



2013

Annual Activity Report

**Office for
Infrastructure
and Logistics in
Luxembourg
(OIL)**

Table of Contents

INTRODUCTION	3
OIL IN BRIEF	3
THE YEAR IN BRIEF	4
EXECUTIVE SUMMARY.....	4
FIVE KEY PERFORMANCE INDICATORS (KPI)	5
POLICY HIGHLIGHTS OF THE YEAR (EXECUTIVE SUMMARY OF PART 1)	6
KEY CONCLUSIONS ON RESOURCE MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS (EXECUTIVE SUMMARY ON PART 2 AND 3)	7
INFORMATION TO THE COMMISSIONER.....	7
1. POLICY ACHIEVEMENTS	8
1.1 ACHIEVEMENT OF SPECIFIC OBJECTIVES	8
1.1.1 ABB ACTIVITY "BUILDINGS AND RELATED ACTIVITIES: MANAGEMENT OF THE COMMISSION'S BUILDINGS AND SPACE PLANNING" IS BEING IMPLEMENTED ACCORDING TO PLAN.....	9
1.1.2 ABB ACTIVITY "BUILDINGS AND RELATED ACTIVITIES: OFFERING OFFICE SPACE TO CLIENTS' SATISFACTION" IS BEING IMPLEMENTED ACCORDING TO PLAN.....	10
1.1.3 ABB ACTIVITY "BUILDINGS AND RELATED ACTIVITIES: PROVISION OF QUALITY OFFICE SPACE IN TERMS OF HEALTH AND SAFETY" IS BEING IMPLEMENTED ACCORDING TO PLAN.	11
1.1.4 ABB ACTIVITY "BUILDINGS AND RELATED ACTIVITIES: KEEPING ACTIVITIES IN LINE WITH THE HIGHEST ENVIRONMENTAL STANDARDS" IS BEING IMPLEMENTED ACCORDING TO PLAN.....	11
1.1.5 ABB ACTIVITY "MANAGEMENT OF SOCIAL WELFARE: PROVISION OF GOOD WORKING CONDITIONS AND SOUND FINANCIAL MANAGEMENT OF INVENTORY" IS BEING IMPLEMENTED ACCORDING TO PLAN.	12
1.1.6 ABB ACTIVITY "MANAGEMENT OF SOCIAL WELFARE: PROVISION OF RESTAURANTS, CANTEENS AND CAFETERIAS" IS BEING IMPLEMENTED ACCORDING TO PLAN.....	13
1.1.7 ABB ACTIVITY "MANAGEMENT OF SOCIAL WELFARE: PROVISION OF CHILD-CARE SERVICES" IS BEING IMPLEMENTED ACCORDING TO PLAN.....	15
1.1.8 ABB ACTIVITY "MANAGEMENT OF SOCIAL WELFARE: OPTIMISATION OF THE USE OF SOCIAL AND SPORTS FACILITIES" IS BEING IMPLEMENTED ACCORDING TO PLAN.....	16
1.1.9 ABB ACTIVITY "ADMINISTRATIVE SUPPORT": PRO-ACTIVE MANAGEMENT OF HUMAN RESOURCES IS BEING IMPLEMENTED ACCORDING TO PLAN.....	16
1.1.10 ABB ACTIVITY "ADMINISTRATIVE SUPPORT: STRENGTHENING OF INTERNAL CONTROL SYSTEMS, BUDGETARY PLANNING AND EXECUTION, AND PROCUREMENT MANAGEMENT" IS BEING IMPLEMENTED ACCORDING TO PLAN.	17
1.1.11 ABB ACTIVITY "ADMINISTRATIVE SUPPORT: COMMUNICATION POLICY" IS BEING IMPLEMENTED ACCORDING TO PLAN.	19
1.1.12 INTER-INSTITUTIONAL ACTIVITIES FOR OIL: COOPERATION WITH OTHER EU INSTITUTIONS AND BODIES IS BEING IMPLEMENTED ACCORDING TO PLAN.....	19
1.2 SPECIFIC EFFORTS TO IMPROVE 'ECONOMY' AND 'EFFICIENCY' OF SPENDING AND NON-SPENDING ACTIVITIES.....	19
1.2.1 EXAMPLE 1	20
1.2.2 EXAMPLE 2	20
2. MANAGEMENT OF RESOURCES	21
2.1 MANAGEMENT OF HUMAN AND FINANCIAL RESOURCES BY OIL.	22
2.2 BUDGET IMPLEMENTATION TASKS ENTRUSTED TO OTHER SERVICES AND ENTITIES.	29
2.3 ASSESSMENT OF AUDIT RESULTS AND FOLLOW UP OF AUDIT RECOMMENDATIONS.....	30
3. ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS	32
4. MANAGEMENT ASSURANCE	34
4.1 REVIEW OF THE ELEMENTS SUPPORTING ASSURANCE	34
4.2 RESERVATIONS AND OVERALL CONCLUSION ON ASSURANCE (IF APPLICABLE)	34
DECLARATION OF ASSURANCE	35
ANNEXES	
<u>ANNEX 1: STATEMENT OF THE RESOURCES DIRECTOR</u>	
<u>ANNEX 2: HUMAN AND FINANCIAL RESOURCES</u>	
<u>ANNEX 3: DRAFT ANNUAL ACCOUNTS AND FINANCIAL REPORTS</u>	
<u>ANNEX 4: MATERIALITY CRITERIA</u>	
<u>ANNEX 5: INTERNAL CONTROL TEMPLATE(S) FOR BUDGET IMPLEMENTATION (ICTS)</u>	

INTRODUCTION

OIL in brief

OIL's core mission is to ensure a functional, safe and comfortable workplace for all those working for the Commission, and to provide good quality support and well-being services, in an environmentally friendly and cost-effective way. Furthermore, we provide a variety of services to other Institutions in Luxembourg and seek to broaden our inter-institutional activities in accordance with our mandate.

The Office was established to better coordinate and carry out the Commission's logistical tasks and manage social infrastructure provided for staff. OIL is an administrative office with a Head of Service who receives from the Commission the powers of Authorising Officer by Delegation. The Office works together with DG HR.D4 (responsible for coordinating the Offices) and reports twice a year on its activities to the Commissioner and three times to its Management Committee chaired by DG HR's Director-General.

As a horizontal support service within the Commission, OIL has the following main responsibilities:

- OIL manages the purchase, rental and maintenance of the moveable and immovable property of the Commission, as well as inventories and tax questions related to them.
- In cooperation with DG HR, OIL contributes to the drafting and implementation of policies related to real estate management, mobility and social infrastructure.
- OIL implements the rules applicable to the physical security of buildings and adopts the necessary measures to ensure compliance with health and safety requirements within the Commission's buildings.
- OIL administers transport services for staff and goods for internal purposes, incoming and outgoing mail, the internal distribution of documents, reproduction services, and office supplies.
- OIL manages the restaurants, childcare centres (Garderie and Study Centre of the Children's Centre in Kirchberg and Bertrange/Mamer), and the fitness facilities in Luxembourg.

As a horizontal and support office, OIL does not have a direct impact on EU society. However OIL's various activities are essential to the good functioning of EC services in Luxembourg. We aim for a continued high level of satisfaction in all our areas of activity, although the level of service we can provide may be affected by budget and staff reductions.

The year in brief

2013 marked the 10th anniversary of the creation of OIL - an occasion for celebration and reflection on the achievements of the Office and the lessons learned for tackling the challenges that lie ahead. A communication campaign branded "Made in OIL" took place throughout the year to mark the event.

During the year OIL made significant progress on the planning stages of its main building project - JMO 2. As a result a concrete timeline toward the start of actual construction works has now been set. The construction phase is due to begin in 2016, pending the completion of work plans by the architect, delivery of the building permits and the award of the works contracts.

Although the beginning of construction is now in sight, the project is not scheduled for delivery before end 2019. The health and safety conditions in the current JMO1 building and the maintenance of its technical installations, including one of the Commission's main data centres, therefore remain important issues. Repeated technical difficulties occurred in 2013. The year was also marked by an incident related to the presence of asbestos in JMO 1, which was actively and effectively managed.

2013 was the first full year when OIL ran childcare services on two separate sites in Kirchberg and Bertrange/Mamer, following the opening of the CPE V in September 2012. This called for reassessment and adaptation of operational processes.

OIL's catering services continued a positive trend in terms of financial viability in 2013. Operational processes were adapted to the implementation of the new food supply contracts. OIL made progress toward bringing its catering cash and stock management system up to date.

OIL continued to carry out its provision of equipment, furniture and office supplies as well as its maintenance, cleaning, printing and other service activities to a high level standard.

The Euroforum building joined the ranks of EMAS certified buildings run by OIL (3 out of 11 buildings).

In the course of the year, the terms of the transfer of the management three Publications Office buildings and related activities to OIL were agreed, with effect from 1 January 2014.

Refurbishment works on the Foyer Européen started in autumn 2013.

Executive Summary

The Annual Activity Report is a management report of the Head of Service of OIL to the College of Commissioners. It is the main instrument of management accountability within the Commission and constitutes the basis on which the Commission takes its responsibility for the management of resources and the achievement of objectives.

