

ANNEXES

ANNEX 1: Statement of the Internal Control Coordinator¹

I declare that in accordance with the Commission's communication on clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission², I have reported my advice and recommendations to the Head of Service and Head of Department Resources on the overall state of internal control in OIB.

I hereby certify that the information provided in Parts 2 and 3 of the present AAR and in its annexes is, to the best of my knowledge, accurate and exhaustive."

Brussels, March 31st, 2015

"Signed"

Fernanda Serra
Internal Control Coordinator

¹ In OIB, the Head of Unit 'Finance & Public Procurement' is entrusted with the function of Internal Control Coordinator. She reports directly to the Head of Service, who is also the Head of Department Resources.

² SEC(2003)59 of 21.01.2003.

ANNEX 2: Human and Financial resources

1. Human Resources

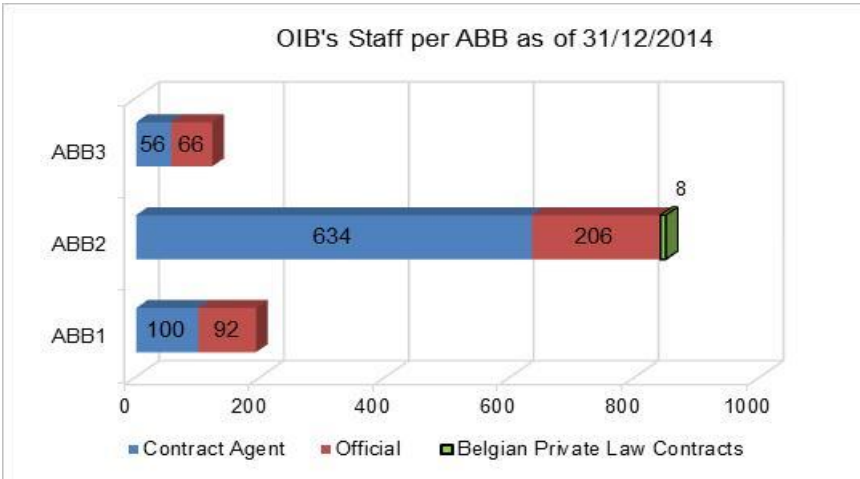
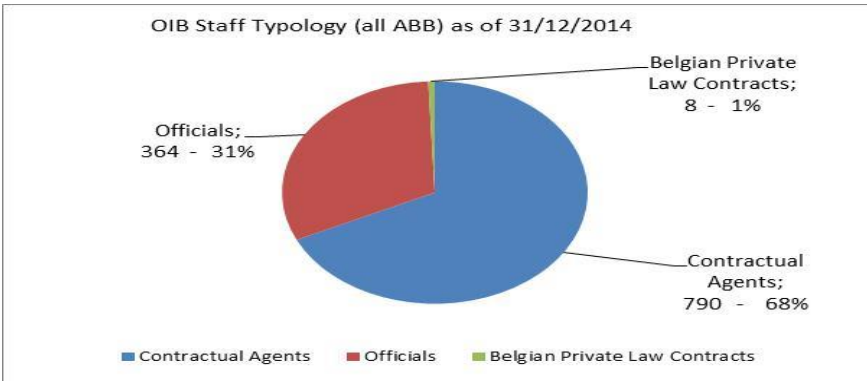
With more than 1,100 staff members, OIB is one of the largest services in the Commission in terms of staff numbers. Efficient human resources management is therefore of key importance for the successful execution of the operational activities and the services provided by the Office.

The overall number of officials working in OIB continued to fall in 2014 as a result of the conversion of posts into credits (TEC). As can be seen below, over two-thirds of OIB staff are contract agents of whom the majority have contracts of unlimited duration.

The staff structure of OIB differs from most services and DGs of the Commission in that there are some very specific job profiles for staff carrying out the operational activities of the Office, such as: nursery nurses, educators, drivers, building superintendents and staff doing manual tasks.

At 2.7%, the percentage of local support and coordination functions (local overheads) in OIB is well below the Commission average of 7.7% and the average for the administrative offices (5.0%). In addition, it should be noted that the management structure in OIB is relatively light with only 10 units (with an average staff of +/- 120 and maximum of over 300) and a low number of AD staff (+/- 70 or just over 6% of the total population of the Office). Most of the AD staff in OIB have management responsibilities and in recent years a number of AST posts have been converted into AD posts in order to strengthen the overall management capacity of the Office. As a result, the percentage of AD staff amongst the officials working in OIB has increased slightly in recent years.

OIB’s staff structure is the following:



Code ABB Activity	ABB Activity	Human Resources by ABB activity at 31/12/2014		
		Establishment Plan posts	External Personnel	Total
		<i>Dotations de postes</i>	<i>Contractual agents + interim + temporary agents+ private law contracts</i>	
ABB1	<i>Building and related costs</i>	92	100	192
ABB2	<i>Equipment and services</i>	206	642	848
ABB3	<i>Administrative support</i>	66	56	122
Total		364	798	1162

The total staff figure at the end of 2014 is broadly in line with the forecast made in the AMP 2014. However, we observe differences in the breakdown between the different categories of staff (FO vs AC +other). In the case of FO posts the difference can be explained by the negative impact of the staff cut of 1% and the application of the "redeployment tax" of 1% and the transformation of FO posts into credits (TEC). For AC and other posts, the difference can be explained by the positive impact of the transformation of FO posts into credits (TEC) and the addition of a number of AC positions in the framework of the 2014 budgetary procedure.

Code ABB Activity	ABB Activity	Human Resources (original forecast AMP 2014) by ABB activity at 31/12/2014 ¹		
		Establishment Plan posts	External Personnel	Total
		<i>Dotations de postes</i>	<i>Contractual agents + interim + temporary agents+ private law contracts</i>	
ABB1	<i>Building and related costs</i>	98	95	193
ABB2	<i>Equipment and services</i>	224	625	849
ABB3	<i>Administrative support</i>	57	54	111
Total		379	774	1153

¹ The basic job quota allocated to the DG, minus posts converted or to be converted into credits, plus extra-quota (the structural surcharge, placed at the disposal)

2. Financial Resources

Financial Resources by ABB activity (EUR Million) implementation of Commitment Appropriations (CA)				
Code ABB	ABB Activity	Operational expenditure	Administrative expenditure (*)	Total (**)
ABB.1	Real Estate	0,00	274.939.205,09	274.939.205,09
ABB.2	Services	0,00	37.117.762,41	37.117.762,41
ABB.3	Horizontal activities	0,00	63.869.969,42	63.869.969,42
Total		0,00	375.926.936,92	375.926.936,92

(*) Heading 5 appropriations managed by the DG (global envelope) XX 01 02 – OIB has no BA lines (XX 01 04, 05, 06) and only administrative expenditure.

(**) Excluding credits cross-sub-delegated to OIB by other DGs / Offices.

2014 payments versus commitments (C1, C4 & C5 credits) on 31/12/2014, per ABB activity, were as follows:

ABB	Administrative Budget		CNECT subdeleg. credits	COMM subdeleg. credits	EPSO subdeleg. credits	OIL subdeleg. credits	PMO subdeleg. credits	OLAF subdeleg. credits	REGIO subdeleg. credits	SG subdeleg. credits	Grand Total
	Budget opérationnel	Budget de fonctionmt – 26.012201									
ABB.1	267.620.683,02	7.318.522,07	0,00	309.192,27	3.102.000,00	0,00	3.521.000,00	935.000,00	0,00	0,00	282.806.397,36
ABB.2	32.775.044,77	4.342.717,64	72.232,62	12.752,21	51.000,00	0,00	301.000,00	208.000,00	67.772,36	0,00	37.830.519,60
ABB.3	0,00	63.869.969,42	0,00	0,00	0,00	2.481,39	0,00	0,00	0,00	49.767,22	63.922.218,03
Commitments	300.395.727,79	75.531.209,13	72.232,62	321.944,48	3.153.000,00	2.481,39	3.822.000,00	1.143.000,00	67.772,36	49.767,22	384.559.134,99
ABB.1	217.811.966,62	5.389.584,12	0,00	86.193,90	3.070.759,50	0,00	3.394.000,00	320.602,81	0,00	0,00	230.073.106,95
ABB.2	21.024.096,50	2.755.321,24	48.020,00	4.726,10	45.900,47	0,00	138.798,56	155.350,00	45.000,00	0,00	24.217.212,87
ABB.3	0,00	62.229.180,77	0,00	0,00	0,00	2.481,39	0,00	0,00	0,00	22.633,72	62.254.295,88
Payments	238.836.063,12	70.374.086,13	48.020,00	90.920,00	3.116.659,97	2.481,39	3.532.798,56	475.952,81	45.000,00	22.633,72	316.544.615,70
ABB.1	81,39%	73,64%		27,88%	98,99%		96,39%	34,29%			81,35%
ABB.2	64,15%	63,45%	66,48%	37,06%	90,00%		46,11%	74,69%	66,40%		64,02%
ABB.3		97,43%				100,00%				45,48%	97,39%
Payments vs Commitments	79,51%	93,17%	66,48%	28,24%	98,85%	100,00%	92,43%	41,64%	66,40%	45,48%	82,31%

3. Financial circuits

Even if the budget is largely implemented on a centralised basis, OIB has three financial circuits in place:

- the fully decentralised model for procurement below €60,000 and for all OIB.OS.3 transactions at Ispra (excluding procurement above €60,000);
- the partially decentralised model (with counterweight in the Resources Department) for budgetary commitments below €60,000;
- the fully centralised model for all payments and for procurement above €60,000 (including for OIB.OS.3 at Ispra) in the Resources Department.

