



# Annual Activity Report 2022

REFORM – Department for Structural Reform  
Support

# Table of Contents

- DEPARTMENT REFORM IN BRIEF** ..... 3
- EXECUTIVE SUMMARY** ..... 4
  - A. Key results and progress towards achieving the Commission’s general objectives and department’s specific objectives ..... 4
  - B. Key performance indicators ..... 6
  - C. Key conclusions on financial management and internal control ..... 7
  - D. Provision of information to the Commissioner ..... 7
- 1. KEY RESULTS AND PROGRESS TOWARDS ACHIEVING THE COMMISSION’S GENERAL OBJECTIVES AND SPECIFIC OBJECTIVES OF THE DEPARTMENT ..... 8
- 2. MODERN AND EFFICIENT ADMINISTRATION AND INTERNAL CONTROL ..... 22
  - 2.1. Financial management and internal control ..... 22
    - 2.1.1. Control results ..... 23
    - 2.1.2. Audit observations and recommendations ..... 37
    - 2.1.3. Assessment of the effectiveness of internal control systems ..... 38
    - 2.1.4. Conclusions on the assurance ..... 39
    - 2.1.5. Declaration of Assurance ..... 42
  - 2.2. Modern and efficient administration – other aspects ..... 43
    - 2.2.1. Human resource management ..... 43
    - 2.2.2. Digital transformation and information management ..... 43
    - 2.2.3. Sound environmental management ..... 44
    - 2.2.4. Examples of economy and efficiency ..... 45

## DEPARTMENT REFORM IN BRIEF

The European Commission, under the presidency of Ursula von der Leyen, has committed itself to a positive agenda to support Member States boost the growth potential of their economies to the benefit of all societies, and to respond to the hardships and global energy market crisis caused by the ongoing Russian aggressive war against Ukraine. In the aftermath of the COVID-19 pandemic crisis and its socio-economic impact, effective implementation of structural reforms is vital to encourage investment, unlocking Member States' growth potential, and ultimately raising living standards.

The department for Structural Reform Support (**department REFORM**), over the third year of its full operation, continues to coordinate and provide technical support on demand to Member States for their reforms, including measures for the recovery and resilience of economies, linked also to green and digital transitions under the **Recovery and Resilience Facility (RRF)**<sup>1</sup> and the **RePowerEU Plan**<sup>2</sup>. The **Technical Support Instrument (TSI)**<sup>3</sup> is the EU programme through which department REFORM provides tailor-made technical expertise to Member States and constitutes an important pillar of the EU's initiative to help Member States address economic and social challenges. A video link is available [here](#).

The department is also responsible for strengthening the Commission's knowledge and coordination activities with Member States, as well as policy developments in the field of **governance and public administration**.

Since 2017<sup>4</sup>, department REFORM has been engaged in over 1500 support projects in all 27 EU Member States. The expertise necessary for each reform project may be provided either directly by the Commission through in-house expertise or by experts from EU Member States' national administrations, international organisations, private entities, or individual experts from the private sector.

Finally, the department coordinates the Commission's efforts to support the process for the reunification of Cyprus led by the United Nations. In this context, it is still responsible for the implementation of the **Aid Programme**<sup>5</sup> for the **Turkish Cypriot community (TCc)** and for monitoring the application of the Green Line Regulation.

In 2022 department REFORM included some 200 staff. Its headquarters are in Brussels; it has two decentralised offices in Nicosia (Cyprus) and Athens (Greece) and representative staff in Bucharest and Zagreb<sup>6</sup>.

---

<sup>1</sup> Regulation (EU) 2021/241 of the European Parliament and of the Council of 10 February 2021.

<sup>2</sup> COM(2022) 230 final.

<sup>3</sup> Regulation (EU) 2021/240 of the European Parliament and of the Council of 10 February 2021.

<sup>4</sup> In 2020 department REFORM took over the work previously carried out by the Structural Reform Support Service (SRSS) with the Structural Reform Support Programme (SRSP 2017-2020).

<sup>5</sup> Council Regulation (EC) No 389/2006 of 27 February 2006 establishing an instrument of financial support for encouraging the economic development of the Turkish Cypriot community.

<sup>6</sup> By 31 December 2022.

## EXECUTIVE SUMMARY

This annual activity report is a management report of the Director-General of department REFORM to the College of Commissioners. Annual activity reports are the main instrument of management accountability within the Commission and constitute the basis on which the College takes political responsibility for the decisions it takes as well as for the coordinating, executive and management functions it exercises, as laid down in the treaties<sup>7</sup>.

### A. Key results and progress towards achieving the Commission's general objectives and department's specific objectives

In 2022 department REFORM continued to support Member States' efforts to design and implement resilience-enhancing reforms; in the aftermath of the COVID-19 pandemic crisis, it contributed to the EU's ongoing economic recovery, by improving the quality of public services, supporting investment and helping to get the Member States back on the path of sustainable and inclusive growth. It also responds to addressing the emerging needs in the Member States to face the challenges stemming from the Russian invasion of Ukraine, notably the recent global energy market crisis and facilitate the application of sanctions caused by the Russian invasion of Ukraine by supporting efforts to end EU dependence on Russian fossil fuels and promoting energy efficient reforms. Department REFORM's activities contribute primarily to the achievement of the Commission's general objective, **'An economy that works for people'**.

To help Member States address their reform challenges, in 2022 department REFORM continued to steer, coordinate and implement technical support projects through the Structural Reform Support Programme (SRSP) and provide new tailored technical support—on demand—through the **TSI** for the design and implementation of institutional and administrative reforms.

In 2022, almost all the technical support projects selected for funding under TSI 2021 and 2022 are as a minimum on the ground (98% and 94% respectively). Almost 80% of the total annual credits for commitments and 71% of the payment credits of the technical support programmes were used. The results of the ex-post controls carried out in 2022, despite revealing still some few errors in the area of grant direct management, evidenced that controls implemented by the department are effective, leading to no residual error rate above the materiality level of 2% and no reservation (cf. part 2).

Department REFORM continued to build on its unique position and expertise so far developed, and ensured that, through TSI, it continues delivering high-quality support to address Member States' demands to settle long-standing bottlenecks and undertake key reforms for their economic, social and territorial resilience. The results of the annual round of technical support requests (TSI 2023) is promising with - 151 projects to satisfy 230 final selected requests from Member States (cf. specific objective 1.3).

The TSI is an important pillar of the Recovery Plan for Europe, the EU's initiative to help Member States mitigate the economic and social consequences of the COVID-19 pandemic crisis and the recent energy crisis triggered by the Russian invasion of Ukraine. The TSI directly supports Member States for the implementation of their Recovery and Resilience Plans (RRPs) and investment under RePowerEU Plan. Responding to arising needs, following

---

<sup>7</sup> Article 17(1) of the Treaty on European Union.

the amendment of the RRF Regulation, the department organised in 2022 a call on REPowerEU, specifically dedicated to this purpose.

Beyond the RRFs, department REFORM continued supporting Member States in the implementation of key EU priorities such as the green and digital transitions. Building on successful projects through traditional technical support under the TSI, some Member States have asked for further support through the transfer of national funds. (cf. specific objective 1.2). Moreover, the department launched an additional call for requests to support reforms to mitigate the impact of the Russian invasion to Ukraine, such as managing increasing flows of refugees fleeing war zones and supporting efforts to mitigate dependence on Russian fossil fuels and support Member States for the implementation of sanctions.

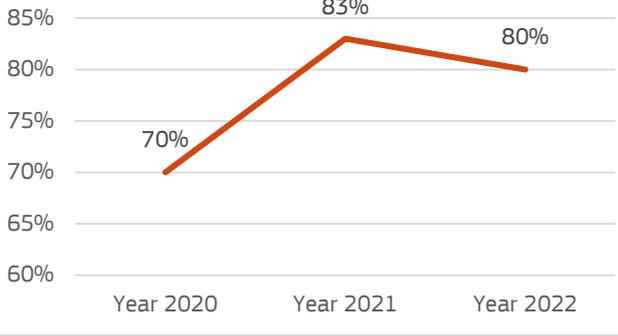
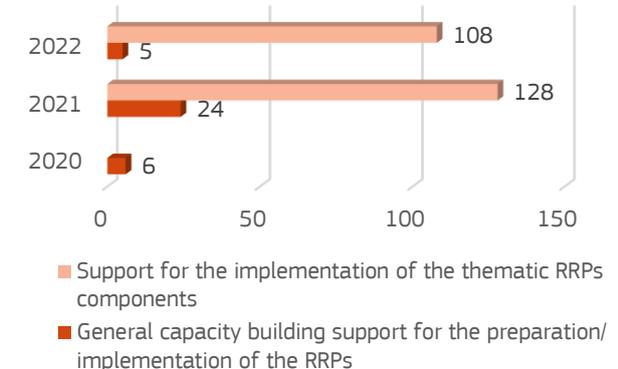
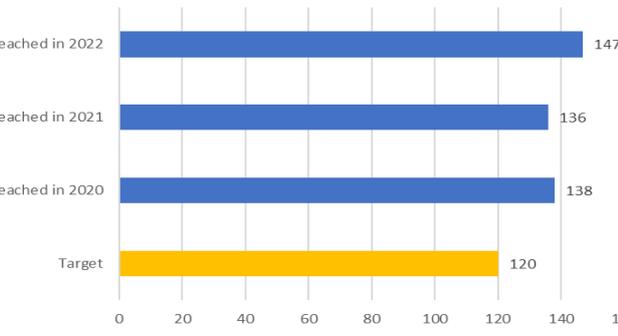
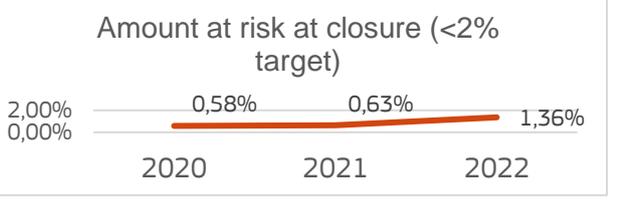
The high satisfaction feedback provided by Member States' coordinating authorities is a recognition of department REFORM's work, which motivates to do more and even better.

In 2022 the department focused on reinforcing its collaboration with Member States and among the Commission services to advance further the work on public administration and governance (PAG). The expert group on public administration and governance gathered representatives from public administrations in Member States to discuss common challenges and ways to address them. The Public Administration Cooperation Exchange (PACE) initiative was launched to enable exchanges of civil servants from national administrations in selected areas. Moreover, the Commission presented for the first time its analysis on public administration in the European Semester country reports, based on indicators from the assessment framework on public administration and governance (cf. specific objective 1.4).

The support of department REFORM to the Cyprus settlement achieved significant results contributing to build mutual trust between the two communities. The Green Line trade nearly tripled in volumes in 2022, reaching a record-high amount of EUR 14.7 million. Substantial progress was also made towards reaching the EU food and health safety standards for PDO-compliant Halloumi/Hellim cheese, which would eventually allow its trade across the Green Line. Once more, the commitment and payment targets were fully met. Despite the current political difficulties on the ground, the Aid Programme remains a successful initiative with high relevance and high added value for supporting the reunification of Cyprus (cf. specific objective 1.5).

Last, but not least, in 2022 the department developed a robust set of communication initiatives, such as the organisation of a high-level conference for the launch of the TSI 2023 call and the setting up of the network of the national coordination authorities.

## B. Key performance indicators

KPI indicators	Data –Year 2022 and evolution												
<p><b>KPI 1. (Specific objective 1.1)</b>  <b>% of technical support projects that produced the expected outcomes</b></p> <p><b>Target:</b> Maintained or increased  <b>Result:</b> 80%</p> <p><b>Source of data:</b> REFORM questionnaires to Member States after the projects' completion</p>	 <table border="1"> <caption>Data for KPI 1: % of technical support projects that produced the expected outcomes</caption> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Year 2020</td> <td>70%</td> </tr> <tr> <td>Year 2021</td> <td>83%</td> </tr> <tr> <td>Year 2022</td> <td>80%</td> </tr> </tbody> </table>	Year	Percentage	Year 2020	70%	Year 2021	83%	Year 2022	80%				
Year	Percentage												
Year 2020	70%												
Year 2021	83%												
Year 2022	80%												
<p><b>KPI 2. (Specific objective 1.2)</b>  <b>Number of technical support interventions for the preparation and/ or the implementation of the Member States' recovery and resilience plans (RRPs)</b></p> <p><b>Target:</b> ≥6; <b>Result:</b> 5</p> <p><b>Source of data:</b> REFORM</p>	 <table border="1"> <caption>Data for KPI 2: Number of technical support interventions for the preparation and/or implementation of the Member States' recovery and resilience plans (RRPs)</caption> <thead> <tr> <th>Year</th> <th>Support for the implementation of the thematic RRP components</th> <th>General capacity building support for the preparation/implementation of the RRP</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>108</td> <td>5</td> </tr> <tr> <td>2021</td> <td>128</td> <td>24</td> </tr> <tr> <td>2020</td> <td>6</td> <td>6</td> </tr> </tbody> </table>	Year	Support for the implementation of the thematic RRP components	General capacity building support for the preparation/implementation of the RRP	2022	108	5	2021	128	24	2020	6	6
Year	Support for the implementation of the thematic RRP components	General capacity building support for the preparation/implementation of the RRP											
2022	108	5											
2021	128	24											
2020	6	6											
<p><b>KPI 3. (Specific objective 1.5)</b>  <b>Number of scholarship grants awarded in the year for studying in an EU Member State (referring to the Aid Programme)</b></p> <p><b>Target:</b> Minimum 120; <b>Result:</b> 147</p> <p><b>Source of data:</b> REFORM monitoring tool</p>	 <table border="1"> <caption>Data for KPI 3: Number of scholarship grants awarded in the year for studying in an EU Member State (referring to the Aid Programme)</caption> <thead> <tr> <th>Year</th> <th>Number of grants</th> </tr> </thead> <tbody> <tr> <td>Reached in 2022</td> <td>147</td> </tr> <tr> <td>Reached in 2021</td> <td>136</td> </tr> <tr> <td>Reached in 2020</td> <td>138</td> </tr> <tr> <td>Target</td> <td>120</td> </tr> </tbody> </table>	Year	Number of grants	Reached in 2022	147	Reached in 2021	136	Reached in 2020	138	Target	120		
Year	Number of grants												
Reached in 2022	147												
Reached in 2021	136												
Reached in 2020	138												
Target	120												
<p><b>KPI 4. Residual error rate (RER)</b></p> <p><b>Target:</b> &lt;2% of relevant expenditure;  <b>Result:</b> 1.36%.</p> <p><b>Source of data:</b> REFORM monitoring results.</p>	 <table border="1"> <caption>Data for KPI 4: Residual error rate (RER)</caption> <thead> <tr> <th>Year</th> <th>RER (%)</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>0,58%</td> </tr> <tr> <td>2021</td> <td>0,63%</td> </tr> <tr> <td>2022</td> <td>1,36%</td> </tr> </tbody> </table>	Year	RER (%)	2020	0,58%	2021	0,63%	2022	1,36%				
Year	RER (%)												
2020	0,58%												
2021	0,63%												
2022	1,36%												

