

Brussels, 30 OCT. 2009
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Dear Mr Diamandouros,

Subject: Own Initiative Inquiry, ref. OI/1/2009/GG

I refer to your letter of 24 June 2009 to President BARROSO about this inquiry.

Please find attached the additional information that you have requested.

The Commission remains at your disposal for any further information you may require.

Yours sincerely,



Enclosure

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**Comments of the Commission on the European Ombudsman's Own-Initiative Inquiry,
request for additional information on the subject of timeliness of payment
Ref.: OI/1/2009/GG**

1. Background

In his own-initiative inquiry under reference, launched on 17.02.2009, the European Ombudsman investigates for the third time the subject of late payments by the Commission.

The Commission submitted its comments on 28.05.2009.

On 24.06.2009, the European Ombudsman asked the Commission to provide him with the following additional information, concerning in particular: the concrete measures taken by the Commission with regard to its staff to reach the new target of the second measure defined in its April Communication SEC(2009)477; and more specific information on the late interests paid by the Commission in 2008.

2. Reply from the Commission

2.1 In order to ensure that the target time-limit of 30 days for all payments (other than first pre-financing, for which the target is 20 days) can be reached, the Commission has been implementing enhanced operational support and monitoring for its staff through the measures described below.

2.1.1. Training and information sessions provided to Commission services

Guidance on specific issues has been developed since the release of the Commission Communication. It notably focuses on providing support guidelines for authorising officers on how they make their choices based on risk assessments, on the need for pre-financing guarantees, on the implementation of the flexibility measures suggested in the Communication, as well as on streamlining financial circuits as much as possible.

2.1.2. Accounting system (ABAC)

Although this system already offers substantial support (registration and follow-up of payment due dates, automatic calculation of interest on late payments and monitoring via statistical reporting), two particular actions are being implemented in order to allow the new time-limit to be monitored and are operational since 1 October 2009:

- **New functionalities have been developed in ABAC in order to include a set of automatic warning mechanisms alerting the users of approaching due dates.** This action will raise awareness, will reduce late payments due to administrative circumstances (e.g. unforeseen absence of a member of the staff involved in the payment workflow) and will highlight the cases where actions are required; and
- **The Commission Accounting Officer will share the information** contained in the reports drafted to implement the quarterly monitoring procedure of payment delays he is in charge of, **with the responsible authorising officers in charge of the payments**, thus offering full transparency and information. Payment times will be compared with targets as from 1 October 2009 and reasons for not respecting these will be examined with authorising services.

2.2 Specific information on late interests paid by the Commission in 2008, by areas or services, and comparison to previous years.

Although statistics on overdue payments, comparing 2007 to 2008 show stability for the average number of days overdue (47 days), the number of late payments for which interest was paid increased in 2008 by nearly 30 percent to 173 payments totalling € 576 000; yielding an average of approximately € 3 300 per payment.

The 3 following tables summarise, for the year 2008, the top ranking DGs/Services in interests paid and the top 5 cases in which the highest amount of interest was paid upon and without request. These tables show data only and further analysis is required to contextualize the information given, considering also improvements already implemented¹.

Top ranking DGs/Services in interests paid in 2008:

DG/Service	Number of payment with interests paid	Amount of interests paid	<i>p.m.</i> Total number of payments	<i>p.m.</i> Total amount paid
AIDCO	18	€ 219 221.62	11 648	€ 3 632 mio
TREN	10	€ 70 787.15	2 554	€ 715 mio
RTD	28	€ 61 806.23	28 518	€ 4 270 mio
OIB	27	€ 42 608.61	9 570	€ 357 mio
IEEA	4	€ 40 569.54	580	€ 144 mio

Details for 5 cases in which the highest amount of interest was paid upon request in 2008:

Sum at stake	Delay (in days)	Economic sector	Commission service involved	Type of creditor (S-M-L enterprise)
€ 114 398.85	244	Consulting/Audit	AIDCO	Large
€ 38 298.80	754	Energy	TREN	Public institute
€ 28 642.21	241	Freight transport	IEEA	Large
€ 19 805.06	133	Tools	RTD	Large
€ 18 320.01	154	Consulting	ELARG	Medium

Details for 5 cases in which the highest amount of interest was paid without request in 2008:

Sum at stake	Delay (in days)	Economic sector	Commission service involved	Type of creditor
€ 6 839.38	43	Education/Research	RTD	Academy of Science
€ 5 617.99	5	IT	INFSO	Large
€ 4 977.33	56	Electronic	ENTR	Large
€ 4 654.96	27	Education/Research	RTD	University
€ 4 184.17	33	Services (cleaning)	OIB	Medium

¹ For instance, in 2008, DG ENTR payments represented more than € 360 million, of which only € 7,021.80 were generated by automatic late interest payments from 5 invoices. 70% of that sum resulted from 11 days of delay of one single pre-financing payment. At present, DG ENTR pays 5 % of its invoices after the legal delay, which is a very significant improvement compared to earlier years where up to 30 % of all payments were made late. This clearly shows the Commission's commitment to make efforts to concretely reduce overall payment delays and the average in payment time.