



**2018**

# **Annual Activity Report**

**Office for Infrastructure and  
Logistics in Luxembourg**



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# THE OFFICE IN BRIEF

## Mission statement

The Office for Infrastructure and Logistics in Luxembourg (hereafter OIL) was established in 2003 to better coordinate and carry out the Commission's logistical tasks and manage the Commission's social infrastructure provided for staff. OIL's core mission is to ensure a functional, safe and comfortable workplace for all those working for the Commission in Luxembourg, and to provide good quality support and well-being services, in an environmentally friendly and cost-effective way. Furthermore, OIL provides a variety of services to other Institutions in Luxembourg and seeks to extend, whenever possible, its inter-institutional activities in accordance with its mandate.

As a horizontal support service within the Commission, OIL:

- manages the **purchase, rental and maintenance of the moveable and immovable property of the Commission**, as well as inventories and VAT questions related to it.
- contributes (in close cooperation with DG HR) to the drafting and implementation of policies related to **real estate management, mobility, and social infrastructure**.
- implements the rules applicable to the physical security of buildings and adopts the necessary measures to ensure compliance with **health and safety requirements** within the Commission's buildings.
- manages **transport services for staff and goods for internal purposes, incoming and outgoing mail, office supplies and conference facilities**.
- manages the **restaurants and cafeterias, childcare centres** (Garderie and Study Centre of the Children's Centre in Kirchberg and Bertrange/Mamer) in Luxembourg, as well as the inter-institutional venue ***Foyer européen***.

## Operating context

OIL has around 430 staff members. It is structured around six units, which all contribute to fulfil the above-mentioned range of actions. OIL's Head of Service receives from the Commission the powers of Authorising Officer by Delegation. The Office works together with DG HR.D2 (responsible for coordinating the Offices) and regularly reports on its activities to the Commissioner and to its Management Committee, chaired by DG HR's Director-General.

Ad-hoc steering committees are in place to manage large and important projects<sup>1</sup>. Given the Commission-wide and inter-institutional reach of OIL's services, the decision-making process for a number of activities is accompanied by the opinions issued by a number of joint committees where the interests of all stakeholders are represented.<sup>2</sup>

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<sup>1</sup> E.g. Steering Committee oversees progress on the main long-term construction project of OIL – Jean Monnet 2.

<sup>2</sup> Joint Committees:

OIL manages exclusively administrative expenditure in the direct management mode. The appropriations for which OIL is responsible are OIL's own appropriations, centralised appropriations and appropriations received from OP, PMO, EPSO, DIGIT and COMM. These appropriations are implemented under full responsibility or sub- and co-delegated. The recipients are suppliers of goods and services, which are provided to the Commission based on contracts (lease contracts, building-maintenance contracts, security contracts, direct and framework contracts for services, furniture or office supplies), or order forms for specific goods and low-value items.

### Specific local background

OIL currently manages 16 buildings<sup>3</sup> in Luxembourg (of which nine are office buildings and three are childcare facilities) with over 4500 staff. There are three clusters of Commission office buildings in Luxembourg: Kirchberg (T2 and Bech building), Gasperich (Euroforum, Hitec, Drosbach, Ariane and Laccolith buildings) and the Central railway station (Mercier and Fischer buildings). Betzdorf and Windhof are the locations of the Commission's data centres in Luxembourg. Kirchberg (CPE I, CPE III) and Bertrange/Mamer (CPE V) are the locations of the Commission's childcare facilities. OIL also handles management of the Foyer européen and the Maison de l'Europe building in Luxembourg.

All buildings are rented or leased except the Foyer européen, which is owned by all European Institutions and managed by the Commission. The leases for the Euroforum building and the CPE V include a purchasing option.

By 2023-2024, the future Jean Monnet 2 (JMO2) building in Kirchberg will allow the Commission to gather in a single building the majority of its services and staff now based in T2, Ariane, Laccolith, Hitec, Drosbach and Bech. In the meantime, and further to a revised schedule agreed in 2017 (partly due to the incorporation of new security measures), the JMO2 project entered a new phase in March 2018, with the beginning of actual excavation and preliminary works.

OIL's various activities are essential to the good functioning of EC services in Luxembourg but also those of other EU institutions (through inter-institutional activities such as the CPE and Foyer européen). OIL aims for a continued high level of satisfaction in all its areas of activity, although budget and staff reductions may affect the level of service provided. External factors, such as actions of Luxembourgish state and regulatory authorities as well as approvals of the Budgetary Authority, the specificities of the local real-estate market, the structure of the economy and the characteristics of the business environment specific to Luxembourg may impact the main deliverables and overall progress of the main real estate projects.

- 
- *CALUX : Collège des Chefs d'Administration Luxembourg (two to three meetings per year)*
  - *CAS (Comité des Activités Sociales, six meetings per year)*
  - *CCPE (Comité du CPE, five meetings per year)*
  - *CSHT (Committee for Health and Safety at Work, Commission + Publications Office, monthly meetings)*
  - *CPGRC (Comité paritaire de gestion des restaurants et cafétérias, 2 meetings per year)*

<sup>3</sup> 1. Euroforum; 2. HITEC; 3. Drosbach; 4. Bech; 5. Ariane; 6. Laccolith; 7. Mercier; 8. Fischer; 9. Maison de l'Europe; 10. T2; 11. Foyer européen; 12. Windhof; 13. Betzdorf; 14. CPE I+II; 15. CPE III; 16. CPE V

# EXECUTIVE SUMMARY

The Annual Activity Report is a management report of the Head of Service of OIL to the College of Commissioners. Annual Activity Reports are the main instrument of management accountability within the Commission and constitutes 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 Treaties<sup>4</sup>.

## a) Key results and progress towards the achievement of general and specific objectives of OIL (executive summary of Section 1)

OIL's work falls within the horizontal general objective of the Commission for the period 2016-2020 as the majority of the Office's activities are related to the management and safeguarding of tangible assets (buildings, material and equipment, furniture, office supplies and other stocks etc.) and resources.

**General objective 11: To help achieve the overall political objectives, the Commission will effectively and efficiently manage and safeguard assets and resources, and attract and develop the best talents.**

**37. Impact indicator: Staff engagement index in the Commission**

**Source of the data:** European Commission, Speak Up Staff Survey 2018

<b>Baseline</b> (2014)	<b>Target</b> (2020)	<b>Latest known value</b> (2018)
65.3%	Increase	69%

OIL's operational specific objectives were formulated to match closely the core activities of the office, enumerated in Article 3 of Decision 2003/524/EC on the establishment of OIL. Progress in 2018, per operational specific objective, can be summarized as follows:

### 1. The Commission's buildings and infrastructures in Luxembourg are managed in line with the MAPF<sup>5</sup> objectives:

- In 2018, the Commission's major construction project in Luxembourg, the Jean Monnet 2 building, entered a new phase with the beginning of actual excavation and preliminary works, which started in March. The time schedule extended in 2017 is maintained, with delivery of phase 1 scheduled for early 2023 and phase 2 - for early 2024.
- Meanwhile, the Office is providing services to Commission staff from and to several different buildings.

### 2. Client satisfaction is enhanced by offering good quality office space to all Commission sites in Luxembourg and enhancing OIL's service-oriented culture:

- The latest available results of the biennial DG HR staff-satisfaction survey for the services of the Offices (OIL, OIB, and PMO) in 2017 showed an increasing trend of staff satisfaction.

<sup>4</sup> Article 17(1) of the Treaty on European Union.

<sup>5</sup> Multi-annual Programming Framework for Real Estate

3. Client satisfaction is enhanced by offering office space in **respect of the Health and Safety Rules** applicable to the Commission sites in Luxembourg and enhancing OIL's service-oriented culture:

- Health and safety measures in all Commission buildings are in place, actively monitored, and adequately adapted as necessary.

4. The **environmental standards are met** through the implementation of the Environmental Management Audit Scheme (EMAS):

- A total number of 11 buildings are EMAS-registered. Three more buildings are to be registered in 2019 and another one in 2020. The other three remaining buildings will be left in the near future and are therefore not foreseen to be EMAS registered.

5. The best possible working conditions are created through the **good quality of logistics services** while ensuring their sound financial management:

- OIL has pursued in 2018 the implementation of the "Synergies and Efficiencies in Logistics" project, which aims at centralising all office logistics functions and resources from the DGs in Luxembourg to OIL.
- The rollout of the project is expected to be completed by March 2019 in order to ensure a smooth and successful implementation of the new organisation.

6. Good social infrastructures (**restaurant, self and cafeteria facilities**) are provided at all Luxembourg sites.

- The in-house-managed catering service maintained operational measures, aiming to ensure their continued financial viability.
- OIL also paid special attention to improving the quality of food and the service by implementing some innovative initiatives (focus groups, coaching sessions for head cooks etc.).

7. Good social infrastructures (**childcare services**) are provided at Luxembourg sites.

- In a sensitive context of a still high number of enrolled children, although aiming to implement pragmatic solutions to make suitable temporary arrangements for housing children, OIL had to put in place for the first time a limited waiting list of around 30 children for the school year 2018/2019.
- The organizational challenges were nevertheless successfully met and the CPE quality of service was maintained.

8. Good social infrastructures (**social facilities**) are provided at Luxembourg sites.

- The inter-institutional *Foyer européen* building, managed by OIL, actively promoted its services and the daytime activities business plan continued to be implemented in 2018.
- While no dedicated sports centre is currently run by OIL following the move out of JMO, OIL contributes to the implementation of DG HR's Fit@Work strategy by providing facilities and logistics services needed according to possibilities.

## b) Key Performance Indicators (KPIs)

In light of the main strategic prerogatives outlined in its Strategic Plan 2016 – 2020<sup>6</sup>, OIL's key performance indicators for the period 2016-2020 are as follows:

Result indicator	Target/Milestone 2020/2017	Latest known result (2018)															
<p><b>Projects delivered within deadline and budget</b></p> <p>Data source: OIL</p> <ul style="list-style-type: none"> <li>- <b>JMO moving operation to be completed</b> within deadlines and budget</li> <li>- <b>Progress on the planning and construction phase of JMO2</b> building and related actions</li> </ul>	<p>100% completed</p> <p>Start of construction</p>	<p>100% completed in June 2017</p> <ul style="list-style-type: none"> <li>- Design phase completed.</li> <li>- Actual excavation and preliminary structural works started on 5<sup>th</sup> of March 2018.</li> </ul>															
<p><b>Overall staff satisfaction with core-services provided by OIL</b></p> <p>Data source: Percentage of staff satisfaction in 2017 staff opinion survey conducted by DG HR related to the services of PMO, OIB and OIL: <i>(very satisfied + satisfied)</i> vs. <i>(dissatisfied + very dissatisfied)</i></p>	Positive trend	63% (no survey in 2018)															
<p><b>Overall satisfaction with OIL's services</b></p> <table border="1"> <caption>Overall satisfaction with OIL's services</caption> <thead> <tr> <th>Year</th> <th>Satisfied (%)</th> <th>Dissatisfied (%)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>46%</td> <td>19%</td> </tr> <tr> <td>2013</td> <td>41%</td> <td>20%</td> </tr> <tr> <td>2015</td> <td>55%</td> <td>16%</td> </tr> <tr> <td>2017</td> <td>63%</td> <td>12%</td> </tr> </tbody> </table>			Year	Satisfied (%)	Dissatisfied (%)	2011	46%	19%	2013	41%	20%	2015	55%	16%	2017	63%	12%
Year	Satisfied (%)	Dissatisfied (%)															
2011	46%	19%															
2013	41%	20%															
2015	55%	16%															
2017	63%	12%															
<p><b>Payments handled within the contractual deadline (number)</b></p> <p>(Source: ABAC Workflow, Business Objects report "Payment Times Statistics" for OIL)</p>	98%	97%															

<sup>6</sup> OIL Strategic Plan 2016 – 2020, Ref. Ares(2016)1339405 - 17/03/2016

The overall 2018 percentage of payments handled within contractual delays (97%) has sensibly increased compared to 2017 (93%) and is very close to the target established for 2020 (98%).

