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COMMUNICATION FROM THE COMMISSION

Progress Review of Reform

PROGRESS REVIEW OF REFORM

1. INTRODUCTION

Administrative reform has been one of the main objectives of the Prodi Commission. Upon taking office, the Commission embarked on an unprecedented programme of reform, which was adopted in the form of a White Paper on 1st March 2000. It is based on principles and objectives that have underpinned the modernisation of other public administrations across Europe and beyond. The White Paper committed the Commission to an ambitious programme for strengthening independence, accountability, efficiency, transparency and the highest standards of responsibility. The European Parliament strongly supported the approach proposed by the Commission in its resolution on the Second Report of the Committee of Independent Experts, while the European Council in Helsinki also welcomed the proposed modernisation of the Commission.

The White Paper mandated the Commission to publish a full progress review of the reforms by December 2002. This Progress Review fulfils the mandate of the White Paper, and also responds to recent calls from the European Parliament for more comprehensive information on reform implementation.

The review demonstrates that the Commission has successfully achieved the majority of commitments made in the White Paper Action Plan: to date, a total of 87 of the 98 Actions have been implemented. At the same time, it is clear that reform has been a process of change and discovery, through which new issues have been identified during implementation. The Commission has shown substantial flexibility during this change process and a willingness to respond to the difficulties that reform initiatives have themselves highlighted. Therefore this review is more than a simple case of checking the Commission's progress against the Action Plan, since it looks towards the longer-term objectives of reform which extend beyond the 98 reform actions and the White Paper itself.

The Progress Review comprises a political assessment of progress since the adoption of the White Paper, a detailed implementation report on the Action Plan, and a table detailing the state of play on all the 98 White Paper Actions. It also includes a diagram outlining the development of different elements of reform and indicating when they should have reached the necessary maturity for their overall effectiveness to be assessed.

The substantive objectives of the White Paper are long-term attainments that will require sustained efforts going even beyond this Commission's mandate. Nonetheless, enlargement in May 2004 presents an important testing ground for the success of the reform under this Commission. This historically unprecedented enlargement presents the Commission with a challenging set of deadlines, while the institution at the same time manages the demanding agenda of a profound administrative reform. This Progress Review intends to help clarify what practical achievements should be made before enlargement and the end of this Commission's mandate. For these purposes it is important to start to measure performance against the substantive, long-term objectives of the White Paper, in order to build up a picture of the multi-annual evolution of the reform programme and its ongoing achievements.

2. TO WHAT EXTENT HAS THE COMMISSION DELIVERED ON THE COMMITMENTS OF THE WHITE PAPER? WHAT FURTHER INITIATIVES AND PROBLEMS HAVE EMERGED DURING THE DYNAMIC REFORM PROCESS?

◆ *Creating a culture based on service* (White Paper Actions: 1-11)

Underlying the direct commitments of the White Paper was the aim of creating a more service-based culture in the Commission and achieving a culture change in the Commission's relations with the public. In this pillar of reform, 9 out of 11 of the White Paper Actions have already been implemented.

New rules on access to documents and a new Code of good administrative behaviour have resulted in visible changes being implemented. Furthermore, work is in progress as regards simplifying the Commission's internal administrative procedures. Achievements to date include the marked improvement in Commission services' ability to meet payment deadlines. The average in 2002 was 43.7 days, compared with 54 days in 1999. The Commission is also able to track and monitor its efficiency in responding to public requests - around 70% of public mail is replied to within the standard deadline in the Code of good administrative behaviour. The Commission has also recently adopted a set of minimum standards for the consultation of stakeholders on new policy proposals. Other White Paper actions, such as the 'e-Commission', are multi-annual programmes that have progressed but which are still ongoing.

On the other hand, feedback from the European institutions on the Commission's proposal for an Advisory Group on Standards in Public Life made it clear that these institutions were not ready to move forward. Against this background, there is regrettably no prospect of progress in this area. Also, the White Paper Action aimed at electronic public procurement and transactions is somewhat delayed.

While progress has been made there remains scope for improvement in this pillar of reform. It involves a process of adjustment that is happening steadily across the Commission but is more apparent in some parts than in others due to the diversity of the Commission's activities. The achievement of a change of culture is a far-reaching qualitative process, the results of which will not be fully clear in the short term. This process has also highlighted that significant investments will be needed in some areas, for instance in the modernisation of archiving systems, to ensure that the Commission services meet the new standards set by the reform. It has also brought out the need to develop an internal service culture within the Commission, to further improve the performance and responsiveness of central services when dealing with the other Directorates General. The central services are currently intensifying their efforts to support operational services in their efforts to implement reform. The wider application of Service Level Agreements is just one example of how this is being achieved.

Outlook

Substantive progress in building up a service culture has been achieved. The Commission must ensure that the remaining scope for increased performance is fully used. By May 2004 the Commission will have:

- Improved its document management system
- Improved the efficiency and quality of information provided to the public by having implemented a new editorial approach for its internet site (Europa 2nd generation.) This site better reflects the priorities and daily activities of the Commission, increases visibility and access to the President and other Commissioners and is arranged thematically.

Furthermore, the Commission will sustain its vigorous efforts further to increase the speed of payments.

◆ *Priority setting and the efficient use of resources* (White Paper Actions: 12-20)

8 out of 9 of the White Paper Actions in this field have been implemented. The introduction of the Activity Based Management (ABM) system, in particular the Strategic Planning and Programming (SPP) cycle reinforce the central political steer of the Commission and match the services' tasks to resources, thereby improving efficiency across the Commission. ABM thereby gives the Commission clear guidance on which resources are best allocated to each task thereby helping to facilitate movement to meet new priorities. This will help reinforce the Commission's capacity to negotiate over resources and priorities with the other institutions.

All the components of the planning and programming cycle are now in place. Meanwhile, the transition to Activity Based Budgeting (ABB) is in its final stage and the first budgetary exercise to be entirely based on ABB will begin in 2003 with the preparation of the 2004 budget. Under the new system for planning and programming, priorities are now set more clearly on a central level and the Commission exercises its right of initiative through issuing legislative proposals in a more transparent and systematic manner.

The process has been implemented as follows:

- in the **Annual Policy Strategy (APS)** the Commission identifies priorities, priority actions and corresponding resources. This decision forms the framework for the budgetary procedure and for the preparation of the **work programme**. The 2003 work programme announced which proposals will undergo an extended impact assessment. An extensive **inter-institutional dialogue** has also been developed both with the European Parliament and the Council: this dialogue is an important building block for the preparation of the work programme.
- Subsequently, each Directorate-General establishes **Annual Management Plans (AMPs)** on the basis of the above framework. This translates the activity-based management principles into the internal management of Directorates General, including performance management based on objectives and indicators. All services operate annual management plans and can use a common IT system

(Integrated Resource Management System, IRMS) for their planning, monitoring and reporting activities. All of the Directorates General are in a position to report their annual management plans on this system.

- For the first time, all Directors-General have presented an **Annual Activity Report** (AAR) for the year 2001 and signed a declaration on the quality of internal controls. This exercise was followed by a Synthesis Report for the entire Commission that included a comprehensive Action Plan to remedy weaknesses identified by the Directors-General. The whole process, which has demanded considerable efforts from services and staff, has radically improved the transparency of the management of activities and the ability to identify and correct deficiencies. Further improvements to be made to the annual declaration exercise include the application of more precise guidelines on the identification of reservations. These guidelines have been adopted and are being applied for the reporting exercise for 2002. It is envisaged that the Annual Activity Reports take over from a series of other reporting requirements, helping to lighten the administrative burden on services.

Reform has thus been successful in introducing the procedures foreseen in the White Paper. This has involved a major overhaul of management and planning activities in a relatively short space of time, leading to a better matching of tasks and resources and a clearer focus on the core tasks of the Commission. The Peer-Group exercise of July 2000 was a major step forward in this direction, leading to the identification of human resource needs corresponding to 1254 posts in specific areas of Commission activity. In order to close this gap a substantial number of activities were reduced or discontinued, staff redeployment took place on an unprecedented scale and additional posts were granted by the Budgetary Authority. Further evidence of successful implementation of this pillar of reform will come in 2003, when one will be able to judge the Commission's ability to convert its Annual Policy Strategy priorities for 2003 into practice. The 2003 APS (adopted by the Commission in February 2002) identified internal redeployments to match priorities amounting to around 300 staff, of which around 175 are to be re-deployed between services. It also identified the need to recruit 500 external staff for the enlargement preparations. Moreover, an early retirement scheme adopted in September 2002 will lead to 600 officials leaving over the next 3 years - a 1st group of officials will leave in the 1st half of 2003.

The creation of Executive Offices is a further important step leading to improved efficiency. From the beginning of 2003 new Commission Executive Offices will already perform important administrative activities. The Offices will allow for potential savings through reinforced inter-institutional co-operation and increased use of contract staff once the new Staff Regulations are agreed, and will enable the Commission further to focus its resources on its core activities. They will also lead to greater quality of service, more visibility and clearer division of responsibilities. The Commission has already approved the establishment of 3 new Offices aimed at rationalising the day to day management of administration and support services. It is estimated that once fully operational, this alone will lead to annual savings on overall operating costs of up to 12 million euros – roughly 14% of the current cost of providing these services. Equally, the creation of the European Personnel Selection Office, established in July 2002, is a significant step in rationalising the workings of the institutions.

The ABM process up to now has allowed the Commission to identify the improvements needed to fine-tune operational systems, to ensure ownership by middle management and to realise further efficiency gains over the years to come. In particular, the Commission needs to provide its services with additional support tools. Improvements are being made, for instance, to IRMS and the interoperability of management systems, and the task now is to ensure that the services are fully able to exploit the capabilities of the IRMS system which, equally, must evolve to meet the needs of services. Another example where the Commission has had to focus its efforts is the need to arrive at a clear methodology for identifying human resource needs and to build this methodology into the ABM approach.

2003 will be the first year for which all the elements of the Strategic Planning and Programming (SPP) cycle are operational and the internal management system (ABM) is developed to support it. Future cycles will be easier to handle as they will be informed by the experiences and work carried out in previous years. For example, the drawing up of future Annual Management Plans will not require modification to the mission statement, nor are major changes to the strategic objectives at service level likely.

Simplification

Simplification of procedures and working methods are inherently an on-going element of reform and have developed beyond what was envisaged in the White Paper. An Interim Action Plan of 12 measures was adopted by the Commission in 2000: most of the actions have now either been entirely completed or are in process of being completed (more details are given in Annex 1 to the Communication). A major overhaul of the Commission's Manual of Operating Procedures has also been undertaken, and two Quality Circles have been working on ways of simplifying the rules on who signs which documents, and the wider application of service level agreements to help improve co-operation between central departments and operational services. These issues were highlighted through the Annual Activity Reports – an example of how reform is self-propelling.

Outlook

The Commission has significantly increased the efficiency, transparency and accountability of its operations. These changes will continue to bear fruit over the coming years. By 2004 the Commission will have realised the following through reform:

- Through the implementation of Activity Based Management, the Commission will have ensured transparency of its tasks and resources. Activity Based Management enables the Commission to ensure that political priorities are sufficiently resourced and to determine the degree to which resources have been used for their intended purpose.
- Through Annual Activity Reports, following their fine-tuning during 2003, the Commission will have implemented a system where the administration – and in particular senior managers – are accountable for ensuring the use of resources at their disposal for the intended purpose.

- A new generation of Executive Offices will have been established and the Commission will have all the necessary legal and practical means to realise further efficiency gains and focus resources on core activities.

◆ *Towards a modernised human resources policy* (White Paper Actions: 21-62)

In total, 38 out of 42 of the White Paper Actions within this reform strand are complete. The Commission has delivered on its central commitment to issue proposals to modernise the Staff Regulations. In addition, the large majority of reform initiatives that can be achieved under the existing Staff Regulations have been finalised and are being implemented. The Commission has thereby lived up to its commitment to design a once in a generation reform of personnel policy. Some delays occurred due to consultations with staff, staff representatives and the other institutions on an unprecedented scale, but they were necessary to ensure consensus within the Commission and with the other institutions. The implementation of individual but closely interrelated measures has to be undertaken over a period of time, and a significant chapter of personnel reform is still under negotiation in the Council.

Nevertheless, a centrepiece of the new personnel policy - the new appraisal and promotion system - is now being implemented as of January 2003. This is an opportunity to monitor the success of a key element of personnel reform. The system is designed to reinforce the link between demonstrated merit and career development, and gives particular importance to each official's ability to attain agreed objectives. The defining of objectives is clearly linked to priority setting under ABM, ensuring that individual roles are linked to the objectives of the organisation and clearly located within the ABM framework.

The appraisal system will be closely linked to reinforced training for every official, which is possible since the budgetary means were strongly reinforced as a result of reform. Furthermore, the new appraisal rules will promote mobility, and assist the early detection of any problems with staff members meeting professional standards. Implementation of all these elements of the new staff policy will be facilitated by the system of job descriptions for all staff, which has been in place since the second half of 2002. This system has been built up using a new IT tool to ensure greater clarity on the functions and duties of each post in an easily accessible manner. Further software for human resource management will become available in 2003 as foreseen in the White Paper.

The Commission has decided to put in place a system for the performance appraisal of senior officials (A1 and A2). An initial pilot project is already underway and proposals to generalise the approach will be put to the College. In addition, the Commission is about to start the test phase of development/assessment centres which will provide officials seeking a management career with detailed advice on their aptitude for management posts and recommend in connection with the training services personal development plans to help develop the full range of skills required for such posts.

One White Paper project under the new staff policy has had to be abandoned: the new officials' training programme, as a first step to a more ambitious trainee programme. Given the current level of resource pressure, it has not been possible to go beyond the already substantial induction training provided for newcomers.

Progress has been made in implementing the policy of equal opportunities, in particular in the area of management appointments. For example, the number of women at A1 and A2 level has risen from 22 out of 262 in 1998 to 35 out of 276 in 2002 (from around 8% to around 13%). It is clear that this number should be further increased. Moreover, in order to fully implement a meaningful policy of equal opportunity continued emphasis will have to be given to accompanying measures, in particular in the Commission's social policy and in terms of working arrangements.

The new rules and organisational changes already being implemented impose new requirements on staff, particularly managers, who need to adjust to new procedures and to a reinforced management culture and to devote an important part of their time to staff management. Such a change takes time, requires general acceptance that managers delegate operational tasks, and has proven challenging. Inevitably, managers have had to take on tasks related to the implementation of reform.

