

OIB ANNUAL ACTIVITY REPORT 2013

ANNEX 1: STATEMENT OF THE HEAD OF DEPARTMENT RESOURCES

I declare that in accordance with the Commission's communication on clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission¹, I have reported my advice and recommendations to the Head of Service and Head of Department Resources on the overall state of internal control in OIB.

I hereby certify that the information provided in Parts 2 and 3 of the present AAR and in its annexes is, to the best of my knowledge, accurate and exhaustive.

"Signed"

Fernanda Serra
Internal Control Coordinator

¹ [SEC\(2003\)59 of 21.01.2003.](#)

ANNEX 2: Human and Financial resources

1. Human Resources

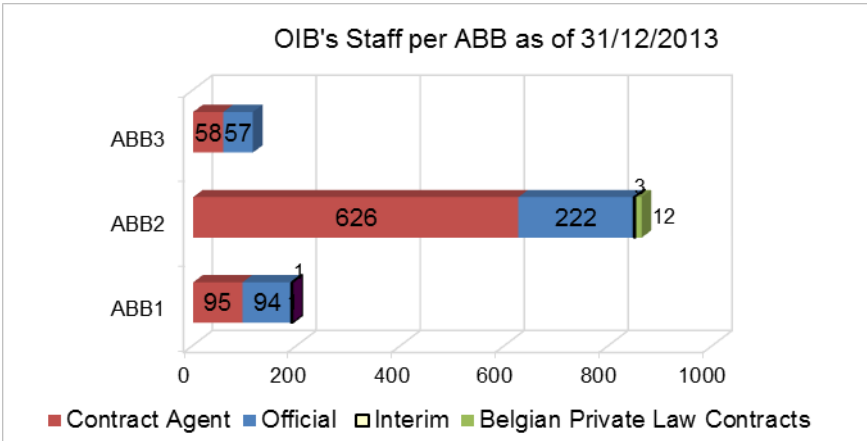
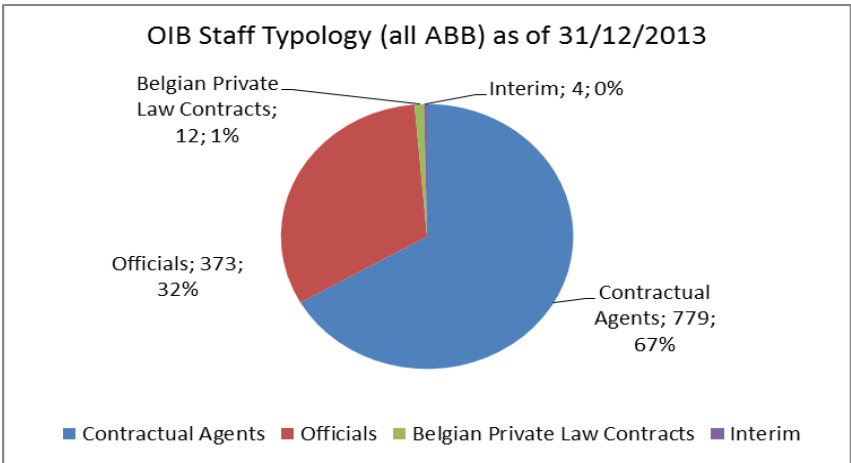
With over 1,100 staff members at the end of 2013, OIB is the 5th largest service in the Commission in terms of staff numbers. Good human resources management is therefore of key importance for the successful execution of the operational activities of the Office.

The overall number of officials working in OIB continued to fall in 2013 as a result of the conversion of posts into credits (TEC). As can be seen below, about two-thirds of OIB staff are contract agents of whom the majority have contracts of unlimited duration.

In OIB's staff structure there are some very specific job profiles such as: nursery nurses, educators, drivers, building superintendents and staff doing manual tasks.

It is important to note that at 3.7%, the percentage of local support and coordination functions in OIB is well below the Commission average of 8.8% and the average for the administrative offices (7.1%). In addition, the management structure in OIB is relatively light with only 10 units (with an average staff of +/- 110 and maximum of over 300) and a low number of AD staff (+/- 70, just over 6% of the total population of the Office).

OIB's staff structure is presented as follows:



Code ABB Activity	ABB Activity	Human Resources (actuals) by ABB activity at 31/12/2013						
		Establishment Plan posts	External Personnel				Personnel de droit privé	Total
		<i>Dotations de postes</i>	<i>Contractual agents</i>	<i>END</i>	<i>Interim</i>	<i>Temporary agents</i>		
ABB1	<i>Building and related costs</i>	94	95	0	1	0	0	190
ABB2	<i>Equipment and services</i>	222	626	0	3	0	12	863
ABB3	<i>Administrative support</i>	57	58	0	0	0	0	115
Total		373	779	0	4	0	12	1168 ¹

The total staff figure at the end of 2013 is in line with the forecast made in the AMP 2013. However, we observe differences in the categories of staff (FO vs AC+other). This can be explained by the negative impact on FO posts of the staff cut of 1% and the application of the "redeployment tax" of 1% and the positive impact in terms of AC + other staff by the impact of the transformation of FO posts into credits (TEC).

Code ABB Activity	ABB Activity	Human Resources (original forecast AMP 2013) by ABB activity at 31/12/2013 ²				
		Establishment Plan posts	External Personnel		Personnel de droit privé	Total
		<i>Dotations de postes</i>	<i>Contractual agents + interim + temporary agents</i>			
ABB1	<i>Building and related costs</i>	106	94		0	200
ABB2	<i>Equipment and services</i>	231	609,5		12	852,5
ABB3	<i>Administrative support</i>	57	57		0	114
Total		394	760,5		12	1166,5

¹ Including 15 vacancies at the end of 2013.

² The basic job quota allocated to the DG (Establishment Plan 2013), minus posts converted into credits in 2012, and including the 2013 staff cuts and new posts (Croatia).

2. Financial Resources

Financial Resources by ABB activity (EUR Million) implementation of Commitment Appropriations (CA)				
Code ABB	ABB Activity	Operational expenditure	Administrative expenditure (*)	Total (**)
ABB.1	Real Estate	14.300.038,09	314.997.146,37	329.297.184,46
ABB.2	Services	3.779.967,10	33.854.043,31	37.634.010,41
ABB.3	Horizontal activities	6.988.990,41	0,00	6.988.990,41
Total		25.068.995,60	348.851.189,68	373.920.185,28

(*) Heading 5 appropriations managed by the DG (global envelope) XX 01 02 – OIB has no BA lines (XX 01 04, 05, 06).

(**) Excluding credits cross-sub-delegated to OIB by other DGs / Offices.

2013 payments versus commitments (C1, C4 & C5 credits) on 31/12/2013, per ABB activity, were as follows:

ABB	Administrative Budget (budget opérationnel - XX)	Operational Budget (budget de fonctionmt – 26.012201)	CNECT subdeleg. credits	COMM subdeleg. credits	ECHO subdeleg. credits	OIL subdeleg. credits	OLAF subdeleg. credits	REGIO subdeleg. credits	RTD subdelegated credits	SG subdeleg. credits	Grand Total
ABB.1	314.997.146,37	14.300.038,09	0,00	297.084,29	0,00	0,00	963.700,63	0,00	3.687.662,67	0,00	334.245.632,05
ABB.2	33.854.043,31	3.779.967,10	114.291,55	11.952,85	0,00	0,00	224.166,82	66.821,90	0,00	0,00	38.051.243,53
ABB.3	0,00	6.988.990,41	0,00	0,00	0,00	2.439,18	0,00	0,00	0,00	73.990,03	7.065.419,62
Commitments	348.851.189,68	25.068.995,60	114.291,55	309.037,14	0,00	2.439,18	1.187.867,45	66.821,90	3.687.662,67	73.990,03	379.362.295,20
ABB.1	254.017.266,10	12.094.651,61	0,00	1.442,59	463.307,00	0,00	473.131,66	0,00	136.265,80	0,00	267.186.064,76
ABB.2	21.235.065,98	2.479.987,09	0,00	0,00	211.612,79	0,00	142.050,95	0,00	0,00	0,00	24.068.716,81
ABB.3	0,00	6.320.804,30	0,00	0,00	0,00	2.439,18	0,00	0,00	0,00	45.608,10	6.368.851,58
Payments	275.252.332,08	20.895.443,00	0,00	1.442,59	674.919,79	2.439,18	615.182,61	0,00	136.265,80	45.608,10	297.623.633,15
ABB.1	80,64%	84,58%		0,49%			49,10%		3,70%		79,94%
ABB.2	62,73%	65,61%	0,00%	0,00%	-		63,37%	0,00%			63,25%
ABB.3		90,44%				100,00%				61,64%	90,14%
Payments vs Commitments	78,90%	83,35%	0,00%	0,47%	-	100,00%	51,79%	0,00%	3,70%	61,64%	78,45%

3. Financial circuits

OIB has three financial circuits in place:

- the fully decentralised model for all OIB.OS.3 transactions at Ispra,
- the partially decentralised model (with counterweight in the Resources Department) for budgetary commitments,
- the fully centralised model for payments in the Resources Department.

