



# Annual Activity Report 2021

Office for the Administration and Payment of  
Individual Entitlements (PMO)

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## PMO IN BRIEF

The **mission of the Paymaster Office<sup>1</sup> (PMO)** is to provide a high-quality and user-friendly service to current and former staff of the European Commission and the majority of the other EU institutions and agencies. It does so by promptly and accurately establishing and paying entitlements and claims, providing clear and relevant information and ensuring efficient and effective system of management and control. PMO's services consist of:

- 1) establishment of individual financial rights for staff, pensioners and beneficiaries;
- 2) payment of salaries, pensions and related entitlements;
- 3) reimbursement of health insurance, mission and expert claims;
- 4) delivery of EU laissez-passer and handling of third-country visas for staff.

PMO contributes to general objective 7 of the von der Leyen Commission: “**A modern, high performing, sustainable Commission**”. The PMO's expenditure is exclusively administrative in nature and is implemented under centralised direct management. The Office provides its services on the basis of Service Level Agreements with institutions, agencies and external bodies and operates within an atypical financial framework based on budgetisation (services to institutions) and chargeback mechanisms (services to agencies and external bodies).

The PMO has a certain degree of autonomy for reasons of economy and quality of service and consequently has a specific management and supervision structure:

- The **Head of Service** is the authorising officer by delegation, the appointing authority for the establishment of rights and has the responsibility of producing a declaration of assurance and an Annual Activity Report;
- The activities of the PMO are supervised by the **PMO Management Committee**, chaired by the Director-General of DG Human Resources and Security.

PMO has approx. 600 staff members and is structured around seven units based in Brussels, Ispra and Luxembourg.

The change strategy ‘PMO Moving Ahead’ was launched in 2021 and resulted in a clear roadmap with a global reorganisation within the PMO as a first outcome. The resulting structure better reflects the new context and at the same time addresses the recommendations put forward by the auditors.

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<sup>1</sup> Commission Decision C(2002)4367 of 6 November 2002 establishing an Office for the administration and payment of individual entitlements

## EXECUTIVE SUMMARY

This Annual Activity Report is a management report from the Head of PMO 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 achieving the Commission's general objectives and the PMO's specific objectives (executive summary of section 1)

PMO is operating in a changing context where one activity remains reduced (travel reimbursements) while the others continue to increase in number and/or importance (pensions, salaries, unemployment, privacy and cybersecurity). Measures that were taken in 2020 to address the Covid-19 pandemic continued, for the most part, throughout 2021. They have contributed to the further digitalisation of PMO processes and ways of collaboration with clients. This was possible due to continuous investments in IT Systems as well as further streamlining of processes.

In a nutshell, in 2021 PMO provided services to all active and post-active staff of the Commission, 9 other Institutions, 52 agencies and 2 other bodies. The PMO has seen a constant and significant increase in the populations served (e.g. JSIS beneficiaries, staff, pensioners) in the last years.

POPULATIONS SERVED					
	2019	2020	2021	2022	var %
JSIS beneficiaries	170.752	179.125	184.750	187.060	9%
entitlements	41.380	42.184	43.516	44.934	8%
salary payments	46.144	48.761	49.839	52.975	13%
pensions	25.442	26.639	27.541	31.978	20%
unemployment	2.857	2.780	2.107	TBC	-36% *)

\*) 2019-21

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

The average time needed for reimbursement of medical expenses was 9 days in 2021, within the target of 12 days set in the PMO Strategic Plan. The number of claims that were handled in less than 30 days stayed within target at 98%, of which 71% were reimbursed within 12 days. The positive evolution regarding the processing of inward transfers of pension entitlements continued, with nearly 2.200 files finalised in 2021.

### **Communication with current and former staff and affiliates:**

In 2021 the PMO proactively informed active and retired staff of innovations and improvements, as well as on procedures and deadlines, concerning payments and benefits. In close cooperation with DG HR, the PMO contributed with an average of 3 articles to each of the 10 editions of the Staff Matters Newsletter, issued in 2021. Information on PMO relevant topics was published in *Commission en Direct* (2 lead stories) and on the Practical Information pages of MyIntraComm (14 items), generating a high number of views, comments and questions.

Tailored written, visual and audiovisual content provided by the PMO has reached the staff of the other EU institutions and bodies through their internal communication channels. The Newsroom tool remained instrumental for communicating to retired staff and unemployed while specialised websites and magazines for pensioners also distributed PMO content to their audience: VOX - 3 PMO news, Info Senior -2 PMO news in 2021.

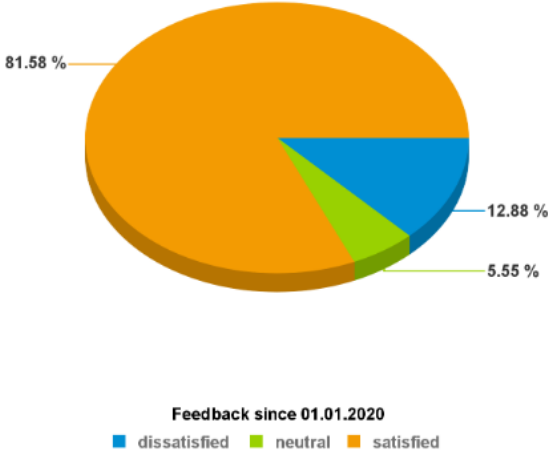
The internal communication efforts were oriented towards informing and assisting staff in coping with pandemic-related stress and remote work challenges. A series of video interviews with colleagues helped boosting morale and connectedness.

Launched as a highly transparent and inclusive organisation-wide project, the PMO Moving Ahead initiative engaged staff in reflection process, discussions and workshops that took a prominent place in internal communication. An interactive hybrid event in October offered all PMO colleagues an opportunity to ask questions, express views, and take ownership of improvement projects.

The results of the 2021 Staff Survey, conducted during an ongoing change process, showed a 7% increase in the Staff Engagement Index, bringing PMO staff engagement to 65% - the target set in the 2021 Management Plan. The share of PMO respondents, seeing a clear link between their job and the objectives and priorities of the Service/Office, was the same as the EC average - 83%. 67% of PMO staff participating (14% more than in 2018) indicated that their managers set clear priorities and objectives, while 51% (4% more than in 2018) replied that the senior management team takes a visible leadership role.

Linked to specific objective 2 - offering a better quality customer service - the **Staff Contact portal** is the current platform for questions on staff matters. Through this platform, in 2021, PMO answered on average more than 9.000 online queries per month, representing an increase of 23% compared to the previous year. The average time needed to reply to online queries was 6 days (7 days in 2020), while queries processed outside the deadline of 15 working days amounted to 9% (13% in 2020). The capacity of the PMO to

provide quick and accurate answers to its customers' questions through the Staff Contact Portal is fundamental to the overall quality of its services.



The analysis of the level of satisfaction from interaction with the service, shows an average of 82% positive feedback. The PMO strives to continuously improve client service, by analysing available data and identifying possible areas of improvement.

Source: Staff survey

### Effectiveness and efficiency of operational structure

Taking advantage of existing capabilities in the applications and platforms used, the PMO remained fully operational in the face of the Covid-19 pandemic and even increased efficiency in the tasks at hand. The Covid-19 situation has sped up the digitalisation of procedures and every day working arrangements.

