European Commission

2015

ANNUAL ACTIVITY REPORT

DIGIT

Informatics

Table of Contents

INTRODUCTION

The DG in brief

The Directorate General for Informatics (DIGIT) is a horizontal service of the Commission. Based in Luxembourg and Brussels, it employs around 480 full time staff and about 1200 external contractors and managed a budget[1] of 146,3 M€ in 2015 to provide IT and telecommunication equipment and solutions, information systems and infrastructure services for over 33.000 staff in the Commission. Furthermore, DIGIT runs a major IT procurement operation and all the EU Institutions and Agencies have increasingly come to rely on the Commission for their procurement needs in the area of IT.

DIGIT's mission is to deliver digital services to enable EU policies and to support the Commission's internal administration. With this goal in mind, DIGIT as trusted partner has the responsibility to:

– Provide the EC, and whenever appropriate other European Institutions and bodies, with high quality and innovative:

> **Workplace solutions** – creating new ways of working and collaboration for staff;
>
> **Business solutions** – delivering information systems supporting rationalised business processes within the framework of the corporate IT Governance strategy;
>
> **Infrastructure solutions** – providing reliable, cost-effective and secure infrastructure and services;
>
> **Effective solutions** – aligning IT investments with business priorities, facilitating relationships with our strategic partners, balancing risk with business value for the Institution.

– Support the **modernisation of public administrations** by promoting and facilitating interoperability so that European public administrations can work seamlessly together and with businesses and citizens across boundaries.

DIGIT's vision - Transforming the Commission through IT - is to take on and drive forward the digital leadership role within the Commission. DIGIT must develop and lead the digital transformation of the Institution so that it can deliver EU policy better, more efficiently and more productively, fully seizing the opportunities offered by new technologies.

The key stakeholders of DIGIT are essentially internal to the Commission: end users for workplace solutions; business owners of information systems for business solutions; Information Resources Managers (IRMs) of the Commission services for infrastructure solutions in line with the corporate governance systems for IT and information security. At the same time **DIGIT provides interoperability solutions to external stakeholders,** such as the Member States and other EU institutions, **through the implementation of the ISA programme[2] (until 2015) and ISA[2] programme[3] (as from 2016)**. Moreover, as a centre of excellence for IT procurement, DIGIT provides procurement services to up to 60 entities (EU institutions, agencies etc.).

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[1] Budget Heading 5 allocated to DIGIT
[2] Decision No 922/2009/EC of the European Parliament and of the Council of 16 September 2009 on interoperability solutions for European public administrations (ISA)
[3] Decision (EU) 2015/2240 of the European Parliament and of the Council of 25 November 2015 establishing a programme on interoperability solutions and common frameworks for European public administrations, businesses and citizens (ISA2 programme) as a means for modernising the public sector

DIGIT's activities are influenced by a complex and quickly moving environment, both internally and externally:

− Traditionally in the Commission the provision model of Information and Communication Technology (ICT) is of a distributed nature as all services play an important role in managing ICT. As from 2016, however, some changes are expected to this approach, as the report of the consultation group of Directors-General on synergies and efficiencies in the ICT domain of December 2015 shows clear support for DIGIT to take on the domain leadership role for the ICT community. The challenge lies in finding the appropriate upfront investments and striking the right balance between areas where stronger leadership is required – like core corporate services, architectural elements and building blocks – and those where some scope for local specificities and innovation needs to be preserved.

− The external landscape is marked by increasingly sophisticated technologies and fast-evolving trends, such as the rise of big data, the cloud, mobile devices and collaborative (net)working.

These changes, combined with the overall resource restrictions affecting the Commission and rising security concerns, present major opportunities and challenges for DIGIT. To meet these challenges successfully and to reflect emerging priorities, **DIGIT's organisational structure –** which was composed of 4 Directorates, 1 horizontal unit and the Computer Emergency Response Team (CERT-EU)[4] – **was revisited at the end of 2015.** A new Directorate has been established to address IT security challenges and a Deputy Director General will be nominated in 2016 to push the generation of synergies and efficiency gains in the ICT field, supporting efforts to promote innovation and change and thereby enhancing the Commission's overall performance. As the organigram below shows, DIGIT's structure reflects its mission through its Directorates dedicated to provide Digital Workplace, Business and Infrastructure Solutions.

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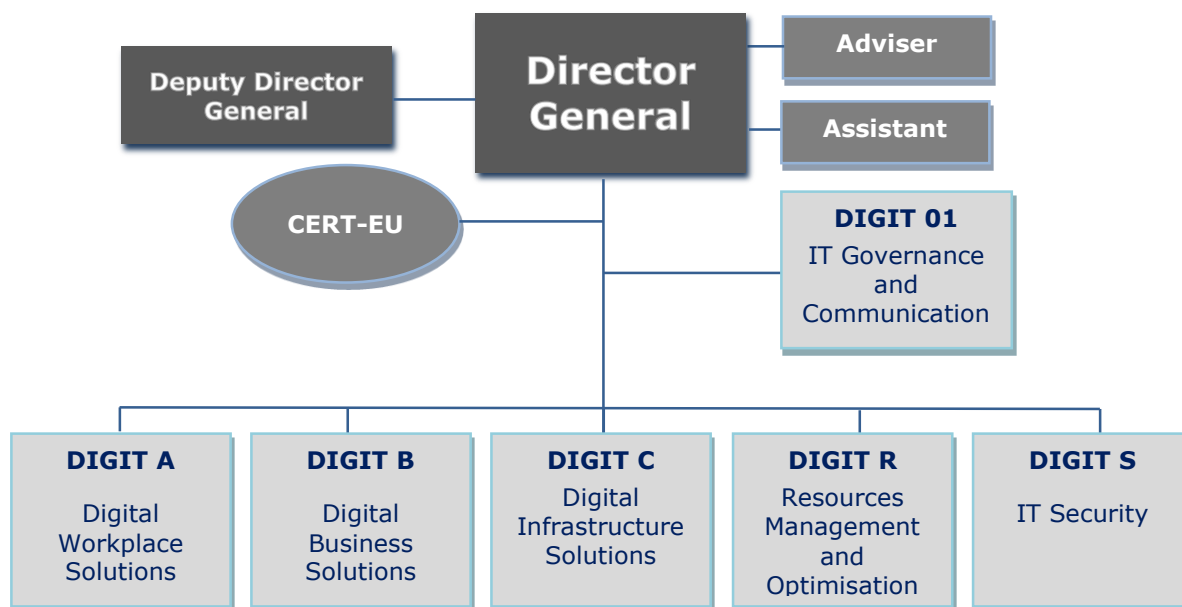
[4] CERT-EU is an inter-institutional body which is administratively attached to DIGIT but sets up and reports on its work plan separately.

The year in brief

2015 was expected to be a **year of change** (settling-in of the new Commission; new opportunities provided by new developments such as cloud services), a **year of continuity** (stabilisation of the organisation, strengthening of governance and security, building the workplace, the information systems and the infrastructure of the future, investing in modern public administrations as well as in customers and stakeholders) and a **year of delivery** (simplification, standardisation and stronger customer focus). In addition, it turned out to be a **year of constant adaptation.**

A year of change:

While in 2014 most of the changes were internally triggered – such as the major reorganisation of DIGIT - in 2015 the changes (or their consequences) were often unforeseeable. This required smooth adaptation from DIGIT to the new circumstances in order to ensure seamless delivery.

With the arrival of the Juncker Commission in November 2014, harvesting the benefits offered by digital technologies has received a prominent place both in the political agenda and in the working methods of the new Commission. Three aspects merit particular mention here:

1) The preparation and award of the Commission's first **call for tender for cloud services** was a success and will allow DIGIT to diversify its hosting offer and to test the use of those services for the Commission environment.

2) The adoption of the Communication on the **Digital Single Market (DSM) strategy**[5] on 06/05/2015 was important for DIGIT for two reasons. First, DIGIT contributes to the implementation of the corresponding Roadmap through the revision of the European Interoperability Framework. Second, on request of Vice-President Ansip – responsible for the Digital Single Market – DIGIT provided, within a very tight timeframe, an application to Commissioners which allows them to consult the documents of the weekly College meetings on their mobile devices.

