



2019

Annual Activity Report

**Directorate General
Human Resources and
Security**

27 March 2020



Table of Contents

- THE DG HR IN BRIEF** **3**
- EXECUTIVE SUMMARY** **4**
- A) KEY RESULTS AND PROGRESS TOWARDS THE ACHIEVEMENT OF GENERAL AND SPECIFIC OBJECTIVES OF THE DG4
- B) KEY PERFORMANCE INDICATORS (KPIs)5
- C) KEY CONCLUSIONS ON FINANCIAL MANAGEMENT AND INTERNAL CONTROL6
- D) PROVISION OF INFORMATION TO THE COMMISSIONER(S)6
- 1. KEY RESULTS AND PROGRESS TOWARDS THE ACHIEVEMENT OF GENERAL AND SPECIFIC OBJECTIVES OF THE DG** **7**
- 2. ORGANISATIONAL MANAGEMENT AND INTERNAL CONTROL** **24**
- 2.1 FINANCIAL MANAGEMENT AND INTERNAL CONTROL24
- 2.1.1 CONTROL RESULTS28
- 2.1.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS.....36
- 2.1.3 ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS37
- 2.1.4 CONCLUSIONS ON THE IMPACT AS REGARDS ASSURANCE39
- DECLARATION OF ASSURANCE** **41**
- 2.2 OTHER ORGANISATIONAL MANAGEMENT DIMENSIONS42
- 2.2.1 FINANCIAL MANAGEMENT – EXAMPLES OF INCREASED EFFICIENCY AND EFFECTIVENESS42
- 2.2.2 HUMAN RESOURCE MANAGEMENT & INFORMATION MANAGEMENT ASPECTS42
- 2.2.3 BETTER REGULATION42
- 2.2.4 EXTERNAL COMMUNICATION ACTIVITIES42

THE DG HR IN BRIEF

Our mission

"To promote excellence in the practice of human resource management and in ensuring internal security for the European Commission."

Our values

- A commitment to honest, fair and ethical practice.
- A commitment to providing quality services to our staff, management and stakeholders.
- Provision of an environment that encourages innovation and recognition of accomplishments.
- Leadership in the promotion and development of human resource professionals.

Our actions

In pursuing our mission, we:

- set the HR framework within which an effective and efficient use of resources can take place, optimising our contribution to the Commission's strategy;
- efficiently and effectively deliver HR services from recruitment to retirement and beyond (covering the whole employment cycle) to the Commission through the HR core processes;
- support HR service delivery by professionalising the HR function and automating processes;
- make sure that quality services are provided to the Institution and its staff in a timely and efficient manner;
- provide health promotion and education measures for active staff;
- ensure the safety, security and protection of staff, property, activities and information at all places of employment;
- ensure full respect of the Staff Regulations;
- ensure open and efficient dialogue

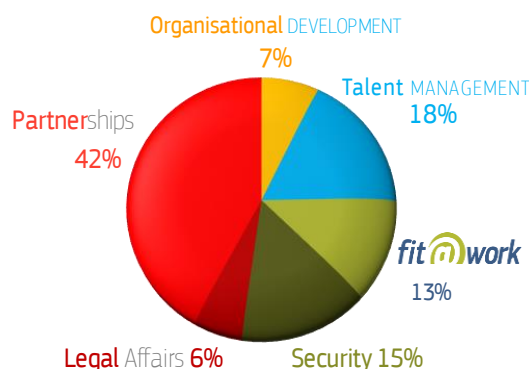
with staff representatives in order to guarantee adequate working conditions;

- collaborate and coordinate with the other Institutions on a number of areas linked to the Staff Regulations;
- communicate on a timely basis on policies, actions and initiatives of relevance with Commission staff;
- provide local HR shared services to several Commission Services;
- talk to and coordinate with other external stakeholders.

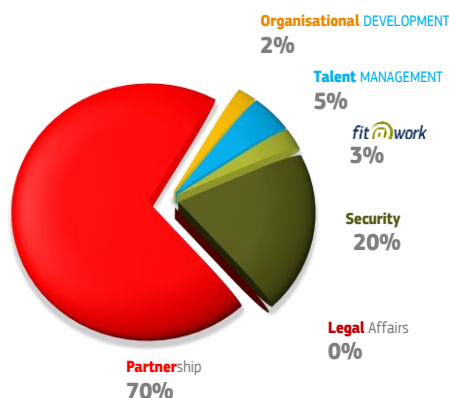
Our resources

In 2019, DG HR counted 1 214 statutory staff members. DG HR managed a budget of MEUR 260, three quarters are earmarked as financial contribution for the European Schools included in the partnership policy area.

The chart below represents the share of operational statutory staff members per HR policy area.



The chart below represents the share of budget per HR policy area.



EXECUTIVE SUMMARY

The Annual Activity Report is a management report of the Director-General of DG HR 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 its decisions, as well as for the coordination of executive and management functions it exercises, as laid down in the Treaties¹.

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

2019 has been a year of notable progress towards the further consolidation of the key HR projects introduced over the past years. This includes additional actions to reinforce talent management, health and well-being, security, and ethics, while ensuring the allocation of human resources to the top Commission priorities.

BOLSTERING ORGANISATIONAL AND STAFF PERFORMANCE

In 2019 DG HR has intensified its efforts to align Commission workforce and structures with political priorities and to identify ways to better exploit existing synergies. In particular, the allocation of human resources to Commission priorities has increased through a reduction of human resources allocated to support and coordination jobs. As a result, the proportion of jobs dedicated to operations continued to increase, while the proportion dedicated to coordination and support functions decreased from 45% in 2016 to 42.2% in 2019.

DG HR has analysed the Staff Survey results and has ensured integrated support to DGs for the follow-up to the Survey in order to better identify staff priorities and provide adequate and concrete services. In addition, DG HR has further developed Internal Communication governance and

processes, providing staff members with modern Internal Communication tools and campaigns. All efforts in Internal Communication deployed since 2015 have had a positive impact on the staff engagement index, which increased from 64% in 2016 up to 69% in 2018. In addition, DG HR has created a HR Business Intelligence capacity to provide more user-friendly and flexible reporting and analytics solutions to support the decision making process.

DG HR has further focused on managerial excellence by developing managers' potential to become more effective through mobility, 360° feedback, and a development programme. As a result, staff members have shown an increased satisfaction with their middle and senior managers with a rise of 3 percentage points from 2015 to 2018 (64% of satisfaction with middle managers, 50% with senior managers).

DG HR provided staff members with better career management potential through internal competitions, the Junior Professionals Programme, headhunting services, and the 4-year career talk initiative. As a result of all initiatives implemented since the launch of the Talent Management Strategy, staff members expressed a higher satisfaction with the Commission encouraging mobility (+4% points since 2015) and with the correlation between their performance and career progression (+4% points since 2015). However, the overall level of satisfaction with their professional future would still require specific attention in the future HR strategy (38% of staff satisfied).

Overall, staff motivation as defined in the Strategic Plan 2016-2020 increased from 55% to 60 the target set for 2020.

The Commission continued its efforts to embed diversity as a key principle throughout the whole HR management cycle, in particular concerning gender and with a special emphasis on gender balance at management level. As a result, since the target of 40% of female representation in management was set in 2014, the overall share of women in management has grown from 30% to 40%.

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

ENSURING A SAFE, HEALTHY AND SUSTAINABLE WORKING ENVIRONMENT

In line with our commitment to be a responsible employer, DG HR has further implemented the fit@work programme aimed at developing awareness and resilience and improving the mental and physical health of all Commission staff. As a result, overall staff satisfaction as defined in the Strategic Plan 2016-2020, increased from 60% to 66% since 2015, exceeding the target of 65% set for 2020. The positive impact of the fit@work programme is particularly tangible in the level of satisfaction of staff members with how the Commission cares about their wellbeing at work, displaying an increase of 16% points (35% in 2015 versus 51% in 2018). In 2019, staff attendance rate remained stable at 95.8%.

DG HR has also further implemented EMAS (the Eco-Management and Audit Scheme) to continuously improve its environmental performance. More broadly, as an employer the Commission reinforced opportunities for staff to engage in voluntary work for the benefit of local communities.

In 2019, DG HR has reinforced security measures to further ensure that all its places of activity, people, assets and information are adequately protected against risks to their security. In 2019, there were no major incidents which were not detected and mitigated.

PROMOTING AN ETHICAL AND COLLABORATIVE ORGANISATION

In 2019, DG HR deepened its efforts to promote the respect of the organisation's core ethical values and obligations in order to ensure a correct understanding of the underlying principles and to ensure that staff conscientiously abide by the rules. To this purpose, DG HR carried out awareness raising actions on ethics and revised the practical guide to disciplinary proceedings. DG HR also reaffirmed the Commission's commitment to a zero-tolerance approach against harassment by reviewing the anti-harassment policy, which will be finalised in 2020.

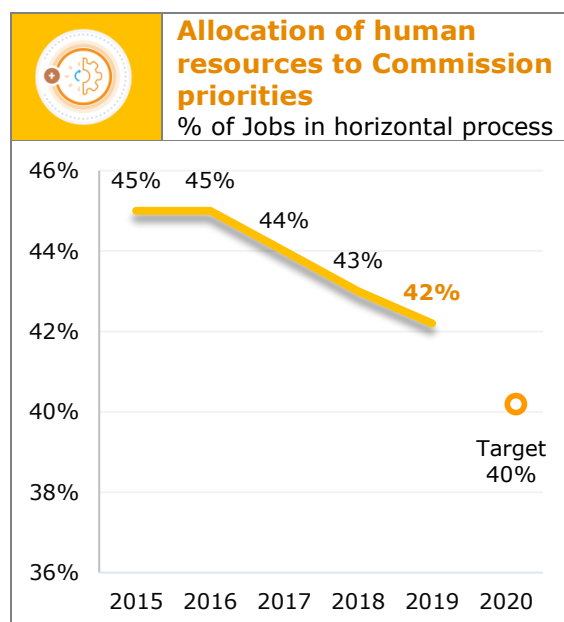
DG HR monitored the results of the simplification exercise of the legal framework, and three Commission Decisions were adopted establishing internal rules governing the restrictions of data subjects' rights in the field of access to medical data, security and disciplinary proceedings.

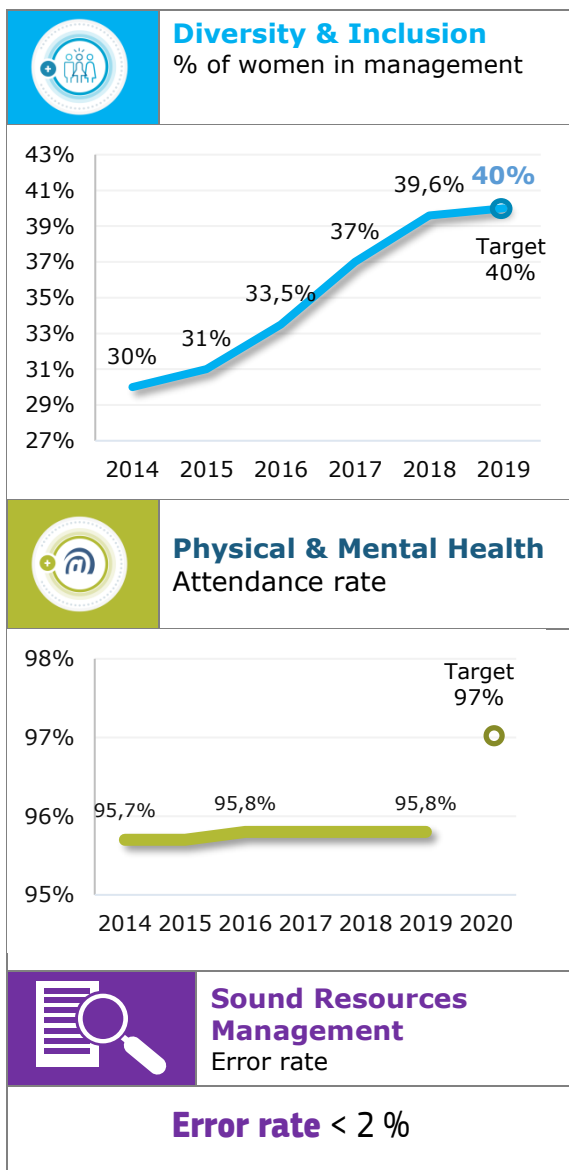
DG HR continued to monitor progress in the agreement between the Commission and the Luxembourgish authorities, to reach the target of 12.5% of the Commission's total staff working in Luxembourg by 2022. Despite all the activities and projects launched to increase the attractiveness of the Luxembourg site, the percentage of staff in this location has decreased from 11.7% to 11.4%. To tackle this, several additional initiatives are currently being implemented.

As the overall population in the European Schools continues to increase, DG HR has been actively involved in the implementation of a permanent and temporary solution to address this growth.

Further information on the implementation of HR policies can be found in the HR 2019 report, the general report on the activities of the Directorate General for Human Resources and Security.

b) Key performance indicators (kpis)





c) Key conclusions on Financial management and Internal control

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

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

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

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

d) Provision of information to the Commissioner(s)

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

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

The general objective of DG HR is to help achieve the overall political objectives, and to support the Commission in effectively and efficiently managing and safeguarding assets and resources, and attracting and

developing talents. In 2019, DG HR has progressed towards the achievement of the specific objectives established in the strategic planning 2018-2020.

