Annual Activity Report 2023

DIRECTORATE GENERAL
FOR DIGITAL SERVICES

DG DIGIT

European Commission

Contents

DG DIGIT IN BRIEF

Based in Brussels and Luxembourg, the **Directorate-General for Digital Services** (hereafter DIGIT) ([1]), as domain leader for Information Technology (IT) within the Commission, enables, drives and supervises the Commission's digital transformation and the transformation of its IT delivery model.

DIGIT ensures that the digital landscape in which the Commission and its stakeholders operate is robust, resilient and secure. DIGIT furthermore supports digital-ready policy making across the Commission and assists public administrations across Europe in their digital transformation journey.

DIGIT relies on the support of 632 full time statutory staff, managing expenditure of EUR 483 million ([2]). DIGIT's main areas of work are:

- Drive the Commission's digital transformation and deliver modern business solutions to the Commission departments (Directorate A, Digital Transformation) with 20% of DIGIT's statutory staff and an expenditure of EUR 78 million in 2023.

- Enable digital interoperability between member states and the EU Institutions, Bodies and Agencies (EUIBAs), provide the digital enablers to support the digital transformation of the Commission, other European Institutions and public administrations as well as develop and implement policy in the area of interoperability and digital government (Directorate B, Digital Enablers and Innovation), with 16% of DIGIT's statutory staff and an expenditure of EUR 104 million in 2023.

- Provide corporate IT, telecommunication equipment and solutions, information systems and infrastructure services to Commission departments (Directorate C, Digital Workplace and Infrastructure), with 28% of DIGIT's statutory staff and an expenditure of EUR 237 million in 2023.

- Manage DIGIT's resources and administrative functions, including organisational change, communications, budget, finance, procurement and contracts (Directorate R, Change Management and Resources), with 19% of DIGIT's statutory staff and an expenditure of EUR 2 million in 2023.

- Protect the Commission's staff and resources from cyberthreats, respond to cybersecurity incidents, assist the departments in putting in place protective measures and promote cybersecurity culture (Directorate S, Cybersecurity), with 7% of DIGIT's statutory staff and an expenditure of EUR 30 million in 2023.

- Respond to information security incidents and cyber threats across all EUIBAs (CERT-EU, the Computer Emergency Response Team for the EUIBAs), with 8% of DIGIT's statutory staff and an expenditure of EUR 9 million in 2023 ([3]).

([1]) Following a reorganisation, which took place in 2023, DIGIT's name changed from DG Informatics to DG for Digital Services, effective from 1 November 2023. The acronym DIGIT remains.
([2]) Payments made in 2023; see Annex 3 for details.
([3]) CERT-EU is an interinstitutional service first established in 2012. It is administratively attached to DIGIT, but draws up its work plan separately and reports to an inter-institutional Steering Board.

EXECUTIVE SUMMARY

This Annual Activity Report (AAR) is a management report of the Director-General of DIGIT 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 Treaties ([4]).

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

DIGIT is the **IT solution provider** for the European Commission departments ([5]), providing technical services like solution development, data centres and network connectivity. In recent years, and continuing in 2023, DIGIT evolved this role towards becoming the driving force in the **digital transformation of the Commission** and becoming a **trusted advisor in all matters digital**, including digital aspects of policy making.

DIGIT contributes significantly to two of the Commission's political objectives, "**A modern, high-performing and sustainable European Public Administration**" (Objective 7), and "**A Europe fit for the Digital Age**" (Objective 2).

1.1.1. A modern, high-performing and sustainable European Public Administration

DIGIT develops **software solutions and applications** for many administrative functions within the Commission. In 2023, together with the competent departments, DIGIT worked on major transformation initiatives in the areas of Human Resources management, financial management, document management, the management of the legislative lifecycle and other areas, and delivered most of the major planned outputs within the given timelines and budgets.

In another important workstream, DIGIT helps to **manage and exploit data, information and knowledge** held across the Commission. For example, in 2023 DIGIT further improved the platform for the Commission's web presence and other public facing platforms, simplified the range of collaboration tools available to staff , and progressed significantly in the modernisation of the internal communication platform (My Intracomm). Furthermore in 2023 DIGIT drafted a **communication on Artificial Intelligence in the Commission**

([4]) Article 17(1) of the Treaty on European Union.
([5]) For the purpose of this report 'Commission departments' refers to Directorates-General (DG) and other organisational entities of the European Commission, including the Cabinets.

(AI@EC), laying down a strategic vision to foster the development and use of lawful, safe and trustworthy AI systems in the Commission.

Throughout 2023, DIGIT further adapted its **delivery model**, i.e. its specific structures, operating model, practices, approaches and capacities to support the Commission. Customer-facing improvements in this area include a revamped service catalogue and new advisory services, while behind the scenes DIGIT evolved the Dual Pillar Approach (DPA, balancing the building of solutions in-house and procuring from the market) and its DevSecOps practices, all of which support the Commission's **Digital Transformation**.

Cybersecurity remained a major challenge throughout 2023 and DIGIT responded by upgrading its technical capabilities in this area, improved cybersecurity offerings for other DGs, and continued to promote a strong cybersecurity culture. A major success in cybersecurity is the adoption of the 'Regulation laying down measures for a high common level of cybersecurity at the institutions, bodies, offices and agencies of the Union' [6], developed with significant input from DIGIT and adopted by the co-legislators in December 2023.

In the area of **infrastructure**, DIGIT rolled out its Cloud Deployment Model (CDM), a seamless, secure integration between cloud-based and on-premises IT services. As a result of this and other Cloud activities, the **use of cloud infrastructure services increased from 11% to 17%** (end 2022 to end 2023) for all Commission's and Executive Agencies' IT systems). **For Commission staff** - as end users of DIGIT's services - DIGIT adapted the IT support offerings to the new "post-COVID" ways of working in the Commission, for example with "walk-in" IT hubs and a new IT Equipment Allocation policy. **Staff satisfaction with the Digital Workplace services was 91%.**

1.1.2. A Europe fit for the Digital Age

In 2022, the Commission adopted its proposal for the **Interoperable Europe Act** [7], followed by negotiations with the co-legislators and resulting in an agreement at the end of 2023. Official adoption of the act is expected in the first half of 2024. The act sets the foundation for an interoperable Europe and establishes a new cooperation framework for public administrations across the EU, facilitating digital public services that work across borders and sectors. The Regulation will help make EU policymaking "digital-ready" and "interoperable by design". **Throughout 2023, DIGIT supported the co-legislators in the negotiation of the Act and prepared for its implementation** by developing services, tools and governance structures, funded through the Digital Europe Programme (DEP).

On a more technical level, DIGIT continued to provide **TESTA** services, the **secure terrestrial communication network service** across public administrations and EUIBAs, which is

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[6]   Regulation 2023/2841 - published in the Official Journal of the European Union on 18th December 2023 and entered into force on 7th January 2024 (Regulation – EU – 2023/2841 – EN – EUR-Lex (europa.eu)

[7]   New Interoperable Europe Act (europa.eu)

indispensable for secure, reliable communication between Member States and EUIBAs. DIGIT updated the service infrastructure to mitigate risks and assure high quality of the service.

DIGIT also developed further its solutions for digital identity, access management and electronic signature, and continued to provide them to other institutions. As a result, additional EUIBAs adopted DIGIT's solutions in this area.

B. Key performance indicators

The key performance indicators (KPIs) originate from the DIGIT Strategic Plan 2020-2024.

KPI	2023 results
KPI 1: Overall Satisfaction level of the end users with the digital workplace (DWP) solutions provided by DIGIT Linked to Specific Objective 7.5: The Commission is a resilient public administration with a performing digital infrastructure and a fit-for-purpose digital workplace	Metric: Evolution of satisfaction with DWP elements (in %): 2020: 93% 2021: 89% 2022: 91% 2023: 91% Source: European Commission, DG DIGIT
KPI 2: Progress in the capacity of Cyber Awareness programme to reach out to staff Linked to Specific Objective 7.4: A Commission resilient to ever evolving digital security threats	Metric: Cyber Awareness programme reach out to staff (in %). Baseline (2019): 15% Interim Milestone (2022): 25% Target (2024): 35% Latest known result (2023): 36% Source: European Commission, DG DIGIT
KPI 3: Data, information and knowledge maturity progression Linked to Specific Objective 7.2: The Commission exploits the potential of data, information, knowledge and content management for policy shaping, communication, citizens and staff engagement	Metric: DIGIT's Progression Maturity level ([8]) Baseline 2020: 24% Target end of 2023: Increase Latest known result: 38% (Level 2 – Reactive), i.e. the maturity level increased Source: European Commission, DG DIGIT
KPI 4: Residual Error Rate (compulsory corporate indicator)	Metric: Amount at risk – Residual Error Rate (RER) Target: Residual Error Rate should be lower than 2% Result: RER below 2% (0,5% estimated for 2023) Source: European Commission, DG DIGIT

([8])   Further details on this indicator are available in Annex 2 of this report.

C. Key conclusions on internal control and financial management

In line with the Commission's Internal Control Framework, DG DIGIT has assessed its internal control system during the reporting year and has concluded that it is effective. The components and principles are present and are overall functioning well, but some improvements are needed as minor deficiencies were identified related to internal control principles 12 and 13 ([9]). Please refer to annual activity report section 2.3 for further details.

In addition, DG DIGIT has systematically examined the available control results and indicators, as well as the observations and recommendations issued by the internal auditor and the European Court of Auditors. These elements have been assessed to determine their impact on management's assurance about the achievement of the control objectives. Please refer to section 2 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 her capacity as Authorising Officer by Delegation, has signed the Declaration of Assurance.

([9])   Principle 12: The Commission deploys control activities through corporate policies that establish what is expected and in procedures that put policies into action.
Principle 13: The Commission obtains or generates and uses relevant quality information to support the functioning of internal control.

