

EN

Financial year 2020

Report of the authorising officer by delegation

(pursuant to Article 74(9) of the Financial Regulation)



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I. Introduction

1. The Secretary-General's annual activity report is its means of providing management accountability within the European Court of Auditors (ECA) and towards the budgetary authorities. In accordance with Article 74(9) of the Financial Regulation, its purpose is to provide information about the management of resources including the systems, and about the efficiency and effectiveness of its internal control systems.

II. The ECA's Secretariat-General: environment and main achievements in 2020

2.1 The ECA's Secretariat-General: an introduction

2. The Secretariat-General's mission is to provide appropriate resources, services and facilities to enable the ECA to accomplish its mission and strategic objectives. The Secretary-General is responsible for the ECA's administration and staff management, as well as for its budget, language and publication services, learning and development, digital workplace, security and safety, and business continuity (facilities, Medical Service, etc.).

3. The Secretariat-General is organised into three directorates:

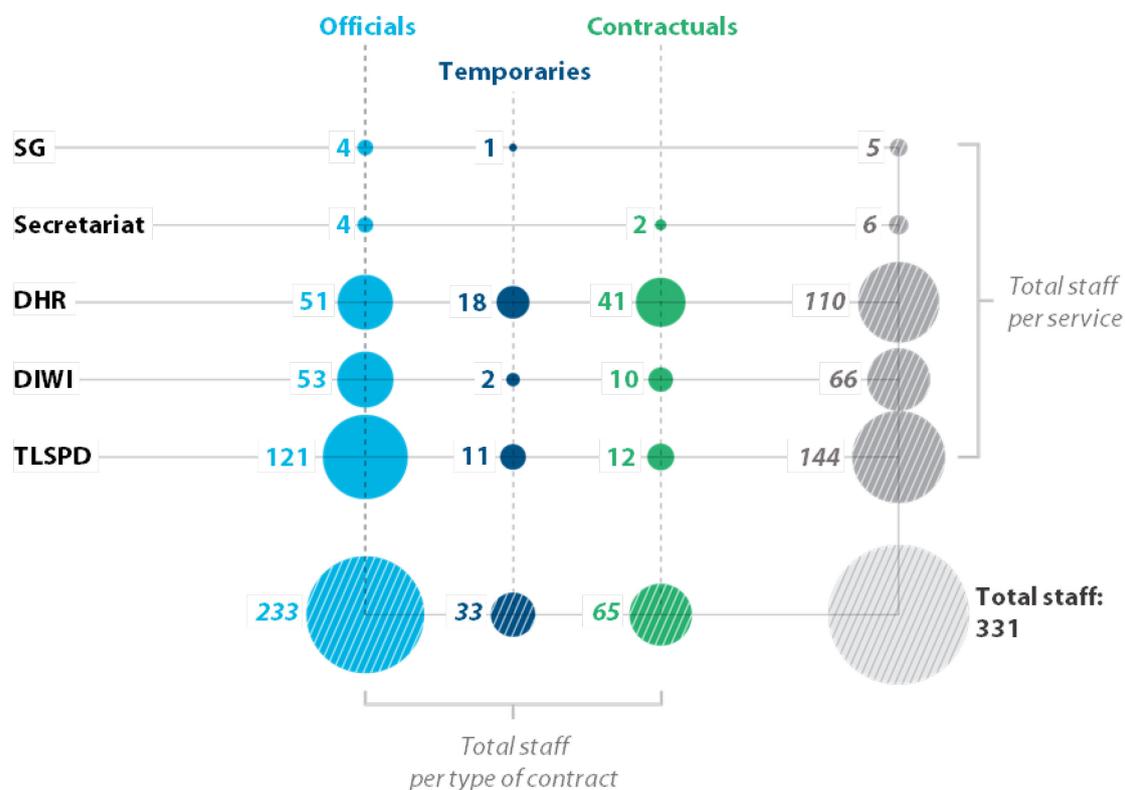
- (a) the Human Resources, Finance and General Services Directorate (SG1-DHR), which is responsible for recruitment, career development, training, missions, human resource management, security and the Medical Service;
- (b) the Information, Workplace and Innovation Directorate (SG2-DIWI), which is responsible for the physical workplace (buildings, technical facilities, offices, logistics), the digital workplace (IT equipment, services and devices) and the library;
- (c) the Translation, Language Services and Publication Directorate (SG3-TLSPD), providing translation, language and publication services at the ECA.

4. The Secretary-General also oversees the Secretariat of the Court, which ensures in particular the smooth preparation and follow-up of the Court's meetings.

5. In 2020, the Secretariat-General had 331 staff members and managed almost the entire ECA budget (€151 862 000). Budget implementation was satisfactory considering the exceptional circumstances last year, with 95.7 % of final appropriations having been committed. Payments totalled €137 132 963, with a total final appropriation of €152 237 000.

6. Staff are distributed as follows among the three directorates.

Figure 1 – Staff distribution in the Secretariat-General



Source: Human Resources, Finance and General Services Directorate.

7. In addition, SG2-DIWI employs a significant number of external service providers (77 external staff [not all of them full time] in 2020) working on the ECA's IT projects.

2.2 The year's highlights

8. The main challenge in 2020 was the COVID-19 crisis, which disrupted our work programme, forcing us to reconsider our priorities to ensure business continuity while ensuring the safety of Members and staff. As the situation escalated, the first priority was to quickly provide the technical means for the ECA's entire staff to telework. The ECA also had to follow the instructions given by the national authorities and, although the Business Continuity Policy was not formally activated, the Crisis Management Committee started to meet regularly to manage and monitor the overall risks facing the institution.

9. Since the very early stages of the COVID-19 crisis, the ECA has followed the instructions given by the government of Luxembourg, the ECA's host country, through a large variety of public bodies. As per the ECA's Business Continuity Plan, the main such body was the High Commission for National Protection (HCPN). However, the Luxembourg government as a whole (including the Ministry of Health and Legilux, for example) has been in crisis mode and communicated with the European institutions.

