



Annual Activity Report 2020

DIRECTORATE GENERAL HUMAN RESOURCES
AND SECURITY

CONTENT

THE DG IN BRIEF	3
EXECUTIVE SUMMARY	5
A. Key results and progress towards the achievement of the Commission's general objectives and DG's specific objectives	5
B. Key Performance Indicators (KPIs)	7
C. Key conclusions on Financial management and Internal control	8
D. Provision of information to the Commissioner	9
E. Specific actions on COVID-19	9
1. KEY RESULTS AND PROGRESS TOWARDS THE ACHIEVEMENT OF THE COMMISSION'S GENERAL OBJECTIVES AND DG'S SPECIFIC OBJECTIVES	11
DG HR Specific objective 1 Foster a modern and high-performing organisation	11
DG HR Specific objective 2 Foster a secure, ethical and engaging workplace	13
DG HR Specific objective 3 Attract diverse and high quality talents to build the workforce of the future	18
DG HR Specific objective 4 Better know, develop and deploy people	19
DG HR Specific objective 5 Develop and support inspiring, inclusive and people-centric and gender balanced managers	20
2. MODERN AND EFFICIENT ADMINISTRATION AND INTERNAL CONTROL	23
2.1 Financial management and internal control	23
2.1.1. Control results	24
2.1.2. Audit observations and recommendations	39
2.1.3. Assessment of the effectiveness of internal control systems	40
2.1.4. Conclusions on the assurance	42
2.1.5 Declaration of Assurance	45
2.2. Modern and efficient administration – other aspects	46
2.2.1. Human resource management	46
2.2.2. Digital transformation and information management	47
2.2.2 Sound environmental management	48

THE DG IN BRIEF

Our mission

"To promote excellence in the practice of human resource management and in ensuring internal security for the European Commission."

Our values

- A commitment to honest, fair and ethical practice.
- A commitment to providing quality services to our staff, management and stakeholders.
- Provision of an environment that encourages innovation and recognition of accomplishments.
- Leadership in the promotion and development of human resource professionals.

Our actions

In pursuing our mission, we:

- set the HR framework within which an effective and efficient use of resources can take place, optimising our contribution to the Commission's strategy;
- efficiently and effectively deliver HR services from recruitment to retirement and beyond the Commission through the HR core processes;
- support HR service delivery by professionalising the HR function and automating processes;
- make sure that quality services are provided to the Institution and its staff in a timely and efficient manner;
- provide health promotion and education measures for active staff;
- ensure the safety, security and protection of staff, property, activities and information at all places of employment;
- ensure full respect of the Staff Regulations;
- ensure open and efficient dialogue with staff representatives in order to guarantee adequate working conditions;
- collaborate and coordinate with the other Institutions on a number of areas linked to the Staff Regulations;
- communicate on a timely basis on policies, actions and initiatives of relevance with Commission staff;
- provide local HR shared services to several Commission Services;
- talk to and coordinate with other external stakeholders.

Our Legal Framework

The legal framework regarding EU staff matters is found in several legal sources which, when combined, constitute the body of law governing the European Civil Service. Those various sources need to be distinguished in relation to the 'hierarchy of norms':

1. Treaty on the Functioning of the European Union (TFEU)
2. Staff Regulations of Officials (SR) and Conditions of Employment of Other Servants of the European Union (CEOS)
3. Delegated acts
4. EU Directives
5. Case law

6. Report on the implementation of the Staff Regulations by all Institutions

Our System

SYSPER is the main HR Management Information System supporting most HR processes under the responsibility of DG HR.

Our resources

In 2020, DG HR counted 1 214 statutory staff members. DG HR managed a budget of EUR 260 m, three quarters are earmarked as financial contribution for the European Schools included in the partnership policy area.

Our Organisation

DG HR is organised in 8 directorates with staff members based in Brussels (84%), in Luxembourg (9%), in ISPRA (6%) and in other EU countries (1%).

EXECUTIVE SUMMARY

This Annual Activity Report is a management report of the Director-General of DG human resources and security to the College of Commissioners. Annual Activity Reports are the main instrument of management accountability within the Commission and constitute the basis on which the College takes political responsibility for the decisions it takes as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties¹.

A. Key results and progress towards the achievement of the Commission's general objectives and DG's specific objectives

In 2020, DG HR activities have been instrumental in managing the coronavirus pandemic, DG HR Specific actions on COVID-19 are described in section E.

A new human resources strategy to continue the modernisation of the Commission

On the entry of the new Commission, President von der Leyen mandated Commissioner to develop a new HR strategy, so as to continue the modernisation of the Commission and create the right conditions for our skilled and motivated workforce to thrive and deliver on our priorities.

This is particularly important at this time of great change, with the Commission setting out a number of ambitious objectives, and in a fast-moving global context. In addition, the world of work is changing at a very fast pace with technological change, demographic and generational issues, new ways of working, and customer and staff expectations. Finally, the ongoing disruptive effect of COVID-19 provides a unique opportunity to re-set the organisation and the HR function.

The strategy is being created via a broad consultation exercise involving staff at all levels and builds on the results of recent staff surveys, benchmarking exercises with other Institutions and public and private sector bodies, and with input from the HR profession. The strategy will be adopted in 2021.

The HR professionalisation team coordinated the project and organised more than sixty workshops as part of the staff consultation process. This work will continue in 2021 and the HR Professional Development offer will be adapted to the new requirements in order to support HR staff in the implementation of the HR Strategy.

Gender equality at all levels of Commission management

An overarching priority of the talent management strategy is to honour the commitment of President von der Leyen to achieving gender balance at all levels of management in the Commission by the end of its mandate.

In 2020, the College adopted specific **targets for first female appointments** as well as a set of binding measures aimed at ensuring that selection panels are gender-balanced, management vacancies attract a sufficient number of female applications and that the resulting shortlists reflect an adequate female representation in pursuit of the established gender targets. These was complemented by a set of measures such as the designation of

a majority of women as Deputy to the Director, the objective of gender parity at Deputy Head of Unit level, an active policy of talent identification and monitoring, as well as the delivery of tailored talent development programmes.

Implementation of this range of **actions is already bearing fruit**. On 18 December 2020, 40.7% of Directors-General, Deputy Directors-General, Directors and Principal Legal Advisers were women, up just over 4 percentage points in a year. At middle management level, 43 % of Head of Unit or equivalent functions were occupied by women, up 1.5% on the same point last year. Following the adoption by the Commission of new targets for the first female appointments to middle management positions for the period 2020-2022, 61.5 % of the first appointments made to middle management posts in 2020 were women.

A diverse and inclusive organisation

Special leave has been granted when a staff member who receives a new-born in the household has become a parent or has launched a procedure to this effect, without being able to benefit from either maternity leave or adoption leave. The parental link has to be permanent. This new measure particularly addresses diversity and inclusion.

The general implementing provisions to extend benefit of increased education allowances under certain conditions was reviewed. It increase the number of eligible staff members, eligible costs and the possible support level. They include, for example, the coverage of 100% of schooling costs for disabled children who cannot attend a European School.

Contribute to the full digitalisation of the Commission

DG HR further deployed the Staff Contact system in services dealing with Working Conditions & Wellbeing and prepared for the extension to other HR services in 2021. DG HR ensured maintenance of the systems including security improvements and alignment with the latest data protection rules.

DG HR maintains strong collaboration with interinstitutional partners in providing SYSPER and related services to 52 institutions and agencies, for a total non-Commission population of 24 000+.

In parallel, the modernisation of the Data Warehouse continued in 2020, by including Domains, and working on Persons and Career data.

The Commission has the right infrastructure to face up to ever evolving physical and digital security threats

In 2020, DG HR reinforced the effective protection of people, assets and information in order to provide staff with a secure working environment.

As part of the Security Union strategy published in June 2020, the Commission proposed to establish new information security rules for all EU institutions, bodies and agencies. These rules aim to improve the security and efficiency of information sharing between all EU institutions, bodies and agencies. The inception roadmap was published in December 2020.

DG HR launched a pilot test for a SECRET UE/EU SECRET system allowing electronic treatment of highly classified information as well as classified videoconferencing. It will support new political priorities such as foreign direct investment coordination and defence policy. The project will be put in production in 2021.

The construction of the Berlaymont Welcome Centre was delayed due to COVID-19 restrictions as well as the decision to undertake some additional works. Completion of the Berlaymont Welcome Centre’s construction is scheduled for 2021.

Another important achievement of 2020 was the installation of a new closed-circuit television (CCTV) management platform and full back-up site. This will allow greater system reliability, improve image quality and permit video analytics allowing, for example, early detection of suspect packages.

Implement the objectives of the Green Deal and to become climate neutral by 2030.

In the context of the Green Deal, assessment and scoping work towards a Commission communication and action plan to implement itself the objectives of the Green Deal and in particular to further reducing the Green House Gas emissions took place during the entire year 2020.

The adoption of the Greening Communication is planned in 2021.

B. Key Performance Indicators (KPIs)

Result indicators	Baseline (2019)	Interim milestone (2022)	Target (2024)	Latest known results (year)
Allocation of staff to priorities	55,9%	59%	60%	56.8%
Average length of the recruiting process				
When a medical visit is not needed	80% finalised within 30 calendar days	85% finalised within 21 calendar days	90% finalised within 14 calendar days	79.1% finalised within 30 calendar days
When medical visit is needed	80% finalised within 60 calendar days	80% finalised within 30 calendar days	80% finalised within 25 calendar days	66.5% finalised within 60 calendar days 14.7% finalised within 30 calendar days
Staff satisfaction index *	66%	68%	70%	66% (2018)
Staff motivation index *	60%	62%	65%	60% (2018)
Management index*	58%	59%	60%	58% (2018)

* No staff survey organised in 2020.

Average length of the recruiting process

Despite the COVID-19 pandemic, DG HR concluded almost the same number of recruitment as under the pre-pandemic period (1 100 new officials and temporary agents).

The duration of the recruitment process was directly impacted by the pandemic, which affected travelling possibilities for candidates, disrupted the work of the medical services and required considerable “on the go” adaptations of processes.

DG HR initiated the adoption of measures by the Commission to speed up the recruitment process, such as:

- flexibility allowing for the organisation of the medical check after the candidate took up duties.
- possibility to extend the contracts of temporary agents beyond 3 years, within the limits of the Conditions of employment of other servants of the European Union.

Furthermore, new projects were designed and will be implemented in 2021 aiming at positively impacting the average length of the recruitment process:

- new e-workflow for contract extensions for temporary agents,
- pilot project to test new ways of working with certain DGs.

C. Key conclusions on financial management and internal control

In accordance with the governance arrangements of the European Commission, DG HR conducts its operations in compliance with the applicable laws and regulations, working in an open and transparent manner and meeting the expected high level of professional and ethical standards.

To ensure the achievement of policy and management objectives, the Commission has adopted a set of internal control principles, based on international good practice. The financial regulation requires that the organisational structure and the internal control systems used to implement the budget be set up in accordance with these principles. DG HR has assessed its internal control systems during the reporting year and has concluded that **it is effective and the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified related to principles 3 and 11.** Please refer to AAR section 2.1.3 for further details.

In addition, DG HR has systematically examined the available control results and indicators, as well as the observations and recommendations issued by the internal auditor and the European Court of Auditors. These elements have been assessed to determine their impact on management's assurance about the achievement of the control objectives. Please refer to Section 2.1 for further details.

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director General, in his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

D. Provision of information to the Commissioner

In the context of the regular meetings during the year between the DG and the Commissioner on management matters, the main elements of this report and assurance declaration, have been brought to the attention of Commissioner Hahn, responsible for Budget and Administration.

E. Specific actions on COVID-19

The coronavirus pandemic has disrupted activities and caused DG HR to think differently about its role and priorities. Keeping staff members safe means something different today than it did just a few months ago. To prevent the spread of the coronavirus, the Commission has switched to a remote work model at a rate and scale we've never experienced. DG HR had also to ensure that staff members continue to be productive, motivated, engaged and connected.

