



Annual Activity Report 2022

OFFICE FOR ADMINISTRATION AND PAYMENT OF
INDIVIDUAL ENTITLEMENTS (PMO)

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PMO IN BRIEF

The **mission of the Paymaster Office¹ (PMO)** is to provide a high-quality and user-friendly service to current and former staff of the European Commission and the majority of the other EU institutions and agencies. It does so by promptly and accurately establishing and paying entitlements and claims, providing clear and relevant information and ensuring an efficient and effective system of management and control. PMO's services consist of:

1. establishment of individual financial rights for staff, pensioners and beneficiaries;
2. payment of salaries, pensions and related entitlements;
3. reimbursement of health insurance, mission and expert claims;
4. delivery of EU laissez-passer and handling of third-country visas for staff.

PMO contributes to **General Objective 7** of the von der Leyen Commission: "A modern, high performing, sustainable Commission". The PMO's expenditure is exclusively administrative in nature and is implemented under centralised direct management. The Office provides its services based on Service Level Agreements with institutions, agencies and external bodies and operates within an atypical financial framework based on budgetisation (services to institutions) and chargeback mechanisms (services to agencies and external bodies).

The PMO has a certain degree of autonomy for reasons of economy and quality of service and consequently has a specific **management and supervision structure**:

- The **Head of Service** is the authorising officer by delegation, the appointing authority for the establishment of rights and has the responsibility of producing a declaration of assurance and an Annual Activity Report;
- The activities of the PMO are supervised by the **PMO Management Committee**, chaired by the Director-General of DG Human Resources and Security.

PMO has approx. 600 staff members and is structured around seven units based in Brussels, Ispra and Luxembourg.

The **PMO reorganisation**, which entered into force on 01/01/2022, aimed at replying to the requirements and recommendations expressed by different corporate services. It better equips the PMO to face the corporate challenges (Greening of the Commission, HR Transformation project), reinforcing collaboration within the PMO and increasing harmonisation and consistency of procedures to improve further the service provided to our clients. The main elements introduced by the reorganisation are the suppression of one unit, the centralisation of all travel-related activities, the centralisation of the establishment

¹ Commission Decision C(2002)4367 of 6 November 2002 establishing an Office for the administration and payment of individual entitlements

of individual rights and salary payments, the creation of a central ex-post control capacity and the pooling of all IT knowledge.

Regarding the Joint Sickness Insurance Scheme (JSIS), a new governance model joins the three units, based in Brussels, Ispra and Luxembourg, who deal with JSIS affiliates. The aim of specialised working groups is to create synergies in dealing with similar files with a common understanding of rules and procedures.

PMO is operating in a changing context where **most activities continue to increase** in number and/or importance (e.g. pensions, salaries, privacy and cybersecurity), while resources remain constraint.

EXECUTIVE SUMMARY

This Annual Activity Report is a management report from the Head of PMO 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 Treaties².

A. Key results and progress towards achieving the Commission's general objectives and PMO's specific objectives

Offering a correct and timely payment of salaries, pensions and other related entitlements, a swift reimbursement of health insurance, mission and expert claims, a smooth delivery of EU laissez-passer and visas, and more generally accessible and customer-friendly services, are essential to allow Commission staff – and increasingly staff from other bodies – to carry out their duties. By centralising a multitude of services to EU staff, PMO plays a vital role in modernising the Commission's administration. By handling transactions in a correct, smooth and efficient way, (with less administrative burden and eliminating redundancies) (SO1) and coordinating with other institutions by extending its services (SO3), PMO is directly contributing to the establishment of a modern, high-performing Commission, in line with GO7.

Over the years, PMO has seen a constant and significant increase in the populations served (e.g., JSIS beneficiaries, staff, pensioners). In a nutshell, in 2022 PMO provided services to all active and post-active staff of the Commission, 9 other Institutions, 55 agencies and 2 other bodies.

POPULATIONS SERVED						
	2019	2020	2021	2022	2023	var % (2019-2023) *(2019 - 2022)
JSIS beneficiaries	170.752	179.125	184.750	187.060	187.925	+10%
entitlements	41.380	42.184	43.516	44.934	45.499	+10%
salary payments	46.144	48.761	49.839	52.975	53.280	+15%
pensions	25.442	26.639	27.541	29.042	30.403	+20%
Unemployment	2.357	2.780	2.107	2.478	NA	+5%*

Source: PMO BI

The PMO strives to optimise efficiency in operating the **reimbursement of claims** for medical expenses, missions and expenses incurred by experts and candidates. A major contributing factor towards this end has been the digitalisation of PMO processes and ways

² Article 17(1) of the Treaty on European Union

of collaboration with clients, through continuous investments in modern, secure, and user-centric IT Systems as well as further streamlining of processes. These developments continue to increase efficiency, lower the control cost and reduce the error risk.

Communication with current and former staff and affiliates

In 2022, the PMO continued to proactively provide information about innovations, improvements, procedures and deadlines to active and retired staff. Tailored written, visual and audio-visual content from the PMO regularly reached the staff of the other EU institutions and bodies through their internal communication channels. Collaborative efforts to improve quality of communication resulted in winning a European Commission Clear Writing Award. The award-winning article on educational allowances was viewed nearly 130,000 times by the end of the year.



The Newsroom tool remained instrumental for communicating to retired staff and unemployed while specialised websites and magazines for pensioners also frequently distributed PMO content.

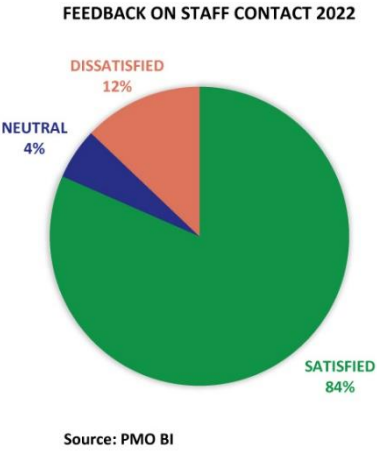
The Communication Community of practice contributed to ideas and content for internal communication helping to inform and engage PMO staff. The variety and increased quality of the information offered, reinforced the upward trend of the PMO intranet visits, reaching more than 277.000 in 2022.

The PMO continued to use the advanced functionalities of the latest communication and interaction technology to support its clients: online training sessions on rights for newcomers, on missions, presentations on the rules and procedures for Commission services as well as new agencies adopting MiPS. In addition, monthly videoconferences were offered to institutions and agencies on end of service, transfer of pension rights and pension schemes of the European institutions. The 2022 PMO Training Days organised for the Institutions, agencies and other bodies served by the PMO, took place online, allowing flexibility and a high participation. Structured per module and spread over two weeks, this approach proved to be very successful with the number of participants almost doubled compared to previous editions, and overwhelmingly positive feedback.



The PMO Moving Ahead initiative engaged staff in improving processes and reached its cruising speed with various workshops and working groups driving specific projects forward. In September colleagues from Brussels, Ispra, and Luxemburg gathered for a 'Together day' to unite around a PMO's vision for the next decade.

A weekly management debrief in which the Head of Service outlines the main ongoing activities, offers the opportunity to all PMO colleagues to ask questions and express their views.



Linked to specific objective 2 - offering a better-quality customer service - the **Staff Contact portal** is the platform for questions on staff matters. Through this platform, in 2022, PMO answered nearly 10.000 queries per month on average, representing an increase of 11% compared to the previous year. Besides the Staff Contact portal, electronic and paper mail remain important communication tools with post-active staff. The PMO puts efforts to extend the use of the Staff Contact portal as much as possible also to these customers.

The average time to reply to online queries was 9 days (6 days in 2021); queries processed outside the deadline of 15 working days amounted to 14% (9% in 2021). The analysis of the level of satisfaction from interaction with the service, shows an average of 84% positive feedback. The PMO strives to continuously improve client service, by analysing available data and identifying possible areas of improvement.

Effectiveness and efficiency of operational structure

Taking advantage of existing possibilities of using applications and platforms, the PMO increased efficiency in delivering its tasks. The Covid-19 situation has sped up the digitalisation of procedures and daily working arrangements.

The initiative ‘PMO Moving Ahead’ explores possible changes in how the PMO functions to improve work internally on the one hand and improve its services towards its clients on the other.

