



2019

Annual Activity Report

**Office for Infrastructure
and Logistics in Brussels**



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THE OFFICE IN BRIEF

(1) Mission statement

The mission of OIB¹ is to ensure a functional, safe and comfortable workplace for Commission staff and to provide good quality support and well-being services, based on a client-oriented approach in an environmentally friendly and cost-effective way.

The Office's main objectives are the following:

- to manage the Commission's buildings and infrastructures efficiently and effectively in line with the highest environmental standards,
- to create the best possible working conditions for staff and to provide good social infrastructures,
- to manage activities in a results-oriented and transparent way, in line with ethical requirements.

(2) Operating context

Governance:

OIB, as a horizontal support service within the Commission, is attached to the Directorate General for Human Resources and Security (DG HR). The supervision of OIB's activities is ensured by the Management Board which defines its terms of reference and ensures that they are properly implemented. DG HR chairs and assists the Management Board in the implementation of its tasks. The Head of Service of the Office is responsible for the implementation of the mission of the Office. The Head of Service is instated with the power of nomination (AIPN) and exercises the function of Authorising Officer by Delegation (AOD).

Organisational division:

OIB is structured around 3 departments² and other entities:

- Real Estate: in charge of the implementation of buildings policy, building management and property projects, EMAS activities, IT systems and logistical support such as Logistic Proximity Teams (LPT) and the Space Design Team (SDT),
- Operations and Services: responsible for catering infrastructure, transport and mobility, supplies, workspace equipment and removals, physical inventory management, mail and reproduction, and historical archives, as well as the for the European Inter-institutional Centre-CIE and for the catering and childcare infrastructures in Ispra,
- Childcare facilities: responsible for nurseries and other child-care facilities,
- Horizontal activities (such as human resources, communication, finances, public procurement, informatics, internal control) and the internal service for Prevention and Protection at Work are directly attached to the Head of Service.

2019 organisational changes:

- One unit was created related to the Synergies and Efficiencies activities to strengthen coordination in the leadership domain of logistics and in the Strategic, Planning and Programming reporting. This unit reports directly to the Head of Service of the Office. The 2019 Synergies and Efficiencies Communication (C(2019)2329) has endowed OIB with the mandate of a central role at the corporate level domain leader in the logistics domain.

¹ The Office for Infrastructure and Logistics in Brussels (OIB) was created on 1 January 2003 by the Commission Decision C(2002)4368 of 6 November 2002.

² The last changes to the organizational chart entered into force as of 1 January 2016.

Thereunder, OIB has motivated a number of networks and projects towards development of coherence and efficiency in the area of logistics.

- Changes in the position of the Head of Service of the Office: the former Head of Service retired on 1 October 2019 and is currently replaced by an 'acting Head of Service'.

 **Management mode:**

OIB has a centralized direct management mode for its financial transactions and procurement.

EXECUTIVE SUMMARY

This Annual Activity Report is a management report of the Acting Head of Service of OIB to the College of Commissioners. Annual Activity Reports are the main instrument of management accountability within the Commission and constitute the basis on which the College takes political responsibility for the decisions it takes as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties³.

a) Key results and progress towards the achievement of general and specific objectives of OIB

General objective of OIB

OIB, together with other DGs and Services, contributed in the course of 2019 to the achievement of General Objective: *"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."* defined by the 10 priorities of President Juncker and by the mission letter and specific mandate addressed to the Commissioner for Budget and Human Resources, Mr Oettinger.

Multiannual Policy Framework (MAPF)

In 2019, OIB followed-up on the real estate planning defined by the Multiannual Policy Framework (MAPF) endorsed by the Management Committee of OIB. In principle, in the long-term, the priority is to redevelop and renovate owned property with, where possible, a net capacity gain and a renewal of leases, where economically interesting within a well-controlled budgetary evolution.

According to its general principles OIB:

- Started real estate negotiations following the publication of a notice for the real estate market on Commission surface needs for the years 2020 to 2024;
- Concluded the prolongation of leases for buildings G—1, G—6 and G—12 extended until 31.12.2023 with an option for an anticipated exit for buildings G—1 and G—6 as from 2022;
- Pursued its refurbishment activities for its buildings and put a strong emphasis following the commitment made by Commissioner Oettinger in 2018, on improving access to buildings for persons with reduced mobility.

Large construction projects

The international architecture competition for the L130 site, a project of 190 000 m² which comprises offices, nurseries and a welcome center, was concluded on 25 June 2019. The jury's proposal and the award of the prizes was confirmed by the College on 10 July 2019. In Autumn 2019 preparatory work started with the winner of the competition.

The competitive dialogue for a new conference centre (CC2.0) to replace the Albert Borschette centre (CCAB building) was closed in 2019 and is currently passing all the

³ Article 17(1) of the Treaty on European Union.

internal processes in order to present the project to the Budgetary Authorities for approval.

Environment

Having in its real estate portfolio 61 buildings, OIB ensures implementation of provisions of the European Energy Directive (EED) on the energy performance of buildings. OIB's global 2017 – 2020 annual action plan for technical/investment measures introduced several new energy and water savings measures.

OIB pursued EMAS certification for its buildings, started reflection on the implementation of the future PLAGE⁴ legislation regarding the reduction of buildings energy consumption, as well as the reduction of parking places following the COBRACE⁵ regulation.

GPP (Green Public Procurement) criteria are also included in calls for tender on real estate projects and technical equipment procurement; information and awareness campaigns for the building's occupants.

OIB also launched various initiatives in the field of environmental protection from the ban of single-use plastics, improved waste sorting, increased the use of sustainable transport modes and organised related awareness campaigns and training courses for the staff.

Synergies & Efficiencies

Mandated by the Commission Communication on "Synergies and Efficiencies", OIB has centralized corporate logistic services, created logistics proximity teams, a space design team, and reformed internal mail distribution. In an ongoing action, OIB will further strengthen its organization, targeting efficiency gains through re-allocation of the responsibilities, resources and where possible through simplification and rationalization.

As part of this overarching initiative, the successfully developed Quick Fix Programme continued in all buildings to ensure a rapid response with regard to a predefined list of small technical interventions.

Inventory of goods

Following the centralisation of the execution of the triennial inventory at OIB as a result of the "Synergies and efficiencies" communication, the exercise started in 2017 and continued throughout 2018 and was finalised by the end of 2019 and led to a quality increase in the physical inventory. Improvements included the re-labelling of unmarked items, correction of duplicated labels, as well as performing an additional, more thorough tracking exercise, to search and identify goods not found initially due to their reduced accessibility.

3-years inventory scanning of all movable assets is accomplished (93,1%)

Mail services

The OIB's Central Mail service ensured the delivery of mail and parcels not only to the EU Institutions located in Brussels, but also to the Permanent EU Representations, the Delegations, Agencies, JRC and offices of the European

Annual quantity of deliveries correspond to 138 tones of mail and parcels.

⁴ Brussels local action plan for energy management (« Energetique »)

⁵ Brussels Code on Air, Climate and Energy Efficiency ("Code Bruxellois de l'air, du climat et de la maîtrise de l'énergie").

Investment Bank, in 250 destinations worldwide every week. The Central Mail services assisted DGs with professional expedition of their voluminous parcels, equipment, promotional materials for conferences and/or roadshows.

The catering concession

After six years of catering concession contracts, the financial performance of contractors, has reached a balance which enabled better catering offers and better service for all sites. Throughout the period, client satisfaction rate has remained stable, with no one of caterer being better than the other. 2019 was also marked by further improvement of the catering environmental impact, thanks to the phasing-out of single-use plastics which were replaced by recyclable or compostable substitutes or pilot projects using carafes and crockery.

The catering services for two of the three childcare sites (COLE and BU) have been successfully outsourced. The financial cost has been less than initially foreseen, whilst the quality of the service is appreciated by clients.

No more waiting lists for childcare place

A sufficient number of nursery places to respond to the staff demand was achieved. The last tender awarded in 2017, gradually ensured additional nursery places on top of the already existing places.

In the case of afterschool childcare services, during the 2018/2019 school year OIB reached its 2020 target by putting in place the relevant capacity structure. In this context, OIB renegotiated the conventions with European schools that secured additional places. Moreover, works were carried out in COLE premises to turn office space into around 110 after-school places.

Organisational management of OIB and internal control

In the area of internal administration, paperless working methods were enhanced through the reinforcement of specific IT tools (PPMT, Ted-eTendering, e-Submission, SAM, ParaphOIB, e-Invoicing etc.) facilitating financial management.

The Internal Control Framework was positively assessed by the IAS audit in 2019 and the Anti-Fraud action plan update further strengthened the OIB's internal control environment.

Staff engagement initiatives, such as "OIB professional job fair" with the new feature of workshops given by OIB colleagues, "live my job", mobility and flexible working methods, continued. New ones were developed such as the OIB specific training course "OIB United" and the "buddy and mentoring" schemes were launched in autumn 2019.

The 2019 priorities included conducting constructive staff dialogues, meetings and staff gatherings with senior management presenting the Management Plan and extensive discussions on the results of the 2018 Staff Satisfaction survey and follow-up actions.

b) Key Performance Indicators (KPIs)

Result/Impact Indicator	Target 2020	Latest known results (2019)										
Net office surface available per workstation.	12 m ²	~ 13,40 m ² (The achievement of this target is highly dependent on the collaborative space deployment and the optimisation of the use of office space) Source: OIB data										
The general quality of offices	Improve results, getting back to 2013 figure (62%)	64% (Weighing the results by the number of respondents – in 2017 survey) <p>Office quality satisfaction</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Satisfaction (%)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>58%</td> </tr> <tr> <td>2013</td> <td>62%</td> </tr> <tr> <td>2015</td> <td>54%</td> </tr> <tr> <td>2017</td> <td>64%</td> </tr> </tbody> </table> <p>2019 survey is delayed and is expected in 2020. Source: DG HR staff satisfaction survey on the services provides by OIB, OIL & PMO</p>	Year	Satisfaction (%)	2011	58%	2013	62%	2015	54%	2017	64%
Year	Satisfaction (%)											
2011	58%											
2013	62%											
2015	54%											
2017	64%											
Staff satisfaction rate with self-service restaurants.	Keep satisfaction rate stable (2016)	Self-service restaurants: 51% satisfied Cafeterias: 68% satisfied Source of the data: OIB/DG HR survey 2018 <u>As per reference:</u> The 2016 satisfaction survey launched in January 2017 by OIB /DG HR 2017: Self-service restaurants: 62% satisfied Cafeterias: 69% satisfied										
Childcare requests (received during the year) exceeding available places	Offered capacity equals 2015 demand <u>2015 baseline:</u> Nursery: 21% (capacity: 1466) Afterschool: 12% (capacity: 1760)	Nursery: Current capacity meets the demand (31/12/2019): capacity 1564 versus demand accepted 1304. In principle, the objective of having sufficient number of places is reached due to two factors: (i) capacity was increased; and (ii) demand decreased. The capacity is still 3.7% below the 2015 demand (1564 vs 1622). After-school childcare : Target 2020 is met Source: OIB data										
The residual error rate (RER)	<2%	0.39% no serious error ⁶ Source: OIB data										

c) Key conclusions on financial management and internal control

In accordance with the governance arrangements of the European Commission, (the staff of) OIB conducts its operations in compliance with the applicable laws and regulations, working in an open and transparent manner and meeting the

⁶ Serious error (level 1) that should be considered by the AOD when giving its assurance in the AAR.

expected high level of professional and ethical standards.

To ensure the achievement of policy and management objectives, the Commission has adopted a set of internal control principles, based on international good practice. The financial regulation requires that the organisational structure and the internal control systems used to implement the budget be set up in accordance with these principles. OIB has assessed its internal control systems during the reporting year and has concluded that it is effective and the components and principles are present and functioning as intended. Please refer to AAR section 2.1.3 for further details.

