



Annual Activity Report **2014**

Human Resources and Security



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EXECUTIVE SUMMARY

POLICY HIGHLIGHTS OF THE YEAR

2014

Was the kick off year of the new staff regulations and implementing measures with concrete impact on career management and working conditions.

DG HR was a key partner for the smooth hand over of the Barroso Commission to Juncker's. DG HR helped realign the structure of services with the new president Juncker's priorities including the reorganisation of 15 DGs.

In this context DG HR achieved to a great extent, the objectives set for 2014 within the five key areas of work of the DG.

Allocate Commission staff efficiently

A significant and successful **adaptation of the Commission's organisational structures** took place following the attribution of the Commissioners' portfolio's and important improvements in the structure of services that the new Juncker Commission introduced. In total, 15 DGs and more than 1,500 staff members were affected by the transfer of responsibilities and organisational entities between the services of the Commission. On the first day that the new Commission met, the entire package of measures was adopted.

Regarding human resources allocation and forward planning, after a pilot exercise for **HR Plans** in 2013, the initiative was rolled out to all DGs on a voluntary basis. Despite marked interest expressed by the high turn-out to dedicated DG HR events, 10 DGs submitted their HR Strategic Plans by end 2014. The new Commission and related Commission's services restructuring were reported by DGs to be the main reason for postponing their participation until further clarification on business priorities and related HR challenges. On the **HR Reporting** side, DG HR launched the "HR Analytics Platform" (Qlikview) offering powerful and detailed analytical capabilities.

Recruit and develop staff in the Commission

The new Staff Regulations have reinforced the link between level of responsibility and career evolution. In this perspective, the first assignments of AST to **Senior Assistant** functions as well as assignments of AD to **Senior Expert** functions took place in 2014. In addition, three **internal competitions** were organised to promote the career of the Commission's most deserving staff members, including those with a long experience before joining the Commission. Successful candidates already Commission officials were reclassified. Successful candidates on temporary contracts had the opportunity to apply for permanent position under the procedure foreseen in Article 29 of the Staff Regulations.

In the continuous efforts for efficiency gains, DG HR carried on with its **Business Process Reengineering** (BPR) project for core HR processes (learning & Development, recruitment of staff, selection of managers, medical examinations, sickness absence management, and welcome offices). Implementation of action plans from previous BPR work continued.

Provide safe, secure and attractive working conditions for staff

In the area of Security, a new security risk management methodology has been developed to strengthen the Commission's security capacity in response to increased security threats in the EU.

In the context of **social welfare** policies, guidelines on sickness absence management has been disseminated to provide managers with advice and practical tools. In the area of **working conditions**, the Commission adopted a new decision working time and the 2015 target set by the Telework Decision have already been met. The Commission has exceeded all the final **gender targets** set up for the last year of its Strategy with an increase in female representation rates at Middle Management and AD levels. The **medical services** continued improving the efficiency and effectiveness of its process with the extension of a new IT system to Luxembourg and Ispra, together with the drafting of a policy on the externalisation of medical visits.

Ensure sustainability of the regulatory framework and effective implementation of the Staff Regulations

The new staff regulations came into force on the 1st January 2014 as well as the implementing measures. In this context DG HR was a key partner in explaining and clarifying new legal framework. In addition, 2014 saw the end of the long lasting dispute with the Council as regards the salaries adjustments and pension's contribution rate therefore providing a sound and legally safe basis for the coming years.




Add value to the HR offer

130 managers from the Commission, other institutions and executive agencies participated to the HR Conference with Vice President Šefčovič and SG Catherine Day as guest speakers.

With regard to **internal communication**, the process of migrating local DG intranets into the corporate portal continued in line with the rationalisation of internal websites. As of 2014, the "Commission en direct" magazine, is also available in on-line, mobile and tablet versions. A **Staff Survey** was sent to all Commission staff, including those in Executive Agencies. A total of 19,445 staff members replied to the survey (a 49% response rate), representing a 20% increase in respondents compared to the 2013 survey.

KEY PERFORMANCE INDICATORS

The five Key Performance Indicators have been set for DG HR's main operational and administrative areas of work. They are described in context with relevant specific objective defined in the DG HR Management Plan 2014.

I: Allocate Commission Staff efficiently			
I.1. Contribute to optimal allocation of the Commission's human resources			
Result/Impact indicator	Trend	Target	Latest known results
Number of adopted Strategic HR Plans in DGs		2014: Adoption in all DGs	2013: Pilot exercise 2014: 10 DGs
II: Recruit and develop staff in the Commission			
II.1. Satisfy Commission qualitative and quantitative needs for selection and recruitment in an environment of reducing resources			
Result/Impact indicator	Trend	Target	Latest known results
Average duration of recruiting process between reception of recruitment request by DG HR and recruitment		24 working days	2012: 29 working days 2013: 26 working days 2014: 24 working days
III: Provide safe, secure and attractive working conditions for staff			
III.2. Foster attractive, flexible and respectful working conditions and environment			
Result/Impact indicator	Trend	Target	Latest known results
Level of satisfaction of staff with their workplace		2015: >73%	2013: 71.25 % 2014: 72%
V: Add value to the HR offer			
V.4. Further develop internal communication services for the Commission			
Result/Impact indicator	Trend	Target	Latest known results

Extent to which staff feels informed via corporate internal communication ¹		2014: $\geq 75\%$	2010: 64% 2013: 77% 2014: 83.5%
VII: Local HR and administrative support for DG HR and Shared Services			
VII.1. Ensure a sound financial management, monitoring and reporting system, as well as an efficient internal control system in DG HR			
Result/Impact indicator	Trend	Target	Latest known results
Number of critical / very important audit recommendations overdue by more than 6 months		2012: ≤ 1 2013: ≤ 1 2014: 0	2013: 1 on 31/10/2013 2014: 0 on 31/12/2014

KEY CONCLUSIONS ON RESOURCE MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS

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

The Commission has adopted a set of internal control standards, based on international good practice, aimed to ensure the achievement of policy and operational objectives. As required by the Financial Regulation, the Director-General 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.

The Director General, in her capacity as Authorising Officer by Delegation has signed the Declaration of Assurance albeit qualified by a reputational reservation concerning the effective management of Commission funds assigned to the European schools.

DG HR has assessed the effectiveness of its key internal control systems during the reporting year and has concluded that the internal control standards are effectively implemented. Furthermore, DG HR has taken measures to further improve the efficiency of its internal control systems in the area of supervision and performance monitoring and measurement as reported in Part 3.

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

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director General, in her capacity as Authorising Officer by Delegation has signed the Declaration of Assurance albeit qualified by a reputational reservation concerning the effective management of Commission funds assigned to the European schools.

INFORMATION TO THE COMMISSIONER

The main elements of this report and assurance declaration, including the reservation envisaged, have been brought to the attention of the Vice-President of the European Commission, Kristalina Georgieva, responsible for Budget and Human Resources.

¹ The original selected KPI was the level of satisfaction with Internal Information and Communication at central level. In 2014, the only survey launched under this objective related to a very specific assessment of the staff satisfaction on the Commission en Direct (52%). This provides a more limited view on the internal communication activities, than the staff satisfaction on internal communication.

DG HR in Brief

"To promote excellence in the practice of human resource management and in ensuring internal security for the European Commission" is the mission of DG Human Resources and Security (DG HR).

Our values and belief statements consist of a commitment to honest, fair and ethical practice, providing quality services to our staff, management and stakeholders and a work environment that encourages innovation and recognition of accomplishments, as well as promoting and developing Human Resource Professionals.

In pursuing our mission as a horizontal service for the Commission, DG HR:

- sets the HR framework for an effective and efficient use of the resources;
- ensures the development and full respect of the Staff Regulations;
- efficiently and effectively delivers HR services from recruitment to retirement;
- provides health promotion and education measures for active staff;
- ensures access for retired staff to certain social policy services;
- ensures the safety, security and protection of staff, property, activities and information;
- communicates on a timely basis on policies, actions and initiatives of relevance to Commission staff
- supports the HR service delivery by professionalising the HR function and automating processes;
- ensures open and efficient dialogue with staff representatives;
- coordinates the delivery of services by the Administrative Offices;
- collaborates with, provides services to and coordinates for the other Institutions a number of HR services.