D. Provision of information to the Commissioner(s)

In the context of the regular meetings during the year between DG DIGIT and the Commissioner on management matters, the main elements of this report and assurance declaration have been brought to the attention of Commissioner HAHN, responsible for Budget and Administration.

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

1.1. General objective 7: A modern, high-performing and sustainable European Public Administration

1.1.1. Specific objective 7.1: A portfolio of secure, state-of–the-art corporate digital solutions developed in partnership supports the Commission's political priorities

The digital transformation of core corporate business processes is crucial to shape **a digital Commission fit for the digital age**. This implies strong business rationalisation, simplification and streamlining to support and empower all Commission services. DIGIT, and the digital communities of the Commission, drive and facilitate this transformation, exploiting fully the capabilities offered by digital technologies and unlocking the potential of the Commission's data, which leads to efficiency gains and value creation.

A successful digital transformation requires **close cooperation between DIGIT and partner DGs,** whose core business processes are at the forefront of operating the Commission. To facilitate this process, DIGIT has agreed with key partners a set of annual work plans which focus on delivering flagship digital solutions in the domain of human resources, document management, decision making, procurement, grants, etc.

In particular, in 2023:

- In the **human resources management domain**, DIGIT continued to support the HR Transformation programme in partnership with the Directorate-General for Human Resources and Security (DG HR), the Paymaster Office (PMO) and the European Personnel Selection Office (EPSO). In 2023, the programme worked on the business areas of service desk, pre-selection, on-boarding of staff and disciplinary case management, which are due for deployment in the first half of 2024.

- In the **Document Management domain**, DIGIT continued to focus on the development of the Hermes-Ares-NomCom platform (HAN), owned by the Secretariat-General (SG) and provided by DIGIT. In 2023, HAN was adopted by six additional EUIBAs, bringing the total number of EUIBAs using the platform to 33. Two new AresBridge integrations were implemented (one of them being the generic

integration with SharePoint Online sites), and three new HRS ([10]) client applications were integrated with HAN. To support the platform's expected growth, DIGIT put in place measures to optimise its performance, scalability, security and resilience, and also conducted a HAN simplification analysis in view of the future HAN transformation. Improvements to NomCom and the retention list management ([11]) were implemented to better support long-term preservation. Long-term preservation actions also include continuing the replacement of the Commission's archives management system which started in previous years, as well as the development of additional solutions to support digital preservation.

- In the **Legislative lifecycle management** domain, DIGIT continued the development of EdiT/LEOS (Legislation Editing Open Software), a flagship open-source project which facilitates the drafting of legislative texts. This innovative tool increases the efficiency of the legislative process, enhances interoperability and fosters the seamless cooperation between different actors in the EU Institutions and in Member States. The integration of EdiT in Decide (the legislative platform of the Commission) continued in 2023. DIGIT also reached out to Member States to explore the use and co-design/co-development of LEOS, which is made available to public administrations across Europe who can adapt it to their specific needs.

Fostering reuse is another key enabler of digital transformation, and to this aim DIGIT provides the **Reusable Solution Platform (RSP)**, a set of IT building blocks which DIGIT makes available to all Commission departments to incorporate into their own IT solutions, for example for user authentication (EU Login) or electronic signature (EU Sign). The RSP building blocks are cost-effective, interoperable and trustworthy. They encourage reuse and standardisation, while also enabling a consistent user experience, reducing redundancy, and reinforcing security. In 2023, the RSP was enhanced in accordance with the RSP work plan, which was endorsed by the Information Technology and Cybersecurity Board (ITCB). The success and the added value brought by the RSP is regularly measured in terms of cost avoidance of Full Time Equivalents (FTEs), which amounted to **savings of 447 FTE** at the end of 2023, which exceeds targets. This shows how reusing existing solutions can speed up delivery time and lower development costs for all DGs.

1.1.2. Specific objective 7.2: The Commission exploits the potential of data, information, knowledge and content management for policy shaping, communication, citizens and staff engagement

To become a modern, more efficient and user-centric institution, the Commission needs to **exploit the potential deriving from data, information, knowledge and content management**, all of which enable collaboration, communication and engagement. DIGIT

([10]) Hermes Repository Services, the web services layer through which applications integrate with the HAN platform.

([11]) The Common Retention List is a regulatory document in the form of a retention schedule that sets the retention periods for the different types of Commission files.

contributes to the development of a corporate ecosystem and technical platforms which can fully unleash the potential of data, information, knowledge and content management.

The main outcome of this objective is a set of **platforms, implemented by DIGIT, to support the Commission's data, information, knowledge and content ecosystem**, internally and externally. The priority in 2023 was to ensure continuity of service in line with Service Level Agreements (SLA), plus to further improve some of these platforms, specifically:

- The **EC corporate data platform** (ECDP, as implementation of the DataStrategy@EC for the set-up of the EC data ecosystem). DIGIT introduced ECDP services based in the public cloud. Parts of the BI@EC action plan (Business Intelligence) were postponed to 2024 in light of opportunities created by the reorganisation of DIGIT.

- The **Future of Europe** online platform and solutions such as **EU Survey** to enable engagement with EU citizens. In particular, the '**Have Your Say**' portal was enriched with a support service for a number of citizens' assemblies, based on the Future of Europe online platform. This makes the platform an integral part of the Commission's consultation mechanisms. DIGIT is responsible for operating and maintaining this platform.

- The **EC Collaborative platform** (comprising M365, CIRCABC and Wikis) for collaboration and staff engagement and **My IntraComm** for internal communication, where under the Single Integrated Framework for Collaboration initiative (SIFC) DIGIT consolidated the number of platforms and supported customers in moving content to the cloud.

The above-mentioned technical platforms play a key role as enablers for the digital transformation of the Commission.

DIGIT also launched the **digital innovation framework**, a simplified governance structure, enablers and procedures to facilitate the uptake of emerging technologies in the Commission.

1.1.3. Specific objective 7.3: A digital delivery model supports the Commission as a world-class agile and collaborative 'open administration'

The Commission will become a digitally transformed, user-focused and data-driven administration only if its digital delivery model evolves to foster agility, co-creation and innovation. This delivery model should be based on an inclusive approach, incorporating contributions from all DGs to make IT development more consistent across the institution.

The endorsement of the **Dual Pillar Approach** (DPA) in 2022 paved the way for a simplified and more coherent delivery of corporate digital solutions. In 2023, DIGIT focussed on shaping the services needed to build and maintain a modern IT portfolio based

on the DPA principles. Importance was given to the complementary role played by the Reusable Solutions Platform (RSP) ([12]) in promoting re-use and leveraging ready-made market solutions as first choice. **DIGIT's Service Catalogue** also evolved to be better aligned with the requirements of the DPA.

To improve the Commission's security posture, and to reduce the technical debt while accelerating the delivery of features to the business, DIGIT also modernised the platform that supports the delivery of information systems (**DevSecOps**), and defined a corporate pipeline to facilitate the on-boarding of new DGs.

DIGIT furthermore strengthened the **advisory services it provides to other DGs**, e.g. concerning the analysis of IT portfolios and tailored roadmaps for increasing the maturity of solutions and technical components. Along with its reorganisation in 2023, DIGIT established the Central Advisory Hub (CAH), a new digital advisory function and entry point for other Commission departments on digital matters.

Finally, DIGIT continued to implement the **open-source strategy of the Commission**. The actions executed in 2023 include the implementation and delivery of a set of tools enabling a stronger culture of sharing and openness across the Commission.

1.1.4. Specific objective 7.4: A Commission resilient to ever evolving digital security threats

Securing the evolving digital working environment of the Commission remained one of the challenges for DIGIT. Consequently, in 2023 the **continuous improvement of the corporate cybersecurity posture** was one of DIGIT's priorities.

The Commission's digital transformation comes with an increased attack surface, which exposes the institution to an ever-evolving threat landscape: The adoption of innovative technologies and process automation changes the way in which information is accessed and processed across the Commission, leading to new vulnerabilities. Attackers are also using new technologies, which escape the traditional types of detection, for instance by using automation. **The key challenge is therefore to adapt DIGIT's security solutions to new work patterns** that take into consideration our **collaboration methods, mobility** (which implies the use of multiple devices at work, at home and on the go), **and cloud**.

In 2023, DIGIT's priorities and pertaining outcomes in digital security were therefore the following:

- **Support the IT Security Governance** – DIGIT revised the corporate IT Security Strategy, created periodic reports for key stakeholders and introduced an IT security risk and maturity assessment framework to reinforce the IT security governance in the Commission. Additionally, DIGIT increased the **cybersecurity situational**

([12]) For further details about the RSP see section 7.1, as the RSP drives mainly objective 7.1.

awareness of the institution by informing about the evolution of cybersecurity threats, by sharing technical knowledge and expertise, and by reporting through the IT Security and Risk Reports (ITSRR).

- **Drive the implementation of Cybersecurity Regulation in the Commission** ([13]) (adopted by the co-legislators in December 2023 and entering into force in January 2024). The regulation stimulates interinstitutional cooperation in cybersecurity. DIGIT will play a key role in its implementation.

- **Enforce Cybersecurity Culture (awareness, training and exercises)** – by implementing the Cyber Aware Programme. In 2023, DIGIT launched four phishing exercises at corporate level and offered cybersecurity awareness raising sessions to all Commission staff, reaching 36% (i.e. exceeding the target of 30%).

- **Deliver an IT Security continuous improvement approach** – by offering a centralised service which supports DGs in implementing lessons learnt from IT security incidents and offering advisory and consultation services to DGs in view of improving their IT security posture. In addition, DIGIT delivered to its c-LISO ([14]) customers periodic tailored reports that provide information on IT security threats, risks, incidents and ongoing actions.

