

SPECIAL REPORT No 23/98

concerning the Information and Communication measures managed by the Commission
accompanied by the replies of the Commission

(Pursuant to Article 188c (4), second subparagraph, of the EC Treaty)

(98/C 393/03)

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INTRODUCTION

1. The subject of the audit was the permanent information and communication activities (B3-300 'General information and communication measures concerning the European Union', B3-301 'Information network' and B3-302 'Information programmes for non-member countries') as well as specific information measures (B3-306: Prince-Programme 'Information activity in connection with specific policies'). The permanent information and communication activities comprise information on activities of the European Union to provide the European citizen with information on general matters about Europe. The specific or priority information measures deal with specific Community policies of topical interest (Citizens First, EURO, Building Europe Together). These activities and measures are managed by DG X. In addition DG X has overall responsibility for the internal coordination of information and communication activities.

2. The permanent information and communication activities are split up into :

(a) *general information and communication measures concerning the European Union (B3-300)*

These measures cover information activities and Europe-wide operations to be implemented by the Commission in association with the other European Institutions and which are designed to provide European citizens with information about Europe. Management units involved in the development of projects belong to DG X and decentralized implementation is partially assured by the participation of the Commission Offices in the Member States;

(b) *information network (B3-301)*

This measure covers principally the financing of permanent information activities through specific agreements with four kinds of networks:

- (i) Info-Points Europe (IPE) ⁽¹⁾
- (ii) Rural Information and Promotion Carrefours (RIPC) ⁽²⁾

⁽¹⁾ They provide the general public with basic information on the European Union and its policies, and distribute Commission publications on general topics.

⁽²⁾ The purpose of the rural carrefours is to inform all sections of rural society about the European Union and in particular, the different Union policies and programmes likely to affect them directly.

(iii) Urban Forums (UF) ⁽³⁾

(iv) Information Centres on Europe (ICE) ⁽⁴⁾

(c) *information programmes for non-member countries (B3-302)*

This measure covers the funding of projects designed to promote the image of the Community among a number of strategic target audiences and opinion leaders (universities and schools, Chambers of Commerce and Industry, trade unions, professional and craft organisations) in States outside the European Union. DG X has developed a range of regional information strategies adapted to the particular conditions of the major world blocs by defining specific objectives and key messages for each region and the principal target audiences within them. Of the total funds under budget line B3-302, part is spent by the Delegations outside the Community and part directly by DG X's central units.

3. The specific activities are under the Prince programme (B3-306). This measure covers three information campaigns ('Citizens First', 'Euro' and 'Building Europe Together') launched jointly by the European Parliament and the Commission in October 1995 with the aim of stimulating debate on major issues. The management of this measure was given to a specific task force created ad hoc for this purpose within DG X. The Prince task force works closely with DG XV (for Citizens First) and DG II (for Euro) but has full responsibility for the third campaign (Building Europe Together). Funds for these campaigns were provided under the supervision of a steering group made up of Members of the European Parliament and the Commission in charge of coordination for the three campaigns. Decentralised implementation of the Prince programme is ensured through a system of agreements with some Member States, by the participation of Commission Offices in the Member States and through a set of information

⁽³⁾ They are designed to involve people active in civic affairs and ordinary citizens in carrying through the European Union's strategy for moving towards a type of development which respects the environment and our natural resources. The Forums are accommodated by local bodies with experience of local development and public information.

⁽⁴⁾ The centres were set up jointly by the Commission and the authorities in the host countries. The centres are located in the national capitals and their function is to inform the general public, reply to requests for information from interest groups and provide a venue for meetings, training and other activities relating to Europe. Three centres have so far been opened, in Paris, Lisbon and Berlin.

networks supported by DG X/B/3. For each of the three campaigns a communication plan was prepared by the Prince task force and adopted by the steering group. On the basis of these communication plans a total of 235 and 662 projects were carried out in 1996 and 1997 respectively.

4. The audit covers the period 1995-1997, i.e. almost ECU 300 million in commitment appropriations for the three-year period. The audits were carried out at the Commission's services in DG X as well as in five Commission Offices (Belgium, Germany, Spain, France and United Kingdom).

BUDGETARY DEVELOPMENT AND BUDGET EXECUTION

5. Before 1995 there existed no comprehensive budgetary policy in relation to information activities. An inventory of budget resources devoted to information activities throughout the Commission was carried out by DG XIX for the first time in 1995 following a demand of the General Inspection Service. Since then a similar exercise has been carried out annually and the results are communicated to the Steering Committee for Information and Communication Policy. The basis for this calculation is the population of SINCOM payments through the identification of expenditure related to information activities found by applying specific analytical codes in all the Commission's departments. The consolidated data provided by DG XIX show the following trend for information activities:

- (a) 1995: ECU 137 040 143;
- (b) 1996: ECU 158 116 392;
- (c) 1997: ECU 189 926 270.

For the period covered by the audit, it was impossible to determine what were the total commitment appropriations available to be allocated to information activities in the Commission. Within the Information Policy area managed directly by DG X the four measures concerned by the Court's audit have followed the budgetary developments as shown in *Tables 1, 2 and 3*.

6. For budget lines B3-3000 and B3-3060, part of the planned funds are entered in a reserve (Chapter B0-40) and require specific procedures before release by the budgetary authority. This is usually only done in the second half of the financial year, which adversely affects the functioning of the financial unit within DG X and leads to a low rate of implementation of payments. This is especially the case concerning the execution of the Prince programme in 1996.

