



# **2018**

# **Annual Activity Report**

**Office for Infrastructure  
and Logistics in Brussels**



# Table of Contents

<b>THE OFFICE IN BRIEF</b>	<b>3</b>
<b>EXECUTIVE SUMMARY</b>	<b>4</b>
A) KEY RESULTS AND PROGRESS TOWARDS THE ACHIEVEMENT OF GENERAL AND SPECIFIC OBJECTIVES OF OIB .....	4
B) KEY PERFORMANCE INDICATORS (KPIs) .....	7
C) KEY CONCLUSIONS ON FINANCIAL MANAGEMENT AND INTERNAL CONTROL .....	7
D) PROVISION OF INFORMATION TO THE COMMISSIONER .....	8
<b>1. KEY RESULTS AND PROGRESS TOWARDS THE ACHIEVEMENT OF GENERAL AND SPECIFIC OBJECTIVES OF OIB</b>	<b>9</b>
1.1 KEY RESULTS AND PROGRESS TOWARDS THE ACHIEVEMENT OF GENERAL OBJECTIVE .....	9
1.2 KEY RESULTS AND PROGRESS TOWARDS THE ACHIEVEMENT OF SPECIFIC OBJECTIVES .....	9
1.2.1 ACHIEVEMENT OF SPECIFIC OBJECTIVES WITHIN REAL ESTATE ACTIVITIES .....	9
1.2.2 ACHIEVEMENT OF SPECIFIC OBJECTIVES WITHIN LOGISTIC SERVICES .....	17
1.2.3 ACHIEVEMENT OF SPECIFIC OBJECTIVES WITHIN CHILDCARE ACTIVITIES .....	21
<b>2. ORGANISATIONAL MANAGEMENT AND INTERNAL CONTROL</b>	<b>24</b>
2.1 FINANCIAL MANAGEMENT AND INTERNAL CONTROL .....	24
2.1.1 CONTROL RESULTS .....	25
2.1.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS .....	36
2.1.3 ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS .....	38
2.1.4 CONCLUSIONS ON THE IMPACT AS REGARDS ASSURANCE .....	40
2.1.5 DECLARATION OF ASSURANCE .....	41
<b>DECLARATION OF ASSURANCE</b>	<b>42</b>
2.2 OTHER ORGANISATIONAL MANAGEMENT DIMENSIONS .....	43
2.2.1 HUMAN RESOURCE MANAGEMENT .....	43
2.2.2 INFORMATION MANAGEMENT ASPECTS .....	45
2.2.3 EXTERNAL COMMUNICATION ACTIVITIES .....	46

# THE OFFICE IN BRIEF

## (1) Mission statement

The mission of OIB<sup>1</sup> is to ensure a functional, safe and comfortable workplace for Commission staff and to provide good quality support and well-being services, based on a client-oriented approach in an environmentally friendly and cost-effective way.

The Office's main objectives are the following:

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

## (2) Operating context

### ✚ Governance:

OIB, as a horizontal support service within the Commission, is attached to the Directorate General for Human Resources and Security (DG HR). The supervision of OIB's activities is ensured by the Management Committee, which defines its terms of reference and ensures that they are properly implemented. DG HR chairs and assists the Management Committee in the implementation of its tasks. The Director of the Office is responsible for the implementation of the mission of the Office. He is instated with the power of nomination (AIPN) and exercises the function of Authorising Officer by Delegation (AOD).

### ✚ Organisational division:

OIB is structured around 3 departments and other entities:

- Real Estate (in charge of the implementation of buildings policy, building management and property projects, EMAS activities, IT systems and logistical support such as Logistic Proximity Teams (LPT) and the Space Design Team (SDT),
- Operations and Services (responsible for catering infrastructure in Brussels, including the European Inter-institutional Centre-CIE and Ispra, transport and mobility, supplies, workspace equipment and removals, physical inventory management, mail and reproduction, and historical archives),
- Childcare facilities (responsible for nurseries and other child-care facilities),
- Resources (horizontal activities such as human resources, communication, finances, public procurement, informatics, well as internal control and the internal service for Prevention and Protection at Work, directly attached to the Director).

### ✚ Management mode:

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

### ✚ General risk environment:

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

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

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

# EXECUTIVE SUMMARY

The Annual Activity Report is a management report of the Director of OIB to the College of Commissioners. Annual Activity Reports are the main instrument of management accountability within the Commission and constitute the basis on which the College takes political responsibility for the decisions it takes as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties<sup>2</sup>.

## a) Key results and progress towards the achievement of general and specific objectives of OIB

### 1. General objective of OIB

OIB, together with other DGs and Services, contributed in the course of 2018 to the achievement of General Objective: *"To help achieve the overall political objectives, the Commission will effectively and efficiently manage and safeguard assets and resources, and attract and develop the best talents."* defined by the 10 priorities of President Juncker and by the mission letter and specific mandate addressed to the Commissioner for Budget and Human Resources, Mr Oettinger.

### 2. Specific objectives of OIB

#### Real Estate:

In 2018, OIB followed-up on the real estate planning defined by the Multiannual Policy Framework (MAPF) and endorsed by the management committee of OIB. In principle, in the long-term, the priority is to redevelop and renovate owned property with, where possible, a net capacity gain and a renewal of leases, where economically interesting within a well-controlled budgetary evolution. In this context, the following state of play has been achieved by the end of 2018:

(1) A new conference centre replacing the *Albert Borschette* centre (CCAB building): the competitive dialogue phase of the procedure for a new conference centre was completed on 11 February 2019 and the invitation to submit a final offer was sent to the pre-selected candidate(s).

(2) Programme for the redevelopment of the L130 site: on-going architecture competition. Candidates were chosen by the jury on 17/18 January 2019 to move forward to phase 2 of the competition and a final meeting of the jury to select the three prize winners will take place on 25 June 2019.

(3) Redevelopment of the PALM building into a nursery/afterschool childcare and multi-functional area: The future redevelopment was deeper analyzed taking into account alternative architecture solutions, its future functionalities and related costs of works. Following public consultations resulted with a positive opinion on the delivery of the building permit with certain conditions. Meanwhile plans have been modified and discussions have been taking place with town planning authorities, in order to find an agreement on the imposed conditions. The project is now fully compliant to the authorities' demands and the building permit is expected to be issued in April 2019. The launch of the works procedures foreseen for January 2019 has been postponed to May 2019 due to these discussions.

(4) OIB analysed the possibility to renegotiate current leases, provided that the buildings concerned keep on meeting Commission security, economic and environmental performance requirements. On this basis the prolongations of buildings G—1, G—6 and G—12 were prepared (extension of contracts up to 31.12.2023) and the proposal was presented to the Real Estate Committee who gave a positive opinion. The inter-service

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<sup>2</sup> Article 17(1) of the Treaty on European Union.

consultation will be launched by the end of March 2019. OIB concluded the negotiations for the RP14 and the new lease was signed in December 2018.

(5) Rationalisation of office space: the creation of new task-forces/services within the Commission as well as the staff reinforcements for some priority DG's have led to an increased dispersion of services imposing bigger implications on the efficiency of the allocation of office space. In 2018, OIB created a flexible work space for the JRC on the 6<sup>th</sup> floor of the CDMA building and the 6<sup>th</sup> floor of the PLB3 building for DG HR. Consultations with several other DGs on the creation of collaborative work spaces or activity based work areas were carried out. In all cases, OIB continued to search the best possible solutions matching guidelines with needs and staff well-being.

A good quality of the Commission buildings and offices is systematically ensured through the multiannual preventive maintenance defined by a good state of building policy (BEBA). In 2018, works continued as planned and included the refurbishment of the J-30 (on-going), J-54 and MO59 buildings.

OIB elaborated an action plan on buildings accessibility for people of reduced mobility (PMR) which started in 2018 and includes the placement of podotactile tiles at the entrance of Commission buildings, compliance of car parks with the rules in force<sup>3</sup>, accessibility to auditoriums in MADO and BREY; compliance with parking regulation was also checked. Priority for additional measures was given to buildings being renovated.

Having in its administrative portfolio 64 buildings, OIB ensures implementation of provisions of the European Energy Directive (EED) on the energy performance of buildings<sup>4</sup>. A global 2017 – 2020 annual action plan for technical/investment measures introduced several energy and water savings measures. Additional horizontal measures were continued substantially contributing to the global saving.

#### **Synergies and efficiencies, Logistics:**

In the framework of the exercise on Synergies and Efficiencies, in its role of "Domain Leader for Logistics" and following the full roll-out in April 2017<sup>5</sup>, in 2018 OIB evaluated the new system and highlighted the priority areas for improvement for both the Logistic Proximity Teams (increasing their visibility and improving follow-up on requests) and the Space Design Team (improve the workflow for the organisation of simple moves and decrease the workload of SPOCs).

In October 2018 OIB launched the Quick Fix programme which aims to ensure a rapid response with regard to a predefined list of small technical interventions. The project includes a preliminary check by the OIB Logistics Proximity Team of the zones to be repaired, as well as asking for input from the occupants regarding the interventions in their offices. Then, OIB's contractors intervene to carry out the necessary repairs. The entrance halls of buildings, which ensure the first impression of the staff and visitors to the Commission, are also being revamped. The Quick Fix programme progresses from one zone to another and all Commission buildings should be visited before summer 2019; then a regular rhythm of small repairs will be set, in order to visit each building regularly.

OIB also cooperated with OIL in the setting of their pilot project on logistics and actively participates in the corporate Steering Committee "Integrated logistics services" chaired by DG HR. The Steering Committee aimed at reviewing the possibility of further streamlining the delivery model of the logistical services of DIGIT, SCIC, OIB and OIL, with the participation of DG HR for some of them. A high-level agreement was that the works should concern most of all a single entry-point, a communication platform, rather than an in-depth review or reorganisation of services. OIB identified the business of office moves as its most important priority for the newly created Integrated Logistics Taskforce, as indeed a better communication and cooperation between all involved parties (central

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<sup>3</sup> The Regional Regulation of Urbanism, Title IV Buildings accessibility for persons with reduced mobility.

<sup>4</sup> Directive 2012/27/EU of 25/10/2012.

<sup>5</sup> It was decided that BERL building was to be excluded from the project at this stage but could potentially be included in a second wave.

services and DGs) is necessary in order to alleviate the workload and reduce the delays. Regarding other services, the decision has not yet been taken whether they should be grouped on a single platform and which platform this could be (MyIntraComm versus My IT Support / My Logistics Support). The works will be on-going in 2019.

#### **Logistics and Inventory of goods:**

Following the centralisation of the execution of the triennial inventory at OIB as a result of the "Synergies and efficiencies" communication, the exercise started in 2017 and continued throughout 2018 and led to a quality increase in the physical inventory. Improvements include the re-labelling of unmarked items, correction of doubled labels, as well as performing an additional, more thorough tracking session, to search and identify goods not found initially due to their reduced accessibility.

#### **Contribution to the Commission's social policy:**

In the area of logistic services, OIB will ensure its activities meet defined objectives. Supporting the Commission's social policy, well-being programme and, in particular, its *'Fit@Work'* initiative, OIB continued carrying out communication campaigns on Prevention and Protection at Work; providing ergonomic chairs and renovating office building showers. In order to facilitate access for persons with reduced mobility, several upgrades were delivered<sup>6</sup>.

The reflexion for a new staff Mobility Plan continued in 2018 in order to further encourage the use of sustainable mobility solutions by Commission staff, considering the results of recent analysis and surveys carried out by DG HR/OIB. Consultations with Central Services (DG BUDG, SJ and DG HR) are on-going expecting last comments by end of February 2019. A final decision (go/no go) in this regard is expected in 2019.

The long term catering policy was analysed in 2018 to establish future prerequisites. After five years of functioning, the catering concessions have been financially stabilized and have managed to keep stable the clients' satisfaction with provided services compared to previous years. Further improvements on services in line with *'fit@work'* initiative as well as EMAS guidance are put in place (range of healthy products and snacks widened, phasing out of single use plastic across the catering premises). The catering services for two of the childcare sites (COLE and G1) have been successfully outsourced to two of the concessioners.

#### **Childcare services:**

OIB continues its efforts to meet the demand for childcare places from Commission and other institutions staff by 2020. The last tender attributed as of 2017 provides, in a perspective of 6 years (up to 2022), 700 new places supplementary to the places already contracted<sup>7</sup>, leading to total capacity of approximately 2.200 places. The 2018 demand above the available places was at the level of 62 requests which is covered as of February 2019. Therefore, the objective of having the capacity equal the demand is met. Regarding the afterschool childcare services, OIB signed new four-year agreements with European schools to guarantee capacity according to gradual needs. For the first time, in September 2018, OIB contracted 64 afterschool childcare places in contractors' premises while maintaining arrangements with external educational staff provider in EC buildings.

#### **Organizational management:**

OIB continued strengthening its internal organisation by structuring teams based on competencies and responsibilities. Close cooperation between units was essential for ensuring timely exchange of competencies and information necessary for achieving OIB's objectives. This aspect was carefully monitored at all management levels through: the systematic review of ongoing projects, the promotion of knowledge sharing, the reassessing of each entity's role in meeting flagship objectives and prioritising budgetary

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<sup>6</sup> All Commission buildings comply with legal prescriptions. This supplementary improvement programme aims to bring accessibility, where possible, to a higher standard.

<sup>7</sup> Currently OIB has at its disposal 527 external places.

allocations.

The competencies of logistic staff, deployed to OIB in the framework of the Synergies & Efficiency project, and their integration were further developed through various professional development initiatives such as specific training. Financial management was enhanced by the paperless working methods, which will see further developments and reinforcements with specific IT tools (SAM, PPMT, e-invoicing). The Internal Control Framework supported the processes needed to provide the reasonable assurance.

In order to enhance staff motivation and engagement, OIB's management gave priority to the development of further staff engagement activities through communication actions, flexible working methods and conducting constructive dialogue with staff via an especially dedicated staff forum.

