

ANNEXES

ANNEX 1: Statement of the Internal Control Coordinator¹

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

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

Brussels, March 31st, 2016

"Signed"

Dragos Trusca
Internal Control Coordinator

¹ In OIB, the Head of Sector 'Programing, budget and internal control coordination' is entrusted with the function of Internal Control Coordinator. He reports to the Head of Unit 'Finance & Public Procurement', who reports to the Director of the Office.

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

ANNEX 2: Human and Financial resources

1. Human Resources

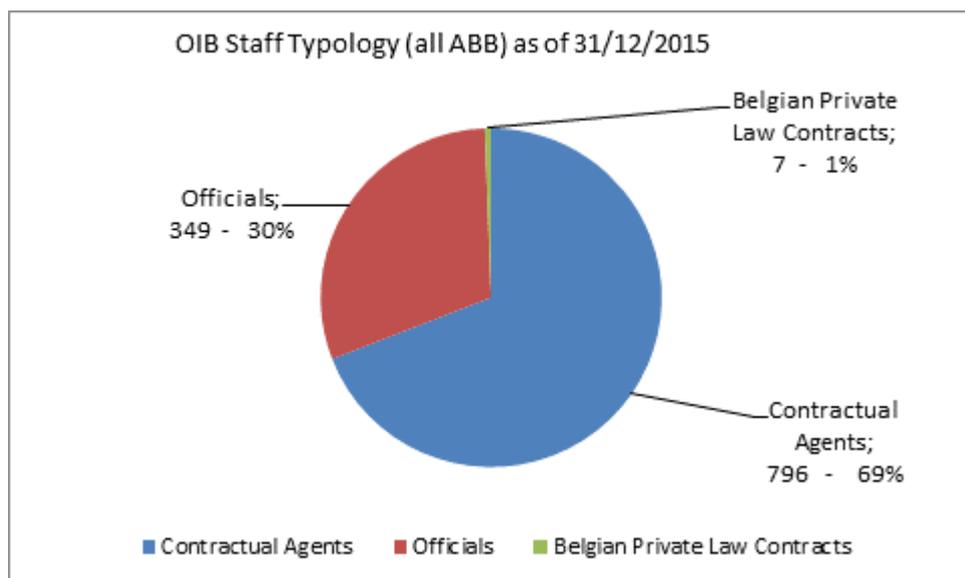
With more than 1,100 staff members, OIB is one of the largest services in the Commission in terms of staff numbers. Efficient human resources management is therefore of key importance for the successful execution of the operational activities and the services provided by the Office.

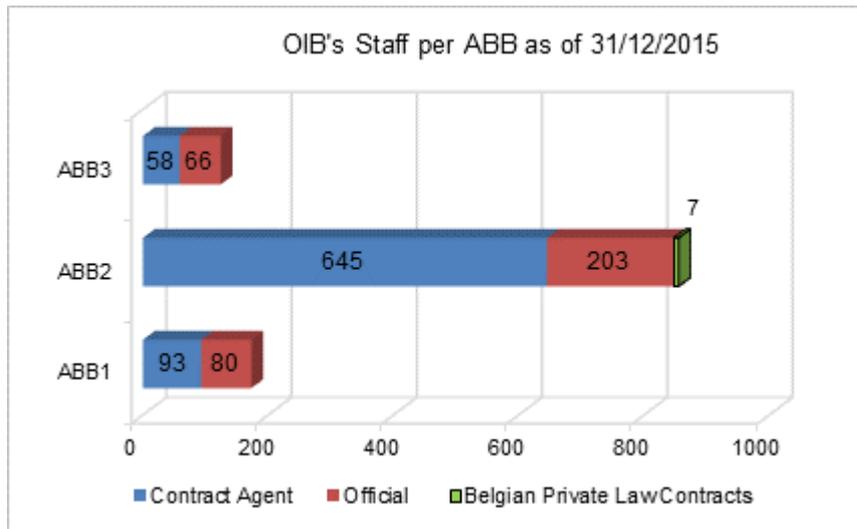
Total staff numbers fell to 1152 in 2015 as a result of the mandatory staff reductions (2% for FO and 1% for CA) applied during the year. The overall number of officials working in OIB continued to fall in 2015 as a result of the conversion of posts into credits (TEC) for the recruitment of Contract agent staff. As can be seen below, nearly 70% of OIB staff are contract agents (mostly FGI and FGII) of whom the majority have contracts of unlimited duration.

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

At 2.2%, the percentage of local support and coordination functions (local overheads) in OIB is well below the Commission average of 6.9% and the average for the administrative offices (4.4%). In addition, it should be noted that the management structure in OIB is relatively light with only 10 units (with an average staff of +/- 120 and maximum of over 300) and a low number of AD staff (+/- 70 or just over 6% of the total population of the Office). Most of the AD staff in OIB has management responsibilities and in recent years a number of AST posts have been converted into AD posts in order to strengthen the overall management capacity of the Office. As a result, the percentage of AD staff amongst the officials working in OIB has increased slightly in recent years.

OIB's staff structure is the following:





Code ABB Activity	ABB Activity	Human Resources by ABB activity at 31/12/2015		
		Establishment Plan posts	External Personnel	Total
		<i>Dotations de postes</i>	<i>Contractual agents + private law contracts</i>	
ABB1	<i>Building and related costs</i>	80	93	173
ABB2	<i>Equipment and services</i>	203	652	855
ABB3	<i>Administrative support</i>	66	58	124
Total		349	803	1.152

ity (EUR Million)		
Appropriations (CA)		
onal expenditure	Administrative expenditure (*)	Total (**)
0,00	321.938.233,99	321.938.233,99
0,00	37.181.998,96	37.181.998,96
0,00	60.662.403,45	60.662.403,45
0,00	419.782.636,40	419.782.636,40

the DG (global envelope) XX 01 02 – OIB has no BA lines (XX 01 04, 05, 06) and only administrative expenditure. and co-delegated to OIB by other DGs / Offices.

4 & C5 credits) on 31/12/2015, per ABB activity, were as follows:

CNECT subdeleg. credits	COMM subdeleg. credits	EPSO subdeleg. credits	GROW subdeleg. credits	OIL subdeleg. credits	PMO subdeleg. credits	OLAF subdeleg. credits	OP codeleg. credits	REGIO subdeleg. credits	c
0,00	368.261,60	3.162.000,00	170.000,00	0,00	3.565.000,00	936.000,00	80.600,00	0,00	
71.525,01	16.156,72	52.000,00	0,00	0,00	293.000,00	200.000,00	3.300,00	69.774,70	
0,00	0,00	0,00	0,00	2.315,96	0,00	0,00	0,00	0,00	4
71.525,01	384.418,32	3.214.000,00	170.000,00	2.315,96	3.858.000,00	1.136.000,00	83.900,00	69.774,70	4
0,00	280.235,38	2.949.721,78	0,00	0,00	3.082.132,02	356.770,72	62.400,00	0,00	
0,00	5.701,00	39.934,33	0,00	0,00	244.159,00	156.633,77	0,00	4.103,24	
0,00	0,00	0,00	0,00	2.315,96	0,00	0,00	0,00	0,00	
0,00	285.936,38	2.989.656,11	0,00	2.315,96	3.326.291,02	513.404,49	62.400,00	4.103,24	
0,00%	76,10%				86,46%	38,12%	77,42%		
0,00%	35,29%	76,80%		100,00%	83,33%	78,32%	0,00%	5,88%	
0,00%	74,38%	93,02%	0,00%	100,00%	86,22%	45,19%	74,37%	5,88%	

3. Financial circuits

Even if the budget is largely implemented on a centralised basis, OIB has three financial circuits in place:

- the fully decentralised model for procurement below €60,000 and for all OIB.OS.3 transactions at Ispra (excluding procurement above €60,000);
- the partially decentralised model (with counterweight in the Resources Department) for budgetary commitments below €60,000;
- the fully centralised model for all payments and for procurement above €60,000 (including for OIB.OS.3 at Ispra) in the Resources Department.