DG HR has just over 785 staff members and is structured around seven Directorates based in Brussels, Luxembourg and Ispra:

- **rganisation and Executive Staff (Directorate A)** provides services and advice on staffing, organisation and metrics, as well as on executive staff, related HR policies for middle and senior management, their recruitment, mobility and selection. Responsible for corporate HR Reporting for the Commission, it is also the owner of corporate HRM information systems, while acting as point of contact for DG DIGIT.
- **areer (Directorate B)** designs and implements HR policies and services to manage the careers of Commission staff, in support of the Commission's objectives, in compliance with the Staff Regulations and in the interest of staff well-being and modern HR practice.
- **ocial Policy and Health (Directorate C)** defines and coordinates the Commission's social policy for active and retired staff and their families. It also coordinates the Commission's actions relating to the European Schools, provides medical advice to the Appointing Authority, and promotes the health (physical and psychosocial) of all staff in active service;
- **egal Affairs, Communication and Stakeholder Relations (Directorate D)** develops and implements policies related to the rights and obligations of staff based on the Staff Regulations, establishes and updates the implementing rules, and proposes changes to the Staff Regulations.
- **ecurity (Directorate DS)** protects the security of Commission staff, information and buildings and ensures health and safety standards are met.
- **nvestigation and Disciplinary Office of the Commission (IDOC)** ensures compliance with the Staff Regulations by conducting administrative inquiries and disciplinary procedures

1. POLICY ACHIEVEMENTS

1.1 Achievement of general and specific objectives




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

The Management Plan is structured along five key operational areas, for which specific objectives have been defined. The three operational ABB activities for DG HR 'Personnel Policy and Management', 'Security' and 'European Schools' are integral parts of these key areas of work for DG HR.

The reporting on the achievement of the objectives has therefore been adapted to the structure of the Management Plan 2014 for easy reference and understanding, while respecting the standing instructions and template for the Annual Activity Report 2014 as far as possible. In line with the standing instructions, no specific reporting will be done on the horizontal activities of DG HR.

To a great extent, DG HR achieved the objectives set for 2014. In many areas, DG HR strongly influences but is not solely responsible for the performance measured by the chosen indicators. Some discrepancies between the targets and the final results are beyond the control of DG HR, in particular in areas where Commission DGs and Services are requested to implement HR policies and the chosen indicators measure their performance or results. Examples of such indicators include the reduction of local overhead functions, the fill-in rate of eCVs, rates of AD and AST recruitments, appeals against appraisal and promotion reports, and gender equality targets.

1.1.1 Key area I "Allocate Commission Staff efficiently"

ABB activity: Personnel Policy and Management		<input checked="" type="checkbox"/> Non-spending
I.1.: Contribute to optimal allocation of the Commission's human resources in the context of staff savings and new programme management delivery modes via executive agencies		
Result indicators	Target	Current situation
Number of successfully implemented Strategic HR Plans in DGs <u>Source:</u> DG HR internal monitoring	2014: Adoption in all DGs	2013: Pilot exercise 2014: 10 DGs 
% of completed e-CVs in SYSPER (key fields) <u>Source:</u> SYSPER	2014: > than 65%	2013: 49% 2014: 55.5% 
Development of number of " local overhead " functions in Commission <u>Source:</u> Yearly Commission Job Screening	2014: Further reduction	2012: 9.2% 2013: 8.8% 2014: 7.7% 

Strategic HR Plans: The Strategic HR Plan initiative was rolled out to all DGs on a voluntary basis. This initiative aims to support DGs' human resources planning through a business-centred systematic process and a toolkit for customised analyses and simulations.

eCV: More than 55.5 % Commission staff members have completed their eCV, which results in over 17,000 eCVs searchable by at least the (HR) hierarchy.

Organisational structures: A significant adaptation of organisational structures took place as the new Juncker Commission introduced important changes in the Commissioners' portfolio allocation and in the structure of services. In total, 15 DGs and more than 1,500 staff members were affected by the transfer of responsibilities and organisational entities between the services of the Commission.

Reorganisation

15



DGs

& more than

1,500

staff members

Resource allocation: The Commission received the last batch linked to the accession of Croatia corresponding to 204 establishment plan posts for officials and temporary staff. In parallel, the Commission applied the second instalment of the 5% staff cut, which reduced by 255 posts the different establishment plans. As in previous years, the Commission also reallocated 1% of its posts to better deal with the new political priorities. In the complementary allocation 70 posts were distributed, of which 30 for the new Support Group Ukraine (DG DEVCO), 11 for the European Security Energy Strategy (DG ENER) and 8 for the Single Resolution Board (DG MARKT).

ABB activity: Personnel Policy and Management		<input checked="" type="checkbox"/> Non-spending
I.2 Manage DG HR portfolio of HR Management Information Systems (HRMIS) and Business Intelligence solutions as to enable the delivery of effective, efficient and state of the art HR services in the Commission		
Result indicators	Target	Current situation
SYSPER – User satisfaction <u>Source:</u> User satisfaction survey on SYSPER	2014: 85%	2014: Satisfaction survey mid-2015
Reduction of # of HRMIS local systems <u>Source:</u> HRMIS Rationalisation plans	2015: 20 local systems	2013: 36 2014: 23 
Reduction of # of local Business Object reports <u>Source:</u> Business Objects usage statistics	2014: 250 local reports	2013: +500 2014: +/- 170 

Metrics and reporting

DG HR continued to deliver monthly Dashboards to all DGs enabling senior managers to steer HR activities at strategic level. Further, a portfolio of standardised reports has been integrated in SYSPER. DG HR also officially launched the "HR Analytics Platform" (Qlikview) offering powerful and detailed analytical capabilities including domains such as job analysis, staffing, screening & organisational efficiency, demographics, geographical balance, and equal opportunities

HRM information systems

The HR Management Information System (HRMIS) strategy aims at (i) reducing costs while investing in innovative, shared projects, (ii) delivering better staff efficiency tools and (iii) helping simplifying processes (business process re-engineering).

It shall be noted that in the first semester of 2014 a series of projects had to be delayed due to the finalisation of the adaptations of SYSPER to the new Staff Regulations. Time management (TIM) presence registration was completed by the end of the first semester of 2014.

Despite this additional work in 2014 significant progress towards the delivery of the HRMIS strategy has been made, with an overall strategy implementation rate of 76 % in December 2014.

HRMIS Strategy

76%

Implemented

1.1.2 Key area II: "Recruit and develop staff in the Commission"


ABB activity: Personnel Policy and Management		<input checked="" type="checkbox"/> Non-spending
II.1: Satisfy Commission qualitative and quantitative needs for selection and recruitment in an environment of reducing resources		
Result indicators	Target	Current situation
Successful recruitment of Croatian citizens <u>Source:</u> SYSPER	2013-2018: 249	2013: 70 2014: 178 
Average duration between reception of recruitment request by DG HR and recruitment <u>Source:</u> SYSPER	2014: 24 working days	2013: 26 2014: 24

ABB activity: Personnel Policy and Management		<input checked="" type="checkbox"/> Non-spending
<p>Average "exploitation rate" of the Commission quotas in the reserve lists after 12 months for reserve lists of generalist competitions</p> <p><u>Source:</u> DG HR internal monitoring and e-RL</p>	<p>2014: Reach minimum 90% on average</p>	<p>2013: 4 relevant competitions between 96% and 106%</p> <p>2014: 2 relevant competitions 98% for AD & AST (excluded Croatian citizens)</p>

Recruitment of Croatian nationals: The Commission target to recruit 249 Croatian nationals from 2012 until June 2018. So far, 123 officials and 55 temporary staff joined the Commission (71 % of the overall target of 249 Croatian nationals). In addition, about 70 other Croatian citizens, mostly contract agents, were active.



Recruitment of Officials and temporary staff: The Commission recruited 1 093 new staff representing a decrease of 13.5 % as compared with 2013 (508 new officials, 436 temporary staff, and 149 officials transferred from other EU institutions). 80 % of the recruits were ADs and 20 % were AST staff. Temporary staff members were hired for the needs of the new Commission and to fill posts in the AST/SC function group.