## b) Key Performance Indicators (KPIs)

Result/Impact Indicator	Target 2020	Latest known results (2018)												
Net office surface available per workstation.	12 m <sup>2</sup>	~ 13,5 m <sup>2</sup> (The achievement of this target is highly dependent on the collaborative space deployment and the optimisation of the use of office space) Source: OIB data												
The general quality of offices	Improve results, getting back to 2013 figure (62%)	<p><b>Quality of offices - individual office</b></p> <table border="1"> <caption>Quality of offices - individual office (Satisfied)</caption> <thead> <tr> <th>Year</th> <th>Satisfied (%)</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>62%</td> </tr> <tr> <td>2011</td> <td>58%</td> </tr> <tr> <td>2013</td> <td>62%</td> </tr> <tr> <td>2015</td> <td>54%</td> </tr> <tr> <td>2017</td> <td>72%</td> </tr> </tbody> </table> <p>Source: DG HR 2017 staff satisfaction survey on the services provides by OIB, OIL &amp; PMO</p>	Year	Satisfied (%)	2009	62%	2011	58%	2013	62%	2015	54%	2017	72%
Year	Satisfied (%)													
2009	62%													
2011	58%													
2013	62%													
2015	54%													
2017	72%													
Staff satisfaction rate with self-service restaurants.	Keep satisfaction rate stable	Self-service restaurants: 51% Cafeterias: 68% satisfied Source of the data: OIB/DG HR survey 2018												
Childcare requests (received during the year) exceeding available places	Offered capacity equals 2015 demand  <u>2015 baseline:</u> Nursery: 21% (capacity: 1466)  Afterschool: 12% (capacity: 1760)	Demand above capacity:  <u>Nursery: 4.1%</u> end-2018 (capacity 1512) In February 2019 the indicator fell to 0% - demand equalled capacity.  <u>After-school childcare: 2.6%</u> mid-September 2018 (capacity of 2476 > 1971, the 2015 demand => target exceeded);  Source: OIB data												
The residual error rate (RER)	<2%	~0% no serious error <sup>8</sup> Source: OIB data												

## c) Key conclusions on financial management and internal control

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

The Commission has adopted a set of internal control principles, based on international good practice, aimed to ensure the achievement of policy and operational objectives. The

<sup>8</sup> Serious error (level 1) that should be considered by the AOD when giving its assurance in the AAR.

financial regulation requires that the organisational structure and the internal control systems used for the implementation of the budget are set up in accordance with these principles. OIB has assessed the internal control systems during the reporting year and has concluded that the internal control components and principles are present and function as intended. Please refer to AAR section 2.1.3 for further details.

In addition, OIB has systematically examined the available control results and indicators, including those aimed to supervise entities to which it has entrusted budget implementation tasks, as well as the observations and recommendations issued by internal auditors and the European Court of Auditors. These elements have been assessed to determine their impact on the management's assurance as regards the achievement of control objectives. Please refer to Section 2 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 Director, in his capacity as Authorising Officer by Delegation, has signed the Declaration of Assurance.

#### **d) Provision of information to the Commissioner**

In the context of the regular meetings during the year between OIB and the Commissioner on management matters, also the main elements of this report and assurance declaration have been brought to the attention of Commissioner Günther H. Oettinger responsible for Budget and Human Resources.

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

This section of the report provides information on the key results and progress towards the achievements of general and specific objectives set in the OIB 2016-2020 Strategic Plan and towards the achievements of the outputs set in the OIB 2017 Management Plan.

## 1.1 Key results and progress towards the achievement of General Objective

OIB, together with other horizontal Services/DGs, contributed to the achievement of General Objective: *"To help achieve the overall political objectives, the Commission will effectively and efficiently manage and safeguard assets and resources, and attract and develop the best talents."* defined by the 10 priorities of President Juncker and by the mission letter and specific mandate addressed to the Commissioner for Budget and Human Resources, Mr Oettinger.

The services delivered by OIB aimed to contribute to the satisfaction of the staff working for the Commission as regard to the working conditions, while considering the existing financial and regulatory constraints. The OIB activities listed in this report highlights the OIB's contribution in particular to the staff social policy of the Commission related to the working environment's factors i.e. building and office environment (location of building, building/office conditions and safety, office arrangements and furniture, accessibility of parking space, accessibility of alternative means of transport), social facilities and services such as catering canteens, cafeterias, childcare services, sport facilities, other logistic services.

Taking into consideration the evolving needs, requirements and restrictions in available resources, OIB throughout 2018 continued its efforts to maintain a stable staff satisfaction rate with the provided services evaluated through the 2017 Staff Satisfaction Survey on service provided by the Offices (OIB, OIL, PMO) at the level of 54%.

The Commission staff engagement index, measured in general Staff Satisfaction Survey, increased from 64% in 2016 to 69% in 2018:

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

Non programme-based

**Impact indicator:** Staff engagement index in the Commission

**Source of the data:** European Commission Staff Survey

Criteria: % of staff satisfaction

Baseline (2014)	Latest known results (2018)	Target (2020)
65%	2018: 69% 2016: 64%	Raise

## 1.2 Key results and progress towards the achievement of Specific Objectives

### 1.2.1 Achievement of specific objectives within Real Estate activities

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

energy consumption standards.

## 1. Buildings, infrastructure and space planning

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

In order to meet its medium and long-term needs the Commission buildings policy in Brussels is based on the following main principles:

- Prolongation/renegotiation of existing leases
- The valorisation of owned property through a renovation/redevelopment programme
- Prospecting the Brussels real estate market for residual needs
- Rationalisation and optimisation of the use of office space through, inter alia, the development of collaborative working areas

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

#### 1. Prolongation/renegotiation of existing leases:

OIB analysed the potential to renegotiate current leases, provided that the buildings concerned keep on meeting Commission security, economic and environmental performance requirements. On this basis the prolongations of contracts for buildings G—1, G—6 and G—12 were negotiated (extension of contracts up to 31.12.2023) and were presented to the Real Estate Committee who gave a positive opinion. The inter-service consultation will be launched by the end of March 2019.

In spring 2018, OIB requested the opinion of the Real Estate Committee on the prolongation of leases for KORT and DAV1. However, following a number of questions from the Real Estate Committee valorization studies for these buildings were requested. Once the final reports have been validated the Real Estate Committee will again be consulted.

OIB concluded the negotiations for a new lease for the RP14 and the new lease was signed in December 2018.

Following the closure of the ING bank in BU25, OIB was contacted by Vastint s.a. (holders of the right to use this commercial space) requesting the agreement of the Commission to rent this space to a shop. In view of the current security status within Commission premises this request was refused. OIB negotiated the return of rights for the use of this space to the Commission; it is foreseen to transform it into a multifunctional area which can be used to house the afterschool childcare facilities after the abandon of BU-9.

#### 2. Renovation/redevelopment programme:

The following mid-term redevelopment programmes were followed up in the course of 2018 and are expected to be finalised between 2021 and 2024:

##### ➤ CCAB centre:

Following the approval of Commissioner Oettinger, a competitive dialogue tender procedure for a new conference centre replacing the *Albert Borschette* centre (CCAB building) was launched in December 2017 estimating delivery of the new centre in 2023. Applications were received and opened in March 2018 and invitations to participate in the competitive dialogue phase of the procedure were sent in April 2018. Solutions were submitted and a preliminary analysis was carried out in June 2018 after which the competitive dialogue with candidates commenced in July 2018 and was initially foreseen to finish in December 2018. However, in order to give candidates more time to submit their final proposals the dialogue phase concluded on 11 February 2019; this will not have an impact on the overall timing of the project.

##### ➤ Redevelopment of PALM:

oib\_aar\_2018\_final

OIB finalised the preparation of the programme for the future redevelopment of the PALM building into a nursery/afterschool childcare and multi-functional area. As the building is located in a residential area, the building permit could be approved only if it is a "community utility and public service". Therefore access should not be limited to EU officials. The future redevelopment was deeper analyzed taking into account alternative architecture solutions, its future functionalities and related costs of works. The request for a building permit was launched in December 2017 and, following public consultation, a favourable opinion with certain conditions was received in September 2018. The launch of the works foreseen for January 2019 has been postponed to May 2019 due to discussions with the town planning authorities on the imposed conditions.

#### ➤ **Redevelopment of VM-2 and BU site:**

OIB continued to prepare procedures for the redevelopment of the BU29-31-33 (architectural competition originally foreseen to be launched in mid-2019 and construction works should be carried out from 2024 to 2027). However, as the adoption of the town planning rules for the Hermann Debroux area have been delayed (definitive version foreseen for July 2019) the architectural competition will not be launched before the end of 2019. The preparation of procedures for the redevelopment of VM-2 buildings where works should start in 2022 to be finalized by 2024 continued. In parallel and following an agreement in principle at political level, OIB is in negotiations with the Committee of the Regions/European Economic and Social Committee regarding the possibility of an exchange of property between the Commission VM-2 building and the Committees B-68/T-74 buildings.

#### ➤ **L130 redevelopment programme:**

Programme for the redevelopment of the L130 site was carried out in close coordination with the Brussels Capital Region (BCR), which is still in the process of detailing and adopting new urban planning rules. In parallel with this process, and following the approval of the principles of the project by Commissioner Oettinger, OIB launched the competition in March 2018. Applications were received at the beginning of May 2018 and the pre-selection phase was carried out. A jury colloquium meeting of all the jurors and their deputies took place in June 2018 when the competition brief was approved and the president and the spokesperson of the Jury were selected. The selection of candidates to take part in phase 1 of the competition took place in July 2018 and a candidates colloquium to present the competition brief to the selected candidates took place in September 2018. Proposals from the selected candidates have been received and meetings with technical experts to prepare the jury meeting of 17 and 18 January 2019 took place in early December 2018. The first jury meeting to select a maximum of 10 candidates took place on 17 and 18 January 2019 and a final meeting of the jury to select the three prize winners is scheduled on 25 June 2019. OIB also launched negotiations for the purchase of the L-82 and L-78 buildings that will have an impact on phase 2 of the L130 site redevelopment project.



### **3. Prospecting the Brussels real estate market:**

An information notice regarding Commission real estate needs between 80,000 m<sup>2</sup> and 150,000 m<sup>2</sup> was published in March 2018. Prospection data was received and was opened on 18 June 2018 and was analysed and uploaded in a dedicated database. Consultation of the Brussels Real Estate Committee concluded and a positive opinion was received in December 2018 and a pre-information notice was sent to the Budgetary Authorities in January 2019. Negotiations will start during the first quarter of 2019 to be concluded by the end of 2019.

### **4. Rationalisation of the use of office space:**

The optimisation of the available office space (monitored using the net office surface per workstation KPI) should be gradually achieved through the application of the Housing Conditions Manual (MCH).

The creation of new task-forces and services within the Commission as well as the staff reinforcements for some priority DG's have increased dispersion of services, imposing bigger constraints on the efficiency of office space allocation. Therefore, the optimisation of the available office space becomes more important and the application of the Housing Conditions Manual (MCH) supports its gradual achievement. Nevertheless, the collaborative office space layouts are applied whenever a justified request comes from a DG and the technical constraints of the building allow it. Therefore, OIB faces certain limits in its application. Shared offices are used in case of staff increase in DGs where additional space cannot be ensured. However, their impact on the organization of the work of the DG and the use on a voluntary basis, limits application. The deployment of collaborative spaces for large surfaces (e.g. floors or buildings) has a longer lead-time and it requires the full commitment of the DG, which is difficult to obtain. In light of the previous issues, a substantial reduction of the surface per workstation could not be achieved. However, several projects are under preparation with DGs in 2019.

In 2018 OIB provided: (1) assistance provided to DGs in the personnel consultation process on the possible transformation of zones into collaborative work spaces; (2) a flexible work space for the JRC on the 6<sup>th</sup> floor of the CDMA building and the 6<sup>th</sup> floor of the PLB3 building for DG HR; (3) consultation to DG BUDG on the creation of a collaborative space on the 7<sup>th</sup> floor of the BRE2 building, which is on-going. Consultation with DG RTD for the creation of a collaborative space on the 11<sup>th</sup> floor of the ORBN has been finalized and works are foreseen to be finished by the end of March 2019. Following the results of the satisfaction survey on collaborative space for PMO, OIB and DIGIT, presentations of the results were carried out in May 2018 and actions to improve housing conditions in their buildings (MO15, MERO and CSM1) are currently on-going. Alternative solutions for optimizing the use of m<sup>2</sup> are envisaged by different means e.g. encouraging shared offices, use of flex desks and taking into account the technical limitations of buildings.

#### 5. REMIS<sup>9</sup> implementation to facilitate and improve space and move management:

REMIS aims to offer a single point of contact on OIB's building portfolio data (e.g. real-estate contracts, permits, drawings; surface allocation; monitoring; reporting). It relies on the ARCHIBUS platform, used by the European Parliament, Council and OIL.

The first phase of REMIS, "Real estate portfolio and contract management", provides reference data for MyIntraComm, Europa and the Where2Go applications, since 2017. Contract management, indexation and agency re-invoicing modules are also available. Phase 2 named "Space and move management" should be implemented by June 2019, following trainings and dry run testing.

#### 6. 2018 carry overs due to the complexity of projects:

- On-going consultations and negotiations of the prolongation of certain leases due to its expire as of 2018. On-going consultations on the redevelopment of BU29/31/33.

#### 7. External factors pose a major challenge towards the achievement of set objectives:

- The Brussels real estate market is unable to supply sufficiently large functional buildings to cover required office space needs. OIB depends primarily on third parties to develop their projects at their own risk before signing lease contracts.
- Without a clear political guidance to move to a flexible office setup for a substantive part of the office space, OIB faces difficulties to achieve its objectives.

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

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<sup>9</sup> Real Estate Management Information System

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

## 2. Quality of office space

### **Specific objective 2: OIB's service-oriented culture and client satisfaction is enhanced by offering good quality office space to all Commission sites in Brussels.**

To improve the quality of available office space and social infrastructure of Commission buildings and offices, works were pursued in line with BEBA programme defining by a good state of building policy.

In 2018 preventive maintenance was carried out in the J-30 (on-going), J-54 and MO59 buildings.

The renovation works of the CSM1 façades were completed and works on the renovation of the L-86 façade (rue de la Loi side of the building) started in June 2018 and are scheduled to be completed by the end of April 2019 due to problems with the main sub-contractor. Works to replace boilers or lift renovation, standard works, cabling or the technical upgrade of the data network infrastructure is executed throughout 2018 in accordance with DG DIGIT's priorities and budget limitation. In 2018 priority was given to WIFI installations.

OIB also equipped 130 parking spaces with charging stations for electrical cars in selected buildings (B-28, BERL, MADO, CHAR, CSM1, F101, J-79, LX46, MADO, ORBN, PLB3, OVER and NOHE) and the capacity for parking bicycles was increased to a total of 4022.

In Brussels, all Commission buildings comply with legal prescriptions regarding accessibility for persons with reduced mobility. Moreover, in order to facilitate building access, the on-going screening programme continued to pursue the target of potential upgrades such as the placement of podotactile tiles at building entrances compliance with the parking regulation will also be checked. Requests for upgrades of the entrances of 12 buildings have been sent to the local authorities for approval. The launch of the tender procedure for works to be carried out to make the auditoria of MADO and BREY accessible was delayed. Offers to carry out these works were received in December 2018 and, following a preliminary evaluation requests for clarifications were sent to the candidates. These clarifications were received in February 2019 and currently being evaluated.