Five Key Performance Indicators (KPI)

Result/Impact indicator	Target (MP 2013)	Latest known results 31/12/2013
1. Projects delivered within deadline and budget (<i>Source MP 2013</i>): Progress on the planning phase of JMO 2 building project (MP 2014 def.).	n/a - none due for completion in 2013 Signing of framework agreement and beginning of conception phase.	n/a Framework agreement signed and conception phase started.
<p align="center">Progress on the planning and construction phases of JMO 2</p> <p align="center"><i>NOTE: Qualitative indicator; dimensions and ratios between graph objects are only indicative.</i></p>		
2. "The general quality of my office (space, light, noise, temperature etc.)" measured by responses to 2013 Staff Opinion Survey: the services of PMO, OIB & OIL (<i>Source MP 2013</i>)	<p align="center">Quality of offices</p>	
3. Total number of EMAS registered buildings (<i>Source MP 2013</i>)	3 out of 11	3 - DRB, HITEC and now EUFO are EMAS certified
4. Balanced financial result of catering activities in Luxembourg (<i>Source MP 2013</i>)	Yes	Yes
5. Percentage of payments handled outside contractual delay (<i>Source MP 2013</i>)	<15	11

Policy highlights of the year (executive summary of part 1.1)

KPI 1 – Progress on JMO 2

In 2013, several milestones in the planning phase of the JMO 2 project were reached, following the approval by both branches of the budgetary authority and the College in early 2013. The Commission signed in July the framework agreement with the Luxembourg authorities for the construction of the building in July, and the Luxembourg government and the selected architect signed the contract for the conception phase in October with effect from 1st of November. The architect will now elaborate a summary draft work plan followed by a detailed work plan, and request the building permits. The expected timeframe for these works is 18 months and the countdown towards the delivery of actual construction has thus begun. OIL will continue to work closely with the Luxembourg authorities and the architect to ensure that the plans are in line with the specifications and the Commission's needs.

KPI 2 – Office quality (context of the JMO 1 building)

Whereas planning is underway for the construction of Jean Monnet 2, the new building will not be available before 2020. OIL identified the potential prolonged occupation of the current JMO1 building as a major risk in its 2013 MP because of its poor general condition. Two joint studies by the Commission and the JMO1's owner were designed and launched in 2013 to evaluate the state of the building and its main technical installations and to determine the measures required to allow the extended occupancy of the building until the availability of the JMO2. The inevitable decrease in satisfaction with the ageing building is partially captured¹ by the slow but steady decline in positive responses to the "overall office quality" questions in recent years' Staff Opinion Surveys.

KPI 3 – Extension of EMAS

The Drosbach and Hitec buildings were certified in 2012 under the EMAS environmental management and audit system. Various action points following the 2012 audit were implemented in 2013. Progress was made on the legal monitoring procedure (veille réglementaire), following a recommendation of the EMAS audit for better (documented) monitoring of environmental laws applicable to the Commission. The EMAS audit for the certification of the EUFO building took place in autumn 2013. EUFO thus became the third EMAS certified building run by OIL and the target for 2013 was met.

KPI 4 – Continued financial viability of catering

New food supply contracts were put in place in early 2013, in line with IAS audit recommendations. Building on the efforts to rationalise and consolidate operating costs, OIL arrived at a positive financial result for catering for the second year in row.

¹ Some 41% of staff in Luxembourg worked in JMO 1 as of 18/11/13. Data source: OIL MAPF 2014-2024

KPI 5 – Payment times

In 2013 OIL achieved its annual target for timely payments to suppliers in terms of number of payments, although by a slightly smaller margin than in 2012. In terms of amounts, 97% of all payments were on time in 2013. The target for default interest on late payments was likewise met.

Key conclusions on resource management and internal control effectiveness (executive summary on part 2 and 3)

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

The Commission has adopted a set of internal control standards, based on international good practice, aimed to ensure the achievement of policy and operational objectives. As required by the Financial Regulation, the Head of Service has put in place the organisational structure and the internal control systems suited to the achievement of the policy and control objectives, in accordance with the standards and having due regard to the risks associated with the environment in which the Office operates.

OIL has assessed the effectiveness of its key internal control systems during the reporting year and has concluded that the internal control standards are effectively implemented.

In addition, OIL has systematically examined the available control results and indicators, including those aimed to supervise entities to which it has entrusted budget implementation tasks, as well as the observations and recommendations issued by internal auditors and the European Court of Auditors. These elements have been assessed to determine their impact on the management's assurance as regards the achievement of control objectives. Please refer to Part 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 Head of Service, in her capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

Information to the Commissioner

The main elements of this report and assurance declaration have been brought to the attention of Vice President Šefčovič, responsible for Inter-Institutional Relations and Administration.

1. POLICY ACHIEVEMENTS

1.1 Achievement of specific objectives

OIL's operational activities (1.1.1 – 1.1.8)

OIL's operational activities belong to one of the following two domains. For each domain, four specific objectives have been defined. These are presented below by section sub-heading:

Acquisition, renting, maintenance and other expenditure related to buildings (1.1.1 – 1.1.4)

The Commission manages 11 buildings in Luxembourg, of which 5 are office buildings, with approximately 3,800 employees. There are two clusters of Commission office buildings in Luxembourg: Kirchberg (buildings Jean Monnet and Bech) and Gasperich (buildings Euroforum, Hitec and Drosbach). All buildings are rented or leased except the Foyer Européen, which is owned by all European Institutions and managed by the Commission. The leases for the Euroforum, CPE III and CPE V include a purchasing option.

In the medium term, the new Jean Monnet 2 building in Kirchberg will allow the Commission to gather in a single building the majority of its services and staff now based at Jean Monnet, Hitec, Drosbach and BECH. The total gross surface will be 120,000 m². In 2013 OIL negotiated the terms of the takeover of the management of 3 more buildings for the Publications Office (Mercier, Fischer and the Gasperich distribution centre), which accommodate some 700 employees.

Equipment, service activities and social infrastructure (1.1.5 – 1.1.8)

The broad objective in this domain of activities is to ensure the provision of client-oriented logistical services and social infrastructure (catering, sports and childcare facilities) that meet the Institution's needs.

OIL's Horizontal activities (1.1.9 – 1.1.11)

Three specific objectives cover OIL's horizontal activities:

- Human Resources management
- Financial and procurement management, internal control and risk management
- Information and communication technologies.

1.1.1 ABB activity "Buildings and related activities: management of the Commission's buildings and space planning" is being implemented according to plan.

SPECIFIC OBJECTIVE 1: Manage the Commission's buildings and infrastructures efficiently and effectively whilst improving space planning in line with the MAPF² objectives by implementing the long-term buildings policy and the procedures for selecting new buildings and/or sites.		
<i>Result Indicator (Data source: OIL)</i>	<i>2013 Target</i>	<i>Current situation (31/12/2013)</i>
Projects delivered within deadline and budget	N/A (none to be delivered)	n/a
Ratio of the Commission's real estate portfolio and the surface needs authorised by the budgetary authority	An update of the methodology of the assignment of surfaces is under discussion with DG HR, DG BUDGET and OIB	n/a
<p>In 2013, several milestones in the planning phase of OIL's main building project, the JMO 2, were reached, following the approval by both branches of the budgetary authority and the College in early 2013. The Commission signed the framework agreement with the Luxembourg authorities for the construction of the building in July, and the Luxembourg government and the selected architect signed the contract for the conception phase in October 2013.</p> <p>Given that the JMO1 is beyond its lifespan (built in 1975 with a projected lifespan of 25 years), keeping it up and running continued to be a major challenge in 2013. The scope and frequency of the annual study on the structure of the building was therefore extended. In addition, two joint studies were launched in cooperation with the owner to ascertain the state of the building's structure and its technical installations. This will allow us to assess the measures and maintenance and replacement costs needed to ensure the optimal upkeep of the building until it is vacated. Under the rental contract, the conditions under which the building can be used after 2015 must be renegotiated. An analysis of the health and safety risks, in particular related to asbestos, is included in the studies' specifications. A separate risk analysis on asbestos was also commissioned by DG.HR in 2013.</p> <p>As regards health and safety, air quality in the buildings containing asbestos, JMO1 and CPE 1 and 2, is monitored on a permanent basis as from 2013 onward. Regular inspections are being carried out with greater frequency to ensure that all the asbestos is safely contained. OIL's print shop was closed for some months while asbestos confinement works were ongoing. The asbestos inventory was updated by a certified company and an action plan to follow up on its recommendations was put in place.</p> <p>The refurbishment works of the Foyer Européen started in October 2013 and are scheduled for completion in the first half of 2014. They aim at the optimisation of the use of space, the improvement in accessibility for persons with reduced mobility, and the improvement of the Foyer's energy efficiency. In view of the reopening in 2014, preparations on logistical services to be provided in order to use this building as an interinstitutional centre for trainings and seminars also took place in 2013.</p> <p>In 2013 OIL made further progress toward the roll-out of the facility management software application GEPI, following the successful completion of testing, training sessions and validation of the pilot phase in 2012. A series of workshops took place with a view to validate the workflows and the role of the various actors. With the implementation of GEPI, OIL aims at optimising existing work and information flows.</p> <p>The activities and resources for the maintenance of the buildings of the Publications Office (OP) to be transferred to OIL were agreed in 2013. The agreement formalising this transfer between OP and OIL was signed in October. In addition, OIL did a market survey for IT facilities (approximately 150 m² data centre) in Luxembourg at the request of the OP.</p>		

² Multiannual Policy Framework

SPECIFIC OBJECTIVE 1: Manage the Commission's buildings and infrastructures efficiently and effectively whilst improving space planning in line with the MAPF² objectives by implementing the long-term buildings policy and the procedures for selecting new buildings and/or sites.

Result Indicator (Data source: OIL)	2013 Target	Current situation (31/12/2013)
<p>We successfully completed the set-up of data-centre facilities in Luxembourg for the needs of TAXUD's operating programs Customs and Fiscalis.</p> <p>WEBDOR, the reservation tool for meeting rooms and interpreters used in Brussels, was adapted to OIL's needs with SCIC's help and has been operational in Luxembourg since June 2013.</p> <p>Following a fire in a technical room in the Euroforum building at the end of 2012, we ensured business continuity immediately after the incident. Full re-equipment was swiftly organised in 2013.</p>		

1.1.2 ABB activity "Buildings and related activities: offering office space to clients' satisfaction" is being implemented according to plan.

SPECIFIC OBJECTIVE 2: Enhance OIL's service-oriented culture and client satisfaction by offering good quality office space to the Commission sites of Luxembourg.

