



2016

Annual Activity Report

**Office for Infrastructure
and Logistics in Brussels**



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THE OFFICE IN BRIEF

(1) Mission statement

The mission of OIB¹ is to ensure a functional, safe and comfortable workplace for Commission staff and to provide good quality support and well-being services, based on a client-oriented approach in an environmentally friendly and cost-effective way.

The Office's main objectives are the following:

- ✓ to manage the Commission's buildings and infrastructures efficiently and effectively in line with the highest environmental standards,
- ✓ to create the best possible working conditions for staff and to provide good social infrastructures,
- ✓ to manage activities in a results-oriented and transparent way, in line with ethical requirements.

(2) Operating context

Governance:

OIB, as a horizontal support service within the Commission, is attached to the Directorate General for Human Resources and Security (DG HR).

The supervision of OIB's activities is ensured by the Management Committee which defines its terms of reference and ensures that they are properly implemented. DG HR chairs and assists the Management Committee in the implementation of its tasks. The Director of the Office is responsible for the implementation of the mission of the Office. He is instated with the power of nomination (AIPN) and exercises the function of Authorising Officer by Delegation (AOD).

Organisational division:

OIB is structured around 3 departments² and other entities:

- ✓ Real Estate (in charge of the implementation of buildings policy, building management and property projects, EMAS activities),
- ✓ Operations and Services (responsible for catering infrastructure in Brussels, including the European Inter-institutional Centre-CIE and Ispra, transport, mail and reproduction, logistic services, historical archives),
- ✓ Childcare facilities (responsible for nurseries and other child-care facilities),
- ✓ Resources (horizontal activities such as human resources, communication, finances, public procurement, informatics as well as internal control) and the internal service for Prevention and Protection at Work are directly attached to the Director.

Management mode:

OIB has a centralized direct management mode for its financial transactions and procurement.

General risk environment:

The main inherent risks for OIB's activities relate to:

- (1) the general safety of buildings, equipment and people;
- (2) the procurement activities (issues with contractors, ethics, organization);
- (3) business continuity (absenteeism, staff reduction, low number of AD posts);
- (4) safety and security at childcare facilities (child accidents, non-conformity with medical requirements for individual child, child abuse);
- (5) buildings security (security checks for contractual staff).

¹ The Office for Infrastructure and Logistics in Brussels (OIB) was created on 1 January 2003 by the Commission Decision C(2002)4368 of 6 November 2002.

² New organizational chart entered into force as of 1 January 2016.

EXECUTIVE SUMMARY

The Annual Activity Report is a management report of the Director of OIB to the College of Commissioners. Annual Activity Reports are the main instrument of management accountability within the Commission and constitutes the basis on which the College takes political responsibility for the decisions it takes as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties³.

A) Key results and progress towards the achievement of general and specific objectives of OIB (executive summary of section 1)

✚ Rationalisation and optimisation of the use of Commission buildings/office space

The rationalisation and optimisation of Commission buildings includes not only the optimisation of office space inter alia through the development of collaborative working areas but also ensures the continued maintenance and good state of buildings.

The management of office space is based on the application of the Housing Conditions Manual (MCH) and introduction of more economic office arrangements i.e. shared and collaborative working areas (as defined in the part 2 of MCH). The achievement of this objective will gradually be ensured through the continuous rationalisation of office space use, the introduction of new flexible office arrangements such as collaborative working areas, dynamic offices thanks to the evolution towards a more flexible working culture (i.e. teleworking).

In 2016, works focused on the continued transformation of the CSM1 building and the fitting out of the newly leased MO15 and MERO buildings to complete collaborative working space environments.

At the request of DG DIGIT an analysis is being carried out on the transformation of the B-28 building into complete collaborative office space and at the request of DG NEAR, OIB will provide assistance to the consultation of its personnel with regard to the transformation of the L-15 building to complete collaborative office space so that the DG can be housed in one building rather than the three buildings which it currently occupies.

For the re-housing of certain DGs, following the reorganization announced at the start of the Juncker Commission, an agreement was reached with the final DGs to be re-housed (most notably DGs HOME, JUST and TAXUD). OIB also continued to adjust the housing for the executive agencies located in the COVE complex in order to meet their requirements by the end of 2017.

✚ Renovation, redevelopment programme – valorisation of own property

OIB is analysing the potential to renegotiate some leases, provided that the buildings involved keep on meeting Commission's security, economic and environmental performance requirements. On this basis, a number of lease prolongations are being negotiated, most notably for B-28, CDMA, G-1, G-6/8 and G-12 buildings to ensure availability of office space in the medium/long term.

OIB has continued to analyse the redevelopment of the BU29-31-33 and VM-2 buildings and has had preliminary contacts with both the municipality and the master architect of the Brussels Capital Region on these projects. It is foreseen to launch project management procedures for the redevelopment of these buildings, firstly in 2017 for the VM-2 building for which works should start in 2020 and be finalized in 2022/2023 and at a later stage for BU29/31/33 buildings.

³ Article 17(1) of the Treaty on European Union.

✚ Prospection of the Brussels real estate market for residual needs

Following the tender publication for office space of approximately 27,000 m² in 2014, negotiations were concluded with the MO15 and MERO buildings. Following the agreement at both internal authorities and the two branches of the budgetary authority the contracts for these buildings were signed in May 2016. Fitting out works were finalised at the end of November 2016. The pre-equipment of the MERO building has been completed and PMO moved in by end February 2017. The pre-equipment of the MO15 has been completed and certain services of DG DIGIT moved into the building in February 2017.

The Commission will abandon the SCAN building (AN88, SC27/SC29) at the end of March 2017⁴.

✚ A good state of buildings and offices:

A good quality of the Commission buildings and offices is ensured through the multiannual preventive maintenance defined by a good state of building policy (BEBA). In 2016, works continues as forecasted and included the complete transformation of a certain number of buildings into collaborative office spaces in their entirety.

OIB continued the analysis of buildings, where the replacement of lifts or other installations, like fire detection or building façade, would be necessary taking into consideration budgetary and renovation planning. Standard works, cabling or the technical upgrade of the data network infrastructure were executed throughout 2016 in accordance with DG DIGIT's priorities and budget limitation.

✚ Large scale feasibility studies:

A call for tender (competitive dialogue) for a private partner to construct a new conference of equivalent capacity to the CCAB (the Albert Borschette conference centre building) in the extended European Quarter underwent preparation. The main principles of the project have been approved by a steering committee in 2016 and preliminary pre-consultation on the project took place with the SJ and are ongoing with DG BUDG. The tender should be launched in early 2017, estimating delivery of the new centre in 2022.

Afterwards, it is foreseen to redevelop the site of the current CCAB into an office building which would increase the Commission's owned office space by +/- 20,000 m².

✚ L130 complex:

In order to maximize the construction potential for phase I of the development of the L130 site an agreement was signed in December 2016 for the acquisition of the L102 building at the end of its lease. The principles of the L130 project were approved by the steering committee which was presided in 2016 by the Head of Cabinet of Vice-President Georgieva and includes members from the President's Cabinet, the SG and DG HR. Further contacts are ongoing with DG HR on certain aspects of the project.

The Brussels Capital Region (BCR) is still in the process of detailing and adopting new urban planning rules, nevertheless OIB will launch the architectural competition (to be launched as soon as possible in 2017) for the redevelopment of the site in parallel with this process.

✚ Other projects:

Following the agreed terms and conditions for an exchange of lands between the Commission (Haren site (HTWG)⁵) and the STIB (Neder-Over-Heembeek site (NOHE)) at technical level, and the positive opinions of the Brussels Real Estate Committee, an inter-service consultation and finally having approval of the budgetary authorities in November

⁴ Due to the delayed delivery of the building(s) for the API 27,000 m² a short prolongation of the leases is necessary.

⁵ In the meantime, the current contract for the existing warehouse is extended.

2016, the signature of the exchange agreement between the Director of OIB and the Director-General of the STIB took place on 25 January 2017.

✚ Renovation works at social infrastructure

Social facilities allocated to the childcare services, gradually are going through renovations. In 2016, CLOVIS nursery was renovated during summer time. The future redevelopment of PALM building into a nursery and multi-functional area, was deeper analyzed taking into account alternative architecture solutions, its future functionalities and related costs of works.

OIB contributed to the development of *'fit@work'* programme by creating additional showers in further buildings (CHAR, MADO, COVE, L-86, BU24 and ORBN buildings).

✚ Technical data about buildings:

OIB continued to manage the documentation of the building portfolio. This implies the control of the as-built documents, updating drawings following transformation works in buildings and scanning paper drawings.

Due to the implementation of the 'Archibus' tool⁶, a revision of the "*Charte Graphique*" and of the "*Code de mesurage*" has been launched in 2016.

Phase 1.2 "Contract management" and Phase 1.3 "Charge-back" have been tested before their implementation. Some features have still to be further developed by the provider. For the "Contract management" module, AREMIS⁷ provided the new version on 5 December 2016. The last will be tested in order to confirm the implementation by the end of the year.

As for the "Charge-back" module, in order to avoid extra charges for expensive development of features, OIB will try to simplify its charge back policy according to the standard REMIS package.

✚ EMAS certified Commission buildings:

In 2016, OIB achieved its target (-1%) to comply with the recent European Energy Directive (EED) on the energy performance of buildings⁸. The objectives of the EED consist in the refurbishment of at least 3% per year of buildings owned by the Commission or an equivalent energy saving in these buildings⁹. With the EMAS target of 1% energy savings per capita, the EC goes beyond the objectives defined by the Brussels Capital Region.

Further energy and water saving measures will be introduced together with a global 2017-2020 action plan for technical/investment measures updated in 2016, which entered into force as of January 2017. The plan includes technical measures, as well as other with a horizontal scope, such as the automatic switch-off of PC's (project led by DG DIGIT) and the reduction by one hour of heating and ventilation of all buildings on Fridays.

✚ Synergies and efficiencies, Logistics:

Following the adoption of the Commission Communication (SEC(2016)170) on "Synergies and efficiencies, New Ways of Working" OIB was mandated with a new mission of implementing the Synergies and efficiencies for logistics. The three main strands of the

⁶ General Real Estate Management software. It's one of the modules of REMIS software facilitating the real estate management.

⁷ AREMIS is the company that has been contracted for the introduction of ARCHIBUS

⁸ Directive 2012/27/EU of 25/10/2012.

⁹ 14,39kWh/m²/year is the theoretical gain estimated by the Belgian authorities. The saving target for the EC would be approximately 115 000 kWh/m²/year, which corresponds to 0.13% of the annual energy consumption.

exercise to be implemented are: the creation of a dedicated space design team; regroup local logistical services into proximity teams; centralise the mail delivery services currently carried out by mail clerks in their respective DGs to the central mail service and progressively abandon the point to point delivery system.

In July 2016, a proximity team pilot project was set up for three DGs/five buildings (DGs SANTE, BUDG and GROW located in buildings B232, F101, N105, BREY and BRE2) and preliminary feedback has been positive. A final evaluation of the pilot project, with the aim of fine tuning the process will be carried out in March 2017 before the roll out of the proximity teams for all services, except services located in the BERL, in April 2017.

Two calls for expressions of interest were launched for the space design team and the proximity teams in July and October 2016 respectively. Interviews for the space design team were carried out in September 2016 and the 14 members were chosen; the first 8 members of the team joined OIB.RE.1 on 16 January and the remaining members will join the team between 16 February and 1 April 2017. Interviews for team leaders of the proximity teams were carried out in November 2016 and for members of the proximity teams between December 2016 and January 2017. At the beginning of February 2017 the composition of each proximity team will be finalised and the team leaders, members and their respective DGs will be formally notified so that the +/- 150 staff members to be redeployed can be made available to OIB as of 1 April 2017.

In the second semester of 2016, OIB met with representatives of all Brussels based DGs and services to present the Synergies & Efficiencies project and collect feedback. An extensive preparation was also carried out internally: review of existing workflows, IT systems, interfaces between the newly created services and the existing OIB teams.

Other logistics services:

The management of inventory faced the reorganisation resulting from synergies in the domain of logistics. The inventory functions (GBIs)¹⁰ located in different buildings will phase out as of April 2017 and the function will be centralised at OIB.

A new labelling system (RFID)¹¹ facilitating the management of inventory underwent further testing. With the aim of introducing the system in upcoming two years, a pilot project will be launched at CSM1 building to practice scanning all assets in this building.

Regarding to transport means used by the Commission staff and mobility issues, OIB participated together with Brussels Region and DG HR in the analysis on the transport means used by staff to commute aiming mainly at identifying areas where public transport infrastructures or frequencies should be improved. The results should be known in 2017. In parallel, OIB has launched in 2016 a strategic reflexion on new mobility measures that could be added to the new mobility plan expected to be finalized in the course of 2017, with the objective to reinforce the measures to encourage staff to use sustainable means of transport.

In the domain of Historical Archives, OIB continued its policy towards (i) further digitisation of files of historical value and its deployment on the Commission ARCHISplus¹² website as well as on the web site of the EU Historical Archives in Florence, (ii) elimination of paper files with the aim of reducing the volume of archives to be stored and (iii) further development of IT systems (Historga, HPS II and III) necessary to support the management and administration of archives.

¹⁰ GBI (*Gestionnaire des Biens Identifiés*) dealing with local inventories located in each buildings (or group of buildings).

¹¹ "Radio Frequency Identification" (RFID): the tool which gives the possibility, by means of an incorporated chip, to capture more qualitative and quantitative information than the current bar code system.

¹² ARCHISplus is the dedicated website of the Commission for the publication of its historical archives.

✚ Catering concession's continuity:

The three new catering concessions have reached their first period of implementation. They were automatically extended for the next two years. As in 2014 and 2015 the concessioners have experienced some financial and organizational issues, OIB has recruited in 2016 an external consultant company to analyse the situation. The final report from this analysis proposed a number of options to OIB's management to improve the quality of catering services in a short and long term. The proposals have led to concessions' contract amendments, which aim to further facilitate and improve their activity. In 2015 one of the concessioners introduced a demand to sub-contract its activity¹³. Following consultations with DG HR and BUDG, a positive answer was given. This subcontract is active since the beginning of April 2016.

✚ Childcare services:

In 2016, OIB responded with success to the high demand for childcare places and gradually reduces the substantial waiting list (currently 10% above nursery capacity versus 21% in 2015 and 11% vs 12% respectively for the afterschool care) through several measures: (1) contracting additional places on the local market, (2) optimising available capacity, (3) launched a new tender to contract alternative places on the local market, (4) ensuring additional places at the European Schools. OIB will continue its efforts to secure more childcare places applying tailored-made solutions to respond to emerging needs.

✚ CIE Overijse opening:

The European Inter-Institutional Centre (CIE) in Overijse, after complete renovation, was opened in the end of 2015. It became fully operational during the first quarter of 2016 and was able to welcome the Easter' open-air Childcare activity. During the next months, CIE succeeded in attracting most of the Brussels based EU institution to organize their corporate events. This has led to gradual rise in the number of visitors to the Centre, reaching the yearly target value of 10,000 visits well in advance.