OIB is actively involved in the newly created Association of staff with a disability in the European Commission (ASDEC). The group represents and defends the views of staff with a disability to the administration, and makes proposals for developments to Commission staff policies and services as these affect staff with a disability. Under the 'fit@work' programme, 18 new showers have been analysed and being built in 8 buildings, in particular increasing the capacity of showers in L-86, J-59, L-15, BU24 and MO59 buildings as per the BREEAM standard. OIB continued the analysis of buildings, where the replacement of lifts (BREY, CLOV) or any other technical installations like fire detection (planned for J-54, J-30, J-79) would be necessary taking into consideration the budgetary and renovation planning.

One of the tasks of the Local Proximity Teams is to regularly check for any technical problems in the buildings under their responsibility and to report them to the appropriate services for quick reaction and resolution.

In the course of 2018, OIB executed other works:

#### 1. Building renovations:

Refurbishment works were carried out in J-54, MO59 and J-30 (on-going) under the BEBA program.

## 2. Other:

- OIB is collaborating with DG HR.DS for the procurement procedure and the construction of a welcome centre in front of the BERL building.

## 3. Delays / carry over to 2019:

- On-going structural works: renovation of the facades of L-86, which should be finalised by the end of April 2019.

## 3. Services provided to other EU institutions

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

In the context of providing support to EU Institutions and executive agencies in the management of their facilities, OIB delivers services on the basis of SLAs. These services generate revenue of approximately 5% of the OIB's 2018 budget<sup>10</sup>.

### 1. Internal administration of SLAs:

- The SLAs are regularly updated in compliance with new demands or conditions.
- A new SLA for Frontex was prepared and sent to the members of the OIB Management Board for approval.
- Amendments to SLA with INEA, EASME, ERCEA and REA were signed.

### 2. Delays occurred in the course of 2018:

- Due to a lack of resources, the charge-back process to reach the compliance with DG BUDG guidelines will be gradually implemented in the course of 2019.
- The convention between the Commission and the Belgian Federal Administration on the transfer of ownership of 54 parking spaces in the BERL was delayed due to problems in receiving final agreement from the holder of the land rights on the transfer. This agreement has been received and following presentation to the Cabinet of Commissioner Oettinger the inter-service consultation will be launched during the first semester of 2019.

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

## 4. Implementation of EMAS principles applicable to buildings

**Specific objective 4: The environmental standards are met through implementation of the Environmental Management Audit Scheme (EMAS).**

OIB continued its important role as member of the EMAS Steering Committee, continuing to work towards 2014-2020 targets for environmental performance improvement on several core parameters and taking a lead in high profile Commission initiatives (such as e.g. the reduction in single use plastics). In 2018, OIB, in collaboration with other services conducted a mid-term review of its performance in relation to the 2014-2020 objectives. In line with Commission's commitment to protecting the environment, more ambitious 2020 targets have been set for the objectives already attained in 2018, such as the reduction in the consumption of office paper and water as well as the decrease of CO2 emissions of vehicles and the production of non-hazardous waste.

The implementation of the new EMAS regulation (Commission Regulation (EU) 2017/1505) has required OIB to align its procedures with the ones issued by HR at a corporate level, which included performing a comprehensive environmental review-

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<sup>10</sup> Services provided within Real Estate activities.

analyzing context, external and internal factors with an impact of the environmental performance, as well as identifying OIB's stakeholders and their expectations.

A global 2018 – 2020 EMAS yearly action plan for technical/investment measures continued as of January 2018 introducing several energy and water savings measures: such as the installation of presence detectors, replacement of fluorescent by LED lighting (mainly in car parks), and tap aerators. Other measures include the insulation of heating pipes, the reduction by ½ hour of the heating hours of a test group of buildings and the year-end action, aiming at closing as many buildings as possible during the end-of-year holidays.

Additional horizontal measures, such as the automatic switch-off of PC's (project led by DG DIGIT) and the reduction by one hour of heating and ventilation of all buildings on Fridays were continued substantially contributing to the global saving. For the 10<sup>th</sup> consecutive year, OIB has launched an action aiming at closing as many buildings as possible during the Christmas-New Year break.

OIB ensures implementation of provisions of the European Energy Directive (EED) on the energy performance of buildings<sup>11</sup>. The objectives of the EED consist in the refurbishment of at least 3% per year of buildings owned by the Commission or an equivalent energy saving in these buildings<sup>12</sup>. With the EMAS target of 1% energy savings per capita, the EC goes beyond the objectives defined by the Brussels Capital Region.

### 1. EMAS certified Commission buildings:

This year's certification exercise, held during the week of 18 June 2018, focused on auditing the buildings J-27, J-70 and L-56, which included visits by an external verifier (AENOR).

Close follow-up and proactive resolution of the NC (Non-conformities) opened by the EMAS internal audits carried out during 2018: OIB launched measures for all of the Non-Conformities mentioned in the report. The internal audit, performed by HR.D2 through the services of the contractor ARCADIS, took place during the weeks of 12, 19 and 26 November 2018, checking the following buildings: CSM1, J-59, B232, B-28, G—1, G—6 and BRE2.

Follow up the 50+ OIB actions included in the Corporate EMAS annual action plan that support OIB's contribution to the corporate environmental performance objectives (2014-2020) and review of mid-term review. 10 new actions were launched in 2018, of which 8 have already been concluded.

The energy and water savings measures set-up by OIB's Energy Task Force are under implementation. The new measures being launched in 2018 in buildings having a high energy savings potential concern relamping, isolation of heating pipes and tap aeration. A global 2017 – 2020 action plan for technical/investment measures has been developed looking at new measures, namely on regulation, that will ensure the expected results. The Commission is committed to the exemplary role of its buildings and OIB has a specific action plan to comply with the Energy Efficiency Directive.

OIB followed up on a pilot project to reduce the ventilation in carparks by half an hour will be launched in 7 buildings (J-79, L-84/86, BU31, BU-5, CSM1, J-70, CHAR) and extended the measure to the office space in these buildings.

OIB also equipped 130 parking spaces with charging stations for electrical cars and the capacity for parking bicycles has again been increased to reach a total of 4022.

Harmonisation of opening hours of all buildings has been implemented in coordination with HR.DS.

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<sup>11</sup> Directive 2012/27/EU of 25/10/2012.

<sup>12</sup> 14kWh/m<sup>2</sup>/year is the theoretical gain estimated by the Belgian authorities. The saving target for the EC would be approximately 115 MWh/year, which corresponds to 0.13% of the annual energy consumption.

The implementation of the COBRACE<sup>13</sup> rules: OIB participated in a technical working group in collaboration with DG HR, Bruxelles Environment, the Cabinet of the Belgian Minister in charge of the environment and Brussels Commissioner for Europe. The conclusions of this working group are in the hands of DG HR.

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

OIB delivered specific EMAS communication campaigns in cooperation with DG HR and EMAS network such as the 2018 EMAS communication plan; communication to the occupants of the buildings where technical improvements were made in 2018 and awareness sessions for all the Logistics Proximity Teams; several "Commission en Direct"/Staff Matters articles; organisation of different events in the framework of the Green Week (June 2018) as well as the EMAS waste reduction campaign (November 2018).

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

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

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

In 2018, there are particular actions realised:

#### 1. Regulatory responsibilities:

- OIB delivered an updated 2018-2020 Global Prevention and Protection Action Plan and communicated it to the Committee for Prevention and Protection at Work (CPPT) by end of June 2018.
- Risk analysis performed in accordance with the Sobane Deparis methodology was delivered for the following OIB posts: Head of Unit and Deputy Head of Unit (Units concerned: Real Estate department).

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

- In the context of Safety and Prevention at the Commission buildings, OIB finalised risk analysis: (1) for electrical installations: in buildings; and (2) fire risk analysis for a typical building were performed according to the new legislation.
- New evacuation plans were delivered for 4 buildings: B-28, BU24, J-54, J-70. The evacuation exercise for all EC buildings in Brussels was carried out following the evacuation procedure in the framework of the yellow alert (except for nurseries and after-school childcare facilities). All evacuation exercises foreseen were organized in 2018.
- OIB carried out the meetings with the safety advisers of external companies on exchange of information concerning: fire/work permissions; transmission of the asbestos inventory and the Health and Safety Plans (including the work at heights).
- OIB reviewed the safety of smoking areas in all buildings as a preventive measure eliminating the risk of fire. Adequate installations for smokers are ensured.

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

- OIB contributed to the working groups (1) "*Comité de Pilotage des Risques psycho-sociaux*"; and (2) the CPPT (Committee for Prevention and Protection at Work) working groups;
- OIB ensured integration of the competences of '*Fit@work*' programme within OIB: organised and followed up of targeted meetings on implementation of the '*Fit@work*' framework programme.
- Published communication campaigns on Prevention and Protection at Work:

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<sup>13</sup> Brussels Code on Air, Climate and Energy Efficiency ("*Code Bruxellois de l'air, du climat et de la maîtrise de l'énergie*").

electronic brochures were made available through webpage '*fit@work*'; Participation in different initiatives was ensured: "equal opportunities", "happy or not", '*fit@work*';

#### 4. The delays / carry over to 2019:

- DG HR carried over the water audit to 2019.
- Re-started and on-going fire risk analysis for every building in Brussels in accordance with the new model (its five-year programme).

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

## 1.2.2 Achievement of specific objectives within Logistic Services

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

### 1. Quality services that create the best working conditions

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

##### 1. Synergies and Efficiencies within the Logistics:

In the framework of the exercise on Synergies and Efficiencies, in its role of "Domain Leader for Logistics", OIB in 2018, evaluated the new system and highlighted the priority areas for improvement for both the Logistic Proximity Teams (professionalization, increasing their visibility and improving follow-up on requests) and the Space Design Team (improve the workflow for the organisation of punctual moves and decrease the workload of SPOCs).

- In October 2018, OIB launched the Quick Fix programme which aims to ensure a rapid response with regard to a predefined list of small technical interventions. The project includes a visit by OIB's contractors to all Commission buildings during the last quarter of 2018 and the first quarter of 2019 in order to carry the necessary works based on an inventory drawn up by OIB in consultation with each building's occupants.
- OIB actively cooperated with OIL in the setting of their pilot project on logistics and participates in the corporate Steering Committee "Integrated logistics services" chaired by DG HR.
- In the result of the implementation of new mail system (which centralised the mail delivery and abandoned the point-to-point delivery), a great majority of the DGs and Services were satisfied proven in a satisfaction survey conducted in 2018.

##### 2. Environmental aspects:

Towards the environmental aspect in the Commission activities, OIB continued to increase the sustainability of its logistic services through the following environmental actions:

- Promoting ecological means of transport such as more-energy-efficient vehicles, traditional bikes and e-bikes;
- Producing a video shot "Cycling makes you happy" following a *ProVélo* prize received in 2017;
- Enlarging the fleet of regular bikes and e-bikes available for professional trips;



- Reducing single-use plastics in catering and office supplies (plastic cups and other disposable materials were replaced by paper or PLA alternatives and specific bins were placed for sorting them in all cafeterias and near hot-drink machines and water fountains);
- Placing water network dispensers in all 34 cafeterias of the Commission in Brussels in addition to the 33 already in place in the canteens; Reducing food waste at the catering facilities and;
- Enhancing green procurement by including environmental criteria where feasible<sup>14</sup>;
- Moreover, OIB replaced garbage bins with waste sorting stations on all floors at CSM1 building in a pilot project meant to foster recycling. The stations allow sorting four different types of recyclable material. The sorting stations in 2018 were placed at the entrance of Commission buildings in Brussels.
- OIB re-organised its activities to reduce paper waste and introduced higher efficiency printing technologies.

### 3. Inclusive aspects:

- OIB has provided kitchen trolleys in all canteens and light-catering areas of the Commission in Brussels. They allow colleagues and visitors with reduced mobility to move their trays and belongings more easily.

### 4. Supplies, office furniture, cafeterias equipment:

- OIB continued replacing swivel office chairs with ergonomic ones: the program to replace old desk chairs between 2016 and 2018 (required in total the replacement of 12,500 chairs) was concluded by replacing in total 14,000 chairs at the end of October 2018.
- Numerous entry halls, social corners and cafeterias were refurnished and decorated such as BREY entry hall, social corners in BERL, PLB3, MO-59, Lx40, JRC and LOI15, and cafeterias in N105 and J79.
- Some part of used furniture were transformed into new furniture items such as footstools (for instance in BU1, PLB3, G1 and MO15) or water dispenser furniture (in all cafeterias of the Commission) rather than discarded.

### 5. Inventory management:

- The new framework contract for removals, which includes tracking, entered into force in January 2018. Since the beginning of this second year of centralized triennial tracking, further 20 buildings have been tracked. It brings the current tracking rate to 64% of all goods placed in the Commission buildings. This three-years exercise will be accomplished by the end of 2019.
- In a view of developing a new tool for the management of inventory and logistics, OIB is a Business Process Owner (BPO) for the track "Asset Management and Logistics" in the e-Procurement project of the Commission. This project aims at replacing ABAC Assets and ABAC Sam by a new tool for the management of inventory and logistics. In 2018 OIB participated in the following developments: definition of the solution tool, clarification of scope of process, setting up of user group and key user group, preparing a first presentation by SAP of the standard capacities of the tool chosen, and beginning of modelling for the first process. In parallel, coordination with the solution provider i.e. DG BUDG and e-Procurement teams was ensured.
- The planned RFID<sup>15</sup> investigations were suspended in order to be in a position to assess a more integrated approach. Indeed, the IT environment will change on several structural points in the coming months/years and will impact the RFID implementation. The changes concern the current move to Windows10 operating

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<sup>14</sup> for example in the call of tender concerning office supplies 50 out of a maximum of 100 points for the qualitative evaluation concerned environmental aspects; a selection of green articles representing 75% of the purchasing budget was defined; and the choice fell on a greener paper made of a mix of recycled and virgin fibres.

<sup>15</sup> "Radio Frequency Identification" (RFID): the tool which gives the possibility, using an incorporated chip, to read the inventory numbers at a distance.

system on the general EC IT platform and the e-Procurement software that will simplify, more harmonise and automate the processes. There is also the need for a modernization of the inventory trackers' software. Once this environment will stabilize, the relevance of RFID can be again re-assessed.