DG HR ensured coordination and follow up with relevant services of the COVID-19 Task Force activities chaired by Commissioner Hahn. In particular, the Task Force monitored the number of confirmed cases in the Commission, provided quick response to the crisis, defined rules and guidelines for staff and managers relating to teleworking and flexitime arrangements, leave, selection and recruitment, health, missions and meetings as well as protocols and FAQs.

Through the pandemic, DG HR ensured regular information and social dialogue with the trade unions, as well as coordination with DG COMM and other EU institutions (in particular EEAS for staff in delegations).

In 2020, 938 confirmed cases and 350 suspected cases were identified among the Commission staff members. Since March 2020 and the spread the COVID-19 pandemic, Medical Services were responsible for proposing appropriate hygiene and safety protocols.

These protocols were regularly updated to reflect the evolution of scientific evidence and the guidance provided by national and European public health authorities. In addition to generic guidance for all staff, specialised guidance was issued to address the needs of specific staff profiles (e.g. nuclear inspectors, drivers, translators, EPSO etc.). Particular care was taken to identify and address the needs of the “vulnerable” staff that has higher risk of complications in case they are infected by COVID-19.

The Medical Service supported the gradual return to the office of critical staff by providing additional safety protocols (*e.g. thermal scanning, advice on the management of ventilation and cleaning of premises*) as well as regular screening of specific high-risk groups with targeted PCR and Rapid Antigen Testing.

The Medical Service also individually evaluated and offered guidance to all suspect, high-risk close contacts or confirmed COVID-19 cases amongst staff, and evaluated and offered advice to offset risk of workplace transmission. As of September 2020 staff could notify the Medical Service through a PMO Mobile option. Overall 1 699 COVID-19 cases (suspect, close contacts, confirmed) were evaluated (Brussels: 873 cases, Luxembourg 410 cases, Ispra 63 cases).

The Medical service organised a very successful flu vaccination campaign (including for Seconded National Experts) and also started to organise the COVID-19 vaccination campaign for 2021.

The Medical Service also pays particular attention to ergonomics. Protecting staff members from disorders mainly entails helping them avoid repetitive patterns of work. Working from home often means that staff do not have access to their adjustable desks and chairs. As part of the fit@home campaign, an article, brochures and videos were produced to show us how we can be more ergonomic while teleworking. From November, the Commission helped staff equip their home offices.

As a first step, while developing the final modalities for providing home equipment to all staff, eligible staff claimed a reimbursement from the Commission when they buy – or have already bought – their own screen and/or office chair.

The psychosocial team supported colleagues particularly impacted by the COVID 19 restrictions and published information on how to cope during the crisis (teleworking with children, managing anxiety and fear facing COVID-19, facing pandemic psychological effects etc.).

In this year of crisis, the risk of isolation invited us to accompany and support our active or retired colleagues. To this end, the HR TELE CARE support line and the Buddy Program were set up. HR TELE-CARE is a telephone line where everyone can call anonymously when they feel lonely, isolated or in distress. The Buddy Program offers the opportunity to active or retired colleagues to have regular contact with a volunteer so that a bond of solidarity can be established and ensure long-term follow-up.

The Commission launched a fit@home programme to complement the fit@work strategy and specifically cater for the COVID-19 crisis. The fit@home team put together a selection of tools to help staff maximise their wellbeing whilst working from home. An online reference platform was created on MyIntracomm and an interactive page was set-up for active sharing of activities, resources such as “Boost your wellbeing”, “Ergonomics”, “digital detox”, “Teleworking with children”, “Staying active at home” etc..

1. KEY RESULTS AND PROGRESS TOWARDS THE ACHIEVEMENT OF THE COMMISSION'S GENERAL OBJECTIVES AND DG'S SPECIFIC OBJECTIVES

DG HR Specific objective 1 Foster a modern and high-performing organisation

Make the organisation agile and fit-for-purpose

DG HR provided proactive input to the preparation of **reallocation decisions** informed by organisational performance of DGs and in line with Commission priorities. It also ensured throughout the year the optimal use of resources, through monitoring occupation and job quota management. The **ATLAS** (Activities and Tasks Logging for the Allocation of Staff) Analytical reporting tool was made operational in February 2020, allowing managers to review and report on how the activities in their entity contribute to Commission priorities while supporting strategic internal reallocation of resources.

DG HR issued **Guidelines on in-house service providers**. The guidelines also established that remote service provision (off-premises) should become the default working mode for service providers. The COVID-19 crisis and the ensuing teleworking regime demonstrated the efficiency and effectiveness of the remote delivery of services, supporting the necessary reduction in the number of intra-muros service providers. SG, DG COMM, DG DIGIT and DG HR, have worked together to support the DGs in the transition. Work will continue in 2021 to shift the delivery model for the majority of current intra-muros to remote service provision.

Transform the European Commission into a data-driven organisation promoting collaboration skills

DG HR took an active part in the Task Force for the Single Integrated Framework for Collaboration, leads the programme for the **corporate deployment of M365** and coordinates the relevant core team (18 people from different DGs), implementing the change management plan approved by the ITCB in March 2020.

DG HR contributed significantly to running the **one-stop shop for collaborative working and knowledge sharing** (OSS), together with the JRC, DG DIGIT and SG.

To continue reaching out to DGs and services that benefit most from its services and to increase its capacity and expertise level, the OSS further developed the **Collaboration Hub**, a community of practice on collaboration created at the end of 2019.

DG HR is part of the core team managing the community and ensured continued support to it throughout 2020.

Towards Digital Transformation

DG HR further deployed the **Staff Contact** system in services dealing with Working Conditions & Wellbeing and prepared for the extension to other HR services in 2021. DG HR ensured maintenance of the systems including security improvements and alignment with the latest data protection rules.

DG HR maintains strong collaboration with interinstitutional partners in providing **SYSPER** and related services to 52 institutions and agencies, for a total non-Commission population of over 24,000 people.

In parallel, the **modernisation of the Data Warehouse** continued in 2020, by including Domains, and working on Persons and Career data.

Greening the Commission

In the context of the Green Deal, assessment and scoping work towards a Commission communication and action plan to implement itself the objectives of the Green Deal and in particular to further reducing the Green House Gas emissions took place during the entire year 2020. This included active support to Directorate General CLIMA's study (which was finalised in September, on how the Commission can reach carbon neutrality by 2030), and a survey to evaluate missions and experts travel possible reductions by Directorate Generals and Services. In September 2020, it was decided to adopt the Communication on Greening close to the Communication on a new Human Resources strategy.

From October to December 2020, DG HR organised and moderated several Commission internal high-level focus groups to support the content of the Communication and the action plan.

The adoption of the Greening Communication is planned in 2021.

Collaboration with partners

DG HR continued its efforts ensure a high quality and sustainable presence in Luxembourg, in view of the '**Georgieva-Asselborn**' agreement between the Commission and the Luxembourg authorities. The Commission continues to give particular attention to strengthening the digital, legal and financial poles of excellence and at the same time stabilize the presence of the institution on the site. Through initiatives such as InvestEU, the European Fund for Strategic Investments, a substantial increase of the European High Performance Computing Joint Undertaking's budget and the establishment of the headquarter of the Joint Undertaking itself in Luxembourg, the European Green Deal and NextGenerationEU, the Commission is bringing a strong contribution to jobs in Luxembourg. Not only directly in the Commission but also indirectly through for example the European Investment Bank and the Luxembourgish financial sector. The Commission will engage with the Luxembourg authorities on a broader understanding of the Georgieva-Asselborn agreement, focusing on a high-value and continued presence of not only the Commission, but also the other institutions, in Luxembourg.

Moreover, conscious of the challenges faced by EU institutions to attract and retain staff in Luxembourg, Commissioner Hahn has initiated an **interinstitutional reflexion by launching a first high level meeting with the Secretaries-General** on 10 December 2020 and further analyses, workshops and meetings should be brought to conclusion by June 2021.

With the view to **harmonise the HR policies across EU bodies** the Agencies agreed to apply 2 Commission Decisions on leave (welcome of a new-born child) and on the transfer of pension rights.

Service Level Agreements with DG HR were amended in 2020 by adding standardised set of provisions regarding data protection.

In 2020, the Board of Governors of the **European Schools** issued detailed guidelines on the effective use of a temporary school expected to open in September 2021.

Now, all the institutions and bodies with administrative and financial autonomy are covering the costs incurred by their staff children attending the European Schools except the E.C.B.

DG HR supports the implementation of short-term staff **exchanges between the European Commission and international organisations**. 7 staff exchange projects from 7 DGs approved for their implementation across the year. However, due to the outbreak of the COVID-19 pandemic, related travel restrictions and the situation in partner organisations across the globe, the staff exchange missions of EU officials could not be actually implemented as originally foreseen. Their implementation is now scheduled for 2021.

DG HR Specific objective 2 Foster a secure, ethical and engaging workplace

Foster a secure workplace

DG HR reinforced the effective protection of people, assets and information in order to provide staff with a secure working environment.

Raise awareness among staff on security and risk prevention at work.

In 2020, despite the COVID-19 restrictions, which put a halt to the organisation of training sessions for a brief period, DG HR quickly developed online training solutions using the various platforms available. Within 3 weeks, the first online trainings were published on EU Learn. All available platforms were used for trainings to ensure maximum reach and maintaining information security according to subject. Regular briefings were given to all levels of staff on handling EU classified information and sensitive non-classified information. DG HR staff also delivered targeted security briefings. In addition, DG HR devised a new concept for the annual high-level Commission Security Symposium. The EUWARN smartphone application counts now more than 6 000 users. Despite a communication campaign targeted directly to MDM users, the 2020 target of 7 500 app users was not reached. New activities such as DG HR's "Together" campaign and DIGIT's "Digital Workplace" strategy will help increasing outreach.

Reinforce the security of the workplace

In order to complete the internal legal framework for security, DG HR proposed **implementing rules on the responsibilities of the Commission's main security actors** who have responsibilities in the handling of EU classified information. The **security notice on the tasks of the Local Security Officers (LSO)** was updated to cover screening of external contractors and security clearances. Both texts will be adopted in 2021.

As part of the Security Union strategy published in June 2020, the Commission proposed to establish new information **security rules for all EU institutions, bodies and agencies**. These rules aim to improve the security and efficiency of information sharing between all EU institutions, bodies and agencies. The inception roadmap was published in December 2020.

DG HR launched a pilot test for a **SECRET UE/EU SECRET system** (the SUE system). This system will allow electronic treatment of highly classified information as well as classified videoconferencing. It will support new political priorities such as foreign direct investment coordination and defence policy. The pilot test contract successfully ended in December 2020 and the project will be put in production in 2021.

The 7000 users of the RUE system need to **migrate to the RUE-X system**; this work was delayed due to the complexity of the interfaces with other systems. The RUE-X migration is scheduled for 2021. As one of the lessons of the COVID-19 pandemic, the Security Directorate has also launched a pilot project for remote access to the RUE-X system to enable colleagues to work on RESTREINT UE/EU RESTRICTED files from outside the office environment.

During 2020, DG HR finalised a policy document to modernise the **non-EU nationals' screening process**. The new screening process will be tested in 2021, following the finalisation of all pending administrative, technical and legal issues, notably the validation of the Data Protection Impact Assessment by the Data Protection Officer.

In 2020, the **policy for security clearances** was further fine-tuned, in light of the many areas of EU action that require access to highly sensitive or classified information.

An awareness campaign was deployed covering 20 Cabinets to train those in identifying elements of **concern in communications** received from citizens. COVID-19 restrictions limited the organisation of additional sessions with external provider to cover all Cabinets.

The roll-out of new and secure **Commission access badges** took place in Brussels but had to be suspended in March due to COVID-19 restrictions. More than 50% of new badges were distributed to Brussels-based Commission staff and the roll-out will start up again when some of the existing restrictions are lifted.

The construction of the **Berlaymont Welcome Centre** was delayed due to COVID-19 restrictions as well as the decision to undertake some additional works. Completion of the Berlaymont Welcome Centre's construction is scheduled for 2021.