- **Protect and defend the institution** – by extending and developing services in the area of cybersecurity monitoring, detection and incident response. In particular, the corporate capability to manage cybersecurity incidents was reinforced by implementing playbooks in the security orchestration, automation and response platform (SOAR). More detection rules were automated, and now automated rules play a bigger role in improving the efficiency of the corporate Cyber Incident Response capability. In the area of threat intelligence, DIGIT explored new strategies to exploit the threat intelligence feeds currently provided by CERT-EU. A mature Red Team service offering was established to test the Commission's own cyber defences.

1.1.5. Specific objective 7.5: The Commission is a resilient public administration with a performing digital infrastructure and a fit-for-purpose Digital Workplace (DWP)

In 2023, DIGIT continued to evolve the corporate IT infrastructure, with a particular emphasis on **cloud**. DIGIT rolled out its Cloud Deployment Model (CDM), a seamless, secure integration between cloud-based and on-premises IT services. This stimulated other Directorates-General to migrate more of their existing information systems to the cloud, while it allows DIGIT to deliver its own hosting services through the same model, and it supports DevSecOps across the Commission to "Build in the cloud, deploy and run anywhere".

([13]) https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202302841

([14]) Centralised Local Informatics Security Officer, a service which offers to DGs the outsourcing of their LISO function to DIGIT.

DIGIT improved cloud security with Managed Landing Zones, including technical controls and services for the processing of Sensitive Non-Classified (SNC) data.

With two outreach activities, the "Tour des DGs" and the "Cloudification programme", DIGIT proactively and consistently supported other Directorates-General in their cloud transition.

As a result, the total **share of IT systems that are using cloud infrastructure services** (out of the total number of IT systems) for the European Commission and Executive Agencies has **increased year-on-year from 11% to 17%**.

In the **Digital Workplace,** DIGIT adapted its support model to the new "post-COVID" ways of working in the Commission. Changes include the new "walk-in" IT hubs, revamped VIP support, streamlined onboarding for newcomers and a new IT Equipment Allocation Policy. The annual IT survey shows that all of these are highly appreciated by users.

DIGIT also completed the rollout of WELCOME, the digital environment of the Commission that is designed for remote and hybrid work, to all headquarter staff.

Other changes and improvements took place behind the scenes, for example revamping Identity and Access Management and modernising the tools that are used for Service Desk and Asset Management, all of which resulted in simplification and improved security of the Digital Workplace.

As a result, staff satisfaction with the IT helpdesk reached 94% and with corporate equipment 86%. The **overall satisfaction with the Digital Workplace services was 91%**.

1.2. General objective 2: A Europe fit for the Digital Age

1.2.1. Specific objective 2.1: The Commission implements its EU-wide policies through high-quality, trusted, borderless digital public services that facilitate free flow of data and boost the digital single market

DIGIT has at its disposal well-established tools and solid know-how on the implementation of EU policies and modernisation of administrations and businesses. In this context, **interoperability** is crucial for making Europe fit for the digital age. Since 2021, interoperability policy design and implementation actions are funded via the **Digital Europe Programme**.

In 2022, the Commission proposed the **Interoperable Europe Act** [15]. In 2023, the co-legislators reached an agreement, and the official adoption is expected in the first half of

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[15]   New Interoperable Europe Act (europa.eu)

2024. The act sets the foundation for an interoperable Europe and establishes a new cooperation framework for public administrations across the EU. The aim is to support the design and rollout of digital public services that work seamlessly across borders and sectors. The Regulation will help make EU policymaking "digital-ready" and "interoperable by design". It will also give a mandate to Member States and the Commission to **jointly propose and develop interoperability solutions** (in a common catalogue), to run pilot projects, to **stimulate public/private GovTech experimentation**, and to **support policy sectors (e.g. health, education) in their digital transformation**. In addition, it requires EU entities and public sector bodies at all levels to perform interoperability assessments to identity opportunities and barriers to interoperability and cross-border data flows. As such, the regulation will contribute to the digital transformation of the Commission, EU entities and public administrations across the EU. **Throughout 2023, DIGIT supported the co-legislators in the negotiation of the Act, and DIGIT prepared for the implementation of the Act**.

Pertinent actions included:

- The development of a methodology and tools for digital-ready policy making and interoperability assessments;
- The set up of the Interoperable Europe Portal (JOINUP), a one-stop-shop for interoperability solutions and communication ([16]);
- The set up of the Interoperable Europe Board and Community, a governance structure for cross-border interoperability;
- The provision of advisory services and tools for interoperability (through the Interoperable Europe Support Centre), and support to Data Spaces (through the SEMIC Support Centre).

The Interoperable Europe Act and supporting tools, financed via the Digital Europe Programme, reinforced DIGIT's advisory role not only vis-à-vis ICT teams but also to policymakers working on files in the digital domain or with a digital dimension.

1.2.2. Specific objective 2.2: Trans-European systems deliver user-centric and reusable digital solutions, supporting EU-wide public services

Digital Solutions for EU-wide services are large-scale IT systems supporting the implementation of EU policies, delivering user-centric and reusable digital solutions, which support EU-wide public services. The governance and responsibilities for the implementation and operation of these systems are distributed and done in collaboration between the Commission and the Member States.

([16]) Interoperable Europe | Joinup (europa.eu)

In 2023, DIGIT continued to provide **TESTA** services (the secure terrestrial communication network service across public administrations and EUIBAs) to the participating entities. The service infrastructure was updated to mitigate risks and assure continuity and high quality of the service.

DIGIT continued its work on **solutions for digital identity and access management**. As a result, additional EUIBAs adopted DIGIT's Digital Trust Services for authentication, authorisation and signature, such as EU Login, EU Access and EU Sign.

DIGIT also worked closely with policy-making departments to implement Commission policies and legislation, in particular with regards to digital public administration and the Digital Single Market. For example, in 2023 the Commission launched an initiative to digitalise company law ([17]). In this context and in co-operation with the Directorate-General for Justice and Consumers (DG JUST), DIGIT contributed to the implementation of the **Mobility Directive** ([18]) for the exchange of data between business registers, which concern companies merging, dividing or converting cross-border. The information obtained about cross-border operations is made available in the Business Registers Interconnection System (BRIS). In this way, the Directive enhances cross-border data exchange, boosts the digital Single Market, and overall **contributes to borderless digital public services**.

([17]) Commission Work Programme 2023, annex 1, objective 17, see 2023 Commission work programme.
([18]) Directive (EU) 2019/2121 of the European Parliament and of the Council of 27 November 2019 amending Directive (EU) 2017/1132 as regards cross-border conversions, mergers and divisions.

2. INTERNAL CONTROL AND FINANCIAL MANAGEMENT

Assurance is provided on the basis of information on the efficiency and effectiveness of internal control systems and governance processes. The management monitors the functioning of the internal control systems on a continuous basis and carries out an objective examination with internal and external auditors. The results are explicitly documented and reported to the Director-General. The following reports / documentation have been considered:

- the reports from the Authorising Officers by Sub-Delegation (AOSDs);
- the reports from Authorising Officers in other departments managing budget appropriations in cross sub-delegation;
- the contribution by the Director in charge of Risk Management and Internal Control, including the results of internal control monitoring at department level;
- the reports on recorded exceptions, non-compliance events and any cases of 'confirmation of instructions' (Art 92.3 FR);
- the reports on ex post supervision and/or audit results;
- the limited conclusion of the Internal Auditor on the state of internal control, and the observations and recommendations reported by the Internal Audit Service (IAS);
- the observations and the recommendations reported by the European Court of Auditors (ECA).

The systematic analysis of the available evidence provides sufficient guarantees as to the completeness and reliability of the information reported and results in the full coverage of the budget delegated to the Director-General of DG DIGIT.

This section covers the control results and other relevant elements that support management's assurance. It is structured into 2.1. Control results, 2.2. Audit observations and recommendations, 2.3. Effectiveness of internal control systems and resulting in 2.4. Conclusions on the assurance.

2.1. Control results

This section reports on the control results used by management to support the assurance on the achievement of the internal control objectives (ICO) ([19]). DG DIGIT's assurance building and materiality criteria are outlined in annual activity report annex 5. The annual activity report annex 6 outlines the main risks together with the control processes to

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([19]) 1) Effectiveness, efficiency and economy of operations; 2) reliability of reporting; 3) safeguarding of assets and information; 4) prevention, detection, correction and follow-up of fraud and irregularities; and 5) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 36.2). The 2nd and/or 3rd Internal Control Objective(s) (ICO) only when applicable, given the DG's activities.

mitigate them and the indicators used to measure the performance of the relevant control systems.

Risk-type / Activities	Procurement (e.g. minor or major values) (m EUR)	Other (m EUR)	Total Expenditure (m EUR)	NEI, Revenues, Assets (m EUR)
Activity 1 – Procurement	3 878,60			
Activity 2 – Commitments made		531,57		
Activity 3 – Payments made			483,09	
Activity 4 – Revenue (Chargeback)				286,82
Activity 5 – Assets				42,87
TOTALS (coverage) (m EUR)			**483,09**	
Links to AAR Annex 3	*Table 12 – Summary of procedures*	*Table 1 - Commitments*	*Table 2 – Payments Overall total*	

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

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

2.1.1. Effectiveness of controls

a) Legality and regularity of the transactions

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

1) Control objective

The objective is to ensure that the DG has reasonable assurance that the total amount of financial operations, authorised during the reporting year, which would not be in conformity

with the applicable contractual or regulatory provisions does not exceed 2% of the total expenditure (see Annex 5 – Materiality criteria).

Annex 6 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems. It refers to the resources managed by DG DIGIT: Procurement and Revenues (chargeback services) in 2023.

2) Assessment of the control results

a) Procurement

During 2023, 11 procurement procedures were fully executed for a total value of EUR 3 878 600 632,46.