- The EC Central Inventory Service, currently represented by OIB, drafted an updated version of the Inventory Rules<sup>16</sup> for all the EC properties and will present it for inter-service consultation in 2019. To get a head on the topic, OIB implemented internally a tailored-made procedure for a simple decommissioning of old items which has proven its effectiveness. 14 files that includes around 3,500 items have been closed in 2018. The new Writing-off Committee has been nominated.

#### 4. Printing services:

- In 2018, OIB reinforced its printing, reproduction and dispatching capacity by (1) acquiring a new hot melt gluing machine, (2) a high capacity large format plotter, (3) a new folding and inserting machine and (4) the roll-out of the application 'myOIBprint'.
- OIB provided creative and high quality graphic design and printing services for events such as EMAS campaigns, "fit@work" initiatives, synergies and efficiencies.

#### 5. Staff Mobility Policy:

- OIB submitted in January 2018 the new EC "*Plan de Déplacement d'Entreprise*" (PDE). It's a mandatory exercise imposed by the Brussels Region every three years and consists of a diagnosis of the transport modes used by Commission staff, with the objective to reduce its impact on environment. In parallel, OIB set up a new Mobility Plan further promoting environmental friendly means of transport. Some new initiatives regarding sustainable modes of transport and improved infrastructures for cyclists are under consideration. Reinforced cooperation with local authorities and relevant stakeholders is continued.
- During May and June 2018, the EC 'bike-to-work' initiative called 'VeloMai' was renewed by DG HR and OIB (with the support of DG MOVE, EASME and EUCG) and offered to personnel of all EU Institutions. More than 2,700 colleagues from across the Institutions competed in DGs/Offices, in teams and/or individually challenging each other for the highest number of bicycle rides. This initiative is part of the staff mobility and 'fit@work' policies of the Commission with the main objective to promote the use of the bicycle as a healthy – and sustainable – mode of commuting.
- 25 new e-bikes were delivered in May 2018, and 200 new traditional bikes in June 2018, which brought the total number of EC service bikes to respectively 35 e-bikes and 300 regular bikes.
- Other actions and campaigns, promoting cycling and sustainable modes of transport, were continued during the year (training courses on safe cycling, bike project, provision of public transport tickets, partial reimbursement of commuting public transport season tickets, mobility week).

#### 6. Historical Archives Services:

In 2018, in the domain of historical archives OIB focus on the quality of archives transfers (evaluation, elimination, and digitisation of COM and SEC documents), the management of electronic archives, support provided to DGs and Services, enhanced internal digitisation capacity and the valorisation of archives with high value towards its opening to the public.

- In 2018, around 1,16 million pages have been internally digitised. A new external digitisation project focusing on SEC documents – around 3,4 million pages – has been launched by the end of 2018.

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<sup>16</sup> OIB is in charge of the Central Inventory Service (SCI) for the Commission. DGs having their own Inventory Management Service refer to the Central Inventory Regulations and Service. The 2010 Inventory Rules require to be updated (imposed by synergies and efficiencies exercise within the Commission), assets/non-assets threshold to be better defined and simplifications to be introduced.

With an increase of quality controls, only 700 linear meters of archives have been accepted and transferred to OIB; Elimination and appraisal exercises continued and, with additional actions as transfers to EU Historical Archives in Florence or return to the Audio-Visual Service of the Commission, OIB has been able to realise 1500 linear meters of archives space in 2018.

- Since October 2017 and the implementation of a-REP, the Commission Services are able to transfer their electronic records to OIB. In total, around 5 million files have been ingested, which roughly represents 2 terabytes (TB).
- The major change as regards the replacement of the current IT system (Archive management System –ARCHIS) by the new one: the HPS III project (new Archives Management System) continues. The budget foreseen is considerable and as well as the workload related to the development framework. OIB co-managed in collaboration with DIGIT an ISA<sup>2</sup> action<sup>17</sup> aiming at setting up a solution for standard-based archival data management, exchange and publication. Proofs of concepts have been prepared in 2018 in order to be tested in 2019.

#### 7. The delays / carry over to 2019:

There are some delays in procurement procedures cases compared to the original planning which are due to the need of fine-tuning the tendering specifications. All of them will be finalised in the course of 2019:

- (a) purchase of a flat UV printing system and a cutting table,
- (b) purchase of pre-press equipment and associated services, and
- (c) purchase of consumables for traditional printing and for large format printing.

Conclusion: The activities carried out by OIB in the course of 2018 ensured the achievement of the objectives in terms of continued improvements towards the efficiency of logistic services and an efficient use of resources. OIB has achieved the annual performance indicators and outputs in the reporting year.

## 2. Quality catering services

### Specific objective 7: Good social infrastructure (Restaurants, Selfs and Cafeterias facilities) is provided at Brussels and Ispra sites.

In the domain of catering services, in 2018, OIB prioritised the following activities: (1) the continuation of services, (2) the comparability of quality and prices provided by all contractors in all self-service restaurants, (3) 'Fit@work' menu and (4) EMAS guidelines. Steps were taken to improve the execution of the current contracts.

OIB continued to monitor systematically the quality of food and services provides in the Commission's buildings in Brussels, relying on:

- Reports from a specialised internal team of auditors carrying out two random checks per month in each free-flow and one random check per month in each cafeteria (direct audits).
- Reports from an independent external contractor based on checks, including random samplings for microbiological analysis.

The 'Fit@Work' initiative was further integrated in the daily menu, were maximum thresholds for salt and fat have been set. The vegetarian meals are available on a daily basis. The 2018 satisfaction survey revealed, for restaurants the score for overall satisfaction with services is marginally positive, with 51% of staff that is (very) satisfied, compared to 49% of staff that is



<sup>17</sup> [https://ec.europa.eu/isa2/actions/facilitating-archive-management-across-europe\\_en](https://ec.europa.eu/isa2/actions/facilitating-archive-management-across-europe_en)

(very) dissatisfied. Only 4% of staff indicates to be very satisfied, compared to 13% that are very dissatisfied. For cafeterias, the overall score is positive, with 69% of staff (very) satisfied with provided services, compared to 31% of staff (very) dissatisfied. This assessment has been stable over time, not being significantly different from the 2015 survey.

#### ✚ The catering in childcare facilities:

- In 2018, two third of the meals were produced by internally managed staff while one third of the meals were outsourced (Eurest and Ciano). A reduction of food waste of 30% was achieved by a better estimation of the attendance of the kids (during kindergarten time and after-school childcare) and closer monitoring of the acceptance of the menus by the children.
- Refurbishment of Breydel's canteen free-flow area was done during the summer of 2018. Successful creation of a coffee corner was achieved in BU-5 building following the closure of the Press Shop.

#### ✚ In Ispra, in 2018, OIB introduced the main projects:

- A plan for preventing food waste allowing cost savings: specific measurements have been introduced at different points (kitchen, self-shelves, lunch residues) in order to assess the food waste. Specific measures are under investigation.
- A new lay-out of the cash counters to ergonomically ameliorate the activities of the cashiers has been launched expecting results in 2019.
- A new access system to the Ispra Clubhouse restaurant: the control system is made operational and JRC will decide on a roll-out date for all staff.

#### ✚ The delays /carry over to 2019:

- Refurbishment of the JRC conference centre refectory and equip the enlarged Clubhouse kitchen facilities were carried over to 2019 due to on-going construction works conducted by JRC.
- Implement sustainable solution for personnel status of the Clubhouse: new legislation entered in force in Italy and following that, a new service contract procedure to be launched 1<sup>st</sup> semester of 2019.

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

### 1.2.3 Achievement of specific objectives within childcare activities

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

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

**Specific objective 9: Good social and sport infrastructure is provided at the European Inter-institutional Centre (CIE) in Overijse, Brussels and at Ispra sites.**

## 1. Childcare infrastructure

OIB continues its efforts to ensure sufficient capacity in its childcare facilities. The nurseries capacity in 2018 was slightly missing to completely meet the demand for the places, nevertheless, the contracts awarded in November 2017 gradually ensures the required capacity.

In December 2018, OIB offers in total 1512 places (in its own nurseries and on the local

market). Additional 70 places are contracted on the market as of February 2019 bringing the total capacity up to 1582 places, which served as a response to the current demand (87 requests). It's estimated that in the course of 2019, the Commission nursery will meet its objective providing the sufficient number of places in line with the demand.

Childcare services currently meet the demand for afterschool places. In 2018, for the first time OIB proposed an afterschool childcare place to all registered children expecting to have a place. The objective 2020 has been met through contracting additional places on local market, by adapting internal capacity in the Commission buildings, outsourcing the management of some internal afterschool childcare facilities, and increasing afterschool places by 214 places (14 groups) in the European Schools based on the renewal of the multiannual conventions signed in July 2018. The extension of the policy of outsourcing some central sites (as already practiced at the VM18, PALM) was successfully extended at GE and BU as from January 2018. The personnel previously employed in Beaulieu (BU) and Genève (GE) was redeployed mainly to the European Schools. Providing the afterschool service on the contractor premises is also being implemented for the first time since September 2018 with 56 new places (4 groups) being offered in Barne Park II.

#### ✚ The childcare facilities at Ispra:

- Optimisation of the capacity aiming at reduction of the number of children waiting for a place were further explored, nevertheless some differences between the capacity and the demand were recorded in 2018: (i) nurseries: ratio 11% above the capacity (full capacity with around 80 children); (ii) afterschool childcare: ratio 4% above the capacity (102 places).
- High satisfaction rate was obtained for the nursery – 95% and for the afterschool childcare – 80% in the last, 2018 satisfaction survey.

#### ✚ The delay / carry over to 2019:

The move of the childcare services from 'ALER<sup>18</sup>' to a Commission owned building is required to be synchronised with the Ispra site multiannual development plan that will be approved by JRC management in 1<sup>st</sup> quarter of 2019.

Conclusion: OIB explored many different alternative solutions to secure the largest possible number of childcare places. A progress has been obtained through years on the basis of the already put in place alternative solutions increasing the capacity. The OIB childcare policy meets its long-term objective and has achieved the required values for annual performance indicators and outputs in the reporting year.

## 2. Welfare services at social facilities

#### ✚ The CIE in Overijse:

Catering activities for corporate events at the European Inter-institutional Centre (CIE) Overijse are outsourced to Compass Group, one of the 3 Commission's catering contractors. In 2018, OIB continued to maintain a "Clubhouse" activity available to the EU employees seven days per week, with an exception for official EC holidays and evening access only during the outdoor childcare facilities.

- OIB offers a place for outdoor childcare services at CIE in Overijse. The centre has accommodated more than 400 children per day during Easter and summer holidays in 2018. OIB continued to provide supplementary places by opening additional sites such as Wilson and Palmerston in order to satisfy all the requests received for peak weeks.
- Social infrastructure: CIE provides access to sport facilities suitable for tennis, padel, football, mini-foot, basketball, table tennis and others. In May 2018 CIE has hosted the final day of the Shuman Trophy football tournament, together to different promotional sport activities for EU staff.

#### 1. The delay /carry over to 2019:

- Ispra: On-going tender for a purchase of furniture, fittings and curtains in the Commission owned lodgings at Ispra site. Conclusion: CIE is well developed and is

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<sup>18</sup> ALER stands for "Azienda Lombarda Edilizia Residenziale"

welcoming more than 15 000 visitors per year. Annual and financial analysis are done on a regular basis in order to make CIE more efficient and better suited to the needs of EU institutions. The outsourcing of catering activities had already allowed expanding the organisation of events to a larger scale. OIB ensured the management of CIE in the course of 2018, as well as social infrastructure at Ispra site.

- During the 2016 – 2018 period, CIE's financial results have stayed stable, and, although negative, there has been a slight improvement in 2018. It has to be noted that these financial results have been calculated from a business perspective, considering all costs related to the site's maintenance and functioning, which is not the case with other Commission buildings where corporate events are organized – CCAB, CHAR, BERL. It could also be argued that on EC's budget level, the CIE's negative financial results are substantially reduced, as the Centre proposes premises and services on much more attractive prices, hence reducing DGs expenditures for corporate events."

## 2. ORGANISATIONAL MANAGEMENT AND INTERNAL CONTROL

This section explains *how* OIB delivered the achievements described in the previous section. It is divided into two subsections.

The first subsection reports the control results and all other relevant information that support management's assurance on the achievement of the financial management and internal control objectives<sup>19</sup>. It includes any additional information necessary to establish that the available evidence is reliable, complete and comprehensive; appropriately covering all activities, programmes and management modes relevant to OIB.

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

### 2.1 Financial management and internal control

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

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

- the reports from ex-post control;
- the regular reporting on procurement, on budget execution, on finances, on accounting controls and on human resources;
- the reports from the relevant authorising officers providing assurance in all cases of cross-sub-delegations made by OIB to other DGs/Services and sub-delegations/co-delegations to OIB by other DGs and Offices;
- the reports from the authorising officers by sub-delegation and the follow-up thereon;
- the reports monitoring the exceptions and non-compliance cases and any cases of 'confirmation of instructions' (Art 92.3 FR);
- the risk assessment;
- the follow-up of anti-fraud indicators;
- the yearly review of the compliance and effectiveness of the internal control system;
- the observations and recommendations from the European Court of Auditors (ECA), the Budgetary Authority, and the Internal Audit Service (IAS) as well as the reports on the follow-up of the action plans designed to address these recommendations;
- the limited conclusion of the internal auditor on the state of control and the observations and recommendations reported by the IAS;

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

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<sup>19</sup> Art 36.2 FR: a) effectiveness, efficiency and economy of operations; b) reliability of reporting; c) safeguarding of assets and information; d) prevention, detection, correction and follow-up of fraud and irregularities; and e) adequate management of risks relating to the legality and regularity of underlying transactions

OIB.

This section reports the control results and other relevant elements that support managements' assurance. It is structured into (a) Control results; (b) Audit observations and recommendations; (c) Assessment of the effectiveness of the internal control system, all resulting in (d) Conclusions on the impact as regards assurance.

### 2.1.1 Control results

This section reports and assesses the elements identified by management that support the assurance on the achievement of the internal control objectives<sup>20</sup>. OIB's assurance building and materiality criteria are outlined in the AAR Annex 4. Annex 5 outlines the main risks together with the control processes aimed to mitigate them and the indicators used to measure the performance of the relevant control systems.

It refers to all the resources managed by OIB in 2018: the administrative expenditures, the revenues, the assets, and the liabilities.

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

In 2018, OIB cross-sub-delegated an amount of around € 546 k and around € 15 Mio credits were also sub-delegated or co-delegated to OIB by other DGs and Offices<sup>21</sup>. Annex 10 to this report provides the full list of credits cross-sub-delegated by OIB to other Commission Authorising Officers as well as those cross-sub-delegated or co-delegated to OIB by other DGs and Offices.

