

ANNEXES

ANNEX 1: Statement of the Internal Control Coordinator¹

I declare that in accordance with the Commission's communication on clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission², I have reported my advice and recommendations to the Head of Service on the overall state of internal control in OIB.

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

Brussels, March 31st, 2017

"Signed"

Dragos Trusca
Internal Control Coordinator

¹ In OIB, the Head of Sector 'Programing, budget and internal control coordination' is entrusted with the function of Internal Control Coordinator. He reports to the Head of Unit ' Budget, public procurement, internal control and programming', who reports to the Director of the Office.

² Communication to the Commission: clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission; SEC(2003)59 of 21.01.2003.

ANNEX 2: Reporting – Human Resources, Better Regulation¹, Information Management², External Communication and Internal Control

1. Human resources

1.1 OIB staff structure

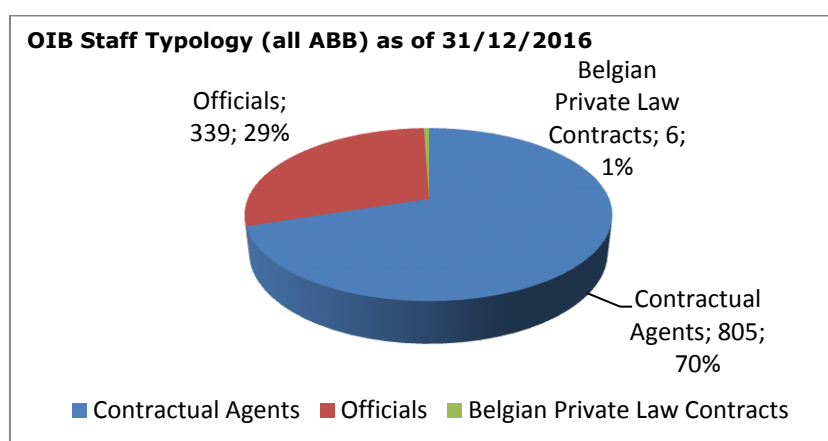
OIB is one of the largest services in the Commission in terms of staff numbers. Efficient human resources management is therefore of key importance for the successful execution of the operational activities and the services provided by the Office.

Total staff numbers fell to 1150 in 2016 as a result of the mandatory staff reductions (3% for FO (1% staff cut and 2% redeployment tax) and 1% for CA) applied during the year.

70% of OIB staff are contract agents (mostly FGI and FGII) of whom the majority have contracts of unlimited duration.

The staff structure of OIB differs from most services and DGs of the Commission in that there are some very specific job profiles for staff carrying out the operational activities of the Office, such as: nursery nurses, educators, drivers, building superintendents and staff doing manual tasks.

At 1.7%, the percentage of local support and coordination functions (local overheads) in OIB in 2016 is well below the Commission average of 6.4% and the average for the administrative offices (4.1%). In addition, it should be noted that the management structure in OIB is relatively light with only 12 units (with an average staff of +/- 100 and maximum of over 200) and a low number of AD staff (+/- 80 or just over 7% of the total population of the Office). Most of the AD staff in OIB has management responsibilities and in recent years a number of AST posts (2 in 2016) have been converted into AD posts in order to strengthen the overall management capacity of the Office. As a result, the percentage of AD staff amongst the officials working in OIB has increased slightly in recent years.



Human Resources by ABB activity at 31/12/2016

Code ABB Activity	ABB Activity	Establishment Plan posts	Contractual agents + private law contracts	Total
ABB1	Building and related costs	81	93	174
ABB2	Equipment and services	196	655	851
ABB3	Administrative support	62	63	125
Total		339	811	1.150

¹ The chapters: 'Better regulations' and 'External communications' are not applicable to OIB.

² Please see chapter 2.2

1.1 Human resources - 2016 work programme

Objective 1: OIB deploys effectively its resources in support of the delivery of the Commission'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.			
Main outputs in 2016:			
Description	Indicator	The latest known results (2016)	Target 2016
1. Structure of OIB workforce			
<p>Key actions:</p> <p>1.1 Introduced reductions in posts whilst maintaining the operational effectiveness of OIB, reductions (simplifications and rationalisation measures, and synergies, transfer or reductions of activities); Ensured succession planning for key functions.</p> <p>1.2 Rendering the required amount of posts without endangering the functioning of the OIB and whilst maintaining an acceptable work load for remaining staff.</p>	1.1-1.2 Identification of reductions foreseen within the time limits	1.1-1.2 Implemented above 100% of the plans foreseen: 12 FO and 8 CA posts rendered.	1.1-1.2 100% achievement in line with schedule foreseen (8 posts to be rendered by June 2016 corresponding to 2% reduction)
2. In-house talent management programme			
<p>Key action:</p> <p>2.1 Delivered regular meetings with Heads of Departments in order to revise the staff situation and identify cases of potential mobility/training needs etc. on a rolling schedule in order to cover all categories of staff.</p> <p>2.2 On-going analyses of the AST/GFI, GFII and GFIII staff in collaboration with Heads of Departments in order to present the plan for individual mobility and training initiatives.</p> <p>2.3 On-going preparation of mobility/training proposal for the AD/GFIV population analysed in 2015.</p>	<p>2.1 Meetings with the 3 Heads of Departments</p> <p>2.2 Meeting with the Director</p> <p>2.3 Deliver as planned</p>	<p>2.1 100% implemented</p> <p>2.2 On-going due to re-allocation of priorities to projects: S&E in logistics, creation of AMC structure.</p> <p>2.3 On-going, as above.</p>	<p>2.1-2.2 100% achievement in line with the schedule foreseen</p> <p>2.3 In the course of year</p>
3. Staff motivation and engagement			
<p>Key actions:</p> <p>3.1 Follow-up of the staff participation in the 'Away day', organisation of 'team building sessions'; Organise working groups for the concrete follow up of all the discussed themes. 15 actions have been identified for implementation – majority of actions was successfully accomplished; not entirely finalised due to reallocation of priorities in the course of year.</p> <p>3.2 Follow up on the Equal Opportunities Plan; ensure identification of female AD staff with the managerial potential.</p>	<p>3.1 Percentage of realisation (%)</p> <p>3.2 Deliver as planned</p>	<p>3.1 On-going, 80% of entire programme is in the implementation phase (12 out of 15 actions); remaining 3 actions to be developed in 2017.</p> <p>3.2 On-going (reallocation of priorities)</p>	<p>3.1 100%</p> <p>3.2 In the course of year</p>

3.3 Proposed relevant training courses in the 2016 strategic training program: 103 modules organised, 1615 participants, 1793 training days; in addition, on-going information sessions on key HR issues (4 sessions held).	3.3 Proposals for actions relating to all themes, discussed with staff and presented to management in 2016	3.3 Delivered; 100% of training budget executed.	3.3 Deliver as planned
4. Stabilise staff absenteeism			
The sickness absence rate in OIB is not comparable with other DGs, because many of OIB employees perform their activities within 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 constructions sites involves an increased risk of accidents).			
Key action:			
4.1 Implemented action plan resulted from IAS audit on management of absenteeism in Offices, except one action related to the benchmark rate which is under the analysis of DG HR.	4.1 Deliver as planned	4.1 Delivered (except one action which shall be accomplished by 31/03/2017)	4.1 In the course of year

2. Internal Control – 2016 work programme

Overarching objective: The Authorising Officer by Delegation should have reasonable assurance that resources have been used 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 including prevention, detection, correction and follow-up of fraud and irregularities.			
Objective 1: Effective and reliable internal control system giving the necessary guarantees concerning the legality and the regularity of the underlying transactions.			
Indicator 1: Estimated residual error rate			
Source of data: OIB data			
Baseline (2014)	The latest known results (2016)	Target (2020)	
0% (no serious error)	0% (no serious error)	Below the materiality criteria of 2%.	
Indicator 2: Estimated overall amount at risk for the year for the entire budget under OIB responsibility.			
Source of data: OIB data			
Baseline (2014)	The latest known results (2016)	Target (2020)	
0 €	0 € (no serious error)	Below the materiality criteria of 2%.	
Indicator 3: Estimated future corrections			
Source of data: OIB data			
Baseline (2009-2014)	The latest known results (2016)	Target (2020)	
185 k€/year ³	211k€	None	

Objective 1: Effective and reliable internal control system giving the necessary guarantees concerning the legality and the regularity of the underlying transactions.			
Main outputs in 2016:			
Description	Indicator	The latest known results (2016)	Target 2016

³ "Estimates future corrections" is an indicator based on DG BUDG methodology.

1. Structured internal control coordination			
Key actions:			
1.1 Organized a review of OIB Risk Register: desk review of mitigating measures and potential new risks was carried out in June 2016 and the dedicated to risks assessment workshop organised for management took place in November 2016.	1.1 Deliver as planned	1.1 Delivered as planned (100%)	1.1 100%
1.2 Organized an assessment of OIB internal control system (effectiveness and compliance with the ICS requirements).	1.2 Deliver as planned	1.2 Delivered as planned (100%)	1.2 100%
1.3 Ensured the coordination of the different audits (ECA, IAS) and the coordination of implementation of the subsequent action plans and relevant reporting were ensured.	1.3 Deliver as planned	1.3 Delivered as planned (100%) The follow up on action plans resulted from various audits was ensured twice a year, reporting on the implementation status was ensured.	1.3 100%
Security of IT local applications:			
1.4 Carry-out a review for the Security Plan of REMIS - postponed to 2017 as the draft Security Plan of MyOIBPrint became more urgent due to necessity of having an input to security conventions.	1.4-1.6 Deliver as planned	1.4 Postponed to 2017 due to changes in priorities.	1.4 First Quarter 2016
1.5 Carried out ABAC Access rights review.		1.5 Delivered	1.5 Second Quarter 2016
1.6 Carried out review on OIB Information System compliance with Security Policy review - technical compliance checking was carried out over a five year period in accordance with the OIB's Framework for Information Systems Security that OIB newly adopted in 2016, to address control design deficiencies identified in the IS/IT Security Plans.		1.6 Delivered	1.6 by 31/12/2016
2. Legality and regularity	2. Estimated residual error rate	0% (no serious error)	2. Below the materiality criteria of 2%

The 2016 key deliverables in the area of internal control and ex-post control are the following:

Internal control coordination:

- OIB applies a structured coordination of internal control designed to provide reasonable assurance regarding the achievements of OIB's evolving objectives. In the course of the year 2016, OIB prepared the various documents of the Strategic Planning and Programming cycle: the 2015 Annual Activity Report (finalized in the beginning of the year), the 2016 Mid-Term Review and Progress Report on internal control matters as well as the 2017 programming document i.e. the Management Plan. The preparation process for the 2016 AAR was initiated at the end of the year, with the organization of (and the provision of documentation for) the bilateral meetings between the director of the Office and OIB managers.
- In order to ensure that the control systems active in OIB are adapted to the evolving risks faced by the Office, special attention was paid to analysing their costs and benefits. OIB's Risk Register was updated throughout the year in order to ensure that mitigating measures are implemented in a timely manner and to identify potential new risks. The annual risk assessment management workshop was organised in November 2016 in the framework of preparation of the

Management Plan 217, allowing the management to review the key risks and to properly respond to them.