Result Indicator (Data source: HR 2013 Staff Opinion Survey: PMO, OIB and OIL)	2013 Target	Current situation (31/12/2013)															
<p>% of staff satisfaction in staff opinion survey 2013 conducted by DG HR related to the services of PMO, OIB and OIL: (very satisfied + satisfied) vs. (dissatisfied + very dissatisfied) [survey addressed to all EC staff]</p> <p>General 2013 target: keep stable, taking into account budget and staff reductions</p>																	
The general quality of my office (space, light, noise, temperature etc.)	keep stable	<table border="1"> <caption>Quality of offices</caption> <thead> <tr> <th>Year</th> <th>Satisfied</th> <th>Dissatisfied</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>54%</td> <td>26%</td> </tr> <tr> <td>2009</td> <td>61%</td> <td>24%</td> </tr> <tr> <td>2011</td> <td>58%</td> <td>26%</td> </tr> <tr> <td>2013</td> <td>55%</td> <td>28%</td> </tr> </tbody> </table>	Year	Satisfied	Dissatisfied	2007	54%	26%	2009	61%	24%	2011	58%	26%	2013	55%	28%
Year	Satisfied	Dissatisfied															
2007	54%	26%															
2009	61%	24%															
2011	58%	26%															
2013	55%	28%															
The cleaning of my office and the building I work in	keep stable	<table border="1"> <caption>Cleanliness of offices</caption> <thead> <tr> <th>Year</th> <th>Satisfied</th> <th>Dissatisfied</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>73%</td> <td>10%</td> </tr> <tr> <td>2009</td> <td>77%</td> <td>9%</td> </tr> <tr> <td>2011</td> <td>76%</td> <td>10%</td> </tr> <tr> <td>2013</td> <td>80%</td> <td>10%</td> </tr> </tbody> </table>	Year	Satisfied	Dissatisfied	2007	73%	10%	2009	77%	9%	2011	76%	10%	2013	80%	10%
Year	Satisfied	Dissatisfied															
2007	73%	10%															
2009	77%	9%															
2011	76%	10%															
2013	80%	10%															
Response to calls to OIL's 24-hour service desk regarding technical or maintenance problems	keep stable	<table border="1"> <caption>Response to OIL's 24h service desk</caption> <thead> <tr> <th>Year</th> <th>Satisfied</th> <th>Dissatisfied</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>63%</td> <td>11%</td> </tr> <tr> <td>2009</td> <td>70%</td> <td>8%</td> </tr> <tr> <td>2011</td> <td>69%</td> <td>9%</td> </tr> <tr> <td>2013</td> <td>68%</td> <td>11%</td> </tr> </tbody> </table>	Year	Satisfied	Dissatisfied	2007	63%	11%	2009	70%	8%	2011	69%	9%	2013	68%	11%
Year	Satisfied	Dissatisfied															
2007	63%	11%															
2009	70%	8%															
2011	69%	9%															
2013	68%	11%															
Buildings accessible to persons with disabilities	All buildings	All buildings															

1.1.3 ABB activity "Buildings and related activities: provision of quality office space in terms of health and safety" is being implemented according to plan.

SPECIFIC OBJECTIVE 3: Enhance OIL's service-oriented culture and client satisfaction by offering good quality office space in respect of the Health and Safety Rules applicable to the Commission in Luxembourg.		
<i>Result Indicator</i> <i>(Data source: OIL)</i>	<i>2013 Target</i>	<i>Current situation (31/12/2013)</i>
Average number of evacuation exercises per building per year	2 (programmed drills)	2
Percentage of EC staff trained in first aid	5	5
The workplace risk analysis was completed in 2013 and will be updated annually. OIL will gradually implement the resulting prevention plan. OIL continued to provide first aid training for EC staff, and organised regular evacuation exercises for all Commission buildings in Luxembourg.		

1.1.4 ABB activity "Buildings and related activities: keeping activities in line with the highest environmental standards" is being implemented according to plan.

SPECIFIC OBJECTIVE 4: Meet the highest environmental standards in all its activities, through the implementation of the Eco-Management and Audit Scheme (EMAS).		
<i>Result Indicator</i> ³ <i>(Data source: Annual "Environmental Statement")</i>	<i>2013 Target</i>	<i>Current situation (31/12/2013)</i>
Total number of EMAS registered buildings as compared to the total number of buildings	3 (out of a total of 11)	3 (out of a total of 11)
Percentage of reduction of electricity consumption within the registered EMAS buildings in comparison with prior year (in MWh/m ² per year)	Reduce	1% reduction
Percentage of reduction of water consumption within the EMAS registered buildings in comparison with prior year (in m ³ /m ² per year)	Reduce	2% reduction
Green Public Procurement criteria included in contracts	100%	94% (1/17 contracts without)
The number of environmental communications made by OIL	7	7
No major issues of non-compliance were detected in the 2013 EMAS verification and audit process. Consumption of paper has been reduced in the past and was kept stable in 2013. The methodology used for measuring electricity and water consumption was re-assessed in 2013. Water consumption increased in DRB as a result of the higher occupancy rate and higher number of training courses but decreased in HITEC and Euroforum. In June 2013 a "Green day" was organised in cooperation with the interinstitutional ECONET network,		

³ For further information on the EMAS indicators, please refer to the "Environmental Statement", which is published annually.

SPECIFIC OBJECTIVE 4: Meet the highest environmental standards in all its activities, through the implementation of the Eco-Management and Audit Scheme (EMAS).

<i>Result Indicator³</i> <i>(Data source: Annual "Environmental Statement")</i>	<i>2013 Target</i>	<i>Current situation (31/12/2013)</i>
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aiming to raise awareness and involve staff in activities related to environmentally sustainable development. An event was organized in June, as part of the European Year of Citizens initiative. A "Mobility Day" was also held in September 2013.

OIL signed the M-Pass convention (effective January 2014) – a yearly ticket for any means of public transport within the Grand-Duchy of Luxembourg, available at a reduced rate for personnel. The "Jobkaart" (free city bus pass), continues to be available to all statutory staff.

The feasibility of collecting used office supplies was examined in 2013. OIL decided to favour the use of biodegradable office supplies instead. The possibility to add an organic waste bin in individual offices was also explored; however centralisation of the collection of organic waste in the kitchens and cafeterias emerged as the preferable option.

Substantial reduction of CO₂ emissions (240 g/km in 2011 to 228 in 2012) already took place in the past. Efforts to limit further emissions of OIL's vehicle fleet were pursued by leasing environmentally friendlier vehicles when old vehicles were due to be replaced. The eco-drive courses for drivers continued in 2013.

1.1.5 ABB activity "Management of social welfare: provision of good working conditions and sound financial management of inventory" is being implemented according to plan.

SPECIFIC OBJECTIVE 1: Create the best possible working conditions and ensure a sound financial management of the inventory (including the correct and secure delivery of mail, the optimal use of the Commission's printing capacity and the correct delivery of office supplies and furniture) by ensuring high level quality services.

<i>Result Indicator</i> <i>(Data source: HR 2013 Staff Opinion Survey: PMO, OIB, OIL)</i>	<i>2013 Target</i>	<i>Current situation (31/12/2013)</i>
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% of staff satisfaction in the staff opinion survey conducted by DG HR related to the services of PMO, OIB and OIL in 2013 (*very satisfied + satisfied*) versus (*dissatisfied + very dissatisfied*) [the survey is addressed to all Commission staff]:

Delivery speed of the central postal service of the Commission	keep stable	<table border="1"> <caption>Post delivery speed</caption> <thead> <tr> <th>Year</th> <th>Satisfied (%)</th> <th>Dissatisfied (%)</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>75%</td> <td>8%</td> </tr> <tr> <td>2009</td> <td>81%</td> <td>3%</td> </tr> <tr> <td>2011</td> <td>76%</td> <td>6%</td> </tr> <tr> <td>2013</td> <td>74%</td> <td>5%</td> </tr> </tbody> </table>	Year	Satisfied (%)	Dissatisfied (%)	2007	75%	8%	2009	81%	3%	2011	76%	6%	2013	74%	5%
Year	Satisfied (%)	Dissatisfied (%)															
2007	75%	8%															
2009	81%	3%															
2011	76%	6%															
2013	74%	5%															
The quality of office furniture and supplies	keep stable	<table border="1"> <caption>Office furniture & supplies</caption> <thead> <tr> <th>Year</th> <th>Satisfied (%)</th> <th>Dissatisfied (%)</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>63%</td> <td>15%</td> </tr> <tr> <td>2009</td> <td>69%</td> <td>9%</td> </tr> <tr> <td>2011</td> <td>65%</td> <td>16%</td> </tr> <tr> <td>2013</td> <td>60%</td> <td>18%</td> </tr> </tbody> </table>	Year	Satisfied (%)	Dissatisfied (%)	2007	63%	15%	2009	69%	9%	2011	65%	16%	2013	60%	18%
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2011	65%	16%															
2013	60%	18%															
Moving of furniture, boxes and belongings to a new office	keep stable	<table border="1"> <caption>Moving services</caption> <thead> <tr> <th>Year</th> <th>Satisfied (%)</th> <th>Dissatisfied (%)</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>68%</td> <td>8%</td> </tr> <tr> <td>2009</td> <td>75%</td> <td>6%</td> </tr> <tr> <td>2011</td> <td>75%</td> <td>7%</td> </tr> <tr> <td>2013</td> <td>76%</td> <td>7%</td> </tr> </tbody> </table>	Year	Satisfied (%)	Dissatisfied (%)	2007	68%	8%	2009	75%	6%	2011	75%	7%	2013	76%	7%
Year	Satisfied (%)	Dissatisfied (%)															
2007	68%	8%															
2009	75%	6%															
2011	75%	7%															
2013	76%	7%															

SPECIFIC OBJECTIVE 1: Create the best possible working conditions and ensure a sound financial management of the inventory (including the correct and secure delivery of mail, the optimal use of the Commission's printing capacity and the correct delivery of office supplies and furniture) by ensuring high level quality services.