7. Not all of the information networks concerning permanent information activities are financed under budget line B3-301; some are cofinanced by budget line B3-300. In the interest of adherence to basic budgetary principles and to ensure a coherent and efficient overall management, the information networks in their entirety should be funded under one single budget line.

REGULATORY FRAMEWORK

8. The implementation of measures within the framework of Information and Communication Policy is characterised by a weak regulatory framework. The legal reference in the budget itself is to Articles 126 and 127 of the Treaty, which do not deal with information and communication policy but with education, vocational training and youth. The Commission has not sufficiently defined the overall objectives of Information Policy, the management systems and rules to be applied in this sector and the indicative funds available as well as a distribution among objectives of those funds. DG X set out broad guidelines under Communications SEC(93) 916/9 ('The Commission's Information and Communication Policy: a new approach') and SEC(93)1248/3 ('Information plan mechanism'). It appears from these Communications that the Commission lacked a coordinated overall strategy in communication policy and that in order to meet the challenges in this sector there was a need for the creation of an appropriate mechanism — the information plans — to ensure that the information and communication dimension is integrated into all Commission policies with external implications. It was further foreseen that the new organisation of DG X would be based on a clear distinction between tasks of conception and those of implementation through a reinforcement of the Commission Offices in the Community which would have to exercise a leading role in relation to information networks operating in their countries.

9. Further proposals have been drawn up in order to apply new procedures and structures, mainly:

- (a) SEC (94) 80/4 establishing the functions and duties of the Commission Offices in the Member States;
- (b) SEC(94) 82/4 laying down the general objectives of external information and communication activities in relation to third countries;
- (c) SEC(94)488 establishing the operational framework regarding information networks.

10. The Court's assessment of the operation of these new procedures and structures identified the following obstacles to their efficient and effective implementation:

- (a) information plans are conceived as internal documents intended solely for operational guidance without a direct link to the budgetary execution of appropriations within budget line B3-300;
- (b) attention should be given to ensuring that the Commission Offices in the Member States play a proper role in the dissemination of information produced in Brussels, and in this context the authority of DG X in relation to the Commission Offices needs to be strengthened;
- (c) the Operational Manual on Relays foreseen in the Communication SEC(94) 488 has not yet been prepared by DG X.

11. On 11 October 1995 the Commission adopted Communication SEC(95) 1672 on the information activities under the Prince programme. However, no legal instrument was created to organise the functioning of these specific information activities.

RESULTS OF THE AUDIT

Unclear objectives

12. There is insufficient definition of objectives to be achieved through the funding of measures/projects from budget line B3-300. In practice, some projects which had no demonstrable link with information policy activities were financed. The creation of the 'information plan mechanism' [SEC(93) 1248/3] should have been used as a basic reference framework in order to establish a set of measures/projects to be funded from budget line B3-300.

The functioning of the information networks

Outline of the system

13. *Table 4* shows the information networks subsidised by DG X broken down by Member State and type of network. The networks are an essential instrument in the Commission's information policy, but despite this there remain empty areas, mainly in the United Kingdom and Germany, where the presence of the networks needs to be reinforced. At the same time an effort is needed to ensure a regional balance in the geographical distribution of the four kinds of networks. It is true that there are other information structures in the Member States such as public libraries in the United Kingdom, but they are outside the European network and therefore are not obliged to fulfil the requirements in the specific agreements set up by the Commission.

14. The modernisation of the Commission's information policy should be based on an efficient system of information networks, and in this context the experience acquired in the Information Centres on Europe (ICEs) in Paris, Lisbon and Berlin should be considered for further implementation throughout the Community. However, a maximum amount for annual grants should be introduced. *Table 5* shows the Community support given to the ICEs in the period 1992-1997.

15. Community support for the ICE in Paris is given by several Commission departments with a total Community contribution ranging from 44 % to 51 % of budget revenues in the period 1992-1997. This Centre was intended by the Commission to serve as a model for similar projects in the other Member States and develops two main priority activities: support to the network of information relays in France and production and distribution of information documents targeted to the general public.

16. The Court's overall assessment of documentation and information activities carried out by the Centre is positive. However the Court's perception of the basis on which the Centre is financed is less favourable. In December 1991, the French national authorities and the Commission agreed to split the rent charges in a way that the national authorities should bear two-thirds and the Community budget one third, while other running costs were to be divided equally between the two parties. This arrangement changed in 1994 when the Community contribution to the rent rose to 50 %, because the national authorities had been unable to fulfil their part of the original agreement. At the same time, the level of the rent had been reexamined and as a consequence, reduced. The rent was then renegotiated for a second time in 1997, and was reduced still further. Despite these reductions in the level of the rent, the Court considers that the Commission should not have accepted this change in the proportion of cofinancing ⁽⁵⁾, nor should it have accepted the responsibility for covering unilaterally the cumulative deficit of the Centre ⁽⁶⁾ to 31 December 1997.

17. The Centre is also faced from time to time with cashflow problems owing to delays in providing the national contributions due in April and October. While the application of the cofinancing principle is welcome, there is no reason why the national contributions should have been paid months after the payment dates agreed with the Commission.

⁽⁵⁾ As a consequence the Commission's part of the rent rose from 33 % to 50 %.

⁽⁶⁾ The deficit was ECU 150 000.

Information network agreements

18. There are three kinds of written agreements between the Commission and Member States depending on the nature of the network. They all provide a clear description of the functions of the networks, a system of reporting on a six-monthly and yearly basis and the terms of the financial support to be granted. However, the system of agreements has not yet been applied to the whole of the networks; at the end of 1997, 34 IPEs, 1 RIPC and 2 UFs were still awaiting signature of the relevant agreement. The agreements with the UFs were all signed very late in December 1997, which clearly delayed the transfer of funds from DG X and therefore endangered the functioning of the information activities to be carried out by the UFs. There is a lack of harmonisation among the three kinds of agreements regarding the level of the financial support (starting grant and ongoing grants).