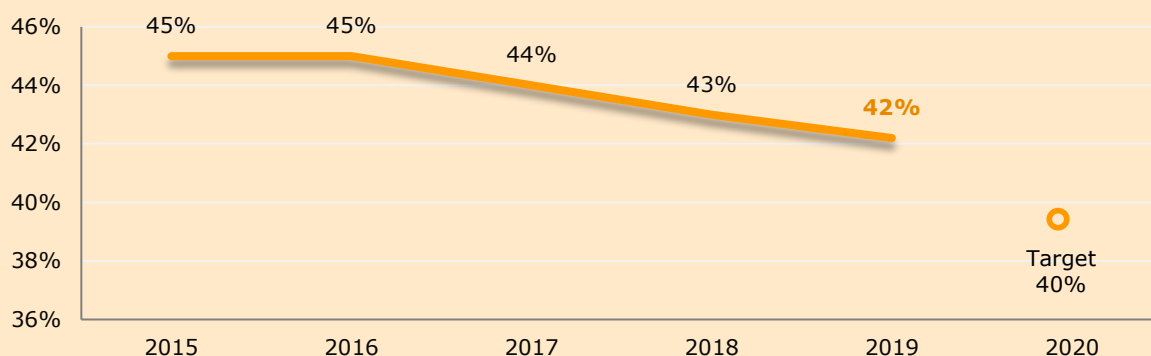


Specific objective I.1: Human resources are allocated to Commission priorities to deliver maximum performance and added value

In 2019 DG HR has intensified its efforts to align Commission workforce and structures with political priorities and to identify ways to better exploit existing synergies. In particular, the allocation of human resources to Commission priorities has increased through a reduction of human resources allocated to support and coordination jobs. As a result, the proportion of jobs dedicated to operations continued to increase, while the proportion dedicated to coordination and support functions decreased from 45% in 2016 to 42% in 2019.

Impact indicator Allocation of human resources to Commission priorities
% of Jobs in horizontal process

Source Screening - Sysper



Consolidation of the HR Service Delivery Model within the Commission

The full -roll out of the new model of delivering HR services became operational in March 2019 in all Directorates-General, in the eight HR Account Management Centres and in the corporate HR offices. The focus in 2019 was to ensure the full functioning of the new model. The efficiency gains realised so far have freed up 148 FTEs for redeployment from HR services to other areas. A plan has been developed to achieve further efficiency gains amounting to 80-120 FTE by 2024.

This plan is further broken down into annual objectives. The achievement of the higher number will depend on successful delivery of improvements to HR IT tools. A study on the family of HR IT tools was completed in 2019 and this will be followed up in 2020 to design a coherent set of services and accompanying IT tools for the future.

Output indicator	Target	2019
Reduction of jobs in HR community Ratio HR Staff / Staff	1:40	1:34
Source: Commission Job Screening		

In 2019, PMO migrated their “PMO Contact” system to Staff Contact, which therefore received about 13 000 questions per month. The IT project “**Staff Matters Portal**” transitioned to service mode. The roll-out of Staff Contact for more DG HR processes re-started after considering the feedback from all time management teams. The number of questions dealt with by DG HR was nearly 100 000 by the end of 2019. Client satisfaction with responses is very high

Output indicator	Target	2019
Client satisfaction with Staff Matters Portal services	90%	98%
Source: dedicated survey		

Domain leadership

A Commission Communication was adopted setting out an ambitious action plan for Domain Leaders. Most of the actions had already been implemented or were nearly complete by the end of 2019. Notably, Domain leaders, supported by DG HR, completed the community identification activities, as well as the definition of Key Performance Indicators (KPIs), including on client satisfaction, speed of service, engagement and professionalisation. They have also made progress on improving professionalisation and building a mobility plan for their community. All domain leaders published up-to-date service catalogues and improved client experience through development of single points of contact, client portals and mobile tools. A working group on domain leadership met nine times over the course of the year, in addition to three meetings at senior management level on strategic and resource-related issues.

Output indicator	Target	2019
Number of sessions organised with Domain leaders	6	9

Resource Allocation and atlas

For the first time the HR Screening exercise was based solely on ATLAS data. ATLAS full use was extended only to 10 DGs, as it became clear that the new Commission mandate lead to a completely new set-up in relation to strategic planning and programming. In 2020, the focus will be on upgrading all DGs to full use of

ATLAS with the new set of objectives.

Output indicator	Target	2019
Number of DGs adopting ATLAS	More than 20	10
Soucre: Atlas		

Prepare for new Multinannual Financial Framework and New Commisison

DG HR steered the process of reorganisations to adjust Commission structures to new priorities. This included creation of two new Directorates General (DG DEFIS and DG REFORM) as well as number of other organisation chart changes. The preparation of the new MFF concerned mostly the analysis and preparations linked to the implementation of new programmes or modified budgetary envelopes, which should have substantial impact on structures and staff.

Support for Knowledge Management

DG HR contributed to the corporate **communication campaign on data, information and knowledge management** and to the One-Stop Shop for collaborative working and knowledge sharing (OSS), together with the JRC, DIGIT and SG.

The **Knowledge Week** brought together hundreds of practioners. DG HR organised ten workshops, conferences, networking and learning activities. A community of practice on collaboration was launched, counting already 100 members.

OD Approach Implementation

Work continued on developing **DG HR’s organisational development function (OD@HR)** to improve how the Commission functions and responds to new challenges. DG HR offers more integrated and tailored support for large-scale and/or complex change initiatives that impact on different aspects of organisational life, including people, structures, processes and tools.

Coordination mechanisms have been refined to enable greater collaboration among relevant DG HR units, and between OD@HR and the **One-Stop Shop for Collaboration**, a joint initiative by the Joint Research Centre (JRC), the Directorate-General for Informatics (DIGIT), the Secretariat-General and DG HR offering an in-house consultancy and

brokering service on all aspects of collaborative working and knowledge sharing.

Intensified collaboration efforts resulted in more comprehensive support for DGs going through organisational changes and/or wishing to improve their ways of working. A major focus has also been on capacity building by offering training courses on participatory leadership and on internal process consultancy.

Work continued on major Commission-wide organisational development projects, including implementing the Synergies and Efficiencies Review and the Commission's knowledge management strategy.

A third inter-institutional framework contract for HR consultancy services has been signed.

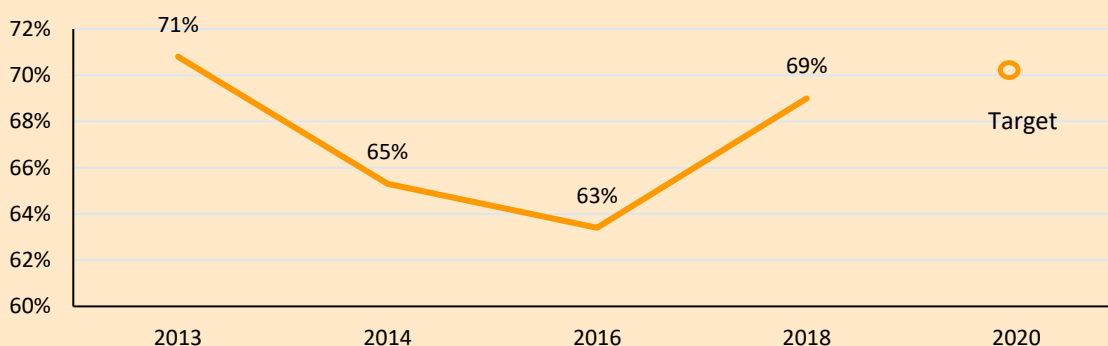
Specific objective I.2: Efficient support processes meeting staff and Commission priorities

DG HR has analysed the Staff Survey results and has ensured integrated support to DGs for the follow-up to the Survey in order to better identify the staff priorities and provide adequate and concrete services. In addition, DG HR has further developed Internal Communication governance and processes, providing staff members with modern Internal Communication tools and campaigns. All efforts in Internal Communication deployed since 2015 have had a positive impact on the staff engagement index, which increased from 64% in 2016 up to 69% in 2018.

Impact indicator Staff Engagement Index

Source

Staff Survey



Staff Survey 2018

DG HR ensured integrated support to DGs for the follow-up to the 2018 Staff Survey. DG HR visited all DGs and services to present the respective local Staff Survey results and provide help with their interpretation. DG HR also provided tailored OD consultancy services to a number of DGs.

To help DGs with their Development Plan to follow-up on the Staff Survey results, DG HR organised several participatory workshops to exchange best practices. DG HR also provided written feedback and organised bilateral meetings to encourage and **support DGs in communicating results in a timely and transparent manner**, involving staff and senior management in drawing up the Development plans, and communicating follow-up actions by linking them to Staff Survey results.

Output indicator	Target	2019
Number of DG's having produced development plans	100%	85,3%
Source: DG HR A4		

In parallel to providing support to local follow-up, DG HR together with other services concerned, started working on a **corporate Development Plan** to propose follow-up measures at central level where needed

Internal Communication

The mandate of the **Corporate Communication Steering Committee (CCSC)** was changed to align it with the overall corporate governance and maximise its impact.

DG HR, DG COMM and the European Parliament developed a joint internal communication approach for the 2019 European elections. The **"Become an ambassador" campaign** aimed to encourage staff to promote the EU's achievements, and to stress the importance of voting in the European elections. The campaign mobilised a large number of staff and showed a strong cooperation between the domain leader and the internal communication correspondents (74% of the DGs rated the corporate support as 'Good' or 'Very good').

DG HR further supported the professional development of the internal communication community by organising events, providing trainings and opportunities to attend external conferences. In total 43 members of the core function attended an average of three courses from the **professionalisation programme** and an additional seven were sent to external conferences.

DG HR revised the **key performance indicators for its activities as domain leader for internal communication** and communicated them to the Corporate Management Board.

DG HR organised a strategic reflection about the function with the Internal Communication (IC) community, preparing the ground for a revision of the IC strategy in 2020. DG HR also identified priorities for the **Communication Plan together with the internal communication community** to ensure better planning and increased consistency.

DG HR conducted a **pilot for a mobile application dedicated to internal communication**. The app allowed Commission colleagues to easily access corporate and local news and external communication content on their mobile devices, according to their subscription preferences. The evaluation of the pilot will feed into the broader reflection on the evolution of My IntraComm.

In 2019, all EU institutions and agencies having access to My IntraComm were brought either around a single URL, allowing to further consolidate the administrative management of EU bodies and reach new economies of scales.

DG HR started to coordinate a **new communication campaign "Simpler. Smarter. Together."** approved by the Corporate Communication Steering Committee in 2019 to be launched in 2020. It is aimed at promoting support services (HR, IT, logistics etc.) in a joined-up and user-centric manner.

Efficient, Stable and Future-Proof HR IT Landscape

The study on the current HR IT landscape was concluded, giving an overview of the as-is situation. While the systems are stable and there is no urgent need for immediate replacement, the landscape has grown and a number of different and partially unaligned tools proliferated. The study proposed a user engagement layer, which would unify the entry point to the HR IT tools for clients, making invisible the underlying variety. This user engagement layer could be implemented in the current landscape, which could be modernised without creating service disruption. It has also become clear that the tools and data layers of the landscape need a major transformation. The work on this will be kicked off in 2020.

A single HR Business Intelligence unit was created to deliver in multiple areas, including extending the catalogue of reporting services, providing more user-friendly and flexible reporting and analytics solutions, increasing data quality and consistency and improving data literacy within the HR community. DG HR delivered the **FORSI HR tool, a FOREcasting and SIMulation modelling environment** that uses modern data science technologies, offering a more holistic and accurate solution for HR's forecasting needs in terms of outflows and inflows of staff. It also rolled-out HR SEARCH, a prototype to serve the needs of Talent Management and Organisational Development by creating a unified staff profile.

Aligned with the **DataStrategy@EC** that aims at 'transforming the Commission in a data-driven organisation', DG HR led within the HR Family the DataStrategy@HR Family. The strategy is built around a comprehensive view of data, including its cataloguing, definition, governance, quality management, protection, delivery and consumption.