All the payments are done under a centralised direct management mode, which has a relatively low inherent risk. The risks are effectively mitigated by means of controls. As there is only one type of expenditure in OIB - direct procurement<sup>22</sup>, all payment transactions are subject to the same ex-ante controls. Therefore, there is no segmentation and the analyses and control results reported below concern the entire budget managed by the Office in 2018 and cover all significant areas of OIB's budget (including the credits sub-delegated or co-delegated to OIB by other DGs and Offices). As to the credits cross-sub-delegated by OIB to other DGs or Offices in 2018, assurance reports on the use of these appropriations were received from the corresponding services, which did not raise any control issue.

The below table and chart present the total payments authorised for the year 2018<sup>23</sup> and their relative weight in each significant budget activity: 88% of the payments relate to the Building Activity (ABB1) while Services (ABB2) and Administration (ABB3) represent respectively 12% and 0,4%. Additional details are provided in Annex 10.

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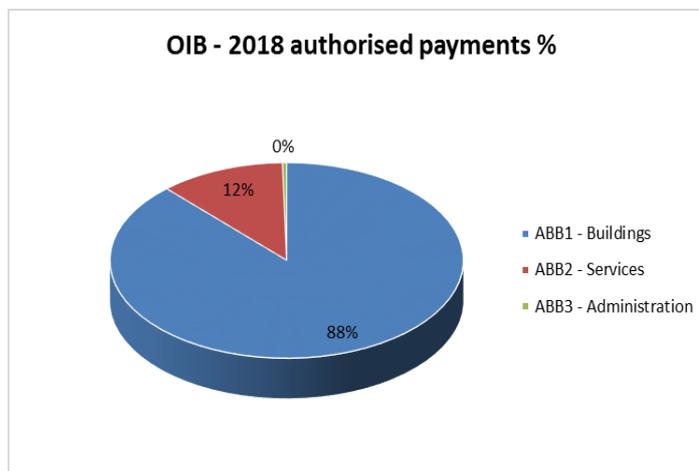
1) Effectiveness, efficiency and economy of operations; 2) reliability of reporting; 3) safeguarding of assets and information; 4) prevention, detection, correction and follow-up of fraud and irregularities; and 5) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 36.2).

<sup>21</sup> of which €13,7Mio is included in OIB financial reporting

<sup>22</sup> with the exception of some credits of the global envelope (e.g. missions)

<sup>23</sup> on credits C1, C4, C5, E0 and C8, including credits cross-delegated from OIB to other DGs and credits co-delegated from other DGs to OIB, see table 2 in annex 3.

Budget areas	Authorised payments (€ Mio)
ABB1 – Buildings	325,86
ABB2 – Services	42,56
ABB3 – Administration	1,43
<b>Total OIB</b>	<b>369,85</b>



At the end of 2018, € 63,4 Mio credits remained to be consumed (as C8 credits in 2019), compared to € 64 Mio at the end of 2017.

In addition, OIB generates **revenues** from provided services and works, including to EU Institutions and bodies (EEAS, EESC & CR, agencies, etc.). In 2018, OIB revenues amounted to around €57,5Mio and resulted from: (a) recovery orders issued and cashed in 2018 €41,6Mio<sup>24</sup>, (b) recovery orders issued before 2018 and cashed in 2018 - €5,3Mio<sup>25</sup> and (c) other revenues of €10,6Mio including from parental contributions, from JRC for cafeterias/canteens/childcare facilities or protocol restauration<sup>26</sup>. An important part of this amount is carried forward to the following year (C5: €32,9Mio). Comparable amounts of revenues were carried over in 2016 and 2017.

The majority of OIB recovery orders result from the Service Level Agreements (SLA) as a compensation for the services provided by OIB to other Commission services or other institutions. The cashed revenue from SLAs in 2018 amounts to around €34,9Mio<sup>27</sup>.

The assets and liabilities were mostly buildings and lands, either EC property, on financial lease or bought on credit.

All OIB resources are subject to controls ensuring legality and regularity, cost-effectiveness and efficiency as well as the prevention of reputational risks.

There were no cases of "confirmation of instructions" in 2018 (additional AAR reporting requirement, according to the new FR art 92.3).

OIB's management factually concludes that the control results, presented in the following sections are complete and reliable and provide reasonable assurance about the achievement of the internal control objectives.

The following overall conclusion table demonstrates the completeness of the coverage by presenting the available main indicators per distinct control system:

<sup>24</sup> Column 4 in table 7 annex 3

<sup>25</sup> Column 5 in table 7 annex 3

<sup>26</sup> More information may be found in table 7 of annex 3.

<sup>27</sup> Cashed recovery orders; page 29 provides further details on recovery orders.

Risk-type /activities	Procurement (e.g. <u>minor</u> or major <u>values</u> ; k€)	<u>Delegated</u> credits reported by OIB in financial reports k€	NEI, e.g. Revenues, Assets, liabilities, OBS ((in)tangible or <u>financial assets &amp; liabilities</u> ) k€	Independent info from auditors (IAS, ECA) on assurance or on new/overdue critical recommendations available?	Any reservation?
totals (coverage)	369,85 <sup>28</sup>	Cross-sub-delegated from OIB 546 Co-delegated by OIB 14,599	assets: 1,075,913 <sup>29</sup> liabilities: - 1.063.273.908 <sup>30</sup> off balance sheet: -514,041,202 <sup>31</sup> Revenues: - 43.307.390 <sup>32</sup>	Yes	No
ICO-related indicators available	RER est. 0%, CES = yes, AFS = OK	RER est. 0%, CES = yes, AFS = OK	Clean Mngt Decl., SAI = OK, TFV = yes	no critical issue	

## 1. Effectiveness = the control results and benefits

### • Legality and regularity of the transactions

OIB has set up internal control processes aimed to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned.

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

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

Financial management and control is grouped around three core processes: (1) procurement<sup>33</sup> (from the assessment of needs to the selection of the suppliers – award decision), (2) financial operations (from establishing the financial commitment to payment, contract monitoring and recoveries) and (3) supervisory measures (including ex-post controls and management checks).

For procurement, preventive controls in OIB are ensured via the GAMA<sup>34</sup> opinions, as well as by the central role of unit 'Finance & Public Procurement' which is involved in all procedures equal or above the thresholds. Continuous efforts are in place to ensure the legality and regularity, the effectiveness and efficiency of the procurement management (a key OIB activity).

<sup>28</sup> This amount represents the total of payments on credits C1, C4, C5, E0 and C8, including credits cross-delegated from OIB to other DGs and credits co-delegated from other DGs to OIB, see table 2 in annex 3.

<sup>29</sup> Table 4 annex 3

<sup>30</sup> Table 4 annex 3

<sup>31</sup> Table 5bis annex 3, contingent liabilities and other significant disclosures

<sup>32</sup> This figure includes recovery orders and other revenues. Table 7 annex 3 presents only revenues received via recovery orders.

<sup>33</sup> Split in OIB between building and non-building procurement (see annex 5).

<sup>34</sup> Groupe d'Analyse de Marchés Administratifs: advisory group which manages non-building procurement procedures equal or above the thresholds established in the Directive 2014/24/UE (€144,000 for services and supplies, €5.548.000 for works (in 2018)). Before the award decision, any tender above these thresholds may be selected and examined by GAMA.

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

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

Other key controls in place are the register of exceptions and non-compliance events, the risk management procedures, the accounting controls and the regular reporting.

#### ➤ **Preventive controls in procurement**

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

In 2018, 16 procedures above the threshold were submitted to GAMA (~73.6mil€). Out of these, 9 procedures (~53mil€) were selected for review and all of them received a positive opinion.

In 2018, 35 contracts were signed for a total value of ~183.2mil€, among which 9 were inter-institutional (~73.3mil€). Regular follow-ups and consistent supervision are in place (e.g. reports on calls for tender procedures to the management).

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

The indicator 'Respect of target schedules' for high value tenders was met at 44% of the target. This resulted from: late start of a procedure, longer time needed to prepare tender documents, requests for the translation of tender documents which resulted in obligation of extending the publication period. The indicator 'Percentage of contracts signed on time' performance was at 38% by the end of 2018 and was the result of the same factors as mentioned above. The target schedules were defined ambitiously (corresponding to a minimum time to procure) in order to motivate and promote operational and administrative collaboration of all parties involved. These delays did not have impact on the business continuity (no exception was necessary to extend a contract) and no impact on the state of internal control.

In the context of IT rationalization in the Commission and in search for further efficiency, after on-boarding the IT application e-Submission<sup>35</sup> at the end of 2017, the majority of submissions of tenders in 2018 took place via this platform. The sector therefore acquired full master of skills (proficiency) in use of the application. E-Tendering<sup>36</sup> tool and Public Procurement Management Tool (PPMT) application are systematically used for the publication and management of all procurement procedures and efforts are pursued for the paperless environment.

A manual for low and middle value procedures at OIB together with supporting

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<sup>35</sup> E-Submission is an online system allowing Economic Operators to securely prepare and submit tenders and Contracting Authorities to receive, to open and to download tenders.

<sup>36</sup> E-Tendering is an online system allowing by electronic means the unrestricted and full access free of charge to the procurement documents to Economic Operators.

documents have been updated before the end of 2018. The models of contracts and other documents related the calls for tenders are kept updated on a regular basis.

The OIB's "Procurement Helpdesk" provides legal and procedural support to operational units and it contributes to the harmonisation of the call for tenders' management's practice in the Office. The support to operational units has also been provided with some specific formations (e.g. on PPMT) and with participation in drafting tender documents and participation in evaluations' committees of 3 middle and low value market procedures.

Green Public Procurement point of contact set in the sector has been consulted for all orientation documents.

The sector continued also its inter-service and inter-institutional cooperation (participation in GAMA, ILISWG, GTA0, 2 working groups managed by DG GROW and DIGIT and JRC aiming at e-Procurement harmonisation and implementation within Commission, etc.).

Regarding building procurement, OIB follows rules set by the article 266 and the title VII of the Financial Regulation. In addition, OIB applies the procedures stipulated in the Communication from Vice-President Kallas to the Commission on the definition of the methodology for prospecting and negotiating for buildings<sup>37</sup>. OIB consults the Real Estate Committee for each building project in order to ensure that the rules have been followed correctly.

#### ➤ **Payment delays**

Thanks to strong efforts and a close monitoring (monthly reporting and discussion at the management meetings), OIB keeps reducing its payment delays. At the end of 2018, OIB succeeded to keep the late payments rate below 0,5%, compared to 1% in 2017. The average payment cycle time has been further reduced to a very low level, i.e. 15 days (16 days in 2017). Further details on payment delays are described in annex 3 – table 6.

#### ➤ **Recovery orders<sup>38</sup>**

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

At the end of 2018, the amount of outstanding recovery orders was limited to €87k (compared to around €286k at the end of 2017). The main part of this amount (€54k) relates to contributions from the Council, the European Parliament and EASM for parental contributions for childcare in Brussels.

In 2018, €38,1Mio revenues from SLAs had been invoiced before the end of the year, of which around €35Mio cashed before the end year and of the remaining €3,3Mio the deadline for almost 98% of the payments has not been reached yet as of 31.12.2018.

#### ➤ **Ex post controls**

Ex-post controls in OIB are one of the main supervision activities, which provide the basis of the management assessment and constitute the principal element for the estimation of the error rate. The controls are based on a stratified sample<sup>39</sup> of six types of transactions (payments, recovery orders, budgetary commitments and low, middle and high value procurement procedures). More details regarding the OIB ex-post control methodology are available in annex 10.

In 2018, 108 transactions were controlled, including 4 low-value and 2 high-value procurement procedures. None of them was classified as a level 1 error<sup>40</sup>. Additionally,

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<sup>37</sup> C(2008)2299 adopted 3 June 2008.

<sup>38</sup> The term 'recovery orders' refers to 'requests for payment' (revenue) for services rendered and not to recovery of money subsequent to the detection of an error.

<sup>39</sup> This sample is representative for payments and recovery orders. Results for these transactions can therefore be extrapolated to the entire population of the same type of transactions.

<sup>40</sup> Serious error that should be considered by the AOD when giving its assurance in the AAR.

39 transactions were considered to contain a level 2 error and 18 level 3 error<sup>41</sup>, providing a detected error rate of 0.02% (~14.2k€) of representative transactions. These findings relate mainly to the correctness or lack of available supporting documents, lack of justification / explanation of calculation done and no full correspondence with the contractual basis. All ex-post findings were discussed with the units and an agreement on the findings and on the corrective actions was reached in most cases.

Open ex-post issues from previous reports were regularly followed-up to ensure their adequate implementation: recommendations were reduced from 44 to 30 and remarks decreased from 114 to 70 (mostly outside OIB’s control).

Coverage of ex-post controls (in % of total amount)	
<b>2017</b> average: 39%; - Payments: 29%; - Recovery orders: 71%; - Budgetary commitments: 44%	<b>2018</b> average: 35% - Payments: 32% - Recovery orders: 80% - Budgetary commitments: 42% - Low-value procedures: 2% - High-value procedures: 6%

Overall in 2018, ex-post controls obtained assurance that the budget was well used for its intended purpose. None of the observations made had a financial impact on OIB’s budget. The main observations were subject to a series of awareness actions addressed to all units and departments. In order to ensure further improvements in this area, the ex-post control team will follow up on these issues in 2019.

The management of the OIB monitors the progress in corrective actions’ implementation and main observations are discussed with the OIB Director, including bilateral meetings with the OIB management in the context of AAR preparation.

➤ **Authorising Officers by Sub-Delegation reporting**

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

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

94% of the AOSD reports 2018 were received by 22<sup>nd</sup> March 2019. No very serious issues were identified in the 2018 reports<sup>42</sup>. The main remarks mentioned are linked mostly to financial, budgetary and contractual management across different units.

25% of open issues identified in the syntheses relevant to actions resulting from previous reports are now considered as closed<sup>43</sup>. There are no serious issues outstanding. The further organisation of workshops will reinforce the implementation of the majority of remaining actions thus contributing to improvements in OIB’s financial management.

Given that no significant issue was reported, the reports from OIB Authorising Officers by Sub-Delegation in 2018 contribute to reinforce the 2018 assurance of OIB management.

<sup>41</sup> Errors level 2 or 3: which in their nature do not pose a serious threat to the financial or reputational status of the Office. Nonetheless, they have to be taken into account as their aggravation could lead to undesirable effects.

<sup>42</sup> Following AAR bilateral meetings and related contributions received, no serious issues are expected to be raised in the remaining few 2018 AOSD reports, which are still to be submitted.