3) Vice-President Georgieva – responsible for budget and human resources – requested a group of Directors-General – led by DIGIT – to explore **Synergies and Efficiencies in the ICT domain.** The group presented its report[6] in December 2015 identifying important savings in financial and human resources through managed and structures digitisation.

In addition, the Commission's IT Security landscape went through a substantial change: following the recommendations of the Internal Audit Service concerning the Information Security Governance, the function of Chief Information Security Officer was transferred to an Information Security Steering Board, chaired by a Deputy Secretary-General and reporting to the ABM Steering Committee at corporate level. The DIGIT-based Chief Information Security Officer role was therefore transformed to lead a new Security Directorate in December[7].

The IT Governance structure within the Commission and the mandate of the different governance bodies was reviewed resulting in a strengthened role of DIGIT in monitoring IT investments.

Finally, while DIGIT expected to consolidate its organisation after the comprehensive

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[5] COM(2015) 192 final, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions A Digital Single Market Strategy for Europe

[6] ICT Domain Synergies and Efficiencies Review - Ares(2015)5698932

[7] Administrative and budgetary decisions of the Commission of 15/12/2015

reorganisation in 2014, **further organisational changes** followed in 2015: In June[8] the Director-General of DIGIT, Stephen Quest, was appointed Director General for Taxation and Customs Union as of 1 January 2016. Later in the year a new Deputy-Director-General role was created[9]. Neither of these senior management posts has been awarded yet. Meanwhile the appointment of one of the two vacant director posts is in the pipeline.

A year of continuity:

DIGIT continued to build the workplace, information systems and infrastructure of the future. Investing in modern public administrations as well as in stakeholders and customers remained high on DIGIT's agenda. The customer satisfaction survey on the workplace solutions showed an overall satisfaction rate of 85%. For infrastructure services customer satisfaction ranged between 65-70%.

A year of delivery:

Looking back at DIGIT's Management Plan for 2015, DIGIT reached its objectives in many areas. To name only a few (further details can be found in the performance tables in the annex): DIGIT's started the consolidation of local data centres. The ISA² programme supporting the development of interoperability solutions between Public Administrations and their citizens and businesses, was adopted on time by the co-legislators. The Architecture Office took up its work with a view to structure and enhance re-usability of solutions developed by DIGIT and other Commission services. DIGIT supported Commission policies and processes by providing or improving the corresponding IT systems. DIGIT developed a customer orientation strategy and corresponding roadmap. The first revisions of its business processes resulted in proposals for optimisation of resources through further digitalisation and for organisational improvements through a reinforced management of software development.

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[8] Continuity and change: Commission appoints new Secretary-General and reshuffles its senior management – EC Press release of 24/06/2015
[9] Administrative and budgetary decisions of the Commission of 14/10/2015

EXECUTIVE SUMMARY

The Annual Activity Report is a management report of the Director-General of DG DIGIT to the College of Commissioners. It is the main instrument of management accountability within the Commission and constitutes the basis on which the Commission takes its responsibility for the management of resources by reference to the objectives set in the management plan and the efficiency and effectiveness of internal control systems, including an overall assessment of the costs and benefits of controls.

a) Policy highlights of the year
(executive summary of section 1)

DIGIT's Management Plan for 2015 identified as overarching objective to continue the journey towards digital leadership in the Commission and to promote seamless digital services, underpinned by both flawless delivery and radical innovation.

While a substantial part of DIGIT's activity was dedicated to "keep the lights on" activities which allow Commission staff (as well as, in certain cases, staff of other institutions and agencies) to make use of IT equipment and tools at any time, four specific priorities guided DIGIT's work in 2015 with a view of moving ahead the Commission's digital transformation agenda:

1. Driving the modernisation of public administration, internally and externally:

Regarding the Commission's internal administration, DIGIT – in line with the needs expressed by its customers – worked on improvements such as a shortened start-up time for the desktop environment, simplified passwords or unified mailboxes. The Future Office Automation Environment strategy has been endorsed by the Commissioner and further worked on during the year. DIGIT enhanced its offering in the area of mobile computing by delivering in May an application for paperless College meetings on the request of Vice-President Ansip, by creating a new e-meetings environment to allow paperless meetings and a seamless access to Commission IT systems and collaborative tools and by enrolling the majority of corporate devices in Mobile Device Management (MDM). DIGIT also pursued its efforts to broaden and modernise its hosting services with secure or cloud-based hosting and has signed the first Cloud contracts beginning of December.

DIGIT supports the modernisation of European public administrations, by relying on different instruments, such as the ISA programme, the operation of the core service platforms of the Connecting Europe Facility (CEF) programme (managed by DG CNECT) or the screening of the national operational programmes (ESIF). The successor of the current ISA programme, ISA², was adopted by the Council and the European Parliament on 25.11.2015 and entered into force on 1.1.2016. DIGIT also contributed to the Digital Single Market Strategy that the Commission adopted in May 2015 and has launched the preparation for the revision of the European Interoperability Framework and Strategy.

2. Leveraging IT to increase performance and efficiency:

To deliver on this priority, DIGIT, together with the Secretariat General, reviewed the IT Governance structure within the Commission. The new structure, assisted by teams

analysing the IT investments proposed as well as by DIGIT's new Architecture Office, is expected to be a further step towards optimised ICT investments.

A significant part of DIGIT's work was devoted to efficiently support Commission policies and processes by providing or improving information systems (e.g. creation of the new Decide application covering the Commission's legislative process, improvement of the HR systems or improvement and extension of the grant management systems) or solutions which meet the expectations of its business partners.

DIGIT also made progress regarding the announced consolidation of local data centres, where demand for DIGIT's early intervention seems to be higher than expected. The preparations for the move out of the JMO building in Luxembourg are slightly delayed for reasons beyond DIGIT's control. The move to the new data centre in Betzdorf (Luxembourg) is expected in Q3 2016.

3. Working better together and driving innovation:

Besides the smooth management of the existing portfolio of social and collaborative tools within the Commission, DIGIT invested resources to familiarise the users with these tools and asked for their feedback in view of possible improvements. The new mobile access to collaborative platforms allows e.g. to group documents/information for meetings and have an easy direct access via mobile devices, thus facilitating collaboration at any time. As a key enabler to seamless communication and collaboration, DIGIT also pursued its efforts to deploy Wi-Fi in all Commission buildings.

As for innovation in the IT Infrastructure domain, DIGIT is bringing in Cloud technologies inside the data centres while at the same time improving security.

To promote innovation, DIGIT created a process to collect ideas from staff (IDEA process) and has already implemented some of the projects coming out of this process. A Talent Management strategy was set up and will be applicable as from 1.1.2016.

4. Promoting IT Security:

In the field of IT security, substantial efforts have been made to set up the right structure of governance and management (in collaboration with HR.DS and the Secretariat General). Work has started on Key Performance Indicators for corporate level risk management, maturity of IT security and incident response. At the end of 2015, a College decision was taken to establish a new Directorate in DIGIT to reinforce and better organise resources and activities in this area. To this aim, DIGIT has obtained some support in the context of the budgetary planning for 2016.