### **c) Key conclusions on financial management and internal control (executive summary of Section 2.1)**

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

The Commission has adopted in 2017 a new Internal Control Framework<sup>7</sup>, based on international good practice, aimed to ensure the achievement of policy and operational objectives. The financial regulation requires that the organisational structure and the internal control systems used for the implementation of the budget are set up in accordance with this framework. OIL has assessed the internal control systems during the reporting year and has concluded that all the components are present and functioning well, only minor improvements needed. Please refer to [Section 2.1.3](#) for further details.

In addition, OIL has systematically examined the available control results and indicators, including those aimed to supervise entities to which it has entrusted budget implementation tasks, as well as the observations and recommendations issued by internal auditors and the European Court of Auditors. These elements have been assessed to determine their impact on the management's assurance as regards the achievement of control objectives. Please refer to [Section 2.1](#) for further details.

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The 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 on management matters between OIL and Commissioner Oettinger, responsible for Budget & Human Resources, the main elements of this report and assurance declaration have also been brought to the attention of the Commissioner.

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<sup>7</sup>

[https://myintracomm.ec.europa.eu/budgweb/FR/man/icrm/Documents/C\\_2017\\_2373\\_en.PDF](https://myintracomm.ec.europa.eu/budgweb/FR/man/icrm/Documents/C_2017_2373_en.PDF)

# 1. KEY RESULTS AND PROGRESS TOWARDS THE ACHIEVEMENT OF GENERAL AND SPECIFIC OBJECTIVES OF OIL

This section provides information on the key results and progress towards the achievements of general and specific objectives set in the OIL 2016-2020 Strategic Plan and towards the achievements of the outputs set in the OIL 2018 Management Plan (see annex 12 for further details).

The services delivered by OIL aimed to contribute to the satisfaction of the staff working for the Commission as regard to the working conditions, while considering the existing financial and regulatory constraints. The OIL activities listed in this report highlight the Office's contribution to Commission staff's working environment's factors i.e. building and office environment (location of building, building/office conditions and safety, office arrangements and furniture, accessibility of parking space, accessibility of alternative means of transport), social facilities and services such as catering canteens, cafeterias, childcare services, other logistic services.

## 1.1 Real-Estate and office space-related projects

**SPECIFIC OBJECTIVE 1: The Commission's buildings and infrastructures are managed in line with the MAPF<sup>8</sup> objectives.**

### Jean Monnet 2

The Commission's major construction project in Luxembourg remains the Jean Monnet 2 (JMO2) building, for which the contracting authority is the Luxembourgish State. OIL is in constant contact with the project owner and different stakeholders to ensure that deliverables of the project and timing are in line with the Commission's needs and existing agreements.



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The construction is taking place in two phases:

- The first phase - a seven-floor building housing offices (capacity: 2 400 people), a canteen, a conference centre, a fitness centre and other services - is expected to be ready at the end of February 2023.
- The second phase, consisting of a 23-floor tower with offices (capacity: 1 200 people), a medical centre and a welcome pavilion for visitors, is planned to be finalised at the end of February 2024.

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<sup>8</sup> Multi-annual Programming Framework for Real Estate

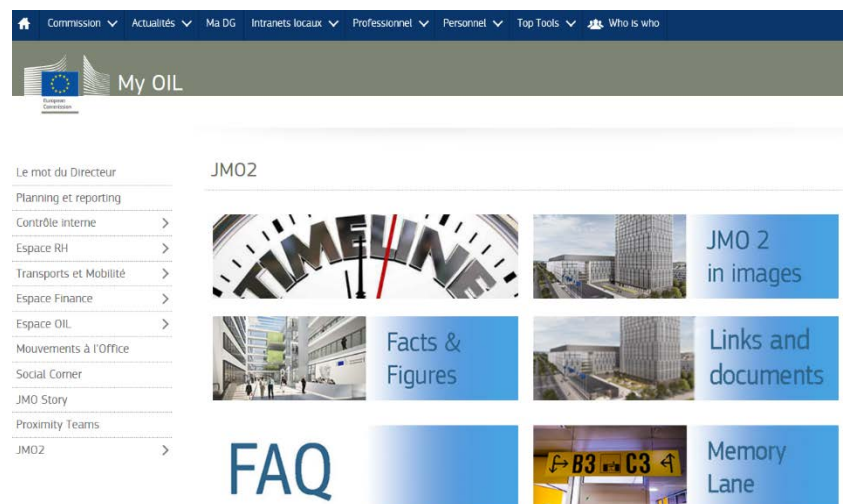
Excavation and preliminary works started on 5<sup>th</sup> of March 2018. In April, the revised detailed work plan (APD) was validated.

This new phase of the project was celebrated with a groundbreaking ceremony that took place on 4 June 2018. On this occasion, Commissioner G. Oettinger, Luxembourg's Prime-Minister X. Bettel, Mr. F. Bausch, Minister for Sustainable Development and Infrastructures and Ms L. Polfer, the Mayor of Luxembourg City, took the shovels to jointly make the first dig in the ground to celebrate the start of the building construction works.



In September 2018, OIL presented the latest project figures and timing to the Budgetary Authority, obtaining on this occasion a favourable opinion to upgrade the costs and integrate additional security measures in the validated budget.

A new specific website for JMO2 was set up on *My Intracomm* in spring 2018 to inform staff about the building and to follow its construction.



### Publications Office building

The Budgetary Authority gave a favourable opinion in September 2018 for:

- The extension until 2022 of the current rental contract of the Publications Office's Mercier building, which was due to expire in October 2018 (signed);
- The conclusion of a rental contract for a new building, also located near to the central railway station to be occupied from end of 2022 on (to be signed early 2019).

Besides, the Publications Office staff working in the Fischer building has moved to the Mercier building in spring 2018. In the future, the Fischer building will host an Inter-institutional training centre.

## **Centre Polyvalent de l'Enfance interinstitutionnel (CPE)**

In the context of a still very high number of enrolments in the CPE, OIL continued to work with the Luxembourgish Administration of Public Buildings (ABP), the Fonds Kirchberg (previously FUAK<sup>9</sup>) and the European School in Kirchberg in order to provide both short-term and long-term solutions.

The Commission started negotiations in 2016 with the Luxembourgish State for a construction project to replace CPE I and II by a new CPE VI in Kirchberg. OIL provided the ABP with the main functional and operational needs in December 2016. The Commission confirmed its requirements during summer 2017. Luxembourgish local authorities discussed in 2018 about the land (agreed by the CALUX<sup>10</sup>) where to build the project but one-year later, negotiations between the State and Luxembourg City were still going on.

Early 2019, OIL asked again the ABP to give new impetus to the project, in order to define terms and conditions for cooperation, funding, architectural competition, renting-purchasing the new building, provisional scheduling validation by the Institutions' Budgetary Authority and other aspects, considering that the project will be executed with the Luxembourgish State as the contracting authority (as for the CPE V).

In parallel, OIL will launch in 2019 a call for tenders related to the Technical assistance engineering to follow the project.

For all CPE activities, please refer to [Part 1.6. "Childcare-related services and infrastructures"](#).

## **Storage space**

Further to the closure of the JMO building, the storage of furniture and IT equipment were moved to temporary storage in existing buildings and to external short-term rental storage space, until a new technical and storage space becomes available.

The real-estate procedure for the new storage space in the Drosbach building was concluded by the signature of a contract amendment with the owner at the end of 2017.

Further to works needed for the fitting out of the new premises, reception took place on 2<sup>nd</sup> July 2018. The move into the new storage space started during the summer. Necessary technical arrangements followed to enable the workplace to be operational from October on.

## **Maison de l'Europe**

In 2017, OIL took over the building management of the Maison de l'Europe in Luxembourg from DG COMM. The current lease contract was extended during summer 2018 until mid-2020.

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<sup>9</sup> Fonds d'Urbanisation et d'Aménagement du Plateau de Kirchberg

<sup>10</sup> Collège des Chefs d'Administration Luxembourg

In cooperation with DG COMM, OIL has sent its technical specifications to the European Parliament, which is in charge of the preparation of the real estate market prospection for the replacement of the current building.

### **Additional office space**

OIL continues to pay special attention to Commission services' needs for office space, in the context of the 2015 Georgieva-Asselborn agreement, which foresees Commission staff on the site of Luxembourg to grow by 250 FTEs by 2020.



The Fischer building having been left by the Publications Office in 2018 to host several training-related services (HR, European School of Administration) in the future, some office space will therefore be freed in the Drosbach building.

However, given the limited options to further rationalise the existing office space allocation, new market prospection(s) to accommodate additional staff cannot be ruled out completely and may prove to be necessary at some stage. In its constant effort to optimise the use of office space, OIL works closely with the DGs housed in Luxembourg and keeps regular contacts with the related services and correspondents.



OIL is also providing maintenance and facility management (either directly or via owners) to ensure a quality work environment. Among the most recent larger-scale works on existing buildings, the renovation of the kitchen in the Bech building, undertaken by its owner, was completed in July 2018. As regards the repair works of the Euroforum building roof, the tender specifications have been reconsidered due to a new and wider scope. The related call-for-tender is under preparation.

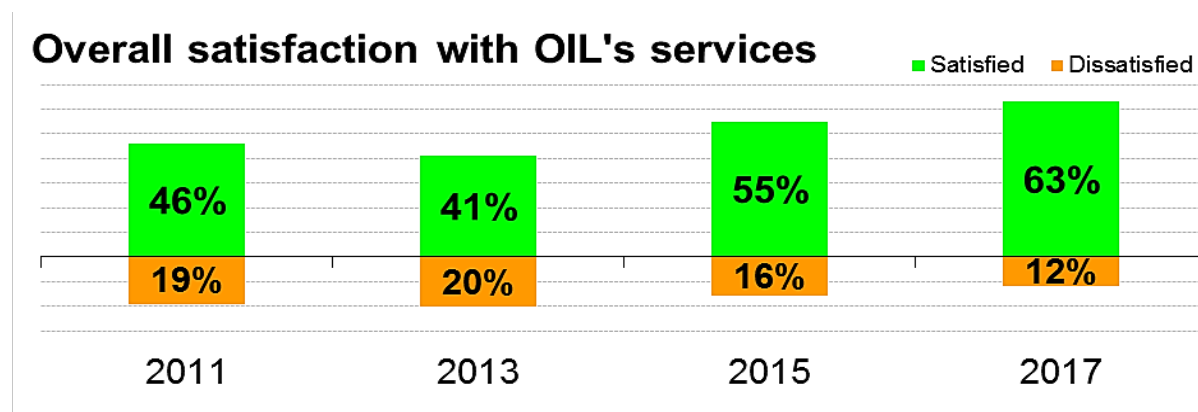
### **IT tool support**

Since its implementation in 2014, the GEPI facility management IT system developed by OIL has provided significant benefit in many space-management and health-and-safety-at-work related domains.