<i>Result Indicator</i> (Data source: HR 2013 Staff Opinion Survey: PMO, OIB, OIL)	<i>2013 Target</i>	<i>Current situation (31/12/2013)</i>															
Graphic design and reproduction services (print shop)	keep stable	<table border="1"> <caption>Printshop services</caption> <thead> <tr> <th>Year</th> <th>Satisfied</th> <th>Dissatisfied</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td></td> <td></td> </tr> <tr> <td>2009</td> <td></td> <td></td> </tr> <tr> <td>2011</td> <td>75%</td> <td>5%</td> </tr> <tr> <td>2013</td> <td>65%</td> <td>9%</td> </tr> </tbody> </table> <p>OIL's print shop was closed for some months in 2013 while asbestos confinement works were ongoing.</p>	Year	Satisfied	Dissatisfied	2007			2009			2011	75%	5%	2013	65%	9%
Year	Satisfied	Dissatisfied															
2007																	
2009																	
2011	75%	5%															
2013	65%	9%															
Availability of parking places	keep stable	<table border="1"> <caption>Availability of parking spaces</caption> <thead> <tr> <th>Year</th> <th>Satisfied</th> <th>Dissatisfied</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>73%</td> <td>13%</td> </tr> <tr> <td>2009</td> <td>79%</td> <td>11%</td> </tr> <tr> <td>2011</td> <td>73%</td> <td>15%</td> </tr> <tr> <td>2013</td> <td>77%</td> <td>12%</td> </tr> </tbody> </table>	Year	Satisfied	Dissatisfied	2007	73%	13%	2009	79%	11%	2011	73%	15%	2013	77%	12%
Year	Satisfied	Dissatisfied															
2007	73%	13%															
2009	79%	11%															
2011	73%	15%															
2013	77%	12%															
Transport/mobility services	keep stable	<table border="1"> <caption>Transport/mobility services</caption> <thead> <tr> <th>Year</th> <th>Satisfied</th> <th>Dissatisfied</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>NA</td> <td>NA</td> </tr> <tr> <td>2009</td> <td>NA</td> <td>NA</td> </tr> <tr> <td>2011</td> <td>85%</td> <td>7%</td> </tr> <tr> <td>2013</td> <td>80%</td> <td>8%</td> </tr> </tbody> </table>	Year	Satisfied	Dissatisfied	2007	NA	NA	2009	NA	NA	2011	85%	7%	2013	80%	8%
Year	Satisfied	Dissatisfied															
2007	NA	NA															
2009	NA	NA															
2011	85%	7%															
2013	80%	8%															

As regards mail services, a new contract for the inter-institutional shuttle service entered into force on 1 April 2013.

1.1.6 ABB activity "Management of social welfare: provision of restaurants, canteens and cafeterias" is being implemented according to plan.

SPECIFIC OBJECTIVE 2: Promote good social infrastructure in Luxembourg by optimising the use and quality of welfare services such as restaurants, self and cafeterias facilities.

<i>Result Indicators</i> (Data source: HR 2013 Staff Opinion Survey: PMO, OIB, OIL)	<i>2013 Target</i>	<i>Current situation (31/12/2013)</i>
% of staff satisfaction in the staff opinion 2013 survey conducted by DG HR related to the services of PMO, OIB and OIL: (very satisfied + satisfied) versus (dissatisfied + very dissatisfied) [the survey is addressed to all Commission staff]		
The provision of cafeterias, self-service restaurants, other restaurants - in general	keep stable	Since the 2011 Staff Opinon Survey this general question on satisfaction has been split into several different questions.

SPECIFIC OBJECTIVE 2: Promote good social infrastructure in Luxembourg by optimising the use and quality of welfare services such as restaurants, self and cafeterias facilities.

Result Indicators (Data source: HR 2013 Staff Opinion Survey: PMO, OIB, OIL)	2013 Target	Current situation (31/12/2013)															
The provision of vending machines - in general	keep stable	<p>Vending machines</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Satisfied</th> <th>Dissatisfied</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>40%</td> <td>26%</td> </tr> <tr> <td>2009</td> <td>45%</td> <td>17%</td> </tr> <tr> <td>2011</td> <td>38%</td> <td>31%</td> </tr> <tr> <td>2013</td> <td>32%</td> <td>36%</td> </tr> </tbody> </table>	Year	Satisfied	Dissatisfied	2007	40%	26%	2009	45%	17%	2011	38%	31%	2013	32%	36%
Year	Satisfied	Dissatisfied															
2007	40%	26%															
2009	45%	17%															
2011	38%	31%															
2013	32%	36%															
The provision and services provided at cafeterias	keep stable	<p>Cafeterias</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Satisfied</th> <th>Dissatisfied</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>NA</td> <td>NA</td> </tr> <tr> <td>2009</td> <td>NA</td> <td>NA</td> </tr> <tr> <td>2011</td> <td>44%</td> <td>32%</td> </tr> <tr> <td>2013</td> <td>39%</td> <td>35%</td> </tr> </tbody> </table>	Year	Satisfied	Dissatisfied	2007	NA	NA	2009	NA	NA	2011	44%	32%	2013	39%	35%
Year	Satisfied	Dissatisfied															
2007	NA	NA															
2009	NA	NA															
2011	44%	32%															
2013	39%	35%															
The provision and services provided at self-service restaurants	keep stable	<p>Self-service restaurants</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Satisfied</th> <th>Dissatisfied</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>NA</td> <td>NA</td> </tr> <tr> <td>2009</td> <td>NA</td> <td>NA</td> </tr> <tr> <td>2011</td> <td>33%</td> <td>43%</td> </tr> <tr> <td>2013</td> <td>30%</td> <td>45%</td> </tr> </tbody> </table>	Year	Satisfied	Dissatisfied	2007	NA	NA	2009	NA	NA	2011	33%	43%	2013	30%	45%
Year	Satisfied	Dissatisfied															
2007	NA	NA															
2009	NA	NA															
2011	33%	43%															
2013	30%	45%															
The provision and services provided at restaurant Foyer Européen	keep stable	<p>Restaurant Foyer</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Satisfied</th> <th>Dissatisfied</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>NA</td> <td>NA</td> </tr> <tr> <td>2009</td> <td>NA</td> <td>NA</td> </tr> <tr> <td>2011</td> <td>58%</td> <td>8%</td> </tr> <tr> <td>2013</td> <td>58%</td> <td>7%</td> </tr> </tbody> </table>	Year	Satisfied	Dissatisfied	2007	NA	NA	2009	NA	NA	2011	58%	8%	2013	58%	7%
Year	Satisfied	Dissatisfied															
2007	NA	NA															
2009	NA	NA															
2011	58%	8%															
2013	58%	7%															
The provision and services provided at restaurant Jean Monnet	keep stable	<p>Restaurant JMO</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Satisfied</th> <th>Dissatisfied</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>NA</td> <td>NA</td> </tr> <tr> <td>2009</td> <td>NA</td> <td>NA</td> </tr> <tr> <td>2011</td> <td>52%</td> <td>22%</td> </tr> <tr> <td>2013</td> <td>61%</td> <td>18%</td> </tr> </tbody> </table>	Year	Satisfied	Dissatisfied	2007	NA	NA	2009	NA	NA	2011	52%	22%	2013	61%	18%
Year	Satisfied	Dissatisfied															
2007	NA	NA															
2009	NA	NA															
2011	52%	22%															
2013	61%	18%															

As expected, the improved financial standing and the ongoing efforts to provide optimal quality of products and services within budget had a negative effect on client satisfaction in 2013, especially for the canteens. At the same time the Foyer and JMO restaurants continued to receive positive reviews.

SPECIFIC OBJECTIVE 2: Promote good social infrastructure in Luxembourg by optimising the use and quality of welfare services such as restaurants, self and cafeterias facilities.

<i>Result Indicators</i> (Data source: HR 2013 Staff Opinion Survey: PMO, OIB, OIL)	<i>2013 Target</i>	<i>Current situation (31/12/2013)</i>
Daily average of meals sold (incl. the Restaurant Jean Monnet, excl. CPE and Foyer Européen)	keep stable	1 703 (2013) vs. 1 734 (2012)
Financial result of catering activities in Luxembourg	balanced result at the end of 2013	Balanced books

Actions to consolidate and rationalize operating costs were further pursued in 2013 in order to ensure the continued financial viability of the catering facilities run by OIL (5 canteens, 6 cafeterias, 2 restaurants, vending machines, event catering).

A study was commissioned and carried out in 2013 to help OIL with the identification of a suitable state-of-the-art software tool capable of integrated stock and cash management, to update its current out-dated system OSCAR.

1.1.7 ABB activity "Management of social welfare: provision of child-care services" is being implemented according to plan.

SPECIFIC OBJECTIVE 3: Promote good social infrastructures at Luxembourg site by providing child care services.

<i>Result Indicator</i> (Data source: OIL)	<i>2013 Target</i>	<i>Current situation (31/12/2013)</i>
Overall satisfaction of parents with childcare facilities as per CPE survey 2011	Keep stable (In 2011: 95% (73% considered the service quality as "very good" or "good", another 22% were satisfied)	N/A Survey postponed to 2014

The 2013 satisfaction survey was postponed to spring 2014.

The process of re-assessment and adaptation of operational processes and communication practices has progressed well, based on the experience acquired and needs identified since the opening of CPE V.

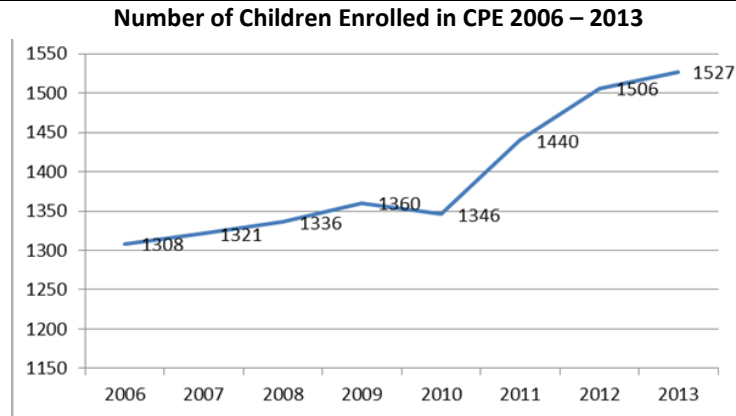
The cooperation contract with the European School is evaluated every year and updated in the light of the experience gained. A revision of Internal procedures for the CPE was started and will result in one single document, e.g. a vade mecum, for the educators and administrative staff. In 2013, the enrolment for presence during the holidays was integrated in E-Kidreg.