## **C. Key conclusions on financial management and internal control**

In line with the Commission's Internal Control Framework department REFORM has assessed its internal control system during the reporting year and has concluded that it is effective and the components and principles are present and functioning well overall, but some improvements are needed.

In addition, department REFORM has systematically examined the available control results and indicators, including those for supervising entities to which it has entrusted budget implementation tasks, as well as the observations and recommendations issued by the internal auditor and the European Court of Auditors. These elements have been assessed to determine their impact on management's assurance about the achievement of the control objectives.

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated. Some further improvement/acceleration of activities is needed in the following main domains where remedial actions have already started: seeking an efficient method to monitor and follow up on the attendance of all mandatory trainings in the department; ensuring training on data protection; finalising communication strategies as part of knowledge management project, the IT risk assessment and security plan, and the implementation of the annual monitoring reports on the SRSP 2020 and TSI 2021.

The Director-General, in his capacity as Authorising Officer by Delegation, has signed the Declaration of Assurance.

## **D. Provision of information to the Commissioner**

In the context of the regular meetings during the year between the department and the Commissioner on management matters, the main elements of this report and assurance declaration have been brought to the attention of Commissioner Elisa Ferreira, who is responsible for Cohesion and Reforms.

# 1. KEY RESULTS AND PROGRESS TOWARDS ACHIEVING THE COMMISSION'S GENERAL OBJECTIVES AND SPECIFIC OBJECTIVES OF THE DEPARTMENT

## Specific Objective 1.1: Strengthening Member States' capacity to implement growth-enhancing reforms through the provision of technical support

Department REFORM contributes to the achievement of the **Commission's General Objective 3, 'An economy that works for people'** by providing technical support to Member States to design and implement reforms. These reforms enable Member States to build resilient economic and social structures. In addition, the effective implementation of these, as well as the prompt and appropriate transposition and implementation of EU legislation and the efficient and effective use of EU funds are all essential conditions for encouraging investment, creating jobs, unlocking Member States' growth potential, raising living standards, promoting regional and territorial cohesion and supporting economic and social convergence in the EU.

In 2022 the department continued to provide technical support under the SRSP and scaled up the implementation of TSI with a budgetary envelope (EUR 864 million) spanning over the period of the multiannual financial framework (MFF 2021-2027). In the aftermath of the COVID-19 pandemic crisis and on top of technical support<sup>8</sup> for designing and implementing institutional and administrative reforms, department REFORM responded to requests by Member States and continued delivering technical support to **implement the national recovery and resilience plans (RRPs)** financed through the RRF.

Russia's ongoing war of aggression against Ukraine triggered additional needs for targeted structural reforms to help Member States set up the framework in which economies and societies will be able to cope with the energy crisis and extraordinary inflationary pressures, as well as the management of increasing flows of refugees fleeing Ukraine. To this end, department REFORM launched a dedicated TSI call in March 2022 to help Member States (i) welcome and integrate forcibly displaced persons from Ukraine, (ii) reduce their dependence on imports of Russian fossil fuels and (iii) strengthen their capacities to implement sanctions against Russian economic interests.

Over the years, through the implementation of the Structural Reform Support Programme (SRSP) and the TSI, the department has developed a consolidated overview of Member States' priorities and reform needs. In 2022, department REFORM enriched further the series of pre-identified areas of possible support, the **'flagship technical support projects'**, which are aimed at streamlining the areas of reform, as part of the traditional tailor-made requests from Member States. At the same time, department REFORM makes available to Member States the possibility of making **multi-country technical support requests**, in order to increase the EU added-value of its support, enhance exchange of best practices, and to promote a more comprehensive and priority context for offering EU support.

---

<sup>8</sup> Structural Reform Support Programme (2017-2020).

With a view of joining resources and achieving economies of scale, Member States are also offered to combine TSI with **TAIEX (Technical Assistance and Information Exchange instrument)**<sup>9</sup>, in order to facilitate the exchange good practices on reform processes and methodologies.

In 2022, **67 TAIEX activities** (under SRSP and TSI projects) were organised, including 27 study visits, 23 workshops, 14 expert missions, and 3 “work from home” activities. 2022 has shown a surging trend towards onsite and hybrid implementation, following the recent pandemic developments: most of the events (46 out of 67) were implemented in an in-person or hybrid format. The remaining (21 out of 67) were implemented online. Almost 9 out of 10 participants to the feedback survey found that the events reached their objective successfully.

In addition, the department continued to strengthen its collaboration with international organisations, such as the OECD, UNICEF, the Council of Europe, ILO, etc for providing for technical support to Member States. Twelve months after the end of the project, beneficiary authorities evaluated generally well the projects implemented by international organisations, with an average score of 8.8 out of 10 about the achievement of the project outcomes.

Department REFORM continued to monitor and evaluate its technical support, both at project and programme level, also by collecting **feedback** from relevant stakeholders, including beneficiary authorities, technical support providers and policy officers of the department. The feedback collected on the design and implementation of projects, as well as on the interactions with stakeholders helps the department to derive lessons learned and identify areas for improvement. To evaluate the outcomes and mid-term impact of the projects, department REFORM develops its practices for assessing the **level of achievement of project outcomes**, measured at least a year after the project has been closed. In 2022 the percentage of technical support projects that produced the expected outcomes remains overall stable (80%) as compared to last year (83%).

In 2022, an externally supported study of the **ex-post evaluation of the SRSP** was completed, in line with the Commission’s provisions on better regulation. The *ex-post* evaluation built on the findings of the mid-term evaluation made in 2020 focused particularly on the longer-term impact and sustainability of the programme’s actions. Data collection included an open public consultation. The ex-post concluded that the SRSP has been effective as it has substantially advanced the reform agenda in EU Member States. The Programme offered very high value added, significant cross-border, EU wide impact going beyond individual Member States. Technical support remains highly relevant, and highly needed by Member States. SRSP was also found to be highly coherent with European Semester process; it is also unique but complementary with other EU-level interventions and national/regional schemes. Suggestions for improvement focus on procedural issues, such as improving the sharing of technical support outputs across borders, developing further and refining monitoring and project evaluation practices for the different stakeholders.

---

<sup>9</sup> TAIEX is available for implementing SRSP projects since 2017 and TSI projects since 2021. TAIEX TSI is an instrument managed in cooperation with department European Neighbourhood Policy and Enlargement Negotiations (NEAR) to facilitate peer to peer exchanges between public sector experts of Member States’ administrations, within the overall SRSP and TSI assistance’s frameworks.

With a view of enhancing internal capacity and expertise to cover **evaluation practices**, department REFORM organised and delivered dedicated training addressed to all policy units building on the logical framework approach (LFA) initiative. In 2022, department REFORM developed its first external communication strategy in line with the department's mandate and the successful initiatives launched in previous years. The strategy will be formally adopted, presented and implemented in 2023 and will contribute to strengthen its **external communication** and increase the visibility of its work. The Reform Support website was made available in all EU languages and is continuously further developed to include a new

***Technical support to improve migrants' access to essential services such as health or school education or facilitate access to jobs***

*Nine Member States benefited from urgent support with welcoming and integrating persons displaced to the EU, following the Russian invasion of Ukraine, under the TSI dedicated call launched in April 2022. In particular, Poland received support to enhance the socio-economic integration of refugees fleeing Russian aggression, with a focus on integration centres for foreigners, labour market inclusion, and improving the absorption of EU funds. Moreover, Romania received similar support with a focus on improving access to integration services and adapting its education system to the needs of displaced children from Ukraine.*

country dimension featuring dedicated Member States webpages. Department REFORM strengthened its presence on social media by reaching a record-high number of followers and views and continued the 'Project in the Spotlight' series to illustrate the impact of selected projects on the life of EU citizens.

The department developed its media relations and, in coordination with SPP, organised numerous interviews by senior management in local newspapers, TV and radio stations and web-sites. Moreover, in cooperation with beneficiary authorities and implementing partners, the department organised raising awareness events in some Members States.

Finally, in 2022, the department organised its second Annual TSI Conference with the participation of high-level representatives from the European Commission, Member States and other Institutions. The conference highlighted the way TSI supports Member States for the successful design and implementation of

resilience-enhancing reforms, and in particular in the context of the recent crises (COVID 19 pandemic, Russian invasion of Ukraine).

**In the field of migration**, department REFORM has been providing institutional and operational capacity building to Member States, in order to integrate migrants and refugees, as well as attract and retain talent to meet the skills needs of their labour markets. In 2022, the department supported fourteen Member States to improve migrants' access to essential services such as health or school education or facilitate access to jobs. It also provided technical support to other Member States to enhance retention of skilled international workers by reinforcing exchanges of good practices and collaboration between Member States, in the context of rising global competition on talents.

**In the field of revenue administration**, department REFORM continued to support Member States to boost the efficiency and effectiveness of their tax and customs administrations. The support addressed a broad range of activities related to the administrations' core and supportive business functions, notably those linked to increasing voluntary compliance and managing non-compliance. Support measures particularly

addressed objectives such as, but not limited to, simplification, modernisation, digitalisation, and reduced tax compliance costs.

The department also supported national tax authorities in improving and rationalising tax policy through new or enhanced tax frameworks and policy instruments, with a particular focus on environmental tax reforms. Such support led, for instance, to upgraded modelling capacity in designing environmental tax policies in Italy, and to more advanced and systemised tax expenditure evaluations in Portugal. Moreover, support was provided to help Member States curb aggressive tax planning, tax fraud and tax evasion. Support measures aimed to strengthen Member States' capacity in the field of international taxation, as well as to ensure an effective and efficient usage of internationally exchanged tax

**Technical support to improve efficiency and effectiveness of their tax and customs administrations**

*Romania is now using new methods and tools for managing tax compliance risks in personal income taxation, Bulgaria is maintaining a higher degree of network- and information security, Greece is operating a new tax compliance risk management framework, Croatia and Hungary are proceeding to reduce the tax compliance burden, while Estonia and Ireland are pursue specific digital transformation initiatives.*

**Technical support to improve good governance**

*Department REFORM also provided support towards Member States' digital transition in several projects, in line with the Europe Fit for the Digital Age Action Plan and the Digital Compass communication. Particularly, the department provided expert advice on how to enhance digital skills for Slovakia, Bulgaria, Spain, Italy, Estonia and Greece. Department REFORM also contributed to the development of resilient, innovative, and human-centric digital government services in Portugal, Ireland, Estonia, France, Italy, Cyprus, Greece, and Latvia.*

information. This support led, for example, to Romania acquiring practical and specialised capabilities for transfer pricing audit activities, and Lithuania deploying a strategy and structured approach to control high net worth individuals for tax purposes.

**In the field of public financial management,** department REFORM continued to support Member States to enhance the efficiency, effectiveness, and sustainability of public spending. Support measures particularly addressed objectives such as, but not limited to, improvement in the quality, transparency, and value for money of public spending and creation of further fiscal space for green investments and

sustainable.

