



# Annual Activity Report 2023

annexes

EUROPEAN RESEARCH EXECUTIVE AGENCY

# Contents

- ANNEX 1: Statement of the Head of Department in charge of Risk Management and Internal Control.....3
- ANNEX 2: Performance tables.....4
- ANNEX 3: Draft annual accounts and financial reports .....21
- ANNEX 4: Financial scorecard.....55
- ANNEX 5: Materiality criteria.....64
- ANNEX 6: Relevant Control System(s) for budget implementation (RCSs).....74
- ANNEX 7: Specific annexes related to "financial management" .....96
- ANNEX 8: Specific annexes related to the "assessment of the effectiveness of the internal control systems" .....107
- ANNEX 9: Specific annexes related to "Control results" and "Assurance: Reservations" .....109
- ANNEX 10: Reporting – Human resources, digital transformation and information management and sound environmental management.....114
- ANNEX 11: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission.....120

## **ANNEX 1: Statement of the Head of Department in charge of Risk Management and Internal Control**

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

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

**2 April 2024**

**Marc Bellens**

***e-signed***

---

<sup>(1)</sup> C(2017)2373 of 19.04.2017.

## ANNEX 2: Performance tables

### Implementation of Horizon Europe – Excellent science – Marie Skłodowska-Curie Actions (MSCA) and predecessor actions

<b>General objective:</b>			
<b>EUROPE FIT FOR THE DIGITAL AGE <sup>(2)</sup></b>			
<b>Specific objective:</b>			
DG EAC 2.3 - Through the Horizon 2020 Marie Skłodowska-Curie Actions, promote excellence in research, generate innovation and strengthen skills, training and career development for researchers notably through excellent international doctoral networks			
From 2020-2024 Strategic Plans			
<b>Main outputs in 2023:</b>			
<b>Horizon Europe</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (31/12/2023)</b>
Events to ensure successful implementation of the programme and to promote funding opportunities (organised by REA)	Number of events co-organised by REA	6	4
Calls for proposals	Number of calls	8	6 <sup>(3)</sup>
Evaluation sessions	Number of sessions	7	6
Number of individual proposals evaluated	Number of individual proposals evaluated	10 725	9 459
Number of grants signed	Number of grants	1 619	1 557
Procedures for selection by the Commission (where necessary)	Number of procedures	11	12
Pre-financing payments	Number of payments	1 460	1585
Interim payments/progress reports	Number of payments	45	54
Final payments/final reports	Number of payments	1	2
<b>Horizon 2020</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (31/12/2023)</b>
Number of grants signed	Number of grants	2-3 (Special Needs Lump Sum (SNLS))	0

<sup>(2)</sup> Marie Skłodowska-Curie Actions support multiple fields of research and innovation and therefore contribute to multiple political priorities and strategic objectives.

<sup>(3)</sup> The call and the evaluation session for the Preparatory Action - European Fellowship Scheme for Researchers at Risk is not included in this table as it is not a Horizon Europe action.



<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (31/12/2023)</b>
Procedures for selection by the Commission (where necessary)	Number of procedures	2-3 amendments (in case of SNLS or any other specific issues e.g. family allowance...)	1
Pre-financing payments	Number of payments	14	10
Interim payments/progress reports	Number of payments	486	479
Final payments/final reports	Number of payments	1376	1539

## Implementation of Horizon Europe – Excellent science – Research infrastructures and predecessor actions (DGs RTD, DG CNECT)

**General objective: EUROPE FIT FOR THE DIGITAL AGE**

**Specific objectives:**

DG RTD 2.2: The revitalised European Research Area sets directions for societal, economic and ecological transitions in Europe and contributes to spreading excellence, closing research and innovation gap and working out a common global response to emerging challenges

DG CNECT 2 A European single market for data where data can flow for the benefit of all and where the rules for access and use of data are fair, practical and clear

**From 2020-2024 strategic plans**

**Main outputs in 2023:**

**Horizon Europe**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (31/12/2023)</b>
Calls for proposals	Number of calls	9	9 (4 main calls + 5 IBAs)
Evaluation sessions	Number of sessions	9	9
Number of individual proposals evaluated	Number of individual proposals evaluated	106	95
Number of grants signed	Number of grants	61	58
Procedures for selection by the Commission (where necessary)	Number of procedures	3	5
Pre-financing payments	Number of payments	32	40
Interim payments/progress reports	Number of payments	10	11
Final payments/final reports	Number of payments	2	2

