

Special report

# External consultants at the European Commission

Scope for reform



EUROPEAN  
COURT  
OF AUDITORS

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## Executive summary

I The European Commission increasingly uses external consultants to perform a range of advisory and support services. The value of services procured between 2017 and 2020 was around €3.7 billion. The services the Commission procured include consultancy work, studies, evaluations and research.

II Discharge authorities and the media have recently shown increasing interest in the use of such services by the Commission. Our report aims to contribute to improved transparency and accountability of this important area.

III The objective of our audit was to assess whether the Commission managed its use of external consultants in a manner that safeguards its interests and ensures value for money. In particular, we examined whether the Commission:

- (a) had a framework in place governing the use of external consultants that defines the forms of their support and lays down rules to justify their use;
- (b) had procured these contracts in a sound manner, and mitigated the risks involved in cooperating with suppliers;
- (c) had managed and monitored the external consultants' performance and has practices to assess the results;
- (d) had reliable and accurate management information and reported on its use of external consultants.

IV This audit focused on the engagement of external consultants between 2017 and 2019, we also considered recent relevant information when appropriate. We analysed financial and management information on the services procured, interviewed Commission staff members, and reviewed contracts to determine the planning, procurement, justification, evaluation and management practices in place.

V We concluded that the Commission's management of the use of external consultants does not fully ensure that it maximises value for money. The Commission's framework governing the use of these services has significant gaps. While the forms of support that can be provided by external consultants and the extent to which tasks can be outsourced is defined for studies and evaluations, this is not the case for other services provided by external consultants.

**VI** The use of consultants also gave rise to potential risks of overdependence, competitive advantage, a concentration of suppliers and potential conflicts of interest. The Commission does not sufficiently monitor, manage or mitigate these risks at the corporate level.

**VII** For the specific contracts we examined, we found that the Commission had followed the necessary procurement procedures and ensured that the consultants delivered the required services to an appropriate level of quality before paying for them. However, it does not consistently assess the performance of external consultants and, apart for studies and evaluations, it does not share information on these assessments across its directorates-general. This diminishes the Commission's ability to identify and report on the benefits of the services delivered.

**VIII** Finally, the Commission's information systems does not provide accurate and reliable information on the volume and types of external consultants' services used, and there is no systematic reporting on this.

**IX** We recommend that the Commission should:

- further develop its framework for the use of external consultants' services;
- improve its approach to monitoring and mitigating risks from using such services;
- identify and use the results of such services;
- and report regularly on its use of these services.

# Introduction

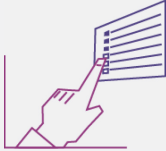

## Reasons for using external consultants

**01** Public administrations use external consultants for a variety of reasons. In recent years, rapidly changing circumstances coupled with constraints on administrative resources have led to an increase in the use of these services. As consultants have become increasingly involved in service design and delivery, the need for frameworks governing their use has also grown, with the aim of obtaining value for money.

**02** For the purposes of this report, 'external consultants' means private and public suppliers of professional knowledge-based services, who can work on or off the client's premises. In our case, the 'client' is the European Commission. The client uses the output of their services as an input to its processes for making and implementing decisions, or as support for its administrative functioning.

**03** *Table 1* gives an overview of the main reasons why the Commission uses external consultants.

**Table 1 – Main reasons for the use of external consultants by the Commission**

Drivers		Benefits
<p><b>Optimisation of human resource management</b></p> <p>The Commission cannot afford to employ, cultivate and retain the wide range of skills and expertise it might need for specific projects</p>	<p><b>Complementary resource</b></p> 	<ul style="list-style-type: none"> <li>• <b>Complementary resource</b> to implement actions for multiple stakeholders from Member States and non-EU countries, in particular in times of increased workload or when skills are needed for a limited time</li> <li>• <b>Specialised skills are needed</b> to carry out technical and scientific work (e.g. data acquisition, collection, compilation, scientific and statistical support, IT development)</li> <li>• <b>Improved agility and flexibility</b> in the face of changing organisational and political priorities</li> </ul>
<p><b>Achieving results within defined fixed term and cost parameters</b></p>	<p><b>Programme design and implementation</b></p> 	<ul style="list-style-type: none"> <li>• <b>Support to the Commission in the design and implementation of policies and programmes</b>, with the aim of promoting transparent, evidence-based decision-making (e.g. input on specific elements in the form of studies or evaluations)</li> <li>• <b>Flexible access to the right mix of skills</b> to fill capacity gaps quickly, in particular when the need for staff is temporary or their presence is required in Member States or non-EU countries</li> <li>• <b>Cheaper alternatives to on-site staffing</b> for capacity-building through technical assistance and technical support</li> </ul>
<p><b>Assisting decision-making</b></p>	<p><b>Independent view</b></p> 	<ul style="list-style-type: none"> <li>• <b>Credible independent voice</b> (e.g. when needed to implement the objectives set in the strategic plans)</li> <li>• <b>External points of view</b> to provide additional insights into EU policies and programmes</li> </ul>

Source: ECA, based on interviews with the Commission.





## Extent and type of services delivered

**04** Over the 2017-2019 period, which was the focus period of our audit (see paragraph 16), the Commission signed 8 009 contracts with external consultants. These contracts had a total value of €2.7 billion. The total value of contracts signed

with external consultants increased from €799 million in 2017 to €955 million in 2019. In 2020, the Commission signed contracts worth €971 million.

**05** The Commission recorded these services in its financial system under one of the following categories: consultancy, study, evaluation or research (see [Table 2](#)).

**Table 2 – The Commission’s categories and descriptions of external consultants’ services**

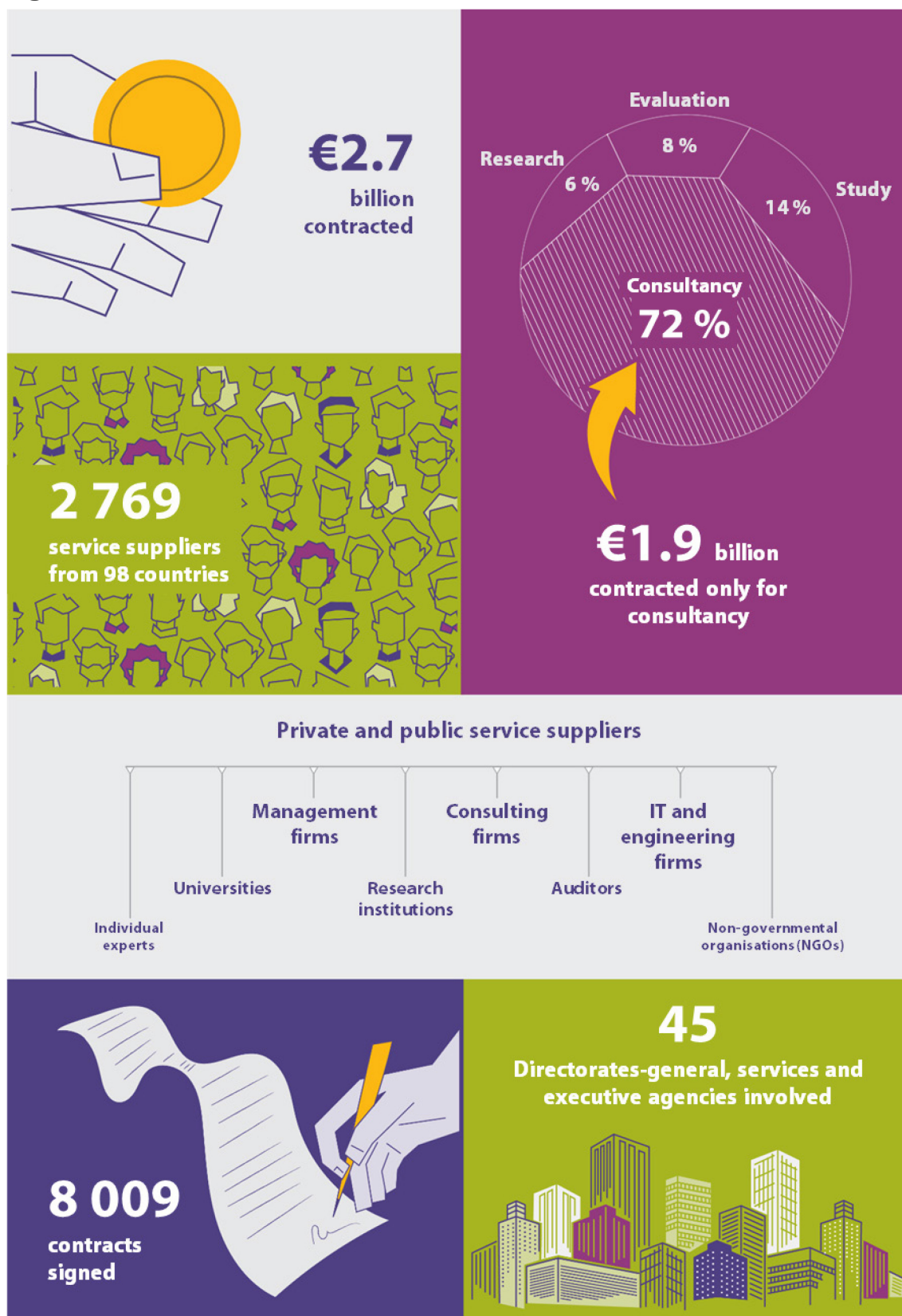
	<b>Consultancy</b>	<b>Advisory services excluding</b> ‘Administrative, HR and Social Services’, ‘Communications & Publication’, ‘Conferences, External Meetings and Travel’, ‘Evaluation’, ‘Studies’, ‘Audit Services’, ‘IT Services and Telecommunication Charges’, ‘Legal Services’, ‘Research, Development or Scientific Activities’, ‘Training Services’, ‘Translation and Interpretation’
	<b>Study</b>	<b>All types of studies (including legal analysis)</b>
	<b>Evaluation</b>	<b>Ex-ante or ex-post evaluation of projects,  programmes, impact assessment services, etc.</b>
	<b>Research</b>	<b>Services related to research, development or  scientific activities that do not fit any of the  existing service categories</b>

Source: ECA, using information from the Commission’s List of classes/categories of legal commitments in respect of procurement and grants based on the 2015 Financial Regulation.

