



**2014**

# **Annual Activity Report**

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

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# INTRODUCTION

## OIL in brief

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

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

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

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

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

## The year in brief

The landmark event for OIL in 2014 was the Commission's decision PV(2014)2094 of 15 July 2014 to leave the Jean Monnet building in Kirchberg (JMO 1), taken in application of the precautionary principle to avoid exposing staff to any potential danger arising from the presence of asbestos. JMO 1 is currently home to some 1650 staff or around 40% of Commission personnel in Luxembourg and houses important IT, logistical and service infrastructure and equipment. A good part of OIL's services are provided from and in that building. The move is thus a sizeable operation, whose parameters have begun to take shape in the last quarter of 2014.

Following the decision, OIL geared its resources to the quick and accurate preparation of the execution of the decision to move. A number of concrete actions have been taken in 2014 towards the identification of suitable replacement buildings for the JMO1 building and in preparation of the move. These efforts, described in detail in the following sections of this report, were carried out whilst ensuring the provision of other OIL core services and keeping up the day-to-day operations.

Leading up to the decision to move, OIL successfully concluded the actions undertaken in previous years to assess accurately the state of the ageing JMO 1 building and to identify and implement the measures necessary for safe occupation. The commissioned studies, on the capacity of the building to continue to provide satisfactory housing conditions for the medium term, were completed and an expert round-table was held on the issue of asbestos in JMO 1. The results of these studies helped inform the College decision to leave JMO 1. During 2014, maintenance works addressing the priority recommendations of these studies were carried out, in line with the health and safety procedures in place and taking all precautions necessary to safeguard the health and safety of staff in the JMO building.

In 2014 OIL continued work on its main building project, the Jean Monnet 2 (JMO 2), which, upon completion, will replace the current JMO 1 building. The design phase in 2014 was marked by the elaboration of the summary draft work plan by the architect. In order to remain within budget, a number of options were examined in detail, and the draft work plan was revised accordingly. According to the current and recently revised planning, agreed at political level, the Commission will move into the new building in 2021.

2014 was the second full year when OIL ran childcare services on two separate sites in Kirchberg and Bertrange/Mamer. The results of the 2014 inter-institutional satisfaction survey of the parents with children in the CPE confirmed a consistent high level of satisfaction. The CPE V building joined the ranks of EMAS certified buildings run by OIL.

OIL's catering services continued a positive trend in terms of financial viability in 2014. OIL made progress toward a significant update of the catering cash and stock management system.

OIL successfully took over the management of the three Publications Office buildings and related activities as of 1 January 2014, following an agreement between OP and OIL

which was signed in October 2013.

Refurbishment works on the Foyer Européen continued throughout 2014. OIL continued to carry out its routine provision of equipment, furniture and office supplies and maintenance, cleaning, printing and other services to a high standard.

## Executive Summary

The Annual Activity Report is a management report of the Head of Service of OIL to the College of Commissioners. It is the main instrument of management accountability within the Commission and constitutes the basis on which the Commission takes its responsibility for the management of resources by reference to the objectives set in the management plan and the efficiency and effectiveness of internal control systems, including an overall assessment of the costs and benefits of controls.

## Five Key Performance Indicators (KPI)

Result/Impact indicator	Target (MP 2014)	Latest known results 31/12/2014
1. Progress on the planning phase of JMO 2 building project	Completion of phase APS (summary draft work plan)	The validation of the APS phase is pending; project optimization by the architect ongoing.
<p><b>Progress on the planning and construction phases of JMO 2</b></p> <p>Completion of construction of phase 1 of the JMO 2 building</p> <p>Construction permits delivery and start of construction</p> <p>Completion of phase APS (summary draft work plan)</p> <p>Framework agreement signed and conception phase started</p> <p>2013 2014 2015 2017 2020</p> <p>■ Milestone ■ Latest known result</p> <p><i>NOTE: Qualitative indicator; dimensions and ratios between graph objects are only indicative.</i></p>		
2. Results of the joint OIL-FUAK studies on the state of the JMO 1 building and related actions. <sup>1</sup>	Studies completed and action plans and renegotiation of lease initiated	Studies completed; their conclusions inform the College decision to leave JMO 1.

<sup>1</sup> FUAK (Fonds d'urbanisation et d'aménagement du plateau de Kirchberg) is the owner of the JMO 1 building.

Result/Impact indicator	Target (MP 2014)	Latest known results 31/12/2014
3. Balanced books for the catering activities in Luxembourg.	Balanced books	Books are balanced
4. EMAS to be extended to building CPE V.	CPE V to become the 4th EMAS certified building	CPE V has been certified. (joining the ranks of DRB, HITEC and EUFO)
5. Findings of ex-post control; percentage of total expenditure with errors of importance level 1 and 2 <sup>2</sup> .	<2% of value for expense and income transactions	0,01% of value for expense transactions 0,00% of value for income transactions

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

### KPI 1 – Progress on JMO 2

The target milestone set for the planning phase of the JMO 2 building project for 2014 was the completion of the summary draft work plan (phase APS<sup>3</sup>). The architect has provided a first version of the summary work plan in early June, however beyond budget. The document has since been under review by ABP<sup>4</sup> and the Commission and has undergone several revisions.

The final validation of the APS by the JMO2 steering committee has been re-scheduled to the first quarter of 2015, because of ongoing efforts to keep the project within budget. The global timeline of the project has shifted by a year. This revised schedule was agreed at political level in the framework of the negotiations with the Luxembourg authorities on the move out of the JMO building. According to the revised schedule, after the validation of the summary work plan the architect will draft the detailed work plan (APD<sup>5</sup>) by end 2015 and will submit an application for the necessary building permits in 2016. Actual construction is expected to begin in 2017. The projected delivery dates for the future building are October 2020 for phase one and October 2024 for phase two.

### KPI 2 – Results of the joint OIL-FUAK studies on the state of the JMO 1 building and related actions

#### Result of the studies

The studies on the structure and the installations in the Jean Monnet building launched jointly by OIL and the building owner in 2013, in order to get an expert view on the

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<sup>2</sup> Importance levels 1 and 2 are for serious errors with potential impact on the declaration of assurance

<sup>3</sup> Avant Projet Sommaire

<sup>4</sup> Administration des Bâtiments Publics du Luxembourg

<sup>5</sup> Avant Projet Détaillé

feasibility to stay in the building until the JMO2 building is available, have been completed. Their results have been sent to the Committee of health and safety at the workplace (CSHT) and made available on the new dedicated JMO building web page<sup>6</sup>. The results of the studies show no major issues with the installations or the structure, provided that a limited number of works identified in the studies are undertaken. These works, addressing the priority recommendations of the studies, were carried out, in line with the health and safety procedures in place and taking all precautions necessary to safeguard the health and safety of staff in the JMO building.

With regard to the health and safety studies, an expert round-table meeting on the risk of exposure to asbestos in JMO 1 was organised in June by HR.DS in cooperation with OIL and the FUAK, with the aim to produce a common opinion regarding mid and long-term safety aspects. The outcome of this round-table helped to inform the College decision on the move out of the JMO.

### **Decision to move before completion of JMO 2**

On 15 July 2014, the College took the decision (Commission decision PV(2014)2094) to move out of the ageing JMO1 building, well before the construction of its planned replacement - JMO2. The decision was taken in application of the precautionary principle to avoid exposing staff to any potential danger arising from the presence of asbestos. A Steering Committee<sup>7</sup> was established under the responsibility of the Director General of DG.HR to cover both administrative and operational aspects of the move out of JMO1. Since December 2014, a high-level working group is also meeting on a weekly basis with the Luxembourg authorities, addressing the practical and financial aspects of the operation, with a view of reaching a political agreement on the cost sharing of the move at the beginning of 2015.

### **Execution**

The execution of the decision to move has been an absolute priority for OIL in the second half of 2014. The following actions have been undertaken:

- In line with the real estate procedure, OIL immediately launched a market prospection in early August 2014 (for office space, for technical space, a data centre and a conference centre) and has reached stage 5 of the building prospection procedure (technical study and draft contract for the selected buildings) at year-end. It has been decided that the JMO conference centre will

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<sup>6</sup> [https://myintracomm.ec.europa.eu/hr\\_admin/fr/luxembourg/Jean-Monnet-Building/Pages/index.aspx](https://myintracomm.ec.europa.eu/hr_admin/fr/luxembourg/Jean-Monnet-Building/Pages/index.aspx)

<sup>7</sup> Chaired by the Director-General for Human Resources and Security and composed of the Head of Service of OIB (Deputy Chair) the Directors-General of DIGIT and DGT, the Head of Service of OIL, a member of the Cabinet of Vice-President, and two staff representatives, namely the President of the Local Staff Committee in Luxembourg and the President of the Union Syndicale in Luxembourg.



remain operational throughout 2015, with some minor works to be done as recommended by the studies.

- Significant steps were taken in 2014 toward optimising the office space in existing Commission buildings and identifying available office capacity in other EU Institutions in Luxembourg. As a result, the first moves have already started in 2014, with some 20 staff from DG HR's Security Directorate installed in the Drosbach building. Free space in other existing office buildings has been identified in cooperation with the DGs concerned and the optimization of existing office space will allow re-housing of approximately 160 staff in the Euroforum, Bech and the Hitec buildings.
- The estimated cost of renting new premises, their fitting out and the move operation itself will exceed by far the current annual maintenance and rent paid for JMO1 and is currently not provided for in the 2015 budget. The exact amount can only be determined after the results of the real estate procedure, the conclusion of the discussions with the Luxembourg authorities and the cost of optimizing existing office space are all known.
- Nonetheless, some of the necessary financial resources have already been set aside in 2014 while negotiations with the Luxembourg authorities continue. The Commission has scrutinized all the budgetary resources available in the 2014 budget and made a redeployment EUR 22 million, after informing the Budget Authority, to cover part of expenditure related to the move.
- In JMO 1 all safety measures to prevent release of fibres remain in place and the works related to the recommendations of the asbestos inventory continue – in strict compliance with procedures in place - until all staff have left the building.

In view of the decision to move from JMO 1 no renegotiation of the conditions of occupation beyond 31 December 2015 was necessary.

### **KPI 3 – Continued financial viability of catering**

Following the measures put in place to reinforce their financial viability, the books of catering activities were again balanced in 2014 (for a third year in a row). As part of the effort to control costs, OIL continued to follow closely the purchase of food supplies.

### **KPI 4 – Extension of EMAS**

The Drosbach, Hitec and EUFO buildings were certified by 2013 under the EMAS environmental management and audit system. Various action points following the 2013 audit were implemented in 2014. The EMAS audit for the certification of the CPE V building took place in autumn 2014. CPE V became the fourth EMAS certified building run by OIL, meeting the annual target.