10. The ECA has also used a wide range of information sources to assess the potential risk to its business continuity. These include:

- (a) specialist international bodies (such as the World Health Organization (WHO), European Centre for Disease Prevention and Control (ECDC) and Santé Publique France);
- (b) European interinstitutional networks (such as the Interinstitutional Medical Board (IMB) and the Institutional Security Group);
- (c) the informal interinstitutional Business Continuity Management network;
- (d) the Board of Heads of Administration in Luxembourg (CALux);
- (e) Interinstitutional Exchange of Information and Coordination group.

11. The technical means for all ECA staff and external IT contractors to telework, including the necessary infrastructure, devices and licences, were put in place as early as 16 March. Working arrangements were quickly adapted to the public health situation. Teleworking was made mandatory for all non-critical staff, and the ceiling for teleworking days waived. Teleworking has remained the rule since then.

12. Additional measures have been taken to ensure business continuity:

- (a) setting up an extraordinary procedure for the Court to adopt official documents;
- (b) greatly increasing the provision of eLearning courses, discussions and presentations to adapt to the 100 % teleworking;
- (c) creating a dedicated code in AMS for audit staff unable to work due to family commitments (such as home-schooling) and offering special provisions for staff who have dependent children with special needs.

13. The administration quickly took the following measures to protect staff:

- (a) setting up a COVID-19 crisis technical cell to advise the ECA's Crisis Management Committee;
- (b) putting on hold all missions to areas with a high COVID-19 risk;
- (c) introducing protective measures;
- (d) displaying information widely on the need to comply with hygiene measures (e.g. staff notices, posters in toilets in the ECA's buildings), with regular checks by the ECA's Safety and Security staff;
- (e) providing hand sanitiser in key areas of the ECA's three buildings;
- (f) installing protective plexiglass panels in high-traffic zones (such as the reception desk, the DIWI Service Desk, the HR Service Desk, the canteen and cafeteria) and all shared offices;
- (g) restricting access to conference and meeting rooms, and arranging catering areas to comply with strict hygiene and distancing measures;

- (h) enhanced cleaning of offices and higher-risk areas (such as toilets and door handles);
- (i) offering only take-away service in the canteen and cafeteria.

14. Internal crisis communication was set up rapidly to inform staff comprehensively and transparently about health risks related to the pandemic. Since the beginning of the crisis, DHR and the Secretary-General have sent 70 information bulletins, in addition to staff notices and a dedicated intranet page on COVID.

15. The sudden disruption caused by the COVID-19 pandemic had an impact on budget implementation: interactions between people became almost entirely virtual, thus reducing the use of some budget lines (like missions, utilities, interpretation costs, publications, and organisation of meetings and conferences). At the same time, and new procurement needs arose. The budgetary authorities allowed the transfer of unused appropriations to respond to new needs: increased IT spending, new access to specific databases for auditors, protective health equipment and a new security investment project (more information is available in the 2020 budget implementation report).

III. Human Resources, Finances and General Services Directorate (SG1-DHR)

16. The Human resources, Finances and General Services Directorate (SG1-DHR) is responsible for human resources, finance, the medical service, security, and events and protocol, as well as some general services at the ECA. It manages nearly 89.3 % of the ECA's budget (€135 981 000 out of a total of €152 237 000 for the institution as a whole in 2020), mainly for Members' and staff salaries.

Budget lines	Year's appropriations (in euros)	Payments (in euros)	% Execution (payments on appropriations)
Salaries	126 237 000	123 775 121.27	98.05 %
Missions	3 130 000	605 152.96	19.33 %
Medical and Social Service	560 000	264 248.68	47.19 %
Other staff	2 067 000	1 604 598.05	77.63 %
Professional training	721 000	394 814.04	54.76 %
Vehicles/transport	496 000	333 389.96	67.22 %
Consultations, studies and surveys	371 000	106 236.95	28.64 %
Representation costs	213 000	31 007.88	14.56 %
Other administrative expenditure	2 028 000	1 440 690.57	71.04 %
Meetings, events and conferences	158 000	34 995.35	22.15 %
TOTAL	135 981 000	128 590 256	94.56 %

Note: Detail may not sum to totals because of rounding.

17. The COVID-19 pandemic has affected the budget for all public-facing activities, such as missions, representation costs, and meetings and conferences.

18. The SG1-DHR Directorate played an important role in managing the COVID-crisis through the Medical Service, the Security and Safety Service, time management, mission management, and COVID-19-related communication to staff.

19. The Medical Service managed to rapidly reorganise its work around teleworking and continue its daily administrative and medical tasks, while playing a specialist advisory role for the institution and providing help to staff members in difficulty. Together with the Procurement Team, it organised an urgent procedure to supply the ECA with personal protective equipment to protect staff and bring the institution into line with Luxembourg rules. The Medical Service also organised the seasonal flu vaccination campaign for around 300 staff, applying strict sanitary protocols.

20. Even in these challenging times, SG1-DHR quickly managed to adapt its procedures to the new situation and achieved most of its planned objectives. Its main achievements were:

- (a) managing to keep the vacancy rate well below the target of 3 %, at 2.34 %;
- (b) conducting 25 selection procedures following a vacancy notice and launching 7 calls for expressions of interest for various positions;
- (c) adapting the procedures for welcoming newcomers, with a new hybrid procedure (mix of face-to-face meetings on the ECA's premises and Teams meetings) in place as from September;
- (d) developing a Newcomers' Portal, to be launched in early 2021, in order to automate the administrative part of the onboarding process.

21. The table below summarises the ECA's recruitment.

	Number recruited in 2020	Number recruited in 2019
Members	3	2
Officials	18	17
Temporary staff	21	33
Contract staff	20	21
SNEs	3	6
Trainees	50	55
TOTAL	115	134

22. In the area of professional training, 2020 brought major change: the lockdown posed many challenges, but at the same time created opportunities and opened new doors for learning. Against this backdrop, the Professional Training team started a reflection process on how to conduct learning and development at the ECA in the future and worked with an external consultant to develop a lifelong learning programme for ECA staff. The main developments in 2020 were:

- (a) a swift move towards online learning following the lockdown;
- (b) continuous diversification of the range of learning on offer;
- (c) playing an increasing role in supporting HR processes and talent management.