Two OIB departments (CPE and RE) have central sectors in place which manage the operational initiation and procurement activities inside the department, whilst for the other two departments (DR and OS) the operational initiation and procurement management (below €60,000) is embedded in the units of the departments.

The circuits are based on the three basic models of Financial Circuits proposed by DG BUDG, which OIB adapted to its own needs and requirements. They are set up in conformity with the principles established by the Financial Regulation and its rules of application (in particular the principle of separation of responsibilities between initiation and verification).

The procurement for markets above €60,000 is centralised within the Resources Department.

Annex 3 Financial Reports - DG OIB - Financial Year 2013**Table 1 : Commitments****Table 2 : Payments****Table 3 : Commitments to be settled****Table 4 : Balance Sheet****Table 5 : Economic Outturn Account****Table 6 : Average Payment Times****Table 7 : Income****Table 8 : Recovery of undue Payments****Table 9 : Ageing Balance of Recovery Orders****Table 10 : Waivers of Recovery Orders****Table 11 : Negotiated Procedures (excluding Building Contracts)****Table 12 : Summary of Contracts (excluding Building Contracts)****Table 13 : Building Contracts****Table 14 : Contracts declared Secret**

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2013 (in Mio €)					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 10 Direct research					
10	10 01	Administrative expenditure of the `Direct research-policy area	4,66	2,87	61,54 %
Total Title 10			4,66	2,87	61,54%
Title 26 Commission's administration					
26	26 01	Administrative expenditure of the `Commission-s administration- policy area	395,65	371,19	93,82 %
Total Title 26			395,65	371,19	93,82%
Title XX					
XX	XX XX		0	0	
Total Title XX			0	0	
Total DG OIB			400,32	374,06	93,44 %

* *Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).*

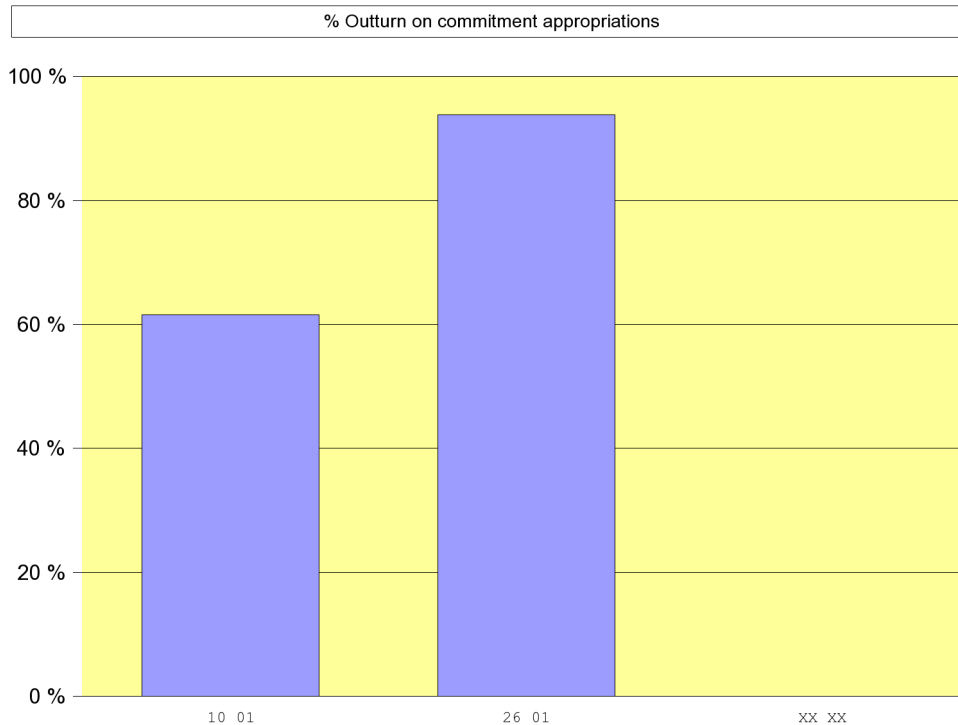


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2013 (in Mio €)

Chapter		Payment appropriations authorised *	Payments made	%	
		1	2	3=2/1	
Title 10 Direct research					
10	10 01	Administrative expenditure of the `Direct research- policy area	5,07	2,8	55,19 %
Total Title 10			5,07	2,8	55,19%
Title 26 Commission's administration					
26	26 01	Administrative expenditure of the `Commission-s administration- policy area	457,54	353,46	77,25 %
Total Title 26			457,54	353,46	77,25%
Title XX					
XX	XX XX		2,44	0	0,00 %
Total Title XX			2,44	0	0,00%
Total DG OIB			465,05	356,26	76,61 %

* Payment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous payment appropriations for the period (e.g. internal and external assigned revenue).