**06** The largest amounts contracted in 2017-2019 relate to services registered as ‘consultancy’ (72 %). [Figure 1](#) gives an insight into the use of external consultants at the Commission during the period.



Figure 1 – External consultants at the Commission<sup>1</sup>, 2017-2019

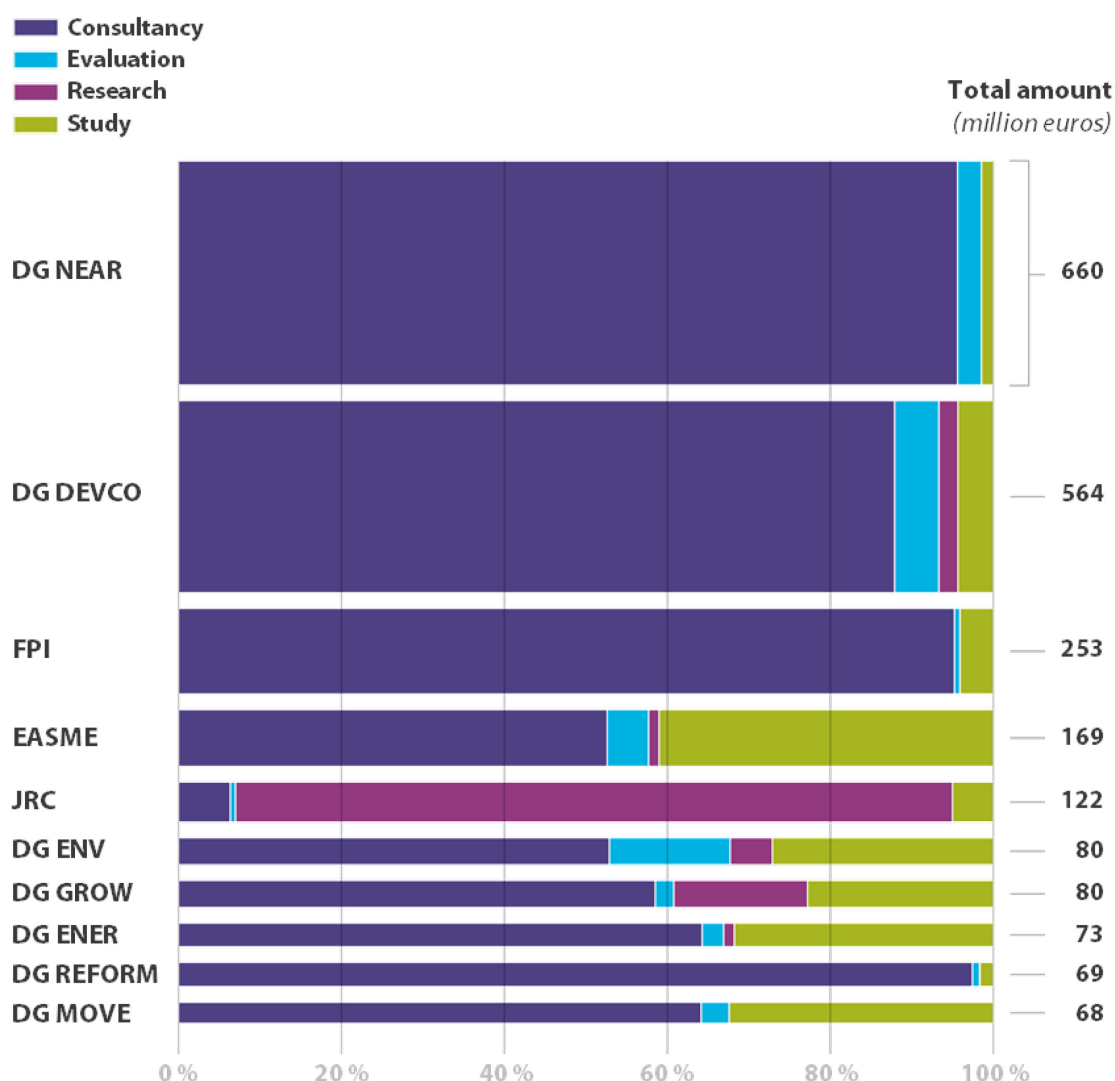


Source: ECA, based on the Commission's financial data.

<sup>1</sup> Departments, services and executive agencies that contracted external consultants.

**07** Out of 45 Commission departments, services and executive agencies using external consultants, nine Commission directorates-general and one executive agency together accounted for €2.1 billion spent on external consultants over the 2017-2019 period, i.e. 80 % of the overall amount. The top three highest-spending directorates-general account for more than half of this total (see [Figure 2](#) below for details).

**Figure 2 – The 10 Commission departments spending most on external consultants, 2017-2019**

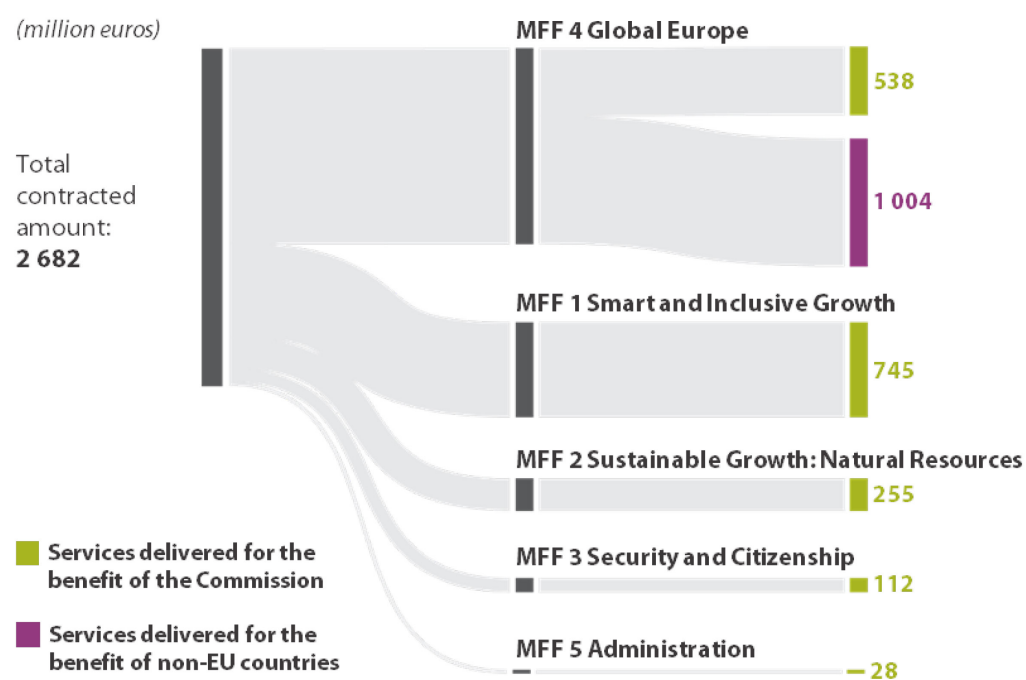


Source: ECA, based on the Commission's financial data.

**08** Of the total amounts contracted on external consultants, 98 % went to suppliers registered in the EU. Over the 2017-2019 period, 72 % of the total volume of such services was sourced from suppliers based in Belgium, Germany, France, the Netherlands, and the United Kingdom.

**09** Around 57 % (€1 542 million) of the total value of contracts concluded with external consultants was financed under the multiannual financial framework (MFF) heading 4 ‘Global Europe’. These contracts include services procured under EU programmes aimed at improving cooperation with non-EU countries. MFF heading 1 ‘Smart and Inclusive Growth’ (€745 million, 28 % of the overall amount contracted) comprises the second greatest source of financing external consultants’ contracts, whereas only around 1 % of such contracts were funded under MFF heading 5 ‘Administration’. [Figure 3](#) provides a breakdown of the total value of contracts concluded with external consultants under the various MFF headings.

