



# 2017

# Annual Activity Report

**Office for Infrastructure  
and Logistics in Brussels**



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# THE OFFICE IN BRIEF

## (1) Mission statement

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

The Office's main objectives are the following:

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

## (2) Operating context

### ✚ Governance:

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

### ✚ Organisational division:

OIB is structured around 3 departments<sup>2</sup> and other entities:

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

### ✚ Management mode:

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

### ✚ General risk environment:

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

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

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

<sup>2</sup> The last changes to the organizational chart entered into force as of 1 January 2016.

# EXECUTIVE SUMMARY

The Annual Activity Report is a management report of the Director of OIB to the College of Commissioners. Annual Activity Reports are the main instrument of management accountability within the Commission and constitutes 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>3</sup>.

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

### 1. General objective of OIB

OIB, together with other DGs and Services, contributed in the course of 2017 to the achievement of General Objective: *"To help achieve the overall political objectives, the Commission will effectively and efficiently manage and safeguard assets and resources, and attract and develop the best talents."* defined by the 10 priorities of President Juncker and by the mission letter and specific mandate addressed to the Commissioner for Budget and Human Resources, Mr Oettinger.

### 2. Specific objectives of OIB

#### Real Estate

In 2017 OIB followed-up on the real estate planning defined by in the Multiannual Policy Framework (MAPF) and endorsed by the management committee of OIB. Its long-term priority is to redevelop and renovate owned property with, where possible, a net capacity gain and a renewal of leases, where economically interesting within a well-controlled budgetary evolution.

- Following the approval of Commissioner Oettinger received in September 2017 the tender for a new conference centre replacing the Albert Borschette conference centre (CCAB) in the extended European Quarter was published in December 2017 estimating delivery of the new centre in 2023.
- Programme for the redevelopment of the L130 site is carried out in close coordination with the Brussels Capital Region (BCR). The principles of the project have been approved by Commissioner Oettinger in September 2017 and the launch of the international architectural competition is scheduled early 2018.
- The future redevelopment of PALM building into a nursery and multi-functional area was deeper analyzed taking into account alternative architecture solutions, its future functionalities and related costs of works. The request for a building permit was launched in December 2017.

The creation of new Task-forces within the Commission as well as the staff reinforcements for some priority DG's have led to an increased dispersion of services imposing bigger implications on the efficiency of the allocation of office space. Therefore, the optimisation of the available office space becomes more important and application of the Housing Conditions Manual (MCH) supports its gradual achievement. Nevertheless,

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<sup>3</sup> Article 17(1) of the Treaty on European Union.

the collaborative office space layouts are applied whenever a justified request comes from a DG and the technical constraints of the building allow it.

In 2017, OIB delivered the following:

- The transformation of the B-28 building into complete collaborative office space based on an analysis that was carried out at the request of DG DIGIT; OIB continued regrouping of some DGs presently located in different buildings most notably for DGs HOME, JUST, EMPL and TAXUD.
- OIB received agreement from DG AGRI to regroup all its services in the L130 in order to make the L102 building available for DG SCIC who vacated the B100 building in October 2017 (abandon of this building end of December 2017).

A good quality of the Commission buildings and offices is ensured through the multiannual preventive maintenance defined by a good state of building policy (BEBA). In 2017, works continued as planned and included the complete transformation of one building into collaborative office spaces in its entirety.

OIB elaborated an action plan on buildings accessibility for people of reduced mobility (PMR) which will be carried out in 2018 and includes the placement of tactile tiles at the entrance of Commission buildings, compliance of car parks with the rules in force<sup>4</sup>, accessibility to auditoriums in MADO and BREY and specific accessibility works beyond current regulations as part of the BEBA and/or building transformations.

OIB analysed the potential to renegotiate current leases, provided that the buildings involved keep on meeting Commission security, economic and environmental performance requirements. On this basis, the prolongation of two buildings were concluded (CDMA and B-28) and a number of lease prolongations continued to be renegotiated (i.e. notably the G-1, G-6/8, G-12, buildings) to ensure availability of office space.

Following agreed terms and conditions for an exchange of lands between the Commission for the Haren site (HTWG) and the STIB (NOHE warehouse) put in place during 2016, the signature of the exchange the authentic act between the Director of OIB and the Director-General of the STIB was signed on 19 May 2017.

Having in its administrative portfolio 65 buildings, OIB ensures implementation of provisions of the European Energy Directive (EED) on the energy performance of buildings<sup>5</sup>. A global 2017 – 2020 annual action plan for technical/investment measures started as of January 2017 introducing several energy and water savings measures. Additional horizontal measures were continued substantially contributing to the global saving.

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

Following the adoption of the Commission Communication (SEC(2016)170) on “*Synergies and efficiencies, New Ways of Working*” OIB was mandated with a new mission of implementing the Synergies and efficiencies for logistics. Three main goals for the Logistics part were set-up: centralization of mail distribution, setting up a Space Design Team for reorganizations of DGs and management of office moves; creation of a network of 18 Logistics Proximity Teams delivering local logistical services to the Commission staff.

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<sup>4</sup> The Regional Regulation of Urbanism, Title IV Buildings accessibility for persons with reduced mobility.

<sup>5</sup> Directive 2012/27/EU of 25/10/2012.

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

The new warehouse in Neder-Over-Hembeek was fully operational in September 2017 after the move of 15,000 stock goods over the summer. Following the centralisation of the triennial inventory at OIB as a result of the "Synergies and efficiencies" communication, the first exercise started in 2017 already led to a quality increase in the physical inventory. In parallel OIB successfully managed a considerable workload for writing-off procedures.

### **✚ Mobility:**

OIB conducted together with the Brussels Region and DG HR the analysis of the commuting time to work of the EU staff, for each mode of transport and according to their place of residence and building location. The main purpose was to identify areas where public transport infrastructures or frequencies and cycling network could be improved, in order to further encourage staff to use more sustainable modes of commuting. The results show that the car remains the fastest mean of transport for the majority of colleagues, due namely to the location of their residence to work, before the bicycle and then public transport.

### **✚ Catering services:**

After three years of functioning, the catering concessions have been financially stabilized and have attributed to improvement in clients' satisfaction compared to previous years. Further improvements on services in line with '*fit@work*' initiative as well as EMAS guidance are put in place. The catering services for one of the childcare sites (G-6) have been also successfully outsourced to one of the concessioner.

### **✚ Childcare services:**

Childcare services have continued to be adapted to an increasing demand bearing in mind budgetary constraints. The focus has therefore been placed on increasing the capacity. For nursery and kinder-gardens, 60 additional places have been contracted on the local market in 2017. Up to a maximum of 700 extra places<sup>6</sup> could be contracted as a result of the call for tender concluded at the end of 2017. For afterschool childcare a capacity increase of 19% has been achieved in 2017 thanks to an enhanced cooperation with the European Schools and by engaging external providers.

### **✚ Organizational management**

Diminishing resources and the staff rationalization processes ongoing in the Commission required further adaptations of working methods. The centralised HR management, at a time when OIB was mandated by additional resources (from the centralisation of logistics staff), provided a particular management challenge, notably for the OIB HR Business Correspondent team and managers in general.

Simplifications and improvements in financial management were facilitated by the paperless working method, which were further developed and reinforced with IT applications (SAM, PPMT, e-invoicing). The allocation of the budget in line with priorities was ensured through regular screening and corrective adaptations. The new Internal Control Framework was implemented to strengthen the processes needed to provide the reasonable assurance.

OIB was committed to an objective on delivering greater efficiency and effectiveness, both in the solutions proposed and in the allocation of resources.

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<sup>6</sup> Bringing the total offer on the local market to 1200 nursery and kindergarten places.

## b) Key Performance Indicators (KPIs)

Performance Indicator	Target 2020	Latest known results (2017)								
Net office surface available per workstation.	12 m <sup>2</sup>	Current state: +/- 13 m <sup>2</sup> (Collaborative space deployment should contribute to the achievement of this indicator) Source of the data: OIB data								
The general quality of offices	Improve results in the next 2017 survey, getting back to 2013 figures (62%) (intermediary 2017 target).	<p>On the basis of the 2017 general staff satisfaction survey on services provided by the Offices (OIB, OIL, PMO) conducted by DG HR – draft results available at the moment of publication of this report.</p> <p>Important to note that methodology has changed in 2017 survey in order to obtain an overview on the changes introduced to the office arrangements in the Commission, therefore results of former years are not comparable.</p> <div data-bbox="810 817 1246 1019" data-label="Figure"> <table border="1"> <caption>Overall satisfaction with the quality of offices</caption> <thead> <tr> <th>Office Type</th> <th>Satisfaction Rate</th> </tr> </thead> <tbody> <tr> <td>Individual office</td> <td>72%</td> </tr> <tr> <td>open office</td> <td>48%</td> </tr> <tr> <td>shared office</td> <td>55%</td> </tr> </tbody> </table> </div> <p>Source of the data: DG HR</p>	Office Type	Satisfaction Rate	Individual office	72%	open office	48%	shared office	55%
Office Type	Satisfaction Rate									
Individual office	72%									
open office	48%									
shared office	55%									
Staff satisfaction rate with self-service restaurants.	Keep satisfaction rate stable	The 2016 satisfaction survey was launched in December 2016/January 2017 by OIB /DG HR. 2017 results vs 2015 data: Self-service restaurants: 62% satisfied (+5 points) Cafeterias: 69% satisfied (+ 3 points) Source of the data: OIB/DG HR								
Childcare requests received during the year exceeding available places	<p>Offer equals demand 2015 levels: Nursery: demand 21% above the capacity;</p> <p>Afterschool childcare ratio: demand 12% above the capacity</p>	<p>2017 data: Nursery: demand 8.5% above capacity (as of end Oct 2017) After-school childcare: demand 4.9% above capacity (as of end Oct 2017).</p> <p>2016 data: Nurseries: demand 10% above capacity After-school childcare: demand 11% above capacity Outdoor childcare: no waiting list Source of the data: OIB</p>								
The residual error rate (RER)	<2%	0,01 % (no serious error detected <sup>7</sup> ) Source of the data: OIB								

<sup>7</sup> Serious error (level 1) that should be considered by the AOD when giving its assurance in the AAR.

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

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

The Commission has adopted a set of internal control standards/principles, based on international good practice, aimed to ensure the achievement of policy and operational objectives. The financial regulation requires that the organisational structure and the internal control systems used for the implementation of the budget are set up in accordance with these standards/principles. OIB has assessed the internal control systems during the reporting year and has concluded that the internal control standards are implemented and function as intended. Please refer to AAR section 2.1.3 for further details.

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

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

## **d) Information to the Commissioner**

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



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

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

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

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

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

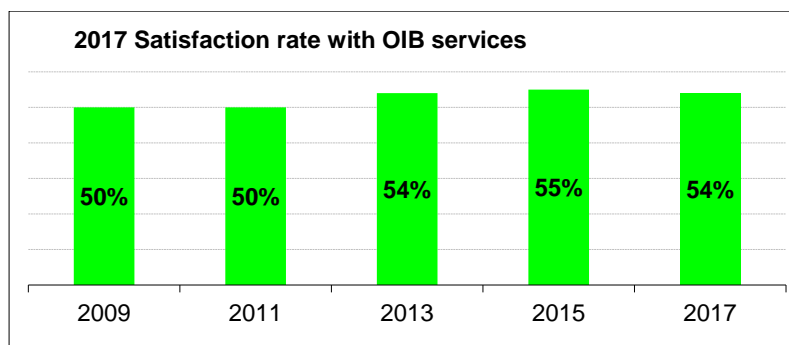
Taking into consideration the evolving needs, requirements and restrictions in available resources, OIB throughout 2017 continued its efforts to maintain a stable staff satisfaction rate with the provided services evaluated through the Staff Satisfaction Survey on service provided by the Offices (OIB,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

### 2017 Staff Satisfaction Survey results<sup>8</sup>:

The Staff Satisfaction Survey conducted in 2017 reveals a stable level of satisfaction since 2009, showing that a majority of staff (54%) is satisfied with the overall services provided by OIB, giving a rating of at least 7 out of 10. Only 14% of the staff was dissatisfied and rated these services below 4. With these results, the positive trend since 2009 continues, albeit in small steps. The share of dissatisfied staff members reduced slightly from 16% in 2015 to 14% in 2017.

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<sup>8</sup> Draft results available at the moment of publication of this report.



In general staff satisfaction survey, the Commission staff engagement index is at the level of 64% revealed in the 2016 survey:

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

☒ Non programme-based

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

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

Criteria: % of staff satisfaction

Baseline (2014)	Latest known results (2017)	Target (2020)
65%	64,3% in 2016 survey No survey in 2017.	Raise

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

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

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

#### 1. Buildings, infrastructure and space planning

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

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

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

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

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

OIB analysed the potential to renegotiate current leases, provided that the buildings involved keep on meeting Commission security, economic and environmental performance requirements. On this basis, a number of lease prolongations are being renegotiated (i.e. notably the G-1, G-6/8, G-12, buildings) to ensure availability of office space.