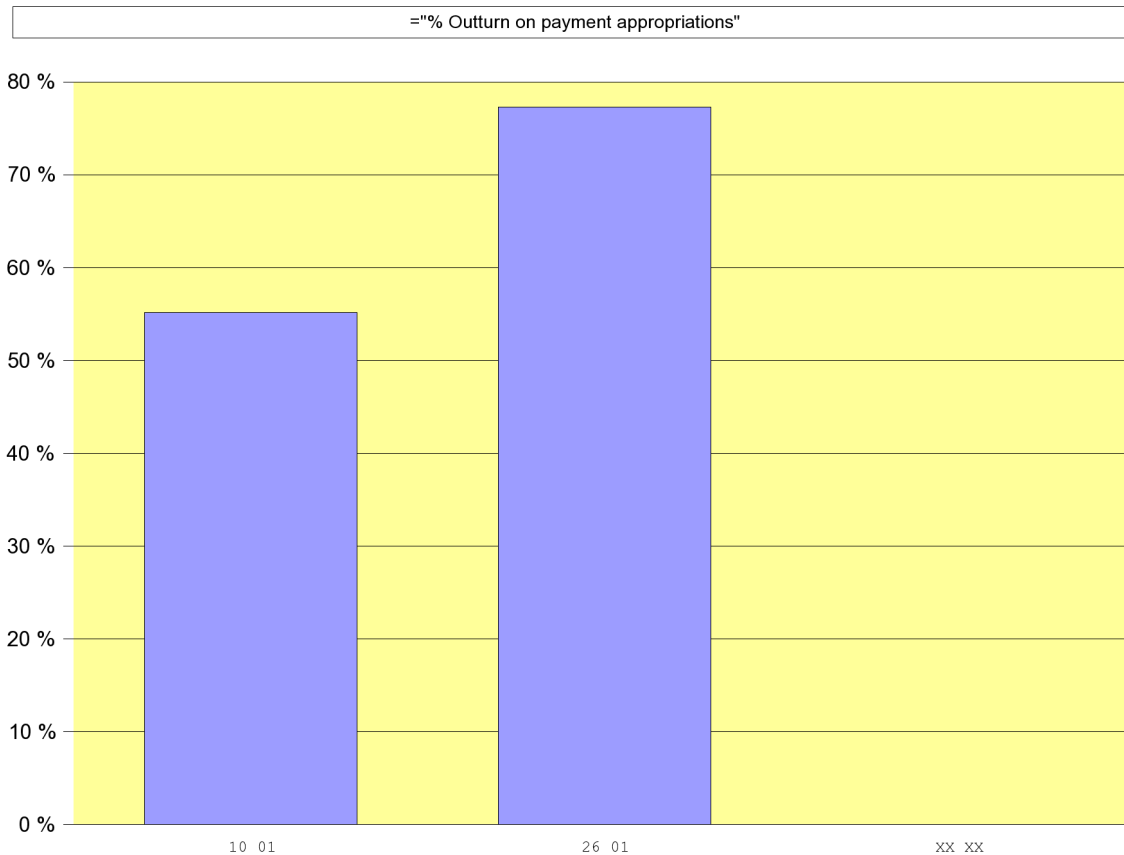
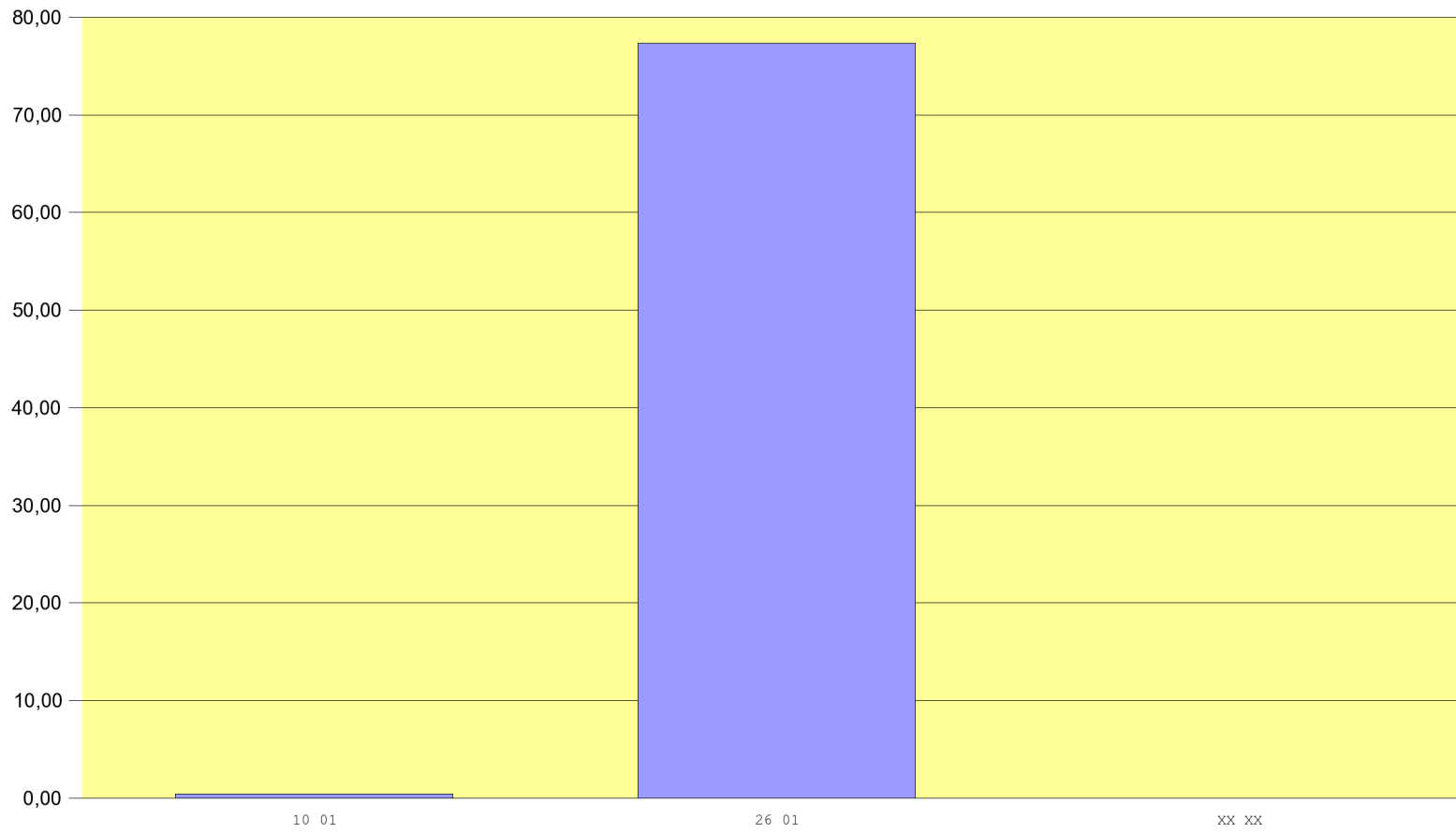


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2013 (in Mio €)									
Chapter			2013 Commitments to be settled				Commitments to be settled from financial years previous to 2013	Total of commitments to be settled at end of financial year 2013 (incl corrections)	Total of commitments to be settled at end of financial year 2012(incl. corrections)
			Commitments 2013	Payments 2013	RAL 2013	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
Title 10 : Direct research									
10	10 01	Administrative expenditure of the `Direct research- policy area	2,87	2,41	0,46	16,00 %	0,00	0,46	0,41
Total Title 10			2,87	2,41	0,46	16,00%	0	0,46	0,41
Title 26 : Commission's administration									
26	26 01	Administrative expenditure of the `Commission-s administration- policy area	371,19	293,86	77,33	20,83 %	0,00	77,33	61,88
Total Title 26			371,19	293,86	77,33	20,83%	0	77,33	61,88
Title XX :									
XX	XX XX		0	0,00	0	#DIV/0	0,00	0,00	2,44
Total Title XX			0	0,00	0	#DIV/0	0	0	2,44
Total DG OIB			374,06	296,27	77,79	20,80 %	0	77,79	64,74

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

= "Breakdown of Commitments remaining to be settled (in Mio EUR)"



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EUROPEAN COMMISSION
OFFICE FOR INFRASTRUCTURE AND LOGISTICS – BRUSSELS

DR – Department Ressources
OIB.DR.2 – Finance and Public Procurement

Brussels,
OIB.DR.2.003/GP

NOTE TO 2013 OIB AAR

Subject: Explanation of the difference between annex 2 and annex 3 (tables 1, 2 & 3) to the 2013 OIB AAR

First table of annex 3, mentioning a total amount of 374,06 M€ for the commitments made in 2013 (2nd column) does not include the commitments made on the credits sub-delegated to OIB. If we add the amounts reported in annex 2 under 'administrative budget commitments' (348.851.190 €) and 'operational budget commitments' (25.068.996 €) to the commitments on credits sub-delegated by OIB to DG COMM (143.484 € not taken into account in annex 2), we obtain the same total of 374.063.669 €.

In order to reconcile the payment amount of annex 3 (table 2, 2nd column), of 356,26 M € with the figures of annex 2, the same approach must be followed, but adding also payments amounts on C8 credits, which are not included in annex 2. The sum of the first two columns of annex 2 (275.252.332 € + 20.895.443 €) plus the payments made on the sub-delegated credits to DG COMM (125.273 €) makes a total of 296.273.048 €. Adding to this amount the C8 payments on the 'administrative budget' and on the 'operational budget' (for a total of 59.524.914 €) and those on the sub-delegated C8 credits to DG COMM (458.041 €), we obtain the same total amount of 356.256.003 € (equivalent to 356,26 €).

Finally, to find the correspondence between 2013 RAL amount of 77,79 M€ (Annex 3 - table 3 – 3rd column) and annex 2, we have to sum the differences between the commitments and the payments of the first two columns of annex 2, which makes 77.772.411 €. Adding to this the 'RAL' on the credits sub-delegated to DG COMM (18.211 €) results in a total of 77.790.622 € (equivalent to 77,79 M€ in annex 3-table 3).

Geert Paesmans

TABLE 4 : BALANCE SHEET

BALANCE SHEET	2013	2012
A.I. NON CURRENT ASSETS	1.351.946.640,51	1.402.597.830,98
A.I.1. Intangible Assets	67.083,77	30.000,00
A.I.2. Property, plant and equipment	1.351.878.552,88	1.402.566.827,12
A.I.6. LT Receivables	1.003,86	1.003,86
A.II. CURRENT ASSETS	93.212.818,54	91.849.709,85
A.II.1. Inventories	188.239,42	239.497,39
A.II.2. Short-term Pre-Financing	0,00	0,00
A.II.3. Short-term Receivables	92.842.387,30	91.448.196,24
A.II.5. Cash and Cash Equivalents	182.191,82	162.016,22
ASSETS	1.445.159.459,05	1.494.447.540,83
P.II. NON CURRENT LIABILITIES	-1.301.197.553,45	-1.351.730.937,67
P.II.4. Other long-term Liabilities	-1.301.197.553,45	-1.351.730.937,67
P.III. CURRENT LIABILITIES	-92.266.026,67	-90.802.566,71
P.III.4. Accounts Payable	-92.266.026,67	-90.802.566,71
LIABILITIES	-1.393.463.580,12	-1.442.533.504,38
NET ASSETS (ASSETS less LIABILITIES)	51.695.878,93	51.914.036,45

P.I.2. Accumulated Surplus / Deficit	-8.523.163,28	0,00
Non-allocated central (surplus)/deficit*	-43.172.715,65	-51.914.036,45
TOTAL	0,00	0,00