- OIB's compliance with the Internal Control Standards (ICS) was assessed to ensure that it meets all the baseline requirements. The effectiveness of the implementation of the ICS was evaluated through, among others, electronic surveys adapted to OIB's needs, allowing a large number of colleagues (88% of managers and 56% of staff) to express their opinion regarding the functioning of ICS as well as to communicate any concerns that they might have. In order to avoid duplicated efforts and to simplify the questionnaire, a part of the standards were evaluated using the General Staff Survey in the Commission (between 392 and 404 respondents). The effectiveness exercise and the compliance analysis contributed to providing the AAR assurance regarding the operation of internal control systems in OIB.
- In order to strengthen the ICS implementation in OIB, OIB carried out regular control exercises such as the update of the Litigations Register, the analysis of access rights to financial systems, follow-up reports of observations made in AOS reports, etc. Regular reports were prepared on the prevalence of exceptions in OIB and specific guidance was provided to the different actors involved. The Office was represented regularly in the horizontal networks active in the Commission, such as the Internal Control Coordinator network, the Strategic Planning and Procurement network, the anti-fraud prevention network, the network of financial units, the intellectual property right network, etc.
- Internal control coordination was ensured within OIB units to deliver the information requested by various auditors and to facilitate their work, to monitor the implementation of audit recommendations in OIB and to certify the correctness of the information reported to the Audit Progress Committee. The audits carried out in 2016 were focused on the management of procurement process in OIB, which had very few remarks and only two recommendations and the follow-up of the BUDG validation of the accounting systems. Special focus was given to providing timely contributions to the audit requests in the context of the discharge process carried out by the Court of Auditors. The annual report of the Court did not highlight any remark for OIB.

Ex-post control:

- The ex-post working programme is continued in accordance with the 2016 Monetary Unit Sample (MUS) methodology. None of 116 transactions issued in the period of 1 January 2016 until 31 December 2016 which were verified, were classified as having a serious error level 1, all being assigned to the category of level 2 or 3 error⁴. A proper follow-up of recommendations is ensured.
- The Local Informatics Security Officer function contributed to strengthening the compliance of IT systems in OIB with the applicable regulatory framework as well as to timely addressing all security issues. The IT Security Framework was approved after the repeated consultation of relevant stakeholders and the delivery of two presentations during management meetings. Moreover, OIB assisted the Directorate for Security in the implementation of specific Enhanced Security Measures.

Conclusion: The execution of the annual programme of work in the area of Internal Control and Ex-post control has met its objective and has achieved the annual performance indicators and outputs in the reporting year.

⁴ Error which in its nature do not pose serious threat to the financial or reputational status of the Office. Nonetheless, they have to be taken into account as their aggravation could lead to undesirable effects.

Objective 2: Effective and reliable internal control system in line with sound financial management.

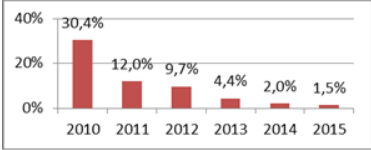
Indicator 1: Conclusion reached on cost effectiveness of controls

Source of data: OIB data

Baseline (2014)	The latest known results (2016)	Target (2020)
Yes (historical benchmark not available)	Yes, positive conclusion	Yes

Indicator 2: Payments handled after the contractual deadline.

Source of data: OIB data

Baseline (2010-2015)	The latest known results (2016)	Target (2020)
	4.8% (the results increased vs 2015 data, due to temporary IT problems and DG BUDG issues with processing certain payment; The Commission average: 12.45%)	Keep stable

Objective 2: Effective and reliable internal control system in line with sound financial management.

Main outputs in 2016:

Description	Indicator	The latest known results (2016)	Target 2016
1. Efficiency of controls			
<p>Key action:</p> <p>1.1 Maintained OIB's overall cost of control in line with the average of the administrative services of the Commission.</p>	1.1 Overall cost of control	<p>2016: €13,2M corresponding to overall cost of control of 3.4% of the total expenditure executed during the year.</p> <p>In 2015: €12,9M - 3%.</p> <p>The slight increase is due to a lower total payment value, filled vacant posts and reorganizations to provide synergies for the future.</p>	1.1 Keep stable
2. Budget management			
<p>Key action:</p> <p>2.1 Maintained the reinforced monitoring of the OIB's budget; provide regular reporting on the budget evolution to the management.</p>	2.1 Deliver as planned	2.1 Delivered in 100%	2.1 100% accomplishment
3. Simplification and rationalisation of financial transactions			
<p>Key actions:</p> <p>3.1 Extended pilot project for paperless transmission of recovery orders and budgetary commitments.</p>	3.1 Respect of target schedule	3.1 Delivered on time	3.1 By end 2016
4. Efficiency in procurement management			
<p>Key actions:</p> <p>4.1 Maintain procurement target schedule.</p>	4.1 Respect of target schedules	4.1 25% (overestimated target, 56% of delays are overdue less than 2 months)	4.1 100%

4.2 Contracts signed in line with the annual plan.	4.2 Percentage of contracts signed on time	4.2 41% (overestimated target, 80% of delays are overdue less than 3 months)	4.2 100%
4.3 GAMA ⁵ reviews: 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.	4.3 Opinions from GAMA	4.3 None negative opinion/1 case where GAMA abstained from an opinion	4.3 None negative opinion
4.4 Implement new concept of the Procurement Project Framework.	4.4 Implementation	4.4 Implemented in 100%	4.4 100%
5. IT systems facilitating the operational activities			
Key actions:			
5.1 REMIS ⁶ : the 2 nd and 3 rd modules allowing better management of the real estate portfolio, contracts and costs were developed in 2016. The call for tender which was prepared in 2015 was launched and signed in June 2016. The planning and analysis of space management requirements started in July 2016. The project will last until 2020.	Users (system owners) overall satisfaction survey on degree of achievement of the set objectives.	2016 survey: 85% 2015 survey: 76% 2014 survey: 73%	Keep satisfaction rate stable
5.2 KIDDYWEB ⁷ : launched with DIGIT the development of a mobile application for the registration of children presences, performed a BPM AS-IS analysis to assist with the internal reorganisation. The BPM TO-BE has been launched.			
5.3 PRESTO ⁸ a new module to support the CIE at Oversijse is ready to be validated in acceptance.			

The 2016 key deliverables in the area of financial management, procurement and ICT are the following:

Cost effectiveness of controls:

Maintain OIB's overall cost of control in line with the average of the administrative services of the Commission. In 2016 OIB dedicated an estimated total of €13,2M to controls, corresponding to an overall cost of control of 3,4% of the total expenditure executed during the year (2015 data corresponded to 3%). The aim in this domain is to keep the rate stable. The slight increase is due to a lower total payments value, filled vacant posts and reorganizations which are estimated to provide synergies for the future. It is important to note that the better controls have allowed OIB to register significant efficiency improvements measured in the reduced time to pay (from 27 days in 2015 to 21 in 2016) and time to procure (from 130 days in 2015 to 112 in 2016).

⁵ *Groupe d'Analyse de Marchés Administratifs*: advisory group which manages non-building procurement procedures above €135k. Before the award decision, any tender above the threshold established in the Directive 2014/24/UE (€135k in 2016) may be selected and examined by GAMA.

⁶ The project resulting from IT rationalisation, aiming at migration the current OIB real estate management Information System to the IT solution on real estate management currently used by OIL.

⁷ The childcare subscription system.

⁸ Information System supporting catering services requests and processing.

Financial management:

- OIB achieved harmonisation of financial circuits across the Office and simplification of internal procedures. The paperless treatment of all types of files was introduced and fine-tuned in close collaboration with operational units, to improve efficiency of processing and controls. Currently preparatory works are on-going to introduce e-invoicing in OIB (through ABAC SAM) in cooperation with DG BUDG.
- In order to increase the efficiency of OIB internal workflows, OIB had already introduced paperless electronic treatment of payments by the end of 2015, which will facilitate the future introduction of e-invoicing. In the course of 2016 electronic treatment of recovery orders has been put in place as well as for all other types of financial transactions (i.e. commitments, LEF/BAF, guarantees etc.).
- The ABAC SAM Finances network met twice in 2016 to provide information on the main releases of the year and to disseminate good practices (particularly in the field of monitoring reports), in close collaboration with the 'Super user SAM'. The "Helpdesk Finance" continued to provide support to the operational units.

Budgetary programming, financial reporting and access rights

- The working programme was executed within the required deadlines. The DG BUDG hearing had positive results, allowing adequate resources despite the continued financial restrictions. The budgetary programming for 2016 was followed-up regularly to ensure timely updates depending on the priorities and the needs of the Office as well as to manage the funds allocated to OIB in a sound financial manner.
- Access rights were closely followed ensuring that colleagues can access the necessary tools when needed and proper access control is maintained. The information lists with empowered actors were published regularly. Financial information was regularly provided to the management and published on MyOIB to ensure a close follow-up of budgetary implementation.

Accounting controls and financial statements

- The high level of accounting quality was safeguarded by carrying out the control programme, based on the risk analysis carried out in the beginning of the year, in line with the planned frequency and rigour. Guidance was often provided to units regarding the proper accounting treatment of various operations (e.g. proper encoding of certain transactions, etc.).
- Timely and relevant information were provided during the discharge audit of the Court of Auditors and in response to their observations. The Court had a positive assessment of the financial reporting prepared by OIB, an opinion that was also shared by the accounting officer of the Commission.
- The information for the Financial Transparency System was published within the required deadlines. VAT reimbursement requests were submitted regularly.
- Across the year, OIB carried-out periodical accounting controls to ensure the reliability and quality of the financial reporting.

Procurement management developments

- In 2016, procurement procedures were launched in several important domains. The most important in terms of value and still ongoing are a competitive dialogue for a new conference building, Cabling works, Mail services and Windows' cleaning. The most important contracts signed in terms of value are for

Maintenance of remote management installations, Copying machines and Maintenance services for locks and metal joinery. Some procurement procedures such as Afterschool childcare places at local facilities and Service and treatment of waste were unsuccessful and will be re-launched.

- A new concept of the Procurement Project Framework has been implemented introducing simplifications and elements aimed at shortening the procedures' time. The implementation of the PPMT (Public Procurement Management Tool) Request Module took place at the beginning of the year to establish the multi-annual procurement working plan. The next step is the Procedure Module which is being successfully implemented.
- The OIB's procurement target schedules for high value tenders were difficult to meet, dropping to 25% of respected target schedules by the end of 2016 (vs 100% targeted). However, it must be noted that the target schedules were defined ambitiously (corresponding to a minimum time to procure) in order to motivate and promote both, operational and administrative collaboration of all parties involved. 56% of the delays are of less than 2 months. The same explanation applies to the 'signature of contracts on time' performance, which dropped to 41% by the end of 2016. 80% of these delays were of less than 3 months and did have no impact on the business continuity (no exception was necessary to extend a contract).