Renegotiations for the prolongation of leases for B-28 and CDMA were concluded and following the inter-services consultations and the consultation of the two branches of the budgetary authorities the lease extensions were signed in September 2017. The second phase of renegotiations could start in early 2018 (BU24, MO34, J-27, L-56, LX40, N105, DAV1 and KORT).

In collaboration with DG COMM, OIB also prolonged the current lease of the RP14 building by one year, to 31.12.2018, and prepared a prospection notice for a new information centre which should be made available by mid-2019 at the latest. The prospection was published and the offers received and evaluated. The Real Estate Committee will be consulted shortly in order to have their approval to open negotiations with the selected candidate.

Moreover, OIB accomplished in 2017, the following:

- Negotiations for the housing the executive agencies located in the COVE complex (EASME, REA & ERCEA) in order to meet their requirements by the end of 2017.
- Prolongation of lease of W910 building (INEA).

### 2. Renovation/redevelopment programme:

In principle, the following mid-term redevelopment programmes should be finalised between 2021 and 2024:

- CCAB centre:  
Following the approval of Commissioner Oettinger received in September 2017 the tender for a new conference centre replacing the Albert Borschette conference centre (CCAB) in the extended European Quarter was published in December 2017 estimating delivery of the new centre in 2023. Afterwards, it could be foreseen to redevelop the site of the current CCAB into an office building which would increase the Commission's owned office space by +/- 20,000 m<sup>2</sup>.
- Redevelopment of PALM:  
The future redevelopment of PALM building into a nursery and multi-functional area was deeper analyzed taking into account alternative architecture solutions, its future functionalities and related costs of works; the request for a building was launched in December 2017 and it is foreseen that works will start in mid-2019 to be finalised at the end of 2021.
- Redevelopment of VM-2:  
The proposed redevelopment of the VM-2 building has been postponed following the request of the European Economic and Social Committee and the Committee of the Regions to continue to rent the building until the end of 2021 (the Commission originally requested that the Committees vacate the building at the end of 2018). OIB continued to analyse the redevelopment potential of this site and has had numerous contacts with the Brussels Capital Region on this subject. It is now foreseen to start works in 2022 and provisionally accept the new building in 2024. In parallel and following contacts between the Presidents of the Committees and Commissioner Oettinger, OIB has expressed its openness to assess potential

alternative proposals made by the Committees that could ensure the same level of environmental, technical and financial features as those requested for the redevelopment.

- L130 redevelopment programme:  
Preparation of the architectural competition documents for L130 redevelopment – programme for the redevelopment of the site is carried out in close coordination with the Brussels Capital Region (BCR). The BCR is still in the process of detailing and adopting new urban planning rules. The principles of the project have been approved by Commissioner Oettinger in September 2017 and the launch of the international architectural competition is scheduled early 2018.
- Redevelopment of BU site:  
OIB continued to prepare the launch of procedures for the redevelopment of the BU29-31-33 buildings. It was initially foreseen for works to start in 2019/20 and to be finalised by 2022; however, due to delays in the preparation of new town planning instruments it is now foreseen that works start in mid-2022 and be finalised by the end of 2024.
- OIB continues to collaborate with DG HR.DS for the realisation of the new welcome centre on the esplanade of the BERL building.

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

OIB, elaborated a proposal for a simplified prospection notice to be published in early 2018 outlining upcoming Commission office space needs and requesting the Brussels real estate market to supply information of their on-going or upcoming projects which would be saved in a dedicated database.

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

In the new office arrangements, OIB gradually introduces modern collaborative working spaces equipped with new ergonomic furniture, modern colour designs and alternative solutions for social areas and conference spaces. Introducing a project of collaborative space is accompanied by a staff consultation and a set of measures aimed at ensuring staff buy-in.

A new Space Design Team was also created in OIB in January and February 2017 to assist DGs with moves and space reorganisation. While the organisation of structural moves has gone smoothly, difficulties have been encountered with the organisation of punctual moves; an analysis of the workflows is ongoing in order to improve the situation in 2018.

OIB has produced a report on the state of the Synergies and Efficiencies – logistic exercise 6 months after its roll-out which was orally presented to the resources directors during their meeting on 19 December 2017 and sent to Commissioner Oettinger in January 2018. A further presentation to the resources directors is foreseen in March 2018 which will deal specifically with the organisation of moves.

In particular, OIB obtained in the course of 2017 the following:

- Finalised transformation of CSM1 into collaborative offices (8 floors completed in 2016).
- Transformation of B-28 into collaborative working space (partial) carried out at the request of DG DIGIT based on a preliminary analysis. OIB continued regrouping of some DGs presently located in different buildings most notably for DGs HOME, JUST and TAXUD and received agreement from DG AGRI to regroup all its services in the L130 in order to make the L102 building available for DG SCIC who had to vacate the B100 building by September 2017 (abandon of this building end of December 2017).

- OIB provided assistance, at the request of DG NEAR, to the consultation of its personnel with regard to the transformation of the L-15 building to collaborative office space so that the DG can be housed in one building rather than the three buildings which it currently occupies. The final report was presented to DG NEAR in December 2017; in February 2018 DG NEAR informed OIB that as no alternative building was available to mitigate the negative impact of the construction works necessary to transform L-15 into collaborative offices, DG NEAR concluded that the conditions to move forward with the project were currently not in place.
- Accomplished/on-going negotiations for the housing of the executive agencies located in the COVE complex (EASME, REA & ERCEA) in order to meet their requirements by the end of 2017.

#### 5. Implementation of a REMIS in order to facilitate and improve the space and move management:

The implementation of the ARCHIBUS software begun in 2017. The purpose is to rationalize the IT tools for the entire RE department. The space module is implemented in close internal collaboration of relevant OIB services: space management, and space design teams and IT team. The go live of the space and move management module is scheduled for June 2018.

Implementation of phase 1 – real estate portfolio management and contract management has been completed. The module entered in production on 1 January 2017 and is the reference base to feed systems which publish information on Commission buildings in Brussels (My IntraComm, Europa, Where2Go). Complementary modules (contract management, indexation and agency re-invoicing) entered into production in December 2017 so as to be used at cruise speed as of 1 January 2018.

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

- Lease prolongations: on-going consultations and negotiations of the prolongation of certain leases due to expire as of 2018.
- Re-scheduled international architectural competition for L130 redevelopment – the launch is scheduled for early 2018.
- PALM redevelopment preparation – the request for building permit was sent in December 2017.
- On-going consultations on the redevelopment of BU29/31/33 and VM-2.

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

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

#### 8. The 2017 General Staff Satisfaction Survey on services provided by Offices (OIB, OIL, PMO)<sup>9</sup>:

- Buildings:

The satisfaction scores for staff in most buildings are not significantly different from the overall average, but a small number of buildings stand out positively and negatively. In four buildings, staff are significantly more satisfied with OIB services; in Cours Saint-Michel 1 (CSM1), Science 11 (SC11), The Pavillon (SPA2) and the Berlaymont (BERL) respondents on average rate OIB services above 7 in each building. On the other end of

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<sup>9</sup> Draft results available at the moment of publication of this report.

the scale, Montoyer 15 (MO15), Josef II 54 (J-54), and Josef II 27 (J-27) receive the lowest average satisfaction scores.

➤ Location of the buildings:

The accessibility by public transport remains the most important aspect regarding the location of an office building (mentioned by 68% of respondents), while the availability of parking spaces and accessibility by car is mentioned considerably less (25% and 21% respectively). Other important elements are localisation in the European Quarter (44%), and proximity to place of residence (mentioned by 39% of respondents). These elements also remained roughly in the same order as in 2015.

➤ Office arrangements:

The satisfaction with the general office environment is an important factor explaining overall satisfaction with OIB services, and is improving since 2015.

Overall, the lowest satisfaction scores can be found for respondents in open offices (48%), while respondents in individual offices are most satisfied on almost all physical elements (72%). Respondents in shared (55%) and open office most often complain about noise and the lack of privacy in these offices.

In comparison to earlier years, generally a positive trend can be observed. Satisfaction with the overall office quality, office supplies and cleaning have improved in comparison to earlier years, while other elements have remained relatively stable.

Conclusion: Although the general real estate provisions impose office space reductions, targeting economies, OIB continues its efforts to implement the best possible solutions matching guidelines with needs and well-being of staff. The execution of the real estate policy planning managed by OIB is on course to meet its multiannual objectives and has achieved the annual performance indicators and outputs in the reporting year.

## 2. Quality of office space

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

To improve the quality of available office space and social infrastructure, works were pursued in line with BEBA<sup>10</sup> programme.

OIB continued the analysis of buildings, where the replacement of lifts or other installations such as fire detection would be necessary taking into consideration budgetary and renovation planning. Standard works, cabling or the technical upgrade of the data network infrastructure were executed throughout 2017 in accordance with DG DIGIT's priorities and budget limitation.

In the course of 2017, OIB executed the following works:

**1. Good state of buildings and office space works carried out:**

- Technical installations: lifts in BERL, BREY, BU-1.

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<sup>10</sup> A good state of buildings policy.

- Launched tender procedures to renovate the facades of CSM1 and L-86 (street side) buildings in 2017. The contracts were signed and works started in CSM1 in October 2017 and are scheduled to be completed in June/July 2018. Mock-up works for L-86 will start in March 2018 and the actual renovation works are scheduled to start in June 2018 and be completed by the end of the year.
- Works started to transform the B-28 building into collaborative office space and were finalised at the end of January 2018.
- New showers ('Fit@work' programme): OIB analysed the creation of extra showers in the L-86, BU-5/-9, MO34, J-59, L-15, J-27, MO59, L-41 and ORBN buildings in 2017. Works are being carried out during the first quarter of 2018.
- Refurbishment works were carried out in L102 before DG SCIC moved into the building in October 2017. A similar project took place in LX46 as requested by DG HOME.
- Adaptations of buildings accessible to people with disabilities: during refurbishment works in the B-28 and L102 buildings works have been identified to adapt the entrances for PMR access. A study is also ongoing to place tactile tiles at the entrance of Commission buildings; ensure compliance of car parks with the rules in force (dimensions and number of parking places/building); make the auditoriums in MADO and BREY easily accessible by the placement of platforms; Specific accessibility works (where possible) beyond current regulation as part of the BEBA and/or building transformations.

## 2. Building renovations:

- Works were carried out in the B100 before its abandon by the Commission in December 2017.
- Continued studies for the structural renovations of BU29/31/33 and for VM-2 and PALM.

## 3. Other:

- OIB is collaborating with DG HR.DS for the construction of a welcome centre in front of the BERL building.
- A pilot project was launched to place charging stations in a limited number of buildings; infrastructure works almost completed by the end of 2017. The modalities on the running of these charging stations are being discussed internally in OIB.

## 4. Delays / carry over to 2018:

- On-going structural works: renovation of the facades of L-86 (2<sup>nd</sup> phase) and CSM1.
- Abandoned shower works: the number of showers in MADO is defined as satisfactory in accordance with BREEAM criteria; 6 showers were already installed in CHAR building in 2016; renovation of showers at ORBN building are on-going and other buildings are scheduled for early 2018: J-59, MO34, L-15, BU24, MO59.

## 5. The 2017 General Staff Satisfaction Survey on services provided by Offices (OIB, OIL, PMO)<sup>11</sup>:

The temperature of the offices receives the lowest scores among all elements in this category: 41% in individual office and 27% in open office. The noise as an element disturbing the 'focus' mode of work was assessed at the level of 57% in individual office and 24% in open office.

Given its importance for overall satisfaction with OIB services, these physical elements

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<sup>11</sup> Draft results available at the moment of publication of this report.



should receive more attention in 2018 improvements.

Based on a priority analysis for all OIB services, the outcomes of the survey suggest increasing further attention for the provision of fitness and wellbeing facilities (including showers) having 27% of staff satisfied.

At the same time, an improvement can already be observed in comparison to 2015, which shows that undertaken efforts are beginning to bear fruit. The open comments received suggest that particularly the provision of showers in buildings is an important factor for respondents to be satisfied on this element.

Conclusion: OIB accomplished its annual objective for the renovation and constructions works and where necessary, has implemented the corrective measures to mitigate problems identified in the course of year. The multiannual objectives for the renovations and construction planning shall be met, provided that the budget allocations are secured.

### **3. Services provided to other EU institutions**

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

In the context of providing support to EU Institutions and executive agencies in the management of their facilities, OIB delivers services on the basis of SLAs. These services generate revenue of approximately 5% of the OIB's 2017 budget<sup>12</sup>.