## KPI 5 – Findings of ex-post control

More than 99,9% of value for 2014 expense and income transactions has been found to be "acceptable" in the course of ex-post controls, reflecting the sound implementation of OIL's internal control objectives.

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

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

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

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

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

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

## Information to the Commissioner

The main elements of this report and assurance declaration have been brought to the attention of Vice President Georgieva, responsible for Budget and Human Resources.

# **1. POLICY ACHIEVEMENTS**

## **1.1 Achievement of specific objectives**

### **OIL's operational activities (1.1.1 – 1.1.8)**

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

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

The Commission manages 14 buildings in Luxembourg, of which 7 are office buildings, with over 4200 staff. Following an agreement with the Publications Office, OIL took over the management of their buildings in January 2014. There are three clusters of Commission office buildings in Luxembourg: Kirchberg (buildings Jean Monnet and Bech) and Gasperich (buildings Euroforum, Hitec and Drosbach) and the Central railway station (Mercier and Fischer).

All buildings are rented or leased except the Foyer Européen, which is owned by all European Institutions and managed by the Commission. The leases for the Euroforum and the CPE V include a purchasing option.

In the medium term, the new Jean Monnet 2 building in Kirchberg will allow the Commission to gather in a single building the majority of its services and staff now based at Jean Monnet, Hitec, Drosbach and BECH. The total surface will be approximately 120.000 m<sup>2</sup> (gross surface).

#### **Equipment, service activities and social infrastructure (0 – 1.1.8)**

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

### **OIL's Horizontal activities (1.1.9 – 1.1.11)**

Three specific objectives cover OIL's horizontal activities:

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

### **Inter-institutional activities (1.1.12)**

One specific objective has been set for inter-institutional activities.

### 1.1.1 ABB activity "Buildings and related activities: management of the Commission's buildings and space planning".

<b>SPECIFIC OBJECTIVE 1: Manage the Commission's buildings and infrastructures efficiently and effectively whilst improving space planning in line with the MAPF<sup>8</sup> objectives by implementing the long-term buildings policy and the procedures for selecting new buildings and/or sites.</b>				
<i>Result Indicator (Data source: OIL)</i>	<i>2014 Target</i>		<i>Current situation (31/12/2014)</i>	
Projects delivered within deadline and budget: Timely implementation of the works programme for Foyer.	100% (renovation completed in the first half of 2014)		More than 80% of work completed end of 2014. Within budget.	
<i>Result Indicator (Data source: OIL)</i>	<i>Baseline</i>	<i>Milestones</i>		<i>Target</i>
	<i>2013</i>	<i>2014 (Current situation)</i>	<i>2015</i>	<i>2020</i>
Projects delivered within deadline and budget: Progress on the planning and construction phase of JMO 2 building and related actions	Framework agreement signed and conception phase started	The validation of the APS phase is pending; project optimization by the architect ongoing.	Completion of phase APS (summary draft work plan) and APD (detailed work plan)	Completion of construction of phase 1 of the JMO 2 building (global timeline shifted by one year)
<i>Result Indicator (Data source: OIL)</i>	<i>Baseline</i>	<i>Milestones</i>		<i>Target</i>
	<i>2013</i>	<i>2014 (Current situation)</i>	<i>2015</i>	<i>2019</i>
Ratio of the Commission's real estate portfolio and the surface needs authorised by the budgetary authority	132,938 m <sup>2</sup>	132,938 m <sup>2</sup>	To be determined	To be determined
<b>M a i n o u t p u t s i n 2 0 1 4 :</b>				
<p>Refurbishment works on the Foyer Européen started in October 2013. Their purpose is the optimisation of the use of space, the improvement in accessibility for persons with reduced mobility, and the improvement of the Foyer's energy efficiency. The project will also enable us to offer logistical services for the organisation of trainings and other events. The project was scheduled for completion in the first half of 2014. However, due to unforeseen technical difficulties and issues between the main contractor and their on-site sub-contractors in Luxembourg, the re-opening of the Foyer has now been rescheduled to Q2 2015. The works should be completed within the budget foreseen.</p> <p>The Foyer has been closed for works since July 2013. The Foyer restaurant was temporarily "re-located" to the Jean Monnet restaurant in JMO1 in an effort to provide uninterrupted service to staff. The re-location proved inefficient and has been discontinued since July 2014. A number of cultural activities have been continued in temporary premises, including in Jean Monnet.</p> <p>JMO2: The conception contract between the Luxembourg government and the selected</p>				

<sup>8</sup> Multiannual Policy Framework

**SPECIFIC OBJECTIVE 1: Manage the Commission's buildings and infrastructures efficiently and effectively whilst improving space planning in line with the MAPF<sup>8</sup> objectives by implementing the long-term buildings policy and the procedures for selecting new buildings and/or sites.**

architect has been signed. The current stage of the project – the design phase – consists in the elaboration of a summary draft work plan (APS) by the architect, to be followed by a detailed work plan (APD), to be followed in turn by an application for the necessary building permits. According to the initial timeline for the design phase, the APS should have been validated in 2014. However this timeline has now been revised and the completion of the design phase is due by end of 2015. OIL has been working closely with the Luxembourg services to ensure these deliverables are in line with the specifications and the Commission's needs, as laid down in the Framework Agreement signed in 2013 and in the Memorandum of Understanding signed in 2009. To ensure strict adherence to the revised timetable for the execution of the building project, agreed with the Luxembourg authorities, the JMO2 Steering Committee is in charge of reporting back on a regular basis at political level, to Vice-President Georgieva and the Luxembourg Minister in charge of the file.

JMO1 and the search for its replacement:

Following the Commission decision of July 15 to leave the JMO 1 as soon as possible, OIL immediately launched a real estate-market prospection on August 1<sup>st</sup>. The prospection is being carried out in accordance with the "Kallas" procedure<sup>9</sup>, the Manual of Standard Building Specifications and the Housing Conditions Manual for Commission DGs and Services. As of end of December 2014, the market prospection was at a stage of progress where several office buildings were pre-selected and were being studied. The offers for office space received match the basic space requirements, and it has been established that staff will have to be relocated across a number of buildings, as no single building on the market can accommodate all of JMO1 staff. The number of staff concerned by the relocation of office space is quite substantial, and therefore poses a particular challenge for the adaptation of OIL services tailored to an increased number of buildings where economies of scale will no longer be possible.

No offers matching the specifications of conference facilities required for the move of the JMO1 conference centre have been received, with the exception of some meeting rooms suitable only for a fraction of the actual service needs. Contacts have been initiated with the other EU institutions in Luxembourg and with the local authorities in order to examine the possibility of sharing their conference facilities and will be further pursued in 2015 to ensure conferences and meetings of Commission services based in Luxembourg can continue to take place in Luxembourg. As a result of this situation the Jean Monnet conference centre will remain open in 2015.

JMO1 currently comprises a data centre facility, whose uninterrupted functioning is critical to Commission services in Europe and all EU delegations. DIGIT estimates the lead-in time for the potential move of the data centre facility now in JMO1 to be at least 12 months.

Following the initial market prospection launched early August, the space and technical requirements have been revised at the request of DG BUDG, and the market prospection for these premises has recently been re-launched. In light of these developments and the vast costs

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<sup>9</sup> C(2008)2299/1 Memorandum from Vice-President Kallas to the Commission on the definition of the methodology to be followed by the services of the Commission for prospecting and negotiating for buildings

**SPECIFIC OBJECTIVE 1: Manage the Commission's buildings and infrastructures efficiently and effectively whilst improving space planning in line with the MAPF<sup>8</sup> objectives by implementing the long-term buildings policy and the procedures for selecting new buildings and/or sites.**

to move the data centre, different options on the location of the future data centre are being examined, in close cooperation with the Luxembourg authorities.

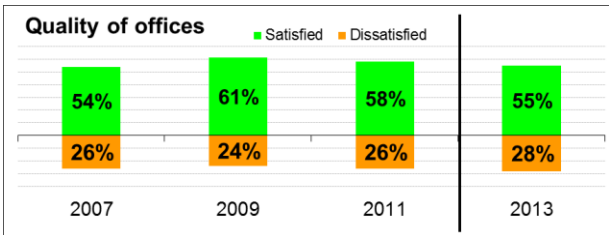
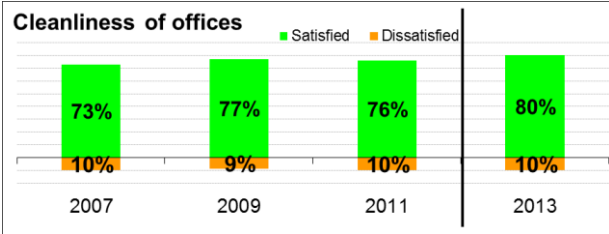
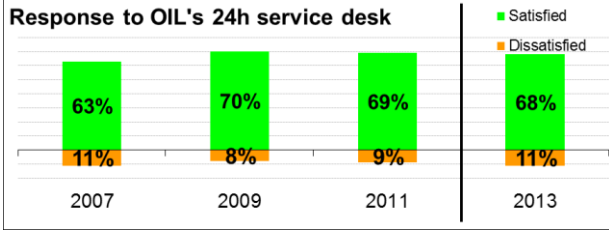
As is the case for old office buildings, there is a significant amount of technical space in the JMO1 - used for storage, mail, print shop, drivers, archives etc. – around 7000 m<sup>2</sup>. Such a large proportion of technical space is no longer the norm for modern day office buildings, and alternative solutions are being sought. The market prospection for technical premises has been adapted and re-launched.

In parallel to the market prospection, OIL has identified free office space available in Commission buildings in Luxembourg which could serve to accommodate some staff currently housed in the JMO. Relocation to other buildings requires additional works to optimize and regroup the available space. This optimization of existing office space will allow us to rehouse a total of approximately 160 staff in the Drosbach, Euroforum, Bech and the Hitec buildings.

OIL proceeded with the roll-out of the new facility management software application GEPI, and 6 core modules successfully went live on 1 July 2014. In preparation for the launch a number of training sessions for staff were held in June. OIL already benefited from the timely introduction of GEPI in 2014: the floor plans and space management data entered into the system facilitate the planning of the future move from JMO 1.

Following an agreement between the Publications Office and OIL, signed in October 2013, OIL took over the management of three OP buildings and related activities on 1<sup>st</sup> January 2014 and has since ensured that the latter are run smoothly and effectively. In addition, OIL provided technical expertise to OP in its search for IT facilities (approximately 150 m<sup>2</sup> data centre) in Luxembourg. The market prospection was finalized during the last quarter of 2014 and the file has since been submitted for decision to the Publications Office.

