised.

Action 22 *Ensure continuing evaluation of management performance*

The Commission will introduce individual performance appraisal for A1 and A2 officials, along the lines that will apply to all officials (see Chapter IV-XIII - Career Structure, Staff Appraisal and Promotion). The procedures for appraising A1 officials will involve the responsible Commissioner and the Secretary General. Mobility rules involving periodic transfers, with safeguards to avoid long periods of vacancies in management positions, will be established for A2 officials as they have been for A1 officials.

A probationary period will be introduced for *all* senior and middle management. The principle of 'reversibility' will be introduced for all management positions: this means that managers who do not reach the required standard, or who voluntarily opt out, would revert to a non-management position in the same grade, without prejudice for further re-appointment in another management position (although a further probationary period would apply). Decisions in this area will be taken following the same procedures as for appointments.

Action 23 *Management training*

A systematic programme of training, covering all aspects of management – including staff appraisal - will be introduced for all managers from Head of Unit upwards. Satisfactory participation in a preliminary management course will be mandatory for new Heads of Unit.

Commission Heads of Delegation will receive additional management training specific to that function. Training in management skills will also be made available to those who have some managerial responsibilities, regardless of their category and grade. Preparatory management training will be available for all potential managers from A6.

The creation of a dedicated European Civil Service training centre, in particular for middle and senior management, will be explored together with the other Institutions (also dealt with under Action 38).

3. LEAD SERVICE(S)

All Actions DG ADMIN with support of the Planning and Co-ordination Group on Human Resources (PCG)

4. TIMING

- Action 21** July 2000: proposals to improve the operation of the Consultative Committee on Appointments;
December 2000: proposal for appointments of Heads of Unit;
Mid 2002: assessment of the application of new rules on merit based appointments for A1 and A2 officials.
- Action 22** October 2000: adoption of draft Commission Decision on management;
April 2001: adoption of Commission decision on management; introduction of individual performance appraisal for A1 and A2 officials.
- Action 23** July 2000: results of consideration on creation of a training centre.

CHAPTER IV – HUMAN RESOURCES

XII - RECRUITMENT POLICY

1. OBJECTIVE

The Commission's recruitment policy has allowed it to recruit highly qualified personnel. However, its organisation needs to be improved. Recruitment policy should be based on the following principles:

- Open competitions should be retained for the recruitment of both generalists and specialists. Specialist competitions should be organised to meet particular needs;
- The Commission must retain effective overall control of recruitment. Competitions must be organised in a cost-effective manner and the tests used should be designed to attract and identify candidates who most closely match the Commission's needs;
- Tests must take account of the multicultural dimension of the EU in order to ensure equal treatment of candidates from all Member States;
- Equal opportunities and geographical balance must also be addressed at the testing phase.

2. NEW ACTION TO BE IMPLEMENTED

Action 24 *Better identification of the Commission's needs*

Accurate identification of human resources needs, in terms of both profiles and numbers, is an essential element of any recruitment system. This should also be the starting point for the Commission's recruitment policy.

The new system of Activity-Based Management (ABM) will improve the programming of activities within the Commission and define the related competency profiles. This will already contribute to a more focussed recruitment policy as better forward planning of human resources needs will be possible in terms of both the skills and numbers of people. As ABM will be applied in all Directorates General, individual Directorates General will be in a position to define more specifically the skills which they require in staff. In addition, a new human resources management tool to replace the existing SYSPER system is needed so that management is more aware of the skills and qualifications of existing members of staff.

The Commission should remain focussed on the recruitment of generalists as they ought to be able to adapt to a variety of jobs during their working lives. However, there is also a need for individuals with more specialised skills. More specialised competitions tailored to the needs of individual Directorates General or groups of Directorates General should therefore be organised.

The tests used in competitions should thus be designed to assess candidates in relation to the profile of skills and qualifications sought.

Action 25 *Improving the organisation of competitions*

As all European Institutions recruit principally by open competition, priority will be given to examining, together with the other Institutions, the possibility of creating an inter-institutional recruitment office. Each Institution would inform the office of its specific human resources needs. The office would then be responsible for the organisation of the appropriate competition.

The most cumbersome aspect of existing competitions is the pre-selection phase as it often involves thousands of candidates. Currently, this phase of competitions involves multiple choice tests. This form of test should be continued but with improved use of information technologies to increase cost-effectiveness.

Action 26 *Geographical balance*

Ensuring a reasonable geographical balance among staff is one of the aims of the Commission's recruitment policy in accordance with Article 27 of the Staff Regulations. This will be addressed in the first place by ensuring a wide publication of the notices announcing competitions and by ensuring that the tests used take account of the multicultural dimension of the European Union. In this way, equal treatment of candidates from all Member States will be ensured. Neither competitions organised by nationality, national quotas nor a general move to competitions by language, would be appropriate. The Commission will reflect on further means of ensuring reasonable geographical balance.

Action 27 *Non-discrimination and equal opportunities*

The gender and ethnic composition of the Commission's staff will be addressed in the design of tests which ensure equal treatment in conformity with the provisions of Article 27 of the Staff Regulations. The Commission will abolish age limits for recruitment by open competition. Consultation with the other Institutions on the abolition of age limits for recruitment to all EU Institutions is underway, and the Commission is willing to lead by example (also dealt with under Action 50).

Action 28 *Improving Selection Boards*

Competition Selection Boards should be composed of Commission officials and presided by a Commission official. An effort should be made to ensure that a sufficient number of women are appointed to Selection Boards. The task assignments of those appointed to Selection Boards must be adapted to allow them time for this. Specific training will be provided to officials serving on Selection Boards. A limited number of outside specialists should also be involved in an advisory capacity, but the final decision on recruitment must remain with the Commission.

Action 29 *Ensuring transparency for candidates*

All information about recruitment procedures and organisation of competitions will be published on the Internet. It will also be possible to apply via Internet, with official documentation to be provided at an appropriate stage. The Commission will also consider improving its co-operation with European universities to increase students' awareness of career possibilities in the EU Institutions.

The number of successful candidates for each competition will be in reasonable proportion to the posts available. The procedures for recruiting after competitions will be expedited with a view to cutting the delay in filling vacancies. This should also ensure recruitment of candidates within two years of the publication of results of competitions.

Finally, pursuant to the European Ombudsman's recommendation, the Commission will allow candidates access to their corrected tests in all competitions launched after July 2000.

The overhaul of recruitment policy and selection procedures described above will require a Commission Decision and an inter-Institutional agreement for the creation of an Inter-Institutional Recruitment Office. It may also imply modifications to the Staff Regulations (in particular, to Annex III) – this requires further examination.

3. LEAD SERVICE(S)

DG ADMIN with support from the Planning and Co-ordination Group on Human Resources.

4. TIMING

Action 24-29 December 2000: Consultative document on recruitment policy, including proposals for any necessary amendments to the Staff Regulations; Draft agreement on the creation of Inter-Institutional Recruitment Office;

June 2001: after consultation of OSPs, Commission submits proposal for any necessary changes to the Staff Regulations to the Inter-Institutional Staff Regulations Committee;

December 2001: Commission submits proposal for any necessary changes to Staff Regulations to Council.

CHAPTER IV – HUMAN RESOURCES

XIII - CAREER STRUCTURE, STAFF APPRAISAL AND PROMOTION

1. OBJECTIVE

The present career structure in the EU Institutions distinguishes between A, LA, B, C and D category staff with grades in each category. This distinction is largely based on the level of academic qualifications and length of professional experience acquired before joining the European civil service. The weaknesses of this system have become apparent and now need to be addressed:

- Many staff are frustrated at being excluded from any further progress, often in mid-career.
- The current procedures for grading new recruits are complicated, slow and do not acknowledge different ways in which professional experience and ability is acquired.
- Attempts at reforming the staff report system have been largely unsuccessful.
- Within the service, merit is not sufficiently rewarded, in particular in determining progress within the career system.

An integrated human resources policy which makes optimum use of the Commission's human resources is needed, including more flexible retirement provisions. Such a system would promote job satisfaction by offering members of staff proper career development, involving merit-based promotion linked to fair and meaningful appraisal procedures. As the people working in the Commission are its main asset, it would also increase the effectiveness of the Institution generally.

2. NEW ACTION TO BE IMPLEMENTED

Action 30 *Creation of a new and more linear career system*

The new system would be linear, without categories. Recruitment of officials would be at certain levels concomitant with requirements in terms of the necessary competence, backed up by qualifications and professional experience where appropriate. Special responsibilities linked to a well-defined time-limited function, will be seen as deserving a time-limited reward in the form of payment at a higher grade.

Whilst merit would determine promotion from grade to grade, seniority would be acknowledged by progress within a grade. However, the number of steps within each grade will be limited, as will the circumstances in which the highest step of any grade allow for higher payment than the basic step in the next grade.

The system must make provision for good career possibilities for officials who do not wish to become managers or who do not possess general management ability, but who do command knowledge and skills which are otherwise of great value to the organisation. This implies in particular that promotion to higher grades should not generally be made dependent on occupying a management post.

New officials would be recruited in accordance with the new system. Officials recruited following the old system would be graded corresponding to the new system with a commitment that their pay conditions will not be affected.

The new career system will require modification of the Staff Regulations. Pending this, the internal competitions system will be improved, thus increasing the possibilities for access to higher categories.

Obviously, various forms of linear career structure could be envisaged within the framework set out above (for example, the number of grades and qualification requirements), taking into account the needs of the Institution and its work. In any public administration, the development of a new career structure represents a significant change, and the transition requires careful handling.

The following specific commitments in terms of the transition to a new system for EU civil servants will be reflected in a detailed proposal for a new career structure:

- the pay of individual members of staff would not be negatively affected at the moment of transition to a new system;
- thereafter, the speed of career of individuals of average achievement would not be affected, although the very best would proceed more quickly, and those below average more slowly; and
- there would be no deterioration in the life-time earnings of existing members of staff of average achievement.

The Commission is well aware of the link between the motivation of its staff and their material security. It will ensure that reform does not result in deterioration in the overall terms and conditions of employment of existing staff, and any proposal to Council for a new career structure will reflect this.

Action 31 *Simplification of existing grading procedures*

All professional experience gained after obtaining relevant professional or academic qualifications will be taken into account by the administration in grading new recruits under a transparent and consistent framework of rules. It will obviously be necessary to consider measures in order to address the issue of equal treatment between new and current members of staff.

A Commission Decision is necessary to change the existing procedures.

Action 32 *Establishment of a new annual staff appraisal system*

A rigorous, objective and fair system for the appraisal of staff performance is essential. It is a prerequisite for the proper functioning of a new more linear career structure.

Achieving such a system requires action on two fronts.

First, assessors must apply the system properly. Specific training in staff appraisal will be provided and there will be checks on assessors' application of the system. Thought will be given to other means of ensuring that the system is properly applied and in particular that there is no inflation of assessments. The attribution of a quota of points to each Directorate General to be shared amongst members of staff of the same grade could be one way of providing assessors with an incentive to avoid such inflation.

Secondly, a new annual system of appraisal is needed based on job descriptions and task assignments for each member of staff. The appraisal would be based on extensive dialogues, possibly mediated by other colleagues, and the use of modern methods such as two-way feed back. Whilst appraisal should be the responsibility of the immediate superior the possibility of involving a third party in the assessment will also be studied. The system would have two distinct roles:

- The first would be to provide staff with objective description of, and feed back on, work carried out, and to encourage staff to do better through a detailed qualitative assessment of each individual's performance judged against their job description and task assignments. Appraisal reports should first and foremost be factual, describing in great detail what officials have done, and what results they have obtained. The system should include discussion of career development issues such as training and mobility.
- The second would be for the administration to assess fairly both past performance and where appropriate the potential that the individual being appraised may have to assume other and/or more significant responsibilities. This appraisal of merit should be more directly linked to the promotion procedures. Criteria will therefore be laid down to assess merit in a coherent manner, and to ensure that less visible, but equally important tasks are evaluated in a fair manner.

Some concern has been raised that an annual evaluation system will impose an undue burden on management and staff. This will be taken account of in the development of a new system.

The appraisal system for management should provide for appraisal by those whom they manage, and possibly a peer review element. Full safeguards would be provided for those assessing managers.

A specific evaluation system for Directors General and Directors will be developed. The procedures for appraising A1 officials will involve the responsible Commissioner and the Secretary General.

A Commission Decision would be needed to set up the new system. It seems unlikely that changes to the Staff Regulations would be required. However, closer examination of whether such a change would be necessary in order to allow for the appraisal of staff at the level of Directorates-General rather than in the Commission as a whole will be necessary.

Action 33 *Promotion based on merit*

The current promotion system can be improved significantly without having to change the Staff Regulations which already provide that promotion should be based on merit.