The PMO **knowledge management** community, with its Knowledge Management correspondents in each team, has become a key actor in providing better services and further increasing the organisation's effectiveness. Other communities of practice in communication and legal matters enhance close, crosscutting collaboration.

A new model of governance joins the three units dealing with the JSIS affiliates in one JSIS community including thematic Knowledge Centres (KCs). In 2022, Knowledge Centres started delivering their work on two main objectives: (1) harmonise and simplify practices between units, sites and teams, and (2) take decisions effectively in their field of expertise. The KCs delivered 13 decisions in their first 6 months of existence. The Vademecum for JSIS related matters has been updated in 2022, to become a knowledge platform in which file handlers can collaborate, learn and retrieve information on all JSIS related topics.

Additionally, a working group on the entitlements and rights has been set up, to explore possible synergies in the establishment of rights for active and post-active staff as well as JSIS affiliates.

The PMO faces particular challenges due to the ongoing transition from the financial system ABAC (the current central accounting, budgetary and treasury system) to SUMMA (the European Commission's next generation corporate financial system). For PMO, it will impact most of the financial activities and the associated IT tools. To manage this change, PMO has created a working group to disseminate all information concerning schedule, testing and training.

B. Key performance indicators

<p>Most relevant KPI 1</p>	<p>Average time needed to handle reimbursement claims (in calendar days)</p> <p>Source: PMO BI</p> <table border="1"> <caption>2021 Results</caption> <tr><th>Claim Type</th><th>Time (days)</th></tr> <tr><td>Medical claims</td><td>9</td></tr> <tr><td>Mission claims</td><td>8</td></tr> <tr><td>Expert claims</td><td>5</td></tr> </table> <table border="1"> <caption>2022 Results</caption> <tr><th>Claim Type</th><th>Time (days)</th></tr> <tr><td>Medical claims</td><td>14</td></tr> <tr><td>Mission claims</td><td>10</td></tr> <tr><td>Expert claims</td><td>16</td></tr> </table> <p>Legend: Medical claims (light blue), Mission claims (medium blue), Expert claims (dark blue), Target MP 2022 (red diamond)</p>	Claim Type	Time (days)	Medical claims	9	Mission claims	8	Expert claims	5	Claim Type	Time (days)	Medical claims	14	Mission claims	10	Expert claims	16
Claim Type	Time (days)																
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Mission claims	8																
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Claim Type	Time (days)																
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Mission claims	10																
Expert claims	16																
<p>Most relevant KPI 2</p>	<p>Estimated risk at closure</p> <p>Target: the estimated risk at closure should be lower than 1% of operational expenditure</p> <p>Result: The estimated risk at closure for 2022 was 0,52%</p> <p>Source: PMO Internal Control</p>																
<p>Most relevant KPI 3</p>	<p>Achievement of the IT strategy – percentage of programmed project milestones implemented on time</p> <p>Target: The progress made on agreed milestones of IT projects should be at least 85%</p> <p>Result: 90% in 2022</p> <p>Source: Dashboard (in collaboration with DIGIT)</p>																

<p>Most relevant KPI 4</p>	<p>Average waiting time to reply to Staff Contact online enquiries (in days)</p> <p>Target: The average time required to process requests uploaded on the Staff Contact portal should be lower than 8 calendar days</p> <p>Result 2022: 9 days</p> <p>Source: PMO management statistics</p>									
<p>Most relevant KPI 5</p>	<p>Customer satisfaction and staff engagement</p> <p>Feedback received from clients on PMO services through Staff Contact and from the PMO satisfaction survey – Staff engagement</p> <p>Target and result:</p> <table border="1" data-bbox="547 683 1294 869"> <thead> <tr> <th></th> <th>Target MP 2022</th> <th>2022 Result</th> </tr> </thead> <tbody> <tr> <td>Customer satisfaction with Staff Contact</td> <td>>75%</td> <td>84%</td> </tr> <tr> <td>Staff engagement</td> <td>70%</td> <td>65%</td> </tr> </tbody> </table> <p>Source: PMO management statistics –Staff survey June 2021</p>		Target MP 2022	2022 Result	Customer satisfaction with Staff Contact	>75%	84%	Staff engagement	70%	65%
	Target MP 2022	2022 Result								
Customer satisfaction with Staff Contact	>75%	84%								
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C. Key conclusions on financial management and internal control

In line with the Commission's Internal Control Framework, the PMO has assessed its internal control systems during the reporting year and has concluded that they are effective, and the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified. Please refer to annual activity report section 2.1.3 for further details. In addition, the PMO 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.

Following the exit of the UK from the European Union, PMO calculated the UK liability in relation to pension liabilities and JSIS, as defined in Art. 142 of the UK Withdrawal Agreement. Additional resource-intensive controls were carried out so that calculations for the first contribution of the UK were ready in early 2022, enabling the Commission to address the UK with the first requests for payment.

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated. The Head of Service, 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 PMO and the Cabinet 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 Human Resources.

1. KEY RESULTS AND PROGRESS TOWARDS ACHIEVING THE COMMISSION'S GENERAL OBJECTIVES AND SPECIFIC OBJECTIVES OF THE PMO

PMO contributes to the Commission's general objective **towards a modern, high performing European public administration** by:

- ensuring at all times the correct and timely handling of all types of transactions
- offering better quality customer service
- deepening inter-institutional synergies

Further details on the main outputs related to these objectives can be found in Annex 2.

The main challenge in 2022 was to uphold efficiency and effectiveness of the PMO's activities in a changing context. Most activities continue to increase in number and/or importance (pensions, salaries, unemployment, privacy and cybersecurity) while assigned resources remain stable. Reimbursement of mission and expert claims, drastically reduced over the past years due to the Covid-19 Pandemic, have increased significantly in 2022.

In 2022, the PMO paid around 52.000 salaries and 30.000 pensions per month on average. It provided services to all staff and former staff of the Commission, 9 other Institutions, 55 agencies and 2 other bodies. It reimbursed over 3,15 million medical claims, over 95.000 mission claims and over 12.000 expert claims.

1.1. Specific objective 1: Correct and timely handling of all types of transactions

The PMO ensures the correct and timely handling of payments of salary, pension and related entitlements, unemployment benefits as well as reimbursement of claims for medical expenses, missions and expenses incurred by experts attending meetings as well as expenses incurred by candidates attending tests organised as part of a competition or selection procedure or to an interview or medical examination.

The PMO strives to optimise efficiency in operating the **reimbursement of claims** for medical expenses, missions and expenses incurred by experts and candidates. In 2022, processing times diverted slightly from the targets, as a result of adapting to the post-pandemic situation.

The average time needed for reimbursement of medical claims was 14 days, compared to 9 days in 2021. The number of claims handled in less than 30 days remained within target at 95%, of which 45% were reimbursed within 12 days.

The PMO has completely processed pending requests for inward transfer of pension entitlements, with approx. 1200 files finalised in 2022.

The low rate of **Article 90 complaints**³ upheld, below the maximum set as a target of 10%, confirms the high quality of PMO services.

Several **IT developments** were finalised in 2022. More online and user-friendly declarations were implemented in SYSPER Rights, in line with the user centricity and once only principle. The front office existing declaration for allowances received from other sources was further extended with improved workflows and user experience. Allowances for more than one child can be declared in a single form, which facilitates the encoding and speeds up the process. A new option entitled “no allowance received” has also been implemented, together with a new back-office validation workflow, providing for better control options.

Additionally, in view of the revision of the Guide to Missions and Authorised Travel, as well as an increased priority of the current Commission towards greening and reducing carbon footprint, PMO intensified relevant IT and other developments to continue an efficient management of missions for its clients.

Important initiatives to create synergies and increase efficiency were undertaken in 2022. A working group on rights was established between the units managing salaries, pensions and the JSIS, for increased cooperation and streamlining of practices related to rights.

Further details regarding the main outputs related to this objective can be found in Annex 2.

³ Art. 90 Staff Regulations: Any person to whom the Staff Regulations apply may submit to the appointing authority a complaint against an act affecting him adversely, either where the said authority has taken a decision or where it has failed to adopt a measure prescribed by the Staff Regulations.

1.2. Specific objective 2: Maintain high quality standards of customer service

Measures to streamline business processes and increase customer satisfaction have been taken in 2022 as a follow-up to the results from the 2021 satisfaction survey distributed among all PMO customers. Particular attention has been paid to results and comments pointing to specific areas for improvement. The conclusions derived from the survey also contributed to setting benchmarks and measuring performance in the longer run.