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

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

d) Information to the Commissioner

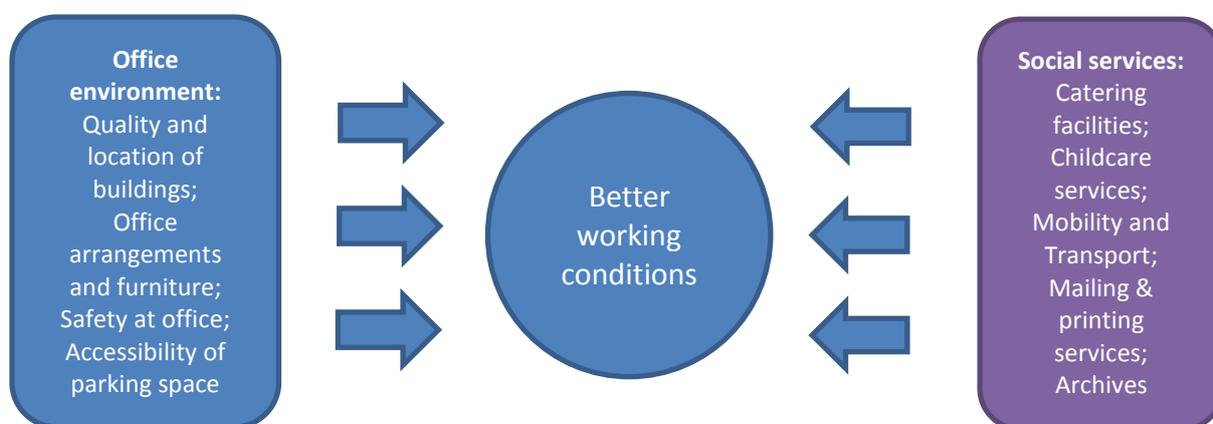
In the context of the regular meetings during the year between OIB and the Commissioner on management matters, the main elements of this report and assurance declaration, have been brought to the attention of former Commissioner Oettinger and, since 1 December 2019, Commissioner Hahn, responsible for Budget and Human Resources.

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

This section of the report provides information on the key results and progress towards the achievements of general and specific objectives set out in the OIB 2016-2020 Strategic Plan and towards the achievements of the outputs set in the OIB 2019 Management Plan.

OIB, together with other horizontal Services/DGs, contributed to the achievement of General Objective: "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." defined by the 10 priorities of President Juncker and by the mission letter and specific mandate addressed to the Commissioner for Budget and Human Resources, Mr Oettinger.

The logistic services delivered by OIB facilitate the functionality of the Commission and its staff in terms of logistics, contributing to the working conditions and at the same time, respecting the existing financial and regulatory constraints. Moreover, two main pillars of OIB's activities: i) office environment and ii) social services contribute to the general satisfaction level of the Commission's staff and other EU Institutions located in Brussels.



In particular, OIB activities listed in this report, highlights OIB's contribution to the staff social policy of the Commission related to working environment. This includes office environment (location of building, building/office conditions and safety, office arrangements and furniture, accessibility to parking spaces, accessibility to alternative means of transport), social facilities and services such as catering, canteens, cafeterias, childcare services, sport facilities and other logistic services.

Taking into consideration the evolving needs, requirements and restrictions in available resources, OIB throughout 2019 continued its efforts to ensure the stable staff satisfaction with provided services.

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.

Non programme-based

Impact indicator: Staff engagement index in the Commission

Source: European Commission

Criteria: % of staff satisfaction

Baseline (2014)	Latest known results (2018)	Target (2020)
65.3%	69%	Increase

Specific objective 1: The Commission's buildings and infrastructures are managed in line with the Commission Building Policy.

In order to meet its medium and long-term needs the Commission buildings policy in Brussels is based on the following main principles:

- Prolongation/renegotiation of existing leases
- The valorisation of owned property through a renovation/redevelopment programme
- Prospecting the Brussels real estate market for residual needs
- Rationalisation and optimisation of the use of office space through, inter alia, the development of collaborative working areas

1. Prolongation of building leases in force:

- OIB extended the usufruct contracts of buildings G—1, G—6 and G—12 up to the end of 2023.
- OIB acquired the rights for the space in BU25 previously used as commercial space by the society Vastint s.a.

2. Development programme:

In 2019, OIB continued four large development projects: (i) new conference centre CC-2.0; (ii) redevelopment of L130 site; (iii) redevelopment of BU29-31-33 site; and (iv) redevelopment of PALM.

➤ **New Conference Centre CC-2.0:**

A tender procedure in the form of a competitive dialogue, for a new conference centre to replace the Albert Borschette centre (CCAB building), started in the second semester of 2018 and was concluded at the beginning of 2019.

The final offer was submitted and evaluated during the second quarter 2019. Estimation on delivery of the new centre is for the end of 2024.

➤ **L130 redevelopment programme:**



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OIB launched the competition in March 2018. 76 applications were received out of which 30 candidates were selected to go forward to phase 1 of the competition. Following the selection of the jury members by the College, a first meeting of the jury took place on 17 and 18 January 2019; 9 candidates were chosen by the jury to move forward to phase 2 of the competition.



On 25 June, **the Loi 130 jury** met for the last time. The jurors choose the three best designs and voted which project should get the first, the second and the third prize. On 10 July, the Loi 130 jury's proposal was submitted to the College, who confirmed the award of final prizes.

Back row: M. Hager, K. Borret, O. Bastin, I. Souka, P. van Bergen, B. Hossbach, B. Magenmann, M. Séguinot
 Front row: B. Cody, P. Benuska, A. Grüntuch-Ernst, A. Hutchinson, G.H.

Oettinger, B. Tagliabue, M. von Schmalensee, D. Lyon, M. Mouligneau.
 ©2019, European Union

➤ **Redevelopment of Beaulieu site:**

OIB prepared procedures for the redevelopment of the BU29-31-33 site. The launch of the architectural competition was originally foreseen for mid-2019 with a view of having the construction works carried out from 2024 to 2027. The adoption of required town planning and urbanistic rules for the Hermann Debroux (PAD Hermann Debroux) area needed for the project has been delayed (a definitive version is foreseen for mid-2020) therefore the architectural competition will not be launched before the fourth quarter of 2020.

➤ **Redevelopment of PALM:**

The PALM project aiming at the future redevelopment of the building into a nursery/afterschool childcare facility, progressed. The building permit was obtained in May 2019. The information note was sent to the budgetary authority on 3 December 2019, and the tender for works was published on 7 January 2020. The works should start in November 2020 to be finalized in 2023.

3. Prospecting Brussels real estate market:

An information notice regarding Commission real estate needs between 80,000 m² and 150,000 m² (estimated for the period of 2020-2024) was published in March 2018. Based on the prospection data, owners of potential buildings that might be of the interest to the Commission were invited to provide the Commission with their offers. Negotiations started in the 2nd quarter 2019.

4. Rationalisation of the use of office space:

It is important to keep in mind, that with the new Commission and possible further reorganisations, the creation of new task-forces/services as well as the staff reinforcements for some priority DG's will further lead to an increased pressure on the available space, imposing bigger implications on the efficiency of the allocation of office space. Therefore, the optimization of the available office space becomes more important and the application of the Housing Conditions Manual (MCH) supports its gradual achievement. Nevertheless, the collaborative office space layouts are applied whenever a justified request comes from a DG and the technical constraints of the building allow it. Therefore, OIB faces certain limits in its application.

However, several projects were achieved with DGs in 2019 :

OIB provides regular assistance to DGs on the possible transformation of zones into collaborative work spaces and completed various transformation works, most notably in oib_aar_2019_final

the BREY2 building for DG BUDG and a successful project on the 11th floor of the ORBN building for DG RTD.

A small collaborative space in MO34 8th floor for DG.HR.A2 was also delivered before the end of the year.

Alternative solutions for optimizing the use of office space were also proposed such as encouraging the use of shared offices, the use of flex-desk(s) and the optimization of office space in existing buildings.

Although the general real estate provisions impose office space reductions, targeting economies, OIB continued its efforts to implement the best possible solutions matching guidelines with needs and well-being of staff.



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5. Other real estate operations:

- OIB signed an administrative agreement in August 2019 with the Committee of the Regions/European Economic and Social Committee regarding the exchange of property between the Commission VM-2 building and the Committees B-68/T-74 buildings. The exchange of properties itself should be effective by September 2022. The institutions will negotiate the use of some specific surfaces (sport facilities, polyvalent room, meeting rooms, etc.) of the three buildings by the end of 2020 at the latest.
- The convention between the Commission and the Belgian Federal Administration on the transfer of ownership of 54 parking spaces in the BERL following the creation of the multimodal Schuman railway station was delayed due to problems in receiving final agreement from the holder of the land rights on the transfer. The file will be submitted in 2020 to the College for adoption by a written procedure.

Specific objective 2: OIB's service-oriented culture and client satisfaction is enhanced by offering good quality office space to all Commission sites in Brussels.

To improve the quality of available office space and social infrastructure of Commission buildings and offices, preventive maintenance in line with the BEBA⁷ programme continued. Together with up-to-date working environment, these various refurbishment or technical maintenance actions aim at safeguarding Commission assets in the field.

In the context of the installation of the new college OIB provided accommodation for the Commissioners designate in the CHAR building as of June 2019 and installed the new Commission before the end of 2019. All those operations were a strong illustration of

⁷ A good state of buildings policy

operational capacities and coordination role of OIB.

The Office is actively involved with the Association of staff with a disability in the European Commission (ASDEC)⁸. In Brussels, all Commission buildings comply with legal prescriptions regarding accessibility for persons with reduced mobility. Nevertheless, in order to facilitate building access, the on-going screening programme continued to pursue the target of potential upgrades.

In the course of 2019, the following building renovations and works were executed:

- The renovation works of the L-86 façades
- A BEBA project is under way in LX46 (includes renovation of carpet, paint, ceiling, upgrades of the lighting system).
- A BEBA project in J-30 is close to completion. Works were defined with OLAF as the main user of the building.
- Sun protection were installed on WALI building's terraces.
- New showers were built in DM24 and BRE2 and renovated in COLE building. Special security zones were requested by EEAS, DG HR DS in BERL building and in CHAR building. OIB is collaborating with related Services looking for the best solutions.

Specific objective 3: On the basis of clearly defined Service Level Agreements (SLAs), other EU institutions and bodies benefit from an exchange of best practices, cooperation and service provision.

In the context of providing support to EU Institutions and executive agencies in the management of their facilities, OIB delivers services on the basis of SLAs. These services generated revenue of approximately 6% of the OIB's 2019 budget .

A new SLA with Frontex was approved by the OIB Board in July 2019 and signed in August 2019.

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

OIB continued its important role as a member of the EMAS Steering Committee, pursuing towards reaching 2020 targets on environmental performance's several core parameters and taking a lead in the Commission initiatives (such as the reduction in single-use plastics).

In the course of 2019, OIB conducted a mid-term review of its performance in relation to 2014-2020 objectives, and fixed more ambitious 2020 targets for the objectives already attained in 2018. This included actions such as the reduction in the consumption of office paper (-35%) and water (-8%) as well as the decrease of CO2 emissions of vehicles-manufacturers data- (-25%) and the production of non-hazardous waste (-10%).

The implementation of the new EMAS regulation (Commission Regulation (EU) 2017/1505) has required OIB to perform a comprehensive environmental review-analyzing context. This review was updated in 2019, incorporating the external auditor's remarks.

⁸ The group represents and defends the views of staff with a disability to the administration, and makes proposals for developments to Commission staff policies and services as these affect staff with a disability.

