

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 ¹, I have reported my advice and recommendations to the Head of Service on the overall state of internal control in the Office.

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.

Benoît MORISSET

Marc SEGUINOT

Head of Unit

Head of Unit

Finance - Procurement – Reporting

*Personnel - Communication
Conferences - Health and Safety*

Signed

Signed

¹ SEC(2003)59 of 21.01.2003.

ANNEX 2: HUMAN AND FINANCIAL RESOURCES BY ABB ACTIVITY

1. HUMAN RESOURCES

Code ABB Activity	ABB Activity	Human Resources by ABB activity				
		Establishment Plan posts	External Personnel	External personnel excluding interim staff	Total personnel	Total personnel excluding interim staff
26 AWBL-16	Administrative support for the Office for Infrastructure and Logistics in Luxembourg	28	38	37	66	65
26 AWBL-17	Management of buildings and expenditure (Luxembourg)	130	112	111	242	241
26 AWBL-18	Management of social welfare (interinstitutional, Luxembourg)	4	124 ¹	116	128	120
	Total	162	274	264	436	426

Some additional key data:

- 26 selection panels for contract agents and officials were organised in 2011 (target: 20).
- The average job vacancy rate for officials was 4,9% (Commission average: 5,8%). For all staff type combined (CA+FP) the vacancy rate was of 4,3%.
- The percentage of female staff on AD posts (permanent and temporary) was 52% (target: 50%).
- For teleworking, 100% of eligible candidatures were accepted (target met).
- The average number of training days per staff member was 6,9 (Commission target: ≥ 10).
- 10 internal transfers took place in 2011.
- Concerning OIL EU-12 recruitment, 2 recruitment procedures were ongoing at the end of the year for EU-2 AD's (target 2011: 3)

¹ Staff assigned to social activities are under contract with OIL whilst the budgetary share of expenses incurred by the Commission is around one third. Hence, the total number of staff managed by OIL is entirely displayed in HR statistics. Budgetary execution is based on the EC actual share and the other Institutions and Bodies display their respective values of budgetary execution in their reports.

2. FINANCIAL RESOURCES

(In Million
Euro)

Activity code¹	Activity	Operational Expenditure²	Administrative expenditure (DG managed)³	Total
	Autres dépenses de gestion décentralisées - XX	0	1.61	1.61
26-AWBL-16	Administrative support for the Office for Infrastructure and Logistics in Luxembourg	0	9.35	9.35
26-AWBL-17	Management of buildings and expenditure (Luxembourg)	0	78.86	78.86
26-AWBL-18	Management of social welfare (interinstitutional, Luxembourg)	0	16.95	16.95
	Total	0	106.77	106.77

Some additional key data:

- 3 196 payments were processed in ABAC (2010: 3 562).
- 1 213 payments for interim staff were made through SIRE.
- 961 commitments (all workflows processed, including reinforcements and de-commitments) were made (2010: 862).
- 447 recovery orders were issued (2010: 285).
- 1 349 payments (2010: 1 285) and credit notes were accounted for catering activities including cafeterias, canteens, JMO Restaurant and the Foyer Européen (recorded in local system CIEL, outside ABAC), out of which 221 for the Foyer Européen (2010: 234).

Annex 3 Financial Reports - DG OIL - 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 undue Payments****Table 9 : Ageing Balance of Recovery Orders****Table 10 : Waivers of Recovery Orders****Table 11 : Negotiated Procedures (excluding Building Contracts)****Table 12 : Summary of Contracts (excluding Building Contracts)****Table 13 : Building Contracts****Table 14 : Contracts declared Secret**

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2011 (in Mio €)				
Chapter		Commitment appropriations	Commitments made	%
		1	2	3=2/1
Title 26 : Commission administration				
26 01	Administrative expenditure of Commission administration policy area	106,90	105,50	98,69 %
Total Title 26		106,90	105,50	98,69 %
Title XX : Administrative expenditure allocated to policy areas				
XX 01	Administrative expenditure allocated to policy areas	1,56	1,50	96,15 %
Total Title XX		1,56	1,50	96,15 %
Total DG OIL		108,46	107,00	98,65 %

* 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).