Progressively enriched by several additional modules (cleaning, energy, waste management etc.), a reference user group was created in 2017 in order to optimize the use and the gains expected by the tool. Two meetings took place in 2018.

**SPECIFIC OBJECTIVE 2: Client satisfaction is enhanced by offering good quality office space to all Commission sites in Luxembourg and enhancing OIL's service-oriented culture.**

As regards the "Specific objective 2", the results of the latest (2017) Staff opinion survey on the services provided by the administrative offices shows that 63% of respondents are satisfied or very satisfied with OIL's services. This indicates an overall improvement in comparison to 2015 (56%), which is in line with the general trend already observed since 2013.



**Data source:** Percentage of staff satisfaction in 2017 staff opinion survey conducted by DG HR related to the services of PMO, OIB and OIL: (*very satisfied* + *satisfied*) vs. (*dissatisfied* + *very dissatisfied*)

## 1.2 Respect of the Health and Safety Rules

**SPECIFIC OBJECTIVE 3: Client satisfaction is enhanced by offering office space in respect of the Health and Safety Rules applicable to the Commission sites in Luxembourg and enhancing OIL's service-oriented culture.**

OIL adopts the necessary measures to ensure compliance with health and safety requirements within the Commission's buildings.

In order to maintain a satisfactory level of staff awareness on prevention and protection measures, several trainings, informative brochures and fire drills continued to be organised in the course of the last year.

In terms of specific expected outputs which were planned for 2018, OIL:

- Carried out evacuation and fire-safety training activities according to the initial agreed schedule. In total 71 half-day training sessions ECI-EPI<sup>11</sup> and one fire drill in every building (two fire drills in CPEs per year) were organised.



<sup>11</sup> Equipier chef de première intervention/Equipier de première intervention

- Offered two basic first aid training courses, two first aid refresher-training courses and 11 refresher sessions for first aiders. In addition, the colleague from the OIL's health and safety team, who gives refresher-training sessions for first aiders, was certified as basic life support instructor.
- Organised for catering staff two 'flash-trainings' on different topics regarding hygiene and safety rules in kitchens.
- Organised two specific safety awareness sessions for educators, showing the main risks at CPEs and the measures to prevent them. These sessions were organised in addition to the mandatory safety training for educators prescribed by Luxembourgish law.
- Updated the workplace risk analysis: eight (out of 26) workplaces have been assessed. Final reports are still in progress due to the delay of works of refurbished buildings (kitchen of the Bech building, storekeepers at the stock-workshops in Drosbach and central mail in Mercier).
- Made progress regarding the set-up of operational back-up premises for central dispatching:
  - Carpentry works were finalised.
  - Cabling works started end 2018 and are ongoing.
  - The backup premises should be operational by the end of the first Quarter of 2019.

Regarding the monitoring of water quality, the effectiveness of the measures that were implemented in 2017 in the CPE III and CPE V buildings were confirmed in 2018: only 1 out of 70 samples at the CPE III building was positive for Legionella, and among the 73 samples at the CPE V building none were positive. End of 2018, HR.D.2 launched an audit on the quality of water at the Commission sites of Brussels and Luxembourg, for which results are expected by the end of 2019.

### 1.3 EMAS implementations and mobility-related issues

**SPECIFIC OBJECTIVE 4: The environmental standards are met through the implementation of the Environmental Management Audit Scheme (EMAS).**

OIL strives to meet high environmental standards through the implementation of the Environmental Management Audit Scheme (EMAS).

In 2018, OIL intended to obtain EMAS certification for one of the childcare facilities – the CPE III building. An audit from the environmental verifier took place in June and the related certification is pending. In total, 11 buildings out of 18<sup>12</sup> are EMAS-registered. Three more buildings are to be registered in 2019 and another one in 2020. The other three remaining buildings will be left in the near future and are therefore not foreseen to be EMAS registered.



End of May 2018, the EMAS team in OIL organised a Green Day in the Mercier building, as part of the “Sustainable@work” week (former Green Week) with the participation of a number of organisations involved in environmental and soft mobility issues.

OIL also received six additional « Superdreckskescht » certificates from the Luxembourgish Ministry for Sustainable Development, giving evidence of the good waste management in T2, Ariane, Laccolith, CPE III, CPE V and Foyer buildings.

OIL continues to be the lead organiser of ECONET, a forum where environmental and mobility issues are discussed between the EU institutions based in Luxembourg.

As regards transport, OIL organised the following mobility-related events in 2018 and actively encouraged voluntary staff participation to these campaigns:

- Two mobility days on 18 and 25 January in Drosbach and Bech buildings.
- “Vélo Mai”, a campaign to promote the use of cycling which took place in May-June.



End of 2018, OIL distributed around 3,600 Jobkaarts valid for 2019, allowing EU Institutions' staff to use public transportation in Luxembourg City free of charge (OIL bearing the associated costs).



In addition, OIL continued the promotion of M-PASS, the season pass for an unlimited number of public transport journeys in Luxembourg, which is offered to EU staff with a 20% discount (and even 75 % for lower salaries). In 2018, 281 colleagues benefited from M-PASS.

In 2018, OIL has received its first two rented hybrid vehicles and first two electric vehicles. Additional vehicles with reduced ecological footprint will be ordered in the coming years.

OIL also continued to participate in various training activities and communication campaigns related to environment:

- two sessions organised for staff in child-care facilities,
- participation in 4 info-sessions on EMAS for newcomers,
- eco-friendly driving sessions for OIL drivers,

<sup>12</sup> See list of buildings in ‘The Office in Brief’ section; In the EMAS specific context, HITEC and Windhof buildings are both considered as two separate buildings: one for office space, one for data centre space.

- other presentations and promotion events in the scope of the green week, the Earth Hour initiative (building lighting off), green-procurement, measures to reduce single use plastics items etc.

## 1.4 Synergies and efficiencies in logistics

**SPECIFIC OBJECTIVE 5: The best possible working conditions are created through the good quality of logistics services while ensuring their sound financial management.**

OIL continued in 2018 the preparatory work for the “Synergies and Efficiencies in Logistics” project, which aims at centralising all logistics functions from the DGs in Luxembourg to OIL.

OIL followed OIB’s lead and adapted the project based on the experience gained by OIB, feedback from *inter alia* the Resource Directors’ Group, and the specific situation in Luxembourg.

OIL therefore proposed for Luxembourg a very similar model to the one implemented in Brussels:

- **Logistics proximity teams** in each office building, in order to ensure a presence to provide services such as removals, office supplies or furniture;
- **A space design team;**
- **Simplified mail delivery:** the Central Mail of OIL sorts the incoming mail by unit and distributes it twice a day in the trays or pigeonholes in the mailroom located in each building.;



Following intensive consultation, OIL made the following adjustments to OIB’s model:

- The method to assess the contribution (posts or budget) needed from each DG was simplified;
- Each logistics proximity team was assigned to only one or two, rather than a cluster of, buildings;
- The SPOC (single point of contact) system was not replicated in Luxembourg.

In addition, the management of some large meeting rooms was centralized.

Two pilot projects were launched in 2018 and the organisational changes needed were prepared. Work to arrange for the staffing of all proximity teams started after the summer. In November 2018, the Corporate Management Board mandated OIL to roll out the project from January 2019. Staff in each DG was informed (i.e. via e-mail and lunchtime conferences) of the changes. Roll-out is expected to be completed by March 2019.

Besides, in 2018, OIL took over from the Publications Office (OP) all logistics activities (management of office supplies, furniture and inventory, maintenance

and moving operations, transportation services and macro-management of space) and OP took over the printshop activities of OIL.

## 1.5 Catering-related services and infrastructures

**SPECIFIC OBJECTIVE 6: Good social infrastructures (restaurant, self and cafeteria facilities) are provided at all Luxembourg sites.**

In 2018, OIL continued to pay great attention to the provision of good quality catering services for staff. A number of actions aimed at constantly improving the quality of food served were initiated:

- Focus groups to better adjust the offer to clients' needs,
- Action plan per catering site,
- Coaching sessions for the head cooks of each site, etc.



OIL is still keeping up its efforts to preserve the financial viability of catering, through ongoing cost-optimisation. According to the latest data available, the financial result of catering continued to improve in 2018.

The Working group on price revision/indexation mandated by the CPGRC<sup>13</sup> has submitted its report to the joint committee and the price-indexation mechanism was adopted in November 2018. According to the evolution of financial results of the catering activity, a price indexation might be decided in 2019.

The social tariff in Luxembourg restaurants and cafeterias that was extended in 2017 to a wider range of menu items, was confirmed in 2018.

The possibility of relaunching a tender procedure aiming to the introduction of payments by bankcards at OIL-run canteens and cafeterias is under investigation and might be scheduled for 2019.

End of June 2018, OIL partially replaced its purchase, inventory and cash management solution "Oscar" with the "Easily" back-office management (purchasing and stock and inventory management) software. The relevant catering staff was trained in the Easily software during the month of June. A tender procedure aiming to the replacement of the current cash management software will be launched early 2019.



In addition, the services related to receptions and cocktails were subject to a revised and enlarged offer. OIL published a new information leaflet for customers.

<sup>13</sup> Comité paritaire de gestion des restaurants et cafétérias.

OIL is also still seeking to minimise the ecological footprint of its catering operations by phasing out products generally falling within the single-use plastics category.

## 1.6 Childcare-related services and infrastructures

**SPECIFIC OBJECTIVE 7: Good social infrastructures (childcare services) are provided at Luxembourg sites.**

### Improvement of childcare facilities



OIL is undertaking the necessary efforts and investment to maintain high quality childcare facilities and to manage the demand for childcare places in order to minimize waiting lists.

As reported in section 1.A. of the document, OIL continues to monitor closely the progress of the foreseen replacement of old CPE buildings in Kirchberg, which is led by the competent Luxembourgish administration services.

### Response to the demand for childcare places

In the context of a steady increase in the number of children enrolled in the CPE in recent years (+30% of enrolments in the last five years), pragmatic solutions need to be found.

For the school year 2018/2019, OIL had to put in place for the first time, a limited waiting list of around 30 children (out of 1.800 children registered). This was partly due to the fact that, some of the options envisaged in 2017 by the CALUX in cooperation with the Luxembourgish authorities to obtain additional space and classrooms in the Kirchberg area from 2018 onwards could not be achieved.

OIL nevertheless succeeded in implementing some temporary and innovative solutions, in order to benefit from new spaces:

- rationalisation of class rooms in the 'garderie' of CPE I and III, to create additional rooms for primary school children;
- creation of a new space for secondary school children in CPE III (further to a joint collaboration involving several OIL units);
- agreement found with the European School to allow part of primary school children to access the canteen for lunch.