The **Staff Contact** portal, which allows staff and pensioners and unemployed to submit and track questions and requests, was the primary channel for interaction between PMO and its customers in most areas. Specific efforts to increase the use of the online portal also by post-active staff are ongoing. In 2022, almost 10.000 online tickets per month were processed via this portal compared to 8.800 in 2021. The average time taken to reply to online queries increased from 6 days in 2021 to 9 days in 2022. The percentage of queries processed outside the deadline of 15 working days, increased to 14% (9% in 2021), in relation with the higher number and the complexity of the questions and requests received.



Improved **efficiency of IT systems** also facilitates higher client satisfaction. The PMO focused on the continuous modernisation of existing applications and the optimization of the PMO Mobile platform (for the missions management application MiPS, the Joint Sickness and Insurance Scheme and for the management of experts' meetings in AGM, the system for preparation and organisation of meetings). Together with several new features in the latest version of the application, PMO Mobile has seen a constant growth of daily users in 2022.

PMO estimates to have achieved 90% of the planned IT developments, as shown at the PMO IT Steerco in December, in line with the expected target foreseen for 2022.

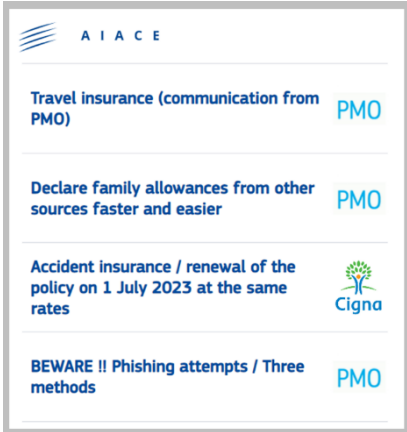
As regards the modernisation of the **Joint Sickness Insurance Scheme** (JSIS) and to respond to issues faced by JSIS affiliates, the PMO has had to conclude agreements with insurance or healthcare providers in the Member States. Agreements were concluded with five Spanish regions, ensuring access to health care. An agreement to ensure access to health care is being finalised for Italy. In the Netherlands, an agreement was concluded with an insurer, CZ⁴, which allows staff using the CZ card to have access to health care at the prices negotiated by the insurer. Discussions are ongoing with Belgian and Luxembourgish authorities regarding the digital transmission of documents related to the

⁴ Onderlinge Waarborgmaatschappij Centrale Zorgverzekeraars Groep Zorgverzekeraars UA & Onderlinge Waarborgmaatschappij Centrale Zorgverzekeraars Groep Aanvullende Verzekering UA

cost of health care, to ensure continued access of JSIS affiliates to health care in those Member States, which are transitioning to full digital exchange of documents. Issues with other Member States are being analysed with the assistance of DG HR and DG EMPL. The project allows for direct transmission of declarations, which overcomes cumbersome manual registration, paperwork and avoids errors in processing by PMO staff.

The PMO’s commitment to **communication with active and post-active staff** on innovations, improvements, procedures and deadlines concerning payments and benefits remained high. Tailored written, visual and audio-visual content provided by the PMO has reached the staff of the other EU institutions and bodies through their internal communication channels. The Newsroom tool remained instrumental for communicating to retired staff and unemployed while specialised websites and magazines for pensioners also distributed PMO content to their audiences.

The PMO uses IT technology to support its clients: introduction videos are used for informing newcomers of their rights, online **training sessions** on MiPS and missions’ regulations are delivered to the Commission and new agencies onboarding MiPS. Next to targeted presentations on the Joint Sickness Insurance Scheme (JSIS) for institutions, agencies or EU bodies, PMO continued to deliver monthly training sessions on the JSIS and since November again on pensions and transfer of pension rights for newcomers and future pensioners. In 2022 PMO organised more than 200 information sessions provided by videoconference on the above-mentioned topics. Additionally, communication specialists



continue to produce graphic materials such as how-to videos on how to navigate PMO’s increasingly automated systems and visual aids clarifying the main outputs.

In 2022, AIACE⁵ continued to be an important partner; the PMO gave assistance on pensioner matters. It also addressed the question of the parity coefficient for the UK, with arrangements to be applied in 2022. In this context of partnership, the network of AIACE ambassadors made it easier to reach a larger number of pensioners. The ambassadors relay information, help solve problematic cases and facilitate the understanding of the needs and specific situations encountered in the Member States.

Further details on the main outputs related to this objective can be found in Annex 12.

1.3. Specific objective 3: Deepening inter-institutional synergies

In 2022, the PMO continued the provision of services to other Institutions and bodies. All services provided are based on Service Level Agreements (SLAs), which have been signed with all Institutions and the vast majority of agencies. The revenue from the charge-back of services, to cover the cost for services provided by PMO was around EUR 12 million in 2022

⁵ Association Internationale des Anciens de l’Union Européenne

and is expected to increase given the constant increase of activities related to EU agencies. On the other hand, all EU Institutions have transferred budget in relation to baseline services and are thus no longer subject to invoicing. The financing of the services provided, either through invoicing or through direct transfer of budget for obligatory tasks is in line with Article 65 of the Financial Regulation and the charge-back methodology stipulated in the Commission Guidance on the provision of services to other EU Institutions and agencies. The PMO cooperates with central Commission services to ensure that all SLAs fully comply with the relevant legal framework and that costs incurred by the PMO are appropriately charged to PMO clients.

The yearly training for new SLAs, the PMO Training Days, was organised in November 2022 in an online format, spread over two weeks. Next to the presentation of the various thematic modules, they offer the opportunity for knowledge sharing and remote networking with colleagues across Europe. This formula proved to be highly successful, and the number of participants almost doubled compared to previous editions. The modules per topic are registered and can be consulted at any time by interested colleagues.

In addition, specific trainings were organised for other Institutions and agencies concerning pensions and rights at the end of contract

2. MODERN AND EFFICIENT ADMINISTRATION AND INTERNAL CONTROL

2.1. Financial management and internal control

Assurance is provided through an objective examination of the risk management effectiveness, control and governance processes. This examination is carried out by management, which monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors. All results are explicitly documented and reported to the Head of Service.



The following reports have been considered:

- the reports by AOSDs (Authorising Officer by Subdelegation)
- the contribution of the Internal Control Coordinator;
- the reports on ex-ante/a posteriori/ex-post controls;
- the register of exceptions and non-compliance events;
- the limited conclusion of the internal auditor on the state of control, and the observations and recommendations reported by the Internal Audit Service (IAS);
- the observations and the recommendations reported by the European Court of Auditors (ECA).

The systematic analysis of the available evidence provides sufficient guarantee as to the completeness and reliability of the information reported and results in the full coverage of the budget delegated to the Head of Service of the PMO.

This section covers the control results and other relevant elements that support management's assurance. It is structured into 2.1.1 Control results, 2.1.2 Audit observations and recommendations, 2.1.3 Effectiveness of internal control systems, and resulting in 2.1.4 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 objectives (ICO)⁶. The PMO's

⁶ 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.

assurance building and materiality criteria are outlined in annual activity report annex 5. The annual activity report 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.

The PMO's expenditure is exclusively administrative in nature and is implemented under centralised direct management. The Office provides its services on the basis of Service Level Agreements with Institutions, agencies and external bodies and operates with an atypical financial framework based on classical resources (services to institutions) and chargeback mechanisms (services to agencies and external bodies).

To illustrate the weight of the different operational domains and related controls, this table shows the total payments made per main type of PMO activity as well as the revenues collected.

