



2011

Annual Activity Report Annex 1 and 2

**Directorate-General
for Informatics
(DIGIT)**

Date: 30/03/2011

Version: Final



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ANNEX 1 - STATEMENT OF THE RESOURCES DIRECTOR

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

I hereby certify that the information provided in Parts 2 and 3.1 of the present AAR and in its annexes 2 to 5 is, to the best of my knowledge, accurate and exhaustive.

Brussels, 30/03/2012

Arturo Caballero Bassedas

(signed)

ANNEX 2 – HUMAN AND FINANCIAL RESOURCES

HUMAN RESOURCES¹

Code ABB Activity	ABB Activity	Operating	Global envelope	Total
26 AWBL-30	Activity 1 - Policy strategy and coordination for DG DIGIT	7		7
26 AWBL-33	Activity 2 - Administrative support for DG DIGIT	102	7	109
26 AWBL-34	Activity 3 - ICT infrastructure services provisions	114	3	117
26 AWBL-31	Activity 4 - Corporate ICT infrastructure solutions	113	3	116
26 AWBL-32	Activity 5 - Information system governance - ICT consulting, information systems development and support	117	6	123
26 03	Activity 6 - Interoperable Delivery of pan-European eGovernment services to public administrations, businesses and citizens	14	3	17
Total		467	22	489

¹ The data rely on the snapshot of Commission personnel actually employed in DIGIT as of 31/12/2011. These data do not constitute full-time-equivalent units throughout the year.

IMPLEMENTATION OF THE GLOBAL ENVELOPE

(IN EUROS)		APPROPRIATIONS 2011 (C1)			APPROPRIATIONS carried over (C8)	
BUDGET LINE ²	BUDGET LINE DESCRIPTION	AVAILABLE APPROPRIATIONS 2011	COMMITMENTS 2011	PAYMENTS 2011	AMOUNTS OF APPROPRIATIONS CARRIED OVER FROM 2010	% IMPLEMENTATION ON APPROPRIATIONS CARRIED OVER FROM 2010
XX.010211.00						
XX.010211.00.01.10	Mission expenses	476.200	476.200	397.019	79.181	65,6%
XX.010211.00.01.30	Representation expenses					
XX.010211.00.02.20	Meeting costs					
XX.010211.00.02.40	Conference costs	20.300	20.300	14.612	2.868	25,6%
XX.010211.00.03	Meetings of committees	20.000	20.000	10.835	11.972	73,0%
XX.010211.00.04	Studies and consultations	496.611	496.611	13.800	132.428	93,2%
XX.010211.00.05	Development of management and information systems	1.929.133	1.929.133	809.773	1.367.080	99,8%
XX.010211.00.06	Further training and management training	206.160	206.160	99.100	112.490	92,1%
	Total	3.148.404	3.148.404	1.345.148	1.706.019	97,4%

² Where XX represents the policy area



2011

Annual Activity Report Annex 3

**Directorate-General
for Informatics
(DIGIT)**

Date: 30/03/2011

Version: Final



Annex 3 Financial Reports - DG DIGIT - Financial Year 2011

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

Table 4 : Balance Sheet

Table 5 : Economic Outturn Account

Table 6 : Average Payment Times

Table 7 : Income

Table 8 : Recovery of external assigned revenues

Table 9 : Ageing Balance of Recovery Orders

Table 10 : Waivers of Recovery Orders

Table 11 : Negotiated Procedures (excluding Building Contracts)

Table 12 : Summary of Contracts (excluding Building Contracts)

Table 13 : Building Contracts

Table 14 : Contracts declared Secret

Report on the negotiated procedures during 2011

Additional comments

Tables 1 and 2:

Appropriations include appropriations that were sub-delegated or cross-delegated to DIGIT.

Table 3:

Commitments to be settled include commitments on appropriations that were sub-delegated or cross-delegated to DIGIT.

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2011 (in Mio €)				
Chapter		Commitment appropriations	Commitments made	%
		1	2	3=2/1
Title 06 : Mobility and transport				
06 02	Inland, air and maritime transport	0,48	0,48	99,84 %
Total Title 06		0,48	0,48	99,84 %
Title 26 : Commission's administration				
26 01	Administrative expenditure of `Commission's administration` policy area	6,42	5,74	89,43 %
26 03	Services to public administrations, businesses and citizens	26,35	25,37	96,28 %
Total Title 26		32,77	31,11	94,94 %
Title XX : Administrative expenditure allocated to policy areas				
XX 01	Administrative expenditure allocated to policy areas	144,53	140,35	97,11 %
Total Title XX		144,53	140,35	97,11 %
Total DG DIGIT		177,78	171,94	96,71 %

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

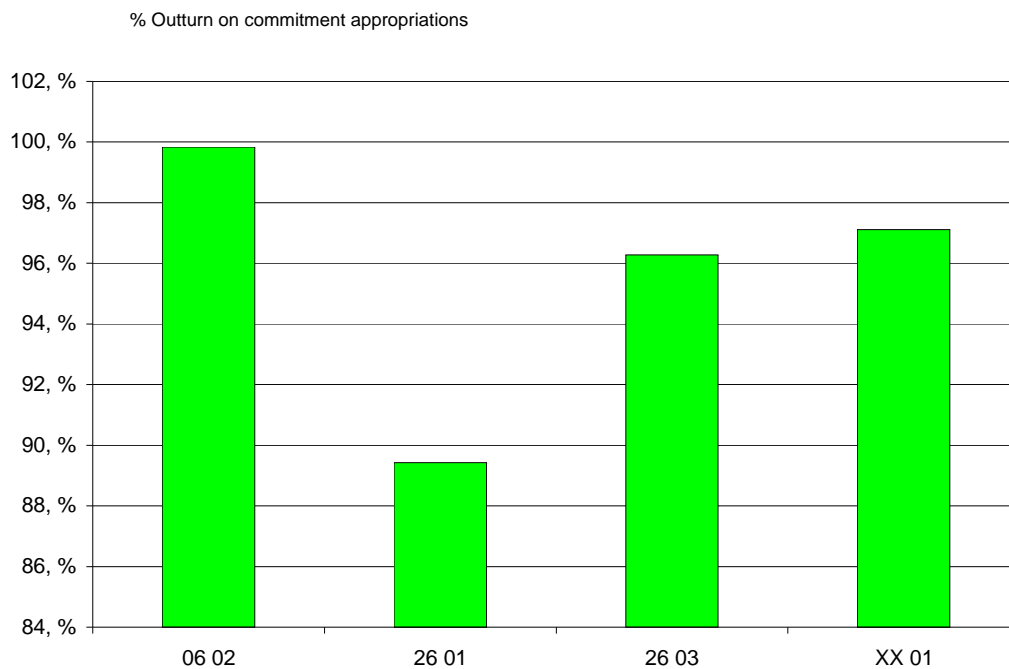


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2011 (in Mio €)				
Chapter		Payment appropriations	Payments made	%
		1	2	3=2/1
Title 06 : Mobility and transport				
06 02	Inland, air and maritime transport	0,48	0,47	98,26 %
Total Title 06		0,48	0,47	98,26 %
Title 19 : External relations				
19 01	Administrative expenditure of `External relations´ policy area	1,13	1,07	94,60 %
Total Title 19		1,13	1,07	94,60 %
Title 26 : Commission's administration				
26 01	Administrative expenditure of `Commission's administration´ policy area	8,55	4,39	51,33 %
26 03	Services to public administrations, businesses and citizens	30,52	27,33	89,54 %
Total Title 26		39,07	31,72	81,18 %
Title XX : Administrative expenditure allocated to policy areas				
XX 01	Administrative expenditure allocated to policy areas	200,78	137,65	68,56 %
Total Title XX		200,78	137,65	68,56 %
Total DG DIGIT		241,47	170,91	70,78 %