## Development of the IT supporting tools

The overall project to integrate the back-office IT application used (Loustic) into the front office tool (e-KidReg) was reconsidered in 2018, in the light of the synergies and efficiencies exercised led between OIL and OIB. A common reflection will be undertaken in 2019 to integrate OIL's Loustic application into the new back-office application developed by OIB. In the meantime, OIL's IT team still maintains internally e-KidReg, which continues to give satisfaction to both parents and the CPE administrative team as well.

## Resources and other issues

As mentioned in the 2018 OIL's Management Plan, the stabilisation of the financial situation of the CPE remained an important priority. OIL undertook several concrete measures in order to limit some expenses (e.g. reduction of costs related to cleaning and pedagogical equipment) and to optimize the use of available stocks.

Additional information concerning staffing at the CPE can be found in section [2.2.1. "Human resource management"](#).

In 2018, OIL organised several events (open days, meetings, visits etc.) in order to keep fruitful dialogues with parents, the European school and the CPE staff (see annex 12 for further details).

## 1.7 Social-related services and infrastructures

**SPECIFIC OBJECTIVE 8: Good social infrastructures (social and sport facilities) are provided at Luxembourg sites.**

Through some of its core activities (management and maintenance of space, catering and childcare facilities etc.) OIL permanently contributes to the implementation of the Fit@Work strategy.

The activities in the *Foyer européen* notably support this initiative.

During the whole year, the *Foyer européen* continued to host meetings, trainings and conferences, as shown by the figures in Annex 12. (See also events organised in the *Foyer européen* and listed under Specific objective 6 above).



OIL closely monitors the operational and financial impact of those activities, and tries to reach an operational breakeven point, taking into account the contribution of the CAS<sup>14</sup>.

<sup>14</sup> Committee for Social Activities of the European Institutions in Luxembourg

## 2. ORGANISATIONAL MANAGEMENT AND INTERNAL CONTROL

This section explains *how* OIL delivered the achievements described in the previous section. It is divided into two subsections:

- The first subsection reports the **control results and all other relevant information that support management's assurance** on the achievement of the financial management and internal control objectives<sup>15</sup>. It includes any additional information necessary to establish that the available evidence is reliable, complete and comprehensive; appropriately covering all activities, programmes and management modes relevant to the Office.
- The second subsection deals with the **other components of organisational management**: human resources, better regulation principles, information management and external communication.

### 2.1 Financial management and internal control

Assurance is an objective examination of evidence for providing an assessment of the effectiveness of risk management, control and governance processes.

This examination is carried out by management, who monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors. Its results are explicitly documented and reported to the Head of Service. The reports produced are:

- the reports by authorising officers by sub-delegation (AOSDs);
- the contribution by the Head of unit in charge of Risk Management and Internal Control Coordinator, including the results of internal control monitoring at the OIL level;
- the reports of the ex post controls;
- the limited conclusion of the Internal Audit Service (IAS);
- the IAS audit observations and recommendations
- the observations and recommendations reported by the European Court of Auditors (ECA);
- the reports on recorded exceptions, non-compliance events and any cases of confirmation of instructions (Art.92.3)
- the reports from Authorising Officers in other DGs managing budget appropriations in cross-delegation (not applicable to OIL in 2018).

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

This section reports the control results and other relevant elements that support

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<sup>15</sup> Art 36.2 FR: a) effectiveness, efficiency and economy of operations; b) reliability of reporting; c) safeguarding of assets and information; d) prevention, detection, correction and follow-up of fraud and irregularities; and e) adequate management of risks relating to the legality and regularity of underlying transactions

management's assurance. It is structured into (a) Control results, (b) Audit observations and recommendations, (c) Effectiveness of the internal control system, and resulting in (d) Conclusions on the impact as regards assurance.

### **Budget implementation tasks entrusted to other services and entities**

This section reports and assesses the elements that support the assurance on the achievement of the internal control objectives as regards the results of OIL's supervisory controls on the budget implementation tasks carried out by other Commission services.

Depending on the type of expenses delegated, the cross sub-delegation mechanism or co-delegation mechanism was activated.

The activities concerned by a co-delegation mechanism were recurrent tasks delegated to PMO for the payment of salaries. In addition, OIL co-delegated to DG HR the budget for the interim staff and training, following the set-up of AMC.6.

OIL gave a cross sub-delegation to OP for the management of the reproduction facilities, which were taken over in 2018 by the OP, in the framework of Synergies and Efficiencies agreement between the two offices.

A cross sub-delegation was received from DG COMM for the building expenses for MAEU.

Co-delegation mechanisms are in place with the Publications Office, PMO and EPSO for the management of the buildings and maintenance. The annual maintenance of the Impressive system is managed by OIB via a co-delegation.

DIGIT manages the appropriations for the IT infrastructure and ICT support and the installation and maintenance of wireless internet, via a co-delegation given by OIL.

No specific issues were reported by the Authorising Officers from any of the concerned DGs/services regarding the cross sub-delegated credits. As the budget cross sub-delegated to other Commission Authorising Officers was managed under the same Commission rules, OIL relies on the internal control systems of the DGs/services concerned and concludes that there are no control weaknesses affecting the assurance in terms of internal control objectives.

## **2.1.1 Control results**

This section reports and assesses the elements identified by management that support the assurance on the achievement of the internal control objectives<sup>16</sup>.

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<sup>16</sup> Art 36.2 FR: a) effectiveness, efficiency and economy of operations; b) reliability of reporting; c) safeguarding of assets and information; d) prevention, detection, correction and follow-up of fraud and irregularities; and e) 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 concerned

OIL's assurance building and materiality criteria are outlined in the AAR Annex 4. Annex 5 outlines the main risks together with the control processes aimed to mitigate them and the indicators used to measure the performance of the relevant control systems..

There were no cases of 'confirmation of instructions' (cf. new Financial Regulation art. 92.3), financing not linked to costs (art. 125.3), financial framework partnerships implemented through specific grants (art. 130.4), flat rate financing (art. 181.6) or grants awarded for actions which had already begun (art. 193.2). No reputational event or unmitigated critical risk identified by management, which could have a significant impact on the achievement of the internal control objectives and therefore on assurance, occurred.

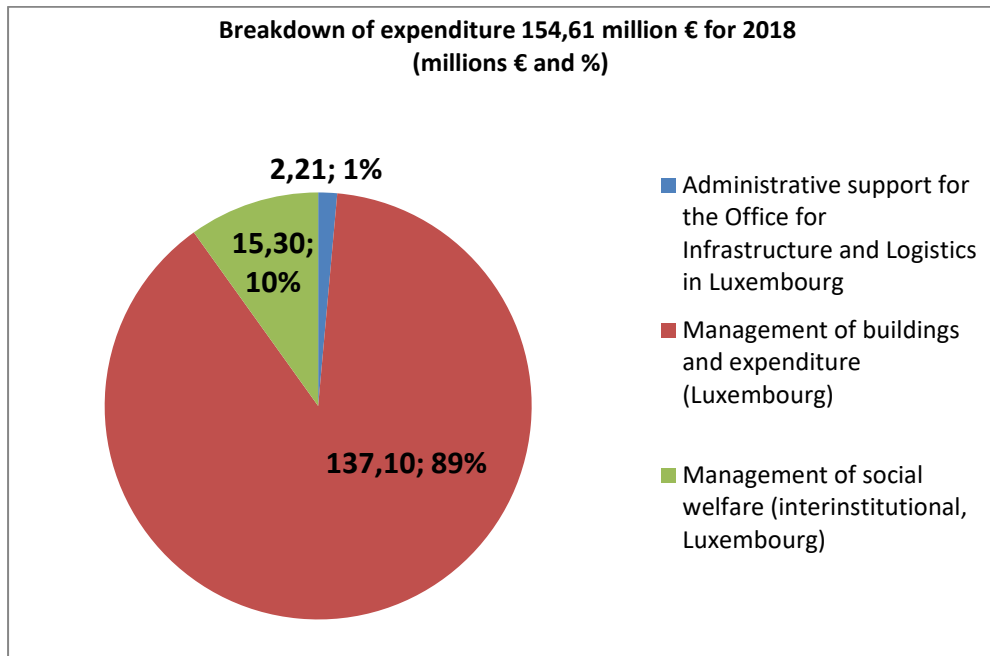
## Main financial data

### Procurement – administrative expenditure

During the year, OIL managed a budget of 160 million €. The budget implementation for new credits (C1 credits) amounted to 100% for commitments and 92% for payments. Combined with the other types of appropriations, including sub-delegated ones, results for all types of credits in 2018 are as follows (in €):

Breakdown by fund source	Final Budget (€)	Execution Commitments (€)	Ratio Com/ Final Budget	Execution Payments (€)	Ratio Pmt/ Com
<b>C1 - appropriations for the year (2018)</b>	135.648.097	135.647.602	100%	125.428.287	92%
<b>C4 - internal assigned revenues of the year</b>	6.456.486	1.648.625	26%	1.275.095	77%
<b>C5 - internal assigned revenues carried over</b>	4.798.156	4.798.156	100%	4.538.187	95%
<b>R0 - from externally assigned revenue</b>	8.741.523	7.939.977	91%	4.718.278	59%
<b>E0 - EFTA credits</b>	119.379	119.379	100%	119.379	100%
<b>Catering and Foyer européen</b>	4.463.520	4.463.520	100%	4.463.520	100%
<b>Sub-total:</b>	<b>160.227.161</b>	<b>154.617.258</b>	96%	<b>140.542.746</b>	91%
<b>C8 - appropriations carried forward</b>	0	0	100%	8.822.129	100%
<b>Total:</b>	<b>160.227.161</b>	<b>154.617.258</b>	96%	<b>149.364.875</b>	<b>97%</b>

The implementation of commitment appropriations (C1, C4 and C5) and external assigned revenues, including sub-delegated appropriations and appropriations for catering activities, was as follows in 2018:

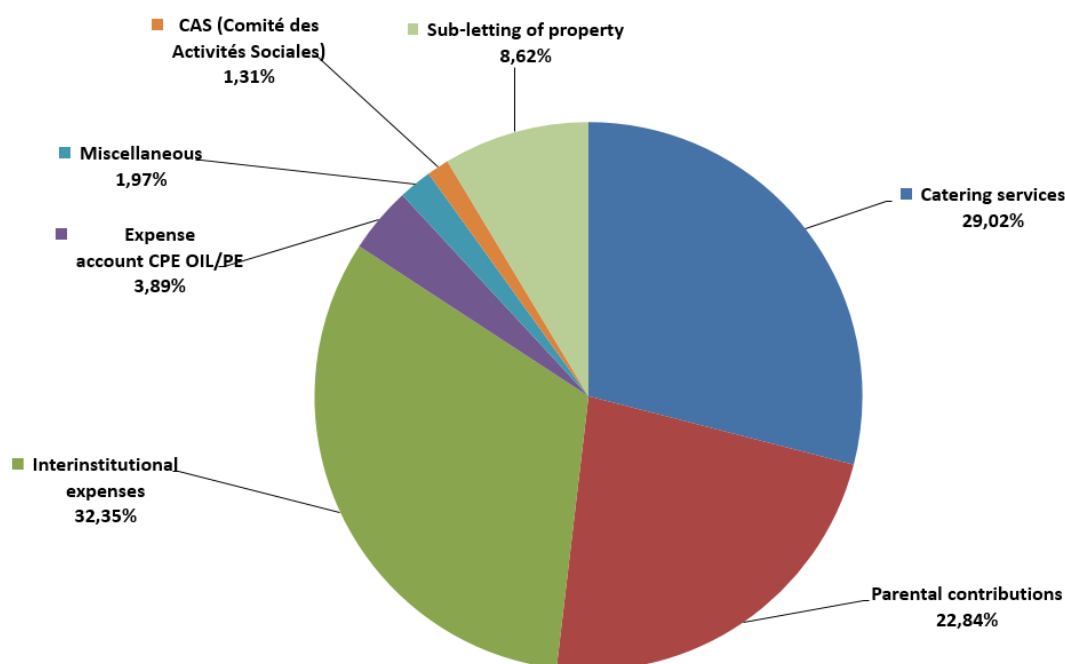


## Revenue

Due to the nature of its activities and its interinstitutional role, the Office recovers allocated revenue either from other institutions and equivalent bodies or from the users of various services provided by OIL. Revenue is generated through the sub-letting of properties, the provision of office supplies and furniture, catering services, the Foyer européen, the Interinstitutional Children's Centre (CPE), etc. The revenues presented below are used to finance the aforementioned expenditure, and are thus reflected in the total expenditure for the Office, and

representing 9,9% of the total expenditure (commitments).