A "Journée pédagogique" was organised in 2013 and its conclusions will feed into the update of the pedagogical framework which is in progress.

After an in-depth analysis of running costs, a revised matrix for the calculation of parental contributions was adopted in 2013, and approved by the relevant interinstitutional governance bodies (entry into force: 1 January 2014).

The number of children enrolled continued to climb in 2013 (17% increase in the number of children enrolled for the period 2006–2013).

SPECIFIC OBJECTIVE 3: Promote good social infrastructures at Luxembourg site by providing child care services.



(Source: Rapport d'activité CPE Garderie et Centre d'études et de loisirs 2012/2013)

1.1.8 ABB activity "Management of social welfare: optimisation of the use of social and sports facilities" is being implemented according to plan.

SPECIFIC OBJECTIVE 4: Promote good social infrastructures at Luxembourg site by optimising the use and quality of welfare services such as social and sports facilities.

<i>Result Indicator</i> (Data source: OIL)	<i>2013 Target</i>	<i>Current situation (31/12/2013)</i>
Average monthly number of users of the fitness centre ⁴	Keep stable	1 803 (2013) vs. 1 449 (2012)
The number of users of the fitness centre in the JMO building increased in 2013, approaching the maximum capacity of the centre.		

1.1.9 ABB activity "Administrative support": pro-active management of human resources is being implemented according to plan.

SPECIFIC OBJECTIVE 1: Maintain more pro-active management of human resources.

<i>Result Indicator</i> (Data source: OIL)	<i>2013 Target</i>	<i>Current situation (31/12/2013)</i>
Average vacancy rate of all posts for officials	<5,7% (Commission average rate)	11,89% (Vacancy rate for officials only, TEC 2014 included, 10,49% with TEC taken off)
Number of posts of officials converted to post for contract agents vs. overall target (TEC	0 (TEC exercise 2013 frozen)	0


⁴ Including users from other Institutions

SPECIFIC OBJECTIVE 1: Maintain more pro-active management of human resources.

<i>Result Indicator</i> (Data source: OIL)	<i>2013 Target</i>	<i>Current situation (31/12/2013)</i>
annual objectives)		
Percentage of female OIL AD staff	50%	48% (13 out of 27)
Percentage of female staff of total OIL staff	50%	49%
Percentage of flexitime adoption among eligible staff	No fixed target	60.44
Number of structural teleworkers	No fixed target	7
<p>In 2013, OIL continued to encounter difficulties to fill in vacant posts for specialized profiles, resulting in a higher vacancy rate than the Commission's average. To tackle this, temporary agents are recruited when there are no suitable candidates on the reserve lists, or in the absence of reserve lists. OIL continued to participate in EPSO selections, in particular for technical profiles, for both permanent posts and contract agent positions. Despite the labour and resource intensive task, OIL organised a specific selection procedure for drivers (with EPSO's agreement) in 2013, to address urgent recruitment needs. This procedure will be finalised in 2014 with a reserve list of 20 laureates.</p> <p>Concrete outcome of these actions is already being noticed early 2014, with the vacancy rate (TEC 2014 neutralised) reduced to 8,1% at the beginning of March 2014.</p>		

1.1.10 ABB activity "Administrative support: strengthening of internal control systems, budgetary planning and execution, and procurement management" is being implemented according to plan.

SPECIFIC OBJECTIVE 2: Strengthen internal control systems, consolidate budgetary planning and execution and reinforce procurement management, on the basis of sound financial principles, legality and regularity.

<i>Result Indicator</i> (Data source: OIL)	<i>2013 Target</i>	<i>Current situation (31/12/2013)</i>										
Financial Management												
Percentage of budget execution (commitments) versus budget appropriations (C1 credits)	≥ 98	100%										
Percentage of financial execution (payments) versus budget commitments (excluding assigned revenues)	≥ 93	90.2%										
Percentage of payments handled outside contractual delay (overdue payments)	<15	 <table border="1"> <caption>Payment delays</caption> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>52%</td> </tr> <tr> <td>2011</td> <td>27%</td> </tr> <tr> <td>2012</td> <td>9%</td> </tr> <tr> <td>2013</td> <td>11%</td> </tr> </tbody> </table>	Year	Percentage	2010	52%	2011	27%	2012	9%	2013	11%
Year	Percentage											
2010	52%											
2011	27%											
2012	9%											
2013	11%											
Interest paid resulting from overdue payments (interest on late payments paid)	≤ € 2000	€ 617,90 (paid out of €1,495)										
Percentage of overdue recovery orders	<5	0,3										

SPECIFIC OBJECTIVE 2: Strengthen internal control systems, consolidate budgetary planning and execution and reinforce procurement management, on the basis of sound financial principles, legality and regularity.

<i>Result Indicator (Data source: OIL)</i>	<i>2013 Target</i>	<i>Current situation (31/12/2013)</i>
Procurement Management		
Number of procedures > € 60.000 handled (of which inter-institutional)	12(5)	26(11)
Number of (> € 60.000) contracts signed (of which inter-institutional)	10(4)	17(6)
Percentage of unsuccessful procurement procedures	0	15% for procedures > € 60 000
Number of successful complaints/cases/proceedings related to procurement procedures, received by the Court of Justice or the Ombudsman related to procurement procedures	0	0
Indicators for the legality and regularity of underlying transactions		
<u>Ex-Post Control:</u> Percentage of realisation of the annual control programme as compared to plan	100%	100%
<u>Authorising Officer by Subdelegation (AOSD) Reports:</u> Percentage of Authorising Officer by Sub-delegation reports /number of AOSD reports awaited	100%	100%
<u>Audit recommendations</u> Number of internal or external audit recommendations considered as implemented (status "ready for review")	100%.	All recommendations closed.
<u>Anti-Fraud-Strategy:</u> Number of training on ethics	4	7
Percentage of OLAF cases followed up	0	(no cases to follow up)
<u>Internal Control Standards (effectiveness/efficiency):</u> Number of ICS to improve (priorities)	2	2 (related to communication and staff allocation and mobility)
<p>Execution in terms of payment lagged slightly, due to the fact that contracts for several large projects, requiring calls for tenders, were signed late in the year, which left little time for contract execution and subsequent payment within the same reporting period.</p> <p>The percentage of unsuccessful procurement procedures observed has to do with a mismatch between technical specifications and bids received (2 cases), no bidders (1 case) and no market supply for the services required (1 case).</p> <p>OIL has drafted a fraud prevention and detection strategy.</p>		

SPECIFIC OBJECTIVE 2: Strengthen internal control systems, consolidate budgetary planning and execution and reinforce procurement management, on the basis of sound financial principles, legality and regularity.

<i>Result Indicator (Data source: OIL)</i>	<i>2013 Target</i>	<i>Current situation (31/12/2013)</i>
As requested by the Cabinet and DG HR, OIL participates in the inter-service group on public procurement GAMA (Groupe d'Analyse des Marchés Administratifs) as from October 2013.		

1.1.11 ABB activity "Administrative support: communication policy" is being implemented according to plan.

SPECIFIC OBJECTIVE 3: Improve OIL's communication policy focusing on the promotion of OIL's identity and visibility and on clear and timely information.

<i>Result Indicator (Data source: OIL)</i>	<i>2013 Target</i>	<i>Current situation (31/12/2013)</i>
Number of external newsletter issues	8	6
In 2013, OIL marked its 10 year anniversary by launching a communication campaign branded "Made in OIL", enhancing OIL's visibility with stakeholders.		

1.1.12 Inter-institutional activities for OIL: cooperation with other EU institutions and bodies is being implemented according to plan.

SPECIFIC OBJECTIVE 1: Improve exchange of best practices and cooperation with other institutions and service provision to other EU institutions and bodies on the basis of clearly defined Service Level Agreements (SLAs).

<i>Result Indicators</i>	<i>2013 Target</i>	<i>Current situation (31/12/2013)</i>
Recovery on time of revenues resulting from Service Level Agreements	100% of the recovery orders issued for services rendered during the year	100%

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

According to the financial regulation (art 30), the principle of economy required that the resources used by the institution in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and the best price. The principle of efficiency concerns the best relationship between resources employed and results achieved.

The respect of these principles is continuously pursued through the implementation of internal procedures and predefined practices. These procedures ensure that activities are executed in an efficient manner (e.g. the different workflows contribute to the efficient cooperation between staff, units, etc...) and according to the principle of economy (e.g. the procurement rules ensure procurement in optimal conditions).

OIL is continuously fine-tuning its internal arrangements in order to improve the efficiency and economy of its operations. The following two initiatives show how these principles are implemented in OIL:

1.2.1 Example 1

Summer holiday period covered by CPE V

Until the opening of the CPE V in Bertrange/Mamer in September 2012, all child care services (study and recreation centre and garderie) managed by OIL were provided in three CPE buildings located the same area. During summer holidays, economies of scale were enabled by opening only two of the three buildings in this area.

For the first time since the CPE services are spread over two separate sites, OIL decided to regroup 2013 summer activities into the CPE V building in Mamer for all the children enrolled (7 weeks from mid-July till the end of August), so that they can enjoy modern facilities, large space and brand new playgrounds. In the meantime, maintenance and repair works were carried out in the empty CPE I and CPE III buildings in the Kirchberg area.

From a financial point of view, the opening of one site instead of two sites generated savings of 135.000 € which represents around 1% of the annual CPE budget in 2013.