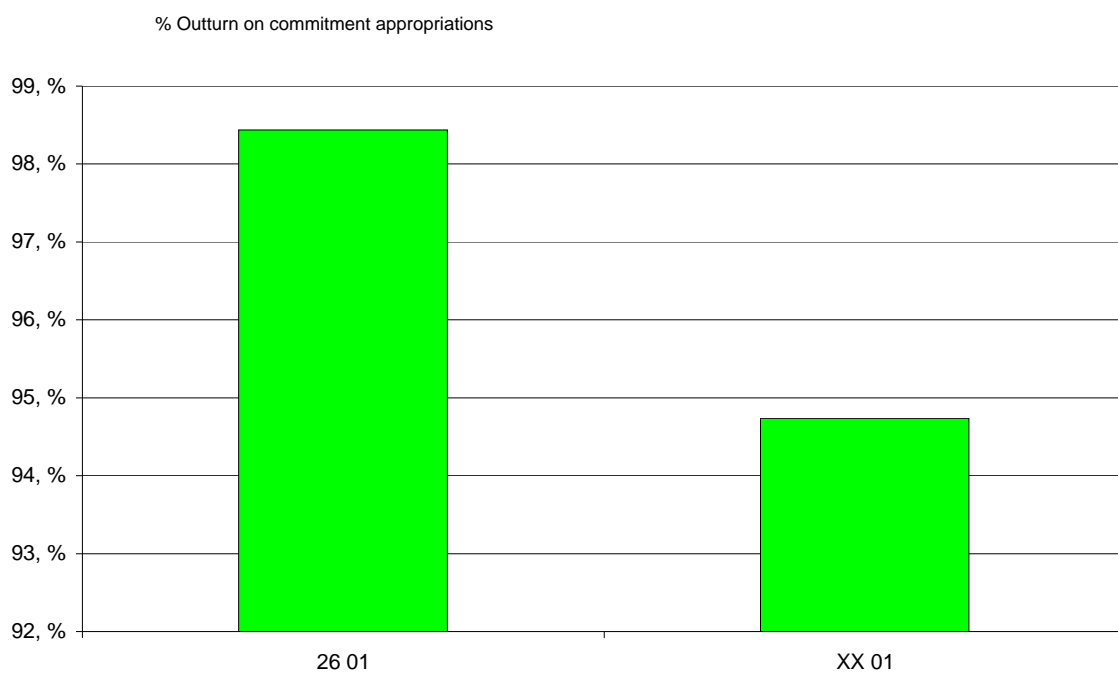


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2011 (in Mio €)

Chapter		Payment appropriations	Payments made	%
		1	2	3=2/1
Title 26 : Commission administration				
26 01	Administrative expenditure of Commission administration policy area	106,90	105,50	98,69 %
Total Title 26		106,90	105,50	98,69 %
Title XX : Administrative expenditure allocated to policy areas				
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% Outturn on payment appropriations