First, the rules and procedures will be published on EuropaPlus, as will all relevant data on promotion exercises.

Secondly, the system will be simplified. A single system will apply to all categories. The longer-term aim is to apply the same system to staff paid from the operational and research budgets.

Thirdly, there will be a stronger link between promotion and staff appraisal, and a marking system will be kept.

Finally, individual departments will be encouraged to take greater responsibility for their promotion proposals by limiting recommendations to the number of promotion possibilities. As a consequence of the annual appraisal exercise, the notion that unsuccessful candidates on one year's list will be automatically included the following year ("reliquats") will be eliminated. This will give everyone a fairer chance, including those who have moved between departments, and so contribute to mobility.

A Commission decision is required for a new promotion system. The introduction of comparative evaluation of staff at the level of Directorates-General would require a corresponding change to the provisions of the Staff Regulations concerning promotion.

Action 34 *Flexible retirement*

The present system for retirement is inflexible and penalises those who wish to leave the service before the age of 60. It also makes no provision for those who wish to work beyond the age of 65. These issues were examined in the Williamson Report and now need to be addressed by the development of a new framework on retirement. This would require changes to the Staff Regulations.

The forthcoming enlargement of the Union will also create a major challenge for personnel policy. A specific early retirement scheme could have an important role to play in easing the integration of staff from new Member States. Further thought on this issue is needed.

3. LEAD SERVICE(S)

DG ADMIN, with the support of the Planning and Co-ordination Group on Human Resources.

4. TIMING

Action 30 November 2000: Consultative document Communication on a new career system, including a proposal to amend the Staff Regulations;

May 2001: After consultation of the OSPs, the Commission will submit a proposal to the Inter-Institutional Staff Regulations Committee (SRC);

December 2001: Commission submits proposal to amend Staff Regulations to Council;

The objective is for a new system to be implemented in 2002 (after consultation of the SRC, submission to the Council and agreement by the Council).

Action 31 July 2000: adoption of draft Commission decision;

November 2000: adoption of Commission Decision.

Action 32

November 2000: adoption of draft Commission Decision.

May 2001: adoption of Commission Decision.

The objective is for the new system to be applied in the course of 2002.

Action 33

November 2000: adoption of draft Commission Decision.

May 2001: adoption of Commission Decision.

The objective is for the new system to be applied in the course of 2002.

Action 34

December 2000: Consultative document on framework for retirement including proposal to amend the Staff Regulations and proposal on specific scheme for enlargement;

May 2001: After consultation of the OSPs, the Commission will submit a proposal to the Inter-Institutional Staff Regulations Committee (SRC).

December 2001: Commission submits proposal to amend Staff Regulations to Council.

CHAPTER IV – HUMAN RESOURCES

XIV - CAREER GUIDANCE, MOBILITY AND UNDERPERFORMANCE

1. OBJECTIVE

An integrated human resources policy must make better provision for career guidance, mobility and tackling underperformance. The following specific problems with the current system have been identified and now need to be addressed:

- Career guidance hardly exists.
- There is no early warning system or specific procedure to deal satisfactorily with cases of incompetence. Instead, the Staff Regulations provide that professional incompetence should be dealt with under the same procedures as disciplinary matters.
- The current probationary period (in terms of the use to which it is put and its duration) is not sufficient to identify cases where new recruits are unsuitable.

2. NEW ACTION TO BE IMPLEMENTED

Action 35 *Provide access to career guidance*

A central function needs to be set up to spread best practice amongst Directorates General and to offer guidance to individuals on career prospects throughout their working lives. A network of similar functions in each Directorate General will be created.

A personnel database to replace the current SYSPER will be developed to include information profiles, job descriptions and skills of individuals. This database will be a useful tool for better career guidance and development. In developing the new database, specific attention will be paid to security aspects, and to the protection of confidential and of personal data in accordance with Community law.

Action 36 *Encouraging mobility*

Mobility increases officials' experience, range of abilities and knowledge; it also benefits the Institution as a whole.

However, it would be counterproductive to lay down generally binding rules for mobility. In particular, such rules might lead to a loss of specific expertise that is often acquired after years of "training on the job". Other disruptive effects also need to be avoided, including those provoked by the often too long period of vacancy after a mobility. Efforts to speed up the publication and filling of vacancies will continue. A variety of actions are nevertheless needed to facilitate mobility.

Barriers to mobility posed, in particular, by the current promotion system will be removed. Special training in preparation for changing posts will be offered where appropriate. The central career guidance function will develop clear and transparent guidelines for mobility. On this basis, Directorates General will be encouraged to organise mobility in line with their specific needs. Responsibility for monitoring mobility would lie with the personnel departments of each Directorate General. Guidelines need to be established and measures should be taken by each Directorate General for better organisation of the hand-over of responsibilities between officials in order to minimise any loss of continuity.

Conditions for mobility within European Institutions, and between national administrations and possibly also the private sector will be devised.

Special measures will be set up, in co-ordination with the Steering Committee for the External Service, to ensure that the annual rotation system ensures that officials returning from Delegations to Headquarters are found jobs that correspond to their experience and profile and that further the development of their career.

Finally, as an incentive for mobility, it should be regarded positively in the framework of staff appraisal, appointments and promotions.

Action 37 *Tackling inadequate performance*

A series of measures to prevent and deal with inadequate performance will be taken.

A specific system for dealing with inadequate performance will be established, safeguarding the rights of the person concerned. This will involve the following:

- Better use of the probationary period to identify officials who are unlikely ever to meet the required standards. An increase in the length of this period to 12 months will contribute to this objective. The possibility of extending the probationary period should be retained. The measures proposed for better use of the probationary period are set out in Chapter IV-XV - Training.
- An early warning system based on reports (probationary, annual appraisal etc.) triggering corrective measures will be set up. Open discussions, analysis of personal potential, retraining and efforts to find a more appropriate post will help to deal with cases of inadequate performance. The central career guidance function and those in the Directorates General will have an important role to play in addition to that of managers.
- A clear procedure for identifying and dealing with inadequate performance will be established. A Commission Decision is necessary for this action and it will specify management's duty to identify incompetence and deal with it fairly and thoroughly. A Handbook will be made available to all staff.
- A specific procedure for dealing with professional incompetence, distinct from the disciplinary procedure will be instituted.

The measures relating to the probationary period and to the specific procedure for professional incompetence will require modifications of the Staff Regulations.

3. LEAD SERVICE(S)

DG ADMIN, with the support of the Planning and Co-ordination Group on Human Resources.

4. TIMING

Action 35-37 December 2000: creation of central career guidance function;
 July 2001: creation of decentralised career guidance system;
 2003: new version of SYSPER will be available.

Action 37 December 2000: early warning system implemented by administrative measures.
 October 2000: Consultative document on professional incompetence, including draft Commission Decision and proposals to amend the Staff Regulations.
 April 2001: adoption of Commission decision and submission of amendment of the Staff Regulations to the Inter-Institutional Staff Regulations Committee (following consultation of the OSPs).
 December 2001: Commission submits proposal to amend Staff Regulations to Council.
 Implementation scheduled for 2002 (after agreement by the Council).

CHAPTER IV – HUMAN RESOURCES

XV - TRAINING

1 OBJECTIVES

Training is of crucial importance for the success of the Reform. The overall objective is to provide the right training to the right people at the right time in a cost-effective way as part of a coherent strategy of human resource management and development in the Commission.

In recent years, some progress has already been made in achieving this objective: Directorates General have begun to develop improved training plans with the advice of the central training service; clear lines of responsibility have been drawn between the central service for general training and Directorates General for specific training; an increasing number of Directorates General have initiated their own internal courses; improved procedures for evaluating training courses have been established; budgets have increased but remain very small.

What is still lacking however is a widespread culture of training and learning during the entire working life. The result is that despite the importance apparently attached to continuing training, it is still regarded too often as a non-priority and takes second place in the event of conflicting priorities. This has to change.

A significant increase in the training budget will be necessary. The current budget equates to two days of training per member of staff per year. This figure includes general, language and IT training and is well below the level in Member State administrations. Moreover, as training takes time and is sometimes best conducted in-house by members of staff, there will be a need to consider the implications of an extended training programme for general human resources needs.

2 ACTION RECENTLY TAKEN

Training in management skills

At the end of 1999, a contract was signed to put in place for the first time in the Commission, a compulsory training programme for senior and middle management. The detailed course design phase is currently under way and pilot courses will run from May to July 2000. The definitive programme will be established shortly thereafter. It is imperative that all senior and middle management attend this programme when invited. At the same time, a completely new set of skills-based courses will be offered from April onwards for people below Head of Unit level who have some managerial responsibilities (irrespective of category and grade).

Improved induction training

With effect from January 2000, induction training has been substantially modified. The main features are: compulsory attendance (12 days training divided into 4 modules during the probationary period), the introduction from April 2000 of an entirely new 5-day course within these 12 days called "Working Together" for *all* new officials, which replaces the rather élitist existing "A-grade" course; an individual training plan to be drawn up by line management for each new entrant to cover the first two years of her/his career; encouragement to use a mentoring system; improved advice to new entrants about training possibilities.

3. NEW ACTION TO BE IMPLEMENTED

Action 38 *Promoting a learning culture*

Whilst such a culture cannot be introduced by decree, certain specific measures can be introduced. Among these could be the following: obligation on line management to give absolute priority for officials to attend training courses for which they are enrolled in the DG's annual training planning; greater efforts

to provide in-house training events at DG level; more regular availability of appropriately qualified people to provide training services (e.g. in areas such as financial management, budgets, administration etc) together with formal recognition of the services so supplied; awareness-raising campaigns etc.

The creation of a dedicated European Civil Service training centre, in particular for middle and senior management, will be explored together with the other Institutions (also dealt with under Action 23).

Action 39 *Supporting the Reform process*

The success of the actions foreseen in the Action Plan depends on the continual development of the corresponding knowledge and skills. To this end training programmes in the Directorates General must identify the training needs for the proper implementation of the various actions of the Action Plan with respect in particular to: Activity Based Management, new working methods, administrative, financial and budgetary procedures.

Action 40 *Integrating training with other areas of human resource management*

- The assessment of training needs should be made an integral part of the staff appraisal system both in relation to the current post held and future career development. Such a measure would allow the notion of the “individual training plan” decided by the Commission in 1991 to become a reality.
- At certain stages of an official’s career and in relation to certain posts, specific training actions may be advisable or even required, for example:
 - Activity Based Management, new working methods, administrative, financial and budgetary procedures;
 - after promotion;
 - refresher courses for specific skills, such as the use of modern ICT tools and systems;
 - as preparation for managerial responsibilities or before transfer abroad;
 - on specific issues e.g. relating to dealing with inadequate performance, equal opportunities, the multicultural dimension of work in the Commission, discipline and whistle-blowing;

A comprehensive list of situations and the training recommended or required will be drawn up. Directorates General should look at training needs globally and integrate into their overall training strategy and their annual planning of courses *all* training needs irrespective of subject matter or mode of delivery. This will have consequences for the way in which training is delivered by Commission services.

- Arrangements should be made to ensure that officials in the External Service receive adequate targeted training (including language training) before taking up a new posting.

Action 41 *Reform of language training*

The present language training is not sufficiently related to the real needs of the service. There are high rates of absence from courses. A customer survey was conducted by the central training unit in 1999. On that basis, the training unit will propose a series of reforms to make the language training programme more responsive to needs. For example, the creation of a number of “training posts” will be considered to enable officials to undertake full-time language study at certain moments in their career such as before taking up assignments in delegations / representation offices.

Action 42 *Create a new officials training programme*

The measures already taken to improve induction training should only be regarded as a first step to a more ambitious trainee programme for new officials to equip them better with the skills needed to succeed in the Commission and to promote the system of values that must underpin the culture of service in a European Public Administration. This programme will run for a year and will therefore require an extension of the length of the probationary period to 12 months. The possibility for extending the probationary period should be retained (see Chapter IV – XIV - Career guidance, mobility and underperformance)

This new officials programme will provide for thorough training and evaluation of all new recruits. Issues of career planning, mobility and systematic training on the job will have to be addressed. A mentor should be appointed to each new recruit in order to assist him or her in adapting to life in the multicultural environment of the Commission. It would be preferable that these mentors are of a different nationality to the recruit. However, this issue should be dealt with flexibly.

Action 43 *Increase training budgets*

Although appropriations have doubled for general training activities over the last two years, the funds available are inadequate for a properly-developed training policy and fall far short of the amounts devoted to training by organisations which place it high on their list of priorities. Funds should therefore be doubled, at least, over the next three years for non-IT and non-language training. A further need is to make appropriately qualified staff regularly available to provide training when an in-house solution is the best. This requires some form of resource compensation for the providing services in a situation where human resources are already generally over-stretched.