Procedure Legal base	Number of Procedures	Amount (EUR)	% of total value
Negotiated procedure without prior publication (Annex 1 – 11.1)	4	352 813 956,34	9,10%
Open procedure (FR 164 (1)(a))	1	561 647 093,68	14,48%
Restricted procedure with Dynamic purchasing system (FR 164 (1)(b))	6	2 964 139 582,44	76,42%
TOTAL	11	3 878 600 632,46	100%

The procurement needs were thoroughly defined and planned (operationally and economically). The DIGIT Procurement Board, chaired by the Director-General, discussed and approved the related procurement procedures (EUR 140 000 or above). Additionally, AO(S)Ds validated all planned procurement procedures before launching the process. During the year, five procurement procedures were cancelled after their launch, in one case because no admissible tenders were received, in two cases to safeguard the principles of equal treatment, non-discrimination, transparency, and broadest possible competition, in another case due to the wording used in one of the questions of the technical questionnaires, and lastly because, due to reasons outside the control of the Contracting Authorities, their needs would no longer be addressed with the conclusion of the procurement procedure and signature of the resulting framework contract.

During the procurement process, the exclusion criteria are applied and well documented; Early Detection and Exclusion System (EDES) is checked. Furthermore, once at award phase, most procurement procedures are communicated to the GAMA (Groupe d'Analyse des Marchés), which selects some procurement procedures for examination, after a risk-based assessment. This risk assessment relies on a combination of three criteria: type of procedure, number of offers received and financial volume of the awarded market.

The benefits of the controls in place at planning and validation phase, though not quantifiable, are numerous and effective: better value for money, deterrent effect,

efficiency gains, system improvements, compliance with regulatory provisions. They have also proved effective in limiting litigation risks and risks of cancellation of a tender over the past years, which were however only mildly mitigated in 2023, as 6 complaints (all for the same procedure) and 1 litigation case were received.

DIGIT controls financial transactions as a whole from committing to paying the amount. The total amount of 2023 commitment appropriations authorised represents EUR 586 841 345,19, the execution rate of these appropriations for 2023 is 90,58%, which represents EUR 531 572 413,55. The remaining appropriations will be executed in 2024. The authorised payment appropriations, including the amounts carried over from 2022, represent EUR 713 789 703,16. Payments made during the financial year amounted to EUR 483 091 057,82, which represents an execution rate of 67,68%.

During 2023, 98,65% of DIGIT payments were made on time, with an average payment time of 13,64 days. 852 payments were suspended for an average suspension period of 28 days.

	Amount (EUR)	Number
Commitments made	531 572 413,55	3 851
Payments made	483 091 057,82	9 714
TOTAL	**1 014 663 471,37**	**13 565**

Ex ante controls have been performed on 100% of payments to detect and correct any procedural errors with or without financial impact. This has allowed payments to be free of financial material error. The majority of errors detected (ex ante) was of a procedural nature and corrected before payment. This confirms the strong deterrent effect that ex ante controls have on financial transactions.

DIGIT's ex post control methodology offers the possibility to perform specific ex post control exercises, based on the issues detected by the ex ante control and/or during the IAS/ECA audits. The scope of control exercise takes into account the risk of fraud and other risk factors. It can as well relate to events notified in the exception/non-compliance register. For the 2023 ex post control exercise, it was decided to carry out the control on a randomly selected sample of 30 payments made during 2023, and the commitments linked to them. This sample was selected using the Monetary Unit Sampling (MUS) standard approach, a statistical sampling method. The total amount controlled was EUR 26 505 862,35 representing 5,48% of the total amount paid. The results of these controls provided assurance on the legality and regularity of the payments.

The financial management process provides for a decentralisation of the function of AOSD for commitments in DIGIT. In 2023, 100% of the 3 851 commitments were submitted to ex ante controls to detect and correct any procedural errors with or without financial impact. The operational units are responsible for the operational initiation and verification of commitments. The finance unit performs the financial initiation and verification, it ensures the creation of the budgetary commitment and the signature process for specific contracts.

100% of commitments and contracts undergo ex ante controls before the signature. The finance unit also ensures that the contract execution is 'certified correct', which is provided by the operational units; 100% of payments undergo ex ante control.

During the reporting year, 174 non-compliance events were recorded, without an impact on the legality and regularity of the underlying transactions. Apart from technical or procedural errors, these events mostly concerned 'saisine a posteriori'. Most of them consisted of 2023 budgeted expenditures corrected during the same financial year; this is a formal compliance issue that does not have a negative impact on the budget. Furthermore, all non-compliance events concerned expenditures that were foreseen, budgeted and covered work duly performed, therefore due.

Also, 39 exception events were recorded in 2023. The significant part of these events concerned specific contracts for external service providers, which needed exceptional extensions of durations that were approved prior to their expiration.

Compared to last year, while the number of exception events decreased in 2023, (85 exception events recorded in 2022), the number of non-compliance events increased (139 non-compliance events recorded in 2022). The total number of events this year (213) remains therefore comparable to 2022 (224).

When it comes to the typology of 2023 non-compliance and exception events, a particularly high number of events still pertain to the category of Specific Contracts of external service providers, specifically their extensions, late renewals or overlaps. This shows that the awareness raising measures implemented in previous years need to be further strengthened. When it comes to late renewals of software licences contracts, their number has slightly decreased (32 events recorded in 2023, 44 events recorded in 2022).

The breakdown of all non-compliance and exception events recorded in 2023, per type is presented below:

- 76,53% of events relate to the Specific Contracts for External Service Providers (mainly questions of late renewals, overlaps, etc.),
- 15,02% of events relate to the late renewal of software licenses or maintenance of those licenses,
- 1,88% of events relate to the late renewal of hardware maintenance contracts,
- the remaining 6,57% of events concerned a variety of other issues, such as other types of contracts, commitments, subscriptions or software purchases. It also contained notes regarding the planning of events.

b) Revenues (Chargeback)

The revenues of DIGIT concern services provided internally to other Commission departments and services, and those provided externally to other EUIBAs. This process consists essentially of a series of sub-processes such as delivery of services, cost calculation and charge back.

To steer and control the process, a common framework has been set up, inspired by the following principles, stemming from the Commission internal guidance on the chargeback process:

- The obligation to provide the services equally to all clients in terms of quality, timing and deliverables,
- 'No-Profit': the provision of services should not result in a surplus,
- Administrative cost-efficiency: the administrative costs resulting from the management of the process should be kept to the minimum.

The modalities of the provision of services offered in the catalogue are agreed by the parties in a Service Level Agreement (SLA) or Memorandum of Understanding (MoU).

For services provided by DIGIT to other Commission departments and services (Internal), the preferred financial mechanism is to make the appropriations available through the Type II co-delegation. It allows for simple and timely access to the resources and ensures a clear and direct accountability line for the management of the expenditure. This co-delegation mechanism requires a prior written agreement between the two services. Responsibility for the use of budget appropriations remains with the AOD of the client. The co-delegation must be foreseen in Annex I to the Internal Rules.

For services provided by DIGIT to other EUIBAs (External), the arrangements agreed aim to ensure transparency and predictability in the use of resources, namely by making budget forecasts available on time and avoiding sudden and substantive price revisions. The authorising officers of all EUIBAs involved, remain accountable for the implementation of the actions and appropriations for which they are responsible under the cost recovery process in accordance with existing rules. As a rule, the funds recovered will be earmarked as assigned revenue on the budget lines of the Commission initially supporting the costs.

In 2023, DIGIT collected a total amount of EUR 286 824 839,76 of charge back of services.

	Amount ([20]) (EUR)
Charge back of services **(Internal – collected through co-delegations)**	197 006 355,76
Charge back of services **(External – collected through Recovery Orders)**	79 680 301
Charge back of services **(Internal – collected through Recovery Orders)**	10 138 183
TOTAL	**286 824 839,76**

c) Operational budget implementation tasks entrusted to other DGs

DG DIGIT co-delegates its operational budget for actions managed by other Commission services under the Interoperability Solutions for public administrations, businesses and citizens programme (ISA2) and the Digital Europe Programme (DEP). With the current MFF, the ISA² programme entered in completion mode, and the payments done within this

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[20] These amounts represent the chargeback generated in 2023. Nevertheless, part of this can be linked to 2022 activities (late cashing) or 2024 activities (advance payment).

framework relate to remaining obligations. In 2023, DG DIGIT granted 13 co–delegations and 2 cross sub-delegations to other Commission services, on which EUR 3 789 296,28 of payments were made. The terms of the cross sub-delegation agreements require the authorising officers by delegation (AODs) to whom powers have been sub-delegated, to report on the use of the budget appropriations made available to them. In their report, the AODs did not communicate any events, control results or issues, which could have a material impact on the assurance.

3) Overview of DG DIGIT risk profile

DG DIGIT's portfolio consists of segments with a relatively low error rate, i.e. 0,5%, for administrative expenditure ([21]).

This is, respectively, thanks to the inherent risk profile of the expenditure managed by the DG, which is centralised and with a direct mode of budget implementation, and the performance of the related control systems (see Annex 6).

4) Table X: Estimated risk at payment and at closure

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

Table X: Estimated risk at payment and at closure (amounts in EUR million)
The full detailed version of the table is provided in annex 9.

DG DIGIT	Payments made	Relevant expenditure	Estimated risk (error rate %) at payment		Estimated future corrections and deductions		Estimated risk (error rate %) at closure	
	m EUR	m EUR	m EUR	%	m EUR	%	m EUR	%
Payments made	483,09	481,62	2,41	0,50%	0,00	0,00%	2,41	0,50%
DG total	**483,09**	**481,62**	**2,41**	**0,50%**	**0,00**	**0,00%**	**2,41**	**0,50%**

The estimated overall risk at payment for 2023 expenditure, 0,5%, is the AOD's best conservative estimate of the amount of relevant expenditure during the year, not in conformity with the contractual and regulatory provisions applicable at the time the payment was made. This expenditure will subsequently be subject to ex post controls and a proportion of the underlying errors will be detected and corrected in subsequent years,

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([21]) DIGIT takes, in accordance with central services guidance on the content of the AAR, the Most Likely Error (MLE) for the Commission's administrative expenditure (0,5%) as a conservative estimate in order to allow the consolidation of data when determining the amount at risk at payment at Commission level.

corresponding to the conservatively <u>estimated future corrections</u> for 2023 expenditure, 0% ([22]).