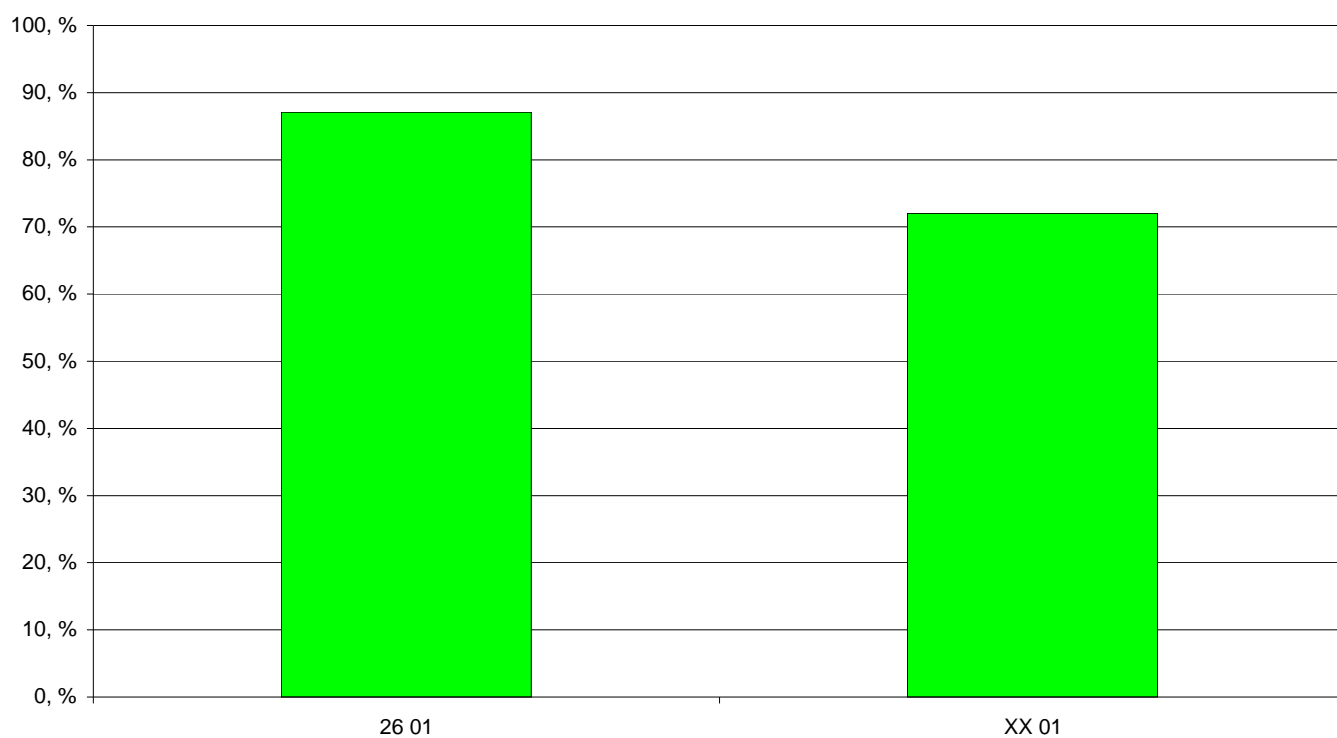


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2011 (in Mio€)

Chapter	2011 Commitments to be settled				Commitments to be settled from financial years previous to 2011	Total of Commitments to be settled at end of financial year 2011 (incl.corrections)	Total of Commitments to be settled at end 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 26 : Commission administration								
26 01	Administrative expenditure of Commission administration policy area	105,50	94,18	11,32	10,73 %	0,15	11,47	9,33
Total Title 26		105,50	94,18	11,32	10,73 %	0,15	11,47	9,33
Title XX : Administrative expenditure allocated to policy areas								
XX 01	Administrative expenditure allocated to policy areas	1,50	1,07	0,43	28,67 %	0,00	0,43	0,36
Total Title XX		1,50	1,07	0,43	28,67 %	0,00	0,43	0,36
Total DG OIL		107,00	95,25	11,75	10,98 %	0,15	11,90	9,69