4. LEAD SERVICE(S)

All Actions: DG ADMIN, with the support of the Planning and Co-ordination Group on Human Resources.

5. TIMING

Action 38 July 2000: Guidelines to services and results of consideration of dedicated training facility. Implementation will be on-going thereafter.

Action 39 November 2000: Identification of DGs training needs linked to the Reform and report on specific training actions considered advisory or mandatory.

Action 40 Implementation on-going.

Action 41 September 2000: Phasing-in of new approach.

Action 42 October 2000: Proposals for new officials' programme.

Action 43 October 2000: Report on measures to increase internal training activities.
Initial increase of 1,5 Mio€ in 2001 budget.
Further total increase of, at least, 4 Mio€ in 2002-2003 budgets.

CHAPTER IV – HUMAN RESOURCES

XVI - NON-PERMANENT STAFF

1. OBJECTIVE

In addition to permanent civil servants, the Commission's staffing includes various categories of contractual staff. Some contractual staff are covered by the Staff Regulations, others are not. Statutory staff include temporary, auxiliary and local agents; external staff comprise casual staff, freelancers, staff employed under private law contracts and seconded national experts.

In some Commission departments, the reliance on non-permanent staff is unacceptably high. This is not a criticism of the staff themselves but it does bring risks for departments in maintaining continuity in the performance of activities in the face of a high turnover of staff. This, together with the variety of contracts under which these staff are employed, is confusing for the staff concerned and for the departments which manage their work. Moreover there is an insufficient guarantee that core public service tasks are performed only by staff subject to the standards laid down in the Staff Regulations. Finally, the cost of employing non-permanent staff can be close to, or even above, that of employing a permanent official: while non-permanent staff will always be needed to fill short-term gaps or to bring specialist skills, the high percentage of non-permanent officials in the Commission cannot be justified.

There is a need therefore to address the degree to which the Commission relies on contractual staff and to rationalise the rules on which tasks they may perform. There is a link between this exercise and that of developing a policy of externalisation.

2. NEW ACTION TO BE IMPLEMENTED

Action 44 *Performance of core activities*

Core tasks should only be carried out by staff directly employed by the Commission who are covered by the high standards laid down in the Staff Regulations.

Where these staff are not permanent officials, they will be required to respect the same ethical and professional standards as officials. Their recruitment or secondment will be strictly time-limited to ensure that they are really temporary. Temporary agents and experts seconded by national administrations will always work under the guidance of permanent officials and they should not account for more than a small minority of overall staff.

The above action will require:

- a) a multiannual programme for the transformation of credits (for auxiliary and casual staff) into permanent posts, starting with the 2001 budget.
- b) a multiannual programme for the transformation of temporary posts into permanent posts, starting with the 2001 budget.
- c) an amendment to the Commission Decision on seconded national experts to ensure their full accountability.
- d) a Commission Decision on the recruitment of temporary agents under Article 2(b), the methods of selection and the maximum proportion of temporary agents.
- e) phasing out of all other contractual staff (e.g. free lancers) on core tasks.

Action 45 *Use of non-permanent staff for non-core activities*

Simple rules need to be developed to ensure that non-permanent staff working on the execution of policies can be recruited according to the needs of the Commission. Beside local agents used in the Commission's delegations and representations, only two types of contractual staff should be recruited for

non-core activities: auxiliaries and individuals subcontracted by specialised companies (thereby progressively removing the need for other forms of staff). The contracts would be flexible in their timing but with a maximum duration. In general, the Commission will privilege the use of contracts covered by the Staff Regulations.

Action 46 *Examine the need to change the Staff Regulations*

In the context of the externalisation policy and the creation of implementing agencies, the Commission will examine the need to amend the Staff Regulations to provide for the necessary flexibility to recruit contractual staff. The opportunity will also be taken to consider whether the Regulations need to be modified in order to meet the needs in the Parliament since the current rules on temporary agents have little relevance to the employment of such staff by the political groups.

3. LEAD SERVICE(S)

Action 44a, b DG BUDG

Action 44c,d,e,45,46 DG ADMIN supported by the Planning and Co-ordination Group on Human Resources.

4. TIMING

Action 44a, b 2001 budget: Multiannual programme of transformation of credits and of temporary posts into permanent posts.

Action 44c November 2000: adoption of draft Commission Decision on detached national experts.

May 2001: adoption of Commission Decision.

Action 44d November 2000: adoption of draft Commission Decision on temporary agents.

May 2001: adoption of Commission Decision.

Action 44e December 2002: phasing out of all other contractual staff on core tasks.

Action 45 November 2000: adoption of draft Code of Conduct for external personnel.

May 2001: adoption of Code of Conduct.

Action 46 December 2000: examination of need to amend Staff Regulations completed.

CHAPTER IV – HUMAN RESOURCES

XVII - EQUAL OPPORTUNITIES AND GENDER BALANCE

1. OBJECTIVE

The basis for the Commission's human resources policy must be a commitment to ensure effective equality of opportunities for, and the elimination of discrimination against, its staff.

This implies not only the development of an environment which favours individual's career development regardless of their race, sex, sexual orientation, disability or religious conviction but also action specifically aimed at increasing access to senior management posts.

This latter point is of particular importance in respect of women. The Commission thus decided in December 1999 that "in making appointments to senior management posts, the Appointing Authority will, in principle, give priority to women where it finds, after conducting an assessment, that candidates are of equal merit". This policy will not be followed automatically, but it will be one of the important means used by the Appointing Authority to reach the objective of the Commission to double the present number of women at Director General and Director level during its mandate.

In addition, for the last five years, the Commission has adopted annual objectives for recruitment to the Commission and appointments of women to middle management posts although these targets have not always been respected.

Measures will also be taken to allow both women and men to reconcile more easily their professional and private lives (see Chapter IV–XVIII - A Better Working Environment and Social Policy).

2. NEW ACTION TO BE IMPLEMENTED

Action 47 *Gender balance*

The principle of "mainstreaming", that is the systematic consideration of gender issues in all policies and actions, must be a basic parameter for the reform of human resources policy.

The measures necessary to promote equal opportunities will be taken by creating an environment which is favourable to the recruitment of women, to their promotion and career development within the Institution. The document produced by the INTERCOPEC reflection group in 1998 sets out a basis for future work.

Equal opportunities in the work place

- Reversal of the burden of proof in cases of sex discrimination in line with Council Directive 97/80 of 15 December 1997
- Balanced representation of women in competition selection boards and committees based on principle of parity
- Provisions to protect the dignity of the person in the workplace (notably against sexual harassment)
- Professional training (see Chapter IV-XV - Training)

Modernising the Staff Regulations

- The terminology employed will be made gender neutral.
- Modernisation of the job description for C grades in Annex I which no longer reflects the reality of the work of this category of staff.

Action 48 *Disability*

The Commission will take the necessary measures to facilitate the access of the disabled to work in the European Public Service. The issues which need to be addressed include: the organisation of competitions, career development, administrative assistance and the provision of appropriately equipped offices and buildings. Posts which can be most easily occupied by those with a disability will also be identified.

Action 49 *Racial and ethnic diversity*

Although non-discrimination on grounds of race figures explicitly in the Staff Regulations, the composition of the staff of the EU Institutions does not reflect the racial and ethnic diversity of today's Europe. The Commission will take the measures necessary to put in place a more pro-active policy in favour of racial and ethnic diversity. Co-operation with Member States to this end will be necessary.

Action 50 *Age*

The Commission will abolish age limits for recruitment by open competition. Consultation with the other Institutions on the abolition of age limits for recruitment to all EU Institutions is underway, and the Commission is willing to lead by example (also dealt with in Action 27).

Action 51 *Sexual orientation*

Conditions for recognising stable partnerships outside marriage will be established.

3. LEAD SERVICE

Action 47-51 DG ADMIN with the support of the Planning and Co-ordination Group on Human Resources.

4. TIMING

Action 47-51 October 2000: Consultative document containing an overall evaluation of its ongoing activities in the area of equal opportunities and its action plan for the coming years, including a draft proposal for the necessary changes to the Staff Regulations.

May 2001: Proposal for changes to the Staff Regulations submitted to the Inter-Institutional Staff Regulations Committee (after internal consultation within the Commission).

December 2001: Commission proposal to Council for amendments to the Staff Regulations.

1. OBJECTIVE

The creation of a better working environment is essential for improving job satisfaction and getting the best out of the people working in the Commission. All aspects of the Reform will contribute to improving working conditions in the Commission from a clearer attribution of responsibilities and a better match between tasks and resources through Activity-Based Management and externalisation; more efficient and decentralised working methods; and an improved system of financial control. The general reform of human resources policy will also contribute to this goal.

More specific action to improve the accessibility of the service provided by the Commission's Directorate General for Personnel and Administration is needed, as is action to allow both men and women to reconcile more easily their professional and private lives. This latter action will also contribute to the promotion of equal opportunities. The Commission's social policy is also in need of an overhaul.

2. NEW ACTION TO BE IMPLEMENTED

Action 52 *A more service-oriented Directorate General for Personnel and Administration*

An initiative has already been launched to screen the quality of the services provided to the Commission's staff. Vice-President Kinnock will be advised by a representative Customer Panel composed of Commission staff in improving the service provided and in guiding future action.

In particular, consideration will be given to means of better meeting the reasonable expectations of staff in terms of the speed of delivery of classical administrative tasks (sickness insurance repayments, administrative acts); improving the Commission's procurement practices with the aim of providing better offices and office equipment to staff; instituting a system of pay-roll giving which would make it easier for officials to donate part of their income to charitable organisations on a regular basis; and improving the operation of the Commission's central telephone switchboard.

The following concrete improvements are already foreseen:

Creation of an Infoservice by 1 March 2000: this will provide a central contact point for DGs and individual members of staff and will provide both answers to routine questions and the name of the person to contact for issues of a more complex nature. This Infoservice will develop into a "one-stop-shop" for all DG ADMIN's customers providing answers to individuals' questions by telephone, e-mail and in specific meetings.

Commitment to reimburse mission expenses within 30 days.

Action 53 *Reconciling professional and private lives*

A series of actions will be undertaken:

- Parental leave (the possibility for both parents to take one year's leave after the birth or adoption of a child). The aim will be to provide at least social security provision during this leave. However, the budgetary implications of this, together with seniority, pension rights and remuneration, require further examination;
- Family leave (identical to the above but for family reasons which are not limited to children: parents, siblings etc.). This is particularly important given the, often significant, geographical distance between members of staff and their families in their countries of origin;
- More flexibility in working conditions (flexi-time; part-time; job-sharing; teleworking). The aim will be to introduce a right to part-time working. However, further consideration of the budgetary

implications is required. A working group in DG ADMIN is currently examining the practicalities of introducing more flexibility in working conditions. The results of the pilot projects on tele-working are expected in Spring 2000 and will provide the basis for further reflection;

- Maternity leave: the duration and conditions of the present provisions should be improved taking account in particular of specific situations such as multiple births and pregnancy-related illnesses;
- Paternity leave. The current provisions are very limited and should be improved;

As a counterpart to the measures described above, it will be necessary to consider means to address the difficulties caused by the absence of officials on parental, family, maternity or paternity leave or officials working on flexible conditions. Further work is needed on the appropriate response to this problem as all solutions have budgetary implications: job-sharing; creation of a reserve of posts in the establishment plan or a reserve of credits for the recruitment of auxiliary staff.

Conditions for recognising stable partnerships outside marriage will be established. Better provision for couples of officials is also needed. This applies in particular to the conditions for taking special leave (CCP) when one official is posted to a delegation in a third country: the current maximum for special leave is 5 years while successive postings to delegations can be longer.

Finally, the provision of social infrastructure will need to be addressed (see section on social policy below). In drawing up the new provisions, full account will be taken of the effects on the Commission's ability to recruit on a wide geographical basis, conditions prevailing in Member States, and other administrative and budgetary costs.

Action 54 *Social Policy*

The Commission's social policy needs to be rethought in view of the following objectives:

- Improving the provision of child care facilities;
- Helping newly-recruited members of staff, their partners and families to adapt to life in a new country;
- Providing assistance to members of staff confronted with specific problems and to retired staff;
- Sports centre: the use and purpose of the Overijse centre should be rethought.

3. LEAD SERVICE(S)

DG ADMIN with the support of the Planning and Co-ordination Group on Human Resources.

4. TIMING

Action 52 July 2000: Creation of Customer Panel.

February 2001: Decision on future role of and improvements to DG ADMIN.

Action 53 October 2000: Consultative document containing an overall evaluation of its ongoing activities for improving working conditions and its action plan for the coming years, including a draft proposal for the necessary changes to the Staff Regulations.

May 2001: Proposal for changes to the Staff regulations submitted to the Inter-Institutional Staff Regulations Committee (after internal consultation within the Commission).