### 1.1.2 ABB activity "Buildings and related activities: offering office space to clients' satisfaction".

SPECIFIC OBJECTIVE 2: Enhance OIL's service-oriented culture and client satisfaction by offering good quality office space to the Commission sites of Luxembourg.																	
Result Indicator (Data source: HR 2013 Staff Opinion Survey: PMO, OIB and OIL)	2014 Target	Current situation (31/12/2014)															
<p><b>These indicators measure % of staff satisfaction in staff opinion survey 2013</b> conducted by DG HR related to the services of PMO, OIB and OIL: <i>(very satisfied + satisfied)</i> vs. <i>(dissatisfied + very dissatisfied)</i> [survey addressed to all EC staff]</p> <p><b>General MP 2014 Target: keep stable, taking into account budget and staff reductions</b></p> <p><b>Note:</b> The HR Staff Satisfaction Survey is carried out bi-annually. Targets for 2014 were set based on the results of the 2011 Survey, the latest data available upon drafting of the MP 2014. The responses to the 2013 HR survey are the latest measurement available.</p>																	
The general quality of my office (space, light, noise, temperature etc.)	keep stable	 <table border="1"> <caption>Quality of offices</caption> <thead> <tr> <th>Year</th> <th>Satisfied (%)</th> <th>Dissatisfied (%)</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>54%</td> <td>26%</td> </tr> <tr> <td>2009</td> <td>61%</td> <td>24%</td> </tr> <tr> <td>2011</td> <td>58%</td> <td>26%</td> </tr> <tr> <td>2013</td> <td>55%</td> <td>28%</td> </tr> </tbody> </table>	Year	Satisfied (%)	Dissatisfied (%)	2007	54%	26%	2009	61%	24%	2011	58%	26%	2013	55%	28%
Year	Satisfied (%)	Dissatisfied (%)															
2007	54%	26%															
2009	61%	24%															
2011	58%	26%															
2013	55%	28%															
The cleaning of my office and the building I work in	keep stable	 <table border="1"> <caption>Cleanliness of offices</caption> <thead> <tr> <th>Year</th> <th>Satisfied (%)</th> <th>Dissatisfied (%)</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>73%</td> <td>10%</td> </tr> <tr> <td>2009</td> <td>77%</td> <td>9%</td> </tr> <tr> <td>2011</td> <td>76%</td> <td>10%</td> </tr> <tr> <td>2013</td> <td>80%</td> <td>10%</td> </tr> </tbody> </table>	Year	Satisfied (%)	Dissatisfied (%)	2007	73%	10%	2009	77%	9%	2011	76%	10%	2013	80%	10%
Year	Satisfied (%)	Dissatisfied (%)															
2007	73%	10%															
2009	77%	9%															
2011	76%	10%															
2013	80%	10%															
Response to calls to OIL's 24-hour service desk regarding technical or maintenance problems	keep stable	 <table border="1"> <caption>Response to OIL's 24h service desk</caption> <thead> <tr> <th>Year</th> <th>Satisfied (%)</th> <th>Dissatisfied (%)</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>63%</td> <td>11%</td> </tr> <tr> <td>2009</td> <td>70%</td> <td>8%</td> </tr> <tr> <td>2011</td> <td>69%</td> <td>9%</td> </tr> <tr> <td>2013</td> <td>68%</td> <td>11%</td> </tr> </tbody> </table>	Year	Satisfied (%)	Dissatisfied (%)	2007	63%	11%	2009	70%	8%	2011	69%	9%	2013	68%	11%
Year	Satisfied (%)	Dissatisfied (%)															
2007	63%	11%															
2009	70%	8%															
2011	69%	9%															
2013	68%	11%															
Buildings accessible to persons with disabilities	All buildings	All buildings															

### 1.1.3 ABB activity "Buildings and related activities: provision of quality office space in terms of health and safety".

SPECIFIC OBJECTIVE 3: Enhance OIL's service-oriented culture and client satisfaction by offering good quality office space in respect of the Health and Safety Rules applicable to the Commission in Luxembourg.		
<i>Result Indicator (Data source: OIL)</i>	<i>2014 Target</i>	<i>Current situation (31/12/2014)</i>
Average number of evacuation exercises per building per year	2	1 exercise carried out for administrative buildings except: Foyer (being renovated), EUFO (bad weather conditions), 1 exercise carried out for CPE buildings
Percentage of EC staff trained in first aid	5	4,4
<i>M a i n o u t p u t s i n 2 0 1 4 :</i>		
<p>In 2014 there has been a change in policy, agreed with DG.HR's Security Directorate (DS), to organise 1 evacuation exercise per year for administrative buildings (except JMO 1, where 4 evacuations should take place per year) and 2 per year for the CPE buildings. Only 1 evacuation exercise was organised in each CPE building because of bad weather conditions.</p> <p>One first-aid training course was organised in 2014.</p> <p>OIL continued to carry out regular air measurements for asbestos fibres in the JMO 1, CPE 1 and CPE 2. Since August 2014, daily measurements are taken in the JMO Data Centre at the request of DS. Regular inspections were carried out with greater frequency to ensure that all the asbestos containing materials are safely contained and that no fibres are released. OIL continued to execute the necessary works to implement the asbestos action plan and followed-up on health and safety audit recommendations in close cooperation with DS.</p> <p>OIL took over the management of the health and safety related contracts for all the buildings of the Publications Office (OP) and consequently updated all health and safety procedures to take account of the specificities of these buildings.</p> <p>The workplace risk analysis initiated in 2013 was updated in 2014; this is done annually, and OIL will gradually implement the global prevention plan on the basis of annual action plans.</p>		



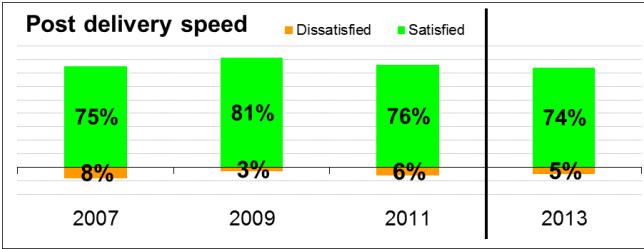
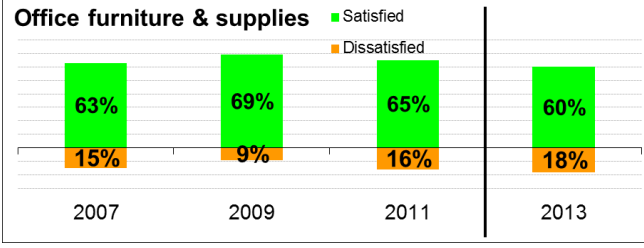
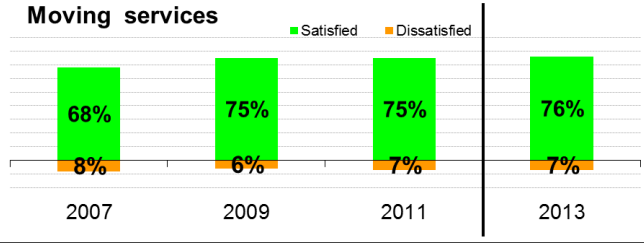
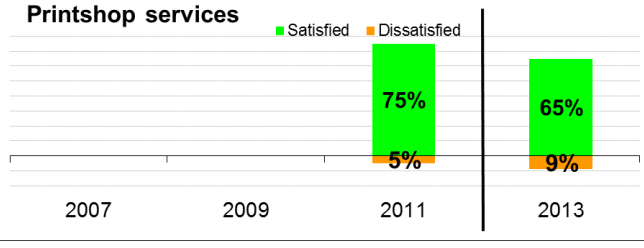
### 1.1.4 ABB activity "Buildings and related activities: keeping activities in line with the highest environmental standards".

<b>SPECIFIC OBJECTIVE 4: Meet the highest environmental standards in all its activities, through the implementation of the Eco-Management and Audit Scheme (EMAS).</b>		
<i>Result Indicator<sup>10</sup></i> <i>(Data source: Annual "Environmental Statement")</i>	<i>2014 Target</i>	<i>Current situation (31/12/2014)</i>
Total number of EMAS registered buildings as compared to the total number of buildings	4 (out of a total of 11)	4 (out of a total of 14 <sup>11</sup> )
Percentage of reduction of electricity consumption within the registered EMAS buildings in comparison with prior year (in kWh/m <sup>2</sup> per year)	Reduce for EUFO  Keep stable for  HITEC, DRB, and CPE V	3,3% reduction overall EUFO -4.28%  HITEC +0.4% DRB -3.2% CPE V +4%
Percentage of reduction of water consumption within the EMAS registered buildings in comparison with prior year (in m <sup>3</sup> /m <sup>2</sup> per year)	Obtain reliable data on consumption	Data is reliable. (12,2% reduction)
Green Public Procurement criteria included in contracts	100%	100%
<i>M a i n o u t p u t s i n 2 0 1 4 :</i>		
The number of environmental communications made by OIL	6	12
<p>The internal verification of OIL's Environmental Management System took place in February and corrective actions identified were implemented in the course of the year. The EMAS audit for the certification of the CPE V building took place in autumn 2014. As a result CPE V joined the ranks of OIL-run EMAS-certified buildings (along with Euroforum, HITEC and Drosbach).</p> <p>In 2014, we centralised the collection of organic waste in the kitchens and cafeterias and favour the use of biodegradable office supplies whenever possible.</p> <p>Efforts to limit the average CO<sub>2</sub> emissions of OIL's vehicle fleet have been further pursued by leasing environmentally friendlier vehicles whenever old vehicles are replaced.</p> <p>From 1 January 2014, the M-Pass, a yearly ticket entitling the holder to use any means of public transport within the Grand-Duchy of Luxembourg, was made available to staff at a reduced rate. The "Jobkaart", which allows free use of city buses for statutory staff, is systematically offered to newcomers. Paper use, already much reduced in previous years, was kept stable.</p> <p>In 2014, we organised a Waste Week (in cooperation with DG HR), a campaign to raise awareness about the efficient use of resources, and a Green Day.</p>		

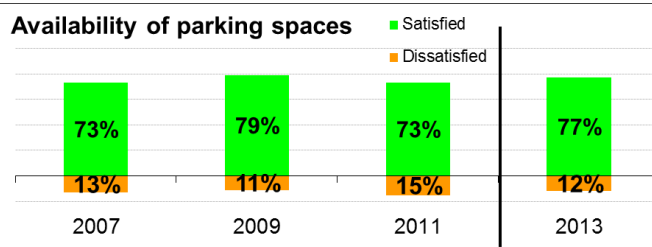
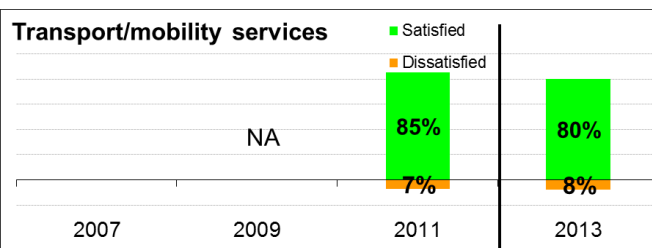
<sup>10</sup> For further information on the EMAS indicators, please refer to the "Environmental Statement", which is published annually.