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

% Outturn on payment appropriations

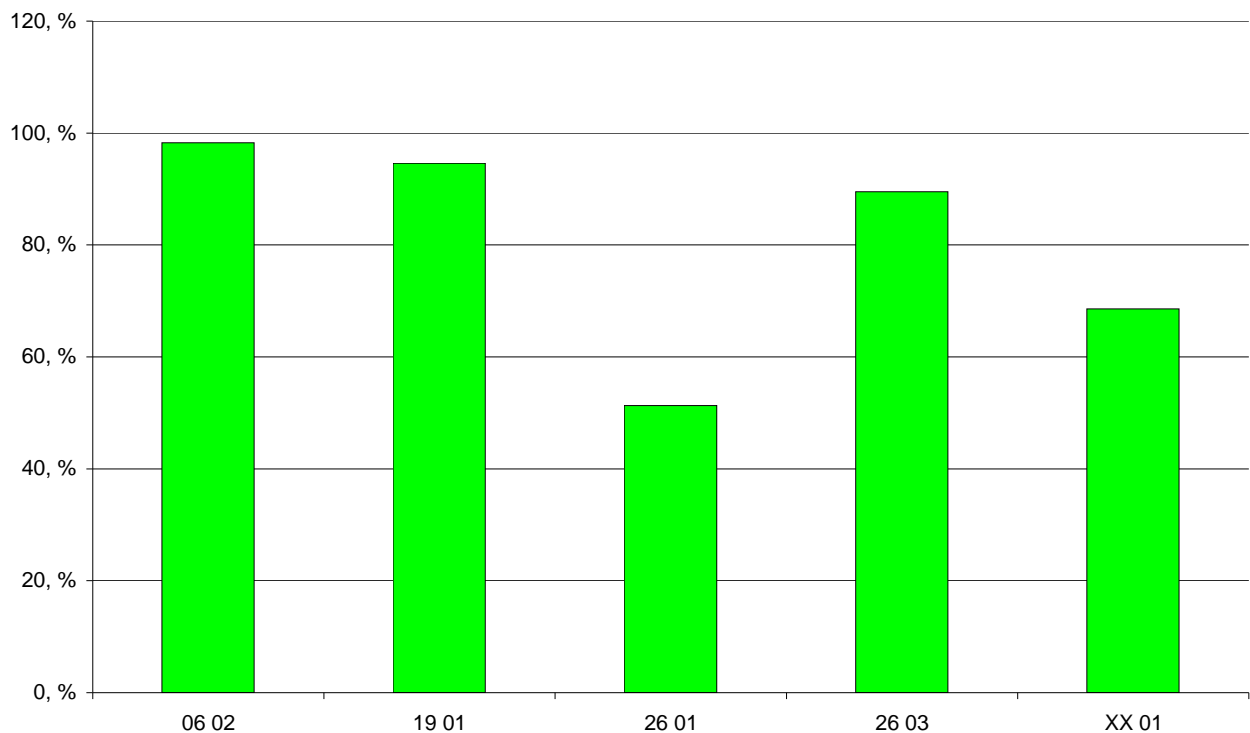


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2011 (in Mio €)

Chapter	2011 Commitments to be settled				Commitments to be settled from financial years previous to 2011	Total of Commitments to be settled at of financial year 2011 (incl.corrections)	Total of Commitments to be settled at of financial year 2010 (incl.corrections)	
	Commitments 2011	Payments 2011	RAL 2011	% to be settled				
	1	2	3=1-2	4=1-2//1	5	6=3+5	7	
Title 06 : Mobility and transport								
06 02	Inland, air and maritime transport	0,48	0,06	0,43	88,31 %	0,00	0,43	0,42
Total Title 06		0,48	0,06	0,43	88,31 %	0,00	0,43	0,42
Title 19 : External relations								
19 01	Administrative expenditure of 'External relations' policy area	0,00	0,00	0,00	0,00 %	0,00	0,00	1,13
Total Title 19		0,00	0,00	0,00	0,00 %	0,00	0,00	1,13
Title 26 : Commission's administration								
26 01	Administrative expenditure of 'Commission's administration' policy area	5,74	2,56	3,18	55,35 %	0,01	3,19	2,13
26 03	Services to public administrations, businesses and citizens	25,37	3,19	22,18	87,42 %	9,13	31,31	34,12
Total Title 26		31,11	5,76	25,35	81,50 %	9,14	34,50	36,25
Title XX : Administrative expenditure allocated to policy areas								
XX 01	Administrative expenditure allocated to policy areas	140,35	82,06	58,29	41,53 %	0,00	58,29	56,25
Total Title XX		140,35	82,06	58,29	41,53 %	0,00	58,29	56,25
Total DG DIGIT		171,94	87,88	84,07	48,89 %	9,14	93,21	94,05

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

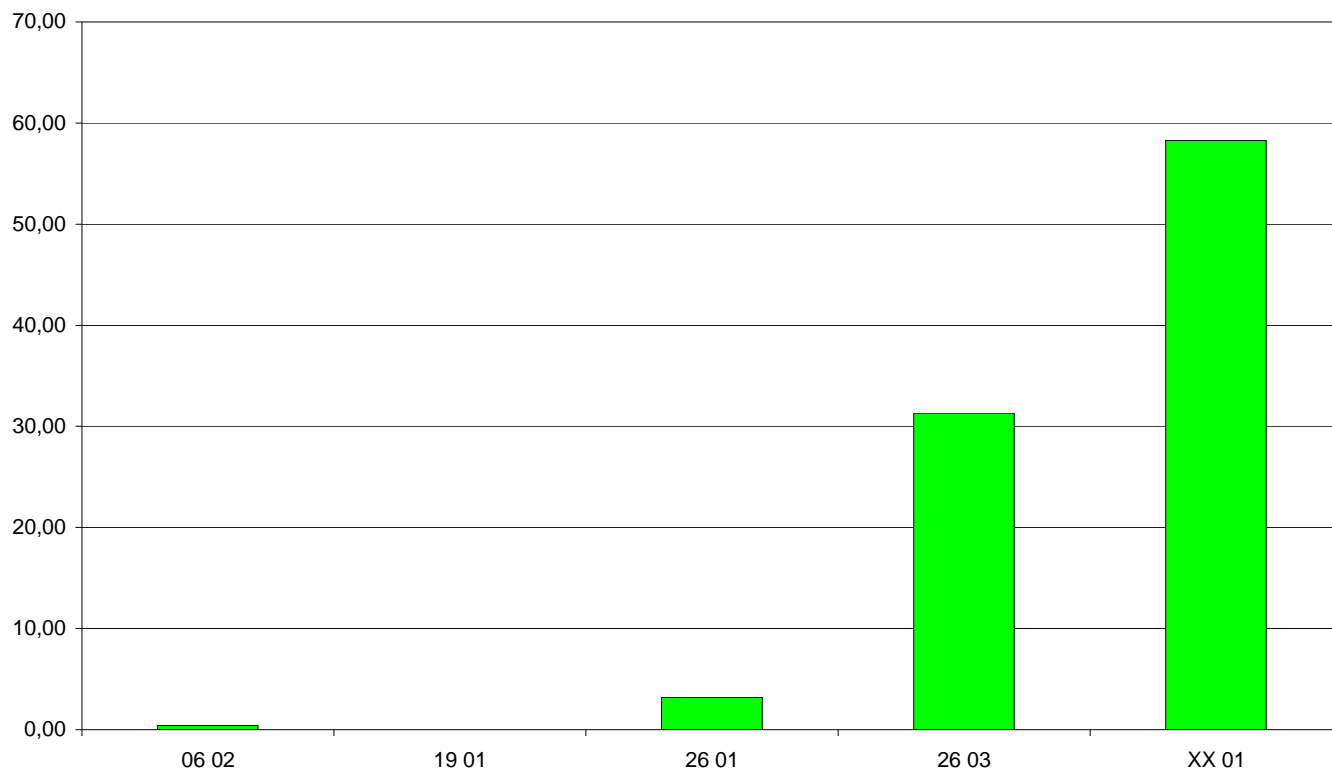


TABLE 4 : BALANCE SHEET DIGIT

BALANCE SHEET	2011	2010
A.I. NON CURRENT ASSETS	59 544 060,41	60 227 628,83
A.I.1. Intangible Assets	11 283 607,57	7 278 082,18
A.I.2. Property, plant and equipment	48 260 452,84	52 949 546,65
A.II. CURRENT ASSETS	3 839 946,52	847 408,41
A.II.2. Short-term Pre-Financing	0,00	0,00
A.II.3. Short-term Receivables	3 822 443,36	837 778,80
A.II.5. Cash and Cash Equivalents	17 503,16	9 629,61
ASSETS	63 384 006,93	61 075 037,24
P.II. NON CURRENT LIABILITIES	-6 608 715,22	-10 458 042,05
P.II.4. Other long-term Liabilities	-6 608 715,22	-10 458 042,05
P.III. CURRENT LIABILITIES	-39 518 572,26	-39 309 651,62
P.III.4. Accounts Payable	-39 518 572,26	-39 309 651,62
LIABILITIES	-46 127 287,48	-49 767 693,67
NET ASSETS (ASSETS less LIABILITIES)	17 256 719,45	11 307 343,57
P.I.2. Accumulated Surplus / Deficit	0,00	0,00
Non-allocated central (surplus)/deficit*	-17 256 719,45	-11 307 343,57
TOTAL	0,00	0,00