December 2001: Commission proposal to Council for amendments to the Staff Regulations.

Action 54 October 2000: Consultative document on social policy containing an overall evaluation of the policy to date and an action plan for the coming years.

CHAPTER IV – HUMAN RESOURCES

XIX - TRANSPARENCY OF PERSONNEL POLICY

1. OBJECTIVE

Changes in the Staff Regulations will be needed to implement certain reform actions in the field of human resources policy. The areas in which changes will be required are indicated in respect of each action. Where further thought is needed as to whether change is necessary, this is also indicated. There will be no change to the fact that a single set of Staff Regulations applies to all Institutions.

There is a need to simplify and codify the legal texts adopted in implementation of the Staff Regulations. The results of this exercise will be made available to all staff. The Commission's administrative procedures for application of the Staff Regulations must also be improved with the objective of ensuring proper application of the Staff Regulations. There is also a need to conduct an examination of the Staff Regulations with a view to identifying any provisions which are clearly out-dated. The ultimate aim of these actions is to ensure transparency in the staff's rights and obligations.

2. NEW ACTION TO BE IMPLEMENTED

Action 55 *Clear rules applied in a clear way*

Improvements can be made by means of changes to implementing legislation and administrative procedures. Codification and simplification of texts implementing the Staff Regulations will be pursued in order to ensure transparency and fairness in the application of the Staff Regulations. Pending this simplification, every effort will be made to apply existing rules in the most effective, clear and consistent manner. In any event, the Commission's administrative procedures for applying the Staff Regulations will be reviewed.

Increased transparency will be achieved by publishing a consolidated version of the Staff Regulations, implementing texts, important Commission Decisions and basic administrative decisions on the Commission's Intranet. Regular updating will be assured.

Action 56 *The Staff Regulations*

The Staff Regulations will be examined – in full consultation with the staff representatives – with the aim of identifying any clearly outdated rules which are not needed to ensure the permanence, independence and quality of the European Civil Service. This exercise will not question the involvement of joint committees composed of staff representatives and the Administration in the Commission's (and other Institutions') human resources policy. However, the function and operation of these committees will be reviewed in order to improve their operation.

3. LEAD SERVICE(S)

Action 55-56 DG ADMIN, with the support of the Planning and Co-ordination Group on Human Resources.

4. TIMING

Action 55 July 2000: on-line publication of consolidated version of Staff Regulations and other related Commission's decisions and documents.

December 2000: results of review of administrative procedures for application of Staff Regulations.

Action 56 December 2000: results of examination of Staff Regulations. Depending on the outcome, first reading of proposal to amend the Staff Regulations by the Commission.

May 2001: after consultation of the OSPs the Commission will submit a proposal to the Inter-Institutional Staff Regulations Committee (SRC).

December 2001: submission of proposal to the Council.

CHAPTER IV – HUMAN RESOURCES

XX - DISCIPLINE

1. OBJECTIVE

Fair and effective disciplinary rules are needed in any organisation. In the Commission, this requires a clear set of rules and guidelines on the rights and obligations of civil servants; appropriate incentives; fair, effective and efficient disciplinary procedures; and appropriate sanctions where staff are in breach of their professional obligations.

Currently, the Commission's disciplinary procedures have a number of shortcomings, and in particular the lack of a more stable Disciplinary Board. Furthermore, the proceedings are often too slow and staff are not sufficiently well informed regarding their obligations and the possible consequences of breaches of those obligations.

Many improvements can be made within the existing rules. Some changes to the Staff Regulations will be required to improve the system in the interests of those accused, their colleagues and the Institution.

2. NEW ACTION TO BE IMPLEMENTED

Action 57 Improvements at the level of administrative practice

Preventive measures, including the publication of a handbook clearly explaining officials' rights and obligations; internal rules for the opening of proceedings; the creation of an enlarged permanent secretariat of the Disciplinary Board; guidelines on sanctions based on their proportionality in relation to the gravity of the offence; provisions to enable OLAF to give evidence to the Disciplinary Board where it has conducted relevant investigations; publication of disciplinary decisions (with names removed to protect confidentiality).

Action 58 Improvements in the Staff Regulations

The power to undertake enquiries to be made explicit and clarified; the creation of an Inter-Institutional Disciplinary Board; amendment of the conditions relating to suspension of officials in serious cases during the disciplinary proceedings; the creation of an Attorney's office to prepare the Administration's case and to present it to the Disciplinary Board and answer its questions (currently the accused, often represented by lawyers, is present at the Disciplinary Board. The Administration's case is presented to the Disciplinary Board in writing and the Administration is not represented thereafter in proceedings before the Board).

3. LEAD SERVICE(S)

Action 57-58 DG ADMIN, with the support of the Planning and Co-ordination Group on Human Resources and SG.

4. TIMING

Action 57-58 October 2000: Consultative document on discipline, including proposals for improving administrative procedures and amendments to the Staff Regulations and.

October 2000: adoption of draft Commission Decision on administrative improvements to disciplinary procedures.

October 2000: first reading of a proposal to amend the Staff Regulations by the Commission.

April 2001: adoption of Commission decision on administrative improvements.

April 2001: submission of proposal to amend the Staff Regulations to the Inter-Institutional Staff Regulations Committee, after consultation of the OSPs.

December 2001: submission of proposal to change Staff Regulations to Council.

CHAPTER IV – HUMAN RESOURCES

XXI - RULES ON WHISTLEBLOWING

1. OBJECTIVE

In a Commission Decision of 2nd June 1999, staff were given clear indications of the channels to be used for reporting irregularities as follows.

Members of staff must inform the Head of Service or Director General, the Secretary General or OLAF if they come across evidence of the existence of possible fraud, corruption or any other illegal activity detrimental to the interests of the Communities. The same obligation applies in relation to evidence of serious breaches of professional duties liable to result in disciplinary or criminal proceedings. Persons complying with the above obligations must not suffer inequitable or discriminatory treatment as a result of communicating such information.

2. NEW ACTION TO BE IMPLEMENTED

Action 59 *Rights and obligations on reporting wrongdoing to be inserted in the Staff Regulations.*

Rules on whistleblowing will ensure, inter alia: protection for the whistleblower who acts in good faith and in the public interest, without aiming for personal gain, and according to departmental procedures; protection from false allegations; the possibility to report wrongdoing through internal channels within each Commission department but not exclusively within the direct hierarchical line; the definition of reporting channels outside the Commission and the circumstances in which disclosures to such channels should be protected; clarification that the reporting of a case to OLAF for investigation does not absolve managers within the Commission from taking the necessary steps themselves to remedy problems which are brought to their attention.

Action 60 *Creation of a central mediation service*

Building on the existing Mediator structure, the creation of a central mediation service to offer further assistance, impartial advice and a contact point for cases that do not involve alleged fraud or action affecting the financial interests of the Community.

3. LEAD SERVICE(S)

Action 59-60 DG ADMIN with support of the Planning and Co-ordination Group on Human Resources and SG.

4. TIMING

Action 59-60 October 2000: Consultative document on rules on whistleblowing, including proposals for the necessary changes to the Staff Regulations and clarification concerning the reporting of wrongdoing to OLAF.

October 2000: adoption of a draft Commission Decision laying down rules for members of staff reporting misconduct under existing procedures.

October 2000: draft Inter-Institutional agreement on whistleblowers.

December 2000: creation of a central mediation service.

March 2001: adoption of Commission decision.

CHAPTER IV – HUMAN RESOURCES

XXII - PAY AND PENSIONS

1. OBJECTIVE

The objective is to ensure that the European civil service remains independent and permanent and that the Commission is able to attract and to retain appropriate individuals of the highest quality and ability in order to be able to discharge its important functions. In particular, the levels of remuneration must be such as to attract and retain a sufficient number and quality of staff from all Member States in order to maintain the broadest possible geographical balance as required by the Staff Regulations. In light of this, the Commission is committed to ensuring that reform does not result in the deterioration of the terms and conditions of employment of existing staff.

A number of major challenges for the system of pay and pensions will have to be faced in the coming years. First, the existing Method for the annual adjustment of the salaries (including allowances and pensions) of staff of all EU institutions expires on 1 July 2001. It will be necessary for the Commission to propose a system for its replacement in good time in the course of 2000. Secondly, the Commission will have to make a proposal to secure the long-term balance of the pension regime in the coming years.

As staff has rightly pointed out during the consultation process, these issues are in principle unrelated to Reform. However, Reform will add an additional dimension to the negotiations on method & pensions. This Action Plan proposes significant amendments to the Staff Regulations, and some (for example, linear career system, early retirement and social provisions) have implications for Member States' overall budgetary outlay for the staff of the EU Institutions. Time constraints related to the need to go through legally required consultations (see attached timetable) make it impossible for the Commission to present a proposal which takes account of these implications to Council this year. A Commission proposal to Council for the changes to the Staff Regulations necessitated by reform is planned for December 2001.

There is thus the prospect of 2 separate negotiations in Council – the first on the Method from June 2000, the second on the modification of the Staff Regulations from December 2001. Both will have budgetary implications. This scenario is likely to be counterproductive for all concerned. It would not allow the overall budgetary implications of the EU staff salary package to be addressed. For staff, there would be mid-term material insecurity since both sets of negotiations would address financial questions. Those considerations would be likely to result in disruption, and even scaling back, of the Commission's proposals for essential reforms.

The issue is, thus, how best to approach these two subjects – pay and pensions and Reform – with the ultimate goal of achieving both ambitious Reform and maintaining a remuneration package which allows the EU Institutions to attract and retain highly-qualified, multi-lingual staff.

2. NEW ACTION TO BE IMPLEMENTED

Action 61 *Proposed approach to pay & pensions*

Given the very real link between pay and pensions and reform and the complexities of two successive and major sets of negotiations, the best solution for staff, Commission and Council would be a single global negotiation in Council on pay & pensions and revisions to the Staff Regulations.

This objective could be reached by the Commission presenting a proposal to Council in the course of this year, containing two parts. First, a proposal to extend the existing Method, temporary contribution, salary structure and pensions regime for a short period of up to 2 years. Secondly, a commitment to present an integrated package to Council for revision of the Staff Regulations and a new Method and measures to address the long-term equilibrium of the pension regime by December 2001. This would allow ample

time to reach agreement in Council before the expiry of the method in mid-2003. There are considerable practical advantages to such an approach and no legal impediments.