This table has been updated manually in order to include both profit center 3900 (OIB) and 7100 (activités Restaurant).
[The report as formatted by DG BUDG only included profit center 3900]

It should be noted that the balance sheet and economic outturn account presented in Annex 3 to this Annual Activity Report, represent only the (contingent) assets, (contingent) liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and economic outturn account they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

TABLE 5 : ECONOMIC OUTTURN ACCOUNT

ECONOMIC OUTTURN ACCOUNT	2013	2012
II.1 SURPLUS/ DEF. FROM OPERATING ACTIVT	255.989.118,35	270.359.379,49
II.1.1. OPERATING REVENUES	-30.575.232,76	-34.794.164,22
II.1.1.0. Own resource and contributions	0,00	0,00
II.1.1.1. Other operating revenue	-30.575.232,76	-34.794.164,22
II.1.2. OPERATING EXPENSES	286.564.351,11	305.153.543,71
II.1.2.1. Administrative Expenses	286.513.093,14	305.131.763,63
II.1.2.2. Operating Expenses	51.257,97	21.780,08
II.2. SURPLUS/DEF. NON OPERATING ACTIVIT	76.370.101,98	78.871.233,12
II.2. FINANCIAL OPERATIONS	76.370.101,98	78.871.233,12
II.2.1. Financial revenue	-620,17	-1.240,16
II.2.2. Financial expenses	76.370.722,15	78.872.473,28
ECONOMIC OUTTURN ACCOUNT	332.359.220,33	349.230.612,61

This table has been updated manually in order to include both profit center 3900 (OIB) and 7100 (activités Restaurant).
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TABLE 6: AVERAGE PAYMENT TIMES FOR 2013 - DG OIB

Legal Times							
Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	6888	6535	94,88 %	20,1	353	5,12 %	50,6
45	1359	1343	98,82 %	25,69	16	1,18 %	140,63
60	187	184	98,40 %	28,46	3	1,60 %	72,33

Total Number of Payments	8434	8062	95,59 %		372	4,41 %	
Average Payment Time	22,7			21,22			54,65

Target Times							
Target Payment Time (Days)	Total Number of Payments	Nbr of Payments within Target Time	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	7709	7083	91,88 %	20,73	626	8,12 %	45,94

Total Number of Payments	7709	7083	91,88 %		626	8,12 %	
Average Payment Time	22,78			20,73			45,94

Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	38	326	3,87 %	8434	4.671.961,56	1,33 %	350.924.795,62

Late Interest paid in 2013			
DG	GL Account	Description	Amount (Eur)
OIB	65010000	Interest expense on late payment of charges	8 948,66
OIB	65010100	Interest on late payment of charges New FR	-3 492,86
			5 455,80

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2013

Chapter	Revenue and income recognized			Revenue and income cashed from			Outstanding balance	
	Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total		
	1	2	3=1+2	4	5	6=4+5	7=3-6	
50	PROCEEDS FROM THE SALE OF MOVABLE AND IMMOVABLE PROPERTY	1.308.030,29	11.682,96	1.319.713,25	1.307.035,6	11.682,96	1.318.718,56	994,69
51	PROCEEDS FROM LETTING AND HIRING	6.479.436,72	2.923.955,52	9.403.392,24	3.449.330,51	2.923.955,52	6.373.286,03	3.030.106,21
52	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	620,17	0	620,17	620,17	0	620,17	0
55	REVENUE FROM THE PROCEEDS OF SERVICES SUPPLIED AND WORK CARRIED OUT	12.285.916,74	125.234,5	12.411.151,24	12.236.972,99	121.210,35	12.358.183,34	52.967,9
57	OTHER CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH THE ADMINISTRATIVE OPERATION OF THE INSTITUTION	7.769.386,54	3.450.460,15	11.219.846,69	6.772.984,47	3.426.992,54	10.199.977,01	1.019.869,68
58	MISCELLANEOUS COMPENSATION	13.843,23	0	13.843,23	13.843,23	0	13.843,23	0
66	OTHER CONTRIBUTIONS AND REFUNDS	2.109.900,15	27.661	2.137.561,15	2.109.400,15	27.661	2.137.061,15	500
Total DG OIB		29.967.133,84	6.538.994,13	36.506.127,97	25.890.187,12	6.511.502,37	32.401.689,49	4.104.438,48

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Annex 3 Financial Reports - DG OIB
Report printed on 24/02/2014

**TABLE 8 : RECOVERY OF UNDUE PAYMENTS
(Number of Recovery Contexts and corresponding Transaction Amount)**

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2013 Year of Origin (commitment)	Error		Irregularity		TOTAL Qualified		TOTAL RC (incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2011	1	2.690,36			1	2.690,36	23	33.248,48	4,35%	8,09%
2012	4	224.507,32			4	224.507,32	84	455.544,32	4,76%	49,28%
2013	1	624,30			1	624,30	5	5.447,31	20,00%	11,46%
No Link	1	17.500,00	1	86.075,40	2	103.575,40	1209	23.945.593,68	0,17%	0,43%
Sub-Total	7	245.321,98	1	86.075,40	8	331.397,38	1323	24.536.303,56	0,60%	1,35%

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		TOTAL Qualified		TOTAL RC (incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES												
NON ELIGIBLE IN COST CLAIMS												
CREDIT NOTES	1	3.094,03					1	3.094,03	1.809	40.578.982,24	0,06%	0,01%
Sub-Total	1	3.094,03					1	3.094,03	1.809	40.578.982,24	0,06%	0,01%
GRAND TOTAL	8	248.416,01	1	86.075,4			9	334.491,41	3.132	65.115.285,8	0,29%	0,00%

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors. The provisional closure will be based on the recovery context situation at 31/01/2014.

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2013 FOR OIB

	Number at 01/01/2013	Number at 31/12/2013	Evolution	Open Amount (Eur) at 01/01/2013	Open Amount (Eur) at 31/12/2013	Evolution
2008	3	3	0,00 %	8.100,19	8.100,19	0,00 %
2010	3	2	-33,33 %	35.868,00	30.000,00	-16,36 %
2011	7	6	-14,29 %	42.815,57	19.391,57	-54,71 %
2012	289	2	-99,31 %	6.534.178,34	30.000,00	-99,54 %
2013		91			4.096.190,35	
	302	104	-65,56 %	6.620.962,10	4.183.682,11	-36,81 %

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Annex 3 Financial Reports - DG OIB
Report printed on 24/02/2014

TABLE 10 : RECOVERY ORDER WAIVERS IN 2013 >= EUR 100.000

	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments

Total DG	
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Number of RO waivers	
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N/A

TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG OIB - YEAR 2013

Procurement > EUR 60,000

Negotiated Procedure Legal Base	Number of Procedures	Amount (€)
Art. 134 1b)	2	6.786.000,00
Art. 135 1a)	1	683.500,00
Total	3	7.469.500,00

Comments:

Transactions provided by the BO report as formatted by DG BUDG include erroneous data created automatically by ABAC SAM and which are not negotiated procedures of OIB. Therefore this table was built manually based on the negotiated procedures signed by OIB in 2013.

TABLE 12 : SUMMARY OF PROCEDURES OF DG OIB EXCLUDING BUILDING CONTRACTS

Internal Procedures > € 60,000		
Procedure Type	Count	Amount (€)
Exceptional Negotiated Procedure without publication of a contract notice (Art. 134 RAP)	2	6.786.000,00
Exceptional Negotiated Procedure after publication of a contract notice (Art. 135 RAP)	1	683.500,00
Concession procedure	5	72.750.000,00
Open Procedure (Art. 122.2 IR)	18	81.151.266,29
Restricted Procedure(Art. 122.2 IR)	4	18.591.932,80
TOTAL	30	179.962.699,09

Comments:

Transactions provided by the BO report as formatted by DG BUDG include erroneous data created automatically by ABAC SAM and which are not internal procedures of OIB. Therefore this table was built manually based on the procedures signed by OIB in 2013.

The above amounts only relate to procedures managed by OIB with the amounts corresponding to the Commission only. While the amount mentioned on page 38 of the AAR (352,194,459 €) is the total amount of the procedures (not only the part related to the EC) as well as the procedures managed by other Institutions whose part of the amount concerns OIB.

The concession procedure amount above relates to the new catering concessions and automatic distributors but only the part on the budget of the Commission while the total amount also include another 142.712.579,57€ not on the European budget (giving a total of 216.462.579,57€).