19. In Germany, the Commission Office largely ignores the guidelines developed by DG X. The Info-Points set up in Bonn and Erfurt not only failed to sign the standard agreement but also received grants two or three times the normal level. For the Info-Point Bonn the financial contribution from the Community budget covers 100 % of the costs and the compulsory Advisory Committee on Procurements and Contracts (ACPC) procedures were disregarded.

20. In Spain, the setting-up of Info-Points was orientated towards the creation of a computerised network based on the 'Disputaciones'. In the period 1995-1997, five 'Disputaciones' were chosen to implement the first phase of the network, with a global commitment of 145 000 ECU. After two years, these committed funds had not been utilized. A new approach based on the regional level is being adopted.

21. In the United Kingdom, the Commission Office in London has awarded two contracts to a company which provides administrative support to the London Office for servicing the national information network and gives assistance in a programme of follow-up activities. The first contract, signed on 15 December 1993, has led to a total payment of ECU 1 045 752, although ACPC opinion No 818/93 as amended by ACPC opinions No 877/95 and No 700/96 concerning the contract fixed an expenditure ceiling of ECU 909 500. Subsequently, a restricted call for tenders was published on 30 October 1996 and this time the expenditure ceiling was increased to ECU 3 242 925 for a five years period. On this basis a second contract was awarded to the same company on 11 April 1997. The two contracts together cover expenditure of at least ECU 4 million over eight years.

22. The contract specification (standard services and additional services) delegates permanent tasks to the contractor which should be ensured by the London Office itself. Payments to the contractor are based solely on invoices for services provided and meagre quarterly reports. Its accounts do not provide an audit trail of the expenditure incurred in relation to the contract. The Commission should examine whether it would be more cost effective if the London Office carried out the work itself.

23. In the past, DG X has not incorporated systematically in its agreements the general contractual conditions as they are included in the model contracts laid down by the Commission. In some cases, payments were made automatically without specific requirements for their justification. In addition, in some contracts no audit rights either of the Commission's services or of the Court of Auditors were established, contrary to the provisions of the Financial Regulations.

Prince agreements

24. In relation to the Prince programme, the system of agreements with some Member States has been applied in the two strands where a decentralised management approach was retained: Euro and Building Europe Together (see *Table 6*).

25. The main advantages of the signature of agreements with Member States for the implementation of activities under the Prince programme are to decrease the scattering of operations that characterises the implementation of permanent information activities, especially as far as budget line B3-300 is concerned, and to apply on a systematic basis the principle of cofinancing, though for the rest of the projects within the PRINCE programme the target of 50 % grant of total costs is not a compulsory rule.

26. In the period 1995-1997 the system of agreements covered a total of 15 projects amounting to ECU 29,3 million or 25 % of the total funds allocated to the Prince programme. An increased use of this mechanism would be welcome in terms of value for money and would simplify the administrative management at Commission level through a proper application of the principles of subsidiarity and cofinancing.

Evaluation and inspection activities

27. In the period covered by the audit (1995-1997) there were few DG X evaluations in the field of

Information Policy and they were only for actions within budget lines B3-301 and B3-302. Insufficient attention is given to the implementation of on-the-spot of information projects and the follow-up of Commission Offices activities. Control visits to Commission Offices by central departments are organised within the framework of Note No 1887 of 13 March 1995 issued by the General Director of DG X in agreement with the GIS. In the period 1995-1997 only four Commission Offices were visited (1996: Spain, United Kingdom; 1997: France, Portugal).

Control framework for the Community support

28. Through the period 1995-1997 the allocation of financial contributions was characterised by a weak contractual framework based solely on two Circulars from DG X issued in 1993 and 1995. Unit DG X/1 has recently prepared a *vade-mecum* on grants which should be applied with effect from 1998. Based on a sample of projects audited at both levels — central units and Commission Offices — the Court has identified a number of issues that would need to be taken into consideration in the application of the new *vade-mecum* on grants.

29. With few exceptions (Youth projects and some Prince actions) financial contributions were given in the period 1995-1997 without a guarantee of clear transparency through the application of a system of calls for proposals.

30. The DG X Circular No 6268 of 13 October 1993 discouraged the creation of a direct dependence of final beneficiaries on the Commission, but the Court notes a few cases where the audit revealed support for the same beneficiaries over successive years.

31. The DG X Circular No 6268 of 13 October 1993 fixed a ceiling of 50 % of the costs of the projects for the level of financial contributions. Its Circular No 2074 of 17 March 1995 indicates a range of financial contributions at three levels:

Type of grant	A	B	C
Amount	< ECU 20 000	ECU 20 000- 60 000	> ECU 60 000
Financial contribution rate (%)	< 25	25-50	> 50

These circulars are not precise enough because the calculation basis to determine the financial contribution is not clearly defined. To achieve a uniform and equal treatment of all applicants the definition of a single calculation base is indispensable. Applications and approvals for the projects audited were based sometimes on full cost accounting (total costs) and sometimes on direct costing (additional costs caused by the project). This tends to lead to a higher contribution rate in the latter case, e.g. 80 % for the projects of some German foundations, compared to a calculation on full costs.