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

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

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

Annex 3 Financial Reports - DG OIB - Financial Year 2015

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

Table 4 : Balance Sheet

Table 5 : Statement of Financial Performance

Table 6 : Average Payment Times

Table 7 : Income

Table 8 : Recovery of undue Payments

Table 9 : Ageing Balance of Recovery Orders

Table 10 : Waivers of Recovery Orders

Table 11 : Negotiated Procedures (excluding Building Contracts)

Table 12 : Summary of Procedures (excluding Building Contracts)

Table 13 : Building Contracts

Table 14 : Contracts declared Secret

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2015 (in Mio €)					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 26 Commission's administration					
26	26 01	Administrative expenditure of the 'Commission's administration' policy area	445,54	420,56	94,39 %
Total Title 26			445,54	420,56	94,39%
Total DG OIB			445,54	420,56	94,39 %

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

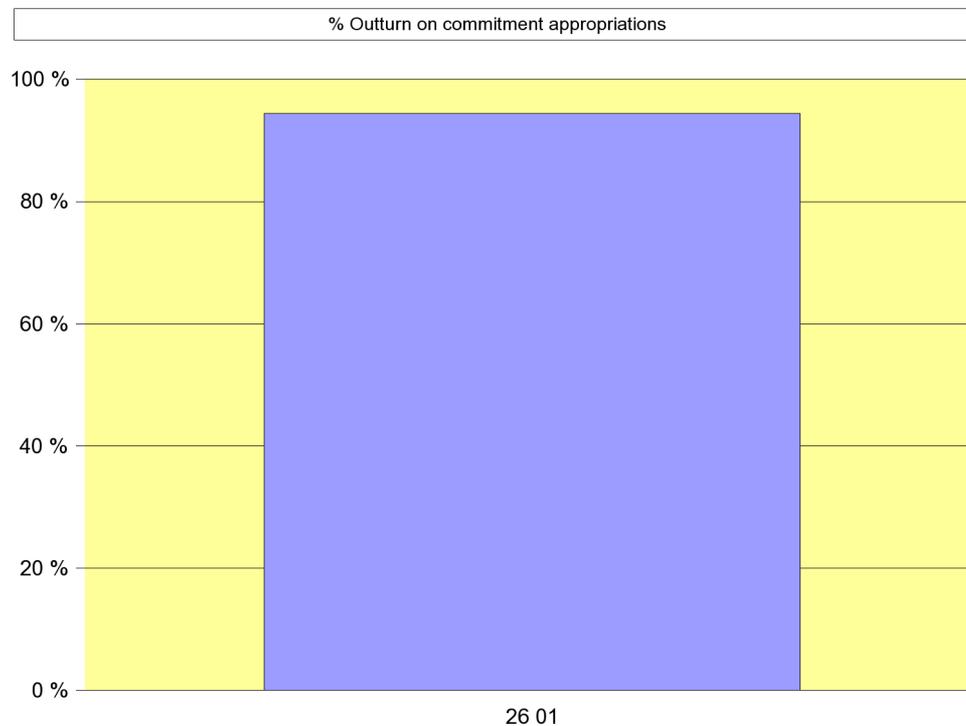


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2015 (in Mio €)

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2015 (in Mio €)					
Chapter			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 26 Commission's administration					
26	26 01	Administrative expenditure of the 'Commission's administration' policy area	511,84	424	82,84 %
Total Title 26			511,84	424	82,84%
Total DG OIB			511,84	424	82,84 %

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

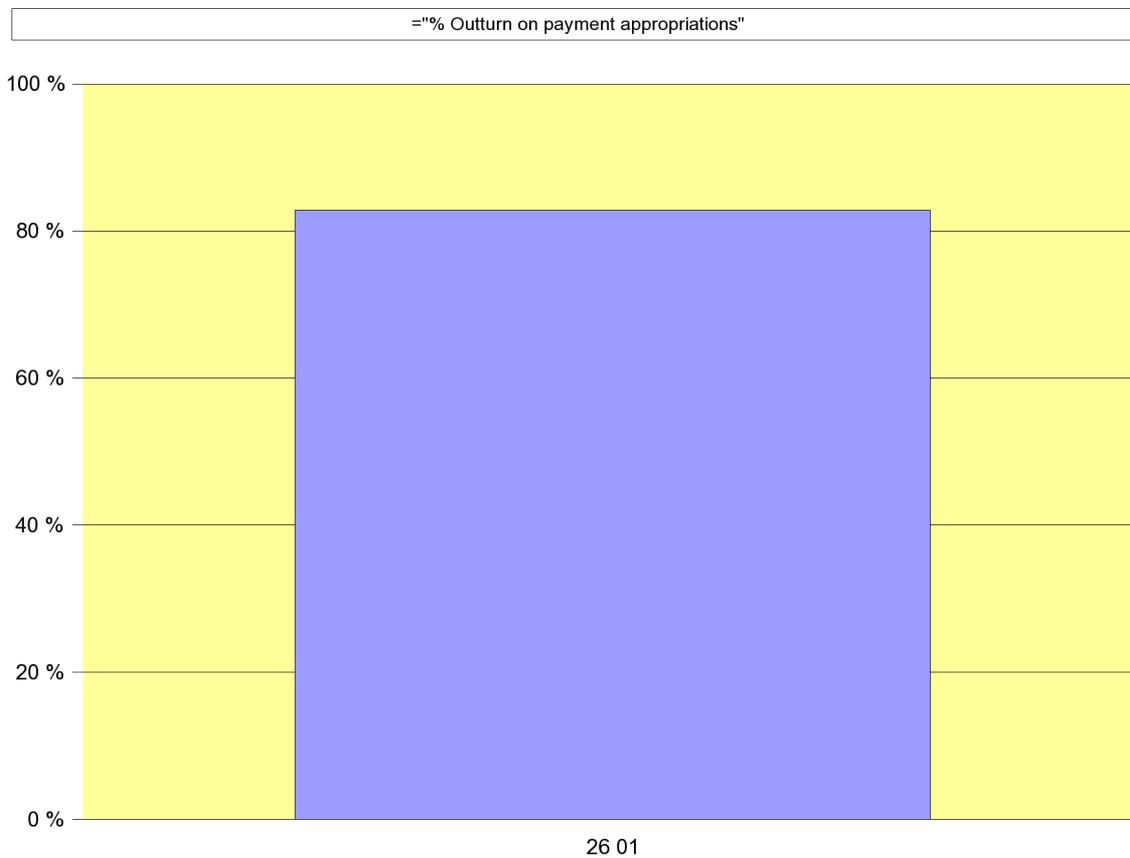
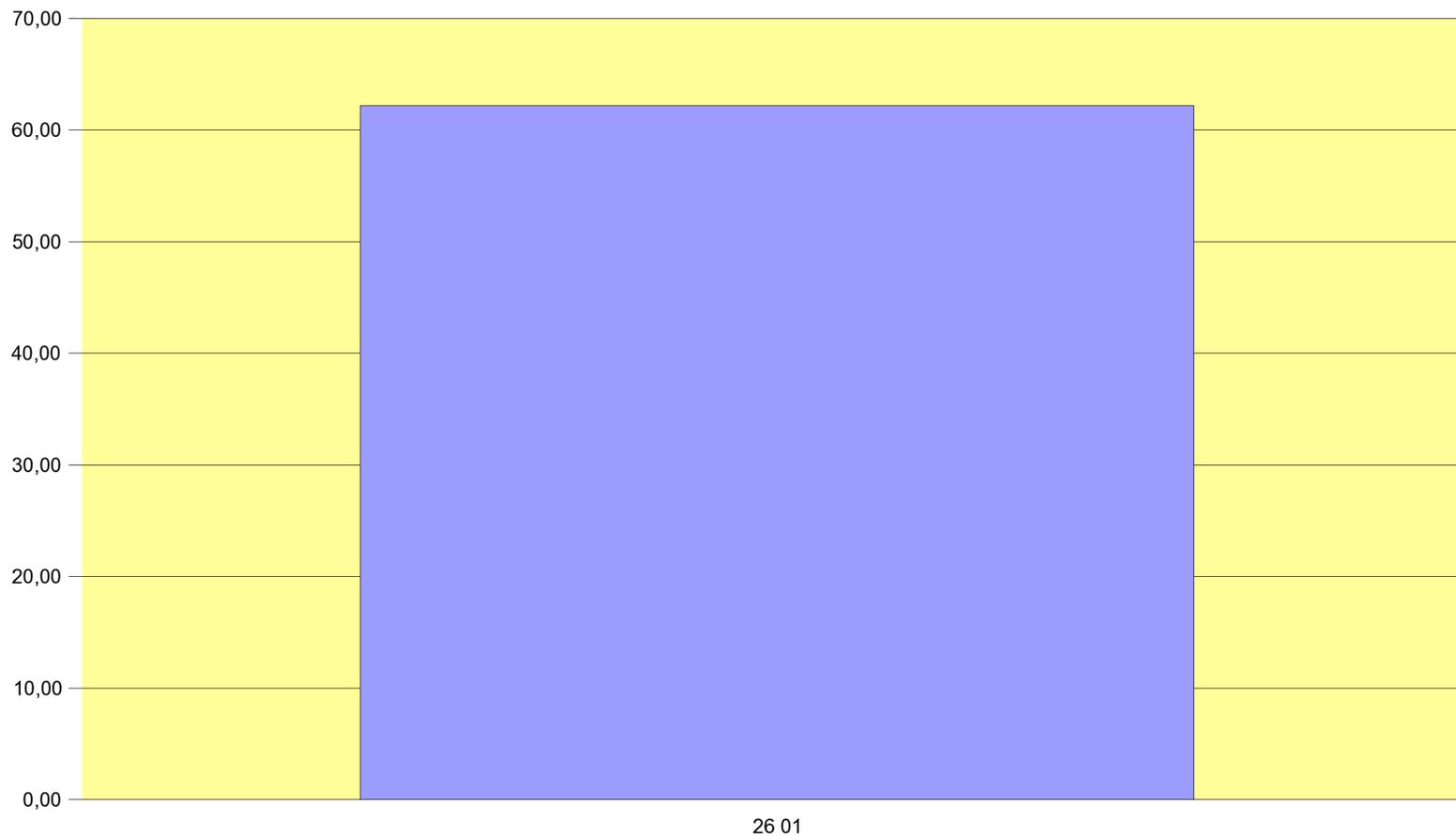