Another important achievement of 2020 was the installation of a new **closed-circuit television (CCTV) management platform** and full back-up site. This will allow greater system reliability, improve image quality and permit video analytics allowing, for example, early detection of suspect packages.

DG HR pursued its regular cooperation with the Belgian authorities on the physical protection of the area around the Berlaymont building.

Foster an ethical workplace

Harassment prevention

In 2020, DG HR continued to lead a review of the **Commission's harassment prevention policy**, which dates from 2006, so as to strengthen its commitment to a respectful work environment and update its policy to the latest best practices and relevant case-law of the EU Court of Justice. The proposal for a new anti-harassment framework underwent wide consultation during 2020 and adoption had to be postponed due to the preparation of the new HR strategy. Social dialogue on the revision of the harassment prevention decision will be continued in 2021.

Legal framework

The Commission has **assessed the overall implementation of the Staff Regulations** since their last overhaul in 2014. The analysis shows that the reform stood judicial and administrative scrutiny. It was successfully implemented by the EU Institutions, as illustrated by many field-specific reports produced by the commission during the reference period.

The adoption of the reports on the functioning of the Staff Regulations and on the evolution of the pensionable age has been postponed to 2021.

Other decisions were prepared and consulted in length with services and staff representatives. Their adoption is foreseen for 2021.

- Amendments Appointing Authority powers decision
- Provisions for temporary assignment to Headquarters
- New working time regime for close protection officers

Foster an engaging workplace

Support staff during COVID-19 pandemic

DG HR ensured coordination and follow up with relevant services of the COVID-19 Task Force activities chaired by Commissioner Hahn. In particular, the Task Force monitored the number of confirmed cases in the Commission, defined rules and guidelines for staff and managers relating to teleworking and flexitime arrangements, leave, selection and recruitment, health, missions and meetings as well as protocols and FAQs.

In 2020, 938 confirmed cases and 350 suspected cases were identified among the Commission staff members – Source COVID-19 Weekly Evolution Dashboard 21/12/2020

Since March 2020 and the spread the COVID-19 pandemic, Medical Services were responsible for proposing appropriate **hygiene and safety protocols**.

These protocols were regularly updated to reflect the evolution of scientific evidence and the guidance provided by national and European public health authorities. In addition to generic guidance for all staff, **specialised guidance** was issued to address the needs of specific staff profiles (e.g. nuclear inspectors, drivers, translators, EPSO etc.). Particular care was taken to identify and address the needs of the “vulnerable” staff that has higher risk of complications in case they are infected by COVID-19.

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As a first step, while developing the final modalities for providing home equipment to all staff, eligible staff claimed a reimbursement from the Commission when they buy – or have already bought – their own screen and/or office chair.

Promotes health and safety

The psychosocial team supported colleagues particularly impacted by the COVID 19 restrictions and published information on how to cope during the crisis (teleworking with children, managing anxiety and fear facing COVID-19, facing pandemic psychological effects etc.).

In this year of crisis, the risk of isolation invited us to accompany and support our active or retired colleagues. To this end, the **HR TELE CARE support** line and the **Buddy Program** were set up. HR TELE-CARE is a telephone line where everyone can call anonymously when they feel lonely, isolated or in distress. The Buddy Program offers the opportunity to active or retired colleagues to have regular contact with a volunteer so that a bond of solidarity can be established and ensure long-term follow-up.

Commission decision on **implementing provisions on absences** as a result of sickness or accident is under revision but its approval was delayed due to COVID-19 crisis. It will notably give tools to the service in charge of absence management to better target medical controls.

The Commission launched a **fit@home programme** to complement the fit@work strategy and specifically cater for the COVID-19 crisis. The fit@home team put together a selection of tools to help staff maximise their wellbeing whilst working from home. An online reference platform was created on MyIntracomm and an interactive page was set-up for active sharing of activities, resources such as “Boost your wellbeing”, “Ergonomics”, “digital detox”, “Teleworking with children”, “Staying active at home” etc..

Increase diversity and inclusion

Special leave has been granted when a staff member who receives a new-born in the household has become a parent or has launched a procedure to this effect, without being able to benefit from either maternity leave or adoption leave. The parental link has to be permanent. This new measure particularly addresses diversity and inclusion.

The general implementing provisions to extend benefit of increased education allowances under certain conditions was reviewed. It increase the number of eligible staff members, eligible costs and the possible support level. They include, for example, the coverage of 100% of schooling costs for disabled children who cannot attend a European School.

Prepare the workplace of the future

Following the Communication on ‘The Workplace of the Future in the European Commission’, there was a need to update the approach, to take into account the lessons learnt from the COVID-19 crisis as part of the new HR strategy. Chaired by the Secretariat-General, a group of various services (DG HR, DG BUDG, DG DIGIT, DG SCIC, and OIB) has started to oversee office moves to the new “The One” building. An integrated active support and assistance in changing working habits and working environment will be offered to departments during the moving process into the new working spaces.

The COVID-19 pandemic has substantially accelerated changes in where and how people and organisations work. In line with its duty of care, the Commission implemented measures to enable teleworkers to work in conditions equivalent to those of an office. In this context, greater flexibility was introduced in working arrangements during the crisis to support disabled colleagues, parents during unavailability of schooling arrangements and carers of sick/disabled children or family members during unavailability of usual care arrangements:

- During phase 0, most Commission staff had to telework; only staff performing critical/essential tasks could be required to come to the office where needed in the interest of the service.
- During phase 1, **teleworking was the norm for all staff** who could perform their tasks remotely but voluntary shift work in the office was possible, with prior agreement of the line manager and provided that all necessary health and safety measures, including proper physical distancing, was possible. Derogations to shifts were available for critical staff where needed.
- Throughout the pandemic, the Commission offered **flexibility for people with caring responsibilities**: special leave was granted to staff members who were unable to perform their duties because they had to care for a dependent child with a disability whose usual schooling/care arrangements were closed/unavailable. In addition, during travel restrictions linked to COVID-19, derogations from teleworking from outside the place of employment remained possible in cases where staff whose spouse, recognised partner and/or underage dependent child(ren) or adult dependent child(ren) with a disability reside permanently in another Member State.

The COVID-19 crisis and the massive teleworking led the Commission to open a reflection on future work organisation and its **real estate strategy**. The objective is to update the current building policy for the accommodation of Commission services in the light of these recent developments, and of the forthcoming Communication on Greening the Commission, which is expected in 2021. The new policy aims to make each square meter greener and smarter. In practice, in terms of energy performance, underperforming rented buildings will be replaced by high performing buildings. Owned buildings will be renovated in order to meet the Commission's environmental objectives. In view of the foregoing, the adoption of the new real estate strategy by the College needs to be postponed to the last quarter of 2021. **The Kallas methodology** is currently being revised. The revision is progressing well and should be finalised at operational level before the end of 2020. The new methodology should be adopted by the College in 2021.

Communicate to staff

In 2020, a main focus of the Commission's internal communication activities lay on the **crisis communication** around the COVID-19 pandemic. DG HR informed staff through regular e-mail updates, as well as a dedicated website (65.000 page views per month).

Besides, in collaboration with DG SANTE and with the technical support of OIL, DG HR produced and published two **videos** "People behind priorities" on COVID-19. DG HR also established and oversaw a dedicated internal communication task force to reply to questions from staff related to the pandemic, which was constituted by colleagues from across the Commission and executive agencies.

Moreover, DG HR helped to provide colleagues with **a platform to share their personal stories and experiences**, and for DGs to showcase local best practices in dealing with the pandemic.

In order to monitor how colleagues were coping with the pandemic situation, and to get input on their needs, DG HR put in place a **series of "pulse surveys"**.

The survey results showed that overall Commission staff has been coping with the pandemic and the new ways of working rather well, with the average score in 2020 being 7.9 out of 10.

DG HR also launched an innovative internal communication campaign showcasing the tools and services available to make the working lives of Commission staff easier, and help them work in a smarter and more collaborative way.

DG HR Specific objective 3 Attract diverse and high quality talents to build the workforce of the future

DG HR advanced on the blueprint for the future Decision on the **conditions of employment of temporary agents**. However, it was decided to continue work on the actual text only after the adoption of the new HR Strategy, in order to take full advantage of the reflections conducted in that context. The future decision on temporary agents will be fully incorporated in the global approach to Commission staffing, and in particular as regards geographical balance and the internal recruitment channel.

Based on the proposals of the final report delivered by the EPSO-chaired Interinstitutional Working Group in December 2019, DG HR continued to contribute to the development of a **competition model** capable of addressing such issues as geographical imbalances, legality of the language regime, declining attractiveness of the EU careers, and duration of the selection procedures. DG HR will continue to participate in the improvement of the competition model in the coming year while taking also in consideration the recommendations of the ECA's Special Report published in October 2020.

DG HR Specific objective 4 Better know, develop and deploy people

Enhance remote Learning and Development activities

DG HR contributed to the Commission's operational capacity during the COVID-19 crises by **significantly increasing the number of courses** in Microsoft 365 and TEAMS which were the main tools for internal collaboration after the initial adaptation phase. What was planned as a pilot project for 2020, was overtaken by events and turned into a de-facto full scale deployment of a new digital working environment. This resulted in a massive increase in training demands that were met by online courses, peer to peer learning and coaching for managers.

After a very brief transition period in March 2020, almost all **training events were transformed into online courses** that were made available to participants as planned. DG HR continued to support the improvement of digital fluency across the Commission while deploying new and innovative learning tools.

Prior to that, classroom-based courses continued to be available in dedicated training facilities in Brussels and Luxembourg. The distinction between the delivery sites became redundant with the move to online courses.

Modernise the Commission-wide headhunting service

In 2020, the **pilot headhunting service** continued its development and is establishing itself as a means of support to hiring managers, whilst fostering staff mobility. In 2020, the team successfully completed 45 headhunting and job hunting cases for 24 DGs.

In parallel, in collaboration with DIGIT, the **IT project HR Search**, with the objective to offer automatic search capacities to a wider set of HR professionals at the end of 2021, advanced well this year and the development will continue next year. The intermediate product from the project already allows for an alternative, lighter analytic approach to complement the existing one, which is effective, but resource intensive.

Mapping of career, learning as well as internal and external mobility paths

Career development, mobility and learning are crucial elements of staff development. The **Online Career Days 2020** provided an opportunity to focus on the new political priorities of the Commission as well as the impact of the new MFF on careers. Commission DGs and Executive agencies presented the evolution of their work and recruitment needs in this context. Lastly, the event created space to promote the digital working environment in the Commission, in line with the Europe fit for a Digital Age political priority and a paperless

Commission. Being online, most webinars and sessions were recorded and can be found on the Career Days webpage and in EU Learn.

An inter-institutional working group will be convened in 2021 by the European School of Administration (EUSA) to assess possible **improvements to the certification procedure**. EUSA efforts focused in 2020 on ensuring continuity of the certification process in the context of the COVID-19 pandemic, and organising the first online certification training and exams.

In 2020, 4000 career guidance (CG) sessions were organised, the objective of 2200 individual staff having a career guidance session was exceeded (>2300), and satisfaction with the service remained at a very high level (87% satisfaction rate for career guidance sessions).

In 2020, the 4-year career talk for ASTs continued and a further 119 talks were conducted. The exercise will be concluded in 2021. To date, in total, 37 DGs have launched the exercise and 720 AST officials have taken part. A similar exercise will be carried out for AD officials, starting in 2021.

The development for the reporting tool of the Career Guidance module on Qlikview was finalised this year, allowing to visualise business intelligence data for reporting purposes

Invest in its people

In 2020, an evaluation report covering the Junior Professionals Programme activities for the period from June 2018 to September 2020 was completed. The report confirmed that the main objectives of the programme have been achieved.