The 2018 – 2020 EMAS annual action plan for technical/investment measures was intensified in 2019 introducing several energy and water savings measures such as: installation of presence detectors, replacement of fluorescent by LED lighting, corridors and hallways and tap aerators. Other measures included the insulation of heating pipes, as well as the optimization of the mechanical ventilation in parking, meeting rooms and office spaces.

Additional horizontal measures, such as the automatic switch-off of PC's (project led by DG DIGIT) and the reduction by one hour of heating and ventilation of all buildings on Fridays were continued and substantially contributing to the general savings. For the 10th consecutive year, OIB launched an action aiming at closing as many buildings as possible during the Christmas-New Year seasonal break. The creation of hubs, hosting staff coming to work during that period, and closer contacts with the DGs, identifying their actual needs for office space, allowed for better energy consumption results.

The Commission is committed to the exemplary role of its buildings and OIB has a specific action plan to comply with the Energy Efficiency Directive. In this respect OIB has created the "Energy and Water Strategic Committee" in June 2019. It aims at exploring strategic directions to implement new legal requirements (PLAGE legislation in the Region of Brussels, and the new European environmental 2050 goals), while being well coordinated together with mid-term EMAS objectives.

OIB has implemented the COBRACE rules in the car parks of buildings for which the environmental permit was to be renewed and will continue to do so in the coming years. OIB also equipped 130 parking spaces with charging stations for electrical cars and the capacity for parking bicycles has again been increased to reach a total of 4022.

Specific objective 5: OIB's service-oriented culture and client satisfaction is enhanced by applying the Rules of Prevention and Protection at Work applicable to the Commission sites in Brussels.

OIB implements the rules on Prevention and Protection at Work for the Commission sites in Brussels in accordance with current Belgium legislation. In this framework, following internal audits, risk analysis and workplace assessments, OIB put in place preventive measures to maintain and improve the safety at work.

In particular, in 2019:

- a risk analysis of electrical installations in all EC buildings was finalised;
- a risk analysis regarding the prevention in the workplace was performed with OIB Managers;
- Several interventions and actions to improve the ergonomics in the workplace took place.

"Well-being at work" being a strong Commission priority OIB contributed actively to several working groups in this domain: the CPPT (Committee for Prevention and Protection at work), the R4OIB (Results for OIB), 'Fit@work' steering committee and the working group on physical working environment set up by DG HR .

Furthermore, the Internal Service for Prevention and Protection at work (SIPP) organised and followed up on targeted actions to contribute to the implementation of the 'Fit@work' action plan.

Specific objective 6: The sound financial management of the logistic services is ensured.

1. Inventory management:

OIB tracks movable assets, in particular office furniture and technical equipment (except IT, telephony and some audio-visual equipment). In 2019, the third-year of the triennial

tracking (started in 2017), a new cluster of buildings (17 buildings) has been tracked. This three-year exercise was completed by the end of 2019 with a final tracking rate of 93.1% of all goods.

The EC Central Inventory Service, currently represented by OIB, drafted an updated version of the Inventory Rules⁹ for all the EC properties, which are currently under evaluation at OIB's management level. To move forward with the topic, OIB implemented internally a tailored-made procedure for a simple decommissioning of old items which has proven its effectiveness. 88 files that includes around 12.240 items have been closed in 2019. The new Writing-off Committee has been renewed.

OIB is a Business Process Owner (BPO) for the module "Inventory and Logistics Management" within the e-Procurement programme of the Commission and is responsible for coordinating the contribution of all EC users. This new programme for the management of inventory and logistics, will replace ABAC Assets and ABAC Sam. As per the work plan, the first batch of business requirements, on movements of goods, was delivered to the solution provider i.e. DG BUDG in April 2019 and the second batch in November 2019. Works continued on the third batch, master data management, tracking and reporting. Business requirements were drafted and 90% of processes were modelled in ARIS.

In parallel, activities have started on another work package, the preparation of a prototype of the future tool on a small selection of business processes to evaluate how S4/HANA standard functionalities could meet the business needs. Coordination with the solution provider: DG BUDG and with other e-Procurement teams was ensured.

2. Mail, concept & reproduction services:

In the framework of the Synergies & Efficiencies exercise the cooperation between the Council's and the Commission's Central Mail services has been strengthened with a daily pick-up of mail and notifications addressed to the Commission and the Permanent EU Representations. The Central Mail continued to efficiently assist several DGs with professional expedition of their voluminous parcels, equipment or promotional material for conferences and/or roadshows. Notably, the Diplomatic Pouch contributed to the expedition of bulky material needed for the proper functioning of the Delegations, on top of ensuring the delivery of mail and parcels to the Delegations.

In 2019, OIB contributed to the modernisation of the Commission with the creation and design of information campaigns such as Galileo or the Logistic Guide in the context of the Synergies and Efficiencies exercise. It also carried out projects concerning visuals and signs in some Commission buildings, notably new rooms for the Secretariat-General, for DG BUDG (BRE2), for the Commissioners designates cabinets in CHAR and for supplies offices and Local Proximity Teams.

3. Office supplies:

Since October 2019, office supplies are distributed via central collection points, which are managed by the Local Proximity logistics teams. Each collection point ensures the distribution of supplies for one or several adjacent buildings. This contributes to the reduction of the environmental impact related to this service and to rationalise demand.

4. Domain Leader for logistics:

OIB has proposed an up-to-date facility management catalogue containing all its major services for individual clients grouped by categories (Space and Infrastructure, Staff and Organisation, Logistics and Social Infrastructure).

⁹ OIB is in charge of the Central Inventory Service (SCI) for the Commission. DGs having their own Inventory Management Service refer to the Central Inventory Regulations and Service. The 2010 Inventory Rules require to be updated (imposed by synergies and efficiencies exercise within the Commission), assets/non-assets threshold to be better defined and simplifications to be introduced.

Together with the proposed catalogue of services a service quality charter, which details the provisions for proper service implementation is being developed. A first set of key performance indicators to monitor the logistic domain has been developed.

The newly created unit in charge has been in contact with several Commission services to further identify best practices and expertise that could be incorporated in the ongoing project. Work will be pursued in 2020 with a view to rationalise and modernise facility management processes where there is clear added-value.

The Quick Fix programme introduced in 2019, ensured a rapid response with regard to a predefined list of small technical interventions. On a yearly basis over 54 000 requests for intervention are recorded through the 55555 help desk. Most of the repairs were done within a few hours. However, to further improve the service OIB launched the Operation "Quick Fix", a new fast-track system dealing with smaller building repairs, that often pass unnoticed or simply are not reported to the 55555. Interventions covered by the programme took place in common spaces (welcome areas, kitchenettes, meeting rooms and toilets) or in offices.

The satisfaction level is on average at the level of 88% for all the buildings covered by the Quick fix programme.

5. Environmental aspects:

OIB continuously strengthens an eco-friendly approach across its logistic services, through:

- Promotion of ecological means of transport such as the use of more-energy-efficient vehicles in the EC fleet, the use of bicycles (traditional bikes and e-bikes) and other sustainable modes of transport by the staff (public transport, car sharing, etc.);
- Consultations with Central Services (DG HR, DG BUDG, SG & SJ) on the new mobility plan continued during the first half of 2019. The file will now be submitted to the Commission in 2020 for approval, and should be part of the EC Green Deal action plan;
- Abandoning the use of single-use plastics in catering facilities and vending machines (plastic cups and other disposable materials were replaced by paper or PLA alternatives and specific bins were placed for collecting these items in all cafeterias and near vending machines and water fountains);
- Reducing food waste at the catering facilities;
- Enhancing green procurement by including environmental and social criteria where feasible: for example in the contract of office supplies, a selection of green articles representing 80% of the purchasing budget was ensured;
- Moreover, OIB continued the project on replacing individual garbage bins with waste sorting stations in the buildings to foster recycling: CSM1, B-28, MO15, J-99, MERO, BU-5 and at the BERL (floors 5-13). The stations allow sorting five different types of material.
- OIB re-organised its activities to reduce paper waste.

6. Management of historical archives

The Historical Archives Service continued to manage incoming archives transfers and their appraisal (to define their historical value) leading to elimination or preservation actions.

During 2019, the Historical Archives Service particularly focused on:

- The finalisation of the COM/SEC documents digitisation project along with the

digitisation of other important archives series;

➤ The increasing use of the long-term preservation digital repository (a-REP) as Commission services gradually organise the transfer of purely electronic archives. In particular, 2019 was marked by the change of Commission, leading to significant electronic archives transfers;

➤ The valorisation and description of the archives of former Commission members and their Cabinets;

➤ The preparatory work for the deployment of a new archives management system in collaboration with DG DIGIT and the SG;

➤ The definition of a strategy for the future of the paper archives repository (lease extension) and a new building fulfilling the needs, in collaboration with the RE department.

Specific objective 7: Good social infrastructure (Restaurants, Selfs and Cafeterias facilities) is provided at Brussels and Ispra sites.

In 2019, in the catering services domain, OIB prioritised the following activities: (1) the continuation of services, (2) the quality of meals in all self-service restaurants, (3) 'Fit@work' menu and (4) EMAS guidelines.

In 2019, the two orientation documents and technical specifications for bidding procedures concerning the renewal of catering contracts in Commissions' premises and childcare facilities were launched for discussion at the level of OIB management. The large tender for the catering concession is planned to be launched in March 2020.

Following the phasing out of 'single-use' plastics, OIB targets to limit the use of disposable materials and thus reduce the overall volume of waste.

In Ispra for 2019, the unit OS.3 introduced improvements to the catering and lodging services, combined with an ecologically sustainable approach aimed at staff well-being:

➤ Cost saving actions in the restauration sector targeting food waste;

➤ Refurbishment of the JRC conference centre refectory: the building should be ready in early 2020;

➤ The enlarged Clubhouse kitchen facilities were made operational partially as of September and fully by the end of 2019;

➤ Improvements within the accommodation space (available for trainees, young researchers with 6-month contracts): lodgings allocation policy has been adapted and a new software installed to facilitate its implementation.

Specific objective 8: Good social childcare infrastructure is provided at Brussels and Ispra sites.

OIB continuously explored many different alternative solutions to secure the largest possible number of childcare places.

After combining the management of the Commission's nursery childcare premises with supplementary places contracted on the local market, OIB has reached its objective of having no waiting list by providing an offer for all requests.

OIB also fully met the demand for afterschool childcare places. This result was achieved by almost doubling the number of afterschool places in the European Schools, by

adapting internal capacity in Commission buildings for afterschool childcare activities, by outsourcing the management of some internal afterschool childcare facilities (at VM18, PALM, GE and BU buildings) and creating afterschool places at a contractor's premises (Barne Park II).

In 2019, an additional 112 places were created by expanding the capacity of the COLE building and in consequence the capacity of OIB central sites.

The satisfaction surveys related to nurseries and kindergartens services (internal/external sites) launched by DG HR/OIB in mid-June 2019 revealed that parents overall satisfaction with these services is at all-time high. 91% of respondents are satisfied – a notable 2 points increase compared with the 2016 and 2014 results (89% for both surveys).

OIB provides outdoor childcare services at CIE in Overijse. In 2019, the centre accommodated more than 400 children per day during the Easter break, on average 450 children per day during July 2019 and on average 250 per day during August 2019. During peak periods, supplementary places were made available by opening additional sites such as Wilson and Palmerston to satisfy all the requests received.

The nursery capacity in Ispra is of 88 children and has remained stable over the years. The move of the afterschool childcare facilities "Icaro" and "Acquilone" from "ALER" to a Commission owned building has to be synchronised with the Ispra site multiannual development plan (approved by JRC management in 2018). Once constructed, the new facility could allow an increase of total capacity for afterschool services, potentially addressing the needs for children older than 11 years, who need to be under adult supervision until the age of 14 (according to the Italian law).