* This figure is a balancing amount presented here so as to reflect the fact that the accumulated result of the Commission is not attributed to each DG

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

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

TABLE 5 : ECONOMIC OUTTURN ACCOUNT DIGIT

ECONOMIC OUTTURN ACCOUNT	2011	2010
II.1 SURPLUS/ DEF. FROM OPERATING ACTIVT	181 597 186,86	180 598 334,03
II.1.1. OPERATING REVENUES	-25 893 658,30	-18 769 625,91
II.1.1.1. Other operating revenue	-25 893 658,30	-18 769 625,91
II.1.2. OPERATING EXPENSES	207 490 845,16	199 367 959,94
II.1.2.1. Administrative Expenses	188 919 174,13	180 578 522,28
II.1.2.2. Operating Expenses	18 571 671,03	18 789 437,66
II.2. SURPLUS/DEF. NON OPERATING ACTIVIT	803 280,77	1 192 258,92
II.2. FINANCIAL OPERATIONS	803 280,77	1 192 258,92
II.2.2. Financial expenses	803 280,77	1 192 258,92
ECONOMIC OUTTURN ACCOUNT	182 400 467,63	181 790 592,95

Explanatory Notes (facultative):

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

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

TABLE 6: AVERAGE PAYMENT TIMES FOR 2011 - DG DIGIT

Legal Times							
Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
20	1	1	100,00 %	12,00			
30	7314	7119	97,33 %	25,31	195	2,67 %	37,28
45	12	12	100,00 %	28,58			
60	83	83	100,00 %	26,89			
Total Number of Payments	7410	7215	97,37 %		195	2,63 %	
Average Payment Time	25,64			25,33			37,28

Target Times							
Target Payment Time (Days)	Total Number of Payments	Nbr of Payments within Target	Percentage	Average Payment	Nbr of Late Payments	Percentage	Average Payment Times (Days)
20	1	1	100,00 %	12,00			
30	7409	7197	97,14 %	25,31	212	2,86 %	37,19
Total Number of Payments	7410	7198	97,14 %		212	2,86 %	
Average Payment Time	25,64			25,30			37,19

Suspensions							
Average Report Approval	Average Payment	Number of Suspended	% of Total Number	Total Number of Payments	Amount of Suspended	% of Total Amount	Total Paid Amount
0	51	310	4,18 %	7410	11 976 465,32	6,00 %	199 575 310,00

Late Interest paid in 2011			
DG	GL Account	Description	Amount (Eur)
DG DIGIT	65010100	Interest on late payment of charges New FR	606,67
			606,67

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2011

Chapter	Revenue and income recognized			Revenue and income cashed from			Outstanding balance	
	Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total		
	1	2	3=1+2	4	5	6=4+5		7=3-6
Title 5: REVENUE ACCRUING FROM THE ADMINISTRATIVE OPERATION OF THE INSTITUTIONS								
57	OTHER CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH THE ADMINISTRATIVE OPERATION OF THE INSTITUTIONS	17 611 606,07	33 334,00	17 644 940,07	16 934 396,07	33 334,00	16 967 730,07	677 210,00
	Total Title 5	17 611 606,07	33 334,00	17 644 940,07	16 934 396,07	33 334,00	16 967 730,07	677 210,00
Title 6: CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH UNION/COMMUNITY AGREEMENTS AND PROGRAMMES								
60	CONTRIBUTIONS TO UNION/COMMUNITY PROGRAMMES	39 386,00	0,00	39 386,00	39 386,00	0,00	39 386,00	0,00
	Total Title 6	39 386,00	0,00	39 386,00	39 386,00	0,00	39 386,00	0,00
Total DG DIGIT		17 650 992,07	33 334,00	17 684 326,07	16 973 782,07	33 334,00	17 007 116,07	677 210,00

**TABLE 8 : RECOVERY OF EXTERNAL ASSIGNED REVENUES
(Number of Recovery Contexts and corresponding Transaction Amount)**

RECOVERY ORDERS ISSUED IN 2011 Year of Origin (commitment)	No error / irregularity		TOTALS	
	Nbr	RO Amount	Nbr	RO Amount
No Link	211	10 656 129,25	211	10 656 129,25
	211	10 656 129,25	211	10 656 129,25

EXPENSES	No error / irregularity	
	Nbr	Amount
INCOME LINES IN INVOICES	7	-86 112,72

	No error / irregularity	
	Nbr	Non-Eligible Amount
NON ELIGIBLE AMOUNT IN COST CLAIMS	0	

	No error / irregularity	
	Nbr	Credit Note Amount
CREDIT NOTES	92	-404 877,82

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2011 FOR DIGIT

Year of Origin	Number at 01/01/2011	Number at 31/12/2011	Evolution	Open Amount (Eur) at 01/01/2011	Open Amount (Eur) at 31/12/2011	Evolution
2010	4		-100,00 %	33 334,00		-100,00 %
2011		8			677 210,00	
Totals	4	8	100,00 %	33 334,00	677 210,00	1931,59 %

TABLE 10 : RECOVERY ORDER WAIVERS IN 2011 >= EUR 100.000

	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
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Total DG DIGIT	
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Number of RO waivers	0
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Justifications:

No data to be reported

TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG EU/CE/DIGIT - YEAR 2011

Contracts > → 60.000

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Art. 126 1b	5,	63 972 813,42
Art. 126 1e	4,	78 637 465,05
Art. 126 1g i	2,	4 301 211,74
Art. 126 1j	1,	660 000,00
Total	12,	147 571 490,21

Procedure Name	Contractor	Address	Lot award date	AOP Long Desc	CNT Selection Type Desc	Amount €
DIGIT/R2/PN/2010/061	EUROPACOM (Belgacom S.A.-Entreprise des Postes et Télécommunications Luxembourg)	blvd du roi Albert B-1030 Brussels Belgium	04/05/2011	Leased Lines Bx/Lux	Negotiated Procedure without publication of a contract notice Art. 126 IR	616 351,00
DIGIT/R2/PN/2011/049	Sogeti France SAS	22-24 rue du Gouverneur Général Eboué F- 92136 Issy-les-Moulineaux Cedex France	05/04/2011	ECLUSE	Negotiated Procedure without publication of a contract notice Art. 126 IR	660 000,00
DIGIT/R2/PN/2010/028	Microsoft NV/SA	The Corporate Village, Da Vincilaan 3 B-1935 Zaventem Belgium	02/05/2011	Microsoft High Level Services	Negotiated Procedure without publication of a contract notice Art. 126 IR	44 729 341,00
DIGIT/R2/PN/2011/013	Oracle Belgium NV/SA	Medialaan 50 B-1800 Vilvoorde Belgium	28/10/2011	Oracle for maintenance and moves of servers acquired under DI/03530	Negotiated Procedure without publication of a contract notice Art. 126 IR	8 288 060,42
DIGIT/R2/PN/2010/127	SAP Belgium SA	avenue des Olympiades 2 B-1140 Brussels Belgium	22/07/2011	SAP	Negotiated Procedure without publication of a contract notice Art. 126 IR	3 141 818,00
DIGIT/R2/PN/2011/061	SAS Institute NV/SA	Hertenbergstraat 6 B-3080 Tervueren Belgium	01/12/2011	SAS (Software licences an associated services)	Negotiated Procedure without publication of a contract notice Art. 126 IR	10 211 061,00