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2015 (in Mio €)									
Chapter			2015 Commitments to be settled				Commitments to be settled from financial years previous to 2015	Total of commitments to be settled at end of financial year 2015 (incl corrections)	Total of commitments to be settled at end of financial year 2014(incl. corrections)
			Commitments 2015	Payments 2015	RAL 2015	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
Title 26 : Commission's administration									
26	26 01	Administrative expenditure of the 'Commission's administration' policy area	420,56	358,40	62,16	14,78 %	0,00	62,17	66,30
Total Title 26			420,56	358,40	62,16	14,78%	0	62,17	66,3
Total DG OIB			420,56	358,40	62,16	14,78 %	0	62,17	66,3

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

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



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



EUROPEAN COMMISSION
OFFICE FOR INFRASTRUCTURE AND LOGISTICS – BRUSSELS

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

Brussels,
OIB.DR.2.003/GP

NOTE TO 2015 OIB AAR ANNEX 3

Subject: Explanation of the difference between annex 2 and annex 3 (tables 1, 2 & 3) to the 2015 OIB AAR

First table of annex 3, mentioning a total amount of 420,56 M€ for the commitments made in 2015 (2nd column) does not include the commitments made on the credits sub-delegated to OIB. If we add the amounts reported in annex 2 under 'administrative budget commitments' (347.732.318 €) and 'operational budget commitments' (72.050.319 €) to the commitments on credits sub-delegated by OIB to DG COMM (155.047 €), on credits co-delegated to DG DIGIT (2.817.256 €) and to DG HR (1.075.000 €) - which were not taken into account in annex 2 - we obtain the total of 423.829.939 €. This amount must still be reduced by the part of R0 credits (from OIB.RE.3 unit) already committed in 2013 and 2014, i.e. 500.113 € and credits co-delegated to OIB by JRC (2.769.111 €). This gives us a final result of 420.560.716 €, equivalent to 420,56 M€.

In order to reconcile the payment amount of annex 3 (table 2, 2nd column), of 424,00 M € with the figures of annex 2, the same approach must be followed, but adding also payments amounts on C8 credits, which are not included in annex 2. The sum of the first two columns of annex 2 (292.452.385 € + 65.074.877 €) plus the payments made on the sub-delegated credits to DG COMM (114.570 €), on the credits co-delegated to DG DIGIT (2.290.672 €) and to DG HR (1.075.000 €), makes a total of 361.007.504 €. Adding to this amount the C8 payments on the 'administrative budget' and on the 'operational budget' (for a total of 65.101.342 €) less the payments on the credits co-delegated by JRC to OIB (2.111.777 €), we obtain the same total amount of 423.997.070 € (equivalent to 424,00 M€).

Finally, to find the correspondence between 2015 RAL amount of 62,16 M€ (Annex 3 - table 3 – 3rd column) and annex 2, we have to sum the differences between the commitments and the payments of the first two columns of annex 2, which makes 62.255.374 €. Adding to this the 'RAL' on the credits sub-delegated to DG COMM (40.477 €) and co-delegated to DG DIGIT (526.584 €) less the 'RAL' on credits co-delegated by JRC results in a total of 62.165.101 € (equivalent to 62,16 M€ in annex 3-table 3).

TABLE 4 : BALANCE SHEET

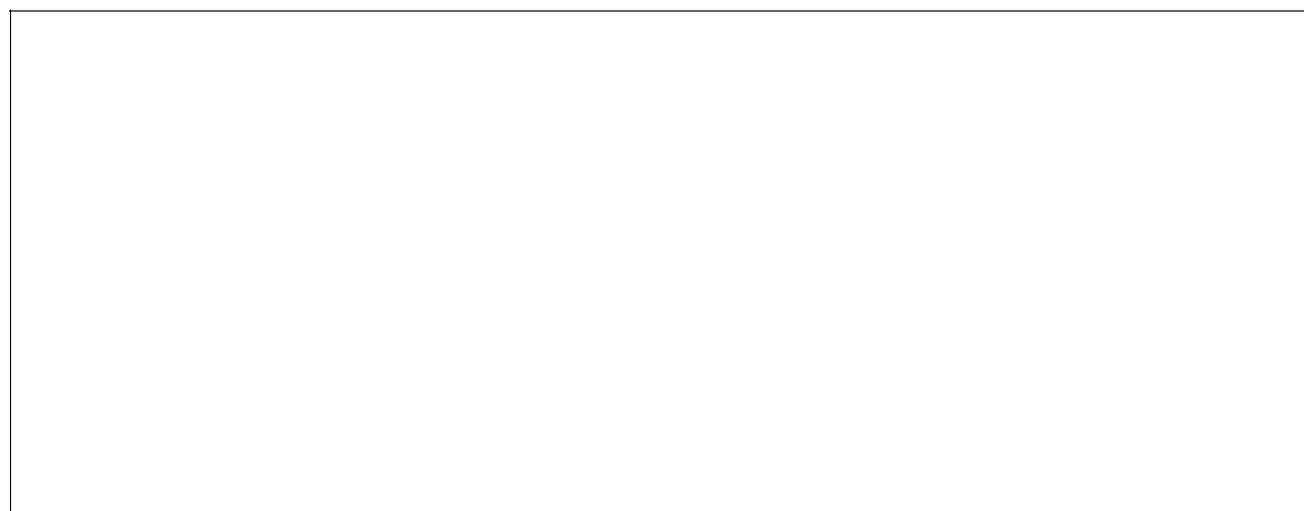
BALANCE SHEET	2015	2014
A.I. NON CURRENT ASSETS	1.244.339.515,15	1.296.588.148,13
A.I.1. Intangible Assets	283.683,67	246.771,52
A.I.2. Property, plant and equipment	1.244.054.827,62	1.296.340.372,75
A.I.5. LT Receivables	1.003,86	1.003,86
A.II. CURRENT ASSETS	95.130.911,67	97.611.147,94
A.II.1. Inventories	166.448,39	125.816,06
A.II.4. Exchange Receivables	92.551.847,22	90.913.920,78
A.II.5. Non-Exchange Receivables	2.274.984,61	6.380.260,13
A.II.7. Cash and Cash Equivalents	137.631,45	191.150,97
ASSETS	1.339.470.426,82	1.394.199.296,07
P.II. NON CURRENT LIABILITIES	-1.187.456.945,89	-1.247.850.496,46
P.II.2. Long-term provisions	0,00	-1.000.000,00
P.II.3. Long-term financial liabilities	-1.187.456.945,89	-1.246.850.496,46
P.III. CURRENT LIABILITIES	-88.876.655,96	-107.708.508,48
P.III.2. Short-term provisions	-1.000.000,00	
P.III.3. Short-term financial liabilities	-52.849.320,12	-55.108.902,26
P.III.4. Accounts Payable	-12.483.876,65	-15.892.523,58
P.III.5. Accrued charges and deferred incom	-22.543.459,19	-36.707.082,64
LIABILITIES	-1.276.333.601,85	-1.355.559.004,94
NET ASSETS (ASSETS less LIABILITIES)	63.136.824,97	38.640.291,13
P.I.2. Accumulated Surplus / Deficit	1.163.037.578,58	327.453.908,36
Non-allocated central (surplus)/deficit*	-1.226.174.403,55	-366.094.199,49
TOTAL	0,00	0,00