#### **1. Internal administration of SLAs:**

- The SLAs are regularly updated in compliance with new demands or conditions.
- The new SLA for EACEA, which moved to three EC buildings (namely J-59, J-70 and SPA2) was signed during the course of 2017 and new SLA was signed with the Council to rent a part of the NOHE (central warehouse) building.

#### **2. Delays occurred in the course of 2017:**

- Charge-back process to reach the compliance with DG BUDG guidelines, is under discussion with DG BUDG.
- The convention between the Commission and the Belgian Federal Administration on the transfer of ownership of 54 parking spaces in the BERL is delayed due to problems in receiving final agreement from the holder of the land rights on the transfer.

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

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<sup>12</sup> Services within Real Estate activities.



## 4. Implementation of EMAS principles applicable to buildings

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

OIB ensures implementation of provisions of the European Energy Directive (EED) on the energy performance of buildings<sup>13</sup>. The objectives of the EED consist in the refurbishment of at least 3% per year of buildings owned by the Commission or an equivalent energy saving in these buildings<sup>14</sup>. With the EMAS target of 1% energy savings per capita, the EC goes beyond the objectives defined by the Brussels Capital Region.

A global 2017 – 2020 EMAS yearly action plan for technical/investment measures started as of January 2017 introducing several energy and water savings measures: such as the installation of presence detectors, replacement of fluorescent by LED lighting (mainly in car parks), and tap aerators. Other measures include the insulation of heating pipes and the reduction by ½ hour of the heating hours of a test group of buildings.

Additional horizontal measures, such as the automatic switch-off of PC's (project led by DG DIGIT) and the reduction by one hour of heating and ventilation of all buildings on Fridays were continued substantially contributing to the global saving.

#### 1. EMAS certified Commission buildings:

- The procedure to include the building EEAS in the EMAS certification scope was initiated, with visits both from the IBGE as well as the internal EMAS auditor.
- Close follow-up and proactive resolution of the NC (Non-conformities) opened by the EMAS internal audits carried out during 2016: launched measures for all of the Non-Conformities mentioned in the report; follow up on the 2016 external audit.
- Internal audit for spot-checks for 8 buildings (EEAS, F101, L-56, J-27, J-70, CDMA, MO34, VM18) was realized in March 2017. The Commission is committed to the exemplary role of its buildings and OIB has a specific action plan to comply with the Energy Efficiency Directive.
- The effects of the energy and water savings measures set-up by OIB's Energy Task Force and implemented in 2017, were reviewed. The first phase of new measures has been launched in 2017 in buildings having a high energy savings potential. A global 2017 – 2020 action plan for technical/investment measures is being developed looking at new measures, namely on regulation, that will ensure the expected results.
- The implementation of the COBRACE<sup>15</sup> rules: No buildings have been concerned so far, except in the case of the BU25 carpark, where an Impact Analysis (*Étude d'incidences*) was carried out and sent to the IBGE<sup>16</sup> in order to justify its use as a dissuasion car park for staff commuting between the South/ South East side of Brussels and the European Quarter. Furthermore, OIB, with DG HR, actively participates in a new working group set up by the Brussels Capital Region (in which IBGE and Brussels Environment are present) regarding on how to move forward with the implementation of the COBRACE for the Commission buildings in general.

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<sup>13</sup> Directive 2012/27/EU of 25/10/2012.

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

<sup>15</sup> Brussels Code on Air, Climate and Energy Efficiency ("Code Bruxellois de l'air, du climat et de la maîtrise de l'énergie").

<sup>16</sup> IBGE: "Institut Bruxellois pour la gestion de l'Environnement", in charge of delivering environmental permits for buildings in the Brussels region, and in charge of implementing the COBRACE legislation.

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

- Delivered specific EMAS communication campaigns and awareness raising actions in cooperation with DG HR and EMAS network (2017 EMAS communication plan; mobility campaign; communication to the occupants of the buildings where technical improvements were made in 2017; several "Staff matters" articles, Organisation of different events in the framework of the Green Week (June 2017).

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

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

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

OIB implements the applicable Belgium legislation on the Prevention and Protection at Work, which served the basis for the 5-year Commission Global Plan currently under implementation. The Plan addresses the issues detected in several risks analysis carried out on different categories of professions.

Health and safety measures important in the working environment engage the employer ensuring that rules are put in place but also engage the staff who plays a key role in respect it. In order to build up the staff awareness on prevention and protection measures, several trainings, informative brochures and publications as well evacuations exercises were continued in the course of the year.

Within the framework of integrated at the corporate level, competencies of Equal Opportunities, welfare and '*Fit@work*' policies, OIB participated in the steering committee of the '*Fit@work*' initiative, in the analysis of the 2017 general staff survey and in several working groups (e.g. psychosocial risks at work).

In 2017, OIB followed-up on:

### 1. Regulatory responsibilities:

- OIB delivered an updated 2017-2020 Global Prevention and Protection Action Plan and communicated it to the Committee for Prevention and Protection at Work (CPPT) by end of June 2017.
- Delivered risk analysis performed in accordance with the Sobane Deparis methodology for the following OIB posts: Head of Unit and Deputy Head of Unit (Units concerned: childcare department).

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

- Finalised risk analysis: (1) for electrical installations in the buildings: BU24, BU25, BU29, BU31, BU33. On-going finalisation of analysis in the buildings: BERL, CHAR, DAV1, EEAS; (2) fire risk analysis for a typical building according to the new legislation.
- New evacuation plans were delivered for 7 buildings: J-79, BU29, BU31, BU33, DM24 and DM28. Carried out the evacuation exercise for all EC buildings in Brussels, following the evacuation procedure in the framework of the yellow alert (except for nurseries and after-school childcare facilities). All evacuation exercises foreseen were organized in 2017.

- Followed-up on the asbestos inventory for all EC buildings in Brussels, (delivered assessment and follow-up for the hoppers and doors lifts).
- Carried out the meetings with the safety advisers of external companies on exchange of information concerning: fire/work permissions; transmission of the asbestos inventory and the Health and Safety Plans. OIB delivered revised procedures for issuing and monitoring of fire and work permits and followed-up on the development and the receipt of the "*Plan Particulier de Sécurité et de Sante*" (PPSS).
- Technical controls were carried out: diagnosis/assessment of air-conditioning systems older than 15 years in 24 buildings (B-28; B100; BU-1; BU-5; BU-9; BU24; BU25; BU29; BU31; BU33; G-1; G-6; G-12; J-27; J-54; J-70; J-99; L130; MADO; MO34; N105; SC11; VM-2; VM18).

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

- Contributed to the working groups (1) "*Comité de Pilotage des Risques psychosociaux*"; (2) the CPPT (the Committee for Prevention and Protection at Work) working groups; and (3) the "Diversity Cross Cutting" project on disabilities.
- Ensured integration of the competences of '*Fit@work*' programme within OIB: organised and followed up of targeted meetings on implementation of the '*Fit@work*' framework programme.
- Published communication campaigns on Prevention and Protection at Work: electronic brochures were made available through webpage '*fit@work*'; Participation in different initiatives: "equal opportunities", "happy or not", '*fit@work*'; Implemented the final phase of the 'take the stairs' action; the posting of labels is scheduled for 2018.

### 4. The delays / carry over to 2018:

- DG HR carried over to 2018 the water audit.
- Re-started fire risk analysis for every building in Brussels in accordance with the new model (its five-year programme).
- On-going organisation of the fire-fighting service with the collaboration of DG HR.

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

## 1.2.2 Achievement of specific objectives within Logistic Services

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

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

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

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

OIB has launched the introduction of the synergies and efficiencies within the logistics domain:

- Creating a new "space design team" in charge of improving the efficiency of the office space design, especially while a DG is reorganising or moving offices: the calls for expressions of interest were launched, interviews were carried out in September 2016 resulting in 14 staff members being selected. The team has been in place since 1 April 2017.
- After the initial period of testing the formula of Logistics Proximity Teams with a limited number of DGs the proximity teams rolled out for all services (except the Berlaymont and DG HR where it will be done at later stage) on 1 April 2017. 18 teams are delivering daily logistic services to Commission staff, such as ordering office supplies, delivering office furniture, assisting with moves, checking the good state of buildings and assuring technical interventions when needed, as well as acting as the contact point for all questions related to OIB services.
- Changing the mail distribution by replacing the point-to-point distribution model by a central drop point per building or section of building. The new mail distribution model has been tested in a pilot project in 5 buildings. The regular mail and registered mail are now delivered to a central point in the DG for further distribution or to a single point of contact in case of registered mail and the recipient is invited by email to collect it (except for Berlaymont and DG/HR).

#### 2. Supplies, work space equipment and removals:

- Following the signature of the Act in May 2017, OIB had moved to the new warehouse in Neder-Over-Hembeek (NOHE) by September 2017, where it took over direct management of its area of 7,500m<sup>2</sup> (it was managed by a contractor in the former warehouse). The new warehouse was fully operational in September as scheduled after the move of 15,000 stock goods over the summer.
- OIB continued replacing swivel office chairs with ergonomic ones: 10,300 were already replaced by the end of 2017. By end 2018, the program to replace in total 12,500 chairs between 2016 and 2018 will be concluded.
- The main 2017 workspace equipment projects regarded the furnishing and decoration of full office buildings such as MERO, MO15, CSM1 and B28, as well as numerous entry halls, social corners and cafeterias. It must be noted that part of the furniture installed in B28 is made of used office desks of the Commission that were transformed into new furniture items such as footstools rather than discarded.
- As contribution to the pledge taken by the Commission at the "Our Ocean" conference held in Malta on 5-6 October 2017 on the reduction of single-use plastic, OIB started in August 2017 replacing single-use plastic cups with paper/PLA cups at the water fountains and vending machines. OIB also organised their sorting, collection and recycling.

#### 3. Inventory management:

- The quality of inventory management benefited from the synergies in the area of logistics. The inventory functions (GBIs)<sup>17</sup> located in the different buildings phased

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<sup>17</sup> GBI (*Gestionnaire des Biens Identifiés*) dealing with local inventories located in each buildings

out as of April 2017 while the inventory sector at OIB was slightly reinforced. This new team started a review of the triennial inventory procedures, and triennial inventory was performed by the central team for the first time. This has already led to a significant quality increase in the logistic inventory by end 2017.

- In parallel OIB successfully managed a considerable workload for write-off procedures: 247 files representing 43,169 items in 2017, compared to 61 files and 22,874 items in 2016.
- The pilot project for testing the RFID<sup>18</sup> labelling system was launched at CSM1: configuration of printer for the two types of labels, placing of labels on some equipment and scanning. RFID aims at facilitating and improving inventory management further and the first tests highlighted technical challenges that must be addressed before the relevance of RFID for inventory management and the best way-forward at the Commission can be established. Decision was taken to revert to the consultancy services of external independent experts on those points.
- 2017 was the first year of the new triennial tracking period 2017-2019, with the estimated target of 400,000 goods that need to be tracked. Despite the reorganisation, the new warehouse and the write-off files activities, at the end of 2017, OIB has reached the tracking rate of 33.2%.

#### 4. Printing services:

- The effectiveness and efficiency of reproduction and printing services has been improved through new printing management software, advice to Services, improved planning and monitoring of production, revision of costs and management of stock. This new system named 'MyOIBprint' was put into production at the end of 2017.
- OIB reinforced its printing capacity through installing new module allowing printing new media (flyers, special flags, films) in a "large format".
- In 2017, OIB provided creative and high quality graphic design and printing services for events such as EMAS campaigns, the SAR Project (Search and Rescue of the Galileo service)<sup>19</sup>, "fit@work" initiatives, synergies and efficiencies, "Our Ocean" conference held in Malta in October 2017.

#### 5. Staff Mobility Plan:

- OIB relaunched in 2017 the discussions to develop a new EC staff mobility plan. The objective is to reinforce the measures that encourage staff to use sustainable means of transport. Works will be continued in 2018.
- In parallel, to comply with the Brussels Region requirements (*PDE - "Plan de Déplacement d'Entreprise"*), OIB performed in June 2017 a survey on staff commuting means. The results of the survey will be taken into account in the new mobility plan.
- In May 2017 a bike-to-work challenge called "*VéloMai*" was organised by DG HR and OIB (with the support of DG MOVE, EASME and EUCG). Colleagues across the Commission challenged each other for the highest number of bicycle rides. This initiative is part of the '*fit@work*' and staff mobility policy of the Commission. Its main objective is to promote the use of the bicycle as a healthy and sustainable

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(or group of buildings).

<sup>18</sup> "Radio Frequency Identification" (RFID): the tool which gives the possibility, by means of an incorporated chip, to capture more qualitative and quantitative information than the current bar code system.