Internal competitions: Three internal competitions were organised to accelerate the careers of the most able staff members. 380 laureates were selected at levels of administrator, AD adviser and assistant. The successful candidates already Commission officials were reclassified. For successful candidates on temporary contracts, recruitment follows the procedure in Article 29 of the Staff Regulations.

Recruitment of Contract staff: The Commission engaged a total of 1 384 contract staff representing an increase of more than 300 agents as compared with 2013. The Commission worked with EPSO and the other institutions on the new open-ended selection procedure.

Streamlining the recruitment process: As part of the BPR project, an electronic workflow for recruiting officials and temporary staff was introduced. The new process involves better tracking of the recruitment procedure. The amount of documentation required was substantially reduced. Cooperation with EPSO continued with the aim of integrating a comprehensive eligibility check into the selection process and further shortening the recruitment stage.

New Commission: DG HR prepared the organisation and HR support to smoothen the transition from the Barroso II to the Juncker Commission. This also implied renewing the Cabinets including for example the organisational design, recruitment and training, local HR support and logistics. More than 250 staff members, not taken up in the new Cabinets, were reintegrated or hosted in the DGs. Some 550 staff of the new Cabinets were welcomed in new offices and with newly installed IT.

ABB activity: Personnel Policy and Management		<input checked="" type="checkbox"/> Non-spending
II.2: Further clarify and develop policies for career management including staff mobility, training, appraisal & promotion for management and non-management staff		
Result indicators	Target	Current situation
% of not validated objectives in SYSPER for staff to be appraised <u>Source:</u> SYSPER	2014: < 10% (officials), < 20% (contract agents)	2014: 20% officials & 36% CA
% of appeals against the decision of non-proposal of promotion by the DGs <u>Source:</u> SYSPER	2014: < 5% (officials and contract agents)	2013: 4.9% officials & 5% Contract Agents 2014: 9,9% officials & 10,8% CA
Satisfaction Rate “5 Stars” with learning actions managed by DG HR <u>Source:</u> Syslog	2014: General training: 86% Language training: 88%	2013: General: 85% Language: 88% 2014: "5-star" satisfaction rate 86% General: 84.9% Language: 88.6%

Learning and development: The satisfaction rate with training was 86%. New language learning methods like eLearning and blended learning become more popular. Language classroom training remains the most widespread part of the offer with ca. 11,000 participants and a success rate of around 94% in final exams. The future L&D strategy places staff at the heart of their learning and the new web portal of the central L&D unit supports both formal and informal learning. The portal was visited approximately 9,000 times per month.

Career management: The 2014 Staff Regulations have reinforced the link between level of responsibility and career evolution. 58 officials with grade AST9 were assigned to Senior Assistant functions and promoted to grade AST10; 140 officials with grade AD12 were assigned to Senior Expert functions and promoted to grade AD13.

Internal and external mobility: Staff mobility is encouraged in the Commission in order to enable the organisation to adapt to ever changing environment, as well as to offer its staff a challenging working environment.

- 49 **senior managers** moved to another job. The Commission published 48 senior management vacancies and decided on 45 appointments.
- 110 **Head of Unit** positions and 41 seconded Head of Unit posts in the Executive Agencies were published. 88 Heads of Unit took up their function as newly appointed Heads of Unit. Up to 164 middle managers were transferred in the interest of the service and 5 voluntarily took up a non-management function.
- 9 officials were appointed and filled an **advisor** function, all at AD13-14 level, following publication of the post. Alongside, 46 advisers were transferred in the interest of the service as a result of a reorganisation.

Certification: The tenth annual certification procedure which allows the AST officials to access the AD function group was launched. Out of over 500 candidates, 50 officials were selected for the training programme.

1.1.3 Key area III "Provide safe, secure and attractive working conditions for staff"

ABB activities: "Personnel Policy and Management", "Security", "European Schools"		<input checked="" type="checkbox"/> Non-spending
III.1: Develop, implement and raise awareness on the security policy in the Commission and carry out the indicated actions for the protection of staff, information and assets in accordance with this policy		
Result indicators	Target	Current situation
Satisfaction of customers of the Duty Office with the services provided <u>Source:</u> Evaluation linked to "follow-up calls"	2014: More than 65% of positive feedback	2013: 66% 2014: 75%
Availability of the RUE system (used to create, exchange and store classified information of the level of RESTREINT UE) <u>Source:</u> RUE system	2014: 99.5%	2013: 98.0% 2014: 99.5%
Number of safety incidents <u>Source:</u> Related reports submitted to the CPPT	2014: further reduction of incident reports	2012: 31 2013: 29 2014: 29²

The Security Directorate provided a wider range of safety and security services to Commission departments, the European External Action Service, executive and decentralised agencies, joint undertakings and other EU bodies. On top of that the following services were delivered:

- The Duty Office assisted staff on a 24/7 basis in emergency situations, processing around 4,000 calls per month. It also supervised more than 200 demonstrations around Commission premises in Brussels.
- The Close Protection Service for Members of the Commission covered 292 visits and handled 362 in-house visits by VIPs, representing an increase of 10 % and 20 %, respectively, from 2013.
- In 2014, work continued on installing automated access control systems in Commission buildings MADOU, CDMA and BREY/BREY2. The new revolving doors at the Berlaymont building became operational in September 2014.
- The security inquiry team conducted 1,340 inquiries, and handled around 800 written and oral security requests.
- In response to increased security threats in the EU, a new security risk management methodology has been developed to strengthen the Commission's security risk assessment capacity.
- Security advice and assessments for more than 1,700 business trips were delivered via the Commission's Mission Processing System (MIPS) to Commission staff traveling to high-risk destinations.
- As part of its efforts to protect sensitive and classified information, 1,526 security vetting dossiers were handled for Commission staff in need of security authorisations.
- 169 conferences, courses and briefings were organised to raise security awareness with more than 5,000 staff trained in 2014.
- The security inspection team conducted 42 security inspections, including inspections of headquarters buildings, EU Delegations, Commission Representations, ECHO offices and JRC sites.

² In 2014, a higher number of office moves took place, having an impact on the number of safety incidents.

- A risk assessment, combined with training for raised awareness on psychosocial pressure at the workplace. Since mid-2013, more than 250 Heads of Unit have been trained. The audit process on health and safety at work has been completely revised, which will facilitate the implementation of future audit activities. A significant proportion of the work on health and safety in 2014 was focused on the JMO building in Luxembourg.
- The Cyber Attack Response Team (CART) investigated 24% more incidents, including a higher number of major incidents, than in 2013, of which 62% were caused by malware. CART Online, the automated file analysis system, analysed nearly double the number of files than 2013, also finding 62% malicious. Since April 2014, prototype kiosks that allow end-users to check USB sticks for malware have shown that about 20% of sticks are infected.
- More than 5,000 staff members used the RESTREINT UE system and the number of active RUE users increased by 13 % compared to 2013. SECEM, the Commission's secure email system used to protect sensitive, non-classified information sent by e-mail, was redesigned in 2014 to make the SECEM application process easier for staff. SECEM had close to 18,000 users, an increase of nearly 12.5 % from 2013.

ABB activities: "Personnel Policy and Management", "Security", "European Schools"		<input checked="" type="checkbox"/> Non-spending
III.2: Foster attractive, flexible and respectful working conditions and environment where staff feel safe, healthy and are able to deliver results and foster good relations with retired staff		
Result indicators	Target	Current situation
Level of satisfaction with the services provided by the Medical Service <u>Source:</u> Customer satisfaction survey	2015: keep >90%	2013: 90.5% 2014: 95%
Level of satisfaction with the services provided to pensioners <u>Source:</u> Opinion Survey	2015: 70%	2011: 65 % of pensioners 'satisfied' or 'very satisfied' (next survey planned for 2015)
Level of satisfaction of staff with their workplace. <u>Source:</u> Staff opinion survey	2015: >73%	2013: 71.25 % 2014: 72%
% of women on AD posts <u>Source:</u> SYSPER	2014: >43%	2013: 43.1 % 2014: 43.7%
Gender equality targets met for senior – and middle management positions <u>Source:</u> SYSPER	Senior Management: 2014: >25% Middle Management: 2014: >30%	Senior Management: 2013: 27.2% 2014: 27.5% Middle Management: 2013: 29.4 % 2014: 31.4%

Working conditions: The Commission adopted a new decision making flexitime the default working regime for all eligible staff. 2015 target set by the Telework Decision had already been met with 3,000 teleworkers. Telework-related flexibility requires good managerial skills. To this effect, a series of training courses for Managers on managing teleworkers has taken place in Brussels.