Local ICT systems

- OIB supported its core business by adapting the existing IT systems to the operational developments. Straightforward alignment with Commission corporate IT policies was respected in all cases. The coordination between OIB and OIL on IT matters and an alignment to the corporate IT governance were ensured by a working group OIB/OIL/DG HR which was set up during 2015.
- Progress was registered in the implementation of the REMIS⁹ project: The 2nd and 3rd modules allowing better management of the real estate portfolio, contracts and costs were developed in 2016. The service and maintenance contracts were signed in June 2016 for the procurement of services related to the deployment of a new space and allocation management solution. Requirements gathering workshops have been organised and have finished on time for the delivery of a gap analysis and integration scenario proposals. Within the scope of the Where2Go mobile application project, management and publication of building facility information has been centralised in REMIS. The project will last until 2020.
- Regarding other applications, the KIDDYWEB application supporting the childcare subscriptions will be supported by a mobile application for the registration of children presences. Its development has been launched in coordination with DG DIGIT. In addition, OIB performed a BPM AS-IS analysis to assist with the internal reorganisation and the BPM TO-BE has been launched. PRESTO application to support the catering requests has a new module to support the CIE at Oversijse ready to be validated in acceptance.
- The overall satisfaction survey, on the degree of realisation of the set objectives among system owners and business managers, reported an overall score of 85%, up from 76% in 2015.

Conclusion: The execution of the annual programme of work in the area of Finances, Procurement and ICT has met its objective and has achieved the annual performance

⁹ The project resulting from IT rationalisation, aiming at migration the current OIB real estate management Information System to the IT solution on real estate management currently used by OIL.

indicators and outputs in the reporting year.

Objective 3: Minimisation of the risk of fraud through application of effective anti-fraud measures, integrated in all activities of OIB, based on the OIB's anti-fraud strategy (AFS) aimed at the prevention, detection and reparation of fraud.

Indicator 1: Updated anti-fraud strategy of OIB, elaborated on the basis of the methodology provided by OLAF

Source of data: OIB data

Baseline (2015)	Interim Milestone (2016)	The latest known results (2016)	Target (2020)
<i>Development and implementation of OIB AFS took place in 2013-2014. A complete review took place in summer 2015 to ensure proper implementation.</i>	<i>Regular follow up and ad-hoc actions whenever needed.</i>	Implementation of 2015 AFS is on-going.	<i>Review and update OIB anti-fraud strategy every 2-3 years, as set out in the AFS.</i>

Objective 3: Minimisation of the risk of fraud through application of effective anti-fraud measures, integrated in all activities of OIB, based on the DG's anti-fraud strategy (AFS) aimed at the prevention, detection and reparation of fraud.

Main outputs in 2016:

Description	Indicator	The latest known results (2016)	Target 2016
1. Anti-fraud measures			
Key action: 1.1 Ensured follow-up and proper implementation of the actions identified during the 2015 review of OIB anti-fraud strategy.	1.1 All actions implemented	1.1 Accomplished partial implementation of actions pointed out in the 2015 review	1.1 In the course of year

OIB ensured the implementation of its Anti-Fraud Strategy (AFS) developed based on the instructions of the Commission's overall Anti-Fraud Strategy (CAFS)¹⁰: the follow-up on the actions identified during the 2015 review of OIB anti-fraud strategy was executed in the course of 2016 pointing out the realization of actions: (i) ethics and finances related actions are implemented; (ii) IT Security Plans for two systems (MyOIBPrint and CashRegistered) are in the drafting phase, deadline is 1Q 2018; (iii) compliance with social obligations external staff that to be provided by contractors should be regularly screened; the harmonization of approach across OIB units to be introduced in the course of 2017.

The level of awareness among OIB staff was assessed on an annual basis, in the context of the review of the effectiveness of the internal control standards. Detected gaps and weaknesses were addressed and its follow up will be ensured in the course of 2017/2018.

A deep review of OIB's Anti-Fraud Strategy will take place every 2-3 years, where new measures might be considered and introduced upon needs.

Conclusion: The application of effective anti-fraud measures, integrated in all activities of OIB, contributed to the minimisation of the risk of fraud in OIB and has met its objective and has achieved the outputs in the reporting year.

¹⁰ COM(2011)376 of 24.06.2011.

Annex 3 Financial Reports - DG OIB - Financial Year 2016**Table 1 : Commitments****Table 2 : Payments****Table 3 : Commitments to be settled****Table 4 : Balance Sheet****Table 5 : Statement of Financial Performance****Table 5 Bis: Off Balance Sheet****Table 6 : Average Payment Times****Table 7 : Income****Table 8 : Recovery of undue Payments****Table 9 : Ageing Balance of Recovery Orders****Table 10 : Waivers of Recovery Orders****Table 11 : Negotiated Procedures (excluding Building Contracts)****Table 12 : Summary of Procedures (excluding Building Contracts)****Table 13 : Building Contracts****Table 14 : Contracts declared Secret**

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2016 (in Mio €)					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 10 Direct research					
10	10 01	Administrative expenditure of the 'Direct research' policy area	5,31	3,4	64,01 %
Total Title 10			5,31	3,4	64,01%
Title 13 Regional and urban policy					
13	13 01	Administrative expenditure of the 'Regional and urban policy' policy area	0,07	0,07	100,00 %
Total Title 13			0,07	0,07	100,00%
Title 25 Commission's policy coordination and legal advice					
25	25 01	Administrative expenditure of the 'Commission's policy coordination and legal advice' policy area	0,05	0,05	100,00 %
Total Title 25			0,05	0,05	100,00%
Title 26 Commission's administration					
26	26 01	Administrative expenditure of the 'Commission's administration' policy area	413,15	384,22	93,00 %
Total Title 26			413,15	384,22	93,00%
Total DG OIB			418,57	387,74	92,63 %

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

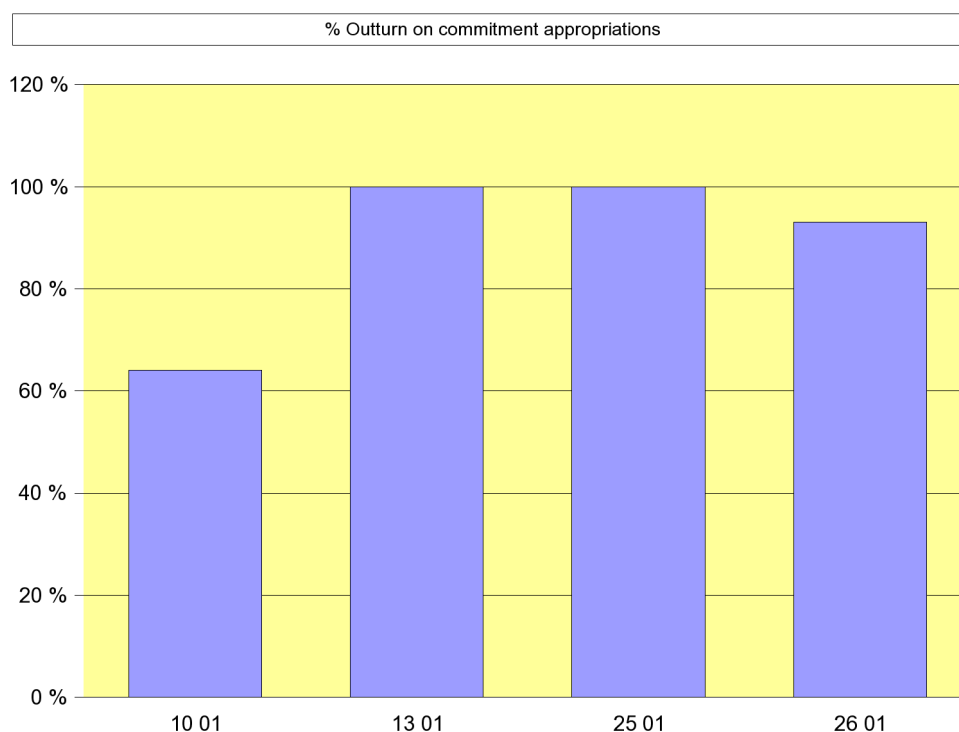


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2016 (in Mio €)

Chapter		Payment appropriations authorised *	Payments made	%	
		1	2	3=2/1	
Title 10 Direct research					
10	10 01	Administrative expenditure of the 'Direct research' policy area	5,96	3,53	59,19 %
Total Title 10			5,96	3,53	59,19%
Title 13 Regional and urban policy					
13	13 01	Administrative expenditure of the 'Regional and urban policy' policy area	0,14	0,07	48,30 %
Total Title 13			0,14	0,07	48,30%
Title 25 Commission's policy coordination and legal advice					
25	25 01	Administrative expenditure of the 'Commission's policy coordination and legal advice' policy area	0,1	0,08	86,51 %
Total Title 25			0,1	0,08	86,51%
Title 26 Commission's administration					
26	26 01	Administrative expenditure of the 'Commission's administration' policy area	475,56	386,9	81,36 %
Total Title 26			475,56	386,9	81,36%
Total DG OIB			481,76	390,57	81,07 %

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

"% Outturn on payment appropriations"