To sum up, in 2015 DIGIT put the emphasis on delivery with a view of seeking ways for simplification, standardisation and stronger customer-orientation while investing in IT security.

b) Key Performance Indicators (5 KPIs)

Result indicator	Trend	Target (or milestones)	Latest known results
KPI-1 Business Solutions: % Satisfaction level of business partners and end users *Source: measurement system to be defined*	☺	Measurement system for and target increase % of satisfaction level of business partners and end users to be defined.	DIGIT's Customer Relationship Management approach allowing the systematic measurement of customer satisfaction is under development and is expected to be ready in Q3 2016. The feedback of the business owners received at the regular Steering Committee meetings however already indicates a positive trend.
KPI-2 Workplace solutions: % Satisfaction level of the end users *Source: DIGIT satisfaction survey on IT workplace solutions of June 2015 – 4,556 respondents from 40 DGs*	☺	Service of high quality satisfying end users' needs: minimum of 80% satisfaction rate	85% of the respondents agree or mostly agree with the statement *"Overall, I am satisfied with the IT workplace solutions and support provided by DIGIT."* 89% are satisfied with the support services provided by the Corporate Service Desk.
KPI-3 Infrastructure solutions: Satisfaction level of customers with DIGIT's hosting offer *Source: bilateral interviews held with IRMs in March/April 2015*	☺	Target level of satisfaction of customers to be defined (2015).	The customers were generally satisfied with DIGIT's evolutions in infrastructure services, with an overall satisfaction mark of 70%. This compares to a baseline of satisfaction level averaging 60%, measured by the interviews held in 2013.
KPI-4 Interoperability solutions: % of implementation of the ISA work programme's actions	☺	100 % of the work programme actions are properly implemented and evaluated by a horizontal monitoring action (2016)	All programme actions were under constant monitoring and reported on an online dashboard (http://ec.europa.eu/isa/dashboard/). Analysis work related to the ISA final evaluation was completed in 2015 and it will take the form of a Commission Communication planned to be adopted by March 2016.
KPI-5 Trusted partner Number of reservations in the AAR	☺	No reservation in the 2015 AAR	No reservation in the 2015 AAR

c) Key conclusions on Management and Internal control (executive summary of section 2)

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

The Commission has adopted a set of internal control principles, based on international good practice, aimed to ensure the achievement of policy and operational objectives. The financial regulation requires that the organisational structure and the internal control systems used for the implementation of the budget are set up in accordance with these standards. DG DIGIT has assessed the internal control systems during the reporting year and has concluded that the internal control principles are implemented and function as intended. Please refer to AAR section 2.3 for further details.

In addition, DG DIGIT has systematically examined the available control results and indicators, including those aimed to supervise entities to which it has entrusted budget implementation tasks, as well as the observations and recommendations issued by internal auditors and the European Court of Auditors. These elements have been assessed to determine their impact on the management's assurance as regards the achievement of control objectives. Please refer to Section 2 for further details.

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

d) Information to the Commissioner

The main elements of this report and assurance declaration have been brought to the attention of Commissioner Oettinger, responsible for Digital Economy and Society.

1. KEY RESULTS AND PROGRESS TOWARDS THE ACHIEVEMENT OF DIGIT'S SPECIFIC OBJECTIVES

DIGIT's 2015 Management Plan is built around *"Solutions"* which are embedded in its mission and are mirrored in its organigram.

Specific objectives are linked to each of these solutions underpinned by concrete deliverables (outputs) for 2015 and beyond.

The following chapters present DIGIT's main achievements and possible challenges in 2015 according to these solutions and the related specific objectives (SO). An exhaustive overview on the work delivered per 2015 Management Plan output can be found in Annex 8 'Performance Tables'.

Concerning the four overarching priorities guiding DIGIT's work in 2015, progress was due to the joint efforts stemming from the different solutions as indicated below:
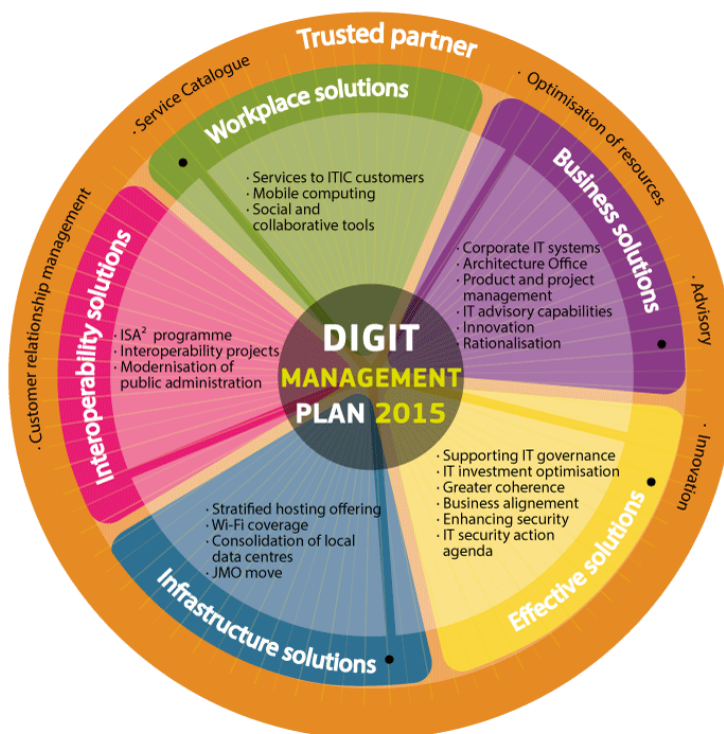
1. **Driving the modernisation of public administration, internally and externally**

   Workplace Solutions, such as offering high quality services to IT Infrastructure Consolidation (ITIC) customers (SO 4), developing a strategy for a Future Office Automation Environment (SO 5) or enhancing the offering in the area of mobile computing (SO 6), play a key role in the support and the modernisation of the Commission's administration. Infrastructure Solutions like broadening and modernising the hosting offer (SO 8) or improving the network and telecommunication services – for example by improving the Wi-Fi coverage of the Commission buildings – (SO 10) also contribute to this priority.

   DIGIT can contribute to the modernisation of the European public administrations through the provision of Interoperability Solutions aiming to facilitate electronic interactions between these administrations, their citizens and businesses (SO 11).

2. **Leveraging IT to increase performance and efficiency**

   To deliver on this priority and strive for Effective Solutions, DIGIT supports the IT Governance in the Commission to optimise IT investments and better integrate business with IT (SO 1). Business Solutions have also a significant share in connecting IT to business for more integrated, effective and efficient Commission policies and processes (SO 3). Finally, with the ongoing consolidation of local data centres (SO 9), Infrastructure Solutions offer efficiency gains in terms of rationalisation.

3. Working better together and driving innovation

Linked to its Workplace Solutions DIGIT also worked to enhance the use of social and collaborative tools within the Commission (SO 7) thus supporting colleagues to work better together. With the aim to be a Trusted Partner for its stakeholders and clients, the DG has made efforts in increasing transparency about its service offering, putting the customer at the centre and developing innovative solutions (SO 12). An important element in building up trust is also that customers can rely on an optimised resource management on the side of their provider (SO 13).

4. Promoting IT Security

IT Security was high on the agenda in 2015 with a 350% increase in notifications of incidents to the Commission's IT security services in 2015 over 2014, as well as significant attacks and major incidents reported regarding government organisations across the world. IT Security is expected to stay in the lime light in the coming years. Under the Effective Solutions angle DIGIT has started to develop an IT Security Framework for the Commission (SO 2) with the available resources and in a changing and challenging IT Security environment.

Given the nature of DIGIT's work which consists in providing services around the above mentioned (IT) solutions DIGIT's budget appropriations as well as the funds received from other DGs for those services are directly linked to the provision, acquisition and development of the Commission's IT environment.

Effective solutions –
Strengthening governance and security

IT Governance at the Commission has gone through significant changes in the last year with the setup of an IT Board in June 2015 at Directors level (with the Secretariat General as chair) and the IT Investments Team (DIGIT and the Secretariat General) preparing the projects and files to be discussed and decided upon in the IT Board monthly. The mandate of the Board is quite wide. It monitors and evaluates all IT investments in the Commission, irrespective of budget lines, and expresses opinions on these investments. Beyond a project by project approach, the Board has taken an interest in cross-cutting IT issues in order to optimise the way the Commission works to make it a more efficient and effective organisation.

- Setup of the IT Board

- 100% of the DGs & Executive Agencies migrated to GOVIS2

- Published Open Source Strategy

- Established high level governance structure for IT Security

- New IT Security Directorate

- IT Security incident management process implemented

In view of its commitment to **promote IT Governance in the Commission (SO1)**, DIGIT provided extensive support to the new IT Governance bodies in 2015. It also ensured smooth running of GovIS2 – the corporate IT portfolio management tool: 100% of the DGs and executive agencies migrated to GovIS2 and use it for encoding their IT projects and operations and related resources. These efforts should allow to further ICT investment optimisation.

IT Governance is also about engaging the IT Community throughout the Commission with a view to building a common purpose and a good communication among stakeholders. This is done through the Digital Stakeholder Forum which takes places monthly and is chaired by DIGIT.

Efforts to build a reference architecture were pursued by clarifying the role of the Architecture Board and identifying reusable components and services across the Commission.

The Open Source Strategy was published in March. Synergies were identified with the "Free and Open Source Software Auditing" pilot project, which was proposed by the European Parliament as part of the 2015 budget and will be delivered by DIGIT in 2016.