TABLE 13 : BUILDING CONTRACTS

Number of contracts :	1
Total amount :	49.272.899,59

Legal base	Contractor Name	Description	Amount (€)
Art. 134 1h)	Cerep Loi 1 SPRL	Loi 15 Building - Usufruct contract	49.272.899,59

Comments:

Transactions provided by the BO report as formatted by DG BUDG do not relate to building procedures as per art.134 1h) but to transactions extracted from ABAC SAM. Therefore this table was built manually based on the building procedures signed by OIB in 2013.

TABLE 14 : CONTRACTS DECLARED SECRET

Total Number of Contracts :	
Total amount :	

Legal base	Contract Number	Contractor Name	Type of contract	Description	Amount (€)

No data to be reported

ANNEX 4: MATERIALITY CRITERIA

In order to decide whether a weakness is significant and must entail a reservation in the Annual Activity Report, the Authorised Officer by Delegation of OIB bases his judgement on the following (materiality) criteria:

1. The weakness falls within the scope of the AOD annual declaration: it relates to the reasonable assurance regarding the legality and regularity of financial transactions, the true and fair view, the use of resources for their intended purposes, the sound financial management, the non-omission of significant information, the efficiency, the safeguarding of assets and the prevention and detection of fraud.
2. The weakness is assessed as significant in **qualitative terms**. Qualitative assessment can mean:
 - *Significant control system weaknesses*
Procedures and control systems are in place and work effectively, in particular for procurement processes.
 - *Non application of one or more internal control standards*
If any, actions to mitigate the weakness have been taken so that it does not have an impact on the declaration of assurance.
 - *Insufficient evidence from internal control systems or audit coverage*
 - *Critical issues outlined by the European Court of Auditors, the Internal Audit Service, the Internal Audit Capability of the DG or the OLAF.*
3. The weakness is assessed as significant in **quantitative terms**, i.e. the monetary value of the problem or the amount considered at risk is above the acceptable level. OIB applies the guidelines provided in the communication COM(2003)28 of 21st January 2003 which set the recommended threshold of residual error rate to a maximum of 2% of the authorized payments of the year for the considered ABB activity.
 - *Significant occurrence of errors in the underlying transactions (legality and regularity)*
No major error with financial impact (> 2% of the payments of the ABB) is raised by the internal controls and reporting systems, by the ex-post controls and audit bodies.
4. Even if the weakness is assessed as being quantitatively not significant (i.e. financial impact < 2%), it still remains material if the **reputation** of the Commission is impacted. Such reputational event for the Office could be for example a major security or safety incident in one building of the Commission, a serious sanitary issue in the childcare activities or an important fraud case in procurement (public tenders,...). Nevertheless, it is considered that these events have not materialised and continued mitigating measures are taken.

ANNEX 5: Internal Control Templates for budget implementation (ICTs)

1. Building Procurement

The Office for Infrastructure and Logistics in Brussels (OIB) is in charge of the facility management of all Commission buildings in Brussels, providing moving and other logistical services. In this context OIB's management mode is **direct centralised management**.

Buildings procurement procedures are established according articles 203.3 and 203.4 of the Financial Regulation.

Building procurement in OIB is also based on the Communication from Vice-President Kallas to the Commission on policy for the accommodation of the Commission services in Brussels and Luxembourg COM(2007)501 and on the Communication from Vice-President Kallas to the Commission related to the definition of the methodology to be followed by the services of the Commission for prospecting and negotiating for buildings C(2008)2299.

The methodology on planning and selection process of "building" contractors refers to a series of phases related to: (i) the planning and the definition of needs in terms of buildings, (ii) the preparation of the procurement procedure, (iii) the analysis and the pre-selection, (iv) the negotiations of financial and technical conditions and the final selection.

(i) Planning and definition of needs

- the needs in terms of buildings are identify in two ways:
 - according to the follow-up of the buildings contract terms and according to the staff evolution;
 - following a specific request linked to a specific need.
- OIB establishes the building needs together with DG BUDG and DG HR based on the Multi-Annual Policy Framework (MAPF). According to internal instructions (SEC(2004)62), the Legal Service, DG BUDG and DG HR are consulted before any commitment with a third party (for any contract above €500,000, where additional budget (credit) is required) and the competent Member of the Commission is informed of any important or sensitive file. According to the Financial Regulations article 203, the Budgetary authority has to be consulted before prospecting the local market and before contract signature.
- each year the estimated needs are published on the Commission's websites and in the Official Journal (JO S);
- for each building procurement procedure, a prospection notice -"avis de prospection d'immeubles" (API)- is prepared and refers to the project technical and legal requirements, list of conformity with MIT (Manuel de l'immeuble type), contract aspects and exclusion and prospection criteria;
- two key principles are taken into consideration in the building procurement process: maximum value for money and transparency towards the market;

(ii) Preparation of the procurement procedure (prospection notice)

- The operational unit prepares the prospecting notice which is submitted to the hierarchy and to the Real Estate Committee for approval, before publication.

(iii) Analysis and pre-selection

- the first analysis consists of checking the offers according to conformity criteria and to the requirements defined in API;
- the offers which are in conformity with the defined requirements are then analysed on the basis of prospection criteria: quality (conform with MIT, architectural policy and manual on housing conditions), effectiveness, location, feasibility, availability delays and financial conditions;
- At the end of the pre-selection phase, ideally 3 proposals are retained. The Real Estate Committee (composed of members of OIB, DG HR, DIGIT, CSHT and SG (as an observer)) is consulted about the pre-selection. The DG/executive agency can attend the Committee as observers but have no voting rights.

(iv) Negotiations of financial and technical conditions and final selection

- the negotiations are done simultaneously with the selected candidates. One project is selected based on the project's global price evaluated according to:
 - the negotiated price;
 - the estimated costs for specific fitting works and for compliance with MIT, architectural policy and manual for housing conditions;
 - the planning, the tax aspects and operational costs.
- Finally, the Real Estate Committee is consulted and gives its opinion on the selected offer.

A - Planning

Main control objectives: effectiveness, efficiency and economy; legality and regularity (compliance).

Main risks It may happen (again) that...	Mitigating controls ¹	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • The needs are not well defined (operationally & economically) and the decision to procure is inappropriate to meet the operational objectives; • Complexity of the tender procedure (which may prevent market response, difficult the choice contractors, result in long procedure timing, be misapplied or entail cost increase) ; • Discontinuation of the services provided due to a late contracting (poor planning and organisation of the procurement process); • Financial risk for the Institutions; • Budget availability not sufficient to meet the objectives. 	<ul style="list-style-type: none"> • Internal instructions (sec(2004)62), financial Regulations art.203 and Communication from the EC on building policy and infrastructure in Brussels COM(2003)755; • Methodology on planning and selection process of building contractors; • Multi-annual policy framework (MAPF), which establishes the building needs (10 years planning); • Estimated needs published on the Commission's website & Official Journal; • Prospection notice (API-"avis de prospection immobilière") for each building procurement procedure; • AOSD supervision & approval; Validation by Real Estate Committee (OIB, DG HR, DG HR.DS, DIGIT); • Objectives are defined in the MP and monitored in the AAR & mid-term review; • All important issues regularly discussed at weekly management meetings; • Regular meetings on the implementation of the building policy held with the VP and DG HR; • AOSD reports on financial matters, including building aspects twice per year. 	<p>Coverage: 100% - all building acquisition projects (including renting projects)</p> <p>Depth (intensity): Level 1 control: minimal administrative / arithmetic control with no reference to supporting documents (for registry of the procedures)</p>	<p>Costs:</p> <ul style="list-style-type: none"> - Cost of staff involved in the building procurement process; - Cost of systems / softwares. <p>Benefits ²:</p> <ul style="list-style-type: none"> - Building needs are properly planned and addressed (nq); - Continuity of activity (nq); - Compliance (Kallas communication) (nq); - Reduce the risks of litigation, of cancellation of a tender (nq); - Transparency towards the market (nq); - Better value for money (q); 	<ul style="list-style-type: none"> - ratio of the Commission's real estate portfolio and surface needs authorised by the budgetary authority - percentage of overall projects delivered within deadline and budget

¹ Some of these mitigating controls seem to be the source for the risks: e.g. FR art 203: complex and long procedure, MAPF and DG BUDG refusing to agree (except this year) and therefore needs are not well defined...

² (q) = quantifiable benefit; (nq) = non quantifiable benefit.

B –Needs assessment and definition of needs

Main control objectives: effectiveness, efficiency and economy; legality and regularity (compliance).