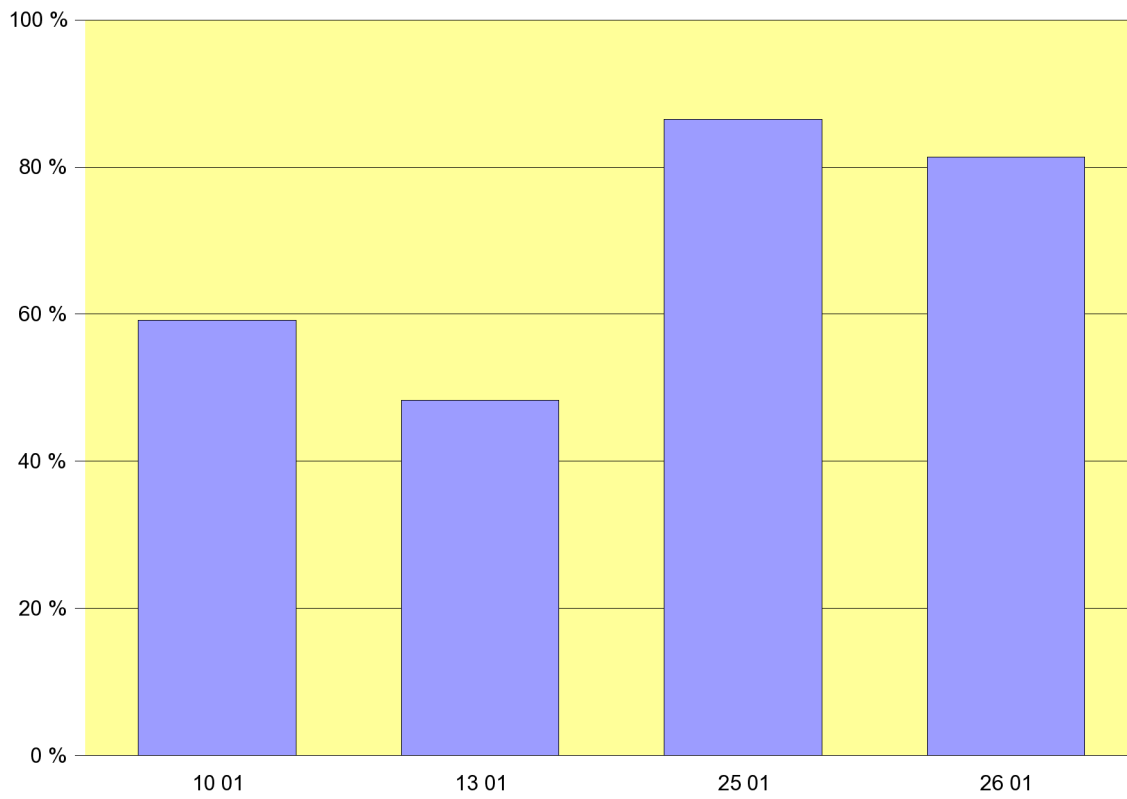
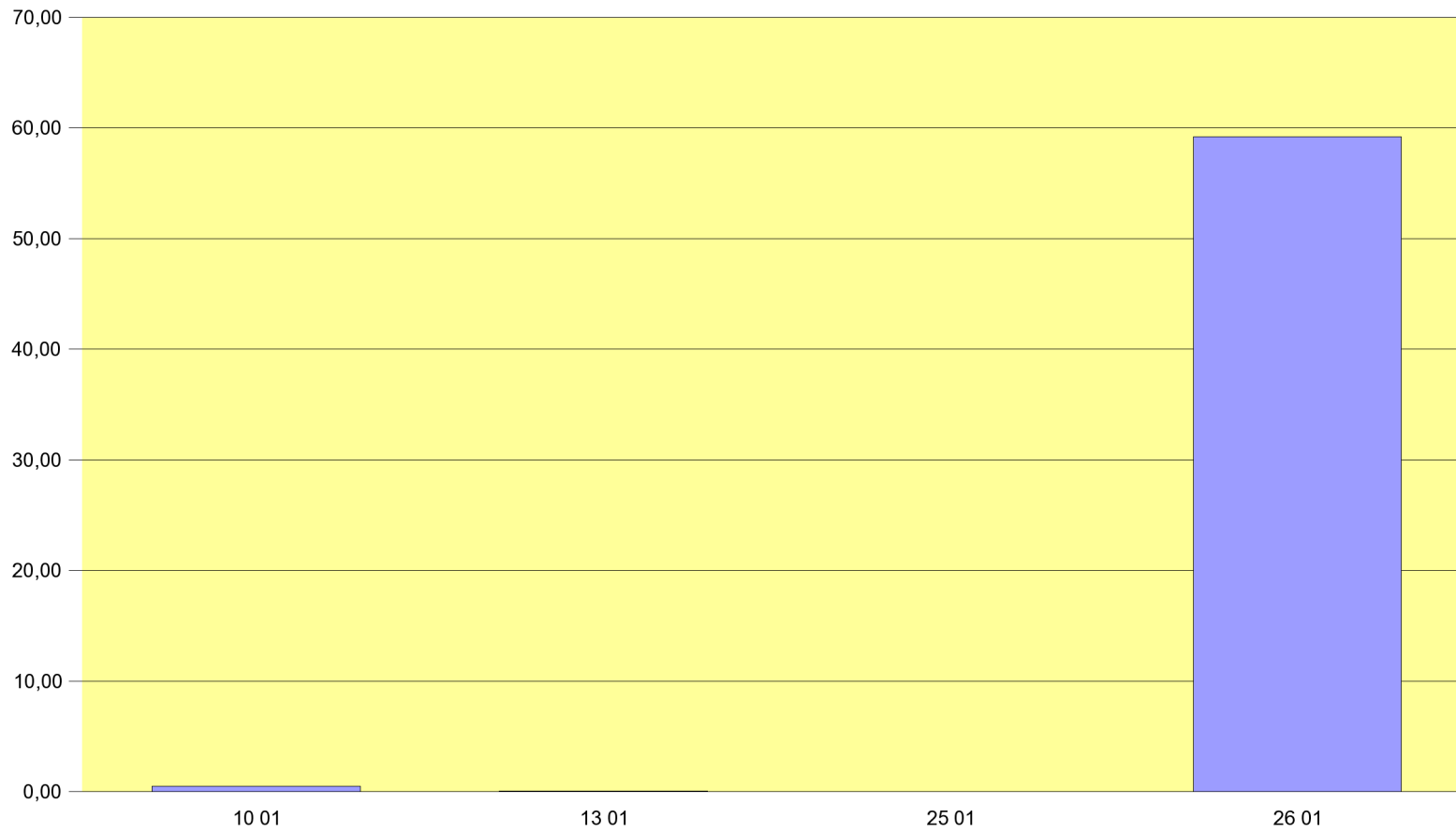


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2016 (in Mio €)

Chapter			2016 Commitments to be settled				Commitments to be settled from financial years previous to 2016	Total of commitments to be settled at end of financial year 2016 (incl corrections)	Total of commitments to be settled at end of financial year 2015 (incl. corrections)
			Commitments 2016	Payments 2016	RAL 2016	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
Title 10 : Direct research									
10	10 01	Administrative expenditure of the 'Direct research' policy area	3,4	2,89	0,51	14,88 %	0,00	0,51	0,66
Total Title 10			3,4	2,89	0,51	14,88%	0	0,51	0,66
Title 13 : Regional and urban policy									
13	13 01	Administrative expenditure of the 'Regional and urban policy' policy area	0,07	0,00	0,07	100,00 %	0,00	0,07	0,07
Total Title 13			0,07	0,00	0,07	100,00%	0	0,07	0,07
Title 25 : Commission's policy coordination and legal advice									
25	25 01	Administrative expenditure of the 'Commission's policy coordination and legal advice' policy area	0,05	0,04	0,01	25,97 %	0,00	0,01	0,05
Total Title 25			0,05	0,04	0,01	25,97%	0	0,01	0,05
Title 26 : Commission's administration									
26	26 01	Administrative expenditure of the 'Commission's administration' policy area	384,22	325,03	59,2	15,41 %	0,00	59,20	62,42
Total Title 26			384,22	325,03	59,2	15,41%	0	59,2	62,42
Total DG OIB			387,74	327,96	59,78	15,42 %	0	59,78	63,19

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

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



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



COMMISSION EUROPÉENNE
OFFICE POUR LES INFRASTRUCTURES ET LA LOGISTIQUE – BRUXELLES

OIB.02: Budget, marchés publics, contrôle interne et planification
OIB.02.003: Programmation, budget et coordination du contrôle interne

Bruxelles, le
OIB.02.003/GP

NOTE AU DOSSIER

Objet: Explications de la différence entre l'annexe 2 et les trois premiers tableaux de l'annexe 3 de l'AAR 2016

Le premier tableau de l'annexe 3, reprenant le montant de 387,74 M€ pour les engagements effectués par l'OIB pendant l'année 2016 (= Colonne 2 "Commitments made") ne comprend pas les engagements imputés sur des crédits subdélégués à l'OIB. En additionnant le montant de la dernière colonne "Grand total" de l'annexe 2 et le montant des engagement sur les crédits subdélégués à la DG COMM (158.081,46 €), nous arrivons à un montant total de 389.541.697,90 €. De ce montant il faut déduire la partie des crédits subdélégués à l'OIB par le DG CNECT (57.985,73 €), la DG COMM (364.300,00) et OLAF (1.379.000,00) dont la DG subdéléguant doit rendre compte dans son propre A.A.R. Le résultat final de ce calcul est égal à 387.740.412,17 €, qui est l'équivalent de 387,74 M€.

Afin de trouver la correspondance entre le montant des paiements du deuxième tableau de l'annexe 3, qui s'élève à 390,57 M€ (= Colonne 2 "Payments made"), et les chiffres repris dans l'annexe 2, il faut procéder de la même manière, toutefois, en ajoutant également les paiements effectués sur des crédits C8, qui ne sont pas pris en compte dans l'annexe 2. Au montant de la dernière colonne "Grand total" de 328.564.256,30, il faut additionner les paiements effectués sur les crédits subdélégués à la DG COMM (113.290,791 €) et y déduire les paiements effectués sur les crédits subdélégués à l'OIB par le DG CNECT (14.708,35 €), la DG COMM (294.284,33 €) et OLAF (402.153,04 €). Ceci nous donne un total de 327.966.401,37 €. En ajoutant à ce montant les paiements C8 de 62.608.463,81 € (sans paiements C8 CNECT/OIB, COMM/OIB, GROW/OIB & OLAF:OIB), nous arrivons à un montant total de 390.574.865,18 €, qui est l'équivalent 390,57 M€.

Pour trouver la correspondance du montant du RAL de 59,78 M€ (= colonne 6 du troisième tableau de l'annexe 3), il faut faire la différence entre les montants engagés et payés colonne "Grand Total" de l'annexe 2 (60.819.360,14 €). En ajoutant le RAL sur les crédits subdélégués à la DG COMM (55.236,10 €) et en déduisant le RAL des crédits subdélégués par la DG CNECT (43.277,38 €), la DG COMM (70.015,67 €) et la DG OLAF (976.846,96 €), le résultat de ce calcul est égal à 59.784.456,23 €. Ce montant est l'équivalent de 59,78 M€.

Geert Paesmans

TABLE 4 : BALANCE SHEET OIB

BALANCE SHEET	2016	2015
A.I. NON CURRENT ASSETS	1.188.044.035,87	1.244.339.515,15
A.I.1. Intangible Assets	225.422,51	283.683,67
A.I.2. Property, Plant and Equipment	1.187.817.609,50	1.244.054.827,62
A.I.6. Non-Cur Exch Receiv & Non-Ex Recov	1.003,86	1.003,86
A.II. CURRENT ASSETS	4.904.838,34	95.130.911,67
A.II.3. Curr Exch Receiv & Non-Ex Recoveral	4.155.676,70	94.826.831,83
A.II.4. Inventories	431.794,03	166.448,39
A.II.6. Cash and Cash Equivalents	317.367,61	137.631,45
ASSETS	1.192.948.874,21	1.339.470.426,82
P.I. NON CURRENT LIABILITIES	-1.123.704.507,47	-1.187.456.945,89
P.I.2. Non-Current Provisions	0,00	0,00
P.I.3. Non-Current Financial Liabilities	-1.123.704.507,47	-1.187.456.945,89
P.II. CURRENT LIABILITIES	-77.647.238,74	-88.876.655,96
P.II.2. Current Provisions	0,00	-1.000.000,00
P.II.3. Current Financial Liabilities	-64.288.753,38	-52.849.320,12
P.II.4. Current Payables	-13.358.485,36	-12.483.876,65
P.II.5. Current Accrued Charges & Defrd Incc	0,00	-22.543.459,19
LIABILITIES	-1.201.351.746,21	-1.276.333.601,85
NET ASSETS (ASSETS less LIABILITIES)	-8.402.872	63.136.824,97
P.III.2. Accumulated Surplus / Deficit	1.925.117.135,42	1.163.037.578,58
Non-allocated central (surplus)/deficit*	-1.916.714.263,42	-1.226.174.403,55
TOTAL	0,00	0,00