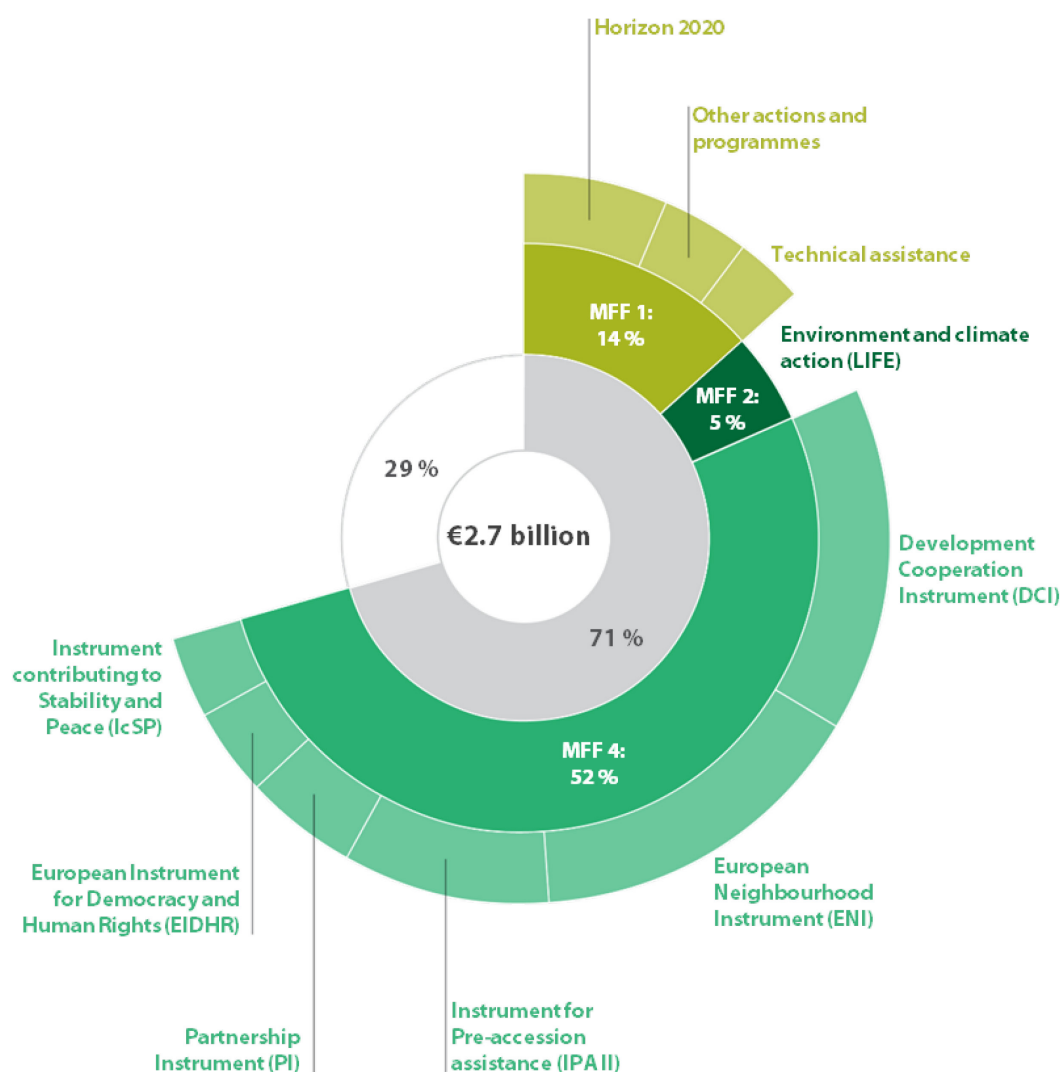
**Figure 3 – Sources of financing external consultants’ contracts, 2017-2019**



Source: ECA, based on the Commission’s financial data.

**10** External consultants are mainly involved in implementing the EU’s neighbourhood and enlargement policies, international partnerships, foreign policy instruments, and environmental and climate actions. [Figure 4](#) presents the 10 EU programmes and instruments which used external consultants most heavily, with contracts amounting to €1.9 billion (71 % of the total amount contracted) in the 2017-2019 period.

**Figure 4 – The 10 EU programmes and instruments with the highest value of support from external consultants, 2017-2019**



Source: ECA, based on the Commission's financial data.

## Roles and responsibilities

**11** Under the Commission's decentralised governance structure, directorates-general are responsible for identifying the need for external consultants, and for ensuring that they are used efficiently and effectively. They are also responsible for identifying, assessing and mitigating the risks arising from their use. If they classify some of

those risks as ‘critical’ (risks with high priority), they should notify them to the Secretariat-General and the Directorate-General for Budget<sup>2</sup>.

**12** DG Budget and the Secretariat-General provide corporate guidance and advice to ensure that the directorates-general plan and manage external consultants’ engagements in a consistent manner, avoid overlaps and improve knowledge management and transparency. If the directorates-general, through their regular assessments of the risks to their activities, identify critical risks arising from the use of external consultants, they are to be notified to central services and included in a list of all the critical risks provided to the Corporate Management Board<sup>3</sup>.

**13** The Commission’s Corporate Management Board provides coordination, oversight and strategic orientations on corporate issues, including resource allocation and risk management. It oversees the risk management process and regularly informs the College about its findings. In particular, it reviews the list of critical risks<sup>4</sup>.

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<sup>2</sup> European Commission, C(2018) 7703 final, [Communication to the Commission: Governance in the European Commission](#), 21.11.2018.

<sup>3</sup> Risk Management in the Commission – Implementation Guide, version updated in September 2021.

<sup>4</sup> European Commission, C(2018) 7703 final, [Communication to the Commission: Governance in the European Commission](#), 21.11.2018.

## Audit scope and approach

**14** In recent years, the Parliament<sup>5</sup>, the Council<sup>6</sup> and the media have shown interest in the Commission's increasing use of external consultants. In particular, questions have been raised about the type and amounts contracted, the risks of concentration, overdependence and conflicts of interest and the need to use external consultants, as opposed to using internal staff. Our report aims to contribute to improved transparency and accountability on the use of external consultants by the Commission.

**15** Our audit focused on whether the Commission had managed its use of external consultants in a manner that safeguarded the Commission's interests and ensured value for money. We examined whether the Commission:

- (a) had a framework governing the use of external consultants that defines the forms of support they can provide, and lays down rules to justify their use;
- (b) had procured such contracts in a sound manner, and mitigated the potential risks involved in cooperating with suppliers;
- (c) had managed and monitored external consultants' performance and has practices to assess the results;
- (d) had reliable and accurate management information and reported on its use of external consultants.

**16** Our audit covered the services of external consultants (see paragraph 02), which were financed by the EU budget and contracted by the Commission between 2017 and 2019, and which were recorded by the Commission as consultancy, study, evaluation or research. We also considered recent relevant information on the use of external consultants when appropriate. In the course of this audit, we did not assess IT support services. These services are highly specific; they are procured under contracts that

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<sup>5</sup> Letter to President of European Commission from European Parliament, 30.3.2021, 2019 Discharge to the Commission, written questions to Commissioner Hahn, hearing on 11.1.2021 and 2019 Discharge to the Commission, written questions to Secretary-General Ilze Juhansone, hearing on 6.1.2021.

<sup>6</sup> Detailed replies of the Commission to the specific requests made by the Council complementing the report from the Commission on the follow-up to the discharge for the 2019 financial year, COM(2021) 405 final (point 33).

involve a variety of IT services. Also, the Commission does not usually record them in its financial system under any of the four categories mentioned above; instead, they are recorded in their own specific category, 'IT Services and Telecommunication Charges'.

## 17 We obtained our evidence from:

- (a) desk reviews of the Commission's instructions, guidelines and checklists relating to the use of external consultants, the procurement and management of such projects, and reporting on results obtained;
- (b) audit interviews with 11 Commission directorates-general and one Executive Agency<sup>7</sup> on their practices in engaging, managing and evaluating the work of external consultants, and in identifying lessons learnt. We made our selection based on contracted amounts throughout the EU budget and different management modes;
- (c) a review of 20 contracts selected from four of these eleven directorates-general for services provided by external consultants, and concluded between 2017 and 2019. For this review we selected the directorates-general which had contracted the largest amounts (DG NEAR, the JRC, DG REFORM, DG GROW) and different types of services commissioned to external consultants;
- (d) an analysis of the financial and management information available on services procured from 2017 to 2019 and contracted as consultancy, studies, evaluation and research services.

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<sup>7</sup> DG AGRI, DG BUDG, DG EMPL, DG ENV, DG GROW, DG HR, the JRC, DG NEAR, DG REFORM, Eurostat, EASME and the Secretariat-General of the European Commission.

## Observations

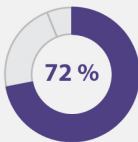
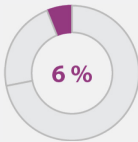
### Significant gaps in the framework governing the engagement of external consultants and justifying their use

**18** In this section of the report we focus on the Commission's framework governing the use of external consultants. We assessed whether this framework provided common principles and guidelines on how to plan and justify the use of external consultants.

**19** *Table 3* illustrates our analysis of the scope and type of external consultants' services recorded by the Commission under the four categories included in our audit scope in the 2017-2019 period.



**Table 3 – Types and scope of services provided by external consultants, 2017-2019**

Scope of the work		Type of services
<p><b>EU programme implementation</b> Use of external consultants (procuring their services) is set out in programme documents and financing agreements (e.g. SRSP, external actions, LIFE, Horizon 2020 and grant support team for the Turkish Cypriot community programme)</p> <p><b>Support services</b> Support, in the implementation of the directorates-general management plans, often concerns recurrent everyday operations</p> <p><b>Professional services</b> Services, to fill in capacity gaps in new delivery arrangements, for example in the field of IT developments</p>	<p><b>Consultancy <sup>(1)(2)</sup></b></p>  <p>72 %</p>	<ul style="list-style-type: none"> <li>• Technical assistance projects and technical support services</li> <li>• External experts working both in and off the Commission's premises, with renewed contracts (e.g. statistical, data-compilation, information-acquisition services)</li> <li>• IT-related consultancy</li> <li>• Services procured by the Executive Agency to implement programmes delegated by the parent Directorate-General, in accordance with the requirements of the delegated programme</li> <li>• Service contracts to implement tasks under Management Plans</li> </ul>
<p>Services related to <b>Better Regulation Agenda</b> or programme design and implementation</p>	<p><b>Study and Evaluation <sup>(1)</sup></b></p>  <p>22 %</p>	<ul style="list-style-type: none"> <li>• Conduct of studies, evaluations, impact assessments</li> <li>• Technical, sector-related studies and analysis, and data-acquisition services</li> </ul>
<p>Services/activities concerning <b>research, development or scientific activities</b></p>	<p><b>Research <sup>(1)</sup></b></p>  <p>6 %</p>	<ul style="list-style-type: none"> <li>• Production of studies or evaluations, data acquisition, technical assistance related to the JRC's research activities</li> <li>• Laboratory maintenance and equipment</li> <li>• Renewal of trademarks and payments for patents</li> <li>• Organisation of training courses and conferences</li> <li>• Decommissioning of nuclear facilities</li> </ul>

(1) Services provided for the benefit of the **Commission**

(2) Services for the benefit of **Member States** and **non-EU countries**

Source: ECA, based on data recorded in the Commission's financial system.

## Better regulation guidelines: a sound basis, but applicable to evaluations and studies only

**20** We assessed whether the Commission had a common framework covering rules, core principles and guidelines for the use of external consultants. We checked if the framework included a definition of the different forms of knowledge-based services and the extent to which the Commission could contract these services with external consultants, or should keep them in-house. Such a framework is important, particularly if these services are used to support recurrent activities.