Specific objective 9: Good social and sport infrastructure is provided at the European Inter-institutional Centre (CIE) in Overijse, Brussels and at Ispra sites.

CIE is well developed and welcomes more than 15.000 visitors per year. Annual and financial analysis are done on a regular basis in order to make CIE more efficient and better suited to the needs of EU institutions. CIE self-financing increased to ~45%, with higher contribution from corporate events. The outsourcing of catering activities to the Compass group has already allowed expanding the organisation of events to a larger scale.

CIE provides access to sports facilities suitable for tennis, padel, football, mini-foot, basketball and table tennis. CIE premises are also suitable for different types of sports like Yoga, Tai Chi, chess tournament and the CLEF¹⁰ annual flea market.

The Clubhouse in Ispra is well developed and welcomes almost 8,000 visitors per year.

¹⁰ "Centre de loisirs européens familial".

2. ORGANISATIONAL MANAGEMENT AND INTERNAL CONTROL

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

The first subsection reports the control results and other relevant information that supports management's assurance on the achievement of the financial management and internal control objectives¹¹. It includes any additional information necessary to establish that the available evidence is reliable, complete and comprehensive. It covers all activities, programmes and management modes relevant to OIB.

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 the purpose of 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. The results are explicitly documented and reported to the Acting Head of Service. These are:

- the reports from ex-post control;
- the regular reporting on procurement, on budget execution, on finances, on accounting controls and on human resources;
- the reports from the relevant authorising officers providing assurance in all cases of cross-sub-delegations made by OIB to other DGs/Services and sub-delegations/co-delegations to OIB by other DGs and Offices;
- the reports from the authorising officers by sub-delegation and the follow-up thereon;
- the reports monitoring the exceptions and non-compliance cases and any cases of 'confirmation of instructions' (Art 92.3 FR);
- the risk assessment;
- the follow-up of anti-fraud indicators;
- the yearly review of the compliance and effectiveness of the internal control system;
- the observations and recommendations from the European Court of Auditors (ECA), the Budgetary Authority, and the Internal Audit Service (IAS) as well as the reports on the follow-up of the action plans designed to address these recommendations;

¹¹ 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

- the limited conclusion of the internal auditor on the state of control and the observations and recommendations reported by the IAS;

These reports result from a systematic analysis of the available evidence. 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 OIB.

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

2.1.1 Control results

This section is for reporting and assessing the elements identified by management which support the assurance on the achievement of the internal control objectives¹². OIB'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.

It refers to all the resources managed by OIB in 2019: the administrative expenditures, the revenues, the assets, and the liabilities.

OIB budget is annual; there is no multi-annual expenditure programme. However, this budget annuality is not adapted to the multi-annual real estate projects managed by OIB (the value of such projects has to be financed by appropriations from several years).

In 2019, OIB cross-sub-delegated credits for an amount of around € 298 k and around € 15,6 Mio credits were also sub-delegated or co-delegated to OIB by other DGs and Offices¹³. Annex 10.2 to this report provides the full list of credits cross-sub-delegated by OIB to other Commission Authorising Officers as well as those cross-sub-delegated or co-delegated to OIB by other DGs and Offices.

All the payments are done under a centralised direct management mode, which has a relatively low inherent risk. The risks are effectively mitigated by means of controls. As there is only one type of expenditure in OIB - direct procurement¹⁴, all payment transactions are subject to the same ex-ante controls. Therefore, there is no segmentation and the analyses and control results reported below concern the entire budget managed by the Office in 2019 and cover all significant areas of OIB's budget (including the credits sub-delegated or co-delegated to OIB by other DGs and Offices). As to the credits cross-sub-delegated by OIB to other DGs or Offices in 2019, assurance reports on the use of these appropriations were received from the corresponding DGs / Services and did not raise any control issue.

The below table and chart present the total payments authorised for the year 2019¹⁵ and

¹² 1) Effectiveness, efficiency and economy of operations; 2) reliability of reporting; 3) safeguarding of assets and information; 4) prevention, detection, correction and follow-up of fraud and irregularities; and 5) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 36.2).

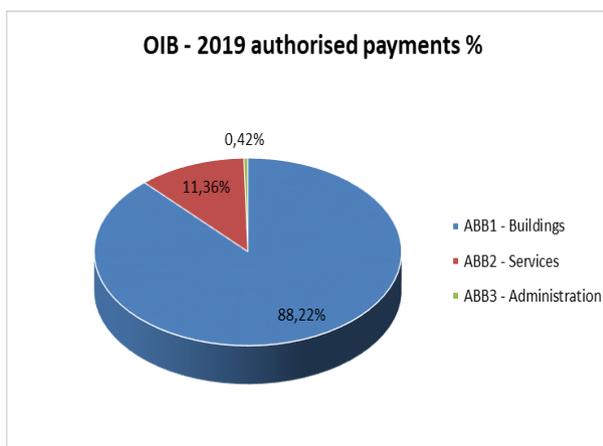
¹³ which are all included in OIB financial reporting

¹⁴ with the exception of some credits of the global envelope (e.g. missions)

¹⁵ on credits C1, C4, C5, E0 and C8, including credits cross-delegated from OIB to other DGs and

their relative weight in each significant budget activity: 88,22% of the payments relate to the Building Activity (ABB1) while Services (ABB2) and Administration (ABB3) represent respectively 11.36% and 0.42%. For more details, refer to Annex 10.1.

Budget areas	Authorised payments (€ Mio)
ABB1 – Buildings	337,94
ABB2 – Services	43,52
ABB3 – Administration	1,60
Total OIB	383,06



At the end of 2019, € 498 k credits remained to be consumed (as C8 credits in 2019), compared to € 860 k at the end of 2018.

In addition, OIB generates **revenues** from provided services and works, including to EU Institutions and bodies (EEAS, EESC & CR, agencies, etc.). In 2019, OIB revenues amounted to around € 63,4 Mio and resulted from: (a) recovery orders issued and cashed in 2019 - € 48,2 Mio¹⁶, (b) recovery orders issued before 2019 and cashed in 2019 - € 3,3 Mio¹⁷ and (c) other revenues of € 11,9 Mio including from parental contributions, from JRC for cafeterias/canteens/childcare facilities or protocol restauration¹⁸. An important part of this amount is carried forward to the following year (C5: € 37,1 Mio). Comparable amounts of revenues were carried over in 2017 and 2018.

In the context of the charge-back procedure, the majority of OIB recovery orders result from the Service Level Agreements (SLA) as a compensation for the services provided by OIB to other Commission services or other institutions. The cashed revenue from SLAs in 2019 amounts to around € 37,3 Mio¹⁹.

The 2019 assets and liabilities were related in large majority to the buildings and lands, either the EC property, on financial lease or on bought credit.

All OIB resources are subject to controls ensuring legality and regularity, cost-effectiveness and efficiency as well as the prevention of reputational risks.

In a view of additional AAR reporting requirements stated in the 2018 Financial Regulation (FR):

- ✓ There were no cases of "confirmation of instructions" in 2019 (according to the 2018 FR art 92.3);

credits co-delegated from other DGs to OIB, see table 2 in annex 3.

¹⁶ Column 4 in table 7 annex 3

¹⁷ Column 5 in table 7 annex 3

¹⁸ More information may be found in table 7 of annex 3.

¹⁹ Cashed recovery orders; page 26 provides further details on recovery orders.

- ✓ There were no cases of financing not linked to costs (2018 FR art 125.3) i.e. when contributions are based on the fulfilment of conditions or the achievement of results;
- ✓ OIB did not conclude any Financial Framework Partnerships >4 years (as referred in 2018 FR art 130.4);
- ✓ There were no cases of flat rates >7% for indirect costs (2018 FR art 181.6); as decided by reasoned Commission Decisions.
- ✓ There were no cases of "Derogations from the principle of non-retroactivity [of grants] (2018 FR art 193.2).

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

The following overall conclusion table demonstrates the completeness of the coverage by presenting the available main indicators per distinct control system:

Risk-type /activities	Procurement (e.g. <u>minor</u> or <u>major values</u> ; k€)	<u>Delegated</u> credits reported by OIB in financial reports k€	NEI, e.g. Revenues, Assets, liabilities, OBS ((in)tangible or <u>financial assets & liabilities</u>) k€	Independent info from auditors (IAS, ECA) on assurance or on new/overdue critical recommendations available?	Any reservation?
totals (coverage)	360,642 ²⁰	Cross-sub-delegated from OIB 298 Co-delegated by OIB 15.571	assets: 1,140,014 ²¹ liabilities: -1,133,962 ²² off balance sheet: -603,264 ²³ Revenues: 63.437 ²⁴	Yes	No
ICO-related indicators available	RER est. 0.39%, CES = yes, AFS = OK	RER est. 0.39%, CES = yes, AFS = OK	Clean Mngt Decl., SAI = OK, TFV = yes	no critical issue	
ICO –Internal Control Objective RER – Residual Error Rate CES – Cost-Effectiveness of Controls AFS –Anti Fraud Strategy			SAI – Safeguarding Assets & Information TFV – True and Fair View = Reliable Reporting		

1. Effectiveness = the control results and benefits

- **Legality and regularity of the transactions**

OIB is using internal control processes to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions it is responsible for, taking into account the multiannual character of programmes and the nature of the payments concerned.

The control objective is to ensure that OIB has reasonable assurance that the total

²⁰ This amount represents the total of payments on credits C1, C4, C5, E0 and C8, including credits cross-delegated from OIB to other DGs and credits co-delegated from other DGs to OIB, see table 2 in annex 3.

²¹ Table 4 annex 3

²² Table 4 annex 3

²³ Table 5bis annex 3, contingent liabilities and other significant disclosures

²⁴ This figure includes recovery orders and other revenues. Table 7 annex 3 presents only revenues received via recovery orders.

amount of any financial operation authorised during the reporting year found not in conformity with the applicable contractual or regulatory provisions does not exceed 2% of the authorised payments. In order to reach this conclusion, OIB reviewed the results of the following key controls in place. For each item, materiality is assessed in accordance with Annex 4.

Error rate in OIB is estimated mainly on the basis of the results of a comprehensive ex-post control strategy.

Financial management and control is grouped around three core processes: (1) procurement²⁵ (from the assessment of needs to the selection of the suppliers – award decision), (2) financial operations (from establishing the financial commitment to payment, contract monitoring and recoveries) and (3) supervisory measures (including ex-post controls and management checks).

For procurement, preventive controls in OIB are ensured via the GAMA²⁶ opinions, as well as by the central role of unit 'Budget, Finance & Public Procurement' which is involved in all procedures equal or above €144k.

The financial circuit in OIB is based on the "four eyes principle", which ensures that, before an operation is authorised, all its aspects (operational and financial) are verified by at least one member of staff other than the person who initiated the operation. In addition, the authorising officers by sub-delegation (AOS) give validation and confirm that all actions and controls required were completed by the initiating and verifying agents.

After the operation has been completed, a second level of control is performed by the ex-post control team. In this context the AOS and ex-post control reports represent one of the supervision activities which provide the basis of the management assessment.

Other key controls in place are the register of exceptions and non-compliance events, the risk management procedures, the accounting controls and the regular reporting.

➤ **Preventive controls in procurement**

The procurement procedures are to a large extent a regulatory requirement which cannot be curtailed. Although the related "quantifiable" benefits are difficult to measure, there are important "unquantifiable" benefits, such as the "best value for money", the compliance with the Financial Regulation and a clear deterrent effect (otherwise the activity could become erroneous leading even to fraud and corruption). In fact, OIB's public procurement controls ensure that the procurement procedures and payment transactions arrive 'correct' for the signing of the Authorising Officer by (Sub)Delegation. OIB considers therefore that the necessity of these controls is undeniable, as a significant proportion of the appropriations would be at risk in case they would not be in place (see risks outlined in annex 5). In addition, the absence of negative opinions from GAMA reviews of procurement procedures contributes to ensure that procurement controls are effective.