23. Cooperation with the Paymaster Office (PMO) ran smoothly in 2020: both teams at the ECA and the Commission share the same IT tools (Sysper, Nap and SAP) for managing financial rights and payroll remotely.

24. In terms of finance, the directorate's efforts focused on ensuring sufficient appropriations in good time for each 2020 budget line. The 2021 budget was prepared and submitted on time and SAP was successfully migrated to SAP-HANA in September 2020. The paperless workflow, from invoice to payment, is working in all domains.

25. Article 116 of the Financial Regulation sets time limits for making contract-related payments. Compliance with these limits is monitored by the accounting and management information system. In 2020, the average time taken to make such payments was 11 days (compared to 11.2 days in 2019). In 2020, as in previous years, there were no claims for late-payment interest by the recipients of these payments.

26. Security staff mainly focused on ensuring business continuity throughout the crisis, while continuing to perform their daily tasks: controlling access to the buildings and ensuring constant supervision of all technical installations.

27. To follow national COVID-19 regulations, the Events, Visits and Protocol team reviewed and adapted its procedures: events can be organised both on-site and in a hybrid format (mix of on-site and remote).

IV. Information, Workplace and Innovation Directorate (SG2-DIWI)

28. The Information, Workplace and Innovation Directorate (DIWI) is responsible for the ECA's digital (IT equipment, services and devices) and physical workplace (buildings, technical facilities, offices and logistics). It also manages the ECA library.

29. In the area of IT, 2020 was heavily marked by the COVID-19 crisis. DIWI provided a remote access solution for all users (including external contractors) to telework as from the first day of the lockdown. Ever since the 2013 "Laptops for everybody" project, all ECA staff have been able to work remotely using laptops and OTP devices to connect. By virtue of the new on teleworking decision of 2019, unlimited VPN licenses were additionally purchased and activated by as early as 11 March 2020. By 16 March, when teleworking was made compulsory for ECA staff and external service providers, all users had been fully equipped, the IT infrastructure had been upgraded and licenses had been activated to support the increased number of simultaneous connections.

30. SG2-DIWI also introduced Microsoft Teams very rapidly to facilitate working together – and, in particular, videoconferencing – both internally and with external stakeholders. New solutions for hybrid meetings were developed, especially for Court and Administrative Committee meetings. A conference room was adapted for such hybrid meetings, and other rooms were adapted for press conferences, webinars, training and other events including language interpretation.

31. Aside from the pandemic, 2020 saw consolidation of activities related to digital audit:

- (a) the ECALab published its activity report;
- (b) an issue of the ECA Journal on "Big Data and digital audit" was published;
- (c) progress was made on the digital transformation of the audit of the executive agencies;
- (d) the ECALab contributed to 12 audit tasks;
- (e) a new knowledge-sharing and collaboration platform known as Technology and Innovation for Audit (TINA) was launched, for networking between the ECA and the SAIs of the EU member states.

32. SG2-DIWI also contributed to the activities of the Digital Steering Committee, and in particular to the pop-up groups and to the preparation of a development plan, as requested. The new intranet, released in January, has become the single portal for accessing digital services and information at the ECA. This has facilitated the creation of applications for mobile devices and improved access to information at the ECA.

33. BibliotECA-discovery, the new library management system released in April, and AWARE, the ECA's methodology and guidance platform released in May, are key new systems for facilitating knowledge management at the ECA, together with the 31 knowledge nodes supported by Sharepoint collaborative sites.

34. Special attention was paid to cybersecurity, with the implementation of tools to improve our monitoring and prevention, and to business continuity. A value of 99.97 % was achieved for the KPI on “availability of critical systems”. In this area, a new security-monitoring and threat-hunting system was selected, as well as threat-protection software for corporate mobile devices. Several awareness-raising webinars were delivered, addressing issues such as IT security while teleworking. The ECA’s cybersecurity tools were upgraded to protect them against the vulnerabilities identified.

35. In terms of building infrastructure, the renovation of the K2 building started, the K3 garage entrance was completed and EMAS re-certification was obtained in good time. The facilities team prepared the “back to the building” operation, the success of which was confirmed by obtaining the “COVID-19 Safe Zone” label in October 2020.

36. Another challenge was to organise the possibility to return to the ECA premises by mid-June, which involved a new risk analysis, new procedures, new measures, as well as providing digital solutions to ensure the continuity of the ECA’s decision process: access to documents, informal video meetings and hybrid meetings, electronic voting solution.

37. SG2-DIWI manages 9.7 % of the ECA’s budget. Its use of appropriations in 2020 was as follows:

Budget lines	Year’s appropriations (in euros)	Payments (in euros)	% Execution (payments on appropriations)
Information technology	10 093 000	5 561 329.26	55.10 %
Library and archives	590 000	433 005.89	73.39 %
Building and facilities	4 038 000	1 971 591.57	48.83 %
TOTAL	14 721 000	7 965 927	54.11 %

Note: Detail may not sum to totals because of rounding.

38. Under buildings and facilities, there were carry-overs related to cleaning and maintenance (€782 975), security and surveillance of buildings (€569 018) and energy consumption (€206 273). Under information technology, €4 732 154 was carried over to 2021 to cover planned payments for key IT projects. For the library, an amount of €156 994 was carried over.

V. Translation, Language Services and Publication Directorate (SG3-TLSPD)

39. In a year dramatically impacted by the COVID-19 crisis, work continued without major disruption and, despite the special measures, the TLSPD successfully translated and published all the products requested during the year. It completed 97.71 % of translations by the deadline requested – well over the performance indicator of 95 %.

40. In 2020, the TLSPD's total output of translated and revised pages was 234 414, compared to 223 468 pages in 2019 – an increase of 4.90 % on the previous year. The number of pages translated in-house increased by 8.90 %, offsetting a 7.12 % reduction in the number of pages outsourced. This seems to be mainly due to the lockdown and staff taking fewer days of leave, allowing more work to be done internally. The total number of Translation Request Forms received was 2 862 (up from 2 489 in 2019).