✚ OIB staff Away Day's follow up:

The follow-up of the 2015 Away Day for all OIB staff, which was considered a success by majority of staff, continued in 2016. This event formed the cornerstone of efforts to improve job satisfaction and staff engagement. Action plans were produced by seven working groups which were set up to develop concrete actions in response to the themes discussed during the away-day and a number actions were proposed, of which majority are already being implemented.

The year 2016 was a busy year and all services responded once again to meet the numerous challenges faced. Thanks to staff commitment, the professionalism and dedication shown throughout the year 2016 OIB was able to carry out its mission and offer our colleagues of the Commission quality services in its many areas of activity.

¹³ One of the concessioners - Unijolly, has sub-contracted their activity to one of the others three - Ciano. Whilst Unijolly stays liable under its concession contract (official correspondence, payment of annual fee, etc.) their catering and administrative activity is performed by Ciano within the framework of Unijolly's contract arrangements - offer' specifics, prices, etc.

B) Key Performance Indicators (KPIs)

| Result/Impact Indicator | Target 2020 | Latest known results as per Annual Activity Report (2016) | | | | | | | | | | | | | | |
|--|---|---|------|---------------|------|-----|------|-----|------|-----|------|-----|------|-----|------|-----|
| Net office surface available per workstation. | 12 m ² | Current state: 14 m ² (Collaborative space deployment should improve this indicator in the near future) | | | | | | | | | | | | | | |
| The general quality of offices | Improve results in the next 2017 survey, getting back to 2013 figures (intermediary target of 2017). | On the basis of the general staff satisfaction survey conducted by DG HR [no survey in 2016] <table border="1"> <caption>Quality of offices - Satisfied</caption> <thead> <tr> <th>Year</th> <th>Satisfied (%)</th> </tr> </thead> <tbody> <tr> <td>2005</td> <td>55%</td> </tr> <tr> <td>2007</td> <td>57%</td> </tr> <tr> <td>2009</td> <td>62%</td> </tr> <tr> <td>2011</td> <td>58%</td> </tr> <tr> <td>2013</td> <td>62%</td> </tr> <tr> <td>2015</td> <td>54%</td> </tr> </tbody> </table> | Year | Satisfied (%) | 2005 | 55% | 2007 | 57% | 2009 | 62% | 2011 | 58% | 2013 | 62% | 2015 | 54% |
| Year | Satisfied (%) | | | | | | | | | | | | | | | |
| 2005 | 55% | | | | | | | | | | | | | | | |
| 2007 | 57% | | | | | | | | | | | | | | | |
| 2009 | 62% | | | | | | | | | | | | | | | |
| 2011 | 58% | | | | | | | | | | | | | | | |
| 2013 | 62% | | | | | | | | | | | | | | | |
| 2015 | 54% | | | | | | | | | | | | | | | |
| Staff satisfaction rate with self-service restaurants. | Keep satisfaction rate stable | The 2016 satisfaction survey was launched in December 2016/January 2017 by OIB /DG HR. The results are expected in March 2017. 2015 survey: Satisfied – 59% Dissatisfied – 41% | | | | | | | | | | | | | | |
| Childcare requests received during the year exceeding available places | Offer equals demand 2015 levels: Nursery: 21% above the capacity; Afterschool childcare ratio: 12% above the capacity | Nurseries: 10% above capacity After-school childcare: 11% above capacity Outdoor childcare: no waiting list | | | | | | | | | | | | | | |
| The residual error rate (RER) | <2% for any type of transaction | 0,01 % (and no serious error ¹⁴) | | | | | | | | | | | | | | |

C) Key conclusions on Financial management and Internal control (executive summary of section 2.1)

In accordance with the governance statement of the European Commission, OIB 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. The financial regulation requires that the organisational structure and the internal control systems used for the implementation of the budget are set up in accordance with these standards. OIB has assessed the internal control systems during the reporting year and has concluded that the internal control standards are implemented and function as intended.

In addition, OIB has systematically examined the available control results and indicators, including those aimed to supervise entities to which it has entrusted budget implementation tasks, as well as the observations and recommendations issued by internal auditors and the European Court of Auditors. These elements have been assessed to determine their impact on the management's assurance as regards the achievement of control objectives. Please refer to Section 2.1 for further details.

¹⁴ Serious error (level 1) that should be considered by the AOD when giving its assurance in the AAR.

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

D) Information to the Commissioner

In the context of the regular meetings during the year between OIB and the Commissioner on management matters, also the main elements of this report and assurance declaration have been brought to the attention of former Vice-President Kristalina Georgieva, responsible for Budget and Human Resources until 31 December 2016 and Commissioner Günther H. Oettinger, responsible for Budget and Human Resources as of 1 January 2017.

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

This section of the report provides information on the key results and progress towards the achievements of general and specific objectives set in the OIB 2016-2020 Strategic Plans and towards the achievements of the outputs set in the OIB 2016 Management Plan.

1.1 Key results and progress towards the achievement of general objective

OIB contributes to the general objectives defined by the 10 priorities of President Juncker and by the mission letter and specific mandate addressed to the Commissioner for Budget and Human Resources, Mr Oettinger.

In particular, OIB contributes to the following general objective of the Commission:

General objective 11: To help achieve the overall political objectives, the Commission will effectively and efficiently manage and safeguard assets and resources, and attract and develop the best talents.

Non programme-based

Impact indicator: Staff engagement index in the Commission

Source of the data: European Commission Staff Survey

Criteria: % of staff satisfaction

| Baseline (2014) | Latest known results (2016) | Target (2020) |
|-----------------|-----------------------------|---------------|
| 65% | 64,3% | Raise |

OIB provides its services to the staff of EU institutions, which plays an important role in the framework of evaluating its services, being its key stakeholder.

Operational activities of OIB listed in this report highlights the OIB's contribution to the general staff satisfaction related to the working conditions and in particular to the working environment's factors i.e. building and office environment (location of building, building/office conditions and safety, office arrangements and furniture, accessibility of parking space, accessibility of alternative means of transport), social facilities and services such as catering canteens, cafeterias, childcare services, sport facilities, other logistic services.

Taking into consideration the evolving needs, requirements and restrictions in available resources, OIB throughout 2016 continued its efforts to contribute together with other horizontal services to maintain a stable staff satisfaction rate with the provided services.

The general staff satisfaction survey on services provided by Offices provides more useful insights into OIB's most significant policy areas. This survey is expected to be launched end of 2017.

1.2 Key results and progress towards the achievement of specific objectives

1.2.1 Achievement of specific objectives within Real Estate activities

The aim in this domain of activities is to meet the requirements of office accommodation for the Commission, related services and staff, in an efficient, effective and timely manner, whilst being in line with the highest possible cost-efficient environmental and energy consumption standards.

1. Buildings, infrastructure and space planning

General objective 11: To help achieve the overall political objectives, the Commission will effectively and efficiently manage and safeguard assets and resources, and attract and develop the best talents.

Non programme-based

Specific objective 1: The Commission's buildings and infrastructures are managed in line with the Commission Building Policy.

Non programme-based

Result indicator: Efficiency of surface allocation (EALL): Net office surface (m²) / Number of workstations

Source of data: MAPF 2015 – 2026

| Baseline (2015) | Latest known results (2016) | Target (2020) |
|------------------------------|---|-------------------|
| Currently: 14 m ² | 14 m ² (Collaborative space deployment should influence the indicator in the near future) | 12 m ² |

Main Policy-related output in 2016:

In the reporting year, OIB has obtained the following progress in real estate space planning:

1. Rationalisation of existing office space:

Optimisation of the available office space is gradually achieved through application of the Housing Conditions Manual (MCH):

- The creation of new Task-forces as well as the staff reinforcements for some priority DG's have led to an increased dispersion of services; collaborative office space layouts are applied whenever a justified request comes from a DG and the technical constraints of the building allow it e.g. accomplished in 2016 the transformation of the CSM1 building, the fitting out of MO15 and MERO buildings to collaborative working space environments.
- At the request of DG DIGIT, an analysis is being carried out on the transformation of the B-28 building into complete collaborative office space and at the request of DG NEAR, OIB will provide assistance to the consultation of its personnel with regard to the transformation of the L-15 building to collaborative office space so that the DG can be housed in one building rather than the three buildings which it currently occupies.
- OIB managed the housing needs of the newly created TF50 in the BERL building. In this context the current allocation of the SJ in the BERL building is being analysed.
- Finalisation of DG HR housing needs resulting from the creation of "Account Management Centres" (AMC).
- OIB is also collaborating with DG COMM and the European Parliament to analyse the creation of a "Maison de l'Europe" in the RP14 building.
- OIB continued regrouping of some DGs presently located in different buildings most notably for DGs HOME, JUST and TAXUD and received agreement from DG AGRI to regroup all its services in the L130 in order to make the L102 building

available for DG SCIC who will need to vacate the B100 building by September 2017 (abandon of this building end of December 2017).

2. Additional office space targeting mainly the executive agencies:

- On-going negotiations for the housing the executive agencies located in the COVE complex (EASME, REA & ERCEA) in order to meet their requirements by the end of 2017.
- Surfaces have been made available to EACEA agency in J-70/J-59 and SPA2 building following the abandon of BOUR/BOU2 building.

3. Other projects:

- Tender for a new conference centre replacing the Albert Borschette conference centre (CCAB) - extended to early 2017; the main principles of the project have been approved by a steering committee in 2016 and preliminary pre-consultation has taken place with the SJ and is on-going with DG BUDG on the project.
- Preparation of the architectural competition documents for L130 redevelopment – programme for the redevelopment of the site is carried out in close coordination with the Brussels Capital Region (BCR). The BCR is still in the process of detailing and adopting new urban planning rules; OIB will launch in 2017 the competition in parallel with this process. The principles of the project have been approved by the steering committee which was presided in 2016 by the Head of Cabinet of Vice-president Georgieva and includes members from the President’s Cabinet, the SG and DG HR; Further contacts are ongoing with DG HR for certain aspects of this project.
- In the context of the L130 redevelopment project, OIB finalised the negotiations for the purchase of the L102 which is essential for the first phase of the project. Approval on the acquisition was received both internally and from the two branches of the budgetary authority and the sale agreement was signed in December 2016.

Conclusion: Although the general real estate provisions impose office space reductions, targeting economies, OIB continues efforts to implement the best possible solutions matching guidelines with needs and well-being of staff.

The execution of the real estate policy planning managed by OIB is on course to meet its multiannual objectives and has achieved the annual performance indicators and outputs in the reporting year.

2. Quality of office space

| | | | |
|---|--|---|------------------|
| General objective 11: To help achieve the overall political objectives, the Commission will effectively and efficiently manage and safeguard assets and resources, and attract and develop the best talents. | | | |
| <input checked="" type="checkbox"/> Non programme-based | | | |
| Specific objective 2: OIB's service-oriented culture and client satisfaction is enhanced by offering good quality office space to all Commission sites in Brussels. | | | |
| <input checked="" type="checkbox"/> Non programme-based | | | |
| Result indicator: Commission staff satisfaction rate with the general quality of their office (space, light, noise, temperature etc.). | | | |
| Source of data: the general staff opinion survey conducted by DG HR related to the services of PMO, OIB and OIL (the survey is addressed to all Commission staff and it is organised on a 2 year basis). Criteria: % of staff satisfaction (<i>very satisfied + satisfied</i>) versus (<i>dissatisfied + very dissatisfied</i>) | | | |
| Baseline (2005-2015) | Interim Milestone (2017) | The latest known results (2016) | Target (2020) |
| | Improve results, getting back to 2013 figures. | No survey in 2016 (the survey is conducted on | Keep stable. |

| <p>Quality of offices ■ Satisfied</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Satisfied (%)</th> </tr> </thead> <tbody> <tr> <td>2005</td> <td>55%</td> </tr> <tr> <td>2007</td> <td>57%</td> </tr> <tr> <td>2009</td> <td>62%</td> </tr> <tr> <td>2011</td> <td>58%</td> </tr> <tr> <td>2013</td> <td>62%</td> </tr> <tr> <td>2015</td> <td>54%</td> </tr> </tbody> </table> | Year | Satisfied (%) | 2005 | 55% | 2007 | 57% | 2009 | 62% | 2011 | 58% | 2013 | 62% | 2015 | 54% | | two years basis) | |
|--|-----------------------------|--|----------------|-----|------|-----|------|-----|------|-----|------|-----|------|-----|--|--|--------------|
| Year | Satisfied (%) | | | | | | | | | | | | | | | | |
| 2005 | 55% | | | | | | | | | | | | | | | | |
| 2007 | 57% | | | | | | | | | | | | | | | | |
| 2009 | 62% | | | | | | | | | | | | | | | | |
| 2011 | 58% | | | | | | | | | | | | | | | | |
| 2013 | 62% | | | | | | | | | | | | | | | | |
| 2015 | 54% | | | | | | | | | | | | | | | | |
| <p>Result indicator: Commission staff satisfaction rate with the cleaning of their office & the building they work in. Source of data: the general staff opinion survey conducted by DG HR related to the services of PMO, OIB and OIL (the survey is addressed to all Commission staff). Criteria: % of staff satisfaction (<i>very satisfied</i> + <i>satisfied</i>) versus (<i>dissatisfied</i> + <i>very dissatisfied</i>)</p> | | | | | | | | | | | | | | | | | |
| Baseline (2005-2015) | Interim Milestone (2017) | The latest known results (31/12/2016) | Target 2020 | | | | | | | | | | | | | | |
| <p>Cleanliness of offices ■ Satisfied</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Satisfied (%)</th> </tr> </thead> <tbody> <tr> <td>2005</td> <td>45%</td> </tr> <tr> <td>2007</td> <td>52%</td> </tr> <tr> <td>2009</td> <td>51%</td> </tr> <tr> <td>2011</td> <td>57%</td> </tr> <tr> <td>2013</td> <td>59%</td> </tr> <tr> <td>2015</td> <td>49%</td> </tr> </tbody> </table> | Year | Satisfied (%) | 2005 | 45% | 2007 | 52% | 2009 | 51% | 2011 | 57% | 2013 | 59% | 2015 | 49% | Improve results, getting back to 2013 figures. | No survey in 2016 (the survey is conducted on two years basis) | Keep stable. |
| Year | Satisfied (%) | | | | | | | | | | | | | | | | |
| 2005 | 45% | | | | | | | | | | | | | | | | |
| 2007 | 52% | | | | | | | | | | | | | | | | |
| 2009 | 51% | | | | | | | | | | | | | | | | |
| 2011 | 57% | | | | | | | | | | | | | | | | |
| 2013 | 59% | | | | | | | | | | | | | | | | |
| 2015 | 49% | | | | | | | | | | | | | | | | |

Main Policy-related outputs in 2016:

To improve the quality of available office space and social infrastructure, works were pursued in line with BEBA¹⁵ schedule. Due to re-allocation of resources and priorities during the year, some changes were made to the original planning. Nevertheless, the majority of works foreseen for 2016 were accomplished and, if budget allowed, other works were taken on board.