In the overall **area of good governance**, the department supported several Member States in strengthening their policymaking through new methodologies and tools. In Austria, the supported development of an agent-based model to simulate the effects of policy measures prior to their implementation will enhance the use of evidence from behavioural insights. Croatia was supported to develop a framework for costing government policies, to allow the prioritisation and economic and social impact analysis of reforms and investments. Czechia and Portugal were supported to strengthen their frameworks for smart innovation. Czechia set up a Smart City governance platform, promoting and facilitating smart investments (predominantly linked to energy, transport, environment, and administrative public services). Portugal developed its National Smart Cities Strategy, with a governance model to ensure sustainability, using common principles and engaging local stakeholders. Bulgaria was

supported to examine its overall coordination and regulatory processes, as well as the application of the civil service integrity policy to ensure stronger coherence between strategic documents and better quality of drafted legislation, through more robust use of evidence and data. In Ireland, a new human resources operating model for the Civil Service was tested, implementing tools for its uptake such as communities of practice. The model aims to enhance strategic workforce planning capabilities and ensure that the Civil Service is an employer of choice. In Latvia, support towards the implementation of innovation labs in the public sector was continued, providing support to ensure that the labs' experimentation efforts are sustainable, and that public sector innovation is promoted and coordinated. Greece was supported to establish a national mechanism for the simplification and transparency of administrative procedures, as well as the relevant measurements of administrative burden.

Increased demand for support in **e-Government** and **digital public administration** continued in 2022. Examples of support provided include projects on digital-ready legislation in Denmark, establishing a statistical Interoperability Node in Spain, and supporting open government in Greece.

In the area of **judicial reforms**, department REFORM supported several Member States to strengthen their justice systems, including through an enhanced use of mediation, and to modernise their proceedings through digitalisation. In Cyprus, the department provided further support in supporting the creation of an independent court service, relieving courts from administrative burden; and in reviewing the court registries' processes to improve efficiency in case management. Continued support was provided to Slovenia, Finland, Spain and Ireland for access and quality of justice for children victims of violence. Lastly, department REFORM expanded its support in the field of combatting trafficking in human beings, supporting Malta in developing an anti-trafficking strategy and action plan.

In 2022 department REFORM continued to provide technical support to Member States in the area of **anti-corruption and integrity** through the Technical Support Instrument. The technical support has facilitated strengthening corruption prevention, as well as effective implementation and monitoring of anti-corruption actions. Some national authorities received support to detect and investigate fraud (including in the health sector), to improve the framework for fighting foreign bribery and to demonstrate preparedness to access the OECD Anti-Bribery convention.

In the area of **public procurement**, department REFORM continued to assist the Member States in streamlining public procurement rules and applying innovative methodologies, such as agile procurement for IT products, including the promotion of green public procurement with focus on lifecycle costing.

As part of the TSI 2022 flagships, the department launched support to several Member States to build more sustainable, resilient and digital **tourism ecosystems**. Department REFORM stepped up its support to facilitate the **digital transformation of businesses** and the economy. In the area of sustainable **transport and mobility**, the department supported a number of Member States, *inter alia* through the TSI 2022 flagship on recharge and refuel, on green, fair and smart urban mobility. In Poland, the support focussed on helping local and regional authorities to develop Sustainable Urban Mobility Plans. Also, the department

concluded two projects in Poland on building knowledge and capacity for the development of high-speed railways.

In order to strengthen the **investment climate**, Member States requested support on attracting foreign investments. In Portugal, technical support aimed at providing the authorities with a better understanding of the regulatory obstacles that are holding back investment, which in turn will help implement structural policy reforms in order to attract and retain high quality foreign investment. In the area of **better regulation**, department REFORM worked on several projects to improve impact assessment, decrease gold-plating and administrative burdens to doing business.

***Technical support in the area of better regulation***

*In Cyprus, department REFORM provided support for the development of a long-term strategy to achieve sustainable growth as well as for the necessary institutional arrangements in place in order to support this long-term growth strategy.*

As improving competitiveness requires coordinated approach at national and regional level, there is a stronger **regional dimension** of technical support in recent years. For example, the department assisted the Spanish authorities with promoting entrepreneurship in four Autonomous Communities in selected sectors.

In the field of **education and training**, department REFORM supported Member States in designing new skills strategies and learning frameworks, as well as governance and monitoring mechanisms of national action plans in the area of **digital education**. The department also helped Member States render their education systems more inclusive and equitable, including by working with them on a multi-country basis (Spain, Portugal, Italy). Department REFORM: - supported Member States to improve the impact of curriculum reforms (Croatia, Lithuania) and raise the quality of early childhood education and care (Bulgaria, Cyprus, Austria); - enabled Member States to strengthen their adult education systems by establishing a validation system of prior non- formal and informal learning and by helping Member States to analyse the opportunity of setting up individual learning accounts (Hungary).

Under the flagship project **“Implementation of the European Child Guarantee”** Department REFORM launched technical support to help Austria, France, Greece, Ireland, Italy, Luxembourg, Portugal, Romania, Slovakia and Spain implement and monitor education and social reforms under the European Child Guarantee. The Council Recommendation on the European Commission Child Guarantee is a major EU initiative to prevent and combat child poverty and social exclusion and provide children from disadvantaged socio-economic backgrounds fair access to education and social services.

In the area of **social services**, department REFORM also intervened, for instance, to support the reform of disability and elderly care policies, and the design and evaluation of inclusion policies targeting vulnerable groups. In line with the priorities of the initiatives included in the European Year of Youth, the department supported several Member States, including Romania, in strengthening their youth-related policies. The department also provided support for improving social services such as the social inclusion of migrants in Malta, Greece and the Czech Republic

In the area of **labour market and employment**, department REFORM contributed to strengthening public employment services and to designing and implementing active labour-market policies (ALMPs) in several Member States, among which Belgium, Bulgaria, Greece and Sweden. Technical support focused on issues such as the gender employment gap, the inclusion of inactive persons in the labour market, undeclared work, and labour exploitation.

In the area of **health**, the department supported Member States on reforms targeting access and quality of primary care, health workforce, health information systems, health system performance assessments (HSPA), telemedicine solutions, eHealth national strategies, cancer prevention strategies and digital skills of the health and care workforce.

Against the background of significant investments in digital infrastructure and equipment for the health systems through the Recovery and Resilience Plans, the TSI 2022 Flagship project on "**Digital Skills for Digital Transformation of Health and Care Systems**" supports five Member States (Estonia, Italy, Lithuania, Romania and Spain) in designing and implementing national roadmaps for digital skills for the health workforce and in strengthening the digital health literacy of the health workforce. Department REFORM also supported health reforms corresponding to such Commission priorities as the European Health Union.

In 2022, the department continued to expand the work supporting Member States in the **financial sector** through projects aimed at the preparation and implementation of growth-enhancing administrative and structural reforms. Several projects were delivered in the area of digitalisation of financial markets, sustainable finance, anti-money laundering, financial

***The EU Supervisory Digital Finance Academy - A TSI 2022 Flagship***

*A three-year long programme that aims at supporting financial supervisory authorities in coping with the risks and opportunities associated to the use of advanced technologies in the financial sector. Department REFORM has established the Academy in cooperation with the three European Supervisory Authorities (EBA, EIOPA, ESMA) and the Florence School of Banking of the European University Institute (FSB-EUI). The EU-SDFA encompasses comprehensive training cycles and workshops enabling the acquisition of new expertise and skills, knowledge sharing and peer-to-peer exchanges within the financial supervisory community.*

literacy<sup>10</sup>, reinforcing financial stability, improving consumer protection and business practices, insolvency and as well as the effective and uniform implementation of sanctions. Alongside in-house expertise, department REFORM delivered technical support in the financial sector by collaborating with other parts of the European Commission, national and EU agencies, international organisations, and providers from the private sector.

Moreover, in 2022, we launched 4 multi-country technical support projects, covering areas such as supervisory capacity in sustainable finance with 4 Member States, enhancing supervisory capacity in the area of correspondent banking with 7 Member States, effective and uniform implementation of the sanctions regime with 3 Member States and launching the Flagship initiative - EU Supervisory Digital Finance Academy (EU-SDFA)<sup>11</sup> with 20

<sup>10</sup> Example of technical support project supporting financial literacy in Member States: [Protecting consumers and enhancing financial literacy \(europa.eu\)](#)

<sup>11</sup> [Homepage - EU-SDFA \(eui.eu\)](#)

Member States. Finally, among the financial sector projects, 5 also support the implementation of national recovery and resilience plans.

**Specific Objective 1.2: Enhancing green and digital transitions, sustainable growth and economic resilience through EU financial support to Member States' reform and investment plans**

In 2022, department REFORM substantially stepped up its support for the preparation and implementation of Member States' RRP under the Recovery and Resilience Facility. Given the magnitude of the high-quality investments and the importance of implementing the reforms that are being promoted, department REFORM delivered targeted assistance to Member States, with more than 300 relevant projects approved under the TSI and SRSP.

It is estimated that over 60% of projects selected under TSI 2022 contribute to the implementation of the RRP. In particular, 5 Member States started receiving general support for the implementation of their RRP in 2022, bringing the total number of Member States benefitting from such support to 19. This allows public administrations to set up the right mechanisms and build their capacity to implement and monitor the RRP across all its components. In addition, thematic support has also been provided in 2022 to 23 Member States to facilitate the implementation of specific reforms and investments in the RRP across various policy areas, such as governance and public administration, digital, sustainable growth and business environment, labour market, health, education, social services, revenue administration and public financial management or reforms relating to the financial sector. Furthermore, department REFORM, together with SG RECOVER and department ECFIN, contributed to the organisation of a practice exchange between Member States to share good practices. Several of the good practices presented during this meeting originated from projects delivered under the TSI.

Finally, in 2022, the department has been publishing (on a dedicated space on its website<sup>12</sup> and in other specific communication materials) information about the technical support offered to Member States to implement their RRP.

**Support for green and digital transitions**

Department REFORM assisted Member States **in the area of energy and green transition**, in particular in the context of the energy crisis triggered by the Russian invasion of Ukraine. To this aim, via its dedicated call on REPowerEU, the department supported 17 Member

**Technical support to improve building renovation**

*Department REFORM also supported Member States in the area of building renovation as part of the TSI 2022 flagship on building renovation, for example by supporting the establishment of a one-stop-shop on energy renovation of private residential buildings in Wallonia (Belgium).*

States in identifying the most relevant reforms and investments to phase out reliance on Russian fossil fuels.

Department REFORM provided support to Member States **in the area of climate change mitigation and adaptation**, including for the preparation of a long-term climate mitigation strategies, such as in Romania and Lithuania. The department supported the engagement of Danish municipalities and citizens in the

<sup>12</sup> [https://reform-support.ec.europa.eu/what-we-do/recovery-and-resilience-plans\\_en](https://reform-support.ec.europa.eu/what-we-do/recovery-and-resilience-plans_en)

transition towards climate neutrality and also assisted with the prevention of climate-induced disasters, such as in Portugal with a focus on wildfires. In Malta and Spain, department REFORM continued to provide support on coastal protection.

Department REFORM supported the development of renewable energy, for example in the electricity sector in Slovenia and, in the Netherlands the development of hydrogen by focussing on a better understanding of the safety risks. Furthermore, department REFORM supported Member States in improving their capacity to plan the decarbonisation of energy systems, inter alia by facilitating the development and effectiveness of energy and climate modelling tools.

In 2022, department REFORM continued to support the green and digital transition in the Member States. In line with the 2030-2035 EU waste management targets, the EU Action Plan for the Circular Economy and the Zero Pollution Action Plan, department REFORM supported a number of Member States towards improving **waste management** and transitioning towards **circular economy**.

**Technical support in the area of waste management and circular economy**

*Department REFORM helped Portugal, Slovakia and Hungary in the preparation of their national circular economy plans and strategies, and Spain, Cyprus and Romania for the improvement of their waste management.*

Department REFORM was also active in supporting Member States in **water-related reforms** to ensure compliance with relevant EU Directives. Member States, for example Lithuania and Estonia, also received support in order to ensure financial sustainability of water suppliers and water treatment as well as an appropriate monitoring of water quality. In Croatia, department REFORM supported the development of a plan to reduce water losses. The department supported the improvement of water monitoring systems in Hungary and provided support to Ireland for its reform of marine management.

**Technical support in the area of digital transition**

*In Hungary, technical support contributed to the implementation of the national strategy for strengthening small and medium-sized enterprises, focussing inter alia on enhancing their performance in innovation and digitalization. In the Czech Republic, department REFORM provided assistance to develop recommendations on how three different state agencies working to support the Czech business sector, can enhance their co-operation.*

As part of the TSI 2022 flagships, department REFORM also supported the implementation of the **Just Transition Mechanism** such as in Slovakia<sup>13</sup> and Czechia<sup>14</sup>.

Department REFORM provided support for **biodiversity protection**, for example by helping Finland fight forest pest risks, and Hungary to assess the exposure of financial institutions to the risk of biodiversity loss.

As regards **digital transition**, technical support was provided to improve competitiveness through horizontal digital strategies (coherent 5G digital infrastructure, broadband and very high capacity network

<sup>13</sup> Implementation of the Just Transition Mechanism in Slovakia.

<sup>14</sup> Support to the Implementation of the Just Transition in the Czech Republic.

development, for instance in the case of the Czech Republic), digital transformation of the industry (including of specific key sectors such as construction) and enabling better digital environment for government and businesses to interact and operate (real-time economy, e-receipts, e-procurement and e-licencing).

Department REFORM also supported **improving the productivity and competitiveness of Estonian SMEs** through real-time economy and single contact point digital solutions. In Slovakia, technical support focused on the design of grant schemes for development and application of top digital technologies. In Malta, technical support contributed to the development of digitalisation systems for the Merchant Shipping Directorate and enhanced capacity to improve its services and transition into a fully digitised service. Lastly, the department supported Cyprus in building capacity at the newly established Broadband Competence Office, which will operate as single point of reference in the broadband sector, as well as in implementing broadband investment projects which as also supported through the Cyprus RRP.