41. Translators continue to play an important role in audit activities, chiefly in the form of language support during audit visits and in-depth editing and drafting support in English for virtually all ECA publications. The English Language Services (ELS) team is now a key player at all stages in the production of a report, from drafting audit previews to reviewing press releases announcing the publication of the final product. For annual reports, a member of ELS also systematically attends adversarial meetings for each chapter to provide linguistic input on the evolving text.

42. The SG3-TLSPD Directorate manages less than 1 % of the ECA's budget. Its use of these appropriations in 2020 was as follows:

Budget lines	Year's appropriations (in euros)	Payments (in euros)	% Execution (payments on appropriations)
Outsourcing and interinstitutional cooperation	657 000.00	414 026.77	63.02 %
Interpreters	232 000.00	20 924.00	9.02 %
Publication	271 000.00	88 423.32	32.63 %
TOTAL	1 160 000	523 374	45.12 %

Note: Detail may not sum to totals because of rounding.

43. The pandemic stopped face-to-face meetings and, hence, the use of interpreters. Unused budget in the area of publication was transferred to cover urgent needs in other areas, like IT and the Medical Service.

VI. Procurement within the Secretariat-General

44. In 2020, the ECA used the negotiated procedure under point 11.1(c) of Annex I to the Financial Regulation to conclude one contract with a value of over €60 000. This contract was for the purchase of selected personal protective equipment (PPE), with a total value of €123 090.20. The Luxembourg government had made it mandatory to wear masks in all places open to the public, for activities in an enclosed space, and on public transport. The ECA decided to urgently purchase PPE in order to be well equipped for the eventual reopening of its buildings (end of May/mid-June 2020) and prevent the spread of COVID-19 on the premises.

45. The ECA sent the invitation to tender to seven companies. Only two of the invited companies answered. The contract worth €123 090 was awarded to Praxisdienst GmbH.

46. The annual list of contracts, including those with a value between €15 000 and €60 000 concluded following a negotiated procedure, will be available on the ECA's website by 30 June 2021 at the latest.

47. All negotiated procedures were subject to the ECA's rigorous internal control procedures, ensuring legality, regularity and sound financial management.

VII. Efficiency and effectiveness of Secretariat-General's internal control systems

7.1 The Secretariat-General's internal control systems and main changes in 2020

48. The Secretariat-General operates within a legal framework that includes:

- the Financial Regulation;
- the Staff Regulations;
- the ECA's internal control framework;
- the ECA's rules of procedure;
- the internal rules for implementation of the budget;
- the charter of tasks and responsibilities of the authorising officer by sub-delegation;
- all decisions regarding the use of the ECA's human, material and financial resources.

49. In 2020, the ECA's internal control framework was updated following the revision of the Financial Regulation in 2018 and the release of a new version of the Internal Control – Integrated Framework (the “COSO Framework”) by the Committee of Sponsoring Organisations of the Treadway Commission. The revised framework moves from a standards-based system to one based on principles and giving more weight to professional judgment. The internal control framework did not substantially change the Secretariat-General's internal control systems but placed greater emphasis on the appropriate assessment and communication of internal control deficiencies, for both financial and non-financial processes.

50. The ECA's internal control system consists of procedures (based on COBIT 5 for DIWI), management supervision, preventive and detective controls, and automated controls embedded in information systems covering all of the Secretariat-General's main business processes. It ensures legality, regularity and sound financial management and facilitates the achievement of each directorate's operational objectives. In 2020, the organisational structure of the administration remained stable, and the few changes made were communicated in a timely manner; the internal control system did not change significantly in 2020.

51. Financial business processes are managed using SAP, which allows proper segregation of duties between initiation, verification and validation by the authorising officer. The system covers budgetary management, fund reservations, commitments, purchase orders and contract and invoice control in accordance with the Financial Regulation and ECA's internal rules and procedures. It also provides automated controls to prevent errors when processing financial data. In addition, staff initiating processes and those performing verifications follow checklists to assess compliance with the Financial Regulation in respect of budgetary commitment and payment orders.

52. SG1-DHR and SG2-DIWI established a programme of checks for evaluating compliance with the Financial Regulation and decisions by the Court, and monitoring the achievement of each directorate's operational objectives. SG3-TLSPD's control system focuses on translation quality.

53. SG1-DHR's 2020 control programme took into account the consequences of the COVID-19 pandemic and was established on the basis of the 2020 risk analysis, the findings of the 2019 checks, discussions with the PMO, and recommendations by the internal and external auditors. The *ex-post* control programme focuses mainly on financial risks, as most of the ECA's budget is under the responsibility of SG1-DHR. *Ex-post* checks cover:

- (1) the legality and regularity of payments made on the budget lines managed by the Director;
- (2) missions liquidated by the PMO based on the ECA's mission guide and the Court's decision on its application;
- (3) tickets issued by the travel agency and not used;
- (4) additional cross-checks for Members' mission and representation expenses to identify possible double reimbursement of meals and keep track of fuel consumption by official vehicles;
- (5) the accuracy and completeness of documents in staff members' personal files;
- (6) staff absences and working hours; and
- (7) petty cash.

54. *Ex-ante* checks are carried out on Members' mission and representation expenses. The programme also covers the PMO's checks on the ECA's payroll and the financial rights of its staff.

55. SG2-DIWI's 2020 *ex-post* control plan was based on the results of the 2021 risk register review, the 2019 process maturity assessment and follow-up of internal audit recommendations. It also takes into consideration checks by the external auditor as part of the annual IT review. The control programme covered four points:

- (1) the system for managing physical access to ECA buildings;
- (2) the risk of Internal knowledge loss and knowledge depletion;
- (3) compliance with the €15 000 ceiling for low-value purchase contracts;
- (4) proof of delivery for purchases made since the lockdown and teleworking started.

56. In SG3-TLSPD, checks concern translation quality issues and penalties are imposed in the event of a negative evaluation. Financial *ex-post* controls were not planned due to the straightforward nature of expenditure in the area. All expenditure is based on interinstitutional purchasing contracts or goes towards interinstitutional outsourcing tools.

