



Annual Activity Report 2023

annexes

European Innovation Council and SMEs Executive
Agency (EISMEA)

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ANNEX 1: Statement of the Director of EISMEA and the Head of Department in charge of Risk Management and Internal Control

“I declare that in accordance with the Commission’s communication on the internal control framework ⁽¹⁾, I have reported my advice and recommendations on the overall state of internal control in the Executive Agency to the Director.

I hereby certify that the information provided in section 2 of the present Annual activity report and in its annexes is, to the best of my knowledge, accurate and complete.”

Date 02/04/2024

[e-signed]

Nathalie Stefanowicz

“I hereby certify that the information provided in section 1 of the present annual activity report and in its annexes is, to the best of my knowledge, accurate and complete.”

Date 02/04/2024

[e-signed]

Jean-David Malo

⁽¹⁾ C(2017)2373 of 19.04.2017.
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ANNEX 2: Performance tables

EIC Pathfinder performance table

General objective: A Europe fit for the digital age Specific objective: Research and innovation actions and the European Innovation Council in particular support development and scaling-up of SMEs with breakthrough and disruptive technologies (DG RTD) Europe's open strategic autonomy is ensured in critical technology areas (DG CNECT) From 2020-2024 Strategic Plans			
Main outputs in 2023:			
Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls published	2	4 (Pathfinder Open, Pathfinder Challenges, two cut-offs of the Hop on Facility)
Calls for tender	Number of calls published	0	0
Evaluation sessions	Number of evaluation sessions implemented	100% (by early 2023)	On track for 100% (Pathfinder Challenges evaluation and the last cut-off of the Hop-on Facility to be completed early 2024)
	Time to inform applicants	100% within 5 months	100%
	% of evaluated proposals challenged under the evaluation review procedure	Less than 2%	3.1% (2022 Pathfinder Challenges Call: 5.3%, 2023 Pathfinder Open call: 1.9%) Increase due to reduced quality control of the style of the text in the final ESRs compared to the previous calls
	% of evaluated proposals re-evaluated following review requests	0-2 proposals	2022 Pathfinder Challenges call: 0 2023 Pathfinder Open call: assessment ongoing
Grant agreements	Number of grant agreements signed	~90	128 Target exceeded as this number includes several reserve-listed proposals and late signatures from the previous year.
	Time to grant	96% within 8 months	62% within 8 months Time to grant deadline was exceeded for 41 grants (see narrative section 1)
Contracts	Number of contracts signed	0	0
Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed	50 (from legacy projects)	64 Target exceeded as several projects that should have already finished in 2022 only ended in 2023 due to pandemic

Payments	Time to pay	100% payments executed within the legal time limit	100%
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EIC Transition performance table

General objective: A Europe fit for the digital age Specific objective: Research and innovation actions and the European Innovation Council in particular support development and scaling-up of SMEs with breakthrough and disruptive technologies (DG RTD) Europe's open strategic autonomy is ensured in critical technology areas (DG CNECT) From 2020-2024 Strategic Plans			
Main outputs in 2023:			
Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls published	2	2 cut-offs for Open and Challenges (12 th April and 27 th September)
Calls for tender	Number of calls published	1	0 (EIC Marketplace supporting services call for tender was not launched. Marketplace is now part of Horizon Results Platform)
Evaluation sessions	Number of evaluation sessions implemented	100%	100%
	Time to inform applicants	100% applicants informed within 17 weeks (~4 months) from submission deadline	100% in progress. 1 st cutoff 2023 applicants were informed within 93 days 2 nd cutoff 2023 applicants were informed within 120 days
	% of evaluated proposals challenged under the evaluation review procedure	Less than 3%	Overall: 2.96% 2 nd cutoff 2022: 1.4% (4 cases out 239 proposals evaluated) 1 st cutoff 2023: 4.4% (8 cases out of 166 proposals evaluated)
	% of evaluated proposals re-evaluated following review requests	Less than 2%	Overall: 0% 0% in 2 nd cutoff 2022 0% in 1 st cutoff 2023 (in progress for 2 nd cutoff 2023)
Grant agreements	Number of grant agreements signed	55	49 in total. 31 GA signed from 2 nd cutoff 2022 18 GA signed from 1 st cutoff 2023

			The success rate in the first cutoff was lower than in previous cutoff, it turned out to produce less GAP invitations.
	Time to grant	90% grants signed within 6 months from submission deadline	2nd cutoff 2022: 61% 1 st cutoff 2023: 78% Several consortia took weeks to sign their agreement once it was sent to them.
Contracts	Number of contracts signed	Min 50 GAPs signed	49 in total. 31 GA signed from 2 nd cutoff 2022 18 GA signed from 1 st cutoff 2023 (lower success rate than expected)
Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed	Min 16 final project reports (this may be impacted by amendments due to COVID)	29 final reports assessed and paid (legacy projects open were 35 in Dec 2022 – legacy projects open were 5 in Dec 2023)
Payments	Time to pay	100% payments executed within the legal time limit	100% (max TTP in 2023 was 87 days)

EIC Accelerator performance table

General objective: A Europe fit for the digital age Specific objective: Research and innovation actions and the European Innovation Council in particular support development and scaling-up of SMEs with breakthrough and disruptive technologies (DG RTD) Europe's open strategic autonomy is ensured in critical technology areas (DG CNECT)			
Main outputs in 2023:			
Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls published	1 continuous call (short proposal) 1 call with 9 topics (1 open + 8 challenges) with 3 cut-off dates for the challenges and 4 cut-off dates for the Open topic (full proposal)	Achieved in full
Evaluation sessions	Number of evaluation sessions implemented	1 continuous session for continuous call (short proposal) 4 sessions (4 cut-off dates for Open and 3 cut-off dates for Challenges mentioned above - full proposals with interviews)	Achieved in full
	Time to inform applicants	30 days for short proposal from submission to outcome	29 days (average) for short proposal from submission to outcome
		35 days for full proposal from cut-off date to outcome of remote evaluation	49 days (average) for full proposal from cut-off date to outcome of remote evaluation (see narrative section 1 for explanation)
		4 months max from cut-off to final decision of interview	<4 months (96 days) average from cut-off to final decision of interview
	% of evaluated proposals challenged under the evaluation review procedure (for short proposals)	< 2%	0.2%
% of evaluated proposals re-evaluated following review requests (for short proposals)	< 0.5%	0%	
Grant agreements	Number of grant agreements signed	N/A	

	Time to grant	N/A	
Contracts	Number of contracts signed	200 Under Horizon Europe	179 (fewer projects but higher budgets)
Final reports of concluded Grant Agreements, Contracts	Number of final reports assessed	80 SME Instrument and FTI; 120 EIC Pilot 14 EIC Accelerator	124 SME Instrument and FTI 148 EIC Pilot 4 EIC Accelerator Reasons for less reports assessed: complicated assessments, fewer projects ended, (e.g. because of amendments for extension).
Payments	Time to pay	> 95% within the legal limit - For EIC Accelerator Pilot and Horizon Europe projects: 60 days for periodic reporting linked to additional pre-financing requests and 90 days for final periodic reporting; - For SMEI Phase 2 and FTI projects: 90 days for interim and final periodic reporting.	99% payments within the legal limit

Call planning EIC

European Innovation Council Planning calls for proposals 2023:						
Call title	Call identifier	Publication date		Closing date	Status 30/06/23	Status 31/12/23
EIC Pathfinder Open 2023	HORIZON-EIC-2023-PATHFINDEROPEN-01	08-12-22		07-03-23	788 proposals submitted: evaluation ongoing	52 proposals selected for funding (main list), plus 10 on reserve list. 55 grant agreements signed.
EIC Pathfinder Challenges 2023	HORIZON-EIC-2023-PATHFINDERCHALLENGE-01	EIC Pathfinder Challenge: Clean and	HORIZON-EIC-2023-PATHFINDERCHALLENGES-01-01	08-12-22	18-10-23	69 proposals submitted.

		efficient cooling						
		EIC Pathfinder Challenge: AEC digitalisation for a new triad of design, fabrication, and materials	HORIZON-EIC-2023-PATHFINDERCHALLENGES-01-02				Opened 20/06/2023	66 proposals submitted
		EIC Pathfinder Challenge: Precision Nutrition	HORIZON-EIC-2023-PATHFINDERCHALLENGES-01-03					81 proposals submitted
		EIC Pathfinder Challenge: Responsible Electronics	HORIZON-EIC-2023-PATHFINDERCHALLENGES-01-04					116 proposals submitted
		EIC Pathfinder Challenge: In-space solar energy harvesting for innovative space applications	HORIZON-EIC-2023-PATHFINDERCHALLENGES-01-05					39 proposals submitted
EIC Transition 2023	HORIZON-EIC-2023-TRANSITION-01	EIC Transition Open 2023	HORIZON-EIC-2023-TRANSITIONOPEN-01		08-12-22	Cut-Off-1: 12-04-23	180 proposals submitted On-going	180 grant agreements signed
		EIC Transition Challenge: Full scale Micro-Nano-Bio devices	HORIZON-EIC-2023-TRANSITIONCHALLENGE-01			Cut-Off-2: 27-09-23		152 proposals submitted (Open)
								60 proposals submitted

		for decarbonisation					Closed 1083 proposals submitted 2 invited from previous cut offs 42 selected
		EIC Accelerator Challenge: Emerging semiconductor or quantum technology components	HORIZON-EIC-2023-ACCELERATORCHALLENGES-05				
		EIC Accelerator Challenge: Novel technologies for resilient agriculture	HORIZON-EIC-2023-ACCELERATORCHALLENGES-06				
		EIC Accelerator Challenge: Customer-driven, innovative space technologies and services	HORIZON-EIC-2023-ACCELERATORCHALLENGES-07				
EIC BAS - Support to test EIC innovations for public and private procurers	HORIZON-EIC-2023-INNOPRO-01	NA	NA	1 June 2023	7 November 2023	Opened 1 June 2023	4 proposals submitted (evaluation ongoing)

EIC Prizes performance table

General objective: A Europe fit for the digital age
Specific objective: Research and innovation actions and the European Innovation Council in particular support development and scaling-up of SMEs with breakthrough and disruptive technologies (DG RTD)
From 2020-2024 Strategic Plans

Main outputs in 2023:

Output	Indicator	Target	Latest known result
Calls for applications	Number of calls for applications published	8 (topics)	8 different topics were launched through 5 different calls
Evaluation sessions	Number of evaluation sessions implemented	7	8
	Time to inform applicants	100% within 5 months of application deadline	<p>0%</p> <p>NB: This indicator is not relevant for Prizes as applicants are only informed after the award ceremony has taken place. The ceremonies are linked to political events which are not necessarily within a 5 month timeline.</p> <p>More specifically, for each prize, it is as follows: Women Innovators Prize: The Award ceremony will take place after the 5 months of application deadline, as the date of the award ceremony has been scheduled to match with the EIC Summit due in March 2024. iCapital Prize: Award ceremony took place just within 5 months of application deadline. Innovation Procurement Prize: The Award ceremony will take place after the 5 months of application deadline, as the date of the award ceremony has been scheduled to match with a Belgian presidency event in March 2024 European Social Innovation Competition: The Award ceremony took place after the 5 months of application deadline, as the date of the award ceremony has been scheduled to match with a social economy event organised by the Spanish Presidency of the Council of the European Union in November 2024. European Prize for Humanitarian Innovation: The Award ceremony will take place after the 5 months of the application deadline, as the date of the award ceremony has been scheduled to match with match with the Humanitarian forum due to take place in March 2024.</p>

			Results letters for the 2 prizes awarded in 2023 (ICapital and Social innovation) will be sent in Q1 2024. The letters for the other prizes will be sent in Q2 2024.
	% of evaluated proposals challenged under the evaluation review procedure	< 0.5%	Information pending as the evaluation letters in some prizes will be sent between January – April 2024
	% of evaluated proposals re-evaluated following review requests	< 0.5%	Information pending as the evaluation letters in some prizes will be sent between January – April 2024
Prizes awarded	Number of individual prizes awarded	24	9 prizes (6 for Icapital & 3 for European Social Innovation Competition) were awarded in 2023. The remaining prizes are scheduled to be awarded in March 2024 during the EIC summit (Women innovators Prizes), Belgian presidency event (Innovation Procurement Prizes) and the EU Humanitarian Forum (Humanitarian Innovation Prizes).
Payments	Time to pay	100% payment executed within the legal time limit	Information pending as payments will be done in Q1 2024
Outreach and promotion	Number of information and promotion events organised	7	7
	Average number of participants or views per event	200	200

Call planning EIC Prizes

EIC Prizes Planning calls for proposals 2023:					
Call title	Call identifier	Publication date	Closing date	Status 30/06/23	Status 31/12/23
EU Prize for Women Innovators	HORIZON-EIC-2023-PRIZES-01	15/06/2023	27/09/2023	Ongoing	On-going
The European Capital of Innovation Awards (iCapital)	HORIZON-EIC-2023-ICAPITAL-PRIZE-02	9/03/2023	29/06/2023	Call closed	Call closed
The European Innovation Procurement Awards	HORIZON-EIC-2023-EUIPA-PRIZES-03	20/04/2023	25/07/2023	Ongoing	On-going

The European Social innovation competition: challenge prize	HORIZON-EIC-2023-EUSIC-PRIZES-04	30/03/2023	30/05/2023	Call closed	Call closed
The Humanitarian Innovation Prize	HORIZON-EIC-2023-HUMANITARIAN-PRIZES-05	21/03/2023	03/10/2023	Ongoing	On-going

EIC Community and BAS performance table

General objective: A Europe fit for the digital age Specific objective: Research and innovation actions and the European Innovation Council in particular support development and scaling-up of SMEs with breakthrough and disruptive technologies (DG RTD) From 2020-2024 Strategic Plan			
Main outputs in 2023:			
Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls published (CSA)	1	2
Calls for tender	Number of calls published	5	4 (Ecosystem Partnership tender was implemented through a renewal of the existing contract, therefore there was no need to publish a call for it)
Grant agreements	Number of grant agreements signed	1	1
	Time to grant	100% signed less than 6 months from submission deadline	100%
Contracts	Number of contracts signed	5 (procurement)	3 (Ecosystem Partnership tender was implemented through a renewal of the existing contract – no new contract was signed, Corporate Partnership Programme 3.0 contract to be signed in Q1 2024)
Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed	2	2
Coaching cases	Number of coaching cases	1100	600 (significantly fewer companies received Seal of Excellence (change of definition) and were entitled to coaching and less than expected coaching sessions were requested by EIC beneficiaries)
	Satisfaction from coaching service	90%	96%
BAS events	Number of BAS events	40	52 (More resources for events were available due to accumulation towards the end of finishing contract and adaptations in the running contracts)

	Participating EIC beneficiaries	500	530
	Average Deals for matching events	1-2	1
EIC Community	Number of members	14000	14900

EIC Communication Performance Table

General objective: A Europe fit for the digital age Specific objective: Research and innovation actions and the European Innovation Council in particular support development and scaling-up of SMEs with breakthrough and disruptive technologies (DG RTD) Europe’s open strategic autonomy is ensured in critical technology areas (DG CNECT) From 2020-2024 Strategic Plans			
Main outputs in 2023:			
Output	Indicator	Target	Latest known result
EIC conference co-organised with the Swedish Presidency	Number of participants (physical + online)	400	Physical: 500 Online: 1000
EIC info day	Number of participants (online)	700	Total connections: 2538 <i>(a viewer can generate more than one connection during the live; e.g. close and reopen the streaming page later, this counts as double connection)</i> Peak viewers: 596 <i>(max <u>simultaneous</u> unique viewers at a <u>specific moment</u> in time)</i>
Presence at the important deep-tech/start-ups events (Hello Tomorrow, Sifted, Slush, Web Summit, etc.)	Number of events	20	19 This includes presence at major 3 rd party events, info days, Presidency events. Two additional events were prepared, but postponed to Q1 2024
Digital communication (EIC website and EIC social media accounts)	EIC website – Page views	+10%	-30% The decline in 2023 is caused by the widening (paid) campaign in 2022 that boosted views to an exceptionally high level over a two week period, thus rendering the 2022 stats unusually high by generating around a 25% increase compared to the usual traffic during a similar timeframe. When we exclude the campaign data, the trend shows relative stability.
	EIC Twitter – Number of followers	+10%	55 333 9% increase (+5 000) The number of followers increased strongly, although just below target.

European Innovation Ecosystems performance table

General objectives: A Europe fit for the digital age; an economy that works for people.

Specific objectives: Research and innovation actions and the European Innovation Council in particular support development and scaling-up of SMEs with breakthrough and disruptive technologies (DG RTD)

Research and innovation actions, increased R&I investments and the R&I component of the European Semester boost economic growth and jobs creation (DG RTD)

From 2020-2024 Strategic Plan

Main outputs in 2023:

Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls published	3 (= 5 topics)	4 (= 6 topics) as 1 Regional Innovation Valleys call was anticipated from EIE WP 2024
Calls for tender	Number of calls published	3	2 published from EIE 2022 budget and 1 published from 2023 budget.
Evaluation sessions	Number of evaluation sessions implemented	5	6 (including 1 ongoing for RIVs call that has been accelerated from EIE WP 2024 and 1 on-going for EIE call "Interconnected Innovation Ecosystems" from EIE WP 2023)
	Time to inform applicants	5 months	93% within 5 months
	% of evaluated proposals challenged under the evaluation review procedure	<5%	3,13%
	% of evaluated proposals re-evaluated following review requests	<3%	0
Grant agreements	Number of grant agreements signed	161 (EIE, EIC)	161 (EIE, EIC)
	Time to grant	95% within 8 months	On average, 100%. However, few grants were signed beyond the 8 months limit).
Contracts	Number of contracts signed	3	3
Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed	62 (Innosup, EIC, EIE)	<u>69 (37 Innosup, 32 EIE).</u> Target exceeded as several legacy Innosup projects that should have been paid in 2021 and 2022 were finally paid in 2023.
Payments	Time to pay	90 days (grants)	99,6% payments executed within the legal time limit

Info day	Number of participants	300	2 info-days (1 separate for COFUND/RIVs call) Participants for calls 1 and 2: 368 Participants for call 3 (COFUND/RIVs): 940
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Call planning EIE

European Innovation Ecosystems Planning calls for proposals 2023:					
Call title	Call identifier	Publication date	Closing date	Status 30/06/23	Status 31/12/23
Organisation of the Women TechEU Scheme	HORIZON-EIE-2023-CONNECT-01-01	22/12/2022	23/03/2023	Evaluation finalised. Applicants to be informed.	In GAP phase
Preparatory action for setting up joint programmes among innovation ecosystems actors	HORIZON-EIE-2023-CONNECT-01-02	22/12/2022	23/03/2023	Evaluation finalised. Applicants to be informed.	11 signed out of 12 GAPs.
Stimulating Experimentation Practice	HORIZON-EIE-2023-CONNECT-02-01	08/06/2023	21/09/2023	Call opened for applications on 08/06 as planned	In evaluation phase
Specialist Advisory Services to build capacities on innovation procurement	HORIZON-EIE-2023-CONNECT-02-02	08/06/2023	21/09/2023	Call opened for applications on 08/06 as planned	In evaluation phase
European Partnership on Innovative SMEs	HORIZON-EIE-2023-INNOVSMES-01	11/01/2023	22/03/2023	Evaluation finalised. Applicants to be informed.	In amendment process.
Implementing co-funded action plans for connected regional innovation valleys	HORIZON-EIE-2023-CONNECT-03-01	17/05/2023	17/10/2023	Call opened for, applications on 17/05 as planned	Evaluation on-going.
Enhancing synergies between the EIC and Startup Europe	HORIZON-EIC-2022-STARTUPEU-01	01/06/2022	17/11/2022	Call evaluated and grant agreement preparations ongoing	All GAPs signed.
Planning calls for tender 2023:					
Call title	Call identifier	Publication date	Closing date	Status 30/06/23	Status 31/12/23
European Intellectual Property Helpdesk	EISMEA-PN-2023-000001	Mid-April 2023	End May 2023	Tender specifications finalised	Contract signed in December 2023

Mapping and scoping of frugal and reverse innovation	EISMEA-PN-2023-000032	Q3 2023	Q3 2023	Tender specifications in PPMT tool. To be published in H2 2023 and contract signed end 2023	Contract signed in December 2023
Innovative practices in legislation around emerging tech	EISMEA/2023/OP/0019	Q3 2023	Q3 2023	Tender specifications to be approved by DG RTD. Contract to be signed end 2023	Contract signed in December 2023
Mapping of regulatory compliance advisory services and identification of gaps	EISMEA-PN-2023-000038	Q4 2023	Q1 2024	Tender specifications to be drafted	Late: Tender specifications are supposed to be published in Q2 2024 (expected signature in November 2024)
Towards a Pilot European Start-up Scoreboard	EISMEA-PN-2023-000039	Q4 2023	Q1 2024	Tender specifications to be drafted	Late: Tender specifications are now supposed to be published in Q2 2024 (Expected signature in September 2024)

SMP Consumer objective performance table

General objectives: A European Green Deal, A Europe fit for the digital age Specific objectives: Consumers are empowered and better protected (DG JUST) From 2020-2024 Strategic Plan			
Main outputs in 2023:			
Output	Indicator	Target	Latest known result
Calls for proposals incl. invitations to submit proposals	Number of calls published incl. invitations sent	3	4 In line with the financing decision, 2 ECC invitations were launched, instead 1 originally planned
Calls for tender incl. RfS	Number of calls published incl. RfS	+/- 17 (incl. 4 legacy)	14 (incl. 4 legacy) In line with the financing decision, DG JUST carried out some adjustments of the procurement planning during the year, due to political and policy priorities. The remaining 2023 procurement procedures will be finalised as soon as possible in 2024.
Evaluation sessions	Number of evaluation sessions implemented	100%	100% Evaluation sessions for all 4 calls/invitations to submit proposals took place during 2023, even though 1 evaluation will still be finalised early 2024
	Time to inform applicants	100 % applicants informed within 6 months from submission deadline	100% applicants informed within 6 months from submission deadline
	% of evaluated proposals challenged under the evaluation review procedure	Less than 8%	0
	% of evaluated proposals re-evaluated following review requests	Less than 8%	0

Grant agreements	Number of grant agreements signed	67-77 (incl. 27 legacy)	29 (including 26 legacy*) *1 legacy GAP was terminated upon a request of beneficiary The remaining 2023 GAPs will be signed within the time to grant deadline but in early 2024.
	Time to grant	100 % grants signed within 9 months from submission deadline	96.6% grants signed within 9 months from submission deadline 1 GAP signed after time to grant deadline, since time for risk analysis was required.
Contracts	Number of contracts signed	+/- 17 (incl. 4 legacy)	10 (incl. 4 legacy) In line with the financing decision, DG JUST carried out some adjustments of the procurement planning during the year, due to political and policy priorities. The remaining 2023 procurement procedures will be finalised as soon as possible in 2024.
Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed	46	46 (incl. 2 assessed in 2023, payment to be done in 2024)
Payments	Time to pay	100% payments executed within the legal time limit	100% payments executed within the legal time limit

Call planning SMP Consumer

SMP / CONSUMER PILLAR					
Planning calls for proposals 2023:					
Call title	Call identifier	Publication /opening date	Closing date	Status 30/06/23	Status 31/12/23
BEUC operating grant	SMP-CONS-2024-EU-ORG-OG-IBA	04.04.2023	13.06.2023	Under evaluation	Grant signed on 6.12.2023
European consumer centres	SMP-CONS-2024-ECC-IBA	29.03.2023	01.08.2023	Open for submission	GAP on-going: 2 GAs signed
European consumer centres	SMP-CONS-2024-ECC-IBA-2	27.06.2023	26.10.2023	Open for submission	GAP on-going
Grants to ADRs	SMP-CONS-2022-ADR	29.03.2023	01.08.2023	Open for submission	Evaluation on-going
Planning calls for tender 2023:					
Call title	Call identifier	Publication date	Closing date	Status 30/06/23	Status 31/12/23
Support to CPC MS capacities (multiple RfS under FWC)	/	n/a	n/a	The first SC signed on 19.04.2023 (COM0021/EISMEA/2023/113)	COM0021/EISMEA/2023/158: CPC MEETINGS 2023/24“ - 1 st batch – contract was signed on 03.10.2023 CPC MEETINGS - 2 nd batch – under preparation Online investigations – under preparation
Behavioural study on children and digital	EISMEA/2023/OP/0016		16.01.2024		RfS sent to FW contractors; submission deadline 16.01.2024.
ConsumerPRO 2 to empower consumer protection professionals (open call)	EISMEA/2023/OP/0023	22.12.2023	29.02.2024	TORs under preparation	The submission DDL in on the 29.02
Seminar on local advice to consumers (RfS under FWC)	COM0021/EISMEA/2023/93	n/a	n/a	Contract signed on 30.03.2023	Action ongoing
Seminar on consumer education and	SC EISMEA/2023/FWC-DG REGIO/SC/001	n/a	n/a		Contract signed on 24.10.2023

CPAG meeting (RfS under FWC)					
CPC/GPSD e-Enforcement Academy 3 (open call)	EISMEA/2023/OP/0016	22.12.2023	19.02.2024	TORs under preparation	Tender documents published on 22.12.2023. Submission deadline is 19.02.2024.
Consumer Conditions Survey (RfS under FWC)	Not yet available	n/a	n/a		ToR under preparation
Study to support the implementation of the GPSR (RfS under FWC)	EISMEA/2024/SC/002	n/a			TOR under preparation
Consumer Summit and high-level ministerial meeting (Belgium) (RfS under FWC)	FWC/PCO/Lot 2-23/032	n/a			Contract signed on 14.11.2023
European Product Safety Award (RfS under FWC)	SC COM0021/EIS MEA/2023/155	n/a			Contract signed on 19.09.2023

SMP SME pillar performance table

General objective: A Europe fit for the digital age Specific objective: More European SMEs have access to cross-border business by digital means (DG GROW) From 2020-2024 Strategic Plan			
Main outputs in 2023 ⁽²⁾:			
Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls published	9 90% of calls for proposals in SMP SME annual work programme 2023 published by 31/12/2023.	9 as planned.
Calls for tender	Number of calls published	7 70% of calls for tender in the SMP SME annual work programme 2023 published by 31/12/2023.	5 (two from the WP 2022 and three from WP 2023). 50% of calls for tender in the SMP SME annual work programme 2023 published by 31/12/2023 (three out of six). Due to lack of available slots for publication at the end of 2023, the publication of two calls for tenders were moved to Q1 2024.
Evaluation sessions	Number of evaluation sessions implemented	7 evaluations for call for proposals and 7 evaluations for calls for tenders (3 calls for tenders from WP 2022 and 4 from WP 2023) by 31 December 2023. 1 evaluation session for proposals from international partners of the EEN (participation without EU funding)	10 evaluations for calls for proposals and 8 evaluations for calls for tender (3 calls for tenders from WP 2022 and 5 from WP 2023) by 31 December 2023. 1 evaluation session for proposals from international partners of the EEN (participation without EU funding)
	Time to inform applicants	100% of applicants informed within 6 months (183 days) after the call deadline.	100% of applicants informed within 6 months (183 days) after the call deadline.
	% of evaluated proposals challenged	Less than 2.75% of evaluated proposals.	1.39% Two redress cases out of 144 proposals evaluated

⁽²⁾ the table includes also COSME legacy actions
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	under the evaluation review procedure		
	% of evaluated proposals re-evaluated following review requests	Max. 0.5% of evaluated proposals.	0% of evaluated proposals
Grant agreements	Number of grant agreements signed	27 SMP SME grant agreements (15 from WP 2022 and 12 from WP 2023) signed by 31 December 2023. 15 cooperation agreements with International Partners of the Enterprise Europe Network (without EU funding). 90% of grant agreement preparations (GAPs) initiated before 30/09/2023, signed by 31/12/2023.	42 grant agreements signed (16 from WP 2021, 17 from WP 2022 and 9 from WP 2023) signed by 31 December 2023.
	Time to grant	100% of grant agreements signed within 9 months (274 days) after the call deadline	On average, 100% of grant agreements signed within 9 months (274 days) after the call deadline. However, the signature of 8 projects was delayed for lack of legal base (accession of non-EU countries to the SMP) One project was late because the coordinator had to be changed during grant agreement preparation and the person with power of signature was absent.
Contracts	Number of contracts signed	14-18 contracts (11-14 from WP 2022 and 3-4 from WP 2023).	17 contracts signed (14 from WP 2022 and 3 from WP 2023)
Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed	At least 40 final reports assessed. 100 % of the final reports submitted before 31 st October 2023 assessed.	50 final reports assessed (36 assessed for grants and 14 for contracts) 100 % of the final reports submitted before 31 st October 2023 assessed.
Payments	Time to pay	100% of payments within legal deadlines	100% of payments within legal deadlines in contracts and 98.15% of payments within legal deadlines in grants.