Output indicator	Target	2019
Availability of the study results on the future of HR IT tools and the HR Data Strategy	Autumn	Autumn
Source: HR.A3		

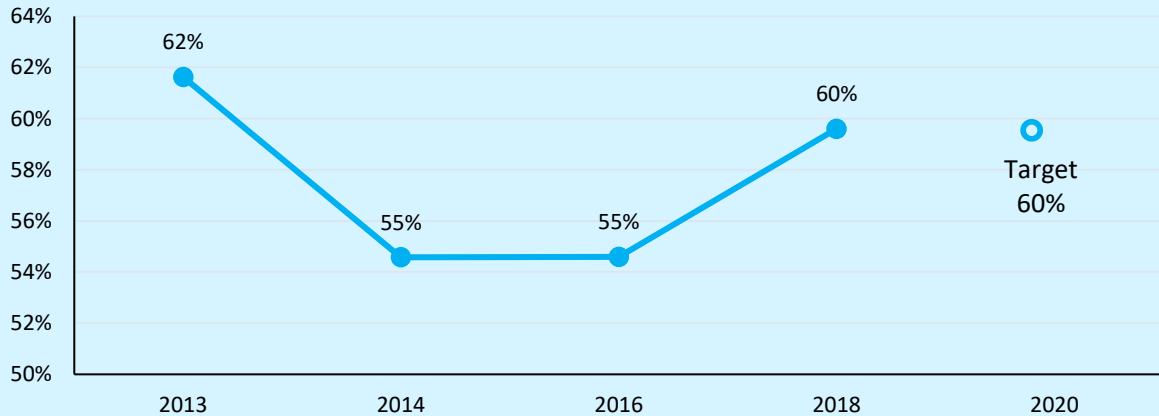


Specific objective II.1: Talents are recruited, assessed, developed, motivated, retained and deployed to best fit with political priorities

DG HR has further focused on managerial excellence by developing managers’ potential to become more effective through mobility, 360° feedback, and a development programme. As a result, staff members have shown an increased satisfaction with their managers with a rise of 3 percentage points from 2015 to 2018 (64% of satisfaction with middle managers, 50% with senior managers).

DG HR provided staff members with better career management potential through internal competitions, the Junior Professionals Programme, headhunting services, and the 4-year career talk initiative. Overall, staff motivation as defined in the strategic plan 2016-2020 increased from 55% to 60%, already achieving the target of 60% set for 2020.

Impact indicator **Staff Motivation Index**
Source Staff Survey



MANAGERIAL EXCELLENCE

Develop and support Middle Managers

In 2019, 142 newly appointed middle managers have benefited from at least one session of the corporate development programme consisting of a personal development plan session and three individual follow-up sessions. Two introductory sessions on HR management were also organised for them.

In addition, a new development programme for established middle managers with managerial performance issues was introduced and is offered upon request.

A first 360° feedback pilot was run with 5 participating Directorates-General, allowing 64 middle managers to get a structured feedback on their managerial skills from a number of different sources and perspectives.

Output indicator	Target	2019
Number of newly appointed middle managers having benefited from the development programme.	120	142
Source: HR.C2		

Corporate 360° feedback for Senior Managers

The Senior Management Development Programme welcomed in 2019 another 13 new participants, bringing the total of active participants to 34. The programme's focus remains on newly appointed Directors, although, following the expansion of the 360° feedback pilot, participants with more experience in a senior management function also started to take advantage of this tool. Participants receive ongoing feedback from HR experts and benefit from a tailor-made programme of personal development and individual coaching.

The corporate 360° feedback pilot for senior managers, met the target of 30 additional senior managers set for 2019, bringing the total number of participants to 157 senior managers in 33 different Directorates-General. Currently, 11 Directorates-General have completed the pilot with their entire senior management team. Participating senior managers have the opportunity to get an all-round view of their leadership capabilities, and to compare their self-image with the portrait that comes from the observations of their managers, peers and members of staff. This allows them to identify their management blind spots and to reflect on possible self-development areas.

Output indicator	Target	2019
Number of senior managers having performed a 360°	30	30
Source: HR.C1		

People manager of the future

The Commission's Guidelines for Coaching are being implemented through the creation of the Commission's network of internal coaches, currently with around 50 internal coaches. More than 100 coaching interventions took place during 2019 in order to assist managers and their teams to deliver the Commission's objectives in a more sustainable way.

RECRUITMENT & PERFORMANCE

Enhance attractiveness of the Commission as an employer

The initiative to launch a communication on attractiveness of the Commission was closely linked with the discussions on the MFF 2021-2027. The issue of attractiveness will be integrated within the new HR strategy, as one of the key priorities for the institution.

In parallel, the Commission continued to work on enhancing the set of tools available and make its employment offer more attractive for professionals from across the EU.

New general implementing rules for Temporary Agents

A draft new Commission decision on the conditions of employment of temporary agents was prepared by DG HR and submitted to inter-service consultation (ISC) in May 2019. During the ISC, all Commission DGs issued favourable opinions.

The text was discussed with the trade unions during several concertation meetings. Two meetings between the Commissioner and the Trade Unions also took place in July and September 2019. Commissioner Oettinger decided to pass the file on to the new Commission, for the finalisation of negotiations. Currently, an in-depth analysis of the file is being carried out in DG HR for a decision to be taken at political level on the way forward.

Internal Competitions

DG HR focused on running the internal competitions launched at the end of 2018 in different grades of the three function groups: AD, AST and AST/SC. Most of them covered several domains and some of them were open to Contract Agents. These competitions attracted 6 231 candidates for 459 laureates. The first reserve lists were published in September 2019. The last reserve list was published in February 2020.

Output indicator	Target	2019
Number of laureates	411	459
Source: HR.B1 - SYSPER		

Pilot Junior Professionals Programme

Further to the College’s decision to extend the pilot until 2020, 46 junior professionals were selected in 2019, and a fourth call for expressions of interest was launched. By the end of 2019, there were 76 junior professionals working across the Commission DGs.

Output indicator	Target	2019
Number of Junior Professionals by end of 2019	80	76
Source: HR.B4		

LEARNING & DEVELOPMENT

Skills of the Future

Further developing learning paths for the main functions in the Commission is one of the priorities identified. With that regard, an inter-service group including SG, DG HR, JRC, DG COMM, IDEA and SRSS, has been developing a learning package for policy officers, to prepare them for an increasingly complex work environment while supporting their individual development. In October and November 2019, several new courses of the policy officer learning path were successfully piloted.

Output indicator	Target	2019
Policy Officer path	Autumn	Autumn
Source: HR.B3		

Partnership and mobility

2019 was a year of research, sharing and discovery of new language learning solutions, available on different IT devices in order to make them accessible where and when needed.

In 2019 tests were carried out on virtual classes, online platforms and mobile applications.

Several hundred colleagues followed online language courses throughout the year; one virtual SV class was organised as a pilot project in autumn

Strategy

A stakeholder consultation was conducted to identify opportunities for improvement of the learning and development offer and optimise the organisation and processes. As a result, a number of working packages have been identified, which will form the basis for the 2020-2024 work programme.

Output indicator	Target	2019
Stakeholder consultation	Autumn	Autumn
Source: HR.B3		

CAREER

Foster staff mobility

The Headhunting service was officially launched in October 2019 through a Commission-wide communication campaign. Headhunting is designed to help Commission services proactively search for candidates for their vacancies. It also enables the Commission to better explore its talent pool and facilitate staff mobility. Line managers can now request support to identify potentially suitable candidates for vacant posts. The service currently runs on a prototype tool, while a more advanced IT tool is in development.

Job shadowing facilitates exchanges and interaction between staff and is an excellent way of acquiring a better understanding of a specific field. It is a good networking tool and a silo breaker. It can help staff identify possible future positions and help services identify new talents.

Output indicator	Target	2019
Evaluation of the headhunting pilot exercise	Autumn	Autumn
Number of Job shadowing cases	80	85
Source: HR.B4- SYSPER		

Reinforce career guidance

The ‘4-year career talk’ offers staff members the opportunity to reflect on their career and consider possible options to stimulate and enrich their career development. Following the positive feedback from the pilot exercise in 2018, the initiative was extended to all AST officials in the Commission. 36 DGs launched the exercise in 2019. 636 AST officials took part in 2019.

The career guidance module in Sysper aims to replace the IT tool previously used to record information on career guidance sessions with staff.

Output indicator	Target	2019
% of eligible staff who accepted the invitation to the "4-year career talk"	40%	19%
Number of DGs involved in the "4-year career talk" exercise	40	36
Number of staff received by the Career Guidance Officers	2 500	2 556
Source: HR.B4 - SYSPER		

Careers events

Due to the transition phase between the former and the new Commission, it was

decided to organise a smaller career-related event called 'Boosting your career'. This was a half-day event on 23 October 2019 where a number of workshops, information sessions and panels on different topics from the areas of talent and career management were organised.

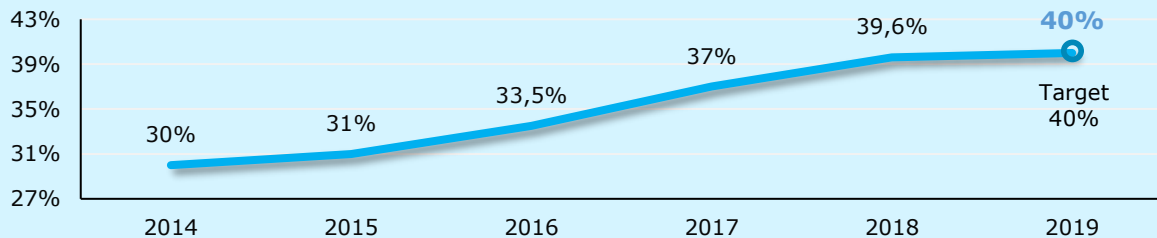
Output indicator	Target	2019
Number of participants to the career day	1 500	500
Source: HR.B4 - Elearn		

Specific objective II.2: An inclusive talent management that attracts and retains diverse talent including attaining the target of 40% of female senior and middle managers

The Commission continued its efforts to embed diversity as a key principle throughout the whole HR management cycle, in particular concerning gender and with a special emphasis on gender balance at management level. As a result, since the target of 40% of female representation in management was set in 2014, the overall share of women in management has grown from 30% to 40%.

Impact indicator Diversity & Inclusion - % of women in management

Source Sysper



Diversity & Inclusion Action Plan

In November 2019, DG HR published its second **annual Diversity and Gender Equality Report**. This report shows that out of the 41 measures proposed in the Action Plan, 39 were in implementation or finalised. In particular, the Commission adopted its decision on the review of the 95% part-time formula without salary reduction for cases of disability-related hardship. Further, the Commission has taken all the necessary preparations to be able to finance 100% of the fees related to special schooling and care for the children of colleagues with special needs.

A range of actions were put in place to achieve the ambitious target, set in 2014, of 40 % female representation in

management by 2019. In December 2019, 36,5 % of Directors-General, Deputy Directors-General, Directors and Principal Legal Advisers were women. In addition, 41 % of Head of Unit or equivalent functions were occupied by women, with 60 % of first appointments to middle management levels since 1 May 2017 being women. **Since the targets were set in November 2014, the overall share of women in management grew from 30% to 40%.**

Building on the success of the first round of the **Female Talent Development Programme**, a second cycle was launched in cooperation with the DGs. 102 female colleagues benefit from a mix of competency building, mentoring by senior managers, networking and individual

coaching. In December 2019, 25 participants of the first round and 7 participants of the second round have been appointed Head of Unit.

Result/Impact indicator	Target	2019
Percentage of announced measures achieved	90%	97.%
% of women in senior and middle management.	At least 40%	40%
Source: HR.C & HR.B ADV02 Diversity & Inclusion - SYSPER		



Specific objective III.1: Staff work in a secure working environment



In 2019, DG HR has reinforced security measures to even better ensure that all its places of activity, people, assets and information are adequately protected against risks to their security. In 2019, there were no major incidents which were not detected and mitigated.

Implement a comprehensive Security awareness raising campaign by establishing a detailed action plan

In 2019, DG HR's Security Directorate organised 258 conferences, courses and briefing sessions, which were attended by over 9 000 staff – similar to last year, making 2018 and 2019 the years where the highest number of staff were security-trained.

DG HR's Security Directorate organised the "Security Days" with the organisation of 50 events, attracting around 1 200 staff members. The majority of them received a very positive feedback.

In addition, DG HR's Security Directorate published 21 'Practical information' articles and communicated on eight different security topics in Commission en Direct / MyIntracomm.

The 14th edition of the European Commission's Annual Security Symposium took place in October 2019 and contributed to raising awareness on various security topics among the 420 participants from inside and outside the Commission. Commissioners Oettinger and King opened this high-level event. The conference focussed this year on fake

news and information in addition to covering a broad range of current issues in security.

The development of new internal security communication tools continued throughout 2019. In September, the EUWARN smartphone app, the Commission's new flagship tool to send security warnings to staff, was successfully launched. Works on a tool to push alert messages onto staff computer screens ('pop-up messages') continued.

Develop and roll out a new generation of Commission access badges

DG HR produced and distributed new and more secure Commission access badges to Brussels-based staff from October 2019. Roll-out to other Commission sites will take place in spring of 2020. The new access badges help reduce the risk of unauthorised access to Commission buildings since they contain more secure and better-encrypted access technology. In addition, the significant reduction in the number of physical layouts of the new badge facilitates visual controls by the guards at Commission entrances. A full-scale communication campaign took place to explain the new access badges.

Practical guide for staff on investigations and internal guidelines for investigators

The practical guide to Commission staff on security inquiries is being developed and will be finalised for the summer 2020. This guide presents an overview of a security inquiry and describes the rights and obligations of the various people involved in security inquiries.

Due to changes in the staff responsible for the internal guidance for investigators, the check-list for HR.DS investigators is still under development. Its finalisation is foreseen for the autumn 2020.