Breakdown of OIL revenue 15.38 million EUR in 2018 (EUR and %)



The completeness of coverage per relevant control system is illustrated in the overall conclusions table below:

Risk-type / Activities	Procurement (e.g. <u>minor</u> or major <u>values</u> ) € million	NEI, e.g. Revenues, Assets, OBS [(in)tangible or financial assets & liabilities] € million	Independent info from auditors (IAS, ECA) on assurance or on new/overdue critical recommendations available?	Any reservation ?
Administrative Expenditure	144,90	Assets: 153,76 Liabilities: - 112,03  Off balance sheet: - 617  Revenue: 15,38 <sup>17</sup>	Y	NO

<sup>17</sup> This amount comprises revenue and income cashed in 2018, as well as revenue from catering operations. It does not include a revenue of 4,63 million € corresponding to a prepayment of the same amount made in 2017 for the JMO2 building and which was booked as an asset in 2018.

<i>Internal Control Objectives<sup>18</sup> - related indicators available at this level</i>	<p><b>L&amp;R :</b> <b>RER</b> est.=0,5%</p> <p><b>3Es:</b> Conclusion on the Cost-effectiveness of controls : = Positive</p> <p><b>AFS:</b> Number of OLAF investigations= 0.</p> <p><b>AFS:</b> Number of IDOC investigations= 0</p>	<p><b>SAI:</b> OK. Physical vs theoretical inventory: 59% of items found<sup>19</sup></p> <p><b>TFV</b> = yes</p> <p>AFS: OK</p>	<p><b>SFM:</b> No critical issue detected.</p> <p><b>AFS:</b> OLAF, IDAC</p> <p><b>Overdue audit</b> recommendations: 1.<sup>20</sup></p>	NO
<i>Links to AAR Annex 3</i>	<i>Overall total = 144,90 M €; see Table 2 – payments made</i>	<i>See Table 4 – assets</i>	<i>n/a</i>	
<i>Legend for the abbreviations: NEI = non-expenditure item(s), OBS= off-balance sheet, ICO = internal control objective, L&amp;R = legality and regularity, SFM = sound financial management, AFS = anti-fraud strategy measures, SAI = safeguarding assets and information, TFV = true and fair view, RER = residual error rate, CEC = cost-effectiveness of controls.</i>				

OIL's management concludes that the control results, their completeness and reliability, are satisfactory, and thus they provide reasonable assurance about the achievement of the relevant Internal Control Objectives.

<sup>18</sup> Art 36.2 FR: a) effectiveness, efficiency and economy of operations; b) reliability of reporting; c) safeguarding of assets and information; d) prevention, detection, correction and follow-up of fraud and irregularities; and e) 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 concerned.

<sup>19</sup> The latest cycle of the 3-year rolling inventory started on 1/05/2017 because of the abandonment of the JMO building. OIL has scanned 59% of the assets in 20 months (1/05/2017 - 31/12/2018), which represent 56% of the time of the present 3-year rolling inventory.

<sup>20</sup> See Section « 2.1.2 Audit observations and recommendations » of the present report.

## **1. Effectiveness = the control results and benefits**

- **Legality and regularity of the transactions**

OIL has set up internal control processes aimed to ensure the 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 concerned.

The financial circuit model in use at OIL is the partially decentralised model with counterweight. In this model, the financial unit is in charge of financial initiation and ex ante verification tasks, while the operational units are responsible for operational initiation and verification and for the authorising role.

For catering activities in Luxembourg, managed directly by the Commission, accounting is performed in the CIEL software, in accordance with the special delegation granted by the Commission's Accounting Officer.

### **Procurement – administrative expenditure**

#### **Internal procedures and coordination**

The consistent application of financial procedures was ensured in close cooperation with the financial actors involved in the different workflows. The ex-ante controls focused in particular on compliance with the financial contract clauses (requested documents or reports supporting the invoices), the consistent application of procedures and notes, in particular as regards the suspension of payments, the quality of data encoded in ABAC and other systems and the clarity of the supporting documentation in the financial transactions.

#### **GAMA activities**

OIL participates in the GAMA (Groupe d'Analyse des Marchés Administratifs), the inter-service group on public procurement regrouping DG HR, DIGIT, IAS, OIB, OIL, PMO, EPSO and EUSA. Feedback received from the GAMA based on the examination of tender procedures and exchange of best practices contributes to the ongoing improvement of procurement processes.

#### **Ex post controls**

As regards the legality and regularity of the underlying transactions, the objective is to ensure that the estimated annual risk of errors in payments at the time of the authorisation of the transactions is less than 2% of the allocated budget. The residual risk of error is estimated using the residual error rate obtained from an examination of a representative sample of transactions less any corrections made resulting from the supervisory and control systems in place.

One full-time equivalent is dedicated to ex post control in OIL. Ex post controls are carried out continuously and reports are issued 2 times a year. Each report, covering a period of 6 months, is addressed to the authorising officer by delegation. The results of the ex post control are discussed with the units concerned and the recommendations for correction are drawn up.

The ex-post sample for procurement – administrative expenditure for 2018 is composed of 0,62% of the number of payments, amounting to 79,55 million € (55% in terms of value<sup>21</sup>). No important or substantial errors have been highlighted by ex-post controls for procurement – administrative expenditure in 2018<sup>22</sup>. As a precautionary measure, however, we have set the average error rate for procurement – administrative expenditure at a level of 0,5%, as in 2017, based on historical levels of error rates for this type of expenditure at the Commission.

The result with the estimated overall amount at risk is summarised in the following table:

OIL	Payments made (2018; €)	Average Error Rate (weighted AER; %)	Estimated overall amount at risk at payment (FY; €)	Average Recoveries and Corrections ( <i>adjusted</i> ARC; %)	Estimated future corrections (2018; €)	Estimated overall amount at risk <i>at closure</i> (€)
Procurement	144 901 355	0,5	724 507	0	0	724 507

## **Revenue**

### **Internal procedures and coordination**

Financial procedures are in place for all types of revenues. They are updated in case of need, in cooperation with the units involved. The ex ante verifying agents continued to streamline their controls on financial transactions in 2018. They focused in particular on compliance with the financial clauses (contracts, SLAs and other administrative arrangements), the quality of the data encoded in ABAC and other systems and the clarity of the supporting documentation in the financial transactions.

### ***Ex post* controls**

OIL's *ex post* methodology includes a specific sample for revenues. The *ex-post* sample for 2018 is composed of 1,07% of all revenue or recovery transactions, for a total of 4,77 million € (31%% in terms of value). No important or substantial errors have been highlighted by ex-post controls for revenue in 2018.

<sup>21</sup> It should be noted that, in 2018, OIL made an exceptional payment of 51 291 970,00 € as advance payment for the future JMO2 building. This payment was also subject to the ex post control.

<sup>22</sup> Only one minor error corresponding to an overpaid amount of 5,69 €, out of a total invoice of 33 391,94 € was detected.

The result with the estimated overall amount at risk is summarised in the following table:

OIL	Revenue made (2018; €)	Average Error Rate (weighted AER; %)	Estimated overall amount at risk at payment (FY; €)	Average Recoveries and Corrections ( <i>adjusted</i> ARC; %)	Estimated future corrections (2017; €)	Estimated overall amount at risk at closure (€)
Revenue	15 380 557	0	0	0	0	0

### Benefits of controls

OIL is in a particular position compared to most of Commission services, due to the nature of the mandate of the Office and its staffing situation (very limited number of officials and specifically very few AD functions). The procurement procedures are subject to strict regulatory requirements, which cannot be curtailed and the controls put in place are necessary in order to mitigate the risks mentioned in Annex 5.

Although the "quantifiable" benefits related to controls are difficult to measure, there are significant unquantifiable benefits, such as "better value for money", compliance with the Financial Regulation (and other public procurement rules); deterrent and preventive effects, reducing fraud and/or corruption risk, efficiency gains, transparency and fostering competition, as well as system improvements and efficiency gains.

### Conclusion

Based on the information, which are complete and reliable to the best of our knowledge, the controls are effective, and there are no significant weaknesses to be addressed.

In the context of the protection of the EU budget, at the Commission's corporate level, OIL's estimated overall amounts at risk and their estimated future corrections are consolidated.

For OIL, the estimated overall amount at risk at payment<sup>23</sup> for the 2018 expenditure is 0,725 M€. This is the AOD's best, conservative estimation of the amount of *relevant expenditure*<sup>24</sup> during the year (144,9 M€) not in conformity with the applicable contractual and regulatory provisions at the time the payment is made<sup>25</sup>.

<sup>23</sup> In order to calculate the weighted average error rate (AER), the *detected or equivalent* error rates have been used; *see note 6 to the table*.

<sup>24</sup> "*Relevant expenditure*" during the year; *see note 5 to the table*.

<sup>25</sup> "*Payments made*" or *equivalent*; *see note 2 to the table*.

This expenditure will be subsequently subject to ex-post controls and a sizeable proportion of the underlying error will be detected and corrected in successive years. The conservatively estimated future corrections<sup>26</sup> for the 2018 expenditure are 0 €. This is the amount of errors that the DG conservatively estimates to identify and correct from controls that it will implement in successive years.

The difference between those two amounts leads to the estimated overall amount at risk at closure<sup>27</sup> for the 2018 expenditure of 0,725 M€. The estimated amount at risk for revenue in 2018 is 0 €.

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<sup>26</sup> Even though to some extent based on the 7 years historic Average of Recoveries and financial Corrections (ARC), which is the best available indication of the corrective capacity of the ex-post control systems implemented by the DG over the past years, the AOD has adjusted this historic average. Any ex-ante elements, one-off events, (partially) cancelled or waived ROs, and other factors from the past years that would no longer be relevant for current programmes (e.g. higher ex-post corrections of previously higher errors in earlier generations of grant programmes, current programmes with entirely ex-ante control systems) have been adjusted in order to come to the best but conservative estimate of the ex-post future corrections to be applied to the reporting year's relevant expenditure for the current programmes.

<sup>27</sup> For some programmes with no set *closure* point (e.g. EAGF) and for some multiannual programmes for which corrections are still possible afterwards (e.g. EAFRD and ESIF), all corrections that remain possible are considered for this estimate.