7.2 Overview of risk management and impact of COVID-19 on risk analysis

57. The Secretariat-General's annual internal control cycle includes an annual review of each directorate risk assessments made by. These reviews give rise to risk management action plans, which are taken into account in the design and implementation of both *ex-ante* and *ex-post* checks. The results of the checks feed, in turn, into the authorising officer's by delegation annual declaration in the annual activity report, as well as into the following year's risk assessments. The design of the internal control systems also takes due account of cost-effectiveness.

58. The 2020 assessment cycle initially identified the following cross-cutting risks across the three Secretariat-General directorates:

- (a) the Brexit situation leading to resource constraints or other negative impacts;
- (b) non-compliance with the Financial Regulation;
- (c) dependence on outsourcing, including to the Commission;
- (d) staffing issues: problems estimating future recruitment needs or attracting and retaining staff; translation managers no longer being able to provide quality assurance;
- (e) non-compliance with the Data Protection Regulation, or data breaches;
- (f) Problems with IT tools;
- (g) Knowledge management: failure to maintain or develop adequate internal knowledge.

59. This analysis, performed in 2019, was overshadowed by the COVID-19 pandemic in March 2020; SG1-DHR and SG2-DIWI updated their risk registers. SG3-TLSPD did not need to review its risk assessment.

60. SG1-DHR, which is in charge of security and health measures, added a new risk: the risk of staff contagion in the workplace. This risk was assessed as low provided the recommendations communicated by the Luxembourg government to control the pandemic are followed and appropriate equipment (such as masks and hand sanitiser) is provided. The other risks in the DHR register did not change, even though the teams engaged in depth with issues arising from the COVID-19 pandemic.

61. SG2-DIWI, which is in charge of large-scale IT and buildings projects, included critical risks in its 2020 risk register, reflecting its current uncertainties. A general risk of instability in the economy and political situation (due to Brexit), previously assessed as critical, was updated to take account of COVID-19. A new risk concerning the impact of the COVID-19 pandemic impact on the K2 project was added, given that the current circumstances jeopardise the timely completion of the renovation works.

62. SG3-TLSPD did not need to review its risk assessment. Its risk register focuses on quality issues or tools in relation to translation or publication.

7.3 Review of efficiency and effectiveness of internal control systems

63. In January 2021, all directorates examined the results of their *ex-ante* and *ex-post* checks, and updated their risk assessments and risk-management action plans. The *ex-post* checks did not identify any major weaknesses in the internal control systems. The directors also reviewed the status of all pending internal audit recommendations to ensure they would be implemented by the required deadlines. The authorising officer by delegation examined the information in the reports on internal controls compiled by all directors before signing his declaration in accordance with Article 74(9) of the Financial Regulation.

64. DHR's *ex-ante* checks on Members' missions showed a drop in the number of missions (down by 76.5 % compared to 2019). The same trend was observed for Members' representation costs and drivers' missions. *Ex-ante* checks on fuel type and fuel consumption for official vehicles did not reveal any issues.

65. In DHR, *ex-post* checks in SAP on a sample of 120 payments randomly selected from among 1 270 payments revealed 12 errors. For three payments, the "legal commitment shall not precede financial commitment" rule was not complied with. The other errors were related to late payments mainly due to suppliers. Teams know the procedures for processing procurements and payments, and the teleworking context had no impact on the handling of business processes. Payments are made legally and accurately and the appropriate documentation is attached. The SAP system and its automatic controls, and administrative assistants' familiarity with the tool since 2008, helped to keep business processes running as usual during the pandemic.

66. Overall, the findings of PMO *ex-post* checks were positive. *Ex-ante* checks on financial rights did not reveal any particular problems. Similar allowances paid from other sources were usually correctly deducted from family allowances. Checks on 232 school declarations led to salary recoveries for only three files. All discrepancies in the analysis of payroll variance were explained and justified for the preceding 12 months.

67. DHR checks likewise revealed no major problems with the PMO's liquidation of missions. Most of the errors identified concerned the calculation of daily allowances and the reimbursement of travel expenses for missions with private arrangements. As happens every year, the findings of checks on missions will be communicated to staff, and this time will be accompanied by guidelines on supporting documents to be attached in MIPS.

68. Our analysis of the validation of mission orders and declarations of costs shows that authorising officers by subdelegation correctly followed the Court's decisions. Moreover, only 20 missions were validated after the Member or staff member had already departed: these are included in the ECAs' exception register under the point "legal commitment shall not precede financial commitment".

69. The management of staff files was impacted by the lockdown and subsequent general teleworking conditions. In January 2021, the PMO sent the ECA personal documents received from staff in order to add them to their personal files. From now on, there is a new procedure in place.

70. SG2-DIWI's *ex-ante* checks on financial transactions in SAP also revealed fewer errors than last year. Out of 2 058 SAP transactions, including purchase orders, payment requests and invoices, only 35 were returned for correction. The main reasons were documentation issues, missing information in the purchase order or errors in invoice controls.

71. A review of very low-value contracts was conducted to check compliance with the Financial Regulation (point 14.4 of Annex I). The *ex-post* checks did not reveal any significant failures or deficiencies in very low-value procurement, and found that the €15 000 threshold had been adhered to.

72. SG2-DIWI's *ex-post* checks showed in particular that the Zeus system, which manages physical access to ECA buildings, is at critical risk and needs to be replaced. Failure of one component could lead to the shutdown of part of the system, without any way to repair it.

73. Its review of knowledge transfer identified ways to improve the process. One key point is the involvement of the manager in organising handover and overseeing its achievement.

74. SG3-TLSPD's *ex-post* checks on translation quality did not reveal any serious issues requiring major mitigation measures.

7.4 Conclusion on Secretariat-General's internal control systems

75. The *ex-ante* and *ex-post* checks for 2020 show that Secretariat-General's internal control system is functioning efficiently and adequately, and that financial and non-financial risks are under control in its directorates. The checks mainly identified some non-material errors, as well as the need to revise some procedures or replace IT tools. The IAS considers the cost-effectiveness of the Secretariat-General's controls to be satisfactory, with a total of 14.7 FTE dedicated to the task (including 0.2 FTE at the PMO). The review also demonstrates the robustness of the management system, which is based on integrated software and includes a significant level of automatic controls.