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

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

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL PERFORMANCE	2015	2014
II.1 REVENUES	-36.519.312,81	-28.737.108,08
II.1.1. NON-EXCHANGE REVENUES	-178.644,97	
II.1.1.6. OTHER NON-EXCHANGE REVENUE	-178.644,97	
II.1.2. EXCHANGE REVENUES	-36.340.667,84	-28.737.108,08
II.1.2.1. FINANCIAL INCOME	-58,11	-256,24
II.1.2.2. OTHER EXCHANGE REVENUE	-36.340.609,73	-28.736.851,84
II.2. EXPENSES	360.376.604,44	358.657.518,41
II.2. EXPENSES	360.376.604,44	358.657.518,41
II.2.10. OTHER EXPENSES	280.395.315,21	276.823.708,26
II.2.2. EXP IMPLM BY COMMISS&EX.AC	-40.632,33	62.423,36
II.2.6. STAFF AND PENSION COSTS	9.352.827,58	8.161.608,66
II.2.8. FINANCE COSTS	70.669.093,98	73.609.778,13
STATEMENT OF FINANCIAL PERFORMANCE	323.857.291,63	329.920.410,33



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

TABLE 6: AVERAGE PAYMENT TIMES FOR 2015 - DG OIB

Legal Times							
Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
18	1	1	100,00 %	6			
30	6099	5991	98,23 %	24,15	108	1,77 %	50,19
45	1298	1292	99,54 %	38,15	6	0,46 %	147
60	92	92	100,00 %	45,46			

Total Number of Payments	7490	7376	98,48 %		114	1,52 %	
Average Payment Time	27,3			26,87			55,28

Target Times							
Target Payment Time (Days)	Total Number of Payments	Nbr of Payments within Target Time	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	4606	3298	71,60 %	24,26	1308	28,40 %	40,96

Total Number of Payments	4606	3298	71,60 %		1308	28,40 %	
Average Payment Time	29			24,26			40,96

Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	36	326	4,35 %	7490	7.956.273,22	2,17 %	366.609.647,91

Late Interest paid in 2015			
DG	GL Account	Description	Amount (Eur)
OIB	65010100	Interest on late payment of charges New FR	- 49,86
			- 49,86

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

Annex 3 Financial Reports - DG OIB
Report printed on 30/03/2016

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2015

Chapter	Revenue and income recognized			Revenue and income cashed from			Outstanding balance	
	Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total		
	1	2	3=1+2	4	5	6=4+5	7=3-6	
50	PROCEEDS FROM THE SALE OF MOVABLE AND IMMOVABLE PROPERTY	847.656,51	206,19	847.862,7	847.573,11	206,19	847.779,3	83,4
51	PROCEEDS FROM LETTING AND HIRING	11.460.120,34	3.877.290,61	15.337.410,95	7.774.676,8	3.877.290,61	11.651.967,41	3.685.443,54
52	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	58,11	0	58,11	58,11	0	58,11	0
55	REVENUE FROM THE PROCEEDS OF SERVICES SUPPLIED AND WORK CARRIED OUT	14.424.067,1	11.279,03	14.435.346,13	13.507.938,12	11.279,03	13.519.217,15	916.128,98
57	OTHER CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH THE ADMINISTRATIVE OPERATION OF THE INSTITUTION	10.941.397,78	500.849,43	11.442.247,21	10.868.160,35	485.456,33	11.353.616,68	88.630,53
58	MISCELLANEOUS COMPENSATION	22.923,77	0	22.923,77	22.923,77	0	22.923,77	0
66	OTHER CONTRIBUTIONS AND REFUNDS	1.937.759,52	0	1.937.759,52	1.934.719,92	0	1.934.719,92	3.039,6
Total DG OIB		39.633.983,13	4.389.625,26	44.023.608,39	34.956.050,18	4.374.232,16	39.330.282,34	4.693.326,05

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

Annex 3 Financial Reports - DG OIB
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**TABLE 8 : RECOVERY OF PAYMENTS
(Number of Recovery Contexts and corresponding Transaction Amount)**

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2015 Year of Origin (commitment)	Error		Irregularity		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2011							2	401.062,71		
2012							5	1.014.148,55		
2013	2	177,73			2	177,73	7	7.847,08	28,57%	2,26%
2014	3	152.491,23	2	107.851,11	5	260.342,34	75	396.194,32	6,67%	65,71%
2015	1	89,7			1	89,70	24	27.395,85	4,17%	0,33%
No Link	7	9.800			7	9.800,00	1634	35.138.891,81	0,43%	0,03%
Sub-Total	13	162.558,66	2	107.851,11	15	270.409,77	1747	36.985.540,32	0,86%	0,73%

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES												
NON ELIGIBLE IN COST CLAIMS												
CREDIT NOTES									970	50.613.038,61		
Sub-Total									970	50.613.038,61		
GRAND TOTAL	13	162.558,66	2	107.851,11			15	270.409,77	2.717	87.598.578,93	0,55%	

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors. The provisional closure will be based on the recovery context situation at 31/01/2016.

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2015 FOR OIB

	Number at 01/01/2015	Number at 31/12/2015	Evolution	Open Amount (Eur) at 01/01/2015	Open Amount (Eur) at 31/12/2015	Evolution
2010	2	2	0,00 %	30.000,00	30.000,00	0,00 %
2011	5	5	0,00 %	15.367,42	15.367,42	0,00 %
2012	2	2	0,00 %	30.000,00	30.000,00	0,00 %
2013	5	3	-40,00 %	15.576,01	15.025,68	-3,53 %
2014	84		-100,00 %	4.373.681,83		-100,00 %
2015		84			4.677.932,95	
	98	96	-2,04 %	4.464.625,26	4.768.326,05	6,80 %

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

Annex 3 Financial Reports - DG OIB
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TABLE 10 : RECOVERY ORDER WAIVERS IN 2015 >= EUR 100.000

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

Total DG	
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Number of RO waivers	
-----------------------------	--

Justifications:

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TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - OIB - YEAR 2015**Procurement > EUR 60,000**

Negotiated Procedure Legal Base	Number of Procedures	Amount (€)
Art. 134 1b)	1	3.284.900,00
Art. 134 1c)	2	1.757.000,00
Art. 134 1e)	1	126.975,00
Total	4	5.168.875,00

Comments:

Transactions provided by the BO report as formatted by DG BUDG include erroneous data created automatically by ABAC SAM and which are not negotiated procedures of OIB. Therefore this table was built manually based on the negotiated procedures signed by OIB in 2015.