## Estimated overall amount at risk at closure

DG OIL	"payments made" (FY; m€)	<i>minus</i> new prefinancing [ <i>plus</i> retentions made <sup>b</sup> ] (in FY; m€)	<i>plus</i> cleared prefinancing [ <i>minus</i> retentions (partially) released <sup>b</sup> and deductions of expenditure made by MS] (in FY; m€)	= "relevant expenditure" (for the FY; m€)	Average Error Rate ( <i>weighted</i> AER; %)	estimated overall amount at risk <i>at payment</i> (FY; €)	Average Recoveries and Corrections ( <i>adjusted</i> ARC; %)	estimated future corrections [and deductions] (for FY; €)	estimated overall amount at risk <i>at closure</i> (€)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Procurement (non-catering)	144,90	n/a	n/a	144,90	0,5	724 507	0	0	724 507
Catering	4,29	n/a	n/a	4,29		0	0	0	0
Overall, total	149,19	n/a	n/a	149,19	0,5	724 507	0	0	724 507

### Notes to the table

(1) [*if possible*] differentiated for the relevant portfolio segments at a level which is lower than the DG total

(2) Payments made or equivalent, such as after the expenditure is registered in the Commission's accounting system, after the expenditure is accepted or after the pre-financing is cleared. In any case, this means after the preventive (ex-ante) control measures have already been implemented earlier in the cycle.  
In all cases of Co-Delegations (Internal Rules Article 3), the "payments made" are covered by the Delegated DGs. In the case of Cross-SubDelegations (Internal Rules Article 12), they remain with the Delegating DGs.

(3) New pre-financing actually paid by out the department itself during the financial year (i.e. excluding any pre-financing received as transfer from another department). The "Pre-financing" is covered as in the context of note 2.5.1 to the Commission (provisional) annual accounts (i.e. excluding the "Other advances to Member States" (note 2.5.2) which is covered on a pure payment-made basis).  
"Pre-financings paid/cleared" are always covered by the Delegated DGs, even in the case of Cross-SubDelegations.

(4) Pre-financing actually having been cleared during the financial year (i.e. their 'delta' in FY 'actuals', not their 'cut-off' based estimated 'consumption').

(5) For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to L&R errors (*see the ECA's 2017 AR methodological Annex 1.1 point 15*), also our concept of "relevant expenditure" includes the payments made, subtracts the new pre-financing paid out [*& adds the retentions made*], and adds the previous pre-financing actually cleared [*& subtracts the retentions released and those (partially) withheld; and*

*any deductions of expenditure made by MS in the annual accounts]* during the FY. This is a separate and 'hybrid' concept, intentionally combining elements from the budgetary accounting and from the general ledger accounting.

(6) In order to calculate the weighted Average Error Rate (AER) for the total relevant expenditure in the reporting year, the detected error rates have been used – or equivalent. For types of low-risk expenditure with indications that the equivalent error rate might be close to 'zero' (e.g. *administrative expenditure, operating subsidies to agencies*), it is recommended to use 0.5% nevertheless as a conservative estimate.

(8) Even though to some extent based on the 7 years historic Average of Recoveries and financial Corrections (ARC), which is the best available indication of the corrective capacity of the ex-post control systems implemented by the DG over the past years, the AOD has adjusted this historic average.

Any ex-ante elements, one-off events, (partially) cancelled or waived Recovery Orders, and other factors from the past years that would no longer be relevant for current programmes (e.g. higher ex-post corrections of previously higher errors in earlier generations of grant programmes, current programmes with entirely ex-ante control systems) have been adjusted in order to come to the best but conservative estimate of the ex-post future corrections to be applied to the reporting year's relevant expenditure for the current programmes.

In view of the reliability and coverage of the key controls enumerate above, and their findings, OIL considers that the control objective - to ensure that OIL has reasonable assurance that the total amount of any financial operation authorised during the reporting year which would not be in conformity with the applicable contractual or regulatory provisions, does not exceed 2% of the total expenditure – has been met for 2018.

- ***Fraud prevention, detection and correction***

Specific in-depth controls for the most risky areas are embedded in procedures to ensure that the most complex contracts and processes are applied as intended. Fraud risks and mitigating actions were also discussed during the annual risk assessment workshop attended by OIL's management.

OIL has developed and implemented its own anti-fraud strategy since 2013, based on the methodology provided by OLAF. The anti-fraud strategy has been last updated in December 2014. The next update is foreseen for 2019, once the updated Commission Anti-Fraud Strategy is published. The delay in revising OIL's anti-fraud strategy document does not affect the declaration of assurance, because the anti-fraud strategy in force is considered reliable.

Since 1 January 2003, OIL's date of creation, there have been few OLAF preliminary inquiries and none of these concluded in a fraud case. No case has been flagged in 2018.

OIL has implemented its anti-fraud strategy action plan by ensuring that fraud risks are identified or updated during the annual risk management exercise, that fraud risk is duly documented and taken into account in all relevant internal procedures, and by enhancing the management of procurement procedures.

Although the "quantifiable" benefits related to controls covering fraud prevention, detection and correction are difficult to measure, there are significant

unquantifiable benefits, such as reducing fraud and/or corruption risk, deterrent and preventive effects, awareness raising among the main actors in the procurement chain and compliance with the Financial Regulation (and other public procurement rules).

Based on the information, which are complete and reliable to our knowledge, the anti-fraud controls are effective, and there are no significant weaknesses to be addressed.

- ***Other control objectives: safeguarding of assets and information, reliability of reporting (if applicable)***

2018 was a pivotal year in asset management for OIL, as the structure and composition of many GBI<sup>28</sup> teams changed in the context of the Synergies and Efficiencies in Logistics (SEL) project. This had an impact on the progress of the asset inventory actions.

Another important event in 2018 was the opening of new, dedicated places for central stocks, in the Drosbach building. This has triggered many moves and more than 1000 tracking actions only in the two months of October and November.

As regards the specific inventory management under the responsibility of the Publications Office (OP) for non-IT goods, this activity has been transferred to OIL from 1<sup>st</sup> of July 2018. Procedures, IT tools and management practices have been reviewed in 2018, and inventory asset management previously performed by OP and OIL has been merged and is now performed only by OIL.

OIL continued its 3-year rolling inventory control of items for the inventory exercise 2017 - 2019. This exercise is based on the new inventory methodology introduced in 2017, which consists in doing the inventory by building: a tracking period has been set for each building and each GBI involved will have to respect it. After 20 months, this new methodology has already proven to be quite efficient (59% of items found so far in the buildings concerned) as it allows to cover in a more reliable way all the goods present in a specific geographical location. It also largely simplifies the planning of tracking, in setting clearer objectives and deadlines and avoids losing track of items, especially when items have been moved from one place to another.

Although the "quantifiable" benefits related to controls covering safeguarding of assets and information, reliability of reporting are difficult to measure, there are significant unquantifiable benefits, such as reducing fraud and/or corruption risk, optimal stock management and avoidance of non-necessary purchases, "better value for money", deterrent and preventive effects and compliance with the Financial Regulation (and other public procurement rules).

Taking into account the control methods and results described above, their completeness and reliability, OIL considers that they provide reasonable assurance about the achievement of the internal control objective for safeguarding of assets.

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<sup>28</sup> GBI = gestionnaires de biens immobiliers

## **2. Efficiency = the Time-to-pay indicators and other efficiency indicators**

In 2018, OIL continued to work on improving the efficiency of its financial circuits: guidelines for adequate data encoding of transactions in ABAC (recovery orders) were updated, and unnecessary technical steps in the financial systems were eliminated. In addition, new Business Objects (BO) reports were designed and implemented to facilitate reporting by AOSDs, providing useful information to the members of OIL's internal financial correspondent network.

An important action was the introduction of ARES e-signatories for financial transactions, which allowed OIL, *inter alia*, to reduce the processing time of files and the amount of paper circulation. More details about this action can be found in section "[2.2.3 Information management aspects](#)" of the present report.

Another project started in 2018 was the review of the Office's financial circuits from a risk-management perspective, in order to identify potential for simplification. The analysis was completed in 2018 and the draft report is under review. The project is foreseen to be finalised in 2019.

Specific year-end monitoring of financial transactions was enhanced based on the experience gained in the past years. Furthermore, OIL continued to work closely with DG BUDG for the improvement of financial information systems and data quality.

### **OIL Payment Time Statistics**

As regards payment times, more than 97% of the payments made in 2018 were handled within contractual delays, a figure that is in line with the positive trend observed since 2013 and is close to the target established for 2020 (98%). These figures prove that OIL's financial circuit is functioning effectively.

**Table: Time-to-pay figures, 2014-2018.**

Year	Total number of payments	Average net payment time (days)	Average net on time payments (% of all payments)	Average net late payments (% of all payments)
2014	5083	16,3	96,0%	4,0%
2015	5337	18,0	96,7%	3,3%
2016	6045	19,4	97,5%	2,5%
2017	5813	19,9	92,9% <sup>29</sup>	7,1%
2018	4908	18,6	97,1%	2,9%

Many of the controls put in place at OIL are labour-intensive, because of the

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<sup>29</sup> The 2017 percentage of late payments is higher compared to other years because of a technical glitch in the systems early on in the year. One batch of multiple invoices for interim agent services, authorised with a single visa, was affected.

specificities of the service such as management of multiple contracts and contractors, high volume of low-level transactions and the necessity to ensure strict compliance with the Financial regulation and other public procurement rules.

### **3. Economy = the cost of controls**

#### **Procurement – administrative expenditure**

OIL continued to analyse the costs and benefits of its main control processes, i.e. procurement procedures, *ex-ante* financial transactions and *ex-post* controls. However, since a quantitative estimate of the volume of errors prevented or detected and corrected during the control processes is not available, it is not possible to quantify the related benefits, other than the amounts recovered as a result of these controls (see Annex 3, Table 8). Therefore, it is not possible to determine the cost-effectiveness of controls by comparing costs with benefits in a quantitative way only; it is therefore also necessary to consider the non-quantified benefits and different efficiency indicators, such as the above-mentioned “time-to-pay” indicators.

The cost estimates below are based on the overall cost of an official or contract agent, per subcategory (AD official or equivalent, AST official or equivalent, contract agent function groups I-III and contract agent function group IV), as estimated by the Commission. The corporate methodology for the estimation, assessment and reporting on the cost-effectiveness of controls was revisited in September 2018 and applied first time in the 2018 annual reporting. The difference of the estimated cost of controls as compared to previous years derives from this new methodology and does not reflect any substantial change in OIL’s control strategy. It should also be noted that, in 2018, OIL made an exceptional payment of 51 291 970,00 €, as advance payment for the future JMO2 building.

OIL’s public procurement controls are implemented to ensure that tendering and awarding procedures and subsequent payment transactions fully comply with applicable rules and provide reasonable assurance to the competent Authorising Officers. Moreover, OIL participates in the inter-service group on public procurement (GAMA). In 2018, all OIL files submitted to GAMA received a positive opinion.

For procurement, an estimated 2,8 million € was invested in controlling procurement procedures (including low-value contracts, amendments to contracts and price revisions). In total, 1,94% of the total amount of financial transactions was dedicated to controls.