Continuous efforts are in place to ensure the legality and regularity, the effectiveness and efficiency of the procurement management (key activity in OIB given the nature of its activities).

In 2019, 16 procedures (corresponding to 18 lots) above the threshold were submitted to GAMA corresponding to 16 lots awarded (€538 Mio), one procedure and one lot of

²⁵ Split in OIB between building and non-building procurement (see annex 5).

²⁶ Groupe d'Analyse de Marchés Administratifs: advisory group which manages non-building procurement procedures equal to or above the threshold established in the Directive 2014/24/UE (in 2019, €144,000 for supplies and services). Before the award decision, any tender above the threshold may be selected and examined by GAMA.

another procedure were unsuccessful (for multiple reasons). Out of the 16 procedures submitted to GAMA, 7 procedures (representing €325,4 Mio) were selected for review; all received a positive opinion. In addition to the procedures subject to GAMA, 7 middle value procedures (mostly for works) and 1 design contest procedure were finalised; 4 of those middle value procedures has been awarded and 3 has been unsuccessful; the design contest has been successful.

In 2019, 20 contracts were signed for a total value of € 251 Mio, among which 9 were inter-institutional (value of €14 Mio). At the end of December 2019, 2 other contracts were in a final stage (for signature). Regular follow-ups and consistent supervision are in place (e.g. reports on calls for tender procedures to the management).

Some exceptions / non-compliance situations occurred and have been authorised by the Authorising Officer and registered in the exception register (see section 2.1.3).

The indicator 'Respect of target schedules' for high value tenders was achieved in 2019 to 73%, compared to 44% in 2018. Even though the performance improved, the target could not be met due to requests for translation of tender documents resulting in extending of submission periods and due to the complexity of evaluations in some procedures. The indicator 'Percentage of contracts signed on time' performance was at 33% by the end of 2019 (compared to 39% in 2018) due to i.e. late start of some procedures, long translation times, complex evaluation process). To be noted that the target schedules were defined ambitiously (corresponding to a minimum time to inform²⁷) in order to motivate and promote operational and administrative collaboration of all parties involved. These delays did neither impact the business continuity (no exception was necessary to extend a contract) nor the state of internal control.

IT applications: PPMT²⁸, e-Submission²⁹, e-Tendering³⁰, aiming at IT rationalisation in the Commission and better efficiency of the management of calls for tenders are at present well mastered and systematically used.

The OIB's "Procurement Helpdesk" continues providing legal and procedural support to operational units. It contributes to the harmonisation of the call for tenders' management practice in the Office. The support to operational units has also been provided with some tailor made trainings on IT application used in OIB.

Green Public Procurement point of contact settled in the sector has been consulted for all orientation documents. In this respect to be noted OIB's efforts to introduce increasingly more ambitious environmental criteria and social clauses.

The sector continued also its inter-service and inter-institutional cooperation (participation in GAMA, ILISWG, GTAO, 2 working groups managed by DG GROW and DIGIT aiming at e-Procurement harmonisation and implementation within Commission, etc.).

Regarding building procurement, OIB follows rules set by the article 266 and the title XV of the Financial Regulation. In addition, OIB applies the procedures stipulated in the Communication from Vice-President Kallas to the Commission on the definition of the methodology for prospecting and negotiating for buildings³¹. Improved interpretation of the set procedure is in preparation between OIB and DG HR.

²⁷ The indicator has been defined as the time between the publication of the contract notice and signature of the award decision and providing relevant information to all parties involved.

²⁸ PPMT – Public Procurement Management Tool.

²⁹ E-Submission is an online system allowing Economic Operators to securely prepare and submit tenders and Contracting Authorities to receive, to open and to download tenders.

³⁰ E-Tendering is an online system allowing by electronic means the unrestricted and full access free of charge to the procurement documents to Economic Operators.

³¹ C(2008)2299 adopted on 3 June 2008.

➤ **Payment delays**

Thanks to a well-structured organisation, flexibility, resilience and a close monitoring (monthly reporting and discussion at management meetings) OIB manages to keep its payment delays very low. At the end of 2019, OIB succeeded to keep stable the late payments rate at 1.04%. The average payment cycle time has been kept stable at a very low level, i.e. ~17 days (15 days in 2018 and 16 days in 2016). Further details on payment delays are described in annex 3 – table 6.

➤ **Recovery orders³²**

OIB closely monitors the issuance of recovery orders so that revenues are generated and cashed on time.

At the end of 2019, the amount of outstanding recovery orders was limited to €323k (compared to around €286k at the end of 2018). The main part of this amount (€270k) relates to the advance for 2019 to pay by CESE as mentioned in the SLA. As till now, this recovery order is still not cashed. Another €18k concern a recovery order related to a contractual obligation and this order was cashed on 4 February 2020. €17k has been issued to recover an undue payment, which has been reimbursed on 17 January 2020.

In 2019, €40,8 Mio revenues from SLAs had been invoiced before the end of the year, of which around €37,3 Mio cashed before the end year and of the remaining €3,9 Mio the deadline for 0% of the payments has not been reached as of 31.12.2019.

➤ **Ex post controls**

Ex-post controls in OIB are one of the main supervision activities, which provide the basis of the management assessment and constitute the principal element for the estimation of the error rate. The controls are based on a stratified sample³³ of six types of transactions (payments, recovery orders, budgetary commitments and low, middle and high value procurement procedures). More details regarding the OIB ex-post control methodology are available in annex 10.3.

In 2019, 100 transactions were controlled: 7 budgetary commitments, 48 payments and 45 recovery orders. None of them was classified error level 1³⁴. Additionally, 39 transactions were considered to contain a level 2 error and 33 transactions with level 3 error³⁵, providing a detected error rate of 0,39% (~€13.8k) of representative transactions. These findings relate mainly to the correctness or lack of available supporting documents, lack of justification / explanation of calculation done and no full correspondence with the contractual basis. All ex-post findings were discussed with the units in question and an agreement on the findings and on the corrective actions were reached in most cases.

Regarding the follow-up of all previous ex-post reports (2019 and before): out of 154 recommendations and 3 remarks, 43 recommendations were closed (including some potential quantifiable errors) resulting in 111 recommendations still open at the end of 2019.

At the end of 2019:

³² The term 'recovery orders' refers to 'requests for payment' (revenue) for services rendered and not to recovery of money subsequent to the detection of an error.

³³ This sample is representative for payments and recovery orders. Results for these transactions can therefore be extrapolated to the entire population of the same type of transactions.

³⁴ Serious error that should be considered by the AOD when giving its assurance in the AAR.

³⁵ Errors level 2 or 3: which in its nature do not pose serious threat to the financial or reputational status of the Office. Nonetheless, they have to be taken into account as their aggravation could lead to undesirable effects.

- for reports issues in 2019: 84 recommendations and 1 remark remain open
- for reports issues before 2019: 27 recommendations and 2 remarks remain open.

Coverage of ex-post controls (in % of total amount)
<p>2019 average: 37%</p> <ul style="list-style-type: none"> - Payments: 28% - Recovery orders: 70% - Budgetary commitments: 42% <p>2018 data: Average: 35%; Payments: 32%; RO: 80%; Budgetary commitments: 42%; Low-value procedure: 2%; High-value procedure: 6%</p>

Overall in 2019, ex-post controls obtained assurance that the budget was well used for its intended purpose. None of the observations made had a financial impact on OIB's budget. The main observations were subject to a series of awareness actions addressed to all units and departments. In order to ensure further improvements in this area, the ex-post control team will follow up on these issues in 2020.

The management of the OIB monitors the progress in corrective actions' implementation and main observations are discussed with the OIB Director, including bilateral meetings with the OIB management in the context of AAR preparation.

➤ **Authorising Officers by Sub-Delegation reporting**

Together with ex-post controls, Authorizing Officers by Sub-Delegation (AOSD) reports are one of the supervisory measures in place in OIB. The Authorising Officers by Sub-Delegation provide the OIB's Director twice a year with a report on their activity, covering the results of operations in relation to objectives set, the associated risks, the use made of assigned resources and the problems that can have a financial impact on activities.

The main issues raised in these reports are synthesized and the implementation of actions designed to address them is regularly followed-up in AOSD summary reports which are brought to the attention of relevant Heads of Department and/or Heads of Unit and serve as a tool contributing to the assessment of internal control and budget/financial management. The provision of reports is also monitored and where needed appropriate reminders issued.

97.1% of the AOSD 2019 reports were received by 12 February 2020. No very serious issues were identified. The main remarks were linked to financial and contractual management across different units (e.g. follow-up of penalties, establishment of legal bases and improvements suggested in the context of payment and recovery orders verification).

At the end of 2019, 25% of the open issues identified in the syntheses related to actions resulting from previous reports are now considered as closed. No very serious issues are outstanding. The implementation of remaining actions will further contribute to improvements in financial management.

Given that no significant issue was reported, the reports from OIB Authorising Officers by Sub-Delegation in 2019 contribute to reinforce the 2019 assurance of OIB management.

➤ **Accounting controls**

The accounting control programme of OIB consists of different types of controls (reconciliation, imputation control) on expenses, assets, bank guarantees, recovery orders and other miscellaneous operations. The accounting controls also provide

assurance as to the accuracy of the financial transaction processing.

In 2019, the quality of OIB accounts remained high and no significant error was raised by the accounting controls performed. These results were achieved thanks to the good collaboration between the operational units and the accounting team.

➤ **IT security controls**

The Local Informatics Security Officer function contributed to strengthening the compliance of IT systems in OIB with the applicable regulatory framework as well as to timely addressing security-relevant incidents. A security plan for each IT system identifies the security requirements and describes the security measures applied. The OIB's Framework for Information Systems Security defining the default security measures has been adopted at the end of the year 2016 and progress on their implementation is being monitored.

Conclusion

In conclusion, the analysis of the above mentioned control results, the assessment of the weaknesses identified and their relative impact on the legality and regularity have not unveiled any significant weakness which could have a material impact as regards the legality and regularity of the financial operations in OIB. No relevant irregularities have been detected by ex-post controls. Consequently, OIB Management can conclude that the control objective as regards legality and regularity has been achieved.

In the context of the protection of the EU budget, at the Commission's corporate level, OIB's estimated overall risk at payment, estimated future corrections and risk at closure are consolidated at Commission level. OIB's data is shown in Table [X] and its accompanying notes below.

The estimated overall amount at risk at payment³⁶ for the 2019 expenditure is between €1.4Mio and €1.9Mio (despite the fact that the residual error rate was 0.39%, the principle of prudence incites OIB to use a range between 0.39% and 0.5%, the latter being the Commission's average for this type of expenditure). This is the AOD's best, conservative estimation of the amount of relevant expenditure³⁷ during the year not in conformity with the applicable contractual and regulatory provisions at time payment is made³⁸.

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 corrections³⁹ for the 2019 expenditure are €0. This is the amount of errors that OIB conservatively estimates to correct from controls that OIB will implement in successive years. The difference between these two amounts leads to the estimated overall amount at risk at closure for the 2019 expenditure is between €1.4Mio and €1.9Mio. The estimated overall risk at closure therefore equals the estimated overall risk at payment since there is no expectation of any future financial correction.

³⁶ In order to calculate the weighted average error rate (AER), the detected error rates have been used.

³⁷ "relevant expenditure" during the year = payments made

³⁸ "payments made" or equivalent

³⁹ 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 to 0.03%. 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 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. Most EPC corrections are done during the reporting year.