Three factors will continue to be crucial in managing this change process and maintaining momentum during the next phase. First, building ownership and consensus in a change process that requires dialogue, training of those involved and flexibility to address justified criticism. Secondly, the availability of resources needed to invest in reform, for instance for training and the up-front investment to implement the new Staff Regulations. And thirdly, the provision of strong and interoperable IT tools to help manage staff in a consistent and efficient way and reduce the workload on managers.

The 'second phase' of implementation will be based on the new Staff Regulations to be implemented in 2004/2005, extending beyond the mandate of this Commission. The full benefit of the reform of staff policy will only be visible once the amended Staff Regulations allow stronger merit incentives for officials under the more linear career system and the recruitment of contract agents within Commission Executive Offices.

Outlook

The Commission considers the successful implementation of the reforms to staff policy that have already been agreed, to be of paramount importance during 2003 and the years to come. Further progress on the reform of personnel policy depends greatly on the conclusion of negotiations on the Staff Regulations in the Council in mid-2003 – the key milestone remaining for the reform of personnel policy, and an important landmark for Commission reform as a whole. A priority for the Commission in 2003 is the successful conclusion of these negotiations. It will be for the Commission to secure an outcome which ensures that staff support this reform of staff policy.

As a result of the reform of personnel policy, by May 2004:

- Provided the necessary support from the other institutions is forthcoming, new officials will be recruited from the new Member States into a new career system with 2 function groups and a more linear pay structure. In this system, strong incentives will be available for high performing officials through the annual appraisal system.
- The Commission will have implemented a policy of mobility and life-long

learning for officials to ensure a motivated, highly capable and flexible staff where excellence is standard throughout an official's career.

- All senior officials will be covered by a system of appraisal as well as structured mobility to ensure that posts are not occupied by a single individual for longer than 5 years apart from exceptional cases. All managers will have improved management skills through mandatory management training and applying clear management criteria to selections.

◆ ***The overhaul of financial management, control and audit***

(White Paper Actions: 63 – 98)

The large majority of the White Paper actions within this field - 32 out of 36 - have been completed and are being implemented. A fundamental overhaul of financial management and control structures has been achieved entailing major organisational changes. The key organisational elements have been put in place, namely the Internal Audit Capabilities, the Internal Audit Service, the Audit Progress Committee and the Central Financial Service. In parallel, financial rules have been recast with the adoption of a new Financial Regulation and its implementing Rules which entered into force in January 2003. Meanwhile, guidelines for sound project management have not been put in place in the timeframe foreseen by the White Paper. Another action that has been delayed is the conclusion of agreements between OLAF and other services on efficient and timely exchange of information, apart from an agreement concluded between OLAF and the Internal Audit Service.

Globally the reform of financial management, control and audit is well on track. The recast Financial Regulation marks a major achievement in fundamentally reorienting the working methods of the Commission's services by integrating financial control into the decision-making process, to enable officials to take responsibility for activities over which they have control. This involves a fundamental change in the roles and responsibilities of the different actors, and has been accompanied by a major training effort for financial and other relevant staff: more than 3,500 staff have been trained in their new responsibilities. All Directorates General have defined new financial circuits laying down more clearly responsibilities, and the Central Financial Service has been established. The Commission has adopted a comprehensive set of internal control standards. Beyond complying with these standards, it has been the responsibility of individual Directorates General to implement control measures according to their individual needs, in order to allow for reasonable assurance that the resources assigned to the activities of Commission services have been used for their intended purpose and in accordance with the principles of sound financial management.

A series of areas have been identified where additional efforts and fine-tuning are needed to enhance management and control systems. The Commission has been led to look at the wider picture beyond the control activities related to each individual financial transaction, and the role of actors in control and audit has been clarified, thereby also drawing more clearly the borderline between responsibilities of central and operational services. In presenting the Court of Auditors' report on 2001, the President of the Court considered the increased level of accountability in the Commission's management entails a 'genuine revolution in the Commission's

management culture,' while underlining the need to fine-tune the approach to drawing up Annual Activity Reports and declarations, for example to ensure consistency and to specify possible observations and reservations.

As has been the case in previous years, the Court certified the reliability of the Commission's accounts. It also included a number of reservations concerning the nature of the Commission's accounting system, underlining the need to move towards full accrual accounting, as well as shortcomings connected with the Member States' management of European Funds under 'shared management', and the role of national authorities in the management of external aid. On 17 December 2002 the Commission produced a comprehensive Accounting Reform Project which includes tackling the Court's concerns in the accounting field.

As is indicated in Action 11 of the Synthesis Report on the Annual Activity Reports for 2001, the transition to a new control system requires targeted management measures to address specific risks. In addition, risks cannot be fully eliminated in the Commission's financial management activities and the Commission is not in a position to exercise total control over all its financial activities, not least because the Treaty provisions mean that the management of more than 80% of Community funds is shared between the Commission and Member States. To tackle these risks, better developed accountability of the different actors in the process will be required.

Outlook

With the entering into force of the recast Financial Regulation in January 2003, the remaining major milestone of reform in the financial field has been attained. The further implementation of reform will consist of fine-tuning and improving the working level functionality of the systems already in place, as well as ensuring a high level of training for the financial actors.

- The major project that the Commission must implement by 2005 in the financial field concerns the modernisation of the accounting system. On 17 December 2002 the Commission mapped out the major tasks to be fulfilled, and called for Commission-wide co-ordination and resource mobilisation.
- As was made clear in the readiness assessment the Commission adopted on 17 December 2002, while internal control has improved and become fully transparent, further and continuing efforts, in particular training, will be needed throughout 2003.
- At the end of 2003, a full cycle of in-depth audits will have been carried out to provide the Commission with reasonable assurance regarding its internal control systems.

Further fine-tuning of the system will take place through the Annual Activity Report process which itself serves to identify and correct any shortcomings in financial and resource management within Directorates General.

3. MAKING A DIFFERENCE: HOW FAR HAS THE REFORM ACHIEVED ITS WIDER OBJECTIVES?

◆ *Preparing for enlargement*

The Commission is well on track to being ready for enlargement. Nonetheless, enlargement imposes a very tight deadline on important elements of Commission reform. Commission staff have to take on new responsibilities while operating in a rapidly changing environment. A large number of reform actions will be implemented in 2003, which will be a crucial year for implementation and will put the Commission's new structures to the test: during 2003 the new Financial Regulation will come into force, the Activity Based Management cycle will be fully bedded down and the new appraisal and promotion system will be applied for the first time. Solid implementation of these changes should enable clear guidance to be given to staff from new Member States on taking up their responsibilities within the institution. The administration will need to recruit 3900 staff from 10 new Member States, following intensive efforts on the part of the newly created European Personnel Selection Office to manage selection procedures on an unprecedented scale.

It is equally essential that the new Staff Regulations are ready to enter into force in 2004 to coincide with accession, so that Commission staff can be recruited into the new career system, not least to ensure an orderly and cost-effective transition. For this the Commission depends on the other institutions to respect the deadline of June 2003 for agreement on the revised Staff Regulations.

The Commission should be able to stabilise the administration before May 2004 and be ready in time for enlargement. It will need to make all the necessary administrative preparations to recruit, train and integrate new staff from the accession countries effectively and rapidly.

◆ *Contributing to better European governance*

European governance is about the principles and tools for decision-making within the context of the multiple layers of decision-making in the European Union. Governance reform is thus also directly linked to administrative reform in the institutions. The Commission is not only focussing on improving the Commission's role of policy initiator and executive, it is at the same time modernising its functioning as a public administration. In this respect, the Commission reform has been and will continue to be conducive to the *openness, participation, accountability, effectiveness and coherence* required by good governance.

One notable example is the "better regulation" action plan adopted by the Commission in June 2002, which proposes a broad range of initiatives to simplify and improve the regulatory environment, covering the entire legislative cycle from policy conception over decision-making to implementation. Also in line with Commission reform objectives are the initiatives adopted in December 2002 to follow up the Governance White Paper of July 2001, namely the Commission's principles and minimum standards for consulting the public, guidelines for the collection and use of expert advice, and the commitment to conduct Impact Assessments for all major legislative and policy initiatives having economic, social and environmental impacts. These new initiatives are fully embedded in the Strategic Planning and Programming (SPP) cycle; their gradual implementation has started with the Commission Legislative and Work Programme for 2003. Moreover, the December 2002 follow up report included communications on the better application and respect of Community

law, and on a framework for the creation and operation of regulatory agencies, to focus on improving the way rules are applied and enforced across the EU.

Through a systematic consultation of interested parties, the carrying out of impact assessments for all its major legislative and policy initiatives, guidelines for the collection and use of expertise, and the improvements to the Europa site, the Commission will have implemented practical steps to improve European governance.

◆ ***Strengthening the Commission through improved planning and sound financial management***

The success of reform in strengthening the Commission will be measured to a great extent by the confidence the institution is able to inspire in the outside world. This confidence depends to a large extent on the citizen's ability to ascertain exactly what the Commission does and how it does it. Therefore, reform in the field of planning and programming as well as sound financial management are key factors that should increase public confidence in the institution.

The added value of better planning and resource management will bring further visible efficiency gains during the present Commission, in accordance with the reform's important aim of better quantifying resource needs in the different services. Reform of planning and programming has already enabled a clearer public presentation of the Commission's activities, and an improved inter-institutional dialogue on political priorities, upcoming legislative initiatives, and achievements made. These global benefits of Reform will increase in the longer term.

The rapid and profound changes in the way the Commission manages financial resources are essential for the restoration of public confidence in the European institutions. Financial responsibility has been placed where the decisions with a financial impact are made, thus making the institution more accountable. Furthermore, the Annual Activity Reports have proven to be a strong tool in emphasising responsibility for sound financial management within services and building up a culture of transparent self-analysis and improvement. With the implementation of Accounting Reform, the Commission will comprehensively address criticisms of the Court of Auditors. Financial Reform has also contributed to an open discussion of systemic problems – such as shared management of Community funds.

By introducing a clear and transparent process of planning and programming, and by implementing the most profound financial reform in the history of the institution, this Commission will improve service delivery and reduce the level of risk inherent in its activities. This will help lay the ground to enable the Commission to continue to play its role with maximum effectiveness.

◆ ***Creating a culture of change and continuous improvement***

Experience within the Commission has already demonstrated that exchange of best practice has begun to bear fruit, and that the implementation of reform goes beyond the letter of the White Paper. Understanding of the goals of reform has increased and

numerous bottom-up initiatives for modernisation within the institution, such as Quality Circles, the suggestion box on the new simplification web site, and various networks of officials, have sprung up. Heads of Unit, who are central to the implementation of the reform, have expressed critical support for the process despite the burden it imposes. Nevertheless, continued political support and intensified communication efforts will be crucial for practical success in the upcoming difficult phase of rapid change. Experience so far has shown that operational services have had to invest significantly in the appropriate and timely implementation of reform, and that for some this has imposed a significant resource strain with regard to their operational activities.

This phase will involve the challenging final stage of negotiations on the Staff Regulations where difficult discussions between the institutions can be expected and the risk of confrontation is high. It will also see the implementation of the new appraisal system: this will effectively be a litmus test of reform and will gauge the Commission's attempts to bring about a change in culture. As far as resources dedicated to reform implementation are concerned, in the orientation debate 2004 the Commission confirmed that part of the posts freed under the early retirement scheme will be used for implementation of reform needs not covered by previous allocations. Success during this period is vital to ensure the support of the services and staff of the Commission for a real culture of change to take root.

Up to now it has been possible to describe what has been achieved through reform in terms of implementing the White Paper Actions, but there has been less scope for a clear quantitative measurement of effectiveness in achieving the longer-term objectives of reform. Nevertheless, during the reform process key measures have been decided. Based on these measures, it should be possible to have a clear quantitative picture over time of the evolution of the reform and the differences it is making in the Commission. Consequently, in order to demonstrate the achievements of reform and also to identify shortcomings at an early stage, performance indicators should be used from this point on. The objective is to develop a comprehensive set of indicators by June 2003. As foreseen in annex 3, these will consist of existing indicators as in table 1, which are to be complemented by further indicators, to be taken from the indicative list as in table 2. This will require staff surveys and analysis of available statistics and data, which will generate clear results for 2003 and 2004.

Furthermore, it should be noted that the Commission has committed itself to evaluate all areas of its policies in the future. This commitment naturally also applies to reform. Therefore the Commission will identify in the short term an assessment framework and methodology, including feedback from users, as well as the specific reform initiatives which should be subject to more in-depth evaluation that will yield more qualitative results on the affects of reform. This latter list should be identified by June 2003.

By 2004 the Commission will have addressed the needs of managers through the development of the most important IT tools for coherent human resource management and interoperability of different management systems. It will also have demonstrated its continued commitment to reform by dedicating posts under the early retirement scheme to reform implementation.

Moreover, by initiating a new phase of performance measurement directly linked to

the purposes of the Reform White Paper, beginning with the attached table of performance indicators, this Commission will provide clear data on the progress of reform over 2003 and 2004. Going further still, this Commission will start systematically evaluating whether the intended impact of reform has been achieved, in order to allow the process of continuous self-improvement identified in the White Paper to take hold and continue under the next Commission.

4. ROLE OF THE OTHER INSTITUTIONS

The Commission is not able to implement all the reforms proposed in the White Paper without the support of the other institutions. Besides budgetary questions, the support of the EP and the Council is essential on two main levels – political and legislative.

First, both institutions gave a clear mandate and offered broad political support for Commission reform. However, some criticism has emerged from the European Parliament in recent months. The comments and questions raised by the Parliament tend to focus on disciplinary cases, the Commission's accounting system, and individual instances of alleged fraud. This has distracted attention from the overall picture of reform. A perceived lack of reporting to the outside world by the Commission on reform progress has contributed to this attitude. The Commission will have to intensify its efforts, in particular through communicating achievements, in order to ensure reform continues to receive the political support needed to make it a success. The launching of performance measurement linked to reform, as referred to in the previous chapter, responds to this need.

Secondly, legislative support has been effective in the context of the recast Financial Regulation, but will be tested when the other institutions conduct the negotiation on the proposed changes to the Staff Regulations. Here, the legislative support of the other institutions is crucial to the Commission's ability to implement reform. The Commission is confident that the necessary level of priority will be given to the negotiations, which are currently on track in the Council.