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

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

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE OIB

STATEMENT OF FINANCIAL PERFORMANCE	2016	2015
II.1 REVENUES	-47.221.448,17	-36.519.312,81
II.1.1. NON-EXCHANGE REVENUES	-993.325,16	-178.644,97
II.1.1.6. OTHER NON-EXCHANGE REVENUE	-993.325,16	-178.644,97
II.1.2. EXCHANGE REVENUES	-46.228.123,01	-36.340.667,84
II.1.2.1. FINANCIAL INCOME	-44,81	-58,11
II.1.2.2. OTHER EXCHANGE REVENUE	-46.228.078,20	-36.340.609,73
II.2. EXPENSES	426.072.874,06	360.376.604,44
II.2. EXPENSES	426.072.874,06	360.376.604,44
II.2.10. OTHER EXPENSES	348.612.963,71	280.395.315,21
II.2.2. EXP IMPLM BY COMMISS&EX.AC	-265.345,64	-40.632,33
II.2.6. STAFF AND PENSION COSTS	10.155.085,76	9.352.827,58
II.2.8. FINANCE COSTS	67.570.170,23	70.669.093,98
STATEMENT OF FINANCIAL PERFORMANCE	378.851.425,89	323.857.291,63

The Accounting situation presented in the Balance Sheet and Statement of Financial Performance does not include the accruals and deferrals calculated centrally by the services of the Accounting Officer

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

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

TABLE 5bis : OFF BALANCE SHEET OIB

OFF BALANCE	2016	2015
OB.1. Contingent Assets	21.418.278,81	24.140.168,73
GR for performance	8.309.796,11	8.733.195,11
OB.1.4. CA Other	13.108.482,70	15.406.973,62
OB.2. Contingent Liabilities	-705.869,65	-1.913.952,62
OB.2.7. CL Amounts relating to legal ca	-705.869,65	-1.913.952,62
OB.3. Other Significant Disclosures	-636.481.590,25	-690.767.605,15
OB.3.2. Comm against app. not yet con	0,00	-48.863.724,17
OB.3.3.7. Other contractual commitment	-50.132.935,98	-51.431.831,35
OB.3.5. Operating lease commitments	-586.348.654,27	-590.472.049,63
OB.4. Balancing Accounts	615.769.181,09	668.541.389,04
OB.4. Balancing Accounts	615.769.181,09	668.541.389,04
OFF BALANCE	0,00	0,00

Explanatory Notes (facultative):

Please enter the text directly (no copy/paste of formatted text which would then disappear when saving the document in pdf), use \\\"ctrl+enter\\\" to go to the next line and \\\"enter\\\" to validate your typing.

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

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

TABLE 6: AVERAGE PAYMENT TIMES FOR 2016 - DG OIB

Legal Times							
Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	7325	6945	94,81 %	18,4	380	5,19 %	47,63
45	592	591	99,83 %	26,99	1	0,17 %	53
60	65	65	100,00 %	45,28			

Total Number of Payments	7982	7601	95,23 %		381	4,77 %	
Average Net Payment Time	20,65			19,3			47,65
Average Gross Payment Time	22,93			21,49			51,69

Target Times							
Target Payment Time (Days)	Total Number of Payments	Nbr of Payments within Target Time	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	2339	1964	83,97 %	19,32	375	16,03 %	41,84

Total Number of Payments	2339	1964	83,97 %		375	16,03 %	
Average Net Payment Time	22,93			19,32			41,84
Average Gross Payment Time	25,44			22,04			43,23

Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	14	1301	16,30 %	7982	13.857.764,85	4,20 %	329.753.571,54

Late Interest paid in 2016			
DG	GL Account	Description	Amount (Eur)
OIB	65010100	Interest on late payment of charges New FR	836,73

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

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TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2016

Chapter	Revenue and income recognized			Revenue and income cashed from			Outstanding balance	
	Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total		
	1	2	3=1+2	4	5	6=4+5	7=3-6	
50	PROCEEDS FROM THE SALE OF MOVABLE AND IMMOVABLE PROPERTY	754.383,76	83,4	754.467,16	754.383,76	83,4	754.467,16	0
51	PROCEEDS FROM LETTING AND HIRING	11.421.532,73	3.685.443,54	15.106.976,27	8.446.524,13	3.685.443,54	12.131.967,67	2.975.008,6
52	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	44,81	0	44,81	44,81	0	44,81	0
55	REVENUE FROM THE PROCEEDS OF SERVICES SUPPLIED AND WORK CARRIED OUT	15.621.146,35	916.128,98	16.537.275,33	14.845.981,98	913.062,98	15.759.044,96	778.230,37
57	OTHER CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH THE ADMINISTRATIVE OPERATION OF THE INSTITUTION	9.750.456,81	88.630,53	9.839.087,34	9.576.976,73	73.237,43	9.650.214,16	188.873,18
58	MISCELLANEOUS COMPENSATION	1.500	0	1.500	1.500	0	1.500	0
66	OTHER CONTRIBUTIONS AND REFUNDS	1.644.194,58	3.039,6	1.647.234,18	1.644.194,58	3.039,6	1.647.234,18	0
90	MISCELLANEOUS REVENUE	236,18	0	236,18	236,18	0	236,18	0
Total DG OIB		39.193.495,22	4.693.326,05	43.886.821,27	35.269.842,17	4.674.866,95	39.944.709,12	3.942.112,15

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

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

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2016 Year of Origin (commitment)	Error		Irregularity		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2013							1	37,65		
2014	1	299,96			1	299,96	9	42.539,85	11,11%	0,71%
2015			1	394,6	1	394,6	25	42.083,25	4,00%	0,94%
2016			1	9.060	1	9.060	10	13.603,6	10,00%	66,60%
No Link	4	9.750			4	9.750	1488	36.527.088,44	0,27%	0,03%
Sub-Total	5	10.049,96	2	9.454,6	7	19.504,56	1533	36.625.352,79	0,46%	0,05%

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES												
NON ELIGIBLE IN COST CLAIMS												
CREDIT NOTES	59	51.369,35					59	51.369,35	1.404	4.614.748,35	4,20%	1,11%
Sub-Total	59	51.369,35					59	51.369,35	1.404	4.614.748,35	4,20%	1,11%

GRAND TOTAL	64	61.419,31	2	9.454,6			66	70.873,91	2.937	41.240.101,14	2,25%	0,12%
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Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors. The provisional closure will be based on the recovery context situation at 31/01/2017.

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2016 FOR OIB

	Number at 1/01/2016	Number at 31/12/2016	Evolution	Open Amount (Eur) at 1/01/2016	Open Amount (Eur) at 31/12/2016	Evolution
2010	2	2	0,00 %	30.000,00	30.000,00	0,00 %
2011	5	5	0,00 %	15.367,42	15.367,42	0,00 %
2012	2	2	0,00 %	30.000,00	30.000,00	0,00 %
2013	2	2	0,00 %	15.128,42	15.128,42	0,00 %
2015	83	2	-97,59 %	4.678.177,87	3.066,00	-99,93 %
2016		92			3.947.034,70	
	94	105	11,70 %	4.768.673,71	4.040.596,54	-15,27 %

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

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TABLE 10 : RECOVERY ORDER WAIVERS IN 2016 >= EUR 100.000

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

Total DG	
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Number of RO waivers	
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Justifications:

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TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - OIB - YEAR 2016

Procurement > EUR 60.000

Negotiated Procedure Legal Base	Number of Procedures	Amount (€)
Art. 134 1b)	3	33.710.000,00
Art. 134 1e)	2	20.266.000,00
Total	5	53.976.000,00

Comments:

The negotiated procedures and their justifications are :

- 1) Market monopoly from the state owned firm S.T.I.B.
- 2) In two cases technical captivity: The technology present in the Commission's buildings is specific to the firms that negotiated the call for tenders
- 3) In two cases the new services consist in the repetition of similar services

TABLE 12 : SUMMARY OF PROCEDURES OF OIB EXCLUDING BUILDING CONTRACTS

Internal Procedures > € 60.000		
Procedure Type	Count	Amount (€)
Exceptional Negotiated Procedure without publication of a contract notice (Art. 134 IR)	5	53.976.000,00
Negotiated Procedure with at least five candidates below Directive thresholds (Art. 136 IR)	7	660.482,00
Open Procedure (Art. 122.2 IR)	16	53.003.058,55
TOTAL	28	107.639.540,55

Comments:

This table was built manually based on the contracts signed by OIB in 2016

TABLE 13 : BUILDING CONTRACTS

Total number of contracts :	4
Total amount :	67.697.945,00

Legal base	Contract Number	Contractor Name	Description	Amount (€)
Art. 134.1(g)	Convention du 31 mai 2016	The Green Corner	-usufruit d'un immeuble sis rue Montoyer 15 à Bruxelles	30,151,604.73
Art. 134.1(g)	Contrat de sous-occupation d'emplacements de parking du 31 mai 2016	The Green Corner	-mise à disposition d'emplacements de parking dans le parking Renaissance sis rue du Parnasse à 1050 Bruxelles	1,760,400
Art. 134.1(g)	Convention d'usufruit du 30 mai 2016	P&V Assurances	-E7usufruit d'un immeuble sis avenue de Tervuren 41 à 1040 Bruxelles	35,242,502.5
Art. 134.1(g)	Contrat de sous-location d'emplacements de parking du 30 mai 2016	P&V Assurances	-mise à disposition d'emplacements de parking dans le parking sis avenue des Nerviens 85 à 1040 Bruxelles	543,437.5

This table was built manually based on the contracts signed by OIB in 2016

TABLE 14 : CONTRACTS DECLARED SECRET

Total Number of Contracts :	
Total amount :	

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

No data to be reported

ANNEX 4: Materiality criteria

In order to decide whether a weakness is significant and must entail a reservation in the Annual Activity Report, the Authorised Officer by Delegation of OIB bases his judgement on the following materiality criteria, which apply to the entire budget of OIB (no segmentation):

1. The weakness falls within the scope of the AOD annual declaration: it relates to the reasonable assurance regarding the legality and regularity of financial transactions, the true and fair view, the use of resources for their intended purposes, the sound financial management, the non-omission of significant information, the efficiency, the safeguarding of assets and the prevention and detection of fraud.
2. The weakness is assessed as significant in **qualitative terms**. Qualitative assessment includes an analysis of the causes and the types of error(s), considering also mitigating controls and/or corrective actions taken:
 - *Significant control system weaknesses*

The following is considered: the nature of the weakness: does it relate to a key control element or imply the risk of errors or loss of efficiency; the scope of the weakness: is it isolated or systematic; the duration of the weakness; the compensatory measures: what mitigating controls effectively reduce the exposure; the corrective actions: what corrections have been made to eliminate/reduce the related exposure.
 - *Non-compliance with one or more internal control standards*

If any, actions to mitigate the weakness have been taken so that it does not have an impact on the declaration of assurance.
 - *Insufficient evidence from internal control systems or audit coverage*

If any, the impact of the lack of evidence should be considered and the evidence from other similar areas of the internal control system will be sought.
 - *Critical issues outlined by the European Court of Auditors, the Internal Audit Service or the OLAF.*

The term "critical recommendation" includes recommendations labelled by the auditor as "critical" as well as not "critical" but assessed as having a critical impact on the assurance. In addition, recommendations labelled "very important" and for which there is a significant delay in the implementation of the action plan are assessed to determine how significant they are and what impact they have on the AOD annual declaration.
3. The weakness is assessed as significant in **quantitative terms**, i.e. the monetary value of the problem or the amount considered at risk is above the acceptable level. OIB applies the guidelines provided in the communication COM(2003)28 of 21st January 2003 which set the recommended threshold of residual error rate to a maximum of 2% of the authorized payments of the year.
 - *Significant occurrence of errors in the underlying transactions (legality and regularity)*

No major error with financial impact (> 2% of the payments) is raised by the internal control and reporting systems, by the ex-post controls and audit bodies.
4. Even if the weakness is assessed as being quantitatively not significant (i.e. financial impact < 2%), it still remains material if the **reputation** of the Commission or of the Office is impacted. Such reputational event for the Office could be for example a major security or safety incident in one building of the Commission, a serious issue in the childcare activities or an important fraud case in procurement (public tenders,...).