Social Policy

- 'Sickness absence management - Guidelines for line managers' was disseminated. The guidelines propose advice and practical tools for dealing with the sickness absence.
- The "Active Senior" initiative was launched providing a framework to draw on the expertise of former officials for voluntary activities. 30 agreements have been signed. A team of 8 voluntary 'active seniors' ensured the smooth running of 13 three-day seminars for retirees and their partners to help them make the transition to a new phase in their lives.

- The news on the dedicated pensioners' portal on MyIntraComm was improved. Information concerning "JSIS on line" and the "Yammer After EC" forum was disseminated. A bi-monthly magazine "Info Senior" was launched in May.
- Twenty-year service medals were awarded to 900 staff in recognition of their dedication to the European civil service. The retirement gift was offered to 464 colleagues.
- The Commission supported cultural, sports and social activities organised by and for its staff distributing 50,000 Eur across 41 clubs.
- DG HR provided a range of complementary social measures to support active staff and pensioners.

European schools

- The EU contribution amounted to about € 170 million, which equals 58 % of the total budget of the 14 European schools and the ES Central Office. The number of students in the European schools continues to increase. There were 25,385 pupils enrolled in the European schools at the end of 2014, an increase of 2.9 % compared to 2013. The Commission continues to work with stakeholders to modernise the schooling system, ensuring sound and efficient financial management, while protecting the quality of education for pupils.
- The Financial Regulation for the European Schools was revised in 2014 to clarify the roles of key financial actors, to improve the general accountancy framework and use of the EU financial contribution. The Commission gave support to the ES Central Office on this purpose.
- Members of the Board of Governors of the European schools reached an agreement in mid-2014 on a cost-sharing mechanism with the Member States. For reasons of budgetary transparency and accountability, the Commission pursued the negotiations on the cost-sharing with other Institution and bodies with budgetary autonomy (ECB, EIB, EIOPA, ESM, EIF and OHIM) whose staff's children benefit from the free of charge schooling in the European Schools. The Commission also reached an agreement on the financing of the accredited European Schools (9 schools) with several Agencies and Institutions whose staff's children are enrolled in those schools.
- In the area of safety and security, the Commission provided advice to the European Schools and organised in 2014 some training courses for the management and staff of some schools and the Secretary-General's office. In addition, a procedure was put in place aiming to streamline mutual communication and cooperation between the Commission and the Secretary-General of the European Schools in case of crisis or incident / BCP.
- Discussions with the Belgian authorities are ongoing regarding additional space to be allocated to the European schools system. Moreover, the Commission has been significantly involved in the preparation of the Enrolment Policy for the school year 2015-2016, as well as in some important pedagogical matters, e.g. the reform of the secondary cycle (participation to a working group following an external evaluation of the existing system).
- The website of the European Schools on MyIntracomm was redrafted in order to better serve those interested to send their children to a European School and to anticipate the questions that may arise (more than 100 parents' queries replied to in 2014).

Medical service

- The number of annual preventive medical examinations in Brussels and Luxembourg reached the desired level with all the necessary service contracts being fully exploited. While in Ispra, the total number of periodic and final visits increased by 25% with regard to the 2013 figures. A survey on the periodic medical visit reached 95% of satisfaction in Brussels and 98% in Ispra.
- Based on the medical information collected over several years, the Ispra Medical Service now has the tools to analyse the evolution of the different pathologies and offered targeted information and services to improve health and well-being of staff. The number of absence days due to psychological disorders decreased from 2,220 days in 2010 to 772 days in 2014 following the setting up of the psychosocial group.
- 868 psychosocial intervention cases took place in Brussels with a satisfaction rate of 95%. The sector is consulted yearly by 4% of staff and gave advice to management and HR in 40 cases. Presentations were given on the psychosocial offer, burnout, stress management, sleep a.o.. 17% of

these presentations were given to managers, incl. senior management. A conference on depression took place to mark World Mental Health Day. Three focus groups for managers were set up to assess psychosocial risks due to e.g. job demands, heavy workload, intensity of work, level of autonomy, meaning of work, conflicts, uncertainty, social relationships and emotional demands.

- The sick leave rate at the Commission level has remained stable (4.1%). Medical verifications of sick leaves, by convocation as well as at home continued to increase as part of the implementation of the new sickness absence management policy.
- The annual influenza campaign covered 4,796 staff with a satisfaction rate of 98%. The medical services responded to the Ebola crisis giving advice on preventive measures and monitored possible pathologies related to the presence of asbestos in the "Jean Monet" building in Luxembourg.
 - The medical service continued improving the efficiency and effectiveness of its process.
 - The phase-out of two local systems (Infirmary and Permanence) in 2014. Extension of a new IT system (Sermed-EHR) to Brussels and Luxembourg.
 - Creation of policies on the externalisation of medical visits,
 - Transfer of certain financial activities to other services,
 - Identification of staff to be redeployed

Equal opportunities, non-discrimination and anti-harassment

- The Commission has exceeded all the final gender targets set up for the last year of its Strategy with an increase in female representation rates at Senior Management, Middle Management and AD levels
- DG HR developed practical guidance aimed clarifying the notion and processes regarding the duty of reasonable accommodation persons with disabilities and the rights and obligations of staff and managers concerned. New disability training for staff dealing directly with disability issues is now offered, while a conference was held in the context of the International Day of Persons with Disabilities.
- 28 new confidential counsellors were selected following a call for expression of interest and trained.

Staff Satisfaction

- The 2014 staff survey, sent to all Commission staff including those in Executive Agencies, achieved a record response rate of 49%, a total of 19,445 staff.

1.1.4 Key area IV "Ensure sustainability of the regulatory framework and effective implementation of the Staff Regulations"

ABB activities: "Personnel Policy and Management"		<input checked="" type="checkbox"/> Non-spending
IV.1.: Ensure a coherent implementation of and effective compliance with the rules laid down in the Staff Regulations for the Commission and other EU decentralised bodies		
Result indicators	Target	Current situation
# and % of replies to Art.90 complaints within the 4-month deadline <u>Source:</u> HR internal monitoring	2014: Maintain high level	2013: 732 – 99.8% 2014: 99.9%
Proportion of appeal decisions of the Appointing Authority annulled by the Court. <u>Source:</u> HR internal monitoring	Appeals from 2013: Maintain low level	Appeals from 2012: 10/48 cases annulled by the Court Appeals from 2013: 3/30 annulled by the Court.

Implementation of Staff Regulation

- More than 1,000 legal opinions were provided to operational units across the HR family with a satisfaction rate of 92 %. DG HR also worked on adopting or amending texts implementing the revised staff regulations.
- The data protection coordinating team assisted in drafting a large number of data protection notifications and acted as a help desk for queries. The EDPS carried out an inspection of the Medical Service in Brussels and confirmed that it adequately protects personal data.
- A total of 1,184 requests Art. 90 (1) and Art. 24 as well as complaints Art. 90 (2) were dealt with owing partly to amendments to the Staff Regulations and representing a 43 % increase as compared with 2013.
- DG HR handled 44 requests from the Ombudsman regarding complaints about staff matters, such as recruitment and disciplinary procedures and promotion. Replies to all these requests were provided within the deadline.
- 60 appeals were brought before the Civil Service Tribunal (CST) in 2013. Of the 60 actions lodged, judgments have now been issued in 30 cases and 3 Commission decisions have been set aside.
- In order to comply with a judgment of the Court of Justice, the Commission had submitted to the co-legislators proposals for adjustments of salaries and pensions for 2011 and 2012. The European Parliament and the Council adopted two regulations setting the adjustment.
- Following the entry into force of these two regulations, Eurostat recalculated the necessary pension contribution rate for 2011, 2012 and 2013. The Council adopted Regulation 1201/2014 setting the rate for 2011, 2012 and 2013, preserving the long-term balance of the scheme.