Based on the positive results highlighted in this evaluation report, the programme has been extended initially as a pilot, pending preparation, concertation and adoption of a Commission decision on the permanent establishment of the programme in 2021. In addition, some adjustments have been made in the framework of the pilot, including an improved Learning & Development programme and organising computer-based testing for candidates before pre-selection by DGs. In the framework of the pilot, eligibility was also extended – in addition to Commission Blue Book trainees – to all function groups of officials, temporary and contract agents working at the Commission, having a university diploma and a maximum of three years of professional experience.

DG HR Specific objective 5 Develop and support inspiring, inclusive and people-centric and gender balanced managers

Senior Managers

At the level of senior management, the Commission has to ensure that the profile, quality, motivation and performance of senior managers are of the highest standard possible. To this end, DG HR put in place two development tools specifically designed to support them with their leadership challenges:

- the **senior management development programme**, which welcomed 9 new senior managers, bringing the total of active participants to 29. The programme's focus remains on newly appointed directors, but (following the expansion of the 360° feedback pilot) participants with more experience of senior management also started to take advantage of this tool. Participants receive ongoing feedback from HR experts and benefit from a tailor-made programme of personal development and individual coaching. The programme was further enriched with the development of two streams, one for New Leaders and one for Confirmed Leaders, which address the needs and objectives of the participants depending on where they stand in their senior management career; and
- the **corporate 360° feedback pilot for senior managers**, which exceeded the 2020 target of 30 new senior managers, bringing the total number of participants to 192 in 37 DGs. Several DGs have now completed the pilot with their entire senior management team. Since the launch of this pilot, more than 13 000 colleagues have been contacted as respondents to the various 360° feedback online surveys conducted so far. As a result of their participation, senior managers are given an all-round view of their leadership capabilities and can compare their self-image with observations from their managers, peers and staff. This allows them to identify their management blind-spots and reflect on possible areas for self-development.

Middle managers

At the middle management level, the talent management strategy acknowledges the fundamental role that middle managers play in the success of the institution. They need to ensure the effective delivery of the Commission's political priorities. They chart new courses of action and translate the political and strategic vision into concrete operational objectives. Middle managers are also central to the Commission's talent management efforts, as they are responsible for the management and development of their staff. In 2020, DG HR supported the middle management population through a variety of internal initiatives, including:

- 135 newly appointed middle managers benefited from at least one session of the **corporate development programme** for middle managers, consisting of a personal development plan session and three individual follow-up sessions. Two introductory sessions on HR management were also organised for them. In addition, development programme for established middle managers with performance issues is offered upon request. Agreement was reached with the key HR actors including in Account Management Centre Units, the Learning and Development Service and the European School of Administration as to ways to align and work together better to support the development of all middle managers and a first version of the paper setting out the structured approach was circulated to all actors in November, in order to clarify roles, avoid duplications and define how managers can develop. This document will be subject to review in the future to reflect new learning and development actions and activities coming on-stream in support of Management Development; and
- a **second 360° feedback pilot for middle managers** was run with eight participating DGs, providing 132 middle managers with structured feedback on their managerial skills from a number of different sources and perspectives. All middle managers were offered follow-up career-talks with Career Guidance Officers to explore the appropriate

development opportunities that would help them further improve their managerial skills. Dedicated meetings with the participating DGs were also organised to discuss how to take up the results of the 360° in the context of the learning needs analysis.

C – Diversity

An overarching priority of the talent management strategy is to honour the commitment of President von der Leyen to achieving gender balance at all levels of management in the Commission by the end of its mandate:

- On 1 April 2020 the College adopted specific **targets for first female appointments** as well as a set of binding measures aimed at ensuring that selection panels are gender-balanced, management vacancies attract a sufficient number of female applications and that the resulting shortlists reflect an adequate female representation in pursuit of the established gender targets.
- On 30 September 2020 the College adopted a complementary set of measures for **reinforcement of gender equality at management level**, such as the designation of a majority of women as Deputy to the Director, the objective of gender parity at Deputy Head of Unit level, an active policy of talent identification and monitoring, as well as the delivery of tailored talent development programmes.
- Implementation of this range of **actions is already bearing fruit**. On 18 December 2020, 40.7% of Directors-General, Deputy Directors-General, Directors and Principal Legal Advisers were women, up just over 4 percentage points in a year. At middle management level, 43 % of Head of Unit or equivalent functions were occupied by women, up 1.5% on the same point last year. Following the adoption by the Commission of new targets for the first female appointments to middle management positions for the period 2020-2022, 61.5 % of the first appointments made to middle management posts in 2020 were women.
- A new **talent development programme for middle managers** who aspiring to become senior managers has been put in place and has been extremely well received. It was presented during December 2020 by the Director-General of DG HR to all female Heads of Unit as well as to Heads of Unit of a number of underrepresented nationalities. The programme reflects three different talent profiles and can be tailored to the specific needs and objectives of each participant. 25 middle managers have already been enrolled, exceeding initial projections and a larger second wave is programmed for 2021.
- **The third edition of the Female Talent Development programme** was launched. 119 female colleagues from all Commission services and executive agencies benefit from a mix of competency-building, mentoring by senior managers, networking and individual coaching. By December 2020, 37 participants from the first cycle and 26 from the second had been appointed head of unit.

2. MODERN AND EFFICIENT ADMINISTRATION AND INTERNAL CONTROL

2.1 Financial management and internal control

Assurance is provided on the basis of an objective examination of evidence of the effectiveness of risk management, control, and governance processes.

This examination is carried out by management, who monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors. The results are explicitly documented and reported to the Director-General.

The Director General ensures that responsibilities are assigned appropriately throughout the organisation. The financial circuits have been designed taking into account the risks and with a view to optimising the use of available resources. DG HR has both decentralised and centralised circuits in place.

- **The centralised model is applied for high value tendering procedures.**
- **A centralised model for the financial control of transactions** applies to all but one Directorate (DS), and the geographically dispersed units in Ispra. This has already optimised and harmonised operations, which will lead to further synergies.

Responsibilities are aligned with risks and thus only the most senior managers have the power to approve high value transactions. They are also empowered to sub delegate the less risky aspects of their financial management tasks to their staff.

Regular reviews of achievements and control results take place notably:

- The Director-General meets the Directors and key staff twice a year, to take stock of progress made in achieving operational results and internal control objectives.
- DG HR and the Cabinet discuss, as part of their weekly meetings, the Commission Agenda planning, internal control issues and other priority actions.
- A scoreboard, with performance indicators associated with financial management and control, is prepared each month. It is discussed periodically with management.
- Budget review and programming exercises are organised at least twice a year.

DG HR determines its error rate in financial processes through the following measures:

- Campaigns of ex-post controls are performed both by senior management and by the internal control sector. The latter coordinates the overall campaigns and ensures coherence.
- The Unit housing the internal control sector is independent with respect to the transactions which are authorised by the Financial Transaction Unit.
- Important procurement files are sampled and scrutinised by the Administrative DGs' inter-service group on public procurement (GAMA).

The corporate ex-post control campaign is well established in DG HR. Its primary purpose is to estimate the DG's error rate and thus the controls are based on a randomly selected

representative sample of transactions. A second objective of the ex-post control campaigns is to identify and remedy any control weaknesses in financial management.

The risk analysis of ex-post control activities was updated in 2020 to optimise its added value as regards the achievement of the control objective. The contribution of ex-post control to DG HR's internal control is detailed under section 2.1.1 in the heading on control effectiveness.

These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a complete coverage of the budget delegated to the Director-General of DG HR.

This section covers the control results and other relevant elements that support management's assurance. It is structured into (a) Control results, (b) Audit observations and recommendations, (c) Effectiveness of internal control systems, and resulting in (d) Conclusions on the assurance.

2.1.1. Control results

This section reports and assesses the elements identified by management, which support the assurance on the achievement of the internal control objectivesⁱⁱ. The DG's assurance building, and materiality criteria are outlined in AAR Annex 5. Annex 6 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems. All reporting requirements applicable to DG HR are included in this section.

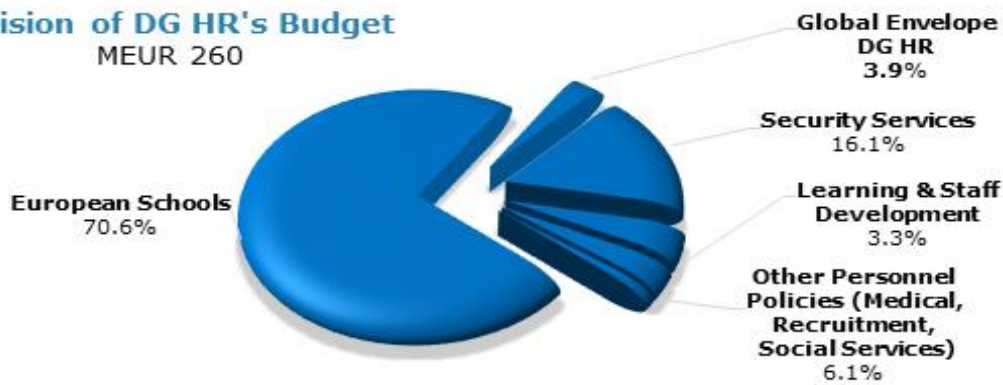
DG HR's institutional budget of EUR 260 million is implemented under centralised direct management. 71% of the budget is earmarked as financial contributions for the European Schools. Most of the remainder EUR ~76 million is used to purchase goods and services for the Commission's security services, for implementing the Commission's personnel policy, and for centralised learning and development activities. In this particular year, EUR 2.6 million were dedicated to fight against the COVID-19 pandemic.

DG HR has managed to complete the COVID-19 year without major incidents as regards its administrative and financial management. The right measures were taken, and, where necessary, duly justified and documented in exception notes.

The Director General ensured that the developments related to COVID-19 were monitored and the associated risks were continuously assessed. As a result, objectives were achieved, with assurance on the sound execution of the budget.

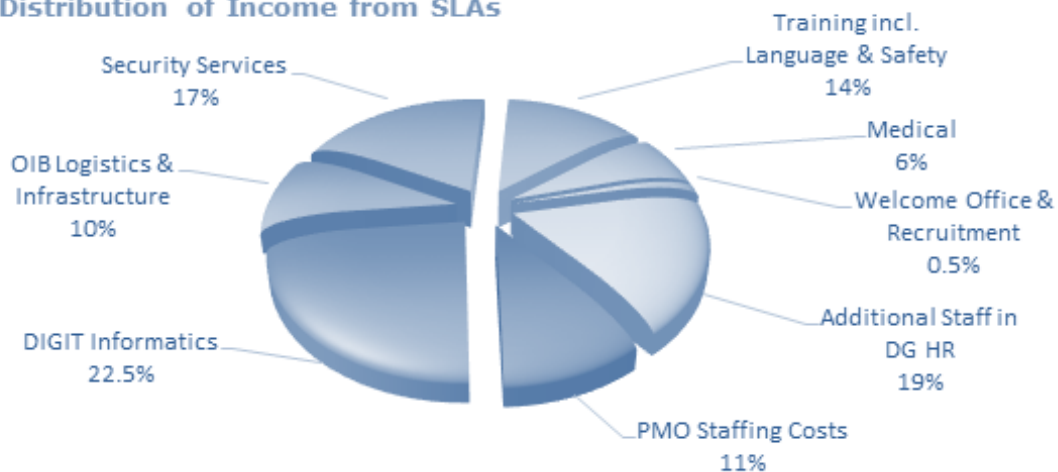
The budget execution rate was 100%. However, EUR 8.6 million from the European Schools budget was reassigned because the Schools' financial requirements proved to be lower than anticipated.

Division of DG HR's Budget MEUR 260



Additional Revenue and Budgets Managed by DG HR:

Distribution of Income from SLAs



Service Level Agreements (SLAs) Revenue

With a view to making efficiency gains across the EU institutions and bodies, DG HR delivers some of its services to other institutions and bodies. These services are subject to chargeback and the associated legal basis are defined in contracts with customers referred to as Service Level Agreements (SLA).