			Five pre-financing payments were issued less than 5 days after the target. Two late interest payments were not prioritised because of small amounts and because the beneficiary was not claiming them.
Event (Enterprise Europe Network Annual Conference)	Number of participants	500	1249 (758 physical and 491 online)
SME Assembly	Number of participants (physical + online)	650	859 (622 physical and 237 online)
EU Industry Days	Number of participants (physical + online)	600	1125 (590 physical + 535 online)
European Tourism Day	Number of participants (physical + online)	450	594 (325 physical + 269 online)

Call Planning SME pillar of the Single Market Programme

SMP / SME PILLAR					
Planning calls for proposals 2023:					
Call title	Call identifier	Publication date	Closing date	Status 30/06/23	Status 31/12/23
Support to Ukrainian companies to integrate into the single market	SMP-COSME-2023-SMEUA	28/02/23	27/04/23	Evaluation completed. Information to applicants ongoing	Grant signed. Project under implementation.
Support to Ukrainian entrepreneurs – Erasmus for Young Entrepreneurs	SMP-COSME-2023-EYEUA	28/02/23	11/05/23	Evaluation completed. Information to applicants ongoing	Grants signed. All projects under implementation
Transitioning to a more sustainable and resilient ecosystem – empowering tourism SMEs	SMP-COSME-2023-TOURSME	05/09/23	15/11/23	Call text under preparation	Call published (submission deadline 21/02/2024)
Proximity and social economy industrial	SMP-COSME-2023-SEED	21/09/23	29/11/23	Call text under preparation	Evaluation ongoing

ecosystem: boosting the digital transition of social economy enterprises and SMEs					
Boosting SMEs' and stakeholders' capacities to participate in renovation projects through the Affordable Housing Initiative European Partnership	SMP-COSME-2023-HOUS	22/06/23	06/09/23	Call text under preparation	Call text under preparation. Publication on 07/02/2024
Enterprise Europe Network Energy Efficiency Action	SMP-COSME-2023-EENEE	19/04/23	14/06/23	Evaluation completed. Information to applicants ongoing	Grant signed. Project under implementation.
Enterprise Europe Network – annual conference	SMP-COSME-2023-EENAC-IBA	22/03/23	25/04/23	Grant Agreement Preparation	Grant signed. Project under implementation.
European Industry Days 2023	SMP-COSME-2023-EUID-IBA	22/02/23	29/03/23	Grant Agreement Preparation	Grant signed. Project under implementation.
Social Economy Missions for Community Resilience	SMP-COSME-2023-RESILIENCE	28/09/2023	30/11/2023	Call text under preparation	Evaluation ongoing
Planning procurements 2023:					
Call title	Call identifier	Publication date	Closing date	Status 30/06/23	Status 31/12/23
SME POLICY - SME Assembly	GRO/SME/23/13263	28-06/2023	Q3/2023	Call published	Contract signed. Project ongoing.
SME Policy – Credit management training and financial literacy for SMEs	GRO/SME/23/13266	Q3/2023	Q4/2023	Call cancelled	Call cancelled
Support to women entrepreneurs	GRO/SME/23/13268	Q3/2023	Q4/2023	Call under preparation	Call published
SME friendly training for Central Purchasing Bodies (CPBs)	GRO/SME/23/13471	Q2/2023	Q3/2023	Call published	Contracts signed. Projects ongoing.
Sustainable procurement hubs	GRO/SME/23/13472	Q2/2023	Q3/2023	Call planned (draft tender specifications)	Call under preparation. Publication

				not yet received)	expected in Q1 2024.
European Cluster Collaboration Platform	GRO/SME/23/13145	NA	NA	Renewal of the current contract in Q3. No new call will be published.	Contract renewed.
Monitoring the performance of EU industry and industrial ecosystems	GRO/SME/23/13212	NA	NA	Renewal of the current contract in Q4. No new call will be published.	Contract renewed.
Erasmus for young entrepreneurs – support to Ukrainian entrepreneurs (promotion)	GRO/SME/23/13410	Q4/2022	Q1/2023	Call under preparation	Contract signed. Project under implementation.
Enterprise Europe Network – animation tasks	GRO/SME/23/13141	NA	NA	Contracts under implementation. Specific contracts under FWC used. No new call was published.	Contracts under implementation. Specific contracts under FWC used. No new call was published.
Stakeholder collaboration platform for the textiles ecosystem	GRO/SME/23/13187	Q3/2023	Q4/2023	Call under preparation (publication expected in September)	Call under preparation (publication expected in Q1 2024)
European Cluster Conference	GRO/SME/23/13146	Q2/2023	Q3/2023	Call under preparation	Contract signed. Project ongoing.
Specific training programme for SOLVIT centres	GRO/SME/23/13301	NA	NA	Specific contracts under FWC to be used. No new call to be published.	Contracts signed. Projects ongoing.
Observatory for companies/SMEs ('one stop shop' on due diligence)	GRO/SME/23/13193	Q3/2023	Q4/2023	Call planned (draft tender specifications not yet received)	Call cancelled.

Planning calls for proposals 2023

Call title	Call identifier	Publication date	Closing date	Status 30/06/23	Status 31/12/23
EU Competence Centre to support data management in tourism destinations (<i>Pilot Action</i>)	PPPA-2022-TOTOLAB	23/02/23	26/04/23	Evaluation completed. Information to applicants ongoing.	Grant signed. Project ongoing.

Planning procurements 2023:					
Call title	Call identifier	Publication date	Closing date	Status 30/06/23	Status 31/12/23
European Entrepreneurial E-learning Platform Helping SMEs to Adapt to the Current Context: Proposal for a 'start-up' initiative	GRO/PPA/22/13029	Q1/2023	Q2/2023	Call under preparation (publication expected in July 2023)	Contract signed. Project ongoing
Late Payment - pilot action on alternative dispute resolution (ADR)	GRO/SME/22/12768	Q1/2023	Q2/2023	Evaluation completed. Information to tenderers ongoing.	Contract signed. Project ongoing
Setting up of a Big Public Buyers collaboration network for strategic public procurement (republishing of Lot 2)	GRO/SME/22/13033	Q1/2023	Q2/2023	Call published	Contract signed. Project ongoing.

SMP Internal Market and support to standardisation performance table

General objective: A Europe fit for the digital age Specific objective: More business opportunities are generated in the Single Market (DG GROW) From 2020-2024 Strategic Plan			
Main outputs in 2023:			
Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls published	5 (3 ESOs calls, 1 Annex III call, 1 EUTF call)	4 (EUTF call was launched by DG GROW)
Calls for tender	Number of calls published	1-3	2 (1FWC+1RfS)
Evaluation sessions	Number of evaluation sessions implemented	100%	4/4 (3 from WP2023 and 1 from WP 2022)
	Time to inform applicants	100% informed within 6 months from submission deadline	100% within 6 months
	% of evaluated proposals challenged under the evaluation review procedure	Less than 8%	2.8% (1 out of 35 proposals)
	% of evaluated proposals re-evaluated following review requests	Less than 8%	0
Grant agreements	Number of grant agreements signed	40-50	27 (low success rate of the calls for Support to Standardisation activities).
	Time to grant	100% signed within 9 months from submission	On average, 100% of the grant agreements were signed within 9 months. However, 1 grant was signed with delays due to amendment of the standardisation request
Contracts	Number of contracts signed	1-2	1 FWC+1 contract
Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed	14	12 (some projects with extended duration needed to finalise implementation due to justified delays)

Payments	Time to pay	100% executed within the legal deadline	100%
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Call planning Internal Market and support to standardisation

SMP /INTERNAL MARKET STANDARDISATION					
Planning calls for proposals 2023:					
Call title	Call identifier	Publication date	Closing date	Status 30/06/23	Status 31/12/23
Support to Standardisation activities performed by CEN, CENELEC and ETSI	Call SMP-STAND-2023-ESOS-01-IBA	09/03/2023	16/05/2023	Consensus report phase ongoing. Finalisation by mid-July	Call launched on 09/03/2023 and closed on 16/05/2023. All GAs signed in 2023.
Support to Standardisation activities performed by CEN, CENELEC and ETSI	Call SMP-STAND-2023-ESOS-02-IBA	20/07/2023	17/10/2023	Call under preparation.	Call launched on 20/07/2023 and closed on 07/11/2023. Evaluation finalised. GAP launched on 21/12/2023 and ongoing. GA signature foreseen in March 2024.
Support to Standardisation activities performed by CEN, CENELEC and ETSI	Call SMP-STAND-2023-ESOS-03-IBA	7/11/2023	09/01/2024	Call to be launched	Call launched on 19/12/2023 (DDL for submission 27/02/2024)
Support to organisations representing small and medium-sized enterprises (SMEs) and societal stakeholders in standardisation activities	SMP-STAND-2023-A3-AG-OG-IBA	07/03/2023	16/05/2023	Consensus report phase ongoing. Finalisation by mid-July	Call launched on 07/03/2023. All grants signed in 2023.
Selection of European testing facilities	SMP-SURV-2023-EUTF-02-AG-IBA	Autumn 2023	Spring 2024	Nothing to report yet	Call launched by DG GROW.

				since 1 st call not yet launched by GROW.	
Planning calls for tender 2023:					
Call title	Call identifier	Publication date	Closing date	Status 30/06/23	Status 31/12/23
RFS within FWC with ROC for the Organisation of Coordinated Activities on Consumer Product Safety (Non-food) and on Market Surveillance and Product Compliance with EU Norms in the EU and EFTA Countries	EISMEA/2023/SC/002	25/09/2023	23/10/2023	Advanced draft RfS ready to be shared with Procell for feedback before finalisation.	RFS launched on 25/09/2023. Service Contract signed on 07/12/2023.

Interregional Innovation Investments performance table

General objective: A Europe fit for the digital age Specific objective: Innovative and smart economic transformation across the EU (DG REGIO) From 2020-2024 Strategic Plan			
Main outputs in 2023:			
Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls published	3	3
Evaluation sessions	Number of evaluation sessions implemented	5 (including Strands 1, 2a, 2b, 3 as well New European Innovation agenda call)	5
	Time to inform applicants	100 % applicants informed within 6 months from submission deadline	100%
	% of evaluated proposals challenged under the evaluation review procedure	<5%	3%
	% of evaluated proposals re-evaluated following review requests	<3%	0%
Grant agreements	Number of grant agreements signed	20 for all calls in October 2022 and December 2022	23 The target is approximate and depends on what the requested EU contribution is after the evaluations. In 2022, the requested EU grants for Strands 1/2a was lower than expected therefore spare budget was available for the 2023 Cap2b call. This enabled us to fund extra projects.
	Time to grant	100% within 9 months	70% Two factors led to this result: 1) long evaluation periods due to the longer two step evaluation procedure and 2) complex GAPs including many financial capacity assessments
Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed	0	0

Payments	Time to pay	100% payments executed within the legal time limit	100% payments executed within the legal time limit
Info days	Number of participants	600	1100

Call planning I3

Interregional Innovation Investments (I3) Planning calls for proposals 2023:					
Call title	Call identifier	Publication date	Closing date	Status 30/06/23	Status 31/12/23
Capacity Building in Less Developed Regions	I3-2022-CAP2b	15/12/2022	16/03/2023	Evaluation finalised	Evaluation finalised
Innovation investments Strand 1	I3-2023-INV1	17/05/2023	17/10/2023	Call open for applications	Under evaluation
Innovation investments Strand 2a	I3-2023-INV2a	17/05/2023	17/10/2023	Call open for applications	Under evaluation
Innovation investments Strand 2b	I3-2023-Cap2b	15/11/2023	15/02/2024	Call document in preparation	Call open for applications
Planning calls for tender 2023:					
Call title	Call identifier	Publication date	Closing date	Status 30/06/23	Status 31/12/23
Capacity building and experimentation	EISMEA-PN-2023-000028	Q2-Q3 2023	Q3 2023	Tender specifications drafted and in PPMT tool	Call open for applications

ANNEX 3: Draft annual accounts and financial reports

Annex 3 Financial Reports - DG IEEA Operational Budget - Financial Year 2023**Table 1 : Commitments****Table 2 : Payments****Table 3 : Commitments to be settled****Table 4 : Balance Sheet****Table 5 : Statement of Financial Performance****Table 5 Bis: Off Balance Sheet****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****Table 12 : Summary of Procedures****Table 13 : Building Contracts****Table 14 : Contracts declared Secret****Table 15 : FPA duration exceeds 4 years****Table 16 : Commitments co-delegation type 3 in 2022**

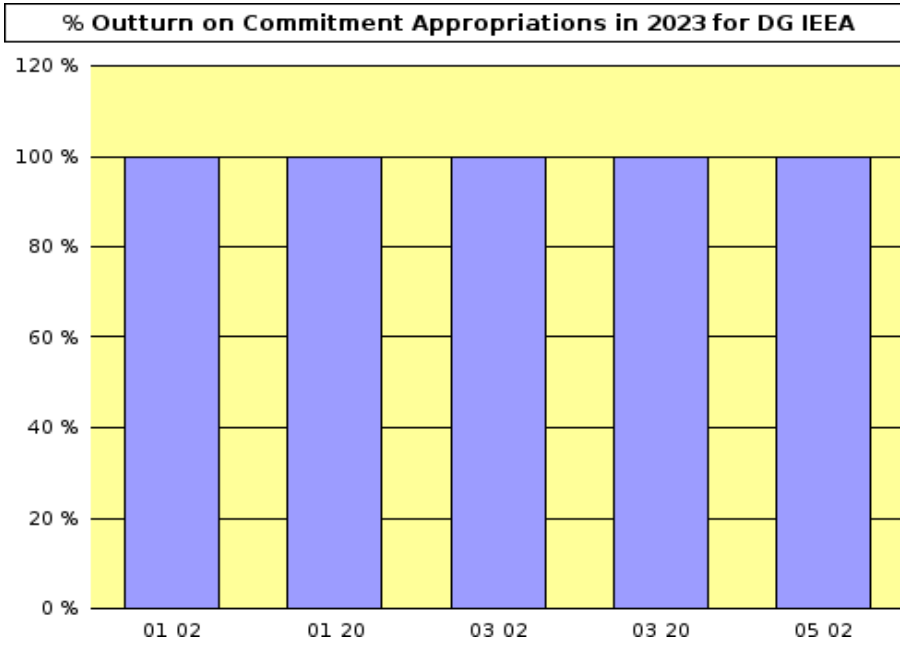
Additional comments

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2023 (in Mio €) for DG IEEA					
			Commitment appropriations authorised*	Commitments made	%
			1	2	3=2/1
Title 01 Research and Innovation					
01	01 02	Horizon Europe	1,293.02	1,289.80	99.75 %
	01 20	Pilot projects, preparatory actions, prerogatives and other actions	0.60	0.60	100.00 %
Total Title 01			1,293.62	1,290.40	99.75 %
Title 03 Single Market					
03	03 02	Single Market Programme	172.51	172.36	99.91 %
	03 20	Pilot projects, preparatory actions, prerogatives and other actions	3.97	3.97	100.00 %
Total Title 03			176.48	176.33	99.91 %
Title 05 Regional Development and Cohesion					
05	05 02	European Regional Development Fund (ERDF)	78.86	78.86	100.00 %
Total Title 05			78.86	78.86	100.00 %
Total Excluding NGEU			1,548.96	1,545.59	99.78 %

Title 01 Research and Innovation					
01	01 02	Horizon Europe	454.20	454.20	100.00 %
Total Title 01			454.20	454.20	100.00 %
Total NGEU Only			454.20	454.20	100.00 %
Total DG IEEA			2,003.17	1,999.79	99.83 %

* 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).

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors



Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

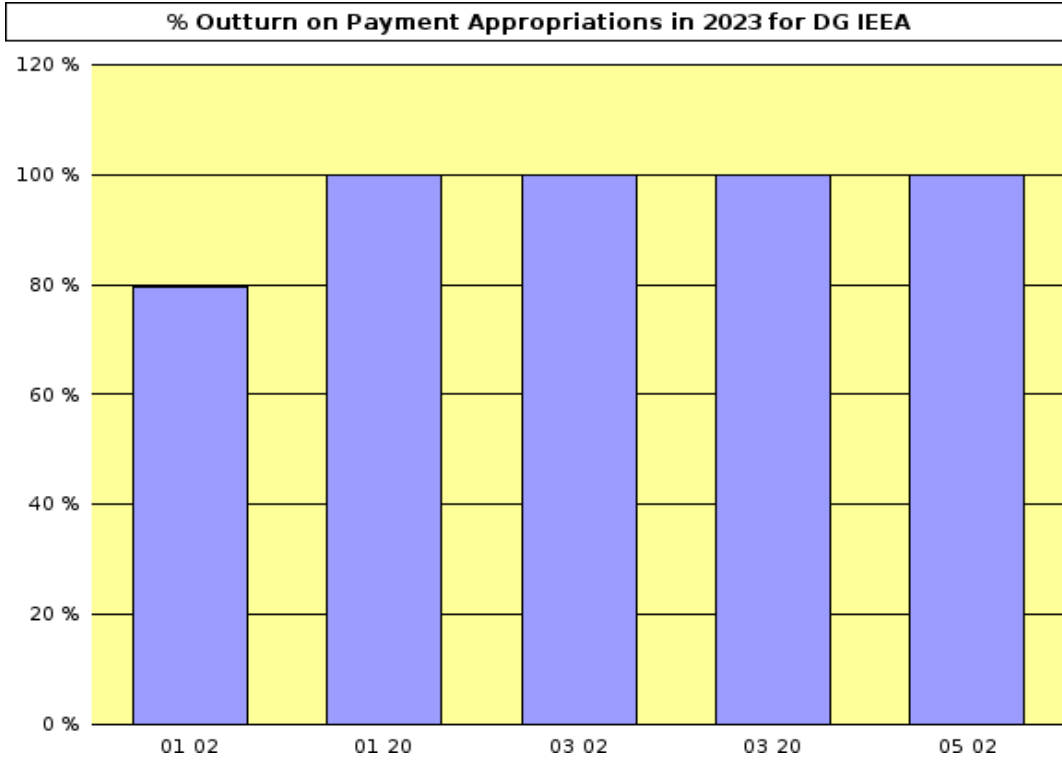
TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2023 (in Mio €) for DG IEEA					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 01 Research and Innovation					
01	01 02	Horizon Europe	1,263.03	959.59	75.98 %
	01 20	Pilot projects, preparatory actions, prerogatives and other actions	0.19	0.19	100.00 %
Total Title 01			1,263.22	959.78	75.98%
Title 03 Single Market					
03	03 02	Single Market Programme	205.97	205.73	99.88 %
	03 20	Pilot projects, preparatory actions, prerogatives and other actions	1.50	1.50	100.00 %
Total Title 03			207.47	207.23	99.88%
Title 05 Regional Development and Cohesion					
05	05 02	European Regional Development Fund (ERDF)	53.23	53.23	100.00 %
Total Title 05			53.23	53.23	100.00%
Total Excluding NGEU			1,523.92	1,220.24	80.07%

Title 01 Research and Innovation					
01	01 02	Horizon Europe	444.28	400.98	90.25 %
Total Title 01			444.28	400.98	90.25%
Total NGEU Only			444.28	400.98	90.25%

Total DG IEEA			1,968.20	1,621.22	82.37 %
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* 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).

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors



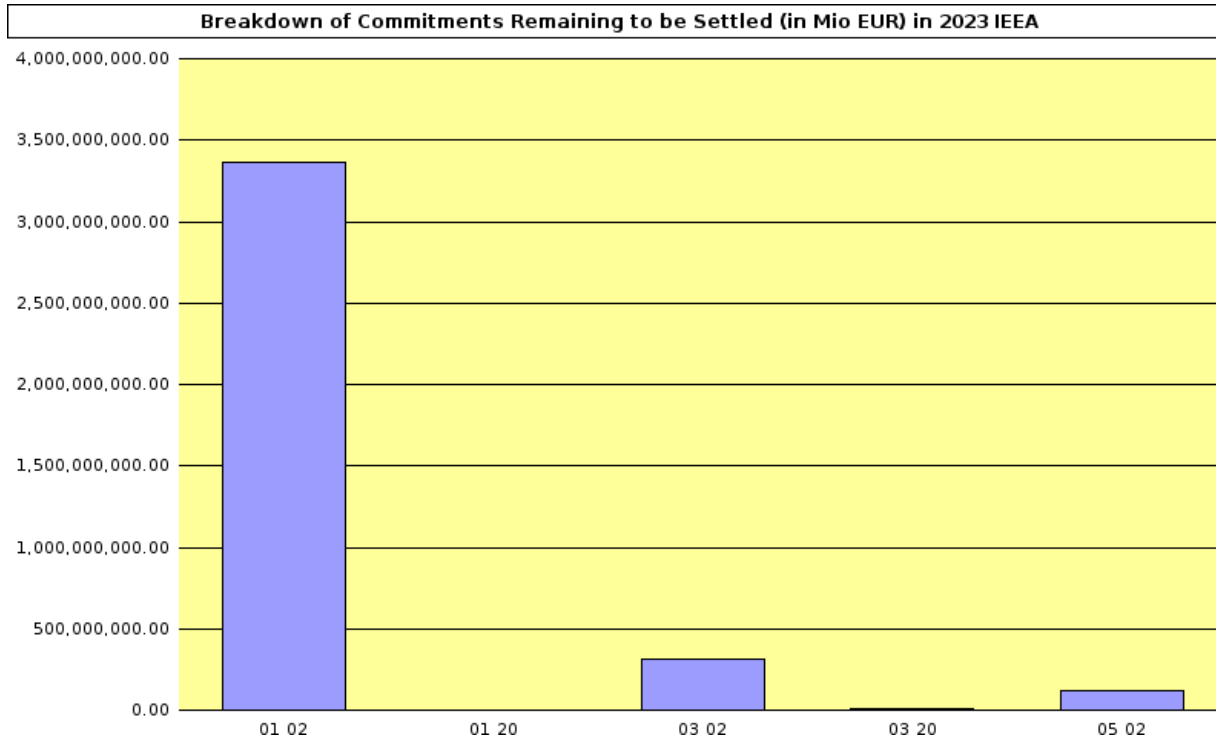
Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG IEEA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 02	Horizon Europe	1,289.80	72.37	1,217.43	94.39%	1,514.32	2,731.75	2,406.34
	01 20	Pilot projects, preparatory actions, prerogatives and other actions	0.60	0.00	0.60	100.00%	1.99	2.59	2.18
Total Title 01			1,290.40	72.37	1,218.03	94.39%	1,516.31	2,734.34	2,408.52
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG IEEA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
03	03 02	Single Market Programme	172.36	51.64	120.72	70.04%	196.93	317.66	354.57
	03 20	Pilot projects, preparatory actions, prerogatives and other actions	3.97	0.00	3.97	100.00%	1.50	5.47	3.00
Total Title 03			176.33	51.64	124.69	70.72%	198.43	323.13	357.57
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG IEEA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
05	05 02	European Regional Development Fund (ERDF)	78.86	0.00	78.86	100.00%	45.07	123.93	103.94
Total Title 05			78.86	0.00	78.86	100.00%	45.07	123.93	103.94
Total Excluding NGEU			1,545.59	124.01	1,421.58	91.98%	1,759.81	3,181.40	2,870.03

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG IEEA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 02	Horizon Europe	454.20	98.74	355.47	78.26%	275.23	630.70	580.34
Total Title 01			454.20	98.74	355.47	78.26%	275.23	630.70	580.34
Total NGEU Only			454.20	98.74	355.47	78.26%	275.23	630.70	580.34

Total for DG IEEA	1,999.79	222.74	1,777.05	88.86 %	2,035.05	3,812.10	3,450.38
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Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 4 : BALANCE SHEET for DG IEEA

BALANCE SHEET	2023	2022
A.I. NON CURRENT ASSETS	818,634,289.17	499,927,554.76
<i>A.I.1. Intangible Assets</i>	1,493,149.01	1,791,778.81
<i>A.I.4. Non-Current Financial Assets</i>	608,597,811.68	299,484,795.68
<i>A.I.5. Non-Current Pre-Financing</i>	208,543,328.48	198,650,980.27
A.II. CURRENT ASSETS	1,355,504,753.71	1,207,284,451.32
<i>A.II.1. Current Financial Assets</i>	123,854,371.00	229,480,169.00
<i>A.II.2. Current Pre-Financing</i>	684,609,457.93	573,964,311.84
<i>A.II.3. Curr Exch Receiv & Non-Ex Recoverables</i>	35,495,734.78	26,793,708.48
<i>A.II.6. Cash and Cash Equivalents</i>	511,545,190.00	377,046,262.00
ASSETS	2,174,139,042.88	1,707,212,006.08
P.I. NON CURRENT LIABILITIES	-8,000,000.00	
<i>P.I.2. Non-Current Provisions</i>	-8,000,000.00	
P.II. CURRENT LIABILITIES	-114,482,275.16	-118,570,715.91
<i>P.II.2. Current Provisions</i>	0.00	0.00
<i>P.II.4. Current Payables</i>	-34,432,137.28	-41,714,013.04
<i>P.II.5. Current Accrued Charges & Defrd Income</i>	-80,050,137.88	-76,856,702.87
LIABILITIES	-122,482,275.16	-118,570,715.91
NET ASSETS (ASSETS less LIABILITIES)	2,051,656,767.72	1,588,641,290.17

P.III.2. Accumulated Surplus/Deficit	7,194,009,012.93	6,289,748,558.94
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Non-allocated central (surplus)/deficit*	-9,245,665,780.65	-7,878,389,849.11
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TOTAL DG IEEA	0.00	0.00
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It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, 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 statement of financial performance 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.

The accounting situation presented in the Balance Sheet and Statement of Financial Performance does not include the accruals and deferrals calculated centrally by the services of the Accounting Officer.

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.

Note: The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG IEEA

STATEMENT OF FINANCIAL PERFORMANCE	2023	2022
II.1 REVENUES	-2,598,833.53	-12,448,263.07
II.1.1. NON-EXCHANGE REVENUES	445,164.92	-12,489,789.65
II.1.1.6. RECOVERY OF EXPENSES	445,164.92	-8,784,602.65
II.1.1.8. OTHER NON-EXCHANGE REVENUES		-3,705,187.00
II.1.2. EXCHANGE REVENUES	-3,043,998.45	41,526.58
II.1.2.1. FINANCIAL INCOME	-3,428,377.00	-10,008.00
II.1.2.2. OTHER EXCHANGE REVENUE	384,378.55	51,534.58
II.2. EXPENSES	1,145,688,714.31	916,708,717.06
II.2. EXPENSES	1,145,688,714.31	916,708,717.06
II.2.11. OTHER EXPENSES	40,101,057.25	23,458,742.45
II.2.2. EXP IMPLM BY COMMISS&EX.AGENC. (DM)	1,081,112,264.86	880,304,062.28
II.2.8. FINANCE COSTS	24,475,392.20	12,945,912.33
STATEMENT OF FINANCIAL PERFORMANCE	1,143,089,880.78	904,260,453.99

It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, 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 statement of financial performance 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.

The accounting situation presented in the Balance Sheet and Statement of Financial Performance does not include the accruals and deferrals calculated centrally by the services of the Accounting Officer.

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.