The Commission continues to be a target of cyber-attacks, which are becoming more advanced and harder to detect. In 2015 DIGIT therefore increased its efforts to **improve IT security in the Commission (SO2)** through different elements:

- In collaboration with HR.DS and the Secretariat General, and in order to address the related audit of the Internal Audit Service, a high level governance structure for information security was established and became operational in December 2015. Inter-service coordination between the lead services – the Secretariat General, HR, DIGIT – has been reinforced. DIGIT was reorganised to accommodate these changes with the creation of an IT Security Directorate from January 2016. Efforts are continuous to reinforce staffing with qualified staff in this area.

- An IT Security incident management process has been defined and implemented along with the Key Performance Indicators which are used for reporting to senior management and technical stakeholders.

- The vulnerability process is defined and the Security Assurance service offer is clarified. A preliminary service offer was published in the service catalogue and IRMs and LISOs were informed about it at an interactive workshop.

Business solutions –
Building the information systems of the future

To deliver on its objective of **better connecting IT to business (SO3)**, DIGIT developed and deployed new functionalities along the business needs for several information systems (like the HR, PMO and EPSO systems). The successful and timely delivery of the e-College application is a good example to show DIGIT's business-centric approach.

875.000
medical reimbursements performed in *AssMAL*

125.000
missions managed with *MiPS* from different institutions/agencies

30.000
first level support calls treated by the *SYSPER* helpdesk in 2015

With the first iteration of Decide, which went live in early February, DIGIT largely advanced in the implementation of the digital by default agenda in the policymaking lifecycle (ePolicy), which aims at applying digital methods to the policy making life-cycle, from agenda setting to policy design up to policy impact, evaluation and monitoring. Users have now an intuitive Single Entry Point to the decision making of the Commission as well as a complete view of the files and an improved search capability. They also have a renewed consultation module, which makes their work easier and more efficient. To facilitate the identification of further needs, the IDEA4Policy platform was set up and will be launched in Q1 2016, which will be open to all policy officers, who can share ideas on how to improve the efficiency of their day-to-day tasks.

Progress has been achieved concerning the roll-out of eProcurement and eGrants. As to the former, the roll-out of individual modules supporting the eProcurement in DGs/agencies continued. Regarding the latter, recent roll-outs of eGrants to HOME/JUST show important efficiency gains: when replacing local solutions, H2020 tools reduce the effort by 21% while when replacing manual processing the savings go over 70%[10]. These work areas – together with the modernization of the policy-making activity in the Commission (ePolicy) – are expected to get even more attention in the coming years, as they fall within the 'Digital transformation' theme of the ICT Domain Synergies and Efficiencies Review mentioned earlier.

- *eCollege* app delivered

- *Decide* went live

- Setup of *IDEA4Policy* **platform**

- *eProcurement* & *eGrants* **roll-out:** efficiency gains
  21% effort
  70% savings

- Grant management: user satisfaction **>80%**

- *European Professional Card* IMI module implemented

- *HR systems*: ongoing deployment to other EU Institutions

In 2015 DIGIT actively participated in the discussions on data, information and knowledge management held in the High Level Reflection Group on Information Management (HLRG) at Directors General level and in its subgroup composed of five Directors General from REGIO, the Secretariat General, DIGIT, JRC and HR. A data management strategy - prepared jointly with the main concerned DGs - was presented to the Digital Stakeholder Forum on 09/12/2015. Moreover best practice cases were gathered from Member States' public administrations on using big data/data analytics and e-Participation to support policy-making. The in-

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[10]   Source: ICT Domain Synergies and Efficiencies Review - Ares(2015)5698932, page 5

depth analysis of the selected examples will continue in 2016.

Business solutions were provided to external stakeholders as well:

- The European Professional Card module of the Internal Market Information System (IMI) was successfully implemented and has been intensively tested by the system owner. Training sessions have also been provided to Member States. As from the legal deadline (mid-January 2016) citizens are able to request their European Professional Card online via IMI.

- Deployment of the Commission's corporate HR systems in other European Institutions is ongoing.

- To improve the EC's web presence and external communication, work continued on the Next EUROPA platform.

Areas where management's attention is needed are essentially those which face budget or human resources constraints, such as the roll out of eProcurement tracks, the extension of the Horizon 2020 grant management solution to other than the Research DGs and the delivery of the next Europa platform.

Workplace solutions –
Promoting the workplace of the future

In 2015 DIGIT's work resulted in the below achievements concerning its specific objectives pointing towards the workplace of the future:

- **Corporate Service Desk: 89%** user satisfaction

- **Future Office Automation Strategy approved**

1.   To **offer high quality services for DGs and services under ITIC (SO4)**, DIGIT continued managing the Corporate Service Desk following ITIL Best Practice, with great success. The resulting level of Customer Satisfaction is of 89%, well above the target of 80%. In the context of Continuous Service Improvement:

- DIGIT started implementing measures which aim at improving the start-up time of the desktop environment thus facilitating the users' work.

- A roadmap was established for the 'move users without IT' project and a real-life test was successfully carried out in DG NEAR. Implementation of a standardized methodology started on 16/09/2015, when 12 volunteer DGs accepted to apply the policy of no longer moving the PC displays with their end users whenever possible.

- The next steps of the password simplification are also identified and as a concrete deliverable, mobile devices enrolled in the Mobile Device Management (MDM) are automatically registered to the EC Corporate Wi-Fi (no more login is required). Furthermore, seamless ECAS authentication to access collaborative sites on MyIntraComm has been implemented and used – in particular – in the e-College and e-meetings solutions.

- Good progress was made regarding the unified mailbox project; where 80% of users' mailboxes of 30 ITIC DGs were migrated with the aim of allowing fast, uniform search and mobile access to the entire mailbox.

In the context of the ICT domain Synergies and Efficiencies Review, work started on the standardisation of IT equipment. The central theme is to define a single equipment policy of the standard IT users across the Commission. Such single policy will be implemented through managing the related administrative budget centrally on behalf of all the ITIC DGs instead of allocating it to the various DGs. A Joint IRM-DIGIT Task force on IT assets management was established end of September 2015. Its objective is to review the policies on IT equipment in order to rationalise and optimise budget allocation and operational management of the IT hardware and software of the Commission.

2. Commissioner Oettinger approved a **Future Office Automation Environment strategy (SO5)** in January. The action list for the tracks 'Evolve' and 'Diversify' is available, while elaborating the 'Transform' track requires further work. Solutions were found for the replacement of the anti-malware and anti-spam products before the technical deadline of end of 2015.

Within the 'Transform' track, two main activities have been developed during the year: a market review (with different market players) and the architecture evaluation aiming to set the high level technical design of the Future Office Automation Environment. Besides, a pilot scenario for the FOAE pilots has been prepared, to be executed in 2016.

3. To **enhance the offering in the area of mobile computing (SO6):**

4. DIGIT pursued the deployment of the Mobile Devices Management solution (MDM). All corporate devices have been enrolled and a formal Bring Your Own Device (BYOD) policy was put in place for smartphones and tablets. The percentage of users using BYOD is increasing at a high pace, which represents an important advantage in terms of cost savings and working flexibility for the Commission. In December 2015 altogether 7752 devices were enrolled in MDM, out of which 4371 were corporate and 3381 BYOD devices. In March 2016 slightly more than half of the mobile devices enrolled in the MDM are BYOD. DIGIT will pursue the integration of new functionality in the existing offering.

- **Mobile Device Management, MDM:**

  April '15

  2856 Corporate   **644** BYOD

  December '15

  4371 Corporate   **3381** BYOD

  ⬆**50%** total enrolled devices

- **eMeetings app:** proactively downloaded by **750 users**

- **MyIntraComm collaborative sites** ⬆**15%** average active users per day year on year

- **CIRCABC: 3500+** interest groups, **150000+** users & **2000000+** documents

- **EUsurvey: 2600+** surveys, in the first 8 months of 2015

- DIGIT drafted a mobile application development strategy, which is under review now to reflect the feedback received from the stakeholders.