### **Specific objective 1.3: Steering and coordination of the provision of the technical support across the Commission departments, and as part of the European Semester**

The coordination mechanism, as set up under the TSI, was created to align relevant technical support with the Commission's policy priorities and Member States' reform priorities.

In 2022, department REFORM continued to **coordinate with other Commission departments and stakeholders on the technical support the Commission provides to Member States**. To enhance the efficiency of the TSI deployment, the department has set up a **Member States TSI coordinating authorities' network**. The network has encouraged dynamic communication and collaboration with the coordinating authorities and among the authorities themselves, through a dedicated IT platform. The network was also used to encourage interest in multi-country thematic projects and to gather feedback on the TSI planning and the IT tools used.

In 2022, department REFORM also developed its central role in coordinating technical support at Commission level, to keep strengthening its efforts to develop synergies and the complementarity of its activities, and to avoid overlap with other Commission support measures. In particular, a new section of the website was developed to report on the other EU programmes that provide technical support to Member States.

Department REFORM has also contributed to country reports under the guidance of SG RECOVER/department ECFIN in the framework of the RRF. Country analysis has focused in particular on how technical support projects have supported structural reform efforts in the Member States, including supporting the achievement of the targets and milestones set in the RRFs (see Specific Objective 1.2).

### **Specific Objective 1.4: Improving, steering and coordinating knowledge on Public Administration and Governance as part of the European Semester and in the context of the technical support to Member States**

In 2022, department REFORM reinforced further its collaboration with the Member States and among the Commission services with the view of identifying and addressing the main challenges for **public administration**.

The **expert group on public administration and governance**<sup>15</sup> met for the first time in January 2022. Department REFORM organised and chaired four additional meetings throughout the year on issues relating to the development of capabilities of public administration and reform projects, management of digital transformation by public administrations and evidence-informed policy making.

In June 2022 department REFORM organised a high-level event taking stock of **“10 years of cooperation with the Greek Public Administration” (2012-2022)**<sup>16</sup>. The event marked the cooperation between the Commission, Greece and France, and showcased concrete reforms undertaken in public administration and governance. The department presented the Commission’s approach and experiences in the area of state modernisation at several other external events (e.g., OECD Global Forum and high-level Ministerial meeting on ‘Building Trust and Reinforcing Democracy’ of November 2022).

The **Public Administration Cooperation Exchange (PACE)** was launched as a TSI flagship initiative with the aim of providing a unique opportunity for civil servants of national administrations to experience the working methods and culture of other EU public administrations in selected areas. The PACE was very well received: 29 requests were submitted, involving 21 Member States.

Department REFORM has also supported the **European Institute for Public Administration (EIPA)** in organising **14 knowledge transfer seminars**<sup>17</sup> as a follow up to the 2021 edition of the European Public Sector Awards. The seminars covered a wide spectrum of topics from digitalisation and AI in public administration, strategic foresight, to HR management in the civil service.

In 2022, the Commission presented for the first time its **evidence-informed analysis on public administration for all EU Member States** in the Semester spring package, through the “Thematic annex 11: Public Administration”<sup>18</sup>. Furthermore, department REFORM continued its active collaboration with department ECFIN to develop further the Commission’s **Assessment Framework for Public Administration and Governance**. The department piloted new indicators on evidence in policymaking, policy coherence, and legislative quality. The framework was received positively by the Member States in the LIME working group<sup>19</sup> and the Economic Policy Committee<sup>20</sup>, who recommended its further development to widen the scope of objective data. The framework will be published upon finalisation of the methodology.

Department REFORM provided support for the preparation, adoption and dissemination of the Staff Working Document **“Supporting and connecting policymaking in the Member**

---

<sup>15</sup> [Commission decides to set up a group of experts on public administration and governance \(europa.eu\)](https://ec.europa.eu/press/2022-01-11-commission-decides-to-set-up-a-group-of-experts-on-public-administration-and-governance_en)

<sup>16</sup> [https://reform-support.ec.europa.eu/events-0/10-years-cooperation-greek-public-administration\\_en](https://reform-support.ec.europa.eu/events-0/10-years-cooperation-greek-public-administration_en)

<sup>17</sup> <https://www.eipa.eu/epsa-workshops/>

<sup>18</sup> [https://ec.europa.eu/info/publications/2022-european-semester-country-reports\\_en](https://ec.europa.eu/info/publications/2022-european-semester-country-reports_en)

<sup>19</sup> [Working Group on the Methodology to assess Lisbon related structural reforms \(europa.eu\)](https://ec.europa.eu/press/2022-06-23-working-group-on-the-methodology-to-assess-lisbon-related-structural-reforms_en)

<sup>20</sup> [Economic Policy Committee \(europa.eu\)](https://ec.europa.eu/press/2022-06-23-working-group-on-the-methodology-to-assess-lisbon-related-structural-reforms_en)

**States with scientific research**<sup>21</sup>, elaborated by departments RTD and JRC in the last quarter of 2022; the Staff Working Document defines avenues to strengthen the interaction between the policy makers and the research community to support policy decisions with scientific evidence.

Moreover, the department collaborated with the department for Neighbourhood and Enlargement Negotiations (NEAR) on a) the discussions on quality of public administration in the candidate countries, including in the context of the screening on the preparedness of Albania and North Macedonia; and b) the revision of the **principles of good public administration**, as a basis to steer administrative modernisation in the candidate countries. The outcome of this latter work will be presented in 2023.

Department REFORM published the new **27 country and thematic briefs**<sup>22</sup>, launched the first newsletter<sup>23</sup> on public administration and governance and continued to work on the analysis of the “cost of bad administration”, that should be presented in 2023.

### **Specific Objective 1.5: Supporting the reunification of Cyprus through the Aid Programme and Green Line trade**

In 2022, department REFORM continued to be actively engaged in supporting the resumption of settlement talks under the UN framework. The department also continued to deliver assistance to the Turkish Cypriot community (TCc) under Council Regulation (EC) No 389/2006 (the "Aid Regulation") and to monitor the implementation of Council Regulation (EC) No 866/2004 (the "Green Line Regulation"). Under the multiannual financial framework 2021-2027, the Aid Programme has a total budget of EUR 240 million.

In 2022, the department prepared the **Annual Reports<sup>24</sup> from the Commission on the implementation of the Aid Regulation and the Green Line Regulation** for the year 2021. Also, the Commission published the staff working document (SWD) on the results of the evaluation of the Aid Programme. This evaluation provided an independent assessment and evidence of the progress made during 2013-2018 towards the objectives set in the underlying Aid Regulation. The evaluation concluded that the Aid Programme is highly relevant and, given the specific circumstances of the Turkish Cypriot community context, overall, it is a successful initiative and of high added value.

The **Aid Programme** aims to facilitate the reunification of Cyprus by encouraging the economic development of the TCc with particular emphasis on the economic integration of the island, improving contacts between the Turkish and Greek Cypriot communities and preparing for the acquis. It is implemented in the areas of the Republic of Cyprus in which the Government of the Republic of Cyprus does not exercise effective control and where the application of the acquis is temporarily suspended pursuant to Protocol 10 of the Treaty of

---

<sup>21</sup> [https://knowledge4policy.ec.europa.eu/event/launch-event-commission-staff-working-document-supporting-connecting-policy-making-member\\_en](https://knowledge4policy.ec.europa.eu/event/launch-event-commission-staff-working-document-supporting-connecting-policy-making-member_en)

<sup>22</sup> [Public Administration and Governance policy making \(europa.eu\)](https://public-administration-and-governance-policy-making.europa.eu)

<sup>23</sup> [https://reform-support.ec.europa.eu/system/files/2022-10/Public%20Administration%20and%20Governance%20Newsletter\\_0.pdf](https://reform-support.ec.europa.eu/system/files/2022-10/Public%20Administration%20and%20Governance%20Newsletter_0.pdf)

<sup>24</sup> [Annual report 2021: Implementation of the aid regulation for the Turkish Cypriot community](#) and [Annual report 2021: Implementation of the green line regulation](#)

Accession. This implies that the Commission operates in a unique political, legal and diplomatic context.

Finally, department REFORM chaired the **inter-service group on Cyprus** with a view to helping to remove obstacles for Turkish Cypriots for them to enjoy their rights as EU citizens, and to allow Turkish Cypriot individuals, businesses and civil society organisations to benefit from EU programmes implemented in the Republic of Cyprus to the extent possible. This aims to bring the TCc closer to the EU and thus contribute to facilitate the reunification of Cyprus

The EU implemented an ambitious portfolio of projects and committed **more than EUR 25 million for 2022** in the form of service contracts, supplies and works contracts, grants, and agreements with international organizations.

Department REFORM continued to implement **economic support packages** providing grants to 100 small and medium businesses worth EUR 4.9 million to help them cope with the economic repercussions of the Covid-19 crisis. In spite of challenging circumstances, the Innovative Entrepreneurship and Dialogue project achieved outstanding results supporting over 1000 companies.

The department assisted the TCc in the implementation of upgrades to meet EU standards in the areas of **food safety and animal health** and in the prevention, detection and elimination of animal diseases. Given its economic importance, support to the TCc agricultural sector continued with the implementation of farm advisory services targeting farmers and farmer organisations. In addition, 55 rural development grants proceeded to the final stage of implementation producing visible results in modernizing agricultural practices.

The EU continued its efforts to assist the TCc to comply with the standards set by the package of two measures adopted by the Commission in 2021 registering **‘Χαλλούμι’ (Halloumi)/‘Hellim’** as a Protected Designation of Origin (PDO) and laying down the conditions for movement of this product over the Green Line. A substantial effort was made in 2022 to assist food business operators to prepare for the first PDO inspections. Department REFORM has also launched an informal Working Group on Halloumi/Hellim that will continue to meet regularly in Cyprus which brings together stakeholders from both Cypriot communities to discuss pertinent issues.

The EU maintained its support to the **education sector**, focusing on science education, vocational education and training, lifelong learning and special needs education. As regards science education, a total of **48 primary school** and **46 secondary schools** received science lab equipment for a total of **78 laboratories** and **VET workshops**.

Department REFORM continued to implement **large infrastructure projects**. This included the handing over of the new trunk sewer in Nicosia to the beneficiary. Important progress was made on the remedial works of the Famagusta sewerage network; the project is expected to be completed in 2023. Additional EUR 5.1 million reinforced the EU local infrastructure investments entrusted to UNDP.

To foster **reconciliation, confidence-building measures and support to civil society**, the department continued to fund the activities of the Committee on Missing Persons and the bi-communal Technical Committee on Cultural Heritage. The completion of eight grant agreements in 2022 (initiated in 2018-2019) for over EUR 1.5 million, helped to strengthen

the role of civil society organisations and their contribution to education and social policies, anti-trafficking measures and promotion of human rights.

To **bring the TCc closer to the EU**, 159 scholarships have been offered in 2022 to Turkish Cypriot students to attend universities in EU countries and the first Turkish Cypriot with an EU scholarship was admitted to the College of Europe. Department REFORM also launched the Scholarship alumni network.

The **TAIEX** facility remains an important contribution to the Aid Programme, with continuous support provided for trade across the Green Line. In total, 151 TAIEX events were organised in 2022, keeping the number steady high in comparison to 2021.

In 2022, the value of **Green Line trade** almost tripled from the previous year's values to about EUR 14.7 million, making this the highest ever result. In addition to the trade of fresh fruit and vegetables, honey and fish, most recently in 2022, six types of processed food of non-animal origin have crossed the Green Line for the first time (namely olive oil, tahini, halva, carob syrup, jams and fruit juice).

A high number (584) of **communication and visibility** activities were organised in 2022 to showcase the EU's work. Together with the EU Infopoint, department REFORM organised communication and visibility actions covering EU-related themes, such as gender equality, LGBTQ rights, healthy living, data privacy, media literacy and the European Green Deal. A total of 35 events were organized with over 16 000 participants, showing a slight increase in attendance in comparison with the previous two years.

## **2. MODERN AND EFFICIENT ADMINISTRATION AND INTERNAL CONTROL**

### **2.1. Financial management and internal control**

Assurance is provided on the basis of an objective examination of evidence of the effectiveness of risk management, control and governance processes. This examination is carried out by management, who monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors. The results are explicitly documented and reported to the Director-General. The following reports have been considered:

- Department REFORM's authorising officers by sub-delegations'(AOSD) reports, their annual declarations on the 2022 operations;
- Available pillar-assessment reports for entrusted entities working with department REFORM under indirect management<sup>25</sup> as understood in article 62.1(c) FR;
- The reports on control results (management declarations and audit opinions) from entrusted entities (including International Organisations) in indirect management, as well as the result of the Commission supervisory controls on the activities of these bodies;
- The contribution by the Director in charge of Risk Management and Internal Control, including the results of internal control monitoring at the department level;
- The reports on recorded exceptions and non-compliance events referring to the activities of 2022 and any cases of 'confirmation of instructions' (Art. 92.3 FR);
- The limited conclusion of the Internal Auditor on the state of internal control, and the observations and recommendations reported by the Internal Audit Service (IAS);
- The observations and the recommendations reported by the European Court of Auditors (ECA);
- The ex-post control reports based on internal desk reviews made on procurement procedures and the insourced and outsourced audits and verifications made on grants and contribution agreements;
- The expenditure audit verification reports submitted by the grant beneficiaries in support of cost claims;
- The conclusions of the anti-fraud control actions carried out as part of the anti-fraud strategy.