OIB executed the following works:

1. Good state of buildings and office space:

- Renovation works completed in DM28, BERL, L130 and L-41 (including the cafeteria) buildings in 2016 and is on-going in BERL
- Transformation of 4 floors in the CSM1 building to complete collaborative space
- Technical upgrades of the data network infrastructure: re-cabling done in CHAR in 2016, and completed in the L-41 building in January 2017.
- Adaptations of lifts to current Belgian legislation were continued in 2016: lifts modernisation was completed in L130 building in October 2016.
- Technical installations: replacement of the ventilo convectors in L130 is completed.
- Delivered structural works: the roof of CSM1 was redone; the kitchens in BREY, BRE2 and the sanitary facilities in L130 were replaced.
- Replacement of the boiler and renovation of the facade on the garden side of the L-86 building.
- Prepared project to renovate the facades of CSM1 and L-86 (street side) buildings in 2017. Works were carried out to replace the joints on the façade of the G—1 building.
- The fire detection system was renovated in: MO59, LX46, J-27, DM28 and BREY.
- The library in VM18 underwent a light renovation.

Adaptations of buildings accessible to people with disabilities¹⁶: new lifts installed in buildings are equipped for people of reduced mobility (PRM) including voice signalisation. Audits of several buildings are being carried out and an action plan for works will be established in 2017.

¹⁵ A good state of buildings policy.

¹⁶ All Commission buildings comply with legal prescriptions.

2. Technical upgrade of social facilities:

- Clovis nursery renovation: reconditioning of window frames, renovation of floors of terraces and increase of sanitary installations.
- New shower ('Fit@work' programme): additional showers were created in the CHAR, MADO and COVE buildings and OIB is analysing the creation of extra showers in the L-86, BU24 and ORBN buildings in 2017.

3. Building renovations:

- Continued studies for the structural renovations of BU29/31/33 and for VM-2 and PALM.
- Delivered fitting out works of the building selected following the prospection procedure for 27,000 m².

4. Other:

- OIB launched extensive studies on the restoration of the full functionality of the BERL building dynamic façade and the renovation of the CHAR building façade.
- Special emphasis was given to the execution of the cleaning contract by closely monitoring the contractual conditions.

5. The delays/carry over to 2017:

- Renovation works originally scheduled for DM24, J-54, J-99 buildings were suspended;
- Technical upgrades of the data network infrastructure for the buildings DM24 and J-70;
- The replacement of circuit breakers in the high voltage cabin of L130.

Conclusion: OIB accomplished its annual objective for the renovation and constructions works and where necessary, has implemented the corrective measures to mitigate identified problems. The multiannual objectives for the renovations and construction planning shall be met, provided that the budget allocations are secured.

3. Services provided to other EU institutions

In the context of providing support to EU Institutions and executive agencies in the management of their facilities, OIB delivers services on the basis of SLAs. These services generate revenue of approximately 5% of the OIB's 2016 budget¹⁷.

General objective 11: To help achieve the overall political objectives, the Commission will effectively and efficiently manage and safeguard assets and resources, and attract and develop the best talents.

Non programme-based

Specific objective 3: On the basis of clearly defined Service Level Agreements (SLAs), other EU institutions and bodies benefit from an exchange of best practices, cooperation and service provision.

Non programme-based

Result indicator: Charge back the full costs incurred and recover on time the revenues resulting from SLAs.

Source of data: OIB's data

| | | | |
|-------------------------|-----------------------------|------------------------------------|------------------|
| Baseline (2013-2015) | Interim Milestone (2016) | The latest known results (2016) | Target (2020) |
|-------------------------|-----------------------------|------------------------------------|------------------|

¹⁷ Services within Real Estate activities.

| | | | |
|--|---|---|--|
| Up to 90% of forecasted revenues are invoiced and cashed-in annually. The remaining 10% are charged with the final invoice in N+1. | Recover up to 90% of the forecasted revenues. Update the SLA and create the OIB services catalogue. Encode the SLA inventory in force in REMIS. | 93% of forecasted revenues were invoiced and the remaining 7% will be invoiced in 2017 during the "décompte". | Move to an automated (full or partial) financial follow-up and charge-back of the costs resulting from the SLA in force. |
|--|---|---|--|

Main Policy-related outputs in 2016:

1. Internal administration of SLAs:

- Delivered exchanges concerning charge-back process in compliance with DG BUDG guidelines. Encoded the SLA inventory in force.
- The SLAs are regularly updated in compliance with new demands or conditions. The recovery order manual of procedures was updated.
- Improvements and simplification of the follow-up and the issuing of debit notes were introduced where possible. Payments in OIB have priority over recovery orders. Nevertheless progress has been made to reduce deadline for the issuing of recovery orders.

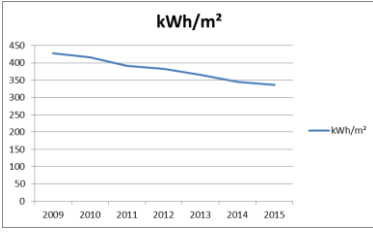
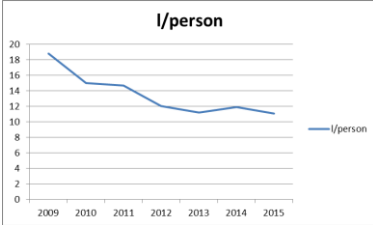
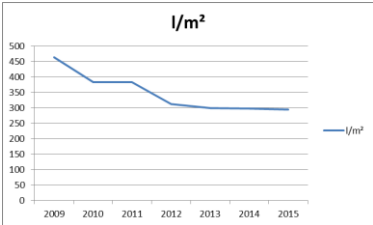
2. Delays occurred in the course of 2016:

- The convention between the Commission and the Belgian Federal Administration on the transfer of ownership of 54 parking spaces in the BERL is delayed due to problems in receiving final agreement from the holder of the land rights on the transfer.
- At the end of 2016, EACEA moved partially to three EC buildings, namely J-59, J-70 and SPA2. The new SLA will be signed during the course of 2017.

Conclusion: The execution of the annual programme of work in the area of services provided on the basis of SLA managed by OIB has met its objective and has achieved the annual performance indicators and outputs in the reporting year with the exception of the signature of the convention with local partners.

4. Implementation of EMAS principles applicable to buildings

| | | | |
|---|--|---|---|
| General objective 11: To help achieve the overall political objectives, the Commission will effectively and efficiently manage and safeguard assets and resources, and attract and develop the best talents. | | | |
| <input checked="" type="checkbox"/> Non programme-based | | | |
| Specific objective 4: The environmental standards are met through the implementation of the Environmental Management Audit Scheme (EMAS). | | | |
| <input checked="" type="checkbox"/> Non programme-based | | | |
| Result indicator: EMAS registered buildings | | | |
| Source of data: OIB's data | | | |
| Baseline (2015) | Interim Milestone (2016) | The latest known results (2016) | Target (2020) |
| 62 EMAS registered buildings out of 64 in total (number of buildings in the EC portfolio in 2015: one building (HTWG) will not be part of the EC portfolio in 2016, and | The overall medium term objective of OIB is to EMAS register the entire real estate portfolio housing EC services. This portfolio is a dynamic one, new and renovated buildings will be progressively registered. One new building will be | Buildings audited in 2016: OVER, COLE, J-30, L-41, J-54, J-79, SPA3, L102, L-84/86. OVER EMAS registered in 2016. | All Commission buildings have EMAS registration. All buildings will have undergone at least one spot-check. |

| | | | |
|---|--|--|--------------------------------|
| <p>another was registered in 2016 (OVER). At least one year of occupancy of the building is necessary to provide correct EMAS indicators.</p> <p>The external audit has been carried out on 3 new buildings and 9 buildings have been spot-checked.</p> | <p>works</p> <p>10 to 15 buildings will be spot-checked.</p> | | |
| <p>Result indicator: Energy consumption optimised. Source of data: OIB's data</p> | | | |
| <p>Baseline (2009-2015)</p> | <p>Interim Milestone (2016)</p> | <p>The latest known results (2016)</p> | <p>Target (2020)</p> |
| <p>Energy performance of EMAS registered buildings - 2015 FORECAST</p>  | <p>-1% in comparison to 2015 consumption (as foreseen in the EMAS action plan and the EC action plan to comply with the new European Energy Directive (EED)¹⁸ which is better the reduction determined by the Brussels Region (-0.13%).</p> | <p>Electricity: -1.5% Gas: -1.0% compared with 2015. It's in line with the target.</p> | <p>-5% energy consumption</p> |
| <p>Result indicator: Water consumption optimised. Source of data: OIB's data</p> | | | |
| <p>Baseline (2009-2015)</p> | <p>Interim Milestone (2016)</p> | <p>The latest known results (2016)</p> | <p>Target (2020)</p> |
| <p>Water consumption per person of EMAS registered buildings - 2015 FORECAST:</p>  <p>Water consumption per m² of EMAS registered buildings - 2015 FORECAST:</p>  | <p>Keep evolution stable.</p> | <p>-3.0% compared with 2015. It's in line with the target.</p> | <p>Keep evolution stable.</p> |
| <p>Result indicator: Green Public Procurement criteria included into contracts. Source of data: OIB's data</p> | | | |
| <p>Baseline (2014)</p> | <p>Interim Milestone (2016)</p> | <p>The latest known results (2016)</p> | <p>Target (2020)</p> |
| <p>80% for contracts exceeding 60,000 €</p> | <p>100% (where applicable)</p> | <p>88% of the contracts >60,000€ with GPP clauses (due to high</p> | <p>100% (where applicable)</p> |

¹⁸ Directive 2012/27/EU of 25/10/2012.

| | | | |
|--|--|-------------------------------------|--|
| | | number of low-value food contracts) | |
|--|--|-------------------------------------|--|

Main Policy-related outputs in 2016:

1. The environmental performance of Commission's buildings upgraded to the EMAS principles

- Closed follow-up and proactive resolution of the NC (Non-conformities) opened by the EMAS internal audits carried out during 2016: launched measures for all of the Non-Conformities mentioned in the report; external audit took place in October 2016.
- Prepared EMAS certification for further Commission buildings: internal audit completed in March 2016; External audit took place in October 2016; all Commission buildings in Brussels are EMAS certified.
- External audit for spot-checks for 9 buildings was realized in March 2016.
- Delivered the renewal of environmental permits in cooperation with Brussels Environmental Authority (IBGE).
- Finalised the Energy Audits on performance of specific Commission buildings; on-going implementation of measures as a follow up of actions to implement for further buildings (WALI, MADO, BU25, CDMA).
- Set up of a "Site Management Review" in line with the new "Site Coordination Role" and diffusion of results.
- OIB continues tailored-made EMAS action plans to improve the environmental performance of buildings in the framework of the Commission environmental policy. The mid-term objective for 2014-2020 is to reduce the energy consumption by 5% in the Commission's EMAS registered buildings¹⁹ in Brussels. The range of planned actions to achieve this objective goes from technical measures to setup in existing buildings (presence detectors, water saving devices, placement of led lighting, regulations measures, insulation of heating and cooling pipes, etc.) to the choice of high performing buildings for new projects, and communication campaigns in close collaboration with DG HR to increase environmental awareness amongst staff.
- Following the European Energy Directive (EED) on the energy performance of buildings²⁰, OIB introduced the necessary measures to achieve the annual reduction target (-1%) to comply with the rules²¹. The Commission is committed to the exemplary role of its buildings and OIB has a specific action plan to comply with the Energy Efficiency Directive: the refurbishment of several buildings owned by the Commission in Brussels by 2022.
- The effects of the energy and water savings measures set-up by OIB's Energy Task Force and implemented in 2015, were reviewed. The first phase of new measures has been launched in buildings having a high energy savings potential, a second phase is foreseen in the second semester of 2016. A global 2017 – 2020

¹⁹ The performance of buildings is measured in kilowatt hour of Primary Energy (PE), normalized, per square meter (kWh PE/m²), as for the Energy Performance of Buildings Certificates established each year by OIB for all the Commission's buildings in Brussels.

²⁰ Directive 2012/27/EU of 25/10/2012.

²¹ The objectives of the EED consist in the refurbishment of at least 3% per year of buildings owned by the Commission or an equivalent energy saving in these buildings. 14,39 kWh/m²/year is the theoretical gain estimated by the Belgian authorities. The saving target for the EC would be approximately 115 000 kWh, which corresponds to 0.13% of the annual energy consumption. With the EMAS target of 1% energy savings per capita, the EC goes beyond the objectives defined by the Brussels Capital Region.

action plan for technical/investment measures is being developed looking at new measures, namely on regulation, that will ensure the expected results.

- The implementation of the COBRACE²² rules when environmental permits need is analysed on a case by case basis.

2. Maintained the Commission staff awareness on the environmental issues:

- Delivered specific EMAS communication campaigns and awareness raising actions in cooperation with DG HR and EMAS network (2016 EMAS communication plan; mobility campaign; communication to the occupants of the buildings where technical improvements were made in 2015 -2016; several "Concrete" articles, Organisation of different events in the framework of the Green Week (June 2016) and EMAS mobility campaign in September – October 2016 (programme accomplished in 100%).
- Annual production of the EPB certificates²³ to display at the entrance of all buildings: Consumptions posters have been placed at the info panels of buildings (All certificates were updated).

Conclusion: OIB has met the objectives set in the annual programme of work for EMAS and has achieved the performance indicators and outputs for the reporting year.

5. Prevention and Protection at Work rules applicable to the Commission sites

General objective 11: To help achieve the overall political objectives, the Commission will effectively and efficiently manage and safeguard assets and resources, and attract and develop the best talents.

Specific objective 5: OIB's service-oriented culture and client satisfaction is enhanced by applying the Rules of Prevention and Protection at Work applicable to the Commission sites in Brussels.

Non programme-based

Result indicator: Percentage of realisation of the actions planned within the framework of five years 'Global Action Plan'.

Source of data: OIB data

| Baseline (2015) | Interim Milestone (2016) | The latest known results (2016) | Target (2020) |
|--|--------------------------|-----------------------------------|---------------------|
| Currently 10% of foreseen tasks accomplished | 30% of entire plan | 30% of foreseen actions delivered | 100% of entire plan |

Main Policy-related outputs in 2016:

1. Regulatory responsibilities:

OIB implements the Prevention and Protection at Work rules in line with Belgium legislation in force:

- Delivered an updated 2016-2020 Global Prevention and Protection Action Plan and communicated it to the Committee for Prevention and Protection at Work (CPPT) mid-2016;
- Delivered risk analysis at the work place: posts of maritime/fishing inspectors and the posts of nurseries and after-school day care centres: delivered 100% for inspectors; 95% for posts at childcare places.

²² Brussels Code on Air, Climate and Energy Efficiency ("Code Bruxellois de l'air, du climat et de la maîtrise de l'énergie").