Note: The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 5bis : OFF BALANCE SHEET for DG IEEA

OFF BALANCE	2023	2022
OB.1. Contingent Assets	2,716,585.05	2,168,100.20
GR for pre-financing	2,716,585.05	2,168,100.20
OB.2. Contingent Liabilities	-318,212.68	-184,120.22
OB.2.7. CL Legal cases OTHER	-318,212.68	-184,120.22
OB.3. Other Significant Disclosures	-3,705,780,347.01	-3,345,045,949.74
OB.3.2. Comm against app. not yet consumed	-3,705,780,347.01	-3,345,045,949.74
OB.4. Balancing Accounts	3,703,381,974.64	3,343,061,969.76
OB.4. Balancing Accounts	3,703,381,974.64	3,343,061,969.76
OFF BALANCE	0.00	0.00

It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, 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 statement of financial performance 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.

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 6: AVERAGE PAYMENT TIMES for DG IEAA

Legal Times									
Maximum Payment Time (Days)	Total Nbr of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage
13	1	1	100.00 %	10.00				0.00	0. %
14	1	1	100.00 %	10.00				0.00	0. %
21	3	3	100.00 %	19.00				0.00	0. %
29	1	1	100.00 %	22.00				0.00	0. %
30	3,533	3,410	96.52 %	11.95	123	3.48 %	40.28	548,621.80	0. %
31	2	2	100.00 %	22.00				0.00	0. %
45	1	1	100.00 %	34.00				0.00	0. %
60	402	392	97.51 %	39.02	10	2.49 %	96.10	6,112,573.95	2. %
90	737	734	99.59 %	62.56	3	0.41 %	130.33	260,728.00	0. %

Total Number of Payments	4,681	4,545	97.09 %		136	2.91 %		6,921,923.75	0. %
Average Net Payment Time	23.17			22.47			46.37		
Average Gross Payment Time	30.66			30.01			52.38		

Suspensions							
Average Report Approval Suspension	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	48	731	15.62 %	4,681	255,366,220.95	16.27 %	1,569,530,957.32

Late Interest paid in 2023			
DG	GL Account	Description	Amount (Eur)
EACI (EISMEA)	65010100	Interest on late payment of charges New FR	1,487.20
			1,487.20

[NB: Table 6 only contains payments relevant for the time statistics. Please consult its exact scope in the AAR Annex3 BO User Guide \(https://myintracomm.ec.europa.eu/budgweb/EN/abac/dwh/Pages/its-030-10-20_documentation.aspx \)](https://myintracomm.ec.europa.eu/budgweb/EN/abac/dwh/Pages/its-030-10-20_documentation.aspx)

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 7 : SITUATION ON REVENUE AND INCOME in 2023 for DG IEEA								
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
60	Single market, innovation and digital	17,936,916.56	13,050,395.56	30,987,312.12	8,986,548.62	5,308,697.93	14,295,246.55	16,692,065.57
67	Completion for outstanding recovery orders prior to 2021	-67,877.19	5,165,764.60	5,097,887.41	-67,877.19	340,618.92	272,741.73	4,825,145.68
Total DG IEEA		17,869,039.37	18,216,160.16	36,085,199.53	8,918,671.43	5,649,316.85	14,567,988.28	21,517,211.25

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 8 : FINANCIAL IMPACT OF EX-ANTE AND EX-POST CONTROLS in 2023 for DG IEEA

EX-ANTE CONTROLS BY TRANSACTION	Irregularity	Total ex-ante amounts
NON ELIGIBLE IN COST CLAIMS	3,631,941.85	3,631,941.85
CREDIT NOTES	11,096,635.30	11,096,635.30
RECOVERY ORDERS ON PRE-FINANCING	0.00	0.00
Sub-Total	14,728,577.15	14,728,577.15

EX-POST CONTROLS BY TRANSACTION	Irregularity	Total ex-post amounts
RECOVERY ORDERS OTHER THAN ON PRE-FINANCING	2,318,959.64	2,318,959.64
INCOME LINES IN INVOICES	54,637.05	54,637.05
Sub-Total	2,373,596.69	2,373,596.69
TOTAL (EX-ANTE + EX-POST)	17,102,173.84	17,102,173.84

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 12/31/2023 for DG IEEA

	Number at 1/1/2023 1	Number at 12/31/2023	Evolution	Open Amount (Eur) at 1/1/2023 1	Open Amount (Eur) at 12/31/2023	Evolution
2012	1		-100.00 %	8,798.74		-100.00 %
2017	1	1	0.00 %	1,527,222.52	1,527,222.52	0.00 %
2018	2	2	0.00 %	122,120.37	122,120.37	0.00 %
2019	2	2	0.00 %	496,943.44	496,943.44	0.00 %
2020	15	13	-13.33 %	2,903,472.98	2,571,652.80	-11.43 %
2021	15	10	-33.33 %	4,753,781.22	3,570,194.23	-24.90 %
2022	22	10	-54.55 %	8,403,820.89	4,278,709.95	-49.09 %
2023		22			9,279,089.54	
	58	60	3.45 %	18,216,160.16	21,845,932.85	19.93 %

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 10 :Recovery Order Waivers >= 60 000 € in 2023 for DG IEEA					
Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments

Total DG IEEA	
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There are 1 waivers below 60 000 € for a total amount of -8,798.74

Number of RO waivers	
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Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 11 : Negotiated Procedures in 2023 for DG IEEA

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Total		

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 12 : Summary of Procedures in 2023 for DG IEEA

Internal Procedures > € 60,000

Procedure Legal base	Number of Procedures	Amount (€)
Negotiated procedure middle value contract (Annex 1 - 14.2)	3	399,790.00
Open procedure (FR 164 (1)(a))	19	105,393,184.18
Total	22	105,792,974.18

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 13 : BUILDING CONTRACTS in 2023 for DG IEEA

Legal Base	Procedure subject	Contract Number	Contractor Name	Contract Subject	Contracted Amount (€)

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 14 : CONTRACTS DECLARED SECRET in 2023 for DG IEEA

Legal Base	LC Date	Contract Number	Contract Subject	Contracted Amount (€)

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 15 : FPA duration exceeds 4 years - DG IEEA

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 16 : Commitments co-delegation type 3 in 2023 for DG IEEA

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors
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Annex 3 Financial Reports - IEEA Operating Budget - Financial Year 2023

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

Table 4 : Balance Sheet

Table 5 : Statement of Financial Performance

Table 5 Bis: Off Balance Sheet

Table 6 : Average Payment Times

Table 7 : Income

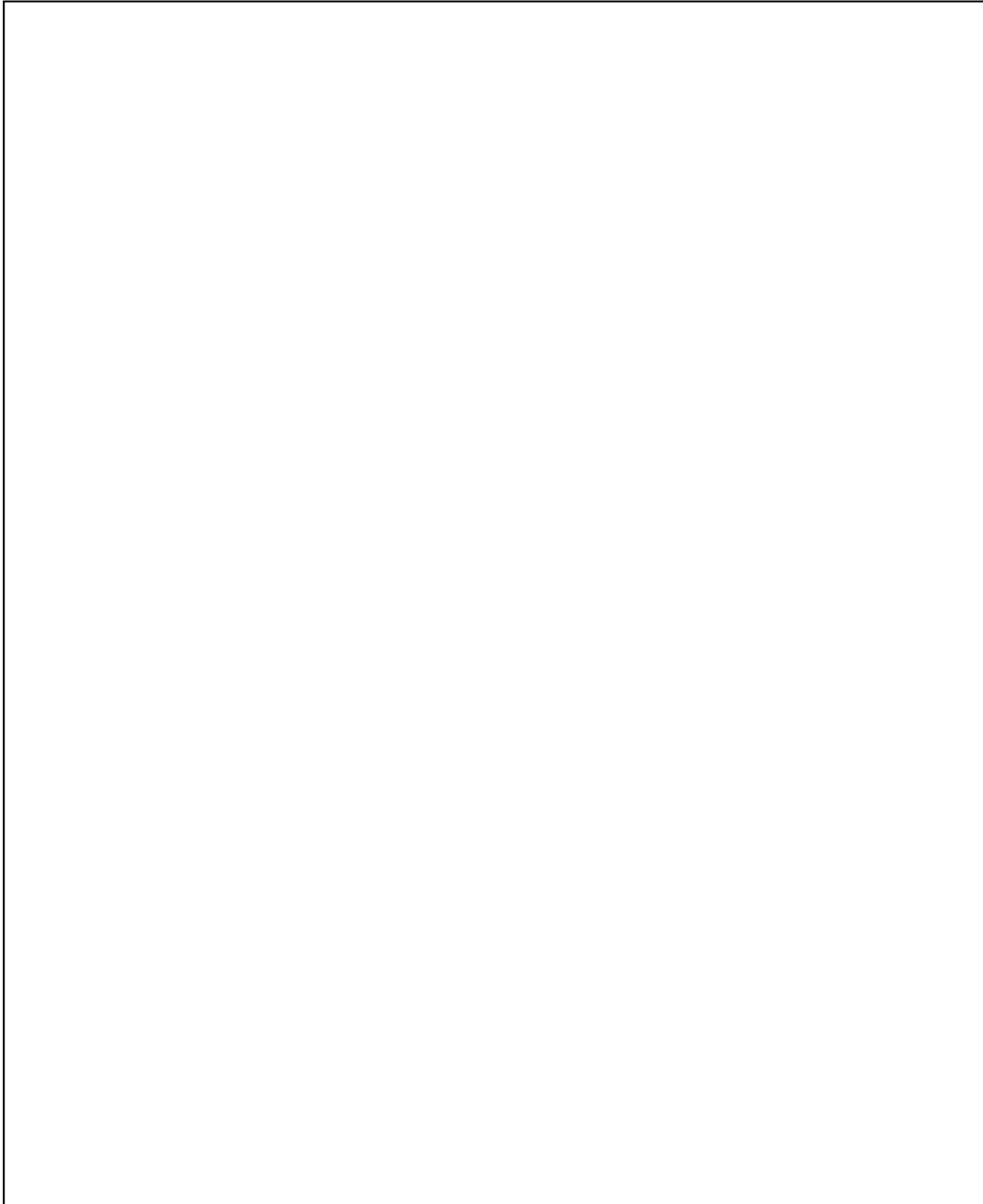
Table 8 : Recovery of undue Payments

Table 9 : Ageing Balance of Recovery Orders

Table 10 : Waivers of Recovery Orders

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

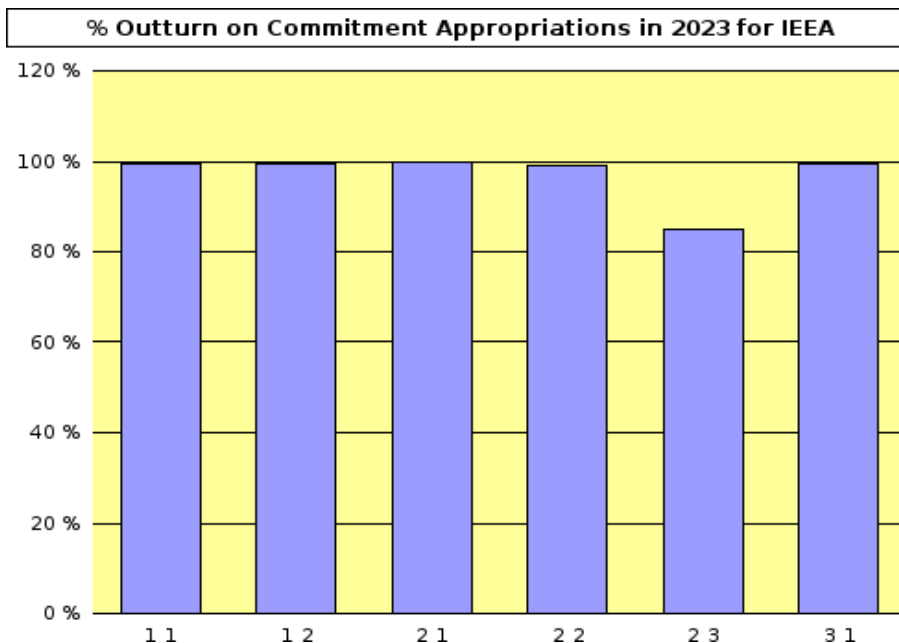
Additional comments



Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2023 (in Mio €) for IEEA					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 1 Staff expenditure					
1	1 1	Remunerations allowances and charges	36.25	36.06	99.49 %
	1 2	Professional development & social expenditure	1.98	1.96	99.42 %
Total Title 1			38.22	38.03	99.48 %
Title 2 Infrastructure and operating expenditure					
2	2 1	Building expenditure	4.21	4.21	100.00 %
	2 2	ICT expenditure	2.71	2.69	99.22 %
	2 3	Movable property and Current Operating expenditure	0.19	0.16	85.04 %
Total Title 2			7.12	7.07	99.30 %
Title 3 Programme support expenditure					
3	3 1	Programme management expenditure	2.57	2.55	99.53 %
Total Title 3			2.57	2.55	99.53 %
Total IEEA			47.91	47.65	99.46 %

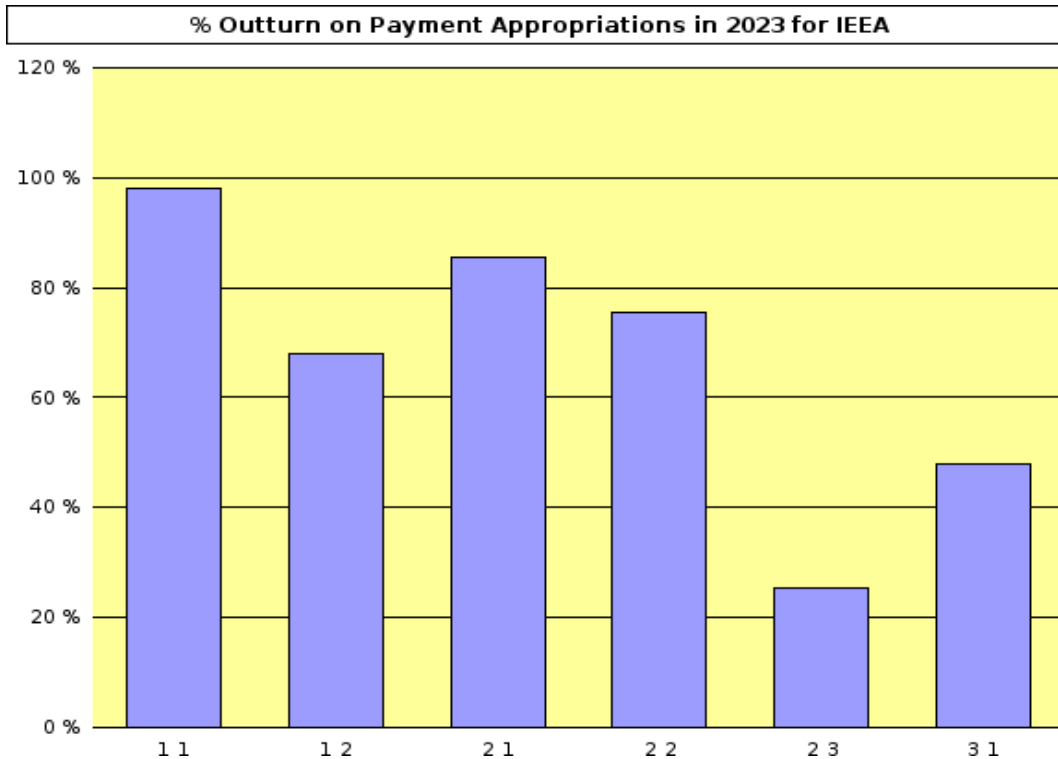
* Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).



Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2023 (in Mio €) for IEEA					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 1 Staff expenditure					
1	1 1	Remunerations allowances and charges	36.95	36.28	98.19 %
	1 2	Professional development & social expenditure	2.55	1.74	68.07 %
Total Title 1			39.51	38.02	96.24%
Title 2 Infrastructure and operating expenditure					
2	2 1	Building expenditure	5.02	4.29	85.46 %
	2 2	ICT expenditure	3.09	2.33	75.46 %
	2 3	Movable property and Current Operating expenditure	0.32	0.08	25.43 %
Total Title 2			8.42	6.70	79.54%
Title 3 Programme support expenditure					
3	3 1	Programme management expenditure	3.92	1.87	47.84 %
Total Title 3			3.92	1.87	47.84%
Total IEEA			51.85	46.60	89.87 %

* 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).



Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for IEEA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
1	1 1	Remunerations allowances and charges	36.06	35.63	0.43	1.19%	0.00	0.43	0.70
	1 2	Professional development & social expenditure	1.96	1.51	0.46	23.20%	0.00	0.46	0.58
Total Title 1			38.03	37.14	0.89	2.33%	0.00	0.89	1.28

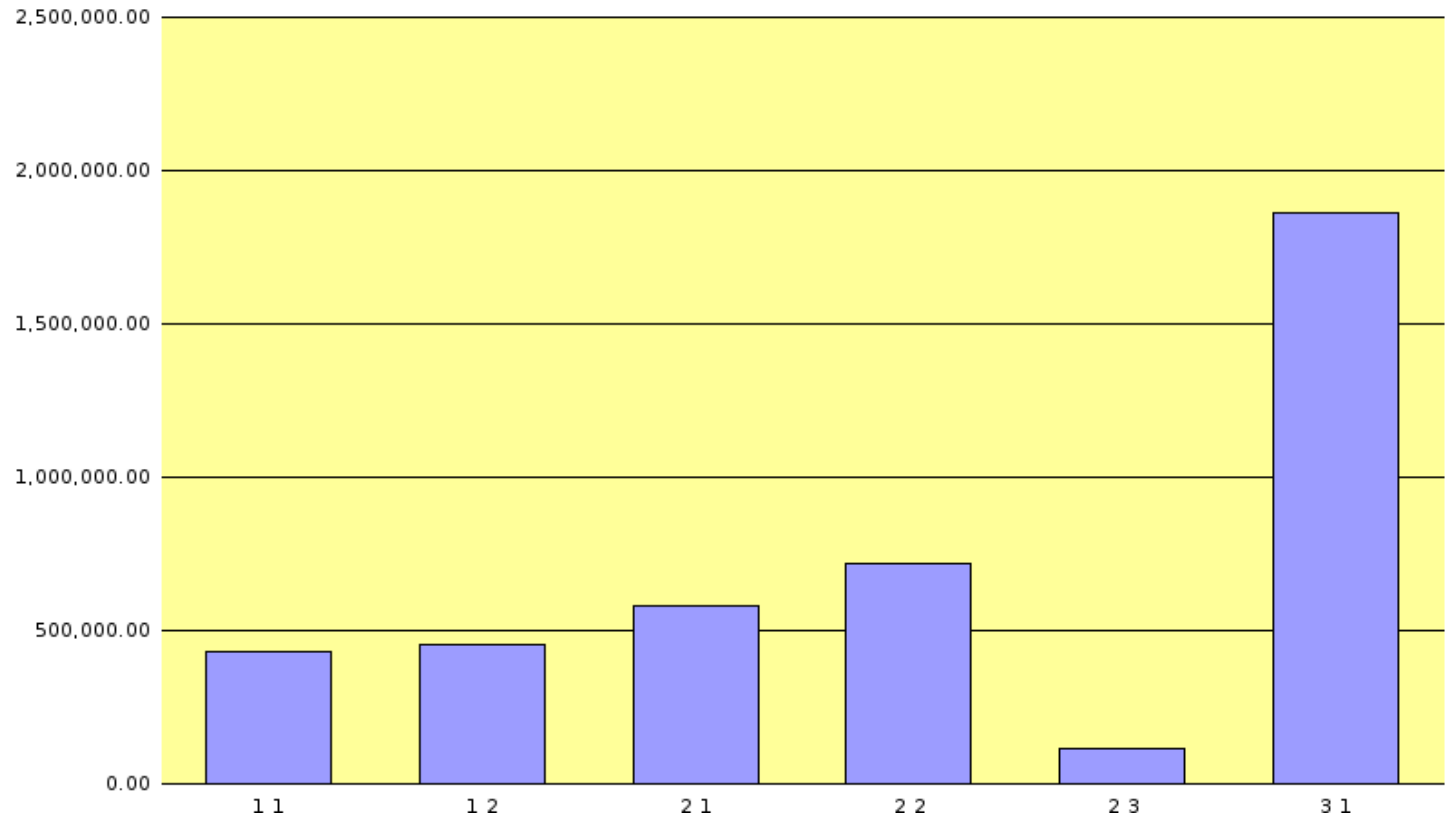
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for IEEA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
2	2 1	Building expenditure	4.21	3.63	0.58	13.80%	0.00	0.58	0.80
	2 2	ICT expenditure	2.69	1.97	0.72	26.70%	0.00	0.72	0.38
	2 3	Movable property and Current Operating expenditure	0.16	0.05	0.12	72.21%	0.00	0.12	0.12
Total Title 2			7.07	5.65	1.42	20.06%	0.00	1.42	1.31

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for IEEA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
3	3 1	Programme management expenditure	2.55	0.69	1.86	72.89%	0.00	1.86	1.35
Total Title 3			2.55	0.69	1.86	72.89%	0.00	1.86	1.35
:			47.65	43.48	4.17	8.74 %	0.00	4.17	3.94

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Breakdown of Commitments Remaining to be Settled (in Mio EUR) in 2023 IEAA



Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 4 : BALANCE SHEET for IEEA

BALANCE SHEET	2023	2022
A.I. NON CURRENT ASSETS	235,139.00	927,313.64
A.I.1. Intangible Assets	0.00	0.00
A.I.2. Property, Plant and Equipment	183,659.00	927,313.64
A.I.5. Non-Current Pre-Financing	51,480.00	
A.II. CURRENT ASSETS	7,053,367.88	5,612,783.68
A.II.2. Current Pre-Financing	0.00	0.00
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	1,502,459.11	225,215.41
A.II.6. Cash and Cash Equivalents	5,550,908.77	5,387,568.27
ASSETS	7,288,506.88	6,540,097.32
P.I. NON CURRENT LIABILITIES	-157,000.00	0.00
P.I.2. Non-Current Provisions	-157,000.00	
P.I.3. Non-Current Financial Liabilities		0.00
P.II. CURRENT LIABILITIES	-4,256,553.79	-5,074,135.57
P.II.2. Current Provisions	-106,827.77	-28,180.10
P.II.3. Current Financial Liabilities		0.00
P.II.4. Current Payables	-1,513,689.52	-1,909,176.67
P.II.5. Current Accrued Charges & Defrd Income	-2,636,036.50	-3,136,778.80
LIABILITIES	-4,413,553.79	-5,074,135.57
NET ASSETS (ASSETS less LIABILITIES)	2,874,953.09	1,465,961.75
P.III.2. Accumulated Surplus/Deficit	-1,465,961.75	-1,367,337.40
Non-allocated central (surplus)/deficit*	-1,408,991.34	-98,624.35
TOTAL	0.00	0.00

It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, 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 statement of financial performance 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.

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for IEEA

STATEMENT OF FINANCIAL PERFORMANCE	2023	2022
II.1 REVENUES	-48,193,134.72	-44,581,145.66
II.1.1. NON-EXCHANGE REVENUES	-46,564,590.89	-44,555,064.18
II.1.1.8. OTHER NON-EXCHANGE REVENUES	-46,564,590.89	-44,555,064.18
II.1.2. EXCHANGE REVENUES	-1,628,543.83	-26,081.48
II.1.2.1. FINANCIAL INCOME	-58,739.33	
II.1.2.2. OTHER EXCHANGE REVENUE	-1,569,804.50	-26,081.48
II.2. EXPENSES	46,784,143.38	44,482,521.31
II.2. EXPENSES	46,784,143.38	44,482,521.31
II.2.11. OTHER EXPENSES	11,819,878.87	10,731,141.65
II.2.6. STAFF AND PENSION COSTS	34,961,293.97	33,751,329.66
II.2.8. FINANCE COSTS	2,970.54	50.00
STATEMENT OF FINANCIAL PERFORMANCE	-1,408,991.34	-98,624.35

It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, 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 statement of financial performance 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. The subsidy received from the Commission has been reclassified from exchange to non-exchange revenue for 2022.

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.

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 5bis : OFF BALANCE SHEET for IEAA

OFF BALANCE	2023	2022
OB.1. Contingent Assets	0.00	0.00
GR for performance	0.00	0.00
GR for pre-financing	0.00	0.00
OB.1.3. CA Other		0.00
OB.2. Contingent Liabilities	-78,500.00	-50,883.85
OB.2.6. CL Other	-9,500.00	-4,383.85
OB.2.7. CL Legal cases OTHER	-69,000.00	-46,500.00
OB.3. Other Significant Disclosures	-2,162,000.83	-4,600,765.00
OB.3.2. Comm against app. not yet consumed	-2,162,000.83	-1,398,762.50
OB.3.5. Operating lease commitments	0.00	-3,202,002.50
OB.4. Balancing Accounts	2,240,500.83	4,651,648.85
OB.4. Balancing Accounts	2,240,500.83	4,651,648.85
OFF BALANCE	0.00	0.00

It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, 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 statement of financial performance 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.

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 6: AVERAGE PAYMENT TIMES FOR 2023 for IEEA

Legal Times									
Maximum Payment Time (Days)	Total Nbr of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage
26	1	1	100.00 %	9				0.00	0. %
30	880	874	99.32 %	10.56	6	0.68 %	61.5	23,220.45	0. %
44	2	1	50.00 %	36	1	50.00 %	99	597.10	24. %
45	25	22	88.00 %	22.59	3	12.00 %	61.33	606,568.50	17. %
60	18	17	94.44 %	26.47	1	5.56 %	65	491.27	0. %

Total Number of Payments	926	915	98.81 %		11	1.19 %		630,877.32	5. %
Average Net Payment Time	11.82			11.17			65.18		
Average Gross Payment Time	12.69			12.05			65.64		

Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	47	17	1.84 %	926	3,527,448.80	29.90 %	11,795,608.03

Late Interest paid in 2023			
DG	GL Account	Description	Amount (Eur)
IEEA	65010000	Interest expense on late payment of charges	2,970.54
			2,970.54

NB: Table 6 only contains payments relevant for the time statistics. Please consult its exact scope in the AAR Annex3 BO User Guide (https://myintracomm.ec.europa.eu/budgweb/EN/abac/dwh/Pages/its-030-10-20_documentation.aspx).