The difference between those two, results in the <u>estimated overall risk at closure</u> ([23]), 0,5%. There is no change compared to 2022 (0,5%).

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

5) Preventive and corrective measures

As regards the corrections carried out in 2023, DG DIGIT has in place an effective mechanism for correcting errors, through ex ante and ex post controls, resulting in preventive and corrective measures, amounting to EUR 1,17 million and EUR 0 million respectively. This is similar to last year with EUR 1,92 million and EUR 0 million respectively.

b) *Fraud prevention, detection and correction*

DG DIGIT has developed and implemented its own anti-fraud strategy since 2013, based on the methodology provided by OLAF. It is updated every three years and was last updated in 2023 following a fraud risk assessment. Its implementation is being monitored and reported to the management yearly. All necessary actions for 2023 have been implemented.

DG DIGIT also contributed to the revision of the Commission anti-fraud strategy (CAFS) Action Plan of July 2023 ([24]), where it is mentioned:

- as lead service, under **action 11.a**: '*Further strengthen the Commission's IT and information security to respond quickly and effectively to evolving cyber-security threats, including the threat of cyber-fraud, and minimise potential impacts, notably by regularly revising the IT security strategy and, as applicable, the IT security plans based on comprehensive risk assessments that take the possibility of cyber-fraud into account*'.

- in support, under **actions 2** ('*Continue developing the envisaged single integrated IT system (corporate Arachne) for data mining and risk scoring, in line with the Interinstitutional Agreement and the RRF Regulation, with a view to extend its use to all Member States and to all management modes*'), **and 29.b** ('*Minimise the*

([22]) Over the past years, the implementation of ex ante and ex post controls has not resulted in any major financial correction/recovery order after payment. This is due to the fact that no financial error has been detected and administrative errors were corrected before payments were made. These results are expected to continue, having as a result an estimated future financial corrections (0%).

([23]) This is the AOD's best, conservative estimation of the expenditure authorised during the year that would remain not in conformity of applicable regulatory and contractual provisions <u>by the end of implementation of the programme.</u>

([24]) <u>European Commission Anti-Fraud Strategy</u>

potential fraud risks associated with the EU Emissions Trading System (ETS), notably by exploring alternative operating models for the ETS Union Registry, and conducting an in-depth feasibility assessment and cost–benefit analysis to inform the decision on a potentially new operating model.')

DG DIGIT does not have any open OLAF financial recommendations.

The main anti-fraud actions taken in 2023 are:

- Fraud risks covering key financial and non-financial management areas were assessed and the risk register updated accordingly.
- DIGIT's anti-fraud strategy was updated following a fraud risk assessment.
- A thematic anti-fraud awareness training was organised in collaboration with OLAF.
- The following preventive actions in the procurement area have been implemented during 2023:
  — offers with electronic data support were kept in safe rooms;
  — the procurement unit is secured in an area of the building with limited access, at this stage no paper documents are kept in the office;
  — the evaluation stage content was stored on an encrypted drive (S);
  — sensitive functions were assessed;
  — 30 transactions were controlled ex post, no fraud was identified.

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

- fraud risk is identified and assessed;
- fraud awareness is raised among DIGIT staff;
- fraud prevention is part of the procurement process.

DG DIGIT's overall exposure to fraud is low and mitigating measures are in place to mitigate the existing risks. Therefore, the residual risks for all types of fraud remain very low. On the basis of the available information, DG DIGIT has reasonable assurance that the anti-fraud measures in place are effective overall.

c) Safeguarding of assets and information

Regarding the safeguarding of assets, DG DIGIT is the Commission's 'management centre' (*centre de gestion*) for all IT equipment installed in the premises of the Commission in Brussels, Luxembourg, Strasbourg, and Dublin (Grange). The general policy is that all PCs, laptops, screens, printers, photocopy machines, scanners, servers, network devices, smartphones and tablets have to be mentioned in the inventory. All steps from ordering to decommissioning of a good are recorded and managed through ABAC Assets modules. ABAC Assets is linked with SAP for accounting purposes (valuation and depreciation). The

risks linked to procurement procedures and financial circuits are covered within the previous sections. The operational risks are limited as many inventory actions are automatised.

During its life cycle at the Commission, equipment sometimes needs to be moved. The operation follows the official move procedure under the overall coordination by OIB and OIL – or is launched by a duly justified request from the IRM concerned. Once the move is completed, the related requests are 'closed' in ABAC Assets, which automatically updates the inventory. The assets managed by DG DIGIT amount to EUR 42 871 277,30.

As mentioned in the Relevant control system (see annex 6), controls aim at safeguarding the assets DG DIGIT purchases and manages on behalf of all the DGs and services of the Commission, such as:

- Physical check of all assets and non-assets;
- Item checks when writing off obsolete, lost or damaged goods, as well as ongoing registration in ABAC Assets of all logistical movements (deliveries, moves, swaps, withdrawals, etc.);
- (In)tangible assets and inventories follow formal procedures for disposal of assets.

DG DIGIT has made an estimation of the costs of these controls. In 2023 the total cost of controls amounted to EUR 748 730 which represents 1,75% of the assets controlled.

d) *IT Security and reliability of reporting*

Furthermore, and as mentioned in the Relevant control system (see Annex 6), a number of controls are in place to ensure the safeguarding of information and IT Security and to avoid sensitive information being "lost" (abused, made public) or its integrity breached (data altered).

Cybersecurity is now recognised as a shared responsibility and goes hand in hand with a stronger involvement of Commission staff. In this context several activities and initiatives were launched to raise the staff cyber awareness. This was particularly necessary in light of the new work patterns of the Institution, which take into consideration the **collaboration methods, mobility** (which implies the use of multiple devices at work, at home and on the go), **and cloud**. As a response, in 2023, DG DIGIT continued to enhance staff awareness and preparedness on potential cyber threats through targeted phishing campaigns and trainings, which are part of the broader **Cyber Aware – Security Education Programme (CA-SEP)**. The average staff participation rate in the CA-SEP 2023 training modules was 36%. Regular communication and guidance were provided to staff to raise attention on potential threats or risky behaviours and to train and advice on cybersecure habits and online behaviour.

Other activities relevant for this topic are described in Part 1 of the AAR, under Specific objective 7.4, and in Annex 2.

2.1.2. Efficiency of controls

a) Procurement

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.

During 2023, a total of 9 714 payments were made, amounting to EUR 483 091 057,82. 98,65% of these payments were made on time, with an average payment delay of 13,64 days. The average payment delay has slightly decreased in 2023 and remains at an excellent level.

	2020	2021	2022	2023
% Payments made on time [25]	98,3%	99%	98,7%	98,7%
Average payment deadlines	13,7	15,9	13,8	13,6

Since 2020, the former indicator 'payments-on-time (%)' changed from the number of payments on time (in percentage) to the amount paid on time (in percentage). This perspective is reflected in the corporate standard "timely payments (%)" indicator, as reported in the Financial Scorecard (Annex 4), see below.

Timely Payments	DIGIT Score	EC Score
EC (99%) 99%	**99%**	**99%**
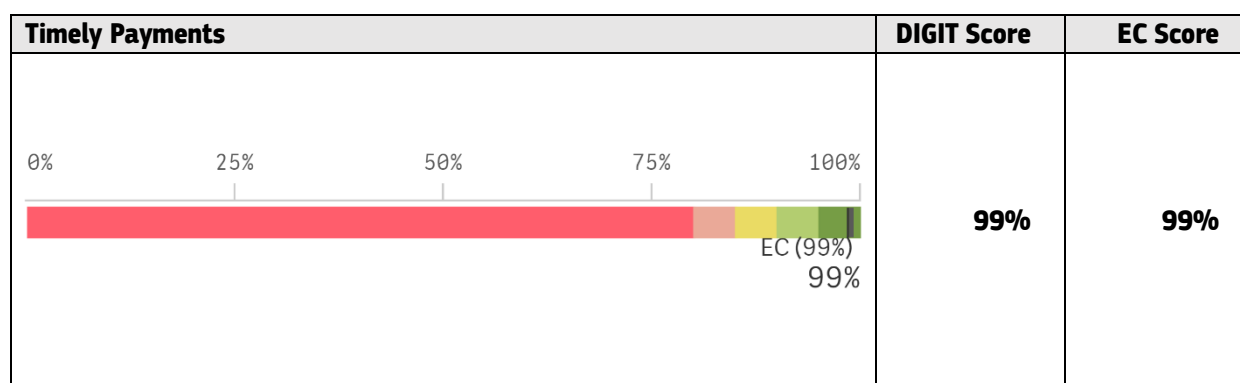
DG DIGIT reached the target of 99% of timely payments. It should be noted that this new indicator shows consistency with the indicator used in previous years, illustrating a positive and stable situation of payments made on time (see table above).

In 2023, DIGIT awarded 1 grant, for which the first cost claim is due in 2024:

- Time-to-inform: 78 days.
- Time-to-grant: 189 days.

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[25] See Annex 3 – tab 6.

b) Revenues (Chargeback)

For the chargeback, besides the quantifiable benefits, more importantly in the current context of limited administrative appropriations, it is the non-quantifiable benefits of the controls that are of particular importance:

- The pooling of resources in order to achieve better services at a lesser cost.
- Efficiency as know-how, capacities and resources developed can be made available for a fraction of what it would cost developing them internally or procuring them in the open market.
- Benefits from economies of scale.
- The goods and services may not be available off-the-shelf.