Main risks It may happen (again) that...	Mitigating controls ³	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • The best offers are not submitted due to the poor definition of the tender specifications • Complexity of the tender procedure (which may prevent market response, difficult the choice contractors, result in long procedure timing, be misapplied or entail cost increase) ; • Risk of discontinued services or legal action resulting from delayed procurement procedures, captivity or absence of competition. 	<ul style="list-style-type: none"> • Needs are identified in two ways: <ul style="list-style-type: none"> - according to the follow-up of the building contract terms and according to the staff evolution; - following a specific request linked to a specific need. • For each building procurement procedure, there is a prospection notice (API) including the technical and legal requirements, the list of conformity with MIT ("Manuel de l'Immeuble Type"), contract aspects and exclusion and prospection criteria. • Prospection reviewed and validated by the hierarchy (AOD) and approved by Real Estate Committee • Annual publication of the EC building needs (transparency) • All prospection notices published in the Official Journal and on the EC website. • Real Estate Committee checks the documents before publication; • Inter-Service Consultation for each project and information note to the Budget Authority • OIB is part of the Inter-Institutional Working Group (ILISWG) dealing with the evolution of the real estate market and the needs of the institutions. • Anti-fraud strategy and related anti-fraud controls. 	<p>Coverage: 100% - all building acquisition projects (including renting projects)</p> <p>Depth (intensity): Level 2 control: control with reference to corroborative information incorporating an element of independent oversight</p>	<p>Costs:</p> <ul style="list-style-type: none"> - People involved in the building procurement unit - External experts <p>Benefits:</p> <ul style="list-style-type: none"> - Safeguarding the reputation of the Commission and its assets (nq); - Continuity of activity (nq); - Compliance (nq); - Reduce the risks of fraud, litigation and of cancellation of a tender (nq); - Transparency (nq). 	<ul style="list-style-type: none"> - Percentage of overall projects delivered within deadline and budget - AOSD reports (include procurement issues) - Register of exceptions - Anti-fraud indicators - Recommendations from ECA, IAC, IAS

³ Some of these mitigating controls seem to be the source for the risks: e.g. FR art 203 = complex and long procedure, MAPF and DG BUDG refusing to agree (except this year) and therefore needs are not well defined...

C – Selection of the offer and evaluation

Main control objectives: effectiveness, efficiency and economy; legality and regularity (Kallas communication, FR, IR, Procurement vademecum).

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • The most economically advantageous offer not selected, due to a biased, inaccurate or 'unfair' evaluation process. • Risk of unequal treatment of tenderers, litigation and bad reputation due to non-compliance with procurements rules, conflicts of interest, collusion, solidary responsibility etc. 	<ul style="list-style-type: none"> • Conformity check between the offers and the requirements defined in the API; • Analysis based on the prospection criteria: quality, effectiveness, location, feasibility, financial conditions; • 3 offers are preselected and submitted to the Real Estate Committee; • Negotiation phase with the selected candidates; • Final decision taken by the AOD based on favourable opinion of the Real Estate Committee (DG HR, DG HR.DS, OIB, DIGIT); • ISC • Budgetary authority consulted for significant investments • Project costs analysed throughout the entire cycle of the project, from the pre-selection until the closure phases • Anti-fraud strategy and related anti-fraud controls; 	<p>Coverage: 100% - all building acquisition projects (including renting projects)</p> <p>Depth (intensity): Level 2 control: control with reference to corroborative information incorporating an element of independent oversight</p>	<p>Costs:</p> <ul style="list-style-type: none"> - People involved in the building procurement unit - External experts - Other Commission Services <p>Benefits: Avoidance of wrongly awarded tenders, thereby safeguarding EU funds and reputation (nq).</p>	<ul style="list-style-type: none"> - Percentage of overall projects delivered within deadline and budget - AOSD reports (include procurement issues) - Register of exceptions - Anti-fraud indicators - recommendations from ECA, IAC, IAS

2. Non-Building Procurement

OIB's management mode for non-building procurement is also **direct centralised management**.

The non-building procurement concerned 3 types of contracts: service, supply and works contracts.

Contracts duration: Generally framework contracts are signed for a period of 4 years maximum. Exceptionally contracts cover a longer time span (e.g. office supplies, catering concession, contracts with private nurseries). The planning and selection process in place at OIB for "non-building" contractors consists in a three phases approach:

(i) Planning

- Every year OIB draws up a 4-year rolling plan for non-building procurement procedures with consideration of priorities and available resources;
- This plan is approved by the Director and IT tool for procurement planning and procurement procedures management (MarCo) is updated accordingly;
- Budget programming is approved at the beginning of the year, but regular updates/revisions are carried out throughout the year.
- Since September 2012, a new 'Procurement Project Framework' has been introduced to improve and facilitate the procurement process. The purpose of this new approach is to provide a structured framework which describes the project process, the main steps and milestones and defines the different roles and tasks of the main actors.

(ii) Preparation of the procurement procedure

- For most of the high value markets, an orientation document containing the main information on the tender, the chosen procedure and the approach to follow is prepared, discussed, validated at management level and approved by OIB's Director;
- The "Group d'Analyse des Marches Administratifs" (GAMA) is informed about all non-building procurement procedures above € 25,000;
- Technical specifications are prepared by the initiating operational unit. For tenders above 60,000 €, the whole tender specifications are then consolidated by the procurement central unit which ensures the consistency between the documents and with the contract notice and manages the tender procedure in compliance with the Financial Regulation;
- The procurement central unit also provides support and advice in terms of procedural aspects for low value markets (< 60,000 €).

(iii) Selection/Evaluation

- For all tenders above € 60,000, an opening board and an evaluation committee are appointed by the competent authorising officer. Appointed members are asked to sign a declaration of absence of conflict of interest and of confidentiality;
- The evaluation is based exclusively on the announced criteria set out in the contract notice and the tender specifications;

- Before the award decision is taken, the GAMA group is informed of the result of the tender and can select and examine any file above the threshold decided by the Directive 2004/18/CE (€ 130,000 in 2013). In case of negative opinion by GAMA, recommendations may be made by the GAMA advisory Group, which lead to an action plan.
- The Early Warning System is always consulted before taking the award decision.

A - Planning

Main control objectives: effectiveness, efficiency and economy; legality and regularity (compliance).

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • The needs are not well defined (operationally & economically) and the decision to procure is inappropriate to meet the operational objectives; • Risk of discontinued services resulting from delayed procurement procedure (poor planning and poor organisation of the procurement process). 	<ul style="list-style-type: none"> • A 4-year work program (rolling plan) is defined and followed up in the MarCo IT application; This plan is approved by OIB Head of Service; • A new Procurement Project Framework has been implemented since 01/09/2012 • Objectives are defined in the MP and monitored in the AAR & mid-term review (SPP docs). • Budget programming is approved at the beginning of the year and regular updates/revisions are carried out during the year; • Procurement planning regularly discussed at management meetings • IT steering committee monitors developments for the Marco application 	<p>Coverage:</p> <ul style="list-style-type: none"> - all procedures > €60.000 conducted by central procurement unit - all major objectives (SPP) - IT steering twice per year <p>Depth (intensity):</p> <p>Control with reference to fully independent corroborative information (100% of the procurement procedures are validated by AOD and duly justified by supporting documents).</p>	<p>Costs:</p> <p>Cost of staff involved in procurement procedures in operational and central units</p> <p>Benefits:</p> <ul style="list-style-type: none"> - Reliable procurement planning avoids gaps in business continuity (nq); - IT projects follow-up ensures that priorities are followed and processes are automatized (nq); - Rejection of unjustified purchases (nq). 	<ul style="list-style-type: none"> - MP objectives followed through several indicators - Regular monitoring of progress of procurement procedures and delays indicators - IT steering committee is based on work time invested in Marco - Budget reporting - Average cost per procedure

B –Needs assessment and definition of needs

Main control objectives: effectiveness, efficiency and economy; legality and regularity (compliance with FR, IR, vademecum on procurement); fraud prevention and detection.