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

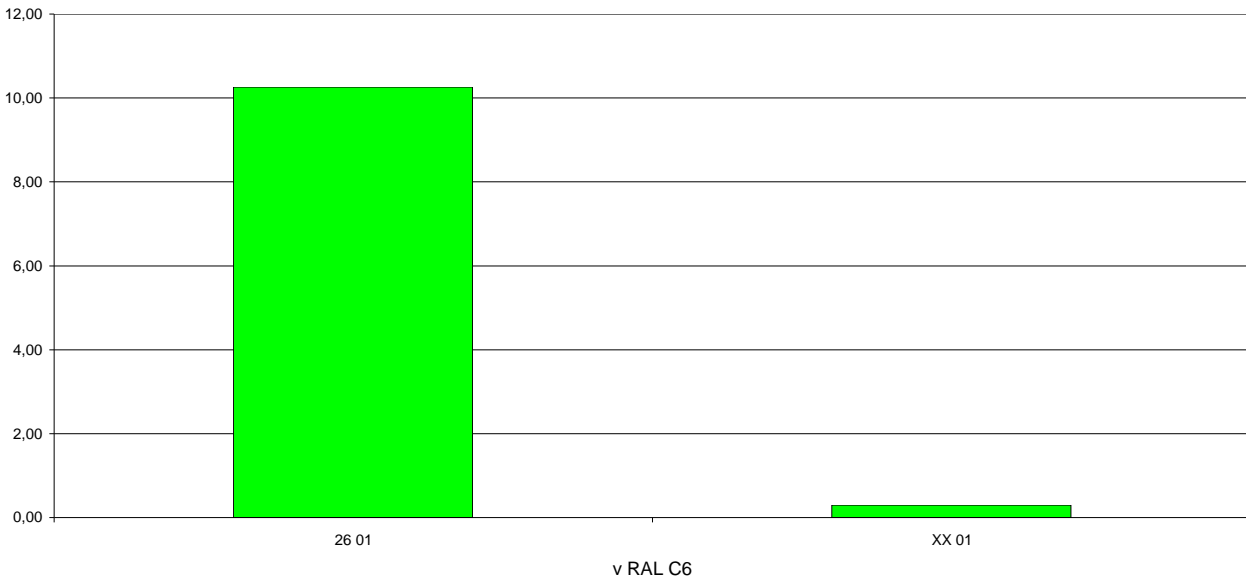


TABLE 4 : BALANCE SHEET OIL

BALANCE SHEET	2011	2010
A.I. NON CURRENT ASSETS	110 026 817,46	114 540 974,33
A.I.1. Intangible Assets	0,00	0,00
A.I.2. Property, plant and equipment	110 026 817,46	114 540 974,33
A.II. CURRENT ASSETS	5 984 137,97	2 511 787,96
A.II.3. Short-term Receivables	5 500 324,59	1 847 228,67
A.II.5. Cash and Cash Equivalents	483 813,38	664 559,29
ASSETS	116 010 955,43	117 052 762,29
P.II. NON CURRENT LIABILITIES	-99 842 171,75	-101 334 317,84
P.II.4. Other long-term Liabilities	-99 842 171,75	-101 334 317,84
P.III. CURRENT LIABILITIES	-5 661 268,88	-3 661 039,67
P.III.2. Short-term provisions	-996 000,00	-700 000,00
P.III.4. Accounts Payable	-4 665 268,88	-2 961 039,67
LIABILITIES	-105 503 440,63	-104 995 357,51
NET ASSETS (ASSETS less LIABILITIES)	10 507 514,80	12 057 404,78
P.I.2. Accumulated Surplus / Deficit	0,00	0,00
Non-allocated central (surplus)/deficit*	10 507 514,80	12 057 404,78
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 OIL

ECONOMIC OUTTURN ACCOUNT	2011	2010
II.1 SURPLUS/ DEF. FROM OPERATING ACTIVIT	72 945 929,04	73 592 301,94
II.1.1. OPERATING REVENUES	-10 837 602,29	-8 810 692,38
II.1.1.1. Other operating revenue	-10 837 602,29	-8 810 692,38
II.1.2. OPERATING EXPENSES	83 783 531,33	82 402 994,32
II.1.2.1. Administrative Expenses	83 317 531,33	81 697 620,07
II.1.2.2. Operating Expenses	466 000,00	705 374,25
II.2. SURPLUS/DEF. NON OPERATING ACTIVIT	5 428 957,22	4 212 464,01
II.2. FINANCIAL OPERATIONS	5 428 957,22	4 212 464,01
II.2.1. Financial revenue	-122,81	-1 217 770,31
II.2.2. Financial expenses	5 429 080,03	5 430 234,32
ECONOMIC OUTTURN ACCOUNT	78 374 886,26	77 804 765,95

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 OIL

Legal Times							
Maximum Payment Time	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	4259	3087	72,48 %	16,88	1172	27,52 %	64,32
45	76	69	90,79 %	17,61	7	9,21 %	50,86

Total Number of Payments	4335	3156	72,80 %		1179	28,72 %	
Average Payment Time	30,50			16,90			64,25

Target Times							
Target Payment Time (Days)	Total Number of Payments	Nbr of Payments within Target	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	4335	3156	72,80 %	16,88	1179	27,20 %	64,17

Total Number of Payments	4335	3156	72,80 %		1179	27,20 %	
Average Payment Time	30,50			16,88			64,17

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	54	110	2,54 %	4335	1 095 594,75	1,41 %	77 736 693,86

Late Interest paid in 2011			
DG	GL Account	Description	Amount (Eur)
			0,00

Figures and comments in paragraph 3.1.1.2.1. of AAR's core part (compliance with due dates of payments) - stem from a BO report used for the regular reporting and monitoring of OIL payment deadlines.