<sup>11</sup> Including 3 Publications Office buildings since January 1, 2014

### 1.1.5 ABB activity "Management of social welfare: provision of good working conditions and sound financial management of inventory".

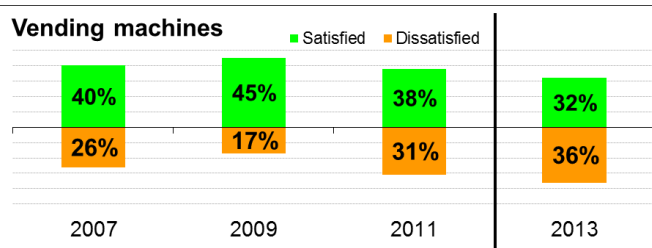
SPECIFIC OBJECTIVE 1: Create the best possible working conditions and ensure a sound financial management of the inventory (including the correct and secure delivery of mail, the optimal use of the Commission's printing capacity and the correct delivery of office supplies and furniture) by ensuring high level quality services.																	
Result Indicator (Data source: HR 2013 Staff Opinion Survey: PMO, OIB, OIL)	2014 Target	Current situation (31/12/2014)															
<p><b>These indicators measure % of staff satisfaction in the staff opinion survey</b> conducted by DG HR related to the services of PMO, OIB and OIL in 2013 (<i>very satisfied + satisfied</i>) versus (<i>dissatisfied + very dissatisfied</i>) [the survey is addressed to all Commission staff].</p> <p><b>Note:</b> The HR Staff Satisfaction Survey is carried out bi-annually. Targets for 2014 were set based on the results of the 2011 Survey, the latest data available upon drafting of the MP 2014. The responses to the 2013 HR survey are the latest measurement available.</p>																	
Delivery speed of the central postal service of the Commission	keep stable	 <table border="1"> <caption>Post delivery speed</caption> <thead> <tr> <th>Year</th> <th>Satisfied (%)</th> <th>Dissatisfied (%)</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>75%</td> <td>8%</td> </tr> <tr> <td>2009</td> <td>81%</td> <td>3%</td> </tr> <tr> <td>2011</td> <td>76%</td> <td>6%</td> </tr> <tr> <td>2013</td> <td>74%</td> <td>5%</td> </tr> </tbody> </table>	Year	Satisfied (%)	Dissatisfied (%)	2007	75%	8%	2009	81%	3%	2011	76%	6%	2013	74%	5%
Year	Satisfied (%)	Dissatisfied (%)															
2007	75%	8%															
2009	81%	3%															
2011	76%	6%															
2013	74%	5%															
The quality of office furniture and supplies	keep stable	 <table border="1"> <caption>Office furniture &amp; supplies</caption> <thead> <tr> <th>Year</th> <th>Satisfied (%)</th> <th>Dissatisfied (%)</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>63%</td> <td>15%</td> </tr> <tr> <td>2009</td> <td>69%</td> <td>9%</td> </tr> <tr> <td>2011</td> <td>65%</td> <td>16%</td> </tr> <tr> <td>2013</td> <td>60%</td> <td>18%</td> </tr> </tbody> </table>	Year	Satisfied (%)	Dissatisfied (%)	2007	63%	15%	2009	69%	9%	2011	65%	16%	2013	60%	18%
Year	Satisfied (%)	Dissatisfied (%)															
2007	63%	15%															
2009	69%	9%															
2011	65%	16%															
2013	60%	18%															
Moving of furniture, boxes and belongings to a new office	keep stable	 <table border="1"> <caption>Moving services</caption> <thead> <tr> <th>Year</th> <th>Satisfied (%)</th> <th>Dissatisfied (%)</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>68%</td> <td>8%</td> </tr> <tr> <td>2009</td> <td>75%</td> <td>6%</td> </tr> <tr> <td>2011</td> <td>75%</td> <td>7%</td> </tr> <tr> <td>2013</td> <td>76%</td> <td>7%</td> </tr> </tbody> </table>	Year	Satisfied (%)	Dissatisfied (%)	2007	68%	8%	2009	75%	6%	2011	75%	7%	2013	76%	7%
Year	Satisfied (%)	Dissatisfied (%)															
2007	68%	8%															
2009	75%	6%															
2011	75%	7%															
2013	76%	7%															
Graphic design and reproduction services (print shop)	keep stable	 <table border="1"> <caption>Printshop services</caption> <thead> <tr> <th>Year</th> <th>Satisfied (%)</th> <th>Dissatisfied (%)</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>-</td> <td>-</td> </tr> <tr> <td>2009</td> <td>-</td> <td>-</td> </tr> <tr> <td>2011</td> <td>75%</td> <td>5%</td> </tr> <tr> <td>2013</td> <td>65%</td> <td>9%</td> </tr> </tbody> </table> <p>OIL's print shop was closed for some months in 2013 while asbestos confinement works were ongoing.</p>	Year	Satisfied (%)	Dissatisfied (%)	2007	-	-	2009	-	-	2011	75%	5%	2013	65%	9%
Year	Satisfied (%)	Dissatisfied (%)															
2007	-	-															
2009	-	-															
2011	75%	5%															
2013	65%	9%															

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

<i>Result Indicator</i> (Data source: HR 2013 Staff Opinion Survey: PMO, OIB, OIL)	<i>2014 Target</i>	<i>Current situation (31/12/2014)</i>															
Availability of parking places	keep stable	 <table border="1"> <caption>Availability of parking spaces</caption> <thead> <tr> <th>Year</th> <th>Satisfied</th> <th>Dissatisfied</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>73%</td> <td>13%</td> </tr> <tr> <td>2009</td> <td>79%</td> <td>11%</td> </tr> <tr> <td>2011</td> <td>73%</td> <td>15%</td> </tr> <tr> <td>2013</td> <td>77%</td> <td>12%</td> </tr> </tbody> </table>	Year	Satisfied	Dissatisfied	2007	73%	13%	2009	79%	11%	2011	73%	15%	2013	77%	12%
Year	Satisfied	Dissatisfied															
2007	73%	13%															
2009	79%	11%															
2011	73%	15%															
2013	77%	12%															
Transport/mobility services	keep stable	 <table border="1"> <caption>Transport/mobility services</caption> <thead> <tr> <th>Year</th> <th>Satisfied</th> <th>Dissatisfied</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>NA</td> <td>NA</td> </tr> <tr> <td>2009</td> <td>NA</td> <td>NA</td> </tr> <tr> <td>2011</td> <td>85%</td> <td>7%</td> </tr> <tr> <td>2013</td> <td>80%</td> <td>8%</td> </tr> </tbody> </table>	Year	Satisfied	Dissatisfied	2007	NA	NA	2009	NA	NA	2011	85%	7%	2013	80%	8%
Year	Satisfied	Dissatisfied															
2007	NA	NA															
2009	NA	NA															
2011	85%	7%															
2013	80%	8%															

### 1.1.6 ABB activity "Management of social welfare: provision of restaurants, canteens and cafeterias"

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

<i>Result Indicators</i> (Data source: HR 2013 Staff Opinion Survey: PMO, OIB, OIL)	<i>2014 Target</i>	<i>Current situation (31/12/2014)</i>															
<p><b>These indicators measure % of staff satisfaction in the staff opinion 2013 survey</b> conducted by DG HR related to the services of PMO, OIB and OIL: <i>(very satisfied + satisfied) versus (dissatisfied + very dissatisfied)</i> [the survey is addressed to all Commission staff]</p> <p><b>Note:</b> The HR Staff Satisfaction Survey is carried out bi-annually. Targets for 2014 were set based on the results of the 2011 Survey, the latest data available upon drafting of the MP 2014. The responses to the 2013 HR survey are the latest measurement available.</p>																	
The provision of vending machines - in general	Improve	<p>Since the 2011 Staff Opinon Survey the general question on satisfaction has been split into several different questions.</p>  <table border="1"> <caption>Vending machines</caption> <thead> <tr> <th>Year</th> <th>Satisfied</th> <th>Dissatisfied</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>40%</td> <td>26%</td> </tr> <tr> <td>2009</td> <td>45%</td> <td>17%</td> </tr> <tr> <td>2011</td> <td>38%</td> <td>31%</td> </tr> <tr> <td>2013</td> <td>32%</td> <td>36%</td> </tr> </tbody> </table> <p>Beverage prices increased in 2013.</p>	Year	Satisfied	Dissatisfied	2007	40%	26%	2009	45%	17%	2011	38%	31%	2013	32%	36%
Year	Satisfied	Dissatisfied															
2007	40%	26%															
2009	45%	17%															
2011	38%	31%															
2013	32%	36%															