Two OIB departments (CPE and RE) have central sectors in place which manage the operational initiation and procurement activities inside the department, whilst for the other two departments (DR and OS) the operational initiation and procurement management (below €60,000) is embedded in the units of the departments.

The circuits are based on the three basic models of Financial Circuits proposed by DG BUDG, which OIB adapted to its own needs and requirements. They are set up in conformity with the principles established by the Financial Regulation and its rules of application (in particular the principle of separation of responsibilities between initiation and verification).

The procurement above €60,000 is centralised within the Resources Department.

Annex 3 Financial Reports - DG OIB - Financial Year 2014**Table 1 : Commitments****Table 2 : Payments****Table 3 : Commitments to be settled****Table 4 : Balance Sheet****Table 5 : Statement of Financial Performance****Table 6 : Average Payment Times****Table 7 : Income****Table 8 : Recovery of undue Payments****Table 9 : Ageing Balance of Recovery Orders****Table 10 : Waivers of Recovery Orders****Table 11 : Negotiated Procedures (excluding Building Contracts)****Table 12 : Summary of Procedures (excluding Building Contracts)****Table 13 : Building Contracts****Table 14 : Contracts declared Secret**

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2014 (in Mio €)					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 10 Direct research					
10	10 01	Administrative expenditure of the `Direct research- policy area	4,97	2,78	55,84 %
Total Title 10			4,97	2,78	55,84%
Title 26 Commission's administration					
26	26 01	Administrative expenditure of the `Commission-s administration- policy area	391,42	372,83	95,25 %
Total Title 26			391,42	372,83	95,25%
Total DG OIB			396,39	375,61	94,76 %

* Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).

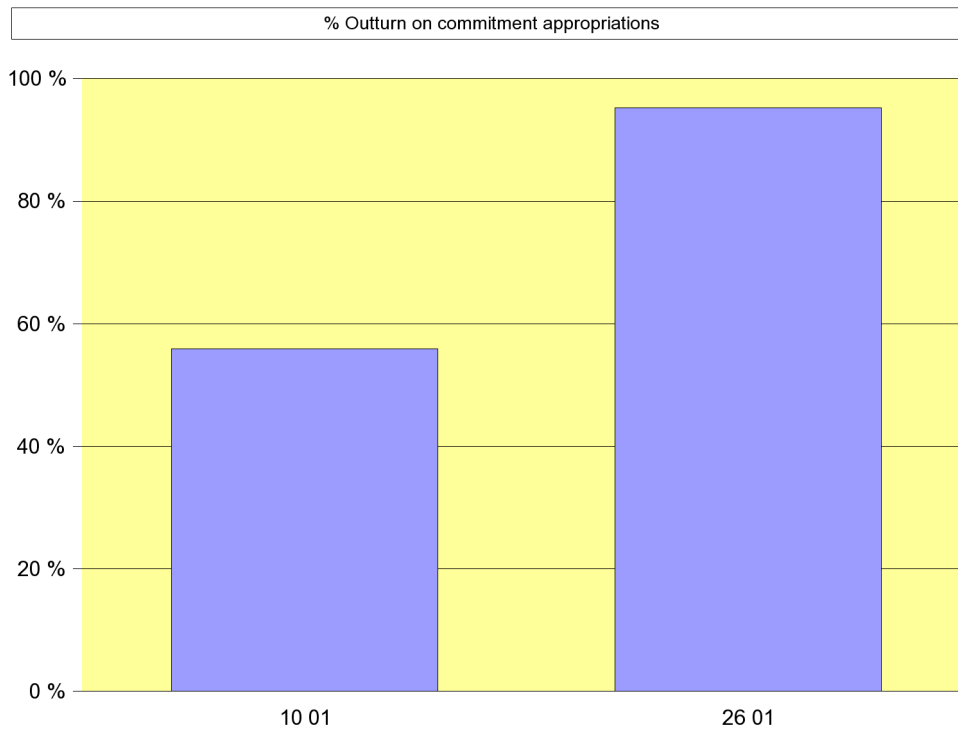


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2014 (in Mio €)

Chapter		Payment appropriations authorised *	Payments made	%	
		1	2	3=2/1	
Title 10 Direct research					
10	10 01	Administrative expenditure of the `Direct research- policy area	5,43	2,73	50,30 %
Total Title 10			5,43	2,73	50,30%
Title 26 Commission's administration					
26	26 01	Administrative expenditure of the `Commission-s administration- policy area	469,14	382,58	81,55 %
Total Title 26			469,14	382,58	81,55%
Total DG OIB			474,57	385,31	81,19 %

* Payment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous payment appropriations for the period (e.g. internal and external assigned revenue).

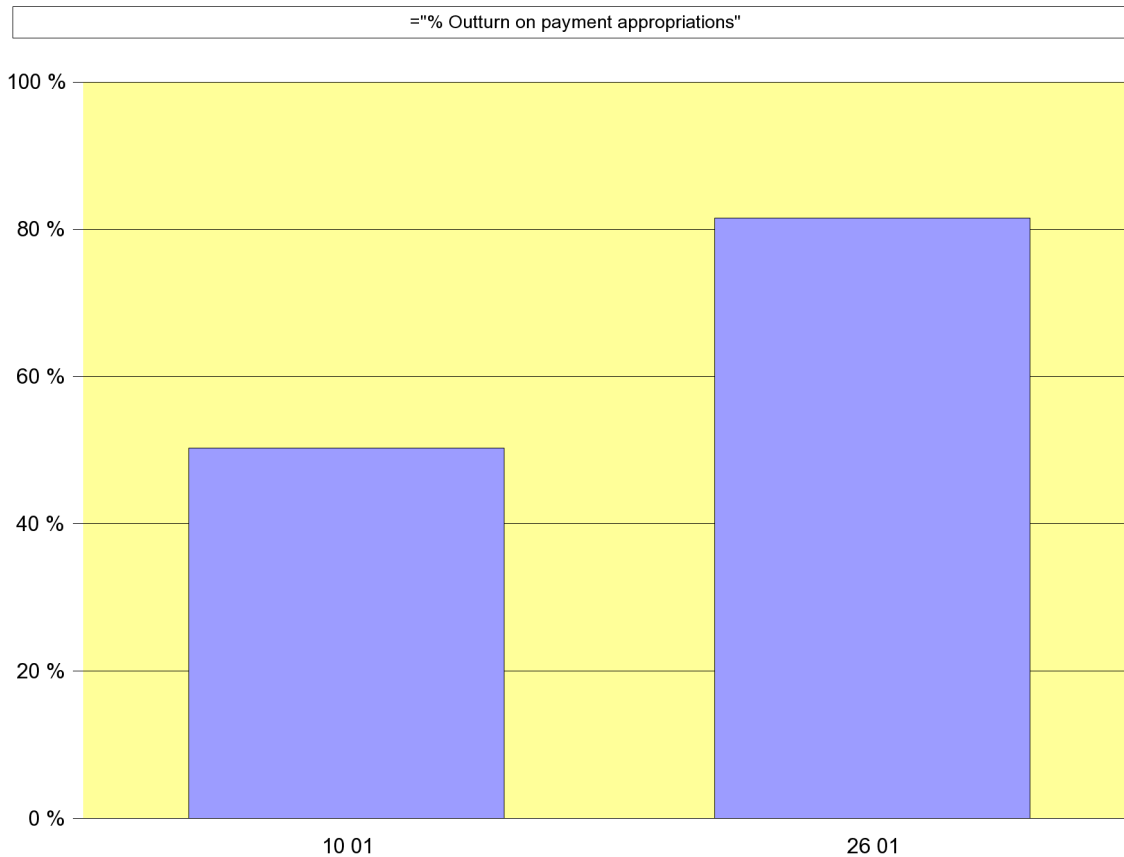
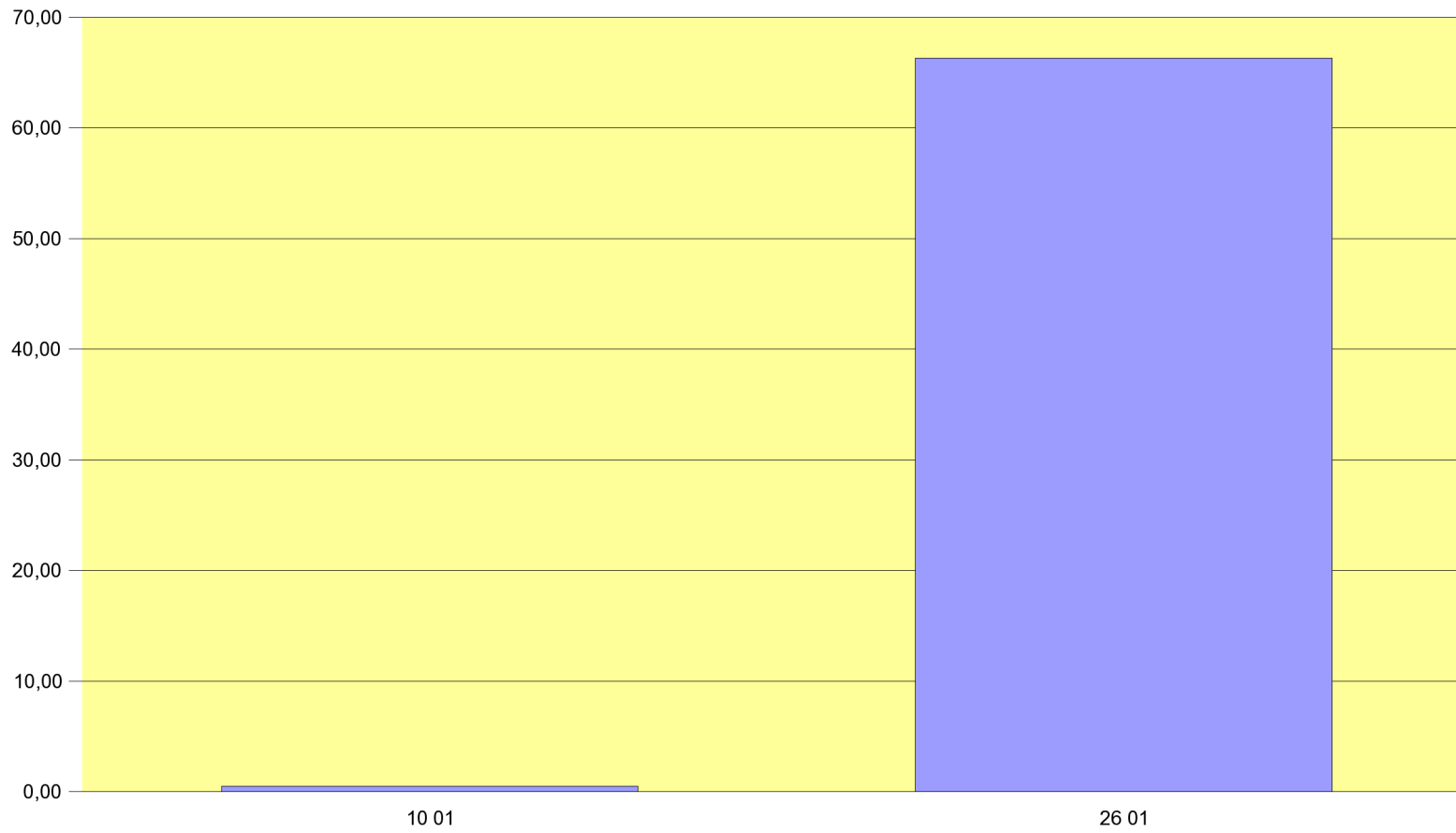