- Over 2015, DIGIT managed to deploy the first version of the Commission's mobile apps in its internal corporate store (Apps@Work). In this context new solutions around paperless meetings (e-College for College Meetings and e-meetings for general meetings) represent the evolution of the working environment in the Commission. In particular, e-meetings captured the interest of DIGIT's clients with requests from different Directorates General (like ESTAT, REGIO, CLIMA) to introduce their staff to the usage of the collaboration workspaces and the new capabilities brought by the mobile access for corporate and BYOD users.

- Pilot work on pull printing and video-conference facilities on mobile devices progressed well, with pilot installations available.

The main challenge in the area of mobility is to combine extremely high user expectations, derived from private and consumer usage, with the requirements

related to the security and manageability of an enterprise type environment. In addition, substantial investments are still necessary to keep pace with user expectations, the growing demand and device evolution in a highly volatile and fast evolving market. The fine-tuning of the offering of mobile devices (laptops, hybrid devices, tablets, smartphones), use-cases and user-profiles is ongoing in the above mentioned Task Force on IT assets. The retained solutions will be gradually implemented in the course of the depreciation period of the current end-user equipment.

5. Regarding **social and collaborative tools (SO7)**, DIGIT has substantially enhanced its offering by deploying a new platform with additional functionalities: the launch of the new MyIntraComm took place on 1/11/2015, accompanied by a significant communication campaign to raise awareness. Efforts to familiarise end users with existing collaborative and social tools were also pursued. Existing tools such as CIRCABC and EUSurvey were run smoothly and the pilot projects for Yammer and Jive were extended. To maintain and enrich the portfolio of social and collaborative tools with success, the governance of this area needs to be clarified.

Infrastructure solutions –
Investing in the infrastructure of the future

DIGIT's work on infrastructure brought the following results – presented according to the three specific objectives set for this domain:

1. To **broaden and modernise the hosting offer (SO8)**:

- DIGIT continued its work on the Secure Hosting Services (SHS). The main objective of SHS is to complement DIGIT's hosting offer with an industrialised service for hosting information systems with higher confidentiality security needs (security classification of limited-high). The SHS High-Level Design document was approved by DIGIT's Information Security Steering Board in May. The preparation of the SHS service description document is ongoing.

- With a view to open towards cloud-based hosting, the 'Cloud' call for tender was closed in April and the award decision was signed in November. The Framework Contracts for Lot 1 (Private Infrastructure as a Service) and Lot 2 (Public Infrastructure as a Service) were signed in December. The signature of Lot 3 (Public Platform as a Service) took place in January 2016. The prime purpose of this call is for the EU institutions to learn more about Cloud by running a number of pilot cases in the next 1 or 2 years. This first experience call will be followed by a more comprehensive call for tender based on the lessons learned. The areas of learning cover technical domains but also security and data protection aspects. Five specific contracts have been already signed in Lots 1 and 2 ready to deploy the foreseen use cases in the Cloud.

- **- 'Cloud' call of tender closed and awarded**

- About **80%** simple Service Requests are initiated through **JASSPR**

- Efforts were made to further improve the current hosting offering for Open Source Technologies.

- Progress has been made towards the objective of evolving the Data Centres by including Cloud technologies, allowing a pay-per-use financial model to optimise costs; improving virtualisation and preparing the grounds for self-servicing through automation and orchestration. As an example of these evolutions, the delivery of simple service requests for change was improved to attain 80% of delivery in production in less than 5 days.

2. As to the **consolidation of local data centres** and the **move from the JMO building (SO9)**, in both areas, significant progress was made.

- Concerning the local data centres consolidation (LDC), inventory and profiling of all Information Systems (IS) in LDC were completed in 2015.

- The first LDC convention and Annex with DG ESTAT was signed end of December 2015.

  - First LDC convention signed with DG ESTAT

- In case of the JMO move, the move of the users and of the telecommunication centre, the provision of networking services and fixed telephony in the new offices is on track. Almost 1,000 users had been transferred from JMO to new buildings by the end of the year. The moves were carried out smoothly and on schedule with only a few minor incidents which were fixed very quickly after being reported. Regarding the data centre relocation an agreement was reached between the Luxembourg authorities and the European Commission for the delivery of data centre space replacing that of the JMO building. The new Data Centre rooms will be available in Q2 2016 and should be operational in September 2016.

3. With reference to the **network and telecommunication services (SO10):**

- It became clear during the first semester that the provider T-Systems was not able to timely roll-out the new trans-European TESTA-NG network. The problem was escalated to the senior management of DIGIT and T-Systems and an agreement has been reached between the parties to manage the situation.

- The WiFi services evolve as planned. Two new WiFi networks were introduced in 2015: EC_Corporate and EC_Guest. EC_Corporate offers a connection to the WiFi network for EC staff/enrolled devices. EC_Guest is a guest network. EC_Hotspot has been decommissioned.

  - End 2015: WiFi in **12 out of 29** cafeterias & **53 out of the 103** meeting rooms identified for installation.

- A secure mobile communication solution was offered to Cabinet Oettinger and Cabinet Hahn.

Interoperability solutions –
Investing in modern public administrations

In 2015 DIGIT continued its work to **contribute to the modernisation of European public administrations (SO11):**

- The fifth work programme of the ISA programme was approved in March and its actions were launched and implemented as planned. As 2015 was the last year of this multi-annual programme, the performance of the programme was analysed in a detailed report that was concluded in December 2015. This report will form the basis of a Commission Communication scheduled for March 2016, providing the final evaluation of the programme. The evaluation has shown that ISA has delivered valuable results to the benefit of the Commission and met the needs of the Member States. The recognised importance of further investing in the area of interoperability and public sector modernisation resulted in ISA^2, the successor programme of ISA, which was adopted by the co-legislators on 25 November 2015 and entered into force on 1 January 2016.

  - **76** new clients adopted **ESSI** in 2015

- Regarding the CEF programme, the Memorandum of Understanding (MoU) with DG CNECT for the operation of the CEF core service platforms has been extended by one year. Due to its MoU with OpenPeppol, DIGIT can help MSs to make secure exchange of data possible across borders.

- DIGIT also contributed to the Digital Single Market Strategy that the Commission adopted in May 2015 linked to the Commission's priority to create a connected Digital Single Market and has launched the preparation for the revision of the European Interoperability Framework and Strategy. Furthermore DIGIT is associated to actions such as the connection of business registers (BRIS) and the European catalogue of standards.

- Finally the corporate Electronic Signature Services were further enhanced as well.

The 2015 ISA work programme was executed as per Commission implementing decision C(2015) 1258 of 2 March 2015, for an overall budget of EUR 25.130.230 with a view to implement actions meeting the objectives of the programme, namely support cross-sector and cross-border interoperability between European Public Administrations.

ISA has delivered a clear **EU added value** as concluded in the pre-final finding of the Final Evaluation exercise, more concretely:

Relevance: The programme's objective "to support cooperation between European public administrations by facilitating the efficient and effective electronic cross-border and cross-sector interaction between such administrations" was found pertinent to meet the EU needs. This has been proven by the wide contribution of the programme to initiatives such as the Internal Market Initiative (IMI), CISE, INSPIRE, the pan-European data portal, the CEF, Competition Law, etc., as well as through the introduction of the European Interoperability Framework revision in the Digital Single Market action plan.

- **JoinUp** platform: **160,000+** visitors/month; **2,000** projects downloaded/month; **20,000+** total users

- Decision on the new **ISA2 programme** timely adopted

- **ISA programme** fully implemented

Efficiency: The programme has been efficient as it showed only a small implementation delay of 5% for the entire 2010-2015 period. It was reported to be efficient by 90% of surveyed Member States representatives and EC officials and executed 100% of the allocated budget

for the period 2010-2015. Examples of direct efficiency gains resulting from the ISA programme execution relate to the reusability of produced solutions, instead of building them from scratch for the same need, e.g.: in the case of the European Citizens Initiative online system for collecting citizens' statements of support, the overall cost for developing and accrediting the system was 2,17 M€. The system supported 36 initiatives launched since 2012, 3 of which collected more than 1 million signatures each. If every organiser of these initiatives had to implement and operate a separate system, the overall cost would have been much higher. In fact, they would probably not have been able to implement a system answering the requirements of the legislation.