Nevertheless, it is considered that these events have not materialised and continued mitigating measures are taken.

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

1. Building Procurement

A - Planning

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

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

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

Main risks It may happen (again) that...	Mitigating controls ¹	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
	DG HR; • AOSD reports on financial matters, including building aspects twice per year.			

B –Needs assessment and definition of needs

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

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

² Some of these mitigating controls seem to be the source for the risks: e.g. FR art 203 = complex and long procedure, MAPF and DG BUDG refusing to agree (except this year) and therefore needs are not well defined...

Main risks It may happen (again) that...	Mitigating controls ²	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
	<ul style="list-style-type: none"> and information note to the Budget Authority • OIB is part of the Inter-Institutional Working Group (ILISWG) dealing with the evolution of the real estate market and the needs of the institutions. • Anti-fraud strategy and related anti-fraud controls. 			

C –Selection of the offer and evaluation

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

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
	anti-fraud controls;			

2. Non-Building Procurement

A - Planning

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> The needs are not well defined (operationally & economically) and the decision to procure is inappropriate to meet the operational objectives; Risk of discontinued services resulting from delayed procurement procedure (poor planning and poor organisation of the procurement process). 	<ul style="list-style-type: none"> A 4-year work program (rolling plan) is defined and followed through the IT application PPMT; This plan is approved by OIB's Director; Procurement Project Framework implemented since 2012 was reviewed in 2016. Objectives are defined in the MP and monitored in the AAR & mid-term review (SPP docs). Budget programming is approved at the beginning of the year and regular updates/revisions are carried out during the year; Procurement planning regularly discussed at management meetings 	<p>Coverage:</p> <ul style="list-style-type: none"> all procedures \geq €135.000 (>€500.000 for works) conducted by central procurement unit all major objectives (SPP) IT steering twice per year <p>Depth (intensity):</p> <p>Level 3 control with reference to fully independent corroborative information</p>	<p>Costs:</p> <p>Cost of staff involved in procurement procedures in operational and central units</p> <p>Benefits:</p> <ul style="list-style-type: none"> Reliable procurement planning avoids gaps in business continuity; IT projects follow-up ensures that priorities are followed and processes are automatized; Rejection of unjustified purchases. 	<ul style="list-style-type: none"> MP objectives followed through several indicators Regular monitoring of progress of procurement procedures and delays indicators Average time to procure Budget reporting

B -Needs assessment and definition of needs

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • The best offers are not submitted due to the poor definition of the tender specifications • Complexity of the tender procedure which may prevent market response, difficult the choice of the contractors, result in long procedure timing, be misapplied or entail cost increase ; • Risk of discontinued services resulting from delayed procurement procedure; • Lack of contractors or dependency towards contractors. 	<ul style="list-style-type: none"> • Tenders ≥ €135.000 (>€500.000 for works) are conducted by the central procurement unit for consistency with the Financial Regulation and for quality revision of the tender documents; • The "orientation document" (containing the main elements of the tender) is approved by AOD; • Contracts in cascade are used whenever appropriate • Specific trainings ("How to write a coherent tender specifications") are held; • Helpdesk to ensure consistency in replies to questions received; • Anti-fraud strategy and related anti-fraud controls. • A "Guide for tenderers" on how to participate on OIB's tenders is published online for all possible candidates; 	<p>Coverage:</p> <ul style="list-style-type: none"> - all procedures ≥ €135.000 (>€500.000 for works) conducted by central procurement unit - on a case by case basis regarding the complexity and contracts in cascade <p>Depth (intensity): Level 4 control: with reference to and including access to the underlying documentation.</p>	<p>Costs: Various people from the operational units and from the procurement central team are involved.</p> <p>Benefits:</p> <ul style="list-style-type: none"> - Increased competition and value for money; - Legal certainty; - Litigations avoided; - Limit the risk of cancellation of a tender. 	<ul style="list-style-type: none"> - number of OLAF cases followed-up - number of negative GAMA opinions - number of procedures and contracts signed - average time to procure - recommendations from ECA, ex-IAS, IAC - AOSD reports (include procurement issues) - Register of exceptions - Anti-fraud indicators
	<ul style="list-style-type: none"> • Calls for tenders are published in the Official Journal, Europa website; targeted local publicity is used where appropriate; extra publicity via Euro Info Centres (EIC) in coordination with DG ENTR • Preliminary information sheet required (to reduce the risk of slicing) and registration of all procedures above €15.000 • Procurement central team gives also support and advice for procedures below €135.000. 	<p>Coverage:</p> <ul style="list-style-type: none"> - all tenders ≥ €135.000 (>€500.000 for works) conducted by central procurement unit - all tenders above €15.000 registered <p>Depth (intensity): Level 4 control: with reference to and including access to the underlying documentation.</p>	<p>Costs: Cost of staff involved in procurement procedures in operational and central units.</p> <p>Benefits:</p> <ul style="list-style-type: none"> - Increased competition; - Transparency; - Limit the risk of cancellation of a tender and of litigation. 	<ul style="list-style-type: none"> - % of unsuccessful procurement procedures

C –Selection of the offer and evaluation

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • The most economically advantageous offer not selected, due to a biased, inaccurate or 'unfair' evaluation process. • Risk of fraud, unequal treatment of tenderers, legal action, financial penalties or bad reputation resulting from unethical staff behaviour, breach of confidentiality or non-compliance with the procurement rules. 	<ul style="list-style-type: none"> • A central register of procedures exists to ensure consistency with planning (for the HR family) • Tenders above ≥€135.000 are notified to GAMA (Group d'Analyse des Marches Administratifs). GAMA examines sampled files and gives an opinion. • For all tenders ≥€135.000, opening and evaluation committees are systematically appointed and evaluation committees is made up of at least three persons representing at least two organizational entities with no hierarchical link between them; • Evaluation based exclusively on the criteria set out in the tender specifications; • Early Detection and Exclusion System (EDES) is always consulted before taking a decision. • Compulsory trainings for all staff involved in procurement (technical, ethics & integrity); • All exceptions and non-compliance cases are documented and approved by the Authorising Officer • Anti-fraud strategy and related anti-fraud controls. 	<p>Coverage:</p> <ul style="list-style-type: none"> - all procurement procedures above €15.000 (registry) - risk based sampling combined with random sampling done by the GAMA group - All tenders ≥€135.000 (opening and evaluation committee) <p>Depth (intensity): Level 4 control: with reference to and including access to the underlying documentation.</p>	<p>Costs:</p> <ul style="list-style-type: none"> - OIB is a member of the GAMA group (2 people - part of their time) - participation in the meetings of desk officers from central and operational units for sampled files <p>Benefits:</p> <ul style="list-style-type: none"> - Increased legal certainty; - Compliance with FR, IR and vademecum on procurement; - Difference between the most onerous offer and the selected one; - Potential irregularities / inefficiencies prevented; - Risk of fraud or litigation reduced. 	<ul style="list-style-type: none"> - number of negative opinions from GAMA - recommendations from ECA, ex-IAC, IAS - Register of exceptions - AOSD reports (include procurement issues) - Procurement reporting (status of procedures, delays vs planning) - average time to procure - % of unsuccessful procurement procedures - Anti-fraud indicators

3. Financial transactions

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

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • Products / services / works not in line with the contract clauses; • Amounts paid exceeds what is contractually due; • Risk of late interest payment and discontinuity of business because contractor fails to deliver due to delayed payments; • Risk of fraud, litigation and bad reputation due to non-compliance with rules in force (FR & IR, accounting, etc); • Risk of loss of assets. 	<ul style="list-style-type: none"> • Close monitoring of every step in the payment process, in particular payment delays 	<p>Coverage: All financial transactions</p> <p>Depth (intensity): Level 4 control: with reference to and including access to the underlying documentation.</p>	<p>Costs: All agents involved in financial transactions</p> <p>Benefits: Sound financial management and respect of contractual deadlines.</p>	<ul style="list-style-type: none"> - % of payments handled outside contractual delays - value of late interest payments - average time to pay - Budget reporting
	<ul style="list-style-type: none"> • Four eyes principle: 2 people are involved in each financial transaction: initiating and verifying agents, both at operational and financial level; • Delegation of powers (AOSD, CAF) published; • Centralised financial circuit for payments and partially decentralised model for commitments; • Supplementary controls are made by the IT application (ABAC SAM) for OIB budgetary commitments; • a specific IT application (Regex) is used for the follow-up of exceptions; • Accounting controls are carried out regularly (monthly, quarterly and yearly, depending on type of transactions); 	<p>Coverage: All financial transactions</p> <p>Depth (intensity): - Level 4 control: with reference to and including access to the underlying documentation. - Level 3 control: with reference to fully independent corroborative information (i.e. database which justifies certain elements of the claim)</p>	<p>Costs: All agents involved in financial transactions & accounting staff</p> <p>Benefits: - Errors, frauds and potential litigations are prevented or minimized. - Accounting errors are identified and corrected at an early stage</p>	<ul style="list-style-type: none"> - number of OLAF cases followed-up - ECA's DAS recommendations - IAS and ex-IAC audit recommendations - % of a posteriori payments - Accounting quality - AOSD reports (include financial issues)
	<ul style="list-style-type: none"> • Regular tracking exercises of plant and machinery; • Supplementary controls are made by the IT application (ABAC SAM) for assets; • Accounting controls are carried out regularly (monthly, quarterly and yearly, depending on type of transactions); • Daily cashiers controls in internally 	<p>Coverage: All assets</p> <p>Depth (intensity): Level 4 control: with reference to and including access to the underlying documentation.</p>	<p>Costs: - Part of the time of the GBIs in the Commission - The team responsible for this inventory - The accounting staff.</p> <p>Benefits: Community property</p>	<ul style="list-style-type: none"> - Value of non-located assets (percentage); - Tracking rate.