Procedure Name	Contractor	Address	Lot award date	AOP Long Desc	CNT Selection Type Desc	Amount €
DIGIT/R2/PN/2011/045	Microsoft Ireland Operations Ltd	70 Sir John Rogerson's Quay Dublin 2, Ireland	02/05/2011	Microsoft Licences	Negotiated Procedure without publication of a contract notice Art. 126 IR	
DIGIT/R2/PN/2010/122	BT Limited Belgian Branch	Telecomlaan 9 B- 1831 Diegem Belgium	16/03/2011	ENS (External Network Services)	Negotiated Procedure without publication of a contract notice Art. 126 IR	44 837 465,05
DIGIT/R2/PN/2011/108	Dimension Data Belgium SA/NV	rue de la Fusée 66 B-1130 Brussels Belgium	14/12/2011	Natacha	Negotiated Procedure without publication of a contract notice Art. 126 IR	20 000 000,00
DIGIT/R2/PN/2011/047	Hewlet-Packard Belgium SPRL/BVBA	Hermeslaan 1A B-1831 Diegem Belgium	30/06/2011	HP	Negotiated Procedure without publication of a contract notice Art. 126 IR	1 159 393,74
DIGIT/R2/PN/2011/062	1st contractor: consortium Atos Origin Integration 2nd contractor European Dynamics SA 3rd contractor: consortium Intrasoft, Siemens IT solutions and Services, Trasys	80 quai Voltaire, Immeuble River Ouest F-95870 Bezons 209, Kifissias Ave & Arkadiou str. G-151 24 Maroussi, Athens . 2b, rue Nicolas Bové L-1253 Luxembourg	28/06/2011	STIS II - Lot 4	Negotiated Procedure without publication of a contract notice Art. 126 IR	12 800 000,00
DIGIT/R2/PN/2011/057	Valtech Training	5 av. Marcel Dassault F-31500 Toulouse	16/09/2011	IT training for IT staff	Negotiated Procedure without publication of a contract notice Art. 126 IR	1 000 000,00
	EUROPACOM (Belgacom S.A.-Entreprise des Postes et Télécommunications Luxembourg)	blvd du roi Albert B-1030 Brussels Belgium		Redevances lignes téléphoniques louées à Bxl (hors C/C)	Negotiated Procedure without publication of a contract notice Art. 126 IR	128 000,00
					Sum:	147 571 490,21

TABLE 12 : SUMMARY OF PROCEDURES OF DG EU/CE/DIGIT EXCLUDING BUILDING CONTRACTS

Internal procedures > €60,000	2010		2011	
Contract Class	Count	Amount (€)	Count	Amount (€)
Service	12	682 027 363,48	10	214 795 450,90
Supply	3	315 783 021,12	5	128 632 891,41
TOTAL	15	997 810 384,60	15	343 428 342,31

Procedure Type	Count	Amount (€)	Count	Amount (€)
Negotiated Procedure without publication of a contract notice Art. 126 IR	7	4 005 256,00	12	147 571 490,21
Open Procedure (Art. 122.2 IR)	8	993 805 128,60	3	195 856 852,10
TOTAL	15	997 810 384,60	15	343 428 342,31

External procedures > €10,000	2010		2011	
Contract Class	Count	Amount (€)	Count	Amount (€)
Service				
TOTAL				

Procedure Type	Count	Amount (€)	Count	Amount (€)
Negotiated Procedure without publication of a contract notice Art. 126 IR				
Open Procedure (Art. 122.2 IR)				
TOTAL				

Additional comments

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TABLE 13 : BUILDING CONTRACTS

Total number of contracts :	0
Total amount :	

Legal base	CNT DG(Building	Contract Number	Contractor Name	Description	Amount (€)
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No data to be reported

TABLE 14 : CONTRACTS DECLARED SECRET

Total Number of Contracts :	1
Total amount :	660 000,00

Legal base	Contract Number	Contractor Name	Type of contract	Description	Amount (€)
Art. 126 1j	0420260	SOGETI FRANCE SAS*	Service	PROVISION OF INFORMATION SYSTEMS SECURITY EXPERTISE TO EC DEPARTMENTS IN BXL AND LUX	660 000,00



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
INFORMATICS

The Director General

DIGIT

Brussels,
DIGIT/2012/FGM Ares 379097 (2012)

File followed by F.Morales

**NOTE TO THE ATTENTION OF M. JOUANJEAN
DIRECTOR GENERAL DG BUDG**

Subject: Report on the negotiated procedures in 2011

Ref.: Art. 54 of the Implementing Rules of the Financial Regulation
Note DG BUDG/D2/FB/vd Ares (2012) 209916, dated 23 February 2012
Instructions for the preparation of the Annual Activity Report 2011

1. INTRODUCTION

In the above-mentioned note, DG BUDG analysed the proportion of Negotiated Procedures (NPs) awarded by DIGIT during 2011. It concludes that DIGIT deviates from the average recorded for the institution both in number of NPs and in value terms. Adequate justifications for such deviations are provided throughout this note.

Pursuant to Article 54 of Commission Regulation No 2342/2002 laying down detailed rules for the implementation of the Financial Regulation, I am required, in my capacity as Authorising Officer by Delegation, to draw up the present report, which is aimed at explaining the situation concerning negotiated procedures (NP).

I would like to note that the tables related to negotiated procedures in Annex 3 to the Annual Activity Report have been revised and corrected where necessary in order to reflect the situation at DIGIT.

2. STRATEGIC BACKGROUND

The following considerations need to be taken into account:

- As far as DIGIT's partners are concerned:

European Commission, L-2920 Luxembourg. Telephone: (352) 43 01-1.
Office: JMO C2/092. Telephone: direct line (352) 43 01-34561. Fax: (352) 43 01-34444.

European Commission, B-1049 Brussels – Belgium. Telephone: (32-2) 299 11 11.
Office: B-28 7/030. Telephone: direct line (32-2) 296 35 83

E-mail: francisco.garcia-moran@ec.europa.eu

- DIGIT provides a contractual framework which caters for the needs of the Commission’s central infrastructure as well as for the common IT service needs of all the DGs. These needs are mostly covered by DIGIT framework contracts which are the legal instruments resulting from the procurement procedures launched to acquire hardware, software and IT services. The high level quality of service provided by DIGIT enables that all partners involved can rely on a more robust and secure IT infrastructure on which critical information systems run. A state of the art infrastructure requires modern hardware, regular maintenance and services provided by external contractors.
 - In addition, in some cases, DIGIT may provide help to specific DGs for certain complex NPs and act as “*chef de file*” for these files. This is the case for situations where DIGIT ensures that the operational needs of DGs are properly addressed. This implies that DIGIT conducts negotiated procedures which lead to either the signature of new framework contracts or to ceiling increases of the initial expenditure ceiling mostly awarded after open procedures. The resulting contracts following these NPs count towards DIGIT’s statistics.
 - DIGIT launches Interinstitutional calls for tenders open to all European Union Institutions (EUIs). These interinstitutional procedures require that, on some occasions, DIGIT (as “*chef de file*”) launches negotiated procedures on behalf of all the participating EU institutions, bodies and agencies (EUIs). The number of EUIs joining DIGIT framework contracts is quite significant and may go up to some 55 EUIs participating in some DIGIT framework contracts. The appropriateness of this approach has recently been confirmed by the circular from DG BUDGET on interinstitutional procurement procedures which strongly advises that the DGs acting as *chef de file* conducts negotiated procedures on behalf of all the participating EUIs. This avoids that in cases where the original expenditure ceiling is reached, the EUIs have to conduct a large amount of negotiated procedures of a relatively low value which would result in ineffective procurement and use of resources. The resulting negotiated procedures also count on DIGIT's statistics.
- As far as the object of DIGIT’s procedures is concerned:
- DIGIT's mission is to enable the Commission to make effective and efficient use of Information and Communication Technologies in order to achieve its organisational and political objectives. The role of DIGIT as "IT facilitator" is essential to achieve this goal. DIGIT framework contracts are intensively used –to a greater or lesser extent- by all DGs and Commission services. DIGIT conducts negotiated procedures to allow DGs continue their operations without any disruption in the context of DGs specific needs.
 - DIGIT has to implement political and organisational decisions that may have great impact on the ongoing contracts volumes or lead to the

conclusion of new contracts. The most recent example has been the creation of the European External Action Service.

- DIGIT has to protect the investments made in relation to proprietary licenses, necessary upgrades and developments while ensuring the continuity of the existing applications in compliance with the applicable procurement rules. A number of software products deployed at the Commission require long term investments in order to ensure that the maintenance and support is provided during the whole contract duration.
- DIGIT has to conclude negotiated procedures in areas where there is a de facto monopoly situation and therefore no room for either launching an open call for tenders or conducting negotiated procedures with several economic operators.