<sup>19</sup> Galileo Search and Rescue (SAR) operations involve locating and helping people in distress; launched as part of the Galileo Initial Services. Galileo is Europe's Global Satellite Navigation System (GNSS).

commuting mode. "VéloMai" won in September the Award of the "2017 Bike Brussels Fair" in the category of public organisations.

- OIB continued keeping a record of and analysing the use of the EC parking lots in order to identify optimization opportunities, namely in the context of the progressive reduction of parking spots foreseen by the COBRACE<sup>20</sup> application.

#### 6. Management of Historical Archives:

In the domain of Historical Archives OIB pursued its efforts to optimise storage and space usage through modernisation of the services by using the potential of Information and Communication Technologies (ICTs). It continued its policy towards (i) further digitisation of files of historical value and its deployment on the Commission 'ARCHISplus'<sup>21</sup> website as well as on the web site of the EU Historical Archives in Florence, (ii) elimination of paper files with the aim of reducing the volume of archives to be stored and (iii) further development of IT systems (Historga, a-Rep HPS III- ISA<sup>2</sup> action) necessary to support and enhance the management and administration of archives.

- In 2017, around 1,7M pages have been digitised (standard historical files, COM documents 1987-1992). A new digitisation project focusing on SEC documents – around 3 M pages - was prepared and will start later on in 2018.
- The sampling and elimination exercise of paper files with no historical or legal value continued at a sustained level. In total, 2km of archives have been eliminated in 2017 and on top of it, 1.5 km of archives have been accepted and transferred to the HAS, therefore in total 3.5 km of archives were processed in due time.
- Since October 2017 and the implementation of a-Rep (long-term preservation digital repository) the Commission' Services are able to transfer their electronic records to the Historical Archives Service. The HPS III project (Archives Management System) has been launched and OIB co-manages in collaboration with DIGIT an ISA<sup>2</sup> action<sup>22</sup> aiming at setting up a solution for standard-based archival data management, exchange and publication.

#### 7. The delays / carry over to 2018:

- The tender procedure for the purchase a flat UV printing system and a cutting table planned for the end of 2017 has been postponed to 2018 due to lack of resources.
- Delayed installation of a high capacity plotter for printing large formats: the tender procedure for the purchase of a new plotter has been finalized in 2017 and installation is planned early 2018. This equipment allows a faster and more economical printing of posters and banners in A1 format.
- Suspended installation of a new colour offset press: the project was launched following an offer from Eurocontrol to provide OIB with an offset press which they don't use. The proposal was withdrawn in meantime.
- A call for tender for the renewal of around 50% of the EC service bicycle fleet was conducted in 2017. The new bicycles will be delivered in June 2018. An additional call for tender was launched end 2017 to purchase additional e-bikes as from June 2018.

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<sup>20</sup> Brussels Code on Air, Climate and Energy Efficiency ("Code Bruxellois de l'air, du climat et de la maîtrise de l'énergie").

<sup>21</sup> ARCHISplus is the dedicated website of the Commission for the publication of its historical archives.

<sup>22</sup> [https://ec.europa.eu/isa2/actions/facilitating-archive-management-across-europe\\_en](https://ec.europa.eu/isa2/actions/facilitating-archive-management-across-europe_en)



## 8. The 2017 General Staff Satisfaction Survey on services provided by Offices (OIB, OIL, PMO)<sup>23</sup>:

The priority analysis underlined the importance of mobility-related issues for the overall satisfaction with OIB services, particularly for the provision of service bikes (46% of satisfaction), single journey public transport tickets (40% of satisfaction) and the broader public transport reimbursement scheme with 55% of satisfaction, which has been stable since 2011. Following the various respondents suggestions, OIB will review the procedures and limitations to strengthen this key OIB service provisions.

The availability of parking places receives the highest satisfaction scores under this heading, with 64% of respondents that are satisfied. While satisfaction seems to have increased since 2015, this is mostly because (unlike earlier years) people with a reserved place are now included in the data as the reservation system was withdrawn.

### ➤ Printing & reproduction services/mail services:

Satisfaction is relatively high (66%) and roughly stable for the response to service desk calls and reproduction / graphic design services. The centralization of mail delivery systems has not improved satisfaction with the delivery speed of the postal services, which continues in decline since 2013 and currently faces 50% satisfied clients. The results of the survey will be screened in-depth to identify solutions, which will improve the staff satisfaction.

Conclusion: The activities carried out by OIB in the course of 2017 ensured the achievement of the objectives in terms of continued improvements towards the efficiency of logistic services and an efficient use of resources. OIB has achieved the annual performance indicators and outputs in the reporting year.

## 2. Quality catering services

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

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

Some operational specifications were adapted to the important changes observed in working time and consumption patterns: criteria for 'fit@work' and vegetarian meals, selling of wine and fresh pastries on a voluntary base instead of mandatory, earlier closing time of cafeterias, flexibility for the food production after 1:30 pm. All those changes were based on recommendations from an external consultant, cross-checked with the statistics on the volume of cash operations collected by OIB. Most of the observed behaviour changes can be related to working hours, shorter lunch break, teleworking, 'fit@work' initiatives and EMAS (prevention of food waste).

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

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<sup>23</sup> Draft results available at the moment of publication of this report.

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

The pilot project of replacing automatic coffee machines by the classic coffee machines operated by the contractor, launched in the MERO building was disappointing in the first weeks. Following discussions between the concerned caterer and a panel of consumers from PMO and OIB, several improvements were made and the satisfaction immediately increased.

The *'Fit@Work'* initiative was further integrated in the daily menu, where maximum thresholds for salt and fat have been set. The vegetarian meals are balanced between the main nutrients values.

A new detailed client satisfaction survey on catering services and vending machines has been carried out and its results compared with 2015 data. The overall outcome shows a rather positive trend.

As for Ispra, where social infrastructure includes also a local club house, childcare facilities and lodgings (treated in other sections below), a new cafeteria initiative has been implemented: following the installation of the new automatic coffee machines, a coffee toaster has been installed to improve quality of coffee.

#### 1. The delays / carry over to 2018:

- Carry over refurbishment of Breydel's canteen free-flow area due to no relevant contract in force.
- On-going purchase of new furniture to Ispra restaurant to increase the seat quality and capacity of the restaurant.
- On-going implementation of new system of access control in cooperation with the JRC, to the Ispra club house restaurant; the system should be operational by mid-2018.

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

### 1.2.3 Achievement of specific objectives within childcare activities

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

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

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



## 1. Childcare infrastructure

Childcare services are gradually adapted in line with budgetary constraints and the need to meet the demand for the childcare places (nursery places and places for afterschool childcare). The focus is on developing the capacity through providing additional places on local market, developing internal capacity in the Commission buildings while also outsourcing the management of some internal afterschool childcare facilities, and increase afterschool places in the European Schools where places are insufficient.

### 1. The childcare facilities in Brussels:

- In 2017, after several unsuccessful tenders, OIB has signed a 4-years contract for 1200 local nursery places, which provides the possibility to renew the existing offer of 505 places and provide up to a maximum of 700 new places. It's expected that this solution will respond to the current demand for nursery places.
- The working hours at the nursery facilities were set-up from 7:45 until 18:30 (resulted from the recent changes to the Staff Regulations). In order to ensure sufficient childcare coverage (ratio of maximum 7 children per 1 nurse), supplementary assistance was necessary mainly upon opening and closing of the childcare facility for section of children aged "0-1" and "1-2" which require the most attention. A pilot project launched in the WALI nursery was proven to be successful. Based on this experience, the project will be extended to COLE nursery.
- The new IT application 'KiddyMob' was made available on all childcare workers' smartphones and is used on a daily basis since 1 March 2017. This application allows the registration of children upon arrival and departure from the nursery. It gives a clear and instantaneous overview of the population in each section and allows a better organization (support staff, day planning, mid-term and long term planning). Several functionalities have also been analysed and developed in 2017 for a new release on smartphone implemented in January 2018.

In order to respond to the increasing demand for afterschool childcare places, the following actions were undertaken in 2017:

- A fruitful dialogue with the European Schools allowed the opening of 28 new groups to accommodate up to 400 additional children. To redeploy contractual staff in the new afterschool spaces in the schools, a tender was launched and contracts were signed with external providers offering the possibility of (1) finding up to 96 places in external facilities and (2) allowing and extend the continuation of outsourcing the management of some central sites for up to 700 places (including the 322 places already contracted at the VM18 and PALM sites).
- In 2017, OIB has achieved an increase of capacity by 5.5% compared to 2016 in outdoor childcare service during school holidays. To serve this steadily increasing demand for places, the capacity at the European Inter-institutional Centre (CIE) in Overijse, which is a principal facility for GA services (340 places) is by far insufficient. Extra places were therefore offered by opening some afterschool sites such as Wilson, Palmerston or even Beaulieu although the conditions offered at these sites are not perfect for the organisation of outdoor activities and are certainly of a lower quality than the CIE. Nevertheless, OIB continued to look for a supplementary site which can be rented for Easter and the summer childcare activities offering a similar range of outdoor activities to those offered in Overijse, but so far the options identified could not materialize.

## 2. The childcare facilities at Ispra:

- Optimisation of the capacity aiming at reduction of the number of children waiting for a place were further explored, nevertheless some differences between the capacity and the demand were recorded in 2017: (i) nurseries: ratio 11% above the capacity (full capacity with around 80 children); (ii) afterschool childcare: ratio 4% above the capacity (102 places).
- OIB prepares the move of a part of the childcare facility to a JRC's property to increase the capacity. The current forecast for the completion of the move is by the end of 2019.

In the common interest of OIB/JRC, a playground situated in OIB social area was completely renovated by JRC and a contract for centralised maintenance of playground equipment was prepared and is effective in 2018.

## 3. The delay / carry over to 2018:

- The preparation of the move of the childcare services from 'ALER<sup>24</sup>' to JRC' building is in progress with deadline for realisation set-up for 31/12/2019.

Conclusion: OIB explored many different alternative solutions to secure the largest possible number of childcare places. A gradual progress can be noticed on the basis of the already obtained increase in the capacities. The OIB childcare policy meets its long-term objective and has achieved the required values for annual performance indicators and outputs in the reporting year.

## 2. Welfare services at social facilities

### 1. Business Plan for the CIE in Overijse:

- An analysis of the first one and a half year of business of the European Inter-institutional Centre (CIE) in Overijse has revealed a low coverage of costs by the revenue generated. A functional and financial proposal for CIE for the period 2018-2020 has been submitted. Amongst other points, the participation in the costs by the main EU Institutions (Council, Parliament, etc.) has been addressed for consideration.
- Conferencing and events: this activity continues to be very successful. 17.000 attendees have visited the Centre during 2017, which is 45% more than in 2016. The catering activity for corporate events at the Centre is provided by a concessioner 5 days / week. OIB made some further adaptations to allow the centre to better respond to the needs expressed by regular customers (DGs and other Institutions) for modern conference standards.
- Sport facilities/cultural associations: more advertising has been made and the opening hours have been extended in the evening and during week-ends as from 1<sup>st</sup> May 2017.
- Childcare: the buildings and gardens host more than 400 children during Easter and summer holidays.

### 2. Social infrastructure at Ispra site:

Major renovation works have been done for the Clubhouse façades with the aim to improve the building's energy efficiency. New Clubhouse kitchen apparel has been installed in November 2017. Works for the extension of kitchen space are on-going, while the number of sitting places increased by 20 in spring 2017. A new grill has been also purchased and installed at the veranda for the summer 2017. Further to the ISO 9001 certification renewed in 2017, OIB Ispra unit for the first time has been part of the EMAS

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<sup>24</sup> ALER stands for "Azienda Lombarda Edilizia Residenziale"

certification for the entire Ispra site and the site OHSAS (Occupational Health and Safety Assessment Series) certification.

### 3. The delay /carry over to 2018:

- Apartment blocks (approx. 100 apartments): a convention with 'ALER' on rentals and renovation was back tracked by the JRC. The dialogue with 'ALER' is to be continued.
- On-going new purchase of furniture, fittings and curtains in the Commission owned lodgings.

Conclusion: OIB explored many different alternative solutions which could make CIE more efficient and better suited to the needs of EU institutions. The outsourcing of catering activities had already allowed expanding the organisation of events to a larger scale. Other proposals are still under considerations. OIB ensured the management of CIE in the course of 2017, as well as social infrastructure at Ispra site.

## 2. ORGANISATIONAL MANAGEMENT AND INTERNAL CONTROL

This section answers to the question *how* the achievements described in the previous section were delivered by OIB. This section is divided in two subsections.

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

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

### 2.1 Financial management and internal control

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

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

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

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

This section reports the control results and other relevant elements that support

managements' assurance. It is structured into (1) Control results; (2) Audit observations and recommendations; (3) Assessment of the effectiveness of the internal control system, all resulting in (4) Conclusions as regards assurance.