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		
Title 5: REVENUE ACCRUING FROM THE ADMINISTRATIVE OPERATION OF THE INSTITUTIONS								
50	PROCEEDS FROM THE SALE OF MOVABLE PROPERTY (SUPPLY OF GOODS) AND IMMOVABLE PROPERTY	156 633,28	0,00	156 633,28	156 633,28	0,00	156 633,28	0,00
51	PROCEEDS FROM LETTING AND HIRING	825 738,70	0,00	825 738,70	825 738,70	0,00	825 738,70	0,00
52	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	122,81	0,00	122,81	122,81	0,00	122,81	0,00
55	REVENUE FROM THE SUPPLY OF SERVICES AND WORKS	403 957,87	122 876,15	526 834,02	394 092,56	122 876,15	516 968,71	9 865,31
57	OTHER CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH THE ADMINISTRATIVE OPERATION OF THE INSTITUTIONS	2 655 137,53	40 838,34	2 695 975,87	2 646 717,31	39 712,70	2 686 430,01	9 545,86
	Total Title 5	4 041 590,19	163 714,49	4 205 304,68	4 023 304,66	162 588,85	4 185 893,51	19 411,17
Total DG OIL		4 041 590,19	163 714,49	4 205 304,68	4 023 304,66	162 588,85	4 185 893,51	19 411,17

TABLE 8 : RECOVERY OF UNDUE PAYMENTS
(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
2010	8	72 038,85	8	72 038,85
2011	20	828 642,47	20	828 642,47
No Link	382	2 567 428,32	382	2 567 428,32
	410	3 468 109,64	410	3 468 109,64

EXPENSES

	Nbr	Amount
INCOME LINES IN INVOICES	0	

	Nbr	Non-Eligible Amount
NON ELIGIBLE AMOUNT IN COST CLAIMS	0	

	No error / irregularity	
	Nbr	Credit Note Amount
CREDIT NOTES	441	-3 392 740,51

Recovery orders issued by OIL refer mainly to the revenues from interinstitutional activities

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

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	17	1	-94,12 %	163 714,49	1 125,64	-99,31 %
2011		30			468 425,15	
Totals	17	31	82,35 %	163 714,49	469 550,79	186,81 %

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 OIL	
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Number of RO waivers	0
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No data to be reported

TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG OIL - YEAR 2011**Contracts > 60.000€**

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Art. 126 1b	1	135 000,00
Total	1	135 000,00

TABLE 12 : SUMMARY OF PROCEDURES OF DG OIL EXCLUDING BUILDING CONTRACTS

Internal procedures > €60,000	2010		2011	
Contract Class	Count	Amount (€)	Count	Amount (€)
Service	17	59 826 664,10	15	72 829 353,29
Supply	2	705 496,00	6	4 068 000,00
Works				
TOTAL	19	60 532 160,10	21	76 897 353,29

Procedure Type	Count	Amount (€)	Count	Amount (€)
Negotiated Procedure with at least one candidate (Art 129.3 IR)	2	2 539 666,35		
Negotiated Procedure without publication of a contract notice Art. 126 IR	4	15 906 875,00	1	135 000,00
Open Procedure (Art. 122.2 IR)	13	42 085 618,75	20	76 762 353,29
TOTAL	19	60 532 160,10	21	76 897 353,29

External procedures > €10,000
Contract Class
TOTAL

Procedure Type
TOTAL

Additional comments

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TABLE 13 : BUILDING CONTRACTS

Total number of contracts :	0
Total amount :	