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • The best offers are not submitted due to the poor definition of the tender specifications • Complexity of the tender procedure may prevent market response, difficult the choice of the contractors, result in long procedure timing, be misapplied or entail cost increase ; • Risk of discontinued services resulting from delayed procurement procedure; • Lack of contractors or dependency towards contractors. 	<ul style="list-style-type: none"> • Tenders above €60.000 are conducted by the central procurement unit for consistency with the Financial Regulation and for quality revision of the tender documents; • The "orientation document" (containing the main elements of the tender) is approved by AOD; • Cascading contracts are used whenever appropriately • Complex tender specifications are submitted to an internal analysis group for simplification and harmonization • A user manual on how to participate to tenders published by OIB is published online for all possible tenderers; • Helpdesk to ensure consistency in the replies to the answers received; • Anti-fraud strategy and related anti-fraud controls. 	<p>Coverage: - all procedures > €60.000 conducted by central procurement unit - on a case by case basis regarding the complexity and cascading contracts</p> <p>Depth (intensity): Control with reference to and including access to the underlying documentation.</p>	<p>Costs: Various people from the operational units and from the procurement central team are involved.</p> <p>Benefits: - Increased competition and value for money (q); - Legal certainty (nq); - Litigations avoided (nq); - Limit the risk of cancellation of a tender (nq).</p>	<ul style="list-style-type: none"> - number of OLAF cases followed-up - number of negative GAMA opinions - number of procedures and contracts signed - recommendations from ECA, IAS, IAC - AOSD reports (include procurement issues) - Register of exceptions - Anti-fraud indicators - Average cost per procedure
	<ul style="list-style-type: none"> • Calls for tender are published in the Official Journal, Europa website; targeted local publicity is used where appropriated; extra publicity via Euro Info Centres (EIC) in coordination with DG ENTR • Preliminary information sheet required (to reduce the risk of slicing) and registration of all procedures above €15.000 • Procurement central team gives also support and advice for procedures below €60.000. 	<p>Coverage: - all tenders > €60.000 conducted by central procurement unit - all tenders above € 15.000 registered</p> <p>Depth (intensity): Control with reference to and including access to the underlying documentation.</p>	<p>Costs: Cost of staff involved in procurement procedures in operational and central units.</p> <p>Benefits: - Increased competition (nq); - Transparency (nq); - Limit the risk of cancellation of a tender and of litigation (nq).</p>	<ul style="list-style-type: none"> - % of unsuccessful procurement procedures - Average cost per procedure

C –Selection of the offer and evaluation

Main control objectives: effectiveness, efficiency and economy; legality and regularity (compliance with FR, IR, vademecum on procurement).

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • The most economically advantageous offer not selected, due to a biased, inaccurate or 'unfair' evaluation process. • Risk of fraud, unequal treatment of tenderers, legal action, financial penalties or bad reputation resulting from unethical staff behaviour, breach of confidentiality or non-compliance with the procurement rules. 	<ul style="list-style-type: none"> • A central register of procedures exists to ensure consistency with planning (for the HR family) • GAMA (Groupe d'Analyse des Marches Administratifs) examines sampled files (above €130.0000) of non-building procurement procedures and gives an opinion. • Tenders above €60.000 are notified to this group. • For all tenders above €60.000, opening and evaluation committees are systematically appointed and include an external member from other DGs; • Evaluation based exclusively on the criteria set out in the tender specifications; • Early Warning System is always consulted before taking a decision. • Compulsory trainings for all staff involved in procurement (technical, ethics & integrity); • All exceptions and non-compliance cases are documented and approved by the Authorising Officer • Anti-fraud strategy and related anti-fraud controls. 	<p>Coverage:</p> <ul style="list-style-type: none"> - all procurement procedures above €15.000 (registry) - risk based sampling combined with random sampling done by the GAMA group - All tenders above €60.000 (opening and evaluation committee) <p>Depth (intensity): Control with reference to and including access to the underlying documentation.</p>	<p>Costs:</p> <ul style="list-style-type: none"> - OIB is a member of the GAMA group (2 people - part of their time) - participation in the meetings of desk officers from central and operational units for sampled files <p>Benefits:</p> <ul style="list-style-type: none"> - Increased legal certainty (nq); - Compliance with FR, IR and vademecum on procurement (nq); - Difference between the most onerous offer and the selected one (q); - Potential irregularities / inefficiencies prevented (nq); - Risk of fraud or litigation reduced (nq). 	<ul style="list-style-type: none"> - number of negative opinions from GAMA - recommendations from ECA, IAC, IAS - Register of exceptions - AOSD reports (include procurement issues) - Procurement reporting (status of procedures, delays vs planning,...) - % of unsuccessful procurement procedures - Anti-fraud indicators - Number of claims or litigations - Average cost per tender

3. Financial transactions

A – Expenditure implementation (commitment, validation, authorization and payment of expenditure)

Main control objectives: legality and regularity (compliance with FR & IR and with the contract signed), fraud prevention and detection, safeguarding of assets.

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • Products / services / works not in line with the contract clauses; • Amounts paid exceeds what is contractually due; • Risk of late interest payment and discontinuity of business because contractor fails to deliver due to delayed payments; • Risk of fraud, litigation and bad reputation due to non-compliance with rules in force (FR & IR, accounting, etc); • Risk of loss of assets. 	<ul style="list-style-type: none"> • Close monitoring of every step in the payment process, in particular payment delays 	<p>Coverage: All financial transactions</p> <p>Depth (intensity): Level 4 control: with reference to and including access to the underlying documentation.</p>	<p>Costs: All agents involved in financial transactions</p> <p>Benefits: Sound financial management and respect of contractual deadlines (q).</p>	<ul style="list-style-type: none"> - % of payments handled outside contractual delays - value of late interest payments - average time to pay - Budget reporting
	<ul style="list-style-type: none"> • Four eyes principle: 2 people are involved in each financial transaction: initiating and verifying agents, both at operational and financial level; • Delegation of powers (AOSD, CAF) published; • Centralised financial circuit for payments and partially decentralised model for commitments; • Supplementary controls are made by the IT application (ABAC SAM) for OIB budgetary commitments; • a specific IT application (Regex) is used for the follow-up of exceptions; • Accounting controls are carried out regularly (monthly, quarterly and yearly, depending on type of transactions); 	<p>Coverage: All financial transactions</p> <p>Depth (intensity): - Control with reference to and including access to the underlying documentation. - Control with reference to fully independent corroborative information (i.e. database which justifies certain elements of the claim)</p>	<p>Costs: All agents involved in financial transactions & accounting staff</p> <p>Benefits: - Errors, frauds and potential litigations are prevented or minimized (nq). - Accounting errors are identified and corrected at an early stage (q)</p>	<ul style="list-style-type: none"> - number of OLAF cases followed-up - ECA's DAS recommendations - IAS and IAC audit recommendations - % of a posteriori payments - Accounting quality - AOSD reports (include financial issues) - Average cost per payment
	<ul style="list-style-type: none"> • Regular tracking exercises of plant and machinery; • Supplementary controls are made by the IT application (ABAC SAM) for assets; • Accounting controls are carried out regularly (monthly, quarterly and yearly, depending on type of transactions); • Daily cashiers controls in internally managed restaurants and cafeterias. 	<p>Coverage: All assets</p> <p>Depth (intensity): Control with reference to and including access to the underlying documentation.</p>	<p>Costs: - Part of the time of the GBIs in the Commission - The team responsible for this inventory - The accounting staff.</p> <p>Benefits: Community property safeguarded (nq)</p>	<ul style="list-style-type: none"> - Value of non-located assets (percentage); - Tracking rate.

B – Revenue Operations

Due to the nature of its activities, OIB provides services and works to other EU Institutions and bodies (other DGs, EEAS, EESC & CR, agencies, etc.). OIB has therefore different SLAs in force to provide these services and the cost of services delivered through SLAs is invoiced to the beneficiaries. This represents the majority of OIB revenue operations. Other sources of revenue for OIB come from:

- the nurseries and childcare activities (contributions from the parents as well as from the different DGs/Services);
- the sale of movable property;
- the reimbursements of charges connected with the lettings.

Main control objectives: effectiveness, efficiency and economy; legality and regularity (compliance with FR & IR).

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • Risk that counterparties do not pay or do not pay in time; • Risk of fraud and bad reputation due to non-compliance with rules in force (FR & IR, accounting). 	<ul style="list-style-type: none"> • Direct centralised management mode (a central cell centralizes all requests for recovery orders); • Key issues discussed during weekly management meetings; • Close monitoring of R.O planning over the year; • A specific procedure is in place regarding the planning of recovery orders related to SLAs; • Budget reporting includes revenue operations; • Recovery order delays are followed up and regularly reported to management; • Quarterly reporting with all the forecasted revenues sent to all units; • Use of ABAC SAM system to register all recovery orders • Each recovery order or forecast is submitted to the normal validation procedure as for expenditure (four eyes principle); • Regular exchange of information and notes with the counterparty to fix practical arrangements; • Recovery orders exceptions are kept in the register of exceptions. • AOSD reports on financial matters include recovery order issues; • Same level of controls and reporting as for expenditure. 	<p>Coverage: All recovery orders</p> <p>Depth (intensity): Control with reference to and including access to the underlying documentation.</p>	<p>Costs: All agents involved in the recovery of revenues</p> <p>Benefits:</p> <ul style="list-style-type: none"> - Amount of the revenue generated (q). - Less revenues cashed in with delays (q); - Errors and fraud are minimized (nq). 	<ul style="list-style-type: none"> - Amount of revenue generated; - Percentage of outstanding recovery orders; - Significant error detected by ex-post control on the revenue operations; - ECA, IAS and IAC audit recommendations; - Register of exceptions; - AOSD reports (with recovery order issues).