#### **Revenue**

The use of specialised software applications enables the efficient management of revenues from catering activities: CIEL for accounting and OSCAR for cash and inventory management.

The electronic sending of debit notes to parents of children at the CPE and to other EU institutions was reinforced in 2018.

No case of forced recovery was registered in 2018. The forced recovery case

registered in OIL in 2016 (failure of a contractor to carry out the works entrusted through a contract) is followed up closely in cooperation with the Legal Service.

The ageing balance of recovery orders indicates no major overdue items pending at year-end (see Annex 3, Table 9).

An estimated 0,5 million € was invested in controlling revenue procedures. In total, 3,53% of the total amount of financial transactions related to procedures was dedicated to controls. The higher cost-ratio for revenue is due to the specificities of some revenue generating activities, such as the catering activity with its cash payments and dedicated accounting software (CIEL), cash management and control procedures, monthly inventories, and a high volume of small transactions to be processed, all of which are important cost-drivers for revenue control in the respective operational units and in the finance unit.

Overall, in 2018, for financial transactions related to procurement and revenue (including commitments, payments and recovery orders), an estimated 3,36 million € was spent to control 7834 financial transactions worth over 160,24 million €. Thus 2,09% of the total amount of financial transactions carried out during the year was dedicated to controls. Each financial transaction control costs on average an estimated 427 €.

The table below compares 2018 figures with comparative figures in 2017. It should be noted that the corporate methodology for the estimation, assessment and reporting on the cost-effectiveness of controls was revisited in September 2018 and applied first time in the 2018 annual reporting. The difference of the estimated cost of controls as compared to previous years derives from this new methodology and does not reflect any substantial change in OIL's control strategy. Against this backdrop, the increase of the cost per transaction can be explained by a smaller number of transactions processed in 2018, whereas the increase in the total cost of controls can be explained by the change in methodology at Commission level and the annual adaptation of average costs per staff category working in control activities.

#### **Comparative cost of controls in 2017 and 2018**

Year of estimation	2017	2018
Total cost of controls	3,18 mil. €	3,36 mil. €
Number of financial transactions	9 070	7 834
Value of controls/ value of transactions	2,03%	2,09%
Cost per transaction	352 €	427 €

For these reasons, figures in the table above have to be interpreted in the context described, and may not reflect long-term trends of these indicators.

#### **4. Conclusion on the cost-effectiveness of controls**

Based on the most relevant key indicators and control results, OIL has assessed the effectiveness, efficiency and economy of the control system and reached a positive conclusion on the overall cost-effectiveness of controls.

For the revenues generated by OIL's activities, the costs of control are relatively high, because of the specificities of some of those activities, as explained in section [2.1.1.3 "Economy = the cost of controls"](#) above. Due to the difficulty of quantifying with precision the probability and magnitude of an adverse event in the absence of controls, there is an inherent difficulty in estimating the benefits of existing controls in an accurate way. However, given the abovementioned quantified and non-quantified elements, the completeness and reliability of controls, OIL's management considers its controls to be as cost effective and efficient as reasonably possible. Also, given the facts that a) the types of transactions performed at OIL did not change during the reporting year; b) no reorganisation of OIL's structure has taken place and c) no new critical risks were identified during the risk assessment exercise, OIL's management estimates that the control environment and the control strategy remained stable as compared to the previous reporting year.

The AOD will consider using the possibility foreseen in FR art. 74.2 to differentiate the frequency and/or the intensity of OIL's controls.

## 2.1.2 Audit observations and recommendations

This section reports and assesses the observations, opinions and conclusions reported by auditors in their reports as well as the limited conclusion of the Internal Auditor on the state of internal control, which could have a material impact on the achievement of the internal control objectives, and therefore on assurance, together with any management measures taken in response to the audit recommendations.

OIL is audited by both internal and external independent auditors: the Commission's Internal Audit Service (IAS), the European Court of Auditors (ECA) and external auditors for the financial statements of the catering activities (including self-service restaurants, cafeterias and restaurants).

### Internal Audit Service and DG BUDG audits

There were no new IAS audits for OIL in 2018. The latest IAS audit on procurement process in OIL (2016) issued three recommendations: two very important (related to procurement procedures and ex-post controls) and one important (ex-ante controls). The audit had actually identified some weaknesses mainly concerning the initial steps of procurement procedures and the drafting of tender specifications.

In 2017, the IAS closed the recommendation on ex-post controls, having concluded that OIL adequately and effectively implemented it.

Based on the results of a follow-up audit led during the second semester of 2018, the IAS concluded mid-February 2019 that the other two were also appropriately implemented. OIL's internal procurement procedures were updated accordingly (including related templates), with the aim of providing details on the methodology used to estimate the total costs and the underlying assumptions. Awareness-raising communication was also addressed to staff of operational units, in order to include detailed information on how the estimated amounts are calculated. Concerning the second recommendation still open, OIL put in place a

list of ex ante controls in December 2017 for purchase orders, order forms and specific contracts. This list includes checks to ensure that a supplier's offer is reconciled with all the elements of the related contracts. Another checklist is used by the actors involved in the drafting of tender specifications, while a third one has specifically been designed for building contracts (July 2018).

Any residual risk related to these issues did not materialise.

Another IAS very important recommendation addressed to OIL is still open. This concerns a call for an in-depth analysis of absences at Office level – which originates from the 2015 IAS Audit on the Management of Absenteeism in the Offices (OIB, OIL and PMO). Delays are notably due to the implementation of the new HR model within the Commission. This said, the recommendation is now effectively implemented although the IAS has not yet issued a closing note.

Overall, OIL assesses that the weaknesses that might have remained due to the delay in the implementation of the three IAS recommendations do not have a significant impact on the assurance.

The open DG BUDG recommendation, rated as important, regarding 'Strengthening processes related to the registration of invoices' will be reassessed in 2019. Although measures were taken to ensure timely registration (including the implementation of ARES e-signataire), the share of late registration is still considered too high and the recommendation was assessed as partially implemented and was maintained at the same priority level – important- at the end of 2018.

## **European Court of Auditors (ECA)**

In 2018, OIL was actively involved in the ECA's audit "Office accommodation of EU institutions – Some good management practices but also various weaknesses" (Special report 34/2018 – 13/12/2018). The list of the recommendations for which OIL is associated DG, was uploaded in the related IT management system RAD, early February 2019.

In the context of the Statement of Assurance (DAS) audit by the European Court of Auditors, a preliminary finding for SoA2016 (SPF n°8309 of 14 March 2017) identified a transaction which did not comply with the principle of sound financial management. Beginning of 2019, OIL provided the ECA with further information on the related issue, which concerns negotiations to come with the owner of the rental contract of one the Data Centre in Luxembourg.

As associated DG related to recommendations in the framework of Special Report No 14/2014 of the Court of Auditors entitled "How do the EU institutions and bodies calculate, reduce and offset their greenhouse gas emissions", OIL gave its support to the DG 'chef de file' (DG ENV).

No other ECA recommendation concerning OIL is currently open.

## **Conclusion**

As a result of the assessment of the risks underlined in auditors' observations together with the measures taken in response (including the revised implementation deadlines), OIL's management concludes that none of IAS or DG

BUDG recommendations raises an assurance issue.

The absence of ECA remarks in the discharge procedure adds to the assurance on the state of internal control. OIL will continue its efforts to implement the action plans resulting from the audit recommendations and to take measures to mitigate the issues raised, as part of the on-going effort of continuous improvement.

### **2.1.3 Assessment of the effectiveness of the internal control systems**

The Commission has adopted an Internal Control Framework, based on international good practice, aimed to ensure the achievement of policy and operational objectives. In addition, as regards financial management, compliance with the internal control framework is a compulsory requirement.

OIL has put in place the organisational structure and the internal control systems suited to the achievement of the policy and control objectives, in accordance with the standards and having due regard to the risks associated with the environment in which it operates.

#### **Sources and methodology for the assessment**

The assessment of the effectiveness of the internal control systems was performed in January and February 2019, in compliance with the methodology proposed by DG BUDG. The assessment was based on three main pillars: 1) evaluation of internal control monitoring criteria (ICMC); 2) desk review of information from various sources; 3) meetings and discussions with representatives of management and specialised functions. The objective of this approach was to have a diverse, broad and finally more reliable basis for the final assessment.

The approach also took into account:

- the results of audits and follow-up engagements performed by IAS and ECA in previous years and the status of implementation of action plans results from previous IAS/ECA audit work,
- the evaluation of OIL's Internal Control Monitoring Criteria (ICMC),
- the analysis of the register of exceptions and non-compliances,
- the monitoring of the implementation of OIL's anti-fraud strategy
- the Accounting Officer's reports on the validation of local financial management systems.

## Internal control assessment results for 2018

The assessment was carried out based on the revised Internal Control Framework<sup>30</sup>. All five control components and 17 principles were evaluated. The results show that all 17 principles are present and all of them are noted as present and functioning well, with only minor improvements needed .

As a result, all five components of the Internal Control Framework are assessed as present and functioning well, with only minor improvements needed.

The exercise did not result in the identification of any further weaknesses, errors or actions that could jeopardise the overall effectiveness of OIL's internal control system.

A reassessment will however be necessary for some of the principles once the results of the 2018 Staff survey are available.

OIL therefore assesses that the internal control systems are effective. They notably include the ex-ante and ex-post controls, the analysis of the registry of exceptions, and the results of IAS and ECA audits.

## Risk management

OIL has put in place a risk assessment process ensuring an appropriate coverage of all its activities. The risk assessment exercise took place from August to November 2018, comprising risk identification and assessment workshops in each unit, individual meetings with managers and a final workshop with the OIL management where the findings were discussed and the risk register was validated.

Two types of risks have been identified and addressed:

1) Main risks: these risks if they materialize, could significantly affect the objectives of the OIL. Thirteen risks of this type have been identified.

2) Secondary risks: these risks are characterised by a less important overall residual level, but they remain of particular interest because of their possible impact at strategic level or for OIL's reputation. Four risks of this type have been identified.

Action plans to reduce the likelihood of occurrence of these risks or to mitigate their impact have been adopted and are implemented. Monitoring of the risks and implementation of the action plan will be done on an ongoing basis in 2019.

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<sup>30</sup>[https://myintracomm.ec.europa.eu/budgweb/EN/man/icrm/Documents/C\\_2017\\_2373\\_en.PDF](https://myintracomm.ec.europa.eu/budgweb/EN/man/icrm/Documents/C_2017_2373_en.PDF)

## Exceptions and non-compliance events

The reporting of exceptions and other non-compliance events is part of the regular reporting of the Heads of Units to the Head of Service. The evolution over the last 3 years is as follows:

Type	2016		2017		2018	
	Number	Amount (€)	Number	Amount (€)	Number	Amount (€)
Non-compliance events (NCE)	5	20 381	8	459 422	13	235 482
Exception <i>ex ante</i>	4	1 189 097	3	694 360	3	19 818
TOTAL	9	1 209 478	11	1 153 782	16	255 299

The main causes of non-compliance events (NCE) detected in 2018 were the lack of budgetary or contractual coverage for the subsequent transactions and failure to comply with the procurement procedures. The necessary contractual framework was put in place to avoid recurrence of these issues.