In 2019 DG HR charged EUR **17.8 million** for services. Of this 59% representing **EUR 10.4 million** was returned to DG HR's operational and staffing budgets. This amount covered the costs associated with offering HRM services to a broader client base. The remaining 41% was used to cover the extra costs incurred by other Commission services (OIB, DIGIT and PMO).

A large part of the revenue was allocated to the Commission's informatics DG, DIGIT to fund the provision of the HRM IT system, "Sysper", to other institutions and bodies. Other major costs incurred by DG HR to serve others, resulted in revenue for security services, training and medical services. The additional revenue on the DG HR budget corresponds to 4% of the total DG HR budget or, excluding the European Schools, 13.6% of the operational budget.

Budgets of Other DG's and Services Managed by DG HR

DG HR has been entrusted with activities to carry out on behalf of other DGs and services of the Commission. Access to funding for such activities is generally provided through the

transfer of authorising powers from one Delegated Authorising Officer to another. The sub co-delegation arrangements are described in the Budget's Internal Rules each year. All such arrangements are described in more detail in SLAs or other Administrative Arrangements.

The additional financial responsibilities amount to just over **EUR 17 million**. The credits **delegated to DG HR** cover mainly:

- Directorate B for recruitment services (interim agency staff) for **~EUR 8 million**.
- HR AMC Support Services, notably for specialist learning and development and recruitment for **~ EUR 4 million**.
- Security services for informatics (DIGIT) and infrastructure (OIB) **~EUR 2.0 million**.
- Financial support services related to the **IAS** running costs **< EUR 0.5 million**.
- Specialist Services for Nuclear Medicine for the Joint Research Centre for a total amount of **~EUR 0.7 million**.

European Schools' Income

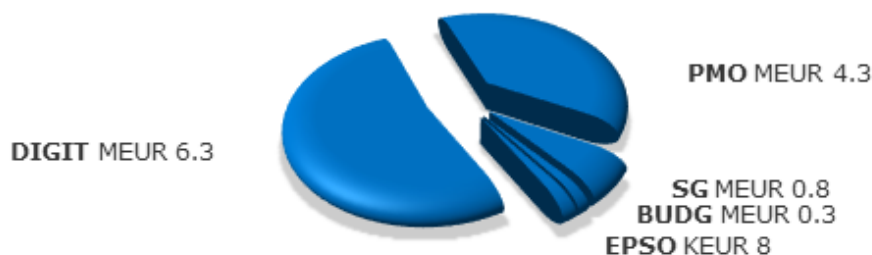
EUR 13 million of funding emanates from third parties to contribute to the European Schools' budget.

This amount corresponds to financial contributions from Agencies and Institutions that operate in the cities where a European school is present.

The funds received by DG HR are transferred in their entirety to the schools and thus this income does not fund DG HR's operations.

Budget implementation tasks entrusted to others: co-delegations

Budgetary Items Entrusted to Other DGs and Services (MEUR 11.7)



DG HR entrusted ~4% of its 2020 budget to other DGs of the European Commission for them to carry out certain tasks on its behalf. Most of the amount concerned was entrusted to **DIGIT** for IT support services and to the **PMO** to pay for various aspects of staff expenditure e.g., mission and medical costs, fellowships, and study visits.

SG & DG BUDG, manage DG HR funds for Learning & Development activities and **EPSO** manages funds for the ERASMUS Traineeship programme for national civil servants.

The part of the budget entrusted to others has been managed under the same Commission rules and control framework. Through the existing reporting mechanisms DG HR is not aware of any issues or weaknesses which may have a significant impact on the assurance and thus concludes that there are no control weaknesses affecting the assurance statement the DG.

The Internal Control Context and Financial Control Risks in DG HR

The European Schools: A distinct and separate mandate

The European Schools, governed by an intergovernmental convention, have a distinct and separate mandate which is defined in terms of providing a multilingual and multicultural education for children. The fulfilment of the schools' mandate cannot thus be construed as 'executing a part of DG HR's mission'. For this reason, the **European Schools are not considered as an entrusted entity** which indirectly executes DG HR's budget.

The governance of the European School System is ensured by the Board of Governors, made up mainly of Member State representatives, in which the European Commission is represented with 1 vote.

Financial Risks: The Type of Financial Operations Managed by DG HR

Effective and Efficient Financial Control

- Riskier transactions are subjected to more stringent & centralised scrutiny than low risk ones.
- More senior and highly qualified staff process the riskier transactions.

Workflows are designed to automate & approve low risk payments en masse.

To complete the financial risk profile of DG HR, the number of transactions, their complexity and size should be taken into consideration.

In 2020 DG HR dealt with **14 500 transactions** and payments worth **EUR ~300 million**. Many of these payments are routine in nature and around a third of them are associated with interim staffing services which are subject to a highly automated approval workflow. To make payment processing more efficient, such payment claims are dealt with *en masse*. Thus, the need for costly manual intervention is minimised. The **average amount** associated with DG HR's **payments**, at **EUR 6 873**, has **increased by 12%** compared to 2019.

The high value transactions are associated with the European Schools. The average amount paid to the Schools was EUR 3.5 million and 3% higher than last year. These payments are highly regulated, and the authorisation workflow involves a **dual verification** step. The **risks of paying the wrong amount or the wrong beneficiary are extremely limited** and indeed no such errors have been detected in the ex-post controls.

Important risks in financial management are associated with DG HR's **procurement activities** and therefore the tendering procedures for all high value contract awards are subjected to **strong and highly centralised controls**. Staff from a central Procurement and Internal Control Unit, oversee and support their operational colleagues throughout the tendering process. In reality, procurement risks are not only *financial* because errors or procedural weaknesses could result in important legal challenges and reputational damage. Moreover, it would be incorrect to consider DG HR's annual budget as a basis for assessing the financial risks associated with procurement work because the amounts associated with contract awards relate to multiannual and often inter-institutional contracts. In 2020, the procurement services of **DG HR supervised 37 procedures associated with EUR 687 million**, some of these procedures were ongoing at the end of 2020. The number of procedures decreased slightly

in 2020, compared to 2019. The average value of the contracts awarded increased significantly in comparison with 2019, as in 2020 several procedures for large structural framework contracts, such as several in the area of learning and development, were carried out. There has been a slight increase in the negotiated procedures compared to the previous year, which is justified for the majority of these by either their value (middle value procedures) or the need for urgent procedures in the context of the COVID-19 pandemic.

19 high value tendering procedures were concluded in 2020, under the supervision of DG HR. Subsequently, **DG HR awarded contracts worth EUR 258 million**. It should be noted that to make efficiency gains and to avoid the dispersion of staff competencies within the Commission, DG HR extends procurement control and support services to **EPSO/EUSA which awarded 1 contract worth EUR 372 000**.

Effectiveness = the control results and benefits

To be considered effective, controls must meet the internal control objectives (to be detailed hereafter) and their associated benefits. The elements identified by management that support the assurance on the achievement of the internal control objectives are described in this section.

Building Assurance

This section reports and assesses the elements identified by management that support the assurance on the achievement of the internal control objectives.

Assurance is an objective examination of evidence for the purpose of governance processes. This examination is carried out by management, who monitor the functioning of the internal control systems on a continuous basis, and by internal and external auditors. Its results are explicitly documented and reported to the Director-General.

The reports produced are:

- Assurance reports and exceptions registered by the Sub Delegated Authorising officers as well as reports from Authorising Officers in other DGs who manage budget appropriations in cross-delegation.
- Results of the ex-post controls.
- Results of controls on large value Procurement Contracts (GAMA).
- Observations and recommendations reported by the Internal Auditors and the European Court of Auditors (ECA).
- Contribution of the Internal Control Coordinator, including the results of internal control reviews and risk assessments at the DG level.

In 2020, specific efforts were introduced to assess and mitigate the negative consequences of the COVID-19 crisis. Exceptional measures had to be taken to ensure business continuity in administrative management, e.g., paperless workflows, accepting electronically transmitted invoices. These measures were both justified and documented.

An ad hoc risk assessment to measure the impact of COVID-19 on DG HR's operations was carried out successfully. As a result, DG HR's objectives were achieved, and the associated risks were identified and sufficiently mitigated.

Assurance Reports

All authorising officers report regularly to the Director General on the implementation of operations they were entrusted with. In DG HR this reporting is done twice a year and all the empowered officers are required to provide their line managers with a comprehensive report covering their key internal control and financial management responsibilities. In 2020, given the exceptional situation, all officers were asked to report on difficulties encountered with regards to COVID-19. In turn, the Directors and Deputy Director General, provide an overview of the situation in their Directorates to the Director General. **The Directors' overview reports did not highlight any problems or weaknesses** that had not already been identified and addressed through exception reports and internal control reviews.

DG HR's register of exceptions and non-compliance events highlights **56 issues** related to the non-respect of standing rules and procedures. The amount associated with the **14 exceptions** filed was estimated at **EUR 975 000**. This includes **4 COVID-19 induced events which account for EUR 904 000 or 93%** of the total exception amount. There were **39 non-compliance events, accounting for EUR 478 000, with 4 events accounting for EUR 370 000 or 77 % of the total. Only 2 of the 4 permanent derogations were activated in 2020, for a total of EUR ~587 000.**

- **14 exceptions** were granted to deal with very specific circumstances. In all cases the risks were fully assessed prior to an exceptional procedure being adopted. The follow-up of the causes leading to the exceptions are being closely monitored by the internal control coordinator.
- All the COVID-19 related exceptions were justified in terms of the urgent and unscheduled nature of the measures that were called for. The associated payments were however correct and no amount wrongfully disbursed:

The late cancellation of events and coaching activities resulted in a total of EUR 126,000 being paid for events that could not take place. The expenditure was justified in terms of the contractual clauses that had to be respected.

Contracts were awarded without the files being subjected – as per standard procedure – to the scrutiny of the “Groupe d'Analyse des Marchés Administratifs” (GAMA). A first contract regarded an urgent order of 10 000 masks, worth EUR 26 000, was placed for the Commission representation in China, when the crisis first hit. There was no time to go through the required procurement procedure, and supplies were scarce. The second contract concerned COVID-19 PCR (Polymerase Chain Reaction) tests worth EUR 730 000 was awarded following an urgent procedure.

A negotiated procurement procedure with one supplier was used to procure a limited number of flu vaccines, worth EUR 22 000. There were no alternative suppliers offering vaccines during this phase of the COVID-19 crisis.

DG HR also launched a negotiated procedure with one candidate without prior publication of the contract notice in the Official Journal for reasons of extreme urgency, at the onset of the COVID-19 crisis. This procedure aimed at obtaining a EUR 0.9 million contract for the acquisition of 1.4 million surgical masks. While remaining in full respect of the Public Procurement Directive 2014/24/EU, a large interpretation of Articles 164.4, 167, 168 (6) of the FR and of Article 18.7 of Annex I thereto was the preferred option. In fact, a strict interpretation of these rules would have resulted in a rejection of the single offer received, as selection criteria and minimum requirements could in principle not be negotiated. A formal cancellation of the procedure and a launch of a new one in order to comply with the above strict formalities would not have materially affected the outcome of the tender; however, the delay caused by this would have resulted in the Commission not acquiring the vital stock of masks.

- **39 non-compliance events** or errors, this year, were associated with issues that that may result in extra risks for the organisation. Corrective measures were taken, and the underlying causes of the errors have been or are being addressed. The 4 largest incidents, accounting for **EUR 370 000 or 77%** of the total, all regards instances where a budgetary commitment had not been made prior to the legal commitment.
- **2 of the 4 permanent Derogations**, were applied to address situations in which the specific but non-standard, inherent nature of the listed activities concerned, makes it difficult to reconcile them with standard procedures.

To be prudent, DG HR subjects all deviations from standard procedure to a thorough assessment of the amount at risk. The amount at risk should not be confused with 'amounts misspent' or 'financial losses'. The amount at risk is theoretical. It is defined in terms of the part of the budget that *could* be affected by a material error *if* the error had been repeated in similar transactions. All errors are considered when calculating the total **amount at risk**. The analysis of errors shows however that even though procedures may not have been correctly applied, the associated payments were generally accurate i.e., **the right amount was duly paid to the right beneficiary**.