In 2015, out of 17 OIB's public procurement procedures, 4 were negotiated, compared to 3 out of 25 in 2014, which corresponds to an increase of 12%.

The negotiated procedures and their justifications are :

- 1) Works to construct social wellbeing facilities in the European Interinstitutional Center in Overijse – Art. 134.1.e - the need for additional works not included in the initial project but which, through unforeseen circumstances, became necessary for the performance of the works.
- 2) Maintenance of the louvre system of the Berlaymont Building's façade – Art. 134.1.c - the need to perform the services in extreme urgency caused by unforeseeable events;
- 3) Insurance cover for the building stock and its contents – Art. 134.1.c - the need to conclude the contract in extreme urgency caused by unforeseeable events;
- 4) Purchase of partitions and related accessories for buildings Art. 134.1.b – the need to conclude the contract for technical reasons with a particular economic operator.

TABLE 12 : SUMMARY OF PROCEDURES OF OIB EXCLUDING BUILDING CONTRACTS

Internal Procedures > € 60,000		
Procedure Type	Count	Amount (€)
Exceptional Negotiated Procedure without publication of a contract notice (Art. 134 RAP)	4	5.168.875,00
Open Procedure (Art. 122.2 IR)	12	242.641.000,00
Restricted Procedure(Art. 122.2 IR)	1	1.550.000,00
TOTAL	17	249.359.875,00

Comments:

This table was built manually based on the contracts signed by OIB in 2015 (data extracted from the BO report were not completely in line).

TABLE 13 : BUILDING CONTRACTS

Total number of contracts :	
Total amount :	

Legal base	Contract Number	Contractor Name	Description	Amount (€)

No data to be reported

TABLE 14 : CONTRACTS DECLARED SECRET

Total Number of Contracts :	
Total amount :	

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

No data to be reported

ANNEX 4: MATERIALITY CRITERIA

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

1. The weakness falls within the scope of the AOD annual declaration: it relates to the reasonable assurance regarding the legality and regularity of financial transactions, the true and fair view, the use of resources for their intended purposes, the sound financial management, the non-omission of significant information, the efficiency, the safeguarding of assets and the prevention and detection of fraud.
2. The weakness is assessed as significant in **qualitative terms**. Qualitative assessment can mean:
 - *Significant occurrence of errors in the underlying transactions (legality and regularity)*
There is no repetitive nor significant (as to the nature & scope) error occurring. If any, corrective actions have been implemented to mitigate the risks.
 - *Significant control system weaknesses*
Procedures and control systems are in place and work effectively, in particular for procurement processes.
 - *Non-compliance with one or more internal control standards*
If any, actions to mitigate the weakness have been taken so that it does not have an impact on the declaration of assurance.
 - *Insufficient evidence from internal control systems or audit coverage*
 - *Critical issues outlined by the European Court of Auditors, the Internal Audit Service or the OLAF.*
3. The weakness is assessed as significant in **quantitative terms**, i.e. the monetary value of the problem or the amount considered at risk is above the acceptable level. OIB applies the guidelines provided in the communication COM(2003)28 of 21st January 2003 which set the recommended threshold of residual error rate to a maximum of 2% of the authorized payments of the year.
 - *Significant occurrence of errors in the underlying transactions (legality and regularity)*
No major error with financial impact (> 2% of the payments) is raised by the internal controls and reporting systems, by the ex-post controls and audit bodies.
4. Even if the weakness is assessed as being quantitatively not significant (i.e. financial impact < 2%), it still remains material if the **reputation** of the Commission or of the Office is impacted. Such reputational event for the Office could be for example a major security or safety incident in one building of the Commission, a serious issue in the childcare activities or an important fraud case in procurement (public tenders,...). Nevertheless, it is considered that these events have not materialised and continued mitigating measures are taken.

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

1. Building Procurement

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

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

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

Key figures:

- Total available surface of offices (m² 'hors sol'):
At the end of 2015, the Commission occupied a total of approx. 1 million m² of above ground floor space of which approx. 813.000 m² are qualified as office space at the disposal of Commission services (excluding agencies).
- Average number of Commission buildings (Offices / Non offices):
The total above ground space is spread over 52¹ office buildings and 11² special purpose buildings (logistic, childcare facilities, conference center, etc). The Commission also accommodates Executive Agencies in its own portfolio. On top of that, the Executive Agencies use 4 separate buildings (BOUR, BOU2, W910 and COV2).
- Number of persons housed in the offices:
The Commission number of staff housed in office space in Brussels was 23,852 (OLAF, EEAS & executive agencies excluded) at the end of 2015. The total number of staff in Brussels (including OLAF, EEAS, executive agencies, personnel without fixed desk) was 30,969 at the beginning of 2016.
- Number of API ("Avis de Prospection Immobilière") launched in 2015:
Following the tender procedure for a building of approx. 27,000 m² (covering mainly the executive agencies' needs) launched in 2014, the building or combination of buildings will be delivered by the end of 2016. In order to ensure housing for the Commission's executive agencies staff, OIB assisted the Executive agencies with their negotiations for the prolongation of the leases for the W910, BOUR and BOU2 buildings. The Agencies signed the contracts for the prolongations in December 2015.
- Budgetary commitments 2015 for building procurement: about 234 Mio € (C8: 40,3 Mio €; C1: 186,7 Mio €; C4: 5,6 Mio €; C5: 1,4 Mio €).

¹ This includes office space in DAV, COLE and FPI (EEAS) and considers BU29/31/33 as one building complex.

² Excluding parking buildings, evaluation centre (FP7) and RP14 (shared with Council).

A - Planning

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

Main risks It may happen (again) that...	Mitigating controls ³	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • The needs are not well defined (operationally & economically) and the decision to procure is inappropriate to meet the operational objectives; • Complexity of the tender procedure (which may prevent market response, difficult the choice of contractors, result in long procedure timing, be misapplied or entail cost increase) ; • Discontinuation of the services provided due to a late contracting (poor planning and organisation of the procurement process); • Financial risk for the Institutions; • Budget availability not sufficient to meet the objectives. 	<ul style="list-style-type: none"> • Internal instructions (sec(2004)62), financial Regulations art.203 and Communication from the EC on building policy and infrastructure in Brussels COM(2003)755; • Methodology on planning and selection process of building contractors; • Multi-annual policy framework (MAPF), which establishes the building needs (10 years planning); • Estimated needs published on the Commission's website & Official Journal; • Prospection notice (API-"avis de prospection immobilière") for each building procurement procedure; • AOSD supervision & approval; Validation by Real Estate Committee (OIB, DG HR, DG HR.DS, DIGIT); • Objectives are defined in the Strategic Plan and Management Plan and monitored in the AAR & mid-term review; • All important issues regularly discussed at weekly management meetings; • Regular meetings on the implementation of the building policy held with the VP and DG HR; • AOSD reports on financial matters, including building aspects twice per year. 	<p>Coverage: 100% - all building acquisition projects (including renting projects)</p> <p>Depth (intensity): Level 1 control: minimal administrative / arithmetic control with no reference to supporting documents (for registry of the procedures)</p>	<p>Costs:</p> <ul style="list-style-type: none"> - Cost of staff involved in the building procurement process; - Cost of systems / softwares. <p>Benefits:</p> <ul style="list-style-type: none"> - Building needs are properly planned and addressed; - Continuity of activity; - Compliance (Kallas communication); - Reduce the risks of litigation, of cancellation of a tender; - Transparency towards the market; - Better value for money; 	<ul style="list-style-type: none"> - ratio of the Commission's real estate portfolio and surface needs authorised by the budgetary authority - percentage of overall projects delivered within deadline and budget