In addition, the dialogue with the other institutions on political planning and programming has now taken a more important dimension than foreseen, for two reasons:

- Following the discussions with Parliament on how to organise the political dialogue in view of preparing the work programme, a procedure was agreed to provide a framework for exchange of views between the Commissioners and the parliamentary committees, and to take stock of the results of these exchanges in order to prepare the work programme (the APS+ decision).
- Following the European Council in Seville, the Council has organised its own political planning procedure. Although the procedures are different from the strategic planning and programming of the Commission, the concept is the same, and the Commission has an important role to play as a contributor. In addition, this goes in the direction of a European Union political planning which is advocated by the Commission.

Another area that closely involves the other institutions is intensified administrative collaboration. The Secretaries General of the institutions have deepened inter-

institutional administrative co-operation so as to explore the possibilities for realising efficiency gains in particular in the areas of staff policy, buildings policy, linguistic services and administrative preparations for enlargement. This approach has borne its first fruits for example through the establishment of the inter-institutional European Personnel Selection Office. A co-ordinated approach will lead to greater efficiency in this area and will enable the institutions to cope with the recruitment demands brought by enlargement. Important progress has also been made in considering a European training school for the staff of the European institutions. Such a school could help staff, particularly managers, to build up skills and better understanding of the challenges of the different institutions.

5. CONCLUSIONS

In less than three years, the Commission has implemented 87 of the 98 actions set out in the March 2000 White Paper Action Plan, an effort which has been recognised by the Court of Auditors. Presenting the Court's 2001 annual report, its President said the 'overall assessment of reform is positive. Much remains to be done...[but] the Commission is fulfilling its commitment to work hard at improving its administrative and control practices'. The first phase of reform has thus been achieved through structural and procedural changes and legislation, which has either already been adopted or, in the case of the Staff Regulations, is under discussion with the other institutions. The second phase – implementation on the ground – is now underway. The achievements described in this Communication were possible thanks to the sustained commitment and effort of the Commission officials concerned. The Commission must be able to continue to change and modernise. It is becoming more important to evaluate progress against the long-term objectives of reform as set out in the White Paper, and this should start in 2003 which is a crucial year for implementation.

Despite the considerable achievements made, many of the benefits of reform have yet to be felt. This is unsurprising because, as the Court of Auditors noted in its report on the 2001 financial year, the wide-reaching and ambitious nature of the reform means that it requires time for effective implementation. Implementing the reform has uncovered new issues that were not foreseen by the White Paper. The Commission has identified areas where there are particular difficulties and where extra efforts are needed. Some have proven particularly complex and resource-intensive, while others have evolved into initiatives that go beyond the letter of the 98 actions.

Moreover, the beginning of 2003 marks a challenging moment for Commission reform. The coming year will see the new Financial Regulation fully implemented throughout the Commission involving a total shift to decentralised controls, alongside the implementation of a central element of the modernised staff policy - the new appraisal and promotion system. In parallel, negotiations are still ongoing on a significant chapter of the reform of personnel policy – the revision of the Staff Regulations - for the success of which the Commission remains dependent on the continued commitment and support of the other institutions.

Reform has also highlighted the need to join up initiatives across the services. This issue has been addressed by developing existing or creating new structures for co-ordination, such as the Directors General group, the Group of Resource Directors and

the Inter-service Co-ordination Group, and by charging the ABM Steering Group to co-ordinate reform issues.

For the rest of its mandate, this Commission will continue its vigorous efforts to implement the concrete proposals set out in the White Paper and thus ensure that reform achieves wider objectives such as preparing the institution for the enlargement of the EU to 25 Member States.

This effort will reinforce the position of the next Commission by demonstrating that it is a modern, efficient and transparent organisation staffed by a highly talented and motivated body of civil servants.

The Commission calls on the other institutions to give it their full support, in particular in the forthcoming final phase of negotiations on the Staff Regulations.

ANNEXES

- Annex 1: Detailed implementation report**
- Annex 2: Table of state of play on the 98 reform actions**
- Annex 3: Indicative list of results-oriented indicators**
- Annex 4: Diagram plotting the phases of reform**

ANNEX 1

DRAFT

IMPLEMENTATION REPORT ON THE WHITE PAPER ACTION PLAN ON REFORMING THE COMMISSION

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IMPLEMENTATION REPORT ON THE WHITE PAPER ACTION PLAN ON REFORMING THE COMMISSION

I. Introduction

The White Paper on Commission reform sets out a reform strategy founded on the implementation of a culture based on service; improvements in the way political priorities are set and resources are allocated; modernisation of human resources policy; and a fundamental overhaul of financial management.

A central element of the White Paper is a 98-point Action Plan listing specific action to be undertaken by the end of 2002. Progress updates on the implementation of the action plan have been given to the European Parliament and the Council on a regular basis since early 2000. The present report aims at providing factual information on all aspects covered by the White Paper Action Plan, thereby updating the previous progress report of May 2002.

II. A Culture Based on Service

➤ Actions 1 to 6: Ethical standards in public life

In line with its undertakings, the Commission presented a proposal for an inter-institutional Committee on Standards in Public Life on 29 November 2000. However, work did not reach a point where the proposed inter-institutional agreement could be adopted, as the other institutions did not accord the project the required level of support. Against this background, there is regrettably no prospect of progress in this area.

The Code of Good Administrative Behaviour for Commission staff in their relations with the public was adopted on 17 October 2000 and has been in effect since 1 November 2000. This Code is intended to guide Commission officials in their dealings with the public and ensure that citizens know what standards to expect when dealing with the Commission and it has been backed up by an information campaign, training and monitoring. A first report on the Code's implementation was presented as a Commission Staff Working Paper on 20 November 2002 (SEC(2002)1266).

The public's right of access to documents of the institutions was set down in Regulation (EC) No 1049/2001 of the European Parliament and of the Council, adopted on 30 May 2001. The Commission adopted detailed rules of application on 5 December 2001 and is continuing internally to make sure its departments are aware of these rights and to see that best practices are applied. The Commission has updated the 'Europa' and 'Intracomm' web sites and produced user guides.

The Commission, the European Parliament and the Council have also published together an inter-institutional guide for citizens available in all the official languages.

The inter-institutional Committee foreseen by Article 15 of the Regulation was set up on 13 March 2002. This Committee, whose role is to ensure a coherent implementation of the Regulation by the three institutions and develop best practices, has met twice in 2002.

The Commission has also provided access to a register of documents in electronic form by 3 June 2002 as foreseen by Article 11 of the Regulation. This register, which is accessible on the Internet, contains the references of the documents, such as their title, date and author, and also makes directly accessible the text of several categories of documents.

Moreover the Commission adopted on 17 July 2002 a proposal for amendment of the Constituent Acts of Community bodies, in order to extend the applicability of the Regulation to the Agencies, according to the joint Declaration made by the European Parliament, the Council and the Commission relating to the Regulation. Finally the Commission adopted on 18 August 2002 a proposal for a Regulation (EEC EURATOM) modifying Regulation N° 354/83 concerning the opening to the public of the historical archives of the EEC and the EAEC (COM (2002) 462 final), in order to put it into conformity with Regulation (EC) N° 1049/2001, according to Article 18 of this Regulation.

In terms of improving the dialogue with civil society, the draft of minimum standards for the conduct of consultation procedures was redesigned and integrated into the Commission's White Paper on European Governance. The follow-up involved the incorporation of a Communication on minimum standards for consultation in the Commission's Action Plan for Better Regulation, adopted in June. The draft standards were themselves open to consultation, and the views collected will inform the final design of the guidelines approved by the Commission on 03.12.2002. Additionally, the database "Consultation: European Commission and Civil Society" (CONECCS), translating the Commission's commitment to inform the public better about its consultation processes, went on-line in August 2001 and further developments are underway.

The framework agreement on relations between the Commission and the European Parliament was concluded on 5 July 2000. The Commission's internal Practical Guide to the Framework Agreement is kept permanently under review in the light of the experience.

In January 2002, the Commission agreed with the European Parliament on a timetable for the Commission's legislative and work programme (annex IV to the Rules of Procedure of the European Parliament) that sets out procedure and timing for the presentation of the document "Annual Policy Strategy" and its legislative and work programme.

➤ **Actions 7 to 9: e-Commission**

Actions 7 and 8a have been integrated into a single Communication on a new strategy for Information and Communication Technology (ICT), "e-Commission" (SEC(2001) 924). The fundamental purpose of the e-Commission Communication is to establish a strategy by which ICT can better contribute towards the implementation of the organisational and procedural changes required to meet the objectives laid

down in the White Paper. The Communication set out an e-Commission provisional work plan (blueprint) defining the required actions; this is now being updated. The Steering Committee adopted the results of a stocktaking on the level of ICT application in the domain of internal administration in May 2002. An inter-service working group has now been established to achieve better interoperability of the Commissions internal administrative processes and related management information systems, as one of the prerequisites for a more effective and efficient administration. Furthermore, a Symposium entitled "making the e-Commission work" was organised with a view to exchange information on different projects covered by the e-Commission. The major corporate information systems are being significantly enhanced in order to support the internal planning and resource management reforms.

The underlying technical infrastructure is being progressively upgraded to ensure a stable and secure platform for the e-Commission.

Concerning action 8b, on 3 April 2002 the Commission adopted a Communication on Interactive Policy Making (IPM - C(2001) 1014). This aims to improve governance by using the Internet for collecting and analysing reactions in the marketplace, thus providing useful input for the European Union's policy-making process. This initiative will be used by the Commission to evaluate existing EU policies and for open consultations on new initiatives.

The IPM instruments are now available via a new web service: "Your voice in Europe" (<http://europa.eu.int/yourvoice>). This web portal enables citizens, consumers and businesses to provide input to new initiatives, give feedback on the application of existing legislation, discuss the future of Europe, or lodge complaints.

The SOLVIT Network has been set up in June 2002 to help citizens and businesses when they run into a problem resulting from possible incorrect application of internal-market rules by public administrations in another Member State. It builds on an existing network of co-ordination centres, one for each Member State, which were established in 1997 to deal with this type of problem. Further steps in order to make progress on the basis of the SOLVIT-Network were proposed by the Commission on 27 October 2001 (COM(2001) 702) and are currently being implemented. A database is being set up that should create peer pressure to encourage Member States to make the internal market function better.

Action 8c has resulted in the creation of a new Internet portal of the Commission. This site better reflects the priorities and daily activities of the Commission, increases visibility and access to the President and the other Commissioners, and is arranged thematically. Development of the EUROPA 2nd generation editorial approach is pushing forward, which involves a progressive overhaul of the present structure with the objective of simplifying the search for information independently of the organisational structure of the Commission. The first batch of generic core e-service has been made available to all Commission services. A pilot interactive policy-making tool has been tested throughout 2002 and will be soon made available. Finally, a call for tenders for a web-content management system capable of dealing with large multilingual sites has been launched in view of improving the efficiency and quality of information produced by the Commission's services on EUROPA.

The provisional roadmap for the e-procurement project (Action 9) has been established and the project team set up. The project will be broken down in several phases. The financing for the first phase ("e-noticing") is available and will be implemented under the control of the Office for Official Publications.

➤ **Action 10: Meeting payment deadlines**

The measures taken to implement the recommendations contained in an internal communication from Mrs Schreyer have resulted in a marked improvement in the performance of Commission departments in meeting payment deadlines, as the attached Annex shows.

III. Priority Setting, Allocation and Efficient Use of Resources

➤ **Actions 12 to 16: Activity-Based Management**

Strategic planning and programming cycle and activity-based management

Following the adoption of the White Paper, the year 2000 saw the launch of the Strategic Planning and Programming cycle (ACTION 12), accompanied by the development of Activity Based Management (ABM).

A specific function was gradually set up in the Secretariat general of the Commission in the second half of 2000. It became fully operational at the beginning of 2001 (ACTION 13). The main task of this function is to design, carry out and follow up the above cycle that would define the Commission's policy priorities and ensure the right match between priorities, actions and resources. In addition, this function ensures the co-ordination of the introduction of activity based management in the Commission's services. The function is made of a dedicated unit in the SG (SG-C1) supported by a network of correspondents within each DG and Service.

The first **annual policy strategy** (APS), adopted in 2001 for 2002, was a pilot exercise, by which the Commission set up for the first time the framework for preparing the preliminary draft budget and for the operational programming to be developed by the services.

The cycle continued with the adoption of the **work programme**, by which the Commission announced the detailed actions it intended to take forward over the following year. The work programme found its natural follow-up in the new 3-months rolling **agenda of the Commission**, now routinely used to define the weekly agenda of the Commission in close co-ordination with the services and cabinets.

Following the different steps in the cycle, all services developed their first **annual management plans**, on the basis of new common standards rationalising pre-existing instruments (established in a Commission communication on activity-based management adopted in July 2001): these management plans translate the political priorities identified by the Commission into the internal concrete programming of each Directorate-general.

A major result in 2002 was the preparation of the first **annual activity reports** for the 2001 exercise by all services, which were subsequently consolidated in the Synthesis

of Annual Activity Reports (ACTION 82). This innovation in the system showed the capacity of the Commission to report on what had been done and its commitment towards accountability and transparency. The report has been positively welcomed by the other institutions, in particular by the Court of Auditors.

In light of the developments of the first cycle and of the experience acquired in the services, the second APS exercise was the first step in moving from a pilot exercise to a fully operational cycle (started in 2002 for 2003) to improve on the identified weaknesses.

The Commission singled out priorities that were wider by nature, spread all over the Commission's activities and complementary to each other, and able to give a clear sense of the "core business" of the Commission. Those priorities have been welcomed by the other institutions. The APS confirmed its role as the framework decision for the budgetary procedure and for the preparation of the work programme. In this respect, the decisions made by the Commission concerning negative priorities, redeployments to meet new priorities, and recruitment of external staff in view of enlargement must be noted as evidence of the efforts to match political priorities and resources.

An exhaustive inter-institutional dialogue is an important building block for the preparation of the work programme and this was developed both with the European Parliament and the Council. These institutions confirmed that the 3 priorities of the Commission for 2003 are at the heart of the EU agenda. A document was produced in September to compile the results of this dialogue and update the APS decision.

Currently all Directorates-general are establishing management plans on this basis. They will monitor their execution, and at the end of the cycle, produce annual activity reports to report on results; this framework translates the activity-based management principles into the internal management of Directorates-general, including performance management based on objectives and indicators.

Reform saw IRMS (Action 14) as the delivery vehicle for the management plan. To achieve this a considerable support effort has been given to DGs in 2002 with the objective of providing services with the ability to provide the central elements of their management plans (Mission Statement, Objectives, ABB activities, actions and indicators) and monitor and report on their execution through IRMS. Currently 100% of DGs have established activity trees (identifying activities and related actions), 80% have allocated resources to activities/actions and all are in a position to report their Annual Management Plans in IRMS in accordance with ABM principles.