3. LEAD SERVICE(S)

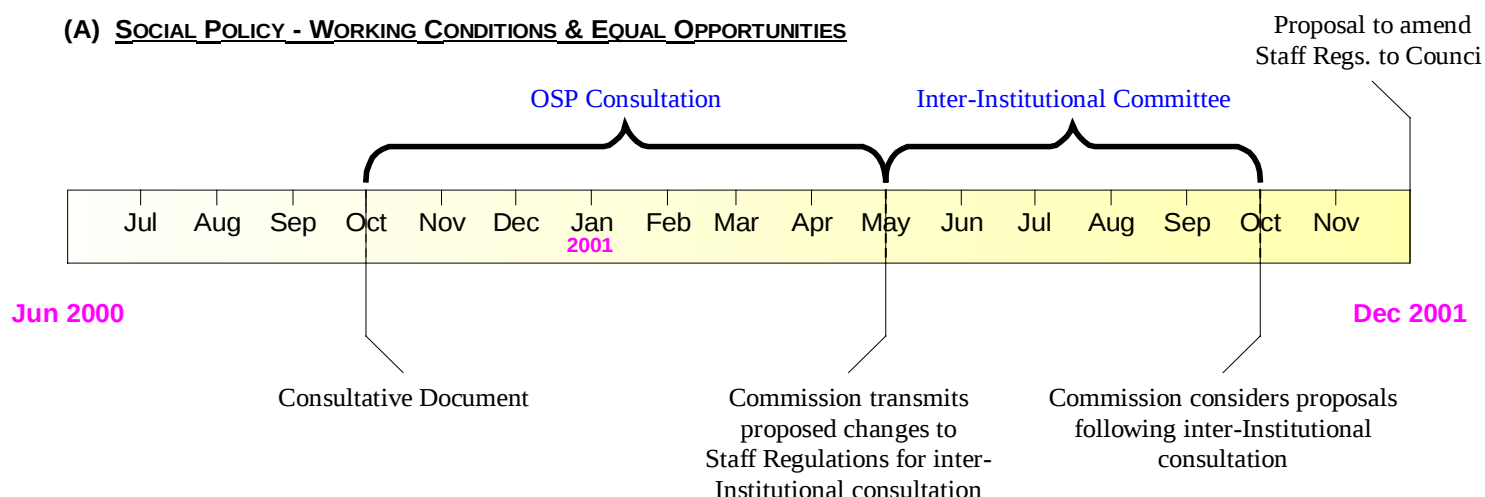
DG ADMIN

4. TIMING

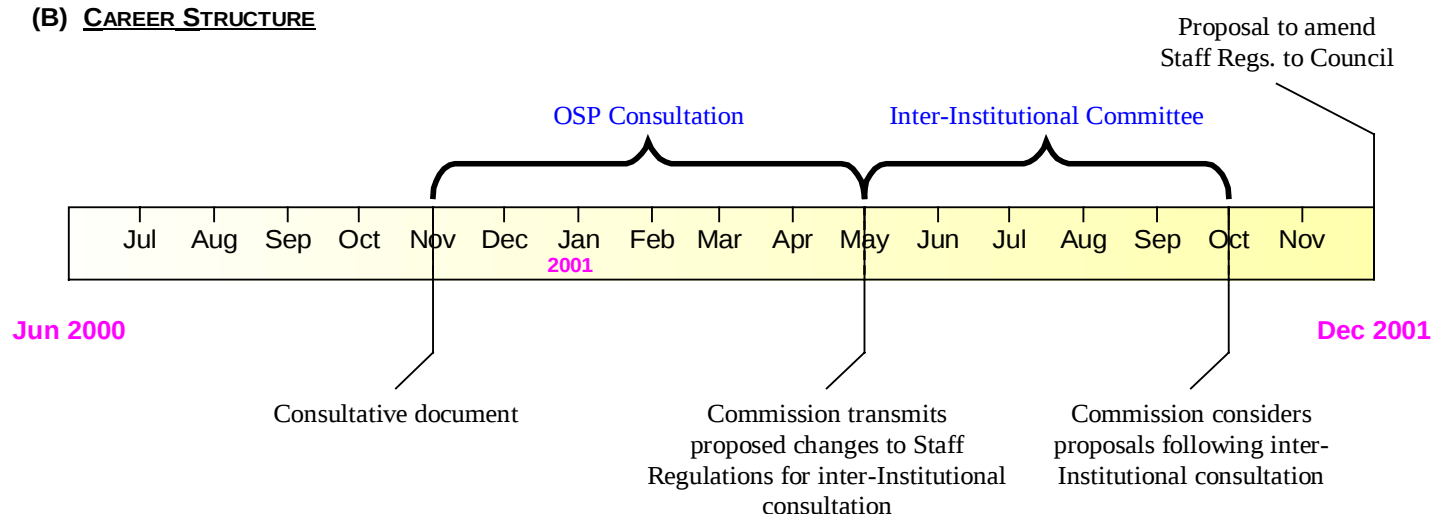
Action 61 June 2000: Commission Communication

I. REFORM OF PERSONNEL POLICY - ILLUSTRATIVE EXAMPLES OF SUBJECT & TIMING

(A) SOCIAL POLICY - WORKING CONDITIONS & EQUAL OPPORTUNITIES

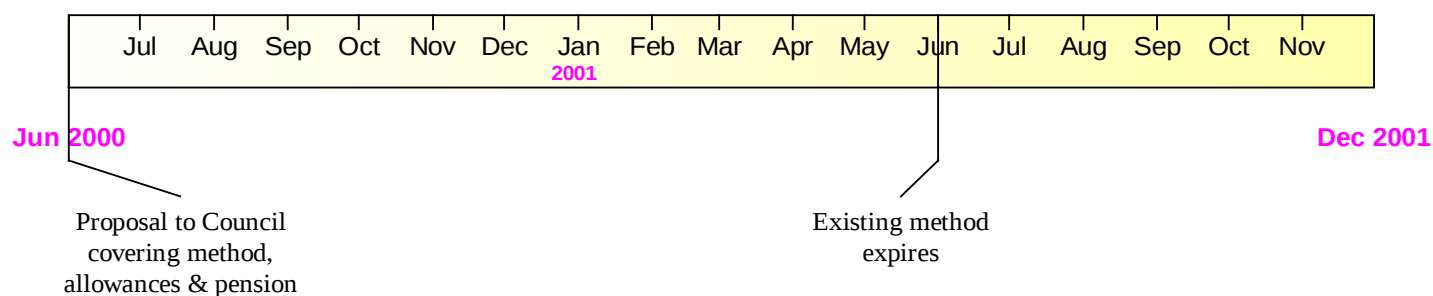


(B) CAREER STRUCTURE

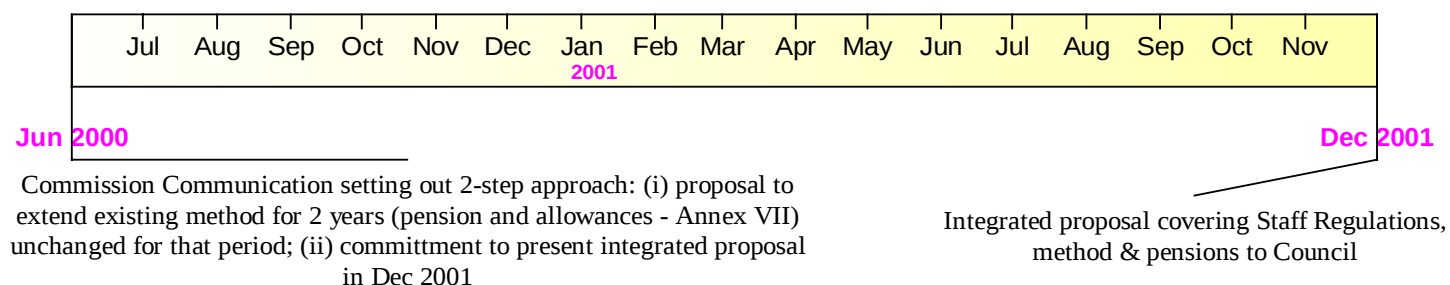


II. PAY & PENSIONS

(A) CURRENT COUNCIL POSITION



(B) COMMISSION APPROACH



CHAPTER IV – HUMAN RESOURCES

XXIII - RESOURCE IMPLICATIONS OF REFORM

1. OBJECTIVE

The Reform will increase the efficiency and the effectiveness of the Commission's work and will release resources for allocation to core functions. However, an initial investment will be needed to reap these benefits as new systems are phased in. The Commission has already diverted human resources towards key reform areas such as the financial control and activity based management systems within Directorates General. The Reform equally requires an investment to upgrade the existing provision of skills and IT facilities and to make a more efficient use of human resources.

It is already clear that certain reform proposals will have permanent resource implications. These include:

- The development of training as a core component of a modern human resources policy;
- Development and extension of the use of information systems at headquarters and in delegations;
- The modernisation of working conditions and social policy and implementation of an improved equal opportunities programme.

In addition, there will be a temporary need for an allocation of resources in a number of areas to deal with the transition to new systems as reform proposals are phased in. This includes:

- The investment in Activity Based Management in Directorates General;
- The development of new guidelines for personnel policy, in the DGs and the central services;
- Tackling the backlog of outstanding commitments and payments. In the external aid sector alone, the backlog involves some 4300 files which have to be checked individually. Some date back twenty years;
- Financial management in DGs as new systems are phased in.

2. NEW ACTION TO BE IMPLEMENTED

Action 62 *Review of the resource implications of reform and policy action to deal with it*

A review of the full resources implications of Reform will be carried out as part of the resources needs assessment the Commission is preparing for September 2000. The Commission will set up a mechanism to redeploy resources within and across policy areas to ensure that its resources allocation dovetails with its core tasks and policy priorities. A Peer group of Commissioners chaired by the President will be set up to appreciate the full potential for redeployment within and across DGs and assess overall staff needs. This exercise will take full account of the potential for externalising non-core activities where this is more efficient and does not lead to a loss of accountability.

Should this assessment find that, after the comprehensive re-allocation of staff, the Commission would not have sufficient resources to carry out its core tasks and policy priorities, it will, on the basis of recommendations of the Peer group, make a proposal to the budgetary authority to provide the necessary additional human resources. This would be done in the form of an amending letter in September 2000.

In addition, some 200 posts will be made available for two years (2000-2001) to cater for the initial investment that the reform activities require. These posts will be allocated on the basis of a list of eligible activities. These posts will be made available by reducing the number of unused posts in the establishment plan. This measure will obviously respect both the limits defined in the establishment plan and the maximum for appropriations in Title A-1 of the Budget.

3. LEAD SERVICE

DG BUDG and DG ADMIN.

4. TIMING

Action 62 April 2000: Preliminary Draft Budget for 2001.

May 2000: Decision by the College on the allocation of 200 posts.

September 2000: Commission Communication on requirements.

CHAPTER V – AUDIT, FINANCIAL MANAGEMENT AND CONTROL

XXIV – EMPOWERMENT, RESPONSIBILITY AND ACCOUNTABILITY OF AUTHORISING OFFICERS AND LINE MANAGERS

1. OBJECTIVE

The conditions for creating a real sense of responsibility are, first of all, a clear definition of tasks; secondly, making sure that everyone knows and understands their responsibilities; and, thirdly, fair and trusted means for dealing with breaches of the rules.

Financial management is the managing of activities that use Community funds to reach their objectives; hence financial management is but one aspect of operational management. In this context, the delegation of the power to authorise expenditure has to be consistent with the chain of responsibility of the management process, from the ordinary official to the Director General and the Commission. Therefore, the person who takes the operational decision to go ahead with an action involving expenditure should be, as far as possible, the person who authorises the expenditure.

The logical consequence is that the tasks and responsibilities of an authorising officer cannot be dissociated from those of an operational manager. However, it is important to ensure that the stewardship of Community funds is entrusted to persons who are capable of this type of management.

3. NEW ACTION TO BE IMPLEMENTED

Action 63 *Description of the responsibilities of each financial actor*

A set of clear rules on the rights and duties of each financial actor (authorising officer, accounting officer, or financial controller) detailing the responsibilities will be drawn up. This will be given to each financial actor at the time of his or her nomination and supported by appropriate training. Failure to meet the standards set in this charter will result in withdrawal of the granted delegation. The withdrawal authority and procedure will be set out in the charter.

Action 64 *Delegation of powers*

The power to authorise expenditure shall be attributed by the Commission to officials of the Community, to whom the rules on liability foreseen by the Staff Regulations apply. The charter on the responsibility of authorising officers will establish the rules for delegating within departments the power to authorise expenditure. As far as possible, the person who takes the operational decision to go ahead with an action involving expenditure should be the person acting as authorising officer. In some specific areas to be determined, the College itself could retain the power to decide an item of expenditure; in that case, the Commission's internal rules on the execution of the budget will define the administrative responsibility of the department managing the expenditure.

Action 65 *Suppression of centralised ex-ante visas*

The requirement to obtain prior approval from the Financial Controller before committing or authorising expenditure will be eliminated. Likewise, the compulsory opinion of the Advisory Committee on Procurement and Contracts will no longer be required before concluding a contract. (See Chapter V-XXVIII – The Transition Phase for transitional arrangements pending changes to the Financial Regulation). The Accounting Officer will not check the validity of the discharge (“acquit libératoire”) issued by the authorising officers.

This action requires a unanimous decision of the Council on the recasting of the Financial Regulations, taking into account the opinion of the Court of Auditors and European Parliament.

Action 66 *Financial Irregularities Panel*

Without calling into question the role of OLAF, in cases of financial error or suspected irregularity which do not involve fraud, the Director General of the department concerned will, before initiating a disciplinary procedure, submit the case to a Financial Irregularities Panel of a help-desk nature to advise on possible financial irregularities. This Panel will consider whether there are systemic shortcomings and, if so, the relevant role of the person responsible for the management and control system. The Panel will have an advisory role and it will be an intermediary step between the detection of an irregularity and the launching, if appropriate, of a formal disciplinary procedure. The official involved should have the right to be heard by the Panel. As far as possible, the Panel will recommend corrective and preventative measures to the Director General. The Panel may call on the Internal Audit Service (see Action 68) to establish facts by means of a special audit.

Action 67 *Financial liability governed only by the Staff Regulations*

The financial liability of any official with a role in the management process of activities with a financial impact will be governed by the provisions made in the Staff Regulations. The redundant specific provisions for financial actors made in the existing Financial Regulations will be deleted in the recasting of the Financial Regulations to be proposed. The accounting officers' liability under the Financial Regulation is not affected by this measure.

3. LEAD SERVICE(S)

Action 63 DG Budget, TFAR, supported by the Planning and Co-ordination Group (PCG) on Financial Circuits.

Action 64 All DGs, DG Budget, supported by the PCG on Financial Circuits.

Action 65 DG Budget, supported by the PCG on Financial Circuits.

Action 66 DG Budget, supported by TFAR, DG ADMIN.

Action 67 DG Budget

4. TIMING

Action 63 May 2000 (Commission decision).