There can be large fluctuations in overall amount at risk from one year to the next. In 2020, **EUR 62 000** was estimated to be the amount at risk compared to EUR 29 000 in 2019.

Coverage of the Internal Control Objectives: Ex-Post Controls

DG HR has set up internal control processes aimed at ensuring the appropriate management of the risks relating to the legality and regularity of the underlying transactions, considering the nature of the DG's activities as well as the nature of the payments concerned. The financial control objective is to ensure that the DG has reasonable assurance that the total amount of any financial operation authorised during the reporting year, which would not be in conformity with the applicable contractual or regulatory provisions, does not exceed 2% of the total expenditure.

Given the very low error rates found in former ex-post control exercises, the same sample size as in previous years was selected. The ex-post control campaign covered 184 transactions worth EUR 115 000 representing 44% of the budget. The sampling method used was random and stratified taking into consideration the expenditure in two main sub

populations: European Schools and procured goods and services. The sampling was designed to give rise to a meaningful result. 96.7% of the transactions checked in the ex-post controls were acceptable though some had minor shortcomings such as missing justification documents. The remainder, which contained more substantial errors, were generally associated with low value transactions. Indeed, the amounts associated with the errors were negligible with respect to the value of the controlled amount.

The nature of the errors would result in additional risks to the organisation as opposed to financial losses. The key issues identified concern the respect of procurement procedures for low or very low value contracts, the respect of contractual provisions and rules on handling late payments, as well as some posteriori commitments and the inappropriate application of the financial circuits.

Control Coverage associated with Transactions

Type of transaction	Number Ex-post controls	Value associated with the sample (MEUR ¹)	% of total Approved Budget covered by the sample
Payments	156	110.8	42.6 %
Recovery orders	28	3.8	1.5 %
Total	184	114.6	44.1 %

Results for the Procured Goods & Services Sub Population

There is a substantial number of low value transactions in this sub population and the amounts associated with the checks correspond to 7% of the budget dedicated to procured goods and services. The scope for error is higher due to complexities associated with procurement and contract management. The results reveal an **error rate of 0.02%**.

Control Coverage for the Budget associated with Procured Goods & Services:

Transaction type	Number Ex-post controls	Value associated with the sample (MEUR)
Payments	131	4.8
Recovery orders	23	0.5
Total	154	5.3 (7% Procured Budget)

Results for the European Schools Sub Population

The amounts associated with the checks on transactions with the European Schools correspond to 60% of the total 2020 budget dedicated to the Schools.

There are relatively few transactions and limited scope for error.

The results of the controls were, as in previous years, positive and **the error rate associated with the European schools' budget is 0%**.

This positive result has been regularly confirmed by the Court of Auditors in their controls in recent years.

¹ MEUR = millions of euro, KEUR = thousands of euro

Control Coverage for the Budget associated with the European Schools:

Transaction type	Number Ex-post controls	Value associated with the sample (MEUR)
Payments	25	106.0
Recovery orders	5	3.3
Total	30	109.3 (60% Schools Budget)

Estimated Error Rate using a Weighted Average

Considering that 71% of DG HR's budget, associated with the European schools, is not affected by error, **the estimated error rate using a weighted average for the entire budget of DG HR is estimated at 0%.**

Type of expenditure	Estimated Error rate	% Total Budget
Procurement and Other expenses	0.02%	29%
Contribution to the European Schools	0.00%	71%
Total	0.00%	100%

Results for the quality check on ex-post verification

This year, the increased financial management risks associated with COVID-19 led us to increase the sample selected to verify the quality of the ex-post controls. An additional 10 transactions were verified, bringing the total quality checks to 28. The quality control coverage increased to 16%. No issues were encountered in the quality check carried out.

Other ex-post controls or ad hoc tasks

The very low error rate in financial transactions, a trend confirmed in recent years, led to the decision to diversify the nature of ex-post controls. The processes subjected to ex-post controls are not necessarily financial. They are selected considering the relative risks and assessing where DG HR operations could benefit from an external or an impartial review to build assurance. Two such ex-post controls or 'ad-hoc' tasks were carried out in 2020.

Low and very low value procurement

In 2020, following an observation made by the European Court of Auditors in 2019 on low value procurement in security expenditure, a task was dedicated to transactions in this area.

Whilst recognising that the Court's observations did not lead to a recommendation and that the issue was linked to one Directorate, DG HR assessed the associated risks and opted to mitigate the risks by reinforcing controls in low value procurement in general by:

- Developing a 'DG HR low value procurement manual'.
- Reviewing low value procurement processes in DG HR.

The low value procurement manual is being finalised to incorporate the results of the ad hoc task. It will be published in 2021. The control task consisted of three phases: interviews

with heads of unit, a survey of staff involved, and finally a check of a sample of procurement contracts. As a result, clear recommendations were drafted, identifying simple and easy to implement actions to provide more assurance as regards further improve low and very low value procurement activities.

Access to Information Systems

A verification of access to key information systems was carried out in 2020, following a potential weakness identified in previous years. The purpose of the verification was to check the adequacy of controls over access to information systems. The findings pointed to a need for improved documentation of procedures to grant/modify/revoke access and the controls carried out on access, on the one hand. On the other hand, controls carried out on access would also need improved documentation. The recommendations drafted were clear and accepted.

Controls on the Legality and Regularity of Procurement Controls

DG HR participates in the independent group of procurement experts together with 4 other DGs/Services, the GAMA ("Groupe d'Analyse des Marchés Administratifs"), which checks high risk procurement procedures, prior to awarding the associated contracts. The group issues opinions on the legality and regularity of the procurements. Should a procurement procedure prove to have weaknesses or risk being deemed irregular, the authorising officer can thus take the necessary remedial measures prior to the contract award.

In 2020, the GAMA examined 6 out of 15 eligible files submitted by DG HR for scrutiny and verified 63% of the total value of the associated awarded contracts. The group issued **positive opinions for all 6 verified files.**

Risk-based ex-ante checks by GAMA:

Transaction type	DG HR Managed Procurements eligible for GAMA checks		
	Total in 2020	Checked Ex Ante by GAMA	Proportion With errors (%)
N° procurement procedures	15	6	0%
Value associated with high-risk procurement procedures	MEUR 257,5	MEUR 163.5	0%

Legality and regularity of the transactions

DG HR is using internal control processes to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions it is responsible for, taking into account the multiannual character of programmes and the nature of the payments concerned. DG HR's relevant expenditure, estimated overall risk at payment, estimated future corrections and risk at closure are disclosed in the table below.

The control objective, to ensure that no more than 2% of the amount controlled ex-post produce 'unacceptable' results, has been amply met. Moreover, this objective has been met for both key areas of expenditure identified: the European Schools and the Procurement budget. The DG can therefore conclude that financial controls are working effectively.

The estimated overall risk at payment for 2020 expenditure amounts to 0,06 M€, representing 0,02% of the DG's total relevant expenditure for 2020. This is the AOD's best, conservative estimation of the amount of relevant expenditure during the year not in conformity with the contractual and regulatory provisions applicable at the time the payment was made.

This expenditure has been subjected to ex-post controls. The conservatively estimated future corrections for 2020 expenditure amount to 0 €.

The difference between those two amounts results in the estimated overall risk at closure of 0,06 M€, representing 0,02% of the DG's total relevant expenditure for 2020.

The most prudent approach in estimating an overall theoretical amount at risk, by taking into account the maximum possible error rate in the administrative expenditure recommended in the AAR instructions, results in the establishment of the following range of minimum and maximum amount at risk:

DG HR	DG TOTAL
"payments made" (FY; m€)	299,68
minus new ^a prefinancing [plus, retentions made ^b] (in FY; m€)	0
plus, cleared ^c prefinancing (in FY; m€)	0.0
"relevant expenditure" (for the FY; m€)£	299,68
Average Error Rate (weighted AER; %) ^d	0.02%-0.5%
estimated overall amount at risk at payment (FY; m€)	0.06-1.5
Average Recoveries and Corrections (adjusted ARC; %)	0%
estimated future corrections [and deductions] (for FY; m€)	0
estimated max. overall amount at risk at closure (m€)	0.06-1.5
estimated overall amount at risk at payment (FY; m€)	0.06-1.5

In the context of the protection of the EU budget, the DGs' estimated overall risk at payment, estimated future corrections and risk at closure are consolidated at Commission level in the AMPR.

Fraud prevention, detection, and correction

DG HR has developed and implemented its own anti-fraud strategy since 2013, based on the methodology provided by OLAF. All anti-fraud measures have now been implemented and thus appropriate controls are in place. The new anti-fraud strategy is almost complete, and now needs to be submitted to the European Anti-Fraud Office for review, after which its adoption and implementation will start in 2021.

The new strategy will show clear continuity with, and minor variation from the current version. Few actions will be programmed, as anti-fraud is an integral aspect to consider in all major internal control activities: e.g., risk assessment, documenting of exceptions and lessons learnt, ex-post activities, reporting from Authorising Officers to whom financial

powers were delegated (AOS). The financial circuits are highly centralised and authorising officers are required to report regularly to their hierarchy on all aspects of their work including fraud risks. This facilitates effective supervision.

DG HR also contributed to the Commission anti-fraud strategy: The main actions for DG HR are in the field of continuing its training policy; offering training through the EULearn platform and specific trainings on ethics by the corporate Ethics' unit and the Investigation and Disciplinary Office of the Commission. DG HR continues to fulfil its obligations in the field of anti-fraud as member of the Corporate Management Board. The action to close a recommendation from the European Court of Auditors audit on Ethical Frameworks, led to the publication of additional guidance on conflict of interest, particularly at recruitment. Further, the action to review the policy on whistleblowing concluded it is not necessary to amend the Guidelines at this stage. To conclude: all actions from the new CAFS where DG HR is the lead service have been duly implemented. No financial recommendations were issued by OLAF between 2016-2020.

On the basis of the available information, DG HR has reasonable assurance that the anti-fraud measures in place are effective. In 2020, COVID-19 required DG HR to work in difficult circumstances, with a perceived increased fraud risk. This has therefore received increased attention in a specific COVID-19 related risk assessment. The conclusion was that the perceived increased fraud risk was either not material or being dealt with via other actions e.g., to reduce our cyber-security risks. Thus, it did not require additional measures. The internal control coordinator is not aware of any cases of fraud having been reported in 2020.

Safeguarding of Assets and Information

DG HR's assets, as booked in the accounts (Annex 3), consist of internally developed Information Systems. They are thus intangible, non-current assets worth EUR 0.4 million. They correspond to internally generated IT Projects, worth EUR 3.7 million, (including Modules of the SysPer Human Resource Management System) which are amortised each year (cumulated amortisation of EUR -3.3 million in 2020).

For this control objective (safeguarding of assets and information, reliability of reporting), DG HR's goal is to make sure that all relevant measures are applied to avoid any security breaches or leaks of personal and/or sensitive data. DG HR manages several IT systems that store personal data (SysPer, e-Sire, SerMed and HR Business Intelligence). Some DG HR decision making processes use, inter alia, reports based on data from these systems. The systems' security is monitored and improved when appropriate.

On top of working on securing HR systems, DG HR also issued a corporate information security strategy to streamline the Commission's effort to better protect sensitive corporate information in the Commission. The strategy includes new policy rules regarding the handling of sensitive information. The new rules have been implemented in various corporate systems, including Decide, Ares and Eurolook. The IAS will carry out an audit in the field of information security in 2021.

In 2020, the access to a sample of Information Systems was verified by the internal control sector, aiming to confirm its sound functioning and help the service in developing solutions where there are areas for improvement. The actions agreed will result in improved and documented access and verification procedures.