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2023 for IEEA

Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	balance
		1	2	3=1+2	4	5	6=4+5	7=3-6
2 0	Subsidy	47,965,622.95	0.00	47,965,622.95	47,965,622.95	0.00	47,965,622.95	0.00
9 0	Other income	233,860.15	0.00	233,860.15	219,010.15	0.00	219,010.15	14,850.00
Total IEEA		48,199,483.10	0.00	48,199,483.10	48,184,633.10	0.00	48,184,633.10	14,850.00

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 8 : FINANCIAL IMPACT OF EX-ANTE AND EX-POST CONTROLS in for IEEA

EX-ANTE CONTROLS BY TRANSACTION		Total ex-ante controls
NON ELIGIBLE IN COST CLAIMS		
CREDIT NOTES		
RECOVERY ORDERS ON PRE-FINANCING		
Sub-Total		

EX-POST CONTROLS BY TRANSACTION		Total ex-post controls
RECOVERY ORDERS OTHER THAN ON PRE-FINANCING		
INCOME LINES IN INVOICES		
Sub-Total		
GRAND TOTAL (EX-ANTE + EX-POST)		

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 12/31/2023 for IEEA

	Number at 1/1/2023 1	Number at 12/31/2023	Evolution	Open Amount (Eur) at 1/1/2023 1	Open Amount (Eur) at 12/31/2023	Evolution
2022	1		-100.00 %	22,420.94		-100.00 %
2023		1			14,850.00	
	1	1	0.00 %	22,420.94	14,850.00	-33.77 %

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 10 :Recovery Order Waivers >= 60 000 € in 2023 for IEEA

Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
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Total DG	
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Number of RO waivers	
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There are no waivers below 60 000 €

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Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

ANNEX 4 : Financial Scorecard

Operational Budget

The Annex 4 of each Commission service summarises the annual result of the standard financial indicators measurement. Annexed to the Annual Activity Report 2023, 11 standard financial indicators are presented below, each with its objective and result for the Commission service and for the EC as a whole (for benchmarking purposes)¹¹:

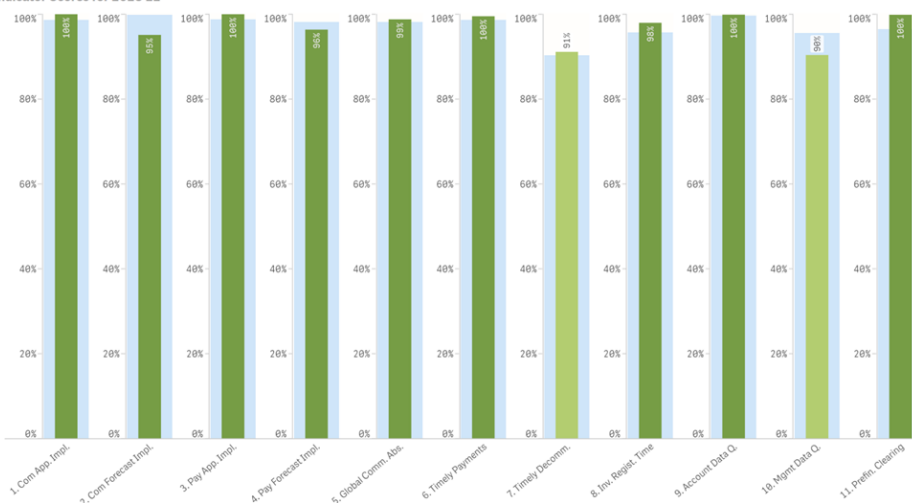
- Commitment Appropriations (CA) Implementation
- CA Forecast Implementation
- Payment Appropriations (PA) Implementation
- PA Forecast Implementation
- Global Commitment Absorption
- Timely Payments
- Timely Decommits
- Invoice Registration Time
- Accounting Data Quality
- Management Data Quality
- Timely Invoice PF Clearing

For each indicator, its value (in %) for the Commission service is compared to the common target (in %). The difference between the indicator's value and the target is colour coded as follows:

- 100 – >95% of the target: dark green
- 95 – >90% of the target: light green
- 90 – >85% of the target: yellow
- 85 – >80% of the target: light red
- 80 – 0% of the target: dark red

The Commission services are invited to provide commentary for each indicator's result in the dedicated comment section below the indicators scores as this can help the reader to understand the Commission's service context. In cases when the indicator's value achieves 80% or less of the target, the comment becomes mandatory.

IEEA Indicator Scores for 2023 12



For each indicator the light blue bar denotes the EC Score.

Indicator	Objective	Comment^[2]	IEEA Score	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year	The entirety of operational budget commitment appropriations were used, amounting to EUR 1.545.511.910. EISMEA's score (dark green) exceeds the EC score and this high score is the result of excellent implementation and revision practices, as well as consistent monitoring throughout the year and meticulous end-of-year monitoring.	100%	99%
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year	EISMEA has ensured to a large extent the cumulative alignment of the operational budget commitment implementation (EUR 1.999.792.508) with the forecast (1.907.086.136 EUR). EISMEA's score is in the high score range (dark green) but 5% below the EC score. The Agency was penalized as a result of exceeding the forecast implementation; thus, this is the result of over-performance relative to the benchmark that was set.	95%	100%
3. Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year	The entirety of operational budget payment appropriations were used, amounting to EUR 1.168.854.149. EISMEA's score (dark green) exceeds the EC score and this high score is the result of excellent implementation and revision practices, as well as consistent monitoring throughout the year and meticulous end-of-year monitoring.	100%	99%
4. Payment Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year	EISMEA has ensured to a large extent the cumulative alignment of the operational budget payment implementation (1.621.221.635 EUR) with the payment forecast (1.564.615.028 EUR). EISMEA's score is in the high score range (dark green) but 2% below the EC score. This score can be explained by changes in operational programs which could not have been foreseen earlier and which necessitated the advancing of payments.	96%	98%
5. Global Commitment Absorption ^[3]	Ensure efficient use of already earmarked commitment appropriations (at L1 level)	EUR 3.062.251.033 of Level 1 commitment appropriations used out of a total available of EUR 3.099.895.708. EISMEA's score is in the high score range (dark green) and exceeds the EC score, reflecting full implementation of the objective of efficient use of already earmarked commitment appropriations.	99%	98%
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines	EISMEA processed EUR 1.562.609.034 of operational budget payments on time out of a total of EUR 1.569.530.957. EISMEA's score is in line with the EC score (dark green) reflecting efficient payment processing.	100%	99%

7. Timely Decommitments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle	EISMEA decommitted 134 instances of level 2 commitments where 6 months had elapsed from the final date of implementation, out of a total of 147. This places EISMEA's score above the EC score (light green) and is the result of careful monitoring of this indicator throughout the year.	91%	90%
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC	EISMEA registered 1.202 operational budget invoices within 7 calendar days from the invoice EC reception date, or the invoice transfer date to the EC, out of a total of 1.227 registered invoices. EISMEA's score is above the EC score (dark green) reflecting efficient financial processing.	98%	96%
9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts	17.086 successful accounting tests were performed regarding EISMEA's operational budget out of a total of 17.100 tests. EISMEA's score is in line with the EC score (dark green) reflecting excellent ABAC transaction data quality as regards the accounts.	100%	100%
10. Management Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions	16.209 successful management tests were performed regarding EISMEA's operational budget out of a total of 17.931 tests. EISMEA's score, though light green, is 6% below the EC score. EISMEA's efforts in data cleaning will be intensified in 2024 in view of increasing this score.	90%	96%
11. Timely Invoice PF clearing	Ensure efficient clearing by invoices of prefinancing payments within the invoice payment time limit	714 invoices of prefinancing payments were cleared within the invoice payment time limit out of a total of 715 such invoices. EISMEA's score is in line with the EC score (dark green), reflecting excellent performance in this category.	100%	100%

^[1] If the EC service did not perform any transaction in the area measured by the indicator or the information is not available in the central financial system, the indicator is not calculated (i.e. displayed as “-”) in this Annex.

^[2] An explanation behind the indicator result can be provided, e.g. the comment about the achievement itself, reference to the whole Commission performance (better or worse), reasons behind this achievement. The comment is mandatory for the ‘Timely payments’ indicator. For the rest of indicators the comment is mandatory only if the score is equal or below the target of 80%.

^[3] Due to technical limitation: 1. the indicator does not take into account the Com L1 Consumption between the FDC ILC date and the FA FDI allowed as an exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under the FR2018 Article 114.2. 2. it is technically not possible to exclude the decommitment of RAL (C8) which is subsequently re-committed for a new purpose. As a result, the actual Indicator score may be slightly higher than the one reported for DGs using the GF commitments.

Operating (administrative) budget

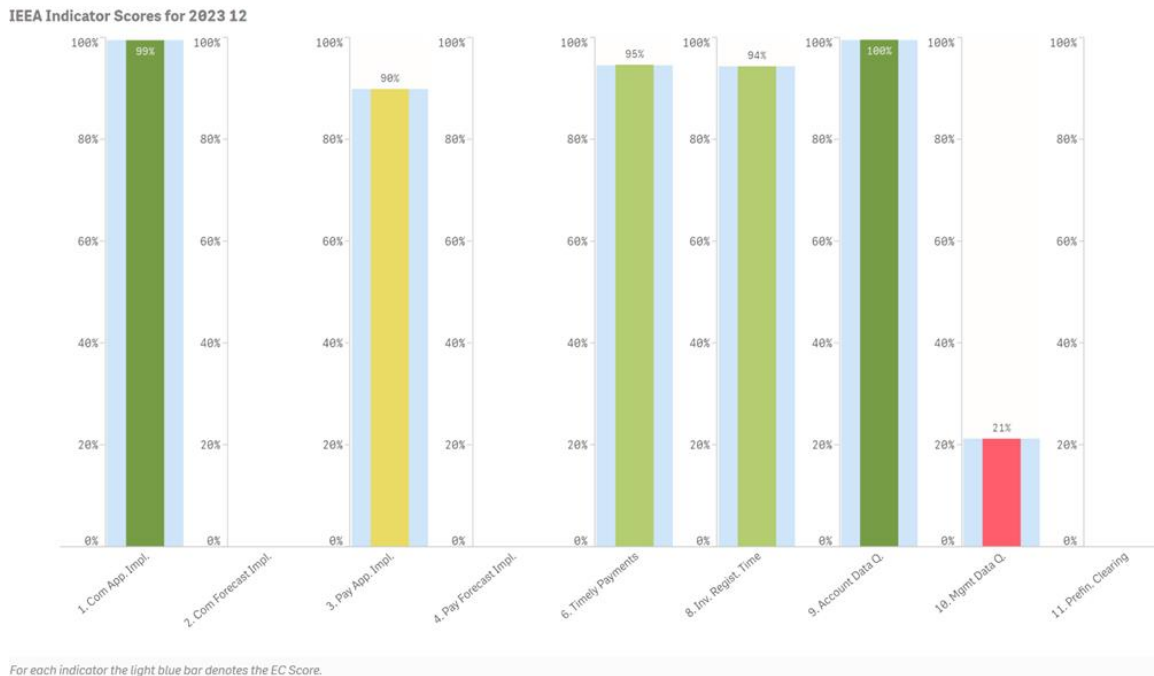
The Annex 4 of each Commission service summarises the annual result of the standard financial indicators measurement. Annexed to the Annual Activity Report 2023, 11 standard financial indicators are presented below, each with its objective and result for the Commission service and for the EC as a whole (for benchmarking purposes)¹¹:

- Commitment Appropriations (CA) Implementation
- CA Forecast Implementation
- Payment Appropriations (PA) Implementation
- PA Forecast Implementation
- Global Commitment Absorption
- Timely Payments
- Timely Decommitments
- Invoice Registration Time
- Accounting Data Quality
- Management Data Quality
- Timely Invoice PF Clearing

For each indicator, its value (in %) for the Commission service is compared to the common target (in %). The difference between the indicator's value and the target is colour coded as follows:

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- 95 – >90% of the target: light green
- 90 – >85% of the target: yellow
- 85 – >80% of the target: light red
- 80 – 0% of the target: dark red

The Commission services are invited to provide commentary for each indicator's result in the dedicated comment section below the indicators scores as this can help the reader to understand the Commission's service context. In cases when the indicator's value achieves 80% or less of the target, the comment becomes mandatory.



Indicator	Objective	Comment^[2]	IEEA Score	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year	EUR 47.647.947 of administrative budget commitment appropriations were used out of a total available of EUR 47.907.060. EISMEA's score is at the same level as the EC score and this high score is the result of two major budget revision exercises, 6 budgetary amendments and consistent monitoring throughout the year. The unused amount largely refers to salary appropriations from Title 1.	99%	99%
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year	The indicator is not applicable for DG IEEA in 2023 due to the lack of underlying transactions recorded by DG IEEA in 2023.		
3. Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year	EUR 46.595.565 of administrative budget payment appropriations were used out of a total available of EUR 51.847.033. EISMEA's score is at the same level as the EC score and this high score is the result of two major budget revision exercises, 6 budgetary amendments and consistent monitoring throughout the year. The yellow score can be explained as the administrative budget payment appropriations can also be used in year 2024, and some contracts are signed with this in mind, making it impossible that all payment appropriations will be executed in year 2023.	90%	90%
4. Payment Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year	The indicator is not applicable for DG IEEA in 2023 due to the lack of underlying transactions recorded by DG IEEA in 2023.		
5. Global Commitment Absorption ^[3]	Ensure efficient use of already earmarked commitment appropriations (at L1 level)	The indicator is not applicable for DG IEEA in 2023 due to the lack of underlying transactions recorded by DG IEEA in 2023.		
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines	EISMEA processed EUR 11.164.731 of payments corresponding to individual commitments on the administrative budget within the legal deadlines, out of a total of EUR 11.795.608. EISMEA's score is at the same level as the EC score (green) reflecting efficient payment processing. Please note that this figure does not include payments corresponding to provisional commitments.	95%	95%
7. Timely Decommitments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle	The indicator is not applicable for DG IEEA in 2023 due to the lack of underlying transactions recorded by DG IEEA in 2023.		
8. Invoice Registration Time	Monitor the accounting risk stemming from late	EISMEA registered 268 administrative budget invoices within 7 calendar days from the invoice EC reception date, or the invoice	94%	94%

	registration of invoices in the central accounting system ABAC	transfer date to the EC, out of a total of 284 registered invoices. EISMEA's score is at the same level as the EC score (green) reflecting efficient financial processing.		
9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts	220 successful accounting tests were performed regarding EISMEA's administrative budget out of a total of 221 tests. EISMEA's score is at the same level as the EC score (green) reflecting excellent ABAC transaction data quality as regards the accounts.	100%	100%
10. Management Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions	207 successful management tests were performed regarding EISMEA's administrative budget out of a total of 974 tests. EISMEA's score, though at the same level as the EC score, remains red. In 2024, in view of EISMEA's administrative budget onboarding to the SUMMA application, the data quality efforts will be intensified in view of increasing this score.	21%	21%
11. Timely Invoice PF clearing	Ensure efficient clearing by invoices of prefinancing payments within the invoice payment time limit	The indicator is not applicable for DG IEEA in 2023 due to the lack of underlying transactions recorded by DG IEEA in 2023.		

^[1] If the EC service did not perform any transaction in the area measured by the indicator or the information is not available in the central financial system, the indicator is not calculated (i.e. displayed as “-“) in this Annex.

^[2] An explanation behind the indicator result can be provided, e.g. the comment about the achievement itself, reference to the whole Commission performance (better or worse), reasons behind this achievement. The comment is mandatory for the ‘Timely payments’ indicator. For the rest of indicators the comment is mandatory only if the score is equal or below the target of 80%.

^[3] Due to technical limitation: 1. the indicator does not take into account the Com L1 Consumption between the FDC ILC date and the FA FDI allowed as an exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under the FR2018 Article 114.2. 2. it is technically not possible to exclude the decommitment of RAL (C8) which is subsequently re-committed for a new purpose. As a result, the actual Indicator score may be slightly higher than the one reported for DGs using the GF commitments.

ANNEX 5: Materiality criteria

This Annex provides a detailed explanation on how the Authorising Officer by Delegation defined the materiality threshold as a basis for determining whether significant weaknesses should be subject to a formal reservation to his/her declaration.

Introduction

Deciding on whether a weakness is significant is a **matter of judgement** by the Authorising Officer by Delegation, who remains responsible for the declaration of assurance, including any reservations to it. In doing so, he/she should **identify the overall impact of a weakness** and **judge whether it is material** enough so that the non-disclosure of the weakness is likely to have an influence on the decisions or conclusions of the users of the declaration. The benchmark for this judgement is the materiality criteria which the AOD sets when designing the internal control system under his/her responsibility. For DG R&I, the materiality of residual weaknesses identified (i.e. after mitigating and corrective measures) is assessed based on qualitative and/or quantitative criteria, in line with the instructions for the preparation of the Annual Activity Report.

The **qualitative assessment** includes an analysis of the causes and the types of error (including whether they are repetitive) to conclude on the nature, context and/or scope of the weaknesses identified. This may refer to significant control system weaknesses or critical issues reported by the Directors, the Authorising Officers by Sub-Delegation, the European Court of Auditors (ECA), the Internal Audit Service (IAS), DG BUDG or OLAF. Also, the duration and any mitigating controls or corrective actions are taken into consideration.

The **quantitative assessment** aims at estimating any financial impact ("amount at risk") resulting from the errors detected. EISMEA has set the materiality level for each distinct research framework programme with coherent risk characteristics for the amount at risk over the programming period. This analysis and the conclusions are presented concisely in the body of the Annual Activity report.

Chapter A – Qualitative criteria for defining significant weaknesses

For all methods of implementation under its operational budget, the different parameters relevant in EISMEA for determining significant weaknesses are the following ones:

- **Significant control system weaknesses**

Control system weaknesses (whether this is in a system operated by the Commission or by a third party, including the Alternative Investment Fund Manager for EIC Fund) may be identified by management itself (for example through ex-post audits or through the assessment of the effectiveness of internal control systems), by internal or external auditors or by third party control instances (including audits and controls related to EIC Fund). They may relate to the design or operational effectiveness of a control or of an entire system.

- **Critical issues outlined by the European Court of Auditors, the Internal Audit Service, DG BUDG and OLAF.**

Any critical recommendations made by the European Court of Auditors, the IAS, DG BUDG or OLAF, which have not been effectively addressed should be assessed in terms of their significance. Here, the term "critical recommendation" is used in a wider sense; it includes those recommendations labelled by the auditor as "critical" as well as those not labelled at all which is assessed as having a critical impact on the assurance. The impact on assurance of recommendations labelled "very important" for which there is a significant delay in the implementation of the Action Plan will also be taken into account.

- **Significant reputational events**

Events or weaknesses which have a significant reputational impact on EISMEA, or indirectly on the Commission, will be reported irrespective of the amount of damage to EISMEA administrative and operational budget and will be considered for issuing a reservation on a reputational basis.

When assessing the significance of any weaknesses, the following factors are considered:

- the nature and scope of the weakness;
- the duration of the weakness;
- the existence of compensatory measures (mitigating controls which reduce the impact of the weakness)
- the existence of effective corrective actions to correct the weaknesses (Action Plans and financial corrections) which have had a measurable impact.

When significant weaknesses are identified, a quantification of the amount at risk should be carried out when possible (See Chapter B).

Chapter B – Quantitative criteria for defining reservations

EISMEA's expenditure is composed of directly managed grants, financial instruments, procurement, experts and other direct spending mostly of an administrative nature. The error rate affecting payments is estimated yearly and per management system, following a methodology that takes into account the risk associated to the type of expenditure.

Considering the fact that around 70% of EISMEA's yearly expenditure is related to directly managed grants, the following section focusses on this specific management system.

Research framework programmes – common aspects

The assessment of the effectiveness of the different programmes' control system is based mainly, but not exclusively, on ex-post audits' results. The effectiveness is expressed in terms of detected and residual error rate, calculated on a representative sample on a multi-annual basis.

Assessment of the effectiveness of controls

The starting point to determine the effectiveness of the controls in place is the cumulative level of error expressed as the percentage of errors in favour of the EC budget, detected by ex-post audits, measured with respect to the amounts accepted after ex-ante controls.

However, to take into account the impact of the ex-post controls, this error level is adjusted by subtracting:

- Errors detected and corrected as a result of the implementation of audit conclusions.
- Errors corrected as a result of the extension of audit results to non-audited contracts with the same beneficiary.

This results in a residual error rate —used for H2020 and Horizon Europe—which is calculated as follows:

$$\text{ResER}\% = \frac{(\text{RepER}\% * (P - A)) - (\text{RepERSys}\% * E)}{P}$$

where:

- ResER%** residual error rate, expressed as a percentage.
- RepER%** representative error rate, or error rate detected in the common representative sample, expressed as a percentage. The RepER% is composed of complementary portions reflecting the proportion of negative systemic and non-systemic errors detected. This rate is the same for all implementing entities, without prejudice to possibly individual detected error rates.
- RepERSys%** portion of the RepER% representing negative systemic errors, (expressed as a percentage). The RepERSys% is the same for all entities and it is calculated from the same set of results as the RepER%
- P** total requested EC contribution (€) in the auditable population (i.e. all paid financial statements).
- A** total requested EC contribution (€) as approved by financial officers of all audited financial statements. This will be collected from audit results.
- E** total non-audited requested EC contribution (€) of all audited beneficiaries.

The Common Representative Sample (CRS) is the starting point for the calculation of the residual error rate. It is representative of the expenditure of each FP as a whole. Nevertheless, the Director-General (or Director for the Executive Agencies) must also take into account

other information when considering if the overall residual error rate is a sufficient basis on which to draw a conclusion on assurance (or make a reservation) for specific segment(s) of Horizon 2020/Horizon Europe. This information may include the results of other ex-post audits, ex-ante controls, risk assessments, audit reports from external or internal auditors, etc. All this information may be used in assessing the overall impact of a weakness and considering whether to make a reservation or not.

If the CRS results are not used as the basis for calculating the residual error rate this must be clearly disclosed in the AAR, along with details of why and how the final judgement was made.

Should a calculation of the residual error rate based on a representative sample not be possible for a FP for reasons not involving control deficiencies ⁽³⁾, the consequences are to be assessed quantitatively by making a best estimate of the likely exposure for the reporting year based on all available information. The relative impact on the Declaration of Assurance would then be considered by analysing the available information on qualitative grounds and considering evidence from other sources and areas. This should be clearly explained in the AAR.

Multiannual approach

The Commission's central services' guidance relating to the quantitative materiality threshold refers to a percentage of the authorised payments of the reporting year of the Activity Based Budgeting (ABB) expenditure. However, the Guidance on AARs also allows a multi-annual approach, especially for budget areas (e.g., programmes) for which a multi-annual control system is more effective. In such cases, the calculation of errors, corrections, and materiality of the residual amount at risk should be done on a "cumulative basis" on the basis of the totals over the entire programme lifecycle.

Because of its multiannual nature, the effectiveness of the Research and Innovation family services' control strategy can only be fully measured and assessed at the final stages in the life of the framework programme, once the ex-post audit strategy has been fully implemented and systemic errors have been detected and corrected.

In addition, basing materiality solely on ABB expenditure for one year may not provide the most appropriate basis for judgements, as ABB expenditure often includes significant levels of pre-financing expenditure (e.g., during the initial years of a new generation of programmes), as well as reimbursements (interim and final payments) based on cost claims that 'clear' those pre-financings. Pre-financing expenditure is very low risk, being paid automatically after the signature of the contract.

Notwithstanding the multiannual span of their control strategy, the Directors-General (and the Directors of the Executive Agencies and Joint Undertakings) implementing Research and Innovation Framework Programmes are required to sign a statement of assurance for each financial reporting year. In order to determine whether to qualify this statement of assurance

⁽³⁾ Such as, for instance, when the number of results from a statistically representative sample collected at a given point in time is not sufficient to calculate a reliable error rate.

with a reservation, the effectiveness of the control systems in place needs to be assessed not only for the year of reference but also with a multiannual perspective, to determine whether it is possible to reasonably conclude that the control objectives will be met in the future as foreseen.

In view of the crucial role of ex-post audits defined in the respective common audit strategies, this assessment needs to check in particular whether the scope and results of the ex-post audits carried out until the end of the reporting period are sufficient and adequate to meet the multiannual control strategy goals.

The criteria for making a decision on whether there is material error in the expenditure of the DG or service, and thus, on whether to make a reservation in the AAR, will therefore be principally, though not necessarily exclusively, based on the level of error identified in ex-post audits of cost claims on a multi-annual basis.

Adequacy of the audit scope

The quantity of the (cumulative) audit effort carried out until the end of each year is measured by the actual volume of audits completed. The data is to be shown per year and cumulated, in line with the current AAR presentation of error rates. The multiannual planning and results should be reported in sufficient detail to allow the reader to form an opinion on whether the strategy is on course as foreseen.

The Director-General (or Director for the Executive Agencies) should form a qualitative opinion to determine whether deviations from the multiannual plan are of such significance that they seriously endanger the achievement of the internal control objective. In such a case, they would be expected to qualify their annual statement of assurance with a reservation.

2020 REVISED Methodology for the calculation of the error rate for Horizon 2020

European Court of Auditors observations

The European Court of Auditors observed in its 2018 and 2019 Annual Reports that the error rate of Horizon 2020 was understated due to the fact that the *“ex-post audits aim for maximum coverage of the accepted costs, but rarely cover all the costs. The error rate is calculated as a share of all the accepted costs, instead of the amount actually audited. This means that the denominator in the error calculation is higher, so the error rate is understated. In case the errors found are of a systemic nature, the error is extrapolated which partially compensates for the above-mentioned understatement. However, since extrapolation is not performed for non-systemic errors, the overall error rate is nevertheless understated. The understatement of the error rate cannot be quantified. It is, then, impossible to determine whether the impact of this understatement is significant”*.

In response to this observation, in 2020 the Commission re-defined its methodology for calculating the Horizon 2020 error rate. In order to quantify any potential understatement mentioned by the Court, the Commission applied a new methodology for all audits closed as

from 01 January 2020. The main change in the methodology is that the denominator used in the error calculation is the sum of costs actually audited and not the sum of all accepted costs.

In this respect, an additional 0.38 % (calculated on 1 937 H2020 audit participations by difference with the previous methodology) has been used to top up the cumulative detected error rate for 2022. From January 2023, the Representative Error Rate is calculated by dividing the adjustment of the initial sample by the sampled amounts.

IAS limited review on the 2020 error rate calculation for H2020

The IAS has carried out a limited review on the methodology for calculation of the error rates of Horizon 2020 in the year 2020. The findings of this limited review confirmed that there is no weakness in the calculation of the detected error rate and that the impact of these findings on the accuracy of the calculation of the residual error rate is minor. The 3 recommendations issued were closed by IAS with the Note on audit conclusions in January 2024.

Research Framework programmes – specific aspects

The control system of each framework programme is designed to achieve the operational and financial control objectives set in their respective legislative base and legal framework. If the effectiveness of those control systems does not reach the expected level, a reservation must be issued in the annual activity report and corrective measures should be taken.

As each programme has a different control system, the following section details the considerations leading to the establishment of their respective materiality threshold and the conclusions to draw with regard to the declaration of assurance.

Horizon 2020 Framework Programme

The control system established for Horizon 2020 is designed to achieve a control result in a range of 2-5% detected error rate, which should be as close as possible to 2%, after corrections. Consequently, this range has been considered in the legislation as the control objective set for the framework programme.

This is based on the provision of the Commission's proposal for the Regulation establishing the Horizon 2020 Framework Programme ⁽⁴⁾ states that:

It remains the ultimate objective of the Commission to achieve a residual error rate of less than 2% of total expenditure over the lifetime of the programme, and to that end, it has introduced a number of simplification measures. However, other objectives such as the attractiveness and the success of the EU research policy, international competitiveness, scientific excellence and in particular, the costs of controls need to be considered.

⁽⁴⁾COM(2011) 809/3 Proposal for a Regulation of the European Parliament and of the Council establishing Horizon 2020 – the Framework programme for Research and Innovation (2014-2020), see point 2.2, pp 98-102.

Taking these elements in balance, it is proposed that the Directorates General charged with the implementation of the research and innovation budget will establish a cost-effective internal control system that will give reasonable assurance that the risk of error over the course of the multiannual expenditure period is, on an annual basis, within a range of 2-5%, with the ultimate aim to achieve a residual level of error as close as possible to 2 % at the closure of the multi-annual programmes, once the financial impact of all audits, correction and recovery measures have been taken into account.

Horizon 2020 introduces a significant number of important simplification measures that will lower the error rate in all the categories of error. However, [...] the continuation of a funding model based on the reimbursement of actual costs is the favoured option. A systematic resort to output based funding, flat rates or lump sums appears premature at this stage [...]. Retaining a system based on the reimbursement of actual costs does however mean that errors will continue to occur.

An analysis of errors identified during audits of the Seventh Framework Programme (FP7) suggests that around 25-35 % of them would be avoided by the simplification measures proposed. The error rate can then be expected to fall by 1.5 %, i.e. from close to 5 % to around 3.5 %, a figure that is referred to in the Commission Communication striking the right balance between the administrative costs of control and the risk of error.

The Commission considers therefore that, for research spending under Horizon 2020, a risk of error, on an annual basis, within a range between 2-5 % is a realistic objective taking into account the costs of controls, the simplification measures proposed to reduce the complexity of rules and the related inherent risk associated to the reimbursement of costs of the research project. The ultimate aim for the residual level of error at the closure of the programmes after the financial impact of all audits, correction and recovery measures will have been taken into account is to achieve a level as close as possible to 2 %.