## 2.1.1 Control results

This section reports and assesses the elements identified by management that support the assurance on the achievement of the internal control objectives<sup>25</sup>. OIB's assurance building and materiality criteria are outlined in the AAR Annex 4. Annex 5 outlines the main risks together with the control processes aimed to mitigate them and the indicators used to measure the performance of the control systems.

It refers to all the resources managed by OIB in 2017: the administrative expenditures, the revenues, the assets, and the liabilities.

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

In 2017, OIB cross-sub-delegated credits for an amount of around €505.3k and around €15Mio credits were also sub-delegated or co-delegated to OIB by other DGs and Offices<sup>26</sup>. Annex 10.2 to this report provides the full list of credits cross-sub-delegated by OIB to other Commission Authorising Officers as well as those cross-sub-delegated or co-delegated to OIB by other DGs and Offices.

All the payments are done under a centralised direct management mode, which has a relatively low inherent risk. The risks are effectively mitigated by means of controls. As there is only one type of expenditure in OIB - direct procurement<sup>27</sup>, all payment transactions are subject to the same ex-ante controls. Therefore, there is no segmentation and the analyses and control results reported below concern the entire budget managed by the Office in 2017 and cover all significant areas of OIB's budget (including the credits sub-delegated or co-delegated to OIB by other DGs and Offices). As to the credits cross-sub-delegated by OIB to other DGs or Offices in 2017, assurance reports on the use of these appropriations were received from the corresponding DGs / Services and did not raise any control issue.

The below table and chart present the total payments authorised for the year 2017<sup>28</sup> and their relative weight in each significant budget activity: 87% of the payments relate to the Building Activity (ABB1) while Services (ABB2) and Administration (ABB3) represent respectively 12.34% and 0.42%. For more details refer to Annex 10.1.

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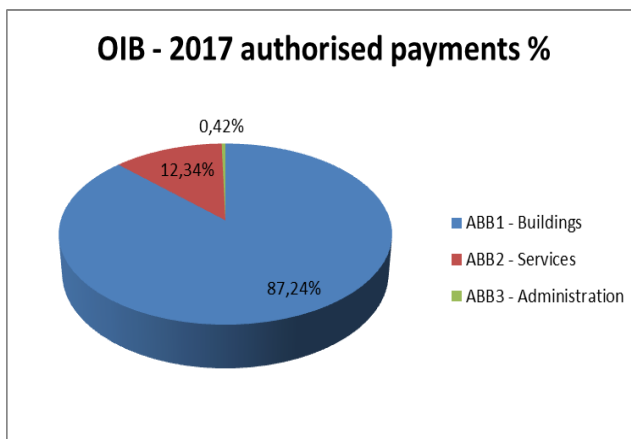
<sup>25</sup> Effectiveness, efficiency and economy of operations; reliability of reporting; safeguarding of assets and information; prevention, detection, correction and follow-up of fraud and irregularities; and adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 32.2).

<sup>26</sup> of which €12.7Mio is included in OIB financial reporting

<sup>27</sup> with the exception of some credits of the global envelope (e.g. missions)

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

Budget areas	Authorised payments (€ Mio)
ABB1 – Buildings	314.62
ABB2 – Services	44.50
ABB3 – Administration	1.52
<b>Total OIB</b>	<b>360.64</b>



At the end of 2017, €696k credits remained to be consumed (as C8 credits in 2018), compared to €555k at the end of 2016.

In addition, OIB generates **revenues** from provided services and works, including to EU Institutions and bodies (EEAS, EESC & CR, agencies, etc.). In 2017, OIB revenues amounted to around €49.9Mio and resulted from: (a) recovery orders issued and cashed in 2017 - €37Mio<sup>29</sup>, (b) recovery orders issued before 2017 and cashed in 2017 - €4Mio<sup>30</sup> and (c) other revenues of €8.9Mio including from parental contributions, from JRC for cafeterias/canteens/childcare facilities or protocol restauration<sup>31</sup>. An important part of this amount is carried forward to the following year (C5: €30Mio). Comparable amounts of revenues were carried over in 2015 and 2016.

The majority of OIB recovery orders result from the Service Level Agreements (SLA) as a compensation for the services provided by OIB to other Commission services or other institutions. The cashed revenue from SLAs in 2017 amounts to around €28Mio<sup>32</sup>.

The 2017 assets and liabilities were related in large majority to the buildings and lands, either the EC property, on financial lease or on bought credit.

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

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

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

<sup>29</sup> Column 4 in table 7 annex 3

<sup>30</sup> Column 5 in table 7 annex 3

<sup>31</sup> More information may be found in table 7 of annex 3.

<sup>32</sup> Cashed recovery orders; page 32 provides further details on recovery orders.

Risk-type /activities	Procurement (e.g. <u>minor</u> or major <u>values</u> ; k€)	<u>Delegated</u> credits reported by OIB in financial reports k€	NEI, e.g. Revenues, Assets, liabilities, OBS ((in)tangible or <u>financial assets &amp; liabilities</u> ) k€	Independent info from auditors (IAS, ECA) on assurance or on new/overdue critical recommendations available?	Any reservation?
totals (coverage)	360,642 <sup>33</sup>	Cross-sub-delegated from OIB 505 Co-delegated by OIB 12,690	assets: 1,140,014 <sup>34</sup> liabilities: -1,133,962 <sup>35</sup> off balance sheet: -603,264 <sup>36</sup> Revenues: 49,826 <sup>37</sup>	Yes	No
ICO-related indicators available	RER est. 0%, CES = yes, AFS = OK	RER est. 0%, CES = yes, AFS = OK	Clean Mngt Decl., SAI = OK, TFV = yes	no critical issue	

## Coverage of the Internal Control Objectives and their related main indicators

### Control effectiveness as regards legality and regularity

OIB has set up internal control processes aimed to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the nature of the payments concerned. The control objective is to ensure that OIB has reasonable assurance that the total amount of any financial operation authorised during the reporting year found not in conformity with the applicable contractual or regulatory provisions does not exceed 2% of the authorised payments. In order to reach this conclusion, OIB reviewed the results of the following key controls in place. For each item, materiality is assessed in accordance with Annex 4.

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

Financial management and control is grouped around three core processes: (1) procurement<sup>38</sup> (from the assessment of needs to the selection of the suppliers – award decision), (2) financial operations (from establishing the financial commitment to payment, contract monitoring and recoveries) and (3) supervisory measures (including ex-post controls and management checks).

For procurement, preventive controls in OIB are ensured via the GAMA<sup>39</sup> opinions, as well as by the central role of unit 'Finance & Public Procurement' which is involved in all procedures equal or above €135k.

<sup>33</sup> This amount represents the total of payments on credits C1, C4, C5, E0 and C8, including credits cross-delegated from OIB to other DGs and credits co-delegated from other DGs to OIB, see table 2 in annex 3.

<sup>34</sup> Table 4 annex 3

<sup>35</sup> Table 4 annex 3

<sup>36</sup> Table 5bis annex 3, contingent liabilities and other significant disclosures

<sup>37</sup> This figure includes recovery orders and other revenues. Table 7 annex 3 presents only revenues received via recovery orders.

<sup>38</sup> Split in OIB between building and non-building procurement (see annex 5).

<sup>39</sup> Groupe d'Analyse de Marchés Administratifs: advisory group which manages non-building procurement procedures equal or above €135k. Before the award decision, any tender above the threshold established in the Directive 2014/24/UE (€135,000 in 2016) may be selected and examined by GAMA.

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

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

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

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

Continuous efforts are in place to ensure the legality and regularity, the effectiveness and efficiency of the procurement management (key activity in OIB given the nature of its activities).

In 2017, 29 procedures (corresponding to 51 lots) above the threshold were submitted to GAMA corresponding to 43 lots awarded (€313 Mio), 7 unsuccessful lots (6 cases with no offers received; 1 case with the only offer not compliant) and one cancelled procedure (some irregularity in the tender documents discovered after publication). Out of the 29 procedures submitted to GAMA, 8 procedures (representing €149 Mio) were selected for review; all 8 received a positive opinion.

In 2017, 54 contracts were signed for a total value of € 201 Mio, among which 20 were inter-institutional (value of €14 Mio). At the end of December 2017, 5 other contracts were in a final stage (for signature). Regular follow-ups and consistent supervision are in place (e.g. reports on calls for tender procedures to the management).

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

The indicator 'Respect of target schedules' for high value tenders was met at 41% of the target. This resulted from: late start of a procedure, longer time needed to prepare tender documents, requests for the translation of tender documents which resulted in obligation of extending the publication period. The indicator 'Percentage of contracts signed on time' performance was at 26% by the end of 2017 and was the result of the same factors as mentioned above. The target schedules were defined ambitiously (corresponding to a minimum time to procure) in order to motivate and promote operational and administrative collaboration of all parties involved. These delays did not have impact on the business continuity (no exception was necessary to extend a contract) and no impact on the state of internal control.

The Procurement Project Framework has been updated in 2017, in particular the revision of flowcharts to ensure the coherence with PPMT (public procurement management tool) application.

In the context of IT rationalization in the Commission and in search for further efficiency, during the 2017 OIB on-boarded the IT application e-Submission<sup>40</sup>. First procedures for which the offers are to be sent only via this IT tool were published in Official Journal at the end of the year. E-Tendering<sup>41</sup> tool and PPMT application are systematically used for

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<sup>40</sup> E-Submission is an online system allowing Economic Operators to securely prepare and submit tenders and Contracting Authorities to receive, to open and to download tenders.

<sup>41</sup> E-Tendering is an online system allowing by electronic means the unrestricted and full access free of charge to the procurement documents to Economic Operators.



the publication and management of all procurement procedures and efforts are pursued for the paperless environment.

A manual for low and middle value procedures at OIB together with supporting documents have been updated. The models of contracts and other documents related the calls for tenders are kept updated on a regular basis.

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

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

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

Regarding building procurement, OIB follows rules set by the article 203 and the title V of the Financial Regulation. In addition, OIB applies the procedures stipulated in the Communication from Vice-President Kallas to the Commission on the definition of the methodology for prospecting and negotiating for buildings<sup>42</sup>. OIB consults the Real Estate Committee for each building project in order to ensure that the rules have been followed correctly.

#### ➤ **Payment delays**

Thanks to strong efforts and a close monitoring (monthly reporting and discussion at the management meetings), OIB keeps reducing its payment delays. At the end of 2017, OIB succeeded to keep the late payments rate below 1%, compared to 5% in 2016. The average payment cycle time has been further reduced to a very low level, i.e. 16 days (21 days in 2016). Further details on payment delays are described in annex 3 – table 6.

#### ➤ **Recovery orders<sup>43</sup>**

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

At the end of 2017, the amount of outstanding recovery orders was limited to €286k (compared to around €121k at the end of 2016). The main part of this amount (€90k) was generated during previous years (from 2010 to 2013) and relates to contributions from the Council to the inter-institutional centre in Overijse. In November 2017, AOD took decision to waive this €90k relating to Council contributions. Another €80k concern a recovery order related to a contractual obligation and this order was cashed on 10 January 2018.

In 2017, €31.5Mio revenues from SLAs had been invoiced before the end of the year, of which around €28Mio cashed before the end year and of the remaining €3.5Mio the deadline for 99% of the payments has not been reached as of 31.12.2017.

#### ➤ **Ex post controls**

Ex-post controls in OIB are one of the main supervision activities, which provide the basis

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<sup>42</sup> C(2008)2299 adopted 3 June 2008.

<sup>43</sup> The term 'recovery orders' refers to 'requests for payment' (revenue) for services rendered and not to recovery of money subsequent to the detection of an error.

of the management assessment and constitute the principal element for the estimation of the error rate. The controls are based on a stratified sample<sup>44</sup> of six types of transactions (payments, recovery orders, budgetary commitments and low, middle and high value procurement procedures). More details regarding the OIB ex-post control methodology are available in annex 10.3.

In 2017, 119 transactions were controlled, and none of them was classified error level 1<sup>45</sup>. Additionally, 43 transactions were considered with error level 2 and 10 transactions with error level 3<sup>46</sup>, providing a detected error rate of 0,01% (€8,338) of representative transactions. These findings relate mainly to the correctness and/or lack of available supporting documents, lack of justification / explanation of calculation done and no full correspondence with the contractual basis. All ex-post findings were discussed with the units and an agreement on the findings and on the corrective actions were reached in most cases.

Regarding the follow-up of previous years, of 29 recommendations and 2 remarks: 26 recommendations and 2 remarks were closed, 2 recommendations became remarks (action not depending on OIB, both remarks open) and 1 recommendation remains open. They will continue to be followed up in 2018.