---

<sup>25</sup> Pillar assessment is an ex-ante assessment of the internal control system of an international organisation or national agency allowing them to sign a pillar-assessed grant or delegation/contribution agreement governed, as appropriate, by a specific administrative and financial framework signed by the Commission and the relevant organisation.

The systematic analysis of the available evidence provides sufficient guarantees as to the completeness and reliability of the information reported and results in the full coverage of the budget delegated to the Director-General of department REFORM.

This section covers the control results and other relevant elements that support management's assurance. It is structured into 2.1.1 Control results, 2.1.2 Audit observations and recommendations, 2.1.3 Effectiveness of internal control systems, and resulting in 2.1.4 Conclusions on the assurance and 2.1.5 Declaration of assurance.

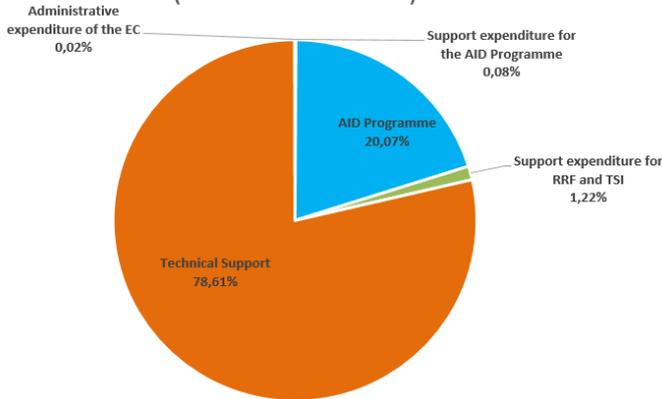
**2.1.1. Control results**

This section reports and assesses the elements identified by management which support the assurance on the achievement of the internal control objectives (ICO) <sup>26</sup>. The department REFORM's assurance building and materiality criteria are outlined in annual activity report annex 5. The annual activity report annex 6 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems.

It includes the information necessary to establish that the available evidence is reliable, complete and comprehensive and it concludes whether the controls are ultimately cost-effective.

**Department REFORM total budget for 2022 (commitment credit appropriations)** was EUR 163.57 million, of which EUR 6.84 million was co-delegated<sup>27</sup> to other Directorates-

DG REFORM 2022 commitment credit appropriations (EUR 156.73 million)



General. Furthermore, the department received EUR 392 700 administrative support expenditure related to RRF and EUR 27 000 for the organisation of training outside Brussels. As a result, department REFORM centrally **managed a total amount of EUR 156.73 million.** This amount includes operational credits, support expenditure and global envelope). **99% of these**

**credits were committed** in the following proportion: 78% under the Technical Support, 20% under the Aid Programme and the remaining 2% under the Support expenditure to the programmes and the administrative expenditure of the Commission. Department REFORM implemented its funds by **direct management (procurement and grants) and indirect**

<sup>26</sup>1) Effectiveness, efficiency and economy of operations; 2) reliability of reporting; 3) safeguarding of assets and information; 4) prevention, detection, correction and follow-up of fraud and irregularities; and 5) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 36.2). The 2nd and/or 3rd Internal Control Objective(s) (ICO) only when applicable, given the department's activities.

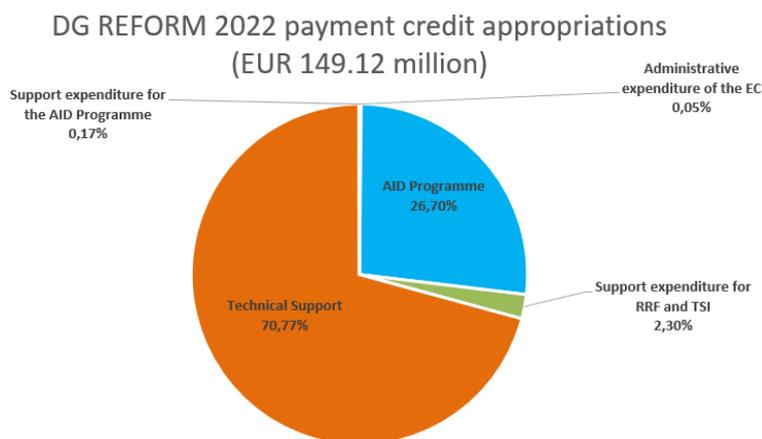
<sup>27</sup> This amount was co-delegated to departments NEAR, HR, DIGIT, PMO, COMM and REGIO. These departments retain the sole responsibility for implementing the co-delegated appropriations and to report thereon in their annual activity reports.

## management.

In 2022, department REFORM continued to provide **Technical Support** to Member States in application of the annual and previous work programmes: Technical Support Instrument (TSI) (C(2022)1379; C(2022)543; C(2021)1335); Art. 7 TSI 2022 (COM(2022)543) allowing Member States to transfer national funds to department REFORM to receive additional technical support; the Regulation on the SRSP – Art. 11, as other financial contributions to the budget of the Programme based on the voluntary requests of the Hellenic Republic (C(2020) 4290) to entrust resources<sup>28</sup> to the Commission to support actions contributing to the delivery of the Union strategy for smart, sustainable and inclusive growth.

Under the **Aid Programme**<sup>29</sup>, department REFORM adopted its annual work programme (C(2022)5110) establishing assistance initiatives to facilitate the reunification of Cyprus and by encouraging the economic development of the Turkish Cypriot community, the economic integration of the island, the improvement of contacts between the two communities and with the EU, including the preparation for the acquis. Department REFORM also continued the implementation of the previous work programmes (C(2019)6531, C(2020)4008 and C(2021)8905).

In 2022, department **REFORM total budget (payment credit appropriations)** was EUR



154.88 million of which EUR 5.76 million was co-delegated<sup>30</sup> to other departments.

**Department REFORM implemented 95% of the available appropriations by making payments for EUR 141.72 million**, of which 71% under the Technical Support, 28% under the Aid Programme and 1% under the administrative expenditure of the Commission.

Department REFORM implemented the **TSI, SRSP and ESIF** payment credit appropriations primarily under direct management (56%), in the main following proportion: grant direct management (20%) and procurement (80%). 44% of the credits were used under indirect management.

The majority of the payment credit appropriations under **the Aid Programme** were also used under direct management (65%), mainly through procurement contracts (83%) and

<sup>28</sup> A financial envelope of EUR 5 million from the Hellenic Republic under C(2020)4290

<sup>29</sup> Council Regulation (EC) No389/2006 of 27 February 2006 establishing an instrument of financial support for encouraging the economic development of the Turkish Cypriot community and amending Council Regulation (EC) No 2667/2000 on the European Agency for Reconstruction.

<sup>30</sup> This amount was co-delegated to departments HR, DIGIT, PMO and REGIO. These Directorates-General retain the sole responsibility for implementing the co-delegated appropriations and to report thereon in their annual activity reports.

grants agreements (17%). 35% of the credits were used under indirect management.

## 1. Effectiveness of controls

### a) Legality and regularity of the transactions

Department REFORM uses internal control processes to ensure sound management of risks relating to the legality and regularity of the underlying transactions it is responsible for, taking into account the multiannual character of programmes and the nature of the payments concerned.

In 2022, department REFORM kept on processing its financial transactions in accordance with the principles of sound financial management and legality and regularity by applying **ex-ante controls** placed in the operational and financial units and ensuring respect of the 'four eye principle' and segregation of duties before authorisation. All operations performed in 2022 were reviewed ex-ante by the financial sector; this allowed any required quantifiable corrections to be made during the transactions' process. Furthermore, a risk-based sample of grants' cost claims are subject to an in-depth controls<sup>31</sup> by the financial unit in accordance with the ex-ante control strategy. No errors were detected during the annual in-depth ex-ante checks.

Department REFORM keeps operating under a partially decentralised financial circuit with counterweights (ex-ante financial initiation and verification) in the financial unit. This formula eases the management of a high volume of diverse operations more efficiently and effectively. The sub-delegated powers of authority established were updated to reflect staff changes, the risks and values of operations and the evolution of the budget nomenclature under the MFF 2021-2027.

The control systems for budget implementation continue to apply by reflecting the risks of the different management modes applied to the operations of the department's programmes. The main annual indicators of effectiveness including, for instance, no legal proceeding or cases of complaints concluded with issues of maladministration; the values of the identified ineligible costs claims and credit notes ensuring the legality and regularity of operations and prevention of financial loss; lack of audit critical recommendations, etc. also demonstrate the **quantifiable and unquantifiable benefits** (annex 7.1) generated by the effective functioning of department REFORM controls in line with the relevant control systems for budget implementation (annex 6).

The focus of the EU response to the Russian aggression of Ukraine and the state of alert still on the pandemic have had no major impact on department REFORM ability to implement its expenditure and to secure the targets of the year in terms of contracts signed. This is

---

<sup>31</sup> Desk check strategy including ex-ante in-depth controls on payments targeting particularly non-pillar-assessed beneficiaries of grants (*for which the risk of errors is higher than for pillar-assessed organisations*). It consists of a) continuing to carry out ex-ante controls on beneficiaries' estimated budget items before grants are awarded; and b) on a sample basis, asking beneficiaries to provide documented evidence supporting the sampled cost claims, with a view to ensuring that the amounts finally paid out are in accordance with the applicable contractual conditions on the eligibility of costs.

evidenced by the high percentage of budget implementation reached in the last three years in terms of commitment credit appropriations (99%) and payment appropriations (95%) used. Where necessary, contractual amendments<sup>32</sup> were made for instance, to change deadlines of activities, either at the request of the beneficiary authorities in the Member States (for instance, as a result of changed priorities/political reshuffles) or the contractors/beneficiaries.

Finally, the main control objective in the area of legality and regularity is to ensure that the estimated residual error rate (the amount that remains uncorrected after corrections on the audited payments) does not exceed 2% of the total annual expenditure for each activity (annex 5 – Materiality criteria). The residual error rate was calculated in accordance with the multiannual approach specified in the ex-post control strategy (cf. annex 7.2). Therefore, the results presented in this section take into account the risks related to the management modes and instruments used for each type of expenditure, the controlled/audited amounts and the error rates identified. The results of the controls and the conclusions reached feature below, under each expenditure management mode.

### **a.1. Direct management**

#### ***Procurement direct management***

In 2022, department REFORM implemented a total of EUR 45.1 million in payments<sup>33</sup> and signed contracts<sup>34</sup> for EUR 63.3 million under procurement direct management.

Concerning the **Technical Support** credits appropriations implemented through procurement, department REFORM signed 144 specific contracts following re-openings of competition. Such specific contracts represent 91% of the total number of contracts signed under the Technical Support. The remaining credits appropriations were implemented through contracts linked the existing Call of expression of interests and few (including Support expenditure for RRF and TSI) contracts of middle value below the Directive threshold for the provision of rapid mobilisation of technical support specific expertise.

Finally, department REFORM also signed a new framework contract<sup>35</sup> with no budgetary commitment for the provision of consultancy services, including the design, development, implementation, monitoring and evaluation of structural reforms in EU Member States.

Department REFORM applied the same operational and financial ex-ante controls to all procedures leading to the signature of a legal commitment or an authorisation of payments and continued to monitor from an operational perspective the projects and contracts milestones through the department's information system.

As for the **Aid Programme** work programmes, department REFORM managed various types of procurement procedures for establishing service and supply contracts (19 contracts), for instance, to organise the transition to digital broadcasting or the modernising of schools in

---

<sup>32</sup>Contractual amendments under the Aid Programme (64) and the Technical Support (73).

<sup>33</sup> Including administrative agreements (TS) and support operational expenditure (TS and Aid Programme).

<sup>34</sup> Including administrative agreements, and contracts under operational and administrative expenses.

<sup>35</sup> REFORM/2021/OP/0006-06.

Northern Cyprus. Department REFORM also signed 9 specific contracts (including support expenditure) under some established EC framework contracts.

In accordance with the provisions of the Financial Regulation (article 74§10) department REFORM reports the following on the use of negotiated procedures during the year. In 2022 DG REFORM organised four negotiated procedures under the Aid Programme ( cf. Annex 3, table 11). Department REFORM has no previous record of overuse of negotiated procedures. The recourse to negotiated procedures in 2022 was specifically required:

- for the repetition of similar services (service contract for a value of EUR 1.3 million) taking into account the good performance of the services, the complex prior tendering process and the continuity of services in this key area of work;
- following an unsuccessful tendering process (supply contract for a value of EUR 0.29 million);
- for procuring additional supplies needed for the good functioning of the contracts (two contracts for a total value of EUR 0.20 million).

### Ex-post controls

In line with the applicable ex-post control strategy and the 2022 desk review plan, department REFORM performed desk reviews to check the legality and regularity of the procurement procedures managed by the department.

Department REFORM reviewed fourteen different types of procurement procedures<sup>36</sup> (for a total contract value of EUR 7.3 million, covering for 16% of the value of the awarded procedures in 2021) referring to the Technical Support, and eight<sup>37</sup> other ones (for a total contract value of EUR 10.3 million, covering for 81% of the value of the procedures awarded in 2021) under the Aid Programme.