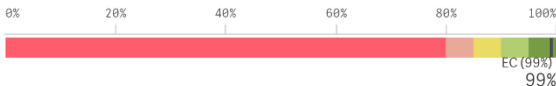
In 2020, the IAS carried out an audit on data protection concluding only one observation leading to a recommendation for DG HR. The recommendation consists in DG HR needing to review its centralised Data Protection Coordination role for the DG HR family (OIB, OIL, EPSO and PMO). The decision has been taken to devolve the role to the Offices. The decision already being formally communicated to the Offices, a transition period is now entered in which DG HR assures the function for the time the Offices need to organise their own Data Protection Coordinator. The recommendation will be deemed implemented once the transition completed.

Finally, the HR data protection coordinating team multiplied its efforts in assisting the HR family of DGs to implement the Commission Data Protection Action Plan. 835 pieces of data protection advice were given to HR Family controllers in 2020 to ensure compliance with the new data protection rules. The overall culture of data protection awareness and compliance by HR staff, which has been established during previous inspections has been confirmed following the audits performed by IAS and EDPS in DG HR.

Efficiency = the Time-to-Pay indicators and other efficiency indicators

DG HR adopted a generic efficiency indicator related to the time taken to pay suppliers and other beneficiaries (see annex 4). DG HR did not achieve its 2020 target of making 95% of payments on time, 6% of payments were late. The delay was caused by a technical issue with the automated payment of interim workers’ invoices. The problem was quickly notified and work to remedy the problem started immediately but the solution could not be implemented on time to avoid payment delays. Without this technical glitch, 99% of payments would have been made on time. The average time taken to process a payment, at 14 days, was unchanged with respect to 2019.

The new indicator that places emphasis on the *amount* paid on time, as opposed to the number of payments, paints a better picture. DG HR paid 99% of the total amount on time.



The COVID-19 driven measures have allowed DG HR to make important steps towards implementing paperless workflows, resulting in efficiency gains in all aspects of financial management and procurement. The push for paperless workflows, has accelerated a move towards greater efficiency (and economy of paper and human resources). The impact of these exceptional measures has also proven to be beneficial to the quality of work and to our endeavours to eliminate unnecessary bureaucracy.

Economy = the estimated cost of controls

DG HR has estimated the costs associated with its key financial controls. The benefits of preventative controls are not all quantifiable e.g., ethics training and awareness raising actions taken to mitigate the risks of reputational damage. Consequently, they cannot be considered in the calculations below. Such unquantifiable benefits of controls remain important to DG HR's operations and they underpin the control environment.

Compared to many other DGs, DG HR does not have a large budget and it operates under direct management. The error rate is very low, it follows that the amounts associated with the recovery of funds associated with erroneous payments are negligible. When such monies are due, DG HR fulfils its duty to protect the Communities' budget.

The principle of economy requires that the resources used by the institution in the pursuit of its objectives shall be made available in time, in appropriate quantity and quality and at the best price. The principle of efficiency concerns the best relationship between the resources employed and the results achieved. DG HR has developed indicators to measure the efficiency of the controls associated with financial management in line the Commission's requirements. . Annexes 6 and 7 give further details of the costs per relevant control system and per control stage.

Indicators for the budget associated with procured good and services

An estimated EUR 1 million of staff costs were invested in controlling **procurement** procedures for contracts awarded worth EUR 258 million. Thus 0.4% of the total contract value was dedicated to control and the **benefit: cost ratio is estimated at EUR 258, compared to EUR 88 in 2019**. The difference was essentially linked to the value of contracts awarded as the time invested in control and the workload remained aligned. Indeed, the procurement of goods and services worth more than Procurement Directive threshold are subjected to the same strict controls as per the Commission's Vademecum.

For financial transactions, an estimated EUR 8,9 million was invested in **controlling 14 500 transactions** worth a sum of ~EUR 630 million. Changes in the composition of finance teams involved (AST/AD/CA) result in an increase of total cost of control by EUR 0.4 million or 4,7%. This should be seen against a 2% increase in value of transactions controlled by EUR 12 million, when compared to 2019. The total cost of control amounts to EUR 614 per payment transaction.

Most of the cost of transaction control 77% was dedicated to the processing of payments. The cost, EUR 6.9 million, is in line with 2019 and corresponds to < 7%, of the total of amount paid in relation to procured goods and services (EUR ~103 million). An estimated **EUR 0.7 million was invested in internal control and ex-post controls** on 175 financial transactions pertaining to DG HR and a further 40 pertaining to EPSO/EUSA. Where the number of transactions in the traditional ex-post control remained stable, to further increase the added value of the process, two extensive tasks in the field of low and very low value procurement and access to IT systems were concluded, resulting in solid

recommendations that will reinforce internal control. The **activity on these tasks doubled, at a cost in line with 2019**. The key contribution by the three staff members active in internal control and verification of transactions is reflected here.

Overall, an estimated **EUR 10.6 million**, reflecting a 3% increase with respect to 2019, was invested in control activities. If we consider this only in terms of the total amount paid on the procurement and other expenses budget i.e., some EUR 101 millionⁱⁱⁱ, the cost of control indicator for this activity would be 10.5%. However, if the value of all procurement contracts that the controllers have worked on (EUR 687 million) is considered, i.e., including contracts not yet awarded, the cost of control indicator for procurement-related activities drops to 1.3%.

Indicators for the financial contribution to European schools

The financial contribution to the European Schools in 2020 totalled EUR 197 million. The estimated costs of controlling the associated financial management overall are around EUR 0.25 million (staff costs). Thus 0.1% of the total of the European Schools budget was dedicated to control.

Overall Cost of Control indicators

Considering the total costs dedicated to control for the two main budget areas covered by DG HR, we can conclude that the overall proportion of the 2020 budget dedicated to the ex-ante and ex-post financial control of transactions is 2.4%, in line with last year.

Understandably, the cost of control for the budget available for procured goods and services is proportionally higher than that of the European Schools because the transactions related to the European Schools are few (1% of transactions) and considerably higher in value.

	2020 Budget (MEUR)	Estimated % budget dedicated to control
Procured Goods & Services Co-Delegated Budgets	93	7.15%
European Schools Budget	183	0.05%
2020 Total Budget managed by DG HR	277	2.4%

The cost of control on procurement procedures and financial transaction processing, amount to 0.7% of the total amount (**EUR 964 million**) concerned by the contract values and the payments budgeted, incl. budget co-delegated to AMCs. Again, the decrease with 53 % compared to last year **does not relate to a similar increase in productivity, it simply reflects the contract value controlled was significantly higher**.

	Amount Associated with Controls (MEUR)	Cost of control est. as % of Amount Associated with control
Procurement Procedures & Transactions Controlled (MEUR 277)	964	0.7%

Conclusion on the cost-effectiveness of controls

Based on the most relevant key indicators and control results, DG HR has assessed the effectiveness, efficiency and economy of its control system and reached a positive conclusion on the cost-effectiveness of the controls for which it is responsible.

In 2020, total cost of control increased with 3%, or EUR 0.3 million, to EUR 10,6 million and the amount associated with the controls increased with 2%, or EUR 12 million, when compared to 2019.

It is recognised that the benefits gained from increased investment in control are not easily quantifiable. The sharp increase in benefit-cost ratio of control over procurement is a clear case in point. Ideally, the negative consequences of insufficient control should be measured to monetise the impact of sound internal control. This, of course, is virtually impossible.

DG HR continues to make efforts to improve the efficiency of financial processes. The resources dedicated to control are aligned with the risks in the operational context. DG HR concludes that the cost-benefit of control is acceptable.

2.1.2. Audit observations and recommendations

This section sets out the observations, opinions and conclusions reported by auditors – including the limited conclusion of the Internal Auditor on the state of internal control. Summaries of the management measures taken in response to the audit recommendations are also included, together with an assessment of the likely material impact of the findings on the achievement of the internal control objectives, and therefore on management's assurance.

The Internal Audit service (IAS)

State of play

As of 31 December 2020, all past recommendations have been closed by the IAS. The IAS data protection audit finalised in 2020 resulted in 1 audit recommendation, that will be completed in 2021.

Closed Recommendations of Audits carried out before 2020

- **The management of intra-muros service providers:** the only outstanding recommendation was closed by the Internal Auditor, after publication and dissemination of the guidance on in-house service providers.
- **Audit on Synergies and Efficiencies:** all 41 recommendations from the audit have now been closed.
- The last open recommendation from the audit into **'absence management in the Offices'** was closed the Internal Auditor.

Audits carried out in 2020

'Data protection': The audit was concluded with 1 very important recommendation addressed to DG HR on the matter of the centralised Data Protection Coordinator, fulfilled

by DG HR for the Offices (EPSO, OIB, OIL and PMO). The action to implement the recommendation is almost complete, by the official decision taken to decentralise this function. A transition period is agreed with the Offices, to ensure a smooth process for the Offices. By end of March, all Offices are expected to have a functioning Data Protection Coordinator.

Conclusion Internal Auditor

The **conclusion of the Internal Auditor** on the state of control of the DG takes account of the fact that:

- Management has accepted all the recommendations issued in 2018-2020,
- Management has adopted action plans to implement all the accepted recommendations. The IAS considers that these action plans are adequate to address the residual risks identified by the auditors,
- The implementation of these action plans is monitored through reports by management and follow-up audits by the IAS,

The IAS concludes that the internal control systems in place for the audited processes are effective, except for the observations giving rise to 1 'very important' recommendation. This recommendation needs to be addressed, in line with the agreed action plan.

The European Court of Auditors

No recommendations in the latest Annual Reports from the European Court of Auditors (ECA).

Low error rate <1% confirmed by the European Court of Auditors.

DG HR has open recommendations related to **2 Special reports produced in 2019:**

- 'The efficiency of EU management of spending on office accommodation'
- 'Is the 2014 revision of the Staff Regulations leading to efficiency gains at the Commission?'

The action plans, agreed with the ECA, are being duly implemented.

2.1.3. Assessment of the effectiveness of internal control systems

The Commission has adopted an Internal Control Framework based on international good practice, to ensure the achievement of its policy and management objectives. Compliance with the internal control framework is a compulsory requirement.

DG HR uses the organisational structure and the internal control systems suited to achieving its policy and internal control objectives in accordance with the internal control principles and has due regard to the risks associated with the environment in which it operates.

DG HR has assessed its internal control system during the reporting year and has concluded that it is effective and that the components and principles are present and functioning as intended.

Some minor deficiencies were identified related to processes and procedures and IT governance. Therefore, improvements will be sought in the application of the following two principles even though they are considered to be present and functioning.

- Control Environment, Principle 3. Establish structure, authority and responsibility
- Control activity component, Principle 11. Select and develop control over technology

The other principles are effectively functioning, and indeed the fact that the 2020 objectives were achieved without major difficulties, even in COVID-19 times, is a strong indicator of this. The internal control principles will nevertheless continue to be followed-up to make sure the Internal Control Framework continues to function effectively.

DG HR has followed the methodology established in the *"Implementation Guide of the Internal Control Framework of the Commission"* using a wide range of tools such as the register of exceptions, analyses of internal control weakness or control failures recorded during the year, the risk assessment, relevant audit results and supervisory reports. The annual review also focused on an analysis of the results of the staff opinion survey, and on the annual risk assessment. This information was complemented by information and inputs from managers and staff who play a key role implementing the internal control principles.

In conclusion, DG HR has assessed its internal control system during the reporting year and has concluded that **it is effective and the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified related to principles 3 and 11.**

During the evaluation of the Internal Control Framework, a few key themes invariably featured in the assessment of many principles:

- the COVID-19 related changes, on top of those associated with the new Commission objectives (greening, digitalisation),
- the new HR Strategy, which is being finalised,
- the translation of all this into new short- and long-term objectives for DG HR and an organisational structure that will be adapted accordingly.

The key word is *change*. And as a result, the emphasis is on risks, the 2nd internal control component, and more precisely on **principle 9** governing significant change. The principle will require the attention, to ensure that it continues to function effectively.

Regarding principle 3: the major change process DG HR has started, will imply a review of the structure of DG HR and its processes, which will contribute to the effective establishment of the structure, authority and responsibility, governed by principle 3.