B –Needs assessment and definition of needs

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

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

Main risks It may happen (again) that...	Mitigating controls ⁴	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • The best offers are not submitted due to the poor definition of the tender specifications • Complexity of the tender procedure (which may prevent market response, difficult the choice contractors, result in long procedure timing, be misapplied or entail cost increase); • Risk of discontinued services or legal action resulting from delayed procurement procedures, captivity or absence of competition. 	<ul style="list-style-type: none"> • Needs are identified in two ways: <ul style="list-style-type: none"> - according to the follow-up of the building contract terms and according to the staff evolution; - following a specific request linked to a specific need. • For each building procurement procedure, there is a prospection notice (API) including the technical and legal requirements, the list of conformity with MIT ("Manuel de l'Immeuble Type"), contract aspects and exclusion and prospection criteria. • Prospection reviewed and validated by the hierarchy (AOD) and approved by Real Estate Committee • Annual publication of the EC building needs (transparency) • All prospection notices published in the Official Journal and on the EC website. • Real Estate Committee validates the documents before publication; • Inter-Service Consultation for each project and information note to the Budget Authority • OIB is part of the Inter-Institutional Working Group (ILISWG) dealing with the evolution of the real estate market and the needs of the institutions. • Anti-fraud strategy and related anti-fraud controls. 	<p>Coverage: 100% - all building acquisition projects (including renting projects)</p> <p>Depth (intensity): Level 2 control: control with reference to corroborative information incorporating an element of independent oversight</p>	<p>Costs:</p> <ul style="list-style-type: none"> - People involved in the building procurement unit - External experts <p>Benefits:</p> <ul style="list-style-type: none"> - Safeguarding the reputation of the Commission and its assets; - Continuity of activity; - Compliance; - Reduce the risks of fraud, litigation and of cancellation of a tender; - Transparency. 	<ul style="list-style-type: none"> - Percentage of overall projects delivered within deadline and budget - AOSD reports (include procurement issues) - Register of exceptions - Anti-fraud indicators - Recommendations from ECA, IAC, IAS

C –Selection of the offer and evaluation

⁴ Some of these mitigating controls seem to be the source for the risks: e.g. FR art 203 = complex and long procedure, MAPF and DG BUDG refusing to agree (except this year) and therefore needs are not well defined...

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

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

2. Non-Building Procurement

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

In 2015, OIB awarded around € 249 Mio (including 74 Mio for other institutions) compared to around € 160 Mio the previous year. 32 contracts relating to tenders above € 60,000 were signed in 2015 versus 46 in 2014.

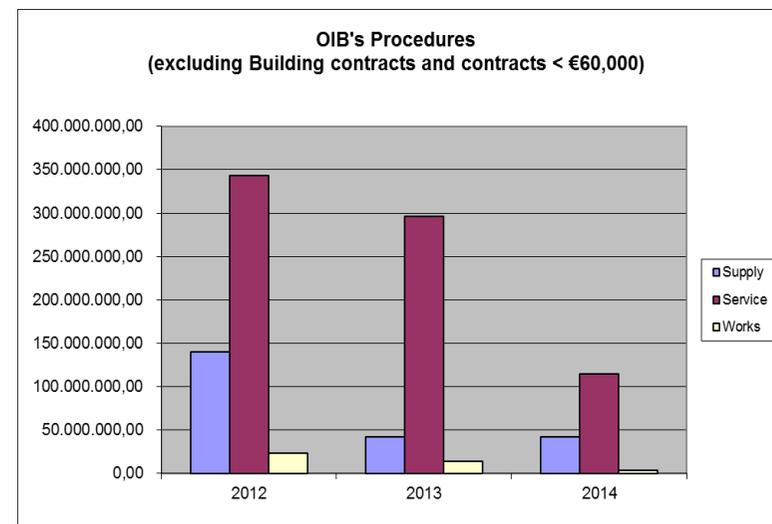
The non-building procurement concerned 3 types of contracts: service, supply and works contracts.

Contracts duration: Generally framework contracts are signed for a period of 4 years maximum. Exceptionally contracts cover a longer time span (hire of specific audio-visual equipment - 5 years; maintenance of pre-press equipment - 6 years). For that reason, and depending on the year in which higher value contracts have to be renewed, the total value of procurement procedures uses to vary significantly from one year to another.

Contractors (nbr): In 2015 OIB's payments covered 607 different counterparties, compared to 634 in 2014.

The following procurement procedures were concluded in 2015:

Procedure Typology						
	2013		2014		2015	
	€	%	€	%	€	%
Restricted procedure	23,301,570.00	6.62	22,260,000.00	13.91	1,550,000.00	0.62
Negotiated procedure	7,469,500.00	2.12	82,342,500.00	51.44	5,168,875.00	2.07
Procedures managed by another Institution	9,238,000.00	2.62	-	-	-	-
Open procedure	95,722,809.00	27.18	55,452,400.00	34.65	242,641,000.00	97.31
Concession procedure	216,462,579.57	61.46	-	-	-	-
Total	352,194,458.57	100.00	160,054,900.00	100.00	249,359,875.00	100.00



A - Planning

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • The needs are not well defined (operationally & economically) and the decision to procure is inappropriate to meet the operational objectives; • Risk of discontinued services resulting from delayed procurement procedure (poor planning and poor organisation of the procurement process). 	<ul style="list-style-type: none"> • A 4-year work program (rolling plan) is defined and followed up in the MarCo IT application; This plan is approved by OIB Head of Service; • A new Procurement Project Framework has been implemented since 01/09/2012 • Objectives are defined in the MP and monitored in the AAR & mid-term review (SPP docs). • Budget programming is approved at the beginning of the year and regular updates/revisions are carried out during the year; • Procurement planning regularly discussed at management meetings • IT steering committee monitors developments for the Marco application 	<p>Coverage:</p> <ul style="list-style-type: none"> - all procedures > €60.000 conducted by central procurement unit - all major objectives (SPP) - IT steering twice per year <p>Depth (intensity):</p> <p>Level 3 control with reference to fully independent corroborative information</p>	<p>Costs:</p> <p>Cost of staff involved in procurement procedures in operational and central units</p> <p>Benefits:</p> <ul style="list-style-type: none"> - Reliable procurement planning avoids gaps in business continuity; - IT projects follow-up ensures that priorities are followed and processes are automatized; - Rejection of unjustified purchases. 	<ul style="list-style-type: none"> - MP objectives followed through several indicators - Regular monitoring of progress of procurement procedures and delays indicators - Average time to procure - IT steering committee is based on work time invested in Marco - Budget reporting

B –Needs assessment and definition of needs

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • The best offers are not submitted due to the poor definition of the tender specifications • Complexity of the tender procedure which may prevent market response, difficult the choice of the contractors, result in long procedure timing, be misapplied or entail cost increase ; • Risk of discontinued services resulting from delayed procurement procedure; • Lack of contractors or dependency towards contractors. 	<ul style="list-style-type: none"> • Tenders above €60.000 are conducted by the central procurement unit for consistency with the Financial Regulation and for quality revision of the tender documents; • The "orientation document" (containing the main elements of the tender) is approved by AOD; • Cascading contracts are used whenever appropriately • Complex tender specifications are submitted to an internal analysis group for simplification and harmonization • A user manual on how to participate to tenders published by OIB is published online for all possible candidates; • Specific trainings ("How to write a coherent tender specification") are held; • Helpdesk to ensure consistency in the replies to the answers received; • Anti-fraud strategy and related anti-fraud controls. 	<p>Coverage:</p> <ul style="list-style-type: none"> - all procedures > €60.000 conducted by central procurement unit - on a case by case basis regarding the complexity and cascading contracts <p>Depth (intensity): Level 4 control: with reference to and including access to the underlying documentation.</p>	<p>Costs: Various people from the operational units and from the procurement central team are involved.</p> <p>Benefits:</p> <ul style="list-style-type: none"> - Increased competition and value for money; - Legal certainty; - Litigations avoided; - Limit the risk of cancellation of a tender. 	<ul style="list-style-type: none"> - number of OLAF cases followed-up - number of negative GAMA opinions - number of procedures and contracts signed - average time to procure - recommendations from ECA, IAS, IAC - AOSD reports (include procurement issues) - Register of exceptions - Anti-fraud indicators
	<ul style="list-style-type: none"> • Calls for tender are published in the Official Journal, Europa website; targeted local publicity is used where appropriately; extra publicity via Euro Info Centres (EIC) in coordination with DG ENTR • Preliminary information sheet required (to reduce the risk of slicing) and registration of all procedures above €15.000 • Procurement central team gives also support and advice for procedures below €60.000. 	<p>Coverage:</p> <ul style="list-style-type: none"> - all tenders > €60.000 conducted by central procurement unit - all tenders above € 15.000 registered <p>Depth (intensity): Level 4 control: with reference to and including access to the underlying documentation.</p>	<p>Costs: Cost of staff involved in procurement procedures in operational and central units.</p> <p>Benefits:</p> <ul style="list-style-type: none"> - Increased competition; - Transparency; - Limit the risk of cancellation of a tender and of litigation. 	<ul style="list-style-type: none"> - % of unsuccessful procurement procedures