32. The nature of this system can give rise to a considerable variation in the range of financial contributions. In the sample of projects audited the Court noted the following fluctuations for the period 1995-1997:

- (a) in Germany, financial contributions varied between 25 % and 100 % of the total costs of projects;
- (b) in Spain, financial contributions varied between 13 % and 84 % of the costs of projects;
- (c) in Belgium, financial contributions varied between 9 % and 100 % of the costs of projects;
- (d) in the United Kingdom, financial contributions varied between 11 % and 75 % of the costs of projects.

Moreover, in none of the cases audited, where the financial contribution rate exceeded the target ceiling of 50 % of total costs, did the files contain a satisfactory justification.

CONCLUSION AND RECOMMENDATIONS

33. EU-information policy in the Member States is implemented mainly by the Commission Offices. There is insufficient definition of objectives to be achieved through the funding of measures/projects from budget lines B3-300, and in practical terms some projects which had no demonstrable link with information policy activities have benefitted from financial support. The creation of the 'information plan mechanism' [SEC(93) 1248/3] should have been used as a basic reference framework in order to establish a set of measures/projects to be funded from budget line B3-300 (see paragraphs 8-12).

34. An improved evaluation system is needed to ascertain the effectiveness of Community expenditure in achieving objectives in relation to target groups. The likely future increase in funding of information policy activities makes this even more necessary. There is a need

for improving on appraisal methods and follow-up systems at DG X headquarters level. The evaluation and inspection system should be strengthened by:

- (a) further developing the annual evaluation plan covering the permanent (B3-300, B3-301, B3-302) and the specific (B3-306) Information Policy activities;
- (b) increasing the inspection of the use of DG X funds by providing for an audit visit to each Commission Office on a regular basis (see paragraph 27).

35. The information measures of the Commission as stipulated in the annual work programmes of DG X failed to standardise:

- (a) the application procedure;
- (b) the project selection procedure;
- (c) the extent of the Community contribution;
- (d) the budget line to be charged;
- (e) the eligibility of expenditure incurred (see paragraphs 28-32).

36. In order both to simplify the management procedures and to guarantee transparency and equal treatment of final beneficiaries the Commission should:

- (a) increase the use of calls for proposals in the selection of final beneficiaries;
- (b) establish a standard financial reporting format for categories of eligible expenditure to be used by the beneficiary for the final report;
- (c) fix rates of financial contribution for all projects based on a unified calculation basis with the sole exception of information networks funded through a lump-sum grant;

- (d) limit the percentage of the advance to a prudent level of the amount of the financial contribution approved;
- (e) fix a maximum acceptable proportion of overhead costs to be taken into consideration (see paragraphs 28-32).

37. Apart from the partial exception of the information networks, there is a general lack of a proper and systematic set of rules for contracts with beneficiaries. Future contracts should have clearer and stricter financial provisions, especially regarding two main areas of particular risk, i.e.:

- (a) the level of permitted overhead costs;
 - (b) the use of actual figures rather than budget figures in the final report.
- (see paragraphs 28, 31-32).

38. The financial implementation of the agreements within the Prince programme needs to be covered by strict rules, in particular regarding the level of expenditure incurred for the triggering of advances, eligibility periods and overhead costs (see paragraphs 24-26).

39. The Commission Offices should play a leading role in both the financing of permanent networks and the Prince information activities. For these purposes the Commission should establish a policy and financial planning framework in order to define the overall objectives of Information Policy, the management systems and the indicative funds available, including a distribution among objectives of those funds. In this context, DG X must reinforce its internal coordination role in order to ensure an improvement in the Commission's information and communication activities.

This report was adopted by the Court of Auditors in Luxembourg at its meeting of 14 and 15 October 1998.

For the Court of Auditors

Bernhard FRIEDMANN

President

Table 1
Programming of Information Appropriations

(ECU 1 000)

Commitments Appropriations			
Budget Line	1995	1996	1997
B3-3 0 0	44 800	41 000	44 550 ⁽²⁾
B3-3 0 1	9 300	7 800	7 700
B3-3 0 2	7 000	7 500	7 400
B3-3 0 6	11 000	50 000 ⁽¹⁾	55 000 ⁽³⁾
Total	72 100	106 300	114 650

Payments Appropriations			
Budget Line	1995	1996	1997
B3-3 0 0	33 058	40 000	42 550 ⁽²⁾
B3-3 0 1	5 612	10 000	6 900
B3-3 0 2	4 750	7 000	6 900
B3-3 0 6	530	50 000 ⁽¹⁾	45 000 ⁽³⁾
Total	43 950	107 000	101 350

⁽¹⁾ Lifting of the reserve blocked on Budget item B0-40 was made in two phases:
 — ECU 23 million on 15 May 1996
 — ECU 12 million on 8 October 1996.

⁽²⁾ Lifting of the reserve blocked on Budget item B0-40 was made in two phases:
 — ECU 5 million on 21 May 1997
 — ECU 6 million on 22 July 1997.

⁽³⁾ Lifting of the reserve blocked on Budget item B0-40 was made in one instalment:
 — ECU 15 million on 10 September 1997.

Source: Court of Auditors — based on data from the Commission.