²³ EPB certificates are legally mandatory and show the energy consumption of buildings. OIB's consumptions posters include additional information, such as water consumption.

2. Achievements in the area of Safety and Prevention at the Commission buildings:

- Delivered annual meetings with the safety advisors of the Commission's external contractors²⁴ in order to ensure that safety measures in EC buildings are respected by them. The aim was to share the safety requirements, existing procedures in place and recent lessons learned;
- Delivered risk analysis for every building in Brussels; Delivered risk analysis for the electrical installation: ensuring fire prevention to be in line with new legislation (security files, evacuation plans, alarm switches, magnetic retainers on fire retardant doors) and delivered analysis on creation of a "fight against fire" service²⁵;
- Completed preparation of OSHAS audits in the field of lifts together with DG HR; Audit will be performed by DG HR.
- Delivered all foreseen evacuation plans for buildings located in Brussels²⁶; Conducted evacuation exercises in all EC buildings and European Schools (with exception to T-22, one afterschool childcare).
- On-going organisation of the fire-fighting service with the collaboration of DG.HR: restructuring and reviewing the requirements and training needs.

3. Developments in the area of "Well-being" at work:

- Contributed to the working groups (1) "*Comité de Pilotage des Risqué psychosociaux*"; (2) the CPPT (Committee for Prevention and Protection at Work) working groups; and (3) the "Diversity Cross Cutting" project on disabilities.
- Ensured integration of the competences of Equal Opportunities, welfare and *Fit@work* programme within OIB: organised and followed up of targeted meetings on equal opportunities, well-being and implementation of the *Fit@work* framework programme.
- Published communication campaigns on Prevention and Protection at Work: electronic brochures are made available through webpage *fit@work*; Participation in different initiatives: "equal opportunities", "happy or not", "fit@work"; "take the stairs" signs placed in all buildings.

4. Projects carried over to 2017:

- Audit for water is carried over to 2017 by DG HR.

Conclusion: The execution of the annual programme of work in the area of Prevention and Protection at Work has met its objective and has achieved the annual performance indicators and outputs in the reporting year.

1.2.2 Achievement of specific objectives within Logistic Services

The aim in this domain of activities is to ensure the provision of client-oriented logistic services and social infrastructures, which are in line with staff needs and meet the highest environmental standards. In the context of the Commission's social policy and well-being benefit package, the Commission provides catering and childcare facilities as well as sports facilities.

1. Quality services creating the best working conditions

General objective 11: To help achieve the overall political objectives, the Commission will effectively and efficiently manage and safeguard assets and resources, and attract and develop the best talents.

☒ Non programme-based

²⁴ Veolia, Kone, Otis, Thyssen, and of contractors of DIGIT: Intrasoft, CTG.

²⁵ Fire Brigade Services ("*Service de Lutte Contre l'Incendie*" - SLCI).

²⁶ VM18, BU-1, BU-5, BU-9, OVER padel and hall, L130 and J-99.

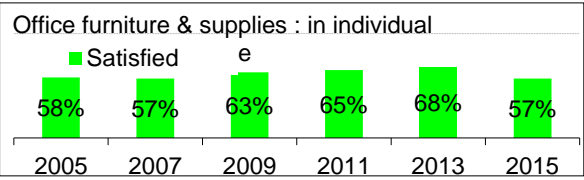
Specific objective 6: The sound financial management of the logistic services is ensured.

☒ Non programme-based

Result indicator: Commission staff satisfaction rate with **the quality of office furniture and supplies.**

Source of data: the general staff opinion survey conducted by DG HR related to the services of PMO, OIB and OIL (the survey is addressed to all Commission staff).

Criteria: % of staff satisfaction (*very satisfied* + *satisfied*)

| Baseline (2005-2015) | Interim Milestone (2017) | The latest known results (2016) | Target (2020) | | | | | | | | | | | | | | |
|--|-----------------------------|------------------------------------|------------------|-----|------|-----|------|-----|------|-----|------|-----|------|-----|----------------------------|--|--------------------------------|
|  <p>Office furniture & supplies : in individual</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Satisfied (%)</th> </tr> </thead> <tbody> <tr> <td>2005</td> <td>58%</td> </tr> <tr> <td>2007</td> <td>57%</td> </tr> <tr> <td>2009</td> <td>63%</td> </tr> <tr> <td>2011</td> <td>65%</td> </tr> <tr> <td>2013</td> <td>68%</td> </tr> <tr> <td>2015</td> <td>57%</td> </tr> </tbody> </table> | Year | Satisfied (%) | 2005 | 58% | 2007 | 57% | 2009 | 63% | 2011 | 65% | 2013 | 68% | 2015 | 57% | 68% (back to 2013 results) | No survey in 2016 (the survey is organised on two years basis) | Keep satisfaction rate stable. |
| Year | Satisfied (%) | | | | | | | | | | | | | | | | |
| 2005 | 58% | | | | | | | | | | | | | | | | |
| 2007 | 57% | | | | | | | | | | | | | | | | |
| 2009 | 63% | | | | | | | | | | | | | | | | |
| 2011 | 65% | | | | | | | | | | | | | | | | |
| 2013 | 68% | | | | | | | | | | | | | | | | |
| 2015 | 57% | | | | | | | | | | | | | | | | |

Main Policy-related outputs in 2016:

1. Synergies and Efficiencies within the Logistics:

OIB has launched the introduction of the synergies and efficiencies within the logistics domain:

- Creating a new "space design team" that will be in charge of improving the efficiency of the office space design, especially while a DG is reorganising or moving offices: the calls for expressions of interest were launched, interviews were carried out in September 2016 resulting in 14 staff members being selected. The first 8 members of the team joined OIB.RE unit on 16 January and the remaining members will join the team between 16 February and 1 April 2017.
- Testing the formula of Logistics Proximity Teams with a limited number of DGs/buildings (around 10% of the Commission staff and surface area): a pilot project was set-up for 3 DG's located in 5 buildings, a final evaluation of the project will be carried out in March 2017. The proximity teams will roll out for all services (except BERL) on 1 April 2017.
- Changing the mail distribution in the group of DGs/buildings and progressively reducing the point-to-point distribution model by a central drop point per building or section of building: the mail service distribution is gradually modified in-depth. In 2016, the new mail distribution model has been tested in a pilot project in 5 buildings. The regular mail and registered mail are now delivered to a central point in the DG for further distribution or to a single point of contact in case of registered mail and the recipient is invited by email to collect it.

2. Inventory management:

- Synergies exercise also impact the local follow-up of furniture and technical material (phasing out GBIs²⁷ in DGs), which lead to centralisation of inventory related activities at OIB level (from April 2017 onwards).
- Moreover, in 2016 OIB continued to carry out tests and adaptations of a new labelling system "Radio Frequency Identification" (RFID)²⁸ to OIB's requirements. The tests conducted with DG DIGIT revealed that RFID technology has a high potential while couple of features still have to be investigated. A cost/benefit analysis of the tool was delivered in June 2016. Based on gathered results and consolidated knowledge on the RFID technology, a pilot project will be launched in 2017 to extend the scope to all

²⁷ GBI (*Gestionnaire des Biens Identifiés*) dealing with local inventories located in each buildings (or group of buildings).

²⁸ This tool gives the possibility, by means of an incorporated chip, to capture more qualitative and quantitative information than the current bar code system.

goods (furniture and technical material) in CSM1 building. If accomplished successfully, OIB will prepare a full scale migration in a near future.

- In meantime, following the 2014-2016 inventory exercise, tracking of items was accomplished with the rate of 94.5% at the end of 2016.

Office furniture:

- OIB has continued to upgrade new office furniture. All of new office swivel chairs purchased since the signature of a new contract at the end of 2015 are ergonomic chairs, which should increase the level of satisfaction in this area. In 2016 around 3,500 new ergonomic chairs have been purchased.

3. Reproduction & Printing services:

- OIB continued to introduce several optimization initiatives for Reproduction and Printing services targeting automation of distribution, reporting, management of purchase orders and stock.
- Substantial delay occurred to the functionality of the new software "MyOIBprint"/'MIS' (Management Information System) due to on-going technical adaptations. Some solutions were installed (e.g. direct clients' access module became accessible after ECAS validation) and some are still on the pipeline (DG DIGIT security requirements to be met). Extended range of products in prepress section: six new products are now available (roll-up, stickers, wall stickers, étuis for visiting-cards, plastic badges).
- OIB taken over a partial production of documents produced outside leading to increased production of offset press by 31%.

3. Mobility Plan 2016-2020:

- In order to comply with the Brussels Region environment requirements OIB performs an evaluation of the transport means used by the staff to commute. This is a complex study composed of two pillars: the core study relates to consolidating data on transport mode used by staff from all Brussels based EU Institutions and its led by the Working Group composed of the Brussels Region and OIB/DG HR representing the Commission, and a second pillar is a supplementary evaluation, which will be performed by OIB in 2017 based results of the 2017 staff survey on mobility²⁹. The conclusions of this study, which includes an analysis of the occupancy rate of the car parks are expected in the first half of 2017. Consolidated results and hypothesis models, shall facilitate design a new Mobility Plan.
- The public transport reimbursement scheme that gives EC staff the opportunity to benefit from a 50% reimbursement of their public transport season tickets, continued to show an increase³⁰ in 2016, despite the terrorist attacks in Brussels in March 2016 which had a negative impact. The IT tool supporting the scheme was also upgraded and Single Resolution Board (SRB) will join the scheme as from January 2017.
- Annual initiatives promoting the sustainable means of transport were carried out in the course of the year (Bike project, Green Week, Mobility Week).
- 10 new electric bikes were placed at the disposal of EC staff and they are based in several buildings to cover the different EC sites in Brussels; electric car chargers (terminals) are also made available at some EC buildings (DM24/28 and ORBN).
- A new 'abandoned' bikes campaign was launched at the end of 2016 in order to remove from the EC parking abandoned or left bikes.

4. Management of Historical Archives:

- Digitisation of documents with historical value: OIB finalised the publication of COM documents digitised in 2013 and 2014. The documents are already available on Eur-Lex and have been also deployed on ArchisPlus as well as on the web site EU Historical

²⁹ A staff survey is introduced every 3rd year (next one is mid-2017) as a requirement of the Brussels Region imposed on Brussels based employers.

³⁰ In total there are 6.843 beneficiaries registered in 2016 (+2% vs. 2015 results).

Archives' in Florence (HAEU). The test phase of the next digitisation project DigiCOM3 (dealing with 1987-1991 COM-documents) started in May 2016 together with Publication Office and the production phase will start in the first half of 2017.

- Enhanced paper file elimination using sampling method: The scope and the sampling method for eliminating paper files were defined and finalised for files of projects within the framework programs of DG RTD. The execution (appraisal, selection, treatment and elimination) was carried out after consultation with and approval by DG RTD. The operation will continue in 2017 in the same way. In 2016, standard elimination of paper files continued at a sustained level: 3.1 linear km of files were eliminated.
- OIB carries out the project on restructuring of 54.000 files at HAEU and description of 52 archival entities; the finalisation of the project depends partially on external factors such as the ARCHIS database further development and the HAEU collaboration. It finalisation is foreseen for the year 2017.
- Historga³¹: On-going verification and encoding of the ECSC³² core documents for the years 1952 - 1967 and of Euratom for the years 1958 - 1967; Analysis for integration of SYSPER2/COMREF information and data with 'Historga' system has started; its purpose is to upload data for the period 2006-2016 and then to ensure automatic transfer of up-to-date data from SYSPER/COMREF to 'Historga'. The project is coordinated in cooperation with SG and DG DIGIT.
- Development of Hermes Preservation Services II (HPS II)³³: executed a transfer of data between systems from HPS 1.2 to a-Rep "digital" archives repository together with SG and DG DIGIT; started the migration of the 146 Adonis databases and at the end of 2016 the analysis of transferring the ARCHIS scanning artefacts.
- HPS III³⁴: postponed by SG an analysis on the replacement of the ARCHIS database by HPS III to the beginning of 2017.

Conclusion: The activities carried out by OIB in the course of 2016 ensured the achievement of the objectives in terms of continued improvements towards the efficiency of logistic services and an efficient use of resources. OIB has achieved the annual performance indicators and outputs in the reporting year.

2. Quality catering services

| | | |
|--|---------------------------------|--------------------------------|
| General objective 1: To help achieve the overall political objectives, the Commission will effectively and efficiently manage and safeguard assets and resources, and attract and develop the best talents. | | |
| <input checked="" type="checkbox"/> Non programme-based | | |
| Specific objective 7: Good social infrastructure (Restaurants, Selfs and Cafeterias facilities) is provided at Brussels and Ispra sites. | | |
| <input checked="" type="checkbox"/> Non programme-based | | |
| Result indicator: Commission staff satisfaction rate with the provision of cafeterias and self-service restaurants | | |
| Source of data: OIB/DG HR 2015 annual survey | | |
| Criteria: <i>% of staff satisfied versus dissatisfied</i> | | |
| Baseline (2015) | The latest known results (2016) | Target (2020) |
| Bxl Cafeterias: | The survey was organized and | Keep satisfaction rate stable. |

³¹ 'Organisational history of the European Commission'.

³² The European Coal and Steel Community.

³³ HPS II is a functional module of the HAN system (Hermes-ARES-NomCom) which executes and supports the preservation of the electronic document management of the Commission.

³⁴ HPS III is the overall archival management system designed for the management of paper archives and of electronic files stored in the HPS II digital repository.

| | | |
|--|---|--|
| Satisfied - 66% Dissatisfied - 34% Bxl Self-service restaurants: Satisfied - 59% Dissatisfied - 41% | launched by OIB/DG HR in December 2016/January 2017. The results are expected in March 2017. | |
|--|---|--|

Main Policy-related outputs in 2016:

1. Continuation of catering services:

- ✓ OIB monitored the performance of catering contractors throughout 2016 with emphasis on the quality of offered meals and continuation of operations.
- ✓ Facing negative financial results, one concessioner has demanded to sub-contract its activities. In order to ensure the continuity of catering concession, the new arrangements were concluded in 2016 with the concessioners.

2. Quality services at Bxl/Ispra catering facilities:

- OIB refurbished certain cafeterias and canteens' areas aiming at bringing better quality of services and higher clients' satisfaction e.g. refurbished coffee corner and cafeteria in L-41 and canteens in CCAB and L-130.
- The '*Fit@Work*' initiative was further integrated in the daily menu and products available in the catering sites. Modernization of vending machines, the possibility to pay by bank cards and the introduction of new articles is expected to further reassure the success of vending machines contract.
- OIB, in cooperation with JRC, re-styled the bistro-restaurant in Ispra (Clubhouse). Structural improvements, additional staffing and other requirements were finished early 2016. The opening of the bistro took place in the first quarter of 2016 in presence of the Director General of JRC and the Director of OIB. The first six months of operation of the new structure were marked by unprecedented success.
- New automatic professional espresso machines and new coffee blends were installed in the Ispra cafeteria and a new coffee roasting facility was introduced to raise the satisfaction of customers. Last survey of 2016 showed 79% of satisfaction with provided services in cafeteria and 76% in canteens at Ispra's social facilities.