Effectiveness: The programme has demonstrated a high impact in meeting its objectives as confirmed by the research analysis and surveyed people, through:
a) developing and promoting interoperability solutions;
b) making available for reuse a number of solutions (15 of them used by all Member States, 14 by Commission services, 5 by other EU institutions) some of which are mentioned in this report like the IMI system, the sTesta network, the EUSurvey tool and the CIRCABC;
c) supporting a variety of Commission policies, i.e. in Internal Market, decision making and legislation, e-procurement/e-invoicing, geospatial, open data, etc.;
d) integrating the analysis of ICT impacts in the Commission's Impact Assessment and Evaluation process.

Utility: The achieved results addressed the intended business needs through 23 solutions which were made available on the ISA website (http://ec.europa.eu/isa/index_en.htm) and were widely reused.

Coherence: The programme has put in place a holistic approach towards interoperability by establishing links with relevant initiatives including the ESIF and the ICT Governance of the Commission.

DIGIT as trusted partner –
Investing in stakeholders and customers

One overarching objective of DIGIT is to move from a pure provider of services to a **trusted business partner delivering solutions (SO12)**. To achieve this change DIGIT drafted a Customer Orientation Strategy and Roadmap which was endorsed by the Senior Management and welcomed by the IT Community. Transparency on DIGIT's services is ensured through the unique and centralised service catalogue presenting all DIGIT services, grouped per user type (services for all staff, for IT professionals, for business owners and for contracts specialists). Work is ongoing to improve the existing request fulfilment solution. For better communication with its customers, DIGIT revamped its IT portal on MyIntraComm, which went live in November and set up a Wiki platform for exchanges with the IT Community. To promote innovation, DIGIT created a process to collect ideas from staff (IDEA process) and has already implemented some of the projects coming out of this process.

- **>40 ideas** submitted to the **IDEA platform**; **4** passed the Peer Review, received a go decision from DIGIT's management and were implemented

In parallel to becoming more customer-oriented, DIGIT has invested efforts into the **optimisation of its resources management and into the simplification of its processes (SO13):**

- DIGIT defined a priority management methodology and applied it to its processes in 2015. This approach was endorsed by the Senior Management and priority identification is now embedded in the strategic planning, monitoring and reporting cycle.

- The first business process reengineering projects resulted in proposals for savings through further digitalisation and for organisational improvements through a reinforced management of software development (see the box on the next page).

- With respect to human resources management, DIGIT's Talent Management Strategy was formally approved by its Senior Management in December 2015 and is applicable since 01 January 2016 (see the box on the next page).

- In order to modernize procurement procedures and to develop a more strategic approach, a Procurement Board was set up and met 13 times.

- Work on a cost model for DIGIT's services continued. The revision of the charge-back of infrastructure services to other Commission Directorates General is nearly finalised; the advance payment requests were launched with most of the clients.

- The revision of the control strategy and the implementation of the anti-fraud strategy follow their planned timetables.

EXAMPLES OF ECONOMY AND EFFICIENCY

Business Process Reengineering

As a step towards improved performance of its operations, DIGIT launched in 2014 a new Business Process Reengineering (BPR) activity aiming at identifying ways **to improve the efficiency of DIGIT's processes and the value of the services provided**, as well as to support the optimisation of the allocation of resources. A strategic planning framing the BPR activities for the next two years guides the work and is regularly updated. Three BPR projects were finalised in 2015 (commitments and payments, governance and management of software development and contract management in DIGIT.B). They allowed identifying ways to **optimise the reviewed processes in terms of efficiency and added value, as well as the allocation of resources.** The implementation of the approved action plans is ongoing and closely monitored.

Human Resources Management

By reorganising its delivery model and standardising its metrics and outputs, the HR unit has contributed to the **forward planning of resources**. The new work organisation entails regular and tailor-made contacts with all departments in the DG and allows the provision of **timely overviews of resources** (scoreboards on vacant posts, planned retirements, long absences, seniority on posts, etc.). At the same time, the new organisation aims at making some HR products more easily available in both Brussels and Luxembourg, thereby enhancing staff satisfaction. People-related services like leave manager, training manager and career guidance are now available on both sites. Finally, in 2015 the structure of the **new Talent Management framework for DIGIT** was defined with the main objective to tackle issues such as **well-being** (also in relation with the upcoming move to a new open-space building), **staff satisfaction and mobility** (also with the aim of achieving DIGIT compliance with the corporate target in terms of female middle management).

2. 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. Its results are explicitly documented and reported to the Director-General. The reports produced are:

- ✔ the reports by AOSDs;

- ✔ the reports from Authorising Officers in other DGs managing budget appropriations in cross-delegation;

- ✔ the contribution of the Internal Control Coordinator, including the results of internal control monitoring at the DG level;

- ✔ the reports of the ex-post supervision or audit;

- ✔ the opinion of the internal auditor on the state of control as well as the observations and recommendations reported by the Internal Audit Service (IAS);

- ✔ the observations and the recommendations reported by the European Court of Auditors (ECA).

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

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

2.1 Control results

This section reports and assesses the elements identified by management that support the assurance on the achievement of the internal control objectives[11]. The DG'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 control systems.

DG DIGIT's administrative and operational credits (146,30 M€ in 2015) as well as the administrative and operational credits transferred to DG DIGIT by other Commission DGs and Services and other EU institutions (108,94 M€ in 2015)[12] are implemented under direct management, nearly all through procurements[13].

Coverage of the Internal Control Objectives and their related main indicators

Control effectiveness as regards legality and regularity

DG DIGIT has set up internal control processes aimed to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned.

a) Procurement activities

The control objective is to ensure that the DG has reasonable assurance that the total amount of any financial operation authorised during the reporting year which would not be in conformity with the applicable contractual or regulatory provisions, does not exceed 2% of the budget of the ABB activity for the DG.

In order to reach this conclusion, DG DIGIT makes a qualitative analysis and review the register of exceptions, the internal control weaknesses as well as the results of the supervisory activities and ex post controls.

Register of exceptions and internal control weaknesses: During the reporting year there were 69 recorded instances of control failure of override or deviation, of which 61 had an impact on the legality and regularity of the transactions. Apart from a few technical or procedural errors, these concerned "*saisine a posteriori*". Most of them were 2015 budgeted expenditures and corrected during the same financial year, as a formal compliance issue which does not have a negative impact on the budget. While the possible mitigating measures to be implemented as a result of these controls are analysed as a result of the ex-post controls exercise, the identified exceptions are of minor importance and do not impact the management assurance statement.

Ex-ante controls: All commitments are subject to an ex-ante control done either by the Financial Verification Agent (more than 50.000 €) or by the Authorising Officer by sub delegation (lower than 50.000 €). None of these controls unveiled material errors with impact on compliance.

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[11] Effectiveness, efficiency and economy of operations; reliability of reporting; safeguarding of assets and information; prevention, detection, correction and follow-up of fraud and irregularities; and 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 32).

[12] In addition to the IT baseline services funded from its own delegated budget appropriations, DG DIGIT provides Commission DGs/Services and other EC-bodies with IT services of various natures. These services are funded using different mechanisms (recovery orders, sub-cross and co-delegations).

[13] With the exception of some credits of the global envelope (e.g. missions, etc.)

Cases of control overrides: In DG DIGIT no such cases did occurred in 2015 neither on Procurement (GAMA advisory body) neither on financial transactions.

Legal complaints and crosscutting issues: All pending legal challenges are closely monitored and potential subsequent risks are deemed to be under control.

Ex-post controls: The Internal Control and Coordination (ICC) team controls an overall sample of commitments and payments orders. Ten financial operations (0.1% of a total representing 6.2% in value) were subject to a supervisory desk review after the signature of the contract. None of these controls unveiled errors with impact on compliance.

b) Revenues (transferred to DIGIT by other Commission DGs and Services and other EU institutions)

Controls are in place (see annex 5) to ensure proper charge-back of services to other DGs, Services and EU institutions based on a regularly updated cost model, use of Service Level Agreements and Memorandum of Understanding, information on services and reporting. The total revenue for Charge-back is 108.94 M€. This amount corresponds to 2.32 M€ cross-sub delegations received, 88.18 M€ of co-delegations and 18.44 M€ of assigned revenue of which 8.87M€ carried-over from 2014.