**Horizon 2020**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (31/12/2023)</b>
Interim payments/progress reports	Number of payments	36	52
Final payments/final reports	Number of payments	34	37

## **Implementation of Horizon Europe – Global challenges and European industrial competitiveness – Cluster 2: culture, creativity and inclusive society, and predecessor actions (DGs RTD, EMPL, EAC)**

### **General objective:**

**AN ECONOMY THAT WORKS FOR PEOPLE**

**A NEW PUSH FOR EUROPEAN DEMOCRACY**

### ***Specific objectives:***

DG RTD 3.1: Research and innovation actions, increased R&I investments and the R&I component of the European Semester boost economic growth and jobs creation

DG RTD 6.1: European research and innovation support citizens' involvement, social inclusion and equalities in Europe, including through communication of the European research and innovation added value

DG EAC 2.1 - Increase the use of digital technologies for teaching and learning to support both quality and inclusive education

DG EAC 2.2 - Invest in the development of digital skills for all

DG EAC 3.1 - Ensure effective and efficient European cooperation and develop optimised strategic investments for modernised, high quality education and training systems fostering EU social cohesion and economic

DG EAC 5.6 - With the support of the Creative Europe programme, promote European cooperation on cultural and linguistic diversity

DG EAC 4.1 - Promote and strengthen international cooperation in the fields of education, training, youth, sport, culture, and research and innovation

DG EAC 6.1 – Provide European young people opportunities to participate in civic society and democratic life

DG EMPL 2.1 – A digitally skilled workforce

DG EMPL 3.1 – Effective support to Member States in their structural reforms and investments in the context of the European Semester

DG EMPL 3.2 - Stronger social dialogue

DG EMPL 3.3 – Decent and safe working conditions for all

DG EMPL 3.4 - Better functioning labour markets

DG EMPL 3.5 – Greater social fairness and more effective social protection

DG EMPL 3.6 – Enhanced labour mobility

DG EMPL 5.1 – A skilled workforce to master the fair green and digital transition

DG EMPL 5.2 – Vocational education and training effectively addresses the labour market needs and prepares people for the fair green and digital transition

### ***From 2020-2024 strategic plans***

### **Main outputs in 2023:**

<b>Horizon Europe</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (31/12/2023)</b>
Events to ensure successful implementation of the programme and to promote funding opportunities (organised by REA)	Number of events co-organised by REA	2	2
Calls for proposals	Number of calls	4	4
Evaluation sessions	Number of sessions	2	2
Number of individual proposals evaluated	Number of individual proposals evaluated	925	439
Number of grants signed	Number of grants	75	85
Procedures for selection by the Commission (where necessary)	Number of procedures	5-6	11 (of which 5 for the 2023 calls)
Pre-financing payments	Number of payments	90	104
Interim payments/progress reports	Number of payments	1	2
<b>Horizon 2020</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (31/12/2023)</b>
Interim payments/progress reports	Number of payments	16	17
Final payments/final reports	Number of payments	68 (including Other Action 9)	47

# Implementation of Horizon Europe – Global challenges and European industrial competitiveness – Cluster 3: civil security for society, and predecessor actions (DGs RTD, HOME)

## General objective:

**A EUROPEAN GREEN DEAL**

**EUROPE FIT FOR THE DIGITAL AGE**

**A STRONGER EUROPE IN THE WORLD**

**PROMOTING OUR EUROPEAN WAY OF LIFE**

## Specific objectives:

DG RTD 1.1: High-quality science, knowledge and innovative solutions support climate policies and help to preserve biodiversity, ecosystem and natural resources

DG RTD 2.1: High-quality science, knowledge and innovative solutions facilitate a digital transition in Europe, including a new European approach to Artificial Intelligence

DG RTD 5.1: Regional research and innovation strategies and broader association policy contribute to promoting common European R&I values and creating a global Research and Innovation Space

DG HOME 5.1 Strengthened Internal Security

## From 2020-2024 strategic plans

## Main outputs in 2023:

### Horizon Europe

Output	Indicator	Target	Latest known results (31/12/2023)
Events to ensure successful implementation of the programme and to promote funding opportunities (organised by REA)	Number of events co-organised by REA	1	1
Calls for proposals	Number of calls	5	5
Evaluation sessions	Number of sessions	1	1
Number of individual proposals evaluated	Number of individual proposals evaluated	350	218
Number of grants signed	Number of grants	30	32
Procedures for selection by the Commission (where necessary)	Number of procedures	6-7	10
Pre-financing payments	Number of payments	32	33