⁶ Amount mentioned in table 7 of annex 3 (32,4 M€) does not include the parental contributions to nurseries and childcare facilities (7,2 M€).

4. Supervisory measures

Main control objectives: legality and regularity (FR, IR, ICS), detection and correction of weaknesses

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • Risk of fraud, litigations and reputational damage due to non-compliance with legal provisions. • Risk of an error or non-compliance not prevented, detected or corrected by ex-ante control prior to payment. 	<ul style="list-style-type: none"> • EPC covers a representative sample of financial transactions and procurement procedures (high and low value tenders) 	<p>Coverage: Representative sample (based on the methodology)</p> <p>Depth (intensity): Control with reference to and including access to the underlying documentation.</p>	<p>Costs: Ex-post control team</p> <p>Benefits:</p> <ul style="list-style-type: none"> - Correction of errors and continuous improvement of the internal control system (nq); - Contributes to the reasonable assurance (nq). 	<ul style="list-style-type: none"> - % of the execution of the annual EPC programme; - % of EPC recommendations implemented by concerned units; - Number of significant errors found by EPC; - % of errors vs total checked.
	<ul style="list-style-type: none"> • The list of exceptions, open audit recommendations and synthesis of the significant AOSD concerns are registered, followed up and sent twice a year to senior management so that actions can be taken to address weaknesses. • Recommendations from discharge are follow-up. • Litigations and the status of internal procedures are monitored through regularly updated inventories. • Compliance with Internal Control Standards is monitored regularly; • Anti-fraud strategy and related anti-fraud controls; • Risk management; • Monitoring of sensitive functions. 	<p>Coverage: Any transaction (if applicable)</p> <p>Depth (intensity): Control with reference to fully independent corroborative information (e.g. databases)</p>	<p>Costs: Internal control team and concerned management</p> <p>Benefits:</p> <ul style="list-style-type: none"> - Issues are followed up and addressed (nq); - Processes and procedures improved (nq); - Continuous improvement of the internal control system (nq). - Contributes to the reasonable assurance (nq). 	<ul style="list-style-type: none"> - percentage of AOS reports awaited; - percentage of audit recommendations implemented on time by the units; - percentage of a posteriori payments vs total payments of the year; - Number of ICS not fully compliant or ineffective; - Anti-fraud indicators; - Risk assessment results and related mitigating actions. - Efficiency: cost of controls vs benefits

ANNEX 10: Specific annexes related to "Management of Resources" (Part 2)

1. Anti-fraud indicators

In order to be able to track the results of fraud prevention and detection activities, OIB has developed different indicators which reflect how OIB's anti-fraud strategy is effective in mitigating fraud risks. These indicators are as follows:

Indicator	2013 result
– Number of training sessions carried out on ethics/number of staff trained	13 / 177
– Percentage of positive assessment by management and staff on the effectiveness of ICS2 on ethics & integrity in OIB (ICS survey result)	Management 100% Staff 96%
– Percentage of positive assessment by management and staff on the fraud risk mitigating measures in OIB (ICS survey result)	Management 78% Staff 68%
– Number of training sessions carried out on procurement	3
– Number of negative opinions from GAMA	0
– Number of complaints/cases/proceedings received from unsuccessful economic providers by the European Court of Justice or by the Ombudsman regarding procurement procedures	0
– Percentage of total expenditure with unacceptable results during ex-post controls	0% ¹
– Percentage of the value of a posteriori payments vs. total budget allocation	0,18%
– Number of critical fraud risks in the Office	0
– Number of remarks received from the ECA in the context of the DAS review	0 ²
– Percentage of internal or external audit recommendations implemented on time	64%
– Number of 'Critical' (C) or 'Very Important' (VI) audit recommendations overdue by more than 6 months according to their original implementation date	0 (C) 2 (VI)
– Number of cases transmitted to OLAF / IDOC for investigation	0
– Number of investigations initiated by OLAF/IDOC	0

2. Credits cross-sub-delegated

The following table provides the full list of credits cross-sub-delegated by OIB to other Commission Authorising Officers in 2013, according to the Internal Rules and the cross-sub-delegations in place:

¹ No error level one (serious error).

² DAS 2013 final report not received yet at the end of March 2014.

PMO	Salaries of statutory staff, national experts and costs for missions	<p>Amount: € 889.612 on B2013-26.012201.010100-C5-OIB/PMO budget line Execution: Commitment: € 889.612 Payment: € 889.612</p> <p>Amount: € 4.803.621 on B2013-26.012201.010201-C5-OIB/PMO budget line Execution: Commitment: € 4.803.621 Payment: € 4.803.621</p> <p>Amount: € 169.000 On B2013-26.012201.010211-C1-OIB/PMO budget line Execution: Commitment: € 169.000 Payment: € 152.627</p> <p>Amount: (report from 2012 commitment not consumed) On B2013-26.012201.010211-C8-OIB/PMO budget line Execution: Commitment: € 26.229 Payment: € 12.063</p>
	Reimbursement of season tickets	<p>Amount: € 807.600 on B2013-26.012204-C1-OIB/PMO budget line Execution: Commitment: € 807.600 Payment: € 183</p> <p>Amount: € 467.607 on B2013-26.012204-C4-OIB/PMO budget line Execution: Commitment: € 467.607 Payment: € 0</p> <p>Amount: € - (report from 2012 commitment not consumed) on B2013-26.012204-C8-OIB/PMO budget line Execution: Commitment: € 1.600.000 Payment: € 1.442.791</p>

HR	External Staff	<p>Amount: € 328.028 on B2013-26.012201.010201-C1-OIB/HR budget line Execution: Commitment: € 328.028 Payment: € 258.070</p> <p>Amount: - (report from 2012 commitment not consumed) on B2013-26.012201.010201-C8-OIB/HR budget line Execution: Commitment: € 73.934 Payment: € 67.244</p>
COMM	Task force Greece	<p>Amount: € 143.800 on B2013-26.01220%-C1-OIB/COMM budget line Execution: Commitment: € 143.484 Payment: € 125.273</p> <p>Amount: - (report from 2012 commitment not consumed) on B2013-26.01220%-C8-OIB/COMM budget line Execution: Commitment: € 458.672 Payment: € 458.672</p>

On the other hand, and for information, other credits were also cross-sub-delegated in 2013, on a permanent or on a temporarily basis, to OIB by the following DGs/Services:

- DG RTD for renting buildings (amount: € 3.687.663);
- OLAF for buildings and logistic services (amount: € 1.187.867);
- DG ECHO for the set-up of the European Emergency Response Centre (ERC) (amount: € 674.920);
- DG COMM for services delivered to the representation of the European Commission in Belgium (amount: € 309.037);
- DG CNECT for the reproduction of operational documents in the print shop of Beaulieu (amount: € 114.292);
- SG for expenses related to the information system "ARCHIS" (amount: € 74.264);
- DG REGIO for the reproduction of operational documents in the print shop of Beaulieu (amount: € 66.822);
- OIL for the development of the interface "IMPRESSIVE" (amount: € 2.439)

These sub delegated credits to OIB were included to the entire budget managed by OIB and submitted to the same range of internal controls as OIB's own budget. There is therefore no need for further detail on these cross-sub-delegated credits to OIB.

3. Status of implementation of internal audit recommendations (IAS/IAC)

The below synthesis table details the present situation of new audits conducted in 2013 or audits for which follow-up was carried out by IAC/IAS or where the recommendations were closed/are still open from previous audits at the end of 2013.

Topic of the audit	Carried out by...in...	Closed in 2013	In Progress (*)	Total
Income in Childcare activities	IAC 2010	0	3	3
Property Projects	IAC 2011 [finalised 2012]	5	0	5
Implementation of CAF procedures	IAC 2009 [follow-up 2011]	0	1	1
Procurement	IAS 2011 [follow-up 2013]	2	1	3
Concept and Reproduction	IAC 2013	2	0	2
TOTAL		9	5	14

(*) Outstanding recommendations with original expected implementation date expiring by end of 2013

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