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

<i>Result Indicators</i> (Data source: HR 2013 Staff Opinion Survey: PMO, OIB, OIL)	<i>2014 Target</i>	<i>Current situation (31/12/2014)</i>															
The provision and services provided at cafeterias	Improve	<table border="1"> <caption>Cafeterias</caption> <thead> <tr> <th>Year</th> <th>Satisfied</th> <th>Dissatisfied</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>NA</td> <td>NA</td> </tr> <tr> <td>2009</td> <td>NA</td> <td>NA</td> </tr> <tr> <td>2011</td> <td>44%</td> <td>32%</td> </tr> <tr> <td>2013</td> <td>39%</td> <td>35%</td> </tr> </tbody> </table>	Year	Satisfied	Dissatisfied	2007	NA	NA	2009	NA	NA	2011	44%	32%	2013	39%	35%
Year	Satisfied	Dissatisfied															
2007	NA	NA															
2009	NA	NA															
2011	44%	32%															
2013	39%	35%															
The provision and services provided at self-service restaurants	Improve	<table border="1"> <caption>Self-service restaurants</caption> <thead> <tr> <th>Year</th> <th>Satisfied</th> <th>Dissatisfied</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>NA</td> <td>NA</td> </tr> <tr> <td>2009</td> <td>NA</td> <td>NA</td> </tr> <tr> <td>2011</td> <td>33%</td> <td>43%</td> </tr> <tr> <td>2013</td> <td>30%</td> <td>45%</td> </tr> </tbody> </table>	Year	Satisfied	Dissatisfied	2007	NA	NA	2009	NA	NA	2011	33%	43%	2013	30%	45%
Year	Satisfied	Dissatisfied															
2007	NA	NA															
2009	NA	NA															
2011	33%	43%															
2013	30%	45%															
The provision and services provided at restaurant Foyer Européen	keep stable	<table border="1"> <caption>Restaurant Foyer</caption> <thead> <tr> <th>Year</th> <th>Satisfied</th> <th>Dissatisfied</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>NA</td> <td>NA</td> </tr> <tr> <td>2009</td> <td>NA</td> <td>NA</td> </tr> <tr> <td>2011</td> <td>58%</td> <td>8%</td> </tr> <tr> <td>2013</td> <td>58%</td> <td>7%</td> </tr> </tbody> </table> <p>The Foyer restaurant remain closed in 2014 because of on-going renovation works.</p>	Year	Satisfied	Dissatisfied	2007	NA	NA	2009	NA	NA	2011	58%	8%	2013	58%	7%
Year	Satisfied	Dissatisfied															
2007	NA	NA															
2009	NA	NA															
2011	58%	8%															
2013	58%	7%															
The provision and services provided at restaurant Jean Monnet	keep stable	<table border="1"> <caption>Restaurant JMO</caption> <thead> <tr> <th>Year</th> <th>Satisfied</th> <th>Dissatisfied</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>NA</td> <td>NA</td> </tr> <tr> <td>2009</td> <td>NA</td> <td>NA</td> </tr> <tr> <td>2011</td> <td>52%</td> <td>22%</td> </tr> <tr> <td>2013</td> <td>61%</td> <td>18%</td> </tr> </tbody> </table>	Year	Satisfied	Dissatisfied	2007	NA	NA	2009	NA	NA	2011	52%	22%	2013	61%	18%
Year	Satisfied	Dissatisfied															
2007	NA	NA															
2009	NA	NA															
2011	52%	22%															
2013	61%	18%															
Financial result of catering activities in Luxembourg	Balanced books	Books are balanced															
<i>Main outputs in 2014 :</i>																	
Daily average of meals sold (incl. the Restaurant Jean Monnet, excl. CPE and Foyer Européen)	keep stable	1 744 (2014) vs. 1 703 (2013)															

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

<i>Result Indicators</i> (Data source: HR 2013 Staff Opinion Survey: PMO, OIB, OIL)	<i>2014 Target</i>	<i>Current situation (31/12/2014)</i>
<p>Actions to consolidate and rationalize operating costs were further pursued in 2014 in order to ensure the continued financial viability of the catering facilities run by OIL (5 canteens, 6 cafeterias, 2 restaurants, vending machines, event catering).</p> <p>OIL identified a suitable state-of-the-art software tool capable of integrated stock and cash management, to update its current out-dated system OSCAR. The new system will go-live in early 2015.</p>		

### 1.1.7 ABB activity "Management of social welfare: provision of child-care services".

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

<i>Result Indicator</i> (Data source: OIL)	<i>2014 Target</i>	<i>Current situation (31/12/2014)</i>
Overall satisfaction of parents with childcare facilities as per CPE survey 2011	Keep stable (In 2011: 95% (73% considered the service quality as "very good" or "good", another 22% were satisfied)	94,3% (71,1% considered the service quality as "very good" or "good", 23,2% were satisfied, in 2014 survey)
<p>The satisfaction survey organised in May 2014 confirms the same high level of satisfaction (around 95% satisfaction rate) with the childcare facilities run by OIL as demonstrated in the 2011 survey. Parents appreciate in particular the pedagogical context and service offered as well as the opening hours and the full-day opening during the holiday periods.</p> <p>The update of the Pedagogical Projects was completed in 2014. The new projects for the two structures were presented to staff and parents in December. Internal procedures for the CPE were revised and updated into a single document, a Vade mecum for the CPE.</p> <p>After an in-depth analysis of running costs, the revised matrix for the calculation of parental contributions has entered into force on 1 January 2014. The increased parental contributions sufficiently covered the running costs of keeping both CPE sites (Kirchberg and Mamer) open during the 2014 summer holidays. Children were therefore accommodated on both sites, contrary to 2013, to the greater satisfaction of their parents. The number of children enrolled continued to increase in 2014, which has led to the associated increase in staffing needs.</p> <p>The process of re-assessment and adaptation of operational processes and communication practices has progressed well, based on the experience acquired and needs identified since the opening of CPE V.</p> <p>Administrative and educational resources continued to be streamlined to keep up with the ongoing expansion of the activity and the increase in enrolments (43% increase in the number of children enrolled over the period 2004-2014, Figure 1 below).</p>		

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

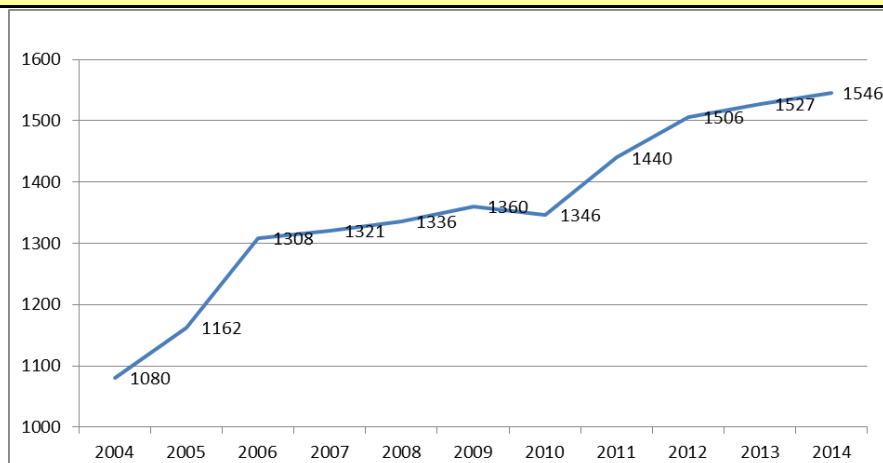


Figure 1. Number of children enrolled in CPE 2004 – 2014

(Source: Rapport d'activités CPE 2013/2014)

### 1.1.8 ABB activity "Management of social welfare: optimisation of the use of social and sports facilities".

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

<i>Output Indicator</i> (Data source: OIL)	<i>2014 Target</i>	<i>Current situation (31/12/2014)</i>
Average monthly number of users of the fitness centre <sup>12</sup>	Keep stable	1 466 (2014) vs. 1 803 (2013)
<i>Main outputs in 2014:</i>		
In 2014 OIL continued to run a sports centre in the JMO 1. Having peaked near full capacity in 2013, the subscriptions declined in 2014 because of increased competition from state-of-the-art facilities in neighbouring EU institution buildings, temporary closure of the pool, relocation of some staff from JMO to other buildings, and a general climate of uncertainty throughout the year regarding the future occupation of JMO 1.		

<sup>12</sup> Including users from other Institutions

### 1.1.9 ABB activity "Administrative support: pro-active management of human resources".

SPECIFIC OBJECTIVE 1: Maintain more pro-active management of human resources.		
<i>Result Indicator</i> (Data source: OIL)	<i>2014 Target</i>	<i>Current situation (31/12/2014)</i>
Average vacancy rate of all posts	<4%	4,64% (all posts, incl TEC)
Number of posts of officials converted to post for contract agents vs. overall target (TEC annual objectives)	3	4
Percentage of female OIL AD staff	50	50%
Percentage of female staff of total OIL staff	50	49,4%
Percentage of flexitime adoption among eligible staff	No fixed target	N/A following the new Decision on Working Time, since June 1, 2014
Number of structural teleworkers	No fixed target	8
<i>Main outputs in 2014:</i>		
<p>OIL continues to review its business processes in order to face the budgetary and human resource reduction. We actively monitor our vacancy rates with a view to keeping these at an acceptable level and avoiding any business disruption. Where possible, we recruit proactively, e.g. in case of retirements.</p> <p>Vacancies for technical profiles in the building management sector remained unfilled, pending the finalisation of EPSO selections and the availability of reserve lists, due at the beginning of 2015. OIL continued working with EPSO on the organisation of appropriate selections for technical and specialized profiles.</p> <p>The specific selection procedure for drivers organised by OIL was finalised in 2014 in cooperation with the European Parliament, resulting in a reserve list of 20 successful candidates. 2 new drivers have been recruited in OIL in 2014.</p> <p>In the absence of adequate reserve lists, temporary agents were recruited to cover the need for specific profiles, such as health and safety or catering.</p> <p>Implementation of the 40-hour working week went smoothly, with relevant adjustments made for specific profiles such as educators or catering staff.</p> <p>Paying close attention to succession planning, two new heads of units and two new deputies were appointed in a timely fashion in 2014.</p>		

### 1.1.10 ABB activity "Administrative support: strengthening of internal control systems, budgetary planning and execution, and procurement management".

SPECIFIC OBJECTIVE 2: Strengthen internal control systems, consolidate budgetary planning and execution and reinforce procurement management, on the basis of sound financial principles, legality and regularity.												
Result Indicator (Data source: OIL)	2014 Target	Current situation (31/12/2014)										
Financial Management												
Percentage of budget execution (commitments) versus budget appropriations (C1 credits)	≥ 98	100%										
Percentage of financial execution (payments) versus budget commitments (excluding assigned revenues)	≥ 93	93%										
Percentage of payments handled outside contractual delay (overdue payments)	<12% (takes the integration of OP activities into account)	<div><p>Payment delays</p><table><thead><tr><th>Year</th><th>Percentage</th></tr></thead><tbody><tr><td>2012</td><td>9%</td></tr><tr><td>2013</td><td>11%</td></tr><tr><td>Target 2014</td><td>12%</td></tr><tr><td>2014</td><td>4%</td></tr></tbody></table></div>	Year	Percentage	2012	9%	2013	11%	Target 2014	12%	2014	4%
Year	Percentage											
2012	9%											
2013	11%											
Target 2014	12%											
2014	4%											
Interest paid resulting from overdue payments (interest on late payments paid)	≤ € 2000	€ 0 payable										
Percentage of overdue recovery orders	<2	1,1%										
Procurement Management												
Number of procedures > € 60.000 handled (of which inter-institutional)	13	24 (8)										
Number of (> € 60.000) contracts signed (of which inter-institutional)	15	13 (7)										
Percentage of unsuccessful procurement procedures	0	16.7%										
Number of successful complaints/cases/proceedings related to procurement procedures, received by the Court of Justice or the Ombudsman related to procurement procedures	0	0										