PMO expenditure 2022	Expenditure (mEUR)	Extra-budgetary expenditure (mEUR)	Percentage
Salaries and other entitlements	3.585,06		54,5%
Post activity (pensions and other entitlements)	2.470,83		37,8%
End of service (chômage)		21,05	0,3%
Total "salaries, post-activity and associated entitlements" (domain/ RCS 1)	6.034,83	21,05	92,7%
Joint Sickness Insurance Scheme (JSIS)		377,61	5,8%
Missions	49,14		0,8%
Experts and candidates	7,53		0,1%
Total "reimbursement of medical, expert and mission claims" (domain/ RCS 2)	56,67	377,61	6,6%
Other	3,14		0,0%
PMO operational expenditure	42,77		0,7%
Total	6.137,41 (annex 3)	398,67	100 %

PMO revenues and income 2022	Revenues (mEUR)	Extra-budgetary revenues (mEUR)	Percentage
Contributions (taxes, pension)	1.222,00		63,3%
Contributions (JSIS, unemployment, insurance) – extra-budgetary managed		448,67	23,3%
Total of contributions (RCS 3)	1.222,00	448,67	86,6%
Charge-back of services to other Institutions and bodies (RCS 4)	12,15		0,6%
UK Contributions to pension	235,76		12,2%
Other	10,66		0,6%
Total	1.480,58 (annex3)	448,67	100 %

Source: budget implementation, PMO

PMO's management factually concludes that the control results, presented in the following sections and related annexes are complete and reliable and thus provide reasonable assurance about the achievement of the internal control objectives.

The overall conclusion table demonstrates the completeness of the coverage:

- Financial information, including total of payments on credits, delegated credits, financial assets and liabilities in Annex 3,
- Relevant Control Templates Systems (RCSs) for budget implementation for the areas listed above in Annex 6.

In line with the 2018 Financial Regulation, PMO's assessment for the new reporting requirement is as follows:

- Cases of "confirmation of instructions" (new FR art 92.3) : no such cases for PMO
- Cases of financing not linked to costs (new FR art 125.3) : no such cases for PMO
- Financial Framework Partnerships >4 years (new FR art 130.4) : no such cases for PMO
- Cases of flat-rates >7% for indirect costs (new FR art 181.6) : no such cases for PMO
- Cases of "Derogations from the principle of non-retroactivity pursuant to Article 193 FR" (new Financial Regulation Article 193.2) : no such cases for PMO

1. Effectiveness of controls

a) Legality and regularity of the transactions

The PMO uses internal control processes to ensure sound management of 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.

The PMO control strategy presents the methodology and procedure of the controls carried out in PMO, with the objective of contributing to management assurance by maintaining the necessary level of control regarding regularity of operations, taking into account the three building blocks (effectiveness, efficiency and economy) of sound financial management. The PMO has set up internal control processes aimed at ensuring the adequate management of identified risks.

The PMO control strategy is based on the principle that to establish an entitlement or a request for reimbursement, a case handler compares the submitted documents to the relevant eligibility criteria. Every decision is supervised, except for some allowances where the review of some lower risk and less complex files is performed on a sample basis (e.g. in JSIS simple reimbursement claims), due to the high number of declarations received. Depending on the complexity of the claim, a more detailed analysis is carried out to arrive to a sound decision.

The repetitiveness of the main PMO activities leads to a continuous adjustment and improvement of the internal control system. Corrective measures are taken when an error is linked to a system weakness. Such measures involve training, reallocation of files, tighter verification or focused ex-post checks.

The results of ex-post controls are analysed, and they also may result in corrective measures. When the result of an ex-post control indicates a need to take further action, a detailed action plan is formulated.

Since the PMO is characterized by high numbers of transactions often dealt with by mass operations, the incorporation of multiple layers of automatic controls in the IT-applications is essential.

- **Ex-ante controls**

Ex-ante controls are organised differently depending on the type of payment. Recurrent payments based on the determination of an entitlement (domain 1) are systematically checked before the first payment. All errors are corrected retroactively, and the results of corrections influence the accuracy of future transactions. The checks are documented as part of the workflow. The results are not included in the table below.

On the contrary, the large number of reimbursement claims in domain 2 does not allow for a comprehensive ex-ante control – they are therefore carried out by means of sampling.

The results for ex-ante controls in the area of medical, expert and mission claims⁷ show that the total detected error rate of the ex-ante controls remains low, as presented in the table below. The samples taken are considered as representative of their individual populations and are weighted against the total population of their sectors. Extrapolating to the overall population, minus the population controlled and corrected, the weighted error rate is 0,48% for this domain.

Scope ex-ante control	# files verified	Total amount verified (mEUR)	% Value Total of population covered	Weighted error rate 2022
Reimbursement of medical, mission and expert claims - domain 2	19.955	43,23	9,95%	0,48%

Source : reports on ex ante controls, PMO

- **Ex-post controls**

The central organisation of ex-post controls in the PMO allows to simplify and harmonise the methodology and results. The centralised approach provides good implementation of operations, conformity with regulations, and increases the efficiency of control. It also addresses the request of the IAS to use a correct sampling size and method to provide reasonable assurance of the budget management.

The table below gives an overview of the results of the ex-post controls carried out during the year 2022:

Scope ex-post control (expenditure areas)	# files verified	Total amount verified (m EUR)	% Value Total of population covered	Weighted error rate 2022
Salaries, pensions and associated entitlements -domain 1	168	2,61	0,05%	0,41%
Reimbursement of medical claims (domain 2a : non-budgetary expenditure)	262	0,11	0,02%	1,60%

⁷ Ex-ante controls include medical claims (extra-budgetary)

Reimbursement of mission and expert claims (domain 2b)	150	0,13	0,22%	0,40%
Total (weighted)	603	2,85	0,04%	0,52%

Source: reports on ex post controls, PMO

For Salaries & Associated Entitlements, the results of the ex-post controls show a total residual error rate estimated at 0,41% (weighted). For reimbursement of expert and mission claims, the total weighted error rate of ex-post controls is 0,40%. The consolidated error rate for budgetary expenses is therefore 0,41%.⁸

The residual error rate related to ex-post controls in the field of health care expenses is 1,60%, bringing the consolidated risk at closure (including budgetary and non-budgetary expenses) at 0,52%.

The risk at closure remained well below the target of 1%; confirming the accuracy and quality of transactions processing by the PMO and the effectiveness of the ex-ante controls. The financial impact was low, and the corrections are usually made directly in the system (recovery from salaries).

The samples for the ex-post controls were selected on a random and representative basis to detect errors in the controlled files, to calculate the financial impact of these, and proceed with the necessary corrections and/or structural modifications. The sample size is set to obtain a representative error rate.

In 2022, an analysis was carried out by the ex-post control team, for putting in place a new system for determining the scope and size of targeted controls. Based on, among other elements, recurrent risk assessments and the results of the random ex-post controls in the different domains, a yearly planning for targeted controls will be established and carried out by the team.

The reimbursement of medical claims in the framework of the Joint Sickness Insurance Scheme (JSIS, the health insurance scheme for staff of the European Union institutions) and the payment of unemployment benefits result in additional control objectives for the related JSIS fund and the Unemployment Fund (handling unemployment allowances following termination of service). Hence, a number of control actions were put in place:

- an independent audit is carried out every year by an external auditor on the JSIS accounts, currently underway for the financial year 2022;
- the evolution of the Unemployment Fund is carefully followed by the PMO with different services of the Commission (DG HR and DG BUDG). The fund increased by 49% to EUR 60,48 million at the end of 2022 vs. 2021. The Commission reports every two years to the

⁸ For extra-budgetary (JSIS), the total weighted error rate of ex-post controls is 1,60%.

European Parliament and the Council on the evolution of this fund, the last report was issued in 2022. The reserve exceeds one year of expenditure and is expected to continue growing until 2024/2025 (end of the legislature and the mandate of the College) as Temporary Agents and Parliamentary assistants turnover represents cyclically an important expenditure for the Fund. The increasing reserve of the Fund results mostly from:

- agencies' increasing headcount, i.e. staff working for Agencies – who can benefit from indefinite duration contracts – are less exposed to unemployment risks, and
- the overall economic context resulting in decreasing unemployment rates across Member States.

In conclusion, both funds are subject to follow-up controls set up by the PMO.

The PMO considers that the information provided on the controls is factual, complete and reliable. As such, the controls in place are considered effective.

As stated above, the PMO's portfolio consists of segments with a relatively low error rate; 0,41% for budgetary expenditure and 1,60% for extra-budgetary expenditure. This is the result of the performance of the related control systems.

To calculate the estimated overall risk at payment, a weighted error rate of 0,5% has been used, representing the recommended administrative proxy, even if this is above the error rates detected in PMO's controls.

The estimated overall risk at payment for 2022 budgetary expenditure amounts to EUR 30,69 million, representing 0,5% of the PMO's total relevant expenditure for 2022. This is the AOD's best, conservative estimate 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. The estimated overall risk at closure for expenditure, representing 0,5% of the PMO's total financial flows, remains stable over time.