Table 2
Budgetary execution

(ECU 1 000)

Commitments Implementation						
Budget Line	1995		1996		1997	
B3-3 0 0	44 797	99,9 %	40 995	99,9 %	44 550	100,0 %
B3-3 0 1	9 297	99,9 %	7 800	100,0 %	7 675	99,7 %
B3-3 0 2	6 998	99,9 %	7 483	99,7 %	7 400	100,0 %
B3-3 0 6	10 916	99,2 %	49 998	99,9 %	54 613	99,3 %
Total	72 008	99,8 %	106 276	99,9 %	114 238	99,6 %

Payments Implementation						
Budget Line	1995		1996		1997	
B3-3 0 0	33 048	99,9 %	39 473	98,7 %	35 129	82,5 %
B3-3 0 1	5 446	97,0 %	7 294	72,9 %	6 708	97,2 %
B3-3 0 2	4 750	100,0 %	5 341	76,3 %	6 062	87,8 %
B3-3 0 6	477	90,0 %	19 491	38,9 %	44 937	99,8 %
Total	43 721	99,5 %	71 599	66,9 %	92 836	91,6 %

Source: Court of Auditors — based on data from the Commission.

Table 3

**Permanent Information Activities: Distribution of Budgetary Appropriations between Central DG X Units
and Commission Offices**

(ECU)

Budget Line	1994		1995		1996		1997	
	B3-3 0 0	B3-3 0 1	B3-3 0 0	B3-3 0 1	B3-3 0 0	B3-3 0 1	B3-3 0 0	B3-3 0 1
Centre	15 702 695	2 876 730	22 736 561	5 329 223	17 476 529	5 258 631	18 404 180	5 079 707
Offices	15 413 167	360 904	22 047 028	3 897 796	23 483 972	2 528 142	26 021 435	2 550 502
Not committed	884 138	262 366	16 411	72 981	39 499	13 227	124 385	69 791
Total	32 000 000	3 500 000	44 800 000	9 300 000	41 000 000	7 800 000	44 550 000	7 700 000

Source: Court of Auditors — based on data from the Commission.

Table 4

Inventory of information networks (Situation at 31 December 1997)

Country		IPE ⁽¹⁾	RIPC ⁽²⁾	UF ⁽³⁾	ICE ⁽⁴⁾
B	Belgium	3	1	2	0
DK	Denmark	0	2	1	0
D	Germany	7	8	2	1
EL	Greece	3	5	1	0
E	Spain	9	14	2	0
F	France	6	12	2	1
IRL	Ireland	3	3	1	0
I	Italy	7	15	2	0
L	Luxembourg	2	1	0	0
NL	Netherlands	12	3	1	0
A	Austria	7	4	1	0
P	Portugal	3	6	1	1
FIN	Finland	0	5	1	0
S	Sweden	3	10	1	0
UK	United Kingdom	2	6	2	0
Total		67	95	20	3

⁽¹⁾ Info-Points Europe.

⁽²⁾ Rural Information and Promotion Carrefours.

⁽³⁾ Urban Forums.

⁽⁴⁾ Information Centres on Europe.

Source: Court of Auditors — based on data from the Commission.

Table 5

Information Centres on Europe: Community support

Year	DG X grants in terms of commitments					
	Paris		Lisbon		Berlin	
	Community support (ECU)	Contribution rate (%)	Community support (ECU)	Contribution rate (%)	Community support (ECU)	Contribution rate (%)
1992	793 480	50				
1993	1 390 568	50				
1994	1 450 000	50	550 000	50		
1995	1 445 000	50	550 000	50	170 000	82
1996	1 582 000	50	750 000	50	199 144	63
1997	1 666 554	52 ⁽¹⁾	600 000	50	280 000	42

Year	Paris Centre: Community support (payments) (FRF)		
	Community support (payments)	Budget (Total revenue)	Contribution rate (%)
1992	5 236 919	10 710 270	48,89
1993	9 193 557	20 159 651	45,60
1994	10 325 952	21 014 159	49,13
1995	11 243 289	22 040 278	51,01
1996	9 255 613	20 775 803	44,54
1997	13 437 682 ⁽²⁾	26 300 273	51,09

⁽¹⁾ Including ECU 150 000 in order to cover an exceptional balancing grant taken from the 1998 appropriations.

⁽²⁾ Including an exceptional balancing grant to cover the 1996 deficit which was made available in March 1998.

Source: Court of Auditors — based on data from the Commission.

Table 6

Conventions between Commission and Member States

Convention signature	Euro	Building Europe Together
1996	B, D, E, I	B, F
1997	B, D, E, F, IRL, I, A	F, I, NL, P

Source: Court of Auditors — based on data from the Commission.

COMMISSION'S REPLIES

INTRODUCTION

1. In 1993, the European Commission adopted a new approach to its information and communication policy. The Directorates-General are responsible for information relating to the policies which they apply. DG X is responsible for general information and the coordination of the information and communication policy.

A framework has been put in place in the form of several (six between 1993 and 1997 and one in 1998) communications covering the various aspects of this policy (general approach, information plans, role of the Union Representations in the Member States, information for non-member countries, networks and relays, priority information campaigns, information strategy for the euro). This framework sets out the general objectives, the management systems and the rules to be applied.

The Commission involves the other institutions in carrying out this policy in all the areas where it is possible. It cooperates closely with Parliament. The Commission regularly sends reports on cooperation to the Parliament. Joint meetings are organised with the Council and those in charge of information and communication policies in the Member States with a view to harmonising information campaigns. This ensures external coordination at European level.

Internal coordination within the Commission has been tightened considerably in recent years. A steering committee meets regularly. Information plans must accompany new Community initiatives. An integrated programme covering the all aspects of the information policy is drawn up each year. Groups coordinate information measures by families of Community policies.

General objectives (decentralisation, coordination, use of new medias,...) are set out in the legal framework mentioned above. Each year, the Commission sets itself specific objectives with regard to its information policy. In 1998, priority was given to measures relating to television, direct measures aimed at the general public ('call centres'), measures targeting women and measures coordinating information networks and relays throughout Europe.