1.2.2 Example 2

Simplification of financial transactions

The paperwork required for initiation of financial transactions (routing sheets and checklists) was significantly streamlined in OIL with the introduction in 2013 of a fully automated Excel-based tool, developed in-house without engaging additional resources. This tool, "Rapidoc", collects into one single checklist a set of data and information previously documented through several different documents (among others the financial checklist, the routing slip and other notes to the file).

As a result paperwork required to launch a transaction was cut by more than half, ease of input and accuracy were improved through built-in automatic controls, and a harmonized (yet easily customizable) format was implemented for payment and commitment transactions. The impact of this low-cost rationalisation is significant due to the large number of transactions at OIL and represents a step closer toward paperless workflows. Furthermore, financial workflows were revised and simplified.

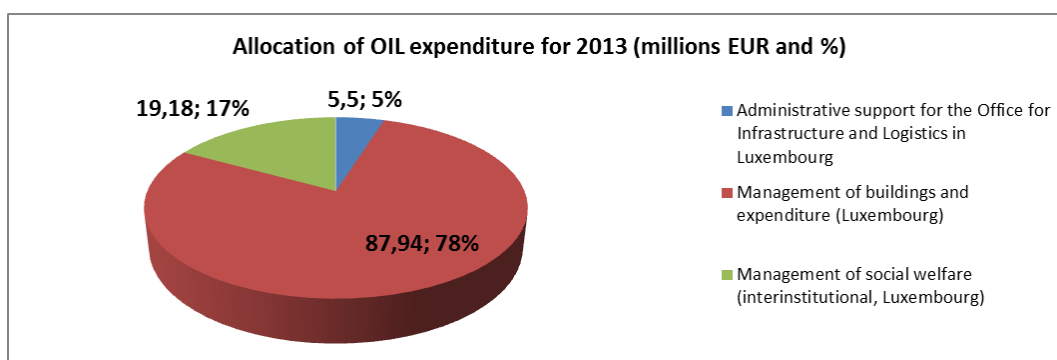
2. MANAGEMENT OF RESOURCES

Assurance is an objective examination of evidence for the purpose of providing an assessment of the effectiveness of risk management, control and governance processes. This examination is carried out by management, who monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors. Its results are explicitly documented and reported to the Head of Service. The reports produced are:

- the reports by AOSDs;
- the contribution of the Internal Control Coordinator, including the results of internal control monitoring;
- the reports of the ex-post control;
- the opinion and the observations of the Internal Audit Capability (IAC);
- the observations reported by the Internal Audit Service (IAS);
- the observations and the recommendations reported by the European Court of Auditors (ECA).

This section reports the control results and other relevant elements that support managements' assurance on the achievement of the internal control objectives⁵. It is structured in three separate sections: (1) the OIL's assessment of its own activities for the management of its resources, (2) the assessment of the activities carried out by other entities to which the DG has entrusted budget implementation tasks; and (3) the assessment of the results of internal and external audits, including the implementation of audit recommendations.

Implementation of Commitment Appropriations (CA) - C1, C4, and C5 -, external assigned revenues and appropriations for catering activities:



⁵ Effectiveness, efficiency and economy of operations; reliability of reporting; safeguarding of assets and information; prevention, detection, correction and follow-up of fraud and irregularities; and adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 32).

2.1 Management of human and financial resources by OIL.

This section reports and assesses the elements identified by management that support the assurance on the achievement of the internal control objectives. Annex 5 outlines the main risks together with the control processes aimed to mitigate them and the indicators used to measure the performance of the control systems.

Control effectiveness as regards legality and regularity

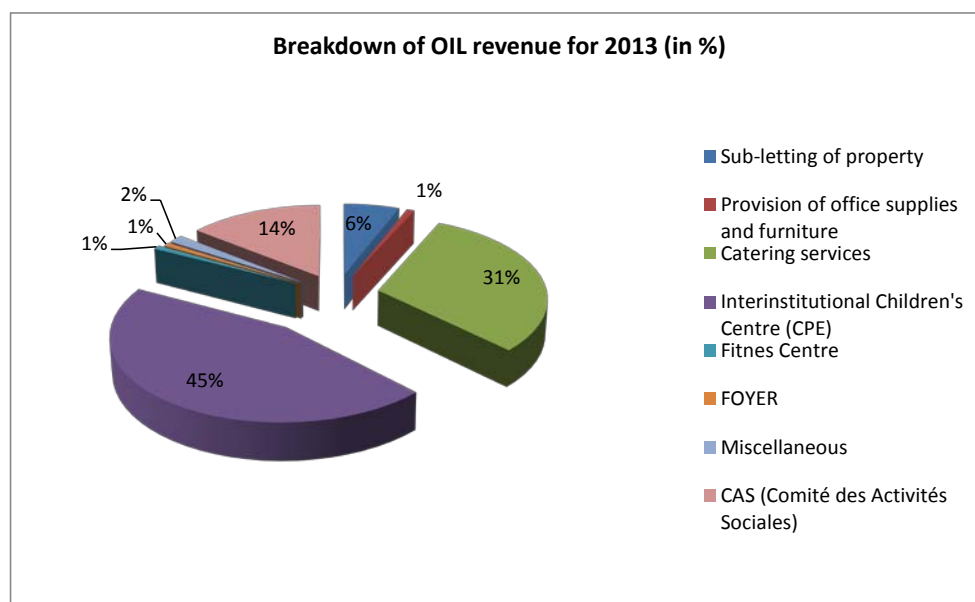
OIL has set up internal control processes aimed to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the nature of the payments and recovery orders concerned.

Financial circuits in OIL

The financial circuit model in use at OIL since 2006 is the partially decentralised model with counterweight. In this model, which has stood the test of time, the financial unit is in charge of ex-ante financial initiation and verification tasks, while the operational units are responsible for operational initiation and verification and for the authorising role.

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

Due to the nature of its activities and its interinstitutional role, the Office recovers allocated revenue either from other institutions/equivalent bodies or from the users of various services. The types of revenue are generated through the sub-letting of property, the provision of office supplies and furniture, catering services, the Interinstitutional Children's Centre (CPE) and the Fitness Centre.



Whilst financial workflows remained unchanged, OIL continuously works on their simplification: extensive guidelines for adequate data encoding of transactions in ABAC (payments, commitments) were issued, and unnecessary technical steps in the financial systems were eliminated (VAT step removed from Abac SAM and merging of the operational and financial initiation in eSIRE). In addition, Business Objects (BO) reports were used more extensively, taking the roll out of the newly datawarehouse environment (BO XI) into account. New custom BO reports were designed and implemented to facilitate reporting by (sub)delegated authorising officers. Specific year-end monitoring of financial transactions was enhanced based on the experience gained in the past years. Lastly, the introduction of a fully automated Excel-based tool (RAPIDOC) was welcomed by all the financial actors involved.

Internal procedures and coordination

Consistent application of financial procedures was ensured, in close cooperation with the financial actors involved in the different workflows.

Management of interinstitutional expenditure

Following the termination of liaison accounts as of 1 January 2013, OIL had to entirely revise its procedures for the recovery of interinstitutional funds for social activities (child care services of the CPE and activities of the Foyer européen) by issuing advance recovery orders for the entire estimated 2013 budget. Revised procedures were established for the breakdown of expenditure, budgetary issues and implementation of the new parental contributions, which were presented to all the institutions concerned in June.

Accounting procedures for the catering activities

Catering activities in Luxembourg, being managed directly by the Commission, are accounted for in a separate software called CIEL, in accordance with the delegation granted by the Accounting Officer of the Commission. In order to facilitate and speed up payments to suppliers from CIEL, OIL put E-banking in place, in cooperation with DIGIT. Since May 2013, all payments made to suppliers have been processed electronically.

At the request of the external auditors in charge of controlling the financial statements of catering activities, a specific accounting manual has been developed and addressed to the Accounting Officer, in compliance with the accounting rules of the Commission.

Procurement activities

E-tendering allows easier communication between economic operators and contracting authorities. The switch to eTendering was effective from July 2013. Economic operators can now easily access tender documents and receive automatic notifications before submitting their offers.

As requested by the Cabinet and DG HR, OIL participates in the inter-service group on public procurement GAMA (Groupe d'Analyse des Marchés Administratifs) as from October 2013. Feedback received from the other GAMA members through examination of tender procedures and exchange of best practices contributes to the ongoing improvement of procurement processes.

Ex ante controls

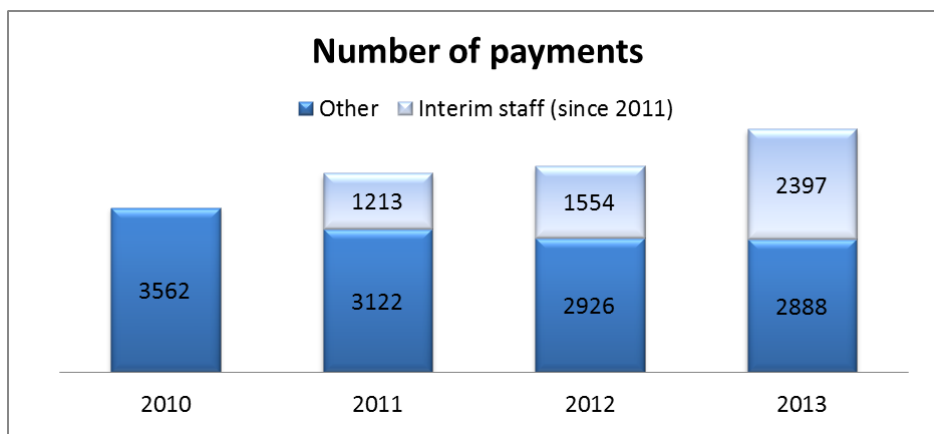
The ex-ante verifying agents continued to streamline their controls of financial transactions in 2013. The ex-ante controls focused in particular on compliance with the financial contract clauses (requested documents or reports supporting the invoices), consistent application of procedures and notes, in particular as regards suspension of payments, quality of data encoded in ABAC and other systems and clarity of the supporting documentation in the financial transactions.