Finally, the introduction of activity-based management is accompanied by a sustained **training effort** (ACTION 15): more than 1000 officials have been trained in the ABM concepts, an ABM guide has been published on IntraComm and a standard ADMIN training course on objectives and indicators is currently in preparation.

➤ **Action 17: Externalisation**

Under action 17 of the White Paper, the Commission set out to design a strategy which would identify cases in which externalisation was advisable, those where externalisation would not be appropriate, and the various possible types of

externalisation. Three main ways of delegating all or part of its activities and tasks were set out in the White Paper, i.e. **delegation, decentralisation and subcontracting**.

The "Planning and Co-ordination Group for Externalisation" (PCG) which was set up in January 2000 began by presenting the Commission with a report defining in detail the externalisation forms named in the White Paper. This report was adopted by the Commission on 13 December 2000 as COM(2000) 788 final. This Communication also contained a proposal for a Council Regulation laying down the legislative framework for the creation of executive agencies to manage Community programmes, translating the first type of externalisation (**delegation**) into a new type of body. This proposal was scrutinised by the Court of Auditors (opinion given on 25 October 2001¹) and the European Parliament (resolution voted on 5 July 2001). Based on the Court's suggestions and the amendments proposed by Parliament, a modified proposal was adopted by the Commission on 28 December 2001 and forwarded to the Council. Agreement has in principle been attained in the competent committee of the Council (Budget Committee) on the Commission's modified proposal. Agreement has been attained in the Council, which adopted the text on 19.12.2002.

On the second form of externalisation, i.e. **decentralisation**, the discussions within the PCG Externalisation resulted in a second Communication, adopted on 13 November 2001 (COM(2001) 648 final), which defines the terms and conditions for using networks of national bodies. Finally, **subcontracting** was the subject of an internal guide strictly defining the tasks which may be subcontracted and how this is to be done, a highly sensitive area following the report of the Independent Experts. This guide contains a standard form of contract. The PCG for Externalisation is now looking in particular at the area of Commission offices and analysing the extent to which different departments need to externalise.

These various forms of externalisation have been written into the recast version of the Financial Regulation (Part I, Title IV, Chapter 2, detailing ways of executing the budget). Article 54 sets out a legal framework for the executive agencies, while Article 57 provides for subcontracting and defines its limits with a view to avoiding past problems. The New Financial Regulation was adopted by the Council on 26.06.2002.

Actions 18 to 20: More efficient, performance-oriented working methods

The Interim Action Plan of simplification measures adopted by the Commission in 2000 contained 12 simplification measures. Five of these simplification measures have been entirely completed. These are Action 1 relating to simplification of the Commission's decision-making process, Action 5 on changes to the Greffe 2000 system, Action 6 on the introduction of the "Basil-QP" website on Parliamentary questions and Actions 7 and 8 on rationalization of the procedures relating to the AIPN (Appointing Authority) function. Action 3 relating to computerisation of the interservice consultation procedure and Action 11 on ways of rationalizing regular reports will both be wound up in the next few months. In the case of another three actions, Action 2 on simplification of the linguistic process, Action 4 extending the

¹ Opinion n° 8/2001.

Grefte 2000 system to other types of documents and Action 10 rationalizing treatment of the President's mail, part of the simplification measure has been implemented but full implementation will depend on new technical tools which will become available in the course of 2003. A Communication (C(2002)99) on Action 9 on the modernisation of archiving documents in the Commission was adopted in January 2002. The Communication establishes a framework for the revamping and modernisation of document management. The required organisation has been established and a work plan covering the coming years has been adopted

Action 12, the setting up of a "suggestions box" has been implemented on the new simplification web site which has been launched in January 2003. Staff will be able to put forward proposals for simplifying and rationalizing the way they work. The website also provides full information on the progress of the various actions of the interim action plan, as well as highlighting the new strategy on simplification (see below). In addition, the web site provides examples of best practice already implemented within the Commission. The intention is that the website should become a comprehensive information resource on all matters relating to simplification and rationalisation of procedures and working methods across the Commission.

In July 2002 a new strategy on simplifying procedures and working methods was defined. This proposed ways of tackling the simplification of procedures and above all working methods in order to consolidate the change in administrative culture brought about by the reform. Following on from this two Quality Circles were launched. These circles will bring together staff from across the Commission to develop practical guidelines on specific topics. One circle is considering how the concept of "Service Level Agreements" can be used by central departments to provide a better service for operational services, a problem raised in the AAR and the report provided by 12 Heads of Unit in July 2002. The other circle is looking at "Who signs what" and aims at developing recommendations on the simplification of circuits of signature. Both circles are working intensively so that guidelines be made available in early 2003. The list of simplification measures to be tackled will be updated on a continuous basis.

A further aspect of the work on simplification concerns the clarification and codification of existing procedures. Work on updating of the Commission's Manual of Procedures started in October 2001 and by February this year the updated text will be available to all services via a new, user friendly intranet web site. Continuous development and systematic updates of the new electronic Manual of Procedures are foreseen.

The decision on job descriptions has been adopted in February 2002 and implemented in the Commission with the help of a new IT-tool, the Job Information System. It clarifies for each member of staff the functions and duties to be carried out within the job they occupy as well as on the requirements set out for it. This will allow for a more efficient management of human resources.

New guidelines on the design of organisational charts are being prepared for adoption in 2003.

IV. Human Resources

➤ Actions 21 to 62: Reform of Personnel Policy

With the adoption of the White Paper in March 2000, the Commission embarked on an overhaul of personnel policy for its own staff as well as on important changes to the Staff Regulations applicable to officials and other servants of all the European institutions. Ambitious reforms embracing all aspects of personnel policy from recruitment to retirement were sketched out in broad terms in the White Paper.

The process provided for the adoption of Consultative Documents including legislative proposals on the various aspects of personnel policy, followed by negotiations with staff representatives at the Commission. In addition, throughout that period internal extensive consultations were held with the staff and the administration of the other institutions.

Two and a half years after the adoption of the White Paper the vast majority of actions (38 of the 41) has been implemented:

- Firstly, the Commission initiated a series of actions to fully exploit the potential for reform under the existing Staff Regulations. Consequently, a large number of decisions on aspects of the new staff policy which can be taken by the Commission on its own have entered into force. Others will follow soon.
- Secondly, on 24 April 2002 the Commission adopted a draft Regulation amending the Staff Regulations. This draft Regulation incorporates all changes to the basic rules governing the European Public Service, which the Commission deems necessary.

A major success of reform was the agreement of the Commission staff representatives representing the majority of staff in electoral terms to the global package of personnel policy reforms. This support provides a solid basis for the process of implementing decisions in the Commission and facilitates negotiations in the Council.

The Council formally consulted the other institutions on the proposal for revising the Staff Regulations on 5 June 2002. The conclusions of the General Affairs Council (GAC) of 15 April 2002 invited the other institutions to provide their opinion by end 2002 and set June 2003 as the target date for adoption. The Council has stuck to its timetable and finalised a thorough article-by-article reading of the proposal by the end of October. The European Parliament appointed two Rapporteurs but has scheduled the adoption of its Opinion for May 2003. A first position document is being discussed by the Legal Affairs committee which leads on the dossier.

The proposed amendments to the Staff Regulations and the Commission decisions are based on the same approach:

- Strengthening the principle of merit in the European Civil Service. A better link between performance and career development will serve this objective.
- Modernising the policy on equal treatment, social welfare facilities for staff and working conditions. Such modernisation is essential in order to be able to continue

to recruit and retain the best staff in an ever more competitive environment for highly qualified multilingual staff.

- Maintaining budgetary rigour in carrying out the reform. The proposed costs are modest in the context of a major reform and are in accordance with the Commission's commitment to respect the spending ceiling on Heading V of the Financial Perspectives. In addition, the measures will lead to durable cost control in the medium term.

The reform of personnel policy should be seen in the context of other administrative reform projects, where only the totality of measures will enable the Commission to carry out its tasks under the Treaties with maximum effectiveness. As an example, the status of contract agent proposed for inclusion in the Staff Regulations for use in Offices and Agencies will only bring about the full efficiency gains on the basis of an increased use of Commission Executive Offices or Agencies for non-core tasks.

The Commission's new Staff Policy: Measures taken under the existing Staff Regulations

The reform process that was set out in the March 2000 Reform White Paper contained a large number of elements that did not require new legislation by the Council. With very few exceptions all of these measures have now been adopted, broadly in line with the original timetable.

The major innovations introduced by the Commission are as follows:

1. An integrated appraisal and promotion system

The new system has been adopted by the Commission and is being implemented. It will not apply to the other institutions. The system is designed to reinforce the link between merit and career development and constitutes the centrepiece of an integrated staff policy where the appraisal system is closely linked to training, mobility and the early detection of professional incompetence. The system gives particular importance to each official's ability to attain fixed objectives. The appraisal will be based on an intensive dialogue between members of staff and their direct superiors and will lead annually to quantified results recorded in a "Career Development Report". The basic criteria for assessment as laid down in the Staff Regulations (ability, efficiency and conduct in the service) remain unchanged. The five training modules foreseen for preparing the implementation of this new system have all taken place by the end of 2002.

The promotion exercise will in future be based on the quantified appraisal of the official by the immediate superior (CDR), the quantified assessment of special merit by the Director-General (or Director for B, C and D staff) and, to a limited extent, the appreciation of special work in the interest of the institution. The built-in mechanisms of checks and balances will be maintained but adapted to the new system.

2. Introduction of structured mobility and career guidance

The new guidelines on mobility indicate that regular mobility is the norm but that individual decisions are voluntary. They also introduce the notion of "reference

periods”, which are predefined indicative periods that allow staff to take stock of their professional development at certain moments in their career. However, the benchmark periods and mobility are compulsory for staff occupying a post, which has been classified by their Directorate-General as sensitive.

Furthermore, the Commission has created a Central Career Guidance Function which, supported by a Career Guidance Network, provides advice to officials who are in the process of planning their next career moves.

3. Reinforced training for staff

The new training guidelines contain a set of measures aimed at better alignment of training on the Commission’s strategic goals and values, and encouraging a close integration of training into the career development of individuals. A firm commitment to increasing the resources devoted to training over the coming years is an integral part of the decision.

4. Increased management capacity

A basic decision on the selection, appointment and appraisal of senior Commission officials was already adopted in December 2000 and subsequently implemented. Detailed rules on their appraisal are currently being prepared. On middle management, the introduction of decentralised selection procedures for heads of unit has been decided while negotiations with staff representatives have been concluded on a decision introducing a probationary period and mechanisms for reassignment to non-managerial posts.

5. Safeguarding professional standards

A new Commission decision centres upon early detection of cases where performance has not met expected standards. Remedial action would be initiated in such circumstances. If this proves unsuccessful, formal procedures may be launched which could result in downgrading or dismissal.

6. Effective administrative inquiries and disciplinary proceedings

The Commission decision currently being implemented introduces written procedural rules for administrative inquiries, strengthens defence rights for officials subject to these inquiries, and provides for the creation of an Investigation and Disciplinary Office of the Commission (IDOC). Furthermore, provisions are laid down concerning the chairman of the Disciplinary Board, who must be either a Commission official released from active service, a former Commission official, or a former official or former member of one of the other institutions.

7. Clear rules for reporting wrongdoings

The Commission decision provides for the possibility of reporting evidence of wrongdoing to persons outside the Commission in the following circumstances: the official concerned has informed OLAF or the hierarchy of evidence of serious wrongdoing, which he/she reasonably and honestly believes to be substantially true, and has allowed OLAF or the hierarchy a reasonable time to investigate the evidence. Only if internal channels have been used without appropriate action being taken,

would an official be entitled to report the evidence to the Presidents of the Court of Auditors, the European Parliament or the Council or to the Ombudsman. Officials meeting these conditions would be protected from adverse consequences.

8. A reinforced mediation service

The Commission decision widens the role of the Commission Mediator in attempting to achieve an informal settlement of disputes, which may arise in the context of working relations. The number of court cases will hopefully be reduced by this measure.

9. An effective social welfare policy for staff

A Joint Agreement between the Commission and its staff representatives has been concluded on the social welfare aspects of the Commission's human resources policy. An Action Plan lays down the Commission's clear engagement to improve, in particular, childcare facilities, social assistance activities, measures to help the integration of families and sports facilities.

10. More intensive use of Detached National Experts

The decision on the use of national experts within the Commission has been amended to allow prolonged detachments of four years' duration. The basic obligations of national experts are aligned as far as possible with those of officials and the possibility of part-time work is included.

Overview of the changes to the Staff Regulations proposed by the Commission

The Commission's proposal for modifications to the Staff Regulations is outlined in Annex II.

Cost of reform

The package of reform measures is fully consistent with the Commission's commitment to respect budgetary rigour and to leave a sufficient margin under the expenditure ceiling of Heading V of the Financial Perspectives for the other institutions. The long-term budget effects of reform ultimately imply a reduction in both expenditure under Heading V and total cost to the budget. Initial "front-loading" is a necessary precondition for realising the savings referred to above. The formal legal proposal to amend the Staff Regulations has been accompanied by a financial statement.

V. Financial Management, Control and audit

➤ Actions 63 to 98: A new system of Financial Management, Control and audit

One central aim of the reforms 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. This should be done in two ways: on the one hand by making authorising officers and all managers responsible for the correctness and efficiency of what they do, and on the other hand

through a radical overhaul of the Commission's financial management, control and audit systems.

Giving more responsibility to authorising officers and line managers

It is important to establish respective responsibilities and to agree on the role of those involved in financial management. To this end, the Commission has adopted several charters relating to Authorising Officers by Delegation, Authorising Officers by Sub-delegation, the Financial Controller, Accounting Officers, Assistant Accounting Officers, and the Internal Audit Service.. These charters describe the responsibilities of each player in the financial circuit. Their roles are based on the delegation of powers as foreseen by the reform process, under which Commissioners no longer execute the tasks of Authorising Officer by Delegation.

Training has been organised on the expenditure cycle and for the different basic skills needed by the operational services. This training plan is being implemented and further developed to cover the existing and future needs of the Commission's departments. It is now integrated into the permanent training process of the Commission.

A variety of support of services for Authorising Officers has been established by the Central Financial Service. Such support services include user networks, financial information, common financial information systems, and information on specific technical issues such as contract management and procurement. Manuals and guides have also been made available on one global website, "BudgWeb", on the Commission's intranet.