Based on an assessment of the most relevant key indicators above and control results, it is considered that an efficient control system has been put in place.

2.1.3. Economy of controls

The criteria for the calculation and the indicators used to assess the efficiency of controls are shown in the Relevant Control Systems in Annex 6. Benefits of those controls have also been identified. When possible, they have been quantified. In some other cases, benefits have been expressed through the corresponding relevant non-quantifiable indicators.

a) Procurement

DG DIGIT has made an estimation of the costs of the three main control phases of the procurement process: procurement, financial transactions [26] and ex post supervisory measures.

The total value of the procurement for 2023 is EUR 3 878 600 632,46, which represents an increased value of 38,47% as compared to last year.

	2020	2021	2022	2023
Value procurement (EUR)	1 137 538 581	1 893 487 780.66	2 800 949 849	3 878 600 632,46
Increase / decrease of value in % related to previous year	+39,6%	+66,5%	+47,9%	+38,47%
Cost of control (ex ante) (EUR)	1 383 680 (0,12% on total value)	1 463 680 (0,08% on total value)	1 663 860 (0,06% on total value)	1 734 120 (0,04% on total value)
Cost per procurement procedure (EUR)	125 789	162 631	1 663 860	157 647

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[26] This includes committing and paying of appropriations.

The procurement procedures are to a large extent a regulatory requirement, which cannot be curtailed. As such, difficulties linked to the type and complexities of each contract have to be taken into account. DG DIGIT's procurements serve the entire Commission as well as other EUIBAs (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 given that a significant proportion of the appropriations would be at risk if they would not be in place (as outlined in Annex 6).

For procurements, an estimated EUR 1 734 120 was invested in controlling (ex ante) 11 procurement procedures for a total value of EUR 3 878 600 632,46 in 2023. Thus 0,04% of the total contract value was dedicated to ex ante controls and each procurement procedure had an estimated cost of EUR 157 647. Compared to last year, this represents a decrease both in terms of cost per procedure, and of the proportion of the total contract value dedicated to control (0,04% in 2023, 0,06% in 2022), as the total value of procurement in 2022 was lower.

DG DIGIT considers that the need of these controls is undeniable, as the totality of the procurements granted and appropriations would be at risk in case they would not be in place.

Furthermore, during the audit on Public Procurement in DG DIGIT, the IAS recognised the progress made with respect to procurement activities, notably when it comes to:

- The usage of a Dynamic Purchase System (DPS) to procure cloud services. This system encourages competition and increases the number and quality of offers received.
- An increased use of Framework Contracts (FWC) with reopening of competition which, by definition, encourages competition for specific contracts compared to the FWC with cascade, which were more favoured in the past.

DG DIGIT controls financial transactions as a whole from committing to paying the amount. Therefore, both commitments and payments made are calculated in the cost of control. In 2023, the cost of control per transaction has decreased, by 4,23%, in comparison to 2022 (EUR 236,67), while the amount of financial transactions has increased by 13,07%.

2023	Amount (EUR)	Number	Cost of control (EUR)	In % of total value	Cost per transaction (EUR)
Commitments made	531 572 413,55	3 851	2 222 226	0,42%	577,05
Payments made	483 091 057,82	9 714	853 510	0,18%	87,86
TOTAL	1 014 663 471,37	13565	3 075 736	0,30%	226,74

When it comes to ex post controls, a random sample of 30 payments (and linked commitments), was selected using the assumptions of MUS standard from all payments executed in 2023, and was verified. The total amount controlled was EUR 26 505 862,35

representing 5,48% of the total amount paid. An estimated EUR 12 810 were invested in controlling 30 payments, the cost per control is EUR 427, which is a decrease of 33,39% compared to the cost of last year's EUR 641.

b) Chargeback

With respect to chargeback, DG DIGIT has made an estimation of the costs of the two main control phases: ex ante and supervisory measures.

	Amount (EUR)	Cost of Control (EUR)	In % of value
Charge back of services – Internal (collected through co-delegations)	197 006 355,76		
Charge back of services – External (collected through Recovery Orders)	79 680 301		
Charge back of services – Internal (collected through Recovery Orders)	10 138 183		
TOTAL	**286 824 839,76**	**285 930**	**0,10%**

An estimated EUR 265 930 were invested in ex ante controls related to the charge back of services to other EUIBAs and to the other Commission DGs. This represented 0,09% of the total value of charge back services. Regarding supervisory measures, such as the follow-up of the Master Table, and the reconciliation of the Recovery Orders (ROs) and of the co-delegated budget lines with the Master Table, an estimated amount of EUR 20 000 was invested in controls ex post, thus 0,01% of the total charge back value.

In 2023, the total for cost of controls amounted to EUR 285 930 representing 0,10% of the amount charged back, which is comparable to values reported in 2022.

	2020	2021	2022	2023
Cost of control (EUR)	568 300	252 120	274 830	285 930
In proportion to amount charged back	0,30%	0,13%	0,13%	0,10%

2.1.4. Conclusion on the cost-effectiveness of controls

Based on the most relevant key indicators and control results, DG DIGIT 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.

DG DIGIT operates in the management mode, which is considered low risk. DG DIGIT analysed its effectiveness and efficiency indicators over time and concluded that its control strategy is adequately adjusted to the risks, guaranteeing an adequate balance between low error rates, fast payments and low costs of controls.

DG DIGIT has made an estimation of the costs of the three main control processes on Procurement and administrative expenditure: Procurement, financial transactions and ex post supervisory measures. Benefits of those controls have also been identified. When possible, they have been quantified, or benefits have been expressed through the corresponding relevant non-quantifiable indicator.

The cost of ex ante controls performed by the DG on the procurement represents 0,04% of the total value of procurement made in 2023. The costs of ex ante controls performed by the DG on the verification of financial transactions represent 0,18% of payments made in 2023, and 0,30% on all financial transactions made, given that DG DIGIT controls commitments and payments. The costs of ex ante controls calculated in 2023 show a decrease in comparison to those of 2022, which were 0,29% and 0,36% respectively.

The cost of controls of ex post verifications represents 0,003% of payments made in 2023 and 0,05% of the amount checked ex post. All controls performed are considered reasonable and have allowed to comply with the legality and regularity control objective as detailed in the previous sections, i.e. 98,65% of payments made on time, time to pay far below the maximum allowed of 30 days (13,64 days for 2023) and no relevant deficiencies/irregularities detected by ex post controls.

In addition, it should be highlighted that there are a number of non-quantifiable benefits resulting from the controls operated during the implementation of DG DIGIT's expenditure. These benefits are mainly to ensure compliance with relevant regulatory provisions and internal rules, to have a strong deterrent effect, to improve existing procedures and to avoid possible litigation and reputational risks. DG DIGIT considers that the need of these controls is undeniable, as the totality of the procurements granted and appropriations management would be at risk were they not in place.

	Amount (EUR)	Cost of control (EUR)	In % of related value
EX ANTE 1 (Procurement)	3 878 600 632,46	1 734 120	0,04%
EX ANTE 2 (Financial transactions – commitments and payments)	1 014 663 471,37	3 075 736	0,30%
EX POST (Financial transactions – payments)	26 505 862,35	12 810	0,05%
TOTAL ([27])	**4 919 769 966,18**	**4 822 666**	**0,10%**

The conclusion of the evaluation of costs and benefits of controls performed for the management of procurement and of the indicators used to measure their efficiency is that controls performed in DG DIGIT during 2023 have been cost-effective as the estimated benefits well exceeded the estimated costs, which are considered reasonable compared to the funds managed. Also the results of controls show the efficiency of those since they served to comply with the deadlines and mitigate the risks that they address. Thus the

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([27]) See also Table Y in Annex 7.

conclusion is that the applied control strategy is the best suited to fulfil the intended control objectives efficiently and at a reasonable cost and that it should remain unchanged.

Furthermore, DG DIGIT made an estimation of the costs of the three main control processes on Revenues (Chargeback): the establishment of the Commission's rights, the recording, follow-up and accounting of the Commission's rights and the supervisory measures. Benefits of those controls have also been identified. When possible, they have been quantified, or expressed through the corresponding relevant non-quantifiable indicator.

In 2023 the total cost of controls related to chargeback amounted to EUR 285 930 which represents of 0,10% of the amount charged back. The conclusion of the evaluation of costs and benefits of controls performed for the management of the chargeback and of the indicators used to measure their efficiency, is that controls performed in DG DIGIT during 2023 have been cost-effective as the estimated benefits exceeded the estimated costs and the cost of controls compared to the funds managed are considered reasonable.

In addition the non-quantifiable benefits of the controls are of particular importance:

- The pooling of resources in order to achieve better services at a lesser cost.
- Efficiency as know-how, capacities and resources developed can be made available for a fraction of what it would cost developing them internally or procuring them in the open market.
- Benefits from economies of scale.
- The goods and services may not be available off-the-shelf.

The results of these controls show their efficiency since they served to comply with the deadlines and mitigate the risks that they addressed. Thus, the conclusion is that the applied control strategy is the best suited to fulfil the intended control objectives efficiently and at a reasonable cost. It should remain unchanged.

2.2. 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.

The Internal Audit Service (IAS)

In 2023, the IAS finalised the following audit in DIGIT:

- Audit on protection of confidentiality of information at corporate level (SG, DG HR, DIGIT) (2023).

The final report for the above audit was issued in December 2023. The action plan to address the recommendations issued to DIGIT has been prepared, and it has been accepted by IAS.

The list of all IAS audits finalised during 2019-2023 in DIGIT is provided in Annex 7.