Benefits of the controls in place:

It should be highlighted that there are a number of non-quantifiable benefits resulting from the controls operated during the implementation of OIB expenditure. These benefits are mainly to ensure compliance with relevant regulatory provisions and internal rules, to have a strong deterrence effect, to improve existing procedures and to avoid possible litigations and reputational risks. All benefits of controls are identified in the corresponding Relevant Control System in Annex 5 for each stage.

Table X - Estimated overall amount at risk at closure

OIB	"payments made" (FY; k€)	minus new prefinancing (FY;k€) ⁴⁰	plus cleared prefinancing released and deductions of expenditure made by MS (FY; k€)	= "relevant expenditure" (FY; k€)	Average Error Rate (weighted AER; %)	estimated overall amount at risk at payment (FY; Mio€)	Average Recoveries and Corrections (adjusted ARC; %)	estimated future corrections [and deductions] (FY; €)	estimated overall amount at risk at closure (Mio€)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Budget Lines	as per AAR annex 3, table 2	as per ABAC DWH BO report on prefinancing	as per ABAC DWH BO report on prefinancing	= (2) - (3) + (4)	Detected error rates, or equivalent estimates	= (5) x (6)	based on 7Y-avg historic ARC (as per ABAC DWH BO report on corrective capacity), non-adjusted	= (5) x (8)	= (7) - (9)
16.010303	280.627,46	0	0	280.627,46					
24.010700.010300	1.472.847,63	0	0	1.472.847,63					
26.010900.010300	66.563,77	0	0	66.563,77					
26.012000.010300	3.108.280,63	0	0	3.108.280,63					
26.012100.010300	3.954.930,22	0	0	3.954.930,22					
26.012201.010211	1.484,07	0	0	1.484,07					
26.012201.010300	5.407.116,86	0	0	5.407.116,86					
26.012202	231.343.945,16	0	0	231.343.945,16					
26.012203	90.598.908,27	0	0	90.598.908,27					
26.014000	1.705.441,15	0	0	1.705.441,15					
ABB.1	337.940.145,22	0	0	337.940.145,22					
09.010503	61.827,32	0	0	61.827,32					
10.0105X3.11	3.198.609,88	0	0	3.198.609,88					
13.010401.11	51.669,85	0	0	51.669,85					
16.010303	15.399,56	0	0	15.399,56					
24.010700.010300	211.346,49	0	0	211.346,49					
26.010900.010300	3.699,06	0	0	3.699,06					
26.012000.010300	49.579,74	0	0	49.579,74					
26.012100.010300	159.762,54	0	0	159.762,54					
26.012201.010201	2.780.510,27	0	0	2.780.510,27					
26.012201.010211	4.919,17	0	0	4.919,17					
26.012201.010300	2.112.780,09	0	0	2.112.780,09					
26.012203	1.389.929,71	0	0	1.389.929,71					
26.012204	8.448.180,24	0	0	8.448.180,24					
26.012205	9.931.421,30	0	0	9.931.421,30					
26.014000	58.944,50	0	0	58.944,50					
26.016004	15.043.691,26	0	0	15.043.691,26					
ABB.2	43.522.270,98	0	0	43.522.270,98					
25.010211.00.05	43.493,99	0	0	43.493,99					
26.010900.010300	3.000,00	0	0	3.000,00					
26.012201.010201	19.150,00	0	0	19.150,00					
26.012201.010211	25.254,59	0	0	25.254,59					
26.012201.010300	1.503.117,24	0	0	1.503.117,24					
26.012203	1.545,66	0	0	1.545,66					
ABB.3	1.595.561,48	0	0	1.595.561,48					
Overall, total	383.057.977,68	0	0	383.057.977,68	0.39%-0.5%	=€1,4Mio - €1.9Mio; 0.39% - 0.5% of (5)	0,03%	= 0€	=€1.4Mio - €1.9Mio ⁴¹ ; 0.39%-0.5% of (5)

Notes to the table:

(1) Differentiated for the relevant portfolio segments at a level which is lower than the DG total

(2) Payments made or equivalent, e.g. expenditure registered in the Commission's accounting system, accepted expenditure or cleared pre-financing. 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), "payments made" are covered by the Delegated DGs. For Cross-Sub Delegations (Internal Rules Article 12), they remain with the Delegating DGs.

(5) For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to legality & regularity errors (see the ECA's Annual Report methodological Annex 1.1), our concept of "relevant expenditure" includes the payments made, subtracts the new pre-financing paid out and adds the previous pre-financing actually cleared 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 an equivalent. For low-risk types of expenditure, where there are indications that the equivalent error rate might be close to 'zero' (e.g. administrative expenditure, operating subsidies to agencies), nevertheless 0.5% is used as a conservative estimate, as per recommendation. (8) see footnote 39

⁴⁰ OIB does not have pre-financing

⁴¹ This presents the positive result of the subtraction of the amount of column (9) from the values presented in column (7).

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

OIB has developed and implemented its anti-fraud strategy, on the basis of the methodology provided by OLAF. It is updated once every 2-3 years, The last strategy update took place in October 2017. It is currently under revision (in the moment of issuing this report, not yet finalised) - in view of the new Commission Anti-Fraud Strategy adopted in 2019.

The monitoring of anti-fraud processes and actions is done within the Strategic Planning and Programming cycle, at least once a year in the context of the annual activity report and often in mid-year.

In the course of 2019, the 2017 strategy, the related action plan and a number of indicators allowing the tracking of the results of fraud prevention and detection activities have been reviewed via two exercises:

- (1) a desk review, which was also an occasion to review progress made in implementing anti-fraud actions,
- (2) bilateral meetings with the Heads of Units of all OIB units during which the state of play of the known risks and linked actions was discussed as well as taking note of any new fraud related risks.

Both the desk review and the bilateral meetings were conducted taking into account the specificities of OIB, notably budget spending based on public procurement and the fact that the majority of services are provided by OIB with the use of external contractors.

The result of the exercise shows that fraud related actions planned to be completed in 2017-2019 have been implemented. 9 actions are considered recurrent and they are followed-up on a regular basis.

The survey on the internal control principles conducted at the end of 2019 showed that the anti-fraud awareness and the familiarity with anti-fraud regulatory documents and implementing tools is high for OIB management and staff.

The 2019 results on anti-fraud indicators (Annex 10.4) show that OIB is effective in mitigating fraud risks. No fraud related risk materialised during the reporting year.

The anti-fraud strategy was included in OIB communication actions, on MYOIB and in OIB newsletters.

Consequently, OIB's management concludes that OIB's anti-fraud strategy is working effectively and that the risk of fraud in OIB is reasonably mitigated, thus reinforcing the assurance as to the achievement of the internal control objectives.

- ***Other control objectives: safeguarding of assets and information, reliability of reporting***

Due to the nature of its activities and the important level of fixed assets managed, the inventory management (and therefore the safeguarding of these assets) is an important control objective for the Office.

Following the "Synergies and Efficiencies" reorganisation, the central management of the triennial inventory has already shown benefits in terms of quality of tracking, localisation of assets, and reactivation/writing-off of assets. The last year of the three-year tracking exercise (2017/2019) was closed with a tracking rate 93.1% of all inventory items.

The improvement measures implemented during the previous years were continued in 2019, in particular a close cooperation between the accounting team and that of the physical inventory.

Other controls relate to the verification of entry passes (together with DG HR.DS), which has been reinforced in 2019 in the context of the new security measures, in particular for contractors and sub-contractors.

OIB ensured the quality of its financial statements through the timely implementation of its accounting quality programme and the regular controls carried out in line with the annual risk analysis.

Additionally, following the results of the follow-up audit on the validation of local systems, carried out in 2020, DG BUDG closed all remaining open recommendations.

OIB closely follows up (potential) contingent liabilities. The register of litigations is reviewed regularly, in the context of annual reporting. In 2019, no new litigation was registered, three cases are on-going together with two other cases where the Commission is not directly involved.

Given the strong improvements observed during recent years and the measures in place to reach a 100% tracking rate in the future and as no significant issue with a material impact was encountered during the reporting year, OIB Management considers that the control results are complete and reliable and that the control objective is achieved.

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

The average **time-to-inform** (Art 194.2) excluding building procurement was 122 days in 2019 compared to 113 in 2018 and 113 in 2017. The slight increase is the result of 2 particularly long procurement procedures for which the submission deadline for offers was significantly postponed due to translation requests and complexity of the evaluation. Average time-to-inform calculated without these 2 calls for tenders was 106 days. It is noteworthy that in order to be able to compare the performance with previous years, the calculation of this indicator takes into account only open procedures. However, in 2019, OIB finalized several other types of procurement procedures with time-to-inform that varies from 12.5 weeks for negotiated procedures to 15 months and 23 months for the most complex ones such as the architecture contest for Loi-130 and the competitive dialogue for a new conference centre. If the same indicator was calculated for all types of procedures, the time-to-inform would be 119 days.

More than 98.9% of payments occurred within time limit with an average time-to-pay (Art 116.1) of ~17 days⁴², compared to 15 days in 2018 (and 16 days in 2017). The late payments were at the level of 1.04% (corresponding to ~1.200 euros of late interests paid and an average time to pay of 48 days) compared to the 4.97% for the Commission average.

The relatively stable payment time, is the result of the considerable efforts made by OIB in ensuring the efficiency and effectiveness of its operations.

Initiatives taken during the year to improve controls efficiency in financial management:

- Bilateral workshops were organised with nearly all OIB's operational units in order to rationalize the presentation of financial files and to streamline their processing. Checklists were further fine-tuned in order to make them more transparent and user-friendly.
- The central OIB financial unit continued its efforts to be able to activate e-Invoicing via PEPPOL. Following the its opening within the Commission in November 2019, just after, in December 2019, OIB contacted several important contractors (in terms of number of invoices) in order to put them "on-board" within PEPPOL early 2020.
- Early 2019, a Coordination Task Force was set up within the financial central unit of OIB, which listed more than 30 horizontal pending issues, of which majority were solved by the end of the year.
- The central financial Unit played an active role in both the preparation works and meetings concerning SUMMA (the Commission's next corporate finance system) and

⁴² Table 6 annex 3

the different components of the vast e-Procurement project, insisting on the particularities of the different OIB departments and activities' contractual and financial management.

3. Economy = the cost of controls

The principle of economy requires that the resources used by the institution in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price. The principle of efficiency concerns the best relationship between resources employed and results achieved. The principle of effectiveness concerns the attainment of the specific objectives set and the achievement of the intended results.

This section outlines the indicators used to monitor the efficiency of the control systems, including an overall assessment of the costs and benefits of controls.

OIB has analysed the costs and benefits of the three main control processes, i.e. procurement procedures, (ex-ante) financial transactions and ex-post controls. However, since a quantitative estimation of all errors prevented and detected is not available (cost of non-quality), 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). In consequence, the cost-benefits of controls are analysed on the basis of an estimation of the costs of control in relation to the value of the related funds managed.

The cost estimates 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 estimated full-time equivalents (FTEs) allocated to the control-related functions activities are validated by line managers (heads of sectors and heads of units) for each staff separately based on the actual assignment of responsibilities and distribution of work tasks.

For **procurement**, an estimated €4.2Mio⁴³ was invested in controlling procurement procedures for a total value of €252Mio. Thus 1,7% of the total contract value was dedicated to controls.

For transactions of the **financial circuits**⁴⁴, an estimated € 7.4Mio⁴⁵ was invested in controlling financial transactions worth approximately € 383.1Mio⁴⁶. Thus 1,92% of the total amount of financial transactions carried out during the year was dedicated to controls.

For supervisory measures (**ex-post controls**), an estimated €0.3Mio were invested in controlling financial transactions worth approximately €304.8Mio. Thus 0.1% of the total value of transactions checked ex-post was dedicated to controls.