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2014 (in Mio €)									
Chapter			2014 Commitments to be settled				Commitments to be settled from financial years previous to 2014	Total of commitments to be settled at end of financial year 2014 (incl corrections)	Total of commitments to be settled at end of financial year 2013(incl. corrections)
			Commitments 2014	Payments 2014	RAL 2014	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
Title 10 : Direct research									
10	10 01	Administrative expenditure of the `Direct research- policy area	2,78	2,30	0,47	16,94 %	0,00	0,47	0,46
Total Title 10			2,78	2,30	0,47	16,94%	0	0,47	0,46
Title 26 : Commission's administration									
26	26 01	Administrative expenditure of the `Commission-s administration- policy area	372,83	306,54	66,3	17,78 %	0,00	66,30	77,72
Total Title 26			372,83	306,54	66,3	17,78%	0	66,3	77,72
Total DG OIB			375,61	308,84	66,77	17,78 %	0	66,77	78,18

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

= "Breakdown of Commitments remaining to be settled (in Mio EUR)"



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EUROPEAN COMMISSION
OFFICE FOR INFRASTRUCTURE AND LOGISTICS – BRUSSELS

DR –Ressources Department
OIB.DR.2 – Finance and Public Procurement

Brussels,
OIB.DR.2.003/GP

NOTE TO 2014 OIB AAR

Subject: Explanation of the difference between annex 2 and annex 3 (tables 1, 2 & 3) to the 2014 OIB AAR

First table of annex 3, mentioning a total amount of 375,61 M€ for the commitments made in 2014 (2nd column) does not include the commitments made on the credits sub-delegated to OIB. If we add the amounts reported in annex 2 under 'administrative budget commitments' (300.395.728 €) and 'operational budget commitments' (75.531.209 €) to the commitments on credits sub-delegated by OIB to DG COMM (151.608 € not taken into account in annex 2), we obtain the total of 376.078.545 €. This amount must still be reduced by the part of R0 credits (from OIB.RE.3 unit) already committed in 2013, i.e. 470.573,73 €. This gives us a final result of 375.607.971 €, equivalent to 375,61 M€.

In order to reconcile the payment amount of annex 3 (table 2, 2nd column), of 385,31 M € with the figures of annex 2, the same approach must be followed, but adding also payments amounts on C8 credits, which are not included in annex 2. The sum of the first two columns of annex 2 (238.836.063 € + 70.374.086 €) plus the payments made on the sub-delegated credits to DG COMM (100.682 €) makes a total of 309.310.785 €. Adding to this amount the C8 payments on the 'administrative budget' and on the 'operational budget' (for a total of 75.999.954 €), we obtain the same total amount of 385.310.785 € (equivalent to 385,31 M€).

Finally, to find the correspondence between 2014 RAL amount of 66,77 M€ (Annex 3 - table 3 – 3rd column) and annex 2, we have to sum the differences between the commitments and the payments of the first two columns of annex 2, which makes 66.716.788 €. Adding to this the 'RAL' on the credits sub-delegated to DG COMM (50.926 €) results in a total of 66.767.714 € (equivalent to 66,77 M€ in annex 3-table 3).

TABLE 4 : BALANCE SHEET

BALANCE SHEET	2014	2013
A.I. NON CURRENT ASSETS	1 296 588 148,13	1 351 946 640,51
A.I.1. Intangible Assets	246 771,52	67 083,77
A.I.2. Property, plant and equipment	1 296 340 372,75	1 351 878 552,88
A.I.5. LT Receivables	1 003,86	1 003,86
A.II. CURRENT ASSETS	97 611 147,94	93 212 818,54
A.II.1. Inventories	125 816,06	188 239,42
A.II.4. Exchange receivables	90 913 920,78	89 079 666,18
A.II.5. Non-Exchange Receivables	6 380 260,13	3 762 721,12
A.II.7. Cash and Cash Equivalents	191 150,97	182 191,82
ASSETS	1 394 199 296,07	1 445 159 459,05
P.II. NON CURRENT LIABILITIES	-1 247 850 496,46	-1 301 197 553,45
P.II.2. Long-term provisions	-1 000 000,00	
P.II.3. Long-term financial liabilities	-1 246 850 496,46	-1 301 197 553,45
P.III. CURRENT LIABILITIES	-107 708 508,48	-92 266 026,67
P.III.3. Short-term financial liabilities	-55 108 902,26	-50 491 593,22
P.III.4. Account Payable	-15 892 523,58	-5 091 325,94
P.III.5. Accrued charges and deferred income	-36 707 082,64	-36 683 107,51
LIABILITIES	-1 355 559 004,94	-1 393 463 580,12
NET ASSETS (ASSETS less LIABILITIES)	38 640 291,13	51 695 878,93
P.I.2. Accumulated Surplus / Deficit	327 453 908,36	-8 523 163,28
Non-allocated central (surplus)/deficit*	-366 094 199,49	-43 172 715,65
TOTAL	0,00	0,00

2013 data have been updated manually in order to include both profit center 3900 (OIB) and 7100 (REST) [The report as formatted by DG BUDG only included profit center 3900]. As from 2014, profit center 7100 is not used anymore.

It should be noted that the balance sheet and economic outturn account presented in Annex 3 to this Annual Activity Report, represent only the (contingent) assets, (contingent) liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and economic outturn account they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL PERFORMANCE	2014	2013
II.1 REVENUES	-28 737 108,08	-30 575 852,93
II.1.2. EXCHANGE REVENUES	-28 737 108,08	-30 575 852,93
II.1.2.1. FINANCIAL INCOME	-256,24	-620,17
II.1.2.2. OTHER EXCHANGE REVENUE	-28 736 851,84	-30 575 232,76
II.2. EXPENSES	358 657 518,41	362 935 073,26
II.2. EXPENSES	358 657 518,41	362 935 073,26
11.2.10 OTHER EXPENSES	276 823 708,26	279 226 893,54
II.2.2. EXP IMPLM BY COMMISS&EX.AG	62 423,36	51 257,97
II.2.6. STAFF AND PENSION COSTS	8 161 608,66	7 286 199,60
II.2.8. FINANCE COSTS	73 609 778,13	76 370 722,15
STATEMENT OF FINANCIAL PERFORMANCE	329 920 410,33	332 359 220,33

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Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

TABLE 6: AVERAGE PAYMENT TIMES FOR 2014 - DG OIB

Legal Times							
Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
15	3	3	100,00 %	9,33			
30	6922	6766	97,75 %	22,25	156	2,25 %	55,25
45	1268	1262	99,53 %	35,26	6	0,47 %	91
60	53	52	98,11 %	35,13	1	1,89 %	63