In addition, the PMO has in place an effective mechanism for correcting errors through ex-ante and ex-post controls, resulting in preventive and corrective measures, respectively.

A proportion of any underlying errors detected and corrected will also have an effect in subsequent years. The nature of PMO's activities, payment of salaries, pensions and reimbursement of claims, makes for an easy recovery of found errors, as corrections can be deducted from monthly salary or pension payments, with a relatively stable population (staff and their families). This implies that corrections made following the identification of systemic errors have a positive impact not only on past payments but also for the future. The conservatively estimated future corrections are not included in the calculation of the amount at risk.

Based on all the above, the PMO presents in the following Table X an estimation of the risk at payment and risk at closure for the expenditure managed during the reporting year.

Table X : Estimated risk at payment and at closure (amounts in EUR million)

The full detailed version of the table is provided in Annex 9⁹.

PMO	Payments made	Relevant expenditure	Estimated risk (error rate %) at payment		Estimated future corrections and deductions		Estimated risk (error rate %) at closure	
	m EUR	m EUR	m EUR	%	m EUR	%	m EUR	%
Management of salaries, post-activity and related entitlements	6034,84	6034,84	30,17	0,5%	0	0%	30,17	0,5%
Management of expert and mission claims	56,67	56,67	0,28	0,5%	0	0%	0,28	0,5%
PMO expenses	42,77	42,77	0,21	0,5%	0	0%	0,21	0,5%
Other	3,14	3,14	0,02	0,5%	0	0%	0,02	0,5%
Prefinancing	0	0,05	0	0	0	0%	0	NA
PMO total	6137,41 m EUR	6137,46 m EUR	30,69 m EUR	0,5%	m EUR	%	30,69 m EUR	0,5%

The estimated overall risk at payment for 2022 expenditure is the AOD's best conservative estimate 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 will subsequently be subject to ex-post controls and a proportion of the underlying errors will be detected and corrected in subsequent years. This amount corresponds to the conservatively estimated future corrections for 2022 expenditure.

The difference between those two amounts results in the estimated overall risk at closure. There is no change compared to 2021.

For an overview at Commission level, the departments' estimated overall risk at payment, estimated future corrections and risk at closure are consolidated in the AMPR.

⁹ In order to calculate the weighted Average Error Rate (AER) for the total relevant expenditure in the reporting year, the recommended administrative proxy has been used, even if it is above the error rate as per PMO's ex ante and ex post controls.

b) Fraud prevention, detection and correction

The PMO has developed and implemented its own anti-fraud strategy since 2013, based on the methodology provided by OLAF. Implementation is being monitored and reported to the management at regular intervals.

The PMO actively participates in the Commission Fraud Prevention and Detection Network and subgroups (internal cases; fraud risk management and the EPPO subgroup).

The new PMO Anti-Fraud Strategy (AFS) covering the period of 2022-2024 was adopted in 2022. Its overall objective remains to improve prevention, detection and the conditions for investigations of fraud and to achieve appropriate reparation and deterrence. The internal control framework already includes measures for prevention (such as segregation of functions, conflict of interest and sensitive functions) and detection (such as procedures, measures and four eyes' principle), but the Anti-Fraud Strategy sets out more fine-tuned measures to reply to specific fraud risks identified. PMO's work requires constant interaction with beneficiaries, the majority of which are staff and former staff bound by the Staff Regulations. Therefore, most of the cases of fraud are treated by the Investigation and Disciplinary Office of the Commission (IDOC). The PMO anti-fraud strategy is structured around three major objectives:

- Improve **communication**: several actions, such as awareness raising measures in the form of presentations / trainings for PMO staff and beneficiaries as well as regular presentations, discussions and follow-up with the PMO management committee. The legal sector has provided a presentation (knowledge hour) on ethics, including anti-fraud. In 2023, more information sessions on anti-fraud will be organised in collaboration with Olaf.
- Increase the use of **IT tools and digital exchange of** data including with member states for efficient fraud detection: To carry out its tasks, the PMO uses several IT applications that generate large amounts of usable data. Data analysis allows for detecting discrepancies and selecting cases where the risk of fraud is greatest, in order to perform targeted and cost-effective controls.
- Ensure feedback of fraud cases to **improve processes and control**: By improving collaboration between all units and the legal team as well as the Knowledge Management community, good practices are shared and alignment is ensured. In addition, close collaboration with IDOC, OLAF and EPPO allows recoveries from detected fraud cases and feedback to improve controls performed by PMO.

The PMO also contributed to the Commission anti-fraud strategy and followed up all OLAF's financial recommendations (issued in 2017-2022).

The results achieved during the year regarding the anti-fraud measures in place can be summarised as follows:

- the legal sector ascertains the appropriate treatment of all potential cases (transfer to OLAF and IDOC). Eight cases were transferred in 2022 and these are still ongoing. Two other cases were followed up from 2021;

- in addition, the regular ex-post supervision carried out, as well as specific anti-fraud related checks are embedded in the internal control strategy. The authorising officers by sub-delegation (AOSD) report on their activities to the Head of Service with the obligation to explicitly mention any anomalies that occurred. No material issues were reported. The degree of implementation of the anti-fraud strategy, internal control results and the evaluation of the annual risk analysis exercise covering also fraud-related risks, give reasonable assurance that the fraud risk is sufficiently managed and mitigated;

On the basis of the available information, the PMO has reasonable assurance that the anti-fraud measures in place are effective overall.

c) Other control objectives: safeguarding of assets and information, reliability of reporting

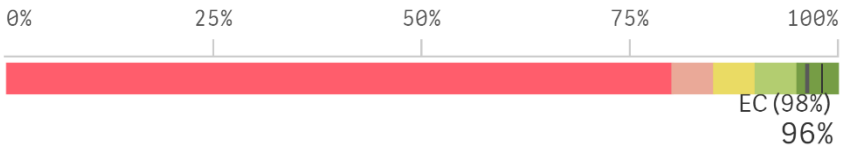
Due to the nature of the activities carried out by the PMO, the sensitivity of personal data managed and the increased importance attributed to privacy and security issues, there is particular interest in the management of information. To obtain sufficient assurance that all data processed is accurately and sufficiently protected, specific measures have been created and specific indicators are closely supervised:

- a systematic verification of all persons with access to the financial information systems was carried out.
- the exception registry was kept up to date on a day-to-day basis. Three exception reports were registered during the year;
- in 2022 the PMO communicated 27 data breaches to the DPO of the Commission or to the DPOs of other institutions and agencies, and 7 data breaches were notified to the EDPS, as the conditions of article 34 of the (EU) Regulation 2018/1725 were fulfilled;
- regarding the basis on which PMO takes decisions, an indicator is used for the number of Article 90 complaints that are upheld. The indicator for 2022 was 6,1% of all complaints received. However, the decision to uphold an Article 90 complaint does not necessarily indicate that an error was committed when taking the initial decision.

Benefits of control: there are non-quantifiable benefits resulting from the controls implemented to safeguard assets. In principle, they ensure compliance with regulatory provisions and safeguard the resources, thus avoiding potential reputational risk.

Given the improvements observed and the measures in place towards a full coverage rate in the future and as no significant issue having a material impact was encountered during 2022, PMO management considers that the control results are complete and reliable and that the control objectives are achieved.

2. Efficiency of controls

Timely Payments	PMO Score	EC Score
	96%	98%

Reporting on the efficiency indicators required by the financial regulation: time-to-inform and time-to-grant (Art 194.2 FR) is not applicable to PMO.

The efficiency indicator on timely payments (Art 116.1 FR) decreased from 98% in 2021 to 96% in 2022. The average payment delay was 12,29 days. More details can be found in Annex 3, table 6.

Payment delays may vary due to the technical closure of the Commission accounting system ABAC during the first two weeks in January every year, which can have a significant impact on the reimbursement of missions and experts fees.

Following the reorganisation at PMO level, one Internal Control Team is coordinating the ex-post control strategy and control activities within PMO. By centralising the organisation of ex-post controls, PMO aims to simplify and harmonise the methodology and results of the controls. The centralised approach provides proper implementation of operations, conformity with regulations, and increases the efficiency of control. It also addresses the request by IAS to use a relevant and consistent sampling method. Furthermore, the creation of an independent control team, ensures impartiality as staff members are not subordinated to the Heads of Units controlled.