<sup>43</sup> As of 19<sup>th</sup> February 2019

### ➤ Accounting controls

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

In 2018, the quality of OIB's accounts remained high and the accounting controls did not identify significant errors. The positive outcome was the result of the good collaboration between the operational units and the accounting team.

### ➤ IT security controls

The OIB's Framework for Information Systems Security defining the default security measures has been adopted at the end of the year 2016. A security plan for each IT system identifies the security requirements for it and describes the security measures applied. A technical compliance checking aiming to cover all security requirements over a five year period (2017-2021) has been launched in 2017. The focus in 2018 shifted towards new priorities<sup>44</sup> but since the objective of the five year exercise does not change the state of internal control in OIB is not impacted.

## Conclusion

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

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

For OIB, the estimated overall amount at risk at payment<sup>45</sup> for the 2018 expenditure is between €0.07Mio and €1.8Mio (despite the fact that the residual error rate was 0.02%, the principle of prudence incites us to use a range between 0.02% and 0.5%, the latter being the Commission's average for this type of expenditure). This is the AOD's best, conservative estimation of the amount of relevant expenditure<sup>46</sup> during the year not in conformity with the applicable contractual and regulatory provisions at time payment is made<sup>47</sup>.

This expenditure will be subsequently subject to ex-post controls and a sizeable proportion of the underlying error will be detected and corrected in successive years. The conservatively estimated future corrections<sup>48</sup> for the 2018 expenditure are €0. This is the amount of errors that OIB conservatively estimates to identify and correct from controls that it will implement in successive years. The difference between those two amounts leads to the estimated overall amount at risk at closure for the 2018 expenditure of €0.07Mio – €1.8Mio.

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<sup>44</sup> See more in annex 2

<sup>45</sup> In order to calculate the weighted average error rate (AER), the detected error rates have been used.

<sup>46</sup> "relevant expenditure" during the year = payments made

<sup>47</sup> "payments made" or equivalent

<sup>48</sup> Even though to some extent based on the 7 years historic Average of Recoveries and financial Corrections (ARC), which is the best available indication of the corrective capacity of the ex-post control systems implemented by the DG over the past years, the AOD has adjusted this historic average from 0.04% to 0%. Any ex-ante elements, one-off events, (partially) cancelled or waived ROs, and other factors from the past years that would no longer be relevant for current programmes have been adjusted in order to come to the best but conservative estimate of the ex-post future corrections to be applied to the reporting year's relevant expenditure for the current programmes. Most EPC corrections are done during the reporting year.

**Table X - Estimated overall amount at risk at closure**

OIB	"payments made" (FY; k€)	minus new pre-financing (FY;k€) <sup>49</sup>	plus cleared pre-financing released and deductions of expenditure made by MS (FY; k€)	= "relevant expenditure" (FY; k€)	Average Error Rate ( <i>weighted</i> AER; %)	estimated overall amount at risk at payment (FY; Mio€)	Average Recoveries and Corrections ( <i>adjusted</i> ARC; %)	estimated future corrections [and deductions] (FY; €)	estimated overall amount at risk at closure (Mio€)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Budget Lines	as per AAR annex 3, table 2	as per ABAC DWH BO report on pre-financing	as per ABAC DWH BO report on pre-financing	= (2) - (3) + (4)	Detected error rates, or equivalent estimates	= (5) x (6)	based on 7Y-avg historic ARC (as per ABAC DWH BO report on corrective capacity), <i>adjusted</i>	= (5) x (8)	= (7) - (9)
24.010700.010300	1.908,7	0	0	1.908,7					
26.010900.010300	81,2	0	0	81,2					
26.012000.010300	3.282,4	0	0	3.282,4					
26.012100.010300	4.005,2	0	0	4.005,2					
26.012201.010211	0,5	0	0	0,5					
26.012201.010300	6.389,6	0	0	6.389,6					
26.012202	229.654,2	0	0	229.654,2					
26.012203	78.956,8	0	0	78.956,8					
26.014000	1.584,5	0	0	1.584,5					
<b>ABB.1</b>	<b>325.863,1</b>	0	0	<b>325.863,1</b>					
09.010503	38,9	0	0	38,9					
10.0105X3.11	3.506,7	0	0	3.506,7					
13.010401.11	74,0	0	0	74,0					
24.010700.010300	291,0	0	0	291,0					
26.010900.010300	3,3	0	0	3,3					
26.012000.010300	57,3	0	0	57,3					
26.012100.010300	387,6	0	0	387,6					
26.012201.010201	3.849,2	0	0	3.849,2					
26.012201.010211	4,1	0	0	4,1					
26.012201.010300	1.106,3	0	0	1.106,3					
26.012203	1.055,4	0	0	1.055,4					
26.012204	9.924,0	0	0	9.924,0					
26.012205	9.511,4	0	0	9.511,4					
26.014000	167,9	0	0	167,9					
26.016004	12.583,2	0	0	12.583,2					
<b>ABB.2</b>	<b>42.560,4</b>	0	0	<b>42.560,4</b>					
25.010211.00.05	44,3	0	0	44,3					
26.012201.010201	303,7	0	0	303,7					
26.012201.010211	74,0	0	0	74,0					
26.012201.010300	1.000,2	0	0	1.000,2					
26.012203	1,6	0	0	1,6					
26.012301.010300	3,0	0	0	3,0					
<b>ABB.3</b>	<b>1.423,8</b>	0	0	<b>1.423,8</b>					
<b>Overall, total</b>	<b>369.850,3</b>	<b>0</b>	<b>0</b>	<b>369.850,3</b>	<b>0,02-0.5%</b>	<b>0,07-1.8Mio€</b>	<b>0%</b>	<b>0 k€</b>	<b>0.07-€1.8 Mio€</b>

Notes to the table

(1) differentiated for the relevant portfolio segments at a level which is lower than the DG total

(2) Payments made or equivalent, such as after the expenditure is registered in the Commission's accounting system, after the expenditure is accepted or after the pre-financing is cleared. In any case, this means after the preventive (ex-ante) control measures have already been implemented earlier in the cycle. In all cases of Co-Delegations (Internal Rules Article 3), the "payments made" are covered by the Delegated DGs. In the case of Cross-SubDelegations (Internal Rules Article 12), they remain with the Delegating DGs.

(5) For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to L&R errors (see the ECA's 2017 AR methodological Annex 1.1 point 15), also our concept of "relevant expenditure" includes the payments made, subtracts the new pre-financing paid out and adds the previous pre-financing actually cleared during the FY. This is a separate and 'hybrid' concept, intentionally combining elements from the budgetary accounting and from the general ledger accounting.

(6) In order to calculate the weighted Average Error Rate (AER) for the total relevant expenditure in the reporting year, the detected error rates have been used.

(8) See footnote 49.

<sup>49</sup> OIB does not have pre-financing

## 2. Efficiency = the Time-to-... indicators and other efficiency indicators

The average **time to procure** excluding building procurement was 113 days in 2018 comparing to 113 days in 2017. There were 2 particularly long procurement procedures for one of them the deadline for sending offers must have been significantly postponed due to translation requests in the case of another one the opening of the offers must have been significantly postponed due to the technical problem in the e-Submission application. Average time to procure calculated without these 2 calls for tenders was 104 days.

More than 99.7% of payments occurred within time limit with an average **time to pay** of ~15 days<sup>50</sup>, further reduced from 16 days in 2017. The late payments were below 1% (corresponding to an average time to pay of 77 days) compared to the 7.6% for the Commission average. This reduction of the payment time, by 6% compared to the previous year, is the result of 5% reduction in the number of payments processed and the considerable efforts made by OIB in ensuring the efficiency and effectiveness of its operations.

## 3. Economy = the cost of controls

The principle of economy requires that the resources used by the institution in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price. The principle of efficiency concerns the best relationship between resources employed and results achieved. The principle of effectiveness concerns the attainment of the specific objectives set and the achievement of the intended results.

This section outlines the indicators used to monitor the efficiency of the control systems, including an overall assessment of the costs and benefits of controls.

OIB has analysed the costs and benefits of the three main control processes, i.e. procurement procedures, (ex-ante) financial transactions and ex-post controls. However, since a quantitative estimation of all errors prevented and detected is not available (cost of non-quality), it is not possible to quantify the related benefits, other than the amounts recovered as a result of these controls (see annex 3 table 8). In consequence, the cost-benefits of controls are analysed on the basis of an estimation of the costs of control in relation to the value of the related funds managed.

The subsequent cost estimates are based on the Commission wide average FTE costs of an official or contractual agent and on the identification of the posts performing pre-defined control functions in accordance with the DG BUDG methodology. The FTE percentages for the identified posts are estimated by the line managers (heads of sectors and heads of units) for each staff separately based on the actual assignment of responsibilities and distribution of work tasks. In addition, the yearly comparability of figures is limited by the significant changes that appear inter alia in the value of contracts or in the number of procurement procedures.

For **procurement**, an estimated €4.8Mio<sup>51</sup> was invested in controlling procurement procedures for a total value of €186.2 Mio of which €3.0Mio were related to building procurement procedures. Thus 2.6% of the total contract value was dedicated to controls.

For transactions of the **financial circuits**<sup>52</sup>, an estimated €9.0Mio<sup>53</sup> was invested in controlling financial transactions worth approximately €369.9Mio<sup>54</sup>. Thus 2.4% of the total amount of financial transactions carried out during the year was dedicated to controls.

For supervisory measures (**ex-post controls**), an estimated €0.3Mio were invested in controlling financial transactions worth approximately €304.8Mio. Thus 0.1% of the total value of transactions checked ex post was dedicated to controls.

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<sup>50</sup> Table 6 annex 3

<sup>51</sup> Cost of ex-ante controls

<sup>52</sup> See Annex 10.

<sup>53</sup> Cost of ex-ante controls

<sup>54</sup> This amount corresponds to the amounts of payments published in table 2 of annex 3.

## 4. Conclusions on the cost-effectiveness of controls

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

### Economy

Overall, in 2018 OIB dedicated an estimated total of €14.1Mio to controls compared to €13.6Mio in 2017. This corresponds to 3.8% of the 2018 expenditure compared to 3.8% in 2017. The difference of €0.5Mio is in its entirety due to higher Commission wide average FTE costs, which rose by 3.5% for officials and 4.1% for contract staff.

<i>Control efficiency indicators</i>	<i>2017</i>	<i>2018</i>	<i>Delta</i>
- Procurement stage	1.0%	2.6%	1.6% A
- Financial transactions stage	2.4%	2.4%	0%
- Supervisory measures stage	0.1%	0.1%	0%
- Overall <sup>55</sup>	3.8%	3.8%	0%

A comparison with the previous year shows that the overall indicator for the costs of control remained stable as there was no significant change in the amount of payments made in 2018 compared to 2017. The number and value of transactions varies from year to year impacting the stability of these indicators. Furthermore, there are significant differences between the intensity of controls for various types of transactions (e.g. controls for recurrent energy payments are less intense than those for complex refurbishments projects). This aspect limits the information provided by overall cost of control indicators and imposes minimum levels of controls for certain types of transactions. The adverse difference in the procurement stage indicator is due to significant reduction of the total contracted value for concluded procurement procedures, due to the cyclical nature of this activity.

### Efficiency

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

The improvement of control systems and the centralisation of public procurement (for procedures equal or above €144k for supplies and services and €500k for works), as well as for payments and ex-post controls helps to increase the know-how and to apply the best practices, ensures legality and regularity of transactions, brings economies of scale and reduces risks.

The slight reduction in the time to pay indicator while maintaining stable overall cost of controls indicator demonstrates the positive evolution of OIB's activities and the efficiency of its controls.

OIB is regularly analysing its internal control processes and making the necessary adjustments in order to improve their efficiency.

### Effectiveness

At the end of 2018, OIB succeeded to keep the late payments rate below 0,5%. In 2018, 108 transactions were controlled ex-post and none of them was classified as level 1 error. The residual error rate was 0.02% (14.2k€) of representative transactions<sup>56</sup>.

In accordance with article 74.2 of the Financial Regulation, the authorising officer by delegation uses the possibility to differentiate the frequency and the intensity of controls in view of the

<sup>55</sup> The overall indicator does not correspond to the sum of the three indicators above as the denominator of each indicator is based on the different values of the corresponding transactions. The denominator of the overall indicator is the total value of payments done during the year.

<sup>56</sup> The ex-post controls section provides additional details.

different risk-profiles of transactions. The decisions, on the reallocation of control resources and the redesign of control systems, consider relevant risks, existing workload, available resources and the constraints imposed by the regulatory framework.

The above analysis of the quantified and non-quantified elements of the costs and benefits of the three relevant control systems, i.e. procurement procedures (building and non-building) and financial transactions (ex-ante and ex-post controls) provide an indication that OIB's controls are both cost-efficient and cost-effective. As a consequence, the control strategy will be maintained.

- **Fraud prevention, detection and correction**

OIB developed and implemented its own anti-fraud strategy since 2013-2014, elaborated on the basis of the methodology provided by OLAF. The anti-fraud strategy has been updated in 2017. The monitoring of anti-fraud processes and actions is done within the Strategic Programming and Planning cycle, at least once a year in the context of the Annual Activity Report and often in mid-year.

In the course of 2018, the fraud prevention and detection action plan has been updated via a desk review of the progress made in implementing anti-fraud actions. Fraud risks and mitigating actions were also discussed during the annual risk assessment workshop attended by OIB's management. Both the desk review and the risk assessment were conducted taking into account the specificities of OIB, notably budget spending based on public procurement and the fact that majority of services are provided by OIB with the use of external contractors.

The survey on the internal control framework, conducted at the end of 2018, concluded that the existing controls, measures and tools are sufficient to prevent and detect fraud cases, as 91% of OIB management concurred with this assessment. A number of information actions on fraud-awareness (articles in newsletters, information on flat screens and MyOIB) were provided for OIB staff. This increased awareness and appreciation of the framework's effectiveness are part of the benefits of the anti-fraud strategy.

The 2018 results on anti-fraud indicators suggest that OIB's controls provide significant benefits and they are effective in mitigating fraud risks. OLAF did not open any investigation regarding OIB in 2018. In addition, IDOC did not follow any cases for OIB in 2018. A larger set of other internal control indicators, partially anti-fraud related, is available in Annex 10.

The Anti-fraud strategy was included in OIB communication actions, including on MyOIB Intracomm and in OIB newsletters.

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

- ***Other control objectives: safeguarding of assets and information, reliability of reporting***

Due to the nature of its activities and the important level of fixed assets managed, the inventory management is an important control objective for the Office, providing tangible benefits such as safeguarding assets and inventory items as well as protecting them from loss, degradation and theft.