The recast Financial Regulation was adopted in June 2002 and has come into effect from January 2003. It includes the appropriate specifications for

- pinpointing the responsibility of Authorising Officers in the financial management of their procedures,
- switching from a centralised financial control system to one that forms an integral part of daily management processes in the Commission's departments. This has resulted in the abolition of centralised ex-ante control over individual transactions, and of the centralised ACPC advisory function. It also means the transfer of the validation of discharge (“acquit libératoire”) for payments from the accounting services towards those of the Authorising Officers.
- implementing the necessary internal audit and internal control structures and responsibilities.

The Regulation laying down detailed implementing rules for the implementation of the new Financial Regulation was adopted by the Commission on 17.12.2002. These implementing rules will further enhance the clarification of the responsibilities and tasks of the financial actors and contribute to better financial management.

A radical overhaul of the internal systems and organisational structures

The organisational structure of the Commission has been adapted in order to create an appropriate administrative environment for supporting the new model of financial management foreseen under the reform process. This has resulted in several initiatives:

- An initial strengthening of operational services through the decentralisation of the financial controllers. This was decided on in April 2000 and implemented before the end of that year.
- The creation of a Central Financial Service under the responsibility of the Budget Commissioner. This service provides advice, training and support to the operational departments.
- The establishment of an independent Internal Audit Service in July 2001 under the authority of the Vice-President for Reform.
- The establishment of specialised, internal audit capabilities in each DG, reporting directly to the director-general or head of department.
- The creation of an Audit Progress Committee, comprising four Commissioners and an external member.
- The dismantling of technical assistance offices (TAOs) and the definition of a clear framework for externalising some of the Commission's executive tasks.

In addition to these organisational structures, the necessary procedures and internal systems have been defined:

- A number of models for financial circuits which provide a clear segregation of duties. Each operational department has chosen and implemented the model appropriate to its needs.
- The Commission has also adopted a set of minimum internal control standards to be put in place in each DG. Twenty-four have been laid down and the detailed rules for their implementation by departments have been progressively defined.
- Self-assessment exercises on the DGs' risks and their implementation of these internal control standards have been organised in all DGs in order to measure progress in reform and enhance awareness across the different departments.
- The management of recovery orders has been reorganised in order to improve effectiveness and efficiency.
- The Process Handbooks (PHB) are intended to be used by the DGs as an aid in identifying **risks** in the processes that are being evaluated and assess both **compliance** with relevant mandatory controls and **adequacy** of the financial controls set up to mitigate those risks. Currently, the PHB covers the following processes, which have been selected based on those that apply to most operational DGs: Procurement, Grant Management, Structural Funds, Information Systems,

Recoveries, Accounting and Financial Reporting, Fixed Assets (IT equipment, furniture and fixtures, etc.) and Cash Management.

- IAS completed a review of the process of reform in March 2001. A first annual declaration by each director-general on the progress of financial reform was undertaken by 30 June 2001. A synthesis report on the progress made by each DG was adopted by the Commission on 7 November 2001.
- On 1 May 2002, each director-general produced his/her first Annual Activity Report for 2001. This report included a results-based declaration of his/her reasonable assurance that resources have been used for the intended purpose, in accordance with the principles of sound financial management, and that the control procedures of the DG give the necessary guarantees concerning the legality and correctness of the underlying transactions. The SG, with the assistance of BUDG, drew up a synthesis report of AARs and declarations which was adopted by the College on 24 July. In parallel, to give additional assurances to the College, the IAS carried out a review of the process used by each DG to establish his/her AAR and declaration. The College took note of this IAS review on 24 July. The action plan adopted in conjunction with the synthesis report addresses the major findings of the AAR of the DGs as well as of the process review.
- The new Financial Regulation was adopted by the Council on 25 June 2002. This Regulation represents a major recasting of the previous one from 1977. The new Financial Regulation lays down the basic principles and rules for a modernised regulatory framework in line with the latest developments in public administration regarding budgetary and financial management. Moreover, the recasting of the Financial Regulation has strengthened budgetary principles, established new rules on procurement, defined rules for grants, introduced internal control concepts and clarified the responsibilities of the financial actors and the internal auditor.
- Subsequently, the Commission adopted a draft proposal on the Implementing Rules on 24 July, which was submitted in late July to inter-institutional consultation in order to get the opinion of the other institutions, and amended on the basis of the opinions received. The Regulation laying down detailed rules for the implementation of the new Financial Regulation was adopted by the Commission on 23.12.2002. It entered into force on 1 January 2003, with transitory regimes in some areas (for instance, although the first budget procedure for which ABB will be compulsory is the budget 2004, the Commission had already presented documents in the ABB format during the previous two budget procedures; the chapter on accounts will apply progressively with a view to entering into full application as from the budgetary year 2005; the deadlines concerning the Annual Report of the Court of Auditors will be applicable as from 2005, etc.).
- On the basis of the information provided by individual DGs and Services, a Commission decision was adopted on 17.12.2002 on the overall state of readiness of the Commission to operate under the new arrangements. The baseline should be that the level of control is at least equal to that which operated before. By January 2003 DGs and Services will need, if appropriate, to have adapted their financial systems accordingly and to have integrated in their internal procedures the changes

resulting from the recast Financial Regulation and its Implementing rules. Equally they will need to have put in place appropriate internal control arrangements to support the abolition of the centralised ex-ante financial control and the ACPC, and the transfer of the verification of the “acquit libératoire” function for payments to the Authorising Officer.

Globally, the implementation of reform in the field of Financial Management, Control and Audit is well advanced. All initiatives have been launched, and all services are in the implementation phase. Nevertheless, it is clear that due to the inherent risk of many of the Commission’s activities, not all control problems faced by services are directly manageable by them, in particular not those where Member States and other decentralised managers exercise first level controls. Also for the more directly manageable control problems reasonable assurance may be achievable only over time, provided that the Commission disposes of the necessary skills and management tools. These issues have been addressed in the action plan of the Synthesis Report on AAR 2001 adopted on 24 July.

The major challenge for the future is to maintain the change of culture and for the procedures to evolve in line with the changing needs of a modern administrative environment. In addition, completion of the action related to the decentralisation of ex-ante financial control to the operational departments will require fully functioning ex ante controls and adequate control of the compliance and effectiveness of the internal control systems in the DGs. This should enable the related procedures and internal control organisation to be enhanced. Finally, the modernisation of the accounting framework and the progressive implementation of accrual accounting principles, to be completed in 2005, constitute a major challenge for the financial framework of the Commission and its implementation will have strong consequences as well for the accounting services as the operational services.

Results of the Internal Audit Service

The DG declarations substantiated the IAS's own view of three of the internal control areas that require sustained attention as:

- the need to renew the accounting framework and the underpinning IT systems
- the risk posed by staff and skill shortages in control areas, especially in programme management,
- the incompatibility of the Treaty assumption of full budgetary accountability for the Commission versus the need and obligation of shared management applying to 80% of the budget.

Furthermore, the audit work carried out in 2002 provided additional examples of important findings presented in its report for 2001, relating in particular to the necessary clarification of the roles of key actors in internal control and internal audit. The matters raised include on-going central management oversight which can and should be achieved without jeopardising the Reform principles of decentralisation and local ownership for control issues within departments.

The IAS continued to refine its picture of the Commission's risk profile in the second part of 2002 and to emphasise DG-specific audit work, in accordance with the Reform White Paper's action plan (Action 87, last phase). By the end of 2003 the IAS will have carried through a risk-based in-depth audit programme across the Commission's DGs and Services. The accumulation of the results of these audits with those of the second round of DG reports and declarations will help maintain the impetus behind Reform and give the Commission a comprehensive picture of its residual risk profile.

Annex I

STATISTICS ON SPEED OF PAYMENTS

The table below reflects the situation in the last three budget years. For 2002, only the period January to October is covered. The figures have been extracted using the reporting tool made available to the Commission's departments, the introduction of which was announced in Mrs Schreyer's communication. A clear improvement over performance in 1999 is evident.

Average payment times (days)

	1995	1996	1997	1998	1999	2000	2001	2002
Account closed/ Payment ordered	27.2	35.2	43.6	40.2	39.9	40.6	34.6	36.5
Sign-off by Financial Control	5.9	5.2	4.8	4.4	3.5	2.3	2.1	1.7
Accounting Officer validation	2.5	2.3	2.7	3.7	4.5	2.9	2.2	1.3
Sent to bank/ Bank payment	7.7	8.0	7.4	7.0	6.2	4.5	4.2	4.2
TOTAL	43.9	51.5	58.5	55.1	54.1	50.3	43.1	43.7

Average performance

Percentage of Payments executed in	1995	1996	1997	1998	1999	2000	2001	2002
Less than 60 days	83.7	77.7	73.4	73.6	65.1	74.5	79.7	78.8
Between 60 and 90 days	8.8	11.8	9.0	10.9	14.9	11.1	10.6	10.8
More than 90 days	7.5	10.5	17.6	15.5	20.0	14.4	9.7	10.4

1. THE PROPOSED CHANGES TO THE STAFF REGULATIONS

A more continuous career structure

A central objective of reforming the career structure of the European civil service has been to link career development more closely with the performance of officials and to simplify the rigid system of categories. Pay progression should be based more on evidence of proven merit than on seniority of service. Furthermore, it is vital to solve the problem of bottlenecks in the present system, where a large number of officials are blocked in the highest grade of their category at around the age of 50 and only a few officials pass internal competitions to enter a higher category. The new more continuous career structure that is part of the proposed modifications to the Staff Regulations provides solutions to these problems by:

- establishing two function groups instead of four categories;
- introducing more promotion grades and fewer seniority steps in each function group.

The new career system is based on two function groups integrated in a continuous salary matrix of 16 grades with 5 steps each. There would be an *administrators function group* replacing the present A and LA categories. This function group is envisaged for staff engaged in administrative, advisory, linguistic and scientific duties. Candidates would need a university degree or equivalent to enter the administrators' function group.

The new *assistants function group* would be created by merging the B and C categories. This merger is proposed mainly because more and more C grade jobs involve increased responsibilities, and it has become difficult to make a clear distinction between the growing number of jobs carried out in these two categories. The minimum requirements to enter the assistants function group would be a post-secondary education diploma plus professional experience of at least three years. The transfer from the assistants' function group to the administrators' function group will be based on a certification mechanism. The D category would be phased out and gradually replaced by a new category of staff known as a "contract agent" (see below).

Another major change reflected in the new career structure is a much more linear pay progression. The salary at a higher grade would always be equal to or higher than the salary in the previous grade. The new system would clearly signal that more merit leads to more pay.

A vital objective has been to increase the number of grades in the new career system and to reduce the number of seniority steps. This opens up the possibility of an increased number of promotions and thus creates the motivation for a continuous improvement of performance.

The new system constitutes a significant simplification, as promotion would always be to the first step of the next grade with the exception of middle and - in specific

cases - senior managers, who would be promoted to the second step of the grade. This exception complements the proposal to recognise the special responsibilities of middle and senior managers by granting them an additional seniority step from the moment of their appointment.

The number of seniority steps, which currently provide an automatic rise in salary every two years, would be reduced in the new system. The existing eight steps of seniority in each grade with an automatic pay rise of around 20% to 30 % over 14 years would be reduced to five steps with a 12,6% rise in salary over 8 years.

In parallel, career profiles granting more administrative independence to the institutions to manage the career of their staff on the basis of a statutory *collective* guarantee for career advancement would be introduced in the Staff Regulations. This guarantee would, obviously, not apply to the individual official. This provision would ensure that the level of today's *average* lifetime earnings would be maintained and give each institution more autonomy in the management of its human resources.

The transition to the new career structure has been designed with the objective of avoiding a reclassification of staff, which would inevitably lead to complaints about the criteria that would have to be applied. Therefore, in the first phase of transition (2 years) the present categories would be maintained and the individual official's salary would not be affected.

In the second phase of full implementation, one integrated pay scale covering the two new function groups would be applied. Staff that cannot be placed in the table immediately would be put on notional steps temporarily added to each grade. Again, salaries would remain unaffected at that point of transition.

Contract agents and other non-permanent staff

A new type of official, the "contract agent", would be introduced to carry out non-core activities. These agents would be used in Representations and Delegations of the institutions, in agencies and in other bodies created by a specific legal act. Furthermore, they would in the long term replace staff in Category D throughout the Institutions.

Contract agents could be employed under two fixed-term contracts not exceeding five years each, with the possibility of obtaining contracts of indeterminate duration thereafter. The career structure of such agents would consist of four function groups (equivalent to the current A, B, C and D categories) and 18 grades.

The salary scale for contract agents would go up to the equivalent of grade A 6/2 of the current scale, thus excluding managerial functions. Rights and obligations would be defined by analogy to those of temporary servants, particularly as regards social security, allowances and working conditions.

Modernisation of the pay and pension system

The main points in the proposals for reform of the pay and pension package are:

- simplifying the system of allowances;

- guaranteeing actuarial balance of the pension scheme;
- introducing a permanent framework for flexible retirement and modernising the rules governing it, in particular by bringing these rules into line with decisions at Community level on the free movement of workers and the protection of migrant workers and
- incorporating a permanent method for automatic adjustments of salaries in the Staff Regulations.

A clear objective is to make the system of allowances simple, clear and transparent. It is proposed to end several existing allowances such as the teaching allowance, the rent allowance and the transport allowance. Also, the secretarial allowance would be phased out. Further, the reimbursement of travel and mission expenses would be more in line with real costs and simpler to administer. The education allowance would be aligned more closely with actual expenditure. Moreover, the reform of family allowances would improve the situation of families and would address, in particular, the problems faced by parents of young children.

The rights to transfer a part of the salary to another country, adjusted by a correction coefficient, would be limited and would be subject to the fulfilment of more restrictive criteria. This weighting would be calculated on the basis of purchasing power in the country as a whole and no longer on the basis of purchasing power in the capital of the country concerned. This country-based weighting would also apply to the payment of pensions.

The present pension system, where officials contribute one-third of the cost of the scheme and benefits are charged to the budget of the Communities, would be maintained. However, the Commission proposes a systematic and regular examination of the pension scheme based on strict standards, designed to ensure the short-term and long-term actuarial balance of the scheme.

The Commission has a low rate of early retirement, unlike many national administrations. That is partly due to the fact that the reduction factor applied to pensions (far above what would be justified by an actuarial-balance approach) is a punitive element for officials who wish to retire before the age of 60. The pension reduction factor would thus be diminished in order to remove this obstacle.