3. FIGURES FOR 2011

3.1. Global presentation

The table below summarises the proportion of NPs awarded by DIGIT in the last 8 years, both in number of procedures and in volume:

Year	Number of procedures			Value		
	NPs	Total	%NPs	NPs (EUR)	Total (EUR)	% NPs
2011	12	15	80%	147 571 490	343 428 342	42,9%
2010	7	15	46,6%	4 005 256	997 810 384	0,4%
2009	11	16	68,75%	222 059 870	345 929 473	64,1%
2008	7	24	29.1%	18 035 041	287 330 193	6.3%
2007	10	27	37.0%	39 662 273	304 497 237	13.1%
2006	12	19	63.2%	75 196 031	897 351 478	8.3%
2005	14	22	63.6%	124 331 938	172 305 458	72.2%
2004	25	33	75.8%	50 723 969	276 315 349	18.4%

The above table shows that, in terms of number of procedures, in 2011, NPs account for 80% of the total number of procurement procedures (open and negotiated). This figure deviates from the Commission's average reflecting the number of negotiated procedures over the total number of procurement procedures.

In terms of value, it must be stressed that in 2011 NPs account for 43% of the total value of all the procurement procedures (open and negotiated). Justification for both deviations are given in Section 3.2 below.

3.2. Breakdown by type

The figures concerning negotiated procedures can be broken down as follows:

- (1) Types of NP
 - (a) NPs aimed at increasing the ceiling of existing contracts
 - (b) NPs aimed at concluding new contracts

- (2) Legal basis
 - (a) Article 126(1)(b) IR ("technical captivity")
 - (b) Article 126(1)(e) IR ("additional services")
 - (c) Article 126(1)(g) IR ("additional supplies")
 - (d) Article 126(1)(j) IR ("secret contracts")

By applying these criteria we obtain the following tables:

Table showing the number of negotiated procedures broken down per legal basis and category (ceiling increase of existing contracts or new contracts):

Number of negotiated procedures			
Legal basis for the use of the negotiated procedures	Existing contracts (“Ceiling increases”)	New contracts	Total
Technical captivity Art. 126(1)(b) IR	-	5	5
Additional services Art 126(1)(e) IR	4	-	4
Additional supplies Art 126(1)(g) IR	1	1	2
Secret contracts Art 126(1)(j) IR		1	1
Total NPs	5	7	12

Table showing the total volume of the negotiated procedures broken down per category, legal basis and amounts involved:

Value (in EUR) of negotiated procedures			
Legal basis for the use of the negotiated procedures	Existing contracts (“Ceiling increases”)	New contracts	Total
Technical captivity Art. 126(1)(b) IR	-	63 972 813	63 972 813

Additional services Art 126(1)(e) IR	78 637 465	-	78 637 465
Additional supplies Art 126(1)(g) IR	4 301 211	-	4 301 211
Services Art 126(1)(j) IR	-	660 000	660 000
Total NPs	82 938 676	64 632 813	147 571 490

On the basis of this breakdown, it turns out that 7 NPs led to the signature of "new contracts" and 5 NPs aimed to an increase of the initial contract ceiling as follows:

Negotiated procedures resulting in new contracts:

7 NPs resulted in new contracts, for a total value of 64 632 813 as follows:

1. Leased lines in Brussels and Luxembourg outside the scope of a framework contract

This contract is not a framework contract and it falls under the category of the so-called adhesion contracts. This contract covers the payment of leased lines in Brussels and Luxembourg for the first half of year 2011.

It was additionally considered appropriate that this type of services be covered by a framework agreement. Please refer to the negotiated procedure DIGIT/R2/PN/2010/061 – Leased analog lines in Brussels and Luxembourg for further details, here under.

2. DIGIT/R2/PN/2010/061 – Leased analog lines in Brussels and Luxembourg:

The Commission faces a clear situation of monopoly under which the contract can only be awarded to a particular economic operator. Other actors in the market are simply unable to provide the services requested.

The analog lines (copper lines) used under this contract support telephony and data transmission. In view of the technical evolution (fiber lines) these lines are less and less used for new connections and are meant to be phased out in the mid-term. However, to date, they are still necessary to ensure telecom and telephone connectivity among several Commission buildings.

The leasing service of analog lines is only offered by Belgacom in Belgium and by EPT in Luxembourg. This unavoidably forces DIGIT to enter into an agreement with these providers via a negotiated procedure in order to ensure the continuity of the service.

As from the second half of year 2011, this framework contract covers the leasing of analog lines. In the past, the previous services were covered by the contract with Belgacom outside the scope of a framework contract (adhesion contract).

3. DIGIT/R2/PN/2010/028 – Microsoft high level services

The Commission and a large number of EUIs are using products from Microsoft for part of their corporate IT infrastructure under the terms of an Interinstitutional

Licensing Agreement (ILA). They also need high-level support and consultancy services connected to those products.

For technical reasons, Microsoft is the sole economic operator that can provide those services at the high level required by the Commission and the other EUIs.

Only Microsoft can provide the EUIs with Premier Support Services. These are packaged services bundles, which include the following types of service: Support Account Management, Workshops, Problem Resolution Support, Support Assistance, Information Services and Additional Services.

It must be remembered that other services also linked to the products covered by the ILA—but for which this in-depth know-how is not essential—are provided by other contractors selected through various calls for tenders.

4. DIGIT/R2/PN/2011/013 – Maintenance of Oracle servers

This negotiated procedure aimed at signing a new framework contract with the current contractor in order to be able to ensure that the EC will receive the maintenance for Oracle servers at the level required by the European Commission. To deliver this maintenance service, it is necessary to hold Intellectual Property (IP) that is exclusively owned by the Original Equipment Manufacturer (OEM) of the servers (ex-Sun Microsystems, which was acquired by Oracle).

In order to provide the maintenance for hardware, access to proprietary components and replacement parts is needed. These components are exclusively available from Oracle.

To provide the maintenance for software, it is required access to the source code of all concerned components (Operating System, Clustering product, System management software, Firmware for all concerned hardware components). The IP rights for a significant part of these components are exclusively held by Oracle.

There are no field delivery partners in Luxemburg, Belgium or Italy as in these countries Oracle's support strategy is to deliver services directly to customers.

It is therefore strictly unavoidable to negotiate with Oracle as it is the only service provider able to access, reproduce, or distribute the necessary software updates. The same applies to the guarantee services, the utilisation of proprietary service methodologies (for instance, diagnosis tools and support) and the acquisition and installation of spare parts.

5. DIGIT/R2/NP/2010/027 – SAP/Business Objects software

This negotiated procedure aimed to conclude a new framework contract with SAP in order to ensure the continuity for acquisitions of SAP Business Objects licences, maintenance of the existing perpetual ones and the provision of associated services. The SAP/BO licenses are subject to exclusive rights owned by the contractor.

Being the recommended reporting tool for the EC since 1999, BO is a strategic product of the EC informatics infrastructure. Corporate information systems create

and distribute reports based on BO software: SYSPER2, ABAC, ABAC Assets, SYSLOG, SIC, ADONIS, etc. Additionally, nearly all DGs have applications using SAP/Business Objects based reporting or Data Warehousing Solutions.

The conditions laid down in Article 126 (g) (i) of the IR of the FR are fully met as this legal basis is appropriate in case of additional deliveries where a change of supplier would oblige the contracting authority to acquire equipment having different technical characteristics which would result in incompatibility or disproportionate technical difficulties in operation and maintenance. The duration of the resulting contract is limited to 3 years.

Without a proper analysis of the technical, financial and time constraints, it is not possible to procure another software tool that could replace in the short term the existing Business Object software currently used by the EC for the reporting on financial and human resources data.

The launching of a procurement procedure involving the potential choice of another solution would imply, amongst others, a decision at the level of the IT governance bodies, a thorough technical and financial analysis of the current situation including identification and feasibility of other options in a mid-term perspective and possibly long data migration periods if another solution was eventually retained. These steps may last for several years and require a considerable effort in terms of financial and human resources.

6. DIGIT/R2/NP/2011/061 – SAS

This negotiated procedure is justified based on technical reasons and the protection of exclusive rights held by SAS. The contract aims to ensure the operational continuity of the Information Systems based on SAS technology at the Commission, the protection of the investments made in terms of SAS-based custom solutions developed for the Commission Information Systems and the control of IT expenses.

Currently SAS is a strategic product for the Commission's informatics infrastructure. Several Corporate Information Systems have been created based on SAS software: AGRI/RICA3, Europa Weblog Analysis, ECFIN, ESTAT, JRC, OLAF/Fraud Mining, RTD/FP7 Data Warehouse.

Until now, there is no other solution in the market that can compete with SAS regarding the specific area covered by the product range. At the moment it is therefore technically not possible to port the Commission applications onto a different solution without a complete re-build of the applications and without loss of functionality. This process would involve major delays and significant human and financial investments which cannot be afforded and are not available at the moment.