Decentralisation is one of the primary objectives of the information policy. It is implemented gradually by giving more responsibility to the Union Representations in the Member States, by the coordinated development of over

800 relays in Europe, by concluding agreements on joint actions with the Member States and by involving civil society in Union information campaigns.

New technologies, in particular the Internet, make it possible to reach a very wide public, notably young people, at little cost. The Commission has been using these since 1995. The multilingual Europa Internet website is known for its quality.

Priority information campaigns have been set out in conjunction with the Parliament as part of the Prince programme. They have helped to focus information and resources on important topical themes (citizens' rights, the Amsterdam Treaty, the Euro) and to strengthen cooperation with Parliament and, in particular, with regard to the Euro, to develop common information campaigns with the Member States.

The management structure has been reinforced by the preparation in 1997 of a *Vade-mecum* on grants in the field of information and communication. Action has already been taken on all the Court's comments on management since the *Vade-mecum* came into force on 1 January 1998.

In a rapidly changing environment, the Commission has adapted and continues to adapt its information and communication policy be it in terms of strategy, organisation, objectives and management.

2. a) Since the reorganisation of DG X on 1 August 1997, European Union Offices in the Member States have been known as 'Representations'.
- b) Apart from the list drawn up by the Court, three other types of relays are financed by heading B3-301;
 - Europe Houses managed by the International Federation of Europe Houses,
 - the national sections of the European Movement,
 - the European Documentation Centres.

BUDGETARY DEVELOPMENT AND BUDGET EXECUTION

5. In 1993, the Commission adopted a new approach [SEC(93) 916/9 and (93) 1248/3] to the information and

communication policy by giving the DGs responsibility for sectoral information and DG X general information and coordination. This approach meant decentralising the utilisation of budgetary resources for Commission information activities, apart from general information.

On this basis, an inventory of resources allocated to information and communication started being produced in 1995. The increase between 1995 and 1997 is due mainly to the Prince programme.

In addition to the inventory, in 1998 the Commission prepared an integrated programme of information measures on the basis of a survey of all its departments thus applying an integrated approach to its information policy.

As from the next budget, appropriations provided for each of these measures will also be given in the integrated programme thereby showing, at the beginning of the year, the commitment appropriations allocated to all Commission information activities.

6. The budgetary authority's systematic practice since 1996 of placing in reserve appropriations for information purposes has hampered the implementation of the budget and management of measures, especially as appropriations are not available immediately after the decision to release the reserve.

7. The Commission acknowledges that all general information measures carried out by the relays should be financed from one heading. That will be the case from 1998 onwards. It could not be entirely so in the past because the budget remarks were vague.

REGULATORY FRAMEWORK

8. Commission communication to the budgetary authority on the legal bases and maximum amounts [SEC(94) 1106] defines the general legal framework of the information and communication policy: 'Some operations are conducted by the Commission by virtue of tasks assigned to it inherently in the Treaty as the institution responsible for executing Community policies. This applies in particular to information measures designed to present and promote the Community's work. This is an area in which the Commission enjoys freedom of action and where it feels that there is no need for a specific legal basis'.

Since 1993, on that basis, the Commission has approved several communications (six between 1993 and 1997 and one in 1998) which set out the new approach to the information policy, its general objectives, the management systems and the rules, which it subsequently applied to activities coming under the budget items for information and communication.

Having found that there was a lack of coordination up to 1993, the Commission decided at the time to strengthen that aspect. Machinery was gradually put in place. Information plans relating to Commission initiatives were introduced and were overhauled in 1996. The Steering Committee has met regularly since it was set up. It has been strengthened by an annual integrated programme of information measures (see point 5) and the setting up of working parties under the Steering Committee on Information which coordinates information measures by families of policies.

DG X's new structure has been in place since 1 August 1997. One directorate is in charge of devising information activities and interdepartmental coordination. The Representations have been given a bigger role in on-the-ground coordination of relay networks.

9. In 1998, DG X set its objectives for its own information and communication activities.

10 a) Information plans are documents submitted by the DGs to DG X for approval. They are produced when a DG proposes an initiative to the Commission. As they are sectoral initiatives, they are not generally covered by Article B3-300 (General information measures). This is consistent with communication SEC (93) 916/9.

These information plans including those of DG X are integrated into an annual programme (see 8) which will act as a link between them and Article B3-300.

b) The dissemination of information was always part of the essential role of the Representations, formerly known as 'Press and Information Offices'. The Representation must adapt the information to the sensibilities of the country in question. Thus the Representations bring added value to the dissemination of information (for example: drafting regional brochures, coordinating information networks etc.).

The hierarchical structure has been strengthened as part of the DG X reorganisation on 1 August 1997. Representations report to DG X and more particularly Directorate X/B (Information networks). The role of the representations is set out in communication SEC(94)80/4.

With regard to the operational manual for relays:

- in practice, a systematic and coherent approach is already being taken to a large extent
- the manual will be completed by the end of 1998.

11. The Prince programme falls within the information and communication policy which does not need a legal base (see point 8). In addition to the Communication referred to by the Court, in 1998 the Commission also approved a communication on an information strategy for the Euro (COM(98) 39).

RESULTS OF THE AUDIT

Unclear objectives

12. The Commission itself set out the objectives in its communications during the period under review (see points 8 and 9).

Directorate-General X sets the annual objectives for its own activities. Appropriations are approved on the basis of a draft annual programme submitted by the Units and Representations and closely match Commission priorities.

In 1998 priority was given to measures involving television, direct measures for the citizens, measures targeting women and the coordination of relays as against written publications, colloquia, seminars, fairs or exhibitions.