Payment times

In 2013, 89% of all payments were made on time, surpassing the target of 85%. In terms of amounts, 97% of all OIL payments were paid on time. EUR 1493 late interest was payable in 2013, below the EUR 2.000 threshold set in OIL's management plan.

Volume of financial transactions

Since 2011, a framework contract between DG HR and the interim employment agencies is in place, according to which invoices received from agencies have to be in electronic format and processed through the eSIRE software. One invoice is produced for each person and each mission, whereas in the past invoices were grouped. This explains the overall increase in the total number of payments per year made since 2011. The number of invoices other than those received from interim employment agencies has been reduced over time by actions taken on the level of orders and contracts.



Ex post controls

As regards the legality and regularity of the underlying transactions, the objective is to ensure that the estimated annual risk of errors in commitments and payments at the time of the authorisation of the transactions is less than 2% of the budget allocated. The residual risk of error is estimated by the residual error rate obtained from an examination of a representative sample of transactions less any corrections made resulting from the supervisory and control systems in place. The sample is composed of between 4-8% commitments, between 3-5% payments and 4-8% recovery orders. Commitments and recovery orders are selected in part (25%-50%) by random sampling and in part (50%-75%) by targeted sampling, based on a risk analysis. The payment sample results from the relevant commitments that have been selected.

Ex-post control mainly verifies compliance of transactions with the financial regulation, rules of application, internal rules of the Commission and OIL procedures; clear allocation of functions and ensuring segregation of duties; documentation of the

decisions; compliance of the selection of contractors/suppliers with the public procurement rules; existence of supporting documents for the delivery of products and services and reality and eligibility of expenditure; correspondence of OIL's accounting records with the supporting documents held; compliance with the relevant provisions and correspondence with the approved specifications of the operations and the work actually executed regarding the nature and timing of the relevant expenditure and revenue.

The resources dedicated to ex-post control in OIL are 1,5 full time equivalents. Ex-post controls are carried out three times a year, each report covering a period of 4 months and addressed to the authorising officer by delegation and to the authorising officers by sub delegation. The results of the ex-post control are discussed with the units concerned and the recommendations for correction are drawn.

The annual ex-post control programme was completed as planned in terms of number of transactions (7% commitments, 3.7% payments, 6.8% recovery orders). The transactions controlled in 2013 (168 transactions in total, selected in random and targeted sample) amount to **48.833.920 EUR** with following breakdown:

Type of transactions	Sample			
	Nr	Value - €		
		Total	Out of which random sample	Out of which risk based sample
Commitments	41	43,865,257.15	41,460,989.11	2,404,268.04
Payments	95	1,561,135.63	919,770.32	641,365.31
Recovery orders	32	3,407,527.54	2,044,255.90	1,363,271.64
TOTAL	168	48,833,920.32	44,425,015.33	4,408,904.99

OIL applies a methodology that distinguishes 4 types of errors, 1 being the most important to 4 being the formal, least important⁶. Errors of importance 3 and 4 are minor errors for which the services do their best to avoid the recurrence. Complete elimination of this type of errors would require control measures disproportionate to the assumed risk. The error rate is calculated on the basis of errors level 1 and 2 only.

Out of 168 transactions controlled no level 1 errors have been detected, and 14 errors classified as level 2, 5 of which had minor financial impact.

The breakdown per type of transactions and coverage of the overall population is

⁶ Errors of importance level 1 are critical errors. They have such an impact in terms of financial, reputation, security, or safety risk that they are relevant for the statement of assurance of the AOD.

Errors of importance level 2 are serious errors, with such an impact in terms of financial, reputation, security, or safety risk that effective measures must be taken without delay to avoid their recurrence. Each of these errors has to be evaluated separately by the AOD if they could have an impact on the statement of assurance.

Errors of importance level 3 do not have a very high impact in terms of financial, reputation, security, or safety risk, but it would be worthwhile to take measures to avoid their recurrence.

Errors of importance level 4 are minor errors of marginal impact on OIL, either because they concern inherently low-risk transactions or because this type error would by itself never lead to serious adverse consequences.

presented below. The value outcome of the analysis for level 2 errors is as follows:

Type of transactions	Level 2 Errors								
	Random		Error rate (value) random sample	Risk based		Error rate by (value) - risk-based sample	Total		Error rate (value) total sample
	Nr	Financial impact		Nr	Financial impact		Nr	Financial impact	
Commitments	0/0*	0.00	0.00%	3/0*	0.00	0.00%	3/0*	0.00	0.00%
Payments	3/3*	3,471.92	0.38%	8/2*	7,103.67	1.11%	11/5*	10,575.59	0.68%
Recovery orders	0	0.00	0.00%	0	0.00	0.00%	0	0.00	0.00%
TOTAL	3/3*	3,471.92	0.01%	11/2*	7,103.67	0.16%	14/5*	10,575.59	0.02%

* Number of errors with financial impact

In short, by the control activities of the year 2013:

- **no level 1 errors were detected;**
- fourteen level 2 errors were detected, with a financial impact of 10.575,59 €. This corresponds to 0.02 % of the total value of the checked transactions and 0,01% of the random sample;
- eleven of those errors were detected in the targeted sample (out of which two with financial impact) and three, all with minor financial impact, in randomly selected transactions.

The low error rate is the result of sound financial management in combination with the actions taken based on previous observations of ex -post controls and supervisory measures as a whole.

Control efficiency and cost-effectiveness.

The principle of efficiency concerns the best relationship between resources employed and results achieved. The principle of economy requires that the resources used by the institution in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price. This section outlines the indicators used to monitor the efficiency of the control systems, including an overall assessment of the costs and benefits of controls.

OIL has analysed the costs and benefits of the three main control processes, i.e. procurement procedures, financial transactions (ex-ante) and ex-post controls. However, since a quantitative estimate of the volume of errors prevented and detected is not available, it is not possible to quantify the related benefits, other than the amounts recovered as a result of these controls (see annex 3 table 8). In consequence, it is not possible to determine the cost-effectiveness of controls by comparing costs with benefits in a quantitative way only; it is therefore necessary also to consider the non-quantified benefits and different efficiency indicators.

The subsequent cost estimates are based on the overall cost of an official or contractual agent, estimated by the Commission. However, the particular nature of the mandate of the Office combined with the particular staffing situation (very limited number of AD functions) may result in an overestimation of the control costs in OIL.

For procurement, an estimated € 0.8M were invested in controlling 118 procurement procedures (including low value contracts and amendments to contracts such as price adjustments). As a whole 0.7% of the total contract value was dedicated to controls. Of these, 20 new contracts for procedures above 60.000€ were signed in 2013 with a total value of € 51M. Thus the estimated unitary cost for these procedures is approximately €6K for an ongoing procurement procedure and €20K for a signed contract.

The procurement procedures are to subject to strict regulatory requirements which cannot be curtailed. Although the related "quantifiable" benefits are difficult to measure, there are important unquantifiable benefits, such as "better value for money", compliance with the Financial Regulation (and other public procurement rules) and a deterrent effect, reducing fraud and/or corruption risk.

OIL's public procurement controls are implemented so as to ensure that tendering and awarding procedures and subsequent payment transactions fully comply with applicable rules and provide reasonable assurance to the competent Authorising Officers. Moreover, OIL participates in the inter-service group on public procurement (GAMA) since October 2013.

For financial transactions (including commitments, payments and recovery orders), an estimated €1,4M was spent to control more than 7800 financial transactions worth over €102M. Thus 1.35% of the total amount of financial transactions carried out during the year was dedicated to controls. Each financial transaction control costs an estimated €180.

For supervisory measures (*ex-post controls*), an estimated €151.000 was spent in controlling approximately 168 financial transactions worth €48.5M. Thus 0.3 % of the total value of transactions checked ex post was dedicated to controls. Each transaction or procedure checked ex post costs an estimated €900.

Conclusion

To reach a firm conclusion on the relative efficiency of the controls in OIL, it is necessary to analyse the evolution of these indicators over time and to compare them with relevant benchmarks. This is currently impossible as this is the first year Commission services are requested to calculate and report on these indicators. Additionally, there is an inherent difficulty in estimating the benefits of controls in an accurate way because of the difficulty to quantify with precision the risk/likelihood/ probability and magnitude of an adverse event in the absence of these controls. However, given the above mentioned quantified and non-quantified elements, OIL Management considers its controls to be as efficient as reasonably possible.

Fraud prevention and detection

OIL has developed its anti-fraud strategy as foreseen in the Commission's overall anti-fraud strategy⁷.

⁷ COM(2011) 376 24.06.2011.

This document outlines the conceptual framework, the OIL's context, the anti-fraud controls already in place and the action points towards further reinforcement of anti fraud related activities. The controls aimed at preventing and detecting fraud are not unlike those intended to ensure the legality and regularity of the transactions. They rely on ex ante and ex post controls, as well as on all other supervision operations and on audits from IAS, IAC, the external auditors of the catering, and from the Court of Auditors.

Specific in depth controls for the most risky areas are embedded in procedures and performed to ensure that the most complex contracts and processes (management of cash) are applied as intended. Training sessions on ethics ("Notre travail, nos valeurs") are part of the mandatory training for all OIL staff.

An essential tool to avoid errors and potential fraud is the application of up to date procedures. As part of its ongoing action plan, two objectives have been set for 2014-2015 to consolidate the specific fraud component: reinforcing fraud prevention and detection by ensuring that the risk of fraud is duly taken into account in the financial procedures and enhancing the management of procurement procedures.

Since 1st January 2003, OIL's date of creation, there were few OLAF preliminary inquiries and none of these concluded on a fraud case.

Other control objectives: use of resources for their intended purpose, reliability of reporting, safeguarding of assets and information

Budgetary outturn

The budget implementation for new 2013 credits of the year (C1) amounted to almost 100% for commitments and 90% for payments. In 2012, comparative figures were 100% and 93%, respectively. Execution in terms of payment lagged slightly, due to the fact that contracts for several large projects, requiring calls for tenders, were signed late in the year, which left little time for contract execution and subsequent payment within the same reporting period.