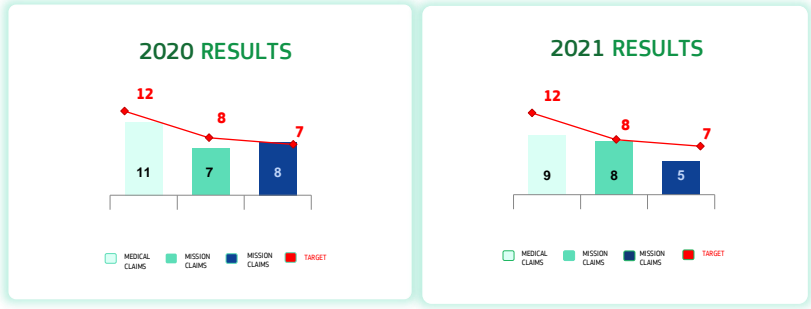
The initiative 'PMO Moving Ahead', launched in 2021, explores possible changes in the way the PMO is functioning to improve work internally on the one hand and improve its services towards its clients to the other.



A **knowledge management** community was set up in 2021 to become a key actor in providing an improved service to clients as well as further increasing the effectiveness of the organisation. Other communities of practice have been set up in the fields of communication and legal matters to enhance close, crosscutting

collaboration.

## B. Key Performance Indicators (KPIs)

<p><b>Most relevant KPI 1</b></p>	<p><b>AVERAGE TIME TO HANDLE REIMBURSEMENT CLAIMS (IN DAYS) -</b>  <i>Source : PMO management statistics</i></p>  <table border="1"> <caption>2020 RESULTS</caption> <thead> <tr> <th>Category</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>MEDICAL CLAIMS</td> <td>11</td> </tr> <tr> <td>MISSION CLAIMS</td> <td>7</td> </tr> <tr> <td>MISSION CLAIMS</td> <td>8</td> </tr> <tr> <td>TARGET</td> <td>12</td> </tr> </tbody> </table> <table border="1"> <caption>2021 RESULTS</caption> <thead> <tr> <th>Category</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>MEDICAL CLAIMS</td> <td>9</td> </tr> <tr> <td>MISSION CLAIMS</td> <td>8</td> </tr> <tr> <td>MISSION CLAIMS</td> <td>5</td> </tr> <tr> <td>TARGET</td> <td>12</td> </tr> </tbody> </table>	Category	Value	MEDICAL CLAIMS	11	MISSION CLAIMS	7	MISSION CLAIMS	8	TARGET	12	Category	Value	MEDICAL CLAIMS	9	MISSION CLAIMS	8	MISSION CLAIMS	5	TARGET	12
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<p><b>Most relevant KPI 2</b></p>	<p><b>Amount at risk - Residual Error Rate (RER)</b></p> <p><b>Target:</b> The residual error rate (RER) should be lower than 2% of operational expenditure</p> <p><b>Result:</b> The residual error rate, after corrections, was 0,13%.</p> <p><b>Source:</b> PMO Internal Control</p>																				
<p><b>Most relevant KPI 3</b></p>	<p><b>Achievement of the IT strategy – percentage of programmed project milestones implemented on time</b></p> <p><b>Target:</b> The progress made on agreed milestones of IT projects should be at least 85%</p> <p><b>Result:</b> 85% in 2021</p> <p><b>Source:</b> Dashboard (in collaboration with DIGIT)</p>																				
<p><b>Most relevant KPI 4</b></p>	<p><b>Average waiting time to reply to Staff Contact online enquiries (in days)</b></p> <p><b>Target:</b> The average time required to process requests uploaded on the Staff Contact portal should be lower than 8 calendar days</p> <p><b>Result 2021 :</b> &lt; 8 days</p> <p><b>Source:</b> PMO management statistics</p>																				

<p><b>Most relevant KPI 5</b></p>	<p><b>Customer satisfaction and staff engagement</b></p>										
	<p>Feedback received from clients on PMO services through Staff Contact and from the PMO satisfaction survey</p>										
<p><b>Target and result:</b></p>											
<table border="1"> <thead> <tr> <th data-bbox="496 358 890 459"></th> <th data-bbox="890 358 1091 459">Result 2021</th> <th data-bbox="1091 358 1345 459">Interim milestone 2022</th> </tr> </thead> <tbody> <tr> <td data-bbox="496 459 890 526">Customer satisfaction with Staff Contact</td> <td data-bbox="890 459 1091 526">82%</td> <td data-bbox="1091 459 1345 526">84%</td> </tr> <tr> <td data-bbox="496 526 890 582">Staff engagement</td> <td data-bbox="890 526 1091 582">65%</td> <td data-bbox="1091 526 1345 582">65%</td> </tr> </tbody> </table>				Result 2021	Interim milestone 2022	Customer satisfaction with Staff Contact	82%	84%	Staff engagement	65%	65%
	Result 2021	Interim milestone 2022									
Customer satisfaction with Staff Contact	82%	84%									
Staff engagement	65%	65%									
<p><b>Source:</b> PMO management statistics –Staff survey June 2021</p>											



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

In line with the Commission's Internal Control Framework, the PMO has assessed its internal control systems during the reporting year and has concluded that it is effective, and the components and principles are present and functioning well overall. Some improvements are needed as minor deficiencies were identified related to the "control environment" and "control activities", in particular as regards completion of revisions in objectives, procedures and control strategies . Please refer to AAR section 2.1.3 for further details.

In addition, the PMO has systematically examined the available control results and indicators, as well as the observations and recommendations issued by the internal auditor and the European Court of Auditors. These elements have been assessed to determine their impact on the management's assurance about the achievement of the control objectives. Please refer to Section 2.1 for further details.

Following the exit of the UK from the European Union, PMO has calculated the UK liability regarding pensions, as defined in Art. 142 of the UK Withdrawal Agreement. Additional resource-intensive controls were carried out in 2021 so that calculations for the first contribution of the UK to pension expenditure are ready in early 2022.

In conclusion, the management has reasonable assurance that, overall, suitable controls are in place and working as intended. Risks are being appropriately monitored and mitigated. Improvements are necessary concerning the "control environment" and "control activities" of the internal control components, mainly relating to completion of revisions in objectives, procedures and control strategies. The Head of Service, in his capacity as Authorising Officer by Delegation, has signed the Declaration of Assurance.

## **D. Provision of information to the Commissioner**

The main elements of this report and assurance declaration have been brought to the attention of Commissioner Hahn, responsible for Budget and Administration.

# 1. KEY RESULTS and progress towards achieving the Commission's general objectives and PMO's specific objectives

PMO contributes to the Commission's general objective **towards a modern, high performing European public administration** by:

- ensuring at all times the correct and timely handling of all types of transactions
- offering better quality customer service
- deepening inter-institutional synergies

All targets related to the specific objectives have been achieved. Further details on the main outputs related to these objectives can be found in Annex 2.

The main challenge in 2021 was to uphold efficiency and effectiveness of the PMO's activities while still facing the constraints of the Covid-19 pandemic. In 2021 PMO paid nearly 50.000 salaries per month, as well as approximately 30.000 pensions. It provided services to all staff and former staff of the Commission, 9 other Institutions, 52 agencies and 2 other bodies. It reimbursed over 3 million medical claims, nearly 50.000 mission claims and 3.000 expert claims.