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

<i>Result Indicator (Data source: OIL)</i>	<i>2014 Target</i>	<i>Current situation (31/12/2014)</i>
<b>Indicators for the legality and regularity of underlying transactions</b>		
<b><u>Ex-Post Control:</u></b> Percentage of realisation of the annual control programme as compared to plan  Findings of ex-post control; percentage of total expenditure with errors of importance level 1 and 2.	100  <2% of value for expense and income transactions	tbc  0,01%
<b><u>Authorising Officer by Subdelegation (AOSD) Reports:</u></b>  Corrective measures implemented on time by units concerned  Percentage of Authorising Officer by Sub-delegation reports /number of AOSD reports awaited	100%  0	100%  0
<b><u>Audit recommendations</u></b> Number of internal or external audit recommendations considered as implemented (status "ready for review")	100%.	40%
<b><u>Anti-Fraud-Strategy:</u></b> Number of training on ethics  Percentage of OLAF cases followed up	4  0	3  0
<b><u>Internal Control Standards (effectiveness/efficiency):</u></b> Number of ICS to improve (priorities)	2	2 (related to communication and staff allocation and mobility)
<b><u>GAMA Consultations:</u></b>  Number of negative opinions from GAMA (Groupe d'analyse des marchés administratifs" for all non-building procedures above € 130 000	0	1
<b><i>M a i n o u t p u t s i n 2 0 1 4 :</i></b>		
Payment times improved significantly in 2014 as a result of the efforts of all actors in the financial circuits.  The reasons behind the four unsuccessful procurement procedures (16 %) are as follows: no offers (1 case), too detailed or not clear enough technical specifications (2 cases), and lack of clarity in the award criteria (1 case). These cases have been examined and mitigating actions		

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

<i>Result Indicator</i> (Data source: OIL)	<i>2014 Target</i>	<i>Current situation (31/12/2014)</i>
<p>have been put in place – where possible - to increase the success rate of procurement procedures.</p> <p>All audit recommendations addressed to OIL by the IAS and IAC in previous years have been closed. However, 3 out of 5 <i>important</i> recommendations of IAC audit on Security and Safety at Work were not closed on time.</p> <p>The efforts made in 2013 for simplification of financial workflows continued in 2014. Reporting and monitoring tools were enhanced in the course of the year and key procedures were updated.</p> <p>The transfer of activities from the Publications Office required specific attention throughout 2014, in particular with respect to integrating the management of OP contracts.</p> <p>OIL participates in the inter-service group on public procurement GAMA (Groupe d'Analyse des Marchés Administratifs). There was one negative opinion on the procurement files submitted by OIL in the course of the year, because of lack of clarity in the quality award criteria. The procedure in question has been re-launched.</p>		

**1.1.11 ABB activity "Administrative support: communication policy".**

**SPECIFIC OBJECTIVE 3: Improve OIL's communication policy focusing on the clear and timely information to stakeholders. Develop and carry out OIL's IT strategy.**

<i>Result Indicator</i> (Data source: OIL)	<i>2014 Target</i>	<i>Current situation (31/12/2014)</i>
Number of external newsletter issues	6	5
<i>Main outputs in 2014 :</i>		
<p>The planned newsletter on Foyer Européen was postponed due to the on-going renovation works in the Foyer.</p> <p>In its Management Plan 2014 OIL identified the need to focus on timely and effective communication with stakeholders on major issues, including in the field of health and safety. To that end, a number of initiatives were launched in 2014:</p> <ul style="list-style-type: none"> <li>• A dedicated web page<sup>13</sup> was created by DG HR for the Jean Monnet building in 2014. OIL provided all relevant documents and information so that it could be kept up to date with the latest developments.</li> <li>• A communication campaign titled "OIL &amp; YOU" took place during the year with the aim</li> </ul>		

<sup>13</sup> [https://myintracomm.ec.europa.eu/hr\\_admin/fr/luxembourg/Jean-Monnet-Building/Pages/index.aspx](https://myintracomm.ec.europa.eu/hr_admin/fr/luxembourg/Jean-Monnet-Building/Pages/index.aspx)

**SPECIFIC OBJECTIVE 3: Improve OIL's communication policy focusing on the clear and timely information to stakeholders. Develop and carry out OIL's IT strategy.**

to increase OIL's visual identity, featuring who-does-what posters of OIL staff and their different lines of work.

- A "Green Week" was held in late May/ early June 2014, (organized in cooperation with DG HR) as part of the campaign to raise awareness about the efficient use of resources and promote good practises in the field of waste management and recycling.

In line with OIL's IT Masterplan, OIL focused on ensuring the continuity of operations for the existing IT systems via corrective and upgrading maintenance and on exploring possible ways to increase the existing cooperation in IT area. The common IT working group OIL-OIB met three times in 2014 to study progress on common IT projects and explore possible synergies. As agreed by this working group, the Offices coordinated the drafting of their respective IT Annexes for the Management Plan 2015. The main projects carried out were the following:

- GEPI: The system was put in production on 30 June 2014 with six core modules/applications (Space Inventory and Performance; Personnel and Occupancy; Enterprise Move Management; Asset Portal; Emergency Preparedness; Environmental Sustainability Assessment). All buildings' floor plans and space management data were entered in the system, facilitating the planning of the future move from JMO 1. Equipment and technical installations were also partially introduced in the system, and data entries related to health and safety activities started. Training on GEPI was provided to OIL teams and GBIs. An OIL-OIB workshop was held to discuss potential synergies between GEPI and OIB's REMIS systems.
- Impressive: The call for tender to replace Impressive (a system used for ordering printing services) launched by the European Parliament and OIB was finalised, and OIB started testing the selected programme. It is foreseen that once the system is fully deployed, OIL will join the common project.

### 1.1.12 Inter-institutional activities for OIL: cooperation with other EU institutions and bodies.

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

<i>Result Indicators</i>	<i>2014 Target</i>	<i>Current situation (31/12/2014)</i>
Recovery on time of revenues resulting from Service Level Agreements	100% of the recovery orders issued for services rendered during the year	100%

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

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

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

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

### **1.2.1 Transfer of certain activities of the Publications Office to OIL**

The management of the newly-transferred activities related to the three Publications Office buildings to OIL has been a success; OIL has managed to fully integrate the management of these buildings as part of its core activities, with a minimal transfer of corresponding resources. While the initial estimate was for the transfer of 8 FTEs, OIL has managed to take over the additional workload with only 6 FTEs.

### **1.2.2 Energy efficiency improvements on the EUFO building**

Improvements on the EUFO building; a number of investments in the improvement of the technical and energy installations of the building were made, leading to greater level of reliability of installations, while at the same time helping reduce energy consumption. The measures taken contributed to the overall decrease in electricity consumption in 2014 of -4.3% and to the decrease in water consumption of -23.5%.

## 2. MANAGEMENT OF RESOURCES

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

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

This section reports the control results and other relevant elements that support managements' assurance on the achievement of the internal control objectives<sup>14</sup>. It is structured in three separate sections: (1) the OIL's assessment of its own activities for the management of its resources, (2) the assessment of the activities carried out by other entities to which the DG has entrusted budget implementation tasks; and (3) the assessment of the results of internal and external audits, including the implementation of audit recommendations. The main data on OIL's human and financial resources are reported in Annex 2.

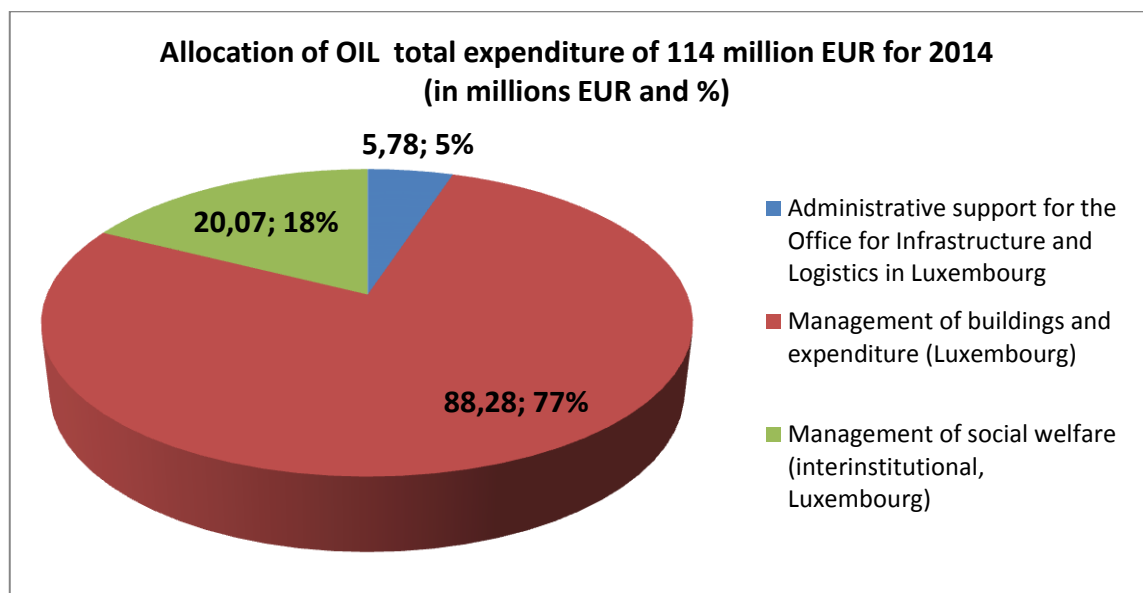
OIL manages exclusively administrative expenditure in the direct management mode. The appropriations for which OIL is responsible are OIL's own appropriations, centralised appropriations and appropriations received from EPSO, PMO and the Publications Office. These appropriations are implemented under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

The implementation of Commitment Appropriations (CA) - C1, C4, and C5 -, external