Total Number of Payments	8246	8083	98,02 %		163	1,98 %	
Average Payment Time	25			24,36			56,61

Target Times							
Target Payment Time (Days)	Total Number of Payments	Nbr of Payments within Target Time	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
15	3	3	100,00 %	9,33			
30	6152	5053	82,14 %	22,31	1099	17,86 %	40,8

Total Number of Payments	6155	5056	82,14 %		1099	17,86 %	
Average Payment Time	25,61			22,31			40,8

Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	33	284	3,44 %	8246	5.414.441,75	1,62 %	334.183.626,68

Late Interest paid in 2014			
DG	GL Account	Description	Amount (Eur)
OIB	65010100	Interest on late payment of charges New FR	2 147,14
			2 147,14

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2014

Chapter	Revenue and income recognized			Revenue and income cashed from			Outstanding balance	
	Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total		
	1	2	3=1+2	4	5	6=4+5		
50	PROCEEDS FROM THE SALE OF MOVABLE AND IMMOVABLE PROPERTY	580.039,29	994,69	581.033,98	579.833,1	994,69	580.827,79	206,19
51	PROCEEDS FROM LETTING AND HIRING	10.176.680,32	3.030.106,21	13.206.786,53	6.299.389,71	3.030.106,21	9.329.495,92	3.877.290,61
52	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	256,24	0	256,24	256,24	0	256,24	0
55	REVENUE FROM THE PROCEEDS OF SERVICES SUPPLIED AND WORK CARRIED OUT	12.529.567,07	52.967,9	12.582.534,97	12.518.288,04	52.967,9	12.571.255,94	11.279,03
57	OTHER CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH THE ADMINISTRATIVE OPERATION OF THE INSTITUTION	7.239.535,19	1.019.869,68	8.259.404,87	6.754.629,19	1.003.926,25	7.758.555,44	500.849,43
58	MISCELLANEOUS COMPENSATION	1.929,58	0	1.929,58	1.929,58	0	1.929,58	0
66	OTHER CONTRIBUTIONS AND REFUNDS	2.027.943,23	500	2.028.443,23	2.027.943,23	500	2.028.443,23	0
Total DG OIB		32.555.950,92	4.104.438,48	36.660.389,4	28.182.269,09	4.088.495,05	32.270.764,14	4.389.625,26

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Annex 3 Financial Reports - DG OIB
Report printed on 26/02/2015

**TABLE 8 : RECOVERY OF UNDUE PAYMENTS
(Number of Recovery Contexts and corresponding Transaction Amount)**

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2014 Year of Origin (commitment)	Error		Irregularity		TOTAL Qualified		TOTAL RC (incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
	2011							1	262,00	
2012	1	125.953,29			1	125.953,29	11	139.078,23	9,09%	90,56%
2013	7	13.022,4			7	13.022,40	36	369.553,67	19,44%	3,52%
2014	1	809,36			1	809,36	17	79.858,60	5,88%	1,01%
No Link	4	33.454	1	1.000	5	34.454,00	1303	29.174.762,89	0,38%	0,12%
Sub-Total	13	173.239,05	1	1.000	14	174.239,05	1368	29.763.515,39	1,02%	0,59%

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		TOTAL Qualified		TOTAL RC (incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES												
NON ELIGIBLE IN COST CLAIMS												
CREDIT NOTES									944	2.632.694,75		
Sub-Total									944	2.632.694,75		

GRAND TOTAL	13	173.239,05	1	1.000			14	174.239,05	2.312	32.396.210,14	0,61%	
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Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors. The provisional closure will be based on the recovery context situation at 31/01/2015.

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2014 FOR OIB

	Number at 01/01/2014	Number at 31/12/2014	Evolution	Open Amount (Eur) at 01/01/2014	Open Amount (Eur) at 31/12/2014	Evolution
2008	3		-100,00 %	8.100,19		-100,00 %
2010	2	2	0,00 %	30.000,00	30.000,00	0,00 %
2011	6	5	-16,67 %	19.391,57	15.367,42	-20,75 %
2012	2	2	0,00 %	30.000,00	30.000,00	0,00 %
2013	91	5	-94,51 %	4.096.190,35	15.576,01	-99,62 %
2014		84			4.373.681,83	
	104	98	-5,77 %	4.183.682,11	4.464.625,26	6,72 %

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Annex 3 Financial Reports - DG OIB
Report printed on 26/02/2015

TABLE 10 : RECOVERY ORDER WAIVERS IN 2014 >= EUR 100.000

	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments

Total DG	
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Number of RO waivers	
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TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - OIB - YEAR 2014

Procurement > EUR 60,000

Negotiated Procedure Legal Base	Number of Procedures	Amount (€)
Art. 134 1b)	2	81.742.500,00
Art. 135 1a)	1	600.000,00
Total	3	82.342.500,00

Comments:

Transactions provided by the BO report as formatted by DG BUDG include erroneous data created automatically by ABAC SAM and which are not negotiated procedures of OIB. Therefore this table was built manually based on the negotiated procedures signed by OIB in 2014.

TABLE 12 : SUMMARY OF PROCEDURES OF OIB EXCLUDING BUILDING CONTRACTS

Internal Procedures > € 60,000		
Procedure Type	Count	Amount (€)
Exceptional Negotiated Procedure after publication of a contract notice (Art. 135 RAP)	1	600.000,00
Exceptional Negotiated Procedure without publication of a contract notice (Art. 134 RAP)	2	81.742.500,00
Open Procedure (Art. 122.2 IR)	20	55.356.400,00
Restricted Procedure(Art. 122.2 IR)	2	22.260.000,00
TOTAL	25	159.958.900,00

Comments:

This table was built manually based on the procedures signed by OIB in 2014 (data extracted from the BO report were not completely in line).

The amount mentioned in section 2.1. of the AAR (€ 160.054.900) includes 3 lots < € 60.000 for a total of €96.500, which corresponds to the difference with the above mentioned total.

TABLE 13 : BUILDING CONTRACTS

Number of contracts :	1
Total amount :	45.289.852,07

Legal base	Contractor Name	Description	Amount (€)
Art. 134 1h)	SA Livingstone II	PLB3 Building - Usufruct contract	45.289.852,07

Comment:

Transactions provided by the BO report as formatted by DG BUDG do not relate to building procedures as per art.134 1h) but to transactions extracted from ABAC SAM. Therefore this table was built manually based on the building procedure signed by OIB in 2014.

TABLE 14 : CONTRACTS DECLARED SECRET

Total Number of Contracts :	
Total amount :	

Legal base	Contract Number	Contractor Name	Type of contract	Description	Amount (€)

No data to be reported

ANNEX 4: MATERIALITY CRITERIA

In order to decide whether a weakness is significant and must entail a reservation in the Annual Activity Report, the Authorised Officer by Delegation of OIB bases his judgement on the following (materiality) criteria:

1. The weakness falls within the scope of the AOD annual declaration: it relates to the reasonable assurance regarding the legality and regularity of financial transactions, the true and fair view, the use of resources for their intended purposes, the sound financial management, the non-omission of significant information, the efficiency, the safeguarding of assets and the prevention and detection of fraud.
2. The weakness is assessed as significant in **qualitative terms**. Qualitative assessment can mean:
 - *Significant occurrence of errors in the underlying transactions (legality and regularity)*
There is no repetitive nor significant (as to the nature & scope) error occurring. If any, corrective actions have been implemented to mitigate the risks.
 - *Significant control system weaknesses*
Procedures and control systems are in place and work effectively, in particular for procurement processes.
 - *Non application of one or more internal control standards*
If any, actions to mitigate the weakness have been taken so that it does not have an impact on the declaration of assurance.
 - *Insufficient evidence from internal control systems or audit coverage*
 - *Critical issues outlined by the European Court of Auditors, the Internal Audit Service, the Internal Audit Capability of the DG or the OLAF.*
3. The weakness is assessed as significant in **quantitative terms**, i.e. the monetary value of the problem or the amount considered at risk is above the acceptable level. OIB applies the guidelines provided in the communication COM(2003)28 of 21st January 2003 which set the recommended threshold of residual error rate to a maximum of 2% of the authorized payments of the year for the considered ABB activity.
 - *Significant occurrence of errors in the underlying transactions (legality and regularity)*
No major error with financial impact (> 2% of the payments of the ABB) is raised by the internal controls and reporting systems, by the ex-post controls and audit bodies.
4. Even if the weakness is assessed as being quantitatively not significant (i.e. financial impact < 2%), it still remains material if the **reputation** of the Commission is impacted. Such reputational event for the Office could be for example a major security or safety incident in one building of the Commission, a serious sanitary issue in the childcare activities or an important fraud case in procurement (public tenders,...). Nevertheless, it is considered that these events have not materialised and continued mitigating measures are taken.

ANNEX 5: Internal Control Templates for budget implementation (ICTs)

1. Building Procurement

The Office for Infrastructure and Logistics in Brussels (OIB) is in charge of the facility management of all Commission buildings in Brussels, providing moving and other logistical services. In this context OIB's management mode is **direct centralised management**.

Buildings procurement procedures are established according articles 203 and title V (Public Procurement) of the Financial Regulation.