Conclusion: As OIB provides the services through the external contractors, any changes introduced by the contractors' may impact the service quality, its continuation and consequently the achievement of the objective. OIB ensured throughout the year the continuity of services, and overall, met its objectives.

1.2.3 Achievement of specific objectives within childcare activities

The aim in this domain of activities is to ensure the provision of client-oriented childcare services and social infrastructures. In the context of the Commission's social policy and well-being benefit package, the Commission provides childcare facilities as well as sports facilities.

1. Childcare infrastructure

General objective 11: To help achieve the overall political objectives, the Commission will effectively and efficiently manage and safeguard assets and resources, and attract and develop the best talents.

Non programme-based

Specific objective 8: Good social childcare infrastructure is provided at Brussels and Ispra

| sites. | | |
|--|---|---------------------------------------|
| ☒ Non programme-based | | |
| Result indicator: Number of requests (received during the year) versus number of places available at childcare facilities. | | |
| Source of data: OIB data | | |
| Baseline (2015) | The latest known results (2016) | Target (2020) |
| Nurseries: Ratio: 21% above the capacity (data on 31/12/2015) After-school childcare: Ratio: 12% above the capacity (data on 31/12/2015) Outdoor childcare: all demands were met. | Nurseries: 10% (capacity: 1.454, demand above the capacity: 147 requests) ³⁵ After-school childcare: 11% (capacity: 1.862 places, enrolled 2.030, demand above the capacity: 211 requests) (31/12/2016) | Offer equals demand (at 2015 levels). |

Main Policy-related outputs in 2016:

OIB struggles with a considerable challenge towards achievement of the objective, i.e. ensuring sufficient childcare capacity to meet the demand.

The increasing number of requests for places results from a number of factors, including the shortage of places on the local market, an influx of young officials over the past 12 years, and possibly the recent changes to the Staff Regulations introducing longer working hours. As budgetary constraints do not allow creating additional Commission nurseries, contracting places will continue to be bought on the local market.

1. Nurseries:

- ✓ At the end of 2016 the amount of places available for children aged 0-4 has risen from 1341 in 2015 to 1454 with 445 places available in local nurseries including the phasing out of first 12 places in crèche Genève in view of its progressive closure in 09/2019.
- ✓ A new call for tender is being prepared, in view of renewing the current places contracted as well as additional places on the local market to full fill entirely the demand. The new contracts should be available in December 2017/beginning of 2018.
- ✓ Results of satisfaction survey launched among the nurseries parents in 2016 are not available yet. The surveys for the afterschool service will be launched in 2017.

2. Afterschool childcare facilities (Bxl):

- ✓ OIB has increased the Afterschool childcare capacity from 1.760 places at the end of 2015 to 1.862 in 2016 (1002 in our own premises and 860 in European schools).
- ✓ The demand for places was partially addressed by the "overbooking" system where children are enrolled according to observed attendance rather than simple theoretical capacity³⁶.
- ✓ OIB has contracted (outsourced) the management of two Afterschool childcare centres located in our premises (115 places at Van Maerlant as of January 2016 and further 195 places at Palmerston as of September 2016 for a total of 310 places and 23 educators).
- ✓ A call for tender for fully externalised additional places on the private market will be re-launched in 2017 (after no satisfactory conclusion of the initial launch of 2016) aiming at contracting progressively 560 additional places in six forthcoming years.

³⁵ The demand for places fluctuates in the course of year and getting stable once the 'school year' allocations are finalised.

³⁶ 2.030 children enrolled versus 1.862 places real capacity. The "overbooking" system is used to a certain extend (quality, security and all norms have to be respected) and takes into consideration children absence rate which can reach 20-30%, particularly among elder children.

- ✓ Increasing physical space made available to us by the European Schools and the cooperation with parents associations who already organize some after school activities are important axis for further development.

3. Outdoor childcare activities (GA):

- ✓ The first outdoor childcare services since the renovation of the CIE were organised at the centre in 2016. Up to 340 children were hosted at the site during the Easter and summer services. The Easter service allowed minor logistical problems to be resolved in time for a successful the summer service. The objective of making the centre a fully operational site for the outdoor childcare service was, thus, achieved. The high demand for the outdoor service during the summer has been addressed by opening temporarily additional sites like Wilson, Beaulieu and Palmerston.

4. Manage childcare facilities (Ispra):

- At Ispra, the childcare centres worked at full capacity with around 90 children at the nursery and over 80 at the afterschool childcare facility with a satisfaction rate of 85% and 70% respectively (negative feedback was allocated mainly to the afterschool childcare facility's infrastructure).
- Optimisation of the capacity aiming at reduction of the number of children waiting for the place were further explored, some discrepancies between the capacity and the demand was recorded in 2016:
 - Ispra Nurseries: ratio 16% above the capacity;
 - Ispra Afterschool childcare: ratio 3% above the capacity.
- OIB is preparing the move of the childcare facility 'Icaro' from the ALER³⁷ building to a JRC's property. The JRC Ispra site management agrees in principle, but needs to wait for planned relocations of services and labs inside the site. The actual forecast for the completion of the preliminary moves and the final relocation of 'Icaro' is by the end of 2019.

Conclusion: OIB explored many different alternative solutions to secure as much as possible number of childcare places and nevertheless, a gradual progress can be noticed on the basis of obtained increase in the capacity. The childcare policy managed by OIB is on course to meet its long-term objective and has achieved the required values for annual performance indicators and outputs in the reporting year.

2. Welfare services at social facilities

| | | | |
|--|--------------------------------|------------------------------------|-----------------------|
| General objective 11: To help achieve the overall political objectives, the Commission will effectively and efficiently manage and safeguard assets and resources, and attract and develop the best talents. | | | |
| <input checked="" type="checkbox"/> Non programme-based | | | |
| Specific objective 9: Good social and sport infrastructure is provided at the European Inter-institutional Centre (CIE) in Overijse, Brussels and at Ispra sites. | | | |
| <input checked="" type="checkbox"/> Non programme-based | | | |
| Result indicator: Users attendance of the sports facilities | | | |
| Source of data: OIB data | | | |
| Baseline (2013-2014) | Interim Milestone (2016) | The latest known results (2016) | Target (2020) |
| The annual number of participants in sporting and cultural activities at CIE (Bxl) was 15,000 in 2013. It dropped to zero in 2014, as the CIE has been closed for renovation. The number of participants is expected increase gradually. | To reach 10.000 visitors | 12.000 | Keep stable growth |

³⁷ Local Association: *Azienda Lombarda Edilizia Residenziale*.

| | | | |
|---------------|-----------------------------|-------|-------------|
| 3,400 (Ispra) | Keep attendance rate stable | 3,700 | Keep stable |
|---------------|-----------------------------|-------|-------------|

Main Policy-related outputs in 2016:

1. CIE Overijse operational:

- An analysis of the functioning of CIE has been elaborated by an external consultant. This analysis also incorporates a potential business plan for the Centre and gives recommendations for facilitation of its day-to-day activities, as well as proposes few options for its future development.
- In 2016 more than 210 corporate events were organised at the Centre with the participation of more than 12,000 people.
- OIB gradually intensifies a marketing campaign for CIE (which includes close association with the '*fit@work*' programme). Contact was made with several stakeholders and potential clients and other media options are being prepared.

2. Social infrastructure at Ispra site:

- Postponed renovation of two apartment blocks (approx. 30 apartments) to 2017: the convention with 'ALER' on the renovation was backtracked by the JRC. A new proposal, based on the overall JRC long term expectations will be presented during 2017.

Conclusion: The opening of the Centre was successfully managed. Number of events gradually grows and planned start-up activities were put on track. The objective of having a Centre fully operational has been achieved.

2. ORGANISATIONAL MANAGEMENT AND INTERNAL CONTROL

This section answers to the question *how* the achievements described in the previous section were delivered by OIB. This section is divided in two subsections.

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

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

2.1 Financial management and internal control

Assurance is an objective examination of evidence for the purpose of providing an assessment of the effectiveness of risk management, control and governance processes.

This examination is carried out by management, who monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors. Its results are explicitly documented and reported to the Director. The reports produced are:

- the reports from ex-post control;
- the regular reporting on procurement, on budget execution, on finances, on accounting controls and on human resources;
- the reports from the relevant authorising officers providing assurance in all cases of cross-sub-delegations made by OIB to other DGs/Services;
- the reports from the authorising officers by sub-delegation and the follow-up thereon;
- the reports monitoring the exceptions and non-compliance cases;
- the risk assessment;
- the follow-up of anti-fraud indicators;
- the yearly review of the compliance and effectiveness of the internal control system;
- the observations and recommendations from the European Court of Auditors (ECA) and the Internal Audit Service (IAS) as well as the reports on the follow-up of the action plans designed to address these recommendations;
- the limited conclusion of the internal auditor on the state of control and the observations and recommendations reported by the IAS;

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

This section reports the control results and other relevant elements that support managements' assurance. It is structured into (1) Control results; (2) Audit observations and recommendations; (3) Effectiveness of the internal control system; and resulting in (4) Conclusions as regards assurance.

2.1.1 Control results

This section reports and assesses the elements identified by management that support the assurance on the achievement of the internal control objectives³⁸. OIB's assurance building and materiality criteria are outlined in the AAR Annex 4. Annex 5 outlines the main risks together with the control processes aimed to mitigate them and the indicators used to measure the performance of the control systems.

It refers to all the resources managed by OIB in 2016: the administrative expenditures, the revenues, and the assets and liabilities.

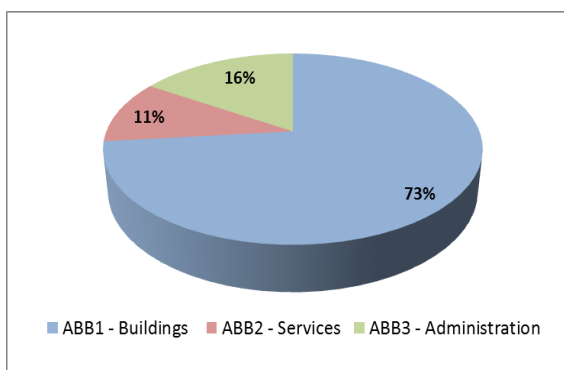
OIB budget is annual; there is no multi-annual expenditure programme. However, this budget annuality is not adapted to the multi-annual real estate projects managed by OIB (the value of such projects has to be financed by appropriations from several years).

In 2016, OIB has cross-sub-delegated or co-delegated credits for an amount of around €66 Mio to other DGs and Offices³⁹ and credits were also sub-delegated or co-delegated to OIB by other DGs and Offices for an amount of around €10 Mio. Annex 10.2 to this report provides the full list of credits cross-sub-delegated by OIB to other Commission Authorising Officers as well as those cross-sub-delegated or co-delegated to OIB by other DGs and Offices.

All the payments are done under a centralised direct management mode, which has an inherent risk relatively low. The risks are effectively mitigated by means of controls. As there is only one type of expenditure in OIB - direct procurement⁴⁰, all payment transactions are subject to the same ex-ante controls. Therefore, there is no segmentation and the analyses and control results reported below concern the entire budget managed by the Office in 2016 and cover all significant areas of OIB's budget (including the credits sub-delegated to OIB by other DGs and Offices). As to the credits cross-sub-delegated by OIB to other DGs or Offices in 2016, assurance reports on the use of these appropriations were received from the corresponding DGs / Services and did not raise any control issue.

The below table and chart present the total payments authorised for the year 2016 (on credits C1, C4, C5 and C8, including credits delegated from and to OIB) and their relative weight in each significant budget activity: 73% of the payments relate to the Building Activity (ABB1) while Services (ABB2) and Administration (ABB3) represent respectively 11% and 16%. For more details refer to Annex 10.1.

| Budget areas | Authorised payments (€ Mio) |
|-----------------------|-----------------------------|
| ABB1 – Buildings | 287.54 |
| ABB2 – Services | 41.99 |
| ABB3 – Administration | 62.58 |
| Total OIB | 392.11 |



In addition, due to the nature of its activities, OIB generates revenues from services and works provided to other EU Institutions and bodies (other DGs, EEAS, EESC & CR, agencies, etc.). In 2016, OIB revenues received via recovery orders amounted to around

³⁸ 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).

³⁹ According to the Internal Rules and cross-sub-delegations in place

⁴⁰ With the exception of some credits of the global envelope (e.g. missions)

€39Mio⁴¹, which represent around 10% of the 2016 budget. An important part of this amount is carried forward to the following year (C5: €31Mio).

The majority of OIB recovery orders results from the Service Level Agreements (SLA) as a compensation for the services provided by OIB to other Commission services or other institutions. The revenue from SLA in 2016 amounts to around €25Mio⁴². Other sources of revenue for OIB received via recovery orders are proceeds from the sale of movable property (if any) and possible reimbursements of charges connected with the lettings.

The 2016 assets and liabilities, of around €1,200Mio, were related in large majority to the buildings and lands, either the EC property, on financial lease or on bought credit.

All OIB resources are subject to controls ensuring both legality and regularity and cost-effectiveness and efficiency.

Coverage of the Internal Control Objectives and their related main indicators

- **Control effectiveness as regards legality and regularity**

OIB 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 concerned. The control objective is to ensure that OIB has reasonable assurance that the total amount of any financial operation authorised during the reporting year which would not be in conformity with the applicable contractual or regulatory provisions, does not exceed 2% of the authorised payments. In order to reach this conclusion, OIB reviewed the results of the following key controls in place. For each item, materiality is assessed in accordance with Annex 4.

Error rate in OIB is estimated mainly on the basis of the results of a comprehensive ex-post control strategy.

Financial management and control is grouped around three core processes: 1) Procurement⁴³ (from the assessment of needs to the selection of the suppliers – award decision), 2) Financial operations (from establishing the financial commitment to payment, contract monitoring and recoveries) and 3) Supervisory measures (including ex-post controls and management checks).

For procurement, preventive controls in OIB are ensured via the GAMA⁴⁴ opinions, as well as by the central role of unit 'Finance & Public Procurement' which is involved in all procedures equal or above €135k.

The financial circuit in OIB is based on the "four eyes principle", which ensures that, before an operation is authorised, all its aspects (operational and financial) are verified by at least one member of staff other than the person who initiated the operation. In addition, the authorising officers by sub-delegation (AOS) give validation and confirm that all actions and controls required were completed by the initiating and verifying agents.

After the operation has been completed, a second level of control is performed by the ex-post control team. In this context the AOS and ex-post control reports represent one of the supervision activities which provide the basis of the management assessment.

Other key controls in place are the register of exceptions and non-compliance events, the

⁴¹ See table 7 in Annex 3. OIB receives also revenues off RO, e.g. parental contributions, "regularisation", "restauration protocolaire" etc. Altogether, the revenues from 2016 amount to around €47Mio, see table 5 of Annex 3.