7. DIGIT/PN/2011/049 - Ecluse

Following the cyber-attack incident in 2011, the purpose of this negotiated procedure was to procure technical assistance for the investigation of a malware attack with a view to addressing the needs for expertise in Information Security incident management and post security incident activities. The choice of the contractor was made on the basis of the necessary technical and security requirements since the tasks may involve potential access to sensitive information

on Commission servers. The negotiated procedure was the only efficient way to deal with the situation that required immediate deployment of skilled resources to address the IT security concerns raised by the cyber-attack.

The contract was based on Article 126 (1) (j) of the IR of the FR as this legal basis applies for contracts whose performance must be accompanied by special security measures, in accordance with the administrative provisions in force or when the protection of the essential interests of the Union so requires.

Negotiated procedures leading to ceiling increases

5 NPs aimed at increasing the ceilings available for existing contracts amounted to a total value of 82 938 676 €

1. DIGIT/R2/PN/2010/0122 – External Network Services (ENS)

ENS is a service offered by the Informatics Directorate to the Commission's Directorates-General (DGs) resulting from the open procedure n° ADMIN/DI7/PO/2003/081 ENS launched in 2003.

ENS contract aims at the provision of external network services for the participating EU-Institutions, covering Wide Area Networks (WAN), Remote Access Services (RAS), Tele-working (TW), Internet Fallback (IFB) and Network Consultancy Services.

This negotiated procedure was undertaken to request additional services connected with the evolving DGs needs in the field of external network services (such as access to EC network applications by Delegations, Representations and some Commission instances).

The conditions for the use of the negotiated procedure are fulfilled since:

- The scope of the additional services could hardly be foreseen by a diligent contracting authority; the additional needs are mainly due to the increase of the number of users and the increase in bandwidth.
- These needs, which become necessary for the performance of the services subject to the contract, cannot be technically or economically separated from the main contract without serious inconvenience for the contracting authority.
- The aggregate value of additional contracts does not exceed 50 % of the amount of the initial contract.

2 DIGIT/R2/PN/2011/108– Network acquisition channel (Natacha I)

This negotiated procedure covered the gap between the end of the current contract for purchase purposes and the resulting framework contract that will be signed after the completion of the open call for tenders Natacha II.

The objective of this negotiated procedure was to extend the contract duration for purchase purposes and make a ceiling increase in order to ensure maintenance of the equipment acquired under the contract.

The budgetary ceiling of the framework contract was reached faster than initially planned. This is motivated by the fact that there have been more purchases than initially foreseen whereas maintenance and additional services are still required for the existing and the additional equipment bought under the contract. The amount for covering the maintenance and associated services represents 75 % of the requested ceiling increase and 25% corresponds to the purchase part.

Until the signature of the framework contract resulting from the open procedure launched in 2011, it proved necessary to extend the contractual coverage for purchase purposes so that an interruption in the supply is avoided and maintenance is provided. This was necessary in order to ensure business continuity and maintenance of the equipment used for running critical IT processes.

The conditions laid down in Articles 126 (1) (g) and (e) are fulfilled.

3. DIGIT/R2/PN/2011/047 - ceiling increase for Framework Contract DI/6090 with Hewlett-Packard

The purpose of framework contract DI/06090 is the acquisition of the maintenance of HP Service Manager software, the possibility of an upgrade to a higher level license (in case of increase of end-users' number within the Commission) and the acquisition of additional modules of HP Service Manager, as well as high level consulting services.

At the beginning of 2010 a major technical evolution took place and HP ServiceCenter was replaced by HP Service Manager (delivered as a product update covered by maintenance fee).

HP Service Manager has become a standard service management tool for the whole Commission, allowing for full-cycle follow-up of incidents, problems and changes.

One DG started in 2010 (under the framework contract DI/6090) the ITSM project for the implementation of an IT Service Management Tool based on HP Service Manager to support Member State users for the DG Trans European applications. The ITSM project is a strategic project and is planned to be implemented in 4 phases. Phase I and Phase II can be seen as replacement of the DG existing and obsolete service management tools. The following two phases extend the scope and depths of the ITIL service support processes in the tool.

It is therefore important to ensure the possibility to purchase the necessary software licences, its maintenance and to have the possibility to use HP consultancy services via the framework contract. The negotiated procedure aims at increasing the expenditure ceiling amount without impacting the duration of the framework contract. This ceiling increase also allows DGs to take advantage of the discounts indicated in the price list of DI/6090 for the new licences planned to be purchased in 2012.

The conditions set out in Article 126 (1) (g) of the IR of the FR for the use of the negotiated procedure are met as follows:

⇒ Changing the Service Manager with another tool would result in huge technical difficulties in operation and maintenance. This could only be achieved through a long term strategic project, due to the major impact on IT organisation, processes, procedures and reporting.

⇒ Critical dependence of the IT support within the Commission on HP Service Manager (used by more than 1600 support staff; 750 simultaneously at peak time).

Therefore, the negotiated procedure was concluded in order to ensure business continuity and good commercial conditions under the existing framework contract and therefore avoiding that DGs carry out negotiated procedures on their own behalf.

4. DIGIT/R2/PN/2011/062 – STIS II lot 4

This negotiated procedure concerns a ceiling increase for the procurement of additional services covered by the open call for tenders DIGIT/R2/PO/2007/026-STIS II: Lot 4 Information solutions development, support, engineering and testing.

The objective of the negotiated procedure was to ensure the continuity of the services until the new STIS III framework contracts (resulting from an open call for tenders) are in place.

The legal basis of the negotiated procedure is Article 126.1 e) of the IR of the Financial Regulation. All the conditions set out in this Article are fully met

A number of actions linked to the implementation of the Digital Agenda, e-Commission 2011-2015, Communicating about Europe via the Internet, and the impact of continuous technological progress in the Information Systems Infrastructure domain, require additional services that were not included in the initial project but have become necessary for the implementation of the framework contracts.

In addition, unforeseen events have contributed to an extensive use of the expertise available under the contract. For instance, projects at the European Commission investing in Enterprise Architecture (EA) and Business Process Modelling (BPM) or major changes occurred in the domain of User Interface (UI) interaction.

Another example is the STORK project, a large scale identity and access management initiative between Member States. Several information systems at the European Commission are now accessible for external users such as businesses and citizens.

Additional expertise has also been used in the context of "Web 2.0 revolution": a new way of social networking and offering flexible IT support for business processes over the internet and inside the Commission's intranet.

All these factors have contributed to intensively use the expertise available at a rate higher than initially foreseen.

5. DIGIT/R2/PN/2011/057– IT training for IT staff

The objective of this negotiated procedure was to increase the initial contract ceiling in order to cover the IT training needs expected until the contract expiry date.

In parallel, an open call for tenders was launched in order to replace this framework contract.

The main reason to make this ceiling increase was to ensure that one participating EUI would be able to cover its IT training needs until the end of the contract. In addition, DIGIT also expected, for the last year of the contract, an increased number of trainees, mainly due to the roll-out of new operating systems, project management and developer courses.

4. FURTHER EXPLANATION OF THE FIGURES

4.1. Structural factors

There are a number of structural factors arising from the peculiarities of the IT sector which may justify the high number of NPs when compared to the Commission's average.

4.1.1. Difficulties to assess the Commission services' needs accurately over several years

DIGIT does its best to estimate the market volume as accurately as possible, based on extensive inter-services consultations, interinstitutional surveys and contacts with technical services. However, given the increasing number of participating institutions it may happen that the actual consumption under a given contract deviates from the indicative volumes communicated to DIGIT.

There are other factors beyond DIGIT's control which may lead to the need of launching negotiated procedures:

- the need to implement at short notice Commission and Council decisions which have an impact on IT expenditure but could not have been foreseen when the original call for tenders was launched;
- the speed of technical development, which may for example lead to scarcity of specialised services highly needed by the Commission;
- the fact that the lifecycle of IT equipment and/or services may be longer than originally anticipated. For example, the lifetime of a server is estimated at 4 years whereas reality shows that, in practice, the lifetime of some servers is closer to 6-7 years. That implies that no budgetary provision for maintenance for the additional 2 or 3 years has been foreseen at the time of launching the call for tenders and therefore it is necessary to cover maintenance for the "extended" lifetime of a server. The fact that

some critical applications are hosted in these servers make even more difficult to decommission the hardware and migrate the data to another server.

Therefore, although theoretically some NPs could be avoided if the volume of the contract was estimated more accurately from the start, this proves to be very difficult in practice.