ABB activities: "Personnel Policy and Management"		<input checked="" type="checkbox"/> Non-spending
IV.2.: Promote a high level of ethical integrity by all staff in the interests of the Commission and implement the ethics framework including the clarification of rules and guidance		
Result indicators	Target	Current situation
% of incoming disciplinary cases treated per year <u>Source:</u> IDOC statistics	2014: 95%	2013: 88% 2014: 95%
% of staff who are aware/know about discipline policy and rules <u>Source:</u> Staff poll on MyIntraComm 2013	2014: 80%	2013: 67% of respondents 2014: - ⁽¹⁾

- ⁽¹⁾ No survey was carried out in 2014, as set in the Management Plan 2015, DG HR will develop an alternative awareness-measurement based on interactive presentations throughout the year.

Ethics and integrity

- DG HR's ethics team answered more than 150 questions per month from ethics correspondents and staff, and an electronic platform to share information among the ethics correspondents was launched.
- More than 3,000 requests for authorisation were submitted mainly relating to outside activities carried out while on leave on personal grounds, and after leaving the Commission.
- Following an information campaign accompanying the launch of a new SYSPER module on spouses' gainful employment declarations and conflict of interest declarations more than 7,000 declarations were made in 2014.
- 87 administrative inquiries, disciplinary proceedings cases were registered. Disciplinary measures included 17 sanctions, 12 cautions and 1 termination of contract. A number of cases were conducted on behalf of the European External Action Service (9 ongoing cases) or jointly with the Executive Agencies (2 ongoing cases), on the basis of a Service Level Agreement.

1.1.5 Key area V "Add value to the HR offer"

ABB activities: "Personnel Policy and Management"		☒ Non-spending
V.1.: Ensure professional service delivery and further develop DG HR's service culture by ensuring professionalization of the HR community and delivering customer oriented processes and services		
Result indicators	Target	Current situation
Satisfaction level with the learning events inside the HR Professionalization Programme <u>Source:</u> Syslog	2014: > 60% satisfied	2013: 80.7% of participants reported 80% or over satisfaction 2014:

- The HR Professional Development Programme aims to improve the management of human resources in the European Commission by developing the competencies of HR colleagues and aligning our standards with those of the profession at large.
- 46 learning events were organised on Staff involvement, talent management, HR reform, HR metrics and the HR Service Delivery Model. DG HR's Principal Adviser team hosted the 2014 HR Conference, which was attended by 130 managers from the Commission, other institutions and executive agencies. Vice President Šeřčovič and SG Catherine Day were guest speakers.
- 2014 saw the launch of the HR Graduates Network comprising colleagues from the Commission and other institutions who have obtained the HRM/Learning & Development (L&D) Certificate.

ABB activities: "Personnel Policy and Management"		☒ Non-spending
V.2.: Continuously improve professional relationships with stakeholders and partners relevant for HR core services		
Result indicators	Target	Current situation
Satisfaction of agencies with Services and management of 'helpdesk' function <u>Source:</u> HR Internal monitoring	2014: > 60%	2013: <i>no satisfaction survey in 2013</i> 2014: 77%

- A satisfaction survey was launched to agencies regarding services and management of the 'helpdesk' function. Results were globally positive and some actions were identified.

- The Commission simplified the procedure for implementing Article 110 of the Staff Regulations, which concerns the procedure that agencies have to follow to adopt rules on implementing the Staff Regulations more generally.
- In addition, the Commission offered the decentralised agencies an adapted version of its job screening methodology to better analyse the efficiency of their organisational structures.
- Thirdly, the Commission revised its guidelines on executive agencies to lead to smoother implementation of the Staff Regulations and to a rationalisation of HR management.
- Finally, the Commission made available to all agencies a new IT tool on administrative practice in HR (FAQIRA — SYSTAT) to deal with administrative issues quickly, more effectively and more efficiently.

ABB activities: "Personnel Policy and Management"		<input checked="" type="checkbox"/> Non-spending
V.3.: Modernise the HR service and rationalise the delivery model for HR services in order to increase efficiency, reduce overheads and provide a better service, while fully respecting legal obligations		
Result indicators	Target	Current situation
Number of new SLAs with Commission Services for HR services provided by DG HR <u>Source:</u> SLA inventory	2014: > 0	

Originally, it was intended to establish additional SLAs on local HR services within the Commission. In the meantime, a decision has been taken to examine how the HR delivery model can be revised in a structural manner, rather than by punctually increasing the number of SLAs. In 2014, DG HR developed a respective first proposal which is currently being subject to further analysis.

Important progress has been made with the collaboration of DIGIT and an increase of interest by other institutions to use SYSPER was registered. Two new institutions/agencies went live with SYSPER: the Single Resolution Board (SRB) and the agency ECSEL. This brings the total number of institutions and agencies using SYSPER as their HR management system to 15.

ABB activities: "Personnel Policy and Management"		<input checked="" type="checkbox"/> Non-spending
V.4.: Further develop internal communication services for the Commission in order to enhance staff understanding of both the Commission's main priorities and activities as well as internal personnel and organisational matters		
Result indicators	Target	Current situation
Extent to which staff feels informed via corporate internal communication <u>Source:</u> Staff opinion survey	2014: > 75%	2010: 64% 2013: 77% 2014: 83.5%
Levels of staff satisfaction with Internal Information and Communication at central level <u>Source:</u> Surveys on MyIntraComm and/ or Commission en Direct	2014: ≥ 75%	2010: 64% 2013: 72% 2014: 52%
% of DG HR staff who know/understand the DG HR Management Plan , DG mission, vision and values <u>Source:</u> Survey on Internal Communication in DG HR	2014: 90%	2013: 83.44% 2014: 74.1%

- The corporate portal My IntraComm has about 60,000 users in the Commission, in other Institutions and in Executive Agencies, as well as retired staff. On average, there are approximately 20 000 unique visitors per day, and 36,500 unique visitors per month.

- The process of migrating local DG intranets into the corporate portal continued in line with the rationalisation of internal websites. Three new intranets were migrated to the My IntraComm platform (COMP, EAC, FPI), together with four corporate sites (BUDGWEB, COMM corporate site, EAC Traineeship Office, Auditnet).
- As of 2014, the "Commission en direct" magazine, is also available in on-line, mobile and tablet versions. A dedicated staff survey demonstrated the value of the publication.
- The "Management Matters" newsletter was revamped in 2014.
- The Commission's main internal social media platform, Yammer, continued to develop as a key internal communication tool. To date, 14,300 Commission staff are registered in the system, with an average of 2,000 active users at any one time.

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

DG HR is continuously fine-tuning its internal arrangements in order to improve the efficiency and effectiveness of its operations. Launched in 2011, the Business Process Reengineering (BPR) initiative shows how these principles are implemented in our DG.

Business process re-engineering (BPR) aims to stimulate changes in processes, focusing on streamlining workflows, increasing the value of services delivered and optimising the allocation of resources.

The BPR planning for 2012-2014 provides coverage of processes in DG HR via (a) in-depth reviews of the existing workflows for client-oriented and resource-intensive processes or (b) lighter reviews using a BPR self-assessment tool kit for all other processes.

DG HR reviewed 30 % of its customer-focused processes and six BPR reports have been produced (on recruiting staff, selecting managers, carrying out medical examinations, absence management, working conditions and learning and development). In addition to savings already made by re-designing the recruitment process, further savings are expected due to outsourcing laboratory tests and annual visits, and rationalising the Learning and Development process.

In 2014 DG HR has reviewed its provision of services to internal and external clients (EU institutions, agencies and bodies). The results of this review showed that, in some cases, the services were provided for an amount that did not cover the full cost of provision. According to Commission-wide guidance under finalisation, in 2015 DG HR will update its Service-Level Agreements with external clients and apply a policy of charging back the full cost of provision.

2. MANAGEMENT OF RESOURCES



Assurance is an objective examination of evidence for the purpose of providing an assessment of the effectiveness of risk management, control and governance processes. This examination is carried out by management, who monitor 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-General.

The reports produced are:

- **Assurance reports and exceptions registered** by the Sub Delegated Authorising officers as well as reports from Authorising Officers in other DGs who manage budget appropriations in cross-delegation;
- **Contribution of the Internal Control Coordinator**, including the results of internal control reviews at the DG level;
- Results of the **ex-post controls**;
- Opinion and/or the observations of the **Internal Auditors**
- Observations and recommendations reported by the **European Court of Auditors (ECA)**.