C –Selection of the offer and evaluation

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<ul style="list-style-type: none"> • The most economically advantageous offer not selected, due to a biased, inaccurate or 'unfair' evaluation process. • Risk of fraud, unequal treatment of tenderers, legal action, financial penalties or bad reputation resulting from unethical staff behaviour, breach of confidentiality or non-compliance with the procurement rules. 	<ul style="list-style-type: none"> • A central register of procedures exists to ensure consistency with planning (for the HR family) • GAMA (Group d'Analyse des Marches Publics) examines sampled files (above €134.0000) of non-building procurement procedures and gives an opinion. • Tenders above €60.000 are notified to this group. • For all tenders above €60.000, opening and evaluation committees are systematically appointed and include an external member from other DGs; • Evaluation based exclusively on the criteria set out in the tender specifications; • Early Warning System is always consulted before taking a decision. • Compulsory trainings for all staff involved in procurement (technical, ethics & integrity); • All exceptions and non-compliance cases are documented and approved by the Authorising Officer • Anti-fraud strategy and related anti-fraud controls. 	<p>Coverage:</p> <ul style="list-style-type: none"> - all procurement procedures above €15.000 (registry) - risk based sampling combined with random sampling done by the GAMA group - All tenders above €60.000 (opening and evaluation committee) <p>Depth (intensity): Level 4 control: with reference to and including access to the underlying documentation.</p>	<p>Costs:</p> <ul style="list-style-type: none"> - OIB is a member of the GAMA group (2 people - part of their time) - participation in the meetings of desk officers from central and operational units for sampled files <p>Benefits:</p> <ul style="list-style-type: none"> - Increased legal certainty; - Compliance with FR, IR and vademecum on procurement; - Difference between the most onerous offer and the selected one; - Potential irregularities / inefficiencies prevented; - Risk of fraud or litigation reduced. 	<ul style="list-style-type: none"> - number of negative opinions from GAMA - recommendations from ECA, IAC, IAS - Register of exceptions - AOSD reports (include procurement issues) - Procurement reporting (status of procedures, delays vs planning,...) - average time to provure - % of unsuccessful procurement procedures - Anti-fraud indicators

3. Financial transactions

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

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

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

B – Revenue Operations

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

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

In 2015, OIB revenues amounted to around 40 Mio €, which represent nearly 10% of the budget (commitments). An important part of this amount is carried forward to the following year (C4: € 47,8 Mio; C5: € 27,3 Mio).

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

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

4. Supervisory measures

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

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

ANNEX 10: Specific annexes related to "Management of resources" and "Audit observations and recommendations"

1. Credits cross-sub-delegated

The following table provides the full list of credits cross-sub-delegated and co-delegated by OIB to other Commission Authorising Officers in 2015, according to the delegations in annex 1 of the Internal Rules and the cross-sub-delegations and co-delegations in place:

PMO	Salaries of statutory staff, national experts and costs for missions	<p>Amount: € 28.899.479,54 on B2015-26.012201.010100-C1-OIB/PMO budget line Execution: Commitment: € 28.899.479,54 Payment: € 28.899479,54</p> <p>Amount: € 804.024,00 on B2015-26.012201.010100-C5-OIB/PMO budget line Execution: Commitment: € 804.024,00 Payment: € 804.024,00</p> <p>Amount: € 21.601.563,85 on B2015-26.012201.010201-C1-OIB/PMO budget line Execution: Commitment: € 21.601.563,85 Payment: € 21.601.493,21 RAL: € 70,64</p> <p>Amount: € 1.390.580,63 on B2015-26.012201.010201-C4-OIB/PMO budget line Execution: Commitment: € 1.390.580,63 Payment: € 1.390.580,63</p> <p>Amount: € 6.263.103,57 on B2015-26.012201.010201-C5-OIB/PMO budget line Execution: Commitment: € 6.263.103,57 Payment: € 6.263.103,57</p> <p>Amount: € 172.300,00 On B2015-26.012201.010211-C1-OIB:PMO budget line Execution: Commitment: € 172.300,00 Payment: € 127.630,93</p>
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		<p>RAL: € 44.669,07</p> <p>Amount: - (report from 2014 commitment not consumed) On B2015-26.012201.010211-C8-OIB:PMO budget line</p> <p>Execution: Commitment: € 19.239,33 Payment: € 16.697,90 RAL: € 2.541,43</p>
	Reimbursement of season tickets	<p>Amount: € 800.000,00 on B2015-26.012204-C1-OIB/PMO budget line</p> <p>Execution: Commitment: € 800.000,00 Payment: € 800.000,00</p> <p>Amount: € 400.000,00 on B2015-26.012204-C4-OIB/PMO budget line</p> <p>Execution: Commitment: € 400.000,00 Payment: € 144.449,24 RAL: € 255.550,76</p> <p>Amount: - (report from 2014 commitment not consumed) on B2015-26.012204-C8-OIB/PMO budget line</p> <p>Execution: Commitment: € 865.758,53 Payment: € 865.485,73 RAL: € 272,80</p>
DIGIT	IT support, software and telecommunications	<p>Amount: € 2.734.357,62 on B2015-26.012201.010300-C1-OIB>DIGIT budget line</p> <p>Execution : Commitment: € 2.733.655,59 Payment: € 2.286.670,11 RAL: € 446.985,48</p> <p>Amount: € 83.600,00 on B2015-26.012201.010300-C4-OIB>DIGIT budget line</p> <p>Execution : Commitment: € 83.600,00 Payment: € 4.001,63 RAL: € 79.598,37</p> <p>Amount: - (report from 2014 commitment</p>

		<p>not consumed) on B2015-26.012201.010300-C8-OIB>DIGIT budget line Execution : Commitment: € 902.516,99 Payment: € 902.516,99</p>
HR	External Staff	<p>Amount: € 255.000,00 on B2015-26.012201.010201-C1-OIB/HR budget line Execution: Commitment: € 255.000,00 Payment: € 167.389,87 RAL: € 87.610,13</p> <p>Amount: € 5.600,00 on B2015-26.012201.010201-C4-OIB/HR budget line Execution: Commitment: € 5.600,00 Payment: € 0,00 RAL: € 5.600,00</p> <p>Amount: - (report from 2014 commitment not consumed) on B2015-26.012201.010201-C8-OIB/HR budget line Execution: Commitment: € 12.719,05 Payment: € 12.719,05</p>
	Security and Health & Safety	<p>Amount: € 1.075.000,00 on B2015-26.012201.010300-C1-OIB>HR budget line Execution: Commitment: € 1.075.000,00 Payment: € 1.075.000,00</p>
	Task force Greece	<p>Amount: € 155.047,23 on B2015-26.01220%-C1-OIB/COMM budget line Execution: Commitment: € 155.047,23 Payment: € 114.570,48 RAL: € 40.476,75</p> <p>Amount: - (report from 2014 commitment not consumed) on B2015-26.01220%-C8-OIB/COMM budget line Execution: Commitment: € 11.351,78 Payment: € 11.351,78</p>
COMM		

On the other hand, and for information, other credits were also cross-sub-delegated or co-delegated in 2015, on a permanent or on a temporarily basis, to OIB by the following DGs/Services:

- PMO for building, logistics and supplies expenditures (amount: € 3.858.000,00);
- EPSO for building, logistics and supplies expenditures (amount: € 3.214.000,00);
- OLAF for buildings and logistic services (amount: € 1.136.000,00);
- DG COMM for services delivered to the representation of the European Commission in Belgium (amount: € 384.418,32);
- JRC to cover a part of the functional costs of OIB at ISPA (amount: € 330.900,00);
- DG GROW to cover the works for the secure room in the BREY building (amount: € 170.000,00);
- OP for building, logistics and supplies expenditures (amount: € 83.900,00);
- DG CNECT for the reproduction of operational documents in the print shop of Beaulieu (amount: € 71.525,01);
- DG REGIO for the reproduction of operational documents in the print shop of Beaulieu (amount: € 69.774,70);
- SG for expenses related to the information system "ARCHIS" (amount: € 49.740,47).
- OIL for the development of the interface "IMPRESSIVE" (amount: € 2.315,96);

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

2. Ex-post control methodology

The OIB ex-post control methodology is detailed in a specific manual and is based on a stratified sample of five types of transactions which include budgetary commitments, payments, recovery orders, low value procurement procedures and high value procurement procedures. Since 2013, the sample method has been reviewed and is now 100% random and statistically significant (representative) for payments and recovery orders (using the MUS sample methodology), giving the possibility to extrapolate the ex-post results obtained from the sample to the whole population of a same type of transaction. Additionally, in particular given the situation of Unit OIB.OS.3 (Ispra), which has a fully decentralized financial circuit, an additional number of transactions, among which such concerning Ispra, is also sampled.

Two interim reports are issued in June and November and the final report on ex-post control activity for the reporting year is issued in February of year n+1. In 2015, 88% of the work programme was completed. For budgetary commitments, the work program was accomplished at 100% and for payments and recovery orders at 94% and 92% respectively. For low value procurement procedures, 75% of the planned number of verifications (8) could be done and for high value procurement procedures one procedure was planned for review but could not be done. This is mainly due to the reduction of the ex-post control team by one third since mid-2014.

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

3. Anti-fraud indicators

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

Indicator	2015 result	
– Number of training sessions carried out on ethics/number of staff trained	4 / 49	
– Assessment by management (M) and staff (S) on the effectiveness of ICS2 on ethics & integrity in OIB (ICS survey result)	M	S
	Positive	96% / 71%
	Negative	2% / 26%
– Assessment by management (M) and staff (S) on the fraud risk mitigating measures in OIB (ICS survey result)	M	S
	Positive	69% / 45%
	Negative	2% / 4%
– Assessment by management (M) and staff (S) on the familiarity with anti-fraud documents and implementing tools (ICS survey result)	M	S
	Positive	86% / 55%
	Negative	10% / 11%
– Number of training sessions carried out on procurement	1	
– Number of negative opinions from GAMA	0	
– Number of complaints/cases/proceedings received from unsuccessful economic providers by the European Court of Justice or by the Ombudsman regarding procurement procedures	1 ¹	
– Percentage of total expenditure with unacceptable results during ex-post controls	0% ²	
– Number of critical fraud risks in the Office	0	
– Number of remarks received from the ECA in the context of the DAS review	0	
– Percentage of internal or external audit recommendations implemented on time	50%	
– Number of 'Critical' (C) or 'Very Important' (VI) audit recommendations overdue by more than 6 months according to their original implementation date	0	
– Number of cases transmitted to OLAF / IDOC for investigation	0	
– Number of investigations initiated by OLAF/IDOC	0	

¹ One case introduced at the European Court of Justice by an unsuccessful bidder to the last building procedure (A.P.I. 27.000 m²). The Court decided to suspend the decision of non-selection of this bidder and to allow him to participate to the negotiated procedure launched.

² No error level one (serious error).

4. Status of implementation of internal audit recommendations

The below synthesis table details the present situation of new audits conducted in 2015 or audits for which follow-up was carried out by IAS or where the recommendations were closed/are still open from previous audits at the end of 2015.

Topic of the audit	Carried out by...in...	Closed in 2015	In Progress (*)	Total
Income in childcare activities	IAC 2010 [IAS follow-up 2015]	2	1	3
Validation of local systems	DG BUDG 2014-2015 [DG BUDG follow-up 2015-2016]	0	2	2
Concept and Reproduction	IAC 2013	5	3	8
Financial circuits	IAS 2013 [IAS follow-up 2015]	2	5	7
TOTAL		9	11	20

(*) Outstanding recommendations with original expected implementation date expiring by end of 2015

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ANNEX 11: Specific annexes related to "Assessment of the effectiveness of the internal control systems"

Prioritized Internal Control Standards for the reporting year

The following measures were taken regarding the standard prioritised in 2015:

ICS 3 Staff allocation and mobility

It is necessary that adequate arrangements are in place to ensure effective staff planning and allocation. If needed, measures have to be taken to ensure flexible and dynamic organisation, via intensive trainings, re-organization, changes of the allocation procedure or other measures.

Actions done (31/12/2015):

In the context of the implementation of the new Staff Regulations and ongoing reductions in posts for the period 2012-2017 and the possible impact of these measures, OIB decided to prioritise this standard in 2014 and 2015, although already considered as effectively implemented. The main actions implemented in 2015 are:

- OIB continued to implement the system whereby posts becoming vacant as a result of mobility, retirement, invalidity etc. are not automatically replaced but reallocated to a common pool in order to identify a sufficient number of posts for applying the staff cuts. Remaining posts are re-allocated as rapidly as possible to priority activities of the Office, based on requests from OIB units and are subject to a final decision by OIB senior management, taking account of the Office's operational priorities.
- OIB endeavours to fill vacant posts as soon as possible in order to ensure that staff mobility does not have negative impacts on the smooth running of the Office.
- The reduction of posts was executed as planned. In order to make the best possible use of available resources and to reduce the impact of the staff reductions, an analysis of the organisational structure of the Office took place in 2015. Based on the results, a reorganisation was proposed in order to rationalise and regroup certain support services and to better focus on the operational priorities of the Office. The reorganisation took effect on 01/01/2016.
- OIB continues to encourage mobility and publish vacant posts on the OIB intranet. OIB continues to cooperate with the other offices (OIL and PMO) in publishing each other's vacant posts in order to facilitate inter office mobility, in particular for contract agent staff whose mobility prospects are limited by their contractual situation. This exchange was in the first part of 2015 extended to the Executive Agencies in Brussels.
- OIB has a dynamic strategic training framework which is organised to provide appropriate training to staff with specific profiles and with specific training needs. Special arrangements have been made in providing training to suit the working requirements of special groups of staff, for example the nursery nurses.
- In order to ensure that the operational capabilities of the Office are maintained, OIB makes sure that there is adequate back-up of staff for all key functions and that wherever possible staff is trained to take over other jobs in order to replace colleagues in case of absence. This approach is particularly important as staff numbers are reduce as a result of the 2012-7 staff cuts. As an example, staff working in the central Mail Office are trained to do other jobs in their sectors in order to ensure that the smooth running of the service is not affected in case of staff absences (for example for sickness).
- During 2015 the OIB Director continued his dialogue with staff in meetings dedicated to open exchanges and did a complete tour of all the Departments, Units and sectors in OIB, both in Brussels and in Ispra. The HR sector organised presence of HR experts in local sites in order for staff to ask personal questions. Presentations on the results of the staff survey have been made and discussions within units and departments have been encouraged.

- A pilot exercise in talent management of internal staff was launched and discussed with all Head of Departments with the aim to identify further actions (internal mobility, trainings etc.)
- In November, a major staff event was organised in order to discuss issues resulting from the staff survey. All OIB staff was invited and participated in a constructive exercise where practical ideas were discussed and collected in order to improve the functioning of the office based on ideas generated by staff. An extensive follow up will be made in 2016.

All these measures better mitigate the risks linked to the long-term staff rationalization plan. Given this ICS is assessed as effectively implemented and that many actions were done in 2014 and 2015, this standard will not be prioritized anymore in 2016. However, OIB management will continue to pay a great attention to these issues and measures implemented will be continued in the next years.

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