The revenues of DG DIGIT are coming from Charge-back and there are no recoveries of undue payments. Therefore the error rate is less than 2% and even equal to 0%.

c) Budget implementation tasks entrusted to other DGs and entities

DG DIGIT grants cross-delegations for actions managed by other Commission services in the framework of the ISA program. In their report, the relevant AODs did not communicate any events, control results or issues which could have a material impact on assurance (Annex 10).

In conclusion, the analysis of the available control results, the assessment of the weaknesses identified and that of their relative impact on legality and regularity has not unveiled any significant weakness which could have a material impact as regards the legality and regularity of the financial operations and it is possible to 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, the DGs' estimated overall amounts at risk and their estimated future corrections are consolidated.

For DG DIGIT, the estimated <u>overall amount at risk</u>[14] for the 2015 payments made is nil. This is the AOD's best, conservative estimation of the amount of expenditure authorised during the year (230.81 M€) not in conformity with the applicable contractual and regulatory provisions at the time the payment is made.

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14 In order to calculate the weighted average error rate (AER) for the total annual expenditure in the reporting year, detected, estimated or proxy error rates have been used (<u>not</u> the RER).

The above analysis is summarised in the below **overall conclusion tables**:

Risk-types / Activities	Procurement (e.g. <u>minor</u> or major <u>values</u>)	<u>Cross-delegations</u> to other DGs (other AOXDs)	NEI, e.g. Revenues (from charge-back and implemented through procurement), Assets, OBS ((in)tangible or <u>financial assets & liabilities</u>)	Independent info from auditors (IAS, ECA) on assurance or on new/overdue critical recommendations available?	Any reservation?
Totals (coverage)	171.10 M€[15]	5.46 M€	108.94 M€	Y	No
ICO-related indicators available	RER est. 0% CEC = yes AFS = OK	RER est. 0% CEC = yes AFS = OK	Clean Mngt Decl. SAI = OK TFV = yes	No critical issue	

DG DIGIT	*Scope: payments made (FY; €)*	*Error Rate (%)*	*Amount at risk (FY; €)*	*Estimated future corrections (FY; €)*
ABB or other activity-level	as per AAR annex 3, table 2	Detected error rate, or equivalent estimate/proxy	= (2) x (3)	Avg % since 2009 [e.g. 2.0%], applied to FY payments made
Activity	171.10 M€	0 %	0	0
Overall	**171.10 M€**	**0 %**	**0 €**	**0 €**

Efficiency and Cost-effectiveness

Based on an assessment of the most relevant key indicators and control results, DG DIGIT has assessed the cost-effectiveness and the efficiency of the control system and reached a positive conclusion.

The principle of efficiency concerns the best relationship between resources employed and results achieved. 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. 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.

DIGIT has produced an estimation of the costs of the main control processes. However, since a quantitative estimation of the volume of errors prevented and detected is not available, it is not possible to quantify the related benefits, other than the amounts recovered as a result of these controls. In consequence, it is not possible to determine the cost-effectiveness of controls by comparing costs with benefits; it is necessary to consider the efficiency indicators retained. To do so, DIGIT has defined efficiency measures for the controls associated with the main core processes:

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[15] This amount represents the total of payments including cross-delegations, co-delegations and recoveries related to the charge back of services to other entities.

a) Procurement activities

For procurements, an estimated 1.475.100€ were invested in controlling 11 procurement procedures for contracts with a total value of 494.765.319€ for 2015. Thus 0.3% of the total contract value was dedicated to control and each procurement procedure has an estimated cost of control of 134.100€.

Compared to last year, this represents an increase of the proportion of total contract value dedicated to control coupled with a decrease of the estimated cost of control per transaction. The higher percentage in 2015 is due to the fact that if the total value of the procurements is lower, the number of procedures is slightly higher. Moreover, the difficulties linked to a new type of contract (e.g. cloud) and very complex contracts (e.g. STIS) have to be taken into account. Moreover a refined analysis of the resources needed for the procurement procedures took place to ensure a correct charge-back.

The procurement procedures are to a large extent a regulatory requirement which cannot be curtailed. DIGIT's procurements are serving all Commission DGs and Services and all EU Institutions and Bodies (regulatory agencies, joint undertakings). Considering the complexity of the procurement activities and the wide range of participants, the controls implemented are necessary and cannot be reduced as a significant proportion of the appropriations would be at risk in case they would not be in place (as outlined in Annex 5).

For financial circuits an estimated 4.077.600€ were invested in controlling 11.471 financial transactions[16] worth 463.356.007€. Thus 0.88% of the total amount of financial transactions executed was dedicated to control. The estimated cost of control of each financial transaction is 355€.

For supervisory measures an estimated 3.300€ were invested in controlling 27 financial transactions worth 40.036.260€. Thus 0.01% of the total values of transactions checked ex post was dedicated to control. Each transaction or procedure checked ex post has an estimated cost of control of 122€.

b) Revenues (transferred to DIGIT by other Commission DGs and Services and other EU institutions)

An estimated 396.000€ were invested in controls related to the charge-back of services to other DGs, Services and EU institutions with a total value of 108.940.000€. Thus 0.4% of the total charged-back value was dedicated to control.

The benefits of control in non-financial terms cover: better value for money, deterrent effects, efficiency gains, system improvements and, as mentioned above, compliance with regulatory provisions.

To reach a conclusion as of the relative efficiency of the controls, it is necessary to analyse the evolution of these efficiency indicators over time and/or to compare them with relevant benchmarks. Compared to the previous year, cost-efficiency indicators follow a positive trend. For procurement procedures, the increase of costs is justified by the need to properly control complex procedures in terms of high number of lots and complexity and new character (e.g. cloud) of the 2015 procedures. For financial circuits, compared to last year, these figures remain relatively stable. For supervisory measures, the increase in the cost of control per transaction – coupled with a decrease in the total amount invested in these controls - results from a decision to reduce the number of

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[16] Commitments, payments and recovery orders

transactions tested – in view of the results from previous years – and to deepen the tests performed on a limited number of transactions at potential higher risks. For revenues, the cost of controls remains stable. In addition, other efficiency indicators disclosed in annex 3 of the present report not only remain stable but still improve (time to pay represent 97% against 94% in 2014). As a result, DIGIT positively concludes on the cost/efficiency of its control procedures.

In line with the possibility foreseen in art 66.2 FR to differentiate the frequency and/or the intensity of the DG's controls by re-directing the control resources towards more stringent controls where needed while having leaner and less burdensome controls where appropriate, DIGIT has launched in 2015 the review of its control strategy with a view to improve its efficiency and effectiveness. This review will be finalised in 2016. In addition, the AOSD has instructed a specific review of specific year-end transactions in order to assess the need to reinforce controls in this more risky area.

Fraud prevention and detection

DG DIGIT has developed and implemented its own anti-fraud strategy since end 2013, elaborated on the basis of the methodology provided by OLAF. The action plan has been updated yearly through the definition of new actions - as a result of annual anti-fraud surveys – presented to Senior Management and integrated in the action plan for the reinforcement of the efficiency and effectiveness of the Internal Controls Standards. A new strategy will be drafted in 2016 based on OLAF's guidelines.

In 2015, DIGIT organised in cooperation with HR.IDOC and HR.B1 an interactive workshop on "Ethics at DIGIT". Participants representing various units of DIGIT and all categories of staff attended this workshop focused on refreshing awareness on ethics, integrity, confidentiality and whistleblowing. During the same year, a staff survey was launched to evaluate the general awareness of fraud-related issues within the DG. An in-depth analysis of the replies received show the need for additional actions that were communicated to Senior Management, in particular the provision of more information and additional training on fraud issues within DIGIT.

Each year DG DIGIT assesses the risk of fraud in the context of its risk management exercise. The fraud risks are mitigated by the specific controls implemented (see for details Annex 5). Activities and operations that are at a higher risk of fraud are subjected to more in-depth monitoring and control. During the reporting year, OLAF has not initiated any case which concerns the activities of DIGIT. One case remains open from the previous year.

DG DIGIT considers that its fraud prevention and detection strategy is working well but adjustments and improvements are always necessary.