This section reports the control results and other relevant elements that support managements' assurance on the achievement of the internal control objectives³. It is structured in three separate sections:

1. DG's assessment of its own activities for the management of its resources;
2. Assessment of the activities carried out by other entities to which the DG has entrusted budget implementation tasks; and
3. Assessment of the results of internal and external audits, including the implementation of audit recommendations.

The DG HR budget is implemented under direct management mode and financial control is associated with contracts awarded under public procurement rules. Other expenses are related to social policy, recruitment activities and missions, which are highly regulated and carry a very low financial risk. It should be noted that a large part of DG HR's budget is however earmarked as a financial contribution for the European Schools. The European Schools' budget is managed under a distinct and separate governance framework.

DG HR budget breakdown:

Type of expenditure	Million EUR	% Total Budget
Procurement	68	27%
Other expenses	12	5%
Contribution to the European Schools	170	68%
Total	250	100%

DG HR dealt with ~17,500 transactions. The vast majority (88%) were payments and most of these

³ 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).

have relatively low values. The average payment value, if payments to the European Schools are disregarded, is < €5,000. Most of the payments are routine in nature, around indeed 2/3 of all payments are either associated with payments or reimbursements for medical check-ups or payments for interim staffing services.

In addition to the institutional budget DG HR manages around €6.2M (2.5% of the budget), of additional revenue which is used to cover the costs associated with providing services to other institutions and bodies. Prior to offering services to third parties DG HR ensures that it would be mutually beneficial in terms of economies of scale and overall cost savings, improved synergies and coherence for better results. All agreements are regulated by service level agreements (SLAs). These relate in particular to the provision of training, security and medical services to others. A further €5.5M of revenue is received from the Agencies to fund the type 2 European Schools e.g. in Alicante, Copenhagen, Helsinki and Parma.

Regular reviews of operational achievements and control results take place notably:

- The Director-General meets the Directors and Heads of Unit twice a year, to take stock of progress made in achieving both operational results and internal control objectives;
- DG HR and the Cabinet discuss, as part of their weekly meetings, the Commission Agenda planning, internal control issues and other priority actions;
- A financial scorecard is prepared each month with performance indicators associated with financial management and control. This is discussed periodically with management.
- Budget programming exercises are organised at least three times a year;

The Director General ensures that responsibilities are assigned appropriately throughout the organisation. A cascade system to empower senior managers to award authorising powers to their staff was established in 2014. Initiatives to further empower managers and to involve them more in control activities without unnecessary administrative burden are ongoing. Such initiatives will take the form of improved procurement planning, audit follow up and risk management.

DG HR has both decentralised and centralised circuits in place. In essence, the decentralised model is adopted for financial transactions related to two of the DG's entities i.e. the Security Directorate and the training unit, with significant financial activities. These entities were deemed to have the necessary capacity and expertise to effectively implement financial control systems. In 2014, and following a thorough analysis of the associated risks, DG HR completed its centralisation of payment processing for the remainder of the organisation. Similarly having considered the associated risks, the procedures adopted for large value procurement contracts are centralised. These procedures are monitored and controlled by the 'finance and procurement' unit. Procurement is more decentralised for the less risky low value tendering procedures.

DG HR coordinates and cooperates with the DGs in the administrative family. The following should be noted:

- The Resource Directorate of DG HR is a shared resources service and it provides support to EPSO and the IAS for financial management and local HR services.
- The HRMIS Steering Group, chaired by DG HR, comprising DIGIT, PMO, OIB, OIL and EPSO, specifically monitors IT activities.
- DG HR plays an active role in the public procurement advisory committee 'GAMA' (Groupe d'Analyse des Marchés Administratifs), with EPSO, IAS, PMO, OIB, OIL and DG DIGIT).

2.1 Management of human and financial resources by DG HR

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

Control effectiveness as regards legality and regularity

DG HR 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 DG's activities as well as the nature of the payments concerned. The financial control objective is to ensure that the DG has reasonable assurance that the total amount of any financial operation authorised during the reporting year, which would not be in conformity with the applicable contractual or regulatory provisions, does not exceed 2% of the total expenditure.

Financial management and control is grouped around three core processes: 1) Procurement, 2) Financial operations and 3) Supervisory measures. DG HR determines its error rate through the following supervisory measures:

- Well-established campaigns of ex post control on a risk based sample of transactions. These are performed by management and by the finance and internal control unit; and
- Regular reviews of important procurement files sampled by the inter-service group on public procurement (GAMA).

The ex post control campaign covered 420 transactions worth €66.6M, representing 44% of the total amount. The sampling method used had both random and risk based components. Thus the population is adequate to produce a meaningful result. Applying a risk-based component, one can assume that the error-rate resulting from this sample is higher than the true error rate that would apply to the entire population.

Control Coverage for the Budget associated with Procurement and Other expenses:

Type of transaction	Number Ex post control	Value associated with the sample Million EUR	% of total covered by the sample
Commitments	160	43.9	59%
Payments	227	20.8	29%
Recovery orders	33	1.9	29%
Total	420	66.6	44%

95% of the total transactions checked in the ex-post controls were acceptable some had minor shortcomings such as missing justification documents. The remainder, which contained more substantial errors, were generally associated with low value transactions. Indeed the amounts in euro associated with the errors represented less than 0.3% of the value of the controlled amount.

The nature of the errors generally would result in additional risks to the organisation e.g. Officers signing orders without formally having the necessary empowerment to do so. A minority could be associated with financial losses or potential financial losses. The main issues identified concern the respect of procurement procedures notably for low value contracts, the respect of contractual provisions, some a posteriori commitments and the application of the financial circuits.

Control results of the GAMA ("Groupe d'Analyse des Marchés Administratifs")

DG HR participates in the independent group of procurement experts together with 5 other DGs/Services, the GAMA, which checks high risk procurement procedures, prior to awarding the associated contracts. The group issues opinions on the legality and regularity of the procurements. In case the procurement is deemed irregular, the authorising officer will generally take the necessary remedial measures⁴ prior to awarding the contract.

In 2014, the GAMA examined 4 of the 7 files awarded by DG HR that would fit the criteria for a GAMA opinion. The group issued 4 positive opinions.

Risk-based ex ante checks by GAMA:

Transaction type	DG HR Managed Procurements eligible for GAMA checks		
	Total in 2014	Checked Ex Ante by GAMA	Proportion With errors (%)
N° procurement procedures	7	4	0%
Value associated with high risk procurement procedures (Million EUR)	47.2	37.6	0%

Control Results for European Schools

Following a risk based strategy and relatively few transactions relating to the European Schools were checked. There are relatively few transactions in this area of the budget and limited scope for error. The sample is considered to be representative. The results of the controls were, as in previous years, all acceptable and thus the error rate associated with the European schools budget is 0%.

Control Coverage for the Budget associated with the European Schools:

Transaction type	Number Ex post control	Value associated with the sample Million EUR	% Amounts checked Ex Post
Commitments	3	26.8	16%
Payments	3	15.7	9%
Recovery orders	2	3.4	57%
Total	8	45.9	13%

Over the years DG HR's low error rate results have been systematically confirmed by the Court of Auditors. The estimated error rate using a weighted average for the entire budget of DG HR is **0.1%**.

Estimated Error Rate using Weighted Average

Type of expenditure	Estimated Error rate	% Total Budget
Procurement and Other expenses	0.3%	32%
Contribution to the European Schools	0.0%	68%
Total	0.1%	100%

⁴ The GAMA cannot take the decision-making power from the authorising officer in charge. In most cases a procedure with a negative GAMA opinion will be re-started or abandoned.

Control efficiency and cost-effectiveness.

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.

DG HR has estimated the costs associated with the main control processes. The benefits of our preventative controls, e.g. the deterrent effect of controls, the didactic value associated with the control exercises, are not quantifiable. Moreover since the error rate is very low, it follows that the recovery of funds associated with erroneous payments is negligible but when such monies are due, DG HR fulfils its duty to protect the Communities' budget. All undue payments are recovered whenever possible.

Compared to many other DGs, DG HR does not have a large budget and thus it has limited scope to see the benefits of control in euro values. This said, we are convinced that efforts made to improve financial processes do result in efficiency gains. The current cuts to the Commission's administrative budget mean that our DG is obliged to do more with less and thus become more efficient. The resources dedicated to control are aligned with the associated risks and DG HR concludes that the cost-benefit of control is acceptable.