The Commission agrees that annual objectives should be set out more clearly. The eligibility criteria for projects have already been specified in its Vade-mecum on grants which entered into force on 1 January 1998.

As explained at points 8 and 10a), information plans, including the one for DG X are integrated into an annual programme which will provide a link between information activities and Article B3-300.

The functioning of the information networks

Outline of the system

13. Seeing that relays are established in such a way as to ensure a geographical balance between the Member

States and the various regions is a constant concern of DG X. For this it also takes into account Eurodesk relays, cross-border consumer information and advice centres, Euro infocentres etc. which come under other Commission DGs (DG XIII, DG XVI, DG XXII, DG XXIII and DG XXIV).

As required by the policy of decentralisation, allowance must be made for national characteristics. Thus:

- In the United Kingdom, where people are in the habit of using public libraries, the European information system is based on the 180 libraries. The Representation provides technical assistance, documentation and training.
- In Germany, information has been disseminated by the 33 Europe Houses set up there (one third of the Europe Houses of the IDEH are in Germany). Five IPEs and three Carrefours are being set up. Consolidation of the networks will be completed at the end of 1999. In all, the German network will include over twelve IPEs and fifteen or sixteen carrefours. It should be added that a number of applications submitted by this country were judged too weak to act as efficient carrefours.

The Commission feels that this provides a geographical balance (see also 2(b)).

14. The Commission does not feel that a maximum amount should be set for this type of grant where the amount depends on the budget approved by the annual general meetings in which it participates.

15. The Paris Centre is just one model among others. The development of a relay network in a Member State depends on several parameters, in particular, national characteristics. Depending on these parameters, several models are envisaged.

16. The Commission felt that the rent weighed too heavily on the financial structure of Sources d'Europe. For that reason it initially accepted to cover only one third of the rent. In 1994, the rent was cut and the Commission decided to return to fifty-fifty financing.

In 1997, the rent was renegotiated and a further cut was made. The renegotiations were part of an overall plan to relaunch the Centre which included:

- renegotiating the rent,
- discharge of the debt for interest on arrears in 1994 (borne by the French authorities through the Caisse des dépôts et de consignation),

- discharge of the deficit accumulated at the end of 1997 (borne by the Commission),
- decision by the Caisse des dépôts et consignation, i.e. the French authorities, to grant a supplementary grant for 1998 onwards,
- redefining the remit of the Centre,
- evaluating the measures after one year.

The Commission feels that this plan is balanced from the point of view of the obligations of its founder members, the French Government and the Commission, and that under these circumstances it should clear the deficit accumulated at the end of 1997.

17. Grants are paid twice a year by each parent body. The Commission pays its grant in January and July while the French Government should do so in April and October.

Information network agreements

18. The main reason for the delay in signing certain agreements was the evaluation of the overall policy relating to relays and of each individual relay. Another reason was the need to make an in-depth study of the multi-financing of the relays.

Agreements relating to all the carrefours and urban forums have been signed. Existing IPEs are still being contacted, the aim being to obtain a uniform situation by the end of 1998. An agreement must be signed before the opening of any new Info-Point Europe.

The Commission agrees with the Court that relay contracts and funding for them should be harmonised.

19. The Representation in Germany has not disregarded the general recommendations of the departments in Brussels. The German concept provides for an approach adapted to the German political structure. Some relays in the *Länder* act as regional information Centres on the EU. This involves different measures for this type of relay and, with the agreement of the Head of the Representation and the departments in Brussels, different procedures from those applied to local relays were adopted. The level of financing must be higher in these cases and the rules will be adjusted accordingly.

The Bonn Info-Point plays a key role in covering the federal capital of Germany, which has now become Berlin. So far it has not been possible to identify a partner for this relay. Thus, given its importance, the

Commission has had to manage it directly and conclude contracts with service providers, which is the reason for the 100 % financing.

20. After a few attempts at local level, the Commission drew up a strategy for Spain based on cooperation agreements with the autonomous regions. The new IPE/Carrefours are part of that strategy. The appropriations committed at the time for grants to the 'Disputaciones' have been released.

The Ghent-Antwerp urban forum failed because the host agency withdrew, something for which the Commission is not responsible. A recovery order has been issued.

21. The firm which was selected to service relays in the United Kingdom was given responsibility for managing a Mobile Information Unit for the period 1993-1997. This was not an integral part of the basic contract and it explains why the upper limit set by the ACPC was overrun. That situation has now been rectified and since 1997 this task has been covered by the contract approved by the ACPC.

By comparison with the 1993 contract, the services requested in the new invitation to tender were extended to cover a significantly larger number of relays resulting in higher costs. In 1997, the only tender which provided all the services stipulated and which complied with the criteria in the invitation to tender was submitted by the contractor selected.

The Commission feels that given the range of the tasks to be performed by the contractor, the amount of the contract, which was awarded in response to an invitation to tender carried out in good and due form, was justifiable.

22. The contractor's tasks related mainly to logistics and the implementation of an information action. The fact that they are permanent, which is because the relay network is a permanent structure, does not mean that they should be carried out by the Representation. The contractor brings his expertise and experience to tasks such as locating conference halls, sending out invitations, managing exhibition stands, the logistics of the Mobile Information Centre etc. which are all suited to being farmed out.

The Representation has tightened up management of the contract by including a series of measures including detailed monthly reporting.

At this juncture, the Commission thus feels that the contract is relevant and justifiable on cost/efficiency grounds. It is, however, prepared to review it carefully.