Action 64 Early 2001 (approval of the Commission's internal rules on the execution of the budget 2001).

Action 65 April 2000 (Proposal for recasting of the Financial Regulations).

Action 66 June 2000 (Commission decision).

Action 67 April 2000 (Proposal for recasting of the Financial Regulations).

1. OBJECTIVE

Given the size and complexity of its financial operations, the Commission needs an assurance that financial risks are being properly managed and that resources are being used efficiently. It needs an overall strategy that permits ongoing monitoring of the operation of its internal control systems and of controls on expenditure funded from the EU budget, revenues or own resources.

An appropriate structure for the Commission's audit activities would be for systematic ex-post checks and systems reviews of activities in the field to be carried out by specialist staff in Control Units within operational DGs (see Action 81). This structure would be complemented by a central Internal Audit Service (IAS) whose main task would be to review the internal control functions and systems within the Commission.

The mission of the new service will be to assist management within the Commission in (1) controlling risks, (2) monitoring compliance and by (3) providing an independent opinion on the quality of management and control systems and (4) making recommendations in order to improve the efficiency and the effectiveness of operations and to ensure economy in the use of Commission resources (security for money and value for money). The overall objective of the IAS is to provide reasonable assurance by way of audits of all Commission activities, notably the independent appraisal of the adequacy and quality of the Commission's internal control systems over all its operations as well as the examination of the adequacy and effectiveness of systems and operations and, more widely, the quality of performance of Commission services in carrying out policies, programmes and actions.

The IAS represents a key element in the Commission's new framework for resource management and internal auditing and will have to meet highest standards in terms of management, competence and capacity.

2. ACTION RECENTLY TAKEN

A new post of Deputy Director General, responsible for internal audit, has already been created in the present Financial Control DG. The recruitment process for this post commenced on 3 February.

The planning and co-ordination group on Internal Audit has submitted its final report on "A new Framework for Resource Management and Internal Auditing in the Commission" on 22.02.2000 to the Vice-President for Reform.

3. NEW ACTION TO BE IMPLEMENTED

Action 68 *Setting up of an Internal Audit Service by May 2000*

An independent and professional Internal Audit Service will be set up under the direct responsibility of the Vice-President for Reform in conformity with the recommendations of the Committee of Independent Experts, second report, 4.13.3. The Head of IAS will need to have the same independence as is currently guaranteed by the Financial Regulation to the Financial Controller, thereby enjoying autonomy in the conduct of internal audits, the maintenance of professional standards and the contents of reports. He/she will be a highly qualified and experienced member of the audit profession recruited specifically for this task.

The Commission will decide in March 2000 on the establishment and organisation of the new Service. The IAS is likely to have a staff of about 80 officials of different grades of whom about 65 will be professionally qualified and experienced auditors. The new service will be progressively built up on the

basis of internal audit experience in the Commission. To make the best use of the available expertise, a general call for interest from all Commission staff who have the necessary professional qualifications and background will be launched to be followed by an internal competition. External recruitment, including national experts coming from audit services in the Member States will also be foreseen. The preparatory work will comprise a draft working plan for the period of 1 May to 31 December 2000, a code of ethics for IAS staff and the design of a common approach to internal auditing. The new organisation will be set up by 1 May 2000.

Before the end of 2000, the Head of IAS will be responsible for preparing an Internal Audit Plan for 2001 and a Forward Audit Plan for 2001-2003. A second call for interest, based on requirements developed by the IAS, will be published as soon as the Head of IAS is reasonably sure of the needs. By March 2001, the IAS will submit to the Audit Progress Committee (see Action 71) and the College the internal audit report for 2000, in which the setting up of the IAS and the results of the auditing of the change process in the operational DGs should be presented.

Action 69 *Reporting and Planning of the Internal Audit Service*

The Head of IAS will be independent of other Services and report to the Vice-President for Reform with access to the President and the College, whenever necessary. The Head of IAS will prepare on the basis of a three-year rolling Forward Audit Plan an Annual Internal Audit Plan for the implementation of audit activities. Both plans will be risk-based. Discussion between the Internal Audit Service and its auditees should last no more than one month, after which the audit report should be finalised. The Head of IAS is responsible for all audit reports and has to present an Annual Audit Report on activities and results. The Annual Audit Report will be published. Before the end of 2000, the Head of the IAS will be responsible for preparing an Internal Audit Plan for 2001 and a Forward Audit Plan for 2001-2003.

Action 70 *Separation of internal audit from financial control*

The concern for rendering internal audit independent by eliminating the potential for conflicts between internal audit and financial control would be met by revising article 24 of the Financial Regulation (FR) in the context of its recasting and, as much as possible in the interim, through a system by which the Head of IAS reports – under the responsibility of the Financial Controller – to the Vice-President for Reform. The proposed revision in the FR would foresee that, in the case of the Commission, the Internal Auditor will exercise with equivalent independence the responsibility of financial controller defined by the Treaty. The Commission will urge Council, Parliament and Court of Auditors to deal rapidly with this change to article 24, which should be treated as a separate train. Until article 24 has been changed the IAS will have to be organised within the present Financial Control DG, though its location will be separate, and the Head of IAS will be a Deputy Director General for internal audit in the Financial Control DG. After the interim period the IAS will form a separate, independent structure.

Action 71 *An Audit Progress Committee*

An Audit Progress Committee shall assist the College of the Commission in fulfilling its obligations under the Treaties and under other statutory instruments and agreements by assuring the maintenance of quality and integrity in the accounting and reporting practices of Commission services. The Audit Progress Committee will ensure the independence of the IAS and monitor (1) the control processes of the Commission through the results of audits of the IAS and the European Court of Auditors, (2) the implementation of audit recommendations, and (3) the quality of audit work. It will also ensure efficient communication between the College, the Court of Auditors, the IAS and the Directors-General and financial services of the Commission. Commissioners and Services could, through the Committee, call on the IAS to provide assistance or carry out specific audits. The Committee will be comprised of a maximum of five members of whom four shall be Members of the Commission, and will be chaired by the Budget Commissioner. The other participant will be selected from outside the Commission and will have relevant experience and knowledge of corporate governance and control. The Audit Progress Committee will be an advisory body without executive powers and will be assisted by a secretariat.

3. LEAD SERVICE(S)

- Action 68** DG ADMIN (for recruitment and logistics), Task Force Reform (for Action 68 co-ordination of other preparatory work until May 2000), Head of IAS (for proposing audit charters).
- Action 69** Internal Audit Service
- Action 70** DG Budget
- Action 71** Secretariat General or DG Budget (for making arrangements to provide the secretariat).

4. TIMING

- Action 68** Before May 2000 and as soon as possible for the audit charters.
- Action 69** December 2000 (Internal Audit Plan 2001 and Forward Audit Plan 2001-2003) and March 2001 (Annual Internal Audit Report 2000).
- Action 70** April 2000 (presentation of proposal for recasting of Financial Regulation).
- Action 71** As soon as possible after adoption of the charter of the Audit Progress Committee.

1. OBJECTIVE

Central professional support and advice need to be available to anyone dealing with budgetary and financial management. This will provide coherence across the Commission in the definition and application of rules, procedures and Commission-wide standards for internal control. It is the corollary of giving more responsibility to financial actors: to be able to act responsibly, they need first the knowledge and means to exercise those responsibilities.

On the other hand, the best means of ensuring respect for rules and procedures is to make them readily accessible to all officials in a form which is consolidated, simplified, clearly set out and easily accessible. The need for clear, common and consolidated rules and procedures is especially urgent for grants and procurement. Competitive procedures for allocating funds, full information about financing possibilities, fair treatment of all bidders, transparent selection procedures, publication of the results, and proper follow-up and evaluation are principles that must be rigorously applied. The problem of drawing the dividing line between a grant and a procurement spending needs to be settled. Last, the Commission needs to set a good example in procurement procedures.

2. ACTION RECENTLY TAKEN

A Central Contracts Cell, established within DG Budget since 1998, has started defining standard contracts, providing advice and designing a contracts database.

A Vademecum on Grant Management was agreed by the Commission in July 1998 and came into force on 1 January 1999. An evaluation of its application is underway and the results will be available in February 2000.

3. NEW ACTION TO BE IMPLEMENTED

Action 72 *Creation of a Central Financial Service*

A Central Financial Service (within DG Budget) will define the regulatory framework - including sectoral financial rules - for using Community finances and the minimum standards for internal control, provide advice on their application to those who manage financial appropriations and who take care of their recovery, develop and manage common financial management information systems and define – together with DG Administration and operational DGs – training courses on financial matters. The Service will establish a user-friendly and interactive Intranet site containing all the rules, manuals and other information on all aspects of direct and indirect financial management. Its service will be attuned to the needs of its ‘clients’, and feedback from a regular survey of the satisfaction of its users will be included in DG Budget’s annual report. When it makes proposals on financial procedures, it should obtain the views of the Internal Audit Service in order to ensure that the expertise of the Internal Audit Service is appropriately taken into account.

Action 73 *Advice on contracting*

Setting up of a Contracts Unit to provide advice on contracting to authorising officers and to the Commission. This Unit will be in charge of defining standard contracts, managing the contracts database (see below), and giving advice on contract management and procurement procedures (See Action 94 for the fraud-proofing of systems for contract and tender management).

Action 74 *Contracts database*

A central database will bring together all contracts and financing agreements concluded by the Commission. It will be a precondition of any proposal to undertake financial commitments that the data related to the envisaged contractor have been entered in the database. The database will contain all relevant information on the object of the contract, the contractor, the beneficiaries (including major indirect beneficiaries) and implementation.

Action 75 *Operational manuals of financial management*

The operating rules will be codified and presented in simple manuals which will be updated as needed. These manuals will translate into practical terms the principles of sound financial management and act as a guide to dealing with a financial file from the conception of the action to the evaluation of the results. The training on financial and budgetary management will be based on these manuals.

Action 76 *Contracts and grants*

The principles for awarding and monitoring contracts and grants will be set out in a separate section of the revised Financial Regulation.

Consideration will have to be given to the creation of a body independent of the authorising officers that could handle complaints against procurement procedures.

Action 77 *User networks*

The Central Financial Service will set up user networks to ensure an effective diffusion of information, to identify and exchange best practices and to obtain feed-back from operational services. The functioning and number of existing user networks will be reviewed and streamlined in this context.

4. LEAD SERVICE(S)

Action 72 DG Budget, supported by the Planning and Co-ordination Group (PCG) on Financial Circuits.

Action 73 DG Budget.

Action 74 DG Budget, supported by the PCG on Financial Circuits.

Action 75 DG Budget, TFRA, supported by the PCG on Financial Circuits.

Action 76 DG Budget, supported by the PCG on Financial Circuits.

Action 77 DG Budget.

5. TIMING

Action 72 May 2000 (Commission's decision on the establishment of the Central Financial Service), intranet site completed by June 2001.

Action 73 June 2000.

Action 74 June 2001 (temporary contracts database operational; decision on the configuration of the future definitive database).

Action 75 November 2000.

Action 76 April 2000 (Commission's proposal for recasting of the Financial Regulations); review the need to change the Commission's internal rules of procedure.

Action 77 Throughout 2000.

**XXVII – FINANCIAL MANAGEMENT AND CONTROL WITHIN
DIRECTORATES-GENERAL****1. OBJECTIVE**

A Director General's responsibilities cover the entire management process, starting from the definition of objectives to delivering results. This includes ensuring the legality, regularity and effectiveness of the financial decisions he/she takes, a responsibility that will no longer be shared with the Financial Controller or the accounting officer after the elimination of their responsibility for the ex-ante visa and for the check of the validity of the discharge. Directors General will therefore wish to ensure that they have sound internal control systems. The Commission's Internal Auditor will be responsible for the examination of the efficiency and effectiveness of management and departmental internal control systems.

Internal control covers the globality of the policies and procedures conceived and put in place by an entity's management to ensure the economic, efficient and effective achievement of the entity's objectives; the adherence to external rules and to management policies and regulations; the safeguarding of assets and information; the prevention and detection of fraud and error, and the quality of accounting records and the timely production of reliable financial and management information.

It follows that internal control is the responsibility of all officials. Internal control systems should be integrated with operating activities, so that prompt reaction to changing situations is possible and the quality of decision making and delegation can be improved. The key financial control issue is to define the tasks and responsibilities of each official involved in the decision making process since all tasks carry financial implications at some level.

Each DG will issue an *Annual Activity Report* (See Chapter III-VIII - Activity Based Management (ABM)) comprising a description of the results achieved, a detailed report on the use of the allocated resources and an annex with the financial accounts of the DG following a framework to be defined by the Commission's Accounting Officer. The Director General shall declare explicitly in the report that the internal control procedures in place give adequate assurance as to the legality and regularity of the underlying transactions.