These amounts are consistent with forecasts for planned implementation of 2013 budget. Combined with the other type of appropriations, results for all types of credits of the year are as follows (in EUR).

<u>Totaux ventilés par type de crédits</u>	Budget initial	Budget final	Exécution en engagements	Rapport Eng/Crédits	Exécution en paiements	Rapport Paie/Eng.
C1 - crédits de l'année 2013	93,380,000.00	94,093,414.00	94,088,379.54	99.99%	84,909,512.08	90.24%
C4 - recettes affectées internes		7,254,610.06	5,880,713.99	81.06%	3,391,334.73	57.67%
C5 - recettes affectées internes reportés		927,952.52	927,952.52	100.00%	905,847.12	97.62%
C8 - crédits reportés de 2012		6,268,439.99	6,268,439.99	100.00%	6,268,157.75	100.00%
R0 - recettes affectées externes		7,666,380.92	6,772,651.41	88.34%	4,522,734.47	66.78%
Restauration et Foyer Européen	4,949,500.00	4,949,500.00	4,949,500.00	100.00%	4,949,500.00	100.00%
Total	98,329,500.00	121,160,297.49	118,887,637.45	98.12%	104,947,086.15	88.27%

Reliability of reporting

The reports submitted every four months by the Authorising Officers by Subdelegation (AOSD) to the Authorising Officer by Delegation mention no particular problems during the year. The corrective measures taken have allowed some improvement in payment

times. In addition to these reports, regular management meetings are held with the Head of Units and all other AD staff.

Safeguarding of assets

The ongoing inventory, which started in April 2013, is progressing according to plan. The latest full inventory was launched in July 2009 and completed in March 2013. The DGs associated with OIL's asset management centre inventoried more than 70,000 items, or 92% of the total number of items on record. This outcome is in line with previous inventory rounds. Discrepancies are largely due to the absence of tracking stickers on some technical equipment (catering equipment, fitting outs for rented buildings) or frequent moving of the equipment (such as CPE furniture). In addition, the recovery rate was negatively influenced by temporary difficulties with scanning items in central storage and, most importantly, inadequate tracking by one DG, a situation that will be monitored closely this time. In general, DGs and services are regularly reminded of the need to track all items and receive feedback through Abac SAM reporting.

Exception reporting

The follow up of the exceptions and other non-compliance events is part of the regular reporting of the authorising officers by sub delegation to the authorising officer by delegation.

The decrease in number of exceptions and non-compliance events (NCE) detected in 2013 (11 cases versus 22 cases in 2012) reflects steady improvements on controlling financial transactions. Except for one specific case where external assigned revenues were momentarily insufficient to pay the related invoice, NCE were generally not significant in terms of financial amount (below 5000 €).

As regards exceptions duly authorised ex ante, one case was recorded for direct low value purchases (for a total value of 27.000€) as a consequence of the inability of the current contractors to comply with the requirements of the framework contract.

2.2 Budget implementation tasks entrusted to other services and entities.

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

Cross-sub-delegations

Whilst the cross sub-delegation mechanism had been the usual practice in the previous years for most of the budget tasks carried out on OIL budget lines by other Commission services, it was replaced by the co-delegation mechanism as laid down in the 2013 internal rules. Activities concerned were recurrent tasks allocated to the PMO for the payment of salaries and to DIGIT for the IT infrastructure and ICT support.

Cross sub-subdelegations involving low amounts were in place for specific expenditure: 23,253 € were subdelegated to DIGIT in application of the Memorandum of

Understanding for the installation and maintenance of wireless internet and 2,500 € was granted to OIB for the annual maintenance of the Impressive system. No specific issues were reported by the Authorising Officers from any of the concerned DG/Service regarding the cross-sub-delegated credits. As the budget cross-sub-delegated to another Commission AOD has been managed under the same Commission rules, OIL relies on the internal control systems of the concerned DG/Services and concludes that there are no control weaknesses affecting the assurance building in terms of internal control objectives.

In agreement with all services concerned (DG HR, BUDG, DIGIT and the other offices), the mechanism of cross sub-delegations for recurrent tasks will be reactivated from 2014 onwards in order to facilitate budgetary monitoring.

2.3 Assessment of audit results and follow up of audit recommendations

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

OIL is audited by both internal and external independent auditors: its internal audit capability (IAC), the Commission internal audit service (IAS), the European Court of Auditors (ECA) and the external auditors for the financial statements of the catering activities (including self-service restaurants, cafeterias, and restaurants).

All audit recommendations addressed to OIL by the IAS and IAC in the last years have been closed and no new recommendations were issued in 2013.

In December 2013, the IAS completed the second follow up on the Management of Procurement Contracts in OIL. Based on the results, the three remaining recommendations addressed to OIL were considered to have been adequately and effectively implemented and were closed.

In accordance with its strategic audit plan for 2013-2015, the IAC launched the audit on effectiveness and efficiency of the SST process (Health and Safety at Work), focusing in particular on the roles and responsibilities of the actors involved. The audit fieldwork was undertaken in the last quarter of 2013 and the draft audit report is expected early 2014.

In addition, the IAC completed its planned follow-up audit on physical security contract, which resulted in November 2013 in the closure of the eight recommendations.

The DAS 2012 audit by the European Court of Auditors on financial management (legality & regularity of transactions, reliability of control systems, and quality of the

AAR) resulted in a clean opinion by the Court in its Annual Report 2012⁸. The DAS 2013 audit was launched in July 2013 and is ongoing.

Audit opinions

Consequently, the IAC expressed the opinion that the internal control system in place provided reasonable assurance regarding the achievement of the business objectives set up for the processes audited.

⁸ Ref : chapter 1 (Statement of Assurance and supporting information) and chapter 9 (Administrative expenditure)

3. ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS

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

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

The annual assessment exercise on compliance with standard requirements and effectiveness of the internal control standards was performed in the last quarter of 2013 under the supervision of the Internal Control Coordinator. It reflects the specific work undertaken to manage the risks and elaborate the anti-fraud strategy.

Priorities for 2013 set up in the MP 2013

Internal Control Standards (ICS) priorities have been identified on the basis of the annual review of the level of implementation of the standards. For the year 2013, the main focus has been put on specific issues linked to the two following standards:

N°3 Staff allocation and mobility: effectiveness of measures taken as regards staff recruitment and allocations based on priorities and workload of the Office.

In response to the risk of disruption of operations or loss of quality of service due to inability to recruit and retain staff, OIL has taken measures in 2013 which will be reinforced in 2014. Efforts are focused on recruitment, with selections organised by OIL for specific profiles (e.g. ongoing selection of drivers), active participation to EPSO competitions in other specialised fields, the recruitment of temporary agents for posts for which reserve lists are depleted or inexistent.

N°7 Operational structure: effectiveness of measures taken to manage sensitive functions. OIL's challenge is to recruit and retain a sufficient number of adequately trained staff, given the important number of recent and future retirements. In order to ensure the continued provision of its core services, OIL must not only be able to retain the technical capacities required, but also to ensure that these competences evolve to the way these services will be provided in the future.

OIL's rules on sensitive functions and compulsory mobility follow DG HR's guidelines and appropriate arrangements are foreseen for individuals occupying a sensitive function for more than five years: a risk analysis was carried out for these posts, sensitive tasks were identified and mitigating controls considered. In 2013, no derogation was granted based on the OIL's rules.

Conclusion of the 2013 assessment of the ICS

Based on the current assessment of the level of compliance with the 16 Internal Control Standards and the effectiveness of their implementation, the conclusion is that OIL reached a level of full compliance for all selected ICS. ICS n°3 (staff allocation and mobility) and ICS N°12 (communication) will be prioritised in the Management Plan 2014 to reflect the main challenges faced by OIL.

In conclusion, the internal control standards are effectively implemented. In addition, measures are ongoing to further improve the efficiency of OIL's internal control systems in the area of staff allocation and mobility and communication.

4. MANAGEMENT ASSURANCE

This section reviews the assessment of the elements reported in Parts 2 and 3 and draw conclusions supporting of the declaration of assurance and namely, whether it should be qualified with reservations.

4.1 Review of the elements supporting assurance

OIL manages only direct centralised expenditure, which has a low inherent risk. For 2013, the budget implementation indicators fully reach the targets, for both commitments and payments.

The reports on 2013 submitted by the authorising officers by sub delegation cover reporting on both operational and financial objectives. No major issues were reported as to legality and regularity of the underlying transactions and sound financial management aspects.

The conclusions of the ex-post controls for 2013 did not bring to light any issues of significant financial impact. The overall error rate in the randomly controlled transactions is 0.01% by value, well below the materiality threshold. This positive result underlines the effectiveness of OIL's control strategy.

The assessment of the effectiveness of the internal control system and its compliance with the internal control standards led to satisfactory conclusions, along with specific improvement in some particular areas (communication and staff allocation). In particular, the risk analysis carried out in the context of the Management Plan has shown that risks are appropriately managed and mitigating actions are put in place where needed.

Processes, systems and workflows for the whole range of activities managed by the Office are documented in procedures, which are updated on a regular basis.

All audit recommendations have been closed at the end of 2013. Furthermore, a positive statement of assurance has been given by the Court of Auditors for the past few years on the Commission's administrative expenditure as a whole.

4.2 Reservations and overall conclusion on assurance (if applicable)

OIL has no reservation to report for 2013.

DECLARATION OF ASSURANCE

I, the undersigned, Mrs Marian O'Leary

Head of Service of OIL

In my capacity as authorising officer by delegation for the administrative budget

Declare that the information contained in this report gives a true and fair view⁹.

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 capability, the observations of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors - for years prior to the year of this declaration.

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

Luxembourg, 28 March 2014

Signed

Marian O'LEARY

⁹ True and fair in this context means a reliable, complete and correct view on the state of affairs in the service.