In future years, there will be a further focus on automation, in addition to digitalisation, of monitoring of financial transactions and of mass payments, where possible, to reduce payment delays and the risk of error. Furthermore, frequency and intensity of controls will be adjusted on the basis of risk assessment and the implementation of more targeted ex-post controls.

3. Economy of controls

The PMO has analysed the costs and benefits of the two main control processes, i.e. ex-ante and ex-post controls. The cost-benefits of controls are analysed on the basis of an estimation of the costs of control in relation to the value of the related funds managed.

The cost estimates are based on the overall cost of an official or contract agent, as estimated by the Commission. The estimated full-time equivalents (FTEs) allocated to the control-related functions are validated by line managers (heads of sectors / heads of units) for each staff member separately based on the actual assignment of responsibilities and distribution of tasks.

In domain 1 (salaries, post-activity and associated entitlements) an estimated EUR 2,84 million were invested in controlling financial transactions worth approximately EUR 6,03 billion. Thus 0,05% of the total value of transactions checked was dedicated to controls.

In domain 2 (reimbursement of expert and mission claims¹⁰) an estimated EUR 0,59 million were invested in controlling financial transactions worth approximately EUR 56,67 million. Thus 1,05% of the total value of transactions checked was dedicated to controls.

The overall total estimated cost of control for budgetary expenses amounts to EUR 3,43 million, representing 0,06% of related expenditure.

In addition, the cost of coordinating data protection aspects in the PMO is estimated at EUR 95.000.

The overview of PMO's estimated of the cost of controls, based on the calculation of the amount in absolute values and as a ratio over the relevant funds managed, can be found in Table Y (annex 7).

4. Conclusion on the cost-effectiveness of controls

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

Control is inherent to the core activities of the PMO and is structured around four pillars: high level and well-trained staff, control by design in our IT systems, ex-ante and ex-post controls.

¹⁰ Figures exclude extra-budgetary items

An overall estimation of the cost of control for ex-ante controls and ex-post controls, carried out in PMO and for the financial verification is roughly estimated at EUR 3,43 million, which corresponds to 0,06% of total payments made by PMO. The unique nature of the PMO's activities, consisting mainly of recurrent mass payments of salaries and pensions, explains why a limited number of transactions cover a vast amount of payments. The variety of control mechanisms, and in particular the control by design and automated controls, guarantee a high degree of reliability at a low cost of control.

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.

➤ Audits by the IAS

PMO has implemented all the pending IAS “very important” recommendations. The IAS concluded that the following recommendations has been adequately and effectively implemented:

- Review and documentation of JSIS control strategy;
- Effectiveness and efficiency of ex ante and ex post controls for JSIS;
- Strengthen the general control system for the establishment of statutory rights and calculation of individual entitlements.

One “very important” recommendation on IT security governance and risk management process is still under review by the IAS. Security plans and risk assessment have been updated by PMO, the local information security officer role is strengthened, vulnerability management process was improved, and a continuous improvement cycle is in place.

Three other “important” recommendations, relating to the audit of the establishment of statutory rights and calculation of individual entitlements (2021), remain open in the context of IAS audits concluded until 31.01.23. PMO is well advanced in implementing the action plan for these recommendations. The last elements should be implemented in 2023.

➤ Opinion of the IAS

Based on all work undertaken by the Internal Audit Service in the period 2018-2022, namely,

- Consulting engagement on the accounting for JSIS direct billing in PMO (2018)
- Audit on control strategy for the JSIS, including accidents insurance (2018)

- Audit on the establishment of statutory rights and calculation of individual entitlements in PMO (2021)
- Audit on IT security management in the HR family (2021)

and taking into account that:

- Management has accepted all the recommendations issued in 2018-2022;
- 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;
- Management has assessed a number of action plans as implemented, which have not yet been followed up by the IAS.

The Director General of the IAS concluded that the internal control systems in place for the audited processes are effective.

➤ Court of Auditors

Regarding the DAS 2021, the Court of Auditors concluded that the overall audit evidence obtained indicates that the level of error in spending on 'European public administration' was not material.

In the context of DAS 2022 (launched in the second half of 2022), PMO has replied to questions and additional requests for information from the Court. A recurrent issue involved the management of family allowances for staff members (allocations received from other sources). A new procedure describes the ex-ante controls on these allocations as well as additional measures put in place to control them over the time. To complement these controls, PMO regularly reminds all staff of their obligation to declare the allowances received from other sources. PMO has developed a new user-friendly IT tool to facilitate the declaration of PPA and the submission of supporting documents in any format.

At the time of issuance of this report, the final report from the Court for DAS 2022 has not been received.

➤ Other recommendations

At the time of drafting this report, the Mediation Service had not issued any new recommendations to PMO for 2022. The 2020 recommendation concerning Article 85 of the Staff Regulation (Recovery of payments) has been followed up by the Mediation Service and PMO has improved the internal procedures in this regard.

In 2022, PMO closed all remaining open recommendations from DG Budget regarding the validation of local systems.

➤ Conclusion

The audit work and opinions by both internal and external auditors reveal that the internal control systems in place at the PMO for the audited processes give reasonable assurance regarding the achievement of the business objectives.

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.

The PMO uses the internal control principles and has due regard to the risks associated with the environment in which it operates.

The inherent risks to which the PMO is exposed are related to the main fields of activity:

- The establishment of entitlements requires profound knowledge and experience of the staff regulations as well as legality and regularity criteria. A decision on an entitlement has recurring material financial implications for a long period (depending on the nature of the entitlement);
- A reimbursement claim can result from a decision made by another service (recruitment, mission, leave, etc.) or from an individual request from a staff member. The vast number of claims, the shared responsibility with other services and the varying complexity are also inherent risks to the achievement of PMO objectives.

PMO 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 IC Principle 10 Control activities. The PMO control strategy was updated in 2022: a dedicated team of independent controllers completed a full cycle of random ex-post controls for assurance purposes. Furthermore, a thorough business impact analysis is ongoing for updating the PMO business continuity plan. The improvements and/or remedial measures will be implemented in 2023.

This assessment was based on interviews with all PMO units together with individual contributions received and consolidated for all the PMO. The evaluation of the internal control principles did not reveal material issues about the reasonable assurance given by the Head of Service, given that completion of any remaining issues was already underway. As a step towards further improving and strengthening the role of internal control in PMO, a particular focus was given on including internal control issues (e.g., discussion on control reports) in the management meetings in 2022. This ensured increased awareness and participation of PMO management in the process.

PMO keeps an up-to-date register of all its exceptions and non-compliance events, which are duly notified to the Head of Service, registered in Ares, and published on MyIntracomm. Three exceptions/non-compliance events were registered for the year 2022.

Further to this, a thorough risk analysis exercise in 2022 enabled the Office to update its risk registry. The risk analysis showed that the main risks are sufficiently managed by the Internal Control System. In 2022, there were no critical risks identified.

In 2022, 12 sensitive posts were still occupied by the same staff member for a period surpassing the five-year threshold due to resource constraints.

A risk analysis, already performed in 2015, revealed that the most cost-efficient solution was to not remove the persons but add a level of supplementary review by management. On the reorganisation in 2022, PMO reviewed the sensitive function exercise in order to comply with the relevant DG BUDG guidance while taking into account the specificities and structural difficulties of PMO. The nomination of AIPN and AOSD is no longer granted to the staff member but is transferred to the function and outlined in the job description.

Following the reorganisation, a central, independent Internal Control Team is coordinating the ex-post control strategy and control activities within PMO. This way, PMO aims to simplify and harmonise the methodology and results of the controls. The centralised approach provides proper implementation of operations, conformity with regulations, and increases the efficiency of control. It also addresses the request by IAS to use a relevant and consistent sampling method.

The results of ex-ante and ex-post controls carried out throughout the PMO in 2022 confirm that the total error rate remained consistently low. The PMO is continuously reflecting to improve the cost effectiveness of its control strategy using the control results. When there are errors detected, they are immediately corrected. In cases where errors that are detected are of a systemic nature, a revision of procedures and systems takes place. The low rate of errors found in ex-post controls together with the low percentage of error established year after year by the Court of Auditors show that the internal control is effective.