### Horizon 2020

Output	Indicator	Target	Latest known results (31/12/2023)
Interim payments/progress reports	Number of payments	12 (CNECT) 34 (HOME)	13 (CNECT) 34 (HOME)
Final payments/final reports	Number of payments	11 (CNECT) 30 (HOME)	9 (CNECT) 27 (HOME)

## Implementation of Horizon Europe – Global challenges and European industrial competitiveness – Cluster 6: food, bioeconomy, natural resources, agriculture and environment, and predecessor actions (DGs RTD, AGRI, ENV)

### General objectives:

#### A EUROPEAN GREEN DEAL

#### A NEW PUSH FOR EUROPEAN DEMOCRACY

### Specific objectives:

*DG RTD 1.1: High-quality science, knowledge and innovative solutions support climate policies and help to preserve biodiversity, ecosystem and natural resources*

*DG RTD 1.3: Co-creation of Horizon Europe and its EU Missions and partnerships increases awareness of the key role of research and innovation for achieving climate neutrality*

*DG AGRI 3: Enhance market orientation and increase competitiveness, including greater focus on research, innovation, technology and digitalization*

*DG AGRI 5: In line with the Farm to Fork Strategy, improve the response of EU agriculture to societal demands on food and health, including safe, nutritious and sustainable food, food waste, as well as animal welfare through the Common Agricultural Policy*

*DG RTD 6.1: European research and innovation support citizens' involvement, social inclusion and equalities in Europe, including through communication of the European research and innovation added value*

*DG ENV 1.1 - The EU economy is more circular and uses natural resources and products more sustainably*

*DG ENV 1.2 - Biodiversity and natural ecosystems in the EU are put on the path to recovery by stepping up the protection and restoration of nature*

*DG ENV 1.3 - Citizens and natural ecosystems are better protected from environmental pressures and risks to health as a result of Europe's zero-pollution ambition and measures for a toxic-free environment*

From 2020-2024 Strategic Plans

### Main outputs in 2023:

#### Horizon Europe

Output	Indicator	Target	Latest known results (31/12/2023)
Events to ensure successful implementation of the programme and to promote funding opportunities (organised by REA)	Number of events co-organised by REA	6	5
Calls for proposals	Number of calls	11	10
Evaluation sessions	Number of sessions	11	13
Number of individual proposals evaluated	Number of individual proposals evaluated	830	544
Number of grants signed	Number of grants	151	173

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (31/12/2023)</b>
Procedures for selection by the Commission (where necessary)	Number of procedures	34	20
Pre-financing payments	Number of payments	155	172
<b>Horizon 2020</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (31/12/2023)</b>
Events to ensure successful implementation of the programme (organised by REA)	Number of events co-organised by REA	7	5
Interim payments/progress reports	Number of payments	155	166
Final payments/final reports	Number of payments	124	89

## **Implementation of Horizon Europe – Widening participation and strengthening the European Research Area – Widening participation and spreading excellence (DG RTD)**

**General objective: EUROPE FIT FOR THE DIGITAL AGE**

**Specific objective:** DG RTD 2.2: The revitalised European Research Area sets directions for societal, economic and ecological transitions in Europe and contributes to spreading excellence, closing research and innovation gap and working out a common global response to emerging challenges

**From 2020-2024 strategic plans**

**Main outputs in 2023:**

**Horizon Europe**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (31/12/2023)</b>
Events to ensure successful implementation of the programme and to promote funding opportunities (organised by REA)	Number of events co-organised by REA	1	1
Calls for proposals	Number of calls	7	7
Evaluation sessions	Number of sessions	6	6
Number of individual proposals evaluated	Number of individual proposals evaluated	1 000	1 115
Number of grants signed	Number of grants	141	113
Procedures for selection by the Commission (where necessary)	Number of procedures	2	7

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (31/12/2023)</b>
Pre-financing payments	Number of payments	134	53
Interim payments/progress reports	Number of payments	1	1
<b>Horizon 2020</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (31/12/2023)</b>
Interim payments/progress reports	Number of payments	36	15
Final payments/final reports	Number of payments	46	22

## **Implementation of Horizon Europe – Widening participation and strengthening the European Research Area – Reforming and enhancing the European R&I system (DG RTD)**