**21** Overall, directorates-general use the services of external consultants within the framework of the Financial Regulation<sup>8</sup>, and according to the general rules for procuring services described in the Commission's Vade-mecum on public procurement<sup>9</sup>. This framework addresses general rules for service contracts such as the correct use of tendering procedures, and the correct payment for services received. However, it does not include specific provisions for external knowledge-based engagements, in particular risks linked to this type of engagement (see paragraph 55).

**22** In 2002, the Commission adopted its principles and guidelines on the collection and use of expertise<sup>10</sup>. The core principles of quality, openness and effectiveness, and guidelines for their implementation, were to be applied 'whenever Commission departments collect and use advice of experts coming from outside the responsible department', including through external consultants.

**23** The Commission has produced additional guidelines for studies and evaluations, which accounted for 22 % of the total spending on external consultants during the audit period (see [Table 3](#)). In 2012, the Commission produced a guidance note to

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<sup>8</sup> OJ L 193, 30.7.2018, [Regulation \(EU, Euratom\) 2018/1046 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union](#), 18.7.2018.

<sup>9</sup> European Commission, *Vade-mecum on public procurement in the Commission*, February 2016, updated January 2020.

<sup>10</sup> COM(2002) 713 final, [Communication from the Commission on the collection and use of expertise by the Commission: principles and guidelines](#), 11.12.2002.

harmonise procedures for the management of studies<sup>11</sup>. These procedures cover the full cycle of studies' production, from planning through ordering, dissemination and recording. The document includes a definition of studies and common criteria on their use. From 2015, the better regulation guidelines and toolbox<sup>12</sup> provide a framework for carrying out evaluations, including the definition of evaluation, guidance on resourcing, and the activities which can be performed by external contractors<sup>13</sup>.

**24** We found no similar guidelines for consultancy and research services, which accounted for 78 % of the total spending on external consultants during the audit period. A consequence is that, as illustrated in [Table 3](#), consultancy services covered a broad range of activities, from short-term 'advisory' services, to longer-term services complementing in-house expertise and resources. These recurrent services, which are used regularly, mostly related to the implementation of EU programmes or directorates-generals' management plans. The Commission's framework did not include clear guidance and definition of consultancy and research services and the extent to which the Commission could contract these services out to external consultants.

**25** We found that, in the absence of clear guidance applicable for all directorates-general, one of the directorates-general selected for this audit analysed the factors to be considered when deciding whether to outsource services, which included:

- maintaining control over decision-making, strategy and quality;
- criteria applicable to activities and processes that should not be outsourced;
- reasons for outsourcing, to be explained in the technical specifications.

**26** In July 2020, the Commission issued guidance on using the services of external contractors working on Commission premises<sup>14</sup>. It states that work assigned to the Commission by the Treaties should never be outsourced, but that directorates-general

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<sup>11</sup> European Commission, *Harmonised procedures for managing Commission studies*, 4.7.2012.

<sup>12</sup> SWD(2015) 111 final and SWD(2017) 350 final.

<sup>13</sup> Tool #43: 'What is an evaluation and when is required', Tool #44: 'Planning & the 5 year rolling evaluation plan', and Tool #48: 'Conducting the evaluation'.

<sup>14</sup> European Commission, *Guidelines on the use of in-house service providers and assimilated*, 27.7.2020.

may outsource support tasks. The guideline mainly concerns service contracts related to IT, communication, buildings maintenance and security. The Commission has not adopted guidelines for external consultants based outside Commission premises to address the issues we raise in paragraph 24.

### **Needs analyses not carried out or documented systematically**

**27** We assessed whether the Commission had appropriately justified and documented the use of external consultants. We examined whether directorates-general had given careful consideration to why external consultants were needed, and how this process was documented. We reviewed guidelines, and analysed practices in place in the 20 contracts we selected, complemented by interviews with selected directorates-general.

**28** We found that the better regulation guidelines and toolbox provide guidance for planning and justifying the use of external consultants for evaluations. They state that directorates-general must consider the use of in-house expertise as the prime source of evidence. When planning the evaluations, directorates-general need to take into account key factors, such as the resources available, the data required and available, the type of analysis being sought, and any overlaps with other ongoing work. The internal and external resources allocated to an evaluation must be proportional to the perceived importance and expected effects of the intervention, both in terms of the costs and benefits generated<sup>15</sup>.

**29** For studies and evaluations procured under the better regulation guidelines, systems are in place to ensure project files include a request setting out the reasons for the study or evaluation, its objectives, expected results, impacts, intended use, envisaged timetable and a cost-benefit analysis. We found that the Commission had appropriately justified the use of external consultants in the cases examined.

**30** When the directorates-general contract out activities classified as consultancy or research, they document the need for outsourcing in the procurement request. Directorates-general are responsible for ensuring that the proposed outsourcing is consistent with policy requirements, and that it does not overlap with the work programmes of other directorates-general.

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<sup>15</sup> Tool #4: 'Evidence-based better regulation' and Tool #44: 'Planning & the 5 year rolling evaluation plan'.

**31** For many consultancy services procured under EU programmes, such as technical support to Member States and technical assistance to non-EU countries, the use of external consultants is a means of programme implementation embedded in their rules and financing agreements. In these cases, we found that the directorates-general did not document their assessment of whether engaging consultants was the most appropriate solution for any given procurement request. The Commission informed us that they assessed the resource options justifying the use of external consultants at the programming stage. However, this assessment was not documented and thus no evidence was available.

**32** For consultancy services procured to perform recurrent tasks, complementing in-house resources, the directorates-general do not conduct cost-benefit and needs analyses to consider the relative merits of relying on external providers rather than internal staff before launching new procurement requests. We found that no such analysis was made, for example for:

- services provided by external consultants working on and off the Commission's premises, with renewed contracts in the field of statistics equivalent to around 52 full time employees per year;
- recurrent activities related to the implementation and monitoring of EU programmes.

## **Procurement procedures complied with, but specific risks not yet well managed**

**33** This section of the report deals with how the Commission procured external consultants' services to obtain value for money and mitigated risks associated with relying on external consultants.

### **Purchase of external consultants' services complied with procurement rules**

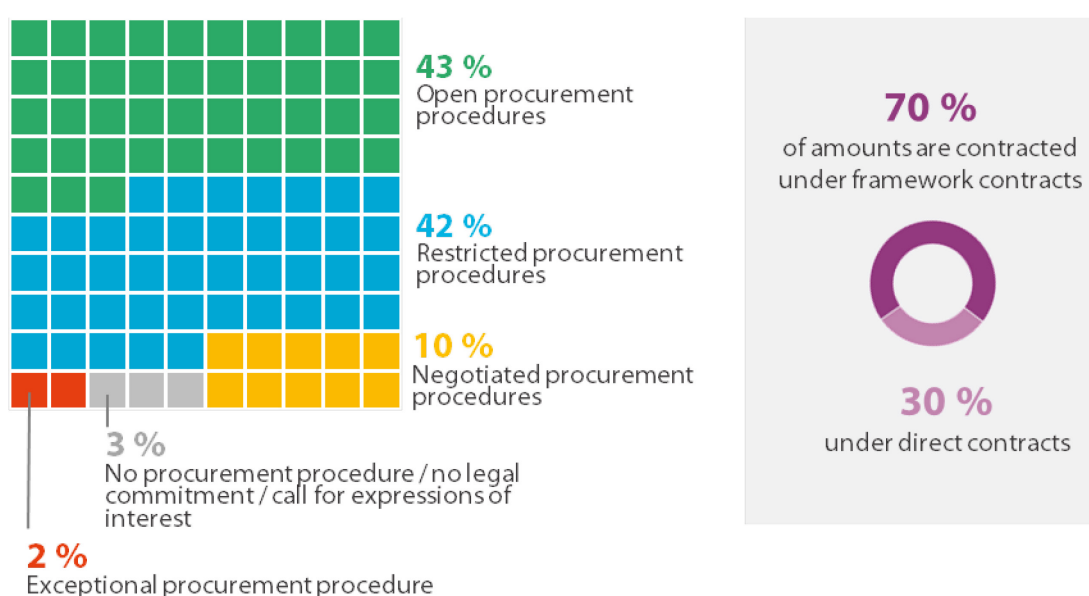
**34** To obtain value for money, the Financial Regulation and the Commission's internal rules require the Commission to use competitive selection procedures when contracting out external consultants' services. These procedures include setting and applying appropriate selection and award criteria. We assessed the Commission's

procurement procedures for contracting external consultants, and we examined in detail the 20 contracts we selected.

**35** We found that the responsible directorates-general conducted the tender procedures in line with the requirements of the Financial Regulation and the Vademecum on public procurement (see paragraph 21). In all 20 procurement procedures reviewed, the Commission used appropriate award criteria (including a price/quality ratio) to consider value for money and to select the winning tenders.

**36** When contracting out services, the Commission can choose between different procurement procedures. It mostly used open procedures (any company may submit a tender) or restricted procedures (a limited number of companies are invited to submit tenders) to engage external consultants. Contracts awarded under these two kinds of procedure amounted to €2.3 billion (85 % of the total contracted amounts) in 2017-2019, as shown in [Figure 5](#). Because these procedures are time consuming, framework contracts are often used as an efficient means of contracting services with external consultants, as they avoid the need to launch multiple procurement procedures. In addition, framework contracts, which are often of high value, define the terms (e.g. price, quality) of specific contracts to be awarded under them, so they allow the Commission to call upon consultants' expertise faster, to respond to actual needs. Over the period audited, 70 % of the amounts contracted with external consultants (€1.9 billion) were based on framework contracts.

**Figure 5 – Proportion of the amounts contracted by type of procurement procedure, 2017-2019**



Source: ECA, based on the Commission's financial data.