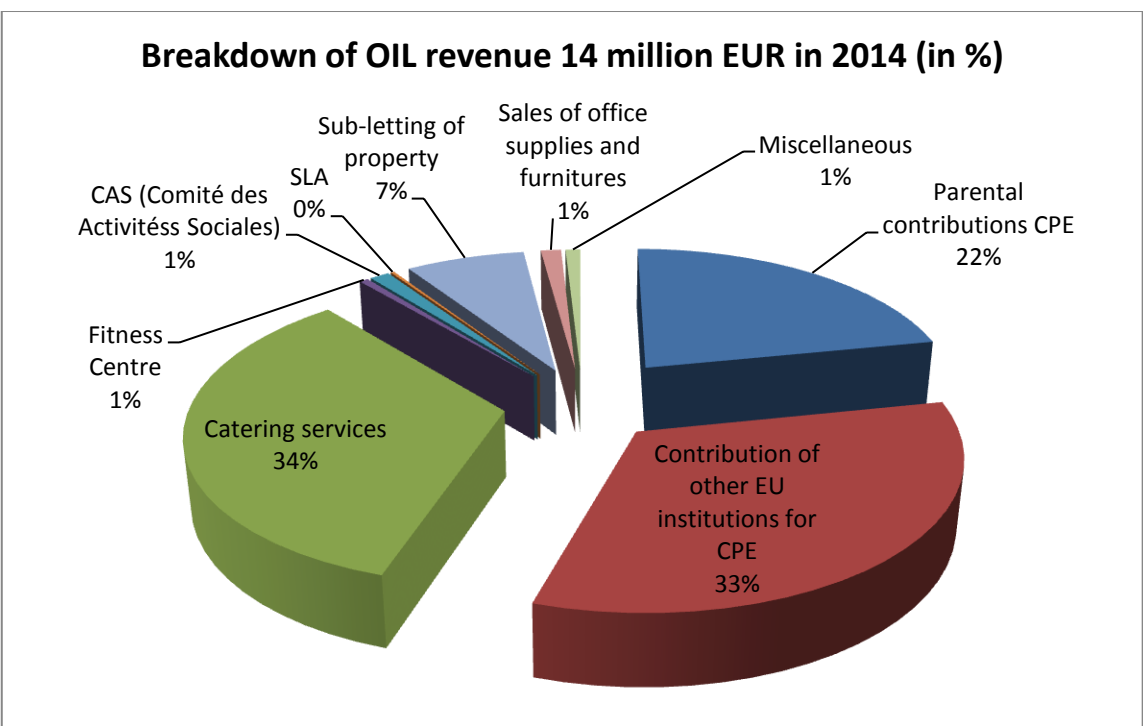
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<sup>14</sup> Effectiveness, efficiency and economy of operations; reliability of reporting; safeguarding of assets and information; prevention, detection, correction and follow-up of fraud and irregularities; and adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 32).

assigned revenues, including sub-delegated appropriations and appropriations for catering activities is the following:



Due to the nature of its activities and its interinstitutional role, the Office recovers allocated revenue either from other institutions/equivalent bodies or from the users of various services. The types of revenue are generated through the sub-letting of property, the provision of office supplies and furniture, catering services, the Interinstitutional Children's Centre (CPE) and the Fitness Centre. The revenues presented below are used to finance the aforementioned expenditure, and are thus reflected in the total expenditure figure for the Office above and represent 12% of total expenditure.



## 2.1 Management of human and financial resources by OIL.

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

### 2.1.1 Control effectiveness as regards legality and regularity

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

#### **Financial circuits in OIL**

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

In 2014, OIL continued to work on the simplification of financial circuits: extensive guidelines for adequate data encoding of transactions in ABAC (payments, commitments) were issued, and unnecessary technical steps in the financial systems were eliminated. In addition, Business Objects (BO) reports were used more extensively. New custom BO reports were designed and implemented to facilitate reporting by (sub)delegated authorising officers, providing actionable information to the members of OIL's internal Financial correspondent network, and for regular reporting to OP who has sub-delegated budget to OIL. Specific year-end monitoring of financial transactions was enhanced based on the experience gained in the past years.

#### **Accounting procedures for the catering activities**

For catering activities in Luxembourg, managed directly by the Commission, accounting is done in a software called CIEL, in accordance with the special delegation granted by the Accounting Officer of the Commission. This delegation was renewed in 2014.

### 2.1.1.1 Procurement – Administrative Expenditure

#### **Internal procedures and coordination**

Consistent application of financial procedures was ensured, in close cooperation with the financial actors involved in the different workflows. A number of measures to strengthen internal control have been identified and put into practice, as follows:

- A workshop was held in December 2014 with the participation of various OIL teams, on the necessary checks and quality controls for the services rendered/goods delivered by contractors; as a result a first draft of Verification Manual/ Vade mecum is available.
- A technical assistance study was commissioned with the aim of assessing the effectiveness of maintenance procedures and to inspect the state of installations in different buildings (EUFO, CPE-I, II and III). The goal of the study, scheduled for

January-April 2015, is also to evaluate certain contractual aspects and internal control procedures at OIL.

- Stricter follow-up measures were put in place to ensure the fulfilment of contractors' obligations - contractual penalties were applied if necessary. The controls are organised either according to the methodology specific to the contracts, or according to the level of importance of the installations/works to be done, or the sensitivity/use of the buildings (CPE - computer rooms - data centres) etc.
- Active OIL participation was ensured in the preparation of the EPSO competition in the building sector; a reserve list was published on 23.01.2015. As a result, three recruitments are planned, in the beginning of 2015, for the relevant sector, reinforcing its technical capacity.
- An update of certain technical annexes to the electrical maintenance contract was performed.
- Follow-up of recommendations of the evaluation report on JMO 1 technical installations: the contractors, to our satisfaction, have complied with all the recommendations of the report, with the exception of the expert assessment on water quality in the heating circuit (postponed to the end of the winter season 2015) and some measures whose implementation, as agreed with the expert, is problematic and incompatible with JMO 1's day to day operations.

### **GAMA activities**

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

### **Budgetary outturn**

The budget implementation for new 2014 credits of the year (C1) amounted to 100% for commitments and 93% for payments. These amounts are consistent with forecasts for planned implementation of 2014 budget. Combined with the other types of appropriations, including sub-delegated ones, results for all types of credits of the year are as follows (in EUR):



Breakdown by fund source	Budget	Execution Commitments <sup>15</sup>	Ratio Eng/Com	Execution Payments <sup>16</sup>	Ratio Pmt/Com
C1- appropriations for the year (2014)	99.341.393	99.341.353	100%	92.012.730	93%
C4 – internal assigned revenues of the year	5.631.926	759.539	14%	592.276	78%
C5 - internal assigned revenues carried over	1.373.896	1.373.882	100%	1.089.873	79%
R0 – from externally assigned revenue	8.701.030	7.855.360	90%	4.821.077	61%
Catering and Foyer Européen	4.800.500	4.800.500	100%	4.800.500	100%
<b>Sub-total:</b>	<b>119.848.745</b>	<b>114.130.634</b>	<b>95%</b>	<b>103.316.456</b>	<b>91%</b>
C8 – appropriations carried forward	9.751.175	9.751.175	100%	9.297.190	95%
<b>Total:</b>	<b>129.599.922</b>	<b>123.881.812</b>	<b>96%</b>	<b>112.613.647</b>	<b>91%</b>

In anticipation of the move from JMO 1 in 2015, some additional budgetary resources have already been set aside in 2014 to finance the beginning of the operation, with the approval of the Budgetary Authority.

### Ex ante controls

The ex-ante verifying agents continued to streamline their controls of financial transactions in 2014. The ex-ante controls focused in particular on compliance with the financial contract clauses (requested documents or reports supporting the invoices), consistent application of procedures and notes, in particular as regards suspension of payments, quality of data encoded in ABAC and other systems and clarity of the supporting documentation in the financial transactions.

### Ex post controls

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

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

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<sup>15</sup> Figures consistent with Annex 3, Table 1 (factoring in the absence of sub-delegated and catering appropriations, and a different accounting treatment of R0 credits in the latter)

<sup>16</sup> Figures consistent with Annex 3, Table 2 (factoring in the absence of sub-delegated and catering appropriations, and a different accounting treatment of de-committed C8 credits in the latter)

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

The resources dedicated to ex-post control in OIL are 1 full time equivalent. Ex-post controls are carried out continuously and reports are issued three times a year, each report covering a period of 4 months and addressed to the authorising officer by delegation and to the authorising officers by sub delegation. The results of the ex-post control are discussed with the units concerned and the recommendations for correction are drawn up. The transactions controlled in 2014 (59 transactions in total, selected in random and targeted sample) amount to 6.447.000 EUR.

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

Out of 90 transactions controlled no level 1 errors have been detected, however 6 errors classified as level 2 have been highlighted, with a minor financial impact of 2,334 EUR or 0.01 % of the total value of the checked transactions.

#### **2.1.1.2 Revenue**

Recovery on revenues was performed effectively; recovery orders were duly issued for the services rendered during the year, and the vast majority was already cashed at year end. Recovery orders to other institutions were issued and cashed in a timely manner ensuring adequate financing of interinstitutional activities.

Proceeds from catering, CPE parental contributions and the sports centre were also collected regularly and used to finance their intended purposes, enabling OIL to provide uninterrupted service in each domain and to maintain the quality of services.

The ex-post sample for 2014 is composed of 5% of recovery orders, for a total amount of approximately EUR 795.000 (5,7% in terms of value). Recovery orders are selected in part (25%-50%) by random sampling and in part (50%-75%) by targeted sampling.

Out of the 25 recovery order transactions controlled no level 1 or level 2 errors have been detected in 2014.

Recovery orders related to SLA were also issued for 100% of the services rendered.

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

## **2.1.2 Control efficiency and cost-effectiveness**

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

### **2.1.2.1 Procurement – Administrative Expenditure**

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

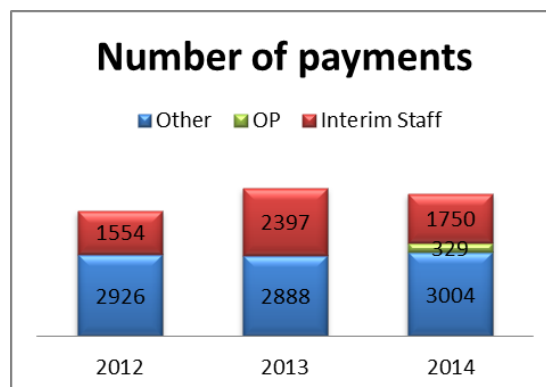
The cost estimates below are based on the overall cost of an official or contractual agent, estimated by the Commission. However, the particular nature of the mandate of the Office combined with the particular staffing situation (very limited number of AD functions) may result in an overestimation of the control costs in OIL. The procurement procedures are subject to strict regulatory requirements which cannot be curtailed. Although the related "quantifiable" benefits are difficult to measure, there are important unquantifiable benefits, such as "better value for money", compliance with the Financial Regulation (and other public procurement rules) and a deterrent effect, reducing fraud and/or corruption risk, efficiency gains, transparency and fostering competition.

OIL's public procurement controls are implemented so as to ensure that tendering and awarding procedures and subsequent payment transactions fully comply with applicable rules and provide reasonable assurance to the competent Authorising Officers. Moreover, OIL participates in the inter-service group on public procurement (GAMA). In 2014 one tender procedure received a negative opinion, because of lack of clarity in the quality award criteria. As a result this procedure has been re-launched. The benefit of controls in this case could be estimated to the proposed contract value of EUR 0,8 mil (also the upper limit of a potential negative financial impact in the event of litigation).

For procurement, an estimated € 0.6M were invested in controlling 260 procurement procedures (including low value contracts, amendments to contracts and price revisions). As a whole 1,53% of the total contract value was dedicated to controls. Of these, 13 new contracts for procedures above 60.000€ were signed in 2014 with a total value of € 39M. Thus the estimated unitary cost for these procedures is approximately €23K for a signed contract.