On the other hand, the risks of overestimating the contract volumes is also present in some procedures where the contracting parties could be tempted to give high volumes in order to avoid running short of quotas.

4.1.2. *Technical captivity*

The IT domain is particularly prone to situations of captivity. Indeed, in a corporate environment with stringent operational requirements, replacing a product or a supplier is not as straightforward as it may seem. Change has to be controlled and cannot happen overnight. Typical situations of technical captivity are the following:

- Provision of services with a strong link to proprietary software. Attempting to procure such services by calls for tenders is not as straightforward as it could seem. It would imply a thorough analysis of a given technical situation (normally through studies conducted by third parties) and a cost efficiency assessment. The principles of public procurement have to be seen in connection with the principle of sound financial management. An adequate balance between those principles must be found in order to find the best technically feasible solutions compatible with the Commission's infrastructure and information systems at the least financial cost.
- Maintenance of complex server configurations for which the original supplier is often the only company to have the know-how and the right to provide these services. Such configurations usually host critical information systems and therefore need to run efficiently under all circumstances.
- Supply of servers running -for historical or technical reasons- old or non mainstream operating systems. The scope for competition in this area is close to zero. Some of the information systems involved have been successfully migrated to other platforms in recent years, but technical captivity still remains for some of them.

4.1.3. *The role of DIGIT*

As a consequence of the fact that DIGIT caters for the common needs of the whole Commission, other DGs usually do not have to lead NPs on their own, even if they are main or exclusive users of the resulting contractual framework. The concentration of those NPs in DIGIT has a positive impact for the statistics of the other DGs, at the expense of a significant negative impact for DIGIT.

5. EVOLUTION OF THE TREND

The negative evolution in 2011 in comparison with 2010 has to be seen partly in the context of the additional needs of DGs and EUIs which require an increase of the initial contract quotas and partly in a cyclical contract renewal period.

In order to avoid or limit the resort to negotiated procedures, DIGIT will continue its active communication and consultation policy with the other DGs and EUIs along the following lines:

- permanent exchange of information via the monthly CTI (*Comité Technique Informatique*) meeting with all IRMs;
- permanent exchange of information with other EUI's via regular meetings of the GCIM (Groupe de Contact Interinstitutionnel des Marchés);
- ad-hoc surveys prior to the initiation of market procedures;
- new approach for the Interinstitutional framework contracts, including semester consumption reports from each participating EUI.

As a matter of fact, the procurement planning for 2012 reflects already an improvement of the current situation regarding negotiated procedures.

In conclusion, DIGIT continues to take steps to limit the use of negotiated procedures as far as possible, whilst providing continuous service to the Commission.

Francisco GARCÍA MORÁN

(signed)



2011

Annual Activity Report Annex 4 and 5

**Directorate-General
for Informatics
(DIGIT)**

Date: 30/03/2011

Version: Final



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ANNEX 4 – MATERIALITY CRITERIA

DIGIT has assessed that it would be adequate to apply the standard quantitative materiality threshold of 2% proposed by SG and BUDG, i.e. when the value of the transactions affected by the deficiency represents more than 2% ("at risk"/"exposure") of the budget of the ABB activity for the DG/ service concerned.

ANNEX 5 – INTERNAL CONTROL TEMPLATES FOR BUDGET EXECUTION

1. ADMINISTRATIVE CREDITS

1. Inherent nature and characteristics of the DGs policy environment and stakeholders

Summary:

The Directorate General supplies Information System hosting, development and procurement services to other DGs, Institutions and Agencies and buys services and supplies in the area of Information and Communication Technology. Contractors are mainly large companies or consortia of large companies. There were 15 procurement procedures with a total awarded value of 343.428.342,31¹ EUR in 2011.

Key inherent risks insofar they impact on reasonable assurance (including limit and extent of its responsibilities and those of other stakeholders):

Procurement is highly regulated. Detailed rules exist with even more in depth guidance based on experience and the jurisprudence of court judgements. In-depth knowledge is therefore necessary to manage procurement effectively. Such knowledge is provided via the use of standardised procedures and a wide range of up-to-date templates. Moreover, the whole procurement cycle relies on an Orientation Document, in which an analysis of the risks is performed. In particular, this analysis aims at taking into account all aspects of the market situation in order to prepare a call for tenders that will lead to a competitive and plural offer. Transparency of the procedures is achieved by adequate information (see below), allowing any economic operator to be informed correctly.

Management mode/s:

Direct centralised management

Key figures:

Procurement:

Year	Awarded market value ²	Number of procedures
2011	343.428.342 ¹	15
2010	996.221.398	12
2009	345.796.873	15
2008	287.330.193	24
2007	304.497.237	27
2006	897.351.478	19
2005	172.305.458	22

Contracts have in general 1 contractor except in the case of "cascades".

Average median / value / range of contracts: 21.464.271,39 EUR¹ (ranging from 616,351.00 EUR¹ to 98,443,920.00 EUR¹)

The average duration of the contracts is 3,72³ years

Split between services and supplies: service 214.795.450,90 EUR¹ and supply 128.632.891,41 EUR¹

Budget planning and execution:

¹ Global amount (Commission + Agencies, Bodies...)

² Please note that these figures only include the awarded amounts under administrative budgetary lines whereas the figures provided in Annex 3 refer to procurement procedures above 60K regardless whether they refer to administrative or operational budgetary lines

³ For contracts with several types of duration (acquisition, maintenance, rental, leasing, etc), only the duration for acquisition is taken into account

	<p>Financial execution indicators</p> <p>Orders processed 3.686</p> <p>Commitments made 2.826</p> <p>Payments made 7.418</p> <p>Recovery orders made 253</p> <p>Order files submitted by the DG's for DIGIT visa ("paraphe") 3.127</p> <p>Number of sub-delegations received: 62 budget lines from 26 DG's⁴</p> <p>Appropriations: Refer to annex 3, tables 1 and 2, for the outturn on commitment and payment appropriations (fresh credits and assigned revenue).</p>
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2. Management and control systems – the basis of the declaration of assurance

<p>Planning and selection process of contractors, including preventive controls</p>	<p>In DIGIT, there is a streamlined project cycle approach for the organisation of the public procurement, independent of the type of procedure. In the last quarter of every year, a planning exercise is carried out in order to assess the needs for the next two years in terms of contracts and to translate them into public procurement procedures. At any time during the year, new needs may be included in the planning.</p> <p>The needs for supplies derive from the Product Management procedure in which the other DGs participates. This procedure provides the needs of DGs and DIGIT and the decisions result from a formal agreement with DGs.</p> <p>The planning exercise is prepared with the full involvement of all Operational Units and coordinated by the Contract and Finance Unit. The management at all levels is involved in its preparation and consolidation.</p> <p>Any procedure, whether an open call for tenders or a negotiated procedure based on any legal basis, has a strict project management approach. The main steps related to the decision making process are the following:</p> <ol style="list-style-type: none"> (1) Preparation of an Orientation Document for the file; (2) Presentation of the Orientation Document to the Management Meeting of DG-DIGIT and approval by the Director General; (3) Preparation of the tendering specifications or, in justified cases, start of the negotiated procedures; (4) Evaluation of the offers according to the applicable rules; (5) Briefing of the Management Meeting of DG DIGIT and approval of the Director General for the follow up of the procedure; (6) Submission of the Evaluation Report to the GAMA; (7) Based on the recommendations of the GAMA and the Evaluation Report, the Authorizing Officer awards the market; (8) In the case of a negotiated procedure without prior publication, a publication in the Official Journal is foreseen as well as a stand still period before signature of the resulting contract – or the resulting amendment to an existing contract; (9) Signature of the contact. <p>During the whole process of a procurement file, the Operational Units</p>
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⁴ 24 signed cross sub-delegations plus two sub-delegations established by the internal rules