76. The overall conclusion of IAS's internal control report is positive: reliable controls are in place for most high-risk areas of the Secretariat-General's work, and the segregation of duties between different staff members for *ex-ante* and *ex-post* controls has been maintained. No major shortcomings have been observed.

VIII. Follow-up to the 2018 discharge decision

77. On 13 May 2020, the European Parliament granted discharge¹ in respect of the implementation of the budget for the 2018 financial year. An account of the follow-up given to the observations made in the discharge decision is provided below.

Audit of administrative expenditure (paragraphs 5 and 15 of the discharge decision)

78. Paragraph 5: The error rates for administrative expenditure have been below materiality for several years and the audit risk in this area is considered low. We allocate our audit resources, based on a global risk assessment, to the more error-prone areas of our statement-of-assurance work.

79. However, our audit work for the statement of assurance for administrative expenditure has for several years included more than just the examination of a representative sample of transactions, of internal control systems and of annual activity reports and other governance arrangements. While this work already covers a broad range of topics, in the context of the 2018 statement of assurance we also analysed public procurement procedures for works and services related to the security of people and premises. For 2019, our additional topic was the increase in the number of contract staff, and related payments from 2012 to 2018 at all institutions and bodies. Another aspect we examined for 2019, in the area of internal control systems, was the supervisory and control systems of the European Economic and Social Committee, the European Committee of the Regions and the European Data Protection Supervisor. This examination is the first in a cycle that will cover all institutions and bodies.

80. We believe that the various components of the above work will lead to the ECA reviewing weaknesses in administrative expenditure in each institution over a cycle of a few years. This approach is fully compatible with the risk profile of the audit area of administrative expenditure.

81. Paragraph 15: The number of transactions examined is representative for the MFF heading and reflects the risk in this area. Significantly increasing the number of transactions in this area would require additional resources, which might not be proportionate to the risk. However, in addition to the reply to paragraph 5, we would like to point out that we have increased the sample of transactions for MFF5 to 48 for the 2020 statement of assurance.

82. It should also be recalled that we regularly examine dedicated topics in this area in our performance and compliance audits. For instance, we have examined the management of buildings (special report 34/2018), the implementation of the 2014 revision of the Staff Regulations (special report 15/2019) and EPSO's open competitions and selection procedures (special report 23/2020).

¹ Decision 2019/2059 (DEC) of the European Parliament.

83. As regards the presentation of an independent annual report on the EU institutions (as we do for the EU agencies), we would like to point out that the Treaty requires the ECA to deliver a statement of assurance covering the institutions and bodies, while the founding regulation of most agencies provides for the delivery of an individual audit opinion by the ECA.

Timeframe of the procedure for the ECA's discharge (paragraph 7 of the discharge decision)

84. The ECA is committed to meeting the discharge deadlines set by the legislator. We strive to present our annual reports even earlier where possible, without compromising the quality of our audit work.

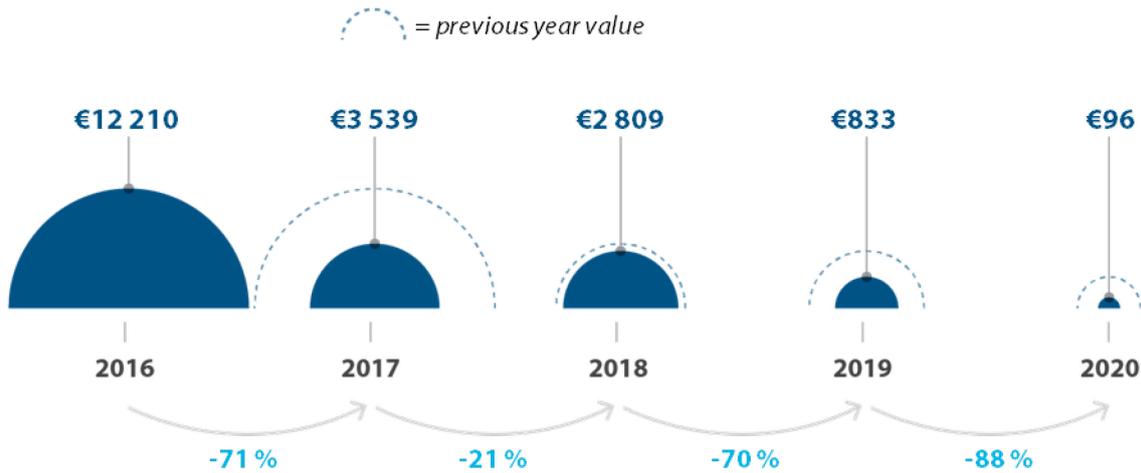
Paymaster office (PMO) expenditure (paragraph 8 of the discharge decision)

85. The amount paid for the PMO's services was €216 732 in 2017, €268 610 in 2018 and €293 238 in 2019. As in 2017 and 2018, the services included pensions, allocations, financial rights, payroll and the missions of ECA Members and staff. There are two reasons for the higher cost in 2018: (i) we outsourced mission management to the PMO on 1 March 2017 and (ii) there was an increase in the number of missions performed in 2018. The slight increase in the cost of the PMO's services in 2019 is explained by an increase in the service price (2 %) and a slight growth in activity (more files processed by the PMO). The numbers cited in paragraph 8 of the discharge decision reflect the budget amount. At the beginning of 2021, budget line 1655 was transferred to the Commission, to give it direct access to act as the budgetary authority. The ECA no longer pays PMO invoices.