Following the "Synergies and Efficiencies" reorganisation, the central management of the triennial inventory has shown additional benefits in terms of improved quality of tracking, better localisation of assets, and meticulous reactivation/writing-off of assets.

The first two years of the current three-year tracking exercise (2017/2019) were closed with a tracking rate of ~64% of all inventory items.

Identified risks include inadequate management of operations due to the small number of middle management functions and AD staff in OIB compared to the size of the Office. The mitigating measure proposed is to supervise staff dealing with assets and involved in financial validation via continuous training and close management – e.g. specific training done on imprest accounts, management and recovery of fixed assets.

The improvement measures of previous years continued in 2018, in particular the close

cooperation between the accounting team and that of the physical inventory.

Other controls relate to the verification of entry passes (together with DG HR.DS), which has been reinforced in 2018 in the context of the new security measures, in particular for contractors and sub-contractors, resulting in benefits such as increased security.

Based on OIB accounting revision programme, the implementation of the accounting quality programme and controls was carried out in line with the updated risk analysis. The benefits were the reliable reporting and the DG BUDG positive assessment of the OIB accounting risk.

Additionally, following the results of the follow-up audits for the validation of local systems carried out in 2018, DG BUDG confirmed only one recommendation open (partially implemented). Details available in section 2.1.2.

OIB closely follows up (potential) contingent liabilities. The register of litigations is reviewed at least once a year, in the context of annual reporting and often in mid-year. In 2018, no new litigation was registered.

Given the strong improvements made since 2011 and the existing control measures, which generated significant benefits, such as reaching a ~64% tracking rate for end-2018 and not encountering any significant issues with material impact during the reporting year, OIB's management considers that the control are effective, complete and reliable and that the control objective is achieved.

## 2.1.2 Audit observations and recommendations

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

### ➤ **European Court of Auditors (ECA)**

In the context of annual discharge procedure (Statement of assurance - DAS) 2017, the Court of Auditors reviewed one payment transaction. The reviewed transaction did not give rise to any observation from the Court in its Annual Report. As every year, the Court also reviewed the supervisory and control systems and the 2017 Annual Activity Report of OIB and had no observation in this regard. OIB contributed to the hearings within the framework of the 2017 discharge.

In the context of the Statement of Assurance 2018 (launched in summer 2018), the Court reviewed two payment transactions. OIB replied to all questions and additional requests for information from the Court. None of transactions led to preliminary findings. At the end of March 2019, the final report from the Court has not been received yet.

At the end of 2018, the Court of Auditors published a special report, no 34/2018, on the Office accommodation of EU institutions. The very important recommendations, where OIB is concerned, include the evaluation of the New Ways of Working projects and the potential re-assessment of the already present building management procedure, in the case of large construction and renovation projects such as Loi 130.

### ➤ **IAS<sup>57</sup> and DG BUDG audits and follow-up audits**

IAS issued its conclusion based on the results of the work carried out in the period 2016-2018, which included the audits on OIB's procurement process and on Synergies and Efficiencies Review (SER). IAS concluded that the internal control systems in place for the audited processes are effective, except for three open "very important" recommendations (update of the real estate Kallas Procedure, embedding the SER culture Commission-wide, and monitoring arrangements and reliability of savings estimates). However, taking into account that the

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<sup>57</sup> Following the Commission's decision to centralise the audit function, the IAS is now solely responsible for conducting internal audits in the Commission.

elements related to OIB and identified in the SER audit are only a part of much wider recommendations also addressed to other domain leader and corporate services, IAS considers that OIB's specific elements do not have a significant impact on its conclusion on the state of internal control in OIB.

Exclusion the new SER audit, OIB currently manages the implementation of only two IAS and one DG BUDG audit recommendations, which shows a significant improvement compared to the situation from previous years<sup>58</sup>. Given the need for input or action from several units or other services, the implementation deadlines have been updated.

One IAS recommendation<sup>59</sup> called for the increased real estate procurement transparency. To this end, the *Kallas procedure* will be updated and additionally aligned with the lasted version of Financial Regulation. This recommendation is of very important priority.

Another IAS recommendation, on the establishment of a dedicated sickness absence benchmarked reference rate, was downgraded to 'important' priority, in light of the already taken measures and circumstances outside OIB's control<sup>60</sup>. The exchange with DG HR is ongoing. The implementation will be finalised by mid-2019, and as such the follow-up audit launched by IAS in 2018 has not been yet concluded.

The open DG BUDG recommendation, of "important" priority, concerns the use of invoice suspension tool in the financial system<sup>61</sup>. The results of the DG BUDG follow-up engagements in 2018 considered this recommendation as 'partially implemented'.

Additionally, in 2018, OIB was subject to the IAS follow-up engagements concerning recommendations from audits on: concept and reproduction (the computer system supporting the process providing, among other things, better information to the customer), financial circuits (monitoring of financial circuits, the harmonization and the update of manuals, instructions and procedures concerning payments, legal commitments and CAF procedures) and finally public procurement (ex-post methodology including sampling and calculation of the error rate<sup>62</sup>). All these verified recommendations were considered as effectively implemented and subsequently closed by IAS.

Finally, in 2018 the IAS carried out a multi-DG audit on the implementation of "synergies and efficiency gains" (SER) mentioned above. In OIB, the audit scope was limited to the centralization of local proximity teams. The final audit report<sup>63</sup> recommended addressing any remaining implementation issues, developing appropriate quality assurance mechanisms, reinforcing monitoring arrangements and ensuring the reliability of saving estimates. An action plan will be established and implemented according to an agreed timetable.

There were no other audit engagements relevant to 2018.

## **Conclusion**

As a result of the assessment of the risks underlined in auditors' observations together with the measures taken in response (including the revised implementation deadlines), OIB's management concludes that none of IAS or DG BUDG recommendations raises an assurance issue. The lack of ECA remarks in the discharge procedure adds to the assurance on the state of internal control. OIB will continue its efforts to implement the action plans resulting from the audit recommendations and to take measures to mitigate the issues raised, as part of the ongoing effort of continuous improvement. The internal control components and principles are present and function as intended.

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<sup>58</sup> Cf. Implementation table Point 5 of annex 10

<sup>59</sup> Procurement audit finalized at the beginning of 2017

<sup>60</sup> Audit on absenteeism

<sup>61</sup> Audit on validation of local systems

<sup>62</sup> The only very important recommendation among all recommendations followed-up by auditors in 2018

<sup>63</sup> Submitted at the end of January 2019

## 2.1.3 Assessment of the effectiveness of the internal control systems

The Commission has adopted an Internal Control Framework (ICF) based on international good practice, aimed to ensure the achievement of policy and operational objectives. In addition, as regards financial management, compliance with the internal control framework is a compulsory requirement.

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

OIB implemented the ICF in November 2017, by: (1) listing the processes and procedures which underpin the existing controls, (2) establishing the monitoring criteria for assessing the presence and functioning of the internal control principles and (3) nominating the Head of Unit in charge of Risk Management and Internal Control.

In 2018, OIB carried out the review of the Internal Control Framework in order to assess the presence and functioning of all internal control components and principles, compliance with rules in force and the ability of the internal control system to provide the reasonable assurance regarding the achievement of objectives.

As required by the Internal Control Principle 16, the 2018 review of the ICF was carried out using several methods:

- Compliance assessment based on a desk review: which ensured the collection of the relevant information from the actors involved in the ICF implementation;
- Effectiveness review: two online questionnaires on ICF addressed to OIB Management and to a representative sample of staff; the entire internal control system of OIB was assessed as being widely effective by most of OIB's personnel;
- Wherever relevant, compliance and effectiveness were also assessed against indicators, analyses, audit results, exceptions and non-compliances cases, and the results of the risk assessment.
- The transactions reviewed by the European Court of Auditors did not give rise to any observations.
- OIB has already made a proposal for the update of the Kallas real-estate procurement procedure according to the established action plan and it is currently awaiting the approval of central services. Additionally, the Internal Audit Service stated that OIB's significant issues stemming from newly completed SER audit do not have a significant impact on its conclusion on the state of internal control in OIB, because they are part of much wider recommendations addressed to other domain leaders and corporate services.
- Although the number of exception and non-compliance events increased in 2018, compared to 2017, their individual value decreased while the total amount remained stable. These levels are inherent to OIB's activities, considering that, the fast response time expected to unforeseeable situations and the difficulty in estimating certain variable ordered quantities, are fundamental to OIB's operational nature. The rise of these events could also indicate an increased awareness of operational actors on the need to properly document and report departures from established procedures. Additionally, the number of 2017 cases was exceptionally low. Mitigating actions were implemented to address these issues.

OIB has assessed its internal control system during the reporting year and has concluded that it is effective and that the components and principles are present and functioning as intended.

### ➤ High-level exception / non-compliance reporting

Although in 2018 the number of exceptions and non-compliance events increased (46 versus 27 in 2017), the average value of a case went down while the total value of all cases introduced in

2018 is comparable to last year's. The majority of cases (63%) were linked to the lack of anticipation in establishing legal and budgetary commitments. The main ones<sup>64</sup> concerned the reservation of places in nurseries, car leasing, a study for an IT project, the management of moveable assets and on-site interventions, the maintenance in the field of locksmithing, doors, carpentry and metal constructions, fees for the project manager contractor and the execution of additional works.

In the reporting year, 14 (30%) procurement-related exceptions and non-compliance events were introduced. 7 cases were triggered by the insufficient thresholds of contracts providing for office supplies and energy and by the need of extended legal bases for car leasing, removal of goods, services rendered by newsstands and the maintenance of the cash registers' software and data hosting. Additional 2 instances were recorded due to the lack of adequate legal bases for a stability study and the assistance mission in acoustics engineering and 1 more to allow the integration of selected agencies as contracting authority to the already existing contract with a transport operator. The remaining 4 exceptions and non-compliance requests concerned the respect of certain requirements or principles of sound administration during the very low value purchase of plants' pots and IT tool optimization for the follow up of hygiene inspections as well as high value procedures for the supply of handling equipment and office supplies.

Finally, 3 instances (7%) were recorded regarding the respect of contractual provisions in the supply of food and audio-visual materials and 1 case concerning the use of imprest account.

Indeed, OIB provides a wide range of operational services via external contractors and the authorisation of these exceptional measures was necessary to ensure the continuity of operations and services rendered.

All 2018 cases were duly registered and validated via a dedicated IT application (online register of exceptions). The appropriate corrective measures are put in place on a regular basis to mitigate the associated risks. These include anticipated planning of procurement procedures, reinforced follow-up of contracts' consumption, better communication between different entities and reminders on practices or applicable procedures to actors concerned. None of 2018 cases was considered to have a negative impact on the assurance provided by the Office.

### ➤ Risk management

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

Risk management exercises were conducted within OIB twice a year: in the context of the preparation of the Mid-Term Review (June 2018) and the Management Plan 2019. The 2018 OIB risk register was updated following internal consultations (via desk reviews) and a dedicated management meeting, organised in November 2018. As a result, OIB identified 16 risks, none of them being classified as critical.

The risk register, validated by OIB Director, retained risks related to procurement activities in OIB, dependency towards contractors, HR risks and fraud risks. Emphasis was put on safety and security of children and buildings' security (at the Office level). The majority of defined mitigating measures are already in place, the other are being implemented.

With all the identified risks, being properly mitigated, the OIB risk assessment process is effective and reinforces the assurance of the Office.

### **Conclusion**

At the end of 2018, concerning the overall state of the internal control system, OIB complies with the three assessment criteria for effectiveness; i.e. (a) staff has the required knowledge and skills, (b) systems and procedures are designed and implemented to manage the key risks effectively, and (c) no instances of ineffective controls exposing the Office to its key risks has been observed. This statement was confirmed by the results of the compliance and

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<sup>64</sup> Above EUR 10,000

effectiveness review of the internal control system carried out for 2018, namely:

- There was no major event impacting the functioning of OIB's control system in 2018 and all the ICF components were assessed as being present and functioning effectively;
- No significant issue was pointed out by the European Court of Auditors nor by the IAS in their audit reports;
- Appropriate actions have been taken to mitigate the risks identified in the 2018 risk assessment;
- Issues raised in audits, AOSD reports, ex-post controls, risk-assessment, exceptions and litigations are addressed by action plans and followed-up on a regular basis. None of these issues identified in 2018 was assessed as significant;
- The document management reports and surveys produced by Secretariat General showed positive results for OIB;

OIB has assessed the internal control systems during the reporting year and has concluded that all the components of the internal control framework are present and functioning as intended.

### **2.1.4 Conclusions on the impact as regards assurance**

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

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

- The audits performed by the European Court of Auditors, the IAS and DG BUDG in 2018 did not raise any significant weakness; a proper follow-up of the audit recommendations is carried out to ensure their effective implementation; the recommendations qualified as very important are closely monitored to ensure both the implementation progress and attainment of the operational objectives;
- All procurement procedures reviewed by GAMA received a positive feedback<sup>65</sup>;
- Ex-post control results did not raise any serious error (no issue with significant financial impact i.e. error level 1);
- No significant issue was mentioned in the reports from the authorising officers by sub-delegation (AOSD) to the Director;
- None of the registered exceptions had a significant impact on the assurance of the Office and appropriate corrective measures were put in place to mitigate these risks;
- All the identified risks are properly mitigated and managed and the risk assessment process is effective. In addition, the intrinsic risk for administrative expenditure managed by OIB (including procurement) is relatively low because of the centralised and direct mode of budget implementation. The underlying risks are effectively mitigated;
- OIB has assessed the internal control system during the reporting year and has concluded that it is compliant with the requirements of the internal control framework, it is effective and the components and principles are present and functioning as intended. Efforts are made to ensure its continuous improvement.

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<sup>65</sup> See explanation under point 2.1.1 Control results, subsection "Preventive controls in procurement".

- The delays of payment have been kept again to a very low limit in 2018; majority of recovery orders issued in 2018 were cashed in; the quality of OIB's account remained at a high level;
- Management reporting is widely present in OIB and allows ensuring that the objectives are properly followed up and that Management is aware of any potential significant issue;
- On the basis of the available quantified and non-quantified elements, the set of controls in place in OIB can be assessed as reasonably efficient;
- The risk of fraud is reasonably well mitigated;
- Anti-fraud awareness is raised widely in OIB through communication actions;
- The controls in place to ensure the safeguarding of assets did not reveal any significant issue with material impact and were assessed as effective;
- The reports from the relevant authorising officers in all cases of cross-sub-delegations made by OIB to other DGs/Services did not raise any particular issue and provided reasonable assurance.