	<p>work in close cooperation with a contract manager of the Finance and Contract Unit that ensures the compliance of the file during its life cycle starting from the Orientation Document. This ensures the operational and compliance (with the NFR) requirements are systematically met.</p> <p>The importance of the Orientation Document should be stressed here. For any procurement procedure, all relevant elements of the file are presented in that document. In particular in case of a negotiated procedure, the legal basis for the procedure has to be detailed and justified. DG DIGIT management is informed about the circumstances that lead to a negotiated procedure.</p> <p>From an operational point of view, the following issues are covered:</p> <p>The procedures defined in the VadeMeCum of DG BUDG are strictly followed, in particular concerning the constitution of the evaluation committee. At least one member of the evaluation committee belongs to another DG. The same is applied for the opening board. In addition to this, the technical evaluation and the financial evaluation are separated, either because the sub groups for these tasks are different or by only starting the financial evaluation once the technical evaluation is completed;</p> <p>In case of Inter institutional procedures, DIGIT invites representatives of the Institutions to participate to the evaluation committee.</p> <p>A declaration of absence of conflicts of interests is signed by all members of the evaluation committee and of the opening board.</p> <p>Before the contract is signed, the tenderers are asked to provide information demonstrating they are not in a situation of exclusion.</p> <p>In addition to this the consultation of the early warning system is done at the time of the evaluation of the exclusion criteria.</p> <p>An advisory board called the GAMA (Groupe d'Analyse des Marchés), consisting of representative of the DGs or Offices of the Admin family is systematically consulted for the procurement procedures, according to certain rules. For any market above the directive threshold for supplies and Annex II-A services or any negotiated procedure aiming at a change of the duration of a contract, not foreseen in the initial contract, or a modification of the scope of a contract, whatever the value implied by these 2 modifications has to be submitted to the GAMA.</p> <p>Measures are taken for the protection of the offers: they are stored in two locked room (1 room for the original, and 1 room for the copies).</p> <p>DIGIT includes systematically in its market procedures a general benchmarking clause allowing the analysis of the price, or the quality of the services by a third independent party. In addition to this, in some contracts – such as hardware supply – the contractor has to organise a periodic benchmarking of its prices and demonstrate that the proposed prices follow the market trend.</p>
<p>Communication and information</p>	<p>DIGIT published the open call for tenders on its website, allowing any interested party to access it. Of course any economic operator requesting the specifications receives them within the applicable delay. Questions of general interest are replied to all registered economic operators and posted on the website with the tendering specifications. Links to the official journal are also posted on the website. (prior information notice, contract notice and contract award notice).</p> <p>All unsuccessful tenderers may request explanation according to the regulation and they have also the possibility to ask for a debriefing.</p> <p>Contracts are registered directly on ABAC-Contracts.</p>

	Staff members attend training on procurement, financial regulation, or internal control when appropriate, i.e. for new staff members or in case of change in the regulation.
Detective and corrective controls: Performance monitoring, and verification of payments and key milestones	Every financial transaction requires at least two people to be involved (the "four eyes" principle). One person must initiate the transaction and a second person must verify it. Each person involved in the transaction has been nominated by the Authorising Officer to carry out the task and their names are recorded in the computerised financial system. Arrangements for monitoring the contractor's performance include systematic use of progress reports and formal acceptance of contractual deliverables.
Preventive and corrective controls and audit: Desk reviews, on-the-spot audits carried out either ex ante or ex post.	Ex post and supervisory controls are in place.
3. Feedback which enables control activities to be optimised	
Verification that processes are working as designed	Risk assessment process serves to highlight key issues to ensure that mitigating action is taken Self-assessment of the effectiveness of the internal control arrangements is performed on an annual basis Self-assessment of the compliance with internal control standards is performed on an annual basis Post mortem analysis
Monitoring of performance of independent bodies, 3 rd party auditors, externally contracted auditors	Not applicable
IAC, IAS, ECA recommendations on the functioning of the system and their follow up	Feedback is provided by the internal auditors (IAC, IAS) and from the European Court of Auditors and by the European Parliament in the context of the discharge procedure. Recommendations made by these bodies are followed up systematically.
High level management reporting	A periodic reporting is done to the management via the reporting tool DIAM, for market procedure there is a systematic follow up of the implementation of the annual plan and for budgetary execution there is

and its role in identifying problem issues	a monthly reporting addressed to Management (tableau de bord).
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2. OPERATIONAL CREDITS

1. Inherent nature and characteristics of the DGs policy environment and stakeholders

Summary:

The Directorate General buys services first and foremost in the area of information and communication technology. The contractors are companies located within the European Union. Procurement is done mainly via existing framework contracts established by DIGIT or other DG's. (in general for a duration of 2 years extensible to 4 maximum).

Key inherent risks insofar they impact on reasonable assurance (including limit and extent of its responsibilities and those of other stakeholders):

Procurement is highly regulated. Detailed rules exist with even more in depth guidance based on experience and the jurisprudence of court judgements. In-depth knowledge is therefore necessary to manage procurement effectively. Such knowledge is provided by the financial and contracts unit and the relevant services in DG BUDG.

The risk for over-dependency on contractors is high due to the limited market offer for ICT consultancy services in Brussels.

Lately bidder are more ready to contest in front of CFI results of tendering procedures, so the follow up of those procedure has become heavier, using resources normally dedicated to operational tasks

Management mode/s:

Direct centralised management

Key figures:

Contracted amounts/ contractors:
 There were no award decision signed under operational budget in 2011
 Budget planning and execution:
 Appropriations:
 Refer to annex 3, tables 1 and 2, for the outturn on commitment and payment appropriations (fresh credits and assigned revenue).

2. Management and control systems – the basis of the declaration of assurance

Planning and selection process of contractors, including preventive controls

- Procurement needs are clearly defined and justified from an economic or operational point of view and approved by the AOD.
- For each contract an evaluation committee is set up to prepare the selection of the contractors. Members of evaluation committees are asked to sign a document reminding them of their obligation to declare any potential conflict of interest.
- Declaration of lack of conflict of interest (member of committee).
- Before a contract is signed, contractors must show that they are not in one of the situations of exclusion specified in the Financial Regulation (e.g. bankruptcy, failure to pay tax or social security contributions, convicted of an offence concerning their professional conduct). Before each transaction is authorised, staff are automatically alerted by the computerised financial system if the Commission is aware of this or any similar problem.
- An advisory body (GAMA) is consulted with regard to procurement files on a mandatory basis.
- Physical protection of the offers submitted (locked cupboards)

Communication and information

- Transparency measures: calls for tender are published in the Official Journal and the EUROPA website. Updated information and FAQ are posted regularly on the website.
- Adequate communication to unsuccessful tenderers.

	<ul style="list-style-type: none"> • Computerised accounting system is used to record the contracts and the transactions related to the contracts in ABAC. • Technical training in procurement are given to all staff involved in the procurement process. • All staff involved in financial management have the responsibility to alert their Director-General, the Secretary-General or OLAF if they suspect any irregular, illegal or criminal activity.
Detective and corrective controls: Performance monitoring, and verification of payments and key milestones	<ul style="list-style-type: none"> • Financial circuits: Every financial transaction requires at least two people to be involved (the "four eyes" principle). One person must initiate the transaction and a second person must verify it. Each person involved in the transaction has been nominated by the Authorising Officer to carry out the task and their names are recorded in the computerised financial system. • Arrangements for monitoring the contractor's performance include systematic use of progress reports and formal acceptance of contractual deliverables.
Preventive and corrective controls and audit: Desk reviews, on-the-spot audits carried out either ex ante or ex post.	Ex post and supervisory controls are in place
3. Feedback which enables control activities to be optimised	
Verification that processes are working as designed	Risk assessment process serves to highlight key issues to ensure that mitigating action is taken
Monitoring of performance of independent bodies, 3 rd party auditors, externally contracted auditors	<ul style="list-style-type: none"> • As foreseen in Article 13 of the ISA Decision the implementation of the ISA programme will be subject to an interim evaluation and a final evaluation, the results of which will be communicated to the European Parliament and the Council by 31 December 2012 and 31 December 2015 respectively. These evaluations ought to be performed by external independent experts. • Every two years individual solutions ought to be reviewed by external experts.
IAC, IAS, ECA recommendations on the functioning of the system and their follow up	Feedback is provided by the internal auditors (IAC, IAS) and from the European Court of Auditors and by the European Parliament in the context of the discharge procedure. Recommendations made by these bodies are followed up systematically.
High level management	<ul style="list-style-type: none"> • <i>A management scoreboard is reviewed by management on a periodic (quarterly) basis (DIAM).</i>

<p>reporting and its role in identifying problem issues</p>	<ul style="list-style-type: none"> • <i>The results and progress as regards the management of procurement made during the year is reported in the Annual Activity Reports.</i> • <i>The Commission regularly monitors the implementation of the programme and annually reports on the implementation to the ISA comitology committee, as required by Article 13 of the ISA Decision,</i> • <i>Funds for actions are released for defined phases based on the achievement of specific milestones, first and foremost the project charter and execution report. These milestones are mostly presented to and discussed with the representatives of the Member States.</i>
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