Horizon Europe Framework Programme

For Horizon Europe Framework Programme ⁽⁵⁾ ⁽⁶⁾, the general control objective, following the standard quantitative materiality threshold proposed in the standing instructions for Annual Activity Reports, is to ensure that the cumulative representative error rate and the cumulative residual error rate, i.e. the level of errors which remain undetected and uncorrected, does not exceed 2% on an annual basis. An AAR reservation will be issued in the Annual Activity Report if the cumulative residual error rate is above the 2% materiality threshold.

Non-H2020 & non-HE programmes

For non-H2020 and non-HE programmes, the Agency's **quantitative materiality threshold** is set at a residual error rate of 2%, in application of the Commission's standard practice. In qualitative terms, the following factors are considered: nature and scope of any

⁽⁵⁾ Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe

⁽⁶⁾ This general control objective described for Horizon Europe is also applicable to FP7 framework programme legacy.

significant weaknesses, duration, compensatory measures such as mitigating controls and existence of corrective actions to correct any significant weaknesses.

The ex-post controls (audits) carried out by EISMEA are made on costs accepted after ex-ante controls on interim and final financial statements submitted to the Agency. They consist of verifying the legality and regularity of the underlying transactions. The residual error risk is estimated per programme by the residual error rate: it is obtained from an examination of value-based audits ⁽⁷⁾ and calculated on a cumulative multi-annual basis, including all audit reports closed by the end of the reporting year. The detected error rate is extrapolated to the non-audited part of the payment population. For the audited population, EISMEA deducts any corrections made by implementing the audit results from the total amount of errors detected.

The residual error rate of each programme audited by EISMEA is the residual error rate applied to the audited part and the error rate presumed to be affecting the non-audited part ⁽⁸⁾ In view of the **multi-annual nature of its programmes**, the Agency has built a multiannual ex-post audit strategy based on a multi-annual control strategy, whereby the detected and residual error rates are also multi-annual. The objectives of the Agency's ex-post audit strategy are to provide assurance to management on sound financial management and on the legality and regularity of operational expenditure as well as to contribute to the improvement of the financial control systems for operational expenditure.

The Agency will draft an Ex Post Control strategy in 2024 to cover the new programming lifecycle of its delegated programmes as well as the newly-delegated I3 programme.

The current Strategy is based on the following principles, intended to find an optimal balance between being (i) maximum-corrective, (ii) reasonably cost-effective and (iii) sufficiently close to random to allow drawing an assurance conclusion:

1. The Agency's Ex Post Control Strategy ⁽⁹⁾ covers the following programmes: 3 delegated programmes COSME, Consumer and Standardisation covering the programming period 2014-2020 ⁽¹⁰⁾. For COSME and the Consumer Programme, a sample covering 12,5% of the programme's cumulative funding is audited ⁽¹¹⁾, the audit results are implemented (corrections made) and a cumulative residual error rate is calculated.

Under the Standardisation programme, the European Commission concludes operating grants and action grants with European standardisation organisations which functions in a monopoly situation. The detected error rate related to the grants part of MFF 2014-2020 is

⁽⁷⁾ While this sampling is not deemed to be fully statistically representative, value-based audits are considered – in line with the guidelines of DG BUDG - to be a non-biased 'proxy', i.e. they are a random enough sample from which one is able to draw conclusions. Note that a sampling based on a purely random approach would bring a risk of insufficient coverage, thus affecting significantly the proper disclosure of the residual error rate for the un-audited population and the corrective capacity.

⁽⁸⁾ We consider that the part of payments remaining un-audited and un-corrected is affected by errors of the same magnitude of the representative detected error rate.

⁽⁹⁾ Ares(2022)6312291 from 13 September 2022

⁽¹⁰⁾ Ex-post audits for H2020 and HE are performed by the Common Support Centre (lead DG is RTD), through a Common Representative audit Sample (CRS). Please see section above.

⁽¹¹⁾ The value based audits shall represent 10% of the programme cumulative funding.

0,21% and the audit cycle for the programme is closed.

2. Taking into account the limited ex-post control resources, the ex-post control strategy aims to detect and correct the most significant errors (amount in absolute terms). In that respect, EISMEA focuses on value-based audits (aiming at cleaning the largest amounts and thus maximising assurance). This type of approach is considered more control-effective, resulting in higher returns on investment and having a dissuasive effect, as well as being cost-effective. For EISMEA's programmes' populations, based on our experience from managing the legacy programmes and to the best of our knowledge, there are no indications (at ex-post level¹²) for inherently higher error rates (error in %) in the larger participations, thus the value-based audits are considered to be a non-biased 'proxy' – i.e. random enough to be able to draw conclusions from them.

3. Auditing a statistically representative or even a random sample would not be cost-effective, given that then rather small participations will also be sampled. With an expected detected error rate and thus potential correction of, say, 5% and a typical audit cost of, say, 10,000 EUR, participations audited should be in principle larger than 200,000 EUR. Furthermore, a 'stratified' approach would not be appropriate given that there appear to be no solid grounds for a clear segmentation of the programmes populations, based on distinct grant modalities, features, etc., and leading to 'distinctly' lower/higher risk profile segments (e.g. less than 2% and/or above 10%).

4. Although the Agency recognises that the above approach is not fully statistically representative, in line with DG BUDG guidance it is considered as the second-best alternative; as a 'proxy' to a fully representative or a random sample.

5. In addition to the value-based audits, the Agency performs, to a limited extent, risk-based audits of beneficiaries. This selection addresses specific concerns, risks or issues, detected and highlighted either by the financial or operational teams. Due to their specific nature, error rates of these "risk-based" audits are not included in the average random-proxy error rate calculation.

6. Due to its multi-annual nature, the effectiveness of the ex-post control strategy can only be measured and assessed at the final stages in the lifecycle of each programme and once the ex-post audit strategy has been fully implemented. Notwithstanding the multiannual span of the control strategy, the Director of the Agency is required to sign a statement of assurance for each financial reporting year. In order to determine whether to qualify this statement of assurance with a reservation, the effectiveness of the control systems in place needs to be assessed not only for the year of reference but also with a multiannual perspective, to determine whether it is possible to reasonably conclude that the control

¹² i.e. after having applied differentiated ex-ante controls for the largest participations. For example, according to the grant vademecum, the certificate on the financial statements and underlying accounts is recommended a) grants for an action for which the amount awarded in the form referred to in Article 121(1)(a) of the Financial Regulation is EUR 750 000 or more, when the cumulative amounts of payment requests under that form is at least EUR 325 000. b) operating grants for which the amount awarded in the form referred to in Article 121(1)(a) of the Financial Regulation is EUR 100 000 or more.

objectives will be met in the future as foreseen.

7. The criteria for making a decision on whether there is material error in the expenditure of the Agency, and so on whether to make a reservation in the AAR, will be principally, though not necessarily exclusively, based on the level of error identified in ex-post audits of cost claims on a multi-annual basis.

8. The question of being on track towards this objective is to be (re)assessed annually, in view of the results of the implementation of the ex-post audit strategy and taking into account both the frequency and importance of the errors found as well as a cost-benefit analysis of the effort needed to detect and correct them.

The Agency's Ex-Post Audit Strategy for the delegated programmes of EASME was issued on 22/02/2016. Building on the experience gathered until now on the implementation of the Ex-Post Audit Strategy, the Agency revised it in 2022, in terms of audit coverage and closing targets (i.e. number of audit reports) and adapted the annual targets accordingly. The Ex-Post Audit Strategy is implemented in line with the advancement of the lifecycle of the projects.

Revision of the calculation method following ECA and IAS recommendations for COSME and the Consumer programmes

The European Court of Auditors in its 2018 Annual Report and its review of the Commission's ex-post audits observed that the Commission's methodology for calculating the error rate leads to an understatement of the error rate, the extent of which cannot be quantified. The European Court of Auditors' finding also affects the methodology used by the Agency to calculate error rates.

In response to these findings, the Agency had adopted a new methodology even in the report of 2020 - in line with the Court's observations - to calculate the error rate on the current programmes.

In the previous approach, the detected error rate was calculated dividing the total errors by the costs accepted by the Agency.

Following the European Court of Auditors' recommendation and instructions from Central Services, as from the 2019 AAR the Agency has been calculating, the detected error rates by dividing the total errors by the total costs tested during audit.

The Agency recalculated the error rates from the beginning of COSME and the Consumer programme for all audit reports closed by the reporting date.

The impact of the transition to the new error rate calculation methodology is explained in annex 7.

Since 2019 ⁽¹³⁾, a 'de minimis' threshold for financial reservations has been introduced. Quantified annual activity report reservations related to residual error rates above the 2% materiality threshold are deemed not substantial for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed. Cases where the 'de minimis' threshold applies this year are reported in annex 9.

13 Agreement of the Corporate Management Board of 30/4/2019.

ANNEX 6: Relevant Control System(s) for budget implementation (RCSs)

EISMEA revised its Control Strategy in 2023. In that framework, the Agency revised the Relevant Control Systems (RCSs) for the **grant management, procurement** and the **Investment Component of the EIC Fund**. For each of these, an indicative list of control objectives, inherent risks and mitigating control measures is detailed hereunder.

RCS for budget implementation – grant management

An indicative list of control objectives, inherent risks and mitigating control measures for grant management is detailed hereunder.

For each stage of the grant management procedure, we identified specific control objectives.

Note on EIC Fund:

The EIC Fund finances projects both through grant and investment. The grant component is fully managed by EISMEA. The following RCS apply to the grant management component.

The RCS for the investment component are detailed later in this Annex. However, EISMEA is responsible for conducting the initial selection of projects that could benefit from an investment. The selection of the initial list of projects is covered by these RCS (section 1. Ex ante controls, subsection A & B). Once EISMEA sends the list of the projects that could benefit from an investment to the Alternative Investment Fund Manager (AIFM), the RCS for the investment component apply.

1. Ex ante controls

Effectiveness and efficiency are detailed per stages A to D.

Economy is calculated overall for the ex-ante controls and detailed at the end of Section 1.

A – Preparation, adoption and publication of the Annual Work Programme and Calls for proposals

Main internal control objectives: Ensuring that the Commission selects the proposals that contribute the most towards the achievement of the policy or programme objectives (effectiveness); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy) with due consideration of other horizontal priorities (ethics, gender balance, security aspects).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>Work programmes and subsequent calls for proposals do not adequately reflect the policy objectives and priorities, are incoherent or the essential eligibility, selection and award criteria are not adequate to ensure the evaluation of the proposals.</p> <p>The programmes implementation (procedures, monitoring arrangements, communication with beneficiaries, budget planning, etc) has serious shortcomings.</p> <p>The lack of flexibility to apply action specificities in the call types and planning prevents HE and I3 programmes from applying a two-stage submission system</p>	<p>Hierarchical validation within the authorising department.</p> <p>Inter-service consultation, including all relevant services.</p> <p>Adoption by the Commission and publication.</p> <p>Explicit allocation of responsibility.</p> <p>Under Horizon Europe, the work programmes proposed by the Directors' Groups according to the Commission decision C(2021)4472 are co-created with the work of the various entities and with the processes established in this decision.</p> <p>In particular, the Common Implementation Centre (CIC) in DG Research and Innovation provides all DGs involved in the implementation of Horizon 2020 and Horizon Europe research with harmonised procedures, guidance and IT tools.</p> <p>The Common Policy Centre (CPC) in DG Research and Innovation under Horizon Europe centralises the budget planning and the monitoring of the Horizon Europe and Horizon 2020's budget implementation. The CIC/CPC governance structure ensures that programme implementation experience gathered feeds back to the programme design.</p> <p>Early planning and coordination between the concerned services.</p>	<p>Coverage/Frequency: 100%</p> <p>Depth:</p> <p>All work programmes are thoroughly reviewed at all levels, including for operational and legal aspects and all underlying implementation tools are defined and developed according to common rules.</p> <p>Under Horizon Europe, all business processes follow a governance system under the due supervision of entities such as the Steering Board, the Executive Committee, the Directors Groups and key user groups.</p>	<p>Effectiveness:</p> <p>The work programmes are adopted by the Commission.</p> <p>Success rates in terms of "over-subscription": number of proposals retained for funding compared to number of eligible proposals received.</p> <p>Qualitative Benefits:</p> <p>A good Work Programme and well publicised calls should generate a large number of good quality projects, from which the best can be chosen. There will therefore be real competition for funds.</p> <p>Optimised procedures, common approach on multiple issues (audits, fraud, legal aspects, reporting...); better reporting on the whole programme – better management of the programme.</p>

B - Selection and award: Evaluation, ranking and selection of proposals

Main control objectives: Ensuring that the most promising projects for meeting the policy objectives are among the proposals selected; Compliance; Prevention of fraud and other horizontal priorities (ethics, gender balance, security aspects).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>The evaluation, ranking and selection of proposals is not carried out in accordance with the established procedures, the policy objectives, priorities and/or the essential eligibility, or with the selection and award criteria defined in the work programme and subsequent calls for proposals.</p> <p>There is a conflict of interest regarding the expert evaluators.</p> <p>Incomplete usage of E-GRANT tool for the EIC Prizes cycle for some strands of the SMP programme (Preparatory Actions, Pilot Projects and Standartisation) slows down the finalisation of the award and of related payment procedures.</p> <p>Due to the inconsistent application of support services (evaluation) in the Agency, there is a risk of not using economies of scale of skills and knowledge when dealing with evaluation processes for non-HE (i.e. ERDF) programmes but also certain Horizon actions (e.g. EIE)</p>	<p>Selection and appointment of external independent expert evaluators</p> <p>Formalized evaluation process in place based on detailed guidance and procedures (eGrants Vademecum, GoFund, EISMEA MoP)</p> <p>Conflict of interest checks.</p> <p>Assessment by independent experts.</p> <p>Appropriate briefing of experts, including on the evaluation of cost estimations in lump sum proposals.</p> <p>Comprehensive IT system supporting the evaluation of proposals and allowing better monitoring of the process.</p> <p>Involvement of external observers in the evaluation process.</p> <p>Validation by the RAO of ranked list of proposals.</p> <p>Redress procedure.</p> <p>Early planning and completion of the E-GRANT onboarding.</p>	<p>Coverage:</p> <p>100% vetting (including selection) of experts for technical expertise and independence (e.g. conflicts of interests, nationality bias, ex-employer bias, collusion).</p> <p>100% of proposals are evaluated.</p> <p>100% of proposals ranked.</p> <p>100% of contested decisions are analysed by redress committee.</p>	<p>Effectiveness:</p> <p>Number of proposals evaluated.</p> <p>Efficiency:</p> <p>% of Time-To-Inform.</p> <p>% of number of (successful) redress challenges upheld / total number of proposals evaluated.</p> <p>Qualitative benefits:</p> <p>When Expert evaluators from outside the Commission are used, it brings independence, state of the art knowledge in the field and a range of different opinions. This will have an impact on the whole project cycle: better planned, better implemented projects.</p>

C – Contracting: Transformation of selected proposals into legally binding grant agreements

Main control objectives: Ensuring that the most promising projects for meeting the policy objectives are among the proposals contracted; Sound Financial Management (optimal allocation of the budget available); Compliance; Prevention of fraud and other horizontal priorities (ethics, gender balance, security aspects).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>The beneficiary lacks operational or financial capacity to carry out the actions.</p> <p>Procedures do not comply with regulatory framework.</p> <p>The evaluation stage has not detected a potentially fraudulent proposal/beneficiary.</p> <p>The action might not comply with Ethics requirements.</p> <p>Sensitive or classified information in future deliverables of a selected projects might not be handled with the adequate Security measures.</p> <p>Late signature of Grant Agreement</p>	<p>Formalized grant preparation process in place based on detailed guidance and procedures (eGrants Vademecum, GoFund, EISMEA MoP)</p> <p>Validation of beneficiaries (financial capacity checks according to the HE vademecum). Protective measures validated by the hierarchy for all programmes (except for Accelerator that is covered by the WP, i.e. no FCA is conducted)</p> <p>Identify elements during the Grant Agreement Preparation stage that there is no obvious potential to generate errors over the action's lifetime.</p> <p>Assessment checklist for the SMP projects that needs to be filled in during GAP. The result of the checklist will determine whether the project is low, medium or high risk and the control strategy will be defined accordingly. For EIC programme GAP checklists are in place. Proposals are assessed individually, and protective measures ⁽¹⁴⁾ taken and/or reinforced monitoring encoded. For ERDF and SMP strand</p>	<p>Coverage:</p> <p>100% of the selected proposals and beneficiaries are scrutinised.</p> <p>100% of draft grant agreements are scrutinised.</p> <p>Depth will be differentiated following the conclusion of the risk assessment. Riskier operations subject to more in-depth controls.</p> <p>The depth depends on risk criteria.</p> <p>Controls implemented when justified by the call/proposal content.</p>	<p>Effectiveness: Number of grants signed (in time?).</p> <p>Efficiency:</p> <p>% of Time-to-grant on time</p> <p>Average Time-to-grant</p>

⁽¹⁴⁾ As detailed in the vademecum:

<https://myintracomm-collab.ec.europa.eu/projects/H2020drafting/Business%20Documents%20Grants/GENERAL%20CLEAN%20FOLDER/VM%20E2%80%93%20eGrants%20Vademecum.pdf>

	<p>(Standardisation) the projects are checked using the GAPS operational/technical and financial checklists</p> <p>Systematic checks on operational and legal aspects performed before signature of the grant agreement, including in respect of possible sanctions applied.</p> <p>Risk assessment and risk-based checks before the grant agreement signature and reinforced monitoring flagging if necessary.</p> <p>Basic anti-fraud checks and ad hoc anti-fraud checks for riskier beneficiaries.</p> <p>Signature of the grant agreement by the RAO.</p> <p>Financial verification (four-eyes principles)</p> <p>An ethics review is carried out systematically in all HE calls, starting with an ethics pre-screening, which results in detailed screening or assessment if necessary.</p> <p>Ad hoc security checks and screenings.</p> <p>Security review is carried out systematically in all HE calls, starting with pre-screening, which may result in detailed security scrutiny.</p> <p>Training for Project Officers and Financial Officers on how to advise beneficiaries concerning Grant Agreement Preparation.</p> <p>Info days for applicants and beneficiaries involving guidance concerning Grant Agreement Preparation.</p>		
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D - Monitoring the implementation: This stage covers monitoring of operational, financial and reporting aspects related to projects and grant agreements

Main control objectives: ensuring that the operational results (deliverables) from the projects are of good value and meet the objectives and conditions.

(effectiveness & efficiency); ensuring that the related financial operations comply with regulatory and contractual provisions (legality & regularity); prevention of fraud (anti-fraud strategy); ensuring appropriate accounting of the operations (reliability of reporting, safeguarding of assets and information).

<p>Main risks It may happen (again) that...</p>	<p>Mitigating controls</p>	<p>Coverage, frequency and depth of controls</p>	<p>Cost-Effectiveness indicators (effectiveness, efficiency, economy)</p>
<p>The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement (for examples deliverables, open access to results and publications...).</p> <p>The amounts paid exceed what is due in accordance with the applicable contractual and regulatory provisions (Material errors not detected during the lifetime of the action).</p> <p>The cost claims and/or deliverables are irregular or fraudulent.</p> <p>Lack of harmonised approach within the research family with the consequence of unequal treatment of the beneficiaries.</p>	<p>Formalized grant implementation monitoring process in place based on detailed guidance and procedures (eGrants Vademecum, GoFund, EISMEA MoP)</p> <p>Kick-off meetings and "launch events" involving the beneficiaries in order to avoid project management and reporting errors if applicable.</p> <p>Specialized webinars targeting reduction of errors.</p> <p>Guidance on reporting for lump sum grants (notion of work package completion).</p> <p>Specialized aid with web-based tools to inform most error-prone beneficiaries (i.e SMEs who participate for the first time) about cost calculation practices.</p> <p>Effective external communication about guidance to the beneficiaries (e.g. Funding and Tender portal, info days for the calls, coordinators' days on grant</p>	<p>100% of the projects are controlled, including only value-adding checks.</p> <p>Riskier operations subject to more in-depth controls.</p> <p>However, as a deliberate policy to reduce administrative burden, and to ensure a good balance between trust and control, the level of control at this stage is reduced to a minimum.</p> <p>High risk operations identified by risk criteria.</p> <p>Red flags: suspicions raised by staff, audit results, EDES, individual, high dependence of EU funding by the legal entity or "population" risk assessment.</p> <p>Audit certificates requirements specified</p>	<p>Effectiveness:</p> <p>Number of payments (interim and final).</p> <p>Efficiency:</p> <p>Time-to-pay: % of payments (in value) made on time.</p> <p>Time-to pay: Average number days net/gross + suspension days.</p> <p>Qualitative Benefits:</p> <p>Projects are executed and produce benefits for the community.</p>

<p>Ethics requirements are not fulfilled.</p>	<p>preparation and grant management).</p> <p>Anti-fraud awareness raising training for the project officers and financial officers.</p> <p>IT Plagiarism detection tool for deliverables.</p> <p>Enhanced research family approach (anti-fraud cooperation; common legal and audit service; comprehensive and common IT system for all the family).</p> <p>Operational and financial checks in accordance with the financial circuits.</p> <p>Operation authorisation by the RAO</p> <p>Ex ante controls in depth for riskier operations, reinforced monitoring.</p> <p>Selection and appointment of expert for scientific reviews of intermediate and/or final reporting.</p> <p>If needed: application of Suspension/interruption of payments, select project for risk-based ex post audits, Referral of grant/beneficiary to OLAF/EPPO.</p>	<p>in GA of each programme.</p>	
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Overall economy for ex ante control

(The estimation is established for the grant process, which includes both Horizon 2020 and Horizon Europe).

a. Estimation of cost of staff involved in the ex-ante checks:

- Programme management and monitoring.
- Financial management.
- Budget and accounting.
- General Coordination incl. Strategic Programming and Planning, internal control, assurance and quality management.
- Anti-fraud.

- Development and support of IT systems linked to managing funding programmes.

b. Estimation of other costs linked to ex ante checks:

- Cost of experts.
- Costs of IT external contracts of CIC.

2. Ex post controls

Effectiveness, efficiency, and qualitative benefits are detailed per stages A to B.

Economy is calculated overall for the ex post controls and detailed at the end of Section 2.

A - Reviews, audits and monitoring

Main control objectives: detection and correction of errors or fraud remaining undetected during ex ante controls (legality & regularity; anti-fraud strategy); measuring the effectiveness of ex ante controls by ex post controls addressing systemic weaknesses, based on the analysis of the findings (sound financial management).

Non-Horizon 2020 & Non-Horizon Europe programmes

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>The ex-ante controls fail to prevent, detect and correct erroneous payments or attempted fraud; errors (ineligible costs reimbursed due to the complexity of the rules) remain undetected and uncorrected before the end of the control cycle; "irregularities" (intentional over-claims, fictitious subcontracting/outputs) are not detected and corrected beyond a tolerable rate of error.</p>	<p>Ex post control strategy: the ex post audits are carried out on a multi-annual basis (programme's lifecycle).</p> <p>The ex post control strategy involves value targeted sampling, aiming at cleaning the largest amount and thus maximising assurance and the cost-effectiveness of controls based on selection criteria such as high amounts granted, high number of projects etc. In addition, a number of risk-based audits (targeted audits) to address specific risks.</p> <p>The audits are carried out independently by an external contractor (i.e. absence of conflict of interest) and in conformity with detailed procedures and guidelines.</p> <p>The Agency's ex post control function is responsible for the selection of the beneficiaries and projects to be audited, the quality review of the audit reports drafted by the external contractor and the</p>	<p>Coverage and frequency of controls are determined in the related ex post control strategies. They might be different from one programme to other.</p> <p>The coverage is achieved by value targeted sampling, on a given programme to draw valid management conclusions on the error rate in the population.</p> <p>In addition, a number of risk-based audits for addressing specific risks and/or cases of irregularities or potential fraud.</p> <p>Depth: Detailed review and testing of supporting</p>	<p>Effectiveness: Multi-annual indicators: • Residual error rate per programme • Number of audits finalised • Audit coverage = % audited part of payments made Number of cases referred to OLAF</p> <p>Efficiency: Implementation rate of the Annual Work Programme in terms of closing audit targets</p> <p>Economy: External costs: cost of the audit firm for the outsourced ex post controls</p> <p>Internal costs: estimation of internal staff costs involved in the coordination and execution of the audit</p>

	<p>follow up of the implementation of audit results. The function is independent from the ex ante control organisation.</p> <p>Lessons learned from the audit results are used to reinforce the control systems for example improvement of guidelines for beneficiaries.</p> <p>Notification to OLAF in cases of suspicions of fraud.</p>	documents and transactions related to the cost claims submitted by the audited beneficiary.	costs are measured for stage 4 strategy, considering two levels of Full Time Equivalents for staff working directly in ex post team and staff of operational units dedicated to review of audit reports (this is calculated over the number of audit reports closed during the reporting year).
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Horizon 2020 & Horizon Europe programmes

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>The ex ante controls (as such) do not prevent, detect and correct erroneous payments or attempted fraud to an extent going beyond a tolerable rate of error.</p> <p>Lack of consistency in the Non-HE audit strategies within the different EAs and in general within the research family.</p> <p>Lack of efficiency for absence of coordination: multiple audits on the same beneficiary, same programme: reputational risk and high administrative burden on the beneficiaries' side.</p>	<p>Common Ex post control strategy for the entire Research and Innovation family (Horizon 2020 and Horizon Europe), implemented by a central service ((Common Audit Service (CAS) part of the Common Implementation Centre, DG Research and Innovation):</p> <ul style="list-style-type: none"> - At intervals carry out audits of a representative sample of operations to measure the level of error in the population after ex ante controls have been performed. - Calculate the representative error rate for the RTD programme. - Additional sample to address specific risks. - When relevant, joint audits with the Court of Auditors <p>Multi-annual basis (programme's lifecycle) and coordination with other AOs concerned.</p>	<ul style="list-style-type: none"> - Common Representative audit Sample (CRaS): MUS sample across the programme to draw valid management conclusions on the error rate in the population. - Research and Innovation risk-based sample, determined in accordance with the selected risk criteria aimed to maximise deterrent effect and prevention of fraud or serious error. 	<p>Effectiveness:</p> <p>Representative and residual error rate identified.</p> <p>Number of audits finalised % of beneficiaries & value coverage.</p> <p>Number of cases referred to OLAF</p> <p>Efficiency:</p> <p>Percentage of implementation of CAS audit plan.</p>

	<p>Validate audit results with beneficiary.</p> <p>In case of systemic error detected, extrapolation to all the ongoing projects run by the audited beneficiary (or closed within two years).</p> <ul style="list-style-type: none"> - Targeted audit to be requested more frequently - In case of systemic error detected, extrapolation to all the ongoing projects run by the audited beneficiary (or closed within five years or three for grants of not more than EUR 60 000). 		
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B - Implementing results from ex post audits/controls

Main control objectives: Ensuring that the (audit and extension) results from the ex post controls lead to effective recoveries; Ensuring appropriate accounting of the recoveries made.