IAS limited conclusion on the state of internal control in DIGIT

The conclusion of the IAS on the state of control of DIGIT took into account that:

- Management has accepted all the recommendations issued in 2019-2023;
- Management has adopted action plans to implement all the accepted recommendations. The IAS considers that the action plans adopted are adequate to address the residual risks identified by the auditors;
- The implementation of these action plans is monitored through reports by management and follow-up audits by the IAS;
- Management has assessed a number of recommendations as implemented which have not yet been followed up by the IAS.

The IAS concluded that the internal control systems in place for the audited processes are effective, except for the observations giving rise to the 'very important' recommendations, as listed below, which need to be addressed in line with the agreed action plans:

- Recommendation no. 1 (Digitalisation) stemming from the audit on progress in the implementation of the European Commission digital strategy (2022).
- Recommendation no. 1 (Steering of ICT procurements) stemming from the audit on public procurement in DG DIGIT (2022).
- Recommendation no. 6 (IT controls to ensure protection of SNC information) stemming from the audit on the protection of confidentiality of information at corporate level (SG, DG HR, DIGIT) (2023).

Details on the implementation of actions related to these 'very important' recommendations are provided in Annex 7.

The European Court of Auditors (ECA)

No audits involving DIGIT were conducted by the ECA in 2023.

Statement of assurance

The ECA has been performing its yearly statement of assurance (DAS) exercise related to the reliability of the accounts and the legality and regularity of the underlying transactions. Within the DAS 2023 exercise, a sample of specific transactions is being examined. For the moment, no specific issues have been communicated to DG DIGIT.

As a result of the overall assessment of audit observations, recommendations and underlying risks, and considering DIGIT's measures to address them, DIGIT's management believes that the recommendations issued do not raise any assurance implications and are being implemented as part of the continuous efforts to further improve the DG's processes.

DIGIT does not consider that the observations made by the IAS and the ECA represent a major deficiency of its overall internal control framework (see section 2.3).

2.3. Assessment of the effectiveness of internal control systems

The Commission has adopted an Internal Control Framework based on international good practice, to ensure the achievement of its policy and management objectives. Compliance with the internal control framework is a compulsory requirement.

DG DIGIT 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.

Based on the Internal Control Framework adopted by the Commission, DG DIGIT conducted a specific assessment, which provided a global overview of the state of play of the internal control. Following the methodology, DG DIGIT defined the achievement of targets of its Internal Control Monitoring Criteria (ICMC) selected for 2023 as the basis for the assessment of Internal Control principles, and of the effectiveness of the internal control system, on the whole. To identify internal control strengths and weaknesses, DG DIGIT used the following information sources:

- self-assessment,
- register of exceptions and non-compliance events recorded during the year,
- risk assessment,
- financial indicators,
- DIGIT IT satisfaction survey,
- implementation of anti-fraud strategy,
- results of the corporate indicators reported in the annual activity report, annex 4.

Following the assessment, Internal Control (IC) principles 12 and 13 ([28]) were put in category 2, for reasons explained below. This, in turn, had an impact on the assessment of

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([28]) Principle 12. The Commission deploys control activities through corporate policies that establish what is expected and in procedures that put policies into action.
Principle 13. The Commission obtains or generates and uses relevant quality information to support the functioning of internal control.

IC components 'Control Activities' and 'Information and Communication' in category 2 as well.

The assessment of principle 12 is based on the fact that the number of non-compliance and exception events reported in 2023 still remains high. Remedial actions already implemented should be intensified, notably when it comes to targeted communication activities and awareness raising, or sharing good practices, leading to the decrease of occurrence of such events.

With respect to principle 13, the ICMC targets were not fully achieved when it comes to the percentage of ARES documents not properly filed in HAN – the current percentage of 8,5% is well above the set target of 1% and is also above the value reported last year (6,6%). This increase should be understood within the context of a two-phase reorganisation that took place in DIGIT in 2023, which was at a large scale and had therefore a direct impact in HAN. Remedial activities involving communication and awareness raising on this issue will continue, with the aim to lower the percentage of unfiled documents.

An improvement from last year can be observed regarding the organisation of information sessions on Data Protection Rules, which intensified in 2023: 13 training sessions were organised out of the 12 initially planned. The result demonstrates important progress from the previous years, and an increased interest in the topic. Additionally, the updated information on the Wiki page was published, and a brief introduction on data protection topic was inserted in DG DIGIT's Newcomer Welcome Guide.

Following the overall assessment, the IC components were assessed as follows:

Internal Control Component	Present and functioning (Category 1/2/3/4)
CONTROL ENVIRONMENT	Category 1. The component is present and functioning well
RISK ASSESSMENT	Category 1. The component is present and functioning well
CONTROL ACTIVITIES	Category 2. The component is present and functioning but some improvements are needed
INFORMATION AND COMMUNICATION	Category 2. The component is present and functioning but some improvements are needed
MONITORING ACTIVITIES	Category 1. The component is present and functioning well

Linked to Internal control principle 10, the yearly assessment of DIGIT sensitive functions 2023 was completed on 03/10/2023. The exercise noted that a DIGIT Director has been holding a sensitive function for over 5 years (since 16/03/2016) and should therefore be considered for mandatory mobility according to the Guidance on Managing Sensitive Functions. Due to the seniority of the jobholder and critical role fulfilled within the DG, DG DIGIT considers a derogation to the 5+ year rule as strictly necessary and fully justified in light of minimal residual risk of abuse after mitigating measures already in place. This derogation remains justified in light of the reorganisation of DG DIGIT that took place in 2023.

Overall, an improvement can be observed compared to the situation reported in 2022, as three components are in category 1, whereas in 2022 only two components were put in such category.

Taking into account the conclusions of the review of the supporting elements, it is possible to conclude that the internal controls system implemented by DG DIGIT provides sufficient assurance to properly manage the risks relating to the legality and regularity of the activities. Furthermore, it is also possible to conclude that the internal control system provides sufficient assurance with regard to the achievement of the other internal control objectives.

DG DIGIT has assessed its internal control system during the reporting year and has concluded that it is effective and the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified related to the internal control principles 12 and 13, which will be remedied as mentioned above.

2.4.   Conclusions on the assurance

This section reviews in a comprehensive manner the assessment of the elements already reported above (in Sections 2.1, 2.2 and 2.3) 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 provided in the various preceding sections covers all budget delegated to the AOD of DG DIGIT as well as the assigned revenue (Chargeback of services) and the assets. The information reported is complete and reliable, as confirmed by the statement of the Director in charge of Risk management and Internal Control in Annex 1.

The intrinsic risk for administrative expenditure managed by DG DIGIT, including procurement, is relatively low because of the centralised and direct mode of budget implementation. The risks are effectively mitigated by means of controls put in place (see section 2.1).

Furthermore, the following elements support the current assessment:

- Assurance received from DG DIGIT'S cross-delegated Authorising Officers and Assurance received for the credits cross-delegated to other DGs,
- Positive assurance on administrative expenditure given by the Court of Auditors for several years, and again in the annual report 2022 issued in 2023,
- Positive feedback received from inter-DG group of procurement experts (GAMA) concerning the procurement procedures scrutinised,
- Monitoring, registration and analysis of exception reports and non-compliance events indicate no material issues.

Further assurance is obtained by the DG's annual risk assessment which is integrated in the annual planning exercise. Critical risks are identified, and they are the subject of management attention; mitigating actions are systematically defined and being implemented.

Results from audits concluded during the reporting year did not include any critical findings. The residual risks from audit recommendations remaining open from previous years are not considered to have a bearing on the declaration of assurance. Furthermore, the Limited conclusion issued by the IAS indicated that the internal control systems in place for the audited processes are effective except for the observations giving rise to the 'very important' recommendations explicitly mentioned in their report (see section 2.2).

Management has obtained satisfactory evidence that the internal control system is present and functioning, but some improvements are needed. Internal control principles 12 and 13 are considered partially effective and need some improvements. Considering the remedial measures already implemented and those envisaged, it can be concluded that no reservation should be issued in the AAR.

Reasonable assurance is the personal judgment of the AOD, based on all information at 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.

For the AOD's best estimation of the risks relating to the legality and regularity for the expenditure authorised during the reporting period, DG DIGIT uses, in accordance with central services guidance on the content of the AAR, the Most Likely Error (MLE) for the Commission's administrative expenditure of 0,50%. It is considered to be a conservative estimate in order to determine the consolidated amount at risk at payment at Commission level. This percentage also corresponds to an estimated overall amount at risk at closure of EUR 2 408 103,12.

No reservation is made by the AOD in this AAR.

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

2.5. Declaration of Assurance

Declaration of Assurance

I, the undersigned,

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 ([29]).

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.

Luxembourg, 2 April 2024

(signed)

Veronica GAFFEY

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

3. MODERNISING THE ADMINISTRATION

3.1. Human resource management

3.1.1. Workforce Optimisation

DIGIT's human resources are a crucial factor for achieving the DG's operational and strategic objectives. The optimisation of DIGIT's workforce must therefore be of the highest priority. In 2023, DIGIT focussed on two areas:

- Recruitment & Vacancy Reduction
- Learning & Development

1. Recruitment & Vacancy Reduction

One of the main aims in DIGIT's workforce optimisation in 2023 was to reduce the DG's high vacancy rate. To this aim, DIGIT **closely monitored idle vacant posts and where possible reallocated them, reduced selection lead times and supported managers in swiftly and actively filling their vacancies**, making optimal use of existing and forthcoming **EPSO laureate lists** in the field of IT. The DIGIT HR Correspondent collaborated closely with the relevant services in DG HR and the DIGIT management team in implementing these measures.

The above measures resulted in a **reduction of DIGIT's vacancy rate from 9,9% to 5,8%** over the course of 2023.

Learning & Development (L&D)

With the rapid evolution of the IT landscape and job market, DIGIT needs to continuously develop the skills and knowledge of its staff. DIGIT therefore encourages staff to make full use of the internal training available at the Commission and encourages managers to support their staff in identifying and filling skills gaps.