Offering a correct and timely payment of salaries, pensions and other related entitlements, a swift reimbursement of health insurance, mission and expert claims, a smooth delivery of EU laissez-passer and visas, and more generally accessible and customer-friendly services, is essential to allow the Commission – and increasingly staff from other Institutions and outside bodies – to carry out their duties unhindered. A special focus on Security & Privacy completes the overall picture.

## 1.1. Specific objective 1: Correct and timely handling of all types of transactions

The PMO ensures the correct and timely handling of payments of salary, pension and related entitlements, unemployment benefits as well as reimbursement of claims for medical expenses, missions and expenses incurred by experts attending meetings as well as expenses incurred by candidates attending tests organised as part of a competition or selection procedure or to an interview or medical examination.

The positive trend with regard to the **reimbursement times** continues. The average time needed for reimbursement of medical claims was 9 days, compared to 11 days in 2020. The number of claims handled in less than 30 days remained within target at 98%, of which nearly 71% were reimbursed within 12 days.

The low rate of **Article 90 complaints** upheld, below the maximum set as a target of 10%, confirm the high quality of PMO services (see details in Part 2 of the report).

Several **IT developments** were finalised in 2021. More online and user-friendly declarations in SYSPER Rights were implemented, in line with the user centricity and once only principle. After having fully integrated unemployment in SYSPER Post Activity and NAP, further improvements of SYSPER Post Activity followed throughout the year: the place of origin declaration and phase out of FIXPEN, adaptation of pension requests for other Institutions/Agencies, and the development of a secure printing module based on the QR code driven data matrix.

Further details regarding the main outputs related to this objective can be found in Annex 2.

### 1.2. Specific objective 2: Maintain high quality standards of customer service

The first **Satisfaction Survey** in 10 years distributed among all PMO customers, including active staff and pensioners, was carried out in June 2021. The purpose was to generate more qualitative feedback that would feed into further improving the services.

The majority of respondents among active staff (56% for all institutions and bodies, 57% for the Commission) is satisfied with PMO services. Satisfaction rate among pensioners is much higher at 72%. Most colleagues (77%) and pensioners (79%) responding to the survey can see positive effects from PMO's efforts towards reducing paperwork and administrative burden.

The first follow-up measures to streamline business processes and increase customer satisfaction have been taken in 2021 with particular attention to results and comments pointing to areas for improvement. The conclusions derived from the survey also contributed to setting benchmarks and measuring performance in the longer run.

The **Staff Contact** portal, which allows staff and pensioners and unemployed to submit and track questions and requests, was the primary channel for interaction between PMO and its customers. By the end of 2021, more than 9.000 online tickets per month have been processed via this portal compared to 7.300 in 2020. The average time taken to reply to online queries decreased from 7 days in 2020 to 6 days in 2021. The percentage of queries processed outside the deadline of 15 working days, decreased to 9% (13% in 2020), despite the higher number and the complexity of the questions and requests received.



Improved **efficiency of IT systems** also facilitates higher client satisfaction. The PMO focused on the continuous modernisation of existing applications and the optimization of PMO mobile platforms (for the missions management application MiPS, the Joint Sickness and Insurance Scheme and for the management of experts' meetings in AGM, the system for preparation and organisation of meetings). PMO estimates to have achieved 85% of the planned IT developments, in line with the expected target foreseen for 2021.

As regards the **Joint Sickness Insurance Scheme** (JSIS), the PMO seeks to implement agreements with insurance and/or health care providers in the Members States. After the successful project with the CZ insurance company in the Netherlands and with five Spanish regions, and in view of the global trend of digitalisation of medical services, negotiations have started with Belgian, Italian and Luxembourgish health insurance providers and authorities to set up similar agreements there. The project allows for full access to health care services, direct transmission of claims, which overcomes cumbersome manual registration and paperwork for affiliates and PMO staff alike.

The PMO's commitment to **communication with active and post-active staff** on innovations, improvements, procedures and deadlines concerning payments and benefits remained high. Cooperating closely with DG HR, the PMO contributed an average of 3 articles to each of the 10 editions of the Staff Matters Newsletter, issued in 2021. Information from the PMO was published in *Commission en Direct* (2 lead stories) and on the Practical Information pages of MyIntraComm (14 items), generating a high number of views, comments and questions.

Tailored written, visual and audiovisual content provided by the PMO has reached the staff of the other EU institutions and bodies through their internal communication channels. The Newsroom tool remained instrumental for communicating to retired staff and unemployed while specialised websites and magazines for pensioners also distributed PMO content to their audiences: VOX- 3 PMO news, Info Senior 2 PMO news in 2021.

Since the outbreak of the Covid-19 pandemic, the PMO has been using the available IT technology to support its clients: induction videos for informing newcomers of their rights, online training sessions on missions for presenting rules and procedures to the Commission and to new agencies adopting MiPS. In addition, monthly videoconferences were offered to institutions and agencies on end of service; transfer of pension rights and pension schemes of the European institutions. In 2021 PMO organised more than 200 information sessions provided by videoconference on the above-mentioned topics.

In 2021, AIACE<sup>3</sup> continued to be an important partner: the PMO gave assistance on pensioner matters and it provided a useful intermediary in concluding agreements with private clinics in specific countries to administer flu vaccines to the post-active population. It also addressed the question of the parity coefficient for the UK, with arrangements to be applied as of 2022. In this context of partnership, the network of AIACE ambassadors made it easier to reach a larger number of pensioners. The ambassadors relay information, help

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<sup>3</sup> Association Internationale des Anciens de l'Union Européenne

solve problematic cases and facilitate the understanding of the needs and specific situations encountered in the Member States.

Further details on the main outputs related to this objective can be found in Annex 12.

### **1.3. Specific objective 3: Deepening inter-institutional synergies**

In 2021, the PMO continued the extension of the provision of services to other Institutions and bodies. All services provided are based on Service Level Agreements (SLAs), which have been signed with all Institutions and the vast majority of agencies. The revenue from the charge-back of services, to cover the cost for services provided by PMO was around EUR 12 million in 2021. It should be noted that this type of revenue will continue to decrease as, by 2022, all EU Institutions will have transferred budget in relation to baseline services and will thus no longer be subject to invoicing. The financing of the services provided, either through invoicing or through direct transfer of budget for obligatory tasks is in line with Article 65 of the Financial Regulation. The charge-back methodology is in line with the Commission Guidance on the provision of services to other EU institutions and agencies as well as other external bodies. The PMO cooperates with central Commission services to ensure that all Service Level Agreements fully comply with the relevant legal framework (including the Financial Regulation) and that costs incurred by the PMO are appropriately charged to other institutions and agencies.

Due to the lockdown measures, a slimmed down, hybrid version of the training for new SLAs was organised in November 2021. The purpose of this training was to exchange experiences and respond to questions, in addition to the specific trainings for other institutions and agencies concerning pensions and rights at the end of contract.