Building procurement in OIB is also based on the Communication from Vice-President Kallas to the Commission on policy for the accommodation of the Commission services in Brussels and Luxembourg COM(2007)501 and on the Communication from Vice-President Kallas to the Commission related to the definition of the methodology to be followed by the services of the Commission for prospecting and negotiating for buildings C(2008)2299.

Key figures:

- Total available surface of offices (m² 'hors sol'):
At the end of 2014, the Commission occupied a total of approx. 1 million m² of above ground floor space of which approx. 813.400 m² are qualified as office space at the disposal of Commission services.
- Average number of Commission buildings (Offices / Non offices):
The total above ground space is spread over 52¹ office buildings and 11 special purpose buildings (logistic, childcare facilities, conference center, etc). The Commission also accommodates Executive Agencies in its own portfolio. On top of that, the Executive Agencies use 4 separate buildings (BOUR, BOU2, W910 and COV2).
- Number of persons housed in the offices:
The Commission number of staff housed in office space in Brussels was 23,308 (EEAS & executive agencies excluded) at the end of 2014. The total number of staff in Brussels (including OLAF, EEAS, executive agencies, personnel without fixed desk) was 31,665 at the beginning of 2015.
- Number of API ("Avis de Prospection Immobilière") launched in 2014:
In response to identified office space needs for the executive agencies, a prospection notice for office space of approximately 27,000 m² was published on 10 July 2014 and the pre-selected proposals are currently being reviewed. It is foreseen that the chosen building(s) should be made available by the end of September 2015.
Additionally, at the request of DG MARKT, OIB has also assisted the newly created "Single Resolution Board" (SRB) to launch a prospection notice for approximately 13,000 m².
- Budgetary commitments 2014 for building procurement: about 227 Mio € (C8: 74,5 Mio €; C1: 143,6 Mio €; C4: 7,1 Mio €; C5: 1,8 Mio €), excluding 38 Mio € for Q1 2015 and a part of Q2 2015.

¹ Which includes office space in DAV, COLE and FPI (EEAS) and considers BU29/31/33 as one building complex.

A - Planning

Main control objectives: effectiveness, efficiency and economy; legality and regularity (compliance).

Main risks It may happen (again) that...	Mitigating controls ²	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • The needs are not well defined (operationally & economically) and the decision to procure is inappropriate to meet the operational objectives; • Complexity of the tender procedure (which may prevent market response, difficult the choice of contractors, result in long procedure timing, be misapplied or entail cost increase) ; • Discontinuation of the services provided due to a late contracting (poor planning and organisation of the procurement process); • Financial risk for the Institutions; • Budget availability not sufficient to meet the objectives. 	<ul style="list-style-type: none"> • Internal instructions (sec(2004)62), financial Regulations art.203 and Communication from the EC on building policy and infrastructure in Brussels COM(2003)755; • Methodology on planning and selection process of building contractors; • Multi-annual policy framework (MAPF), which establishes the building needs (10 years planning); • Estimated needs published on the Commission's website & Official Journal; • Prospection notice (API-"avis de prospection immobilière") for each building procurement procedure; • AOSD supervision & approval; Validation by Real Estate Committee (OIB, DG HR, DG HR.DS, DIGIT); • Objectives are defined in the MP and monitored in the AAR & mid-term review; • All important issues regularly discussed at weekly management meetings; • Regular meetings on the implementation of the building policy held with the VP and DG HR; • AOSD reports on financial matters, including building aspects twice per year. 	<p>Coverage: 100% - all building acquisition projects (including renting projects)</p> <p>Depth (intensity): Level 1 control: minimal administrative / arithmetic control with no reference to supporting documents (for registry of the procedures)</p>	<p>Costs:</p> <ul style="list-style-type: none"> - Cost of staff involved in the building procurement process; - Cost of systems / softwares. <p>Benefits:</p> <ul style="list-style-type: none"> - Building needs are properly planned and addressed; - Continuity of activity; - Compliance (Kallas communication); - Reduce the risks of litigation, of cancellation of a tender; - Transparency towards the market; - Better value for money; 	<ul style="list-style-type: none"> - ratio of the Commission's real estate portfolio and surface needs authorised by the budgetary authority - percentage of overall projects delivered within deadline and budget

² Some of these mitigating controls seem to be the source for the risks: e.g. FR art 203: complex and long procedure, MAPF and DG BUDG refusing to agree (except some years) and therefore needs are not well defined...

B –Needs assessment and definition of needs

Main control objectives: effectiveness, efficiency and economy; legality and regularity (compliance).

Main risks It may happen (again) that...	Mitigating controls ³	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • The best offers are not submitted due to the poor definition of the tender specifications • Complexity of the tender procedure (which may prevent market response, difficult the choice contractors, result in long procedure timing, be misapplied or entail cost increase); • Risk of discontinued services or legal action resulting from delayed procurement procedures, captivity or absence of competition. 	<ul style="list-style-type: none"> • Needs are identified in two ways: <ul style="list-style-type: none"> - according to the follow-up of the building contract terms and according to the staff evolution; - following a specific request linked to a specific need. • For each building procurement procedure, there is a prospection notice (API) including the technical and legal requirements, the list of conformity with MIT ("Manuel de l'Immeuble Type"), contract aspects and exclusion and prospection criteria. • Prospection reviewed and validated by the hierarchy (AOD) and approved by Real Estate Committee • Annual publication of the EC building needs (transparency) • All prospection notices published in the Official Journal and on the EC website. • Real Estate Committee validates the documents before publication; • Inter-Service Consultation for each project and information note to the Budget Authority • OIB is part of the Inter-Institutional Working Group (ILISWG) dealing with the evolution of the real estate market and the needs of the institutions. • Anti-fraud strategy and related anti-fraud controls. 	<p>Coverage: 100% - all building acquisition projects (including renting projects)</p> <p>Depth (intensity): Level 2 control: control with reference to corroborative information incorporating an element of independent oversight</p>	<p>Costs:</p> <ul style="list-style-type: none"> - People involved in the building procurement unit - External experts <p>Benefits:</p> <ul style="list-style-type: none"> - Safeguarding the reputation of the Commission and its assets; - Continuity of activity; - Compliance; - Reduce the risks of fraud, litigation and of cancellation of a tender; - Transparency. 	<ul style="list-style-type: none"> - Percentage of overall projects delivered within deadline and budget - AOSD reports (include procurement issues) - Register of exceptions - Anti-fraud indicators - Recommendations from ECA, IAC, IAS

³ Some of these mitigating controls seem to be the source for the risks: e.g. FR art 203 = complex and long procedure, MAPF and DG BUDG refusing to agree (except this year) and therefore needs are not well defined...

C – Selection of the offer and evaluation

Main control objectives: effectiveness, efficiency and economy; legality and regularity (Kallas communication, FR, IR, Procurement vademecum).

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • The most economically advantageous offer not selected, due to a biased, inaccurate or 'unfair' evaluation process. • Risk of unequal treatment of tenderers, litigation and bad reputation due to non-compliance with procurements rules, conflicts of interest, collusion, solidary responsibility etc. 	<ul style="list-style-type: none"> • Conformity check between the offers and the requirements defined in the API; • Analysis based on the prospection criteria: quality, effectiveness, location, feasibility, financial conditions; • 3 offers are preselected and submitted to the Real Estate Committee; • Negotiation phase with the selected candidates; • Final decision taken by the AOD based on favourable opinion of the Real Estate Committee (DG HR, DG HR.DS, OIB, DIGIT); • ISC • Budgetary authority consulted for significant investments • Project costs analysed throughout the entire cycle of the project, from the pre-selection until the closure phases • Anti-fraud strategy and related anti-fraud controls; 	<p>Coverage: 100% - all building acquisition projects (including renting projects)</p> <p>Depth (intensity): Level 2 control: control with reference to corroborative information incorporating an element of independent oversight</p>	<p>Costs:</p> <ul style="list-style-type: none"> - People involved in the building procurement unit - External experts - Other Commission Services - Extending leases - Litigation costs <p>Benefits: Avoidance of wrongly awarded tenders, thereby safeguarding EU funds and reputation.</p>	<ul style="list-style-type: none"> - Percentage of overall projects delivered within deadline and budget - AOSD reports (include procurement issues) - Register of exceptions - Anti-fraud indicators - Recommendations from ECA, IAC, IAS

2. Non-Building Procurement

OIB's management mode for non-building procurement is also **direct centralised management**.

In 2014, OIB awarded around € 160 Mio (including 20 Mio for other institutions) compared to around € 352 Mio the previous year. 46 contracts relating to tenders above € 60,000 were signed in 2014 versus 48 in 2013.

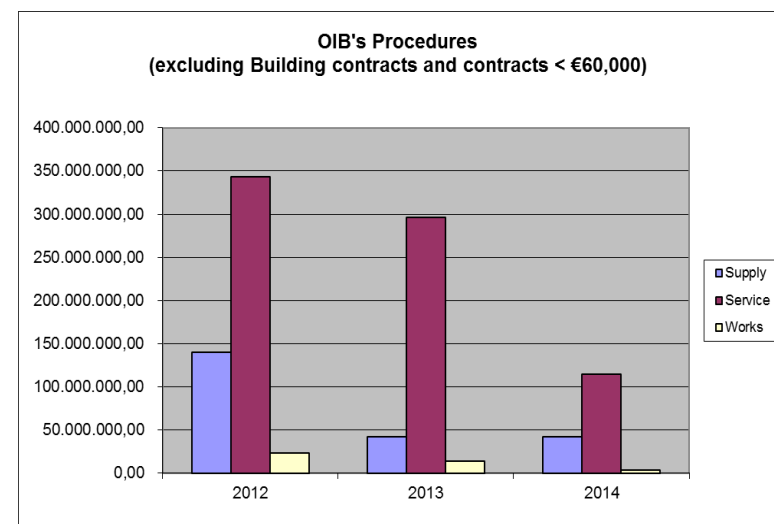
The non-building procurement concerned 3 types of contracts: service, supply and works contracts.