4. Conclusions on the cost-effectiveness of controls

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

The improvements in the control systems and the centralisation of public procurement (for procedures equal or above €144k for supplies and services and €500k for works), and centralisation of payments and ex-post controls, helps to increase the know-how and to apply the best practices, ensures legality and regularity of transactions, brings economies of scale and reduces risks.

Overall, in 2019 OIB dedicated an estimated total of €12.7Mio to controls compared to

⁴³ Cost of ex-ante controls

⁴⁴ See Annex 10.1.

⁴⁵ Cost of ex-ante controls

⁴⁶ This amount corresponds to the amounts of payments published in table 2 of annex 3.

€14.1 Mio in 2018. This corresponds to 3,3% of the 2019 expenditure compared to 3.8% in 2018.

<i>Control efficiency indicators</i>	<i>2018</i>	<i>2019</i>
- Procurement stage	2.6%	1.7%
- Financial transactions stage	2.4%	1.9%
- Supervisory measures stage	0.1%	0.1%
- Overall ⁴⁷	3.8%	3.3%

The difference of the estimated cost of controls as compared to previous year derives mainly from the change in methodology for the estimation of the costs and does not reflect any substantial change in OIB's control strategy. In particular, in 2019 the cost estimates were based on the overall cost of an official or contractual agent for the Commission without differentiation of costs per subcategory.

The stable 'time to pay' indicator and the maintained stable overall cost of controls indicator demonstrates the positive stability within OIB's activities and the efficiency of its controls.

Moreover, 100 transactions were controlled ex-post; none of them were classified as non-compliant error level 1. The residual error rate was 0.39% (€13.8k) of representative transactions⁴⁸.

OIB is regularly analysing its internal control processes and making the necessary adjustments to improve its efficiency.

It is more difficult to perform an analysis of the relative efficiency of controls in the Office, based on relevant benchmarks with comparable methodologies, given that significant differences exist between the services of the Commission, hard quantified data is limited and there are inherent differences between the reasonable estimates made in various services.

The analysis of the quantified and non-quantified elements of the costs and benefits of the three relevant control systems, i.e. procurement procedures (building and non-building) and financial transactions (ex-ante and ex-post controls) and the adequate key indicators and the control results, allows OIB assessing the effectiveness, efficiency and economy of its control system as cost-efficient and cost-effective.

2.1.2 Audit observations and recommendations

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

➤ European Court of Auditors (ECA)

In the context of 2018 annual discharge procedure (Statement of Assurance), the European Court of Auditors reviewed two payment transactions. None of the reviewed transactions gave rise to any observations. The Court also reviewed the supervisory and control systems and the Annual Activity Report of the Office and it had no observation in

⁴⁷ The overall indicator does not correspond to the sum of the three indicators above as the denominator of each indicator is based on the value of the corresponding transactions and is therefore different from one indicator to another. The denominator of the overall indicator is the total value of payments done during the year.

⁴⁸ Refer to ex-post controls section for more details.

this regard. OIB provided the necessary contributions for the hearings linked to the 2018 discharge.

In the context of 2019 Statement of Assurance, the Court reviewed three payment transactions. OIB replied to all questions and additional requests for information from the Court. One transaction led to low level findings, which are related to an inadequate knowledge of applicable rules. These were communicated to OIB on 15 April 2020. Corrective measures will be put in place to strengthen the verification in this domain.

These findings have no impact on the achievement of the internal control objectives, and therefore on management's assurance.

➤ **IAS⁴⁹ and DG BUDG audits and follow-up audits**

IAS issued its conclusion based on the results of the work carried out in the period 2017-2019, which included the 2018 audit on Synergies and Efficiencies Review (SER) and the 2019 limited review on the internal control framework (ICF). The IAS conclusion on the state of internal control also takes into consideration that management has accepted all recommendations issued in 2017-2019, that action plans have been adopted for all recommendations which adequately address residual risks, and that their implementation is regularly monitored.

IAS concluded that the internal control systems in place for the audited processes are effective, except for the open "very important" recommendation regarding the update of the Kallas real estate procurement procedure and the "very important" recommendations stemming from the synergies and efficiencies audit (embedding the SER culture Commission-wide and improving monitoring arrangements and reliability of savings estimates). However, considering that the OIB elements identified in the SER audit are only a part of a much wider set of corporate recommendations implemented under the lead of DG HR and also addressed to other domain leaders and corporate services, these elements do not have a significant impact on the state of internal control in OIB.

The "very important" IAS recommendation⁵⁰ called for increased transparency in real estate procurement procedures and a revision of the so-called 'Kallas procedure'. The draft for a proposed revision of the 'Kallas procedure' has been examined by Legal experts of DG HR and the proposed revised text has been submitted for discussion to the OIB, OIL and DG HR management. The corporate level verification of the revised procedure (OIB/OIL/DG HR) is led by DG HR. Considering the advancement of the file (i.e. measures already taken such as progress on the proposal and its alignment with the Financial Regulation) OIB's management concludes that there is no impact on the state of internal control in OIB.

At the level of "important" open recommendations, OIB has the open recommendation linked to the limited review of the internal control framework in OIB, which IAS performed in 2019 and concerns the need for providing additional indicators relating to structures and reporting lines, recruitment of competent staff and the external communication on internal control.

In 2018 IAS carried out a multi-DG audit on the implementation of "synergies and efficiency gains" (SER). In OIB, the audit scope was limited to the centralization of local proximity teams. The final audit report⁵¹ recommended addressing any remaining implementation issues, developing appropriate quality assurance mechanisms, reinforcing monitoring arrangements and ensuring the reliability of saving estimates. OIB has progressed noticeably with this file; a Catalogue of Services was finalized at the end of December 2019 and sent to DG HR.

⁴⁹ Following the Commission's decision to centralise the audit function, the IAS is now solely responsible for conducting internal audits in the Commission.

⁵⁰ Procurement audit finalized at the beginning of 2017

⁵¹ Submitted at the end of January 2019

Two open recommendations have been closed in 2019. The first concerns a follow-up audit, launched by IAS in 2019, linked to the audit on absenteeism and the need for the establishment of a dedicated sickness absence benchmarked reference rate. The recommendation was considered as implemented and has been closed. The second closed recommendation is linked to a DG BUDG recommendation, of "important" priority, concerning the use of an invoice suspension tool in the financial system⁵². Also this recommendation was considered satisfyingly implemented and has been closed.

There were no other audit engagements relevant to 2019.

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), OIB management concludes that none of IAS recommendations raises an assurance issue. The lack of ECA significant remarks in the discharge procedure adds to the assurance on the state of internal control. OIB 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 (ICF) based on international good practice, to ensure the achievement of its policy and management objectives. Compliance with the internal control framework is a compulsory requirement.

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

OIB implemented the new ICF in November 2017, by: (1) listing the processes and procedures which underpin the existing controls, (2) establishing the monitoring criteria for assessing the presence and functioning of the internal control principles and (3) nominating the Head of Unit in charge of Risk Management and Internal Control. OIB performs an annual assessment of OIB control system.

OIB 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 principles and having due regard to the risks associated with the environment in which it operates.

As required by the Internal Control Principle n°16, in 2019, OIB conducted a review of the compliance and effectiveness of its internal control system. The assessment was carried out against Internal Control Framework (ICF) through different sources:

- Compliance review based on a desk review: exchanges of information and documents and meetings with the different people closely involved in the implementation of ICF;
- Effectiveness review: two online questionnaires were addressed to OIB Management and to a representative sample of staff; the entire internal control system of OIB was assessed as being widely effective by majority of OIB's personnel;
- Wherever relevant, compliance and effectiveness were also assessed against indicators, analyses, audit results, exceptions and non-compliances cases, and the results of the risk assessment.

⁵² Audit on validation of local systems

OIB has assessed the internal control system during the reporting year and has concluded that the internal control principles and components are present and function as intended and, thereby, the internal control framework is functioning as intended.

➤ **High-level exception / non-compliance reporting**

In 2019 the number of exceptions and non-compliance events decreased (38 versus 46 in 2018). The majority (89%) were linked to the lack of anticipation in establishing legal and budgetary commitments. The main exceptions concerned the purchase of office furniture and collaborative office space interiors, after-school snacks for children at the European schools, office supplies, professional kitchen equipment, costs related to a usufruct parking contract, global dispatching of parcels, removal and rental changes.

Thanks to the authorisation of these exceptional measures, the continuity of services or operations has been ensured.

All 2019 cases were duly registered and validated via an ARES e-signatory procedure. The appropriate corrective measures are put in place on a regular basis to mitigate the associated risks. These include reinforced follow-up of contracts' consumption, more exhaustive use of financial systems and better communication (and/or clarification of roles) between different entities. None of 2019 cases was considered to have a negative impact on the assurance of the Office.

➤ **Risk management**

Risk management in OIB is a systematic process focused on identifying and managing risks in line with the accepted risk level and is an integral part of the management of OIB's activities. Risks' revision exercise is conducted within OIB at least once a year in the context of the Management Plan's preparation. In June 2019, the OIB risk register was updated following internal consultations with units (desk review) and additionally, through a dedicated management meeting carried out in November 2019.

The majority of OIB risks are inherent risks resulting from the operational nature of the activities are related to procurement activities in OIB, dependency towards contractors, HR risks and fraud risks. High emphasis is put on safety and security of children and buildings' safety. The majority of defined mitigating measures are well structured and are in place.

During the 2019 autumn risks revision, five new risks were identified by OIB Management:

- IT related risk: replacement of IT application in the domain of historical archives for administration of the metadata of paper files is being delayed;
- Operational risks: 2 EMAS related risks in buildings (legal obligation of reduction in energy consumption of buildings and reduction in number of parking spaces); and risk linked to internal management of large real estate construction projects;
- External environment: captivity of real estate market/risk of collusion of the owners of large buildings in Brussels leading to monopoly on local market.

The 2019/2020 OIB's Risk Register includes 21 risks and none of them are classified as critical. In the course of 2019, none of OIB's risks materialised.

Conclusion

At the end of 2019 concerning the overall state of the internal control system, OIB complies with the three assessment criteria for effectiveness;

(a) staff has the required knowledge and skills,

(b) systems and procedures are designed and implemented to manage the key risks effectively,

and (c) no instances of ineffective controls exposing the Office to its key risks has been observed. This statement was confirmed by the results of the compliance and

effectiveness review of the internal control system carried out for 2019, namely:

- There was no major event impacting the functioning of OIB's control system in 2019 and the ICF was assessed as being compliant and effectively implemented;
- No significant issue was pointed out by the European Court of Auditors nor by the IAS in their audit reports;
- Appropriate actions have been taken to mitigate the risks identified in the 2019 risk assessment;
- Issues raised in audits, AOSD reports, ex-post controls, risk-assessment, exceptions and litigations are addressed by an action plan and followed-up on a regular basis. None of these issues identified in 2019 was assessed as significant;
- The document management reports and surveys produced by Secretariat General showed positive results for OIB.

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

2.1.4 Conclusions on the assurance

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

The information reported in this section stems from the results of management and auditor monitoring and a systematic analysis of the evidence available. Such an approach provides sufficient guarantees as to the completeness and reliability of the information reported and covers the entire budget delegated to the OIB Director. The results of these controls and analyses are the following:

- The audits performed by the European Court of Auditors and IAS in 2019 did not raise any significant weakness; a proper follow-up of the audit recommendations is carried out to ensure their effective implementation; the recommendations qualified as very important are closely monitored to ensure both the implementation progress and attainment of the operational objectives;
- All procurement procedures reviewed by GAMA received a positive opinion⁵³;
- Ex-post control results did not raise any serious error (no issue with significant financial impact i.e. error level 1);
- No significant issue was mentioned in the reports from the authorising officers by sub-delegation (AOSD) to the AOD;
- None of the registered exceptions had a significant impact on the assurance of the Office and appropriate corrective measures were put in place to mitigate these risks;
- All the identified risks, with a special focus on the critical risk, are properly mitigated and managed and the risk assessment process is effective. In addition, the intrinsic risk for administrative expenditure managed by OIB (including procurement) is relatively low because of the centralised and direct mode of budget implementation. The underlying risks are effectively mitigated;

⁵³ See explanation under point 2.1.1 Control results, subsection "Preventive controls in procurement".