Legal base	Contract Number	Contractor Name	Description	Amount (₹)
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No data to be reported

TABLE 14 : CONTRACTS DECLARED SECRET

Total Number of Contracts :	0
Total amount :	

Legal base	Contract Number	Contractor Name	Type of contract	Description	Amount (€)
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No data to be reported

ANNEX 4: MATERIALITY CRITERIA

1. Qualitative criteria

The qualitative criteria which OIL used to establish that it had no reservations relate to any factual event or significant weaknesses linked to the use of resources, sound financial management or legality and regularity of underlying transactions which might:

harm the image and reputation of the Commission,
entail legal liability for the Commission,
relate to serious errors in the Office's internal control system.

Significant occurrence of errors in the underlying transactions (legality and regularity)	Ex post controls and audits did not point out any major system weaknesses with financial impact.
Significant control system weaknesses	No significant control weaknesses have been identified.
Non application of one or more internal control standards	The Internal Control self-assessment does not reveal any issues which have an impact on the declaration of assurance.
Insufficient evidence from internal control systems or audit coverage	In addition to ex-post controls and audits, OIL's exception register, AOSD reports and supervision tools ensure the extensive coverage of the activities of the Office.
Critical issues outlined by the European Court of Auditors or the Internal Audit Service	The 2010 European Court of Auditors DAS did not contain any observation on OIL.
Significant reputational events	There were no significant reputational events.
Litigations / potential litigations	One potential litigation case is ongoing linked to the decision to reject the offer of one tenderer. At this stage, no damages have been claimed.

2. Quantitative criteria

In line with the guidelines annexed to Communication COM(2003) 28 of 21 January 2003, the Office considered that the materiality of any reservation should be subject, in quantitative terms, to a threshold of 2% of the budget allocated to the ABB activity concerned.

ANNEX 5: INTERNAL CONTROL TEMPLATE FOR BUDGET IMPLEMENTATION/PROCUREMENT

1. Inherent nature and characteristics of the Service's policy environment and stakeholders

Summary:

OIL is a service provider dealing with office space acquisition and maintenance, social infrastructure and multiple internal services (transport, printing, mail, health and safety at work, value added tax exemptions, etc.).

The appropriations for which OIL is responsible are of an administrative nature only (OIL's own appropriations, centralised appropriations and appropriations received by sub-delegation from EPSO, PMO, DG DIGIT, Publications Office). These appropriations are implemented under its full responsibility or sub-delegated. The recipients are exclusively suppliers of goods and services, providing these to the Commission on the basis of contracts (lease contracts, building maintenance contracts, security contracts, framework contracts for furniture or office supplies) or order forms for specific goods and low-value items.

In addition, because of its role in interinstitutional activities, the Office manages allocated revenue either from other institutions/equivalent bodies or from the users of various services. The types of revenue allocated are from the sub-letting of property, the sale of office supplies and furniture, catering services, the Interinstitutional Children's Centre (CPE) and the Fitness Centre.

One of the key activities of OIL is procurement. The main inherent risks in this environment for procurement activities are:

- The risk of choosing an inappropriate procurement procedure or of splitting purchases ("saucissonnage"). Procurement is highly regulated and relevant case law must be taken into account. In-depth knowledge is therefore necessary to manage procurement effectively.
- The risk of having contracts not corresponding to needs, due to the difficulty of adequately defining the services to be provided.
- The risk of over-dependency on specific contractors due to the limited number of potential or interested economic providers in some areas.
- The risk of substantial costs if procurement decisions are contested, even unsuccessfully, before the courts.
- A reputational risk for the Commission in case of fraud, crime, errors, or mismanagement of the procurement process.