## The Commission's oversight did not match the level of potential risk

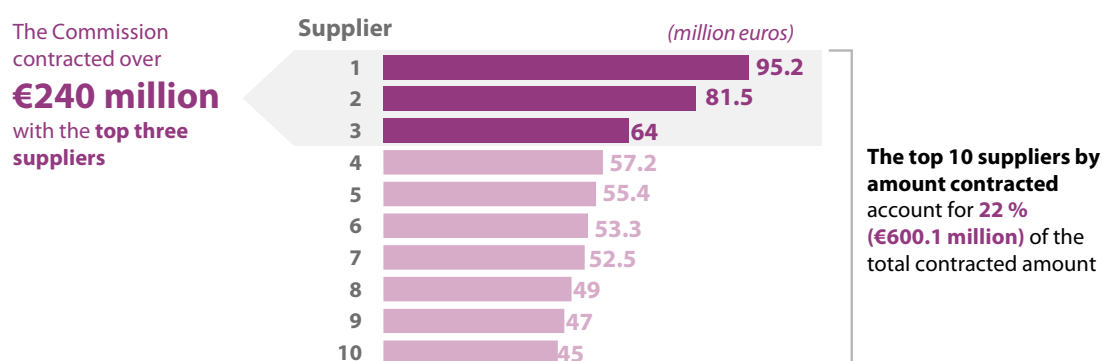
**37** We checked how the Commission had identified and addressed potential risks of concentration and overdependence, competitive advantage and conflicts of interest. We also looked at whether such risks had been brought to the attention of, and how they had been managed at the Commission's corporate level.

### Risks of concentration and overdependence

**38** When an organisation relies extensively on specific external consultants to perform key activities, it assumes the risk that it may become dependent on those consultants for the continued performance of those activities. We analysed management and financial information on suppliers to assess the extent to which the Commission relied on specific service providers and the level of service concentration.

**39** *Figure 6* provides a breakdown of contracted amounts between the top 10 suppliers over the 2017-2019 period. Those top 10 suppliers represented less than 0.4 % of the total number (2 769) of external consultants contracted over the period. At the same time, the amount contracted with them accounted for 22 % of the total contracted amounts over the period.

**Figure 6 – Top 10 suppliers of external consultants' services by contracted amount, 2017-2019**



Source: ECA, based on the Commission's financial data.

**40** Some suppliers provide external consultants' services across several Commission directorates-general. Some of those suppliers have branches or subsidiaries in various Member States. Formally, they are separate legal entities but their presence at the Commission is greater if they are considered together.

**41** Figure 7 below shows the 10 individual suppliers with the largest number of contracts signed over the 2017-2019 period. The Commission concluded 1 297 contracts with these suppliers (i.e. 16 % of the 8 009 contracts concluded over the period, see paragraph 04). This shows that a relatively small number of contractors are awarded a relatively high number of contracts throughout the Commission services.

**Figure 7 – Top 10 suppliers of external consultants’ services by number of contracts and their presence in directorates-general, 2017-2019**



Source: ECA, based on the Commission’s financial data.

**42** We also analysed the proportion of the total contracted amounts obtained by the top 10 suppliers in selected directorates-general<sup>16</sup>. Figure 8 shows that some directorates-general rely extensively on a relatively small number of contractors. In DG ESTAT for example, 10 suppliers represented less than 19 % of the total number of suppliers of external consultants’ services used by the directorates-general, but they were awarded 87 % (€47 million) of the entire amount contracted by the directorate-general. In DG NEAR, the top 10 suppliers represented less than 3 % of the total number of suppliers, but at the same time accounted for 41 % (€277 million) of the

<sup>16</sup> Only directorates-general with a total contracted amount of more than €50 million are shown.



amounts contracted on external consultants. This concentration creates a risk of overdependence on certain contractors.

**Figure 8 – The largest 10 suppliers obtain a high proportion of the total contracted amounts, 2017-2019**



Source: ECA, based on the Commission's financial data.

**43** Contracts awarded to external consultants often require specific technical expertise, which may limit the number of potential suppliers. Nonetheless, some larger suppliers, which often have extensive experience in working with the Commission, regularly succeed in winning such contracts; smaller companies have less success.

**44** We found four cases where, even though open tender procedures were organised regularly, the same suppliers won successive contracts over several years. Consequently, we observed a risk of dependence on external consultants (see [Table 4](#)).

**Table 4 – Risk of dependence on external contractors**

Case	Case description
<b>Case 1</b>	One directorate-general signed framework contracts to the value of €20.8 million with a supplier for the 2014-2018 period for external consultancy services needed to implement an EU programme. An Executive Agency took over these activities from the directorate-general in the following programming period. It organised new tender procedures for the 2019-2023 period. Following the open procedures, it awarded a new framework contract to the value of €8 million to the same supplier.
<b>Case 2</b>	The same supplier won two consecutive tender procedures for technical and legal assistance in the management of one of the Your Europe Advice Portals (two one-year contracts, one to the value of €1.68 million and the other to the value of €1.73 million).
<b>Case 3</b>	One directorate-general awarded a framework contract for consultancy services to contractors based both on and off the Commission's premises, which accounted for 27 % of the total amount contracted (€14.5 million and 104 contracts) for external consultants for the period from 2017 to 2019.
<b>Case 4</b>	51 % of one directorate-general's total amounts contracted for the 2017-2019 period (€36 million) concerned four companies which were also used widely by other directorates-general.

Source: ECA.

### **Risk of competitive advantage**

**45** When external consultants are used heavily by various Commission departments (see [Figure 7](#)), they gain experience. This can be an advantage in winning future contracts. We checked whether the Commission had processes in place to ensure transparency in the selection process, so that consultants or their affiliates competing for a specific assignment would not derive a competitive advantage from having provided other services related to the assignment in question.

**46** We found that some suppliers provided a combination of advisory, implementation and evaluation services for one directorate-general. In such cases, there is a risk that such suppliers may acquire a competitive advantage because they are involved in designing, implementing and evaluating the same EU policy.

**47** There is also the risk that some contractors may gain a competitive advantage, owing to their extensive experience in delivering services to directorates-general that will serve them in future procurement procedures. In one case, a supplier had been awarded a contract in 2018 for drawing up tender documents in connection with a works contract (€1.1 million). In the following year, the same supplier had been awarded another contract for supervising the same works (€3 million).

**48** Some directorates-general had developed good practices to mitigate the risks of limited competition when procuring external consultants' services (see [Box 1](#) for details).

### **Box 1**

#### **Good practices to limit the risk of competitive advantage**

The JRC conducts market research to get an overview of the level of competition in the area where it plans to procure external consultants' services. This aims to put all contracts to competition on the broadest possible basis, and respect the principles of transparency, proportionality, equal treatment and non-discrimination.

DG ENV set up a committee to assess selected procurement procedures (ENVAC) and report to senior management on the tenders conducted each year. In 2019, ENVAC highlighted the need to monitor the competitiveness of the procurement process, since in that same year, more than half of procurement procedures leading to contract signature had received only one offer.

Eurostat set up a committee to provide advice on tender specifications to the responsible authorising officers. It also analyses market concentration to show the degree of competition among its contractors and to limit the risk of competitive advantage.

### **Risk of conflict of interest**

**49** We looked at the practices in place to deal with the risk of conflicts of interest. The Financial Regulation defines conflicts of interest and sets out the measures to take to avoid them during procurement procedures. The Commission's Vade-mecum on public procurement provides further instructions. It requires declarations from the Commission's evaluation committee members, and from the tenderers, to confirm they have no conflicts of interest.

**50** For all 20 contracts we examined, the Commission followed the requirements concerning checks on conflicts of interests contained in the Financial Regulation and the Vade-mecum. All required declarations had been signed, and all contracts included a standard clause stating that contractors had to declare any conflict of interest that might arise in the performance of the contract. Those are formal checks, which cannot alone ensure conflicts of interest risks are dealt with.

**51** In 2021, the Commission issued guidance on the avoidance and management of conflicts of interest when contracting services<sup>17</sup>. However the Commission's guidelines do not address the following risks:

- activities of the external consultants and their affiliates that conflict with their contract with the Commission;
- external consultants' services that may be in conflict with each other;
- external consultants serving different clients (inside or outside the Commission) with conflicting interests on closely related assignments.

**52** Conflicts of interest may also arise by 'revolving door' career moves of Commission staff: where staff members leave to take up positions externally (e.g. in the private sector), or where individuals join the Commission from the private sector. These conflicts of interest may involve the inappropriate use of access to confidential information: for example, when former Commission staff use their knowledge and contacts to lobby in the interest of external employers or clients.

**53** The EU staff regulations<sup>18</sup> require officials leaving the Commission to behave with integrity and discretion when they obtain new jobs after leaving. The Commission deals with potential 'revolving door' cases based on these rules. The effectiveness of these mechanisms depends solely on departing staff providing declarations to the Commission about the work they intend to do in the two years following their departure from the EU civil service. Staff responsible for procurement also seek to identify former staff members with potential conflicts of interest when evaluating tender documents.

**54** The Ombudsman has made several inquiries on this matter, concluding that, while the Commission's practices comply with the rules, more could be done to make those rules more effective and more meaningful. The Ombudsman recommended that the Commission should take a more robust approach to the issue of revolving doors

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<sup>17</sup> Commission notice (2021/C 121/01), [Guidance on the avoidance and management of conflicts of interest under the Financial Regulation](#), 9.4.2021.

<sup>18</sup> As last amended by [Regulation \(EU, Euratom\) No 1023/2013 of the European Parliament and of the Council of 22 October 2013](#) (OJ L 287, 29.10.2013, Article 16).

when dealing with cases involving senior Commission officials<sup>19</sup>. In February 2021, the Ombudsman launched a new wide-ranging inquiry looking at how the Commission handles revolving-door cases among its staff. The inquiry is part of reinforced monitoring of how the EU administration imposes ethics obligations on EU staff who move to the private sector<sup>20</sup>.

### **Some risks not assessed at corporate level**

**55** We checked how the risks of concentration and overdependence, competitive advantage and conflicts of interest had been brought to the attention of the Commission, and managed at its corporate level.