DG HR has developed several indicators to measure the efficiency of the controls associated with its main areas of financial management:

Efficiency Indicators for Procurement and Other expenses

An estimated €1.5M (costs related to staff involved in controls) were invested in controlling 30 procurement procedures for contracts with a total value of €508M⁵. Thus 0.3% of the total contract value was dedicated to control and the benefit : cost ratio is estimated at **€330**.

For financial transactions an estimated €5.8M was invested in controlling 17,415 transactions worth €73M. Thus 7.7% of the total payment amount was dedicated to control. Each financial transaction costs an estimated **€331**.

An estimated €0.2M was invested in ex post controls of 428 financial transactions. Therefore each transaction or procedure checked cost an estimated **€548**.

All in all, we estimate that €7.5M costs were invested in control. If we consider this in terms of the relative budget for procurement and other expenses €80M, the cost of control indicator for this part of the budget is 9%.

DG HR has adopted a generic efficiency indicator related to the time taken to pay (see annex 3). In 2014, DG HR failed to meet its target to make 95% of all payments on time. The average time taken to pay however remains below 20 days in line with regulatory requirements. The payment delays were localised and most were associated with a large number of low value payments for medical check-up services. It is envisaged that efforts made to streamline financial processes and centralise financial circuits will bear fruit and result in gradually improved performance in 2015.

Efficiency Indicators for the Financial Contribution to European Schools

Financial contribution to the European Schools in 2014 totalled ~€170M representing 68% of the total budget of DG HR. The estimated costs of controlling the associated financial management overall is

The principle of **efficiency** concerns the best relationship between resources employed and results achieved.

The principle of **economy** requires that the resources used by the institution in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price.



⁵ This amount corresponds to the tendering procedures managed in 2014 (awarded or ongoing). The amounts associated with tendering are multiannual and often inter-institutional. They include work to support EPSO, EUSA and PMO tendering. This amount is significantly higher than last year as several important tendering procedures were launched in 2014, notably for the security guards service and for interim staff.

estimated at €187,500 (costs related to staff involved in controls). Thus **0.1% of the total of the European Schools budget was dedicated to control.**

Overall Efficiency Indicators

Considering the total costs dedicated to control for the two main budget areas covered by DG HR, we can conclude that the overall proportion of the budget dedicated to financial control is 3%. The reason for proportionally having more controls dedicated to procurement is due to the risk based control strategy adopted by DG HR. Compared to the previous reporting period, DG HR's performance has not changed significantly.

	Budget Million EUR	Estimated percentage dedicated to control
Procurement & Other	80	9.4%
European School	170	0.1%
Total	250	3.1%

Fraud prevention and detection

DG HR has developed its anti-fraud strategy as foreseen in the Commission's overall anti-fraud strategy⁶. Many anti-fraud measures have already been implemented and appropriate controls are in place notably: the centralisation of financial circuits and the adoption of a cascade system for empowering and effectively supervising the work of authorising officers. Moreover there was a focus on fraud in this year's annual risk assessment exercise. Some of the envisaged measures are however not fully implemented and work in this area is expected to be concluded in 2015. DG HR contributes to the horizontal support activities piloted by OLAF and is part of the working group set-up in 2014 to deal with issues related to conflict of interests. DG HR's contribution focuses on situations falling under the Staff Regulations and the objective is to reinforce the consistency of guidance within the Commission.

In terms of indicators, no cases of fraud have been reported this year.

⁶ COM(2011) 376 24.06.2011.

Other Issues: the European Schools

DG HR's mandate may be associated with supporting the European Schools, notably because DG HR's mission covers the wellbeing of the Commission's staff. However the schools have a broader, distinct and separate mandate which is governed by an intergovernmental convention⁷. The fulfilment of this mandate thus cannot be construed as 'executing a part DG HR's mission'. For this reason the European Schools are not considered as an entrusted entity which indirectly executes DG HR's budget.

The governance of the European School System is ensured by the Board of Governors in which the European Commission is represented (Commission 1 vote, Member States 1 vote each, the European Patent Office (EPO)⁸ and parents have a voting right for certain issues).

DG HR recognises that there are risks connected to the schools' financial management and control systems and has been working with the European Schools to help strengthen the control procedures and improve the overall control environment. Actions completed in 2014 include:

- vice on the required amendments to the Financial Regulation to set the scene for the implementation of *inter alia*:
 - ruals based accounting,
 - dating procurement and payment rules;
 - updated internal control system, and
 - uring that OLAF has jurisdiction in the schools' system.
- condment of a Commission official to support in the implementation of sound financial management and effective accounting systems;
- ancial support for the adoption of more performant financial accounting.

Actions which are ongoing in 2015 include:

- pport for the effective implementation of accruals based accounting systems and for implementing the associated accounting software (SAP);
- pport for developing the Schools' procurement; financial management and internal control capacity through providing access to training, guidance and to Commission-based expertise;
- sistance in defining the financial circuits and the roles and responsibilities of the key financial actors;
- vice for improving the accountability framework including the design of reports that provide assurance regarding sound financial management.

In 2015 DG HR will contribute to a working group, set up by the Schools Board of Governors, established to develop sound financial management within the schools' system. By the end of 2015 DG

⁷ Official Journal L 212, 17/08/1994 P. 0003 – 0014.

⁸ Since the European Patent office finances the bulk of the European School Munich budget.

HR considers that the schools' management should have made progress in the above-mentioned improvement areas. The situation regarding the reservation will be reassessed at the end of the year.

2.2 Budget implementation tasks entrusted to other DGs and entities.

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

Cross-sub-delegations

DG HR has entrusted 3% of its budget for just over €8M to other DGs of the European Commission in order for them to carry out certain tasks on its behalf. Most of the amount entrusted to other DGs is awarded to DIGIT for technical support services associated with DG HR's Information Systems.

Commitment Credits Entrusted to Other DGs and Services

DG	Nature of Entrusted Tasks	Amount Concerned
DIGIT	IT support services	€ 6,470,000
SG	Staff Support, Learning & Development	€ 1,100,000
PMO	Staff costs associated with salaries & social support	€ 246,000
BUDG	Learning & Development - Financial Management	€ 170,000
EPSO	ERASMUS : Traineeship for national civil servants	€ 65,000
SANCO	Medical Services in Grange	€ 35,000
COMM	Security Services for the Task Force Greece	€ 33,000
Total		€ 8,119,000

In addition to the credits delegated to others for commitments. DG HR, like other DGs also entrusts payment operations associated with routine expenditure e.g. payment of missions expenses, payment of staff allowances which are executed by the PMO.

The budget cross-sub-delegated has been managed under the same Commission rules and control framework. Through the existing reporting mechanisms DG HR is not aware of any issues or weaknesses which may have a significant impact on the assurance. Consequently, for the indirect management of the parts of our budget via the cross-delegated AODs, we can conclude that there are no control weaknesses affecting the assurance building.

2.3 Assessment of audit results and follow up of audit recommendations

In this reporting period DG HR was assigned responsibility to follow-up on four recommendations associated with a Special Report of the Court of Auditors entitled: "How do the EU institutions and bodies calculate, reduce and offset their greenhouse gas emissions". The associated action plans have been drawn up and work has commenced to deal with the issues raised by the Court. The Commission's EMAS Coordination Team will coordinate the action plan to address the audit on greenhouse gas emissions at inter-institutional level via the Inter-institutional Group on Environmental Management (GIME).

Work to address the remaining recommendations associated with the 2012 annual reports and another Special Report of the Court of Auditors on "The effectiveness of staff development in the European Commission" is concluding. Although delays have been experienced in implementing the action plans, none of the remaining recommendations were considered as 'very important' or 'critical' by the Court of Auditors.

DG HR's Internal Auditors issued two new recommendations for follow-up. These were associated with the audit on 'the Planning Stage of the Selection Process'. One of these recommendations has been addressed and the other is scheduled for completion in 2015.

In 2014 some audit follow-up assignments were concluded by the IAS and these resulted in the down-grading and/or closure of recommendations. Currently DG HR considers that there are seven outstanding recommendations from the Internal Audit Service or Internal Audit Capability.

None of the recommendations associated outstanding audits or new audits were awarded Very Important or Critical status by the auditors.