Use of official vehicles (paragraph 10 of the discharge decision)

86. Since the new rules entered into force, we have observed significant cost savings linked to the use of official vehicles. This is demonstrated by the decrease in additional reimbursement costs associated with vehicle use for purposes other than the performance of duties:

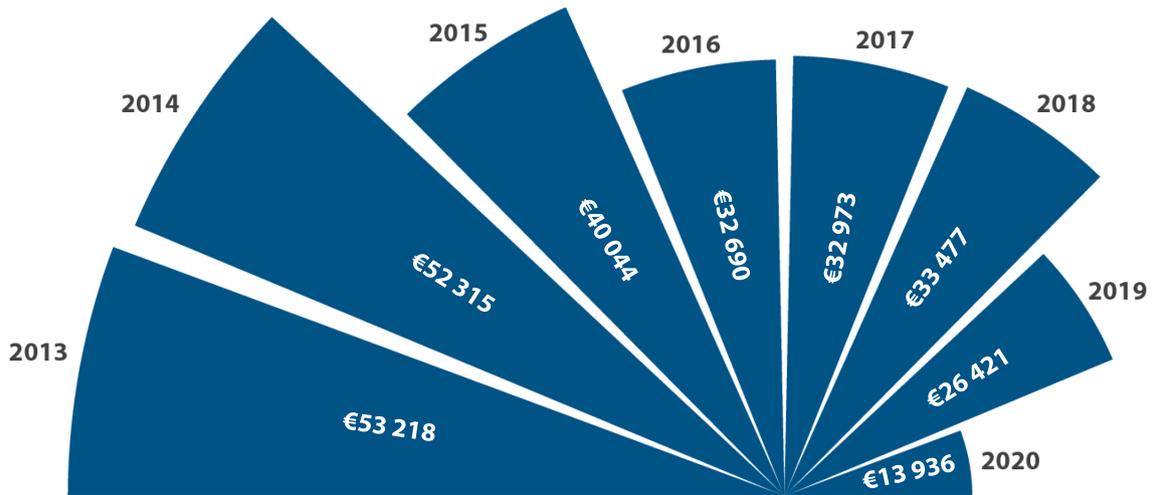
Figure 2 – Fluctuation in the reimbursement of fees for official vehicles (from 2016 to 2020)



Source: SG1-DHR.

87. Fuel consumption has also seen significant savings. However, 2020 was an exceptional year given the health situation and travel restrictions.

Figure 3 – Expenditure on fuel cards (from 2013 to 2020)



Source: SG1-DHR.

88. As regards the use of official vehicles for private purposes, there was no change in 2020.

Key performance indicators (paragraph 11 of the discharge decision)

89. In January 2021, the ECA adopted its new strategy for the 2021-2025 period. We are currently reflecting on the need to reconsider our performance indicators and/or further align them with our strategic goals. In this context, we will also explore the best way to measure the added value of our work for our institutional stakeholders, i.e. the European Parliament, the Council and national parliaments.

90. Over the 2018-2020 period, we collected our stakeholders' views on the impact and usefulness of our reports through surveys. We sent these surveys to all the addressees of our reports, such as MEPs and European Parliament committee secretariats. We published the results in our activity reports. For 2020, 75 % of respondents indicated that the ECA's impact was very high or high (2019: 81 %, 2018: 78 %). Moreover, 84 % of respondents considered the ECA's work to be very useful or useful (2019: 88 %, 2018: 87 %).

ECA Members' attendance (paragraphs 17 and 18 of the discharge decision)

91. Paragraph 17: We keep a regular record of Members' attendance of Court, Administrative Committee and chamber meetings. For the first time, our 2020 annual activity report includes information on this. We will continue to report statistics on Members' attendance in the coming years.

92. Paragraph 18: ECA Members, like those in other equivalent positions in other EU institutions, do not have annual leave rights. The ECA has established a procedure in its internal rules by which the Member chairing a Court, chamber or committee meeting must record the presence and absence of Members. Members absent may be excused based on a duly justified written request for specific reasons: illness, serious family circumstances, force majeure or mission. The Secretariat of the Court keeps a register with this information and any supporting documents.

The ECA's ethical framework (paragraphs 28, 30 and 31 of the discharge decision)

93. Paragraph 28: In December 2020, we updated the ECA's ethical framework for Members in order to take into account the recommendations from the peer review on ethics carried out in 2019 by the Supreme Audit Institutions of Poland and Croatia, as well as the recommendations of the European Parliament. ECA Members are now required to submit a declaration of interests, which should be renewed every year. These declarations are examined by the ECA President with the assistance of the Legal Service, involving the Ethics Committee if necessary.

94. Paragraph 30: In 2021, the ECA will update the ethical framework for all staff. The review will also include information and communication related to ethics.

95. Paragraph 31: The recommendations in the peer review report have already been taken into account for the update of the ethical framework for Members, adopted in December 2020. The ECA is currently working on also updating the ethical framework for staff, based on the recommendations from the report. We will inform the European Parliament of the outcome in due course.

Workload distribution (paragraph 34 of the discharge decision)

96. At the ECA, managers are in charge of workload distribution. They receive guidance on this activity in an official document, the ‘Guide to promoting equal opportunities’. The guide has a section dedicated to creating a result-oriented working environment, and another section on fair treatment. It encourages managers to familiarise themselves with the work patterns of their staff and adapt the work distribution accordingly. Managers are also encouraged to call in external support if a team member becomes unavailable or changes work patterns (e.g. starts to work part-time). In 2019, Professional Training launched a compulsory course for managers along the lines of the guide. The course continued in 2020.

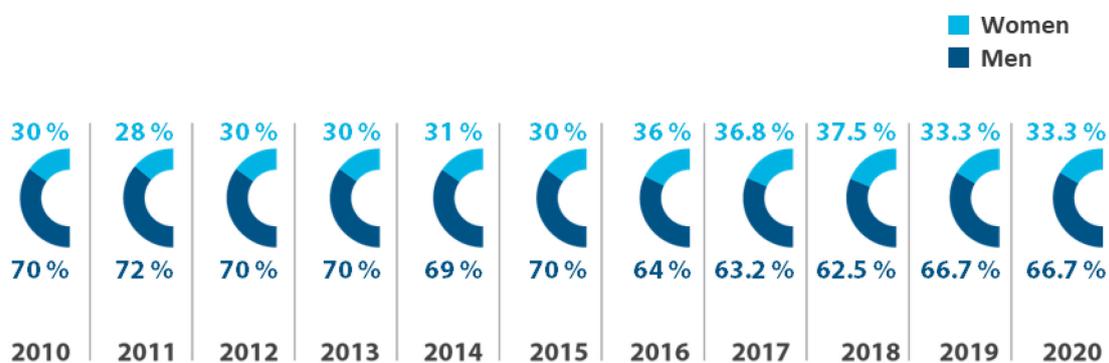
97. In 2018 and 2019, ECA managers attended compulsory training on managing teleworkers. The training content included balanced and fair workload distribution.