**56** Overall, we found that directorates-general did not identify or rate the risks of concentration and overdependence, competitive advantage or conflict of interest when using external consultants as critical. We also found that the risks of overconcentration of suppliers and overdependence were not always visible at local, directorate-general level. Still, they can be significant at Commission level. Consequently, they could only be correctly addressed by a corporate-level assessment; however, the Commission does not conduct any such assessments. Therefore, some critical risks might not be identified and hence not communicated to the Corporate Management Board.

### **Weaknesses in the way in which external consultants' services are managed and used**

**57** This section deals with how the Commission managed external consultants' engagements and, in particular, how it assessed their performance and identified the work produced that could be usefully disseminated across its services.

### **Individual contracts managed in accordance with the rules, but with gaps in performance assessment**

**58** We examined whether the Commission had set clear mandates and delivery arrangements for external consultants' services, and whether it had paid appropriate amounts for the services provided. We also assessed how it shared and assessed the

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<sup>19</sup> <https://www.ombudsman.europa.eu/en/decision/en/110608>

<sup>20</sup> <https://www.ombudsman.europa.eu/en/press-release/en/141928>

results of such engagements at corporate level. We assessed if the Commission ensured that external consultants' engagements are managed consistently across its different directorates-general, with the aim of systematically assessing suppliers' performance, and identified the value delivered by external consultants.

**59** The Commission managed external consultants' engagements (consultancy, research, study or evaluation services) under the legal framework provided by the Financial Regulation and the general rules for procuring services included in its Vademecum on public procurement. When procuring services, the Commission drafted terms of reference specifying the work to be done by the supplier, as well as the number and format of progress reports it expects from the supplier during its assignment.

**60** For all 20 contracts we examined, we found that the Commission managed the contracts well in accordance with its legal framework. Overall, the contracts between the Commission and the supplier set out the monitoring and reporting arrangements, as well as the process for checking deliverables. The Commission checked that consultants had delivered services of the quality required before proceeding with payments.

**61** Our analysis identified that for some consultancy services the Commission performed additional quality checks on certain deliverables:

- before paying for statistical services, the Commission checked the quality of statistics produced by the consultant;
- for a technical support contract under the Structural Reform Support Programme, a steering committee was set up (with the participation of the DG REFORM service responsible, the Member State and the contractor) to oversee the contract implementation. This ensured regular monitoring (often with a monthly report) of the contract implementation.

**62** If the final product is delivered late or at a lower-than-expected level of quality, the Commission usually suspends the requested payment until the product is delivered satisfactorily, and opts not to apply the sanctions provided for in the contractual provisions. The Commission applied penalties and reduced the payments in the case of three of the 20 contracts selected. This required intense and significant efforts on the part of operational units to obtain the right level of quality of final products.

**63** While there were good examples of how the Commission assesses the performance of external consultants in the contracts we examined, directorates-general did not assess performance consistently. We found that only some directorates-general systematically performed lessons learnt exercises or ex-post cost benefit evaluation when contracts were completed, while others did not. We consider that this diminishes the Commission's ability to identify potential areas for improvements. It also increases the risk of re-engaging consultants who have performed poorly in the past.

**64** Aside from services procured under the better regulation framework (see [Box 2](#) for details), directorates-general did not systematically share available information on the assessment of external consultants (e.g. overview of costs, quality of deliverables and results) across the Commission. There was no centralised collection of information on the engagement of consultants at the corporate level which would allow suppliers' performance to be compared and assessed.

## Box 2

### Systematic and shared assessment of external consultants' performance under the better regulation framework

Once projects had been implemented, operational units prepared an evaluation note summarising the contractor's performance (checks done against the contractual clauses), the work received and the relevance of the work performed<sup>21</sup>.

For shared management programmes, the factual elements of some studies and evaluations are also validated with the Member States.

In addition, the better regulation guidelines and its toolbox provided a forum, the better regulation network, where representatives of the 'better regulation' operational units of all relevant directorates-general discussed horizontal issues concerning the management of external consultants' work. It was also a way to bring important issues to the attention of central Commission departments.

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<sup>21</sup> Tool #48: 'Conducting the evaluation'.

## Weak practices in the exploitation of the results of external consultants' assignments

**65** We assessed whether the Commission had appropriate practices in place to make the best possible use of results produced by external consultants' services, and to transfer knowledge and disseminate those results where needed.

**66** We found that the better regulation guidelines and toolbox have developed guidance for tracking and analysing the extent to which the work of external consultants contributes to the Commission's evaluation process. The Commission presents this analysis in the staff working document which summarises the evaluation. This document describes how the Commission has used expert advice in the process<sup>22</sup>.

**67** We found no similar guidelines for external consultants' services beyond the better regulation framework. In the selected directorates-general, we observed different practices in place to identify whether and how the Commission had used the results and conclusions provided by external consultants (see [Table 5](#)). The lack of a consistent approach across its different directorates-general impedes the Commission's ability to assess the benefits of using these services.

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<sup>22</sup> Tool #49: 'The staff working document for evaluation'.



**Table 5 – The assessment of how the results of external consultants’ services are actually used varies across directorates-general**



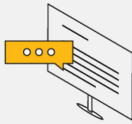















Directorate-general	Practices in place
JRC	The JRC has a system in place to analyse how scientific and technical output influenced EU policy-making, and the extent to which the JRC’s contributions are used by the Commission. This performance review concerns all JRC contributions, without distinguishing whether they were delivered by JRC staff or obtained from external consultants.
DG AGRI	DG AGRI produces analytical notes presenting the objectives, quality assessment and main findings of studies, as well as their use in developing policy.
DG REFORM and DG NEAR	<p>DG REFORM and DG NEAR procure services from external consultants for the benefit of Member States or non-EU countries, but are not responsible for the use made of project results, or for any analysis made of that use. This is the responsibility of the final beneficiary.</p> <p>In addition to ex-post evaluation of technical support, in 2020 DG REFORM started monitoring the extent to which Member States use results of consultancy projects.</p> <p>DG NEAR does not analyse the use of results of consultancy engagements but conducts evaluations at strategic level (e.g. climate change, gender equality), operational level (project/programme), and at instrument, modality or country level.</p>

Source: ECA.

**68** The issue of skills transfer from external consultants to Commission staff does not apply to all types of contracts. When consultants are engaged to address a gap in expertise at the Commission, skills transfer to the Commission may be an important and relevant factor. The Commission confirmed that service contracts rarely consider the transfer of knowledge from consultants. It does not systematically consider whether a transfer of skills is needed. None of the contracts we reviewed included a specific requirement for skills transfer from the consultants to the Commission staff.

**69** The Commission has a patchwork of tools containing information which can be used to exchange information on external consultants’ services, but which are less appropriate to disseminate the work produced by those consultants, as summarised in [Table 6](#).

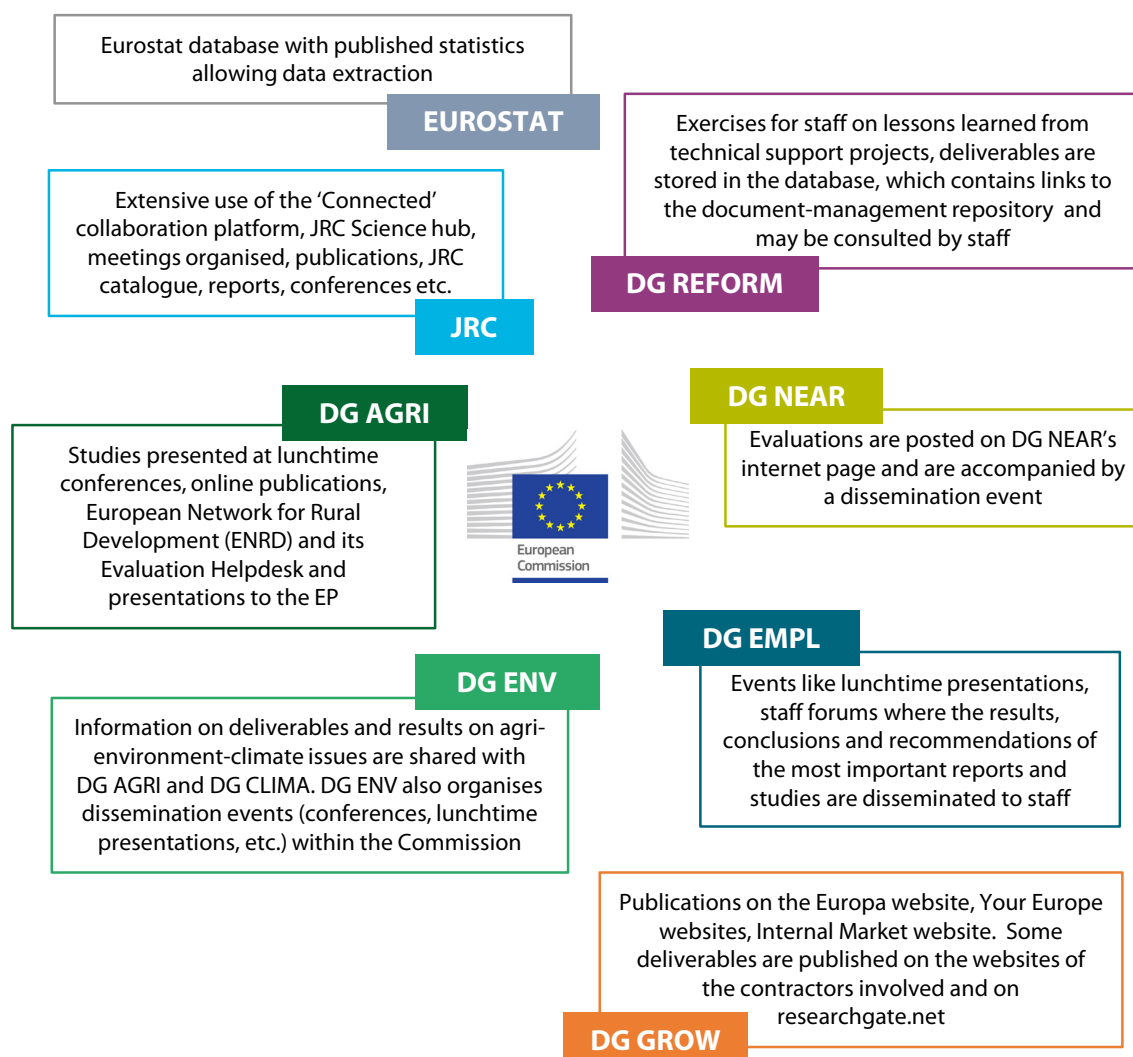
**Table 6 – The Commission’s IT tools containing information on the use of external consultants**