On the basis of the risk assessment and as specified in the IAC annual work programme, the IAC carried out audit follow up and "Business Process Re-engineering (BPR)" consultancy engagements to help management in identifying opportunities of rationalisation, simplification and savings. By their nature, the BPR engagements do not contribute to assurance opinions as such. Nevertheless, these engagements do provide management with general information on the state of control. On this premise, the Head of the IAC was able to declare that he was not aware of anything not reported which may lead to a potential reservation in the AAR.



AUDIT RESULTS

Assurance Declaration issued by
DG HR IAC

No outstanding or new audit recommendations were classed as Very Important or Critical

Two new audits were issued in 2014:

- "How do the EU institutions and bodies calculate, reduce and offset their greenhouse gas emissions".
Court of Auditors
- "Planning Stage of the Selection Process" Internal Auditors

Follow-Up work on past audits relates mainly to:

- "The effectiveness of staff development in the European Commission", DAS 2012 'Supporting the Agencies'
Court of Auditors
- "Audit on Security", "Absence Management", "The Management and monitoring of staff Allocation"
Internal Auditors

3. ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS

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

DG HR 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. An important risk for DG HR is associated with the protection of sensitive information. The results of an inspection of the Medical Service carried out by the European Data Protection Supervisor confirmed that the organisation adequately protects personal data (see P.13). DG HR continues its efforts to ensure that staff are adequately vetted prior to giving them access to sensitive and classified information and to raise security awareness through conferences, courses and briefings. Such measures have resulted in increased demands and wider use of secure email and data transmission systems (See Pages 9 and 10).

The internal control coordinator ensures that the review of the implementation of the Internal Control Standards is regularly updated to take account of relevant information. The annual review focused on an analysis of the results of the staff opinion survey, and the annual risk assessment. This information was complemented by information and inputs from managers and staff who play a key role implementing the internal control standards.

Other important sources of information to support the assurance statement are:

- The Management Reports submitted by the Sub Delegated Authorising Officers;
- The results of audits and reviews and the IAC's opinion;
- The results of the ex post controls.
- A review of the exceptions and noncompliance reports submitted;

DG HR's register of exceptions and non-compliance events contains eleven exception reports. Thus a relatively low number of non-standard procedures were adopted to deal with operational challenges and to ensure that business continuity is guaranteed e.g. existing contracts may be extended because there are delays in the tendering procedure for the new contract. The exceptions are generally associated with issues that have a limited or no financial impact but they may entail extra risks for the organisation e.g. entering into a legal commitment without first ensuring that the financial appropriations were available. The exceptions and non-compliance events are systematically followed up on a case by case basis to help ensure that similar situations do not occur in the future. Corrective measures include reinforced supervision, training for staff and reviews and of procedures or systems.

This analysis of all data and information has enabled the Internal Control Coordinator to report the state of internal control and their recommendations to the Director-General including their suggestions for any Internal Control Standards to be prioritised during the next year.



INTERNAL CONTROL SYSTEMS

DG HR has put in place the organisational structure and the internal control systems to ensure that the Commission's internal control standards are effectively implemented.

Internal control coordinator carries out regular reviews to check on the implementation of the Internal Control Standards.

Concerning the overall state of the internal control system, DG HR complies with the three assessment criteria for control effectiveness.

- Staff capacity:
staff having the required knowledge and skills;
- Capacity of systems and procedures:
systems and procedures are designed and implemented to manage the key risks;
- Experience of the operation of the control system:
no instance of ineffective controls that have exposed the DG to important risks (operational effectiveness).

In conclusion, the internal control standards are effectively implemented. DG HR has taken measures to further improve the efficiency and effectiveness of its internal control systems in the area of:

- **The Supervision and monitoring of entrusted and associated entities** (ICS 9).
This is to address risk assessment results and improve the coordination and cooperation between DG HR and the European Schools and the Offices.
- **Objectives and Performance Indicators** (ICS 5)
This is to improve the planning and monitoring capacity of the organisation making DG HR more performant with regard to anticipating and dealing effectively with problems in a timely manner.
This standard was also prioritised to help ensure that DG HR could face up to new challenges related to reporting on operational performance.

4. MANAGEMENT ASSURANCE

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

4.1 Review of the elements supporting assurance

The information reported in Parts 2 and 3 stems from the results of management reports, supervisory controls, surveys and audits that cover the whole organisation. DG HR operates in an environment where the risks are sufficiently well-managed and generally rather low:

- ✓ A centralised and direct mode of budget implementation, the mode with the lowest intrinsic risk,
- ✓ Assurance received from cross-sub-delegations given to other DGs.
- ✓ Absence of grants and limited asset management, which are notoriously risky areas of financial management,
- ✓ Positive assurance on administrative expenditure given by the Court of Auditors for several years, and again for 2013,
- ✓ Conclusions of the ex-post controls (no issues with significant financial impact);
- ✓ Positive feedback received from GAMA concerning procurement procedures;
- ✓ Monitoring, registration and analysis of exceptions reports and non-compliance events (minor events reported);
- ✓ No outstanding audit recommendations that are very important or critical coupled with a statement of the IAC in their audit opinion,
- ✓ Critical risks are identified and they are the subject of management attention; mitigating actions are defined and implemented.



Based on the above elements and on the positive report on the quality of the accounting data, it is justified to have a reasonable assurance on the legality and regularity of the underlying transactions. DG HR is thus confident to have sufficient guarantees as to the completeness and reliability of the information reported.

4.2 Overall conclusion on assurance and reservations

The Director General is in a good position to provide her assurance declaration for 2014. However a reputational reservation was included in last year's Annual Activity Report. It was associated with reputational damage linked to the mismanagement of funds by the European Schools. Since the actions envisaged to address the reservation require more time to be implemented, DG HR will maintain this reservation in the Annual Activity Report 2014.

No	Title	Type	Amount at risk	ABB amount concerned i.e. scope
1	Continuation of 2013 Reservation on reputational grounds related to possible fraud* in one European School (type I).	Reputational	N/A	N/A

* The suspected fraud took place in previous years; the 2013 CoA report refers to irregular payments having been detected during 2003-2012.

Reservation 1

Title of the reservation	Reservation on reputational grounds related to possible fraud in one of the European Schools
Domain	N/A Reputational Reservation. Payments to the school are made under a form of 'Direct management. The schools are rather autonomous in their subsequent management of appropriations.
ABB activity and amount affected	26.017002 European School Brussels I Total amount of Payments made €24 million
Reason for the reservation	Reservation on reputational grounds following Court of Auditors' findings in the context of the report on the annual accounts of the European Schools related to the continuing accounting and control weaknesses and to the identification of irregularities linked to potential fraud in relation to one European School.
Materiality criterion/criteria	The Commission's reputation may be at stake despite the fact that, due to the existing governance framework, the Commission can exercise only limited control over the management of the Schools.
Quantification of the impact	Not a financial reservation
Impact on the assurance	The original reservation was made on the grounds that resources may not be used for the intended purpose. A number of measures to develop the schools capacity to improve the associated financial and control systems are being implemented. It includes provisions for improving the accounting system and the accountability structure.
Responsibility for the weakness	The Director of the School Brussels I is Authorising Officer. The governance of the European Schools System is ensured by the Board of Governors (in which the European Commission has 1 vote on 30).
Responsibility for the corrective action	DG HR responsibilities focused on: <ul style="list-style-type: none"> Supporting to the European Schools to update their financial management practices. Coordinating efforts within the Commission to improve the regulatory framework. Creating goodwill to convince the European Schools to improve Financial Management and Control Systems. <p>This resulted in a recast Financial Regulation for the Schools which entered into force in January 2015. Furthermore, the Schools' Board of Governors has agreed to continue work to address financial and control weaknesses in 2015.</p>

DECLARATION OF ASSURANCE

I, the undersigned, Irene SOUKA,

Director-General of DG HR,

In my capacity as authorising officer by delegation,

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

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

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

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

However, a reservation should be noted; Given the Court of Auditors' findings relating to the identification of irregularities linked to potential fraud in relation to one European School, a reputational reservation on the European Schools was issued last year and is maintained in 2014.

Brussels, 31 March 2015



[Signed]

Irene SOUKA
Director-General of DG HR