<b>General objective: EUROPE FIT FOR THE DIGITAL AGE</b>			
<b>Specific objective:</b> DG RTD 2.2: The revitalised European Research Area sets directions for societal, economic and ecological transitions in Europe and contributes to spreading excellence, closing research and innovation gap and working out a common global response to emerging challenges			
<b>From 2020-2024 strategic plans</b>			
<b>Main outputs in 2023:</b>			
<b>Horizon Europe</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (31/12/2023)</b>
Calls for proposals	Number of calls	6	6 (1 main call + 4 IBAs + 1 prize)
Evaluation sessions	Number of sessions	6	5 (prize to be evaluated in 2024)
Number of individual proposals evaluated	Number of individual proposals evaluated	180	46
Number of grants signed	Number of grants	24	24
Procedures for selection by the Commission (where necessary)	Number of procedures	2	1
Pre-financing payments	Number of payments	26	27
Interim payments/progress reports	Number of payments	5	10
Final payments/final reports	Number of payments	2	6 (out of which 4 prizes)

<b>Horizon 2020</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (31/12/2023)</b>
Interim payments/progress reports	Number of payments	41	40
Final payments/final reports	Number of payments	40	22

## **Implementation of Horizon Europe – A Soil deal for Europe Mission (DGs RTD, AGRI)**

**General objective: A EUROPEAN GREEN DEAL**

**Mission:**

**Soil Deal for Europe including the 2023 joint call for the following missions: Adaptation to Climate Change, Soil Deal for Europe and Restore our ocean and waters by 2030**

**Specific objective:** Long-term Vision for the EU's Rural Areas.  
From 2020–2024 strategic plans Main outputs in 2024:

**Main outputs in 2023:**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (31/12/23)</b>
Events to ensure successful implementation of the programme and to promote funding opportunities (organised by REA)	Number of events co-organised by REA	3	2
Calls for proposals	Number of calls	2	3
Evaluation sessions	Number of sessions	2	3
Number of individual proposals evaluated	Estimated number of proposals to evaluate	100	130
Number of grants signed	Number of grants	17	18
Procedures for selection by the Commission (where necessary)	Number of procedures	5	4
Pre-financing payments	Number of payments	17	19
Interim payments/progress reports	Number of payments	-	1



## Implementation of the research programme of the Research Fund for Coal and Steel (DG RTD)

**General objective: A EUROPEAN GREEN DEAL**

**Specific objective:**

DG RTD 1.1: High-quality science, knowledge and innovative solutions support climate policies and help to preserve biodiversity, ecosystem and natural resources

**From 2020-2024 strategic plans**

**Main outputs in 2023:**

Output	Indicator	Target	Latest known results (31/12/2023)
Events to ensure successful implementation of the programme and to promote funding opportunities (organised by REA)	Number of events co-organised by REA	10	9 (2 Info Days 3 CAG 3 SAG 1 BT Workshop)
Calls for proposals	Number of calls	3	3
Evaluation sessions	Number of sessions	2	3
Number of individual proposals evaluated	Number of individual proposals evaluated	200	4 RFCS-2023-CSP 9 RFCS-2023-JT 84 RFCS-2023
Number of grants signed	Number of grants	6 Big tickets calls + around 20/25 annual calls	44
Procedures for selection by the Commission (where necessary)	Number of procedures	2	2
Pre-financing payments	Number of payments	30	44
Interim payments/progress reports	Number of payments	27	25
Final payments/final reports	Number of payments	36	35

## Implementation of the information provision and promotion measures concerning agricultural products, and predecessor actions (DG AGRI)

**General objective: A EUROPEAN GREEN DEAL**

### A STRONGER EUROPE IN THE WORLD

**Specific objective:** DG AGRI 5: In line with the Farm to Fork Strategy, improve the response of EU agriculture to societal demands on food and health, including safe, nutritious and sustainable food, food waste, as well as animal welfare through the Common Agricultural Policy  
 DG AGRI 9: Promote Europe's high quality agri-food standards worldwide (incl. strengthening the system of geographical indications)