Coverage of ex-post controls (in % of total amount)
2017 average: 39 % - Payments: 29 % - Recovery orders: 71 % - Budgetary commitments: 44 % - low value markets: 4%
<i>2016 data: Average 34%; Payments 23%; RO 79%; Budgetary commitments 39%</i>

Overall in 2017, ex-post controls obtained assurance that the budget was well used for its intended purpose. None of the observations made had a financial impact on OIB's budget. The main observations were subject to a series of awareness actions addressed to all units and departments. In order to ensure further improvements in this area, the ex-post control team will follow up on these issues in 2018.

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

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

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

<sup>44</sup> This sample is representative for payments and recovery orders. Results for these transactions can therefore be extrapolated to the entire population of the same type of transactions.

<sup>45</sup> Serious error that should be considered by the AOD when giving its assurance in the AAR.

<sup>46</sup> Errors level 2 or 3: which in its nature do not pose serious threat to the financial or reputational status of the Office. Nonetheless, they have to be taken into account as their aggravation could lead to undesirable effects.

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

97% of the AOSD reports 2017 were received by 22 March 2018. No very serious issues were identified in the 2017 reports. The main remarks mentioned are linked mostly to financial and contractual management across different units (e.g. follow-up of penalties, establishment of legal bases and improvements suggested in the context of payment and recovery orders verification).

71% of open issues identified in the syntheses relevant to actions resulting from previous reports are now considered as closed<sup>47</sup> at the end of 2017. No very serious issues are outstanding. The implementation of remaining actions will further contribute to improvements in financial management.

Given that no significant issue was reported, the reports from OIB Authorising Officers by Sub-Delegation in 2017 contribute to reinforce the 2017 assurance of OIB management.

#### ➤ **Accounting controls**

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

In 2017, the quality of OIB accounts remained high and no significant error was raised by the accounting controls performed. These results were achieved thanks to the good collaboration between the operational units and the accounting team.

#### ➤ **IT security controls**

The OIB's Framework for Information Systems Security defining the default security measures has been adopted at the end of the year 2016. A security plan for each IT system identifies the security requirements for it and describes the security measures applied. A technical compliance checking aiming to cover all security requirements over a five year period (2017-2021) has been launched in 2017. The focus in 2017 shifted towards new priorities<sup>48</sup> but since the objective of the five year exercise does not change the state of internal control in OIB is not impacted.

### **Conclusion**

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

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

For OIB, the estimated overall amount at risk at payment for the 2017 expenditure is

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<sup>47</sup> At the end 2017

<sup>48</sup> See more in annex 2

between €0.04Mio and €1.6Mio. (Despite the fact that the residual error rate was 0.01%, the principle of prudence incites us to use a range between 0.01% and 0.5%, the latter being the Commission's average for this type of expenditure.) This is the AOD's best, conservative estimation of the amount of relevant expenditure<sup>49</sup> during the year (€360.6 Mio) not in conformity with the applicable contractual and regulatory provisions at the time the payment is made.

This expenditure will be subsequently subject to ex-post controls and a sizeable proportion of the underlying error will be detected and corrected in successive years. The conservatively estimated future corrections<sup>50</sup> for the 2017 expenditure are around €195k. This is the amount of errors that OIB conservatively estimates to identify and correct from controls that it will implement in successive years.

The difference between those two amounts leads to the estimated overall amount at risk at closure of €0Mio – €1.6Mio.

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<sup>49</sup> Relevant expenditure during the year = payments made

<sup>50</sup> Based on the non-adjusted 7 years historic average of recoveries and financial corrections (ARC 0.054%), which is the best available indication of the corrective capacity of the ex-post control systems implemented by OIB over the past years.

OIB	"payments made" (FY; k€)	minus new pre-financing (FY;k€) <sup>51</sup>	plus cleared pre-financing released and deductions of expenditure made by MS (FY; k€)	= "relevant expenditure" (FY; k€)	Average Error Rate ( <i>weighted</i> AER; %)	estimated overall amount at risk at payment (FY; Mio€)	Average Recoveries and Corrections ( <i>adjusted ARC</i> ; %)	estimated future corrections [and deductions] (FY; €)	estimated overall amount at risk at closure (Mio€)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Budget Lines	as per AAR annex 3, table 2	as per ABAC DWH BO report on pre-financing	as per ABAC DWH BO report on pre-financing	= (2) - (3) + (4)	Detected error rates, or equivalent estimates	= (5) x (6)	based on 7Y-avg historic ARC (as per ABAC DWH BO report on corrective capacity), non- <i>adjusted</i>	= (5) x (8)	= (7) - (9)
24.010700.010300	1.589,6	0	0	1.589,6					
26.010900.010300	98,1	0	0	98,1					
26.012000.010300	3.508,3	0	0	3.508,3					
26.012100.010300	3.571,8	0	0	3.571,8					
26.012201.010211	0,2	0	0	0,2					
26.012201.010300	7.903,6	0	0	7.903,6					
26.012202	220.005,7	0	0	220.005,7					
26.012203	76.541,0	0	0	76.541,0					
26.012204	14,5	0	0	14,5					
26.012205	5,6	0	0	5,6					
26.014000	1.382,9	0	0	1.382,9					
<b>ABB.1</b>	<b>314.621,3</b>	<b>0</b>	<b>0</b>	<b>314.621,3</b>					
09.010503	79,2	0	0	79,2					
10.0105X3.11	3.464,2	0	0	3.464,2					
13.010401.11	101,3	0	0	101,3					
24.010700.010300	154,7	0	0	154,7					
26.010900.010300	3,3	0	0	3,3					
26.012000.010300	47,1	0	0	47,1					
26.012000.010300	288,0	0	0	288,0					
26.012201.010201	3.764,2	0	0	3.764,2					
26.012201.010211	3,5	0	0	3,5					
26.012201.010300	1.834,1	0	0	1.834,1					
26.012203	1.212,2	0	0	1.212,2					
26.012204	10.791,9	0	0	10.791,9					
26.012205	10.968,6	0	0	10.968,6					
26.014000	234,5	0	0	234,5					
26.016004	11.550,5	0	0	11.550,5					
<b>ABB.2</b>	<b>44.497,4</b>	<b>0</b>	<b>0</b>	<b>44.497,4</b>					
25.010211.00.05	37,5	0	0	37,5					
26.012201.010201	152,3	0	0	152,3					
26.012201.010211	392,2	0	0	392,2					
26.012201.010300	936,2	0	0	936,2					
26.012203	2,9	0	0	2,9					
26.012301.010300	2,5	0	0	2,5					
<b>ABB.3</b>	<b>1.523,6</b>	<b>0</b>	<b>0</b>	<b>1.523,6</b>					
<b>Overall, total</b>	<b>360.642,8</b>	<b>0</b>	<b>0</b>	<b>360.642,3</b>	0,01%-0.5%	=€0,04Mio - €1.8Mio; 0.01% - 0.5% of (5)	0,054%	= 195 k€; 0.054% of (5)	=0 - €1.6Mio <sup>52</sup> ; 0-0.45% of (5)

<sup>51</sup> OIB does not have pre-financing

<sup>52</sup> This presents the positive result of the subtraction of the amount of column (9) from the values presented in column (7).

## Cost-effectiveness and efficiency

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

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

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

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

The subsequent cost estimates are based on the overall cost of an official or contractual agent, estimated by the Commission, and includes a full cost approach (direct costs + indirect costs + overheads). The allocation keys for indirect costs and overheads are estimated by the line managers (heads of sectors and heads of units) for each staff separately based on the actual assignment of responsibilities and distribution of work tasks. In addition, the yearly comparability of figures is limited by the significant changes that appear inter alia in the value of contracts or in the number of procurement procedures.

For **procurement**, an estimated €4.5Mio<sup>53</sup> was invested in controlling procurement procedures for a total value of €422.4Mio of which €107.3Mio were related to building procurement procedures. Thus 1.0% of the total contract value was dedicated to controls. The average time to procure excluding building procurement was 126 days in 2017 comparing to 112 days in 2016. The increase of two weeks is the result of 4 particularly long procurement procedures for which the deadline for sending offers must have been significantly postponed due to translation requests and/or due to the additional time needed for production of requested samples. In addition for two of these procedures longer time was needed for the evaluation of the offers because of the necessity of presence of experts for evaluation of samples and necessity of sending multiple demands for offers' clarification. Average time to procure calculated without these 4 calls for tenders was 107 days.

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

For transactions of the **financial circuits**<sup>54</sup>, an estimated €8.7Mio<sup>55</sup> was invested in

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

<sup>54</sup> See Annex 10.1.

controlling financial transactions worth approximately €360.6Mio<sup>56</sup>. Thus 2.4% of the total amount of financial transactions carried out during the year was dedicated to controls. More than 99.4% of payments occurred within time limit with an average time to pay of 16 days<sup>57</sup>, further reduced from 21 days in 2016. The late payments were below 1% (corresponding to a few hundred euros of late interests paid and an average time to pay of 56 days) compared to the 10.4% for the Commission average. This reduction of the payment time, by 24% compared to the previous year, is the result of 2% reduction in the number of payments processed and the considerable efforts made by OIB in ensuring the efficiency and effectiveness of its operations.

For supervisory measures (**ex-post controls**), an estimated €0.3Mio were invested in controlling financial transactions worth approximately €269Mio. Thus 0.1% of the total value of transactions checked ex post was dedicated to controls.

**Overall**, in 2017 OIB dedicated an estimated total of €13.6Mio to controls compared to €13.2Mio in 2016. This corresponds to 3.8% of the 2017 expenditure compared to 3.4% in 2016. The difference of €0.4Mio is in its entirety due to higher staff and office related charge rates, which were only partially offset by increased efficiency resulting from a lower staff count.

<i>Control efficiency indicators</i>	<i>2016</i>	<i>2017</i>	<i>Delta</i>
- Procurement stage	1.2%	1.0%	0.2% F
- Financial transactions stage	2.2%	2.4%	0.2% A
- Supervisory measures stage	0.1%	0.1%	0%
- Overall <sup>58</sup>	3.4%	3.8%	0.4% A

The improvement of control systems and the centralisation of public procurement (for procedures equal or above €135k), as well as for payments and ex-post controls helps to increase the know-how and to apply the best practices, ensures legality and regularity of transactions, brings economies of scale and reduces risks.

A comparison with the previous year shows an increase of 0.4% in the 2017 indicator for the costs of controls. The reduction in the amount of payments made in 2017 compared to 2016 accounts for 0.3% of the difference and the rest is due to a combination of adverse rate variance adding 0.2% and favourable efficiency variance due to reorganisations done in 2017 reducing the indicator by 0.1%. The number and value of transactions varies from year to year impacting the stability of these indicators. Furthermore, there are significant differences between the intensity of controls for various types of transactions (e.g. controls for recurrent energy payments are less intense than those for complex refurbishments projects). This aspect limits the information provided by overall cost of control indicators and imposes minimum levels of controls for certain types of transactions. The favourable difference of 0.2% in the procurement stage indicator is due to 28% increase in the total contracted value for concluded procurement procedures. The slight increase in the cost of controls is accompanied by significant reduction in the time to pay indicator, demonstrating the positive evolution of OIB's activities and the efficiency of its controls.

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

<sup>55</sup> Cost of ex-ante controls

<sup>56</sup> This amount corresponds to the amounts of payments published in table 2 of annex 3.

<sup>57</sup> Table 6 annex 3

<sup>58</sup> The overall indicator does not correspond to the sum of the three indicators above as the denominator of each indicator is based on the value of the corresponding transactions and is therefore different from one indicator to another. The denominator of the overall indicator is the total value of payments done during the year.

various services.

In 2017, 119 transactions (including 7 low-value procurement procedures) were reviewed ex-post; none of them was classified as non-compliant error level 1. Additionally, 43 transactions were considered with error level 2 and 10 transactions with error level 3, providing a detected error rate of 0.01% (€8,338) of representative transactions<sup>59</sup>.

The above analysis of the quantified and non-quantified elements of the costs and benefits of the three main control processes, i.e. procurement procedures, (ex-ante) financial transactions, and ex-post controls provide an indication that OIB's controls are both cost-efficient and cost-effective.

In accordance with article 66.2 of the Financial Regulation, the authorising officer by delegation uses the possibility to differentiate the frequency and the intensity of controls in view of the different risk-profiles of transactions. The decisions, on the reallocation of control resources and the redesign of control systems, consider relevant risks, existing workload, available resources and the constraints imposed by the regulatory framework.

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

## **Fraud prevention and detection**

In 2013-2014, OIB developed and implemented its anti-fraud strategy, elaborated on the basis of the methodology provided by OLAF. The monitoring of anti-fraud processes and actions is done within the Strategic Programming and Planning cycle, at least once a year in the context of the annual activity report and often in mid-year.

In the course of 2017, the strategy, the relating action plan and a number of indicators allowing tracking the results of fraud prevention and detection activities have been updated via two exercises: (1) a desk review, which was also an occasion to review progress made in implementing anti-fraud actions, and (2) a risk assessment workshop (end 2016, in the context of Management Plan 2017) for the management which covered fraud risks. Both the desk review and the risk assessment were conducted taking into account the specificities of OIB, notably budget spending based on public procurement and the fact that majority of services are provided by OIB with the use of external contractors.