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

- None of the identified weaknesses is significant in qualitative terms;
- None of the identified weaknesses is significant in quantitative terms;
- No major event, that is likely to negatively impact the Commission's or OIB's reputation, occurred in 2018.

Taking into account the above elements supporting OIB assurance, it is possible to conclude that the internal control systems implemented in OIB provide reasonable assurance as to the legality and regularity of the underlying transactions as well as to the achievement of the other internal control objectives (true and fair view, resources used for the intended purpose, sound financial management, non-omission of significant information, efficiency of controls, prevention and detection of fraud, and the safeguarding of assets) for both expenditure and revenue operations.

### **Overall Conclusion**

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

### **2.1.5 Declaration of Assurance**

# DECLARATION OF ASSURANCE

*I, the undersigned,*

***Executive Director of OIB***

***In my capacity as authorising officer by delegation***

***Declare that the information contained in this report gives a true and fair view<sup>66</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 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 or those of the Commission.***

***Brussels, date 29/03/2019***

***"signed"***

***Marc Mouligneau***

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<sup>66</sup> True and fair in this context means a reliable, complete and correct view on the state of affairs in the OIB.

## 2.2 Other organisational management dimensions

### 2.2.1 Human resource management

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

#### **Indicator 1: Percentage of female representation in middle management**

Source of data: OIB data

Baseline (2015)	The latest known results (2018)	Target (2020)
25% (3 posts out of 12)	38% (6 posts out of 16)	40% (Commission average)

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

Source of data: Commission staff survey, conducted every 2 years

Baseline (2014)	The latest known results (2018)	Target (2020)
29%	2016: 36% 2018: 52% OIB = EC average	37% (Commission average)

#### **Indicator 3: Staff engagement index for OIB Staff**

Source of data: Commission staff survey, conducted every 2 years

Baseline (2014)	The latest known results (2018)	Target (2020)
64%	2016: 60% 2018: 63% OIB (69% EC)	74% (back to level 2013)

#### **Main outputs in 2018:**

OIB's 2018 HR strategy focused on adapting the staffing-structure of the Office to meet business priorities and to enhance capacity to deliver on OIB's operational objectives. The 2018 HR management had a flexible, business-driven approach.

##### 2.1.1 Staff structure:

- Following the 2018 appointment of a female manager, for OIB.03, one more nomination is needed to reach the Commission target for 2017-019<sup>67</sup>.  
The indicative redeployment tax of 1 post was confirmed during the year. OIB returns 3 additional posts, towards the 2018 targets set in the Synergies and Efficiencies exercise.  
New Permanent CAST profiles now exist to allow for the selection and recruitment of qualified "Childcare staff" (nursery nurses, educators/childminders for after-school facilities, kindergarten nurses in GFII and educational psychologists in GF IV category) and for "Manual and administrative support workers" in GFI category.  
Specific competency testing for selecting suitable GFI candidates (cooks, mail clerks, printers etc.) is organised by OIB.
- Succession planning for all key functions remains one of the OIB priorities, especially in the management functions (TA 2a AD8 procedure for the Master architect was launched in agreement with DG HR).
- Given the ageing OIB AST/CA population, to guarantee adequate knowledge management, a structural approach to effective hand-over process was implemented.

##### 2.1.2 The Synergies & Efficiencies in Logistics:

<sup>67</sup> SEC(2017)359 final: Quantitative targets of first female appointments to be made per Directorate-General and service at middle management level by 1 November 2019.

- The consolidation of the skills of logistic staff, redeployed to OIB in the Synergies & Efficiencies exercise, continued in 2018. These colleagues had the opportunity to participate in on the job professional experience sharing sessions, designed to enhance the level of polyvalence in each team. They also followed the entry-level prevention advisor course and took classes on IT tools relevant for their work (ABAC SAM, SMT) as well as contributed to developing a SharePoint website for knowledge-sharing in the sector.

#### 2.1.3 Motivation and engagement:

- OIB continued the long-term follow-up of the last Commission staff survey, focusing especially on staff motivation and engagement. These issues were addressed through an action plan, which includes 15 initiatives, covering, inter alia, communication, flexible working methods, staff well-being, recognition and training for managers. A dedicated staff forum, containing an open dialogue, was organized in the beginning of 2018. Staff voted electronically on engagement initiatives during the session. The aim was to increase staff satisfaction.

#### 2.1.4 Leadership trainings for managers:

- In 2018, particular attention was given to improving leadership skills amongst managers in the form of establishing collective and individual development plans. This was a follow-up to the 360° exercise that was organized for 50 managers in 2016-2017. As a first step, 9 managers followed a series of individual coaching sessions (total 10 hours by participant). In addition, a knowledge sharing network was launched in the autumn 2018.
- OIB provides the framework for the organization of relevant training courses for new staff in specific work profiles such as nursery nurses, educators, drivers and kitchen staff. This year, special emphasis was put on the professionalization of the staff of the Logistic Proximity Teams (LPT).
- Career planning and talent management will continue to be priorities aiming at making OIB a knowledgeable, skilled, flexible and networked organisation. Thanks to the Female Talent Development Programme launched by DG HR early 2018, 3 female colleagues, Head of Sectors and Deputy Head of Units, participated in this extensive 10 months programme.

#### 2.1.5. Internal communication:

- OIB's 2018 internal communication activities and initiatives are aligned with its main operational challenges: staff engagement and motivation, further implementation of the "synergies & efficiencies" (S&E) exercise and the implementation of collaborative workspaces. Special attention was given to the communication with staff in the CSM1 building during its renovation works on building's facade affecting the working conditions. Amongst the actions a lunchtime conference with the Director and staff, weekly updates on the information screens as well as the elaboration of a dedicated homepage.
- The internal OIB webpage ("MyOIB") and internal newsletter addressed to OIB staff ("OIBm@g"), contributed to the promotion and visibility of the different job profiles within OIB making them better known. With the same aim, a job-shadowing initiative continued in 2018 based on the success of the former "live my job" project raising awareness of the wide variety of jobs performed in OIB. An important part of 2018 internal communication focuses on the corporate HR priorities such as: HR modernisation, talent management, including diversity and inclusion.

## 2.2.2 Information management aspects

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

### **Indicator 1: Percentage of registered documents that are not filed<sup>68</sup> (ratio)**

Source of data: *Hermes-Ares-Nomcom (HAN)*<sup>69</sup> statistics

Baseline (2014)	Latest known results (2018)	Target <sup>70</sup> (2020)
0.8%	0.07% (2018 data) 0.11% (2017 data) 0.13% (2016 data)	0.5%

### **Indicator 2: Percentage of HAN files readable/accessible by all units in the DG**

Source of data: *HAN statistics*

Baseline (2014)	Latest known results (2018)	Target (2020)
50%	54.65% (2018 data) 53.06% (2017 data) 46.66% (2016 data)	65%

### **Indicator 3: Percentage of HAN files shared with other DGs**

Source of data: *HAN statistics*

Baseline (2014)	Latest known results (2018)	Target (2020)
0%	6.35% (2018 data) 6.75% (2017 data) 3.96% (2016 data)	10%

**Objective 4: Information and knowledge in OIB is shared and reusable by other DGs. Important documents are registered, filed and retrievable.**

### **Main outputs in 2018:**

Description	Indicator	The latest known results (2018)	Target 2018
1. High compliance with E-Domec rules maintained.	1.1 Percentage of registered documents that are not filed (ratio).	1.1 0.07%	1.1 0.3%
	1.2 Percentage of HAN files readable/accessible by all units in the DG.	1.2 54.65%	1.2 60%
	1.3 Percentage of HAN files shared with other DGs	1.3 6.35%	1.3 5%

### **Main outputs in 2018:**

Since the new data protection regulation 2018/1725 came into force on 11/12/2018, OIB has established its internal structure and its work program 2019 for complying with this regulation:

- Although OIB depends on the HR DPC, OIB has appointed a DPC Assistant (O. Van Saelen) for the internal coordination of the implementing rules (2008/597/EC) and the Data Protection Action plan C(2018) 7432.
- OIB has organized for DPC Assistant and its backup a specialized external training as DPO. Both officials succeeded and have obtained a DPO certificate from the University of Maastricht.

<sup>68</sup> Each registered document must be filed in at least one official file of the *Chef de file*, as required by the [e-Domec policy rules](#). The indicator is to be measured via reporting tools available in Ares.

<sup>69</sup> Suite of tools designed to implement the [e-Domec policy rules](#).

<sup>70</sup> Targets in the area of Information management aim to ensure gradual, stable progress.

- A full updated inventory of the DPO-2 notifications (39) has been established in order to transpose the former DPO-2 notifications into DPMS compliant data protection records during 2019.
- The list of Controllers and Controller Assistants have been updated in March 2019 so that they can complete the DPMS records with the additional information required for complying with the new regulation.
- Operational business of OIB will be analysed in 2019 in order to check the necessity to add, if required, additional DPMS records and implement governing actions to comply with the regulations.
- OIB has organized on the 22/3/2019 a training conference for its staff directly and indirectly involved in data protection issues (participation of EDPS, DPO, DPC). The objectives were awareness, training on the legal aspects, business analysis and Q&A. Further specific trainings are available on EU Learn. The data breach notification procedure has been explained to the audience.
- In coordination with the DPC each of the records will be analysed following a priority scheme based upon the risk assessment on the aspects of data minimization, pseudomisation, lawfulness, securisation, storage limitation and secure transmission. Contracts will be updated, in coordination with OIB.02, with legal binding clauses following the DG BUDG recommendations. ITC related issues like secure data storage and secure transmission of personal data will be discussed with the IRM of OIB.
- In close coordination with the DPC the work program will be completed during 2019.
- OIB has assembled all the relevant information on its OIB.OS SharePoint.

In line with the annual document management action plan, priorities for 2018 included the first review of HAN files, review of the Common Retention List, widening access to files, monitoring the quality of filing and the general quality of Ares documents via a quarterly check on 5% of documents registered by OIB.

Conclusion: Overall the annual program of work in the area of document management was successfully implemented and the filing objectives of 2018 were achieved. In light of the very specific nature of OIB's activities and of the fact that a large number of files contain sensitive information, files are only shared – between units and with other DGs – on a "need to know" basis. Therefore, even if apparently less progress was made in reaching the objectives, the results actually are to be considered satisfying, due to the fact that a large number of files contain sensitive information.

## 2.2.3 External communication activities

<b>Specific objective 1: The Commission's buildings and infrastructures are managed in line with the Commission Building Policy.</b>			
<input checked="" type="checkbox"/> <b>Non programme-based</b>			
<b>Main outputs in 2018:</b>			
Description	Indicator	The latest known results (2018)	Target 2018
1. Online communication on the Loi 130 Architectural Competition.	1. Launch the competition	1. The competition was launched on 27 March 2018.	100% realisation.
<b>Key actions:</b> 1.1. Development of the website for the Loi 130 Architectural Competition within the framework contract of DG COMM.  1.2. Delivered news updates on the Loi 130 website informing about the progress of different stages of the competition.	1.1-1.2 Delivered on time	1.1 Website went live on 27 March 2018.  1.2 Regular updates carried out in the course of year.	1.1-1.2 100% realisation

Annual communication spending:	
Baseline (2016-2017)	Estimated commitments (2016-2018)
2016-2017 spending: 13.620 EUR	2018: committed of 11.325 EUR The total budget 2016-2019 for website development and maintenance is 26.620 EUR and is included in the overall budget for the organisation of the Loi 130 Architectural Competition. No other spending is planned.

OIB launched the Loi 130 Architectural Competition on 27 March 2018. The competition will finish in the 3<sup>rd</sup> quarter of 2019. OIB is in charge of the competition website for its duration as well as the period immediately following the end of the competition.

The website was developed within the framework contract of DG COMM and gives input for information activities for international, national and local media as well as specialists and interested citizens.

Whenever needed, OIB actively contributes to different external communication activities in close collaboration with the Spokesperson's Service as well as the Commission Representation in Belgium.

This section covers also the missing component such as chapter on "Better regulation", which is not applicable to OIB.

For an extensive reporting on all components referred in the OIB Management Plan 2018, please refer to Annex 2.

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

According to the financial regulation (art. 30), the principle of economy requires that the resources used by the institution in the pursuit of its activities shall be made available in due time, in appropriate quantity, quality and at the best price. The principle of efficiency concerns the best relationship between resources employed and results achieved. OIB is continuously fine-tuning its internal arrangements in order to improve the efficiency and economy of its operations. The following initiatives show how these principles are implemented.

### **✚ OIB: Procedural improvements**

OIB regularly undertakes initiatives to improve the efficiency and economy of its operations. It will fine-tune its internal working methods and will make efforts to improve its functioning, rationalising ways of working and thus allowing the reallocation of its resources to desired priorities.

In this context, OIB further develops the paperless policy. Financial transaction types are mainly processed electronically (except imprest accounts which by their nature are not fully eligible for paperless treatment). Furthermore the introduction and expanded use of e-Invoicing will allow OIB to introduce more contractors, which will further reduce the handling, processing and archiving of paper documents and files.

In order to capitalise on the productivity and efficiency gains that were identified in the CPE Business Process Management (BPM) exercise performed in 2017, two main projects have been implemented in 2018:

- The Back-Office application which manages the invoices sent to parents when their children attend one of the CPEs facilities has been rewritten. This Back-Office application takes into account some of the rationalisation and simplifications identified in the BPM exercise.
- Kiddyweb has been modified in order to allow parents to enrol their children electronically for the 'Longues Journées'. This saves time for the parents as well as for the CPE as the management of inscriptions is now paperless.

In addition, a number of improvements were performed on the mobile registration of the child presences application.

During 2018, dialogue with OIL continued via the OIB/OIL IT Working Group quarterly meetings. This collaboration led to the conclusion that OIL will adopt the new application replacing Loustic (which OIL still uses). This project will be immediately followed by the replacement of the existing front-office systems (the web interfaces used by parents to interact with the childcare services) of OIB (KiddyWeb) and OIL (e-KidReg) by a common system developed and managed by OIB.

The decision by DIGIT to phase out in 2021 one of the main technologies used by OIB (ColdFusion) to develop its information systems has forced OIB to launch an IT application portfolio management exercise. For every application based in ColdFusion a preliminary study on alternatives (phase out, substitution by another EC tool, acquisition of an IT tool or internal development or a replacement) has been carried out. A macro planning for the period 2019-2021 was completed in 2018 in order to ensure sufficient time for OIB to be ready with relevant IT structure by the end of 2021. The analysis indicates that the resources needed to replace all the existing systems will create a peak in resources needs for 2020, roughly doubling the normal needed.