2.1.4. Conclusions on the assurance

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 Head of Service of PMO. The results of these controls and analyses are the following:

* The audits performed by the European Court of Auditors and the IAS in 2021 did not raise any significant weakness; a proper follow-up of the audit recommendations was carried out

to ensure their effective implementation; the recommendations qualified as very important were closely monitored to ensure implementation progress;

- * Ex-post control results did not raise any material error;
- * No significant issue was mentioned in the reports from the authorising officers by sub-delegation (AOSD) to the Director;
- * None of the registered exceptions had a significant impact on the assurance of the Office and appropriate corrective measures were put in place to mitigate these risks;
- * All the identified risks are properly mitigated and managed and the risk assessment process is effective;
- * Management reporting ensures that the internal control objectives are properly followed up and that Management is aware of any potential significant issue;
- * The controls in place to ensure the safeguarding of assets did not reveal any significant issue with material impact and were assessed as effective;
- * The reports from the relevant authorising officers in all cases of cross-subdelegations made by PMO to other DGs/Services did not raise any particular issue and provided reasonable assurance.

On the basis of the above elements and taking into account the materiality criteria presented in annex 5, PMO's Authorised Officer by Delegation can confirm that:

- * None of the identified weaknesses is significant in qualitative terms;
- * None of the identified weaknesses is significant in quantitative terms;
- * No major event, that is likely to negatively impact the Commission's or PMO's reputation, occurred in 2022.

Taking into account the above elements, it is possible to conclude that the internal control systems implemented in PMO provide reasonable assurance as to the legality and regularity of the underlying transactions as well as to the achievement of the other internal control objectives (true and fair view, resources used for the intended purpose, sound financial management, non-omission of significant information, efficiency of controls, prevention and detection of fraud, and the safeguarding of assets).

In conclusion, based on the elements reported above, 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 Head of Service of PMO, in his capacity as Authorising Officer by Delegation, has signed the Declaration of Assurance.

2.1.5. Declaration of Assurance

I, the undersigned, Alexander Gemberg-Wiesike

Head of Service of PMO

In my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view¹¹.

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, 27 April 2023

(e-signed)

Alexander Gemberg-Wiesike

¹¹ True 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

2.2.1. Human resource management

PMO has already achieved its individual target set in Commission decision SEC(2020)146 on the “Measures to reach gender **equality** at all levels of management by the end of 2024”. On 31/12/2022 women occupied 71% of middle management positions in PMO.

PMO fully supports the implementation of the upcoming HR Strategy, including its translation into a local HR strategy for a modern and flexible working environment at PMO. The main outputs in 2022 are exposed in Annex 10.

The results of the 2021 Staff Survey showed a 7% increase in the Staff Engagement Index, bringing PMO staff engagement to 65% - the target set in the 2022 Management Plan. The share of PMO respondents seeing a clear link between their job and the objectives and priorities of the Service/Office was the same as the EC average – 83%. 67% of PMO staff participating (14% more than in 2018) indicated that their managers set clear priorities and objectives, while 51% (4% more than in 2018) replied that the senior management team takes a visible leadership role. The analysis will provide further indications of which elements to pursue to increase the staff engagement and staff wellbeing in the PMO.

In 2022, the PMO continued to support **communication** to staff on corporate and local HR priorities by publishing available information on its intranet and across other dissemination channels. The PMO worked on a better visibility for career opportunities with publication of vacant posts on My PMO, on the EPSO portal, and on PMO’s corporate page on the Europa website – as well as for contract agents on the Contractual Agents’ Job Market.

The following initiatives were introduced in 2022 to increase well-being for PMO staff and create a more supportive work environment:

- Induction sessions to newcomers to present the horizontal services and to allow them to develop an internal network
- Implementing a strategy for **managing psychosocial risks** for managers/team leaders and PMO staff to reduce the emotional charge of specific files, with particular attention and a regular follow up to teams with special needs (very serious illness/survivor pension/handicap/Front office).
- Relaunching the offer of **well-being activities** in the Merode building, such as yoga, salsa, pilates and breathing techniques.
- Continue offering a generalised use of 3 days of telework per week, and provide maximum flexibility to PMO staff in terms of working arrangements and allow to better manage their work-life balance
- Promoting **career advancement and mobility** of PMO staff, including contract agents by the following initiatives:

- Organisation of change of function group exercise (Art 13) for GFI and GFIII colleagues who carried out tasks corresponding to a higher function group;
 - Identification of GFII jobs which could be converted into GFIII jobs with accrued responsibilities (18 foreseen in 2023), providing career opportunities for colleagues who are interested in applying to a higher-grade job;
 - In view of these and future opportunities, contract agents who are interested in sitting the CAST test in a higher grade will be invited to the EPSO tests;
 - To promote internal mobility, all vacancies (FP/TA/CA) will be advertised internally alongside the formal publication in Sysper and on Job Market
 - To promote the mobility of CAs a communication was sent by the PMO Head of Service to all staff on the new possibility of mobility for contract agents to other offices and executive agencies without change of pension rights.
- Supporting the **simplification of processes** and adapting procedures following the reorganisation of DG HR and the ongoing HR transformation project, while ensuring business continuity and quality of service in the three PMO sites (Brussels, Luxemburg and Ispra)

The following table shows the total human resources available within the Office as of 31/12/2022 (including the OLAF Supervisory Committee Secretariat – 8 posts)

ABB Activity	Officials and temporary staff	Contract agents	Other personnel	Total
Administration	166 (1)	437 (2)	8 (3)	611

(1) 166 job quotas available in PMO establishment plan on 31/12/2022: 45AD, 119 AST and 2SC.

(2) total of contractual agents at 31/12/2022

(3) total of interim staff

2.2.2. Digital transformation and information management

In 2022, PMO made progress in implementing the core principles for the most important IT systems (AGM – Assmal2 – Sysper Rights) as planned, in line with the 2018 European Commission Digital Strategy and the Digital Solutions Modernisation plan.

The PMO continued to prepare for the corporate HR Family Modernisation and Transformation (HRT) and for the SUMMA integration foreseen on 1 January 2024 and ensured compliance and alignment with the Corporate Digital Strategy (ECDS).

PMO pursued collaboration within the HR family to set up appropriate IT data governance in the context of HRT and to define the target application landscape for the PMO's capabilities, including the identification of roles. Any future IT development in PMO will be done within the HRT landscape and in collaboration with the SUMMA programme led by DG BUDG.

A high-level analysis was launched in PMO regarding the implementation of artificial intelligence (AI) and possible fields of application for the PMO business. Since the PMO is mainly dealing with sensitive, non-classified data, an analysis by the DPO is ongoing on the legal aspect of the application.



Other important developments in 2022 concerned the further extension of the PMO Mobile application. This application fits in the mobile strategy for the HR family. The web based, mobile application allows users to access medical, mission, expert and post activity functionalities from their phone and tablet. In 2022, the functionality for introducing normal medical reimbursements was added. To ensure

optimal use of the new functionality, an awareness campaign was conducted by the PMO communication team.

Fostering the “user centricity” and “once only” principles, the new platform for financial and legal information (FILIP) within the scope of Payment Factory was launched to a pilot population towards the end of 2021 and gradually increased in use in 2022.

In order to support the Commission's Green Deal initiative, a screen in MiPS has been developed that provides information on the CO₂ impact of missions. This was further enhanced in 2022 in order to help users and managers to make the greener choice for their professional travel.

The **PMO IT landscape evolution** focused on process automation, digital culture, security, and privacy. The following developments were finalised in 2022:

- **Payroll application (NAP):**
 - Debt Management module and accounting automation: the pilot phase was finalised in 2022
 - 6 Agencies onboarded in Sysper and Transcode
 - June and December Indexations related to the inflation
 - Brexit bill

- **Payment Factory (PF):** The pilot phase of the integration with SUMMA was completed in 2022. Progress was made in the Payment Requests automation module and in the implementation of the debt management module.
- **Missions (MiPS):** MIPS+, the upgraded version with Angular, was deployed in production, for the front-office users in PMO. Necessary adaptations for the EC release of SUMMA on 01/01/2024 and new features linked to the greening of the EC were prepared. The roll-out to the EU agencies also continued in 2022: 4 new agencies have onboarded in 2022: ELA, EFSA, EURO HPC and EUOSHA.
- **Experts' meetings and reimbursements management (AGM):** Many of the dashboards and functionalities already in production were migrated to the new Angular technology. The phasing-out of **APEX-C (Candidates' reimbursements)** continued in 2022 and will be completed in 2023 with integration of all functionalities into AGM.