The updated strategy and the anti-fraud action plan were approved by OIB Director on 18 October 2017. Proper progress in implementation of anti-fraud actions included in the previous action plan was noted.

The survey on the internal control standards conducted at the end of 2017 showed that the anti-fraud awareness and the familiarity with anti-fraud regulatory documents and implementing tools is high for OIB management (above 80% of OIB management positively replied). A number of information actions on fraud-awareness (articles in newsletters, information on flat screens and MyOIB) were taken targeting all OIB staff.

The 2017 results on anti-fraud indicators show that OIB is effective in mitigating fraud risks. No new investigation regarding OIB has been opened by OLAF in the past seven years. During the reporting year, one case was raised to IDOC. An investigation is ongoing and there is no potential impact on the assurance. A larger set of other anti-fraud indicators is available in annex 10.4.

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

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

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<sup>59</sup> Refer to ex-post controls section for more details.



## **Control effectiveness regarding the safeguarding of assets and liabilities, reliability of reporting**

Due to the nature of its activities and the important level of fixed assets managed, the inventory management (and therefore the safeguarding of these assets) is an important control objective for the Office.

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

The first year of the current three-year tracking exercise (2017/2019) was closed with a tracking rate 33.25% of all inventory items.

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

The improvement measures implemented during the previous years were continued in 2017, in particular a close cooperation between the accounting team and that of the physical inventory.

Other controls relate to the verification of entry passes (together with DG HR.DS), which has been reinforced in 2016 in the context of the new security measures, in particular for contractors and sub-contractors.

Based on OIB accounting revision programme, the implementation of the accounting quality programme and controls carried out in line with an updated risk analysis, DG BUDG assessed accounting risk for OIB as low.

Additionally, following the results of the follow-up audit for the validation of local systems carried out in 2017, DG BUDG considered, for the validation of local systems, only one recommendation open (partially implemented). See section 2.1.2 *Audit observations and recommendations* for further details.

OIB closely follows up (potential) contingent liabilities. The register of litigations is reviewed at least once a year, in the context of annual reporting and often in mid-year. In 2017, no new litigation was registered, three were closed and four cases were on-going.

Given the strong improvements observed since 2011 plus the measures in place to reach a 100% tracking rate in the future and as no significant issue with a material impact was encountered during the reporting year, OIB Management considers that the control results are complete and reliable and that the control objective is achieved.

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

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

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

In the context of annual discharge procedure (Statement of assurance - DAS) 2016, the Court of Auditors reviewed 2 transactions (payments). None of the reviewed transactions gave rise to any observation from the Court in its Annual Report. As every year, the Court also reviewed the supervisory and control systems and the 2016 annual activity report of OIB and had no observation in this regard. OIB contributed to the hearings

within the framework of the 2016 discharge.

In the context of DAS 2017 (launched in summer 2017), the Court reviewed one payment transaction. OIB replied to all questions and additional requests for information from the Court. None of transactions led to preliminary findings. At the end of March 2018, the final report from the Court has not been received yet.

#### ➤ **IAS<sup>60</sup> and DG BUDG audits and follow-up audits**

Based on the results of the audits carried out by the IAS and the former IAC, the IAS limited conclusion stated that the internal control systems audited are partially effective since one 'very important' recommendation remains to be addressed.

However, OIB currently manages the implementation of only two IAS and one DG BUDG audit recommendations, which shows a significant improvement compared to the situation from previous years<sup>61</sup>. Given their complexity and the need to coordinate some of them with other services, new implementation deadlines have been established.

One IAS recommendation<sup>62</sup> called for further improvements in the initial phase of tendering procedures and for increased real estate procurement transparency. The remaining actions are now planned for finalisation in the first semester of 2018. This recommendation is of very important priority.

Another IAS recommendation, on the establishment of a dedicated sickness absence benchmarked reference rate, was downgraded to 'important' priority, in light of the already taken measures and circumstances outside OIB's control<sup>63</sup>. The implementation is on-going.

The open DG BUDG recommendation, of "important" priority, concerns the use of invoice suspension tool in the financial system<sup>64</sup>. The results of the DG BUDG follow-up engagement in 2017 considered this recommendation as 'partially implemented'. The same follow-up audit confirmed that the measures requested in another (subsequently closed) recommendation (on financial procedures and checklists) were implemented by OIB.

Additionally, in 2017, OIB was subject to the IAS follow-up engagements concerning recommendations (none very important) from audits on income in the childcare facilities (recommendation on management and review of access rights in the IT system) and absenteeism (recommendation on sickness absence management by line managers). They were considered as effectively implemented and subsequently closed by IAS. There were no other audit engagements relevant to 2017.

## **Conclusion**

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

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<sup>60</sup> Following the Commission's decision to centralise the audit function, the IAS is now solely responsible for conducting internal audits in the Commission.

<sup>61</sup> Cf. Annex 10 implementation table

<sup>62</sup> Procurement audit finalised at the beginning of 2017

<sup>63</sup> Audit on absenteeism

<sup>64</sup> Audit on validation of local systems

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

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

OIB implemented ICF in November 2017, by: (1) listing the processes and procedures which underpin the existing controls, (2) establishing the monitoring criteria for assessing the presence and functioning of the internal control principles and (3) nominating the Head of Unit in charge of Risk Management and Internal Control. 2018 will be the first year when the annual assessment of OIB control system will be conducted following ICF.

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

As required by the Internal Control Standard 15, in 2017 OIB conducted a review of the compliance and effectiveness of its internal control system. The assessment was carried out against Internal Control Standards (ICS) through different sources:

- Compliance review based on a desk review: exchanges of information and documents and meetings with the different people closely involved in the implementation of ICS;
- Effectiveness review: two online questionnaires on ICS addressed to OIB Management and to a representative sample of staff; the entire internal control system of OIB was assessed as being widely effective by most of OIB personnel;
- Wherever relevant, compliance and effectiveness were also assessed against indicators, analyses, audit results, exceptions and non-compliances cases, and the results of the risk assessment.

OIB has assessed the internal control system during the reporting year and has concluded that the internal control standards are implemented and functioning as intended.

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

In 2017 the number of exceptions and non-compliance events decreased (27 versus 35 in 2016). The majority (63%) were linked to the lack of anticipation in establishing legal and budgetary commitments. The main ones<sup>65</sup> concern cleaning services, the provision of drinks in CIE, availability of places in nurseries, maintenance of outdoor mobile solar protection systems, the digitalisation of historical archives, handling in the field of mail and archive processing, training for drivers as well as removal and rental changes.

In the reporting year 7 (26%) procurement-related exceptions and non-compliance events were introduced. One case allowed the purchase of coffee machines, ensuring a more economical provision of services. Two cases concerned consulting services and supplementary fees for the organisation of an architectural competition. One request was introduced to extend and modify the services rendered by newsstands and one to report on the temporary suspension of the contract for microfiches production to re-assess its applicability.

3 instances (11%) were recorded concerning the warehouse services provided outside hours foreseen in the existing contractual provisions. Another two proved necessary to

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<sup>65</sup> Above EUR 1,000

allow the regularisation of urgent payment obligations for the cases resulting from the erroneous encoding of data in the financial system as well as an exceptional use of imprest account instead of standard budgetary procedures.

Thanks to these exceptional measures authorised, the continuity of the services or operations could have been ensured.

All 2017 cases were duly registered and validated via a dedicated IT application (online register of exceptions). The appropriate corrective measures are put in place on a regular basis to mitigate the associated risks. These include reinforced follow-up of contracts' consumption, more exhaustive use of financial systems and better communication (and/or clarification of roles) between different entities. None of 2017 cases was considered to have a negative impact on the assurance of the Office.

### ➤ **Risk management**

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

Risk management exercises are conducted within OIB at least once a year in the context of the preparation of the Management Plan. The 2018 OIB risk register was updated following internal consultations, desk reviews and a dedicated management meeting carried out in November 2017 and included 17 risks, one of them being classified as critical (the general safety risk of buildings, equipment and operating activities; the risk did not materialise in 2017).

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

With all the identified risks, with a special focus on the critical risk, being properly managed, the OIB risk assessment process is effective and reinforces the assurance of the Office.

### **Conclusion**

At the end of 2017, concerning the overall state of the internal control system, OIB complies with the three assessment criteria for effectiveness; i.e. (a) staff has the required knowledge and skills, (b) systems and procedures are designed and implemented to manage the key risks effectively, and (c) no instances of ineffective controls exposing the Office to its key risks has been observed. This statement was confirmed by the results of the compliance and effectiveness review of the internal control system carried out for 2017, namely:

- There was no major event impacting the functioning of OIB's control system in 2017 and all ICS were assessed as being compliant and effectively implemented;
- No significant issue was pointed out by the European Court of Auditors nor by the IAS in their audit reports;
- Appropriate actions have been taken to mitigate the risks identified in the 2018 risk assessment;
- Issues raised in audits, AOSD reports, ex-post controls, risk-assessment, exceptions and litigations are addressed by an action plan and followed-up on a regular basis. None of these issues identified in 2017 was assessed as significant;
- The document management reports and surveys produced by Secretariat General showed positive results for OIB;

OIB has assessed the internal control systems during the reporting year and has concluded that the internal control standards are implemented and functioning as intended.

## 2.1.4 Conclusions as regards assurance

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

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

- The audits performed by the European Court of Auditors, the IAS and DG BUDG in 2017 did not raise any significant weakness; a proper follow-up of the audit recommendations is carried out to ensure their effective implementation; the recommendations qualified as very important are closely monitored to ensure both the implementation progress and attainment of the operational objectives;
- All procurement procedures reviewed by GAMA received a positive feedback<sup>66</sup>;
- Ex-post control results did not raise any serious error (no issue with significant financial impact i.e. error level 1);
- No significant issue was mentioned in the reports from the authorising officers by sub-delegation (AOSD) to the Director;
- None of the registered exceptions had a significant impact on the assurance of the Office and appropriate corrective measures were put in place to mitigate these risks;
- All the identified risks, with a special focus on the critical risk, are properly mitigated and managed and the risk assessment process is effective. In addition, the intrinsic risk for administrative expenditure managed by OIB (including procurement) is relatively low because of the centralised and direct mode of budget implementation. The underlying risks are effectively mitigated;
- OIB internal control system has been assessed as compliant with the requirements of the internal control standards and, in its entirety, effective. Efforts are made to ensure its continuous improvement.
- The delays of payment have been kept again to a very low limit in 2017, majority of recovery orders issued in 2017 were cashed in; the quality of OIB's account remained at a high level;
- Management reporting is widely present in OIB and allows ensuring that the objectives are properly followed up and that Management is aware of any potential significant issue;
- On the basis of the available quantified and non-quantified elements, the set of controls in place in OIB can be assessed as reasonably efficient;
- The risk of fraud is reasonably well mitigated: one investigation regarding OIB has been opened by IDOC;
- Anti-fraud awareness is raised widely in OIB through communication actions;
- The controls in place to ensure the safeguarding of assets did not reveal any significant issue with material impact and were assessed as effective;

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<sup>66</sup> See explanation under point 2.1.1 Control results, subsection "Preventive controls in procurement".

- The reports from the relevant authorising officers in all cases of cross-sub-delegations made by OIB to other DGs/Services did not raise any particular issue and provided reasonable assurance.

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

- None of the identified weaknesses is significant in qualitative terms;
- None of the identified weaknesses is significant in quantitative terms;
- No major event likely to negatively impact the Commission's or OIB's reputation occurred in 2017.

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

### **Overall Conclusion**

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

# DECLARATION OF ASSURANCE

*I, the undersigned,*

*Executive Director of OIB*

*In my capacity as authorising officer by delegation*

*Declare that the information contained in this report gives a true and fair view<sup>67</sup>.*

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

*This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the limited conclusion of the Internal Auditor on the state of control and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.*

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

*Brussels, date 30/03/2018*

*"signed"*

*Marc Mouligneau*

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<sup>67</sup> True and fair in this context means a reliable, complete and correct view on the state of affairs in OIB.