Comprehensive strategy on security operations

DG HR has developed sectoral strategies on Counter-Intelligence, Counter-Terrorism, Protection and Open Source Intelligence, based on risk assessment for these sectors. The overarching strategy on security operations will be finalised and validated before the summer 2020.

Unauthorised access to Commission premises - Berlaymont

2019 saw the launch of the works for the construction of the Berlaymont Welcome Centre and the installation of hostile vehicle mitigation systems at the Berlaymont's main car park entrances.

Commission's security rules

The overarching Information Security Package was adopted by the Commission in March 2019. This package includes the Commission's Information Security Strategy. It is underpinned by the following rules:

- New rules for marking and handling sensitive non-classified information . DG HR's Security Directorate launched a new training course, recorded a video, created a poster and organised various events to promote the new markings. The markings are now implemented in Ares and Eurolook. Publicity was made via several articles on MyIntracomm.

- Two sets of Implementing Rules for handling classified information , adopted in December. These have been widely advertised on MyIntracomm, and will soon be further supported by an e-learning course on handling EUCI and a by Registry Manual for Registry Control Officers.
- Implementing Rules on industrial security with regard to classified procurement contracts were also adopted in December 2019 and advertised on MyIntracomm.
- New rules on the outsourcing of communication and information systems, aimed at protecting Commission information in the cloud were prepared for adoption in the first quarter of 2020 and will provide the basis for further standards and the development of technical services to allow the Commission to reap the benefits of outsourcing while retaining control of its information assets.

RESTREINT UE/EU RESTRICTED information - RUE-X

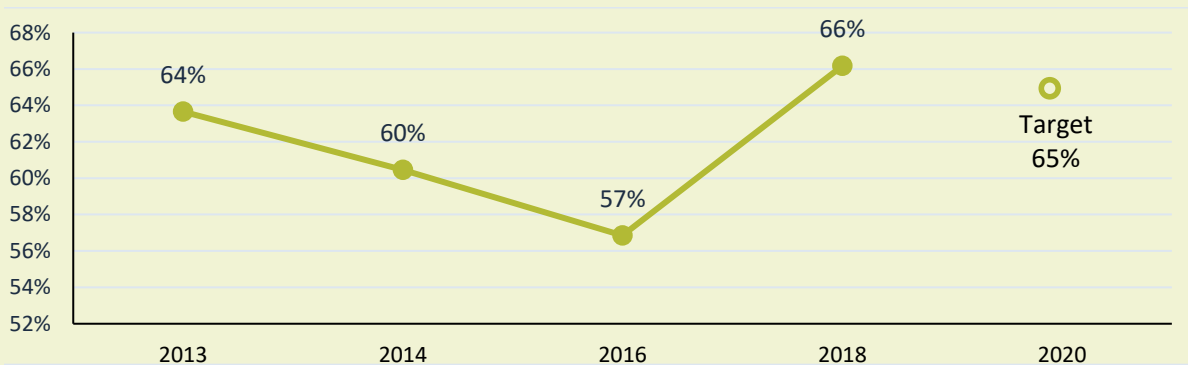
In 2019, the RUE-X system was successfully tested with pilot users in several DGs, and several accreditation deliverables have been approved. 4 700 active RUE users in the Commission will be migrated to the new system in 2020. DG HR's Security Directorate started to develop the SUE project – a dedicated IT system for highly classified information, in close cooperation with DG TRADE and DG GROW.

Specific objective III.2: Staff work in a safe and attractive working environment



In line with our commitment to be a responsible employer, DG HR has further implemented the fit@work programme aimed at developing awareness and resilience and improving the mental and physical health of all Commission staff. As a result, overall staff satisfaction as defined in the strategic plan 2016-2020, increased from 60% to 66% since 2015, exceeding the target of 65% set for 2020. The positive impact of the fit@work programme is particularly tangible in the level of satisfaction of staff members with how the Commission cares about their wellbeing at work, displaying an increase of 16% points (35% in 2015 versus 51% in 2018). In 2019, staff attendance rate remained stable at 95.8%.

Impact indicator **Staff Satisfaction Index**
Source **Staff Survey**



PHYSICAL HEALTH

Health on-line

DG HR planned to develop a health on-line feature to provide staff with a possibility to access online to their health data on confidential and volunteering basis to help them in improving their state of health. However, the SERMED system is undergoing modernisation and migration towards a new platform. The health on-line feature is depending on the upgrading of the current system and cannot be foreseen at this stage.

Revise the implementing provisions regarding absences on grounds of health or accident

Commission decision on implementing provisions on absences as a result of sickness or accident is under revision and the inter-service consultation phase was completed in 2019. Social dialogue phase

has been launched. It will notably give tools to the service in charge of absence management to better target medical controls.

MENTAL HEALTH

Integrated approach for the promotion of mental wellbeing and the prevention of psychosocial risks at work

The psychosocial services offers services such as, psychological and social support to staff in difficult life or professional situations, giving advice on how managing financial issues, providing guidance to managers on how to create and maintain a healthy working environment, and expressing psychiatric opinions to the Administration in the pre-recruitment phase.

Collectively, there were more than 6 000 consultations in 2019, 43% of

psychiatrist & psychologist consultations and 57% of social workers interventions

for active staff and pensioners.

Preventing psychosocial risks	Brussels	Luxembourg	Other sites*	Total	
Consultations	3 695	1 435	1 067	6 197	
<i>psychiatrist & psychologist</i>	2 085	90	496	2 671	43%
<i>social workers</i>	1 610	1 345	571	3 526	57%

* Ispra, Sevilla, Petten, Geel and Karlsruhe

The vast majority of interventions concerned personal problems, work-related issues concerned only around 20%. In order to help increase staff awareness of psychosocial risks at work, a number of presentations were given to colleagues, management and newcomers' spouses.

Additionally, DG HR continued to coordinate the training for Management concerning specifically the prevention of psychosocial risks at work. To date, around 1 280 members of staff in middle management have received this specialised training. In 2019 alone, there were 180 participants.

A Fit2Lead programme was launched in the form of a 4-month pilot project focusing on health and wellbeing, targeted specifically at Directors-General. The idea stems from the Mindfulness for Leadership programme, which demonstrated the importance of taking good care of yourself in order to be an excellent manager.

Return-to-work support strategy

As part of the Commission's duty of care to its staff, DG HR is working on a new procedure concerning return to work after long-term medical absence. The objective is to support staff in returning to work at an earlier stage if medically justified and to prevent further relapses and therefore absences where possible.

PHYSICAL ACTIVITIES

Promoting physical activity

The fit@work programme can now be found in the Where2Go app, that improved its search capacity. Lunchtime conferences took place throughout the year to address specific topics of interest to Commission staff, for example 'Many ways to mental wellbeing'.

During the European Week of Sport, fit@work made a joint campaign with the Commission's Sports and Leisure clubs association promoting participation in their activities. 915 staff enrolled for the #BeActive Walking Challenge .

For the fourth year running, fit@work encouraged colleagues to make regular physical activity a part of their lives, with the 'Test your physical fitness' days. In 2019, over 500 staff members participated (double compared with 2018).

The cycling campaign Vélomai 2019 also set a record in participation, with an increase of more than 20% (which translates to more than 3 300 participants). In addition, over 1 200 participants took part in 25 cycling-related events.

88 EU teams including 532 EU runners took part of the EKIDEN relay marathon.

Encouraging healthier commuting

A revised mobility plan has been prepared and needs to be discussed at political level in 2020 with the new Commissioner; adoption foreseen before summer 2020.

PHYSICAL WORKING ENVIRONMENT

Workspace arrangements

A Communication on "The Workplace of the Future in the European Commission" was adopted in 2019. It proposes a set of principles and recommendations for the an attractive work environment. Changes in the workplace should help staff to deliver their tasks more effectively and efficiently. The overall aim should be an alliance between wellbeing and performance.

Output indicator	Target	2019
Adoption of a policy paper with options to organize our workspace	Summer	Autumn
Source: HR.D2		

Health and Safety

The occupational health and safety audit on water was carried out covering the management of tap and sanitary water in Commission and Publications Office buildings in Luxembourg and Brussels. The audit report provides reasonable assurance that Commission services carry out the necessary measures and controls to ensure that tap water is of good drinking quality and to prevent microbiological contamination of sanitary water.

Output indicator	Target	2019
Adoption of the Report	Autumn	Autumn
Source: HR.D2		

WORK/LIFE BALANCE

Assess & revise 95% part-time formula

The Commission adopted its decision on the review of the 95% part-time formula without salary reduction for cases of disability-related hardship in November 2019, to make it more accessible to colleagues in difficult situations, notably the ones taking care of a dependent child with disability.

Output indicator	Target	2019
Satisfaction rates with regard to work-life balance in the staff survey. Increase per survey year	62% (+5%)	56% (-1%)
Adoption of the revision	Winter	Autumn
Source: HR.D		

Specific objective III.3: An organisation respectful of its environmental impact and its social responsibility

DG HR has also further implemented EMAS (the Eco-Management and Audit Scheme) to continuously improve its environmental performance. More broadly, as an employer the Commission reinforced opportunities for staff to engage in voluntary work for the benefit of local communities.

SOCIAL INTEGRATION

Corporate Responsibility

DG HR prepared discussion papers and proposals on stand-alone issues, forming the basis for discussion on the new framework to be put in place for Corporate Responsibility. Notably, an in-depth research is on-going into competence based (pro bono) volunteering. Emerging ideas for a joint EMAS/CSR Green volunteering initiative ('Coeur et fleurs) will launch in April 2020.

Social Engagement through Volunteering

The first **EC Volunteering Forum** took place on 21 February 2019. It provided an opportunity to meet the people behind the 20 or so associations who hosted Commission staff volunteers during the EC Volunteering Weeks in 2017 and 2018.

In November 2019, around 750 staff members each spent half a day volunteering during the third **EC Volunteering Week**, held in Brussels. As in previous years, the primary focus of the week was on doing something worthwhile and practical to make a difference at the local level. Activities fell into three main categories: direct social contact with people in difficult situations; maintaining NGO facilities; and environmental projects.

Interest in volunteering team events continued through 2019. The CSR Adviser team provided advice and support on organising volunteering team events to many DGs and AMCs, as well as delivering various information sessions and workshops on staff volunteering under the Volunteer for a Change initiative.

Guidance on volunteering team events was reviewed in the context of the HR B3-led revision of corporate guidance on team events. A brochure setting out the context for volunteering awaydays, offering advice and guidance and of how to do them and case studies is being finalised for publication in Q1 2020 on the basis of previous experiences of volunteering team events

Output indicator	Target	2019
Number of participants: EC Volunteering Week	800	750
Number of participants: Other corporate/DG volunteering activities	500	600
Source: HR. Elearn		

Inclusion of persons with disabilities – Reasonable accommodation

A “Single Entry Point” fully operational in 2019 covers two areas:

- all disability-related financial and administrative issues for disabled staff, or parents with disabled children.
- "Reasonable Accommodation" for colleagues with a disability in their workplace.

Furthermore DG HR had set up an interinstitutional social working group within the CPQS in order to adapt the guidelines for the implementation of the aid for persons with a disability and managed to reach a consensus on revised guidelines with all institutions and agencies.



legal Affairs
ETHICAL ORGANISATION

Specific objective IV.1: Managers and staff abide by the highest professional and ethical standards at all times

In 2019, DG HR deepened its efforts to promote the respect of the organisation’s core ethical values and obligations in order to ensure a correct understanding of the underlying principles and to ensure that staff conscientiously abide by the rules. To this purpose, DG HR carried out awareness raising actions on ethics and revised the practical guide to disciplinary proceedings. DG HR also reaffirmed the Commission’s commitment to a zero-tolerance approach against harassment by reviewing the anti-harassment policy, which will be finalised in 2020.

New decision and Practical Guide on the conduct of administrative inquiries and disciplinary proceedings

The new Commission Decision laying down general implementing provisions on the conduct of administrative inquiries and disciplinary proceedings was adopted in June 2019. The main purpose is to: i) take into account the developments in the case-law of the Court of Justice of the

European Union; ii) lay down definitions and general principles guiding the administrative inquiries and disciplinary proceedings; iii) provide a clear description of the various steps of the procedure; iv) reinforce the procedural rights of the persons involved.

IDOC revised also its Practical Guide on procedures in administrative inquiries, pre-disciplinary and disciplinary proceedings.

Output indicator	Target	2019
Practical Guide to Disciplinary Proceedings	Summer	Summer
Source: HR.IDOC		

Revision of the rules on the prevention of and fight against harassment and inappropriate conduct

DG HR launched the review of the Commission Decision on anti-harassment policy. The review aims to reaffirm the Commission's commitment to a zero-tolerance approach against harassment and other forms of divisive or inappropriate behaviour. The review is also an opportunity to strengthen the focus on prevention and awareness-raising, including via a practical guide.

DG HR finalised the recruitment of 30 new confidential counsellors selected among Commission staff and after having received specific training.

A total of 164 cases were dealt with under 'informal procedure' with the assistance of the network of confidential counsellors, a decrease from 169 in 2018.