## 2. MODERN AND EFFICIENT ADMINISTRATION AND INTERNAL CONTROL

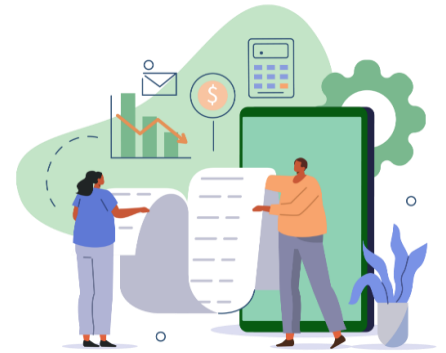
### 2.1. Financial management and internal control

Assurance is provided based on objective examination of evidence of the risk management effectiveness, control and governance processes.

This examination is carried out by management, which monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors. All results are explicitly documented and reported to the Head of Service.

The following reports have been considered:

- the reports by AOSDs (Authorising Officer by Subdelegation)
- the contribution of the Internal Control Coordinator;
- the reports on ex-ante/a posteriori/ex-post controls;
- the register of exceptions and non-compliance events;
- the limited conclusion of the internal auditor on the state of control, and the observations and recommendations reported by the Internal Audit Service (IAS);
- the observations and the recommendations reported by the European Court of Auditors (ECA).



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

This section covers the control results and other relevant elements that support management's assurance. It is structured into 2.1.1 Control results, 2.1.2 Audit observations and recommendations, 2.1.3 Effectiveness of internal control systems, and resulting in 2.1.4 Conclusions on the assurance.

### 2.1.1. Control results

This section reports and assesses the elements identified by management which support the assurance on the achievement of the internal control objectives (ICO) <sup>(4)</sup>. The PMO's assurance building and materiality criteria are outlined in AAR Annex 5. The AAR Annex 6 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems.

The PMO's expenditure is exclusively administrative in nature and is implemented under centralised direct management. The Office provides its services on the basis of Service Level Agreements with Institutions, agencies and external bodies and operates with an atypical financial framework based on classical resources (services to institutions) and chargeback mechanisms (services to agencies and external bodies).

To illustrate the weight of the different operational domains and related controls, this table shows the total payments made per main type of PMO activity as well as the revenues collected.

PMO expenditure 2021	Expenditure (MEUR)	Percentage
Salaries and other entitlements	3.402,76	56,6%
Post activity (pensions, unemployment and other entitlements)	2.244,13	37,3%
<b>Total "salaries, post-activity and associated entitlements" (domain/ RCS 1)</b>	5.646,88	<b>94,0%</b>
Joint Sickness Insurance Scheme (JSIS)	341,72	5,7%
Missions	13,75	0,2%
Experts and candidates	1,80	0,0%
<b>Total "reimbursement of medical, expert and mission claims" (domain/ RCS 2)</b>	357,26	<b>5,9%</b>
Other	6,15	
<b>Total</b>	6.010,29	<b>100 %</b>

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<sup>(4)</sup> 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). The 2nd and/or 3rd Internal Control Objective(s) (ICO) only when applicable, given the DG's activities.



PMO revenues and income 2021	Revenues (EUR million)	Percentage
Contributions (taxes, pension)	1.143,09	72,60%
Contributions (JSIS, unemployment, insurance) – extra-budgetary managed	410,71	26,10%
<b>Total of contributions (RCS 3)</b>	1.553,80	98,60%
Charge-back of services to other Institutions and bodies <b>(RCS 4)</b>	12,4	0,80%
Other	9,32	0,60%
<b>Total</b>	<b>1.575,52</b>	<b>100 %</b>

Source: budget implementation, PMO

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

The overall conclusion table demonstrates the completeness of the coverage:

- Financial information, including total of payments on credits, delegated credits, financial assets and liabilities in Annex 3,
- Relevant Control Templates Systems (RCSs) for budget implementation for the areas listed above in Annex 6.

In line with the 2018 Financial Regulation, PMO' assessment for the new reporting requirement is as follows:

- Cases of "confirmation of instructions" (new FR art 92.3) : no such cases for PMO
- Cases of financing not linked to costs (new FR art 125.3) : no such cases for PMO
- Financial Framework Partnerships >4 years (new FR art 130.4) : no such cases for PMO
- Cases of flat-rates >7% for indirect costs (new FR art 181.6) : no such cases for PMO
- Cases of "Derogations from the principle of non-retroactivity pursuant to Article 193 FR" (new Financial Regulation Article 193.2) : no such cases for PMO

**Overview table (amounts in EUR million)**

Risk-type / Activities	Other	Total Expenditure	NEI, e.g. Revenues, Assets, OBS ((in)tangible or financial assets & liabilities)
Management of salaries, post-activity and related entitlements (RCS 1)	5.623,21	5.623,21	
Management of expert and mission claims (RCS 2)	15,55	15,55	
Management of Joint Sickness Insurance Scheme (JSIS) (OBS)			341,72
Management of end of service (Chômage) (OBS)			23,67
Other	6,15	6,15	
PMO operating expenditure	40,93	40,93	
Contributions (taxes, pension) (RCS 3)			1.143,09
Contributions (JSIS, unemployment, insurance) – extra-budgetary managed			410,71
Charge-back of services to other Institutions and bodies (RCS 4)			12,4
Other revenues			9,32
<b>Totals (coverage)</b>	<b>5685,84</b>		
<b>Links to AAR Annex 3</b>	<b>5685,84</b>		

## **1. Effectiveness of controls**

### **a) Legality and regularity of the transactions**

The PMO uses internal control processes to ensure sound management of risks relating to the legality and regularity of the underlying transactions it is responsible for, taking into account the multiannual character of programmes and the nature of the payments concerned.

The PMO control strategy is based on the principle that to establish an entitlement or a request for reimbursement, a case handler compares the submitted documents to the relevant eligibility criteria. Every decision is supervised, except for some allowances where the review of some lower risk and less complex files is performed on a sample basis (e.g. in JSIS simple reimbursement claims), due to the high number of declarations received. Depending on the complexity of the claim, a more detailed analysis is carried out to arrive to a sound decision.

Given the repetitiveness of the main PMO activities, this leads to a continuous adjustment and improvement of the internal control system. Corrective measures are taken when an error is linked to a system weakness. Such measures involve training, reallocation of files, tighter verification or focused ex-post checks.

The results of ex-post controls are analysed and they also may result in corrective measures. When the result of an ex-post control indicates a need to take further action, a detailed action plan is formulated.

Since the PMO is characterized by high numbers of transactions often dealt with by mass operations, the incorporation of multiple layers of automatic controls in the IT-applications is essential.

Every transaction in Salaries, Post Activity & Associated Entitlements is subject to ex-ante verification. All errors are corrected retroactively and the results of corrections influence the accuracy of future transactions. The ex-ante controls revealed no material errors.

The results for ex-ante controls in the area of medical, expert and mission claims<sup>5</sup> showed that the total detected error rate of the ex-ante controls remains well below the materiality threshold of 2%, as shown in the table below. The samples taken are considered as representative of their individual population, and are then weighted against the total population of their sectors. Extrapolating to the overall population, minus the population controlled and corrected, the weighted error rate is 0,92% for this domain (2).

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<sup>5</sup> Ex-ante controls include medical claims (extra-budgetary)

Scope ex-ante control	# files verified	Total amount verified (m EUR)	% Value Total of population covered	Weighted error rate 2021
Reimbursement of medical, mission and expert claims - domain 2	13.720	22,34	6,27%	0,92%

Source: reports on ex ante controls, PMO

The table below gives an overview of the results of the ex-post controls carried out during year 2021.