Principle 11 is affected by a weakness identified in the controls over IT. The ex-post controls on access to information systems, revealed weaknesses related to the documentation and implementation of procedures that should be in place prior to authorising access to IT systems. Concerns as to the effectiveness of the Local Informatics Security Officer's (LISO) functions were also raised. As a result, the function will be reviewed, and action taken to ensure that DG HR reaches the level of service necessary to ensure sound information security.

These issues are being addressed through actions to be implemented in 2021. They should result in improvements in the effective adoption of principle 11 'control over technology

2.1.4. Conclusions on the assurance

This section reviews the assessment of the elements already reported above (in Sections 2.1.1, 2.1.2 and 2.1.3), and the sub-conclusions already reached. It draws an overall conclusion to support the declaration of assurance and whether it should be qualified with reservations.

Review of the elements supporting assurance

The information reported above stems from the results of management reports, supervisory controls, surveys, and audits that cover the whole organisation. DG HR operates in an environment where the risks are sufficiently well-managed and rather low:

- A centralised and direct mode of budget implementation, the mode with the lowest intrinsic risk. Absence of grants and limited asset management, which are notoriously risky areas of financial management,
- Assurance received from DG HR's sub-delegated Authorising Officers and Assurance received for the credits (cross) sub-delegated to other DGs. Monitoring, registration and analysis of exception reports and non-compliance events indicated no material issues,
- Positive assurance on administrative expenditure given by the Court of Auditors for several years, and again in the annual report issued in 2020,
- Conclusions of ex-post control indication no issues with significant financial impact,
- Positive feedback received from inter-DG group of procurement experts (GAMA) concerning the procurement procedures scrutinised,
- No critical audit recommendations issued and no significant delays in addressing audit recommendations that were classed as 'very important' in reports of previous years.
- Statement issued by the IAS concludes that the internal control systems in place for the audited processes are effective, except for the observations in recent reports that gave rise to only one 'very important' recommendations.
- The DG's annual risk assessment is integrated in an annual planning exercise and incorporates fraud risks. Any critical risks are identified, and they are the subject of management attention and mitigating actions are systematically defined and implemented.
- Specific attention given to the COVID-19 crisis and the measures taken to mitigate its consequences. A COVID-19 risk assessment, focus on documenting exceptional measures taken to keep an audit trail. All measures taken were first assessed on criteria of proportionality and necessity.

The information reported in Section 2.1 stems from the results of management and auditor monitoring contained in the reports listed. These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a comprehensive coverage of the budget delegated to the Director-General of DG HR.

The Issue of the European Schools

The latest reports from both the European Court of Auditors and the Internal Audit Service indicate that the European Schools' financial management has improved but only marginally in the last decade.

Reports of the Court of Auditors continue to highlight weaknesses in terms of control environment, payment systems, procurement procedures and documentation of the recruitment procedures. The Court is unable to confirm that the schools' financial management is compliant with the Financial Regulation, its implementing rules, and the Staff Regulations. And the IAS still reports several critical and very important recommendations are long overdue.

The European Schools, operating in an intergovernmental framework, with the Secretary-General representing the Board of Governors of the European Schools, are responsible for implementing the audit recommendations in a timely manner and for implementing sound financial management. The Commission monitors the implementation of the recommendations issued by the IAS and other audit bodies to the European Schools. It continues to provide support to the Schools' Secretariat-General to help bring the risks pertaining to the weaknesses in financial governance and internal control to an acceptable level.

The Commission, as main contributor to the European Schools' budget, does all that lies within the limits of its possibilities to support the European Schools system to apply sound financial management. The most recent action regards quarterly meetings DG HR now holds with the Central Office of the European School to follow closely on the implementation of outstanding audit recommendations. Given the absence of structural improvement of the Schools' financial management, as confirmed by the auditors, DG HR will send a note to the European Schools Secretary-General on what the Commission expects them to do, to improve significantly their administrative management. The Commission trusts this will help the Schools focus on key internal control matters, such as ex-post control, exception reporting, procurement. The Commission will confirm the urgency of closing the open audit recommendations.

Adopting an effective administrative and financial information system would contribute to resolving the most prominent concerns raised by the Court of Auditors and the budgetary authority regarding the structural weaknesses in the Schools' internal control systems. DG HR plans future meetings with the European Schools to advise them to adopt SUMMA; the accounting tool that will be used in the Commission services in the years to come, and to assess what intermediate solutions are available to prepare this transition. This is considered an efficient means to improve financial management and internal control in the European Schools.

Overall Conclusion

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director General, in her capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

2.1.5 Declaration of Assurance

I, the undersigned,

Director-General of DG Human Resources and Security

In my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view².

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, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the work of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.

Confirm that I am not aware of anything not reported here which could harm the interests of the institution.

Brussels, 31 March 2021

Signed

Gertrud Ingestad

²True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG/Executive Agency.

2.2. Modern and efficient administration – other aspects

In 2020, extraordinary measures were taken in response to the COVID-19 crisis. Some of which, e.g., a push for paperless workflows, have accelerated a process towards greater efficiency (and economy of paper and human resources). The impact of these exceptional measures has proven to be beneficial, impacting the quality of work and reducing administrative burden on staff. There is a clear way forward in digitalising the administrative services in DG HR: generalising the electronic signature of documents, cementing the use of electronic documents, including the electronically transmitted invoice. This will be further rolled out in 2021, building on the experience and results achieved this year. This exercise plays a key role in achieving an administration with leaner processes is the objective. The lessons learnt in the administrative service of DG HR will serve to have the paperless workflow implemented across the DG. We need to seize the positive lessons learnt from the changes COVID-19 measures forced on our organisation

2.2.1. Human resource management

In 2020, DG HR injected additional effort into enlarging its pool of potential female candidates, by improving its communication and awareness raising. Within the framework of the Female Talent Development Programme, for example, all the candidates were interviewed in order for management and the HR BC to get a better understanding of the different skill sets and profiles available. All candidates were offered the opportunity to get individual, personalized advice on their applications and potential areas for development. In addition, career talks were held on a sporadic basis throughout the year to ensure an exchange of information and advice on career moves and adequate training.

Last year, DG HR also intensified its efforts to support staff and to ensure that the organisation can react in an agile and flexible way to meet staff and organisational needs. DG HR achieved this by boosting its internal communications and staff engagement, strengthening senior management communication and by obtaining frequent feedback from staff through pulse surveys.

For example, Senior managers started holding weekly live video debriefings from the senior management meeting, during which staff are encouraged to ask questions, which are answered live. In addition to this weekly event, there have been regular quarterly Town Hall meetings with the Director-General, who started organising these after her arrival, also reserving a large portion of the meeting to staff questions. Furthermore, there are regular email messages from the Director-General providing an overview of key local HR news relevant to all staff, as well as informal coffee meetings with the Director-General, open to all staff, during which staff can address any issues they wish.

A virtual Christmas event was also organised to enable colleagues to connect and engage with each other. Lastly, a Staff Engagement Task Force was created in order to pool resources and expertise from across the DG.

2.2.2. Digital transformation and information management

Digital Transformation

By end of 2020, a major milestone in the digital transformation journey of the HR business was achieved. Following intensive research covering HR business insights and new technology, a transformation programme was articulated. The programme puts the client-experience and data at the very centre. The multi-year programme caters for early value delivery through process optimisations and digitalisation, equipping the Commission with a new, future-proof HR IT platform. (Pre-)selection and Recruitment will constitute the first flagship project implemented on this platform within an HR family approach.

Knowledge management

DG HR is one of the central players in designing and implementing knowledge management policies in the Commission. It is a member of the Information Management Steering Board (IMSB) and part of the core group running the information management team. As from November 2020, DG HR represents the HR Family (PMO, EPSO, OIB, OIL) in the Board and coordinates closely with other family-related permanent members (DIGIT, DGT, BUDG), thus broadening and consolidating opinions for the discussions at the meetings of the Board. DG HR continued to be responsible for the corporate communication campaign on data, information and knowledge management encouraging managers and staff to adopt collaborative ways of working, share data, information, and knowledge more actively, experiment with data driven tools and processes, and innovate using data, information, and knowledge.

DG HR contributed significantly to running the one-stop shop for collaborative working and knowledge sharing (OSS), together with the JRC, DG DIGIT and SG. To continue reaching out to DGs and services that benefit most from its services and to increase its capacity and expertise level, the OSS further developed the Collaboration Hub, a community of practice on collaboration created at the end of 2019. DG HR is part of the core team managing the community and ensured continued support to it throughout 2020.

Data governance

DataStrategy@HR family, adopted the previous year, aims at ensuring that data is managed like an asset within DG HR and the HR family, in line with the vision and foundations set by the DataStrategy@EC, at corporate level.

In 2020, the HR Business Intelligence unit was expanded with the competency and mandate to oversee the implementation of the DataStrategy@HR family within DG HR, and to coordinate this implementation with other members of the family. Towards this implementation, the team performed a GAP analysis of all the data domains defined in the strategy, to identify in detail, the actions that will need to be taken to reach the proposed maturity levels. At the same time, this helped build a maturity model that will allow DG HR to measure with accuracy the progress on a regular basis. The resulted action plan will be implemented in the coming years, and it will provide a solid Data Layer foundation for the HR Transformation Programme.

The work to review and augment the glossary of HR definitions continued in 2020 for terms linked with ongoing projects, and it contributed to creating further a common, trusted, and understandable business terminology. This work will continue in 2021, setting a solid basis

for a data-driven organisation in DG HR and a data-driven culture in the entire HR community.

An 'open, inclusive and cooperative way of working' is the base of the political guidelines for a Commission that is digital, agile, flexible, and transparent. In the strategic plans, DGs were required to set out a plan with specific actions on internal digital transformation, information management and Data Protection Regulation.

Data Protection

The HR data protection coordinating team multiplied its efforts in assisting the HR family of DGs to implement the Commission Data Protection Action Plan. 835 pieces of data protection advice were given to HR Family controllers in 2020 to ensure compliance with the new data protection rules. The overall culture of data protection awareness and compliance by HR staff, which has been established during previous inspections has been confirmed following the audits performed by IAS and EDPS in DG HR.

In August 2020 DPC of DG HR has reported to Chief Operating Officer a full inventory of all processing agreements involving transfers of personal data to non-EU/EEA countries, including the processing agreements involving transfers of personal data to the US under the invalidated Privacy Shield. All international data transfers carried out by DG HR are reviewed in line with the EDPB Guidelines 01/2020 on measures that supplement transfer tools to ensure compliance with the EU level of protection of personal data and with the corporate recommendations.

2.2.2 Sound environmental management

In 2020, DG HR has successfully continued managing the Commission's environmental management system (EMAS), leading to its EMAS registration (certification by the competent EMAS body in Belgium). The EMAS Team has in addition launched the extension of the EMAS to four executive agencies (aiming to include them into the Commission's registration by 2021) and to the Commission's Representations in EU Member States. For the latter, work was performed in cooperation with Directorate General Communication (COMM), who manages the Representations, and with the European Parliament, which shares the buildings with the Representations.

A well-received online presentation on "*EMAS and Greening the Commission*" took place in the framework of HR Pill on 15/09 (65 participants). Moreover, DG HR promoted among its staff the main EMAS corporate communication campaigns during 2020, on the organisation of sustainable conferences and events, on the new Green Deal action: *Volunteer for a Green Change*, on waste reduction (focusing on invisible waste and digital clean-up) and on sustainable commuting (Velo Mai – October Edition). Lastly, DG HR provided several "EMAS basics for all" trainings to staff in an online mode, which attracted around 100 participants per session.

ⁱ Article 17(1) of the Treaty on European Union

ⁱⁱ 1) Effectiveness, efficiency and economy of operations; 2) reliability of reporting; 3) safeguarding of assets and information; 4) prevention, detection, correction and follow-up of fraud and irregularities; and 5) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 36.2). The 2nd and/or 3rd Internal Control Objective(s) (ICO) only when applicable, given the DG's activities

ⁱⁱⁱ This is higher than the 2020 budget available because some payments were associated with goods and services ordered in 2019.