Procurement for contracts \geq € 60 000

Management mode:

Direct centralised

Key figures:

In 2011, 31 contracts were signed (2010: 25; 2009: 22). 10 were under existing framework contracts (2010: 9; 2009: 8) and 21 resulted from 14 tenders launched in 2010 and 2011. One procedure was a negotiated procedure, the remaining ones open. The volume of new contracts signed in 2011 is mio € 76,8 (2010: mio € 72,4; 2009: mio € 7,7 without acquisition of the Foyer Européen). 15 (2010: 18, 2009: 10) contracts related to services and 6 to supplies (2010: 5; 2009: 10). There were no works contracts (2010: 0; 2009: 2) and no mixed contracts,

	<p>consisting of supplies and services (2010: 0 2009: 0). Contracts were concluded with 24 contractors in 2011 (2010: 22; 2009: 18). Contract duration is between six months and 10 years (the latter one is for the implementation of an integrated building management system).</p>
<p>2. Management and control systems – the basis of the declaration of assurance</p>	
<p>Planning and selection process of contractors, including preventive controls</p>	<ul style="list-style-type: none"> • Preventive actions are implemented with the aim of reinforcing sound financial management, and guaranteeing that the key principles of procurement are respected: openness and transparency, objectiveness, ensuring equal treatment, and consistency. • Procurement needs are clearly defined and justified from an economic or operational point of view and approved by the Authorising Officer by Delegation. • For contracts above € 60 000 as well as for low value procurement, an evaluation committee is set up to prepare the selection of the contractors. The members of evaluation committees sign a document reminding them of their obligation to declare any potential conflict of interest. • 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, conviction of an offence concerning their professional conduct). • Staff are automatically alerted by the early warning messages sent in ABAC via the computerised financial system and to the EWS network when the Commission is aware of any problems in this respect. • Information on exclusions has been shared with all organisations involved in managing EU money, including the Member States, since 1 January 2009 (Early Warning System). • The risk of over-dependency on specific contractors is duly analysed, based on the knowledge of the market. • Physical protection of the tenders submitted is ensured (locked room and segregation between original and copies).
<p>Sensitive posts</p>	<p>The rules on sensitive functions and their application in OIL were updated in the course of 2010 and are regularly discussed by management. In addition to the standard sensitive functions (heads of unit, authorising officers by (sub)delegation), some specific functions in connection with procurement, management of contracts, and financial and budgetary management have also been identified as sensitive and are monitored regularly. Mitigating measures, consisting of complete or partial desensitisation of the posts by transferring of sensitive tasks to other staff members, are taken when necessary.</p>
<p>Communication and information</p>	<ul style="list-style-type: none"> • Transparency measures: calls for tender are published in the Official Journal and on the EUROPA website. Updated information and FAQs are posted regularly on the website. • Adequate information is provided to unsuccessful tenderers. • A computerised accounting system is used to record the contracts and the transactions related to the contracts in ABAC. • Technical training in procurement is given to all staff involved in the procurement process. • All staff is obliged to alert the Head of Service or OLAF if they suspect any irregular, illegal or criminal activity.

<p>Detective and corrective controls: Performance monitoring, and verification of payments and milestones</p>	<p>The subdelegations and access rights in the financial and budgetary systems are approved by the Authorising Officer by Delegation. The authorising officers by subdelegation and the financial verifying agents are directly appointed by the Head of Service.</p> <p>The staff authorised to certify that invoices are correct are proposed by the authorising officers by subdelegation and appointed by the Head of Unit "Finance Procurement Reporting" (also Internal Control Coordinator). Twice a year, all financial delegations are formally approved by the Head of Service.</p> <p>Data on budget implementation are made available every week to the operational and financial initiating and verifying agents.</p> <p>Since 1 November 2011, circuits for commitments and recovery orders have been simplified by reducing the number of actors needed in the system by one. For all types of transactions, the use of revised checklists and other templates for documenting the financial information facilitated a better communication of all financial actors.</p> <p>In addition to the weekly reporting on budget implementation, regular meetings were held with the financial correspondents of each unit, allowing to exchange on common issues of general interest.</p> <p>Payment deadlines are monitored regularly through monthly reports and actions taken to prioritise the most urgent payments.</p>
<p>Preventive and corrective controls and audit: Desk reviews, on-the-spot audits carried out either ex-ante or ex-post</p>	<p>Along with a close cooperation with the ex-post control and operational units, the ex-ante verifying agents continued to streamline their controls of financial transactions in 2011.</p> <p>The focus was on the consistent application of procedures and guidelines, the quality of data encoded in ABAC systems, the completeness of supporting documents, the reliability of BO reports and data provided to the Authorising Officers, improved communication amongst all actors of the financial workflow.</p> <p>Financial arrangements were reviewed for future contracts in preparation with a view to reduce the number of payments and facilitate the operations of "certified correct" for the control of services and goods invoiced.</p> <p>SAM's recurring problems were mostly resolved by new developments and releases, resulting in a decrease of the number of saisines a posteriori and shorter average payment times.</p> <p>The annual ex-post control programme for 2011 was completed as planned.</p> <p>The ex-post control is performed 3 times a year, each time the report covers the period of 4 months. The sample is of 8% of commitments, 5% of payments and 8% of recovery orders. Commitments and recovery orders are selected 50% by random sampling and 50% by targeted sampling, based on the risk analysis. Sample of payments results from the sample of commitments that have been chosen.</p> <p>The current methodology focuses on analysing the entire financial workflow, starting from the procurement procedure, via the commitment, to the related payment(s), in accordance with the rules laid down in the Financial Regulation and its Implementing Rules (IR) (Art. 47 IR). The control is service-wide in scope and assesses OIL's financial management control framework, OIL's procedures and financial roles and responsibilities.</p> <p>The results of the controls show that the majority of the errors detected</p>