Furthermore, the Commission proposes a stable framework of circumstances and parameters for early retirement schemes launched by the institutions, e.g. in the context of enlargement or restructuring, under the control of the Budgetary Authority. Although the schemes would be voluntary, the Appointing Authority would choose candidates from among those aged 50 and over with more than 10 years' service. The financial conditions would depend on age and seniority, but family allowances and health insurance would be provided.

Another measure to increase flexibility in the retirement provisions would be the introduction of the right to work part-time in the last five years before retirement unless overriding service interests prevail. In addition, institutions would be given the right to abolish the reduction factor for pensions in cases where early retirement is in the interest of the institution.

Changes are also proposed concerning the system of invalidity pensions and survivors' pensions. The transfer of pension rights of officials leaving the service would be updated, in particular, by limiting the departure allowance and introducing the possibility of transferring the actuarial equivalent to an insurance or pension fund.

The unemployment fund is also covered by the proposal for amendment to the Staff Regulations. The balance of the fund would be assured by increasing contributions and restructuring benefits. The benefits would be subject to a time limit depending on the duration of the period of activity and the level of contributions would be reviewed every two years.

It is proposed to incorporate a standing method for the annual adjustment of salaries into the Staff Regulations in a manner similar to that used for the method of adjustment that expires in 2003. In this way, the Commission wishes to maintain a stable and secure working environment and to defend internationally competitive salaries for the European civil service.

Rights and obligations, professional standards

Several measures to safeguard professional and ethical standards are proposed:

- clarifying basic rights and obligations;
- introducing new procedures to tackle professional incompetence;
- introducing new rules on the disclosure of professional wrongdoing (whistleblowing);
- revising disciplinary rules;
- tightening up procedures for absence from work.

Basic obligations recognised by case-law would be expressly mentioned in the Staff Regulations. These include the obligations on the part of officials to carry out their duties loyally, objectively and impartially. Also, rules on conflicts of interest would be defined more precisely.

Furthermore, the bounds of professional discretion would be mapped out more precisely, taking account of the new rules on access to documents. The obligation to seek permission to publish and the conditions for its refusal would be redefined in the light of judicial decisions. More detailed rules on ownership of intellectual property rights would also be introduced. A new provision specifies the duty to refrain from sexual and psychological harassment.

New procedures to deal with officials who do not meet expected standards of performance are proposed. These procedures would be distinct from the rules applying to disciplinary proceedings.

With regard to disclosure of professional wrongdoing, the proposed changes to the Staff Regulations include introducing clear and effective rules for whistleblowing. First, the existing obligations of EU officials to report evidence of suspected

wrongdoing to OLAF would be included in the Staff Regulations. Secondly, the circumstances in which external reporting is justified would be clarified. Only if internal channels, in particular reporting to superiors and reporting to OLAF, have been used without appropriate action being taken, would an official be entitled to turn to certain clearly defined persons outside the institution. In this case, evidence may be reported to the Presidents of the Court of Auditors, the European Parliament or the Council or to the Ombudsman.

At the same time, there are provisions to protect officials who report serious wrongdoing which they reasonably and honestly believe to be substantially true from adverse consequences. In this context, officials receiving information on serious wrongdoing will be obliged to pass it on to OLAF.

The amendment of the disciplinary rules in the Staff Regulations would result in a more stable composition of the Disciplinary Board and a more appropriate system of sanctions, and reflect the role of OLAF within the Staff Regulations. As far as the Disciplinary Board is concerned, a two-chamber system is proposed. The first chamber would be responsible for officials in all grades except for senior managers and the second chamber for senior management grades. ,

Article 59, which has caused problems in all institutions in connection with short- and long-term absences, would be substantially revised. The new suggested provision sets out the consequences of a failure to produce a medical certificate to cover a short-term absence. It also simplifies procedures and shortens the time needed to reach a final determination in cases of absence where the findings of the institution's medical examination are contested on medical grounds.

Equal treatment and working conditions

The Commission's human resources policy in this field focuses on three objectives:

- promotion of equal treatment for both sexes, for disabled people, for people of all ages, for ethnic minorities and for people in non-marital partnerships,
- creation of modern working conditions that help to reconcile career and family life,
- modernisation of social welfare policy with a view to providing adequate social services for members of staff, their partners and their families.

In the proposal for amendment of the Staff Regulations, the Commission suggests extending the principle of equal treatment. Discrimination on grounds of age and disability as well as racial and ethnic origin would be prohibited. The burden of proof in establishing a breach of the principle of equal treatment would be reversed. Apart from that, it is suggested that recognised non-marital partnerships should be granted rights under the Staff Regulations. Furthermore, full equality between men and women in working life would become an institutional aim in the implementation of all aspects of the Staff Regulations.

With a view to modernising working conditions, the Commission proposes new and extended forms of family-related leave. Working arrangements should become more flexible with the extension of part-time work and the introduction of job-sharing.

Officials would be granted the right to work part-time to care for a child or a seriously ill or handicapped close relative.

The Commission suggests that the new Staff Regulations contain a clear commitment on the part of the institutions to pursue a social welfare policy for their officials and retired officials covering social assistance, social protection, the provision of social infrastructures and appropriate health and safety standards.

ANNEX 2

DRAFT

REFORM ACTIONS STATE OF PLAY AS AT 31 DECEMBER 2002

Action n°	Title	White Paper Milestone ²	White Paper Milestone Target Date	Current Revised Target Date	Achievements as at 31 December 2002	State of Play & Supplementary Remarks	Internal Action Complete ³
1	Establishment of an inter-Institutional Committee on Standards in Public Life	Draft Inter-institutional Agreement	30/6/2000	-	Proposal adopted 29/11/2000 SEC(2000)2077.	Further to feedback by the other institutions the proposal will be withdrawn	√
2	Code of Good Administrative behaviour	Commission Decision adopting new Code	30/4/2000	-	Decision adopted 17/10/2000 OJ L 267 (20/10/00).	Implementation report (SEC(2002)1266)	√
3	Proposal for a Regulation on Public access to EP, Council & Commission documents	Parliament & Council Regulation on Public Access to EP, Council & Commission documents	31/5/2001	-	Regulation adopted (Parliament & Council) 28/5/2001 OJ C223 (8/8/01).		√
4	Communication on minimum standards for the conduct of the Commission's consultation process.	Set of recommendations on best practice in consultation	31/12/2000		Approval of consultation document "Proposal for the general principles and minimum standards for the consultation of interested parties" (COM(2002)277 final of 15.06.2002)	Final set of consultation standards adopted. Commission Communication "Towards a reinforced culture of consultation and dialogue - General principles and minimum standards for consultation of interested parties by the Commission" COM(2002) 704 final of 11.12.2002	√
5	Establishment of a list of committees & working groups involved in formal or structured consultation procedures	New Commission database on consultation bodies for Europa server	30/6/2001	05/2002	Information Note on Consultation, the European Commission and Civil Society 13/9/2001SEC(2001)1361.	The list of the Commission's formal and other structured civil society consultation groups was published in June 2002 on the CONECS site.	√

² Milestones in brackets refer to actions not originally foreseen in the White Paper but introduced in the course of the Reform process.

³ Action completed by Commission internally (e.g. All internal decisions taken & final proposals put forward)

6	Framework Agreement with the EP	Approval of Framework Agreement by EP & Commission	As early as possible 2000	-	Agreement signed 5/7/2000 OJ C121 (24/4/01).	In force and under continuous implementation.	√
7	a) Better use of Information & Communication Technology (ICT) (Design of a medium term strategy for IT policy, organisation & resources)	Review of overall Information & Communications Technology strategy	31/7/2000	-	Communication adopted by Commission 8/6/2001 COM(2001)314.	Review has now taken the form of a Commission Communication. Actions 7 & 8a have been integrated into a single Communication on a new ICT strategy. Implementation of a five year programme now ongoing.	√
	b) Upgrading & improving the security of the Commissions communications networks (Definition of strategy)		ongoing	-			
8	a) Feedback mechanisms & technology development setting up procedures		31/12/2000	-			√
	b) Moving to interactive policy consultation using Internet.	Review of interactive policy consultations	31/12/2000	-	Communication adopted 3/4/2001 C(2001)1014.	Communication set out two linked mechanisms for IPM: one for the collection of feedback, the other for online consultations. Development and pilot actions are ongoing.	
	c) Constant improvement of the Europa Website	Continual improvement to Commission INTERNET	ongoing	-	Communication adopted 6/7/2001 C(2001)1753.	This has launched the modernisation of EUROPA leading to a portal approach providing access to information by theme.	
9	Electronic public procurement & transactions	Review of public procurement Directives & internal practices & internal use of electronic signatures	31/12/2000	-	Proposal on electronic tendering adopted 10/5/2001 COM(2000)275	Internal project plan set up, pilot actions launched. Legislative package in process of adoption.	
10	Reporting on the record of individual	Part of new	31/1/2001	1/5/2002 (for	-	Standard reports on payment delays	√

	DGs in meeting payment deadlines	presentation of annual activity report by each DG (see Action 82)		full report)		available to DGs.	
11	Central Invoice register	Establishment of Commission information system	30/6/2001	05/2002	Application in tests for DG BUDG and production for all DGs early 2002 on a voluntary basis.	Test on-going within selected Services.	-
12	Design a new Strategic Planning and Programming cycle (SPP)	Adoption of guidelines to operational services	31/10/2000	-	Communication adopted 25/10/2000 SEC(2000)1744.	Definition of SPP cycle elements and of a calendar for action.	√
		2nd annual policy strategy for 2003	31/12/2000	-	Communication SEC(2002)217/9 adopted 27/2/2002	Pilot exercise 2002 achieved.	
		Structured dialogue with EP and Council	28/2/2001		APS+Communication COM(2002)/427 adopted on 28/8/2002		
		Discussion with EP & Council	30/11/2000		-	Discussion with Council & EP on their system initiated. Agreement on interinstitutional consultation on Commission work programme	
		First (full) Annual Activity reports by DGs	31/1/2001	1/5/2002	AAR exercise done for 2001.		
13	Establishment of Strategic Planning & Programming function	Commission Decision on SPP organisation & resources	31/5/2000	-	Communication adopted 26/7/2000 SEC(2000) 1294.	The two White Paper subactions were amalgamated into one Commission decision on the SPP function including organisational structure & resources.	√
		Commission Decision on SPP function	31/7/2000	-			

14	Development of an activity-based IT instrument to support ABM	Development of IRMS	30/9/2000		IRMS has been developed to incorporate the basic ABM reporting requirements including AMP 2003, Agenda Planning and Commission Work Programme	√
		Deployment of IRMS Commission wide.	31/1/2002	30/6/2002	IRMS has been rolled out in all DGs.	
15	Promote diffusion of ABM practise (launch pilots + training programmes)	Launch ABM training programme	5/2000	06/2002	- In 2002, there were 25 " <i>ABM Presentations and Workshops</i> " in which 1550 people participated, as well as other seminars.	√
16	Strengthening the evaluation system	Communication to the Commission on strengthening the evaluation system	31/5/2000	-	Communication adopted 26/7/2000 SEC(2000)1051.	Much more integrated in standard APS-cycle and ABM-approach. √

17	A framework for externalisation	Definition of new regulatory framework	30/4/2000	-	Communication adopted 13/12/2000 COM(2000)788.	Commission adopted single Communication covering both subactions i.e. including proposal for a new type of agency.	√
		Communication to the Commission	30/9/2000	-			
		-	-	-	Communication adopted on reforming the management of external aid 16/5/2000 SEC(2000)814.	This action was added after publication of the WP but is in line with the requirements of the WP on reform of the management of external aid.	
					Council Regulation adopted 19.12.2002 on the creation of executive agencies to carry out specific tasks relating to the management of Community programmes		
					Commission Regulation 2343/2002 adopted on the framework Financial Regulation for traditional agencies, of 23.12.2002		

18	Simplification of procedures and working methods	<p>I. Implementation of Interim Action Plan (cf. SEC (2000)1757/6))</p> <p>II. New simplification strategy (cf. SEC 2002(867))</p> <p>a) Quality Circles</p> <p>b) Simplification website</p> <p>c) Manual of Operational Procedures of the Commission</p>	-	-	<p>Re I: Actions 1, 5, 6, 7 and 8 of the Interim Action Plan are all implemented. These actions concern the fields of the Commission's decision-making process, procedures of the AIPN functions (appointing authority), Parliamentary questions and the Greffe 2000 system. Other actions from the Plan continuously being pursued.</p> <p>Re II: New strategy approved. a) Two Quality Circles launched. b) Simplification website with suggestions box launched. c) Electronic, updated Manual of Operational Procedures ready in "test mode"</p>	<p>Re I: The Interim Action Plan covered 12 simplification actions. Beyond the five completed actions mentioned in the "achievements-"column, two further actions are being finalised (actions concerning rationalisation of reports and the Commission's electronic inter-service consultation system). An action concerning simplification of the linguistic process has been finalised within the existing technical means, and will be further developed by extending the new Greffe 3000 system. The rationalisation of the treatment of the President's mail is also entering a new phase. The Interim Action Plan should be phased-out in the following months, while allowing the above mentioned simplification actions to be pursued.</p> <p>Re II: New actions of simplification have been launched in 2002, based on a bottom-up methodology: a) Two Quality Circles have been set up ("Service Level Agreements" and "Who signs what") and will deliver recommendations on best practice in 2003. b) An interactive website on simplification has been launched in January 2003, in particular giving access to a "suggestions box" which should provide ideas for future actions for simplification. c) A new, electronic Manual of Operational Procedures will be on-line and available to all services by February 2003, and will continuously be developed and systematically updated.</p>	(√)
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				-	Quality circles launched October 2002		
19	Promoting personal responsibility & initiative & leaner administrative structures	Guidelines for job description & task assignments	30/4/2000	-	Communication adopted (pilot exercise) 24/5/2000 SEC(2000) 852. Guidelines adopted on 19/2/2002 C(2002)539.	Based on the Communication of May 2000 and the subsequent pilot exercise, guidelines for job descriptions were adopted and implemented. The new framework for objective setting combined with the staff appraisal report as foreseen in the White Paper are part of the general implementing rules for Article 43 of the Staff Regulations (see actions 32-33).	√
		Implementation by all services	30/7/2000	-	-		
		More efficient working methods - Action Plan	31/12/2000	-	See Action 18.		
20	Cross-fertilisation, teamwork & quality of services	-	-	-	On-going process.	See action 18	√

		<i>Note: Actions 21 & 22 have been merged & reviewed: one Communication has dealt with A1 & A2 & the other with Middle Management.</i>					
21	Selection of senior managers	Commission Decision to improve the Consultative Committee on Appointments	31/7/2000	-	(Decision on) Senior Management Communication adopted 21/12/2000 SEC(2000)2305.	Implementation ongoing.	(√)
		Proposal for Head of Unit appointments (A5/4/3)	31/12/2000	-	New appointment procedures implemented		(√)
		Assessment of the application of rules on appointments to A1 & A2	30/6/2002	6/2003	-		-
22	Ensure continuing evaluation of management performance	Introduction of appraisal for A1s & A2s	30/4/2001		Incorporated into Communication “The appraisal, selection and appointment of senior Commission officials” of 20/12/00.	See above (21). Contract regarding the introduction of new management tools awarded to external consultants on 30/11/01. Pilot project for A1 appraisal started.	(√)
		Draft Commission Decision on middle management	31/10/2000	-	Consultative Communication (Middle Management) adopted 28/2/2001 SEC(2001)322.	Subject has been split up in two documents: Decision on Heads of Unit and a Decision on advisors.	(√)
		Commission Decision on Middle Management	30/4/2001		Final orientations adopted by the Commission on 30/10/2001 SEC(2001)1697/6 - 1697/7.		