Regarding the exceptions duly authorised *ex ante*, three cases were recorded. Two cases were related to access to IT financial applications with no financial impact and one is related to construction work, where the annuality of credits could not be respected, with a financial impact of EUR 19 819.

## Conclusion on the internal control system

Based on the methodology and information sources described above, OIL assessed the internal control systems during the reporting year and concluded that all the components are present and functioning well, only minor improvements needed.

The observed situation does not however have any impact on the assurance by the Authorising Officer.

Based on the result of the current assessment, as described above, we conclude that there is currently no need to apply changes to the internal control architecture and to the financial circuits, aside from the mitigating actions identified.

## 2.1.4 Conclusions on the impact as regards assurance

This section reviews the assessment of the elements reported above (in Sections 2.1.1, 2.1.2 and 2.1.3), the sub-conclusions above, and draws the overall conclusion supporting the declaration of assurance and whether it should be qualified with reservations. OIL only manages direct centralised expenditure<sup>31</sup>, which has a low inherent risk. For 2018, the budget implementation indicators fully reached the targets for commitments and payment times.

Processes, systems and workflows for the whole range of activities managed by the Office are documented in procedures, which are updated on a regular basis. The reports on 2018 submitted by the Authorising Officers by sub-delegation cover reporting on both operational and financial objectives.

No major issues were reported in terms of the legality and regularity of the underlying transactions and sound financial management.

OIL has implemented its anti-fraud strategy action plan, has identified or updated the fraud risks during its annual risk assessment exercise and has insured that procedures are updated with anti-fraud provisions where applicable. There were no pending investigations opened by OLAF or IDOC from previous years. In 2018, no potential fraud related case was reported to or by OLAF or IDOC.

Assets were managed according to established rules and the 3-year rolling inventory of assets has continued as foreseen, the results being in line with forecasts. The new tracking methodology allows covering in a more reliable way all the goods present in a specific geographical location and simplifies the planning of tracking, and thus keeping track of items during day-to-day or more complex operations.

The conclusions of the *ex post* controls for 2018 did not bring to light any issues regarding significant financial impact. The overall error rate for the transactions controlled is 0,5% of the value of expenditure and 0% for revenues — well below the materiality threshold of 2,0%. This positive result underlines the effectiveness of OIL's control system in place.

The management estimates that internal control system is functioning as intended. In particular, the risk analysis carried out in the context of the Management Plan showed that risks are appropriately managed and mitigating actions are put in place where needed.

In its "IAS contribution to the 2018 Annual Activity Report process" issued on 15/02/2019<sup>32</sup>, the Internal Audit Service concluded: "the internal control systems in place for the audited processes are effective". The European Court of Auditors recommendations are taken into account as mentioned in [Section 2.1.2 "Audit observations and recommendations"](#).

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<sup>31</sup> Part of OIL's expenditure is funded through revenues (EUR 15,2 million in 2018).

<sup>32</sup> [IAS contribution to the 2018 Annual Activity Report process, Ares\(2019\)931337](#)

## **Overall Conclusion**

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

## 2.1.5 Declaration of Assurance

*I, the undersigned, Marc Becquet,*

*Head of Service of the Office for Infrastructure and Logistics in Luxembourg*

*In my capacity as authorising officer by delegation*

*Declare that the information contained in this report gives a true and fair view<sup>33</sup>.*

*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 OIL or those of the Commission.*

*Luxembourg, 17 April 2019,*

*Signed*

*Marc Becquet*

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<sup>33</sup> True and fair in this context means a reliable, complete and correct view on the state of affairs in OIL.

## 2.2 Other organisational management dimensions

### 2.2.1 Human resource management

#### **SPECIFIC OBJECTIVE: Pro-active management of human resources.**

In 2018, OIL continued to ensure a high level of service provision of its core activities. The staffing and functioning of the teams concerned remained a major priority during the year.

OIL continued to foster motivation and career development opportunities for its mixed staff population (29% officials, 53% contract agents with mostly indefinite duration contracts and 18% local employees, end 2018). However, limited mobility and career prospects for many of OIL's staff remained an important human resources challenge.

OIL took part in the AST mobility and the upgrade of Contract Agents pilot projects. OIL also participated again in the Commission-wide Career Day in Luxembourg.

As regards internal staff mobility, the campaign launched in 2017 continued in 2018. Solutions were found for close to 20 staff, including two educators.

OIL has kept up efforts to ensure the best possible functioning of the new HR delivery model between management, HR BC, AMC, and HR corporate. OIL also took up its role as domain leader for logistics in Luxembourg.

One out of OIL's six head-of-unit positions was filled in 2018 (and a second one early January 2019). OIL has met the quantitative targets for first female appointments at middle management level decided by the College<sup>34</sup> and will keep paying close attention to the evolution of female representation at management level.

OIL continued its efforts to ensure that staff feel that the Institution cares for their well-being and that staff engagement increases, as measured in the staff opinion survey every two years, by analysing the results of the surveys closely and preparing action plans based on specific staff input. Following the results of the 2016 HR Staff Survey, OIL prepared and launched an action plan in 2017, featuring 10 priority management actions<sup>35</sup>. Nine of these actions were completed at the end of 2018, with the remaining one <sup>36</sup> to be completed early 2019. The provisional results of the Staff survey 2018 show an improvement in OIL staff engagement index, which is of 61%, compared to 59% in 2016 and 2014. Furthermore, 45% of OIL respondents responded positively to the question "I feel that this organisation cares about my wellbeing at work", while in 2016, the positive response rate was of 36 % and of 22 % in 2014. These results, even though slightly below the Commission's average, show a positive trend. Once all the responses to the Staff survey 2018 are available, OIL will discuss future course of action. One specific area of attention in human resource management is the staffing of the childcare facilities in Kirchberg and Mamer. Selection panels

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<sup>34</sup> SEC(2017)359.

<sup>35</sup> <https://myintracomm.ec.europa.eu/dg/OIL/espacerh/Pages/staff-survey-2016.aspx>

<sup>36</sup> 1) A call for expressions of interest to identify colleagues who would like to share their knowledge and expertise in mini training sessions.

were organised in the autumn of 2018 and well over 20 requests for recruitment were launched. This will reduce OIL's reliance on long-term interim personnel. A permanent CAST for psycho-pedagogical specialists was published in September 2018 and recruitment is planned to take place in 2019.

## **2.2.2 Better regulation**

Not applicable for OIL.

## **2.2.3 Information management aspects**

In the context of the Commission strategy for data, knowledge and information management adopted in October 2016, OIL has continued to ensure compliance with E-Domec filing rules and has ensured that information is shared with and available to stakeholders as appropriate.

The office is committed to meeting the targets set in its Strategic Plan, in terms of reducing the percentage of registered documents that are not filed and increasing the number of files shared within OIL, as appropriate. By virtue of its activity, OIL has no fixed long-term target for sharing files with other Commission services.

In the first half of 2018, OIL launched a major action on ARES e-signatories, aiming to reduce the amount of paper circulation and the total processing time of files, to improve traceability and to set-up more reliable electronic filing and archiving. By the end of the year, the project was completed and more than 1900 files had been processed by e-signatory in 2018. From January 2019 onward, all financial transactions files will be processed electronically.

In the second half of 2018, concrete steps were undertaken to achieve the five main objectives set by the action plan on data protection, adopted by the Commission in 2018. OIL has reviewed all the DPOs notified by the Office in the (previous) DPO2 application and has launched a stocktaking exercise for the establishment of a complete inventory of OIL's data processing operations. Moreover, following the adoption, as of December 11, 2018, of the new data protection regulation for EU institutions and bodies (Regulation n° 2018/1725), OIL is bringing the necessary changes and updates as regards major components, including by means of the new application Data Protection Records Management System (DPMS).

In particular, OIL has reviewed all existing data protection operations with a view to ensuring compliance with general principles of Art. 4 Reg. 2018/1725, notably as regards lawfulness, data minimisation and storage limitation. In addition, OIL is reviewing all information provided in this respect to data subjects, in line with general principles, especially as regards transparency. In this respect, while assessing and updating each DPO, none of the data controllers has concluded that it was necessary to establish internal rules governing the restrictions of data subjects, in light of the absence of any such restrictions.

Finally, in coordination with the Data Protection Coordinator (DG HR), OIL launched internal training and awareness-raising actions regarding the new data protection rules.

The implementation of the action plan is ongoing and will be completed in close cooperation with the secretariat General and DG HR.

Registers of useful financial and/or contractual information are shared across the Office's finance and operational units to facilitate autonomous access to up-to-date information.

## 2.2.4 External communication activities

Not applicable for OIL.

## 2.2.5 Internal communication

**SPECIFIC OBJECTIVE: Improved communication, focusing on clear and timely information.**

OIL continued to pay special attention to timely and effective communication with staff in 2018.

The action plan in response to the 2016 Staff Survey was a main communication priority. The majority of the actions foreseen in the action plan on staff engagement have been put in place. For details on this subject, see Section [2.2.1. Human resource management](#).

OIL has also focused on improving the communication of its actions and services contributing to the implementation of the overarching initiatives of the Commission, on the provision of OIL services to our customer base, and on internal operations to OIL staff as a management support tool.

OIL has also organised one general assembly of staff on 27 June 2018. On this occasion, the OIL director presented the main ongoing projects, including the state of implementation of the action plan on staff engagement, OIL's main achievements and future challenges for the service.

The communication sector in OIL has produced and published several communication campaigns concerning, for example:

- the JMO2 project (groundbreaking ceremony, creation of a dedicated mini website on *My Intracomm*),
- the new Local Proximity Teams,
- the roll-up of the new mail distribution system.
- the new catering services,
- the new collaborative space for children at the CPE III,
- mobility- and transport-related initiatives,
- the Medal ceremony for the personnel having achieved 20 years of European public service,
- the mobility exercise for AST and AST/SC,
- social events organised in the Foyer européen,
- Fit@work actions organised in the Grand-duchy,
- EMAS activities (e.g. EMAS week, Green Day, Green Public Procurement Helpdesk etc.),
- the 2018 Commission Staff Survey's organisation.

## 2.2.6 Examples of economy and efficiency

OIL continued to roll out the “Synergies and Efficiencies in Logistics” (SEL) project in 2018, and other initiatives in order to improve the efficiency of day-to-day work.

The main objective of the SEL project is to centralise in OIL all logistics activities and resources from Commission DGs and other services in Luxembourg. The main actions are described in [section 1.4 “Synergies and Efficiencies in Logistics”](#) of the present report.

Other examples of economies and efficiencies in 2018 are:

- The introduction of ARES e-signatories, which has allowed significant gains of time, paper and archiving space in the processing of financial transactions files, as well as swift information search and follow-up capacities (see [section 2.2.3](#) above).
- The transformation of one of the two dining halls of CPE III building into a reception room for secondary school children (11-14 years old), in order to respond to capacity issues and mitigate the risk of having waiting lists. Five out of six OIL units have cooperated in this project, managed by unit OIL.05 (Interinstitutional childcare centre). The whole project was completed in less than two months, during the summer school holidays of 2018.
- As regards the management of conference rooms, OIL signed on 19.11.2018 a Memorandum of understanding with DG SCIC in order to manage the conference rooms in Luxembourg and finished the negotiations with other DGs for the mutualisation of large meeting rooms (in Ariane, T2, Mercier buildings).