## 2.2 Other organisational management dimensions

### 2.2.1 Human resource management - Annual work programme

<b>Objective : OIB deploys effectively its resources in support of the delivery of the OIB's priorities and core business, has a competent and engaged workforce, which is driven by an effective and gender-balanced management and which can deploy its full potential within supportive and healthy working conditions.</b>		
<b>Indicator 1: Percentage of female representation in middle management</b>		
Source of data: OIB data		
Baseline (2015)	The latest known results (2017)	Target (2020)
25% (3 posts out of 12)	35.7% (5 posts out of 14) (no new nomination in 2017, created a pool of female candidates appointed as a deputy HoU)	40% (Commission average)
<b>Indicator 2: Percentage of staff who feel that the Commission cares about their well-being</b>		
Source of data: Commission staff survey		
Baseline (2014)	The latest known results (2017)	Target (2020)
29%	The latest, 2016 survey: 36%	37% (Commission average)
<b>Indicator 3: Staff engagement index for OIB Staff</b>		
Source of data: Commission staff survey		
Baseline (2014)	The latest known results (2017)	Target (2020)
64%	The latest, 2016 survey: 60%	74% (back to level 2013)

#### Main outputs in 2017:

OIB's 2017 HR strategy focused on adapting the staffing-structure of the Office to meet business priorities and to enhance capacity to deliver on OIB's operational objectives. The management of HR in 2017 was characterized by a flexible, business-driven approach.

#### 1. Corporate HR model introduced in 2017:

The HR Modernisation project, implemented according to the Communication on Synergies and Efficiencies of April 2016, changes the way HR services are delivered – relying on an Account Management Centre (AMC) inside DG HR. Each DG has an HR Business Correspondent, responsible for defining HR strategy and taking HR decisions, in consultation with the management of the DG, as well as ensuring that the DG gets the HR service it needs, in cooperation with the AMC.

OIB moved to this new way of working in 2017, with the support of AMC 7, which also serves BUDG, DIGIT, EPSO, HR, PMO and SCIC.

The definition of the HR strategy and priority actions, in line with Strategic Plan targets, is under the responsibility of the HR Business Correspondent and will continue to be addressed in the DG Management Plan and Annual Activity Report.

#### 2. Structure of OIB workforce:

OIB continued to re-allocate available posts in line with operational priorities, synchronizing workforce planning across OIB with a flexible approach. The staff cuts foreseen for 2017 (1,5% for FO and 1% for CA) applied in line with OIB's operational priorities. Succession planning for all key functions remains among OIB priorities especially in the management functions but also considering the ageing OIB AST population.

OIB has been given a target of 2 first female middle management appointments by November 2019. Currently, one middle management nomination is pending and one selection procedure is on-going. There are 6 female deputy HoUs and 1 female acting HoU, which will contribute, in a longer perspective, to additional female HoU appointments.

### 3. HR deployment to the Synergies & Efficiencies exercise in Logistics:

OIB organised the redeployment of logistics staff from DGs to OIB in the framework of the Synergies & Efficiency logistics project in parallel with the introduction of the new HR delivery model. OIB's HR team has organized the redeployment of these colleagues within different OIB services in time for the full rollout of the logistics project in April 2017.

### 4. Staff motivation and engagement:

The motivation and engagement of OIB staff was targeted through a series of initiatives resulting from the follow-up of the '2015 Staff Away-Day'. The initiatives cover, inter alia, communication, flexible working methods, staff well-being, recognition and training for managers.

The OIB Internal Communication Plan was aligned with OIB's main operational challenges as stated in the OIB Internal Communication Strategy 2017-2018. In 2017 communication focused on the latest Synergies and Efficiencies Review in the domain of Logistics and on the follow-up of the OIB away-day (organisation of "*Foire aux métiers*", implementation of "*Vis mon job*" and launching of the internal newsletter "OIB m@g" in the second semester).

Career planning and talent management was aiming at making OIB a knowledgeable, skilled, flexible and networked organisation. OIB continued to re-allocate available posts in line with operational priorities, synchronizing workforce planning across OIB with a flexible approach. Particular attention was paid to improve leadership skills amongst managers, through the progressive introduction of the 360° evaluation (the 1<sup>st</sup> phase - 13 managers - was completed in April 2017; the 2<sup>nd</sup> phase has run from September 2017 to January 2018). Beside the Masterclasses offered as direct actions after the evaluation, further training will be proposed based on the results of this programme.

### 5. Absenteeism:

OIB's sickness absence rate increased in 2017 to reach 8.7%. This figure is nearly 25% higher than in 2016. Early analysis suggests that the overall increase is the result of a substantial increase in sickness absence amongst nursery nurses and educators staff working in the childcare facilities and a higher than average rate of sickness absence amongst the staff transferred to OIB in 2017 to work in the Local Proximity teams following the "Synergies & Efficiencies" review.

OIB will fully analyse the possible reasons for the increase and will prepare an action plan, targeting units with higher than average sickness absence, with a view to identifying and implementing measures to reduce levels of sickness absence and move back to the reducing trend of sickness absence noticed in previous years.

### 6. Internal communication:

OIB's 2017 internal communication activities and initiatives were aligned with staff engagement and motivation, implementation of the "synergies & efficiencies" (S&E) exercise and the implementation of collaborative workspaces. Actions planned included organising an OIB Job Fair and the "Live my Job" project (both aiming to increase staff engagement and motivation by giving staff the chance to find out about the wide variety of jobs done in OIB), creating a full information package for DGs covering the S&E exercise (roll-out of the Proximity Teams, the creation of the Space Design Team and the implementation of the new mail delivery system), and providing communication support related to collaborative workspace layouts in the DGs.

In 2017, OIB achieved the objectives in domain of internal communication, concluded for 2017:

- Several communication actions were launched towards increasing staff engagement and motivation e.g. the launch of the new internal newsletter "OIB m@g", the organisation of OIB's Job Fair ("*Foire aux métiers*", which received the Commission's 2017 Internal Communication Award on Staff Engagement, the production of easily readable communication versions summarising the MP 2017 and the 2016 AAR – "Highlights 2016/2017" and the installation of screens in a number of OIB sites.
- In order to facilitate the adaptations of new logistic staff joining OIB (Synergies and Efficiencies exercise), OIB organised a welcome meeting for newcomers and an information campaign to present the Local Proximity Team (LPT) to staff, provided communication materials to the LPT coordination team with for information campaigns of LPTs in other buildings. Moreover, a communication package was created to be disseminated across DGs about the S&E exercise and the impact in the provision of services to Commission staff. The package included a video showing the work of the Proximity Teams, web publications for the local intranets and a brochure informing on new procedures on the distribution of mail.
- Additional outputs were delivered in the course of year: internal communication campaign on the façade renovation works in CSM1 building; coordination of logistics for the organisation of 22 exhibitions in the BERL in 2017; management of the Commission's art collection of 279 works (267 on loan) and preparation of the Staff Forum 2018 which took place on 12 January 2018.

Conclusion: The execution of the annual programme of work in the area of Human Resources managed by OIB has met its objective and has met the annual performance indicators and achieved outputs foreseen for the reporting year.

## 2.2.2 Information management aspects – Annual work programme

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

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

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

Baseline (2014)	Latest known results (2017)	Target <sup>70</sup> (2020)
0.8%	0.11%	0.5%

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

Source of data: *HAN statistics*

Baseline (2014)	Latest known results (2017)	Target (2020)
50%	53.06%	65%

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

Source of data: *HAN statistics*

Baseline (2014)	Latest known results (2017)	Target (2020)
0%	6.75%	10%

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

**Main outputs in 2017:**

Description	Indicator	The latest known results (2017)	Target 2017
1. Maintaining high compliance with E-Domec rules.	1.a) Percentage of registered documents that are not filed <sup>71</sup> .	1.a) 0.11%	1.a) 0.5%
	1.b) Percentage of HAN files accessible by all units in the DG.	1.b) 53.06%	1.b) 60%
	1.c) Percentage of HAN files shared with other DGs	1.c) 6.75%	1.c) 2%

**Main outputs in 2017:**

The quality of document management was ensured through the performance of regular quality controls on regular/non sensitive documents, the provision of updated documentation and the execution of on demand services to meet the needs of various OIB colleagues.

In particular, OIB continued to maintain high compliance with E-Domec rules through the implementation of the annual document management action plan. Priorities for 2017 included the First Review of HAN files, annual appraisal of non e-Domec monitoring filing and widening access to files both within OIB and with other DGs/Service.

Conclusion: Results show that considerable progress was made to meet the 2020

<sup>68</sup> Each registered document must be filed in at least one official file of the *Chef de file*, as required by the [e-Domec policy rules](#) (and by ICS 11 requirements). The indicator is to be measured via reporting tools available in Ares.

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

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

<sup>71</sup> Each registered document must be filed in at least one official file of the *Chef de file*, as required by the [e-Domec policy rules](#) (and by ICS 11 requirements). The indicator is to be measured via reporting tools available in Ares.

objectives. Overall the annual programme of work in the area of document management was successfully implemented and the objectives of 2017 were achieved.

## 2.2.3 External communication activities

<b>Specific objective 1: The Commission's buildings and infrastructures are managed in line with the Commission Building Policy.</b>		
<input checked="" type="checkbox"/> <b>Non programme-based</b>		
<b>Main output in 2017:</b>		
Output	Indicator	Target 2017
1. Online communication on the Loi 130 Architectural Competition.	1. Launch the competition	Depending on the Cabinet decision
<b>Key actions:</b> 1.1. Developed the website for the Loi 130 Architectural Competition within the framework contract of DG COMM. 1.2. Ensured news updates on the Loi 130 website informing about the progress of the competition.	1.1-1.2 Deliver on time	1.1-1.2 Depending on the Cabinet decision
<b>Annual communication spending:</b>		
Baseline (2016-2017)	Estimated commitments (2016-2018)	
2016-2017 spending: 13.620 EUR	The total budget 2016-2018 for website development and maintenance (26.620 EUR) is included in the overall budget for the organisation of the Loi 130 Architectural Competition. No other spending is planned.	

OIB is mandated to launch the Loi 130 buildings block Architectural Competition. In this context, it was necessary to develop the relevant website as a communication channel.

OIB prepared the communication strategy, which was approved by the steering committee in which the Commissioner's Cabinet, DG HR, DG COMM, DG BUDG, SEC GEN and OIB were represented. The competition's website was developed in 2017 within the framework contract of DG COMM.

OIB's role is to actively contribute to different external communication activities in close collaboration with the Spokesperson's Service as well as the Commission Representation in Belgium. OIB also foresees an exhibition of the winning projects open to the general public after the end of the competition. The Competition will last for about two years.

OIB will be in charge of this website for the duration of the Loi 130 architectural competition as well as the period immediately following the end of the competition.

This section covers also the missing component such as chapter on "Better regulation", which is not applicable to OIB.  
 For an extensive reporting on all components referred in the OIB Management Plan 2017, please refer to Annex 2.

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

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

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

OIB undertook further initiatives to improve the efficiency and economy of its operations. It fine-tuned its internal working methods and made efforts to improve its functioning, rationalising ways of working and thus allowing the reallocation of its resources to desired priorities.

To increase productivity and make efficiency gains through the introduction of automation and simplification of procedures, OIB has carried out a Business Process Management analysis in the childcare department. During this process multiple improvement opportunities were found. For example, the registration of child attendance was simplified through the introduction of a mobile application, starting with February 2017.

In addition, a number of manual tasks currently performed by childcare services' staff, to enable the calculation of parental contributions, were automated. Other improvement opportunities were identified, analysed and prioritised during the first half of 2017. Work on implementing the chosen improvement opportunities will continue in the following years.

Other improvements were delivered in 2017:

### **✚ Go live of the "MyOIBPrint" project**

The project run by OIB aims to reshape the corporate printing business for the European Commission in Brussels. The service is proposed to all DGs having offices in Brussels, EEAS and selected Executive Agencies.

### **✚ Voice recognition in mail sorting**

OIB introduced voice-recognition based solution in the mail sorting business, in order to cope with the new organization and maintain high level of efficiency in the corporate mail distribution service.

### **✚ Cash registers migration**

OIB took over the migration and management of over 80 cash registers for cafeterias in Brussels buildings, following the phase out of support by Oracle Corporation. This was huge achievement allowing securing business continuity for cafeterias.

### **✚ UCC project**

DIGIT together with the OIB implemented the UCC project in OIB, allowing migration of the traditional telephony toward full digital IP telephony, part of the new Digital workplace. This resulted in the communication transformation and cost savings for the moves. OIB was part of a pilot project including DIGIT and PMO.

## **ANNEXES (IN A SEPARATE DOCUMENT)**

**ANNEX 1: Statement of the Head of Unit responsible for Risk Management and Internal Control**

**ANNEX 2: Reporting – Human Resources, Better Regulation, Information Management, External Communication and Internal Control**

**ANNEX 3: Draft annual accounts and financial reports**

**ANNEX 4: Materiality criteria**

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

**ANNEX 6: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission – Not Applicable**

**ANNEX 7: EAMR of the Union Delegations – Not applicable**

**ANNEX 8: Decentralised agencies – Not applicable**

**ANNEX 9: Evaluations and other studies finalized or cancelled during the year – Not Applicable**

**ANNEX 10: Specific annexes related to "Financial Management"**

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

**ANNEX 12: Performance tables**