Awareness raising actions on ethics

DG HR continued to organise awareness-raising activities on ethics. DG HR reached out to 15 DGs receiving presentations and trainings on ethics at separate events with awareness-raising activities. The presentations on ethics included highly interactive elements, and were tailored to different audiences: all staff, management, newcomers, staff preparing for retirement, external audience, Ispra- and Delegation-based colleagues, etc.

Furthermore, DG HR organised several EU-Learn lunchtime sessions on ethics. A new section on ethics and harassment was introduced in a training day for newly appointed Heads of Unit.

Finally, dedicated trainings took place, presentations and information materials were created for the outgoing and incoming members of Cabinet in order to raise awareness on their ethical obligations.

Output indicator	Target	2019
Number of DGs receiving training and presentations	10	15
Source: HR.E3 – HR IDOC		

Specific objective IV.2: Staff Regulations implementing rules are clear and effectively applied

DG HR monitored the results of the simplification exercise of the legal framework, and three Commission Decisions were adopted establishing internal rules governing the restrictions of data subjects' rights in the field of access to medical data, security and disciplinary proceedings.

Better HR Regulations

In 2019, the Commission adopted the following new acts aiming at improving the regulatory environment:

- Revised general implementing rules on the conduct of administrative inquiries and disciplinary procedures .
- A new Communication to the Commission on the Workplace of the Future
- Decision on the periodic transfer of officials in delegations
- New decisions in the framework of the reform of the EU legal framework

applicable to local agents in delegations.

- New Commission Decision amending Commission Decision C(2004) 1318 of 7 April 2004 on the duties of Commission drivers.
- Revision on the Commission Decision on policies for the engagement and use of temporary agents.

A further seven draft decisions concerning the conditions of employment, rules on mobility of staff or rules dealing with working conditions and wellbeing were discussed under the social dialogue and are ready to enter the last phase for their adoption in 2020.

More than 100 decisions have been analysed since the Clarity4Vision project started in 2015, of which 28 have been modified and adopted, while a number of 25 decisions still need to be analysed. The remaining 47 decisions have not required adaptation.

Output indicator	Target	2019
Number of legal texts reviewed and certified HR Better Regulation	18	15
Source: HR.E1		

Internal Data Protection Regulation

DG HR was among the leading DGs to come up with a detailed assessment of the legal bases used to assess data subjects' rights. The process resulted in the adoption of three Commission Decisions establishing internal rules

governing the restrictions of data subjects' rights in the field of access to medical data and security and disciplinary investigation. Furthermore, the culture of compliance established among HR staff when protecting the rights of data subjects was confirmed by yet another EDPS inspection to DG HR.

Overall more than 900 pieces of data protection advice were given in 2019 to ensure consistency with and respect of the new rules and help the HR Family data controllers and delegates.

Output indicator	Target	2019
Number of decisions reviewed	3	3
Source: HR.E1		



Partnerships
COLLABORATIVE ORGANISATION

Specific objective IV.3: Collaborative and effective professional relationships with stakeholders and partners relevant for HR core services

DG HR kept monitoring progress in the agreement between the Commission and the Luxembourgish authorities, to reach the target of 12.5% of the Commission's total staff working in Luxembourg by 2022. Despite all the activities and projects launched to increase the attractiveness of the Luxembourg site, the percentage of staff in this location has decreased from 11.7% to 11.4%. To tackle this several additional initiatives are currently being implemented.

As the overall population in the European Schools continues to increase, DG HR has been actively involved in the implementation of a permanent and temporary solution to address this growth.

Further information on the implementation of HR policies can be found in the HR 2019 report, the general report on the activities of the Directorate General for Human Resources and Security.

Revision of legal framework governing social dialogue

In 2019, the DG HR deepened discussions with Trade Unions and Staff Associations regarding the composition and functioning of the Staff Committee. The different options concerning a new architecture for the Staff Committee of EC staff was presented to the new Commissioner in charge of Budget and Administration. The legal framework will be revised in 2020.

Raising attractiveness of the Luxembourg site

DG HR kept **monitoring the progresses in the 2015 agreement between the Commission and the Luxembourgish authorities**, to reach the target of 12.5% of the Commission's total staff working in Luxembourg by 2022. Despite all the activities and projects launched to increase the attractiveness of the Luxembourg site since 2017, the percentage of staff has come down from 11,7% to 11,4%.

An independent statistical study **showed a difference in the cost of living** between Luxembourg and Brussels of 10,5%, mainly due to the cost of housing.

To tackle this several initiatives have been implemented:

- An interinstitutional group including the Ministry of Foreign Affairs of Luxembourg has been created to follow-up the implementation the recommendations.
- A redesigned session of the Study visit to Luxembourg has been organized.
- EPSO has organised an online event for the laureates to promote the Luxembourg site. A communication campaign has been launched together with EPSO.
- A tailor-made retraining programme for IT specialists has been developed and organised for 32 colleagues from four DGs.
- DIGIT has been involved, together with other key players in the IT domain in Luxembourg, in the development of the new programme entitled 'Master in Technopreneurship'.
- Luxembourgish language courses were launched as well as the series of 'EU in the making' conferences for managers.

The cooperation with the interinstitutional Committee for Social Activities and the Comité du Centre Polyvalent de l'Enfance on their social aid, wellbeing, social integration and child care activities was a priority to ensure that staff in Luxembourg are properly welcomed and integrated in the country and to improve their career development.

The agreement with the Association of medical doctors and dentists was renounced in 2018 and over 2019 resulted in a sensitive reduction of the individual billing to the EU staff and family members covered under the JSIS. In 2019, the Convention with Luxembourg hospitals was terminated with the effect as of 1 January 2020 and with the aim of stopping the inequality in the treatment between JSIS patients and those of the national health system.

Output indicator	Target	2019
Staff present in Luxembourg	12,5% in 2022	11,4%
Source: HR.PA Luxembourg Site Coordination		

European Schools Governance

In Brussels, the population grew from 12 958 pupils in 2018-19 to 13 420 pupils in 2019-2020 (growth of 472 pupils).

The opening of a **fifth school in Brussels** suffered a significant delay on the side of Belgian authorities. The school is now scheduled to open in 2026 at the earliest.

The Belgian authorities are working on a temporary solution in Evere to open in 2021 with a capacity to accommodate 1 500 pupils of nursery and primary cycles.

The Board of Governors approved an **"attractiveness package"** for staff in the European Schools. It includes measures addressed to both seconded and locally recruited teachers as well as to non-teaching staff.

A working group was created specifically to **follow-up the United Nation Convention on Rights of Persons with Disabilities recommendations**.

The Withdrawal Agreement foresees that the **United Kingdom will remain bound by the Convention** defining the Statute of the European Schools until 31 August 2021, unless the transition period is extended. In addition, the United Kingdom committed to recognise a European Baccalaureate of all pupils who will be enrolled in a cycle of secondary studies in a European School before the same date.

Output indicator	Target	2019
Number of justified demands satisfied	100 %	100 %
Proportion of the ES budget covered by other Institutions / bodies	6 %	7.13 %
Proportion of the ES budget covered by the Member States	19 %	15.62 %
Source: HR.E4		

The percentage represented by the Member States revenue could not meet the objective set, because the increased revenues coming from the Member States did not compensate the increase of the ES budget. A new cost-sharing mechanism, intended to secure the ratio of 65% of seconded staff in the system was adopted in April 2019, entering into force in September 2020.

2. ORGANISATIONAL MANAGEMENT AND INTERNAL CONTROL

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

The first subsection reports the control results and all other relevant information that support management's assurance on the achievement of the financial management and internal control objectives². It includes any additional information necessary to establish that the available evidence is reliable, complete and comprehensive; appropriately covering all activities, programmes and management modes relevant to the DG.

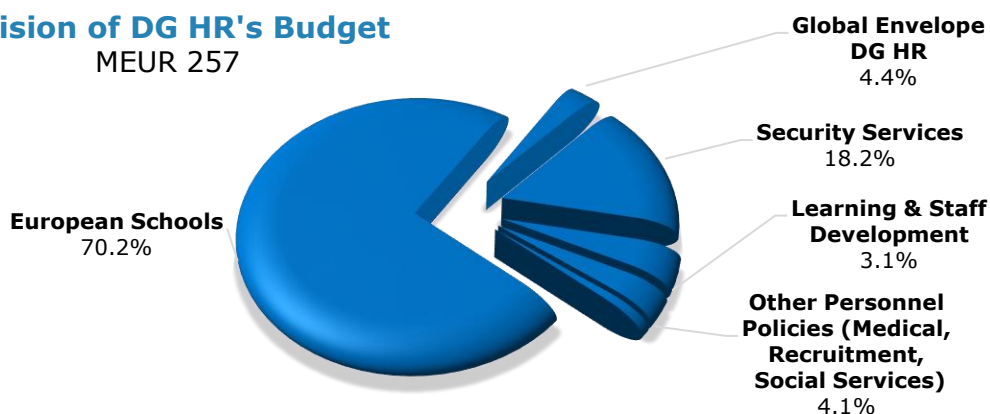
The second subsection deals with the other components of organisational management: human resources, better regulation principles, information management and external communication.

2.1 Financial management and internal control

Overview of the Budget

DG HR's institutional budget of MEUR 257 is implemented under centralised direct

Division of DG HR's Budget MEUR 257



management. 70% of the budget is earmarked as financial contributions for the European Schools. Most of the remainder MEUR ~77 is used to purchase

² Art 36.2 FR: a) effectiveness, efficiency and economy of operations; b) reliability of reporting; c) safeguarding of assets and information; d) prevention, detection, correction and follow-up of fraud and irregularities; and e) adequate management of risks relating to the legality and regularity of underlying transactions

goods and services for the Commission's security services, for implementing the Commission's personnel policy e.g. recruitment and the medical service and for centralised learning and development activities.

The budget execution rate was 100%. However MEUR 10 from the European Schools budget was reassigned due to the fact that the Schools' actual financial requirements were less than the voted budget.

Additional Revenue and Budgets Managed by DG HR:

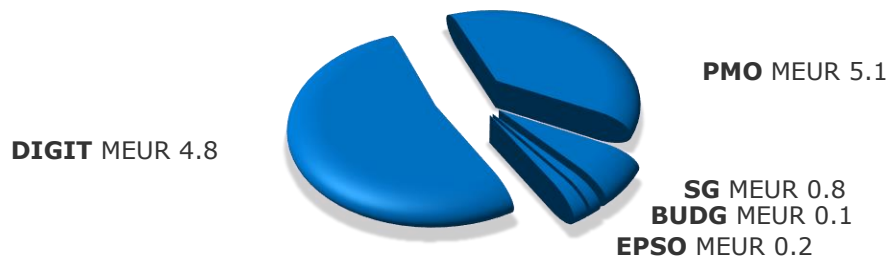
Service Level Agreements (SLAs) Revenue

With a view to making efficiency gains across the EU institutions and bodies, DG HR delivers some of its services to other institutions and bodies. These services are subject to chargeback and the associated legal basis are defined in contracts with customers referred to as Service Level Agreements (SLA).

DG HR applied the Commission's

chargeback methodology in the approved manner as confirmed by the IAS which conducted an audit on charge-back in 2018. In 2019 DG HR charged almost **MEUR 17** for services. Of this 55% representing **MEUR 9.5** was returned to DG HR's operational and staffing budgets.

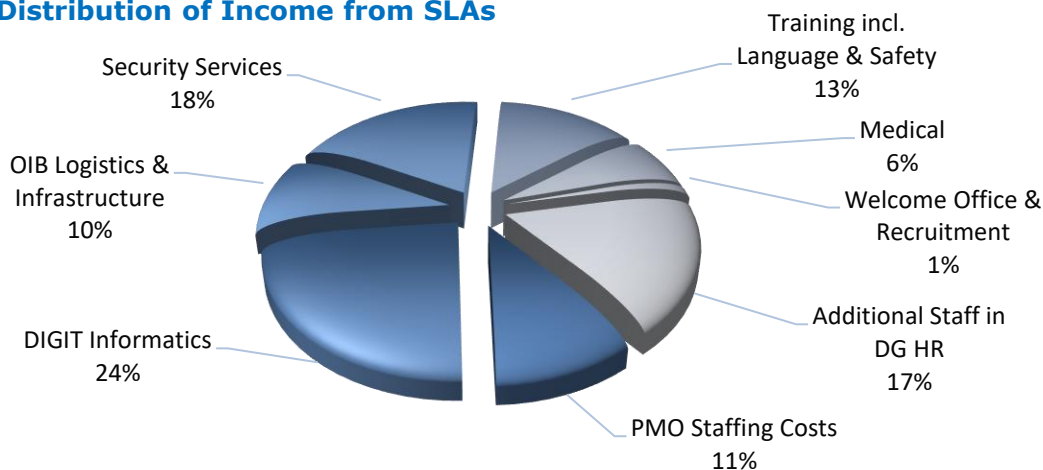
Budgetary Items Entrusted to Other DGs and Services (MEUR 11)



This amount covered the costs associated with offering HRM services to a broader client base. The remaining 45% was used

to cover the extra costs incurred by other Commission services (OIB, DIGIT and PMO).