Each DG will have to adopt the organisational structure which suits its needs to ensure that its internal controls function properly. Finance Units are to continue to have important roles in the budget procedures and in creating and managing the DGs' financial systems. The Director General must decide to what extent the Finance Unit can and should have an ex-ante approval role on critical operations. While the structures and instruments throughout the Commission should be as uniform as possible, an identical system for all DGs would not be appropriate given that spending profiles, requirements for financial management and control capability, and corresponding models for internal control systems vary across DGs. It seems prudent to set uniform minimum standards – validated by external expertise – rather than to impose a harmonised framework on all services. In parallel, an analysis of human resource requirements will be needed and ways found to attract and retain competent staff. Management skills, especially in financial management, should be developed through recruitment and training (see Chapter V-XXIX – Human Resources and Training).

Particular attention will need to be given to the area of external relations, both in respect of the current split in responsibility for different stages of the project cycle and of the deconcentration and decentralisation of financial interventions.

2. ACTION RECENTLY TAKEN

External Evaluation of the Implementation and Results of SEM 2000: July 1999

3. NEW ACTION TO BE IMPLEMENTED

Action 78 *Minimum standards for internal control*

The Central Financial Service will define common minimum standards for internal control within DGs and will provide advice on their implementation. These standards will describe the systems and functions that must be in place in all spending departments (e.g. written assignment of tasks, definition of responsibilities, principle of segregation of duties, control function, monitoring, internal manuals, codification of processes, training, etc.). Each authorising service must take ultimate responsibility for reviewing its own internal control systems, and it will be for Directors General to ensure the adequacy of internal controls in their services. Each DG will set out in writing its financial management and control systems following a format defined by the Central Financial Service. This document should be accessible to all staff and kept up to date. A copy would be sent for information to the Central Financial Service and the Internal Audit Service. These documents, the user networks and the audit reports from DGs and from the Internal Audit Service will provide the Central Financial Service with the necessary information to oversee the implementation of the minimum standards across the Commission. The Central Financial Service will update them when necessary.

Action 79 *Segregation of duties and financial circuits*

Every single financial transaction will be assessed from the operational and the financial point of view, prior to the authorisation of the expenditure. On the basis of a risk assessment of activities and a cost-effectiveness analysis of the use of resources and expertise, each Director General will decide on the most appropriate division of duties and the resulting organisation chart. Recommended organisational models will be designed for each type of expenditure (see the indicative basic models of financial circuits annexed to this fiche).

Action 80 *Evolution of the role of Finance Units in DGs*

Finance Units will be the main point of contact with DG Budget, ensuring that rules and procedures are known throughout the DG and feeding back the experience of users. They will create and manage the DGs' financial systems, produce the financial section of the DG's Annual Activity Report and ensure that accounting information is complete, comprehensible, and available to all officials. These Units will provide advice and assistance to operational units. In some financial circuits they will carry out the financial assessment of a financial transaction (see Action 79), this will be generally the case for public procurement procedures. They could combine an ex-ante approval role, if considered appropriate by the Director General, with other aspects of financial planning and monitoring. This ex-ante check will be an additional guarantee for the authorising officer but it will not diminish his responsibility.

Action 81 *Strengthening the role of the DGs' control function*

An Audit Capability will be created in each DG, the primary objective of which is to provide assurance to the Director General as to the functioning of internal controls over the activities of the DG, including financial activities. This function (depending on the scale of the DG's financial responsibilities, this might be one person or a sector rather than a unit) should also be involved in the evaluation and improvement of internal control mechanisms, internal rules and procedures and risk assessment. It will report directly to the Director General, to ensure its necessary independence and authority within the DG. This function will undertake an independent review of the use made of the budget by the DG, and undertake systems, programme and performance reviews, and ex-post checks on activities in the field. The annual programme of the function would be prepared in agreement with the Director General and take account of requests of any Unit, or Directorate, involved in the management of the DG's funds. The resulting programme will be communicated to the Internal Audit Service, with a view to avoiding duplication. Finally, under the overall responsibility of the DG Budget, the audit capability within DGs would also be responsible for liaising with the Court of Auditors on matters of interest to the DG.

Action 82 *Declaration by the Director General in her/his Annual Activity Report*

Each Director General is accountable for sound and efficient resource management both in decision making and through the follow up of decisions taken, i.e. internal control. This responsibility should be

expressed in a declaration by each Director General in her/his Annual Activity Report, that adequate internal controls have been put in place and that, on the basis of the analysis made in the report, resources have been used for the intended purposes. The DG's annual accounts shall be included in the Annual Activity Report. The Heads of Unit and Directors should take responsibility for their contributions to this report. By signing the annual report, the Director General takes responsibility for the accuracy and completeness of the information presented, confirms that the resources were used as intended and that the internal control procedures in place give adequate assurance as to the legality and regularity of the underlying transactions. These annual activity reports should be presented by the College to the Council, the European Parliament and the Court of Auditors.

Action 83 *Adequate levels of staffing*

Directors General should only accept new spending obligations if they are satisfied that there are adequate levels of staffing, in qualitative and quantitative terms, to manage them. In line with Activity Based Management (ABM), new programmes of financial interventions will earmark in their legal base the human and administrative resources needed for their proper monitoring and control, these resources being expressed as a percentage of the financial envelope for the programme.

4. LEAD SERVICE(S)

Action 78 Central Financial Service (CFS), supported by the Internal Audit Service, OLAF, the Planning and Co-ordination Group (PCG) on Financial Circuits and the TFAR.

Action 79 All DGs, with the assistance of the CFS, the PCG on Financial Circuits and the TFAR.

Action 80 All DGs, with the assistance of the CFS, the PCG on Financial Circuits and the TFAR.

Action 81 All DGs, with the assistance of the CFS and the TFAR.

Action 82 All DGs.

Action 83 All DGs.

5. TIMING

Action 78 June 2000 (draft proposal), September 2000 (Commission's decision).

Action 79 Throughout 2000.

Action 80 Throughout 2000.

Action 81 Throughout 2000.

Action 82 April 2001 for the first Annual Activity Report. For the following years, the optimal timing will be defined to ensure a proper use of that Report as a reporting tool in the annual cycle of resources allocation.

Action 83 As of 2000.

Action with
a financial impact

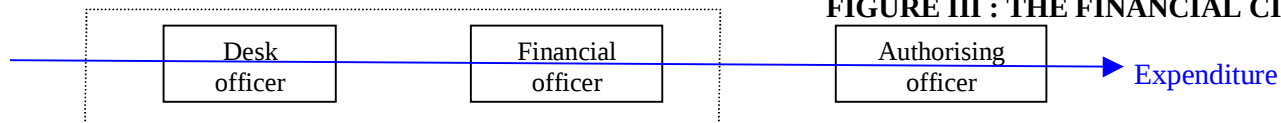


FIGURE III : THE FINANCIAL CIRCUIT

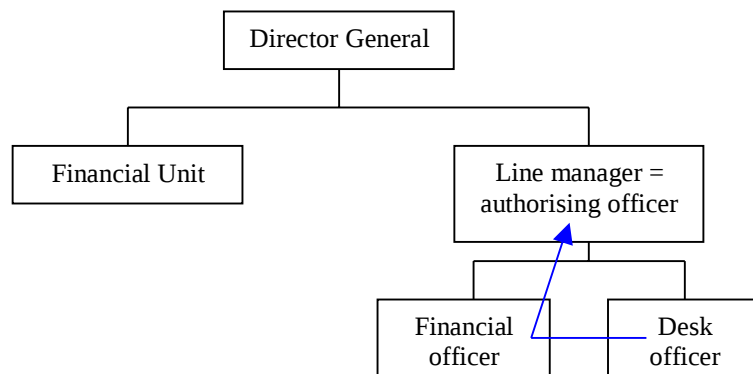
Double assessment
(principle of segregation of duties)

BASIC MODELS OF FINANCIAL CIRCUITS

To be defined by the Director General. Criteria for choice: risk analysis and cost-effectiveness in the use of resources. One DG could have various financial circuits if it manages several types of expenditure.

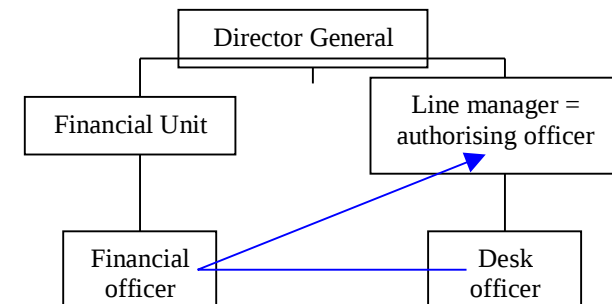
Model 1 : fully decentralised without « counter-weight »

(Example: direct management of a high number of projects)



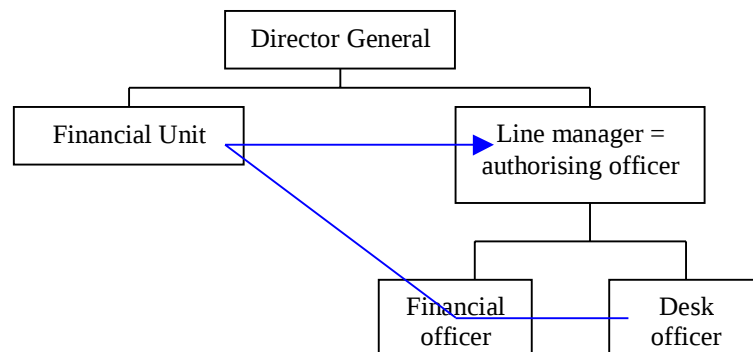
Model 2 : partially decentralised

(Examples: public procurement procedures; direct management of a small number of projects; shared management)



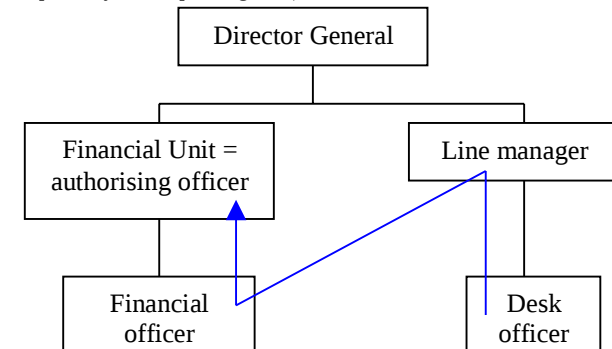
Model 3 : fully decentralised with « counter-weight »

(Examples: sensitive transactions; probatory period for the line manager)



Model 4 : centralised

(Example: very small spending DGs)



CHAPTER V – AUDIT, FINANCIAL MANAGEMENT AND CONTROL

XXVIII – THE TRANSITION PHASE

1. OBJECTIVE

The existing legal framework, notably the current Financial Regulation, requires the maintenance of a centralised ex-ante visa and enshrines the role of the Financial Controller as being responsible for ex-ante financial control and internal audit. As a result, the ex-ante visa as carried out by the Financial Control DG cannot be totally abandoned immediately or be replaced by an automatic technical visa on all transactions. However, the recasting of the Financial Regulation is no obstacle to the reinforcement of departmental internal controls and the strengthening of internal audit's independence and professionalism.

The Commission will ensure that responsibilities of officials during the transition period are fully clarified and that ex-ante control – whether centralised or decentralised – operates swiftly and effectively. To this end, the implementation process has been designed so as to guarantee that any change will be preceded by the provision of the necessary means and tools to allow a safe implementation (see overview of the implementation process annexed to this fiche): the charter of responsibilities of financial actors (Action 63) will specify their financial liability; operational DGs' financial departments will be reinforced by the redeployment of financial controllers (Action 86); assistance will be given to operational DGs for setting up their action plan to comply with the minimum standards for internal control (Action 85); simplified and consolidated rules and procedures will be produced (Action 75); all staff dealing with financial matters will be thoroughly trained (Action 91); progress in the process of change will be reviewed (Action 87); Directors General will declare whether they have put in place the adequate internal controls (Action 82). This implementation process should make, by mid-2001, the Commission's financial and control systems effective and reliable enough to be ready to operate without centralised ex-ante visa. However, if some spending departments do not reach the high standards pursued by this reform by the time the New Financial regulation enters into force, then the ex-ante visa on their transactions will be maintained until they have done so.

2. NEW ACTION TO BE IMPLEMENTED

Action 84 *Review and assessment of current internal controls and financial processes*

Each DG will describe in writing, according to a format defined by DG Budget, its current internal controls and financial processes. It will also undertake a control self-assessment of the adequacy of the systems in place. The current state of play of the financial management and control practices in the Commission will be assessed against the draft proposal for minimum standards (see Action 78). The state of play will be taken into account in the finalisation of the minimum standards.