Scope ex-post control (expenditure areas)	# files verified	Total amount verified (m EUR)	% Value Total of population covered	Weighted error rate 2021
Salaries, pensions and associated entitlements - domain 1	930	35,58	0,63%	0,13%
Reimbursement of mission and expert claims - domain 2 <sup>6</sup>	258	0,28	0,08%	0,00%

Source: reports on ex post controls, PMO

For Salaries & Associated Entitlements, the results of the ex-post controls show a total residual error rate estimated at 0,13% (weighted).

For reimbursement of expert and mission claims, the total weighted error rate of all ex-post controls, of which many are targeted to the higher risk areas, remained well below the materiality threshold of 2%; confirming the accuracy and quality of transactions processing by the PMO and the effectiveness of the ex-ante controls. The financial impact was low, and the corrections are usually made directly in the system (recovery from salaries).

The samples for these ex-post controls were selected on a random and representative basis to detect errors in the controlled files, to calculate the financial impact of these, and proceed with the necessary corrections and/or structural modifications. The targeted controls that focus on specific areas/issues and usually cover 100% of the population in question were not included.

The reimbursement of medical claims in the framework of the Joint Sickness Insurance Scheme (JSIS, the health insurance scheme for staff of the European Union institutions)

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<sup>6</sup> In 2021, ex post controls based on risk-based samples were not included in the error calculation, as these results cannot be extrapolated

and the payment of unemployment benefits result in additional control objectives for the related JSIS fund and the Unemployment Fund (handling unemployment allowances following termination of service). Hence, a number of control actions were put in place:

- an independent audit is carried out every year by an external auditor on the JSIS accounts, currently underway for the financial year 2021;
- the evolution of the Unemployment Fund is carefully followed by the PMO with different services of the Commission (DG HR and DG BUDG). The fund increased by 38% to EUR 40,5 million at the end of 2021 vs. 2020. The Commission reports every two years to the European Parliament and the Council on the evolution of this fund, the last report was issued in March 2020.

In conclusion, both funds are subject to follow-up controls set up by the PMO.

The PMO considers that the information provided on the controls is factual, complete and reliable. As such, the controls in place are considered effective.

As stated above, the PMO's portfolio has a relatively low error rate; 0,13% for domain 1 and 0,87% for domain 2 (with extra-budgetary funds included). This is the result of the performance of the related control systems.

To calculate the estimated overall risk at payment, a weighted error rate of 0,5% has been used, representing the recommended administrative proxy, even if this is above the error rates detected in PMO's controls.

PMO's relevant expenditure, estimated overall risk at payment, estimated future corrections and risk at closure are represented in Table X : Estimated risk at payment and at closure.

The estimated overall risk at payment for 2021 expenditure amounts to EUR 28,42 million, representing 0,5% of the PMO's total relevant expenditure for 2021. This is the AOD's best, conservative estimate of the amount of relevant expenditure during the year not in conformity with the contractual and regulatory provisions applicable at the time the payment was made.

A proportion of any underlying errors detected and corrected will also have an effect in subsequent years. The nature of PMO's activities, payment of salaries, pensions and reimbursement of claims, makes for an easy recovery of found errors, as corrections can be deducted from monthly salary or pension payments, with a relatively stable population (staff and their families). This implies that corrections made following the identification of systemic errors have a positive impact not only on past payments but also for the future. The conservatively estimated future corrections are not included in the calculation of the amount at risk.

The estimated overall risk at closure for expenditures and for revenues, representing 0,5% of the PMO's total financial flows, remains stable over time.

For an overview at Commission level, the PMOs' estimated overall risk at payment, estimated future corrections and risk at closure are consolidated in the AMPR.

**Table : Estimated risk at payment and at closure (amounts in EUR million)**

The full detailed version of the table is provided in Annex 9.

PMO	Relevant expenditure	Estimated risk (error rate %) at payment		Estimated future corrections and deductions		Estimated risk (error rate %) at closure	
		(3)		(4)		(5)	
		m EUR	%	m EUR	%	m EUR	%
Management of salaries, post-activity and related entitlements	5623,21	28,12	0,5%			28,12	0,5%
Management of expert and mission claims	15,55	0,08	0,5%			0,08	0,5%
Other	6,15	0,03	0,5%			0,03	0,5%
PMO operating expenditure	40,93	0,20	0,5%			0,20	0,5%
<b>PMO total</b>	<b>5685,84 mEUR</b>	<b>28,43 m EUR</b>	<b>0,5%</b>	<b>m EUR</b>	<b>%</b>	<b>28,43 m EUR</b>	<b>0,5%</b>

#### b) Fraud prevention, detection and correction

The PMO has developed and implemented its own anti-fraud strategy since 2013, on the basis of the methodology provided by OLAF. An update was launched in 2021 and the new version will be finalised and validated in 2022. Its implementation is being monitored and reported to the management at regular intervals. All necessary actions have been implemented.

The PMO also contributed to the Commission anti-fraud strategy and followed up all OLAF's financial recommendations(issued in 2017-2021).

The results achieved during the year regarding the anti-fraud measures in place can be summarised as follows:

- the legal sector ascertains the appropriate treatment of all potential cases (transfer to OLAF and IDOC ). Four cases were transferred in 2021 and these are still ongoing. Four other cases were followed up from 2020;
- in addition, the regular ex-post supervision carried out, as well as specific anti-fraud related checks are embedded in the internal control strategy. The authorising officers by sub-delegation (AOSD) report on their activities to the Head of Service with the obligation to explicitly mention any anomalies that occurred. No material issues were reported. The

degree of implementation of the anti-fraud strategy, internal control results and the evaluation of the annual risk analysis exercise covering also fraud-related risks, give reasonable assurance that the fraud risk is sufficiently managed and mitigated;

Based on the available information, the PMO has reasonable assurance that the anti-fraud measures in place are effective overall, with an additional improvement envisaged once the revised anti-fraud strategy is in place.

c) Other control objectives: safeguarding of assets and information, reliability of reporting

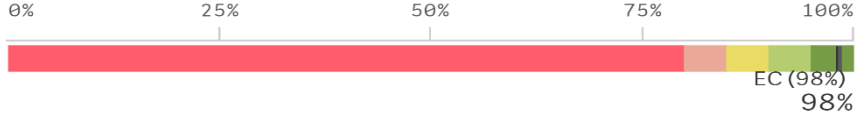
Due to the nature of the activities carried out by the PMO, the sensitivity of personal data managed and the increased importance attributed to privacy and security issues, there is particular interest in the management of information. To obtain sufficient assurance that all data processed is accurately and sufficiently protected, specific measures have been created and specific indicators are closely supervised:

- a systematic verification of all persons with access to the financial information systems was carried out.
- the exception registry was kept up to date on a day-to-day basis. Two exceptions/non-compliance events were registered during the year;
- in 2021, PMO reported 22 cases of data breach. The PMO reported each data breach, even for minor cases, when there was no risk for the data subject;
- regarding the basis on which PMO takes decisions, an indicator is used for the number of Article 90 complaints that are upheld. The indicator for 2021 was 8,8% of all complaints received. However, the decision to uphold an Article 90 complaint does not necessarily indicate that an error was committed when taking the initial decision.