⁴² Cashed recovery orders.

⁴³ Split in OIB between building and non-building procurement (see annex 5).

⁴⁴ Groupe d'Analyse de Marchés Administratifs: advisory group which manages non-building procurement procedures equal or above €135k. Before the award decision, any tender above the threshold established in the Directive 2014/24/UE (€135,000 in 2016) may be selected and examined by GAMA.

risk management procedures, the accounting controls and the regular reporting.

Preventive controls in procurement

Continuous efforts are in place to ensure the legality and regularity, the effectiveness and efficiency of the procurement management (key activity in OIB given the nature of its activities).

Indicators on the assurance of the procurement management give positive message: in 2016, 23 procedures (corresponding to 35 lots) above the threshold were submitted to GAMA corresponding to 25 lots awarded (€75Mio) and 10 unsuccessful lots. Out of the 23 procedures submitted to GAMA, 5 procedures (representing €36Mio) were selected for review, 4 of which received a positive opinion and in 1 case GAMA abstained from an opinion while recommending to the authorising officer to take the most appropriate decision based on an analysis of risks. Based on a detailed risk analysis, the OIB Director (Authorising Officer) decided to sign the contracts with the bidders selected in the procurement procedure.

In 2016, 50 contracts were signed for a total value of € 105Mio, among which 8 were inter-institutional (value of € 10Mio). 4 additional contracts were in a final stage for signature at the end of December 2016. Out of 35 lots finished in 2016, 10 were unsuccessful (1 case: no offer was received; 6 cases: the only offer received was not compliant technically; 1 case: the only offer received was not compliant financially; 1 case: the tender specifications were possibly not clear (financial form); 1 case: the tender specifications were erroneous (technical form)). Regular follow-ups and consistent supervision are in place (e.g. weekly reports on calls for tender procedures to the management).

Some exceptions / non-compliance situations occurred and have been authorised by the Authorising Officer and registered in the exception register (see section 2.1.3).

At the beginning of 2016, the complete review of the Procurement Project Framework concept was finalised introducing simplifications and elements aimed at shortening the procedures' time.

In the context of the IT rationalization in the Commission and in search of better efficiency, OIB has migrated from MarCo to PPMT (both procurement management tools). E-Tendering tool is systematically used for the publication of all open procedures and efforts are pursued for a paperless environment. In this context, OIB started the preparation for integrating the e-Submission.

A manual for low value procedures at OIB has been completely updated together with supporting documents. The OIB's "Procurement Helpdesk" provided a legal and procedural support to operational units and specific trainings were held on how to write technical specifications. The sector continued also its inter-service and inter-institutional cooperation (participation in GAMA, ILISWG, GTAQ, GPP Criteria revision, workgroup EMAS, etc.).

Regarding building procurement, OIB applies the procedures stipulated in the Communication from Vice-President Kallas to the Commission, on the definition of the methodology to be followed by the services of the Commission for prospecting and negotiating for buildings (C(2008)2299 adopted 3 June 2008). OIB consults the Real Estate Committee for each building project, in order to ensure that the rules have been followed correctly.

Payment delays

Thanks to strong efforts and a close monitoring (monthly reporting and discussion at the management meetings), OIB reduced the payment delays over the recent years, so that at the end of 2016, despite a peak in the number of late payments in May and June due to insufficient monitoring means in ABAC, OIB succeeded to keep the late payments rate below 5%, which is significantly below the Commission average of 12.5%. The average payment cycle time has been further reduced to a very low level, i.e. 21 days in 2016. Further details on payment delays are described in annex 3 – table 6.

Recovery orders⁴⁵

OIB closely monitors the issuance of recovery orders so that revenues are generated and cashed on time.

In 2016, 94% of the revenues from SLAs (services rendered in 2016) had been invoiced before the end of the year, of which around 85% cashed before the end year. For the remaining € 3.7Mio the deadline for the payment has not been reached as of 31.12.2016.

At the end of 2016, the amount of outstanding recovery orders was limited to €121k (compared to around €132k at the end of 2015). The main part of this amount (75%) was generated during previous years (from 2010 to 2013) and relates to contributions from the Council to the inter-institutional centre in Overijse. Discussions with the Council are in progress to solve this issue.

Ex post controls

Ex-post controls in OIB are one of the main supervision activities, which provide the basis of the management assessment and constitute the principal element for the estimation of the error rate. The controls are based on samples⁴⁶ of six types of transactions (payments, recovery orders, budgetary commitments and low, middle and high value procurement procedures). More details regarding the OIB ex-post control methodology are available in annex 10.3.

In 2016, 113 transactions and 3 low-value procurement procedures were controlled; none of them was classified as non-compliant error level 1⁴⁷. Additionally, 60 transactions were considered with error level 2 and 11 transactions with error level 3, providing a detected error rate of 0,01% (€6.836,20). These findings relate mainly to the correctness and/or lack of available supporting documents, lack of justification / explanation of calculation done and no full correspondence with the contractual basis. Shortcomings have been identified in the financial management of childcare activities due to inappropriate documentation, several uncertainties and slow responsiveness.

All ex-post findings were discussed with the units and an agreement on the findings and on the corrective actions were reached in most cases.

Regarding the follow-up of previous year's recommendations, at the end of 2016, 15 recommendations issued in previous years remained open, compared to 49 recommendations reported open at the end of 2015. Altogether, in 2016 246 recommendations were closed.

| Coverage of ex-post controls (in % of total amount) |
|--|
| 2016 average: 34 % - Payments: 23 % - Recovery orders: 79 % - Budgetary commitments: 39 % |
| <i>2015 data: Average 42%; Payments 33%; RO 72%; Budgetary commitments 47%</i> |

Overall in 2016, ex-post controls obtained assurance that the budget was well used for its intended purpose. None of the observations made had a financial impact on OIB's budget. Main observations were subject to a series of awareness actions addressed to all units and departments. The management of the OIB monitors the progress in corrective

⁴⁵ The term 'recovery orders' refers to 'requests for payment' (revenue) for services rendered and not to recovery of money subsequent to the detection of an error.

⁴⁶ The samples are representative for payments and recovery orders. Results for these transactions can therefore be extrapolated to the entire population of the same type of transactions.

⁴⁷ Serious error that should be considered by the AOD when giving its assurance in the AAR.

actions' implementation and main observations are discussed with the OIB Director, including bilateral meetings with the OIB management in the context of AAR preparation.

Authorising Officers by Sub-Delegation reporting

Together with ex-post controls, Authorizing Officers by Sub-Delegation (AOSD) reports are one of the supervisory measures in place in OIB. The Authorising Officers by Sub-Delegation provide the OIB's Director twice a year with a report on their activity, covering the results of operations in relation to objectives set, the associated risks, the use made of assigned resources and the problems that can have a financial impact on activities.

The main issues raised in these reports are synthesized and the implementation of actions designed to address them is regularly followed-up in AOSD summary reports which are brought to the attention of relevant Heads of Department and/or Heads of Unit and serve as a tool contributing to the assessment of internal control and budget/financial management. The provision of reports is also monitored and where needed appropriate reminders issued.

98% of the AOSD reports 2016 were received by end March 2017. No very serious issues were identified in the received reports. The main remarks mentioned are linked mostly to financial and contractual management across different units (e.g. follow-up of penalties, establishment of legal bases and improvements suggested in the context of payment and recovery orders verification).

74% of open issues identified in the syntheses relevant to actions resulting from previous reports are now considered as closed. No very serious issues are outstanding. The implementation of remaining actions will further contribute to improvements mainly in financial management linked to recovery practices and procedures.

Given that no significant issue was reported, the reports from OIB Authorising Officers by Sub-Delegation in 2016 contribute to reinforce the 2016 assurance of OIB management.

Accounting controls

The accounting control program of OIB consists of different types of controls (reconciliation, imputation control,...) on expenses, assets, bank guarantees, recovery orders and other miscellaneous operations. The accounting controls also provide assurance as to the accuracy of the financial transaction processing.

In 2016, the quality of OIB accounts remained high and no significant error was raised by the accounting controls performed. These results were achieved thanks to the good collaboration between the operational units and the accounting team.

- **Conclusion**

In conclusion, the analysis of the above mentioned control results, the assessment of the weaknesses identified and their relative impact on the legality and regularity have not unveiled any significant weakness which could have a material impact as regards the legality and regularity of the financial operations in OIB. Consequently, OIB Management can conclude that the control objective as regards legality and regularity has been achieved.

In the context of the protection of the EU budget, at the Commission's corporate level, the DGs' estimated overall amounts at risk and their estimated future corrections are consolidated.

For OIB, the estimated overall amount at risk⁴⁸ for the 2016 payments made is between €0,04Mio and €2Mio (despite the fact that the detected error rate was 0,01%, the principle of prudence incites to use the range between 0,01% and 0,5%, the latter being the Commission's average for this type of expenditure). This is the AOD's best, conservative estimation of the amount of expenditure authorised during the year not in

⁴⁸ In order to calculate the weighted average error rate (AER) for the total annual expenditure in the reporting year, detected, estimated or proxy error rates have been used (not the RER).

conformity with the applicable contractual and regulatory provisions at the time the payment is made.

This expenditure will be subject to further controls during subsequent years and a sizeable proportion of the underlying error will be detected and corrected in successive years, resulting in the detection and correction of some amounts. The conservatively estimated future corrections⁴⁹ for those 2016 payments made are around 211 k€. This is the amount of errors that the DG conservatively estimates to identify and to correct from controls that it will implement in successive years. The difference between those two amounts leads to the estimated overall amount at risk at closure of €0Mio – €1.8Mio.

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

| Risk-type /activities | Procurement (e.g. <u>minor</u> or major <u>values</u> ; k€) | <u>Cross-delegations</u> to other DGs (other AOXDs) k€ | NEI, e.g. Revenues, Assets, OBS ((in)tangible or <u>financial assets & liabilities</u>) k€ | Independent info from auditors (IAS, ECA) on assurance or on new/overdue critical recommendations available? | Any reservation? |
|----------------------------------|---|--|--|--|------------------|
| totals (coverage) | 390,574.6 ⁵⁰ | 66,017.8 | assets: 1,188,044.0 non-current liabilities: -1,123,704.5 current liabilities: -77,647.2 OBS: pour memoire | Yes | No |
| ICO-related indicators available | RER est. 0%, CES = yes, AFS = OK | RER est. 0%, CES = yes, AFS = OK | Clean Mngt Decl., SAI = OK, TFV = yes | no critical issue | |

⁴⁹ The "estimated future corrections" indicator is based on the DG BUDG methodology. It extrapolates the average corrective efforts over the last 7 years (0.054%) to the payments of the year 2016 (€390Mio).

⁵⁰ This amount represents the total of payments (on credits C1, C4, C5 and C8) including cross-delegations and co-delegations from OIB to other services and excluding credits delegated to OIB)

Table - Estimated overall amount at risk at closure

| OIB | "payments made" (FY; k€) | minus new prefinancing (FY;k€) | plus cleared prefinancing released and deductions of expenditure made by MS (FY; k€) | = "relevant expenditure" (FY; k€) | Average Error Rate (weighted AER; %) | estimated overall amount at risk at payment (FY; Mio€) | Average Recoveries and Corrections (adjusted ARC; %) | estimated future corrections [and deductions] (FY; €) | estimated overall amount at risk at closure (Mio€) |
|-----------------------|--------------------------------|---|---|---|--|---|--|---|--|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Budget Lines | as per AAR annex 3, table 2 | as per ABAC DWH BO report on prefinancing | as per ABAC DWH BO report on prefinancing | = (2) - (3) + (4) | Detected error rates, or equivalent estimates | = (5) x (6) | based on 7Y-avg historic ARC (as per ABAC DWH BO report on corrective capacity) but adjusted to be the best but conservative estimate for the current MFF | = (5) x (8) | = (7) - (9) |
| 26.010900.010300 | 80.9 | 0 | 0 | 80.9 | | | | | |
| 26.012000.010300 | 2,994.9 | 0 | 0 | 2,994.9 | | | | | |
| 26.012100.010300 | 3,501.8 | 0 | 0 | 3,501.8 | | | | | |
| 26.012201.010211 | 0.1 | 0 | 0 | 0.1 | | | | | |
| 26.012201.010300 | 8,451.9 | 0 | 0 | 8,451.9 | | | | | |
| 26.012202 | 186,033.3 | 0 | 0 | 186,033.3 | | | | | |
| 26.012203 | 84,017.9 | 0 | 0 | 84,017.9 | | | | | |
| 26.012204 | 29.1 | 0 | 0 | 29.1 | | | | | |
| 26.012205 | 5.0 | 0 | 0 | 5.0 | | | | | |
| 26.014000 | 1,218.5 | 0 | 0 | 1,218.5 | | | | | |
| ABB.1 | 286,333.4 | 0 | 0 | 286,333.4 | | | | | |
| 10.0105X3.11 | 3,530.1 | 0 | 0 | 3,530.1 | | | | | |
| 13.010401.11 | 65.7 | 0 | 0 | 65.7 | | | | | |
| 26.010900.010300 | 6.6 | 0 | 0 | 6.6 | | | | | |
| 26.012000.010300 | 64.9 | 0 | 0 | 64.9 | | | | | |
| 26.012000.010300 | 182.5 | 0 | 0 | 182.5 | | | | | |
| 26.012201.010201 | 3,298.4 | 0 | 0 | 3,298.4 | | | | | |
| 26.012201.010211 | 1.5 | 0 | 0 | 1.5 | | | | | |
| 26.012201.010300 | 2,003.4 | 0 | 0 | 2,003.4 | | | | | |
| 26.012203 | 1,157.4 | 0 | 0 | 1,157.4 | | | | | |
| 26.012204 | 10,755.9 | 0 | 0 | 10,755.9 | | | | | |
| 26.012205 | 10,414.5 | 0 | 0 | 10,414.5 | | | | | |
| 26.014000 | 141.4 | 0 | 0 | 141.4 | | | | | |
| 26.016004 | 10,036.5 | 0 | 0 | 10,036.5 | | | | | |
| ABB.2 | 41,658.8 | 0 | 0 | 41,658.8 | | | | | |
| 25.010211.00.05 | 83.3 | 0 | 0 | 83.3 | | | | | |
| 26.012201.010100 | 30,424.6 | 0 | 0 | 30,424.6 | | | | | |
| 26.012201.010201 | 30,465.7 | | | 30,465.7 | | | | | |
| 26.012201.010211 | 603.6 | | | 603.6 | | | | | |
| 26.012201.010300 | 1,002.9 | | | 1,002.9 | | | | | |
| 26.012301.010300 | 2.3 | | | 2.3 | | | | | |
| ABB.3 | 62,582.4 | | | 62,582.4 | | | | | |
| Overall, total | 390,574.6 | 0 | 0 | 390,574.6 | 0,01%-0.5% | =€0,04Mio - €2Mio; 0.01% - 0.5% of (5) | 0,054% | = 211 k€; 0.054% of (5) | =0 - €1.8Mio; 0-0.45% of (5) |

- **Cost-effectiveness and efficiency**

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

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. The principle of efficiency concerns the best relationship between resources employed and results achieved. The principle of effectiveness concerns the attainment of the specific objectives set and the achievement of the intended results.