Non-Horizon 2020 & Non-Horizon Europe programmes

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
The errors, irregularities and cases of fraud detected are not addressed or not addressed in a timely manner.	<p>Monitoring the implementation of the audit findings</p> <p>The operational units have to confirm the implementation of the corrective actions (recovery, payment) by completing the audit-follow-up sheets</p> <p>Financial operational validation of recoveries is carried out in accordance with the financial circuits</p> <p>Authorisation by the RAO</p> <p>In case RAO decides not to implement audit finding, this could happen only after consultation with EPC team and informing the Head of Dep. accordingly.</p> <p>Regular follow-up of OLAF's recommendations.</p>	<p>Coverage: 100% of final audit results with a financial impact.</p> <p>Depth: All audit results which lead to a recovery are examined in-depth. Systemic errors are taken into account when assessing new grant payments of the same beneficiary.</p>	<p>Effectiveness: Multi-annual indicators: Residual Error Rate: {(errors detected – errors implemented)/ audited amount.}</p> <p>Efficiency: Recovery status (%): Recoveries/detected error (multi-annual cumulative basis)</p>

Horizon 2020 & Horizon Europe programmes

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>Audit results are not implemented or not implemented in a timely manner. Recoveries are done too late.</p> <p>Cases of potential fraud detected are not addressed in a timely manner or not addressed at all.</p>	<p>Systematic registration of audit/control results to be implemented and actual implementation.</p> <p>Guidance on monitoring and reporting on implementation of ex post audit results.</p> <p>Monitoring of implementation of audit results.</p> <p>Validation of recovery in accordance with financial circuits.</p>	<p>Coverage: 100% of final audit results with a financial impact.</p> <p>Depth: All audit results are examined in-depth in making the final recoveries. Systemic errors are extended to all the ongoing non-audited projects of the same</p>	<p>Effectiveness: Amounts being recovered and offset versus errors detected.</p> <p>Efficiency: Percentage of completed AURIs ⁽¹⁵⁾ vs. total number of AURIs launched since the start of a given Framework Programme</p>

⁽¹⁵⁾ Audit Result Implementation workflow

	Authorisation by RAO. Coordination at the level of the RTD family: FAIR committee. If needed: -Notification to OLAF and regular follow up of detected potential fraud. - Activation of reinforced monitoring for high risk projects/beneficiaries.	beneficiary (or closed within two years).	Time to implement the audit results and extensions in closed projects Time to implement the audit results and extensions in on-going projects
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Overall economy for ex post control

Economy:

(The estimation is established for the grant process which includes both Horizon 2020 and Horizon Europe).

Estimation of cost of staff involved in the coordination and execution of the ex post audit strategies and in the implementation of audits.

Costs of the appointment of audit firms and missions.

Details of the estimated cost of controls related to shared/pooled control activities hosted by DG RTD (Common Implementation Centre including Common Audit Service) for the Research and Innovation family are reported in the Annual activity reports of DG RTD.

RCS for budget implementation – procurement

An indicative list of control objectives, inherent risks and mitigating control measures for procurement is detailed hereunder.

Effectiveness and efficiency are detailed per stages A to E. Economy is calculated overall for the ex-ante controls and detailed at the end of this Section.

A – Planning

Main internal control objectives: Effectiveness, efficiency and economy. Compliance (legality and regularity).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
The needs are not well defined	The Call for tender is based on the Annual Work Programme adopted by	Coverage/Frequency: 100%	

(operationally and economically) and that the decision to procure was inappropriate to meet the	the Commission and elaborated in cooperation with the parent DG.	Depth:	Effectiveness:
Operational objectives	Publication of intended Procurements/Work Programme.	All tenders are thoroughly reviewed at all levels, including for operational and legal aspects.	The procurement plans are adopted by the Commission.
Discontinuation of the services	In case of technical tenders, the Agency consults experts for drafting the tender specifications.		Qualitative Benefits:
provided due to a late contracting (poor planning and organisation of the procurement process).	Hierarchical validation within the authorising department.		A good procurement plan and well publicised calls for tender should generate a large number of good quality bids, from which the best can be chosen. There will therefore be real competition.
	Explicit allocation of responsibilities, approval of the text by the Responsible Authorising Officer (RAO).		

B – Needs assessment & definition of needs

Main internal control objectives: Effectiveness, efficiency and economy. Compliance (legality and regularity).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
The best offers are not submitted due to poor definition of the Tender specifications.	In case of technical tenders, the Agency consult experts for drafting the tender specifications. Hierarchical validation within the authorising department. Explicit allocation of responsibilities, approval of the text by the RAO. Consultation with other DGs and colleagues in the Agency on special cases concerning potential overlaps with ongoing contracts, technical opinion, etc.	Coverage / Frequency: 100% Depth: All tenders are thoroughly reviewed at all levels, including for operational and legal aspects	Effectiveness: The procurement plans are adopted by the Commission. Qualitative Benefits: A good procurement plan and well publicised calls for tender should generate a large number of good quality bids, from which the best can be chosen. There will therefore be real competition.

C – Evaluation and award

Main internal control objectives: Effectiveness, efficiency and economy. Compliance (legality and regularity).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>The most economically advantageous offer is not selected due to a biased, inaccurate or unfair evaluation process.</p> <p>There is a mismatch between the needed and delivered output.</p> <p>Legal and regulatory formalities are not complied with.</p> <p>Tenderers are not treated equally.</p> <p>Tenders are not evaluated professionally.</p>	<p>Explicit allocation of responsibilities, approval of the text by the RAO.</p> <p>Proposals are selected according to the selection and award criteria published in the Call for tenders.</p> <p>The parent DGs are involved in the evaluation procedure, either in the selection directly or by providing feedback to special cases and as members of the Evaluation Committee.</p> <p>Formal evaluation process: Opening committee and Evaluation committee. All committee members are formally appointed and sign a declaration of absence of conflict of interest prior to the start of the evaluation exercise.</p> <p>Hierarchical validation by the RAO of selected offer.</p> <p>During the selection procedure, the Agency checks the exclusion, eligibility, selection and award criteria.</p> <p>Standstill period, opportunity for unsuccessful tenderers to put forward their concerns on the decision.</p>	<p>Coverage / Frequency: 100%</p> <p>Depth: All tenders are thoroughly reviewed at all levels, including for operational and legal aspects.</p> <p>100% of bids are evaluated.</p> <p>Coverage: 100% of ranked list of bids.</p> <p>Supervision of work of evaluators.</p> <p>100% of contested decisions are analysed by redress committee.</p>	<p>Effectiveness: Number of bids evaluated. % of Time-To-Contract on time Average Time-To-Contract</p> <p>Efficiency: % of Time-To-Inform on time. % of number of (successful) redress challenges upheld/ total number of bids evaluated.</p> <p>Qualitative benefits: Independent evaluation committee.</p>

D – Contract management & Financial transactions

Main control objectives: Ensuring that the implementation of the contract is in compliance with the signed contract.

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>The products/services/works foreseen are not, totally or partially, provided in</p>	<p>Check of the Early Detection and Exclusion System (EDES) for all beneficiaries.</p>	<p>100% of the selected bids and contractors are scrutinised.</p>	<p>Effectiveness: Number of contracts signed.</p>

<p>accordance with the technical description and requirements foreseen in the contract or the amounts paid exceed those due in accordance with the applicable contractual and regulatory provisions.</p> <p>Business discontinues because contractor fails to deliver.</p> <p>Payment arrangements are poorly adapted.</p> <p>Contractual provisions regarding contractor's performance are insufficient (no monitoring arrangements or liquidated damages foreseen in the contract, standard contracts not used).</p>	<p>Use of model contracts recommended by the Commission adapted to the programmes.</p> <p>Fraud awareness, trainings, information sessions are organized.</p> <p>Four-eyes principle is applied.</p> <p>In case of pre-financing payments, request of financial guarantee following a risk-based approach.</p> <p>Signature of the contract by the RAOS.</p> <p>For riskier operations, ex ante in-depth verification, reinforced monitoring on timing of deliverables.</p>	<p>Coverage: 100% of draft contracts.</p> <p>Depth will be differentiated following the conclusion of the risk assessment.</p> <p>Controls implemented when justified by the call for tender content.</p>	<p>Efficiency:</p> <p>Time-To-Pay % of payments (in value) made on time.</p> <p>Time-To-Pay: Average number days net/gross + suspension days.</p> <p>Late interest payment and damages paid by the Agency</p>
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E – Supervisory measures

Main control objectives: Ensuring that any weakness in the procedures (tender and financial transactions) is detected and corrected.

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>An error or lack of compliance with regulatory and contractual provisions, including technical specifications or fraud is not prevented, detected or corrected by ex-ante control, prior to payment.</p>	<p>Operational and financial ex ante desk checks by the Agency's staff in accordance with the financial circuits, Manual of Procedures, and internal guidelines; Four-eyes principle is applied.</p> <p>Monitoring visits or meetings to check technical progress and deliverables.</p> <p>Fraud awareness, trainings and information sessions are organized.</p> <p>Detailed checking of reports and deliverables against the contract requirements to detect deviations timely and redirect the project on track.</p> <p>Application of suspension/interruption/deduction of payments in cases of bad faith or gross negligence, respecting the principle of proportionality.</p>	<p>100% of the contracts are controlled.</p> <p>The depth depends on risk criteria. However, as a deliberate policy to reduce administrative burden, and to ensure a good balance between trust and control, the level of control at this stage is reduced to a minimum.</p> <p>High risk operations identified by risk criteria.</p> <p>Red flags: suspicions raised by staff, audit results, EDES, individual or "population" risk assessment.</p>	<p>Effectiveness:</p> <p>Number of suspension/interruption of payments</p> <p>Efficiency:</p> <p>Number of cases referred to OLAF</p> <p>Number of fraud awareness trainings</p> <p>Qualitative Benefits:</p> <p>Procurements are executed and produce benefits for the Agency.</p>

	<p>Submitting cases to OLAF in case of suspicion of irregularities/fraud; flagging in Early Detection and Exclusion System (EDES).</p> <p>Ex post publication.</p> <p>Whistleblowing procedures in place.</p>		
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Overall economy for procurement controls

Estimation of cost of staff involved in the checks before contract signature.
 Estimation of cost of staff involved in ex ante checks for payments.
 Estimation of cost of staff involved in contract implementation.

RCS for budget implementation – Investment Component EIC Fund

The EIC Fund finances projects both through grant and investment. The grant component is fully managed by EISMEA. Therefore, the RCS section on grant management applies to the grant management component.

The following RCS apply to the investment component. It should be highlighted that EISMEA is responsible for conducting the initial pre-selection of projects that could benefit from an investment. The selection of the initial list of projects is covered by the RCS section on grant management (section 1. Ex ante controls, subsection A & B). The following RCS apply once EISMEA sends the list of the projects that could benefit from an investment to the AIFM.

Stage 1 – Set-up/design of the Financial Instrument and designation of Alternative Investment Fund Manager (AIFM)

Main control objectives:

- Ensuring that the Financial Instrument is adequate for meeting the policy or programme objectives (effectiveness); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy).
- Ensuring that the most promising Alternative Investment Fund Manager (AIFM) is pre-determined or selected to ensure that the Financial Instrument is implemented effectively and efficiently; Sound financial management; Legality and regularity; Fraud prevention and detection.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators
<p>a) The actions supported through the Financial Instrument do not adequately reflect the policy objectives.</p>	<p>a) Hierarchical validation (incl. at DG level) of the:</p> <ol style="list-style-type: none"> 1) Regulation (approved by the Legislative Authority). 2) Selection of the AIFM by the European Investment Bank (EIB) following a formal process. 3) Alternative Investment Fund Agreement, including the reporting requirements. 4) Annual EIC work programme with an annual budget. <p>Investment guidelines prepared by the EIC Fund board must be followed by the AIFM.</p> <p>Formal adoption by the Legislative Authority (for the Regulation), by Commission decision (for the Alternative Investment Fund Agreement), by Commission decision following the advice of the EIC board (for the AWP).</p>	<p>If risk materialises, the Financial Instrument would be irregular. Theoretical impact 100% of the funds involved and significant reputational consequences.</p> <p><u>Coverage/frequency:</u> 100%</p>	<p>Effectiveness:</p> <p>Where applicable, opinions by advisory bodies (recommendations, actions taken).</p>
<p>b) The Alternative Investment Fund Agreement is inadequate in coverage of operational and management provisions 209.2 FR.</p>	<p>b) The main principles were agreed with the AIFM in the Alternative Investment Fund Agreement</p>		
<p>c) The selection of <u>the AIFM</u> is not in line with FR criteria, especially re: 'common interest' (FR art 209).</p>	<p>c) The EIC Fund has been established according to Article 216 FR referring to financial instruments directly implemented by the Commission.</p> <p>The AIFM has been selected in accordance with Article 216(3) of the FR in order to ensure continuity during the EIC Fund restructuring.</p>	<p>(see above)</p>	<p>Effectiveness: IAS and ECA reports are analysed for major issues.</p>

Main risks <i>It may happen (again) that...</i>	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators
d) The AIFM does not have the experience and financial capacity/administrative & control capacity to ensure an effective & sound implementation of the Financial Instrument (FR art 209 and 216).	d) The EIB conducted a formal market assessment and formal assessment of the AIFM capacities.		
e) The RSM (Risk-Sharing Mechanism) is too generous to the AIFM (risk of unbalanced risks).	e) <i>Same controls as for a) above</i> The EU's risk share is defined in the Alternative Investment Fund Agreement. The risk sharing model was agreed in line with horizontal guidance for financial instruments from DG BUDG and ECFIN. It was also subject to a formal Commission decision.		

Stage 2 – Implementation of the Financial Instrument by the Alternative Investment Fund Manager (AIFM)

Main control objectives:

- Ensuring that the funds allocation is optimal (best value for public money; effectiveness, economy, efficiency); ensuring that the most promising Final Recipients (FR) are selected to meet the policy objectives (effectiveness).
- Ensuring that the remuneration paid to the AIFM is adequate (cost-effectiveness).
- Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy); Safeguarding of assets and information; Reliable reporting (true and fair view).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators
a) The call for and selection of the <u>contracted FRs</u> is not in line with FR criteria for eligibility or exclusion, especially ' <i>alignment of interests</i> ' and ' <i>no relations with offshore banking and tax havens</i> '.	a) Responsibility for the call, for evaluating, proposing and selecting the initial list of FRs that could benefit from the investment component lies with EISMEA. The list is then sent to the AIFM for further analysis (see below). Technical due diligence by EISMEA and additional due diligence by EIB	<u>Coverage/frequency:</u> determined by the AIFM in accordance with the AIFM agreement. <u>Depth:</u> determined by the AIFM in accordance with the	Effectiveness: Number of appeals to the selection decision (redress procedure) Number of cases obtaining redress. Efficiency:

Main risks <i>It may happen (again) that...</i>	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators
	<p>Redress procedure for FIs not selected</p> <p>Implementation of various controls by the AIFM in accordance with the Alternative Investment Fund Agreement</p> <p><u>On-the-spot</u> verifications by the AIFM – a "monitoring team" visits FRs on a needs basis during project implementation.</p> <p>Once EISMEA sent the list to the AIFM of the potential FRs:</p> <ul style="list-style-type: none"> - EIB carries out a due diligence and makes investment recommendation to the Advisory Committee. - The Advisory Committee finalises the investment recommendation and submit it to the Investment Committee. - The Investment Committee makes the final investment decision. <p>The AIFM carries out the know your customer (KYC) checks on management and investors in the beneficiaries, including the sanction lists checks, anti-money laundering and terrorist financing).</p> <p>The AIFM is responsible for monitoring the portfolio, risk management and valuation.</p> <p>The AIFM internal control system is assessed by an external audit firm according to the ISAE 3402 Assurance Reports on Controls at a Service Organization.</p>	<p>Alternative Investment Fund Agreement.</p>	<p>Time to publication of selection results.</p> <p>Time to contract.</p> <p>Effectiveness: On-the-spot monitoring visits.</p> <p>Economy: Remuneration and costs for actually managed funds (compared to benchmark).</p>
<p>b) The design of the accounting and reporting arrangements would not provide a True & Fair View.</p>	<p>b) The Alternative Investment Fund Agreement includes specific reporting requirements, including separate accounting and bank account.</p> <p>The portfolio Net Asset Value (NAV) is certified by an external</p>		

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators
	independent auditor on an annual basis.		
c) the remuneration (structure and/or level) of the AIFM ⁽¹⁶⁾ and EIB, the reimbursement of any exceptional costs and costs for technical assistance or additional tasks would not be in line with the Sound Financial Management objective (e.g. admin fees unjustifiably high).	c) Fees are defined in the relevant Agreements (for both AIFM and EIB).	c) Assessment by EISMEA of the statement of expenses.	

Stage 3 - Monitoring and supervision of the Financial Instrument by EISMEA, incl. ex-post control and assurance building

Main control objectives:

- Ensuring that the operational results (deliverables) from the Financial Instrument are of good value and meet the objectives and conditions (effectiveness & efficiency); ensuring that the related financial operations comply with regulatory and contractual provisions (legality & regularity); prevention of fraud (anti-fraud strategy); ensuring appropriate accounting of the operations (reliability of reporting, safeguarding of assets and information).
- Ensuring appropriate accounting of the repayments and assigned revenue made (reliability of reporting).
- Ensuring that the (audit) results from the ex-post controls lead to assurance for the accountable AOD (5 Internal Control Objectives).

⁽¹⁶⁾ Remuneration may include administrative fees, treasury management fees and incentives as well as exceptional and unforeseen expenses.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators
<p>a) The AIFM provides support to activities which are not contributing to achieving the policy objectives and the implementation is not in compliance with applicable regulations and is not in accordance with the principle of sound financial management.</p>	<p>a-b) Monitoring and supervision of the AIFM is organised formally through the EIC Fund Board.</p> <p>Regular reporting (quarterly, mid-year, annually and ad hoc) by the AIFM to EISMEA on operational and financial performance and administrative costs.</p> <p><u>Annual reporting:</u> audited financial statements; declaration of Assurance, activity and monitoring reports, report on the AIFM internal control system reliability; independent (external) audit opinion.</p> <p><u>EISMEA is responsible to select the projects that can benefit of a potential investment</u></p> <p><u>In case the AIFM fails to its obligations, EISMEA can terminate the AIFM contract.</u></p>	<p><u>Coverage:</u> 100% of the funding payments to the entrusted entity are controlled.</p>	<p>Effectiveness:</p> <p><i>Success ratios and KPIs for policy objectives (e.g. "leverage", "co-risk taking", number of FRs supported by the Financial Instrument, disbursement rate).</i></p> <p>Major issues and potential weaknesses in the Research and Innovation Directors' report brought to the attention of the Director General.</p> <p>Critical audit findings</p> <p>Number of cases submitted to OLAF.</p>
<p>b) Internal control weaknesses, irregularities, errors and fraud are not detected and corrected by the AIFM, resulting in the EU funds not achieving the policy objectives and not complying with applicable regulations.</p>	<p>Referring the AIFM to OLAF.</p>		<p>Efficiency</p> <p>Timely reporting by the International Financial Institution.</p>
<p>c) The AIFM does not report information that EISMEA considers crucial.</p>	<p>c) The financial statements are audited by an external independent auditor. Another external independent auditor audits the AIFM internal control system.</p>		<p>Cost-Effectiveness:</p> <p>Total cost of monitoring and supervision by Research and Innovation over value delegated</p> <p>Management fees over value delegated</p>
<p>d) The Financial Instrument transactions lead to contingent liabilities for the EU budget.</p>	<p>d) The Horizon Europe legal base stipulates that the EU's liability (i.e. financial risk) is limited to the contribution it has paid, so there can be no contingent or off-balance sheet liabilities over this amount. The current AIFM reporting obligations (see section a) above) mitigate the risk on the Agency contribution.</p> <p>d) Following the decisions C(2022)2408 and C(2022)6818, The EIC Fund has been restructured into an Alternative Investment Fund, managed by an AIFM</p>		<p>The sum of the total cost of monitoring/supervision by Research and Innovation and management fees, over value delegated.</p> <p>Benefits: value of the funding provided and leverage, as well as scientific excellence (innovation).</p> <p>Losses: e.g. write-offs of equity.</p>

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators
	to ensure that the liabilities and direct involvement of the Commission are limited to the maximum extent.		
e) The governance chain between the responsible service and the accountable parties involved is unclear (Commission, AIFM, FR, EIC Fund Board).	e) The reporting and accountability "chain" builds up from the FRs to the AIFM, to the EIC Fund Board, to EISMEA as specified in the Decision C(2022)6818.		

ANNEX 7: Specific annexes related to "financial management"

1. Free content:

EISMEA IAS AUDITS OVERVIEW

IAS audit	Status and results
<p>Review of the Commission's risk at payment</p>	<p>The audit started in 2023. Its objective was to assess: (1) the adequacy of the design of the corporate instructions by DG BUDG for the reporting on the risk at payment and on the risk categorisation and the effective implementation of these instructions by the sampled operational DGs/EAs; and (2) the effectiveness of the internal control processes in place in DG BUDG and at DG/EA level to ensure simple, clear and reliable reporting on the risk at payment in the Commission's AMPR (including the risk categorisation) and in the AARs of the sampled operational DGs/EAs.</p> <p>The final report was received on 19/01/2024, including 1 very important recommendation for EISMEA, DG RTD, REA and ERCEA each. A Joint Action plan among EISMEA, DG RTD, REA and ERCEA as well DG BUDG has been approved and submitted to the IAS on 20/02/2024. The Joint Action plan includes four actions, out of which two are under EISMEA responsibility.</p>
<p>Design and early implementation of the European Innovation Council in the European Innovation Council and Small and Medium Enterprises Executive Agency (EISMEA), the Directorate General for Research and Innovation (DG RTD) and the Directorate General for Communications Networks, Content and Technology (DG CNECT)</p>	<p>The audit started in 2021. Its objective was to assess the adequacy of the design of governance and internal control systems in place and the effective implementation of the initial stages of the EIC pillar under Horizon Europe by the European Innovation Council and SMEs Executive Agency (EISMEA), Directorate-General for Research and Innovation (DG RTD) and Directorate-General for Communication Networks, Content and Technology (DG CNECT).</p> <p>The final report was received on 31/01/2023, including 14 recommendations (two critical, five very important and 7 important). On that basis, a Joint Action Plan (EISMEA, DG RTD, DG CNECT) plan was approved and submitted to the IAS on 22/02/2023. The Joint Action Plan included 55 actions to be implemented, out of which 31 were under EISMEA responsibility.</p> <p>At the end of 2023, EISMEA implemented all actions under its responsibility. Their implementation is currently under review by the IAS.</p>
<p>Implementation of audit results in H2020 (RTD/CIC, CNECT, ERCEA, REA, INEA, EISMEA/EASME)</p>	<p>The audit started in 2020. The objective of this multi-DG audit (RTD, CNECT, ERCEA, REA, EISMEA and CINEA) was to assess if the internal control system set up for the process for implementing H2020 CAS and ECA audit results, H2020 audit results extensions and financial recommendations from OLAF investigations in the research family is adequately designed and effectively implemented in compliance with the applicable rules.</p> <p>The final report was received on 27/01/2022. The Action Plan was submitted on 08/04/2022. One action was due in 2023: 'Monitoring and reporting on the implementation of CAS audit results and extensions'. The action is now completed and this audit closed.</p>

IAS audit	Status and results
Protection of personal data of beneficiaries (EASME/EISMEA, EACEA, INEA)	<p>The audit started in 2020. The objective of this multi-DG audit (RTD, CNECT, ERCEA, REA, EISMEA and CINEA) audit was to examine the effectiveness of the implementation of ex-post audit results, with particular attention to sensitive and/ or contentious audits.</p> <p>The final report was received on 15/07/2022. The related Action Plan was agreed by the IAS on 09/09/2022.</p> <p>The report included six important recommendations specific to EISMEA, notably to improve the efficiency and effectiveness of the processes within the Agency.</p> <p>Mitigating actions for the following two important recommendations still need to be implemented:</p> <ul style="list-style-type: none"> - recommendation to adopt and publish the records including the information on joint-controllership arrangement for the Funding and Tenders Opportunity Portal once finalised and adopted by the CIC. - recommendation to publish the records of all established processing operations (seven out of 44 records expected to be formally approved by end of February 2024).

ECA audits on the operational budget

The ECA sampled four transactions for EISMEA in the context of the DAS 2022 with the following results:

- for three audits, the error rate was 0.00%.
- for one audit, the error rate was 19.76%. The time claimed for part of the personnel exceeded the productive time used for the calculation of the individual rates. The findings have been implemented.

As regards the DAS 2023, the Court of Auditors sampled eight transactions, for one audit the error rate was 0.00% and seven audits are ongoing.

Please see below the detailed list of ECA audits performed on the operational budget (in the context of DAS 2022 and DAS 2023), with a summary of their conclusions and opinions.

Follow up DAS 2022

Transaction number	Parent DG	Error rate	Results	Responsible Unit	Corrective action implemented?
3143	CNECT	0,00%	Closing letter CL-13720 ARES(2023)380635 18/01/2023. No findings	E01.01/C01.1	N/A
3158	CNECT	0,00%	Clearing letter CL-13764 dated 24/04/2023. No findings.	E01.02/C01.1	N/A
3167	RTD	19,76%	<p>Clearing letter e CL-13774 Ares(2023)954893 dated 09/02/2023.</p> <p>The audit of the project BRAVE covered the costs declared by one Beneficiary for the reporting period 2 (01/01/2021-30/06/2022) and the costs adjustment for reporting period 1 (01/01/2020 to 31/12/2020).</p> <p>Time claimed for part of the personnel was higher than the productive time of 1.720 used for the calculation of the hourly rates.</p> <p>EISMEA's reply in agreement with ECA finding- Ares(2023)1561625 from 03/03/2022.</p> <p>Closing letter CL -13774 ARES(2023)1997083 20/03/2023</p>	E03.02/C01.1	Implemented Ares(2023)71176 78- 19/10/2023
3412	EIC fund	0,00%	Closing letter CL-13839 ARES(2023)2305075 30/03/2023. No findings	E.03.03/C01.1	N/A

Follow up DAS 2023

Transaction number	Parent DG	Error rate	Results	Responsible Unit	Corrective action implemented?
3135	CNECT	0,00%	Closing letter CL-14358 ARES(2023)835988 06/12/2023. No findings	E01.01/C01.1	N/A
3141	EIC fund			E03.02/C01.1	
3148	RTD			E03.1/C01.1	
3156	GROW			I01.2/C01.2	
3158	CNECT			E01.01/C01.1	
3170	CNECT			E01.01/C01.1	
3145	RTD			E03.3/C01.1	
3191	RTD			E03.2/C01.1	

ECA performance audits

In the course of 2023, three performance audits have been launched.

II. ECA performance audits - follow up			
Audit	Results	Responsible Unit	Corrective action implemented?
Follow up on the SPECIAL REPORT No 02 2020 The SME Instrument in action an effective and innovative programme facing challenges	Preliminary results received in December 2023 (started in July 2023)	Unit E.03 - EIC Accelerator	N/A
Preliminary study on geo-blocking	Not yet received	Unit I.03 – SMP/CP	N/A
Special Report on Artificial Intelligence Commission's interventions to coordinate and boost AI investments in the EU	Clearing letter received in November 2023 (final report planned Q2 2024)	Unit E.03 - EIC Accelerator	N/A

Section 2.1.1 Effectiveness of controls - Fraud prevention, detection and correction - Additional information.

In total, OLAF opened 21 cases in 2023, of which 17 cases have been dismissed, 3 led to opening of formal investigations concerning the Agency’s beneficiaries and 1 is under preliminary checks.

Fraud prevention, detection and correction activities developed within EISMEA in 2023

Fraud risk management performance table

Objective: The risk of fraud is minimised through the application of effective anti-fraud measures and the implementation of the EISMEA Anti-Fraud Strategy aimed at the prevention, detection, and correction ¹⁷ of fraud		
Indicator: Implementation of the actions included in the Agency's Anti-Fraud Strategy over the strategy’s lifecycle		
Source of data: EISMEA Annual Activity Report, EISMEA anti-fraud strategy, OLAF reporting		
Baseline	Interim milestone	Target
2022 (year preceding the strategy’s adoption)	2023 (December)	2026 (by end of the strategy’s third year lifecycle)
0% of action points implemented	90.00% of action points (18/20) implemented in time	100% of action points implemented in time
Situation at the end of the year:	<p>All action points from the Action Plan in EISMEA’s Anti-Fraud Strategy to be completed during the year have been fully (18) or partially (2) implemented. The targets were reached except for:</p> <ul style="list-style-type: none"> - Number of OLAF recommendations implemented in due time, for which the implementation rate within 6 months is below the target of 100%; - Register of EDES cases and flagging in EDES database, for which the implementation rate is below the target of 100%. 	

¹⁷ Correction of fraud is an umbrella term, which notably refers to the recovery of amounts unduly spent and to administrative sanctions.