**From 2020-2024 strategic plans**

### Main outputs in 2023: GRANTS

#### Under the multiannual financial framework 2021-2027

Output	Indicator	Target	Latest known results (31/12/2023)
Events to ensure successful implementation of the programme and to promote funding opportunities (organised by REA)	Number of events co-organised by REA	2	2
Calls for proposals	Number of calls	2	2
Evaluation sessions	Number of sessions	15	15
Number of individual proposals evaluated	Number of individual proposals evaluated	220 (MULTI and SIMPLE)	19 (MULTI) 98 (SIMPLE)
Number of grants signed	Number of grants	30 (MULTI)	19
Procedures for selection by the Commission (where necessary)	Number of procedures	1	1
Pre-financing payments	Number of payments	25	28
Interim payments/progress reports	Number of payments	27	15
Final payments/final reports	Number of payments	1	1

#### Under the multiannual financial framework 2014-2020

Output	Indicator	Target	Latest known results (31/12/2023)
Events to ensure successful implementation of the programme (organised by REA)	Number of events co-organised by REA	1	1
Interim payments/progress reports	Number of payments	34	24
Final payments/final reports	Number of payments	16	13

## Main outputs in 2022: PROCUREMENT

### Under the multiannual financial framework 2021-2027

Output	Indicator	Target	Latest known results (31/12/2023)
Number of promotional events outside the EU organised	Number of events	10	8
Number of on-going communication campaigns	Number of campaigns	6	6
Number of market research reports published	Number of reports	7	6
Interim payments/progress reports	Number of payments	14	16
Final payments/final reports	Number of payments	7	16

### Under the multiannual financial framework 2014-2020

Output	Indicator	Target	
Number of on-going communication campaigns	Number of campaigns	1	1
Final payments/final reports	Number of payments	2	7

## Support tasks delegated to the Agency

Participant management for grants/tenders and management of the Research Enquiry Service

**General objective: A MODERN, HIGH PERFORMING AND SUSTAINABLE EUROPEAN COMMISSION**

**Specific objective:** DG RTD 7.1 - The Common Implementation Centre and Common Policy and Programming Centre provide user-friendly services and tools to the European Commission for effective and efficient planning, programming and implementation of the Research and Innovation Framework Programme and other EU programmes

**From 2020-2024 strategic plans**

**Main outputs in 2023:**

**EU funding under SEDIA**

Output	Indicator	Target	Last known result-31/12/2023
<b>Tasks related to participant validation – legal validation</b>			
Legal entity validation (for all EU funding programmes under SEDIA)	Number of validations	14 000 <sup>(4)</sup>	8 981
LEAR validation	Number of validations	16 700	12 630
Assessments of potential Universal transfer of rights and obligations (UTRO) cases	Number of validations	450	433
Requests for change or additional corrections	Number of requests	45 000	35 305
Bank account validations	Number of validations	14 000	8 578
<b>Tasks related to participant validation – SME validation/mid-cap assessment/third country control assessment</b>			
SME/mid-capitalisation validations	Number of validations	250	156
Third-country ownership/control assessments	Number of assessments	1 500 <sup>(5)</sup>	782
<b>Tasks related to participant validation – preparation of financial capacity assessment</b>			

<sup>(4)</sup> The target numbers are based on operational services' forecast, collected for the first time by the CVS in attempt to have a better workload forecasting process. Given that such exercise was carried out for the first time, the provided data did not prove to be fully reliable, hence the discrepancies with actual figures.

<sup>(5)</sup> For the first year, the target numbers are based on operational services forecasts of participants of 2023 calls. At the time of the forecast, the gap of 18 months between two assessments on the same participant was still not approved, hence the benefits of such approach were not integrated in the forecast.

Preparation of financial capacity assessment	Number of assessments	15 350 <sup>(6)</sup>	9 618
<b>Tasks related to the management of Research Enquiry Service</b>			
Replies to RES questions (directly by the RES team, the service provider and the local helpdesks)	Number of replies	12 000	12 540
<b>Tasks related to Frequently Asked Questions in the Funding and Tenders Portal</b>			
FAQs approved	Number of FAQ	700	1 659
<b>Indicator</b>	<b>Target</b>	<b>Last known result (31/12/2023)</b>	
<b>Time to validate (old KPI 5)</b>	95% of validations/assessments completed on time (90 days from reception of the request for validation)	97.72%	
<b>Aggregated efficiency indicator (new)*</b>	N/A <sup>(7)</sup>	1.24 <sup>(8)</sup>	
<b>Time to validate (new)*</b>	95% of validations/assessments completed on time (25 days from complete file)	93.15%	
<b>Customer satisfaction (new)*</b>	80% global satisfaction rate good, very good and excellent	90.3%	