Safeguarding of assets and information, reliability of reporting

- DIGIT is the management centre of the IT items installed in the premises of the Commission in Brussels, Luxembourg, Strasbourg and Dublin. In this capacity, DIGIT carries out several controls aiming at safeguarding the assets it purchases and manages on behalf of all the DGs and services of the Commission. Those controls include the physical check of all assets and non-assets at least every two years, itemised checks when writing off obsolete, lost or damaged goods, as well as on-going registration in ABAC Assets of all logistical movements (deliveries, moves, swaps, withdrawals, etc.) during the life cycle of the items.

- DG BUDG made follow-ups on the 7 recommendations emitted (4 Very Important and 3 Important) during the verification of the local system and one very important recommendation had already been closed in 2014. The follow-up report was received early February 2016 closing one and downgrading one very important

recommendation as well as one important recommendation. DG DIGIT considers that, with the exception of one recommendation, the other remaining open recommendations have been implemented.]

✔ In addition, controls are in place to ensure the safeguarding of information, such as for example strict procedures for granting and managing access rights and requests of security clearance of contractors in some cases.

The assessment of the weaknesses identified and that of their relative impact on legality and regularity has not unveiled any significant weakness which could have a material impact as regards the legality and regularity of the financial operations. For DG DIGIT, the estimated overall amount at risk for the 2015 payments made is nil.

Compared to the previous year, cost-efficiency indicators follow a positive trend; as a result, DIGIT positively concludes on the cost/efficiency of its control procedures. In addition the fraud risks are mitigated by the specific controls implemented and controls are in place to ensure the safeguarding of information.

	Control cost 2013 €	Total value/cost of CTRL €	Control cost 2014 €	Total value/cost of CTRL €	Control cost 2015 €	Total value/cost of CTRL €
Total costs	6,032,960	239	5,982,800	377	5,952,000	186

As a result, DIGIT considers that the controls in place are cost-effective and have not identified results or issues that could have a material impact on assurance.

2.2 Audit observations and recommendations

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

The DG is audited by both internal and external independent auditors: the Commission internal audit service (IAS) and the European Court of Auditors (ECA). Following the centralisation of audit activities under the IAS, the audits that were performed by the Internal Audit Capability (IAC) up to 2014 are now followed-up by the IAS.

IAS

2015

During the period of reference, the IAS finalised the **audit on the Management and supervision of Contracts for the Outsourced IT Services** that identified some weaknesses reflected in very important qualifications addressed to DG DIGIT who has accepted all recommendations of the auditor.

The **audit on Information Security Governance in the Commission** also took place in 2015. The four very important recommendations, addressed to the Secretariat General in cooperation with DG HR/DS and DIGIT, were accepted with the exception of recommendation 1 that IAS considers as partially accepted. The recommendations concerned mostly a need for stronger information security governance at the corporate level. The revised action plan has been sent to the IAS for acceptance on 18/02/2016 and was accepted.

Regarding the **audit on the Management and supervision of Contracts for the Outsourced IT Services**, three very important recommendations were issued to DIGIT. They relate to the need to further enhance the process ensuring a continuous delivery of value from the internal or external service providers, which would also lead to efficiency gains. The IAS considered the action plan set up by DIGIT to address the issues as satisfactory.

Previous years

As regards the implementation of recommendations issued in previous years by the IAS and the (ex-) Internal Audit Capability (whose recommendations are followed-up by the IAS since the centralisation of audit activities), DG DIGIT successfully completed the implementation of a relatively large number of audit recommendations.

In this regard, the IAS completed in December a second follow-up audit on the Charge-Back Process in the Commission. It concluded that the implementation of the last "very important" recommendation (Identification of IT services to be charged-back) was quite advanced and that the recommendation could thus be downgraded to "important". The IAS will assess the effective implementation of this recommendation together with the second remaining open recommendation (Communication of costs) in 2016.

The IAS concludes that the internal control systems audited are overall working satisfactorily although a number of very important findings remain to be addressed in line with the agreed action plans.

Particular attention will be given to the outstanding actions to be taken to improve IT and information security and to the remaining open recommendation for the Emissions Trading Scheme for which **DG CLIMA** has the lead.

The five very important recommendations, of which four relate to the management of logical access to systems (ECAS/LDAP/Windows) will also be followed closely. As the delay in implementation is mostly due to the second part of DIGIT's reorganisation, they should be finalised in 2016.

IAC

The implementation of the action plan related to the IAC audit on "External staff management" performed in 2014 had to be rescheduled due to DIGIT's reorganisation. **Two of the 3 very important recommendations are now implemented; the third one is ready for review by the auditors, together with 5 additional important recommendations.** The two remaining actions should be implemented shortly (slight delay of 3 months).

ECA

The Court of Auditors did not audit DIGIT in 2015.

However, it published one Special Report (SP) on "How do the EU institutions and bodies calculate, reduce and offset their greenhouse gas emissions?" which, while addressed to other DGs, also contained one recommendation for DIGIT concerning energy efficiency, inter alia for the data centres. It is partially implemented. In the context of the JMO move, and the consolidation of data centres foreseen in DIGIT's Management Plan, this recommendation is expected to be implemented partly in 2017 and fully in 2019.

Furthermore, DIGIT is concerned by the Preliminary Findings PF 7554 for a performance audit on public procurement by the EU Institutions where the Court refers to the roll-out of the e-procurement and e-submission tools.

As a result of the assessment of the risks underlying the auditors' observations together with the management measures taken in response the management of DG DIGIT believes that the recommendations issued do not raise any assurance implications and are being implemented as part of the on-going continuous efforts in terms of further improvements.

2.3 Assessment of the effectiveness of the internal control systems

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

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

DG DIGIT annually assesses the effectiveness of its key internal control systems, including the processes carried out by implementing bodies in accordance with the applicable Commission guidance. The assessment relies on a number of monitoring measures and sources of information including a survey-based management self-assessment; reported instances of exceptions, non-compliance events and internal control weaknesses; relevant audit findings; and the risk assessment process.

In conclusion, the internal control standards are effectively implemented and functioning. In addition, DG DIGIT has taken measures to further improve the effectiveness of its internal control systems in the area of IT security as:

- ✔ The new top management level Information Security Governance structure established at the end of 2015 provides a foundation for a prioritised and business driven development of an IT security capability.

- ✔ DIGIT's newly created IT Security Directorate with two units (policy and operations) is a priority for (resource) investments to bring it to a stable and operational level. DIGIT supports this aim in order to increase the Commission's capability for detection, preventive and responsive measures. Improved prevention and detection infrastructures and tools have been acquired and further investments are on-going.

- ✔ IT security has been identified as a priority action area in DIGIT's Strategic and Management Plan to improve IT security of corporate systems and services.

- ✔ A review and update of the IT security rules are under-way; the priority will be to improve implementation of IT security controls in a way which meets critical risks and business priorities.

- ✔ A programme to raise cyber-awareness is under development.

2.4 Conclusions as regards assurance

This section reviews the assessment of the elements reported above (in Sections 2.1, 2.2 and 2.3) and draws conclusions supporting the declaration of assurance and whether it should be qualified with reservations.

The information reported in Section 2 stems from the results of management and auditor monitoring contained in the reports listed. These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a comprehensive coverage of the budget delegated to the Director-General of DG DIGIT.

Reasonable assurance is the personal judgment of the AOD based on all information at his/her disposal. This information is structured around different pillars, composed of (1) the DG's assessment of its own activities for the management of its resources; (2) the assessment of the activities carried out by other entities to which the DG has entrusted budget implementation tasks; and (3) the assessment of the results of internal and external audits, including the implementation of audit recommendations.

No reservation is made by the AOD in this AAR.

In view of the control results and all other relevant information available, the AOD's best estimation of the risks relating to the legality and regularity for the expenditure authorised during the reporting year is 0%, which implies an amount at risk of below 0 €.

Taking into account the conclusions of the review of the elements supporting, it is possible to conclude that the internal controls systems implemented by DG DIGIT provide sufficient assurance to adequately manage the risks relating to the legality and regularity of the underlying transactions. Furthermore, it is also possible to conclude that the internal control systems provide sufficient assurance with regards to the achievement of the other internal control objectives.

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 acting Director General, in his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

3. DECLARATION OF ASSURANCE

I, the undersigned,

Acting Director-General of DG DIGIT

In my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view[17].

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 conclusion of the Internal Auditor on the state of control.

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

Brussels, 08 April 2016

(signed)

Gertrud INGESTAD

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