Main outputs in 2023:

Output	Indicator	Target	Latest known results
Anti-fraud awareness training sessions	Number of training sessions organised within the year Participation rate in fraud awareness trainings	Twice per year - as per EISMEA's Anti-Fraud Strategy 100% of newcomers within 1 year of joining the agency	Two training sessions on fraud risk awareness were organised in June and December 2023. 100% of target staff in 2023.
Reports on the state of play of the implementation of the Anti-fraud Strategy	Reporting to management on the state of play of implementation of the action plan included in the Anti-fraud Strategy	Twice per year – as per EISMEA's Anti-Fraud Strategy	The implementation of the action plan is monitored and reported to the management twice per year, through the Agency's Mid-year Report and Annual Activity Report.
Reports to OLAF on implementation of recommendations following OLAF cases	Reporting on the implementation of recommendations issued by OLAF following their investigations	On a case-by-case basis (max. 6 months after the issuance of OLAF report) + upon request by OLAF on the implementation (usually once per year) – as per EISMEA's Anti-Fraud Strategy and the working practices of OLAF	66.67% ¹⁸ recommendations (4 out of 6 in total => 3 financial and 3 administrative) issued in 2023 were implemented by EISMEA within 6 months as required by OLAF. Upon request by OLAF, EISMEA reported in December 2023 on the implementation of recommendations issued by OLAF following their investigations.

¹⁸ 2 recommendations implemented within 6 months as required by OLAF, 2 recommendations ongoing within the 6 months' deadline, and 2 recommendations not implemented within the deadline.

Section 2.1.1. Control results – additional information

- **Cases of ‘confirmation of instructions’ (FR art 92.3)**

None

- **Cases of financing not linked to costs (FR art 125.3)**

In Horizon 2020, there are no cases of financing not linked to costs. In Horizon Europe, there is, so far, **one case of financing not linked to costs**: it concerns the ‘Women TechEU’ actions granted by the European Innovation Council and SME Executive Agency (EISMEA), where the amount of financing not linked to costs for each grant is fixed at EUR 75 000 ⁽¹⁹⁾.

In addition, four CSA lumpsums should have been signed in REA but were signed by EISMEA due to dealys: CEnergy, THINtoBIG, FlightAI and FASTERA. However, H2020 and HE grants derogate from this rule. As these projects belong to H2020, there is no impact.

Finally, the four following European Innovation Council Prizes are not linked to costs incurred by the winners:–European Prize for Women Innovators–European Capital of Innovation awards (ICapital)–European Innovation Procurement Awards–European Social Innovation Competition

- **Financial Framework Partnerships >4 years (FR art 130.4)**

None

- **Cases of flat rates >7% for indirect costs (FR art 181.6)**

There were **no cases of flat rates** > 7% for indirect costs in 2023 other than those allowed under the Horizon 2020 and Horizon Europe Rules for Participation , providing that indirect eligible costs are determined by applying a flat rate of 25% of the total direct eligible costs.

- **Cases of ‘Derogations from the principle of non-retroactivity of grant pursuant to Art 193 FR’ (FR art 193.2)**

None

Effectiveness - the control results and benefits

Legality and regularity of the transactions

The programmes managed by EISMEA are implemented under the direct management scheme ⁽²⁰⁾, which entails direct financial contributions through co-financed contracts signed with external parties. To have reasonable assurance that the payments authorised are accurate and compliant with the applicable contractual provisions, EISMEA carries out

⁽¹⁹⁾ See RAO decision from DG R&I of 7 July 2021 available at:

https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/horizon/guidance/ls-decision_he-womentecheu_en.pdf

⁽²⁰⁾ With the exception of the financial instrument under Horizon 2020 and Horizon Europe

ex-ante and ex-post controls. The ex-post control strategy contributes to the legality and regularity of expenditure on a multi-annual basis by systematically detecting and correcting errors made by beneficiaries in the reporting phase. These elements complement the ex ante controls embedded in EISMEA's programme management processes.

COSME 2014-2020

The Agency’s multi-annual Ex-Post Strategy covers the period 2016-2024. It was revised in 2020 to assess if the results, after three years, were in line with the assumptions made when defining the strategy and in 2022 to integrate the legacy programmes delegated to the Agency. The last revision focused on the update of the scope of the strategy and an update of the audit coverage and closing targets of the programmes managed by the Agency. Due to its multi-annual nature, the effectiveness of the strategy can only be measured and assessed fully in the final stages of the programmes managed by EISMEA, once the ex-post control strategy has been fully implemented and errors have been detected and corrected.

Multi-annual key indicators (ex-post controls 2014-2023)	COSME	CP
Number of ex-post controls including value based and risk based audits	115	21
Ineligible costs = detected error amount in value based audits	1.119.868	215.939
Cost accepted and paid ex-ante tested in value based audit ECA-Cost accepted and tested in value based audit	41.898.073	5.978.890
Detected error rate	2,67%	3,61%
Errors corrected (recovery orders recorded in ABAC before 31.12.2023) in value based audits	1.097.380	10.284
Errors not corrected in value based audits	22.488	205.655
Uncorrected error rate	0,05%	3,44%
% audited including value and risk based audits	11,08%	13,74%
% not audited	88,92%	86,26%
Residual error rate = (% audited * uncorrected error rate) + (% non audited * detected error rate)	2,38%	3,59%

Table: Multi-annual Residual Error rate COSME and Consumer programme 2014-2020

The COSME programme is composed of Enterprise Europe Network actions (EEN) and COSME actions, the latter representing one third of the COSME programme budget. The sampling applied by EISMEA on a multi-annual basis reflects this distribution.

Audits of the COSME programme started in 2017. In 2018, following the results of the first audit campaign on 12 audits on COSME Action grants, the residual error rate was estimated at 5,45%. Although these results gave only a preliminary indication, at the early stages of the programme, of the error rate of the COSME programme as a whole, a reservation was issued, as the materiality threshold of 2% was exceeded.

In 2019, the audit sample was broadened by including COSME Network grants and reflected more accurately the programme overall. The multiannual residual error rate at programme level decreased down to 1,59% at the end of 2019. Consequently, the reservation was lifted, as the multi-annual residual error rate was below the materiality threshold of 2%.

In 2020, the results of the third audit campaign became available leading to the multi annual residual error rate of 2,96%. As the residual error rate was above the materiality threshold of 2%, a reservation was issued.

In 2021, the results of the fourth audit campaign became available. The mitigating actions put in place in 2020 to tackle the reservation had already a slight positive impact on the multi annual residual error rate of the programme at the end of 2021 ⁽²¹⁾, which evolved at 2,90%. However, the programme fell under the minimis rule, and the reservation issued in 2020 has been lifted.

Following the introduction of the reservation on the COSME programme, an action plan with mitigating measures was put in place already in 2020, which continued to be implemented until the end of the programme lifecycle.

In 2022, the results of the fifth audit campaign, reflecting the distribution at programme level and including both COSME Actions and COSME Network, became available. By the end of 2022, on a cumulative basis, EISMEA issued 95 final audit reports at programme level. The residual error rate of the programme at the end of 2022 evolved at 2,69%.

In 2023, the results of the sixth audit campaign became available. By the end of 2023, on a cumulative basis, EISMEA closed 115 audit reports at programme level. The residual error rate of the programme at the end of 2023 is 2,38%.

Following guidance from Central Services, as of the AAR 2019, EISMEA has calculated the COSME detected error rate against the sampled costs as a denominator rather than the full value of audited financial statements (as in AARs prior to 2019). The main impact of the change to the error rate calculation methodology leads to an increase in detected and residual error rates.

Since COSME is a multi-annual programme, the error rates, and especially the residual error rate, should be considered within a time perspective. Specifically, the cleaning effect of audits will tend to increase the difference between the cumulative detected error rate and the cumulative residual error rate, with the latter finishing at a lower value, once the audit closed within 2023 will be implemented.

Most of the ex-post findings relate to incorrect calculation of personnel costs and lack of supporting documents to substantiate the costs incurred.

⁽²¹⁾ Comprehensive results in terms of lower error rates are expected as from the 2022 AAR, as some of the measures described above will take time to produce a tangible impact.

This residual error rate above the materiality threshold is mainly due to inherent characteristics of the programme including:

- the set of eligibility rules (based on the reimbursement of actual eligible costs declared by the beneficiaries) as laid down in the basic act is not always fit for all types of beneficiaries;
- the profile of some beneficiaries of the programme such as "one-time beneficiaries" which are not used to EU funding rules, beneficiaries located in third countries with limited knowledge of EU rules, and small entities which do not have a robust financial management system in place;
- changes introduced in the MFF 2014-2020 (hourly rates were calculated based on two-year period in the past, while now they are to be calculated on financial years) were not updated in the cost reporting of beneficiaries with a lot of experience in EU funds;
- ex-ante controls within the COSME programme, similarly to Horizon 2020 ones, have been designed to strike a balance between a trust-based approach and a full-scale set of controls. This type of design of ex-ante controls did not allow the erroneous payments to be sufficiently prevented, detected and corrected.

Management actions taken to address these weaknesses include increased communication of eligibility rules to beneficiaries, reinforced risk-based ex- ante checks, and extension of the use of lump-sum financing. EISMEA continuously aims to reduce the error rates for the COSME programme. These mitigating measures were launched in 2020 and their impact led to reduction of the error rate (from 2,96% in 2020 to 2,38% in 2023).

The programme meets the cumulative criteria to fall below the "de minimis rule", therefore EISMEA does not make a quantified reservation. Details about the related calculations are shown in Annex 9.

Consumer Programme 2014-2020

In 2022, the EISMEA adapted the methodology to calculate the error rates for the Consumer programme ⁽²²⁾ in line with the methodology described in the Ex-Post Audit Strategy, used for COSME as well. By end of 2022, 14 audit reports have been finalised. The cumulative detected error rate calculated based on the errors stemming from the representative audits is 0,28%, while the residual error rate is 0,26%, compared to 0,45% in 2021.

By the end of 2023, EISMEA closed 21 audit reports. The cumulative detected error rate calculated based on the errors stemming from the representative audits became 3,61%, while the residual error rate is 3,59%,

⁽²²⁾ The Consumer programme was managed by CHAFEA until 01 of April 2021. CHAFEA included the results of the risk-based audits in the calculation of the error rates, considering it representative for the riskier strata of the payments.

The increase of the detected error rate is due to lack of sufficient and appropriate time records for staff not dedicated 100% to the project in case of two Beneficiaries audited as part of the representative sample. Although the programme lifecycle is coming to an end, communication regarding specific points of the Grant Agreement, such as the need for appropriate time records, has been strengthened.

The programme meets the cumulative criteria to fall below the “de minimis rule”, therefore EISMEA does not make a quantified reservation. Details about the related calculations are shown in Annex 9.

Standardisation 2014-2020

For the Internal Market and support to Standardisation activities, the audit cycle was closed at the moment the programme was transferred to EISMEA. The cumulative residual error rate of the programme is 0,35%.

Horizon 2020

1. Audit coverage

By the end of 2023, the Common Audit Service (CAS) in DG Research and Innovation audited 4 707 participations **of the Research and Innovation Family**, covering 60.6% of total H2020 expenditure to date.

The percentage of H2020 expenditure covered by the audits (60.6%) refers to the value of the participations of the audited beneficiaries. It includes both fully audited participations (3.8%), also referred to as the 'direct' coverage, and the non-audited participations, also referred to as the 'indirect' coverage, which after the full treatment of audit results, are clean from systemic errors (56.8%).

2. Efficiency of controls (additional indicators)

Completion rate of Horizon 2020 ex-post audits in 2023

The overall target for 2023 was 642 audited participations. By 31 December 2023, the audits of 648 participations were closed, (completion rate 100.9%).

Overall, the CAS has managed to finalise 4 707 audits on Horizon 2020 by the end of 2023.

3. Progress made on action plans to both reduce the error rate on Horizon 2020 and prevent a high error rate in Horizon Europe

Following an IAS audit on the implementation of the Action Plans for the reduction of the Horizon 2020 error rate and for simplifications to reduce the Horizon Europe error rate, and based on the original action plans agreed with central services, DG R&I has prepared in year 2022 a reprioritized Action Plan to both reduce the error rate on Horizon 2020 and prevent

a high error rate in Horizon Europe. The highest priority has been set on communication, both external and internal. Dedicated webinars and trainings addressed to beneficiaries, in particular most error prone beneficiaries, have been organized all along the year for both Horizon 2020 and Horizon Europe. Enhanced trainings on reporting and payments and audit implementation addressed to internal staff have also been organized as part of this communication plan and the Horizon Europe Ex ante controls guidance have been approved and published.

Regarding the increased use of simplified cost options, the European Court of Auditors has published a series of recommendations in its annual report. The Commission accepted most ECA recommendations regarding lump sum grants ⁽²³⁾ and started implementing them in line with the expected target dates (e.g., updated expert briefing, internal training, and internal guidance for call coordinators regarding the use of benchmarks and documenting the budget assessment).

Since the start of Horizon Europe, DG R&I has massively improved the support and guidance for lump sums. All relevant information is available online in one place for internal and external users, respectively. This includes all internal and external events of the information campaign. Tools and guidance are continuously improved following the feedback received, for example the detailed budget table and FAQs. In line with the action plan, the first significant wave of lump sum topics in Horizon Europe was launched in work programme 2023-2024, with lump sums accounting for up to 23% of the call budget in 2024. On this basis, DG R&I is proceeding with the roll-out of lump sums in Horizon Europe in the years to come. There is agreement that ERC Advanced Grants will use lump sums from 2024, and DG R&I and EISMEA have started to explore the use lump sums for European Innovation Council (EIC) grants. For the 2025 work programme, the Steering Board agreed that all programme parts should aim for a noticeable increase compared with the level of lump sums they had in 2024. The goal to reach 50% lump sums by 2027 was confirmed by Commissioner Ivanova, DG RTD, and by the HE Steering Board. Concerning the personnel unit costs scheme, the Commission decision was adopted early 2024 and IT tools and guidance are expected to be ready by Q2 2024. The unit costs wizard is ready and will only be launched when the IT implementation is ready and participants can request the new personnel unit cost.

Besides, a questionnaire on costs reporting on Horizon 2020 has been relaunched and the answers provided by beneficiaries have been analysed and led to the organisation of a new webinar on 'avoiding errors in other direct costs under H2020. Also, the development of a personnel costs wizard for Horizon Europe which will help beneficiaries declaring their personnel costs is well advanced and should be finalized by April 2024.

Finally, DG R&I is participating in a longer-term corporate project led by DG BUDG on the use of artificial intelligence and data analysis to prevent errors. The incorporation of

(23) Out of the four recommendations of the ECA, the Commission fully accepted three and partially accepted the fourth.

Artificial Intelligence in the corporate ARACHNE IT Tool will further improve risk scoring by using of Artificial intelligence/Machine Learning to develop algorithms that can forecast risks. The use of corporate ARACHNE will become obligatory for all Commission services from 2027 onwards. DG RTD participates actively in the working group for the formulation of the technical aspects of the corporate ARACHNE to confirm that artificial intelligence systems will be incorporated in the new tool successfully.

Control benefits

Stage 1

The agency estimates the benefits of the Stage 1 – programming, evaluation and selection of proposals at more than EUR 2.015 million.

In qualitative terms, the benefit of the evaluation and selection stage is the identification of proposals that best address the objectives and priorities of the work programmes which, thanks to their high maturity, have the best chances for successful completion within the eligibility period, and which provide the highest EU added value for the completion of the respective policy targets.

Control effectiveness ratios - proposals	EIC Pathfinder	EIC Transition Open EIC Transition Challenges	EIC Accelerator (HE)	European Innovation Ecosystems (HE)	Interregional Innovation Investments Initiative (ERDF)	SMP (SME Pillar)	Support to Standardisation	Consumers	TOTAL
Submitted proposals	1301	437	2775	655	96	162	36	71	5533
Inadmissible proposals	9	6	10	7	24	17	0	2	75
Ineligible proposals	27	26	1	8	12	14	1	1	90
Withdrawn/duplicate proposals	3	0	1	0	0	0	0	6	10
Eligible proposals	1262	405	2763	640	60	131	35	62	5358
Proposals selected for funding - "main" list	137	49	130	161	23	25	27	62	614
Proposals selected for funding - "reserve" list	15	0	N/A	26	5	7	0	0	53
Total selected proposals for funding	152	49	130	187	28	32	27	62	667
% success rate : number of selected (funded) vs eligible proposals	12,0%	12,1%	4,7%	29,2%	46,7%	24,4%	77,1%	100,0%	12,4%

Table 2: Control effectiveness ratios – proposals

Control effectiveness ratios - evaluation review requests	EIC Pathfinder	EIC Transition Open EIC Transition Challenges	EIC Accelerator (HE)	European Innovation Ecosystems (HE)	Interregional Innovation Investments Initiative (ERDF)	SMP (SME Pillar)	Support to Standardisation	Consumers	TOTAL
Proposals evaluated	1262	405	2763	640	60	131	35	62	5358
Evaluation review requests received	38	12	85	20	2	2	1	0	160
Evaluation review requests leading to a re-evaluation (<i>target <=1</i>)	0,00	0,00%	3	0	0	0	0	0	3
% of evaluation review requests vs proposals evaluated (<i>target < 3%</i>)	3,01%	2,96%	3,08%	3,13%	3,33%	1,53%	2,86%	0,00%	3,0%
% of review requests leading to re-evaluation vs proposals evaluated	0,00%	0,00%	0,11%	0,00%	0,00%	0,00%	0,00%	0,00%	0,06%

Table 3: Control effectiveness ratios – evaluation review requests

For the delegated programmes the Agency received a number of evaluation review requests ranging from 1.53% to 3.33% of the number of proposals evaluated. The highest numbers were for Interregional Innovation Investments Initiative (ERDF) (3.33%), EIC Accelerator (3.08%) and EIC Pathfinder (3.01%). These requests led to re-evaluations for EIC Accelerator (0.11%) but to none for ERDF and EIC Pathfinder. Despite these re-evaluations, we can consider that grant award process and assurance on the effectiveness of the internal control system are present and functioning well. .

Control effectiveness ratios - calls	Future and Emerging Technologies (FET) (legacy)	EIC Pathfinder	FET Innovation launched - Transition to Innovation (legacy)	EIC Transition Open EIC Transition Challenges	Fast Track to Innovation (FTI) (legacy)	EIC-SME Instrument Phase 2; EIC Accelerator Pilot (legacy)	EIC Accelerator (HE)	EIC Prizes	Innovation in SMEs programme (INNOSUP) (H2020) (legacy)	European Innovation Ecosystems (HE)	Interregional Innovation Investments Initiative (ERDF)	COSME (legacy)	SMP (SME Pillar)	Support to Standardisation (legacy)	Support to Standardisation	Market Surveillance	Consumers (legacy)	Consumers
% number of calls successfully launched / number of calls planned in the (revised) AWP	0%	100%	0%	100%	100%	100%	100%	100%	0%	100%	100%	0%	90%	0%	80%	100%	0%	100%
% of budget value implemented / budget allocated (for commitments from calls 2022 managed in 2023)	100,0%	100,0%	100,0%	85,7%	100,0%	100,0%	100,0%	100,0%	100,0%	96,5%	98,4%	100,0%	97,8%	100,0%	100,0%	100,0%	100,0%	96,2%
% of budget value implemented / budget allocated (for commitments from calls 2023 managed in 2023)	0,0%	100,0%	0,0%	100,0%	0,0%	0,0%	100,0%	100,0%	0,0%	100,0%	100,0%	0,0%	100,0%	0,0%	100,0%	100,0%	0,0%	100,0%

Table 4: Control effectiveness ratios – Stage 1

The budget has been implemented to 100% for most calls except for the EIC Transition (85.7%), the European Innovation Ecosystems (96.5%), the ERDF (98.4%), SMP (COSME Pillar) (97.8%) and Consumer Programme (96.2%).

Stage 2

The financial impact of the adjustment process is defined as the reduction, expressed as a percentage, of the EC contribution to the grant agreements as a result of the adjustment process itself. Detailed figures are shown below:

Financial impact of the adjustment process	EIC Pathfinder	EIC Transition Open EIC Transition Challenges	EIC Accelerator (HE)	European Innovation Ecosystems (HE)	Interregional Innovation Investments Initiative (ERDF)	SMP (SME Pillar)	Support to Standardisation	Consumers (legacy)	Consumers	TOTAL
Number of GA signed	128	49	179	161	23	42	27	26	3	638
EC funding requested in proposals	€438.827.159	€116.387.084	€1.065.552.634	€26.655.536	€75.798.693	€67.665.807	€13.220.262	3.001.184,28	3.916.205,30	€1.811.024.564
EC funding provided in signed GA	€413.127.207	€116.117.784	€1.067.771.095	€26.640.534	€75.771.130	€67.665.807	€13.220.262	3.001.184,28	3.916.205,30	€1.787.231.208
Difference EC funding	€25.699.952	€269.300	-€2.218.461	€15.001	€27.564	€0	€0	€0	€0	€23.793.357
Reduction rate	5,86%	0,23%	-0,21%	0,06%	0,04%	0,00%	0,00%	0,00%	0,00%	1,31%

Table 5: Control benefit – Stage 2

For the new SMP (SME pillar), the adjustment rate is 0%. Within this process applicants are requested, when applicable, to justify and provide more information on some cost items.

In the case of the Horizon Europe programmes, given that no adjustment phase is foreseen, the difference between the recommended funding and the final awarded grant usually is very limited. However, given the association agreement with UK enters into force only in 2024, some successful proposals with UK participants that were offered a choice during the grant preparation: either they are funded by the UK (resulting in a reduction of EU funding), or the tasks and the corresponding funding are redistributed among the other beneficiaries.

For EIC Accelerator, figures are shown only for the grant component (for signed contracts). Furthermore, the difference between EC funding requested in proposals and EC funding provided in signed GAs is negative (EUR –2.218.461) as some grants were signed in 2023 from call for proposal launched in 2022. It artificially lowers the quantifiable benefit of stage 2.

Stage 3

Detected errors ex-ante controls	Future and Emerging Technologies (FET) (legacy)	EIC Pathfinder	FET Innovation Launchpad Transition to Innovation (legacy)	Fast Track to Innovation (FTI) (legacy)	EIC SME Instrument Phase 2; EIC Accelerator Pilot (legacy)	EIC Accelerator (HE)	Innovation in SMEs programme (INNOSUP) (H2020) (legacy)	COSME (legacy)	SMP (SME Pillar)	Support to Standardisation (legacy)	Consumers (legacy)	Consumers	TOTAL
value of cost claims controlled ex-ante	82.331.276	1.008.000	7.558.616	24.423.825	203.523.943	6.842.923	17.325.140	7.987.233	212.448	1.307.379	261.892	101.160	353.430.442
value rejected costs	8.557.156	3.426	453.610	5.415.126	44.060.297	895.058	1.528.914	1.443.895	18.895	66.082	31.082	6.300	62.480.400
% detected errors ex-ante controls	10,33%	0,34%	6,00%	22,17%	21,65%	13,08%	8,53%	18,08%	8,89%	5,05%	11,87%	6,82%	17,68%

Table 6: Control benefit – Stage 3

The ex-ante controls aim to identify and prevent irregularities, allowing for immediate correction and avoid time-consuming recovery actions. As can be concluded from the table, the ex-ante controls result in a considerable amount of detected errors and rejected costs in the cost claims submitted by the beneficiaries for a total value of more than EUR 62 million for programmes managed by the Agency. This can be considered as a quantifiable benefit of the monitoring phase in 2023.

The benefits of ex-ante control stages 1, 2 and 3 are quantified by the reduction of funds awarded during the contracting procedure, equal to EUR 2.101 million.

Stage 4

The benefits of Stage 4 – ex-post controls correspond to the detected errors within the audit reports closed in the year, which amount to EUR 295,992 for COSME and Consumer programmes.

In addition, there are a number of qualitative benefits resulting from ex post controls:

- Ex-post controls have a deterrent and learning effect for beneficiaries, helping to reduce errors in future cost declarations.
- It enhances the beneficiaries’ discipline for correctly reporting eligible costs by demonstrating that their probability to be audited is not negligible.

- It also contributes to the improvement of ex-ante controls and clarification of rules and guidance by feeding back results and findings from ex-post audits.

As regards Horizon 2020, the audits are performed by the Common Audit Service. Please refer to DG R&I AAR for more details.

Efficiency

Control efficiency stage 1 and 2

Control efficiency - Average time to inform (TTI)	EIC Pathfinder	EIC Transition Open EIC Transition Challenges	EIC Accelerator (HE)	European Innovation Ecosystems (HE)	Interregional Innovation Investments Initiative (ERDF)	SMP (SME Pillar)	Internal Market and Support to Standardisation	Consumers
Target TTI	153	120	120	153	183	183	183	183
Result TTI	151,8	106,8	128,2	176,1	148,7	85,0	92,2	107,4

Table 7: Control efficiency Stage 1 – average time to inform

Control efficiency - Average time to grant (TTG)	EIC Pathfinder	EIC Transition Open EIC Transition Challenges	EIC Accelerator (HE)	European Innovation Ecosystems (HE)	Interregional Innovation Investments Initiative (ERDF)	SMP (SME Pillar)	Internal Market and Support to Standardisation	Consumers
Target TTG	245	183	245	245	274	274	274	274
Result TTG	240,1	180,3	214,8	244,9	276,1	202,7	216,3	249,0

Table 8: Control efficiency Stage 2 –average time to grant

All programmes met their TTI target except EIC Accelerator and EIE (HE). For EIC Accelerator, the main reason is the change in the submission system, the unplanned move to SEP created delays in the evaluation process.

For EIE, there was only one Project Officer assigned to the evaluation preparation task while the number of proposals received was very high. Furthermore, the ranking list approval by the parent DG took longer than expected.

All programmes met their TTG target except ERDF. The main reasons are the long two steps evaluation process, the complex detailed budget tables to analyse and the financial capacity assessments for multiple non-public entities to perform. It is to be noted however that the result (276.1 days) is only slightly above the target (274 days).

Control efficiency Stage 3

Control efficiency - Average time to pay	Future and Emerging Technologies (FET)	EIC Pathfinder	FET Innovation Launchpad - Transition to Innovation	EIC Transition Open EIC Transition Challenges	Fast Track to Innovation (FTI)	EIC SME Instrument Phase 2	EIC Accelerator Fund (HE)	EIC Accelerator (HE)	EIC Prizes	Innovation in SMEs programme (INNOV4UP) (H2020)	European Innovation Ecosystems (HE)	Interregional Innovation Investments Initiative (ERDF)	COSME	SMP (SME Pillar)	Internal Market and Support to Standardisation	Market Surveillance	Consumers	Consumers
Average time to pay: % of payments within the legal deadlines (number)	100,00%	97,01%	100,00%	97,96%	97,73%	96,44%	0,00%	98,75%	83,78%	100,00%	99,58%	100,00%	100,00%	95,49%	100,00%	100,00%	100,00%	100,00%
Average time to pay: % of payments within the legal deadlines (amount)	100,00%	99,98%	100,00%	99,98%	99,84%	97,73%	0,00%	99,69%	99,90%	100,00%	99,82%	100,00%	100,00%	97,88%	100,00%	100,00%	100,00%	100,00%

Table 9: Control efficiency Stage 3 – Average time to pay

Control efficiency Stage 4

- Ex-post audits carried out

Programme	Audit reports contracted earlier, still open at 01/01/2023	Audit reports launched in 2023	Final audit reports issued by 31/12/2023	Status of the on-going audits as of 31/12/2023			
				Fieldwork planned	Prepare the draft report	Draft report under review	Report under contradictory
Programmes part of MFF 2014-2021							
COSME	12	28	20	2	9	6	3
CP	9	1	7	0	0	1	2
TOTAL	21	29	27	2	9	7	5

Table XX: Overview of audits

For **COSME**, the Agency closed all 12 audits contracted in 2021 and 2022 still open at the beginning of 2023.

In addition, the Agency launched six new batches in 2023, totalling 28 audits. Two audits are finalised, for three audits the reports are in the stage of the contradictory procedure, six reports are under quality review, nine audit reports are under preparation by the external audit firm and for two audits the fieldwork is planned for Q1 2024.