The results of the 2022 checks revealed that department REFORM continued to ensure the legality and regularity of its procurement procedures under both Technical Support and the Aid programme. Nevertheless, one procurement procedure for middle value contract under the Technical Support (Support expenditure for TSI) revealed some areas for improvement in respect of the preparation of the technical specifications and the related evaluation of the tenders and contract implementation. The weaknesses have no reputational impact and department REFORM calculated its estimate of the error rate for procurement for the Technical Support (SRSP, ESIF and TSI) at 1.84%. No significant weaknesses were identified in the review of the procurement procedures under the Aid Programme and therefore, department REFORM keeps for this segment of expenditure a conservative estimate of 0.5% for its error rate.

### **Grant direct management**

In 2022, department REFORM implemented a total of EUR 15.9 million in payments and

---

<sup>36</sup> One open procedure, 3 negotiated procedures for middle value contracts and 10 requests for service linked to department REFORM's framework contracts.

<sup>37</sup> One reopening of competition under a framework contract for audits managed by department INTPA, 1 simplified procedure, 1 negotiated procedure with a single tender, 3 restricted procedures for service contract and 2 open procedures for supply contract.

signed agreements for EUR 13 million under grants direct management.

With respect to the **Technical Support**, department REFORM kept on reducing the number of its directly awarded grants (21 in 2021 and 15 in 2022). Almost all these direct grants were provided to 'non-pillar-assessed' grant beneficiaries. Such grants are subject to department REFORM in-depth ex-ante controls<sup>38</sup>.

Under the **Aid Programme**, department REFORM signed 2 grants to non-pillar-assessed Beneficiaries. One of these grants was linked to a 2021 call for proposal. The other grant was allocated directly to a Beneficiary with special technical expertise.

Operational and financial monitoring has been carried out during the life of the grants. Moreover, action grant (non-pillar-assessed) agreements<sup>39</sup> for a value higher than EUR 100 000 (Aid Programme) and EUR 725 000 (Technical Support) were subject to verification of the action's expenditure by external auditors. In 2022, department REFORM received audit certificates supporting the payments related to 26 grants agreements under the Aid Programme<sup>40</sup>. No final payment made under the Technical Support required such evidence.

#### *Ex-post controls – Technical support*

In accordance with its ex-post control strategy, department REFORM outsourced the majority (7) of the audits of the grant payments made under the Technical Support (SRSP and related ESIF funds)<sup>41</sup> and reviewed 1 file directly with its own ex-post controllers (cf. annex 7.2). In addition, in compliance with the applicable framework agreement, two verifications were performed by the internal audit service of the audited organisation<sup>42</sup>. A total of 10 different ex post controls covering for 69% of the sampled amounts paid took place in relation to the calculation of the 2022 Technical Support error rate.

Concerning the grant agreements established with pillar assessed organisations (PA)<sup>43</sup>, the 2022 audit results did not identify any error. This positive result brought the multi-annual (2018-2022) detected error rate (DER) down to 1.12% and the multiannual residual error (RER) rate to 0,54%. Therefore, no financial reservation is deemed appropriate for this segment of expenditure.

Concerning the grants agreements made with non-pillar-assessed organisations (NPA), where the department had reported in the past (2017-2020) a financial reservation which was finally lifted in 2021, the audit results revealed material errors (above 2%) for one out of seven grants reviewed but no material error overall on an annual basis. The detected error rate of this segment of expenditure is 3,73% at multi-annual level (2018-2022). On such a

---

<sup>38</sup> Under the control strategy for Ex Ante Desk Checks applicable to Grant agreements under Technical Support.

<sup>39</sup> For grant agreements managed under e-grant, audit certificate are required when the value is higher than EUR 100,000 under the SRSP and EUR 60,000 under the TSI.

<sup>40</sup> The objective of this expenditure verification is to assist the Contracting Authority in evaluating, before final payments are made, whether the fees and expenditure claimed by the beneficiaries on the invoices and financial reports are eligible, and in accordance with the terms and conditions of the signed grant agreements.

<sup>41</sup> No TSI final payments had taken place at the time of the sampling of the ex post control in March 2022.

<sup>42</sup> Department REFORM however validated the Terms of Reference of the verification before it was performed.

<sup>43</sup> Beneficiaries with ex-ante assessment of their internal control systems.

basis, the department has also calculated a residual error rate of 1,68% at multiannual level. Therefore no reservation is to be considered for this segment of expenditure.

This is a major achievement for the department. The efforts made in the last few years with reinforced preventive measures (i.e., training to staff and communication to beneficiaries on the rules for managing grants and submitting correct cost claims), together with an effective recovery process for recuperating the undue amounts paid, has allowed department REFORM to achieve this result. Based on the results of the ex-post controls on grant management, department REFORM is of the opinion that the control procedures in place give the necessary assurance for supporting the legality and regularity of the underlying transactions.

#### Ex-post controls – Aid Programme

Three grants under the Aid Programme were included in the 2022 ex post control plan and were outsourced to external auditors who reviewed 95% of the sampled amounts paid. The annual audit results confirmed no material error and lead to a detected error rate of 0.32% a residual error rate of 0.06% at multiannual level. A conservative estimate of 0.5% error rate is kept.

### **a.2. Indirect management**

In 2022, department REFORM implemented a total of EUR 58.8 million in payments and EUR 76.7 million in commitments under indirect management.

The department continued to select entrusted entities in alignment with the legal framework, i.e. either the entrusted entity is already identified in the Commission's financing decisions or the choice of the selected entity is justified by compliance with the criteria already established in the annual work programme.

Under the **Technical Support**, department REFORM made EUR 59.5 million in commitment (cf. annex 11) and EUR 44.8 million in payments related to technical support projects managed by pillar-assessed organisations.

A share of the **Aid Programme** resources for the Turkish Cypriot community (TCc) were implemented by indirect management: EUR 14 million in payments to the Goethe Institute, NiCO, the World Bank and the UNDP, and EUR 17.2 million in commitments with the Goethe Institute, the World Bank and the UNDP (cf. annex 11).

#### Ex-post controls

Delegation/contribution agreements are considered to be low-risk operations because the entrusted entities apply their own established controls on their own accounting, internal control and audit systems, which have been positively assessed already in the ex-ante pillar assessment to manage the EU entrusted budget, and they are moreover bound by an obligation of detailed reporting, including final audit reports/opinions.

Department REFORM ensured appropriate supervision of the entrusted tasks by applying operational and ex-ante financial controls similar to the controls over the expenditure under direct management. The department's controls include a thorough examination and approval of the progress and final reports, the entrusted entities' management declarations and, if any, the audit and control opinions provided under the relevant agreements.

In 2022 department REFORM considers the audit conclusions related to the review of 28%

of the sampled amount paid on a contribution agreement with the British Council and the management declarations related to the OECD, UNHCR, Expertise France, ILO and NI-CO supporting the Technical Support agreements for EUR 5.4 million (final payments for EUR 1 million). Both the department's ex-post controls and the management declarations received in support of final payments include no mention related to any qualified/adverse audit opinion. This provides reassurance on 18% of the final payments in 2022 related to SRSP+ESIF.

Department REFORM has reasonable assurance about the legality and regularities of the transactions processed under indirect management. Based on these elements, department REFORM keeps its best conservative estimate of the error rate at 0.5%.

### **a.3 Exceptions, non-compliance events, derogations and other deviations**

The total final number of **exceptions** (5) and **non-compliance events** (3) recorded in 2022 reveals a same steady and limited recourse to exceptions and non-compliance events, like in 2021. The 'procedure on exceptions and non-compliance recording' is well established and known in the department. The significance of the majority of exception requests and non-compliance events signed, relate to procurement and contract management and it is medium in quantitative and qualitative terms with no systemic issue to be signalled at this stage.

Based on the information reviewed, it can be concluded that the deviations recorded in 2022 have no major impact on the legality and regularity of department REFORM's operations.

Furthermore, one of the elements of the internal control activities is to manage the risk linked to sensitive functions<sup>44</sup>. Such risks are generally kept at an acceptable level by means of preventive or detective controls. If it is considered that the residual risk (risk still emerging despite the controls in place) is still significant, the function is considered 'sensitive' for a maximum of five years. In exceptional cases, the duration of a sensitive function can be prolonged upon a case-by-case assessment. In 2022 the department carried out its annual assessment of sensitive functions as part of the annual risk assessment exercise. One of the three **derogations** signed in 2021 to allow the relevant staff members to continue to perform the sensitive function of Authorising Officer by sub-delegation for two additional years, continued to apply during the whole 2022; one was enforced only to ensure back up arrangements and one was discontinued in the second quarter of the year given the mobility of one Authorising Officer by sub-delegation. The mitigating actions already in place applying to riskier transactions, and the existing regular reporting requirements to the Authorising Officer by Delegation as established in the sub-delegations continue to apply.

In 2022, department REFORM registered **no cases** of: 'Confirmations of instructions' related to irregularities or cases contrary to the principle of sound financial management to be reported to the Authorising Officer (art. 92.3 FR); 'derogations from the non-retroactivity principle' (art. 193.2 FR), i.e. the acceptance of costs incurred before the project grant application was submitted; 'financing not linked to costs' (Art.125.3 FR, i.e. when contributions are based on the fulfilment of conditions or the achievement of results); 'Financial Framework Partnership established and longer than 4 years' (Art. 130.4 FR); 'flat rates above 7% for

---

<sup>44</sup> Within the Commission, the circumstance where a staff member performs a part or all of his/her job activities with a degree of autonomy and/or decisional power sufficient to permit him/her deliberately to misuse those powers for personal advantage (financial or otherwise) or to do damage is considered a *potentially* 'sensitive function'.

indirect costs' (Art 181.6 FR) paid under grant management, decided by reasoned Commission Decisions.

Having regard to the completeness and reliability of the factual information described under the above sections, department REFORM considers the overall effectiveness of its control results regarding the **legality and regularity** of its operations in 2022. Department REFORM concludes that there are no results, nor risks impacting the annual declaration of assurance, which is ultimately free from a financial reservation. Such a conclusion is reached by considering, in particular, the reduced error rate and the decreasing risks connected with the implementation of the expenditure under grant direct management with NPA beneficiaries under the SRSP (legacy programme). This is also evidenced by the decreasing value of the segment of expenditure where few errors have emerged, which accounts only for 1.7% of the annual expenditure. All other segments of expenditure do not show any material error at annual or multiannual level. (cf. 2.1.4 – Conclusions on the assurance).

### ***Amount at risk at payment and at closure***

Department REFORM portfolio consists of segments of expenditure with a low error rate. The one segment of expenditure, i.e., grant direct management with non-pillar assessed organisations under the department REFORM's legacy programme, i.e. SRSP and ESIF funds finally shows for 2022 a detected error rate below 2% of materiality at annual level, but still above 2% at multiannual level. This is, respectively, due to the inherent risk profile of the funding modalities and beneficiaries, and the fact that the multiannual calculation still suffers from the higher errors<sup>45</sup> detected in the previous years.

Nonetheless, in the last few years the management actions to address weaknesses have proven effective. This is evidenced by the no material error rate detected on an annual basis and ultimately by a residual error rate which is below the 2% materiality. In this context, the continuous improvements made during the reporting year in sharing lessons learned and knowledge on eligibility of costs with PA and NPA beneficiaries and EC staff, have resulted in the identification of errors of a lower value (EUR 0.023 million in 2022 compared to EUR 0.19 million in 2021).

In addition, department REFORM has in place an effective mechanism for correcting errors, through ex-ante and ex-post controls, resulting in preventive and corrective measures, respectively. Please see table below for details:

---

<sup>45</sup> For this segment with control weaknesses, the root causes of errors are related for instance to incorrect calculation of eligible costs claimed or costs not matching with accounting records, costs claimed not linked to the project.

	Preventive Measures (m EUR)	Corrective measures (m EUR)
<b>Implemented by the Member States</b>		
<i>of which from Member States controls</i>	Not applicable	Not applicable
<i>of which from EU controls</i>	Not applicable	Not applicable
<b>Implemented by the Commission</b>		
<i>of which from Member States controls</i>	Not applicable	Not applicable
<i>of which from EU controls</i>	Yes-ineligible amounts (125 120.91 EUR) and credit notes (4165.90 EUR) from ex-ante controls	Yes – EUR189 383.07 recoveries from ex-post controls
<b>Department REFORM total</b>	<b>129 286.81</b>	<b>189 383.07</b>

The estimated overall risk at payment for 2022 expenditure is the AOD's best, conservative estimate of the amount of relevant expenditure during the year not in conformity with the contractual and regulatory provisions applicable at the time the payment was made. This expenditure will subsequently be subject to ex-post controls and a proportion of the underlying errors will be detected and corrected in subsequent years. This amount corresponds to the conservatively estimated future corrections for 2022 expenditure.

The difference between those two amounts results in the estimated overall risk at closure<sup>46</sup> of EUR 1.61 million, representing 1.36% of the department's total relevant expenditure for 2022. This is an increase of 0.73% as compared to 2021.

The origin of this increase is threefold: the relevant expenditures have increased by 23% in absolute value compared to 2021, leading to a subsequent increase of the estimated overall risk at closure. Furthermore, while the detected error for grants under the ESIF+SRSP segment continued to decrease, the detected error rate of procurement under the Technical Support segment went up from 0.5% in 2021 to 1.84% in 2022. Finally, the corrective capacity went down<sup>47</sup> from 0.12% in 2021 to 0.04% in 2022. The conjunction of these different factors leads to an automatic increase of the estimated overall risk at closure in both absolute and relative values. Based on all the above, department REFORM presents in the following Table X an estimation of the risk at payment and risk at closure for the expenditure managed during the reporting year:

<sup>46</sup>This is the AOD's best, conservative estimation of the expenditure authorised during the year that would remain not in conformity of applicable regulatory and contractual provisions by the end of implementation of the programme.