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.

OIB has analysed the costs and benefits of the three main control processes, i.e. procurement procedures, (ex-ante) financial transactions and ex-post controls. However, since a quantitative estimation of all errors prevented and detected is not available (cost of non-quality), 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, the cost-benefits of controls are analysed on the basis of an estimation of the costs of control in relation to the value of the related funds managed.

The subsequent cost estimates are based on the overall cost of an official or contractual agent, estimated by the Commission, and includes a full cost approach (direct costs + indirect costs + overheads). In addition, the yearly comparability of figures is limited by the significant changes that appear inter alia in the value of contracts or in the number of procurement procedures.

For **procurement**, an estimated €4.3Mio was invested in controlling procurement procedures for a total value of €344.6Mio. Thus 1.2% of the total contract value was dedicated to controls. The average time to procure was 112 days in 2016 and 130 days in 2015. These figures demonstrate that OIB has achieved significant progress in the reduction of the time needed to conduct procurement procedures.

The procurement procedures are to a large extent a regulatory requirement which cannot be curtailed. Although the related "quantifiable" benefits are difficult to measure, there are important "unquantifiable" benefits, such as the "best value for money", the compliance with the Financial Regulation (and its Rules of Application) and a clear deterrent effect (otherwise the activity could become erroneous leading even to fraud and corruption). In fact, OIB's public procurement controls ensure that the procurement procedures and payment transactions arrive 'correct' for the signing of the Authorising Officer by (Sub)Delegation. OIB considers therefore that the necessity of these controls is undeniable, as a significant proportion of the appropriations would be at risk in case they would not be in place (see risks outlined in annex 5). In addition, the absence of negative opinions from GAMA reviews of procurement procedures contributes to ensure that procurement controls are efficient.

For transactions of the **financial circuits**⁵¹, an estimated €8.6Mio was invested in controlling financial transactions worth approximately €390Mio⁵². Thus 2.2% of the total amount of financial transactions carried out during the year was dedicated to controls. Payment delays in 2016 were below 5 % (corresponding to a few hundred euros of late interests paid⁵³) which is a very good result compared to the 12.5% for the Commission average. The average time to pay in 2016 was further reduced to a very low level, i.e. 21 days in 2016. OIB's time to pay in 2015 was 27 days. This reduction of the payment time, by over 20% compared to the previous year, is the result of the considerable

⁵¹ See Annex 10.1.

⁵² This amount corresponds to the amounts of payments published in table 2 of annex 3.

⁵³ The negative amount of late interest presented in Annex 3 was paid to the energy provider in consequence of some delayed payments.

efforts made by OIB in ensuring the efficiency of its operations. New working methods were implemented, such as the paperless processing of most financial transactions.

For supervisory measures (**ex-post controls**), an estimated €0.3Mio were invested in controlling financial transactions worth approximately €230Mio. Thus 0.1% of the total value of transactions checked ex post was dedicated to controls.

Overall, in 2016 OIB dedicated an estimated total of €13.2Mio to controls, corresponding to an overall cost of control of 3.4% of the total expenditure executed during the year.

| <i>Control efficiency indicators</i> | <i>2016</i> |
|--------------------------------------|-------------|
| - Procurement stage | 1.2% |
| - Financial transactions stage | 2.2% |
| - Supervisory measures stage | 0.1% |
| - Overall ⁵⁴ | 3.4% |

The improvement of control systems and the centralisation of public procurement (for procedures equal or above €135k), as well as for payments and ex-post controls helps to increase the know-how and to apply the best practices, ensures legality and regularity of transactions, brings economies of scale and reduces risks.

A comparison with the previous year shows an increase of 0.4% in the 2016 costs of controls. Of this, 0.1% is caused by the reduction of the amount of payments made in 2016 compared to 2015 while 0.3% is linked to the existence of vacant posts during the previous exercise and to the reorganisations done in 2016 which were designed to provide synergies over the longer term. It is important to note that the value of transactions and their number vary over the years which impact the stability of these indicators. In addition, there are significant differences between the intensity of controls for various types of transactions (e.g. controls for recurrent energy payments are less intense than those for complex refurbishments projects). This aspect limits the information provided by overall cost of control indicators and imposes minimum levels of controls for certain types of transactions. Finally, the slight increase in the cost of controls is accompanied by significant reduction in the time to pay and time to procure indicators, demonstrating the positive evolution of OIB's activities and the efficiency of its controls.

It is more difficult to perform an analysis of the relative efficiency of controls in the Office, based on relevant benchmarks with comparable methodologies, given that significant differences exist between the services of the Commission, hard quantified data is limited and there are inherent differences between the reasonable estimates made in various services.

The above mentioned quantified and non-quantified elements provide an indication that OIB's controls are efficient.

In accordance with article 66.2 of the Financial Regulation, the authorising officer by delegation uses the possibility to differentiate the frequency and the intensity of controls in view of the different risk-profiles of transactions. The decisions, on the reallocation of control resources and the redesign of control systems, consider relevant risks, existing workload, available resources and the constraints imposed by the regulatory framework. In 2016, OIB has reorganised some of its services in order to centralise the financial management of certain activities thereby establishing the basis for long term synergies and increased efficiency.

⁵⁴ The overall indicator does not correspond to the sum of the three indicators above as the denominator of each indicator is based on the value of the corresponding transactions and is therefore different from one indicator to another. The denominator of the overall indicator is the total value of payments done during the year.

- **Fraud prevention and detection**

OIB has developed and implemented its anti-fraud strategy⁵⁵, elaborated on the basis of the methodology provided by OLAF. OIB anti-fraud strategy's implementation was completed at the end of 2014 and fraud risks are identified in the OIB risk register (in a specific dedicated category) and are reviewed as part of the yearly risk assessment exercise. Additional mitigating measures are decided each time needed. A screening of the different measures listed in the anti-fraud strategy was carried out in autumn 2016 and confirmed that all controls and measures are in place and no significant issue was observed, although the implementation of a few actions still needed to be finalised or better formalised.

During the reporting year, no indications of fraud have been detected in OIB and no case was raised to OLAF or IDOC. No new investigation regarding OIB has been opened by OLAF in the past seven years.

In addition, the survey on the internal control standards realised at the end of 2016 showed that the anti-fraud awareness and the familiarity with anti-fraud regulatory documents and implementing tools are sufficient in OIB (around 80% of OIB management and around 50% OIB staff positively replied to this question). A larger set of other anti-fraud indicators is available in annex 10.3.

Consequently, OIB management concludes that OIB anti-fraud strategy is working effectively and that the risk of fraud in OIB is reasonably mitigated, what reinforces the assurance as to the achievement of the internal control objectives.

- **Control effectiveness regarding the safeguarding of assets and liabilities**

Due to the nature of its activities and the important level of fixed assets managed, the inventory management (and therefore the safeguarding of these assets) is an important control objective for the Office. Moreover, the subsequent risk of having assets stolen or lost has been identified for several years in the OIB risk register and appropriate mitigating actions are in place.

In 2016, the improving measures implemented during the previous years were continued, in particular a close relationship between the accounting team and the operational units. The current three-year tracking exercise launched in 2014 was pursued, reaching 94,5% (3-year tracking – 2014/2016) of all inventory items tracked at the end of 2016, compared to 72% at the end of 2015. Consequently, these improving measures in the tracking of assets over the recent years lead to either the turn up & reactivation or to the deactivation & write-off of certain assets. In 2016, this resulted in an accounting loss of €9k (compared to an accounting loss of €128k at the end of 2015), corresponding to a negligible annual net impairment of the net book value of the relevant asset classes.

Other controls relate to the verification of entry passes (together with DG HR.DS), which has been reinforced in 2016 in the context of the new security measures, in particular for contractors and sub-contractors.

In what concerns financial liabilities, there were no late payments and the payments corresponded to the contractual provisions.

Given the strong improvements observed since 2011 and the measures in place to reach a 100% tracking rate in the future and as no significant issue with a material impact was encountered during the reporting year, OIB Management considers that the control results are complete and reliable and that the control objective is achieved.

⁵⁵ Adopted in 2013

2.1.2 Audit observations and recommendations

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

In 2016, the European Court of Auditors (ECA) performed a review of OIB activities in the context of DAS 2016 and of DAS 2015. In what concerns IAS activity, 1 new audit and 2 follow-up audits were carried out by IAS during the year. All the audit results confirmed that the internal control systems audited are overall working satisfactorily, in line with the agreed action plans. Five very important recommendations remain to be addressed.

European Court of Auditors (ECA)

In the context of Discharge procedure (Statement of assurance - DAS) 2015 (finalised during the first half of 2016), the Court of Auditors reviewed 6 transactions (payments) and 2 procurement procedures. For one of these transactions, OIB provided supplementary information / documentation on the preliminary observations made by the Court. None of the reviewed transactions gave rise to any observation from the Court in its Annual Report. As every year, the Court also reviewed the supervisory and control systems and the 2015 annual activity report of OIB and had no observation in this regard.

In the context of DAS 2016 (launched in summer 2016), the Court reviewed 2 transactions (payments). OIB replied to all questions and additional requests for information from the Court. None of transactions led to preliminary findings. At the end of March 2017, the final report from the Court has not been received yet but no significant issue was raised by the Court.

IAS⁵⁶ and DG BUDG audits and follow-up audits

Based on the results of the audits and follow up audits carried out by the IAS and the former IAC, IAS audit opinion concluded that the internal control systems audited are overall working satisfactorily although five very important findings remain to be addressed in line with the agreed action plans. This conclusion takes the form of a limited assurance.

During the year 2016 the IAS carried out an audit on the management of the procurement and building procurement process. OIB was assessed with recommendations⁵⁷ calling for improvements in the initial phases of the procurement procedures, more transparency to the real estate procuring process as well as the application of the ex-post methodology and the follow-up of related controls. A relevant action plan was established which was agreed with the IAS.

OIB was also subject to two follow-up audits (of important priority): on the validation of local systems within OIB by DG BUDG and on income in the childcare facilities (CPE) by IAS (originally issued by IAC). DG BUDG closed actions related to imprest accounts, checklists and recovery orders. The on-going work on the improvement of procedures and the quality of data in registering invoices will be assessed at the end 2017. The verification in CPE is on-going at the time of the AAR publication.

As far as audits from previous years are concerned, two very important recommendations remain open from the IAC audit on concept and reproduction. Both recommendations are linked to the implementation of an IT system supporting the

⁵⁶ Following the Commission's decision to centralise the audit function, the IAS is now solely responsible for conducting internal audits in the Commission.

⁵⁷ Including two very important recommendations.

process. They are overdue by more than 6 months according to their original implementation date and the finalisation of their implementation is planned for June 2017. Alternative tools exist allowing the unit to carry out its operations and to achieve operational objectives.

Other selected recommendations reviewed IAS (as considered by OIB as closed) from the concept and reproduction audit were confirmed by the IAS as implemented.

In case of an audit on management of absenteeism, a series of actions resulting from very important recommendations were implemented reinforcing both the analysis on absenteeism as well as the existing guidelines on absenteeism management for line managers. The establishment, in cooperation with DG HR, of a dedicated benchmarked reference rate is still on-going and planned for end March 2017⁵⁸.

Finally, in what concerns the IAS audit on financial circuits two recommendations are still in process of being implemented. The roles and responsibilities in financial transactions have been clarified, new payment and recovery order checklists have been established, and awareness raising reminders have been set up. The remaining actions, none of which is of critical or very importing priority, are scheduled for October 2017.

Conclusion

As a result of the assessment of the risks underlying the auditors' observations together with the management measures taken in response, OIB management concludes that none of the new or pending very important IAS recommendations or management related recommendations by the ECA raises an assurance issue. OIB will continue its efforts to implement the action plans resulting from the audit recommendations and to take measures to mitigate the issues raised, as part of the on-going effort of continuous improvement.

⁵⁸ Related to a very important recommendation

2.1.3 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.

OIB 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.

As required by the Internal Control Standard 15, OIB conducted a 2016 review of the compliance and effectiveness of its internal control system. The assessment was carried out through different sources:

- Compliance review based on a desk review: exchanges of information and documents and meetings with the different people closely involved in the implementation of the standards;
- Effectiveness review: two online questionnaires on ICS addressed to OIB Management and to a representative sample of staff plus relevant results of 2016 Staff Survey addressed to the EC staff⁵⁹; the entire internal control system of OIB was assessed as being widely effective by most of OIB personnel;
- Wherever relevant, compliance and effectiveness were also assessed against indicators, analyses, audit results, exceptions and non-compliances cases, and the results of the risk assessment.

High-level exception / non-compliance reporting

In 2016 the number of exceptions and non-compliance events remained stable (35 vs 36 in 2015). The majority (54%) were linked to the lack of anticipation in establishing legal and budgetary commitments. The main ones concern the maintenance services for coffee machines, provision of interim staff, different works in CIE Overijse, software hosting, the supply of gas and electricity as well as contracts providing for: rentals of water fountains, removal services, and office chairs.

Procurement-related exceptions and non-compliance events were introduced to increase the thresholds of contracts providing for storage and management of movables, the food in the protocol restaurant and to allow finalisation of works in CIE Overijse. The lack of legal base was recorded for consulting services and supplementary fees for the organisation of an architectural completion. Additional cases were launched to allow the modification or further clarification of contractual provisions.

Other instances were recorded for maintenance and works contracts and concerned more specifically the non-respect of the internal rules for the validation of requests for interventions/works, the principle of annuality and the use of budgetary appropriations.

Thanks to these exceptional measures authorised, the continuity of the services or operations could have been ensured.

All 2016 cases were duly registered and validated via a dedicated IT application (online register of exceptions), appropriate corrective measures are put in place on a regular basis to mitigate the associated risks. None of 2016 cases was considered to have a negative impact on the assurance of the Office.

Risk management

Risk management in OIB is a continuous and systematic process for identifying and

⁵⁹ Response rate for ICS survey: 88% of the managers and 56 % of the staff sample. Response rate for 2016 Staff Survey: around 36 % of the staff, compared to 51% for the Commission.

managing risks in line with the accepted risk level and is an integral part of the management of any activity. Many of OIB risks are inherent risks resulting from the operational nature of the activities (some of them cannot be avoided without discontinuing the related activities).

Risk management exercises are conducted within OIB at least once a year in the context of the preparation of the Management Plan. In November 2016, a new risk assessment workshop with OIB Management was performed and allowed to review and assess each risk and to build a new risk map. The risk register was then updated and validated by OIB Director: 12 risks were retained, one of them being classified as critical (the general safety risk of buildings, equipment and operating activities; the risk did not materialise in 2016). Three new risks (two fraud-related and 1-operational processes related) were identified. The majority of defined mitigating measures are already in place, the other are being implemented.