 <b>IT tool</b>	 <b>Purpose</b>	 <b>Status</b>
 <b>ABAC Legal Commitment (LC) Module</b>	 Central repository for grants and contracts. It is the central budgetary and accounting information system and is integrated with other IT systems	 It provides data on contracts Quality, accuracy and reliability of data encoded is limited, subject of data quality reviews
 <b>Financial Transparency System (FTS)</b>	 Website that publishes data on beneficiaries of various funding types managed directly by the Commission’s directorates-general, its staff in the Union’s delegations, or executive agencies  Source of information for FTS is ABAC LC Module, affecting the quality and reliability of data recorded	 It provides search capabilities for contracts (recipients), by type (class category), subject of the contract or zone benefiting from the action  Information on recipients is limited
 <b>Tenders Electronic Daily (TED)</b>	 Online version of the supplement to the Official Journal of the EU that publishes the notices of procurement procedures (of public authorities)	 Analysis can be conducted by examining the procurement competition notice
 <b>Publication Office Repository</b>	 Central repository of EU studies IISDB, enables users to track the progress of evaluations and studies	 Information limited mostly to studies and evaluations, with some technical studies included
 <b>Local IT tools/ repositories</b>	 Repositories set up at directorates-general level to track and manage expertise	 Information concerns outputs produced at directorates-general level

Source: ECA.

**70** Directorates-general used different methods to share knowledge on external consultants’ outputs (see examples in [Figure 9](#)). This dissemination was fragmented and focused on the directorate-general level, which reduces the potential for the results of external consultants’ work to be shared efficiently across the Commission.

**Figure 9 – Practices for disseminating external consultants' outputs**



Source: ECA.

**71** We found that the interinstitutional database of EU studies (IISDB) provided information on planned and delivered evaluations and studies that could allow knowledge to be disseminated. Since March 2022, the database can be accessed by all institutions. We analysed the information recorded by selected directorates-general in this database. The directorates-general had recorded studies in different ways, with some technical studies (e.g. reports, recommendations, technical analyses) not included in the database, as shown in [Table 7](#). Consequently, the IISDB contains partial information on all studies conducted, and the Commission has not designed it to be a comprehensive tool for sharing knowledge.

Table 7 – The IISDB does not contain complete information on studies

Directorate-general	Practices in place
JRC	External studies and evaluations which are carried out at the request of other directorates-general are not recorded in the IISDB.
DG AGRI and DG GROW	Mainly studies and evaluations acquired under the better regulation agenda are recorded in the IISDB.  Technical studies not provided for under the better regulation agenda are not included.
EUROSTAT	Studies and evaluations produced are recorded, except those used for the internal purposes of the directorate-general.  The studies and evaluations carried out internally (such as the mid-term evaluations of the European statistical programme) are also included in the IISDB.
DG ENV	Mainly studies and evaluations carried out under the better regulation framework are recorded in the IISDB.  Studies undertaken to examine various links between environment and the economy are published on the European Commission's webpage on the Environment and Economics and are not recorded in the IISDB.
EMPL	Only studies and evaluations acquired under the better regulation framework are recorded in the IISDB.

Source: ECA.

## Partial accuracy of the Commission's management information, and weak systematic reporting

**72** In this section, we examine the information available to the Commission in connection with external consultants' engagements, and how the Commission reported on their use.

### The Commission lacks accurate information on the volume and types of external consultants' services it uses

**73** We assessed if the Commission had sufficient and reliable information to enable it to effectively supervise and report on its use of external consultants, and whether such information was available for the different types of services. We examined how the Commission's directorates-general recorded information for such services and tested data from 2017 to 2019.

**74** Since 2017, the Commission’s financial system has allowed external consultant service contracts to be recorded under four categories: consultancy, study, evaluation and research. The Commission has clearly defined what the ‘study’ and ‘evaluation’ categories mean (see paragraph 23) but it has not provided directorates-general with a clear definition of consultancy and research services (see paragraph 24). These two categories were defined more generally (see Table 2). As a result, directorates-general used them inconsistently when recording the use of external consultants.

**75** For example, the list describes the category ‘consultancy’, which registered the vast majority of external consultant services (see Table 3), as ‘advisory’ services. We found that the directorates-general recorded a broad range of services under this category. This included some services commonly contracted out, such as:

- services for developing and operating IT systems, including licences, maintenance, studies and support;
- statistical, data-compilation and information-acquisition services (the core activities of Eurostat and secondary activities of other directorates-general);
- technical support to Member States, and technical assistance to countries (especially to non-EU countries).

In the latter case, the Commission’s financial system does not identify the final beneficiary of the external consultants’ service. For MFF heading 4 ‘Global Europe’, the Commission procures the majority of such engagements for the benefit of non-EU countries. They accounted for €1 billion of the total amount contracted with external consultants in 2017-2019. This does not allow the Commission to present an accurate picture of its use of external consultants.

**76** The category ‘research’ includes any services related to research, development and scientific activities that do not fit into any of the other three categories. The JRC, for example, encoded around 88 % of the services it contracted (€107.2 million) in this category. We found that this included a wide variety of contracts, some of which belonging to other categories (see Table 3): the conduct of studies or evaluations, the provision of technical assistance, laboratory maintenance and equipment, data acquisition, trademarks renewals and patent payments, organisation of training courses and conferences, and the decommissioning of nuclear facilities.

**77** The Commission has a decentralised structure with many different departments responsible for recording data in the central financial system. Aware of problems in the

accuracy of data recording, the Commission launched ‘cleaning exercises’ in 2020 and 2021, to rectify encoding errors or inaccuracies related to external consultants’ contracts. It also created a Data Quality Dashboard in 2021, to follow up systematically on the quality of contract data recorded.

**78** Despite these initiatives, we still observed a number of inconsistencies and errors in the directorates-generals’ encoding of contracts with external consultants (see [Annex I](#) for details).

**79** As a consequence of insufficiently specific contract categories, together with errors in encoding, the Commission lacked accurate information on the volume and types of external consultants’ services it had contracted.

### **The Commission does not systematically report information on its use of external consultants’ services**

**80** Given the scale of the use of external consultants by the Commission, we assessed if appropriate and systematic corporate reporting was in place. The discharge authorities and other stakeholders have sent requests to the Commission asking for information on the amounts it spends on external consultants (see paragraph [14](#)). These queries reflect a genuine public interest in the number and cost of external consultants, types of services provided, and the potential associated risks.

**81** There is no corporate reporting and analysis on the Commission’s use of or spending on external consultants. The Commission’s Corporate Management Board has dealt with the matter of external consultants on an ad hoc basis, e.g. when it endorsed guidance on in-house service providers<sup>23</sup>.

**82** Reporting on the use of external consultants is mostly demand-driven. When requested (e.g. by the European Parliament), the Commission prepares a report, based on the information recorded in its financial system. However, the Commission’s directorates-general have to perform manual checks on the data to ensure that only the correct amounts corresponding to the services in question are reported. Our audit found errors in the Commission’s data (see paragraph [78](#)).

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<sup>23</sup> *Guidelines on the use of in-house service providers and assimilated.*

**83** The Commission's Annual Management and Performance Report is the main high-level performance report on the results achieved from the EU budget. The Annual Activity Reports of directorates-general report on the performance at local level. Both sets of reports do not disclose information on the use of external consultants.

**84** Spending on external consultants is financed by the operational credits of various EU programmes, and forms a very small proportion of total operational expenditure. It therefore tends to escape the careful oversight of and reporting on the use of internal resources financed from administrative expenditure. The lack of comprehensive corporate reporting weakens the Commission's ability to manage such services effectively in the context of overall resource utilisation, and to identify risks related to their provision.

## Conclusions and recommendations

**85** The European Commission contracts about €1 billion each year on external consultants' services, using them to support it in a wide range of consultancy, study, evaluation and research activities. We conclude that the Commission's management of the use of external consultants does not ensure that it maximises value for money nor fully safeguards its interests.

**86** We found that the Commission's framework governing the use of external consultants had significant gaps. The Commission's framework for consultancy and research, representing the bulk of the amount contracted out to external consultants, did not contain guidance about the extent to which tasks could be outsourced, how external consultants' services are defined, and which capabilities and capacities should be kept in-house (paragraphs [18-26](#)).

**87** For studies and evaluations, the Commission's framework provided clear guidance for justifying and documenting the use of external consultants, as opposed to relying on internal staff. The Commission regularly used consultants to perform recurring activities. In many such cases, there was no evidence of a needs assessment having been carried out (paragraphs [24](#) and [28-32](#)).

### Recommendation 1 – Complete the existing framework governing the use of external consultants' services

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The Commission should further develop its framework governing the use of external consultants. The framework should:

- (a) define the different forms of support that external consultants can provide;
- (b) include guidance on how to carry out needs assessments (including when to carry out cost-benefit analyses), including methods to assess the need to outsource work instead of using internal staff;
- (c) provide criteria applicable to activities and processes that should remain within the Commission and not be outsourced.

**Target implementation date: by December 2023**



**88** We found that the Commission followed the Financial Regulation and its own internal rules when it procured services from external consultants. The criteria the Commission used to select winning tenders were appropriate (paragraphs [34-36](#)).