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
	managed restaurants and cafeterias.		safeguarded	

B – Revenue Operations

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> Risk that counterparties do not pay or do not pay in time; Risk of fraud and bad reputation due to non-compliance with rules in force (FR & IR, accounting). 	<ul style="list-style-type: none"> Direct centralised management mode (a central cell centralizes all requests for recovery orders); Key issues discussed during weekly management meetings; Close monitoring of R.O planning over the year; A specific procedure is in place regarding the planning of recovery orders related to SLAs; Budget reporting includes revenue operations; Recovery order delays are followed up and regularly reported to management; Use of ABAC system to register all recovery orders Each recovery order or forecast is submitted to the normal validation procedure as for expenditure (four eyes principle); Regular exchange of information and notes with the counterparty to fix practical arrangements; Recovery orders exceptions are kept in the register of exceptions. AOSD reports on financial matters include recovery order issues; Same level of controls and reporting as for expenditure. 	<p>Coverage: All recovery orders</p> <p>Depth (intensity): Level 4 control: with reference to and including access to the underlying documentation.</p>	<p>Costs: All agents involved in the recovery of revenues</p> <p>Benefits:</p> <ul style="list-style-type: none"> - Amount of the revenue generated. - Less Revenues cashed in with delays; - Errors and fraud are minimized. 	<ul style="list-style-type: none"> - Amount of revenue generated; - Percentage of outstanding recovery orders; - Significant error detected by ex-post control on the revenue operations; - ECA, ex-IAS and IAC audit recommendations; - Register of exceptions; - AOSD reports (with recovery order issues).

4. Supervisory measures

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • Risk of litigations and reputational damage due to non-compliance with legal provisions. • Risk of fraud, litigations and reputational damage due to non-compliance with legal provisions. • Risk of an error or non-compliance not prevented, detected or corrected by ex-ante control prior to payment. 	<ul style="list-style-type: none"> • EPC covers a representative sample of financial transactions and procurement procedures (high and low value tenders) 	<p>Coverage: Representative sample (based on the methodology)</p> <p>Depth (intensity): Level 4 control: with reference to and including access to the underlying documentation.</p>	<p>Costs: Ex-post control team</p> <p>Benefits:</p> <ul style="list-style-type: none"> - Correction of errors and continuous improvement of the internal control system; - Contributes to the reasonable assurance. 	<ul style="list-style-type: none"> - % of the execution of the annual EPC programme; - % of EPC recommendations implemented by concerned units; - Number of significant errors found by EPC; - % of errors vs total checked.
	<ul style="list-style-type: none"> • The list of exceptions, open audit recommendations and synthesis of the significant AOSD concerns are registered, followed up and sent twice a year to senior management so that actions can be taken to address weaknesses. • Recommendations from discharge are follow-up. • Litigations and the status of internal procedures are monitored through regularly updated inventories. • Compliance with Internal Control Standards is monitored regularly; • Anti-fraud strategy and related anti-fraud controls; • Risk management; • Monitoring of sensitive functions. 	<p>Coverage: Any transaction (if applicable)</p> <p>Depth (intensity): Level 3 control: with reference to fully independent corroborative information (e.g. databases)</p>	<p>Costs: Internal control team and concerned management</p> <p>Benefits:</p> <ul style="list-style-type: none"> - Issues are followed up and addressed; - Processes and procedures improved; - Continuous improvement of the internal control system. - Contributes to the reasonable assurance. 	<ul style="list-style-type: none"> - percentage of AOS reports awaited; - percentage of audit recommendations implemented on time by the units; - percentage of a posteriori payments vs total payments of the year; - Number of ICS not fully compliant or ineffective; - Anti-fraud indicators; - Risk assessment results and related mitigating actions. - Efficiency: cost of controls vs benefits

ANNEX 10: Specific annexes related to "Financial Management"

1. Financial circuits

The budget is largely implemented on a centralised basis; still, OIB has three financial circuits in place: the fully decentralised model for legal commitments, for procurement below €135k and for all OIB.OS.3 transactions at Ispra (excluding procurement above €135k); the partially decentralised model (with counterweight) for budgetary commitments; the fully centralised model for all payments, recoveries and for procurement above €135k (including for OIB.OS.3 at Ispra).

One OIB departments (RE) has a central sector in place which manage the operational initiation and procurement activities inside the department, whilst for CPE department unit CPE.3 is responsible for the whole department. The operational initiation and procurement management (below €135k) is embedded in the units of the department OS and in the horizontal unit OIB.02 is responsible for procurements above €135k.

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

Financial resources

Financial Resources by ABB activity (EUR Million) implementation of Commitment Appropriations (CA)				
Code ABB	ABB Activity	Operational expenditure	Administrative expenditure (*)	Total (**)
ABB.1	Real Estate	0,00	275.487.744,67	275.487.744,67
ABB.2	Services	0,00	42.453.669,69	42.453.669,69
ABB.3	Horizontal activities	0,00	62.322.419,39	62.322.419,39
Total		0,00	380.263.833,75	380.263.833,75

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

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

2016 payments versus commitments (C1, C4 & C5 credits) on 31/12/2016, per ABB activity, were as follows:

ABB	Administrative Budget		CNECT subdelegated credits	COMM subdelegated credits	EPSO co-delegated credits	OIL co-delegated credits	PMO co-delegated credits	OLAF subdelegated credits	OP co-delegated credits	REGIO co-delegated credits	SG co-delegated credits	Grand Total
	budget opérationnel	budget de fonctionnement - 26.012201										
ABB.1	268.657.217,59	6.830.527,08	0,00	349.000,00	3.163.000,00	0,00	3.622.000,00	1.186.000,00	80.600,00	0,00	0,00	283.888.344,67
ABB.2	37.934.286,55	4.519.383,14	57.985,73	15.300,00	53.000,00	0,00	274.000,00	193.000,00	3.300,00	70.288,24	0,00	43.120.543,66
ABB.3	0,00	62.322.419,39	0,00	0,00	0,00	2.308,72	0,00	0,00	0,00	0,00	50.000,00	62.374.728,11
Commitments	306.591.504,14	73.672.329,61	57.985,73	364.300,00	3.216.000,00	2.308,72	3.896.000,00	1.379.000,00	83.900,00	70.288,24	50.000,00	389.383.616,44
ABB.1	229.789.998,00	5.261.031,47	0,00	278.984,96	2.782.599,89	0,00	3.018.906,18	224.428,04	62.676,63	0,00	0,00	241.418.625,17
ABB.2	22.648.793,08	2.554.711,38	14.708,35	15.299,37	52.852,87	0,00	134.916,40	177.725,00	3.299,83	0,00	0,00	25.602.306,28
ABB.3	0,00	61.504.001,99	0,00	0,00	0,00	2.308,72	0,00	0,00	0,00	0,00	37.014,14	61.543.324,85
Payments	252.438.791,08	69.319.744,84	14.708,35	294.284,33	2.835.452,76	2.308,72	3.153.822,58	402.153,04	65.976,46	0,00	37.014,14	328.564.256,30
ABB.1	85,53%	77,02%		79,94%			83,35%	18,92%	77,76%			85,04%
ABB.2	59,71%	56,53%	25,37%	100,00%	99,72%		49,24%	92,09%	99,99%	0,00%		59,37%
ABB.3		98,69%				100,00%					74,03%	98,67%
Payments vs Commitments	82,34%	94,09%	25,37%	80,78%	88,17%	100,00%	80,95%	29,16%	78,64%	0,00%	74,03%	84,38%

2. Credits cross-sub-delegated and co-delegated

The following table provides the full list of credits cross-sub-delegated and co-delegated by OIB to other Commission Authorising Officers in 2016, according to the delegations in annex 1 of the Internal Rules and the cross-sub-delegations and co-delegations in place:

PMO	Salaries of statutory staff, national experts and costs for missions	<p>Amount: € 29.550.717,42 on B2016-26.012201.010100-C1-OIB/PMO budget line Execution: Commitment: € 29.550.717,42 Payment: € 29.550.717,42</p> <p>Amount: € 51.305,00 on B2016-26.012201.010100-C4-OIB/PMO budget line Execution: Commitment: € 51.305,00 Payment: € 51.305,00</p> <p>Amount: € 822.607,08 on B2016-26.012201.010100-C5-OIB/PMO budget line Execution: Commitment: € 822.607,08 Payment: € 822.607,08</p> <p>Amount: € 23.787.829,58 on B2016-26.012201.010201-C1-OIB/PMO budget line Execution: Commitment: € 23.787.829,58 Payment: € 23.787.803,19 RAL: € 26,39</p> <p>Amount: € 1.440.718,13 on B2016-26.012201.010201-C4-OIB/PMO budget line Execution: Commitment: € 1.440.718,13 Payment: € 1.440.718,13</p> <p>Amount: € 5.025.349,18 on B2016-26.012201.010201-C5-OIB/PMO budget line Execution: Commitment: € 5.025.349,18 Payment: € 5.025.349,18</p> <p>Amount: € 129.500,00 On B2016-26.012201.010211-C1-OIB:PMO</p>
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		<p>budget line Execution: Commitment: € 129.500,00 Payment: € 115.221,04 RAL: € 14.278,96</p> <p>Amount: - (report from 2015 commitment not consumed) On B2016-26.012201.010211-C8-OIB:PMO budget line Execution: Commitment: € 44.669,07 Payment: € 43.347,30 RAL: € 1.321,77</p>
	Reimbursement of season tickets	<p>Amount: € 900.000,00 on B2016-26.012204-C1-OIB/PMO budget line Execution: Commitment: € 900.000,00 Payment: € 900.000,00</p> <p>Amount: € 501.007,98 on B2016-26.012204-C4-OIB/PMO budget line Execution: Commitment: € 501.007,98 Payment: € 93.622,52 RAL: € 407.385,46</p> <p>Amount: - (report from 2015 commitment not consumed) on B2016-26.012204-C8-OIB/PMO budget line Execution: Commitment: € 255.550,76 Payment: € 255.550,76</p>
DIGIT	IT support, software and telecommunications	<p>Amount: € 2.551.649,78 on B2016-26.012201.010300-C1-OIB>DIGIT budget line Execution : Commitment: € 2.551.603,85 Payment: € 1.946.801,33 RAL: € 604.802,52</p> <p>Amount: € 11.340,12 on B2016-26.012201.010300-C4-OIB>DIGIT budget line Execution : Commitment: € 11.340,12 Payment: € 0,00</p>