From 2023 DG HR changed the L&D budget management, centralising the previously locally managed training budget. DIGIT's HR Correspondent team continued to emphasise the need for external learning activities and associated local L&D budget, beyond the per-capita indicative allocation of the centralised budget. Given the technical and specialist nature of DIGIT's work, DIGIT staff frequently have to rely on external learning to upskill and keep abreast of the latest IT trends.

In 2023, DIGIT consumed 94% of the indicative budget allocated to it from the central L&D budget.

3.1.2. Staff Engagement

Staff engagement measures the emotional connection of employees to their organisation and is a key element in ensuring a satisfied and productive workforce. In the Commission, staff engagement is measured by the **Staff Engagement Index** [30], with data collected through the bi-yearly Staff Survey. For DIGIT the index increased steadily over the course of the past bi-yearly surveys (2016: 63%; 2018: 70%; 2021: 75%). As the 2021 score ranked well above the EC average, the realistic DIGIT target for the 2023 survey was to maintain the score at a high level, which was achieved with again **76%.** Measures to engage staff included:

1) *Internal Communication*

To increase the visibility of DIGIT's vacancies and to maximise outreach to the internal talent pool, a dedicated vacancies page has been created on DIGIT's intranet, on which all vacancies and calls for expression of interest are published.

In the context of DIGIT's reorganisation in 2023, all HR-related information affecting staff and their work were timely disseminated via adequate channels (e.g. direct correspondence, Change@DIGIT Wiki, Together@DIGIT Collaboration Group).

2) *Follow-up of Staff Surveys*

Another measure to ensure staff engagement is following up on the results of the staff survey. To this end, DIGIT analysed the results of the 2021 staff survey in depth and implemented all identified actions. The latest staff survey was launched in November 2023 and DIGIT staff were highly encouraged to take part and voice their opinions. Once the results are published the DIGIT HR Correspondent (HRC) will analyse the results and put in place appropriate follow-up actions where necessary.

3) *Revamped Newcomers Induction*

A sound staff engagement starts on the first day in the DG. In the course of 2023, the DIGIT HRC in collaboration with the Communication Team has developed a revamped induction process for newcomers consisting of a welcome & orientation mail on the first day in the service (including welcome video of DG, fully digital newcomers guide, offer of a DIGIT buddy for orientation, useful links etc.), as well as a newly conceptualised Newcomer Induction Session (first event scheduled on 26.01.2024).

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[30] One of the main satisfaction indicators of the Staff Survey, which takes into account a number of key results related to emotional connection and commitment.

3.1.3. Gender Equality and Diversity

Gender Equality and Diversity have been leading principles in DIGIT human resource management in the past and naturally continued to be in 2023. A central target linked to this priority area of the Von der Leyen Commission is 50% female managers on all levels by 2024. In DIGIT, this translated into the target of **three female appointments to middle management by 2022**. While **the target has already been achieved in 2022 and with no target assigned for the period 2023-2024**, DIGIT continued to facilitate the appointment of women to pre-management roles of Team Leader, Head of Sector or Deputy Head of Unit as an effective way to prepare for middle management positions. In line with the College decision on measures to reach gender equality at all levels of management by the end of 2024, DIGIT continued to work towards a quota of 50% female Deputy Heads of Unit. The internal (and external) pool of female talent was considered in any internal succession planning in middle management. Further proactive efforts to this end included support through targeted individual coaching packages and external trainings.

3.1.4. HR Management Culture

To implement the above HR priorities the DIGIT HR Correspondent works closely with the DIGIT Management Team. It is therefore crucial that DIGIT managers embrace the high level of priority of a sound HR management to the functioning of their operational work, their staff, and the DG as a whole. Guiding HR principles for DIGIT management in this context include:

- Sound HR Administration:
    — Swift publication of vacant posts with fit for purpose vacancy notices
    — Keeping Job Descriptions in the unit up to date
    — Ensuring business continuity at all times through adequate resource planning and staff time management
- Support staff in identifying and reaching learning needs and goals (through internal and external L&D activities)
- Appraisal & Promotion: Fair, thorough, transparent and timely execution of the exercises
- Equal treatment
- Communication: ensure that all relevant information (on HR related matters or otherwise) is disseminated to staff in a thorough and timely matter

The DIGIT HR Correspondent continued to provide managers with guidance and support to uphold these principles, with a special focus on newly appointed managers.

DIGIT remains strongly committed to exploiting the potential of digital technologies for building a more inclusive, equal and diverse workplace. In 2021 DIGIT created its Equality

Action Plan (^{31}) and throughout 2023 continued implementing it, for example by providing IT equipment for specific needs, making IT applications accessible and fostering equality awareness.

3.2. Digital transformation and information management

As the central IT department, **DIGIT has been the major driving force** – in close collaboration with other Horizontal Services (^{32}) – **of the digital transformation of the Commission**. DIGIT internal strategic priorities for 2023 are shaped on the several aspects and enablers needed to advance in the digital transformation journey, in a public administration as complex and diverse as the Commission, and are well reflected in the first section of this report. **Key initiatives in 2023 are well aligned with the new (2022) corporate digital strategy**, and they include the **provision of up-to-date digital solutions**, the implementation of a **Reusable Solutions Platform**, the continuous improvement of the **Digital Workplace** which modernises the Commission's working environment, the strengthening of a **cyber-secure digital infrastructure** exploiting the benefits of private and public cloud, and the use of a **corporate data ecosystem** for the pursuit of the Commission's administrative and policy goals. DIGIT **remains the driver of the Commission's digital transformation** and has the task of monitoring and supporting the implementation of the new digital strategy at corporate level. The **State of Digital Commission Report** – which DIGIT delivered in the first quarter of 2023 –provided a first overview of the progress at corporate level in meeting relevant key performance indicators. An important novelty for 2023 was also the implementation of a **central digital advisory** function within DIGIT. It supports the Commission departments in the planning and implementation of their Digital Transformation initiatives in line with the strategic objectives of the corporate digital strategy and provides tailored and holistic advice and strengthens the collaboration between Commission departments addressing similar needs and challenges. The development of this new function supports DIGIT's mandate to be the **strategic advisor to the Commission on digital matters**.

On **Information Management**, DIGIT is actively involved in the implementation of the data, information and knowledge management strategy included in the Rolling Action Plan 2022- 2024 steered by the Information Management Steering Board (IMSB). In fact, one specific objective of DIGIT's Strategic Plan is also partially covering this area, and relevant outputs falling under this domain are listed in the output table linked to the Specific Objective 7.2 of the present report. DIGIT also actively maintained the inventory of DIGIT key data assets and the DIGIT data management process (roles and responsibilities).

Data Protection remains a crucial area of interest for DIGIT, in particular given the implications related to the compliance of personal data processing when linked to the acquisition of new software and IT products.

(^{31})   Ares(2020)7899612
(^{32})   Particularly close collaboration with SG and HR for the implementation of the 'digital Commission'.

In 2023, priority was given to the following actions which enhanced compliance with data protection regulation and good practice across the DG:

- Continuation of efforts to ensure DIGIT's access to international IT services in compliance with the Schrems II requirements.

- Trainings/Awareness-raising: Review of material, inclusion of security-specific aspects and organising training events.

- Creation of a wiki for easy access to informative material and templates, Frequently Asked Questions (FAQ), etc.

- After a general review of Service Level Agreements with other institutions, a similar exercise has been launched to ensure proper documentation of roles and responsibilities in data protection for DIGIT services provided under Memoranda of Understanding with DGs/Services, as well as for free-of-charge services not systematically covered by an agreement.

3.3.   Sound environmental management

DIGIT is one of the key players in driving Environmental Management through the EMAS (Eco-Management and Audit Scheme) network and is actively involved in supporting the Commission's commitment to **reduce corporate emissions**, in line with the objectives proposed in the Communication 'Greening of the Commission', adopted in April 2022. To this end, DIGIT has put in place a series of local actions and corporate initiatives in order to optimise the IT operations and assets of the Commission. DIGIT has completed a **data centre consolidation exercise**, by reducing the number of DGs/Services' server facilities to an appropriate level, and has launched an exercise to **streamline IT and decommission obsolete systems**. In 2023, DIGIT launched a call for expressions of interest for the free of charge transfer, collection, recycling and dismantling of downgraded ICT equipment and appliances no longer used by the European Commission and other EU participating entities, which resulted in the signature of three framework agreements with organisations having a humanitarian, charitable or social purpose. These agreements for the **reuse of decommissioned IT equipment** contribute to environmental sustainability and have a useful social outcome. Furthermore, all contracts signed by DIGIT include the obligations for the contractors to be compliant with EMAS environmental policy and applicable environmental law. DIGIT has also continued to promote **digital mindfulness** among Commission staff, by contributing to dedicated awareness raising events.

3.4.   Examples of economy and efficiency

DIGIT's **Reusable Solutions Platform** (RSP) is a prime example of how DIGIT improves economy and efficiency of operations at corporate level. The RSP is a set of IT building blocks which DIGIT makes available to all Commission departments to incorporate into their own IT solutions, for example for user authentication (EU Login) or electronic signature (EU

Sign). A new reusable solution, Secunda++ for fine grained authorisation, was implemented in 2023.

The RSP is one of the key features of a modern and digital Commission. It enriches the corporate business architecture with a portfolio of reusable digital enablers; it goes hand in hand with the principle of **fostering reuse across the institution**; and it ultimately leads to **corporate cost avoidance** (namely, budget that each DG would save by simply reusing a corporate solution that provides a certain capability, which the DG would have otherwise procured externally). The **savings from the implementation of RSP-based solutions at the end of 2023 equal approximately EUR 54 million**, (corresponding to the budget normally allocated to 447 Full Time Equivalent staff), and **vastly exceeded targets**.