23	Creation of a training Centre	Results of consideration of creation of training centre	31/7/2000	-	Significant increase in number of training days in 2001 (+ 100% compared to 2000)	An inter-institutional working group has been set up by the Secretaries General of the institutions in order to propose different options for the establishment of a European Administrative School. It could also run the new certification system for changing function groups (SEC(2001)1697/6. The group will present its report to the Secretaries General in January 2003.	√
	Management training	- No specific WP milestone originally foreseen.	-	-	Additional management training implemented		
24-29	Recruitment policy	Draft Agreement on the creation of an Inter-Institutional recruitment office	31/12/2000	-	European personnel selection offices (EPSO) established by decision of the institutions, OJ L197, 26 July 2002	Administrative preparations for being fully operational on 1 January 2003 are ongoing.	√
		Consultative Communication on recruitment policy	31/12/2000	-	Consultative Communication adopted 28/2/2001 SEC(2001)294.		
		(Commission Decision)	-	-	Agreement on common inter-institutional principles for recruitment adopted on 25 July 2002		
		Proposal to the Staff Regs committee	30/6/2001	-	- No changes to the Staff Regulations were necessary.		
		Proposal to the Council (Staff Regulations)	31/12/2001	-	- No changes to the Staff Regulations were necessary.		

30	New career system	Consultative Communication on new career system	30/11/2000	-	Consultative Communication adopted 28/2/2001 SEC(2001)337.	Legal proposal has been submitted to Council and EP. Negotiations ongoing	√
		Commission Decision	31/12/2001		Final orientations adopted by the Commission on 30/10/2001 SEC(2001)1697/6 - 1697/7).		
		Proposal to the Staff Regs committee	31/5/2001		Done January 2002.		
		Proposal to the Council (Staff Regulations)	31/12/2001	April 2002	Adopted 24 April 2002		
31	Simplification of grading procedures	Draft Commission Decision on grading procedures	31/7/2000	-	Decision on changing the Staff Regulations taken.	Simplified grading has been introduced in the Staff Regulations (see Communication “Global Package” of 30/10/01). Legal proposal has been submitted to EP and Council. Negotiations ongoing.	√
		Commission Decision on grading procedures	30/11/2000	-	-		
		(Proposal to the Staff Regs committee)	-		Done January 2002.		
		Proposal to the Council (Staff Regulations)			Adopted 24 April 2002		

32-33	New staff appraisal system & Promotion based on merit	Draft Commission Decision on an annual staff appraisal system	30/11/2000	-	Consultative Communication adopted 28/2/2001 SEC(2001)319.	Implementation ongoing. First staff report under new system to be prepared between January and March 2003.	√
		Commission Decision on an annual staff appraisal system	31/5/2001	April 2002	Consultation of Staff Regulations Committee finalised.		
		Implementation	2002	2002/2003	General rules for implementing Art. 43 and 45 (appraisal and promotion) adopted by the Commission on 26 April 2002		
34	Flexible retirement	Consultative Communication on flexible retirement	31/12/2000	-	Consultative Communication adopted 18/7/2001 SEC (2001)1207 (incorporating new regulatory framework for enlargement schemes (see also Action 62).	Legal proposal has been submitted to Council and EP. Negotiations ongoing.	√
		Consultative Communication on specific retirement scheme for enlargement	31/12/2000	-			
		Proposal to the Staff Regs committee	31/5/2001		Done January 2002.		
		Proposal to the Council (Staff Regulations)	31/2/2001	April 2002	Adopted 24 April 2002		

35	Access to career guidance	Creation of central career guidance function	31/12/2000	-	Central career guidance unit established 1/9/2000.	Development of a new IT system for human resources management (SYSPER II) ongoing.	-
		Creation of decentralised career guidance system	31/7/2001		Career guidance system is now operational.		
		New version of SYSPER	31/12/2003	2004	-		
36	Encouraging mobility	- (Commission Decision on mobility) (Proposal to the Staff Regs. Committee) (Proposal to the Council (Staff Regulations))	- - -	- April 2002	Consultative Communication on mobility adopted 28/2/2001 SEC(2001)325. Guidelines for internal mobility adopted on 12/02/2002 SEC(2002) 146. Done January 2002. Adopted 24 April 2002	No specific WP milestone or consultative document originally foreseen. Legal proposal submitted to EP and Council. Negotiations ongoing.	√

37	Inadequate performance	Consultative Communication on professional incompetence	31/10/2000	-	Consultative Communication adopted 28/2/2001 SEC(2001)279.	Early warning system: Special performance plan foreseen in case of insufficient markings in the career development report. Further measures foreseen in Decision on professional standards to be adopted by December 2002. Legal proposal has been submitted to Council and EP. Negotiations ongoing.	√
		Implementation of Early Warning System	31/12/2000		Integrated in general rules for implementing Articles 43 and 45. (see action 33)		
		Proposal to the Staff Regs Committee	30/4/2001		Done January 2002.		
		Proposal to the Council (Staff Regulations)	31/12/2001	April 2002	Adopted 24 April 2002		
38	Promoting a learning culture	-	-	-	Consultative Communication on training guidelines adopted 28/2/2001 SEC(2001)323.	No changes to the Staff Regulations necessary.	√
		Commission Decision on Training Guidelines	31/7/2000	April 2002	Final orientation adopted by the Commission on 30/10/2001 SEC(2001)1697/6. Commission decision on training guidelines adopted on 7 May 2002 C(2002) 729		
39	Supporting the reform process	Report on necessary training action linked to the Reform	31/11/2000	-	Training has been organised in particular in the areas of Financial Management (internal and external) and the new personnel policy. Reporting done via annual reports of Training Office.		√

40	Integrating training with other areas of human resource management	- No specific WP milestone or consultative document originally foreseen. See Action 38.	Ongoing	-	-		√
41	Reform of language training	Phasing of new approach to language training	30/9/2000	-	New "survival courses" for EN and FR have been developed especially for newcomers who have to become quickly operational. A similar reform of the pedagogy (in order to relate the language courses closer to the working needs) is planned also for the other languages.		√
42	New officials training program	Proposal for new officials' programme (over a new 12 month probationary period)	31/10/2000	-	Abandoned.		-
43	Increase training budgets	Increases in training budget 2001-2003	-	-	The budget for general training in 2001 has almost doubled compared with 2000. The budget for 2002 was comparable with the 2001 budget. The budget for 2003 will increase by 6% compared with 2002.	DG ADMIN has published detailed activity reports for 2000 and 2001, covering all central -general and linguistic- training organised in Brussels and Luxembourg.	√
		Report on measures to increase internal training activities	31/10/2000	-			

44	a) Multiannual programme for transformation of credits into permanent posts	2001 Budget – credits -> permanent posts	31/12/2000	-	100 conversions of credits into permanent posts were agreed in the 2001 budget.	
	b) Multiannual programme of transformation of temporary posts into permanent posts	2001 budget – temp -> permanent posts	31/12/2000	-	90 conversions of temporary into permanent posts were agreed in the 2001 budget.	
	c) Amendment of Commission decision on Seconded National Experts (DNE)	Draft Commission Decision on DNEs	30/11/2000	-	Consultative Communication adopted 28/2/2001 SEC(2001)295.	
		Commission Decision on DNEs	31/5/2001	April 2002	Final Decision adopted by the Commission on 30 April 2002. C(2002)1559	
	d) Recruitment of temporary agents	Draft Commission Decision on temporary agents	30/11/2000	-	Consultative Communication adopted 28/2/2001 SEC(2001)295.	Commission proposal for modifications to the Staff Regulations foresees the creation of a “contract agent”. Decision on temporary agents abandoned in the light of the Commission proposal.
		Commission Decision on temporary agents	31/5/2001		abandoned	
	e) Phasing out of all other contractual staff on core tasks	Phasing out of all other contractual staff on core tasks	31/12/2002	-	-	Ongoing process.

√

45	Use of non-permanent staff for non-core activities	Draft Code of Conduct for external personnel	30/11/2000		Consultative Communication on non-permanent staff adopted 28/2/2001 SEC(2001)295	Fast track Decision on 3 years contract for auxiliaries adopted on 18/3/2002 and Commission Decision on ENDS necessitate amendments of the Code of Conduct for external personnel.	-
		No consultative document originally foreseen.			Final orientation adopted by the Commission on 30/10/2001 SEC(2001) 1697/6-1697/7		
		Commission Decision adopting new Code of Conduct for external personnel	31/5/2001				
46	Examine the need to change Staff Regulations for non-permanent staff	Examination of need to change the Staff Regs	31/12/2000	-	Consultative Communication adopted 28/2/2001 SEC(2001)295	New "Contract Agent" for non core tasks executed by agencies or offices proposed. Legal proposal has been submitted to Council and EP. Negotiations ongoing	√
		(Proposal to the Staff Regs Committee)	-	-	Done January 2002.		
		Proposal to the Council (Staff Regulations)	-	April 2002	Adopted 24 April 2002		

47-51	Equal opportunities				Commission approves 'Targets for the recruitment and appointment of women 2000' (12/5/2000) C(2000)1071.	<p>Legal proposal has been submitted to Council and EP. Negotiations ongoing.</p> <p>Implementation of the Commission orientations of 31/10/2002 ongoing. Some long-term actions will be included in the 4th action programme for equal opportunities for men and women at the European Commission.</p> <p>See action 30</p>	√
		Consultative Communication on equal opportunities	31/10/2000	-	Consultative Communications adopted 29/11/2000 SEC(2000)2085 SEC(2000)2084.		
		Commission Decision	-	May 2002	Final Orientation on 30/10/2001.		
		Proposal to the Staff Regs Committee	31/5/2001		Done January 2002.		
		Proposal to the Council (Staff Regulations)	31/12/2001	April 2002	Adopted 24 April 2002		
52	A more service-oriented DG ADMIN	Creation of a Customer Panel	31/7/2000	-	Customer panel created 23/10/2000.		√
		Commission Decision on role of DG Admin	28/2/2001	April 2002 and October 2002	Commission Decision taken on 6.11.02		

53	Reconciling professional & private lives	Consultative Communication on home / work life balance	31/10/2000	-	Consultative Communication adopted 31/10/2000 SEC(2000)1806.	Legal proposal has been submitted to Council and EP. Negotiations ongoing	√
		Commission Decision on home/work life balance	-		Final orientations adopted by the Commission on 30/10/2001 SEC(2001)1697/6 - 1697/7.		
		Proposal to the Staff Regs Committee	31/5/2001		Done January 2002.		
		Proposal to the Council (Staff Regulations)	31/12/2001	April 2002	Adopted 24 April 2002		
54	Social policy	Consultative Document on social policy	31/10/2000	-	Consultative Communication adopted 28/2/2001 SEC(2001)284.	Joint agreement between the OSPs and the Commission on the Social Welfare aspects of its human resources for Commission staff and action plan for provision of facilities and services for Commission staff adopted on 4 March 2002 (C 2002/842).	√
		(Commission Decision on social policy and possible proposal to the Staff Regs Committee)	-		Decision March 2002.		
55	Clear rules applied in a clear way	Staff Regs etc on-line	31/7/2000	-	Staff Regulations etc published on intranet 1/12/2000.	Implementation of action plan ongoing.	√
		Results of review of administrative procedures	31/12/2000	-	Action Plan for simplification and transparency in personnel policy was adopted in August 2001.		

56	Examination of Staff Regulations to remove outdated rules	Examination of Staff Regs	31/12/2000	-	Done (Working Document : "General Review" approved on basis of Commission orientation of 18/07/2001)	Legal proposal has been submitted to Council and EP. Negotiations ongoing	√
		Proposal to the Staff Regs Committee	31/5/2001		Done January 2002.		
		Proposal to the Council (Staff Regulations)	31/12/2001	April 2002	Adopted 24 April 2002		
+57-58	Discipline	Consultative Communication on discipline	31/10/2000	-	Consultative Communication adopted 29/11/2001 SEC(2000)2079.	Legal proposal has been submitted to Council and EP. Negotiations ongoing	√
		Commission Decision on administrative improvements	30/4/2001		Decision adopted on 19/2/2002 C(2002) 540.		
		Proposal to the Staff Regs Committee	30/4/2001		Done January 2002.		
		Proposal to the Council (Staff Regulations)	31/12/2001	April 2002	Adopted 24 April 2002		

59	Whistleblowing (rights & obligations for reporting)	Consultative Communication on whistleblowing	31/10/2000	-	Consultative Communication adopted 29/11/2000 SEC(2000)2078.	No changes to the Staff Regs originally foreseen but now being proposed. Legal proposal has been submitted to Council and EP. Negotiations ongoing	√
		Proposal for an Inter-Institutional agreement	31/10/2000	-	Abandoned.		
		Commission Decision	31/3/2001		Commission Decision to be adopted on 4 April 2002 C (2002) 845		
		(Proposal to the Staff Regs Committee)	-		Done January 2002.		
		(Proposal to the Council (Staff Regulations))	-	April 2002	-		
60	Creation of a central mediation service	-	-	-	Consultative Communication on mediation service adopted 18/7/2001 SEC(2001)1109 SEC(2001)1201.		√
		Creation of a central mediation service (Commission Decision)	31/12/2000		Decision adopted on 4 March 2002 C 2002/601.		