With all the identified risks, with a special focus on the critical risk, being properly managed, the OIB risk assessment process is effective and reinforces the assurance of the Office.

Conclusion

At the end of 2016, concerning the overall state of the internal control system, OIB complies with the three assessment criteria for effectiveness; i.e. (a) staff has the required knowledge and skills, (b) systems and procedures are designed and implemented to manage the key risks effectively, and (c) no instances of ineffective controls exposing the Office to its key risks has been observed. This statement was confirmed by the results of the compliance and effectiveness review of the internal control system carried out for 2016, namely:

- There was no major event impacting the functioning of OIB's control system in 2016 and all ICS were assessed as being compliant and effectively implemented;
- No significant issue was pointed out by the European Court of Auditors nor by the IAS in their audit reports;
- Appropriate actions have been taken to mitigate the risks identified in the 2016 risk assessment;
- Issues raised in audits, AOSD reports, ex-post controls, risk-assessment, exceptions and litigations are addressed by an action plan and followed-up on a regular basis. None of these issues identified in 2016 was assessed as significant;
- The document management reports and surveys produced by Secretariat General showed positive results for OIB;

OIB has assessed the internal control systems during the reporting year and has concluded that the internal control standards are implemented and functioning as intended.

2.1.4 Conclusions as regards assurance

This section reviews the assessment of the elements reported above (in Sections 2.1.1, 2.1.2 and 2.1.3) and draws conclusions supporting the declaration of assurance and whether it should be qualified with reservations.

The information reported in this section stems from the results of management and auditor monitoring and a systematic analysis of the evidence available. Such approach provides sufficient guarantees as to the completeness and reliability of the information reported and covers the entire budget delegated to the OIB Director. The results of these controls and analyses are the following:

- The audits performed by the European Court of Auditors, the IAS and DG BUDG in 2016 did not raise any significant weakness; a proper follow-up of the audit recommendations is carried out to ensure their effective implementation; the

recommendations qualified as very important are closely monitored to ensure both the implementation progress and attainment of the operational objectives;

- All but one procurement procedures reviewed by GAMA received a positive feedback⁶⁰;
- Ex-post control results did not raise any serious error (no issue with significant financial impact i.e. error level 1);
- No significant issue was mentioned in the reports from the authorising officers by sub-delegation (AOSD) to the Director;
- None of the registered exceptions had a significant impact on the assurance of the Office and appropriate corrective measures were put in place to mitigate these risks;
- All the identified risks, with a special focus on the critical risk, are properly mitigated and managed and the risk assessment process is effective. In addition, the intrinsic risk for administrative expenditure managed by OIB (including procurement) is relatively low because of the centralised and direct mode of budget implementation. The underlying risks are effectively mitigated;
- OIB internal control system has been assessed as compliant with the requirements of the internal control standards and, in its entirety, effective. Efforts are made to ensure its continuous improvement.
- The delays of payment have been kept again to a very low limit in 2016 (much lower than the EC average), majority of recovery orders issued in 2016 were cashed in; the quality of OIB's account remained at a high level;
- Management reporting is widely present in OIB and allows ensuring that the objectives are properly followed up and that Management is aware of any potential significant issue;
- On the basis of the available quantified and non-quantified elements, the set of controls in place in OIB can be assessed as reasonably efficient;
- The risk of fraud is reasonably well mitigated: no indication of fraud was detected and no new investigation regarding OIB has been opened by OLAF or IDOC; and anti-fraud awareness is sufficient among OIB personnel;
- The controls in place to ensure the safeguarding of assets did not reveal any significant issue with material impact and were assessed as effective;
- The reports from the relevant authorising officers in all cases of cross-sub-delegations made by OIB to other DGs/Services did not raise any particular issue and provided reasonable assurance.

On the basis of the above elements and taking into account the materiality criteria presented in annex 4, OIB's Authorised Officer by Delegation can confirm that:

- None of the identified weaknesses is significant in **qualitative** terms;
- None of the identified weaknesses is significant in **quantitative** terms (more explanation on page 33);
- No major event likely to negatively impact the Commission's or OIB's reputation occurred in 2016.

Taking into account the above elements supporting OIB assurance, it is possible to conclude that the internal control systems implemented in OIB provide reasonable assurance as to the legality and regularity of the underlying transactions as well as to the achievement of the other internal control objectives (true and fair view, resources used for the intended purpose, sound financial management, non-omission of significant

⁶⁰ See explanation under point 2.1.1 Control results, subsection "Preventive controls in procurement".

information, efficiency of controls, prevention and detection of fraud, and the safeguarding of assets) for both expenditure and revenue operations.

Overall Conclusion

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

DECLARATION OF ASSURANCE

I, the undersigned,

Executive Director of OIB

In my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view⁶¹.

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 limited conclusion of the Internal Auditor on the state of control 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 Commission.

Brussels, date 31/03/2017

"signed"

Marc Mouligneau

⁶¹ True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG.

2.2 Other organisational management dimensions

2.2.1 Human resource management - Annual work programme

Objective : OIB deploys effectively its resources in support of the delivery of the OIB's priorities and core business, has a competent and engaged workforce, which is driven by an effective and gender-balanced management and which can deploy its full potential within supportive and healthy working conditions.

Indicator 1: Percentage of female representation in middle management

Source of data: OIB data

| Baseline (2015) | The latest known results (2016) | Target (2020) |
|-------------------------|---------------------------------|--------------------------|
| 25% (3 posts out of 12) | 35.7% (5 posts out of 14) | 40% (Commission average) |

Indicator 2: Percentage of staff who feel that the Commission cares about their well-being

Source of data: Commission staff survey

| Baseline (2014) | The latest known results (2016) | Target (2020) |
|-----------------|---------------------------------|--------------------------|
| 29% | 36% | 37% (Commission average) |

Indicator 3: Staff engagement index for OIB Staff

Source of data: Commission staff survey

| Baseline (2014) | The latest known results (2016) | Target (2020) |
|-----------------|---------------------------------|--------------------------|
| 64% | 60% | 74% (back to level 2013) |

Main outputs in 2016:

OIB's 2016 HR strategy focused on adapting the staffing-structure of the Office to meet business priorities and to enhance capacity to deliver on OIB's operational objectives. The management of HR in 2016 was characterized by a flexible, business-driven approach.

1. Structure of OIB workforce:

- OIB re-allocates posts to synchronize workforce planning across OIB with a flexible approach. The transformation of AST posts into AD posts is carried out to improve management capacity and to further develop and promote internal mobility. The staff reduction (3% for FO and 1% for AC, in total 20 posts rendered) continued to apply in 2016. Succession planning for all key functions remains among OIB priorities especially in the management functions but also considering the ageing OIB AST population.

2. HR deployment to the Synergies & Efficiencies exercise in Logistics:

- For the Synergies & Efficiencies (S&E) Logistics project, OIB's HR team participated in the successful launch in July 2016 of a pilot project with the participation of 3 DGs (SANTE, GROW, BUDG) to test the new logistics service delivery model in the form of a Proximity Team. OIB's HR and Logistics teams also launched a pilot for the new mail delivery system foreseen under the S&E exercise, resulting in the redeployment of 4 staff members. In the second semester the selection process of the newly created Space Design Team has been completed (14 colleagues identified in DGs who will join OIB in the first trimester of 2017). In October 2016 a call of expression of interest has been addressed to 200 colleagues working in logistics functions in the Commission. Interview sessions were running as of November 2016 to identify new jobs in OIB for the colleagues concerned. The full roll-out of the S&E exercise is foreseen for 1 April 2017.

3. Staff motivation and engagement:

- Staff motivation and engagement is prioritised through a number of initiatives for career development, mobility and 'Well-being'. The continued follow-up of the Away-day results is on-going. 12 of the 15 actions proposed are already in the implementation phase: e.g. organised 'team building sessions'; organised working groups for the concrete follow up of all the discussed themes: 7 working groups produced Action Plans related to all themes, discussed with staff and presented to the management in 2016.
- On-going implementation of the Equal Opportunities Plan and its policy to encourage female management talents: new female heads of unit and deputies are nominated (5 posts).

4. In-house talent management programme:

- OIB prioritizes learning & development to meet the possible changes in staff competency requirements in the long-term. Specific training courses were organised within a framework of the Strategic Training Programme to ensure high professional standards and the continued professionalisation of OIB staff: 25 modules organised, 943 participants, nr of training days: 1038. OIB proposed mobility/or training initiatives for the AD/GFIV population analysed in 2015 and carried out further analysis for the remaining categories of staff (AST/FGI-III) with the view of promoting the mobility within OIB.

5. Staff absenteeism⁶²:

- The OIB sickness absence rate fell from 7.4% in 2014 to 7% in 2016.
- The analysis and follow up of specific situations and the implementation of targeted actions related to working conditions and staff engagement (such as "Well-being" activities, promotion of career development and mobility, administrative simplifications) continued in pursuit of the reduction of sickness absence levels. An audit of absenteeism was carried out and a detailed action plan to address issues raised was approved. All but one of the actions foreseen in the action plan has been completed.

6. Internal Communication:

- An active OIB Communication Plan is executed and aligned with OIB's main operational challenges. The 2016 priority communication focused on the promotion of the CIE and the follow-up of the OIB away-day (creation of working groups, organisation of conferences and presentation of an action plan for management). In parallel, a Communication Strategy for 2016-2018 is under preparation, taking into account the latest Synergies and Efficiencies Review in the domain of Logistics.

Conclusion: The execution of the annual programme of work in the area of Human Resources managed by OIB has met its objective and has met the annual performance indicators and achieved outputs foreseen for the reporting year.

⁶² The sickness absence rate in OIB is not comparable with other DGs, because many OIB staff (nearly 60%) works in a demanding environment e.g. childcare nurses are constantly in close contact with infants, which increases their risk of disease; some staff carry out manual activities which stress their physical limits; the presence on construction sites involves an increased risk of accidents.

2.2.2 Information management aspects – Annual work programme

Objective: Information and knowledge in OIB is shared and reusable by other DGs. Important documents are registered, filed and retrievable.

| Indicator 1: Percentage of registered documents that are not filed⁶³ (ratio) | | |
|--|-----------------------------|-----------------------------|
| Source of data: <i>Hermes-Ares-Nomcom (HAN)</i> ⁶⁴ statistics | | |
| Baseline (2014) | Latest known results (2016) | Target ⁶⁵ (2020) |
| 0.8% | 0.13% | 0.5% |
| Indicator 2: Percentage of HAN files readable/accessible by all units in the DG | | |
| Source of data: <i>HAN statistics</i> | | |
| Baseline (2014) | Latest known results (2016) | Target (2020) |
| 50% | 46.66% | 65% |
| Indicator 3: Percentage of HAN files shared with other DGs | | |
| Source of data: <i>HAN statistics</i> | | |
| Baseline (2014) | Latest known results (2016) | Target (2020) |
| 0% | 3.96% | 10% |

Main outputs in 2016:

The quality of document management was ensured through the performance of regular quality controls on regular/non sensitive documents, the provision of updated documentation and the execution of on demand services to meet the needs of various OIB colleagues.

In particular, OIB continued to maintain high compliance with E-Domec rules through the implementation of the annual document management action plan. The efforts went to the increase of e-signatory electronic validation to include out-going documents following the introduction of the e-Stamp, the appraisal of non e-Domec files, first review of HAN files and widening access to files both within OIB and with other DGs/Service.

Conclusion: Although the percentage of HAN files accessible by all OIB units could progress towards 2020 target, nevertheless the value shown stability in this field and proved the need for better focus in 2017 in order to obtain an increase of +/- 15% by set deadline. The execution of the annual programme of work in the area of document management, in overall, has met its objective and has achieved the annual performance indicators and outputs in the reporting year.

This section covers also the missing components such as chapter on "Better regulation" and "External communication activities", which are not applicable to OIB. For an extensive reporting on all components referred in the OIB Management Plan 2016, please refer to Annex 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 requires that the

⁶³ Each registered document must be filed in at least one official file of the *Chef de file*, as required by the [e-Domec policy rules](#) (and by ICS 11 requirements). The indicator is to be measured via reporting tools available in Ares.

⁶⁴ Suite of tools designed to implement the [e-Domec policy rules](#).

⁶⁵ Targets in the area of Information management aim to ensure gradual, stable progress.

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

OIB 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 OIB:

Example 1

Electronic treatment of financial transaction files:

One of OIB's objectives is to electronically process financial transactions and to introduce electronic invoices (e-invoicing), expected in the course of 2017. The solution that has been implemented internally involves electronic transmission of payment files between the operational units and the central financial unit.

In 2016, OIB expanded the pilot project for the paperless transmission of all financial files, including not only payments, but also recovery orders, budgetary commitments, legal entities, bank accounts and guarantees. This success allowed the transition to the next phase of the project, which consists of the decentralized archiving of the originals of the respective operational units.

Throughout 2016, the results of the electronic treatment of files showed improved efficiency (improved speed of transmission of files; documents/files are saved and archived in a more harmonised way) and the smooth transmission and treatment of files. The paperless treatment (of payment files) is now applied by all OIB units and for all types of financial transactions (budgetary commitments, recovery orders, legal entities, etc.). This improvement leads the way to a fully 'paperless' Office.

The use of the *e-signataire* within OIB is regularly above 90% of all documents for which the *e-signataire* could be used.

The project will continue throughout 2017.

Example 2

The REMIS project: an IT solution aiming at facilitating the management of the Commission' real estate portfolio by optimising the surface area usage of EC buildings.

As part of the conducted IT rationalisation exercise, OIB carried out a comparative business processes study on OIB/OIL IT systems, which resulted in the decision to migrate to the IT solution on real estate management used by OIL.

The project will continue with the deployment of modules supporting other business processes during the coming years and its realisation will last until 2020. The system will allow OIB to consolidate and rationalise its IT management of the Commission's real estate portfolio to achieve its space-saving objectives.

In order to put in place this new IT solution, a feasibility study on the real estate business processes within OIB, assessing the impact of deploying a software suite replacing a number of existing systems, was conducted in the course of 2015. The first modules for contract and portfolio management acquired in 2014 were deployed into production in 2015. A call for tender designed to acquire IT services for the following phases was published and the contracts were signed in 2016. This will allow the OIB to improve its reporting and management capabilities in 2017 with regards to space and allocation activities during phase 2 of the project.

ANNEXES⁶⁶

ANNEX 1: Statement of the Internal Control Coordinator

ANNEX 2: Reporting – Human Resources, Better Regulation, Information Management, External Communication and Internal Control

ANNEX 3: Annual accounts and financial reports

ANNEX 4: Materiality criteria

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

ANNEX 6: Not applicable

ANNEX 7: Not applicable

ANNEX 8: Not applicable

ANNEX 9: Not applicable

ANNEX 10: Specific annexes related to "Financial Management"

ANNEX 11: Not applicable

ANNEX 12: Not applicable

⁶⁶ The annexes are provided separately from the main AAR document.