Distribution of Income from SLAs



A large part of the revenue was allocated to the Commission's informatics DG, DIGIT to fund the provision of the HRM IT system, "Sysper", to other institutions and bodies. Other major costs incurred by DG HR to serve others, resulted in revenue for security services, training and medical services. The additional revenue on the DG HR budget corresponds to 2.6% of the total budget or 8.6% of the operational budget excluding the European Schools.

▪ Budgets of Other DG's and Services Managed by DG HR

DG HR has been entrusted with activities to carry out on behalf of other DGs and services of the Commission. Access to funding for such activities is generally provided through the transfer of authorising powers from one Delegated Authorising Officer to another. The sub-co-delegation arrangements are described in the Budget's Internal Rules each year. All such arrangements are described in more detail in SLAs or other

Administrative Arrangements.

The additional financial responsibilities amount to just over **MEUR 17**. The credits **delegated to DG HR** cover mainly:

- HR AMC Support Services offered to all DGs, notably for learning and development and recruitment services for ~ **MEUR 12**.
- Security services for informatics (DIGIT) and infrastructure (OIB) amounting to ~ **MEUR 2.0**
- Financial support services related to the **IAS** running costs < **MEUR 0.5**
- Specialist Services for Nuclear Medicine for the Joint Research Centre for a total amount of ~ **MEUR 0.7**

▪ European Schools' Income

MEUR 10 of funding emanates from third parties to contribute to the European Schools' budget. This amount corresponds to financial contributions from Agencies and

Institutions that operate in the cities where a European school is present. The funds received by DG HR are transferred in their entirety to the schools and thus this income does not fund DG HR's operations.

Budget implementation tasks entrusted to others: co-delegations

SG & DG BUDG, manage DG HR funds for Learning & Development activities and EPSO manages funds for the ERASMUS Traineeship programme for national civil servants.

The part of the budget entrusted to others has been managed under the same Commission rules and control framework. Through the existing reporting mechanisms DG HR is not aware of any issues or weaknesses which may have a significant impact on the assurance and thus concludes that there are no control weaknesses affecting the assurance statement the DG.

The Internal Control Context and Financial Control Risks in DG HR

▪ The European Schools: A distinct and separate mandate

The European Schools, governed by an intergovernmental convention, have a distinct and separate mandate which is defined in terms of providing a multilingual and multicultural education for children. The fulfilment of the schools' mandate cannot thus be construed as 'executing a part DG HR's mission'. For this reason, the **European Schools are not considered as an entrusted entity** which indirectly executes DG HR's budget.

The governance of the European School System is ensured by the Board of Governors, made up mainly of Member State representatives, in which the European Commission is represented with 1 vote.

▪ Financial Risks: The Type of Financial Operations Managed by DG HR

Effective and Efficient Financial Control

- Riskier transactions are subjected to more stringent & centralised scrutiny than low risk ones.

DG HR entrusted ~4% of its 2019 budget to other DGs of the European Commission in order for them to carry out certain tasks on its behalf. Most of the amount concerned was entrusted to **DIGIT** for IT support services and to the **PMO** to pay for various aspects of staff expenditure e.g. mission and medical costs, fellowships and study visits.

- More senior and highly qualified staff process the riskier transactions.
- Workflows are designed to automate & approve low-value payments en masse.

To complete the financial risk profile of DG HR, the number of transactions, their complexity and size should be taken into consideration.

In 2019 DG HR dealt with payments worth **MEUR ~294** by processing some **16,000 transactions**. Many of these payments are routine in nature and around 30% of them are associated with interim staffing services which are subject to a highly automated approval workflow. The **average amount** associated with DG HR's **payments**, at **EUR 6,130**, has **decreased by 2.5%** compared to 2018, when it was already at a very low level of at EUR 6,290. In order to make payment processing more efficient, small and regular payment claims are dealt with *en masse*. Thus, the need for manual intervention, which is costly, for payment processing is minimised.

The high value transactions are associated with the European Schools. The average amount of an associated payment to the Schools has decreased by 3% compared to last year, and is now MEUR 3.4. The amounts to be paid are highly regulated and the workflow applied for payment processing involves a **dual verification** step. The **risks of paying the wrong amount or the wrong beneficiary are extremely limited** and indeed no such errors have been detected in the ex-post controls.

Important risks in financial management are associated with DG HR's **procurement activities** and therefore the tendering procedures for all high value contract awards are subjected to **strong and highly centralised controls**. Staff from a central Finance

Unit, oversee and support their operational colleagues throughout the tendering process. In reality, procurement risks are not only *financial* because errors or procedural weaknesses could result in important legal challenges and reputational damage. It would be incorrect to consider DG HR's annual budget as a basis for assessing the financial risks associated with procurement work because the amounts associated with contract awards relate to multiannual and often inter-institutional contracts. In 2019, the procurement services of DG HR supervised 39 procedures associated with **MEUR 233**, some of these procedures were ongoing at the end of 2019. There was a substantial increase in procedures managed in 2019, compared to 2018. Moreover, part of this increase translated in a strong increase of negotiated procedures. This can be explained by the volatile nature of procurement, where there will inevitably be years with a higher number of procedures compared to others. This was particularly the case for 2018 (low on procurement) and 2019 (rich on procurement), where a simple comparison will lead to wrong conclusions. Furthermore, the vast majority of the increase in negotiated procedures was justified by either their value (middle value procedures) or the fact that they had been unsuccessfully carried out (no bids received).

26 high value tendering procedures were concluded in 2019, under the supervision of DG HR. Subsequently, **DG HR awarded contracts worth MEUR 28**. It should be noted that in order to make efficiency gains and to avoid the dispersion of staff competencies within the Commission, DG HR extends procurement control and support services to **EPSO/EUSA** which awarded 5 contracts worth **MEUR 67**.

Supervision and Delegation of Power

The Director General ensures that responsibilities are assigned appropriately throughout the organisation. The financial circuits have been designed taking into account the risks and with a view to optimising the use of available resources. DG HR has both decentralised and centralised circuits in place.

- The **centralised model is applied for high value tendering procedures**.
- **A centralised model for the financial control of transactions, was rolled out in 2019**. The model now applies to all but one Directorate (DS), and the geographically dispersed units in Ispra. This has already optimised and harmonised operations, which will lead to further synergies.

Responsibilities are aligned with risks and thus only the most senior managers have the power to approve high value transactions. They are also empowered to sub delegate the less risky aspects of their financial management tasks to their staff.

Regular reviews of achievements and control results take place notably:

- The Director-General meets the Directors and key staff twice a year, to take stock of progress made in achieving operational results and internal control objectives;
- DG HR and the Cabinet discuss, as part of their weekly meetings, the Commission Agenda planning, internal control issues and other priority actions;
- A scoreboard, with performance indicators associated with financial management and control, is prepared each month. It is discussed periodically with management;
- Budget review and programming exercises are organised at least twice a year.

DG HR determines its error rate in financial processes through the following measures:

- Campaigns of ex-post controls are performed both by senior management and by the finance and internal control unit. The latter, coordinates the overall campaigns and ensures that the associated rules are adopted coherently;
- The Finance and Internal Control Unit is more independent with respect to the transactions which are now authorised by the newly established Financial Transaction Unit;

- Regular reviews of important procurement files are sampled and scrutinised by the Administrative DGs' inter-service group on public procurement (GAMA).

The corporate ex-post control campaign is well established in DG HR. Its primary purpose is to estimate the DG's error rate and thus the controls are based on a randomly-selected representative sample of transactions. A second objective of the ex-post control campaigns is to identify and remedy any control weaknesses in financial management.

The risk analysis of ex-post activities was updated in 2019 to ensure ex-post verification would add the highest value to the achievement of the control objective. The European Court of Auditors observations on the 2018 security procurement (ref. audit section 2.1.2) had a large impact on the non-financial ex-post task programming. The contribution of ex-post control to DG HR's internal control is detailed under section 2.1.1 in the heading on control effectiveness.

Assurance is an objective examination of evidence for the purpose of providing an assessment of the effectiveness of risk management, control and governance processes. This examination is carried out by management, who monitor the functioning of the internal control systems on a continuous basis, and by internal and external auditors. Its results are explicitly documented and reported to the Director-General.

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

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

2.1.1 Control results

This section reports and assesses the elements identified by management that support the assurance on the achievement of the internal control objectives³. The DG's assurance building and materiality criteria are outlined in the AAR Annex 4. Annex 5 outlines the main risks together with the control processes aimed to mitigate them and the indicators used to measure the performance of the relevant control systems.

1. Effectiveness = the control results and benefits

Building Assurance

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

Assurance is an objective examination of evidence for the purpose of governance processes. This examination is carried out by management, who monitor the functioning of the internal control systems on a continuous basis, and by internal and external auditors. Its results are explicitly documented and reported to the Director-General. The reports produced are:

- Assurance reports and exceptions registered by the Sub Delegated Authorising officers as well as reports from Authorising Officers in other DGs who manage budget appropriations in cross-delegation;
- Results of the ex-post controls;
- Results of controls on large value

³ 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.*

Procurement Contracts (GAMA);

- Observations and recommendations reported by the Internal Auditors and the European Court of Auditors (ECA);
- Contribution of the Internal Control Coordinator, including the results of internal control reviews at the DG level.

Assurance Reports and Exceptions or Noncompliance Reports

All authorising officers report regularly to the Director General on the implementation of operations they were entrusted with. In DG HR this reporting is done twice a year and all the empowered officers are required to provide their line managers with a comprehensive report covering their key internal control and financial management responsibilities. In turn, the Directors and Deputy Director General, provide an overview of the situation in their Directorates to the Director General. **The Directors' overview reports did not highlight any problems or weaknesses** that had not already been identified and addressed through the exception reports and internal control reviews.

DG HR's register of exceptions and non-compliance events highlights 46 issues related to the non-respect of procedures in financial management.

The amount associated with the exceptions was estimated at **KEUR 15**, whereas the **39 non-compliance events account for KEUR 420**, with 4 events representing 67 % of the total. A reassessment of the exceptions, resulted in a requalification of 3 of them into more permanent **derogations** bringing the total number of derogations to 4, with **two representing 90%** of the total associated amount of **KEUR 690**.

- **39 non-compliance events** or errors, this year, were associated with issues that that may result in extra risks for the organisation. Corrective measures were taken and the underlying causes of the errors have been or are being addressed.
- **3 exceptions** were granted to deal with very specific circumstances. In all cases the risks were fully assessed

prior to an exceptional procedure being adopted. The follow-up of the causes leading to the exceptions are being closely monitored by the internal control coordinator.

- **4 Derogations**, were accorded in order to address situations in which the specific but non-standard, inherent nature of the listed activities concerned, makes it difficult to reconcile them with standard procedures.

To be prudent, DG HR subjects all deviations from standard procedure to a thorough assessment of the amount at risk. The amount at risk should not be confused with 'amounts misspent' or 'financial losses'. The amount at risk is defined in terms of the part of the budget that could be affected by a material error if the error had been repeated in similar transactions. All deviations that are the result of an error are taken into account when calculating the total **amount at risk**. The assessment shows however that even though procedures may not have been correctly applied, the associated payments were often accurate i.e. **the right amount was duly paid to the right beneficiary**.

There can be large fluctuations in overall amount at risk from one year to the next. In 2019, KEUR 29 was estimated to be the amount at risk compared to KEUR 53 in 2018.

Coverage of the Internal Control Objectives: Ex-Post Controls

DG HR has set up internal control processes aimed at ensuring the appropriate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the nature of the DG's activities as well as the nature of the payments concerned. The financial control objective is to ensure that the DG has reasonable assurance that the total amount of any financial operation authorised during the reporting year, which would not be in conformity with the applicable contractual or regulatory provisions, does not exceed 2% of the total expenditure.

Given the very low error rates found in former ex-post control exercises, the same sample size as in last year was

verified in 2019. The ex-post control campaign covered 180 transactions worth MEUR 127, representing 49% of the budget. The sampling method used was random and stratified taking into

consideration the expenditure in two main sub populations: European Schools and procured goods and services. The sampling was designed to give rise to a meaningful result.

Control Coverage associated with Transactions

Type of transaction	Number Ex-post controls	Value associated with the sample (MEUR)	% of total Approved Budget covered by the sample
Commitments	40	34.4 *	13 %
Payments	123	91.5	36 %
Recovery orders	17	0.7	0.3%
Total	180	126.7	49 %

* When checking payments, the associated commitment is also checked. To avoid double accounting, the figures in the table do not include the commitment amounts associated with the payment checks.

98.9% of the transactions checked in the ex-post controls were acceptable though some had minor shortcomings such as missing justification documents. The remainder, which contained more substantial errors, were generally associated with low value transactions. Indeed the amounts associated with the errors were negligible with respect to the value of the controlled amount.

The nature of the errors would generally result in additional risks to the organisation as opposed to financial losses. The main issues identified concern the respect of procurement procedures for low or very low value contracts, the respect of contractual provisions and

rules on handling late payments, as well as some a posteriori commitments and the inappropriate application of the financial circuits.

Results for the Procured Goods & Services Sub Population

There is a relatively large number of low value transactions in this sub population and the amounts associated with the checks correspond to 1.7% of the budget spent on procured goods and services. The scope for error is higher due to complexities associated with procurement procedures and contract management issues. The results of the controls reveal an **error rate of 0.13%**.