- OIB internal control system has been assessed as compliant with the requirements of the internal control principles and, in its entirety, effective. Efforts are made to ensure its continuous improvement.
- The delays of payment have been kept again to a very low limit in 2019, majority of recovery orders issued in 2019 were cashed in; the quality of OIB's account remained at a high level;
- Management reporting is widely present in OIB and allows ensuring that the objectives are properly followed up and that Management is aware of any potential significant issue;
- On the basis of the available quantified and non-quantified elements, the set of controls in place in OIB can be assessed as reasonably efficient;
- The risk of fraud is well mitigated: there were no IDOC or OLAF cases;
- Anti-fraud awareness is raised widely in OIB through communication actions;
- The controls in place to ensure the safeguarding of assets did not reveal any significant issue with material impact and were assessed as effective;
- The reports from the relevant authorising officers in all cases of cross-sub-delegations made by OIB to other DGs/Services did not raise any particular issue and provided reasonable assurance.

On the basis of the above elements and taking into account the materiality criteria presented in annex 4, OIB's Authorised Officer by Delegation can confirm that:

- None of the identified weaknesses is significant in qualitative terms;
- None of the identified weaknesses is significant in quantitative terms;
- No major event likely to negatively impact the Commission's or OIB's reputation occurred in 2019.

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

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 OIB Acting Head of Service, in her capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

DECLARATION OF ASSURANCE

I, the undersigned,

Acting Head of Service of OIB

In my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view⁵⁴.

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

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

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

Brussels, 29 April 2020

"e-signed"

Marie-Pierre Darchy

⁵⁴ True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG/Executive Agency.

2.2 Other organisational management dimensions

2.2.1 Human resource management

Staff structure: OIB increased the percentage of female representation in its middle management with the nomination of a female manager in March and another in October 2019 OIB by-passed the Commission target and is now at 47%. In order to prepare women for middle management functions, OIB pays attention to a balanced representation of women in deputy head of unit positions. At the end of May 2019, 5 out of 16 Deputy Heads of Unit are occupied by women with 2 female appointments in 2019 (currently two are vacant).

OIB continued to closely monitor vacant posts and apply a flexible approach to the reallocation of vacant posts in line with operational needs and priorities. The transformation of AST posts into AD posts was pursued to strengthen management capacity. The staff cuts for 2019 concern in total 9 posts (4 AST and 5 contract agent).

Succession planning for functions on all levels remains among OIB priorities. In this context, OIB paid particular attention to management functions but also to specific profiles, taking into account the ageing OIB population, mainly through specialised competitions for officials and adding relevant features to the selections for contract agents (CAST). As part of OIB's talent management and succession planning, two Deputy Head of Unit functions were created in July 2019 for units OIB.03 and OIB.04.

The Synergies & Efficiencies: OIB created a new unit, OIB.04 "Domain leadership, planning, reporting and Internal Control", in order to reinforce the strategic domain leadership role in logistics. Consolidation of competencies and skills of logistic staff redeployed to OIB in the framework of the Synergies & Efficiencies logistics exercise continued in 2019.

Motivation and engagement: The 'Results4OIB' forum, created following OIB's 2015 away day and its subgroup "Charter of Values", has presented OIB's values in unit meetings and animated discussions with staff. As follow-up to the 2018 staff survey, OIB launched the OIB Values campaign in autumn 2019. This new campaign regroups all follow-up actions of the 2018 staff survey and the pilot projects aiming to stabilise, and possibly or reduce, absenteeism.

Leadership trainings for managers: Career planning, talent management and consolidation of OIB staff competencies and skills continued to be key priorities OIB designed its learning and development plan to tackle, in an optimal way, staff competency requirements in the long-term. In 2019, particular attention was given to improving leadership skills amongst managers and OIB focused upon its newly created network of Heads of Sector to share best HR practices – this will continue into 2020 along with a dedicated management coaching package.

Internal communication: OIB's 2019 internal communication activities and initiatives are aligned with its main operational challenges: staff engagement and motivation, two-way communication with staff and policy related communication. Special attention was given to the follow-up on the results of the 2017 general Staff Survey.

The internal OIB webpage ("MyOIB"), the internal newsletter addressed to OIB staff (OIBm@g), and the large scale event such as the "OIB professional job fair", contribute to the promotion of the different job profiles within OIB, and also making them better known throughout the Commission. A job-shadowing initiative in June 2019 was based on the previous success of the 2018 "live my job" project, raising awareness for the wide variety of jobs performed in OIB.

2.2.2 Better regulation (only for DGs managing regulatory acquis)

As the OIB does not manage regulatory acquis, this section is not applicable.

2.2.3 Information management aspects

OIB continued to maintain high compliance with e-Domec rules through the implementation of the annual document management action plan. Priorities for 2019 included e.g. implementation of the new markings system in Ares, the first review of HAN files, quality control on documents created by OIB, monitoring filing and the use of the e-signatory and appraisal of non e-Domec files.

Data Protection:

In addition, the following measures have been taken on board:

- Monthly newcomers meeting for new OIB staff and ad-hoc meetings for staff and units are organised to raise awareness and to update the contract and business management activities in order to be compliant with the data protection Regulation.
- Twice a year a training session and basic introduction to data protection is organised within OIB for all staff with the participation of the DPC, delegate of the DPO, EDPS.
- Each month an activity and progress report is sent to the Director of OIB and DPC of HR. The action plan is updated and communicated to the Heads of department.
- Regular meetings with the DPC of HR are organised in order to monitor the compliancy with the data protection Regulation and DPMS record update.

In order to address the establishment of a complete inventory of all OIB's processing operations in compliance with general principles (Art. 4 Reg. 2018/1725), OIB has completed the reporting "Questionnaire on the implementation of Commission's Data Protection Action Plan (C(2018)7432". Appropriate information has been provided to data subjects, the controller and processors regarding the processing operations and privacy statements. Information notices have been provided to all managers and data subjects with the text of the Data Protection Regulation, contract management and data breach management. Overall business screening within OIB was carried out for all activities with the operational staff to check the compliance of the business with the data protection Regulation. Moreover, contracts are updated with the latest versions of privacy statements following the best practices approach.

The privacy statements are stored in the records of the official DPMS database and are updated and compliant with the DPO standard models. Upon the availability of new corporate records or corporate privacy statements, the DPMS records will be updated.

Based upon this screening, in a second phase in depth analysis is on-going regarding data deletion, (conform to the Data Retention Control list), data minimisation, data pseudomisation, data encryption and data protection.

As it is recommended that data encryption technology is put in place for transmission or storage of personal data in some specific cases, a DPIA may be necessary for some cases. Corporate IT solutions will be put in place for improving the overall data security (access control, encryption, raise awareness) reducing potential risks and avoid personal data breaches.

For each department (Heads of department) and units of OIB (Heads of unit) a PowerPoint presentation was given about data protection in order to raise awareness and responsibility.

subjects rights. However the controller in the childcare facilities, has implemented special governing rules regarding the processing of personal data for its operational activities. The data subjects (parents) have been duly informed about this procedure (pictures of minors – in all childcare facilities).

2.2.4 External communication activities

As regard to the external communication, OIB provided online communications related to the Loi 130 Architectural Competition launched in March 2018, based on the agreement approved by the Competition's Steering Committee and the decision of Commissioner Oettinger⁵⁵. OIB's role was to contribute actively to different external communication activities in close collaboration with the Spokesperson's Service as well as the Commission Representation in Belgium. OIB was in charge of the Loi 130 architectural competition website, developed within the framework contract of DG COMM and gave input for information activities for international, national and local media. Around 40 clippings appeared in international and local media. The prize-winners of the competition were chosen in June 2019. To comply with the rules of the International Union of Architects (UIA/Unesco), who endorsed the Loi 130 competition, OIB organised an exhibition of all competing projects open to the public in September 2019. No press conference was organised on the subject.

Specific efforts to improve 'economy' and 'efficiency' of spending and non-spending activities.

According to the financial regulation (art. 33), the principle of economy requires that the resources used by the institution in the pursuit of its activities shall be made available in due time, in appropriate quantity, quality and at the best price. The principle of efficiency concerns the best relationship between resources employed and results achieved. OIB is continuously fine-tuning its internal arrangements in order to improve the efficiency and economy of its operations. The following initiatives show how these principles are implemented.

✦ Example of initiative to improve economy and efficiency of financial and non-financial activities of OIB

OIB regularly undertakes initiatives to improve the efficiency and economy of its operations. It continues fine-tuning its internal working methods and keeps making efforts to improve its functioning and rationalising ways of working, thus allowing the reallocation of its resources to desired priorities.

In this context, OIB applies a maximized paperless policy. All financial transactions are processed electronically (except for imprest accounts – "régies d'avances" –, which by their nature are not fully eligible for paperless treatment). Furthermore, the introduction and expanded use of e-Invoicing will allow OIB to include more contractors, which will further reduce the handling, processing and archiving of paper documents and files.

Moreover, to increase productivity and to make efficiency gains through the introduction of automation and simplification of procedures, OIB has carried out a Business Process Management analysis in the childcare department.

As a result of this analysis, some projects have been totally or partially implemented so far and were continued in 2019:

- A simplification of calculation of parental contributions: This workflow improvement is now supported by a new IT application (KiddyWeb Backoffice). The application went live in January 2019.

⁵⁵ The communication strategy for the Loi 130 Architectural Competition was approved by the steering committee in which Commissioner Oettinger's Cabinet, DG HR, DG COMM, DG BUDG, SEC GEN and OIB were represented

- The mobile registration of children presences, which avoids double encoding of presence data and provides near real time data (Kiddymob). It has been used by the nurseries since 2017 and it was extended to the kindergartens. Significant developments took place in 2019 in order to apply them to the afterschool service early 2020.
- The automatisisation of 'Longues Journées' childcare, which is now managed inside KiddyWeb rather than manually.
- The automatisisation of "Inscriptions ponctuelles" will be launched early 2020.

Phase 2 of the REMIS project, has been in production since September 2019 REMIS supports the following activities:

- Real estate portfolio management: inventory of Commission real estate assets. REMIS has become the reference database to feed the different communication channels (IntraComm, Europa, Where2Go) with information on Commission buildings in Brussels.
- Lease administration: management of all contracts related to the lease of Commission buildings in Brussels.
- Space management (encompassing building plans, floor, rooms and workstations), space allocation (encompassing Commission organisational units, personnel, allocation of space and of workstations) and Moves management (- 1- workflows for management of simple moves – operational workflows encompassing multiple teams, automatic space allocation following the moves events and automatic transfer of information towards DIGIT services; - 2 - workflows for management of work projects, including structural moves of personnel – works rendering, internal and external transfer of information towards OIB concerned teams, DIGIT services and DG BUDG – ABAC SAM systems).

The decision by DIGIT to phase out in 2021 one of the main technologies used by OIB (ColdFusion) and in consequences, the replacement of all the ColdFusion based applications by alternative systems or solutions compatible with DIGIT IT working environment, required from OIB to launch an IT application portfolio management exercise. For every application based in ColdFusion a cost/benefit analysis has been carried out to identify the applications that had to be migrated. Business Cases assessing the different alternatives for Business Cards, Scanning and KiddyWeb were drafted. One information systems (REG-EX) has already been decommissioned in 2019, after legacy data had been exported in an Excel sheet (as a back-up).

For an extensive reporting on all components, please refer to Annex 2.