<sup>47</sup> The decrease of the corrective capacity is linked to a change in the corporate calculation methodology. While in previous years the corrective capacity factored in the ex ante and ex post corrections, the 2022 corrective capacity solely takes into consideration the ex post corrections.

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

DG REFORM	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	%
SRSP+ESIF+TSI+Support expenditure to RRF and TSI: Procurement	43,20	43,20	0,79	1,84%	0,02	0,04%	0,78	1,80%
SRSP+ESIF: Indirect Management	6,05	10,71	0,05	0,50%	0,00	0,04%	0,05	0,46%
SRSP+ESIF: Grant NPA (non-Pillar Assessed entities)	2,34	11,71	0,44	3,73%	0,00	0,04%	0,43	3,69%
SRSP+ESIF: Grant PA (Pillar Assessed entities)	2,08	17,40	0,19	1,12%	0,01	0,04%	0,19	1,08%
SRSP: Administrative arrangements	0,17	0,17	0,00	0,50%	0,00	0,04%	0,00	0,46%
TSI: Indirect Management	38,76	0,00	0,00	0,50%	0,00	0,04%	0,00	0,00%
TSI: Grant NPA	6,94	0,00	0,00	0,50%	0,00	0,04%	0,00	0,00%
TSI: Grant PA	0,12	0,00	0,00	0,50%	0,00	0,04%	0,00	0,46%
TSI: Administrative arrangements (operational)	1,68	0,74	0,00	0,50%	0,00	0,04%	0,00	0,46%
TSI: Administrative Arrangements (Support expenditure for RRF and TSI)	0,13	0,13	0,00	0,50%	0,00	0,04%	0,00	0,46%
TSI: Support expenditure to RRF NGUE (other)	0,27	0,27	0,00	0,50%	0,00	0,04%	0,00	0,46%
Aid programme: Indirect Management	14,04	0,00	0,00	0,50%	0,00	0,04%	0,00	0,00%
Aid programme: Procurement	21,45	23,61	0,12	0,50%	0,01	0,04%	0,11	0,46%
Aid programme: Grant NPA	4,33	4,29	0,02	0,50%	0,00	0,04%	0,02	0,46%
Aid programme : Support expenditure	0,13	5,51	0,03	0,50%	0,00	0,04%	0,03	0,46%
Global envelope	0,02	0,02	0,00	0,50%	0,00	0,04%	0,00	0,46%
<b>DG total</b>	<b>141,72</b>	<b>117,77</b>	<b>1,65</b>	<b>1,40%</b>	<b>0,05</b>	<b>0,04%</b>	<b>1,61</b>	<b>1,36%</b>

The full detailed version of the table is provided in annex 9.

For an overview at Commission level, the departments estimated overall risk at payment, estimated future corrections and risk at closure are consolidated in the AMPR.

#### b) Fraud prevention, detection and correction

Department REFORM has developed and is implementing its own anti-fraud strategy since 2021, on the basis of the methodology provided by OLAF. The anti-fraud strategy is updated every four years. In 2022 it was last amended to streamline the controls relates to management and reporting of conflicts of interest. The anti-fraud strategy's implementation is being monitored and reported to the management via transmitted results of reviews and information for awareness raising activities. In 2022 all necessary actions have been implemented, except for a couple of reviews which will be completed in 2023.

The department also contributed to the Commission anti-fraud strategy's action plan<sup>48</sup>, by providing – upon Member States' demand- technical support to improve, for instance, prevention and monitoring of anti-corruption actions, including framework to fight foreign bribery or fraud in the health sector.

In 2022 **no fraud enquiry** was opened either at the request of the Director-General's department or OLAF. Department REFORM did not have to follow up on any OLAF financial recommendations. The results achieved during the year were possible also thanks to the anti-fraud measures in place which can be summarised as follows:

- control reviews of: the staff 'Ethics and Integrity' training attendance; anti-plagiarism checks on e-grants; contracts/grants amendments, EDES checks;

<sup>48</sup> SWD (2019) 171, 29.4. 2019 including an action on the 'Training, awareness-raising and technical assistance' to Member States through various spending programmes. The Commission services are expected to offer technical support, and increase their efforts, together with OLAF, with a view to preventing and detecting possible fraud and corruption cases and to providing better cooperation and communication with Member States on fight against fraud.

- annual assessments of: the potential fraud risks as part of the annual risk assessment exercise; sensitive functions in the department; the external audit reports;
- awareness raising activities, including presentations and published factsheet on red flags in financial management, presentation on conflicts of interest in financial management and ethics in non-financial context; reminders to newcomers about the anti-fraud strategy in place and the fact that department REFORM applies a zero tolerance to fraud;
- regular updates of an online repository of information dedicated to preventing fraud and open to all staff;
- timely information to management on other Commission’s departments/entities in the context of OLAF/EPPO cases; any carried out internal reviews and ‘early detections and exclusion cases’ (art.136 of the Financial Regulation).

Finally, the satisfactory results of the mid-term staff members survey completed in early 2022 on the level of fraud awareness have been already published in last year’s annual activity report.

On the basis of the available information, department REFORM has reasonable assurance that the anti-fraud measures in place are overall effective overall.

### c) Reliability of reporting & accounting

As a follow up to the corporate review of REFORM's local systems and financial guarantees performed in 2021 and although the findings were overall effective with only some issues for consideration, department REFORM prepared an action plan to further improve internal instructions and follow up of guarantees; including in the approval process of each guarantee a risk based analysis and the re-evaluation of the local banks used for local and minor contracts guarantees in the TCC. No other similar audits were performed in 2022.

## 2. Efficiency of controls

The tables below presents the most relevant indicators on the efficiency of controls and their values in 2022. Annex 4 includes additional efficiency indicators of controls, all showing full positive results.

<b>Indicator</b>	Timely Payments (i.e. payment accepted amount in time (EUR)/payment accepted amount (EUR))		
<b>Category</b>	Efficiency of Controls /Timeliness		
<b>Objective</b>	Ensure efficient processing of payments within the legal deadlines		
<b>Result</b>	Department REFORM achieved <b>96%</b> compared to the EC result of <b>98%</b>		
	<b>Timely-Payments</b>	<b>REFORM-Score</b>	<b>EC-Score</b>

<b>Indicator</b>	Timely Payments (i.e. payment accepted amount in time (EUR)/payment accepted amount (EUR))
<b>Comment</b>	Compared to the previous years (99% in 2021 and 98% in 2020) the score of 96 % is still considered optimal considering the increased volume of payments and the overall Commission's performance.

Other most relevant 'Efficiency' indicators	Values in 2022- Trend (2019-2022)
Average time taken <u>to inform</u> beneficiaries on grant award decisions (Art 194.2(a) FR), Average time taken <u>to sign</u> grant agreements (Art 194.2(b) FR), referring to grants under the Aid Programme only	155 <sup>49</sup> (155 in 2021, 176 in 2020, 174 in 2019) 64 days <sup>50</sup> (34 days in 2021, 55 days in 2020, 58 days in 2019)

The results of the evaluation of one call for proposals under the Aid Programme managed in 2022 were notified in early January 2023. The average time to inform beneficiaries is 107 days, which shows continuous improvement over the years.

In 2022, considering the existing and limited available resources and the need to ensure necessary controls, the department continued to identify further areas of efficiency through the business process simplification initiative also in the area of financial management. This has resulted in the decision to onboard e-procurement for the management of its framework contract for the provision of the technical support, continued implementation of e-grants; update of financial templates, guidance (e.g. evaluations and pillar assessment process; sharing of deliverables, etc) and streamlining of some financial information linked to technical projects for automating templates and reporting via IT solutions (cf. point 2.2 for other areas of efficiency and synergies).

Having regard to the completeness and reliability of the factual information and to the initiatives on efficiency implemented in 2022 as described above, department REFORM concludes positively overall with respect to the efficiency of its controls.

### **3. Economy of controls**

Department REFORM conforms with Art. 74.9 of the Financial Regulation by quantifying and assessing the resources and the input required for carrying out its controls. Department REFORM has made estimates of the annual costs of controls for all its relevant control systems, distinguished by ex-ante and ex-post controls (annex 7.3) and reflecting the available resources and relevant functions in 2022 allocated to the controls of its systems (annex 6).

The department's **overall cost of controls** is estimated to be below EUR 6 million, which is 4.2% of the payments executed in 2022. The estimated costs of controls over the total annual payments remains stable (4.2% in 2021 and 4.5% in 2020) considering the overall increased value of the total payments made in the year (+ EUR 21 million compared to 2021),

<sup>49</sup> The average time of notification corresponds to the 2021 results.

<sup>50</sup> Cf. grants direct management under the Aid Programme – one grant linked to the 2021 call for proposals, whose results were already notified to beneficiary as under reserve and finally awarded in 2022.

but also the increased controls and funds under procurement and indirect management, in particular.

The overall estimated costs of controls performed on indirect management operations refer to the **remuneration fees<sup>51</sup> in 2022** paid to the entrusted entities as part of the Technical Support and the Aid Programme contribution/delegation agreements. In 2022, such fees amount to about EUR 1.3 million, which is 2.2% of the payments made under indirect management. The percentage of this cost of controls has decreased since last year because of reduced annual management fees and the further increased value (about additional EUR 7.1 million) of the payments made under this management mode.

Department REFORM reaches a positive conclusion as to the proportionality and economy of its controls considering the mitigation of risks under the relevant operations, the frequency and depth of the checks performed under the control strategy and the increasing level of funds managed in 2022. The efficiency of the department's controls is still demonstrated particularly by (i) the high gains in terms of better value for money, deterrence of error/irregularity or fraud, and regulatory compliance, and (ii) the in-sourcing of some audit activities and the overall low costs of external controls (EUR 0.054 million) whose 42% will be recuperated through the recoveries for the errors detected in 2022.

#### ***4. Conclusion on the cost-effectiveness of controls***

Based on the most relevant key indicators and control results, department REFORM has assessed the effectiveness, efficiency and economy of its control system and reached a positive conclusion on the cost-effectiveness of the controls for which it is responsible. Overall, department REFORM's controls of budget appropriations in 2021 remains cost-effective, considering:

- the overall cost of controls reviewed in 2022, whose ratio to the total payments made is stable compared to last year;
- the stable control strategy with control systems functioning for the same type of operations, risks, activities;
- the type of controls over the diversity and complexity of the operations managed under the Technical Support and the Aid Programme (cf. part 1);
- that ex-ante and ex-post controls on procurement and grant/indirect management are mandatory and a significant proportion of the appropriations concerned would be at risk if they were not in place;
- the cost-effective functioning of the ex-ante and ex-post controls and the generated financial benefits (e.g. detected errors for recoveries, rejected amounts claimed; credit notes issued; prevented costs of legal proceedings) and non-quantifiable benefits, including better value for money, deterrence, mitigation of reputational risks, efficiency gains (stemming for instance from the e-procedures) and regulatory compliance;

---

<sup>51</sup> These fees cover broader elements than only controls in the strict sense.

- the very marginal value of late interest payments generated compared to the high value of payments made; the high scores registered for the timely payments and other efficiency indicators (annex 4) as well as for the implementation of the annual budget (annex 3);
- the lack of fraud cases and the positive ECA/IAS audit results not resulting in any financial loss or reputational damage;
- the increasing amounts recovered during the year; the errors found in the year in the area of grant direct management under the SRSP (legacy programme) although not leading to a reservation but generating financial recoveries, as necessary;
- the positive management declarations from the entrusted entities providing elements of assurance on the use of the received funds and the activities carried out during the year.

### 2.1.2. Audit observations and recommendations

This section sets out the observations, opinions and conclusions reported by auditors – including the limited conclusion of the Internal Auditor on the state of internal control. Summaries of the management measures taken in response to the audit recommendations are also included, together with an assessment of the likely material impact of the findings on the achievement of the internal control objectives, and therefore on management's assurance.

In 2022, department REFORM responded timely on the implementation of one European Court of Auditors (ECA) recommendation issued in the context of the **audit<sup>52</sup> on the effectiveness of the Commission's actions to build the Capital Markets Union (CMU)<sup>53</sup>**.

Furthermore, in 2022 the ECA concluded its **audit in respect of Statement of Assurance for the financial year 2021** with no comments.

The implementation of the four 'important' audit recommendations following the **IAS audit in 2020 on department REFORM processes for coordinating the technical support to Member States** was completed and closed. The implementation of the last actions under the IAS audit recommendations **on department REFORM processes for the delivery of the technical support to Member States** is ongoing and due by Q2/2023. This concerns the finalisation of the e-manual of procedures and the revised JIRA workflows, the development of a common IT solution for project monitoring (a pilot already taken place) and staff awareness thereabout, the improvement of data/information completeness and reliability. An audit on the measuring and reporting on the performance of technical support projects is in its reporting phase and will be finalised in 2023.

---

<sup>52</sup> Special Report No 25/2020: Capital Markets Union – Slow start towards an ambitious goal.

<sup>53</sup> The CMU was launched in June 2015 as a major EU initiative (part of the "Juncker Plan") to lay the building blocks of an integrated capital market in the EU by 2019.