98. If staff members feel overburdened, they can contact the Staff Committee, the Joint Committee on Equal Opportunities, the Medical Service, the HR team, the Diversity and Inclusion officer or the ECA’s occupational psychologists.

Gender balance (paragraphs 40 and 41 of the discharge decision)

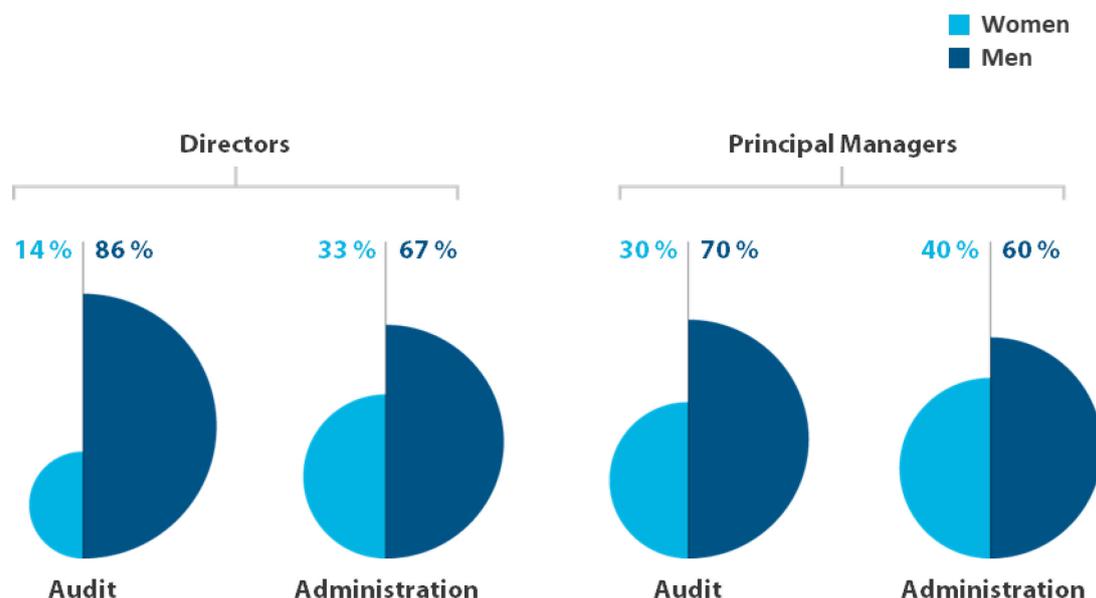
99. Paragraph 40: As at 31 December 2019, 51 % of ECA staff were female (unchanged since 2018). 44.2 % of our auditors and administrators were women (compared to 45 % in 2018), resulting in an almost equal proportion of women and men. The following tables provide a summary of developments in gender balance at management level in recent years at the ECA.

Figure 4 – Gender balance at management level (from 2010 to 2020)



Source: SG1-DHR.

Figure 5 – Gender balance at management level at 31.12.2020
Breakdown by type of manager



Source: SG1-DHR.

100. Paragraph 41: Currently, eight of the 27 ECA Members are female (compared to four in 2016).

Professional training and cooperation with universities (paragraph 43 of the discharge decision)

101. In 2020, we continued our cooperation with the University of Lorraine in Nancy and Metz (France), the European University Institute in Florence (Italy) and other leading universities. We are currently exploring the possibility of establishing further partnerships in Germany and the Netherlands.

K1 building (paragraph 44 of the discharge decision)

102. In 2018, we undertook a preliminary study on the K1 building in cooperation with the Luxembourg authorities. The ECA examined the various options presented in June 2019, and decided to launch a feasibility study in the first quarter of 2021. Its results should be available by the end of 2021. We will inform Parliament's Committee on Budgetary Control of any solutions, together with budget estimates.

103. In August 2019, two glass elements fell off the facade of K1. This accident led to the construction of a security perimeter around the building. We launched a study to evaluate the state of the façade and determine what measures to take. Following the results of the study, the ECA will perform some preventive work in 2021, with a budget of around €250 000.

Open source software (paragraph 47 of the discharge decision)

104. The ECA's IT systems are based on solid architectural principles that take into account a cost / benefit approach in accordance with mainstream technologies procured inter-institutionally. Based on these criteria, we have decided to implement some free open source software as key components of our portfolio. As regards the ECA as a 'provider' of free open source software, we would like to emphasise that our software-development activity is very limited, as we apply the principle "reuse before buy, buy before build".

Cooperation with other EU institutions and bodies (paragraph 48 of the discharge decision)

105. The ECA participates in various permanent and ad hoc committees and working groups where the EU institutions cooperate, exchange information and best practices and, where possible, develop common solutions. We intend to take all opportunities for cooperation with other EU institutions and bodies.

IX. Declaration by the authorising officer by delegation

I, the undersigned, Secretary-General of the European Court of Auditors, in my capacity as authorising officer by delegation, hereby:

- declare that the information contained in this report is true and accurate; and
- state that I have reasonable assurance that:
 - the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management;
 - the control procedures in place provide the necessary guarantees concerning the legality and regularity of the transactions underlying the accounts and ensure an adequate treatment of allegations of fraud, or suspected fraud; and
 - the costs and benefits of controls are proportionate.

This assurance is based on my judgment and on the information at my disposal, such as the reports and declarations of the authorising officers by sub-delegation, the reports of the internal auditor and the reports of the external auditor for previous financial years.

I confirm that I am not aware of anything not reported here which could be detrimental to the interests of the institution.

Done at Luxembourg, 19 February 2021.



Zacharias Koliass
Secretary-General

Annex – Report on Budgetary and Financial Management for 2020

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