Benefits of control: there are non-quantifiable benefits resulting from the controls implemented to safeguard assets. In principle, they ensure compliance with regulatory provisions and safeguard the resources, thus avoiding potential reputational risk.

Given the improvements observed and the measures in place towards a full coverage rate in the future and as no significant issue having a material impact was encountered during 2021, PMO management considers that the control results are complete and reliable and that the control objectives are achieved.

## 2. Efficiency of controls

Timely Payments	PMO Score	EC Score
	<b>98%</b>	<b>98%</b>

The delay may vary due to the technical closure of the Commission accounting system ABAC during the first two weeks in January every year, which can have a significant impact on the reimbursement of missions and experts fees. The indicator increased from 90% in 2020 to 98% in 2021.

## 3. Economy of controls

The PMO has analysed the costs and benefits of the two main control processes, i.e. ex-ante and ex-post controls. 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 cost estimates are based on the overall cost of an official or contract agent, as estimated by the Commission. The estimated full-time equivalents (FTEs) allocated to the control-related functions are validated by line managers (heads of sectors / heads of units) for each staff member separately based on the actual assignment of responsibilities and distribution of tasks.

In domain 1 (salaries, post-activity and associated entitlements<sup>5</sup>) an estimated EUR 3,14 million were invested in controlling financial transactions worth approximately EUR 5,62 billion. Thus 0,06% of the total value of transactions checked was dedicated to controls.

In domain 2 (reimbursement of medical, expert and mission claims<sup>7</sup>) an estimated EUR 0,36 million were invested in controlling financial transactions worth approximately EUR 15,5 million. Thus 2,3% of the total value of transactions checked was dedicated to controls.

In addition, the cost of coordinating data protection aspects in the PMO is estimated at EUR 95.000.

<sup>7</sup> Figures exclude extra-budgetary items



#### **4. Conclusion on the cost-effectiveness of controls**

Based on the most relevant key indicators and control results, the PMO has assessed the effectiveness, efficiency and economy of its control system and reached a positive conclusion on the cost-effectiveness of the controls for which it is responsible.

Control is inherent to the core activities of the PMO and is structured around four pillars: high level and well trained staff, control by design in our IT systems, ex-ante and ex-post controls.

To calculate the cost of control, staff performing ex-ante and ex-post controls as well as authorising expenses are taken into account in line with the annual average FTE costs including “habillage” provided by DG BUDG.

An overall estimation of the cost of control for ex-ante controls and ex-post controls, carried out in PMO (including JSIS), and for the financial verification is roughly estimated at EUR 3,56 million, which corresponds to 0,06% of total payments made by PMO (EUR 6.010,29 million). The unique nature of the PMO's activities, consisting mainly of recurrent mass payments of salaries and pensions, explains why a limited number of transactions cover a vast amount of payments. The variety of control mechanisms, but in particular the control by design and automated controls, guarantee a high degree of reliability at a low cost of control.

##### **2.1.2. Audit observations and recommendations**

This section sets out the observations, opinions and conclusions reported by auditors – including the limited conclusion of the Internal Auditor on the state of internal control. Summaries of the management measures taken in response to the audit recommendations are also included, together with an assessment of the likely material impact of the findings on the achievement of the internal control objectives, and therefore on management's assurance.

###### **➤ Audits by the IAS**

The IAS “very important” recommendations that remain opened in the context of IAS audits concluded until 31.01.22 are:

1. Audit on control strategy for the JSIS, including accidents' insurance (2018), which resulted in two recommendations rated “very important”:

- review and document the JSIS control strategy. A task force was set up to this effect and the consolidation of the control strategy in one document is to be carried out by July 2022.
- effective and efficient ex ante and ex post control. To date, the frequency of control has increased, detailed reports allow the follow-up of errors, a bi-annual report on AIPN visas is produced, and the review of General implementation provisions has started. Contacts will be made with central services to check the sampling method and a new anti-fraud strategy is to be adopted in 2022.

The shift in priorities of the JSIS community facing the Covid-19 pandemic from the onset in 2020, together with a thorough reorganisation exercise in 2021, hindered proper attention paid towards these two recommendations. Nevertheless, the actions already taken towards the implementation of the recommendations provide sufficient assurance that the latter does not have an impact on the declaration of assurance.

2. Audit on the establishment of statutory rights and calculation of individual entitlements (2021), which resulted in one recommendation rated “very important”. The IAS recommended PMO to develop a single and coherent control strategy, strengthen the ex ante controls related to the category ‘allowances from other sources’, centralise the ex post control function, revise the method for the calculation of the error rate, and update its anti-fraud strategy. An action plan has been recently adopted and provides for the inclusion of the control strategy on establishment of right and calculation of individual entitlements as part of the overall control strategy document. Ex-ante and ex-post controls will be clarified, based on a structured process with an analysis grid that will match intensity / frequency of controls with level of operational risks. The recommendation is to be implemented by July 2022. Following the reorganisation of PMO, the ex post control function is already centralised in unit PMO.7 as of 1/01/2022.

3. Audit on IT security management in the HR family (2021), which resulted in one recommendation rated “very important” on IT risk management process. An action plan has been recently adopted and includes the implementation of a continuous improvement cycle and the cooperation with other relevant departments. The recommendation is to be implemented by end 2022 and PMO intends to carry out a mid-term follow-up for state of play. Since the end of the audit, risk management for PMO systems is carried out by PMO (instead of DIGIT), additional mitigating measures are planned, and the local information security officer is more involved in this process.

➤ Opinion of the IAS

Based on all work undertaken by the Internal Audit Service in the period 2019-2021, namely,

- Audit on the establishment of statutory rights and calculation of individual entitlements in PMO (2021)
- Audit on IT security management in the HR family (2021)

and taking into account that:

- Management has accepted all the recommendations issued in 2019-2021;
- Management has adopted action plans to implement all the accepted recommendations. The IAS considers that these action plans are adequate to address the residual risks identified by the auditors
- The implementation of these action plans is monitored through reports by management and follow-up audits by the IAS;
- Management has assessed a number of action plans as implemented, which have not yet been followed up by the IAS.

The Director General of the IAS concluded that the internal control systems in place for the audited processes are effective, except for the observations giving rise to the 'very important' recommendations. These recommendations still need to be addressed, in line with the agreed action plans.

➤ Court of Auditors

In the context of DAS 2021 (launched in the second half of 2021), PMO has replied to questions and additional requests for information from the Court. A recurrent issue involved the management of family allowances for staff members. The PMO already informs regularly all the agents of their obligations to declare the allowances received from other sources. In order to reduce the risks of not declaring the amounts received, the PMO is also modernising the IT tools and reinforcing the teams in order to put in place a complete individual follow-up of each file. The PMO also follows up on the Court's recommendation to seek for a systemic exchange of data with member states on family allowances. A College decision allowing this kind of data exchange is being prepared by DG HR.

At the time of issuance of this report, the final report from the Court for DAS 2021 has not been received yet.

➤ Other recommendations

In 2021, PMO received one recommendation included in the Mediation Service 2020 annual report concerning Article 85 of the Staff Regulation (Recovery of payments). PMO has already implemented actions that respond to this, and intends to further ameliorate the internal procedures in this regard.