The pending actions related to the previous recommendations have no material/reputational impact on the achievement of the internal control objectives and therefore on the annual assurance.

Based on all work undertaken by the Internal Audit Service in the period 2018-2022<sup>54</sup>, namely the audits mentioned above and taking into account that: - management has accepted all the recommendations issued in 2018-2022 and has adopted action plans to implement all the accepted recommendations; -the IAS considers that these action plans are adequate to address the residual risks identified by the auditors; -the implementation of these action plans is monitored through reports by management and follow-up audits, the IAS concludes that the internal control systems in place for the audited processes are effective, except for the observations giving rise to the 'very important' recommendation as listed in annex 7.4. This recommendation is being addressed, in line with the agreed action plan.

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

The Commission has adopted an Internal Control Framework based on international good practice, to ensure the achievement of its policy and management objectives. Compliance with the internal control framework is a compulsory requirement.

Department REFORM uses the organisational structure and the internal control systems suited to achieving its policy and internal control objectives in accordance with the internal control principles and has due regard to the risks associated with the environment in which it operates.

In 2022, department REFORM continued to foster awareness of the Internal Control Framework with presentations to management and staff about the control requirements, the annual control monitoring criteria (e.g., the EC ethics and integrity standards and rules; conflicts of interest in financial management, red flags in procurement, recurrent errors in grant direct management, etc.). Furthermore, the local internal control monitoring tool has also been regularly maintained to monitor, capture and assess the business owners' evidence about the existence and functioning of controls, including those linked to the annual indicators.

Based on the results of the annual assessment (cf. annex 8), department REFORM has assessed its internal control system during the reporting year and has concluded that it is effective, and the components and principles are present and functioning as intended. The improvements highlighted last year (e.g., continued mandatory training on Ethics and Integrity requirements for newcomers; completed ex-post evaluation of the SRSP programme; reinforced correction and reporting process of errors in the JIRA database) have been made as expected.

Nonetheless, some further improvement/acceleration of activities is needed in the following main areas: seeking an efficient method to monitor and follow up on the attendance of all mandatory trainings in the department; ensuring training on data protection; finalising the external and internal communication strategies in the context of knowledge management,

---

<sup>54</sup> Final audit reports issued in the period 1 February 2018 – 31 January 2023. In 2022, the coverage period was extended from three to five years.

the IT risk assessment and security plan, and the implementation of the annual monitoring reports on the SRSP 2020 and TSI 2021.

The impact of the deficiencies identified is considered as 'minor' because the remedial actions are ongoing, as well as some of them are counterbalanced by other control results under the relevant principles. As a result, the residual risk related to the above-mentioned issues does not affect the achievement of the internal control objectives and the reasonable assurance provided in this report.

#### 2.1.4. Conclusions on the assurance

This section reviews the assessment of the elements already reported in the previous sections above and the sub-conclusions already reached. It draws an overall conclusion to support the declaration of assurance.

The information reported stem from the results of management and auditors monitoring and analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a comprehensive coverage of the budget delegated to the Director-General of department REFORM.

#### Legality and Regularity

Department REFORM concludes positively on the effectiveness of its control results regarding the legality and regularity of its operations during the year.

The detected error rates for other parts of the expenditure, e.g. grants with PA organisations, indirect management related to Technical Support and direct grant management related to the Aid Programme are below the materiality level. Further to the errors detected in the year, department REFORM considers that:

- In the limited area of non-pillar-assessed grants under the funds of Technical Support (SRSP and ESIF), the errors emerged are linked to a key modality of the programme (notably the grant reimbursement mechanism based on eligible actual costs and the related risk of errors in cost reimbursement claims submitted by the beneficiaries). In 2022 the detected error rate has decreased below to 2% at annual level but reaches 3.73% at multiannual level for the incidence of the higher rate in the previous years. Nonetheless, given the high value of corrections made, the residual error rate becomes immaterial because falling to 1.68%.
- The department has implemented all possible suitable ex-ante and ex-post controls on this and other areas of expenditure, to the extent that they remain cost-effective and do not similarly affect the implementation of the TSI programme operations to be audited in the future. In particular, again in 2022, department REFORM continued its preventive actions to proactively inform all its grant beneficiaries about the rules to observe to implement grants and when submitting cost claims based on the actual costs. The practice of sharing the audit results is continued to capitalise on the annual lessons learned and foster better understanding for the implementation of grants. (cf. annex 7.3).
- The department's corrections in 2022 (EUR 0.19 million recoveries made following the annual ex-post controls) increased compared to 2021 (EUR 0.031 million). The

annual audit activities will be continued to confirm the legality and regularity of operations and to allow the department to continue protecting the financial interests of the Union.

- Finally, the value of payments under this specific segment of expenditure marked by errors is progressively decreasing over the years (e.g. EUR 7.6 million in 2019, EUR 6.2 million in 2020; EUR 3.7 million in 2021 and EUR 2.3 million in 2022) and it accounts (in monetary terms) only for 1.7% of all the payments made in the year. (cf. annex 9 Table X- Estimated risk at payment and at closure).

Department REFORM concludes positively on the effectiveness of its control results regarding the legality and regularity of its operations in 2022. No reservation is necessary since the multiannual residual error rate referring to this segment of expenditure (direct grant management with non-pillar assessed beneficiaries under the Technical Support (SRSP and ESIF funds) ) with most recurrent errors detected in the past, has fallen below 2%. In such circumstances the department does not even need to make use of the ‘de-minimis rule’<sup>55</sup>.

The reservation on direct grant management with non-pillar assessed beneficiaries under the Technical Support (SRSP and ESIF funds), already lifted in 2021 because not deemed substantial, is now ruled out.

The results of the audits on other expenditure reveal an annual and multiannual detected error rate below the materiality.

### Recapitulative Table

Reservation Title	Financial Impact (in m EUR)		Residual error rate 2022*	Evolution
	2021	2022		
Direct management – grants with non-pillar assessed beneficiaries under Technical Support (SRSP and ESIF funds).	0.14	0.43	1.68%	-Residual error rate above the materiality threshold since 2018-2020. -Reservation lifted in 2021 by application of the ‘de-minimis’ rule. <b>- No reservation in 2022 because the RER is below 2%</b>

### Sound financial management

Considering the ex-ante and ex-post controls in place, the key indicators and the 2022 control results on effectiveness, efficiency and economy, department REFORM can conclude positively on the cost-effectiveness of its controls and overall on the achievement of the objective on sound financial management. (Cf. 2.1.1).

### Reliability of reporting & accounting

Department REFORM implemented adequate follow up actions to further improve the overall positive results of the review of department REFORM’s local systems and financial guarantees effective controls.

<sup>55</sup> The ‘de minimis rule’ introduced in the 2019 AAR instructions provides that: quantified reservations related to residual error rates above the 2% materiality threshold are deemed **not substantial** if they are related to segments representing, in EUR, **less than 5%** of a department’s portfolio **and** if their financial impact is **lower than EUR 5 million**. In such cases, reservations are no longer to be reported.

### **Fraud prevention, detection and correction**

No instances of fraud were investigated in 2022. Adequate controls were implemented to prevent and detect fraud and irregularities and reported to management for assessment and follow-up. Department REFORM continues to foster zero tolerance to fraud and its anti-fraud strategy (Cf. 2.1.1).

### **Audit results**

The IAS concluded that the internal control systems in place for the audited processes are effective except for the 'very important' recommendation which is due for implementation by mid-2023 (Cf.2.1.2). Progress is being made in the implementation of the audit recommendation which, at present, is not overdue for more than 6 months.

### **Effectiveness of the internal control systems**

Finally, department REFORM concludes that its internal control system is effective and that the components and principles are present and functioning as intended, with some improvements needed. The deficiencies identified do not lead to assurance-related concerns, because the developments are ongoing (Cf.2.1.3).

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

## 2.1.5. Declaration of Assurance

Declaration of Assurance

*I, the undersigned,*

*Director-General of department REFORM*

*In my capacity as authorising officer by delegation*

*Declare that the information contained in this report gives a true and fair view<sup>56</sup>.*

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

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

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

*Brussels, 31/03/2023*

*Mario NAVA*

---

<sup>56</sup>True and fair in this context means a reliable, complete and correct view on the state of affairs in the department.

## 2.2. Modern and efficient administration – other aspects

### 2.2.1. Human resource management

In 2022, particular focus was placed on offering more **learning and development opportunities** to staff. The department continued the Female Talent Development network series by broadening the network to include colleagues from REGIO and NEAR departments. The group **coaching** was very successful, and two follow-up sessions will be offered next year.

We were also able to provide valuable support to staff holding managerial responsibilities via the Deputy Head of Unit group coaching and the Heads of Sector/Team Leaders series of individual and group coaching. In addition, four managers were able to take part in the corporate 360 appraisal exercise.

The majority of our units and one of our directorates held team events in order to enhance team cohesion and knowledge sharing. Activities have been carried out to establish a training calendar and catalogue of internal courses as a one-stop-shop of practical and targeted in-house training on procedures linked to the project lifecycle. A week-long 'REFORM University' is being organised in Spring 2023 with guest speakers on issues related to our work environment.

A substantial number of external trainings was offered to staff to respond to their learning needs, as well as external management courses were granted to one senior manager and one middle manager. Commitments have also been made for further external management training. The in-house mentoring scheme continues to be made available to all newcomers.

In the area of ethics and equality, diversity and inclusion, the nomination of a confidential counsellor is pending the adoption of the corporate package on such topics to ensure a coordinated approach and information to staff. The job shadowing initiative is being followed up for setting up a scheme with other interested departments under a corporate guidance.

Finally, the department will analyse feedback from the working groups of the department's team event to ascertain any further actions that should be taken in order to improve human resource management.

### 2.2.2. Digital transformation and information management

In the field of **digital modernisation**, department REFORM extended its digital transformation study to take stock of existing processes and establish working groups that will perform an analysis of the gaps between existing information systems and reusable corporate solutions that are better aligned with the Commission's New Digital Strategy. A key achievement in the field of digital modernisation was the definitive adoption of eProcurement.

In 2022 department REFORM continued to invest in the improvement of its information systems such as Jira (database covering the operational implementation of the Technical Support to Member States), QlikSense (real-time reports and dashboards) and its Member State portal which support its main business processes. These improvements ensure easier and more consistent monitoring, reporting and updates of operations across the department and other Commission departments. The department initiated key **digital modernisation**

**projects** such as the development of a new Member State portal, in line with the Commission New Digital Strategy, and the addition of project management features to its main information system that will help policy officers and management keep track of the Technical Support projects deployed within the Beneficiary Authorities. In 2022 department REFORM was able to finish implementing the automation of a finance and contracts report that is sent on a weekly basis to Senior Managers.

In terms of implementing **data governance principles**, department REFORM did not progress as planned towards its objective. The implementation actions were suspended in 2022 considering the ongoing study on the digital modernisation of its information systems given the potential impacts on the underlying data assets. The nomination in late 2022 of a dedicated Local Data Correspondent will also help department REFORM achieve its data governance compliance objectives.

Its key data assets that are registered in the Commission's corporate data catalogue were nonetheless reviewed and quality checks, reports to management and training activities to all relevant newcomers were performed regularly to maintain the information systems and reduce to the minimum the number of encoding errors. However, although these have decreased (%) since the beginning of the year, the prevention and correction of encoding errors remains a priority.

In the area of **data protection**, in 2022 department REFORM did not receive any complaints from the European Data Protection Supervisor (EDPS) and continued to foster among its staff compliance with data protection implementing rules<sup>57</sup> in order to achieve the targets set in the Commission's Data Protection Action Plan for 2024. Regular training was provided to newcomers by priority (cf. annex 10).

The two data breaches recorded were assessed as pure human errors; they have been notified to the Data Protection Officer of the Commission and were remediated immediately and appropriately, i.e., deletion of a wrong transmission in one case and cancellation of the procurement procedure in another case.

Trainings to all Units and to the Units assistants' network have re-started in January 2023 to raise awareness on protection of personal data rules and procedures and overall to reinforce a data protection culture in the department.

### 2.2.3. Sound environmental management

In 2022 department REFORM actively promoted the EMAS corporate campaigns through in its intranet, from the Interinstitutional EMAS day in January to the spring "ACT for the GREEN transition" campaign to the EUBeachCleanup in September. Staff actively engaged in the walking challenge in October.

Department REFORM also led an initiative on recycling and waste reduction in the office, albeit being the smallest department in the building. In December, a cage to collect electronic waste was placed and information was disseminated to colleagues via intranet and flyers.

---

<sup>57</sup> Commission Decision (EU) 2020/969 of 3 July 2020 laying down implementing rules concerning the Data Protection Officer, restrictions of data subjects' rights and the application of Regulation (EU) 2018/1725 of the European Parliament and of the Council, and repealing Commission Decision 2008/597/EC.

#### 2.2.4. Examples of economy and efficiency

In addition to the initiatives of efficiency outlines in the area of financial management (cf. point 2 – Efficiency of controls) the **Business Process Simplification** exercises extended to the rationalisation and planning of training and workshops contributing to better knowledge management and ultimate efficiency gains; the development and piloting of some project management features to ease management of technical support projects; streamline the evaluation process of projects; automation of reports; harmonised and formalised process with international organisations in the context of visibility requirements; streamlined process to capture Member States' authorisations for communicating information to the public. The simplification process will be continued in 2023.