		<p>RAL: € 11.340,12</p> <p>Amount: - (report from 2015 commitment not consumed) on B2016-26.012201.010300-C8-OIB>DIGIT budget line</p> <p>Execution : Commitment: € 511.448,86 Payment: € 511.237,06 RAL: 211,80</p>
HR	External Staff	<p>Amount: € 274.283,00 on B2016-26.012201.010201-C1-OIB/HR budget line</p> <p>Execution: Commitment: € 274.283,00 Payment: € 204.886,81 RAL: € 69.396,19</p> <p>Amount: - (report from 2015 commitment not consumed) on B2016-26.012201.010201-C8-OIB/HR budget line</p> <p>Execution: Commitment: € 93.201,13 Payment: € 80.322,56 TAL: 12.887,57</p>
	Security and Health & Safety	<p>Amount: € 1.075.000,00 on B2016-26.012201.010300-C1-OIB>HR budget line</p> <p>Execution: Commitment: € 1.075.000,00 Payment: € 1.075.000,00</p>
COMM	Task force Greece	<p>Amount: € 143.550,47 on B2016-26.01220%-C1-OIB/COMM budget line</p> <p>Execution: Commitment: € 143.550,47 Payment: € 88.629,21 RAL: € 54.921,26</p>
		<p>Amount: € 10.031,09 on B2016-26.01220%-C4-OIB/COMM budget line</p> <p>Execution: Commitment: € 10.031,09 Payment: € 9.716,25 RAL: € 314,84</p>
		<p>Amount: € 4.500,00 on B2016-26.01220%-C5-OIB/COMM</p>

		budget line Execution: Commitment: € 4.500,00 Payment: € 4.500,00 Amount: - (report from 2015 commitment not consumed) on B2015-26.01220%-C8-OIB/COMM budget line Execution: Commitment: € 10.445,33 Payment: € 10.445,33
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On the other hand, and for information, other credits were also cross-sub-delegated or co-delegated in 2016, on a permanent or on a temporarily basis, to OIB by the following DGs/Services:

- PMO for building, logistics and supplies expenditures (amount: € 3.896.000,00);
- EPSO for building, logistics and supplies expenditures (amount: € 3.216.000,00);
- OLAF for buildings and logistic services (amount: € 1.379.000,00);
- DG COMM for services delivered to the representation of the European Commission in Belgium (amount: € 364.300,00);
- JRC to cover a part of the functional costs of OIB at ISPA (amount: € 396.101,50);
- DG GROW to cover the works for the secure room in the BREY building (amount: € 170.000,00);
- OP for building, logistics and supplies expenditures (amount: € 83.900,00);
- DG CNECT for the reproduction of operational documents in the print shop of Beaulieu (amount: € 57.985,73);
- DG REGIO for the reproduction of operational documents in the print shop of Beaulieu (amount: € 70.288,24);
- SG for expenses related to the information system "ARCHIS" (amount: € 50.000,00).
- OIL for the development of the interface "IMPRESSIVE" (amount: € 2.308,72);

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

3. Ex-post control methodology

The OIB ex-post control methodology is detailed in a specific manual and is based on a sample of six types of transactions which include budgetary commitments, payments, recovery orders, low value procurement procedures, middle value procurement procedures, and high value procurement procedures. Since 2013, the sample method has been reviewed and is now 100% random and statistically representative for payments and recovery orders (using the MUS sample methodology), allowing to extrapolate the ex-post sample results to the entire population of the respective type of transactions. Additionally, in particular given the situation of Unit OIB.OS.3 (Ispra), which has a fully decentralised financial circuit, an additional number of transactions including those of Ispra, is also sampled.

Two interim reports are issued in June and November and the final report on ex-post control activity for the reporting year is issued in February of year n+1. In 2016, 81% of the work programme was completed. For budgetary commitments, the work program was accomplished at 63% and for payments and recovery orders at 90% and 85% respectively. For low value procurement procedures, 38% of the planned number of verifications could be done and for high value procurement procedures one procedure was planned for review but could not be done. This is mainly due to the reduction of the ex-post control team by one third since mid-2014.

In addition, each year the ex-post control team continues to follow-up the recommendations issued in previous years and not addressed immediately.

The numbers of checks carried out in 2016:

2016	Population of transactions		All Verified transactions				Non-compliant results ¹			
	Nr	Amount - €	Nr	Amount - €	Nr	Amount - €	Nr	Amount - €		
Payments	8,031	328,918,631	64	0,80%	75,999,077	23%	0	0%	0	0%
Recovery orders	1,713	48,456,506	44	2,57%	38,297,973	79%	0	0%	0	0%
Budgetary commitments	472	300,481,624	5	1,06%	115,969,123	39%	0	0%	0	0%
Total transactions	10.216	677.994.420	113	1,14%	230,266,172	34%	0	0%	0	0%

The ex-post controls on low value procurement procedures covered 3 procedures for an amount of around € 5k while no middle and high value procurement procedures were reviewed in 2016.

¹ Error level 1
oib_aar_2016_final

4. Anti-fraud indicators

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

Indicator	2016 result		
– Number of training sessions carried out on ethics/number of staff trained	6/86		
– Assessment by management (M) and staff (S) on the effectiveness of ICS2 on ethics & integrity in OIB (Staff Survey 2016 result) ²	M	S	
	Positive	43,5%	43,5%
	Negative	27,5%	27,5%
– Assessment by management (M) and staff (S) on the fraud risk mitigating measures in OIB (ICS survey result)	M	S	
	Positive	76%	47%
	Negative	3%	7%
– Assessment by management (M) and staff (S) on the familiarity with anti-fraud documents and implementing tools (ICS survey result)	M	S	
	Positive	86%	53%
	Negative	5%	18%
– Number of training sessions carried out on procurement	2		
– Number of negative opinions from GAMA	0		
– Number of complaints/cases/proceedings received from unsuccessful economic providers by the European Court of Justice or by the Ombudsman regarding procurement procedures	1 ³		
– Percentage of total expenditure with unacceptable results during ex-post controls	0% ⁴		
– Number of critical fraud risks in the Office	0		
– Number of remarks received from the ECA in the context of the DAS review	0		
– Percentage of internal or external audit recommendations implemented on time	63%		
– Number of 'Critical' (C) or 'Very Important' (VI) audit recommendations overdue by more than 6 months according to their original implementation date (non-fraud related)	2		
– Number of cases transmitted to OLAF / IDOC for investigation	0		
– Number of investigations initiated by OLAF/IDOC	0		

² 2016 Staff Survey gave results for OIB respondents without the split managers/staff, hence same figures.

³ The company Louvers introduced an appeal to the Court of the European Union (T-835/16) against an attribution decision in the tender OIB.02/PO/2016/012/753 - «Fourniture de voiles, tentures, stores d'intérieur et prestations de pose, nettoyage et entretien y afférent». OIB.02 together with SJ examines the appeal's motivation.

⁴ No error level one (serious error).

5. Status of implementation of internal audit recommendations

The following synthesis table details the present situation of: new audits conducted in 2016, or audits for which the follow-up was carried out by the IAS and DG BUDG, or recommendations closed by OIB (or/and auditors where indicated***) or still open from previous audits for the year 2016.

Topic of the audit	Carried out by...in...	Closed in 2016	In Progress (*)	Total
Procurement and building procurement process	IAS 2016	Planned for 2017**		
Absenteeism	IAS 2015	1	1	2
Income in childcare activities	IAC 2010 [IAS follow-up 2015 and 2016-17]	1	0	1
Validation of local systems	DG BUDG 2014/-015 [DG BUDG follow-up 2015-2016 and 2016-2017]	1	2	3
Concept and Reproduction	IAC 2013 [IAS follow-up 2016]	6	2	8
Financial circuits	IAS 2013 [IAS follow-up 2015]	3	2	5
TOTAL		12	7	19

(*) Outstanding recommendations with original expected implementation date expiring by end of 2016

(**) 2 recommendations are planned for implementation in 2017 only and as such not included for calculation.

(***) Closed recommendations:

- Concept and Reproduction: 5 recommendations closed by the auditors and afterwards 1 closed by OIB
- Validation of local systems: 1 recommendation closed by OIB and by the auditors

6. Procurement

OIB's management mode for procurement is direct centralised management.

Building Procurement

Buildings procurement procedures are established according to articles 203 and title V (Public Procurement) of the Financial Regulation.

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

Key figures:

- Total available surface of offices (m² 'hors sol'):

At the end of 2016, the Commission occupied a total of approx. 1 million m² of above ground floor space of which approx. 801.000 m² are qualified as office space at the disposal of Commission services (excluding agencies).

- Average number of Commission buildings (Offices / Non offices):

The total above ground space is spread over 54⁵ office buildings and 11⁶ special purpose buildings (logistic, childcare facilities, conference centre, etc). The Commission also accommodates Executive Agencies in its own portfolio. On top of that, the Executive Agencies use 4 separate buildings (BOUR, BOU2, W910 and COV2).

- Number of persons housed in the offices:

The Commission number of staff housed in office space in Brussels was 23,750 (OLAF, EEAS & executive agencies excluded) at the end of 2016. The total number of staff in Brussels (including OLAF, EEAS, executive agencies, personnel without fixed desk) was 30,800 at the beginning of 2017.

- Number of API ("Avis de Prospection Immobilière") launched in 2016:

Following the tender procedure for a building of approx. 27,000 m² (covering mainly the executive agencies' needs) launched in 2014, the building or combination of buildings was delivered by the end of 2016. In order to ensure housing for the Commission's executive agencies staff, OIB assisted an Executive agency (INEA) with their negotiations for the prolongation of the lease for the W910 building. The Agency signed the contracts for the prolongations in December 2016.

- Budgetary commitments 2016 for building procurement: about 237 Mio € (C8: 49,4 Mio €; C1: 177,2 Mio €; C4: 4,7 Mio €; C5: 5,7 Mio €)

⁵ This includes office space in DAV, COLE and FPI (EEAS) and considers BU29/31/33 as one building complex.

⁶ Excluding parking buildings, evaluation centre (FP7) and RP14 (shared with Council).

Non-Building Procurement

In 2016, OIB awarded around € 105 Mio (including 10 Mio for other institutions) compared to around € 249 Mio the previous year. This value corresponds to 50 contracts signed relating to 18 procedures above € 135,000 versus 32 contracts signed in 2015 (of which 7 were under € 135.000).

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

Contracts duration: Generally framework contracts are signed for a period of 4 years maximum. Exceptionally contracts cover a longer time span (Maintenance of remote management installations - 5 years; Provision of software maintenance and customer support - 6 years; Hire and purchase service for high-volume digital printers/copiers and associated services - 8 years). For that reason and depending on the year in which higher value contracts have to be renewed, the total value of procurement procedures may vary significantly from one year to another.

Contractors (nbr): In 2016 OIB's payments covered 606 different counterparties, compared to 607 in 2015.

The following procurement procedures were concluded in 2016:

Procedure Typology						
	2014		2015		2016	
	€	%	€	%	€	%
Restricted procedure	22,260,000.00	13.91	1,550,000.00	0.62	0	0
Negotiated procedure	82,342,500.00	51.44	5,168,875.00	2.07	53.976.000	51
Procedures managed by another Institution	-	-	-	-	0	0
Open procedure	55,452,400.00	34.65	242,641,000.00	97.31	51.543.206,55	49
Concession procedure	-	-	-	-	0	0
Total	160,054,900.00	100.00	249,359,875.00	100.00	105.5019.207,55	100