➤ Conclusion

The audit work and opinions by both internal and external auditors reveal that the internal control systems in place at the PMO for the audited processes give reasonable assurance regarding the achievement of the business objectives.

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

The Commission has adopted an Internal Control Framework based on international good practice, to ensure the achievement of its policy and management objectives. Compliance with the internal control framework is a compulsory requirement.

The PMO uses the organisational structure and the internal control systems suited to achieving its policy and internal control objectives in accordance with the internal control principles and has due regard to the risks associated with the environment in which it operates.

The inherent risks to which the PMO is exposed are related to the main fields of activity:

- The establishment of entitlements requires profound knowledge and experience of the staff regulations and legality and regularity criteria. A decision on an entitlement has recurring material financial implications for a long period (depending on the nature of the entitlement);
- A reimbursement claim can result from a decision made by another service

(recruitment, mission, leave, etc.) or from an individual request from a staff member. The vast number of claims, the shared responsibility with other services and the varying complexity are also inherent risks to the achievement of PMO objectives.

PMO has assessed its internal control system during the reporting year and has concluded that it is effective and the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified related to the “control environment” and “control activities” of the internal control components, mainly relating to completion of revisions in objectives, procedures and control strategies.

The improvements and/or remedial measures implemented or envisaged include the centralisation of the ex post control activities within PMO, as well as the consolidation and update of the control strategy and the anti-fraud strategy documents.

This assessment was based on interviews with all PMO units together with individual contributions received and consolidated for PMO as a whole. The evaluation of the internal control principles did not reveal material issues about the reasonable assurance given by the Head of Service, given that completion of any remaining issues was already underway. The implementation of the principles shows no deterioration compared to previous years. As a step towards further improving and strengthening the role of internal control in PMO, a particular focus has been given on including internal control issues (e.g., discussion on control reports) in the management meetings in 2021. This ensures increased awareness and participation of PMO management in the process.

PMO keeps an up-to-date register of all its exceptions and non-compliance events, which are duly notified to the Head of Service, registered in Ares and published on MyIntracomm. Three exceptions/non-compliance events were registered for the year 2021.

Further to this, a thorough risk analysis exercise in 2021 enabled the Office to update its risk registry. The risk analysis showed that the main risks are sufficiently managed by the Internal Control System. In 2021, there were no critical risks identified.

In 2021, 8 sensitive posts are still occupied by the same staff member for a period surpassing the five-year threshold due to resource constraints. A risk analysis, already performed in 2015, revealed that the most cost-efficient solution was to not remove the persons but add a level of supplementary review by management. On the occasion of the reorganisation in 2022, PMO is looking into a thorough review of the sensitive function exercise in order to assure implementation of the relevant DG BUDG guidance while taking into account the specificities and structural difficulties of PMO.

Finally, the results of ex-ante and ex-post controls carried out throughout the PMO in 2021 confirm that the total error rate remained consistently low. The ex-post results also provided assurance on the effectiveness of the ex-ante controls. The PMO is continuously reflecting to improve the cost effectiveness of its control strategy using the control results. When there are errors detected, they are immediately corrected. In cases where errors that are detected are of a systemic nature, a revision of procedures and systems takes place. The low rate of errors found in ex-post controls together with the low percentage of error established year after year by the Court of Auditors show that the internal control is effective.

#### 2.1.4. Conclusions on the assurance

The information reported in Section 2.1 stems from the results of management and auditor monitoring contained in the reports listed. These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a comprehensive coverage of the budget delegated to the Head of Service of PMO. The results of these controls and analyses are the following:

- \* The audits performed by the European Court of Auditors and the IAS in 2021 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 implementation progress;
- \* Ex-post control results did not raise any serious error;
- \* 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;
- \* Management reporting ensures that the internal control objectives are properly followed up and that Management is aware of any potential significant issue;
- \* 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-subdelegations made by PMO 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, PMO'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 PMO's reputation, occurred in 2021.

Taking into account the above elements, it is possible to conclude that the internal control systems implemented in PMO 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).

### **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 Head of Service of PMO, in his capacity as Authorising Officer by Delegation, has signed the Declaration of Assurance.

### 2.1.5. Declaration of Assurance

I, the undersigned, **Alexander Gemberg-Wiesike**

Head of Service of PMO

In my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view (8).

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.

(1) the legality and regularity of the underlying transactions and

(2) the implementation of Article 22(5) of the Regulation on the proportionate reduction of the support under the RRF and recovery of any amount due to the Union budget or the request for early repayment of the loan, in cases of fraud, corruption, and conflicts of interests affecting the financial interests of the Union that have not been corrected by the Member State, or a serious breach of an obligation resulting from the agreements referred to in Article 15(2) and 23(1) of the RRF Regulation.]

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, 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, 29 April 2022

(e-signed)

**Alexander Gemberg-Wiesike**

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(<sup>8</sup>) True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG/Executive Agency.

## 2.2. Modern and efficient administration – other aspects

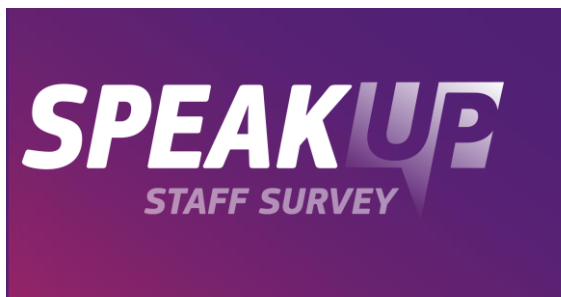
### 2.2.1. Human resource management

PMO has already achieved its individual target of one female appointment to head of unit position (College decision SEC(2020)146) and is committed to maintaining gender balance in middle management. On 31/12/2021 women occupied 62% of middle management positions in PMO.

PMO fully supports the implementation of the upcoming HR Strategy, including its translation into a local HR strategy for a modern and flexible working environment at PMO.

The main outputs in 2021 are exposed in Annex 10.

The results of the 2021 Staff Survey showed a 7% increase in the Staff Engagement Index, bringing PMO staff engagement to 65% - the target set in the 2021 Management Plan. The share of PMO respondents seeing a clear link between their job and the objectives and priorities of the Service/Office was the same as the EC average – 83%. 67% of PMO staff participating (14% more than in 2018) indicated that their managers set clear priorities and objectives, while 51% (4% more than in 2018) replied that the senior management team takes a visible leadership role. The analysis will provide further indication of which elements to pursue to increase the staff engagement and staff wellbeing in the PMO.



In addition, PMO continued to support communication to staff on corporate HR priorities by publishing available information on its intranet and through targeted communications.

During 2021, the PMO prepared a reorganisation which entered into force on 1/01/2022. The reorganisation aimed at replying to the requirements and recommendations, expressed by different corporate services, while also better equipping the PMO to face the corporate challenges ahead (Greening of the Commission, HR Transformation project), reinforcing collaboration within the PMO, increasing harmonisation and consistency to further improving the service provided to our clients. The main features of the reorganisation consisted in the suppression of one unit, the centralisation of all travel-related activities, the centralisation of the establishment of individual rights and salary payments, the creation of a central ex-post control capacity and the pooling of all IT knowledge.