Among other **IT projects**, PMO continued working on the following:

- **EU Login for Life:** in 2022, PMO finalised the implementation of the second extension of EU4Life project thus enabling the unemployed population, to preserve their EU Login account after leaving the institutions. Some elements still need to be further fine-tuned to allow onboarding of the other populations recorded in Sysper.
- The **JSIS – NHS** project encompasses the integration and data exchange among the JSIS system and the EU National Healthcare Systems (NHS). In 2022, the effort focused on the development of an interface for the “Affiliation” process, to create an automatic sending of the claim between the medical providers and the JSIS back-office. This would eliminate the need for beneficiaries to scan the documents and submit a reimbursement request.
- **Exploration of the use of EESSI (Electronic Exchange of Social Security Information):** as part of the digital modernisation, PMO will explore further the implementation of interoperability and once-only principles by synergising with the IT platform Electronic Exchange of Social Security Information (EESSI) operated by DG EMPL.

PMO ensures the safeguarding of information and IT Security. In order to protect sensitive information from being lost or disclosed, or its integrity breached, PMO makes sure that the rules on data protection and the internal rules on treatment of sensitive information are well known and being met. Additionally, access rights to the IT systems are closely monitored.

Data governance and data protection

In terms of **data governance**, several actions were undertaken: responsibilities were identified and formalised and the PMO dataset was entered into the EC Data Catalogue. Processes for data management will continue to be further formalised and/or performed and IT systems updated, as necessary. A working group on data quality for the NAP was set up in 2022 and a pilot project was launched.

With regard to **data protection** and security, the PMO continues to take the obligations it has as controller very seriously. Following the reorganisation, the PMO carried out a review of its privacy statements to ensure that they were all accurate, intelligible, available in English and French. In addition to the different publications on the front pages of the IT applications or on Myintracomm, a dedicated webpage has been created in the intranet that will group all the privacy statements of the PMO and make them more easily accessible to the concerned data subjects.

The PMO has updated its procedures to ensure an appropriate follow up of data breaches: it has taken an approach of full transparency, so that all data incidents are notified to the DPO, even when they are unlikely to result in a risk to the rights of the data subject. All data breaches that were likely to result in a risk for the data subject have been notified to the EDPS. All data breaches for which the PMO is only the processor are communicated to the controller, with a full report of the incident and a risk assessment. For some data breaches that occurred with the data of its clients, the PMO took the responsibility to communicate/notify the data breaches to the DPO of the Commission/EDPS, even though it is only considered as a processor according to the wording of the SLA it signed with its clients. This responsibility has been taken following a request of the institution/agency concerned by the data breach, and on the basis of a factual analysis of the scope and nature of the services the PMO provides to its clients.

In 2022, PMO notified 7 data breaches to the EDPS out of a total of 27, as the conditions of article 34 of the (EU) Regulation 2018/1725 were fulfilled. Given the high number of personal data processed on a daily basis, and the fact that the PMO processes the personal data of all institutions and agencies, the number of data incidents should be considered as low.

The PMO continues its regular training sessions: general trainings on regulation (EU) 2018/1725 and Commission Decision 2017/46 are given to staff of all units of the PMO and are regularly updated to take into account the latest developments in the field and integrate the lessons learned. In March and April 2022, 9 dedicated training sessions entitled “Access control, data protection, and ethics” were given by the legal team to all the units of the PMO (unit by unit). The aim of these sessions was to ensure that all staff members are aware of the data protection principles, of how to handle data breaches, and what the right to access implied for both the data subjects and the case handlers. In November 2022, a training session was given to the executive agencies during the PMO

training days on the relationship the PMO has with the agencies in a data protection's perspective. Upon request, specific training sessions are given to the units that face difficult questions as regards data protection.

Concerning the data subject access requests, the PMO has been working on an administrative practice that helps to efficiently handle these requests in accordance to article 14 of Regulation (EU) 2018/1725.

Concerning the data protection by design and by default obligation, regular meetings were held with the data protection coordinator of the PMO and the IT and business intelligence unit to ensure that data protection is considered in the design of processing operations and information systems.

As regards international transfers, the PMO continues its reflection internally and with other services of the Commission, to figure out how alternative solutions can be found for the future projects that will require the use of clouds (involving the transfer of data outside the EU) or how to ensure that these transfers are legal according to Chapter V of Regulation (EU) 2018/1725 and the case law. A major process of reflexion is also made to ensure that the use of innovative technology such as artificial intelligence fully respects the rights of the data subjects.

The PMO continued its collaboration with the DPOs of other EUIs or other DPCs of other services of the Commission via meetings on specific topics. In addition, the DPC participates to several working groups with the network of DPCs.

Information and IT security rules

IT security is of major importance in PMO, given the sensitive nature of the data handled in the IT applications. PMO is following all recommendations and guidelines stemming from the IT Cybersecurity Board (ITCB) and the DIGIT Security Directorate. In this regard, PMO has been part of the centralised LISO programme since its conception and the team in DIGIT is providing guidance and overseeing the work in the IT security area.

Within the EC Digital Strategy (C(2022)4388) there is an objective of fostering digital culture, which is also applicable to Cybersecurity and information security. In this area PMO is following the EC Digital Strategy and training is mandatory for all newcomers. All staff and external service providers with access to PMO IT equipment will have to follow a cyber awareness training every three years. In PMO this will be done in partnership between the centralised LISO, the DPC and the IT unit.

PMO is applying all the proactive cybersecurity measures that are approved and continuously monitored by the ITCB. Updated security plans of all PMO IT solutions were signed off in 2021 and are subject to a yearly revision. Since the end of 2022 all the IT systems of PMO portfolio have EU Login with multi-factor implemented, including the

access to the applications within the EU institutions' network. This is one of the main security measures to ensure appropriate access to the PMO information systems and data. In addition, a stricter access management policy and process has been put in place in 2022 by the IT and the internal control teams.

Regarding the access to the PMO information systems and data, a continuous monitoring and auditing of the access rights was performed, under the supervision of the internal control team.

Data, information and knowledge management

In 2022, the new knowledge management platform, based on Sharepoint Online, was further developed and implemented in a Proof-of-Concept form, allowing the knowledge management (KM) team and the KM correspondents across the PMO to develop the taxonomy with which all information will be categorised. In this way, colleagues can access and find information easily and fast. In the first quarter of 2023, the system will go in production after more than a year of preparation.

2.2.3. Sound environmental management

The Corporate EMAS policy is implemented in the PMO. Next to the initiatives managed at central level, local actions in the PMO sites are set up for promoting an environmentally friendly working place and for making better use of natural resources.

Taking advantage of existing capabilities in the applications and platforms used, the PMO uses paperless workflows for most declarations and exchange of information with PMO's clients. For the management, payment and reimbursement of files relating to representation expenses incurred by Commissioners and Cabinet members, a paperless workflow will also be implemented. This will result both in an increase in efficiency and in a significant decrease in paper consumption, given that these files represent an average of 1.100 transactions per year.



In the context of the Green Deal and the Synergies and Efficiencies objectives of the Commission, PMO launched a pilot project to bring more expertise to the function of Local Mission Officer (GEMI) and thus improve missions management at Commission level. The pilot contributes to raising awareness on the ecological impact of missions and to testing the feasibility of taking over mission management tasks currently carried out in the DGs.

PMO is following up on the developments in the field of Green public procurement and adapting its procedures where applicable. Already in 2021, an electronic platform for direct billing with the Belgian hospitals became operational.

Overall, the evolution of IT systems and of new ways of working resulted in a significant decrease in paper consumption in 2022. In addition, in collaboration with DG HR, “paperless” exchanges of documents were investigated for further areas of application (e.g. personnel files).

The current set-up of PMO’s buildings as a collaborative ‘open’ space facilitates sustainable ways of working and energy efficiency. The higher rate of teleworking coupled with growing use of paperless processes, collaborative tools and video conferencing reduces PMO’s environmental footprint. The concept of flexible workplace and optimisation of the available office space has proven to be efficient and will be further explored in the future. Good practices will be shared with colleagues from the other sites (Luxembourg, Ispra) to facilitate energy reduction in their respective buildings.