All 20 on-going audits are to be finalised in 2024.

For the **Consumer Programme**, the Agency closed seven out of the nine audits contracted in 2021 and 2022 still open at the beginning of 2023. Two out of the remaining reports are under contradictory procedure.

In addition, the Agency launched one new batch in 2023, for one risk based audit. The report is under quality review and will be finalised in 2024.

Completion rate of Horizon 2020 ex-post audits in 2023

The overall target for 2023 was 642 audited participations. By 31 December 2023, the audits of 648 participations were closed, (completion rate 100.9%).

Overall, the CAS has finalised 4 707 audits on Horizon 2020 by the end of 2023.

- **Implementation of audit results**

Implementation of audit results excluding targeted audits (ex-post controls 2014- 2023)	COSME	CP
% of value-audits results implemented over detected errors	97,99%	4,76%
detected error amount	1.119.868 €	215.939 €
errors corrected (before 31.12.2023)	1.097.380 €	10.284 €

There is a time lag between the start of the project, the payments, audits performed and recoveries made. Projects managed by the Agency are multiannual and involve payments at different stages.

For the legacy programmes, the audits were mainly carried out after the final payments. Corrections are then implemented timely, issuing recovery orders.

For COSME, by the end of 2023, on a cumulative basis from the beginning of the programme, 97,99% of the detected errors in value-based audits is recovered.

For the Consumer Programme, by the end of 2023, on a cumulative basis 4,76% of the detected errors in value-based audits is implemented. This is mainly due to the fact that implementation is still ongoing for two audit reports, with substantial errors, which were closed in late 2023.

The following tables illustrate the implementation of the audit results and extensions:

Number of implemented AURI (cumulative from start of MFF)

EISMEA	Audit results processed	% of audit results processed	Audit results pending	% of audit results pending	Total
Audits	211	86,12%	34	13,88%	245
Extensions	111	86,72%	17	13,28%	128
Total	322	86,33%	51	13,67%	373

Time to implement closed AURI in a financial year

EISMEA	0-6 months	% within 6 months (0-6 months)	above 6 months	% above 6 months	total
Closed projects	24	60,00%	16	40,00%	40
Negative adjustments with recovery	2	16,67%	10	83,33%	12
Negative adjustments without recovery	1	20,00%	4	80,00%	5
Positive or zero adjustments	21	91,30%	2	8,70%	23
Ongoing projects	21	100,00%	0	0,00%	21
Negative adjustments	11	100,00%	0	0,00%	11
Positive or zero adjustments	10	100,00%	0	0,00%	10
Total	45	73,77%	16	26,23%	61

Control results for the Investment component of the EIC Fund

The EIC Fund receives an annual amount from the EIC Work Programme budget to cover administrative expenses and fees. This administrative budget covers the operation and administration expenses of any investment. These costs include any cost in relation to the acquisition, ownership or realisation of the investments. The administrative budget covers, among others, the fees payable to the EIC Fund Manager, other service providers, advisory, compensations to external experts, depositary and administrative agent fees, accounting, auditors, compliance procedures, communication and marketing, litigation or arbitration, statutory or regulatory fees, insurance premiums, taxes and other governmental charges and any other operational and administration costs and expenses as required. This budget should on average not exceed 10 % of the budget transferred for investments purposes.

2. Table Y on the estimated “cost of controls” at Commission level

Table Y - Overview of DG’s/EA’s estimated cost of controls at Commission (EC) level:

EISMEA	Ex ante controls***			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Relevant Control System (RCS) / Other as defined in Annex 6 of the AAR*	EC total costs	related payments Made	Ratio (%)** (a)/(b)	EC total costs	total value verified and/or audited	Ratio (%) (d)/(e)	EC total estimated cost of controls (a)+(d)	Ratio (%)** (g)/(b)
H2020 / Horizon Europe	14.966.216,82 €	1.360.764.553,41 €	1,10%	25.824,55 €	- €	0,00%	14.992.041,37 €	1,10%
Non-H2020/Horizon Europe (SMP/ERDF)	7.430.887,60 €	260.457.082,02 €	2,85%	794.207,75 €	10.275.812,48 €	7,73%	8.225.095,35 €	3,16%
Other - not attributable to a single RCS (finance + overheads)	9.315.311,51 €	- €	0,00%	- €	- €	0,00%	9.315.311,51 €	0,00%
OVERALL total estimated cost of control at EC level for expenditure	31.712.415,93 €	1.621.221.635,43 €	1,96%	820.032,30 €	10.275.812,48 €	7,98%	32.532.448,23 €	2,01%

Compared to 2022, the ratio of estimated cost of control for non-Horizon programmes at EISMEA decreased from 4.1% to 3.08%. This is mainly due to the fact that the volume of

payments made have increased whilst the estimated cost of control (in both ex ante and ex post stages) decreased.

Details of the estimated cost of controls related to shared/pooled control activities carried out by REA and hosted by DG RTD (Common Implementation Centre including Common Audit Service) for the Research and Innovation family are reported in the Annual activity reports of REA and RTD. In that respect, the amount of €25 824.55 in the table above does not refer to ex post controls performed by the Agency as the ex post control on H2020/HE programmes is managed by the CAS. This amount refers to the cost of the Agency Audit Liaison Officers involved in the validation of the audit reports .

It is to be noted that EISMEA has non-expenditure items, which represent the current financial assets (€123 854 371 as included in the Table 4 of the Annex 3). These relate to cash surpluses which are not needed in the short term for investments of the EIC Fund and therefore placed in the interest bearing EIB Unitary Fund. The Agency did not report it in this section due to the nature of EIC Fund.

ANNEX 8: Specific annexes related to "assessment of the effectiveness of the internal control systems"

Main outputs in 2023			
Output	Indicator	Target	Result
<p>Timely and qualitative analysis of annual Internal control effectiveness assessment</p>	<p>Review of the status of the control system</p>	<p>Weak and/or inefficient control systems are reviewed and measures for next year are identified</p>	<p>Based on an analysis of the results of the Internal Control survey, it was concluded that while the controls in place are mostly working effectively, some need improvements (overall, 78% of management and 72% of staff respondents answered positively in the survey which are less favourable results than in 2022). According to the survey results, the best performing principles, among management and staff combined, are ICP 8 “fraud risk assessment” (98.5%) and ICP 7 “risk analysis and identification” (90%). On the other hand, the ICP 1 “commitment to integrity and ethical values”, ICP 3 “establishment of structure, authority and responsibility” and ICP 9 “change assessment” need further improvement in 2024 as they scored 67.2%, 63.5% and 60.5% respectively. EISMEA developed an action plan for 2024 to tackle the weaknesses identified in the qualitative analysis of the survey results. Among others, these include actions related to the feedback on internal communication action which will be carried out by the Internal Communications and Corporate Culture Team (including review of the Agency’s internal communications strategy), rapidly responding to any requests to inform staff of any changes, systematically recording and uploading Town Hall meetings on the intranet giving full information and transparency to all staff; the managerial excellence package will include a training on trust for managers. Furthermore, a training will also be rolled out for all staff on the foundations for trust; Following the move to the Dynamic Collaborative Space offices, an office etiquette exercise is ongoing with the Unit Ambassadors - the results will be promoted once finalised; Working groups for the organisation of the Workspace including IT Tools will be established; by the end of 2024, 95% of staff will have clearly defined SMART objectives (objectives are set during the annual appraisal exercise or within 15 days of entry into service); an info-session dedicated to the creation of objectives in SYSPER will be organized in Q1 2024; a Competency Framework will be redrafted in EISMEA to provide information on the competencies necessary per profiles, aligned to the other Executive agencies practices, in order to be included in the self- assessment tool; The information on EISMEA Intranet linking to DIGIT resources on IT collaboration tools, Microsoft 365 SharePoint will be updated; EU Learn trainings related to the IT tools available at the Agency will be promoted; a new concept of the Idea LAB was finalised in 2023. The Idea LAB will be re-launched in 2024.</p>

Main outputs in 2023			
			<p>The Agency also took into account the preliminary results of the Staff survey. Based on the results, the ICP 1, 3, 4 “commitment to competence”, 5 “enforcement of accountability” and 14 “internal communication” need improvements in 2024. An action plan on the level of the agency will be put in place to tackle the detected weaknesses, based on a collective answer of the staff as well as all levels of management once the detailed staff survey results are available.</p> <p>For the Internal Control Assessment, EISMEA used the following sources:</p> <ol style="list-style-type: none"> i. results of an internal control survey for staff and managers, ii. monitoring of the Internal Control Monitoring Criteria iii. follow up on the implementation of the actions in the action plan based on the internal control self-assessment iv. conclusions on the registry of exceptions and non-compliance events recorded during the year, v. results of the risk assessments and related action plan, vi. relevant audit results, vii. results of the monitoring of the anti-fraud action plan. and viii. declarations of assurance by Authorising Officers by sub-delegation. <p>Based on the above-mentioned sources, EISMEA concluded that the ICF in the Agency works overall effectively but the ICP 1, 3, 4, 5, 9 and 14 need some improvements.</p>
<p>Report on issues linked to audit, internal control, antifraud activities are part of the mid-year and annual activity report to parent DGs and Steering Committee</p>	<p>Report is available (Y/N)</p>	<p>Mid-year Report (30/06/2023) Annual Activity Report (31/03/2024)</p>	<p>The reports included all relevant information were submitted on time and are available.</p>

Main outputs in 2023

<p>Business Continuity</p>	<p>Review of the status of Business Continuity</p>	<p>Business Continuity is reviewed, measures for the next year are identified</p>	<p>EISMEA updated its list of Priority functions in the NOAH IT corporate tool. All the changes related to the Priority functions were introduced in the Business Continuity Plan (BCP) and its annexes. To ensure business continuity in crisis situations, EISMEA set up a network of Duty Officers that is fully operational. In 2023, all EISMEA Duty Officers participated in an info session explaining practical details of the role. During the year, they were reminded of the correct procedure to follow in case of an emergency.</p> <p>In addition, EISMEA participated in the corporate cascade exercise. While the results of the exercise show that almost everybody in the Agency was reachable within the set deadline, all units were encouraged to further improve their cascades. EISMEA will build on the lessons learned from the exercise and further aim to strengthen the preparedness of the Agency for a potential crisis.</p> <p>In line with the BCP, EISMEA continuously monitored that all the Priority functions and their backups are logged into the relevant corporate NOAH IT tool. Moreover, the Agency monitored on a weekly basis if staff contact details were encoded in the corporate tool Sysper to avoid issues in emergency cases.</p> <p>Following the move of EISMEA to the North Light building, the Agency started to work on the update of the BCP. A working group with two other Executive Agencies (REA, EACEA) concerned by the move to the North Light building was created and information regarding the building management were shared on a regular basis. The update of the BCP and its annexes will be finalised in 2024.</p>
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Main outputs in 2023			
<p>Monitoring of exceptions and non-compliance events</p>	<p>Review of the register of the exceptions and non-compliance events in 2023</p>	<p>All deviations are duly reported, subsequent action plans are followed-up on</p>	<p>EISMEA recorded all cases of non-compliance reports and exception requests in the internal register. 16 cases were registered throughout the year, (nine non-compliance events and seven exceptions requests). For each semester of 2023, EISMEA prepared an overview analysis of the reported deviations during the timeframe to make sure that all the action plans were properly followed up. The Agency raised awareness about the deviations, including the presentations at management meetings. To tackle repetitive causes of non-compliance events, a training on expenditure lifecycle was made obligatory for newcomers. An update of the guidance on reporting of exceptions and non-compliance events, clarifying the process and simplifying the workflow will be finalized and published in the first semester of 2024 with training sessions organised for staff.</p>
<p>Internal Control awareness raising and communication activities</p>	<p>Review of the internal control awareness raising and communication activities</p>	<p>Communication and awareness raising activities are reviewed, measures for the next year are identified</p>	<p>A Manual of Procedures that was initially published in 2022 was further maintained and updated in 2023, notably implementing several corrective actions following the recommendations of the DG IAS audit on Design and early implementation of the EIC. This electronic manual is a single repository of all EISMEA's working processes and procedures, codified and presented in a concise and clear manner, together with models and templates. It is a vital resource to help all staff members to perform their everyday tasks with clarity, certainty and efficiency. It also serves as useful guidance for newcomers to the Agency. The manual and its contents were widely communicated to management and staff.</p> <p>As a part of the Agency's internal communication activities, the Control team presented its work and role to the Agency, highlighting at the same time the importance of Internal Control. During the campaign on the EISMEA values, a special quiz was created around the value of integrity to raise awareness about Internal Control work and procedures in the agency (reporting of deviations, risk assessment, business continuity and DG IAS).</p>

ANNEX 9: Specific annexes related to "Control results" and "Assurance: Reservations"

DG EISMEA	Payments made	Relevant expenditure	Estimated risk (error rate %) at payment		Estimated future corrections and deductions		Estimated risk (error rate %) at closure	
	m EUR	m EUR	m EUR	%	m EUR	%	m EUR	%
Horizon Europe Financial Instruments	400.00	400.00	2.00	0.50%	0.00	0.00%	2.00	0.50%
Horizon Europe Grants	795.55	49.84	1.00	2.00%	0.00	0.00%	1.00	2.00%
Horizon Europe Others	19.38	15.68	0.08	0.50%	0.00	0.00%	0.08	0.50%
Horizon Europe Pilot Projects Others	0.19	0.19	0.00	0.50%	0.00	0.00%	0.00	0.50%
H2020 Grants	140.36	639.99	16.45	2.57%	2.56	0.40%	13.89	2.17%
H2020 Others	5.28	6.14	0.03	0.50%	0.00	0.00%	0.03	0.50%
COSME MFF 2014-2020 Grants	12.54	29.63	0.79	2.67%	0.01	0.03%	0.78	2.64%
COSME MFF 2014-2020 Others	9.81	10.45	0.05	0.50%	0.00	0.00%	0.05	0.50%
SME MFF 2021-2027 Grants	137.54	39.24	0.20	0.50%	0.00	0.00%	0.20	0.50%
SME MFF 2021-2027 Others	11.14	10.92	0.05	0.50%	0.00	0.00%	0.05	0.50%
Consumer MFF 2014-2020 Grants	0.26	1.27	0.05	3.61%	0.00	0.03%	0.05	3.58%
Consumer MFF 2014-2020 Others	1.17	1.17	0.01	0.50%	0.00	0.00%	0.01	0.50%
Consumer MFF 2021-2027 Grants	10.40	6.50	0.03	0.50%	0.00	0.00%	0.03	0.50%
Consumer MFF 2021-2027 Others	4.01	4.01	0.02	0.50%	0.00	0.00%	0.02	0.50%
Market surveillance MFF 2021-2027 Grants	0.78	0.00	0.00	0.50%	0.00	0.00%	0.00	0.00%
Market surveillance MFF 2021-2022 Others	0.14	0.14	0.00	0.50%	0.00	0.00%	0.00	0.50%
Standardisation MFF 2014-2020 Grants	6.03	9.95	0.08	0.80%	0.00	0.00%	0.08	0.80%
Standardisation MFF 2021-2027 Grants	11.92	2.42	0.01	0.50%	0.00	0.00%	0.01	0.50%
SMP Pilot projects Grants	1.50	0.00	0.00	0.50%	0.00	0.00%	0.00	0.00%
ERDF MFF 2021-2027 Grants	53.04	0.00	0.00	0.50%	0.00	0.00%	0.00	0.00%
ERDF MFF 2021-2027 Others	0.19	0.19	0.00	0.50%	0.00	0.00%	0.00	0.50%
Sub-total	1 621.22	1 227.74	20.85	1.70%	2.57	0.21%	18.28	1.49%
operating budget	46.60	46.60	0.23	0.50%	0.00	0.00%	0.23	0.50%
total EA (operational + operating)	1 667.82	1 274.33	21.08	1.65%	2.57	0.20%	18.51	1.45%

Table X : Estimated risk at payment and at closure (amounts in EUR mios)

Notes to the table X

(1) Relevant Control Systems [if possible] differentiated per relevant portfolio segments and at a level which is lower than the total.

(2) Payments made or equivalent, e.g. expenditure registered in the Commission's accounting system, accepted expenditure or cleared pre-financing. In any case, this means after the preventive (ex-ante) control measures have already been implemented earlier in the cycle.

In all cases of Co-Delegations (Internal Rules Article 3), "payments made" are reported by the Delegated departments. For Cross-SubDelegations (Internal Rules Article 12), the reporting remains with the Delegating departments.

(3) New pre-financing actually paid by out by the department itself during the financial year (i.e. excluding any pre-financing received as a transfer from another department). as per note 2.5.1 to the Commission annual accounts thus excluding "Other advances to Member States" which are covered on a purely payment-made basis (note 2.5.2). Pre-financing paid/cleared" are always covered by the Delegated departments, even for Cross-SubDelegations.

Retentions: in Cohesion, the 10% retention applied during the year.

(4) Pre-financing actually cleared during the financial year (i.e. their 'delta' in the Financial Year 'actuals', not their 'cut-off' based estimated 'consumption').

Retentions: in Cohesion, the retentions released during the year by the Commission.

(5) For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to legality & regularity errors (see the ECA's Annual Report methodological annex 1.1), our concept of "relevant expenditure" includes the payments made, subtracts the new pre-financing paid out [& adds the retentions made], and adds the pre-financing actually cleared [& subtracts the retentions released; and any deductions of *expenditure made by MS*] during the FY. This is a separate and 'hybrid' concept, intentionally combining elements from the budgetary accounting and from the general ledger accounting.

(6) In this column, we disclose the detected error rates or equivalent estimates.

For low-risk types of expenditure, where there are indications that the equivalent error rate might be close to 'zero' (e.g. administrative expenditure, payments of experts, prizes), we used the rate of 0.5% as a conservative estimate

(8) The historical average of recoveries and financial corrections (ARC) received from the central services is 0,17%. However EISMEA has used as an adjusted average of recoveries and financial corrections (ARC), for grant management expenditure, the value of 0,03% for all programmes but Horizon 2020 and Horizon Europe. This estimation of the recovery capacity is based on average of recoveries stemming from implementation of ex-post audit results during the period 2021-2023 divided by average payments for grants for the same period. For H2020 and Horizon Europe, in line with the Research and Innovation family, EISMEA adjusted this value for grant management expenditure and used as best estimation the difference between the family representative error rate for the full sample (2,57%), and the EISMEA residual error rate (2,17%). For other types of expenditures (procurement, experts, and operating budget), we assumed that the ex-post future corrections would be 0%.

The average amount of the implemented corrections over the past 3 years (2021-2023) is 1,02 million euros (0,09% of the average amount of relevant expenditure of that period), compared to an average amount of estimated future corrections during the same period of 2,32 million euros (0,19% of the average amount of relevant expenditure of that period). The deviation of 0,10% between the two averages is considered marginal can be attributed to a significant

decrease of the number of audits closed within the past two years due to approaching the end of the implementation of the ex-post audit strategy for the MFF 2014-2020.

(9) The EIC Fund (Horizon Europe Financial Instruments) is managed in indirect management since the 01/01/2024 following the third EC Decision on EIC Fund. In 2023, the EIC Fund was managed in a hybrid mode as detailed in the EC Decision C_2022_2408. In the framework of the AAR, EISMEA considers it managed the EIC Fund in direct management

Reservations not issued or lifted in 2023 due to the application of the 'de minimis' threshold.

Since 2019⁽²⁴⁾, a 'de minimis' rule for financial reservations has been introduced. Quantified reservations related to residual error rates above the 2% materiality threshold are deemed not substantial for segments representing less than 5% of the Agency's total payments and with a financial impact below EUR 5 million. For the reporting year, EISMEA has identified 2 such cases:

1) For the COSME 2014-2020 grants segment, the multi-annual residual error rate at the end of 2023 was at 2,38%, above the materiality threshold of 2% for financial reservations. However, the cumulative conditions for the application of 'de minimis' rule are met, since the share of the segment represents has decreased to 0,75% of the total payments of the EISMEA and also, the financial impact is low, at EUR 0,71 million. In addition, the weaknesses identified are not considered significant in terms of possible reputational risks as well as in terms of monetary loss. The management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented . Considering all the above the EISMEA has decided not to issue a quantified financial reservation.

2) For the CONSUMER 2014-2020 grants segment, the multi-annual residual error rate at the end of 2023 was at 3,59%, above the materiality threshold of 2% for financial reservations. However, the cumulative conditions for the application of 'de minimis' rule are met, since the share of the segment represents has decreased to 0,02% of the total payments of the EISMEA and also, the financial impact is low, at EUR 0,05 million. In addition, the weaknesses identified are not considered significant in terms of possible reputational risks as well as in terms of monetary loss. The management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. Considering all the above the EISMEA has decided not to issue a quantified financial reservation.

Given the amounts involved, the application of 'de minimis' rule has marginal effect on the reservations of EISMEA for 2023.

(24) Agreement of the Corporate Management Board of 30/4/2019.

ANNEX 10: Reporting – Human resources, digital transformation and information management and sound environmental management

HR Management performance table

Objective: EISMEA employs a competent and engaged workforce and contributes to gender equality at all levels of management to effectively deliver on the agency's priorities and core business.			
Indicator 1 [mandatory]: ⁽²⁵⁾ Number and percentage of female representation in middle management ⁽²⁶⁾ Source of data: DG HR			
Baseline (female representation in middle management) 38% (5 out of 13) (13 includes a HoU vacant post)	Target 50 % by 2024 ⁽²⁷⁾	Latest known result 2023: 58% (7 out of 12)	
Indicator 2 [mandatory]: EISMEA staff engagement index Source of data: Commission staff survey			
Baseline: 69% (2021 EU Staff Survey)	Target 72%	Latest known result 58%	
Indicator 3: Occupation rate of the establishment plan Source of data: EISMEA/ Establishment Plan			
Baseline: 90% (2022)	Target (2023) 90%	Latest known result 2023: 84% ⁽²⁸⁾	
Main outputs in 2023:			
Output	Indicator	Target	Latest known result
BUILDING UP AND REACHING OUT			
Use of competency framework in recruitment process	Completion of competency-based assessments	September 2023	2023 priorities revised to focus on move to new building and re-organisation. This action to be revisited in 2024

⁽²⁵⁾ Seconded middle managers are part of the seconding DGs' staff: The responsibility for achieving the targets is at DG level. The agency is responsible for providing a regular overview to its parent DGs of the gender representation in middle management within the agency and coordinate between them.

⁽²⁶⁾ The functions of head of unit and head of department are hereby defined as middle management functions.

⁽²⁷⁾ 50% by 2024, in line with the Gender Equality Strategy 2020-2025.

⁽²⁸⁾ without including the agreed 13 FTEs transferred to the Commission following repatriation of certain EIC activities and a 14th FTE by applying budget neutrality.

Output	Indicator	Target	Latest known result
Induction Day	Number of sessions - one every 3 months.	4 completed by December 2023	2023 priorities revised to focus on move to new building and re-organisation. This action to be revisited in 2024
CREATING A NEW ORGANISATIONAL CULTURE			
Values campaign	Number of participants involved in activities	200 staff members participating in activities connected to two or more of EISMEA's six values.	150 staff participated in activities connected to two or more of EISMEA's six values.
Lunchtime talks	Number of talks, participation rate, feedback	7 talks in 2023, average of 70 participants per session, positive feedback via survey.	7 talks (6 lunchtime conferences connected to the values + 1 to celebrate International Women's Day), average of 50 participants per session, positive feedback received from Internal communication survey (Oct.2023)
Visit to innovative company	Number of visits	One visit in 2023	One visit with 16 participants
IMPLEMENTING A MODERN HR SERVICE			
Awareness raising on ethical rules	Ethics training for management HR-Awareness raising each quarter (by email or newsletter) Whistleblowing training session for all staff	Twice per year by December 2023 3 reminders by December 2023 2 times/ year by December 2023	0 – main focus in 2023 was on awareness-raising. 2 Emails reminders of ethics rules sent to EISMEA staff, circulated IDOC Report 2022 (due to re-organisation). No training on whistleblowing due to the re-organisation
360° appraisal of all EISMEA managers	Launch first batch of 360° appraisals	By April 2023	Launched in February 2023 and completed by September 2023

Output	Indicator	Target	Latest known result
PROMOTING GENDER BALANCE			
Performance management: Agency will roll out a full women talent programme (WTP)	Inter-Agency programme is available for EISMEA staff	2023 edition of WTP	Launched in September 2023. Five participants from EISMEA were selected.

Digital transformation and information management performance table

Objective: EISMEA is using innovative, trusted digital solutions for better information management and administrative processes to become a truly digitally transformed, user-focused and data-driven Agency

Indicator 1: Degree of implementation of the digital strategy principles by the most important IT solutions ⁽²⁹⁾

Source of data: EEN and EIC

Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known result
31% EEN	70% EEN	90% EEN	80% (2023)
40% EIC	72,64% EIC	95% EIC	80% (2023)

Indicator 2: Percentage of implementation of the corporate principles for data governance for [the agency's] key data assets

Source of data: EISMEA

Baseline	Interim milestone (2022)	Target (2024)	Latest known result
20%	50%	80%	70% (2023)

Indicator 3: Percentage of staff attending awareness raising activities on data protection compliance

Source of data: DPO and HR

Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known result
40% ⁽³⁰⁾	51% of staff in post for 6 months or longer trained during 2022	100% of staff in post for 6 months or longer	83% of staff trained during 2023

Main outputs in 2023:			
Output	Indicator	Target	Latest known result
Data protection awareness events, training sessions	Number of activities organised per year	four times per year	17 training sessions and awareness raising events organised in 2023, with in total 392 participants (out of which 286 EISMEA staff)

⁽²⁹⁾ The European Commission Digital Strategy (C(2018)7118) (<https://ec.europa.eu/transparency/regdoc/rep/3/2018/EN/C-2018-7118-F1-EN-MAIN-PART-1.PDF>) calls on Commission services to digitally transform their business processes by developing new innovative digital solutions or make evolve the existing ones in line with the principles of the strategy. At the beginning of the year N+1, the Solution Owner and IT Investments Team will assess the progress made for the selected solutions. For each of the 3 solutions, a table will reflect – per principle - the progress achieved during the last year.

⁽³⁰⁾ Estimated value at the entry into force of the Regulation (EU) 2018/1725 in December 2018.

Review of the agency's Data protection Action plan	Reporting to Director on the implementation of the agency's Data protection Action plan	once per year	DPO Reporting 2023
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Sound environmental management performance table

Objective: EISMEA takes full account of its environmental impact in all its actions and actively promotes measures to reduce the related day-to-day impact of the administration and its work			
Main results and outputs in 2023:			
I. More efficient use of resources (energy, water, paper)			
Output	Indicator	Target	Latest known result
Paperless working methods at EA level (such as paperless working: e-signatories, financial circuits, collaborative working tools) and staff awareness actions to reduce office paper use in line with the EMAS corporate action on resource efficiency (March) and/or raise awareness about EA's office paper use in collaboration with OIB where appropriate.	Number or % of staff informed Number of actions % reduction	Address all staff 1 Reduce paper consumption (10%) compared with previous year	No data available on paper-consumption as SB34 building is not yet EMAS certified Data not available to OIB.
Participation in the end of the year energy saving action, by closing down EA's buildings during the Christmas and New Year's holiday period. Number of buildings participating, % of DG buildings participating	Number of. new actions introduced	1 action per year	SB34 closed during and after the Christmas and New Year's holiday period, from 25/12/2023 - 05/01/2024.
II. Reducing CO₂, equivalent CO₂ and other atmospheric emissions			
Gradual increased use (and number) of VC meeting rooms in the EA, in collaboration with DG SCIC.	Number of VC meeting rooms	10	10
Staff awareness on digital pollution and gradual change of behaviours avoiding heavy emails, encouraging the use of ICT platforms, avoiding unnecessary storage of data.	Number of events organised	2	2

III. Reducing and managing waste			
Implement the EC Guidelines for sustainable meetings and events , e.g. reduce/eliminate single-use plastics, gadgets/gifts	Number of. events	100% of events following guidelines	100% of events following guidelines