Control Coverage for the Budget associated with Procured Goods & Services:

Transaction type	Number Ex-post controls	Value associated with the sample (MEUR)
Commitments	34	0.6
Payments	105	0.6
Recovery orders	11	0.1
Total	150	1.3
1.7% Procured Goods/Services Budget		

Results for the European Schools Sub Population

The amounts associated with the checks on transactions with the European Schools correspond to 69% of the total 2019 budget dedicated to the Schools. There are relatively few transactions and

limited scope for error. The results of the controls were, as in previous years, all acceptable and thus **the error rate associated with the European schools budget is 0%**. This positive result has been regularly confirmed by the Court of Auditors in their controls in recent years.

Control Coverage for the Budget associated with the European Schools:

Transaction type	Number Ex-post controls	Value associated with the sample (MEUR)
Commitments	6	33.8
Payments	18	91.0
Recovery orders	6	0.6
Total	30	125.4 69% European Schools Budget

Estimated Error Rate using a Weighted Average

Considering that 70% of DG HR's budget, associated with the European schools, is not

affected by error, **the estimated error rate using a weighted average for the entire budget of DG HR is estimated at 0%.**

Type of expenditure	Estimated Error rate	% Total Budget
Procurement and Other expenses	0.13%	30%
Contribution to the European Schools	0.00%	70%
Total	0.00%	100%

Results for the quality check on ex-post verification

No issues were encountered in the quality check carried out in previous years. A change of approach was adopted in 2019, and the main stakeholders in the ex-post exercise verified the transactions of another entity to reinforce the independence of controls.

Results for the check on ad hoc ex-post tasks

The very low error rate in financial transactions, a trend confirmed in recent years, led to the decision to diversify the nature of ex post controls. The processes subjected to non-financial ex post controls were selected taking account of the relative risks and considering where ex-post controls could potentially add most value to DG HR operations in terms of assurance building. The non-financial ex-post controls are referred to as 'ad-hoc' tasks.

In 2019, the European Court of Auditors made some observations on low value procurement in security expenditure, in its Annual Report. Whilst recognising that the Court's observations did not lead to a recommendation and that the issue was linked to one Directorate, DG HR assessed the associated risks and opted

to mitigate the risks by reinforcing controls in low value procurement in general by:

- developing a low value procurement manual;
- designing ex-post checks on low value procurement.

The low value procurement manual is now at an advanced stage of drafting, and its development has involved many stakeholders in DG HR. It is now nearing completion. The quality of the information exchange with the different DG HR services involved in low value procurement has already raised awareness about the correct application of procurement procedures. Dedicated ex post checks are scheduled to take place in 2020.

The Legality and Regularity of Procurement Controls

DG HR participates in the independent group of procurement experts together with 4 other DGs/Services, the GAMA ("Groupe d'Analyse des Marchés Administratifs"), which checks high risk procurement procedures, prior to awarding the associated contracts. The group issues opinions on the legality and regularity of the procurements. Should a procurement procedure prove to have

weaknesses or risk being deemed irregular, the authorising officer can thus take the necessary remedial measures prior to the contract award.

In 2019, the GAMA examined 6 out of 19

eligible files submitted by DG HR for scrutiny, and verified 82% of the total value of the associated awarded contracts. The group issued **positive opinions for all 6 verified files.**

Risk-based ex-ante checks by GAMA:

Transaction type	DG HR Managed Procurements eligible for GAMA checks		
	Total in 2019	Checked Ex Ante by GAMA	Proportion With errors (%)
N° procurement procedures	19	6	0%
Value associated with high risk procurement procedures	MEUR 91	MEUR 74.5	0%

- [Legality and regularity of DG HR's financial transactions and operations](#)

DG HR uses internal control processes to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions it is responsible for. The controls take account of the multiannual character of activities as well as the nature of the payments concerned.

The control objective, to ensure that no more than 2% of the amount controlled ex-post produce 'unacceptable' results, has been amply met. Moreover this objective has been met for both key areas of expenditure identified: the European Schools and the Procurement budget. The DG can therefore conclude that financial controls are working effectively.

In the context of the protection of the EU budget, the DGs' estimated overall risk at payment, estimated future corrections and risk at closure are consolidated at Commission level. DG HR's data is shown in the table below. For DG HR, **the estimated overall risk at payment for relevant expenditure during the year not in conformity with the applicable contractual and regulatory provisions is 0.03 MEUR.** This is the AOD's best,

conservative estimation.

The errors detected are however not generally associated with undue payments. **This expenditure has subsequently been the subject of ex-post controls and the proportion of the underlying errors is 0%. The conservatively estimated future corrections for 2019 payments are thus negligible. Corrective measures, notably in terms of internal control system improvements and efficiency gains, will be implemented in successive years.**

The consideration of the amounts concerned leads to the estimated overall risk at closure for the 2019 expenditure of 0.03 MEUR.

The most prudent approach in estimating an overall theoretical amount at risk, by taking into account the maximum possible error rate in the administrative expenditure recommended in the AAR instructions, results in the establishment of the following range of minimum and maximum amount at risk:

"payments made" (FY; m€)	<i>minus new^a prefinancing [plus retentions made^b] (in FY; m€)</i>	<i>plus cleared^c prefinancing (in FY; m€)</i>	= "relevant expenditure" (for the FY; m€)	Average Error Rate (<i>weighted AER; %</i>) ¹
293.8	0	0.0	293.8	0.5%
estimated overall amount at risk <i>at payment</i> (FY; m€)	Average Recoveries and Corrections (<i>adjusted ARC; %</i>)	estimated future corrections [and deductions] (for FY; m€)	estimated max. overall amount at risk at closure (m€)	
0.03 ¹ -1.5 ¹	0%	0	0.03-1.5	

- [Fraud prevention, detection and correction](#)

DG HR has developed and implemented its own anti-fraud strategy, elaborated on the basis of the methodology provided by OLAF. It is reviewed on a yearly basis and will be updated in 2020, to reflect the changes in the Commission Anti-Fraud Strategy updated in 2019.

Many anti-fraud measures have now been implemented and thus appropriate controls are in place. The financial circuits are highly centralised and authorising officers are required to report regularly to their hierarchy on all aspects of their work including fraud risks. This facilitates effective supervision.

In contributing to the annual risk assessment exercise, all managers were required to specifically consider and report on fraud risks. The action plan defined and carried out in the light of the current anti-fraud strategy is still valid and requires no structural modifications. The next update of DG HR's anti-fraud strategy has therefore been postponed to 2020. The new Commission Anti-Fraud Strategy adopted in 2019 did not require any urgent adaptation of our strategy but will feed into the next update in 2020.

In terms of indicators, the internal control coordinator is not aware of any cases of fraud having been reported in 2019.

- [Safeguarding of Assets and Information](#)

DG HR's assets, as booked in the accounts (Annex 3), consist of internally developed Information Systems. They are thus intangible, non-current assets worth MEUR 0.6. They correspond to IT Projects in production, worth MEUR 3.7, (including Modules of the SysPer Human Resource

Management System) which are amortised each year (MEUR -3.1 in 2019).

For this control objective (safeguarding of assets and information, reliability of reporting), DG HR's goal is to make sure that all relevant measures are applied to avoid any security breaches or leaks of personal and/or sensitive data. DG HR manages several IT systems that store personal data (SysPer, e-Sire, SerMed and HR Business Intelligence). Some DG HR decision making processes use, inter alia, reports based on data from these systems. The systems' security is monitored and improved when appropriate.

On top of working on securing HR systems, DG HR also issued a corporate information security strategy to streamline the Commission's effort to better protect sensitive corporate information in the Commission. The strategy includes new policy rules regarding the handling of sensitive information. The new rules have been implemented in various corporate systems, including Decide, Ares and Eurolook.

To further strengthen the capacity to protect our data, DG HR drafted an action plan to enhance the way in which it protects and restricts access to the data that it manages. A reassessment of IT access carried out in 2018 pointed to a few areas where procedures need to be updated and improved. This fact coupled with increased awareness of data protection and data governance issues, led to DG HR recognising a need to continue to focus on this principle to enhance its effectiveness in the coming years. An action plan for IT security comprising needs associated with the implementation of the reinforced data protection governance was developed.

The actions are partially implemented and a check on access to Sysper has been carried out in 2018. Further follow-up is necessary to ensure all procedures governing access to all critical Information Systems are documented and a sound follow-up of their implementation is regularly carried out.

In 2019, the IAS carried out a follow-up audit on IT governance, project and programme management in the HR family (HR, PMO and EPSO) and DIGIT. The audit resulted in all three recommendations being closed, confirming all stakeholders have developed and implemented opportunities to increase the effectiveness and efficiency of IT governance, project and programme management. In parallel, the collaboration between the HR Family members (DG HR, PMO, EPSO, OIB/OIL and DIGIT as the IT supplier) has been significantly reinforced with monthly meetings at senior management level, with examples of concrete deliverables and actions including the endorsement of a data strategy and data governance framework for the HR Family, and the sharing of their annual IT plans. Importantly, DG HR has established a programme-based approach to planning and monitoring of IT developments which ensures a coherent medium/long-term strategy for our IT portfolio, resulting in a significant reduction in administrative workload and a positive assessment by the corporate IT Governance bodies.

Finally, the HR data protection coordinating team multiplied its efforts in assisting the HR family of DGs to implement the Commission Data Protection Action Plan. Overall more than 900 pieces of data protection advice were given to HR Family controllers in 2019 to ensure compliance with the new data protection rules. The culture of compliance by HR staff, which has been established during previous EDPS inspections, is currently scrutinised again in the framework of two ongoing data protection audits, run respectively by the EDPS (to the Medical Service) and the IAS.

2. Efficiency = the Time-to-Pay indicator and other efficiency indicators (ref. point 3)

DG HR adopted a generic efficiency indicator related to the time taken to pay suppliers and other beneficiaries (see annex 3). DG HR surpassed its 2019 target of making 95% of payments on time and indeed the proportion of late payments stands at an all-time low of 1.5%. Moreover, the average time taken to process a payment decreased from 15 days in 2018 to 14 days in 2019.

A continuous drive to improve cost-efficiency of controls applies in all stages of financial management. The decision to further centralise financial management has resulted in multiple measures aimed at making processes more efficient, for example:

- the procedures for sub delegating financial powers and making deputising arrangements have been simplified, removing bottlenecks and reinforcing checks on the key steps in the procedures;
- Ex-post controls have been increased in areas where they add more value in terms of assurance building.

3. Economy = the cost of controls

DG HR has estimated the costs associated with its key financial controls. The benefits of preventative controls are not all quantifiable e.g. ethics training and awareness raising actions taken to mitigate the risks of reputational damage. Consequently, they cannot be considered in the calculations below. Such unquantifiable benefits of controls remain important to DG HR's operations and they underpin the control environment.

Compared to many other DGs, DG HR does not have a large budget and it operates under direct management. The error rate is very low, it follows that the amounts associated with the recovery of funds associated with erroneous payments are negligible. When such monies are due, DG HR fulfils its duty to protect the Communities' budget.

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

achieved. DG HR has developed indicators to measure the efficiency of the controls associated with financial management in line the Commission's requirements.

Indicators for the budget associated with procured good and services

An estimated MEUR 1.1 of staff costs were invested in controlling **procurement** procedures for contracts awarded worth MEUR ~95. Thus 1.2% of the total contract value was dedicated to control and the **benefit : cost ratio is estimated at EUR 88.**

For financial transactions an estimated MEUR 8.5 was invested in **controlling 16,000 transactions** worth a sum total of ~MEUR 618. The relative increase in the cost of control should be viewed in the context of the increased budget managed by DG HR associated with the implementation of the HR Modernisation project. Efforts to consolidate transaction processing and make efficiency gains in the longer term, which began in 2018, continued in 2019. In 2019, there was an increase in the number of staff controlling financial transactions. However, changes in the composition of staff involved (AST/AD/CA) result in a decrease of total cost of control by MEUR 0.2 or 2%. Moreover the value of transactions controlled increased by MEUR 12, when compared to 2018.

Most of the cost of transaction control 79% was dedicated to the processing of payments. The cost, MEUR 6.6 corresponds to < 7%, of the total of amount paid in relation to procured goods and services (MEUR ~101) a slight decrease compared to 2018.

An estimated MEUR **0.7 was invested in internal control and ex-post controls** on 180 financial transactions pertaining to DG HR and a further 57 pertaining to EPSO/EUSA. Therefore, each transaction or procedure checked cost an estimated EUR 534. The ex-post exercise was adjusted in 2019, in an effort to further increase the added value of the process. The key contribution by the three staff members active in internal control and verification of transactions is reflected here.

All in all, an estimated **MEUR 10**, in line with 2018, was invested in control

activities. If we consider this only in terms of the total amount paid on the procurement and other expenses budget i.e. some MEUR 101⁴, the cost of control indicator for this activity would be 10%. However, if the value of the procurement contracts that the controllers have worked on (MEUR 233) is taken into account, the cost of control indicator for procurement-related activities drops to 1.5%.