**89** The Commission did not sufficiently monitor and manage important risks associated with its use of external consultants. These include the risks of supplier concentration and overdependence on a relatively small number of service providers. This brings with it the risk that some suppliers with an extensive experience of working with the Commission are more successful in winning contracts because they have obtained competitive advantage. In addition, the Commission made all of the necessary formal checks on conflicts of interest. However, these checks cannot ensure that all important risks are flagged and dealt with. Consequently, some significant risks associated with services provided by external consultants had not been sufficiently analysed at corporate level (paragraphs [38-56](#)).

## **Recommendation 2 – Improve monitoring and mitigation of risks arising from using external consultants’ services**

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The Commission should improve its approach to monitoring and mitigating risks associated with its use of external consultants by:

- (a) periodically analysing the risks of concentration and overdependence at the level of directorates-general and the Commission;
- (b) clarifying the processes in place related to competitive advantages obtained by external providers with long-term EU experience;
- (c) completing the guidance on avoidance of conflicts of interest by integrating risks not yet covered;
- (d) ensuring that directorates-general identify and report critical risks, and that these risks are brought to the attention of the corporate management board, for it to coordinate and advise on the assessment and management of such risks.

**Target implementation date: by December 2023**

**90** The Commission managed individual contracts with external consultants well. For example, it ensured that the consultants delivered the services at an appropriate level of quality before paying them. However, it did not consistently assess the performance

of external consultants and, apart from studies and evaluations, it did not share information about these assessments across its directorates-general. Service contracts rarely consider the transfer of knowledge from consultants, and the Commission does not systematically consider whether a transfer of skills is needed. The dissemination of the results of consultants' work was fragmented and focused at the level of the directorates-general; in some cases, the information was incomplete (paragraphs 57-71).

### **Recommendation 3 – Make better use of the results of external consultants' services**

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The Commission should identify and make use of the value it obtains from external consultants' services in a consistent manner, by performing, where appropriate:

- (a) systematic post-completion assessments to learn lessons;
- (b) systematic analysis of whether the transfer of knowledge from the consultants to Commission staff is needed;
- (c) corporate-level arrangements to disseminate lessons learnt and results, and identify good practices of external consultants' assignments.

**Target implementation date: by December 2023**

**91** The Commission's information systems did not provide accurate information on the volume and types of external consultants' services used, even though it uses them as a complementary resource to deliver its outputs. The Commission is aware of this situation, and has recently started working on improvements. It does not systematically report information to the Parliament and the Council on its use of external consultants' services, and there is no corporate-level reporting (paragraphs 72-84).

## **Recommendation 4 – Improve reporting on the use of external consultants' services**

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The Commission should report regularly on its use of external consultants' services. This reporting should be based on accurate and complete data and include information such as the volume and types of acquired services.

**Target implementation date: by December 2023**

This Report was adopted by Chamber V, headed by Mr Tony Murphy, Member of the Court of Auditors, in Luxembourg on 17 May 2022.

*For the Court of Auditors*

Klaus-Heiner Lehne  
*President*

## Annexes

### Annex I – Examples of incorrect and incoherent encoding of the legal commitment category

The tables below list cases of incorrect ([Table 8](#)) or incoherent ([Table 9](#)) encodings of the legal commitment (LC) categories that we found in the documents we reviewed. During the audited period, the LC category of a framework contract would determine the LC category of all subsequent specific contracts, no matter the exact topic of the specific contract. These cases are not reported in the tables below.

**Table 8 – Incorrect encoding of the legal commitment category**

Type of service	Encoding	Comment
Preparation of a report on the licensing environment for standard-essential patents (SEPS) in the advent of the internet of things	Consultancy	End product is a study.
Studies to support competitiveness and integrated report 2018: single market for goods after 25 years digitalisation	Research	End product is a study.
ESP DESIS III – External Service Provision for Development, Studies and Support for Information Systems-LOT 1 – 2ND Contractor	Consultancy	Should have been encoded under IT consultancy.
Delivery of services in the areas of the development and operations of financial and/or accounting IT systems to the contracting authorities	Consultancy	Should have been encoded under IT consultancy.
Licences and maintenance of SAP products	Consultancy	Should have been encoded under IT consultancy.
2017/388-933-Financial Audit of Projects 2015/356-593 ‘Enabling living conditions’	Consultancy	Should have been encoded under audit services.
ENI/2015/365-481-organisation of conferences, seminars and meetings	Consultancy	Should have been encoded under Conferences, External Meetings and Travel.

Source: ECA, based on Commission ABAC dataset for 2017-2019.

**Table 9 – Similar services encoded in different legal commitment class categories**

Expert contract – fee paid – 30 days, no travel	Consultancy
Expert contract – 30 days with travel	Research
Evaluation of dossier FAD-2018-0	Research
Evaluation of dossier FAD-2018-0	Evaluation
Technical Secretariat of the group notified bodies under the construction products Regulation	Evaluation
Technical Secretariat of the ADCO (administrative cooperation) group under bodies under the construction products Regulation	Consultancy
ECODESIGN Impact Assessment Study for sustainable product measures	Consultancy
Impact Assessment Study on fragrance allergens labelling on cosmetic products	Studies
Impact Assessment Study in respect of revision of the outdoor noise Directive 2000/14/EC	Research
Service Contract – EMODNET – LOT 3 Physics	Consultancy
Service Contract – EMODNET – LOT 6 Human activity	Studies

Source: ECA, based on Commission ABAC dataset for 2017-2019.

# Abbreviations

**DG AGRI:** Directorate-General for Agriculture and Rural Development

**DG BUDG:** Directorate-General for Budget

**DG CLIMA:** Directorate-General for Climate Action

**DG EMPL:** Directorate-General for Employment, Social Affairs and Inclusion

**DG ENER:** Directorate-General for Energy

**DG ENV:** Directorate-General for Environment

**DG GROW:** Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs

**DG DEVCO:** Directorate-General for International Cooperation and Development, renamed in 2021 to DG International Partnerships (INTPA)

**DG MOVE:** Directorate-General for Mobility and Transport

**DG NEAR:** Directorate-General for European Neighbourhood and Enlargement Negotiations

**DG REFORM:** Directorate-General for Structural Reform Support

**EASME:** Executive Agency for Small and Medium-sized Enterprises<sup>24</sup>

**ENVAC:** Directorate-General for Environment's advisory committee on public procurement

**ESTAT/Eurostat:** Statistical Office of the European Union

**FPI:** Service for Foreign Policy Instruments

**IISDB:** Interinstitutional database of EU studies

**JRC:** Joint Research Centre

**LC:** Legal commitment

**MFF:** Multiannual financial framework

**SRSP:** Structural Reform Support Programme

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<sup>24</sup> Since 2021, European Innovation Council and Small and Medium-sized Enterprises Executive Agency (EISMEA) to reflect its new mandate and activities.

# Glossary

**Annual activity report:** Report produced by each Commission directorate-general, EU institution and body, setting out how it has performed in relation to its objectives, and how it has used its financial and human resources.

**Annual Management and Performance Report:** Report produced every year by the Commission on its management of the EU budget and the results achieved, summarising the information in the annual activity reports of its directorates-general and executive agencies.

**Call for expressions of interest (CEI):** Pre-selection of potential bidders that will be invited to take part in a restricted procurement procedure.

**Corporate Management Board:** Central management body of the Commission, providing coordination, oversight, advice and strategic direction on corporate issues, including resource allocation and risk management.

**Exceptional procurement procedure:** Public procurement procedure, used in emergency situations, featuring negotiation with bidders selected without a call for tenders.

**Framework contract:** Broad agreement under which more specific contracts can be concluded.

**Management plan:** Annual plan prepared by each department of the Commission, describing the department's work in relation to the Commission's priorities and strategic objectives, and enabling it to schedule, follow up and report on all its activities, resources and staff needs.

**Negotiated procurement procedures:** Public procurement procedure, involving a restricted number of bidders, in which the purchaser can negotiate the contract terms.

**Open procurement procedures:** Public procurement procedure in which all potential bidders may participate.

**Restricted procurement procedures:** Public procurement procedure in which only selected bidders may participate.

## Replies of the Commission

<https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=61461>

## Timeline

<https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=61461>



## Audit team

The ECA's special reports set out the results of its audits of EU policies and programmes, or of management-related topics from specific budgetary areas. The ECA selects and designs these audit tasks to be of maximum impact by considering the risks to performance or compliance, the level of income or spending involved, forthcoming developments and political and public interest.

This performance audit was carried out by Audit Chamber V Financing and administering the Union, headed by ECA Member Tony Murphy. The audit was led by ECA Member François-Roger Cazala, supported by Dirk Pauwels, Head of Private Office and Stéphanie Girard, Private Office Attaché; Colm Friel, Principal Manager; Daria Bochnar, Head of Task; Marion Kilhoffer and Anzela Poliulianaite, Auditors. Alexandra Mazilu and Jesús Nieto Muñoz provided graphical support. Richard Moore provided linguistic support.



François-Roger Cazala



Colm Friel



Daria Bochnar



Marion Kilhoffer



Anzela Poliulianaite

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The Commission makes extensive use of external consultants, committing almost €1 billion for this purpose each year between 2017 and 2020. We analysed whether the Commission manages external consultants' services in a way which safeguards its interests and ensures value for money. External consultants contribute to the development of the Commission's objectives. However, there are significant gaps in the Commission's framework governing the use of these services, bringing risks of overdependence and potential conflicts of interest. The Commission did not manage these risks sufficiently, and its reporting on the use of consultants was weak. We make various recommendations to improve these issues.

ECA special report pursuant to Article 287(4), second subparagraph, TFEU.



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Publications Office  
of the European Union

EUROPEAN COURT OF AUDITORS  
12, rue Alcide De Gasperi  
1615 Luxembourg  
LUXEMBOURG

Tel. +352 4398-1

Enquiries: [eca.europa.eu/en/Pages/ContactForm.aspx](https://eca.europa.eu/en/Pages/ContactForm.aspx)

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