61	Proposed approach to pay & pensions	Extend existing Method	30/6/2000	-	Regulation adopted (Council) 18/12/2000 (two year roll over). OJ L326 (22/12/00).	Legal proposal has been submitted to Council and EP. Negotiations ongoing	√
		-	-	-	Consultative Communication on pay & pensions adopted 28/2/2001 SEC(2001)274.		
		(Proposal to the Staff Regs Committee)	-		Done January 2002.		
		Proposal to the Council (Staff Regulations)	31/12/2001	April 2002	Adopted 24 April 2002		
62	Review of resources implications of reform & policy action	PDB 2001	30/4/2000	-	Letter of amendment adopted 1/9/2000.	Peer Group review exercise. Implementation ongoing. Related proposals for ad-hoc early termination of service scheme adopted by the Council in September 2002. The 717 new posts stemming from the Peer Group review were authorised, as requested by the Commission, in the 2001 and 2002 budgets.	√
		Commission Decision on 200 'Reform' posts	31/5/2000	-	Communication adopted 12/7/2000 SEC(2000)1142.		
		Commission Communication	30/9/2000	-	Communication adopted 26/7/2000 SEC(2000)2000 COM(2001)50.		
63	Description of the responsibility of financial actors	Commission Decision on Financial Reform package	31/5/2000	-	Communication adopted 13/12/2000 SEC(2000)2203.	Adoption des chartes du comptable et du CF le 23/11/2001. P.E. n° 2405/2001.	√
64	Delegation of powers	Commission Decision	31/3/2001	-	Communication adopted	Charter for Authorising Officers by	√

		on Internal Rules on the Execution of Budget			2/4/2001 SEC(2001)454.	Delegation & sub-Delegation now operational.	
65	Suppression of centralised ex-ante visas	Proposal to the Council (Financial Regulation)	30/4/2000	-	Communication adopted 26/7/2000 COM(2000)461.	Council Regulation 25/06/02.	√
66	Financial Irregularities Panel	Commission Decision on setting-up Panel	30/6/2000	-	New Financial Regulation of June 2002.	Covered by new Financial Regulation. Implementation in the Commission is planned to start in 2003.	-
67	Financial liability governed only by the Staff Regulations	Proposal to the Council (Financial Regulation)	30/4/2000	-	New Financial Regulation adopted June 2002.		√
68	Setting up of an Internal Audit Service	Setting up of the IAS	31/5/2000	-	Communications adopted 21/6/2000 SEC(2000)1354 and 31/10/2000 SEC(2000)1801. IAS operational on 15/9/2000.		√
69	Reporting & Planning of the IAS	Internal & Forward Audit Plans 2001-2003	31/12/2000	-	Internal & Forward Audit Plans agreed; transmitted to DGs on 5/3/2002		√
		Annual Internal Audit Report 2000	31/3/2001		Annual Internal Audit Report for 2000 taken note of by Commission on 3/7/2001. Annual Internal Audit Report for 2001 taken note of by Commission on 24/7/2002		
70	Separation of internal audit from	Proposal to the Council	30/4/2000	-	Communication adopted	Separation of the Services became	√

	financial control	(Financial Regulation – fast-track procedure)			24/5/2000 COM(2000)693; Regulation adopted (Council) 9/4/2001 OJ L111 (20/4/01).	effective on 4 July 2001 (SEC (2001)1077).	
71	An Audit Progress Committee (APC)	Commission Decision on setting up of APC	-	-	Communication adopted 31/10/2000 SEC(2000)1808.		√
72	Creation of a Central Financial Service	Commission Decision on setting up CFS	31/5/2000	-	Communication adopted 1/5/2000 SEC(2000)560.		√
		Creation of CFS intranet site	30/6/2001	-	Site created October 2000.		
73	Advice on contracting	Creation of a Central Contract Unit in DG Budget	30/6/2000	-	Unit created 1/2/2001.		√
74	Contracts database	Temporary Contracts Database operational	30/6/2001	-	Prototype contract database operational 30/6/2001.	Two pilot experiences are currently implemented (Syslog and Ceca contracts). The deployment to the DGs will be initiated in 2003 and has to be completed before the end of 2004.	-
		Decision on configuration of a definitive database	30/6/2001	-	Construction and tests of version 4, 5 and 6.		

75	Operational manuals for financial management	Issue of manuals	30/11/2000		Administrative and Technical Assistance Vademecum adopted 13/11/2001 SEC(2001)1728.	Unique site for all financial issues available in BudgWeb	√
					-		
					Expenditure life cycle manual has been put on the Web on 17 December 2001.		
76	Contracts & grants	Proposal to the Council (Financial Regulation)	30/4/2000	-	Proposal adopted 26/7/2000 COM(2000)461. Council Regulation adopted on 25 June 2002.		√
77	User networks	Establishment of Working Groups	31/12/2000	-	Working Groups established 31/1/2001.		√
78	Minimum standards for internal control	Draft Commission Decision	30/6/2000	-	Gradual implementation for the financial part in the first half of 2001.	The impact of the implementation of the standards has been presented in the first annual activity report of 30/6/2001. A revision of the implementation plan has been adopted on 21/12/2001.	√
		Commission Decision	30/9/2000	-	Communication adopted 13/12/2000 SEC(2000)2203. New version adopted on 21/12/2001 SEC(2001)2037.		
79	Segregation of duties & financial circuits	Internal reorganisation of duties	31/12/2000	-	Communication adopted 13/12/2000 SEC(2000)2203.	Continuous updating of relevant Guidelines. New version established in September 2002.	√

80	Evolution of the role of Finance Units in DGs	Change in the role of finance units	31/12/2000	-	Communication adopted 13/12/2000 SEC(2000)2203.		√
81	Strengthening the role of the DGs' control function (Audit Capability)	Establishment of Internal Audit Capabilities in each Service	31/12/2000	-	Communication adopted 31/10/2000 SEC(2000)1803.	Internal Audit Capability Units established in all Commission Services by 30/6/2001. Staffing problems to last at least until reserve lists have become available through 2 external audit competitions (end of 2002).	√
82	Declaration by the Director general in her/his Annual Activity Report	-	-	-	Annual Reports done in 2002	No Commission Decision originally envisaged in WP. First interim report on the state of implementation of Reform on 30/6/2001 & first full annual report established for 1/5/2002. Circular SEC(2001)2057 on Annual Activity Report 2001 sent to DGs. Synthesis Report adopted on 24 July 2002.	√
		First annual activity report	31/1/2001	1/5/2002	Communication COM(2002)426 final adopted 24/7/2002.		
83	Adequate levels of staffing	Amalgamated into Action 62.				See Peer Group review conclusions.	√
84	Review & assessment of current internal controls & financial processes	Describe current systems	30/4/2000	-	Description of current systems completed 31/5/2000.	DGs have undertaken a self-assessment in 2000 and 2001. Next iteration planned for beginning 2003. A specific readiness assessment is underway for the switch to the recast Financial Regulation without centralised control entities.	√
		Self-assessment	30/9/2000		Two rounds of self-assessment exercise completed		

85	Design of adequate internal controls & financial processes	Definition of control model	30/9/2000	-	Decisions made on model 1/9/2000.	The baseline for 2001 has been defined in the communication of 21/12/2001. All DGs have reported on progress in their AAR 2001 and an overall synthesis has been adopted by the Commission on 24/07/02	√
		Changes in organisation charts	31/12/2000	-	Organisational charts changed 1/10/2000.		
		Compliance with all minimum standards	30/6/2001	-	Summary report adopted by the Commission on 7/11/2001.		
86	Deconcentration of financial controllers	-	-	-	Communications adopted on reorganisation of financial control 12/7/2000 SEC(2000)1146 & SEC(2000)1142 & 25/4/2001 SEC(2001)618.	Physical deconcentration started 31/8/2000 & should be completed by early 2003.	√
		Deconcentration	31/8/2000	-	-		
87	Review made by Commission's services in the change process	IAS review of reform progress in implementation of internal control in DGs.	31/3/2001	-	Completed 26/3/2001.		√

		IAS review of DGs' management & control systems	31/12/2002	31/12/2003	Delay by one year of in-depth audits due to knock on effect of decision to postpone by one year the DGs' first round of assurance statements	IAS review of DGs' process underlying their assurance declarations of May 2002 completed in July 2002. Cycle of DG-specific in-depth audits started in July 2002, to be completed by December 2003.	
88	Financial Control DG & IGS	Commission Decision on the abolition of the Inspection Generale des Services (IGS)	30/4/2000	-	Communication adopted 18/04/2000 (PV(2000)1475).		√-
		Commission Decision on the abolition of DG Financial Control	following recasting of Financial Regulation	31/12/2002	New Financial Regulation of June 2002 and APS 2003		
89	Consultation of Advisory Committee on Procurement & Contracts (ACPC)	Commission Decision on new implementing rules	30/6/2000		Communication adopted 15/11/2000 SEC(2000) 1890. Regulation adopted 21/08/2001 OJ L 228 (24/08/01) and has taken effect on 31/08/01.	Threshold for necessary consultation has been raised to 300.000 € in a first period and to 500.000 € on the basis of an evaluation on the first period.	√
90	Assessment of Human Resources needs for financial management & control	Amalgamated into Action 62				See Peer Group Conclusions.	√
91	a) Training on principles of the new Commission's financial system	Provide in-depth training in financial organisation	31/7/2001		Initial Training finalised end of 2000. Now integrated in continuous training schemes.	91b This training will be provided on a DG by DG basis. 91c Ongoing, financial training to become integral part of Commission's training programme. Currently 20 financial courses are on offer, needs analysed, development for additional courses is under way.	

	b) Training on 'value for money'		30/6/2001	-	Training dates have been agreed with two DGs.		√
	c) Training on budgetary & financial management		31/7/2002	-	Ongoing activity.		
92	Guidelines for sound project management	Guidelines Communication	31/12/2000	June 2002	-	Action delayed due to change of lead service. Draft practical guide prepared by OLAF. Inter-service consultation done.	-
93	Better co-ordination of interaction between OLAF & other services	Memorandum of Understanding of OLAF with other services	31/12/2000	June 2002	Memorandum of Understanding with IAS signed.	Memorandum of Understanding with DG REGIO and AGRI currently under preparation.	-
94	Fraud "proofing" of legislation & contract management	Commission Decision on risk assessment procedures	From May 2000 onwards	Ongoing	Communication concerning fraud proofing of legislation and contract management adopted on 7 November 2001 SEC(2001) 2029 final.	As regards the follow-up of the communication as far as legislation is concerned, a specific working-group, chaired by OLAF has been created. A follow-up regarding the whole communication is foreseen within the framework of the Commission annual report on the fight against fraud and the protection of the Communities' financial interests .	√
95	Optimisation of Early Warning System	Commission Decision on optimisation of EWS	31/7/2000	-	Communication adopted 31/10/2000 SEC(2000)1811.		√

96	More effective management of recovery of unduly paid funds	Redefinition of responsibilities and setting up an adequately staffed organisational structure	31/7/2000	-30/06/2002	<p>Communication adopted on the improvement of recovery, 03/12/2000 SEC(2000)2204.</p> <p>Revision and consolidation of internal procedures for the recovery of debts arising from direct management and the recovery of fines on 17.12.2002</p>	<p>Legal implementation adopted: new financial regulation; new implementing rules; new internal procedure provisions on recovery; and new Communication on recovery)</p> <p>Issue of an Audit report from IAS on recoveries is awaited. This report will make particular recommendations to improving the recovery activity..</p>	√
			31/7/2000		<p>Communication provides the improvement of the roles of the different actors.</p>		
97	Improved financial monitoring and control of Structural Funds	New procedures on monitoring Structural Funds	31/12/2000		<p>Memorandum adopted on 14 August 2001, C (2001) 2517</p>		√
98	Simplified clearance procedure for EAGGF (FEOGA)	Statistical review & recommendations	30/6/2000		<p>Communication adopted on 5 September 2001, SEC (2001) 1921-</p>		√

ANNEX 3 RESULTS-ORIENTED INDICATORS

(A synthetic index will be used to show the degree of implementation of control standards by DGs).

TABLE 1 : EXISTING PERFORMANCE INDICATORS

OBJECTIVE	PURPOSE	INDICATOR	2002
Improving priority setting and efficient use of resources	Promote greater efficiency	Average vacancy rate of available posts	2.5% (November 2002)
Bringing about a modernised staff policy	Strengthening the principle of merit	Average number of training days per official	6.9 (2001)
	Modernise equal treatment provisions, social welfare facilities and working conditions	% of women recruited annually	38.4% (as at November 2002)
		% of women in management positions	13.2% Directors 10.1% across A1, A2 and A3
		Length of waiting lists for crèches	Around 300 waiting as at January 2002.
The overhaul of financial management, control and audit	Ensure effectiveness and efficiency of operations	Average number of days to carry out a payment	43.7
		RAL in % of total budget	11.6%

TABLE 2 : INDICATIVE LIST OF PERFORMANCE INDICATORS TO BE DEVELOPED

OBJECTIVE	PURPOSE	INDICATOR
Creating a culture based on service	Ensure timely response when dealing with the public	Average number of days to carry out a payment
	Provide user-friendly, accessible and transparent information on Commission's role and activities to the public	Rating by public users usefulness + quality of the Europa site
		Rating by public users of the usefulness + quality of the Europe Direct service
Improving priority setting and the efficient use of resources	Promote greater efficiency	% of officials redeployed to priority activities per year
	Develop and communicate vision, mission and values of organisation to staff, ensure clear link between organisational objectives and individual roles, and focus management on obtaining results	% of staff with a clear view of the mission statement, objectives and targets of their department. ⁴
		% of staff that are fully aware of the rules governing staff conduct and prevention and reporting of irregularities. ⁵
		% of staff that are fully aware of their individual objectives and expected results, and how these fit into the context of objectives for their unit, directorate and directorate general; ⁶

⁴ Internal control standard 9.

⁵ Internal control standard 1.

⁶ Internal Control standard 2.

Bringing about a modernised staff policy	Strengthening the principle of merit	Difference of career speed between fast and average career
		% of officials redeployed to priority activities per year
	Modernise equal treatment provisions, social welfare facilities and working conditions	Number of officials on part time work
		Level of staff satisfaction with working conditions and Commission as an employer (results of staff survey)
The overhaul of financial management, control and audit	Ensure effectiveness and efficiency of operations	Number of sleeping commitments
		Credit commitment rate per quarter
	Use resources for intended purpose	% of managers and other staff that receive reliable and accessible information on budget execution and use of resources. ⁷
		% of the budget not committed as planned
		% of DGs self-assessed in compliance with Commission's internal control standards

⁷ Internal control standard

Annex 4: Timeline of Reform under Prodi Commission