Indicators for the financial contribution to European schools

The financial contribution to the European Schools in 2019 totalled MEUR 192. The estimated costs of controlling the associated financial management overall is around MEUR 0.2 (staff costs). Thus 0.1% of the total of the European Schools budget was dedicated to control.

Overall indicators

Considering the total costs dedicated to control for the two main budget areas covered by DG HR, we can conclude that the overall proportion of the 2019 budget dedicated to the ex-ante and ex-post financial control of transactions is 2.4%, a 27% decrease compared to last year's 3.3%.

Understandably, the cost of control for the budget available for procured goods and services is proportionally higher than that of the European Schools because the transactions related to the European Schools are few (1% of transactions) and considerably higher in value.

	2019 Budget (MEUR)	Estimated % budget dedicated to control
Procured Goods & Services Co-Delegated Budgets	94	6.95%
European Schools Budget	193	0.05%
2019 Total Budget managed by DG HR	275	2.4%

⁴ This is higher than the 2019 budget available because some payments were associated with goods and services ordered in 2018.

The cost of control on procurement procedures and financial transaction processing, amount to 1.3% of the total amount concerned by the contract values and the payments budgeted, incl. budget co-delegated to AMCs (MEUR 507).

	Amount Associated with Controls (MEUR)	Cost of control est. as % of Amount Associated with control
Procurement Procedures Ex-Ante Control	233	0.5%
Procurement Procedures & Transactions Controlled (MEUR 275)	507	1.3%

4. Conclusion on the cost-effectiveness of controls

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

The trend started in 2018 to consolidate transaction processing, continued in 2019 with a view to improving internal control and making efficiency gains in the longer term. In 2019, total cost of control decreased by MEUR 0.2 and the amount associated with the controls increased by MEUR 12, when compared to 2018.

It is recognised that the benefits gained from increased investment in control are not easily quantifiable. The centralisation of financial control fuels the scope for synergy and efficiency gains in the level of HR services offered. In 2019, further efforts were made to harmonise systems and procedures and to improve preventative measures notably to avoid errors.

DG HR continues to make efforts to improve the efficiency of financial processes. The resources dedicated to control are aligned with the risks in the

operational context. DG HR concludes that the cost-benefit of control is acceptable.

2.1.2 Audit observations and recommendations

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

The Internal Audit service (IAS)

State of play

As of 31 December 2019, the audit recommendations that need to be addressed by DG HR are being implemented in accordance with the schedules defined in the action plans agreed with the auditors.

Open Recommendations of Audits carried out before 2019

- **The management of intra-muros service providers:**

One of the open recommendations relates to a 2016 audit on 'the management of intra-muros service providers' that was recently reopened by the IAS. A new deadline for concluding the follow-up work was agreed with the auditors.

The associated actions are scheduled for completion in September 2020. They concern obtaining the endorsement of the guidelines on intra-muros service providers from the Corporate Management Board, and disseminating the guidelines to the main stakeholders.

- **Audit on Synergies and Efficiencies:**

Five recommendations relating to the 2018 audit on 'Synergies and Efficiencies' are ready for review, and the follow-up work will be discussed with the internal

auditor in March 2020. A first follow-up audit resulted in 2 issues being considered as not fully addressed and the associated recommendations were downgraded from 'Very Important' to 'Important'.

Closed Recommendations of Audits carried out before 2019

- The sole open recommendation from the audit into **'absence management in the Offices'** was reported ready for review, waiting for review by the Internal Auditor.
- **'IT project and programme management in the HR family'**: all recommendations were closed by the Internal Auditor.

Audits carried out in 2019

In 2019, two new audits started:

- **'Commission's policy for data, information and knowledge management'**: The audit started in 2019 and has not yet been finalised. The main auditees are DG BUDG, DG DIGIT, SG, Eurostat and the JRC;
- **'Data protection'**: The opening meeting and preliminary audit phase were concluded in 2019, the kick-off meeting was held on 21 February 2020.

Conclusion Internal Auditor

The **conclusion of the Internal Auditor** on the state of control of the DG takes account of the fact that:

- Management has accepted all the recommendations issued in 2017-2019,
- Management has adopted action plans to implement all the accepted recommendations. The IAS considers that these action plans are adequate to address the residual risks identified by the auditors,
- The implementation of these action plans is monitored through reports by management and follow-up audits by the IAS,
- Management has assessed a number of action plans as implemented which

have not yet been followed up by the IAS.

The IAS concludes that the internal control systems in place for the audited processes are effective, except for the observations giving rise to 3 'very important' recommendations. These recommendations need to be addressed, in line with the agreed action plans.

The European Court of Auditors

No recommendations in the latest Annual Reports from the European Court of Auditors (ECA). However, in the 2019 Annual Report a weakness in low value procurement in security expenditure was noted. The Court did not issue a recommendation, acknowledging the impact was well below materiality. Nevertheless, the control strategy has been adjusted, with specific control measures on low value procurement to be rolled out in 2020;

Low error rate <1% confirmed by the European Court of Auditors;

DG HR has been associated with **3 Special reports, two produced in 2019, one in 2018:**

- **'The efficiency of EU management of spending on office accommodation'**
- **'Is the 2014 revision of the Staff Regulations leading to efficiency gains at the Commission?'**
- **'Is the ethical framework in the EU institutions well established?'**

The action plans, agreed with the ECA, are being duly implemented.

2.1.3 Assessment of the effectiveness of the internal control systems

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

DG HR uses the organisational structure and the internal control systems best 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. The internal control coordinator ensures that the review of the implementation of the Internal Control Framework is regularly updated to take account of relevant information.

INTERNAL CONTROL SYSTEM

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

In addition, on the principles 2, 6 and 11, even though present and functioning, some improvements are needed as some minor deficiencies were identified related to Processes and procedures, IT governance, and oversight over the offices.

DG HR has followed the methodology established in the "*Implementation Guide of the Internal Control Framework of the Commission*" using a wide range of tools such as the register of exceptions, analyses of internal control weakness or control failures recorded during the year, the risk assessment, relevant audit results and supervisory reports. The annual review also focused on an analysis of the results of the staff opinion survey, and on the annual risk assessment. This information was complemented by information and inputs from managers and staff who play a key role implementing the internal control principles.

The transition to this new model – from control Standards to Principles - has helped improve DG HR's capacity to assess the effectiveness of its internal control system. Improvements include:

- Breaking down silos: many more DG HR services were actively involved in the assessment of the internal control system, leading to a fruitful exchange and increased value-added to the assessment;
- Determining meaningful sources of information: The involvement of different services, and an ongoing discussion of the pertinence of existing indicators and narratives,

ensured the internal control framework and its effective implementation could be thoroughly assessed by all stakeholders;

Implementing the new internal control framework allowed for a more robust assessment to be carried out on the effective implementation of DG HR's internal control system. The assessment highlighted that it would be desirable to improve the effectiveness of principles 2, 6 and 11.

In conclusion, the results of the assessment reveal internal control to be effective. **The components and principles of the internal control framework are present and functioning as intended.**

The evaluation of the internal control principle 2 on oversight responsibility confirmed that the oversight is effectively exercised by both the college of Commissioners and DG HR. As regards a weakness in DG HR's oversight of the OIB, the follow-up of the Court of Auditors' Special Report on the 'Efficiency of Building Management' has already led to improvements. In 2020, a dedicated action plan to mitigate the risk of limited oversight will be carried out. This will involve a review of the Kallas methodology for acquisition of buildings, granting DG HR more manoeuvring space, better information and hence reinforced control.

Regarding principle 6; the Staff Opinion Survey indicates that there is room for improvement in the translation of the organisation's purpose into clear objectives and priorities. The course of action to remedy this situation will include annual town hall meetings during which the management plan will be presented as well as regular debriefings of the senior management team meetings.

The actions implemented following the area for improvement identified in principle 11 on control over technology, are starting to produce results. An action plan for IT security comprising needs associated with the implementation of the reinforced data protection governance is being implemented. Further follow-up is necessary to ensure all procedures governing access to all critical

Information Systems are documented and a sound follow-up of their implementation is regularly carried out.

The main principles impacted concern:

- Principle 2 – Oversight responsibility;
- Principle 6 on Structure, Authority and Responsibility;
- Principle 11 – Control over technology>

2.1.4 Conclusions on the impact as regards assurance

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

Review of the elements supporting assurance

The information reported above stems from the results of management reports, supervisory controls, surveys and audits that cover the whole organisation. DG HR operates in an environment where the risks are sufficiently well-managed and generally rather low:

- A centralised and direct mode of budget implementation, the mode with the lowest intrinsic risk. Absence of grants and limited asset management, which are notoriously risky areas of financial management,
- Assurance received from DG HR's sub-delegated Authorising Officers and Assurance received for the credits (cross) sub-delegated to other DGs. Monitoring, registration and analysis of exception reports and non-compliance events indicated no material issues,
- Positive assurance on administrative expenditure given by the Court of Auditors for several years, and again in the annual report issued in 2019,
- Conclusions of ex-post control indication no issues with significant financial impact,

- Positive feedback received from inter-DG group of procurement experts (GAMA) concerning the procurement procedures scrutinised,
- No critical audit recommendations issued and no significant delays in addressing audit recommendations that were classed as 'very important' in reports of previous years.
- Statement issued by the IAS concludes that the internal control systems in place for the audited processes are effective, except for the observations in recent reports that gave rise to 3 'very important' recommendations.
- The DG's annual risk assessment is integrated in annual planning exercise. Critical risks are identified and they are the subject of management attention; mitigating actions are systematically defined and implemented.

Based on the above elements and on the positive report on the quality of the accounting data, it is justified to issue a statement of reasonable assurance on the legality and regularity of the underlying transactions. DG HR is confident to have sufficient guarantees as to the completeness and reliability of the information reported.

The Issue of the European Schools

The existence of fraud in one of the European Schools 2012 led DG HR to issue a reservation on reputational grounds in its AARs (2013 to 2016). The Commission lifted the reputational reservation in 2017 as the fraud risk resulting from a critical weakness in the field of treasury management was reduced to an acceptable level. Both the European Court of Auditors and the Internal Audit Service, which closed the related recommendations, confirmed this.

Where the specific issue leading to the reservation is now solved, the latest reports from both the European Court of Auditors as the Internal Audit Service confirm the European Schools' financial management has only marginally improved in the last decade.

Reports of the Court of Auditors continue to highlight weaknesses in terms of

control environment, payment systems, procurement procedures and documentation of the recruitment procedures. The Court is unable to confirm that the schools' financial management is compliant with the Financial Regulation, its implementing rules and the Staff Regulations. And the IAS still reports a number of critical and very important recommendations are long overdue.

The European Schools, operating in an intergovernmental framework, with the Secretary-General representing the Board of Governors of the European Schools, are responsible for implementing the audit recommendations in due time and implementing sound financial management. The Commission follows the implementation of the recommendations issued by the IAS and other audit bodies to the European Schools and continues to provide support to the Secretariat-General of the European Schools to help reduce the risks pertaining to the weaknesses in financial governance and internal control to an acceptable level.

The Commission, as main contributor to the European Schools' budget, does all that lies within the limits of its possibilities to support the European Schools system in applying sound financial management. Adopting an

effective administrative and financial information system would contribute significantly to resolving the most prominent concerns raised by the Court of Auditors and the budgetary authority regarding the structural weaknesses in the Schools' internal control systems. Hence, the European Schools have been invited to participate in the development of the Commission's future administrative and financial information system since many of the key controls for sound financial management are embedded in the latter.

An encompassing vision of the necessary steps the European School System needs to take to achieve such sound financial management, was already developed by the Commission in the Communication launched in April 2018.

Overall Conclusion

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

DECLARATION OF ASSURANCE

I, the undersigned, Gertrud Ingestad

Director-General of DG HR

In my capacity as authorising officer by delegation,

Declare that the information contained in this report gives a true and fair view⁵.

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

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

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

Brussels, 31 March 2020

Signed

Gertrud Ingestad

⁵ True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG/Executive Agency.

2.2 Other organisational management dimensions

2.2.1 Financial Management – examples of increased efficiency and effectiveness

Documentation of procedures

The analysis and documentation of key HR procedures has increased awareness on the criticality of certain steps of the processes, helping to develop a culture of closer management of how business is ran, contributing to the streamlining and rationalisation of key procedures.

Charge-back process

The deployment of a simplified and harmonised set of Service Level Agreements led to increased oversight and a more efficient recovery of costs for the whole of the DG. The charge-back process, implemented in 2018, is continuously being assessed and optimised, particularly in the field of reporting to ensure its optimal functioning. The full impact of the process will be measured and followed

over a longer period.

2.2.2 Human resource management & Information management aspects

Ref. section 'Safeguarding of assets ':

2.2.3 Better regulation

One of the main objectives of DG HR is to improve clarity and coherence of the legal texts governing staff policy, by reviewing and simplifying rules implementing the Staff Regulations where necessary.

A comprehensive programme began in 2015, comprising around 100 acts. About 28 acts were already thoroughly revised.

In 2019, 9 acts have been adopted, 7 decisions were in process of adoption at the end of the year.

2.2.4 External communication activities

Ref. Annex 2