	<p>are formal. The number of more serious issues related to financial files has significantly decreased. The errors identified were assessed as low to medium risk after giving due consideration to significance, potential impact and continuous improvement efforts already made.</p> <p>The minor errors (importance level 3 or 4) were detected in particular in the areas of documentation of CAF and financial data encoding. Only 6 errors of importance level 2 and no errors level 1 were detected in ex-post control 2011 for a total of 186 transactions controlled (commitments, payments and recovery orders).</p>
3. Feedback which enables control activities to be optimised	
Verification that processes are working as designed	<p>The following elements have been taken into consideration:</p> <ul style="list-style-type: none"> - the new procedures put in place by management, - the risk analysis, - the conclusions of ex-ante and ex-post controls, - the self-assessment of the internal control standards - the audit recommendations (Internal Audit Capability, Internal Audit Service, and Court of Auditors) and the respective follow up audits (in 2011 there were two), - the reports by the authorising officers by subdelegation, - the regular analysis of OIL's indicators.
Monitoring of performance by independent bodies, 3rd party auditors, externally contracted auditors	N/A
IAC, IAS, ECA recommendations on the functioning of the system and their follow-up	Please see part 3.1.2. of the report. An overview of the present situation of recommendations can be found below.
High-level management reporting and its role in identifying problem issues	<p>Every four months, all authorising officers by subdelegation reported their activities to the Head of Service, following a standard format in line with the charter of authorising officers by subdelegation.</p> <p>OIL's Management Committee met three times in 2011 (March, September, and December). In addition to the main SPP documents, the issues discussed included the multi-annual policy framework for real estate management, the social infrastructure policy, and OIL's cooperation with other Institutions.</p>

Overview of IAS/IAC audits:

Situation of audits on 31 December 2011

Topic of the audit	IAS/IAC Year N	Open	Ready for Review	Closed
Buildings infrastructure managed by the European Commission of 2002	IAS 2002			7 → I
Data Centre – Operations and Security	IAS 2006			3 → 2 C → 1 VI
Financial Management and implementation of financial circuits (follow up)	IAS 2006	2 recos (dont AO Restauration) 2 → 1 VI → 1 D	2 → 1 VI → 1 I	10 → 4 VI → 5 I → 1 D
Internal Control Standards and Inventory (follow up june 2011)	IAS 2008			13 → 5 VI → 7 I → 1 D
Inventory Process (follow up may 2011)	IAS 2009			4 → 1 VI → 3 I
Ethique surtout pour ce qui concerne les relations avec les contractants	IAC 2007			4 → I
Implementation of the procedure of "conforme aux faits" (follow up april 2011)	IAC 2008			10 → 6 VI → 4 I
Implementation of the building policy	IAC 2010		5 → 1VI → 3 I → 1 D	
TOTAL		2	7	51

C = critical I = important VI = very important D = desirable