### Payment times and number of payments

In 2014, 96% of all payments were made on time, surpassing the target of 88%. In terms of amounts, 99% of all OIL payments were made on time. No late interest was payable in 2014. The number of invoices other than those from interim employment agencies has been reduced over time and kept optimal. In 2014 the transfer of activities related to the buildings of the Publications Office generated additional transactions.



### 2.1.2.2 Revenue

The use of specialized software applications enables the efficient management of revenues from catering activities – CIEL for accounting and OSCAR for cash and inventory management.

The sending of debit notes to CPE-parents electronically has been emphasized in 2014.

No forced recovery cases have been registered in OIL in 2014.

The ageing balance of recovery orders indicates no major overdue items pending at year end, as stated in Annex 3, Table 9.

Only one isolated case of undue payment called for a recovery during the year.

### 2.1.2.3 Overall cost of transactions (procurement and revenue)

Generally, for financial transactions related to procurement and revenue (including commitments, payments and recovery orders), an estimated €2,4M was spent to control more than 7400 financial transactions worth over €134M. Thus 1.76% of the total amount of financial transactions carried out during the year was dedicated to controls. Each financial transaction control costs an estimated €320.

#### *Cost of controls estimates 2014*

Year of estimation	2014*
Total cost of controls	EUR 2,4 mil
Number of financial transactions	7.400
Value of controls/ value of transactions	1,76%
Cost per transaction	EUR 320

\*A new methodology was applied in 2014, taking into account indirect and overhead costs inter alia; the consistent application of the same methodology will ensure the

inter-year comparability of data.

#### **2.1.2.4 Conclusion**

To reach a conclusion as of the relative efficiency of the controls, it is necessary to analyse the evolution of these efficiency indicators over time and/or to compare them with relevant benchmarks. In 2013 OIL already made and reported a first estimate of cost of control figures, based on the available guidelines. However the estimate made in 2014 was made in compliance with a new methodology, and is therefore not directly comparable to the 2013 data. OIL will be able to produce the necessary data for reaching a conclusion in the next reporting period. Additionally, there is an inherent difficulty in estimating the benefits of controls in an accurate way because of the difficulty to quantify with precision the probability and magnitude of an adverse event in the absence of these controls. However, given the above mentioned quantified and non-quantified elements, OIL Management considers its controls to be as efficient as reasonably possible.

#### **2.1.3 Fraud prevention and detection**

In 2014 we revised our anti-fraud strategy, to better reflect the risks related to activities other than the purely financial ones.

Specific in-depth controls for the most risky areas are embedded in procedures to ensure that the most complex contracts and processes (e.g. management of cash) are applied as intended. The objectives for implementation of the anti-fraud strategy in 2014 were at the level of reviewing the existing procedures to identify risk areas and the inclusion of an anti-fraud clauses. Training sessions on ethics ("Notre travail, nos valeurs") are part of the mandatory training for all OIL staff.

Since 1st January 2003, OIL's date of creation, there were few OLAF preliminary inquiries and none of these concluded on a fraud case. No cases were transmitted to OLAF or IDOC in 2014.

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

##### **Reliability of reporting**

The reports submitted every four months by the Authorising Officers by Subdelegation (AOSD) to the Authorising Officer by Delegation mention no major problems during the year. A number of measures to strengthen internal control have been identified through these reports and implemented: a verification manual on quality controls for services rendered/goods delivered is now available; the effectiveness of procedures on maintenance has been assessed and internal control procedures were updated accordingly. The measures taken have also allowed some improvement in payment times. In addition to the AOSD reports, regular management meetings are held with the

Head of Units and all other AD staff.

### **Safeguarding of assets**

The complete inventory of assets is spread over 3 years in compliance with the inventory regulation<sup>17</sup>. The ongoing inventory, which started in April 2013 and should finish by the end of 2015, progressed according to plan in 2014.

In 2014 some 44% of goods were tracked (34.341 items out of 77.058 belonging to OIL's work centre).

Special measures to accompany the move out of the JMO 1 building were put in place.

## **2.2 Budget implementation tasks entrusted to other services and entities.**

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

### **Cross-sub-delegations**

Whilst the co-delegation mechanism had been the practice in the previous year for most of the budget tasks carried out on OIL budget lines by other Commission services, it was replaced in 2014 by the cross sub-delegation mechanism, the latter being more adapted to OIL's operations. The activities concerned were recurrent tasks delegated to:

- PMO for the payment of salaries,
- DIGIT for the IT infrastructure and ICT support and the installation and maintenance of wireless internet,
- OIB for the annual maintenance of the Impressive system.

No specific issues were reported by the Authorising Officers from any of the concerned DG/Service regarding the cross-sub-delegated credits. As the budget cross-sub-delegated to another Commission AOD has been managed under the same Commission rules, OIL relies on the internal control systems of the concerned DG/Services and concludes that there are no control weaknesses affecting the assurance building in terms of internal control objectives.

## **2.3 Assessment of audit results and follow up of audit**

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<sup>17</sup> Art. 1.9 of special provisions on inventory management and art. 224 of the Rules of Application of the Financial Regulation

## recommendations

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

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

In accordance with its strategic audit plan for 2013-2015, in 2014 the IAC issued the audit report on the effectiveness and efficiency of the SST process (Health and Safety at Work), focusing in particular on the roles and responsibilities of the actors involved.

All audit recommendations addressed to OIL by the IAS and IAC in previous years have been closed. For the audit on the effectiveness and efficiency of the SST process, 2 out of 5 IAC recommendations due in 2014 were closed.

The DAS 2014 audit by the European Court of Auditors is ongoing.

Based on the above-mentioned audit situation, the IAC expressed the opinion that the internal control system in place provides reasonable assurance regarding the achievement of the business objectives set up for the processes audited.

### 3. ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS

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

OIL has put in place the organisational structure and the internal control systems suited to the achievement of its policy and control objectives, in accordance with the standards and having due regard to the risks associated with the environment in which it operates. The annual assessment exercise on compliance with standard requirements and effectiveness of the internal control standards was performed in the last quarter of 2014 under the supervision of the Internal Control Coordinator. It reflects the specific work undertaken to manage the risks and to update the anti-fraud strategy.

#### Exception reporting

The reporting of the exceptions and other non-compliance events is part of the regular reporting of the heads of units to the authorising officer by delegation.

The evolution over the last 3 years is as follows:

Type	2012		2013		2014	
	Number	Amount	Number	Amount	Number	Amount
<b>Non-compliance Events (NCE)</b>	14	104.469	10	79.209	17	248.723
<b>Exception ex-ante</b>	8	318.807	1	27.848	3	0
<b>TOTAL</b>	<b>22</b>	<b>419.277</b>	<b>11</b>	<b>107.058</b>	<b>20</b>	<b>248.723</b>

The main causes of non-compliance events (NCE) detected in 2014 were the lack of budgetary or contractual coverage for the subsequent transactions and failure to comply with the procurement procedures. The increase of NCEs in 2014 compared to 2013 is mainly related to the increased maintenance and repair needs at the reopening of the print-shop after a 6-month closure. The necessary contractual framework was put in place to avoid recurrence of these issues.

Regarding the exceptions duly authorised ex-ante, 3 cases were recorded with zero financial impact, related to access in IT financial applications and prolongation of contracts beyond their end date (related to moving out of JMO building, with financial impact in 2015).

#### Priorities for 2014 set in the MP 2014

Internal Control Standards (ICS) priorities have been identified on the basis of the annual review of the level of implementation of the standards. For the year 2014, the main focus has been put on specific issues linked to the two following standards:

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

In response to the risk of disruption of operations or loss of quality of service due



to inability to recruit and retain staff, OIL has taken appropriate measures in 2014. Efforts were focused on recruitment, with selections organised by OIL for specific profiles (e.g. selection of drivers), active participation in the preparation and juries of EPSO competitions in other specialised fields, and the recruitment of temporary agents for posts for which reserve lists are depleted or inexistent.

**N°12 Information and communication: arrangements were put in place to ensure that management and staff are informed of OIL's decisions/projects/initiatives that may affect their responsibilities and tasks.** OIL's main communication challenge was related to supporting the move and settling into several buildings. All available communication tools were harnessed in the effort to relay pertinent information to staff and to encourage two-way communication, feedback and interactivity.

### **Conclusion of the 2014 assessment of the ICS**

Based on the current assessment of the level of compliance with the 16 Internal Control Standards and the effectiveness of their implementation, we consider that OIL reached a level of full compliance for all selected ICS. Nonetheless ICS n°3 (Staff allocation and mobility) and ICS N°12 (Information and communication) were again prioritised in the Management Plan 2015 to reflect the main challenges faced by OIL.

## 4. MANAGEMENT ASSURANCE

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

### 4.1 Review of the elements supporting assurance

OIL manages only direct centralised expenditure<sup>18</sup>, which has a low inherent risk. For 2014, the budget implementation indicators fully reach the targets, for both commitments and payments.

The reports on 2014 submitted by the authorising officers by sub delegation cover reporting on both operational and financial objectives. No major issues were reported as to legality and regularity of the underlying transactions and sound financial management aspects.

The conclusions of the ex-post controls for 2014 did not bring to light any issues of significant financial impact. The overall error rate in the controlled transactions is 0,01% by value, well below the materiality threshold. This positive result underlines the effectiveness of OIL's control strategy.

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

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

*Neither critical nor very important* audit recommendations remain open at the end of 2014. Furthermore, a positive statement of assurance has been given by the Court of Auditors for the past few years on the Commission's administrative expenditure as a whole.

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<sup>18</sup> Part of the expenditure made by OIL is funded through revenues (EUR 14 million in 2014).

## 4.2 Reservations and overall conclusion on assurance

OIL has no reservation to report for 2014.

In view of the control results and all other relevant information available, the AOD's best estimation of the risks relating to the legality and regularity for the expenditure authorised during the reporting year (EUR 96,5 million) is 0,01%, based on the average error rate found, which implies a non-significant amount at risk of EUR 9.650.

Taking into account the conclusions of the review of the elements supporting assurance, it is possible to conclude that the internal controls systems implemented by OIL provide sufficient assurance to adequately manage the risks relating to the legality and regularity of the underlying transaction. Furthermore, it is also possible to conclude that the internal control systems provide sufficient assurance with regards to the achievement of the other internal control objectives.

## DECLARATION OF ASSURANCE

*I, the undersigned, Mrs Marian O'Leary*

*Head of Service of OIL*

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

*Declare that the information contained in this report gives a true and fair view<sup>19</sup>.*

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

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

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

Luxembourg, 30 March 2015

Signed

Marian O'LEARY

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<sup>19</sup> True and fair in this context means a reliable, complete and correct view on the state of affairs in the service.