Contracts duration: Generally framework contracts are signed for a period of 4 years maximum. Exceptionally contracts cover a longer time span (hire of specific audio-visual equipment - 5 years; maintenance of pre-press equipment - 6 years). For that reason, in 2012 OIB had to renew many high value contracts, which explains the much higher value of procurement procedures in 2012 (compared to 2013 and 2014).

Contractors (nbr): In 2014 OIB's payments covered 634 different counterparties, compared to 623 in 2013.

The following procurement procedures were concluded in 2014:

Procedure Typology						
	2012		2013		2014	
	€	%	€	%	€	%
Restricted procedure	355,364,500.00	78.96	23,301,570.00	6.62	22,260,000.00	13.91
Negotiated procedure	20,106,020.97	5.39	7,469,500.00	2.12	82,342,500.00	51.44
Procedures managed by another Institution	89,870,000.00	7.72	9,238,000.00	2.62	-	-
Open procedure	41,167,920.00	7.93	95,722,809.00	27.18	55,452,400.00	34.65
Concession procedure	-	-	216,462,579.57	61.46	-	-
Total	506,508,440.97	100.00	352,194,458.57	100.00	160,054,900.00	100.00



A - Planning

Main control objectives: effectiveness, efficiency and economy; legality and regularity (compliance).

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • The needs are not well defined (operationally & economically) and the decision to procure is inappropriate to meet the operational objectives; • Risk of discontinued services resulting from delayed procurement procedure (poor planning and poor organisation of the procurement process). 	<ul style="list-style-type: none"> • A 4-year work program (rolling plan) is defined and followed up in the MarCo IT application; This plan is approved by OIB Head of Service; • A new Procurement Project Framework has been implemented since 01/09/2012 • Objectives are defined in the MP and monitored in the AAR & mid-term review (SPP docs). • Budget programming is approved at the beginning of the year and regular updates/revisions are carried out during the year; • Procurement planning regularly discussed at management meetings • IT steering committee monitors developments for the Marco application 	<p>Coverage:</p> <ul style="list-style-type: none"> - all procedures > €60.000 conducted by central procurement unit - all major objectives (SPP) - IT steering twice per year <p>Depth (intensity):</p> <p>Level 3 control with reference to fully independent corroborative information</p>	<p>Costs:</p> <p>Cost of staff involved in procurement procedures in operational and central units</p> <p>Benefits:</p> <ul style="list-style-type: none"> - Reliable procurement planning avoids gaps in business continuity; - IT projects follow-up ensures that priorities are followed and processes are automatized; - Rejection of unjustified purchases. 	<ul style="list-style-type: none"> - MP objectives followed through several indicators - Regular monitoring of progress of procurement procedures and delays indicators - Average time to procure - IT steering committee is based on work time invested in Marco - Budget reporting

B –Needs assessment and definition of needs

Main control objectives: effectiveness, efficiency and economy; legality and regularity (compliance with FR, IR, vademecum on procurement); fraud prevention and detection.

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • The best offers are not submitted due to the poor definition of the tender specifications • Complexity of the tender procedure which may prevent market response, difficult the choice of the contractors, result in long procedure timing, be misapplied or entail cost increase ; • Risk of discontinued services resulting from delayed procurement procedure; • Lack of contractors or dependency towards contractors. 	<ul style="list-style-type: none"> • Tenders above €60.000 are conducted by the central procurement unit for consistency with the Financial Regulation and for quality revision of the tender documents; • The "orientation document" (containing the main elements of the tender) is approved by AOD; • Cascading contracts are used whenever appropriately • Complex tender specifications are submitted to an internal analysis group for simplification and harmonization • A user manual on how to participate to tenders published by OIB is published online for all possible candidates; • Specific trainings ("How to write a coherent tender specification") are held; • Helpdesk to ensure consistency in the replies to the answers received; • Anti-fraud strategy and related anti-fraud controls. 	<p>Coverage:</p> <ul style="list-style-type: none"> - all procedures > €60.000 conducted by central procurement unit - on a case by case basis regarding the complexity and cascading contracts <p>Depth (intensity): Level 4 control: with reference to and including access to the underlying documentation.</p>	<p>Costs: Various people from the operational units and from the procurement central team are involved.</p> <p>Benefits:</p> <ul style="list-style-type: none"> - Increased competition and value for money; - Legal certainty; - Litigations avoided; - Limit the risk of cancellation of a tender. 	<ul style="list-style-type: none"> - number of OLAF cases followed-up - number of negative GAMA opinions - number of procedures and contracts signed - average time to procure - recommendations from ECA, IAS, IAC - AOSD reports (include procurement issues) - Register of exceptions - Anti-fraud indicators
	<ul style="list-style-type: none"> • Calls for tender are published in the Official Journal, Europa website; targeted local publicity is used where appropriately; extra publicity via Euro Info Centres (EIC) in coordination with DG ENTR • Preliminary information sheet required (to reduce the risk of slicing) and registration of all procedures above €15.000 • Procurement central team gives also support and advice for procedures below €60.000. 	<p>Coverage:</p> <ul style="list-style-type: none"> - all tenders > €60.000 conducted by central procurement unit - all tenders above € 15.000 registered <p>Depth (intensity): Level 4 control: with reference to and including access to the underlying documentation.</p>	<p>Costs: Cost of staff involved in procurement procedures in operational and central units.</p> <p>Benefits:</p> <ul style="list-style-type: none"> - Increased competition; - Transparency; - Limit the risk of cancellation of a tender and of litigation. 	<ul style="list-style-type: none"> - % of unsuccessful procurement procedures

C –Selection of the offer and evaluation

Main control objectives: effectiveness, efficiency and economy; legality and regularity (compliance with FR, IR, vademecum on procurement).

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • The most economically advantageous offer not selected, due to a biased, inaccurate or 'unfair' evaluation process. • Risk of fraud, unequal treatment of tenderers, legal action, financial penalties or bad reputation resulting from unethical staff behaviour, breach of confidentiality or non-compliance with the procurement rules. 	<ul style="list-style-type: none"> • A central register of procedures exists to ensure consistency with planning (for the HR family) • GAMA (Group d'Analyse des Marches Publics) examines sampled files (above €134.0000) of non-building procurement procedures and gives an opinion. • Tenders above €60.000 are notified to this group. • For all tenders above €60.000, opening and evaluation committees are systematically appointed and include an external member from other DGs; • Evaluation based exclusively on the criteria set out in the tender specifications; • Early Warning System is always consulted before taking a decision. • Compulsory trainings for all staff involved in procurement (technical, ethics & integrity); • All exceptions and non-compliance cases are documented and approved by the Authorising Officer • Anti-fraud strategy and related anti-fraud controls. 	<p>Coverage:</p> <ul style="list-style-type: none"> - all procurement procedures above €15.000 (registry) - risk based sampling combined with random sampling done by the GAMA group - All tenders above €60.000 (opening and evaluation committee) <p>Depth (intensity):</p> <p>Level 4 control: with reference to and including access to the underlying documentation.</p>	<p>Costs:</p> <ul style="list-style-type: none"> - OIB is a member of the GAMA group (2 people - part of their time) - participation in the meetings of desk officers from central and operational units for sampled files <p>Benefits:</p> <ul style="list-style-type: none"> - Increased legal certainty; - Compliance with FR, IR and vademecum on procurement; - Difference between the most onerous offer and the selected one; - Potential irregularities / inefficiencies prevented; - Risk of fraud or litigation reduced. 	<ul style="list-style-type: none"> - number of negative opinions from GAMA - recommendations from ECA, IAC, IAS - Register of exceptions - AOSD reports (include procurement issues) - Procurement reporting (status of procedures, delays vs planning,...) - average time to procure - % of unsuccessful procurement procedures - Anti-fraud indicators

3. Financial transactions

A – Expenditure implementation (commitment, validation, authorization and payment of expenditure)

Main control objectives: legality and regularity (compliance with FR & IR and with the contract signed), fraud prevention and detection, safeguarding of assets.