The following table shows the total human resources available within the Office as of 31/12/2021 (including the OLAF Supervisory Committee Secretariat – 8 posts)

ABB Activity	Officials and temporary staff	Contract agents	Other personnel	Total
Administration	160 (1)	436 (2)	2	598

(1) 160 posts available in PMO establishment plan on 31/12/2021

(2) Total of 436 contractual agents on 31/12/2021

### 2.2.2. Digital transformation and information management

In 2021, PMO made progress in implementing the core principles for the most important IT systems (AGM – Assmal2 – Sysper Rights) as planned, in line with the 2018 European Commission Digital Strategy and the Digital Solutions Modernisation plan.

In line with the corporate approach, the PMO pursued collaboration within the HR family to set up IT data governance and to define the target application landscape for the PMO’s capabilities, in view of the future implementation of the corporate HR transformation programme (HRT). This includes the identification of roles and responsibilities and the setup of associated governance processes. Any future IT development in PMO will be done within the HRT landscape and in collaboration with the SUMMA programme led by DG BUDG.

The finalisation of the project EU login for life, originally foreseen in 2021, has been delayed due to prioritisation of Covid-19 related IT developments in DG DIGIT.

A high-level analysis was launched in PMO regarding the implementation of artificial intelligence (AI) and possible fields of application for the PMO business, for example, the life declaration modernisation through introduction of facial/digital recognition. Since the PMO is mainly dealing with sensitive, non-classified data, an analysis by the DPO is ongoing on the legal aspect of the application.

Other important developments in 2021 concerned the further extension of the PMO Mobile application. This web based, mobile application allows users to access medical, mission, expert and post activity functionalities from their phone and tablet. As from 2020, the application allowed staff to view their missions data and upload supporting documents and request insurance information as well as declare medical absences or declare Covid-19 information, directly from their mobile phones. This application fits in the mobile strategy for the HR family. In 2021, the functionality for introducing



normal medical reimbursements was added. To ensure optimal use of the new functionality, an awareness campaign was launched by the PMO communication team.

After the migration of AGM into Payment factory, the majority of payments is now processed through this portal. Fostering the “user centricity” and “once only” principles, the new platform for financial and legal information (FiLIP) within the scope of Payment Factory was launched to a pilot population towards the end of 2021 and will gradually increase in use in 2022.

In order to support the Commission’s Green Deal initiative, a screen in MiPS has been developed that provides information on the CO<sub>2</sub> impact of missions. This was further enhanced in 2021 in order to help users and managers to make the greener choice for their missions travel.

### **Data governance and data protection**

PMO ensures the safeguarding of information and IT Security. In order to protect sensitive information from being lost or disclosed, or its integrity breached, PMO makes sure that the rules on data protection and the internal rules on treatment of sensitive information are well known and being met. Additionally, access rights to the IT systems are closely monitored.

In terms of data governance, several actions have been undertaken: responsibilities were identified and formalised and the PMO dataset was entered into the EC Data Catalogue. In order to comply with data management process definitions and/or results, processes for data management will continue to be further formalised and/or performed and IT systems updated as necessary.

Finally, with regards to IT security, updated security plans of the eight main PMO IT solutions were signed off in 2021.

With regard to data protection and security, the Commission adopted a Data Protection Action Plan in 2018 (C(2018) 7432), aimed at ensuring compliance of all Commission departments with the new rules. PMO has finished the conversion of all legacy notifications into records in the new application, Data Protection Records Management System (DPMS) and 22 records covering PMO activities have been published. As requested by the DPO of the Commission all the records and privacy statements have been reviewed in 2021. The PMO has also continued with the organisation of general trainings for management and staff on regulation 2018/1725 to all PMO units, as well as continuing the specific communication/awareness campaign on how to deal with data breaches. PMO is also contributing to the corporate reflection on how to ensure respect of the Data Protection Regulation without imposing an excessive burden of services that handle vast amounts of personal data.

The PMO has devoted a considerable amount of time and efforts in putting in place appropriate technical and organisational measures to meet the requirements of accountability.

During 2021, PMO continued with its efforts to improving the awareness and sensibilisation of PMO staff as regards the treatment of personal data and will keep the focus on the compliance of all PMO activities with the Regulation EC 2018/1725. The role of Data Protection Coordinator (DPC), which for PMO was ensured by DG HR, was transferred to PMO. The Office will henceforth have its own integrated DPC, who will work in close collaboration with the services of the DPC in DG HR and the Commission's Data Protection Officer.

In 2021, the PMO put in place an additional procedure to reduce the number of data breaches (post data breaches 'audit meetings'). This procedure proved very successful and effective, and will continue in 2022, as well as training sessions on data breaches given by the DPC.

The EU-US Privacy Shield Decision was nullified in 2020 and the EU Court of Justice underlined that the standard contractual clauses (SCCs) would only be valid as far as the countries to which data are sent offer adequate level of protection to the data subjects to the level guaranteed in the EU. PMO as an operational controller has conducted an in-depth assessment of all processing operations and has provided additional information concerning the preliminary risk assessment, and mapped processing operations which involve international transfers and which are not based on contractual arrangements. This includes careful monitoring of the external contractors that need to handle some of the data under PMO's controllership.

As regards the relationships with the citizens, in conjunction with the work undertaken on notifications and records, the revision and update of privacy statements has been finalised and these have been published in the front and back-office platforms of the IT applications for which the PMO is the system owner.

### 2.2.3. Sound environmental management

The Corporate EMAS policy is implemented by the PMO. Next to the initiatives managed at central level, local actions in the PMO sites are set up for promoting an environmental-friendly working place and making better use of natural resources.

Taking advantage of existing capabilities in the applications and platforms used, the PMO uses paperless workflows for the majority procedures. Declarations and exchange of information with PMO's clients are mainly processed through online tools. For the management, payment and reimbursement of files relating to representation expenses incurred by Commissioners and Cabinet members a paperless workflow will be implemented. This represents both an increase in efficiency and a significant decrease in paper consumption, given that these files represent an average 1.100 transactions per year.

In the context of the Green Deal and the Synergies and Efficiencies objectives of the Commission, PMO launched a pilot project to bring more expertise to the function of Local Mission Officer (GEMI) and thus improve missions management at Commission level. The

pilot will contribute to raise awareness on the ecological impact of missions and to test the feasibility of taking over mission management tasks currently done in the DGs.

PMO is following up on the developments in the field of Green public procurement and adapting its procedures to the new features where applicable. Already in the field of hospital invoices, a contract to put in place an electronic platform for direct billing with the Belgian hospitals became fully operational in 2021.

Overall, continuing modernisation of IT systems and new ways of working resulted in a significant decrease in paper consumption and this evolution will continue in 2022. In addition, collaboration with DG HR on “paperless” exchanges of documents will investigate further areas of application (personnel files).

The current set-up of PMO’s buildings as a collaborative ‘open’ space facilitates sustainable ways of working and energy efficiency. The higher rate of teleworking coupled with growing use of paperless processes, collaborative tools and video conferencing reduces PMO’s environmental footprint. The concept of flexible workplace and optimisation of the available office space has proven to be efficient and will be further explored in the future. Good practices will be shared with colleagues from the other sites (LUX, ISPRA) to facilitate energy reduction in their respective buildings.