23. For several financial years, every new contract has been based on the provisions of the ACPC *Vade-mecum* and the standard Commission contract. Special attention is paid to the necessary conditions for making payments.

Evaluation and inspection activities

27. Since 1993, DG X has the means to check the impact of its information measures. Following a tender procedure, ten standard form general contracts were signed with external firms specialising in evaluation.

Evaluation of the information policy is part of the general evaluation plan of DG X. The headings evaluated are B3-300, B3-301, B3-303 and B3-306. The following areas were evaluated during the period covered by the Court's audit:

- promotional material,
- relays,
- Contact Magazine,
- Information in four regions of the World.

An inventory of the information activities of the Representations in 1994, 1995 and 1996 has been transmitted to the European Parliament.

The following are planned from 1998 onwards:

- Europe by satellite,
- Network of lecturers,
- Introduction of a permanent relay evaluation system,
- Priority information campaigns.

The Commission (DG X) is redefining its policy relating to checks on beneficiaries and projects. It is envisaging checks at three levels:

1. ordinary checks on files with certified balance sheet;
2. for measures presenting risks or involving large amounts and samples of other measures, checks on some of the documents;
3. in the event of irregularities, on-the-spot inspections.

In 1998, the methodology for inspections of Representations was jointly updated by the IGS and DG X. Henceforth, inspections will be carried out on that basis. The Commission is studying the possibility of increasing the number of financial audits.

Control framework for Community support

28. For years, beneficiaries of financial contributions signed a declaration listing all their obligations *vis-à-vis* the Commission (including the Court's right of inspection) to indicate that they were in agreement. From 1995 to 1997, this declaration constituted the contractual framework.

In 1997, DG X prepared a *Vade-mecum* on grants. Since the entry into force of the *Vade-mecum* on 1 January 1998, every financial contribution is covered by a financing agreement signed by both parties.

29. The Commission has gradually made calls for proposals for financial contributions in the areas for which it is responsible (Culture, Audiovisual media, Information). The aim of Circular 2074 (from DG X) of 17 March 1995 was to extend calls for proposals to Information. Here, the *Vade-mecum* in force makes provision for general calls for proposals with the exception of a few specific clearly identified and duly substantiated situations.

30. The Commission agrees with the Court that the same beneficiary should not receive grants for information and communication measures repeatedly. This principle does not apply to Information Relays. On the contrary, the Commission is looking for bodies which could relay information on the European Union for several years.

31. The aim of Circular No 2074 of 17 March 1995 was not to widen the band within which the upper limits on financial contribution rates can fluctuate but to specify how the system applied (on the basis of the amount and financing rate, definitions of cost/efficiency criteria and delegating the power to sign).

Up to the entry into force of the *Vade-mecum* on 1 January 1998, the base for calculating the upper limit could vary. For that reason the base has been clearly defined in the *Vade-mecum*.

32. Moreover, as stated above, the allocation system has been specified in the *Vade-mecum* which came into force

on 1 January 1998. Nevertheless the Commission feels that there could be grounds for some fluctuation in financing rates, which could exceed 50 %.

The general rule setting 50 % as the upper limit for financing the cost of the project is widely applied. In 1997, 90 % of the grants under Article B3-300 were within this limit.

With regard to measures under the Prince programme and, in particular, those relating to the euro and given the priority status of the Programme and the Union's desire, initially at least, to provide an incentive, the selection bodies in some cases authorised a financing rate in excess of 50 %.

CONCLUSION AND RECOMMENDATIONS

33. The general objectives of the information policy have been set out by the Commission in several communications (six between 1993 and 1997, and one in 1998).

Directorate-General X sets out the annual objectives for its own activities. Appropriations are approved on the basis of a draft annual programme submitted by the Units and Representations and closely match Commission priorities.

The Commission agrees that it could define annual objectives more clearly.

Eligibility criteria for projects are set out in its *Vade-mecum* on grants, which entered into force on 1 January 1998.

Information plans including the one for DG X, have already been integrated into an annual programme which will be developed to form a link between information activities and Article B3-300.

34. a) The Commission will beef up its existing evaluation plan. For that purpose it set up an evaluation section in DG X when it was reorganised on 1 August 1997;

b) Inspections of the Representations already carried out by DG X and the IGS will be continued. The methodology is currently being updated. DG X is considering the possibility of increasing the number of financial audits.

35. DG X has standardised points a), b), c) and e) by producing a *Vade-mecum* on grants in 1997 which came into force on 1 January 1998. The choice of budgetary heading (point d)) is dictated by the budget voted and the associated remarks.

36. All the Court's comments on transparency and procedures have been put into effect by the Commission since the entry into force of DG X's *Vade-mecum* on grants on 1 January 1998.

37. All the Court's comments on contracts with beneficiaries have been in effect since the entry into force of DG X's *Vade-mecum* on grants on 1 January 1998.

38. All the Court's comments are covered by the *Vade-mecum* on grants which entered into force on 1 January 1998 and which also applies to the Prince programme.

39. The Representations already play an essential role in the implementation of the relay networks and the Prince programme (coordinating activities on the ground, managing information for the relays, monitoring Prince agreements with the Member States). For the sake of efficient management, in particular, during the start-up period of these two measures, the Commission has preferred to keep management of the appropriations at central level at this stage.

There is a regulatory framework for information and communication measures. It was established in several communications (six between 1993 and 1997 and one in 1998). The Commission intends to tighten up the implementation of the planned measures and where necessary to lay down new ones. DG X, which has set annual objectives including financial objectives, has already significantly stepped up coordination between the Directorates-General as recommended by the Court by putting in place an integrated annual programme of Commission information measures.