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • Products / services / works not in line with the contract clauses; • Amounts paid exceeds what is contractually due; • Risk of late interest payment and discontinuity of business because contractor fails to deliver due to delayed payments; • Risk of fraud, litigation and bad reputation due to non-compliance with rules in force (FR & IR, accounting, etc); • Risk of loss of assets. 	<ul style="list-style-type: none"> • Close monitoring of every step in the payment process, in particular payment delays 	<p>Coverage: All financial transactions</p> <p>Depth (intensity): Level 4 control: with reference to and including access to the underlying documentation.</p>	<p>Costs: All agents involved in financial transactions</p> <p>Benefits: Sound financial management and respect of contractual deadlines.</p>	<ul style="list-style-type: none"> - % of payments handled outside contractual delays - value of late interest payments - average time to pay - Budget reporting
	<ul style="list-style-type: none"> • Four eyes principle: 2 people are involved in each financial transaction: initiating and verifying agents, both at operational and financial level; • Delegation of powers (AOSD, CAF) published; • Centralised financial circuit for payments and partially decentralised model for commitments; • Supplementary controls are made by the IT application (ABAC SAM) for OIB budgetary commitments; • a specific IT application (Regex) is used for the follow-up of exceptions; • Accounting controls are carried out regularly (monthly, quarterly and yearly, depending on type of transactions); 	<p>Coverage: All financial transactions</p> <p>Depth (intensity):</p> <ul style="list-style-type: none"> - Level 4 control: with reference to and including access to the underlying documentation. - Level 3 control: with reference to fully independent corroborative information (i.e. database which justifies certain elements of the claim) 	<p>Costs: All agents involved in financial transactions & accounting staff</p> <p>Benefits:</p> <ul style="list-style-type: none"> - Errors, frauds and potential litigations are prevented or minimized. - Accounting errors are identified and corrected at an early stage 	<ul style="list-style-type: none"> - number of OLAF cases followed-up - ECA's DAS recommendations - IAS and IAC audit recommendations - % of a posteriori payments - Accounting quality - AOSD reports (include financial issues)
	<ul style="list-style-type: none"> • Regular tracking exercises of plant and machinery; • Supplementary controls are made by the IT application (ABAC SAM) for assets; • Accounting controls are carried out regularly (monthly, quarterly and yearly, depending on type of transactions); • Daily cashiers controls in internally managed restaurants and cafeterias. 	<p>Coverage: All assets</p> <p>Depth (intensity): Level 4 control: with reference to and including access to the underlying documentation.</p>	<p>Costs:</p> <ul style="list-style-type: none"> - Part of the time of the GBIs in the Commission - The team responsible for this inventory - The accounting staff. <p>Benefits: Community property safeguarded</p>	<ul style="list-style-type: none"> - Value of non-located assets (percentage); - Tracking rate.

B – Revenue Operations

Due to the nature of its activities, OIB provides services and works to other EU Institutions and bodies (other DGs, EEAS, EESC & CR, agencies, etc.). OIB has therefore different SLAs in force to provide these services and the cost of services delivered through SLAs is invoiced to the beneficiaries. This represents the majority of OIB revenue operations. Other sources of revenue for OIB are

- proceeds from the nurseries and childcare activities (contributions from the parents as well as from the different DGs/Services);
- proceeds from the sale of movable property;
- reimbursements of charges connected with the lettings.

In 2014, OIB revenues amounted to nearly 33 Mio €, which represent 9% of the budget (commitments). An important part of this amount is carried forward to the following year (C4: € 40,1 Mio; C5: € 20,5 Mio).

Main control objectives: effectiveness, efficiency and economy; legality and regularity (compliance with FR & IR).

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • Risk that counterparties do not pay or do not pay in time; • Risk of fraud and bad reputation due to non-compliance with rules in force (FR & IR, accounting). 	<ul style="list-style-type: none"> • Direct centralised management mode (a central cell centralizes all requests for recovery orders); • Key issues discussed during weekly management meetings; • Close monitoring of R.O planning over the year; • A specific procedure is in place regarding the planning of recovery orders related to SLAs; • Budget reporting includes revenue operations; • Recovery order delays are followed up and regularly reported to management; • Quarterly reporting with all the forecasted revenues sent to all units; • Use of ABAC SAM system to register all recovery orders • Each recovery order or forecast is submitted to the normal validation procedure as for expenditure (four eyes principle); • Regular exchange of information and notes with the counterparty to fix practical arrangements; • Recovery orders exceptions are kept in the register of exceptions. • AOSD reports on financial matters include recovery order issues; • Same level of controls and reporting as for expenditure. 	<p>Coverage: All recovery orders</p> <p>Depth (intensity): Level 4 control: with reference to and including access to the underlying documentation.</p>	<p>Costs: All agents involved in the recovery of revenues</p> <p>Benefits:</p> <ul style="list-style-type: none"> - Amount of the revenue generated. - Less Revenues cashed in with delays; - Errors and fraud are minimized. 	<ul style="list-style-type: none"> - Amount of revenue generated; - Percentage of outstanding recovery orders; - Significant error detected by ex-post control on the revenue operations; - ECA, IAS and IAC audit recommendations; - Register of exceptions; - AOSD reports (with recovery order issues).

4. Supervisory measures

Main control objectives: legality and regularity (FR, IR, ICS), detection and correction of weaknesses

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • Risk of litigations and reputational damage due to non-compliance with legal provisions. • Risk of fraud, litigations and reputational damage due to non-compliance with legal provisions. • Risk of an error or non-compliance not prevented, detected or corrected by ex-ante control prior to payment. 	<ul style="list-style-type: none"> • EPC covers a representative sample of financial transactions and procurement procedures (high and low value tenders) 	<p>Coverage: Representative sample (based on the methodology)</p> <p>Depth (intensity): Level 4 control: with reference to and including access to the underlying documentation.</p>	<p>Costs: Ex-post control team</p> <p>Benefits:</p> <ul style="list-style-type: none"> - Correction of errors and continuous improvement of the internal control system; - Contributes to the reasonable assurance. 	<ul style="list-style-type: none"> - % of the execution of the annual EPC programme; - % of EPC recommendations implemented by concerned units; - Number of significant errors found by EPC; - % of errors vs total checked.
	<ul style="list-style-type: none"> • The list of exceptions, open audit recommendations and synthesis of the significant AOSD concerns are registered, followed up and sent twice a year to senior management so that actions can be taken to address weaknesses. • Recommendations from discharge are follow-up. • Litigations and the status of internal procedures are monitored through regularly updated inventories. • Compliance with Internal Control Standards is monitored regularly; • Anti-fraud strategy and related anti-fraud controls; • Risk management; • Monitoring of sensitive functions. 	<p>Coverage: Any transaction (if applicable)</p> <p>Depth (intensity): Level 3 control: with reference to fully independent corroborative information (e.g. databases)</p>	<p>Costs: Internal control team and concerned management</p> <p>Benefits:</p> <ul style="list-style-type: none"> - Issues are followed up and addressed; - Processes and procedures improved; - Continuous improvement of the internal control system. - Contributes to the reasonable assurance. 	<ul style="list-style-type: none"> - percentage of AOS reports awaited; - percentage of audit recommendations implemented on time by the units; - percentage of a posteriori payments vs total payments of the year; - Number of ICS not fully compliant or ineffective; - Anti-fraud indicators; - Risk assessment results and related mitigating actions. - Efficiency: cost of controls vs benefits

ANNEX 10: Specific annexes related to "Management of Resources" (Part 2)

1. Anti-fraud indicators

In order to be able to track the results of fraud prevention and detection activities, OIB has developed different indicators which reflect how OIB's anti-fraud strategy is effective in mitigating fraud risks. These indicators are as follows:

Indicator	2014 result	
– Number of training sessions carried out on ethics/number of staff trained	5 / 66	
– Assessment by management (M) and staff (S) on the effectiveness of ICS2 on ethics & integrity in OIB (ICS survey result)	M	S
	Positive	96% 75%
	Negative	2% 24%
– Assessment by management (M) and staff (S) on the fraud risk mitigating measures in OIB (ICS survey result)	M	S
	Positive	70% 38%
	Negative	5% 5%
– Assessment by management (M) and staff (S) on the familiarity with anti-fraud documents and implementing tools (ICS survey result)	M	S
	Positive	89% 58%
	Negative	4% 15%
– Number of training sessions carried out on procurement	2	
– Number of negative opinions from GAMA	0	
– Number of complaints/cases/proceedings received from unsuccessful economic providers by the European Court of Justice or by the Ombudsman regarding procurement procedures	1 ¹	
– Percentage of total expenditure with unacceptable results during ex-post controls	0% ²	
– Number of critical fraud risks in the Office	0	
– Number of remarks received from the ECA in the context of the DAS review	1	
– Percentage of internal or external audit recommendations implemented on time	61%	
– Number of 'Critical' (C) or 'Very Important' (VI) audit recommendations overdue by more than 6 months according to their original implementation date	0	
– Number of cases transmitted to OLAF / IDOC for investigation	0	
– Number of investigations initiated by OLAF/IDOC	0	

2. Credits cross-sub-delegated

The following table provides the full list of credits cross-sub-delegated by OIB to other Commission Authorising Officers in 2014, according to the Internal Rules and the cross-sub-delegations in place:

¹ One case introduced at the European Court of Justice by an unsuccessful bidder to a lot (out of 4) of a tender on the insurance of buildings.

² No error level one (serious error).