Action 85 *Design of adequate internal controls and financial processes*

Taking into account the results of the assessment of current systems, each DG will design a basic control model (in conformity with Figure III) to put in place adequate internal controls. DGs will also design a plan to provide their staff with the necessary means and training to perform sound financial management.

Action 86 *Decentralisation*

The ex-ante visa will be carried out by delegated financial controllers in operational DGs reporting to the Financial Controller of the Commission. A central unit in the Financial Control DG will ensure the co-ordination and assistance to delegated financial controllers. The redeployment of financial controllers will be made according to the needs of operational DGs.

Action 87 *Review of progress made by Commission's services in the change process*

The Internal Audit Service will review the improvement and reinforcing of the DG's internal control systems. Formal statements on the progress made by services will be provided (but no formal opinion on the quality of the services' internal control systems). These statements will be used for DG's Annual Activity Reports for 2000. The Internal Audit Service will advise the College through the Audit Progress Committee on the Annual Activity Reports from the operational and horizontal DGs for 2000. It is to be expected that from April 2001 to December 2002, the Internal Audit Service will carry out a complete cycle of in-depth audits of management and control systems in all DGs.

Action 88 *Financial Control DG and Inspectorate General of Services*

Once the Financial Regulation frees the Financial Control function from delivering an ex-ante visa, the Financial Control service will cease to exist. Its current tasks, other than the ex-ante visa, will be progressively decentralised in parallel with the implementation process: internal audit transferred to the Internal Audit Service in May 2000, training and co-ordination of co-operation protocols on administrative agreements with Member States transferred to the Central Financial Service in May 2000, ex-post verifications and system audits in Member States transferred to operational DGs in July-August 2000. As to the IGS, it will cease to exist in May 2000 following the incorporation of its activities into the Internal Audit Service.

Action 89 *Consultation of ACPC*

Pending the recast of the Financial Regulation, the Commission will adopt new implementing rules under the current Financial Regulation for the compulsory consultation of the Advisory Committee on Procurement and Contracts (ACPC). Higher thresholds will be foreseen without preventing services from consulting the ACPC on a voluntary basis for any procurement under the thresholds.

3. LEAD SERVICE(S)

Action 84 All DGs, supported by the Central Financial Service (provide common format), the Planning and Consultation Group (PCG) on Financial Circuits and the TFAR.

Action 85 All DGs, supported by the Central Financial Service, the PCG on Financial Circuits and the TFAR.

Action 86 DG Budget, TFAR, DG Administration.

Action 87 Internal Audit Service.

Action 88 DG Administration.

Action 89 DG Budget.

4. TIMING

Action 84 April 2000 (description of current systems); June-September 2000 (self-assessment).

Action 85 September 2000 (definition of control model), September-December 2000 (changes in organisation charts), June 2001 (compliance with all minimum standards).

Action 86 July-August 2000.

Action 87 October 2000 – March 2001.

Action 88 April 2000 (Commission's decision on the abolition of the IGS). Commission Decision on the abolition of the Financial Control DG once the new financial regulations adopted.

Action 89 June 2000 (Commission's decision on new implementing rules).

**FIGURE IV: OVERVIEW OF THE IMPLEMENTATION PROCESS
FOR STRENGTHENING FINANCIAL MANAGEMENT AND CONTROL CAPACITY WITHIN DGs**

March	April	May	June	July	September	Oct-Dec	1 st half 2001
Actions by DGs							
Description of current systems							
		Self-assessment of internal control systems					
		Design of control system					
						Compliance with minimum standards	
Action and assistance by horizontal services							
Set up Internal Audit Service							
Set up Central Financial Service							
Charter of responsibilities of financial actors (CFS)							
		Minimum standards for internal control					
		Operational manuals on simplified and consolidated rules and procedures					
						Review of progress in the change process (IAS)	
Human resources							
Assessment of HR needs of DGs (all DGs)							
		Additional posts					
				Redeployment of financial controllers to operational DGs			
Training of staff dealing with financial management							
		Principles and concepts of the new financial system					
					Value for money (management)		
						Financial management (operational staff)	

P.M. An assessment of the Commission's global Human Resources needs will be carried out in the period March-September 2000

CHAPTER V – AUDIT, FINANCIAL MANAGEMENT AND CONTROL

XXIX – HUMAN RESOURCES AND TRAINING

1. OBJECTIVE

A fundamental element for the robustness of the new Commission's audit, financial and control system is to ensure that financial operations are run by highly competent staff. Any shortage in human resources, skills or expertise will seriously undermine the reliability of the system. Moreover, given the sensitiveness of financial matters, this would give staff an incentive to apply for functions not involving financial responsibilities as a result of which the shortage would widen. Financial management and control will, therefore, be a priority in the global assessment of the human resources needs of the Commission.

Training is equally crucial. Firstly, all staff will follow awareness sessions on the principles of the financial reform in order to develop a common understanding of the concepts and vocabulary underlying the new audit, financial management and control system of the Commission. Then, thorough training will be provided to operational staff on budgetary and financial matters, while managers will be trained on how to obtain the maximum value for money from spending programmes. Training modules will have to be customised to the services' daily work and make extensive use of case studies.

2. NEW ACTION TO BE IMPLEMENTED

Action 90 *Assessment of human resources needs for financial management and control*

An overall assessment of the needs for human resources in the financial management field will be made in parallel with the description of current financial circuits (see Action 84). This assessment will take into account the quantitative needs as well as the needs in terms of skills and expertise. Guidance will be given by DG Budget to operational DGs in order to draw up comparable justifications of the needs and to envisage alternative ways of implementation for significantly human resources consuming spending activities. The assessment will also seek to identify benchmarks in the use of resources for financial management and control across the Commission.

The human resources needs will be met progressively by means of redeployment of the current DG Audit's staff (see Action 86), allocation of part of the 200 posts that will be made available at the beginning of May 2000 for the implementation of the reform, retraining of staff and, if needed, by a letter of amendment to the PDB 2001 and/or specialised competitions.

Action 91 *Training*

A) Training on the principles of the new Commission's financial system

The principles of the reform (e.g. responsibility, a culture of accountability, internal control, financial organisation of DGs, etc.) will be explained to all staff in order to build up a common understanding of concepts and vocabulary. This training will be supported by a practical manual comprising concrete examples of the application of these principles in services' daily work. Staff performing financial management and/or control tasks (following the definition of financial management, see Action 63) will be trained before July 2000 and it will be made sure that they have acquired the basic principles. The training will be delivered to the rest of staff afterwards.

B) Training on "value for money"

Managers of spending programmes will be trained on the strategic aspects of the management of a programme in order to maximise the “value for money”: objectives, means to reach the targeted population, who applies and why, assessment of strengths and weaknesses, feed-back from the various constituencies, diffusion of results, etc. The design of the training modules will require external support but a strong emphasis will be put on the set up of a completely customised product. The training will be followed by a visit to an international organisation – public or private – to exchange experiences. Trainees will be asked to apply the knowledge acquired by producing a synthetic strategic assessment of their programmes to be presented to Commission’s political and budgetary decision-makers.

C) Training on budgetary and financial management

All staff performing financial management and/or control tasks will be thoroughly trained on sound financial management, Commission’s financial rules and procedures, establishment and execution of the budget, internal control systems, contract management, monitoring and control of actions, evaluation, information systems, anti-fraud methods, etc. The rest of staff will follow a compulsory training to raise their awareness on financial and budgetary matters. Training will be supported by operational manuals (see Action 75) and case studies.

3. LEAD SERVICE (S)

Action 90 DG Budget, TFAR, supported by the Planning and Consultation Group (PCG) on Financial Circuits.

Action 91

- A) DG Budget, TFAR, supported by the PCG on Financial Circuits (practical manual for training);
DG Budget, TFAR (financial management and control staff);
DG Budget, DG Administration (rest of the staff).
- B) DG Budget, DG Administration, TFAR, supported by the PCG on Financial Circuits.
- C) DG Budget, DG Administration, OLAF, TFAR, supported by the PCG on Financial Circuits.

4. TIMING

Action 90 June 2000 (at the level of operational DGs), September 2000 (at the level of the Commission).

Action 91

- A) April-July 2000 (financial management and control staff);
September 2000 – July 2001 (rest of the staff).
- B) September-November 2000 (training);
April-June 2001 (synthetic strategic assessment).
- C) January-June 2001 (financial management and control staff);
September 2001 – July 2002 (rest of the staff).

CHAPTER V – AUDIT, FINANCIAL MANAGEMENT AND CONTROL

XXX – PROTECTING THE COMMUNITY’S FINANCIAL INTERESTS

1. OBJECTIVE

The Reform needs to address the issue of how the irregularity and fraud “proofing” of legislation and of financial management rules and procedures can be maximised. Co-operation between the Commission services and between the Commission and Member States will need to be better defined to ensure that more effective action is taken to improve the prevention and detection of irregularities, fraud and corruption.

2. NEW ACTION TO BE IMPLEMENTED

Action 92 *Guidelines for sound project management*

To contribute to a proper business conduct of officials throughout the life cycle of programmes and projects, from the conceptual level to the evaluation of final results, guidelines will be put in place. The aim will be to prevent an administrative behaviour detrimental to the Communities’ political, legal and financial interests by raising awareness on the part of officials and beneficiaries to forms of conduct which in certain phases of the life cycle of programmes and projects might lead to unintentional errors, conflicts of interest and irregularities.

Action 93 *Better co-ordination of interaction between OLAF and other services*

Notwithstanding the legal framework for the creation of OLAF, a more effective fight against irregularities, fraud and corruption requires the improvement of co-ordination and co-operation between OLAF, the new Internal Audit Service and DG Budget as well as, in certain cases, the Financial Irregularities Committee and DG ADMIN. A more practical agreement will be elaborated to promote an efficient and timely exchange of information. This must lead to a more efficient use of available resources and a more rapid finalisation of investigation and special audit reports, at the same time improving the irrefutability of results. OLAF will keep those DGs, which are directly concerned by its administrative investigations, regularly informed about progress.

Action 94 *Fraud “proofing” of legislation and contract management*

To render the present system of fraud-proofing more effective, Commission services will be required, when proposing new legislation with a potential impact on the Community budget, to submit draft proposals to OLAF for a risk assessment during inter-service consultations. DG Budget will be assisted by OLAF in the review of the Commission’s systems for contract management (e.g. standard contracts, central contracts database, management tools). OLAF will also provide advice on fraud-proofing throughout the legislative process.

Action 95 *Optimisation of Early Warning System*

The establishment of a central database for all contracts and grants (refer to Action 74) will permit the monitoring of funds granted to beneficiaries. While the setting up of the database will take time, the functioning of the existing Early Warning System (EWS) will be optimised through a mechanism making the consultation of the EWS compulsory before entering any commitments in the accounting system as well as through a better definition of the responsibilities of the involved services, greater involvement of authorising services, and effective monitoring regarding identifiable links of signalled entities to the same or any other authorising department in the Commission.

Action 96 *More effective management of recovery of unduly paid funds*

To improve efficiency and effectiveness of the follow-up to and the legal enforcement of recovery orders the definition of responsibilities, which are now dispersed between DG Budget, the Financial Control DG, the Legal Service and – in the case of irregularities or fraud – OLAF, needs to be reviewed. To deal for the Commission as a whole with all issues related to the recovery of unduly paid funds, an adequately staffed central organisational structure will be set up by July 2000. Dispute settlement procedures will be clarified and simplified in order to help in the recovery process. In this context the existing arrangements for the recovery of own resources will be reviewed as well.

Action 97 *Improved monitoring of Structural Funds*

The Member States should make available detailed information on project progress and on payments to final beneficiaries, together with a set of information on financial corrections, project substitution and additionality, so as to allow better monitoring of actions. The Commission will reinforce its audits of the information submitted by the Member States, as well as its audits of the effectiveness of their procedures. Financial corrections enforced through compensation mechanisms will be applied if a Member State fails to introduce sufficient controls or provide adequate information.

Action 98 *Improved clearance procedure for EAGGF*

A statistical review of the length of the various steps of the clearance procedure since 1996 will be produced and improvements will be proposed.

3. LEAD SERVICE(S)

Action 92 DG Budget, SG, Legal Service

Action 93 OLAF, Internal Audit Service, DG Budget, DG ADMIN

Action 94 All DGs, OLAF, DG Budget

Action 95 DG Budget, Internal Audit Service, Legal Service and OLAF, supported by PCG on Financial Circuits

Action 96 DG Budget, OLAF, Legal Service, DG AGRI

Action 97 DG REGIO

Action 98 DG AGRI

4. TIMING

Action 92 December 2000

Action 93 December 2000

Action 94 From May 2000 onwards

Action 95 July 2000

Action 96 July 2000

Action 97 December 2000

Action 98 June 2000