PMO	Salaries of statutory staff, national experts and costs for missions	<p>Amount: € 30.123.157,84 on B2014-26.012201.010100-C1-OIB/PMO budget line Execution: Commitment: € 30.123.157,84 Payment: € 30.123.157,84</p> <p>Amount: € 831.472,18 on B2014-26.012201.010100-C5-OIB/PMO budget line Execution: Commitment: € 831.472,18 Payment: € 831.472,18</p> <p>Amount: € 20.809.692,12 on B2014-26.012201.010201-C1-OIB/PMO budget line Execution: Commitment: € 20.809.692,12 Payment: € 20.809.673,03</p> <p>Amount: € 6.784.861,00 on B2014-26.012201.010201-C5-OIB/PMO budget line Execution: Commitment: € 6.784.861,00 Payment: € 6.784.861,00</p> <p>Amount: € 137.421,00 On B2014-26.012201.010211-C1-OIB:PMO budget line Execution: Commitment: € 137.421,00 Payment: € 118.181,67</p> <p>Amount: - (report from 2013 commitment not consumed) On B2014-26.012201.010211-C8-OIB:PMO budget line Execution: Commitment: € 16.373,16 Payment: € 11.234,56</p>
	Reimbursement of season tickets	<p>Amount: € 952.782,75 on B2014-26.012204-C1-OIB/PMO budget line Execution: Commitment: € 952.782,75 Payment: € 611.765,86</p> <p>Amount: € 450.000 on B2014-26.012204-C4-OIB/PMO budget</p>

		<p>line Execution: Commitment: € 450.000 Payment: € 0</p> <p>Amount: € 75.000,00 on B2014-26.012204-C5-OIB/PMO budget line Execution: Commitment: € 75.000,00 Payment: € 258,36</p> <p>Amount: - (report from 2013 commitment not consumed) on B2014-26.012204-C8-OIB/PMO budget line Execution: Commitment: € 1.275.024,93 Payment: € 1.275.024,93</p>
DIGIT	IT support, software and telecommunications	<p>Amount: € 2.802.029,00 on B2014-26.012201.010300-C1-OIB/DIGIT budget line Execution : Commitment: € 2.802.014,08 Payment: € 1.898.982,29</p> <p>Amount: - (report from 2013 commitment not consumed) on B2014-26.012201.010300-C8-OIB/DIGIT budget line Execution : Commitment: € 835.757,15 Payment: € 835.757,15</p>
HR	External Staff	<p>Amount: € 208.000,00 on B2014-26.012201.010201-C1-OIB/HR budget line Execution: Commitment: € 208.000,00 Payment: € 187.688,01</p> <p>Amount: € 15.000,00 on B2014-26.012201.010201-C5-OIB/HR budget line Execution: Commitment: € 15.000,00 Payment: € 10.544,66</p> <p>Amount: - (report from 2013 commitment not consumed) on B2014-26.012201.010201-C8-OIB/HR budget line</p>

		Execution: Commitment: € 59.521,95 Payment: € 59.521,95
	Security and Health & Safety	Amount: € 1.075.000,00 on B2014-26.012201.010300-C1-OIB/HR budget line Execution: Commitment: € 1.075.000,00 Payment: € 1.075.000,00
COMM	Task force Greece	Amount: € 151.608,23 on B2014-26.01220%-C1-OIB/COMM budget line Execution: Commitment: € 151.608,23 Payment: € 100.681,91 Amount: - (report from 2013 commitment not consumed) on B2014-26.01220%-C8-OIB/COMM budget line Execution: Commitment: € 11.573,39 Payment: € 11.573,39

On the other hand, and for information, other credits were also cross-sub-delegated in 2014, on a permanent or on a temporarily basis, to OIB by the following DGs/Services:

- PMO for building, logistics and supplies expenditures (amount: € 3.822.000,00);
- EPSO for building, logistics and supplies expenditures (amount: € 3.153.000,00).
- OLAF for buildings and logistic services (amount: € 1.143.000,00);
- DG COMM for services delivered to the representation of the European Commission in Belgium (amount: € 321.944,48);
- DG CNECT for the reproduction of operational documents in the print shop of Beaulieu (amount: € 72.232,62);
- DG REGIO for the reproduction of operational documents in the print shop of Beaulieu (amount: € 67.772,36);
- SG for expenses related to the information system "ARCHIS" (amount: € 50.000,00);
- OIL for the development of the interface "IMPRESSIVE" (amount: € 2.481,39).

These sub delegated credits to OIB were included to the entire budget managed by OIB and submitted to the same range of internal controls as OIB's own budget. There is therefore no need for further detail on these cross-sub-delegated credits to OIB.

3. Status of implementation of internal audit recommendations (IAS/IAC)

The below synthesis table details the present situation of new audits conducted in 2014 or audits for which follow-up was carried out by IAC/IAS or where the recommendations were closed/are still open from previous audits at the end of 2014.

Topic of the audit	Carried out by...in...	Closed in 2014	In Progress (*)	Total
Income in childcare activities	IAC 2010	2	1	3
Implementation of CAF procedures	IAC 2009 [follow-up 2011]	0	1	1
Property Projects	IAC 2011/2012 [follow-up 2014]	7	0	7
Procurement	IAS 2011 [1 st follow-up 2013] [2 nd follow-up 2014]	1	0	1
Concept and Reproduction	IAC 2013	2	2	4
Financial circuits	IAS 2013	2	5	7
TOTAL		14	9	23

(*) Outstanding recommendations with original expected implementation date expiring by end of 2014

4. Internal Control Standards Effectiveness

Internal Control Standards Effectiveness	ICS prioritised in MP 2014 (y/n) ?	Rationale for prioritisation in 2014 MP (select from drop down menu); if you select "other", please give details under "Comments"	ICS effectively implemented on 31/12/2014 (y/n) ?	ICS prioritised in MP 2015 (y/n) ?	Comments
ICS 1 Mission	N			N	Given the context of the staff reduction (2012/2017) and the subsequent risks and potential impact on the performance of the Office, OIB management decided to keep ICS 3 "Staff allocation and mobility" prioritised in the 2015 Management Plan, although already effectively implemented in OIB and compliant with the requirements of the standard.
ICS 2 Ethical and Organisational Values	N		Y	N	
ICS 3 Staff Allocation and Mobility	Y	staff planning and allocation	Y	Y	
ICS 4 Staff Evaluation and Development	N		Y	N	
ICS 5 Objectives and performance Indicators	N		Y	N	
ICS 6 Risk Management	N		Y	N	
ICS 7 Operational Structure	Y	IT governance	Y	N	
ICS 8 Processes and Procedures	N		Y	N	
ICS 9 Management Supervision	N		Y	N	
ICS 10 Business Continuity	N		Y	N	
ICS 11 Document Management	N		Y	N	
ICS 12 Information and Communication	N		Y	N	
ICS 13 Accounting and Financial Reporting	N		Y	N	
ICS 14 Evaluation of Activities	N		Y	N	
ICS 15 Assessment of Internal Control Systems	N		Y	N	
ICS 16 Internal Audit Capability	N		Y	N	

The following measures were taken regarding the two standards prioritised in 2014:

ICS 3 Staff allocation and mobility

It is necessary that adequate arrangements are in place to ensure effective staff planning and allocation. If needed, measures have to be taken to ensure flexible and dynamic organisation, via intensive trainings, re-organization, changes of the allocation procedure or other measures.

Actions done:

In the context of ongoing reductions in posts for the period 2012-2017 and the possible impact of these cuts, OIB has set up a system whereby posts becoming vacant as a result of mobility, retirement, invalidity etc. are not filled but are frozen in order to provide a reserve of posts from which to apply the staff cuts. Remaining posts are re-allocated as rapidly as possible to priority activities of the Office, based on requests from OIB units and are finally decided by OIB senior management, taking account of the Office's operational priorities. OIB endeavours to fill vacant posts as soon as possible, to ensure that staff mobility does not have negative impacts on the smooth running of the Office.

In the field of mobility, all OIB vacant posts are published on the OIB intranet. Particular steps have been taken to facilitate mobility for contract agent staff whose mobility prospects are limited by their contractual situation. All vacant contract agent posts are now published on the intranets of PMO and OIL while the OIB intranet publishes vacant posts in PMO and OIL. Vacancies of contract agent posts in OIB at function group I level are now published on the public version of the OIB intranet which is accessible to staff at that level working in other Commission services, with the aim of further encouraging mobility for this group of staff.

OIB's yearly strategic training framework is planned in order to offer appropriate training to staff in technical profiles and staff moving to these profiles as a result of mobility are offered this training in order to enable them to be effective as soon as possible in their new jobs.

In order to ensure that the operational capabilities of the Office are maintained OIB makes sure that there are adequate back-up staff for all key functions and that wherever possible staff are trained to take over other jobs in order to replace colleagues in case of absence. This approach is particularly important as staff numbers reduce as a result of the 2012-7 staff cuts. As an example, staff working in the central Mail Office are systematically trained to do other jobs in their sectors in order to ensure that the smooth running of the service is not affected in case of staff absences (for example for sickness).

Presentations on the revision of the Staff Regulations were given for management and for the members of the OIB HR network to enable them to answer questions from staff on the changes. Presentations for all staff on the changes to leave and working time which entered into force on 1/6/2014 took place during the month of June.

ICS 7 Operational Structure

The standard IT governance policy of the Commission must be applied, in particular business owners must be identified for each application and IT tasks must be clearly defined.

Actions done:

In the context of the IT governance policy of the Commission, and to ensure compliance with Information Systems Security Policy, an OIB specific IT risk assessment guidance has been developed and an IT risk assessment was performed for all relevant computer supported OIB Information Systems. . In addition, IT responsibilities have been added to the job descriptions in OIB and a process established to keep them up-to-date.

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