Following an IAS audit on the implementation of SEDIA (Single Electronic Data Interchange Area), three KPIs were introduced in 2023 concerning REA's participant validation services:

- KPI 5.1. Aggregated efficiency indicator (quantitative): this KPI measures productivity compared to a reference year (2019) for all core activities performed by the CVS. To reflect the actual performance in a consistent manner, the CVS has assigned a weighting factor to each core activity based on their complexity and the time spent on their completion. The productivity standard corresponds to the total weighted output divided by the number of staff allocated. The 2019 baseline was 286 workload units per FTE for the

<sup>(6)</sup> The AWP figures do not take into account the change of approach for EACEA to financially assess coordinators only, which came in force after the AWP preparation. In addition, one major client – DG INTPA – withdrew, after the AWP publication, the intend to use the CVS for FCA in 2023.

<sup>(7)</sup> Target cannot be set since the volume of the output of the CVS depends on the clients' requests.

<sup>(8)</sup> Based on 107 allocated staff to D4 less 5 FTE allocated to RES, i.e., 102 staff for CVS. Productivity year N = 36,180 workload units in 2023 / 102 CVS staff = 355 workload units per FTE CVS aggregate efficiency indicator = 355 / 286 (productivity standard 2019) = 1.24.

full year. The productivity at the end of 2023 was 355 workload units per FTE, an increase of 24% compared to the baseline.

- KPI 5.2. Time to validate – both at aggregated and detailed level by core activity (quantitative): this KPI monitors that the validations/assessments carried out by the CVS are performed within the time limits set in the working arrangements. This KPI includes the following activities: (i) LEVs; (ii) UTROs; (iii) SMEs and mid-caps statuses; (iv) OCAs; and (v) FCAs.

The target time to validate is 25 calendar days from receipt of a complete set of supporting documents. This indicator allows for better measurement of the CVS efficiency compared to the KPI assessing the time to validate starting from the reception of the validation request by the CVS. The KPI might change if the proposal to amend the working arrangements to allow for additional time to validate during summer is accepted.

- KPI 5.3. Customer satisfaction (qualitative): this KPI is based on an annual survey whose purpose is to analyse client services’ feedback and consolidate the CVS’ strengths. The survey will focus on quality/timeliness/reliability of the output of the CVS and on its communication with clients.

### Expert Management and Support Services

**General objective:** A MODERN, HIGH PERFORMING AND SUSTAINABLE EUROPEAN COMMISSION

**Specific objective:** DG RTD 7.1 – The Common Implementation Centre and Common Policy and Programming Centre provide user-friendly services and tools to the European Commission for effective and efficient planning, programming and implementation of the Research and Innovation Framework Programme and other EU programmes

**From 2020-2024 strategic plans**

**Main outputs in 2024:**

Output	Indicator	Target	Latest known result (31/12/2023)
Validation of experts’ legal entity and bank account files <sup>(9)</sup>	Files are validated within 25 working days of the approval of the pool of experts.	100%	94%
Contracts signed with experts	Contracts are signed within 10 calendar days of the launch of the contract signature process.	100%	99.5%
Payments made to experts	Payments are made within 30 calendar days of the receipt of the cost claim from the expert.	100%	99.5%

**Additional outputs:**

<sup>(9)</sup> The lack of information in the new IT systems prevent calculation of the net time to validate (the system instead counts from the time the invitation was sent to the time the file is fully validated). The indicator is therefore considerably lower than the reality.

<b>Tasks related to Expert Management Services:</b>				
<b>Output</b>	<b>AWP 2023 figures</b>	<b>Actual (10)</b>	<b>Target</b>	<b>Outcome (31/12/2023)</b>
Number of expert contracts signed – expert evaluators	22 000		19 000	17 500
Number of expert contracts signed – expert monitors	2 250		1 900	2 060
Number of payments	29 000		25 000	22 500
Number of LE/BA validations for experts	6 500	8 000 of each		8 250 Legal Entities 5 900 Bank accounts
Number of Pool approvals	750		375	420
Evaluators' budget (payment appropriations)	65 MEUR		63 MEUR	54 MEUR
Monitors' budget (payment appropriations)	3.3 MEUR		4.1 MEUR	3.2 MEUR
<b>Tasks related to Expert Support Services:</b>				
Number of calls finalised in the Call Passport System	600		375	540
Number of evaluations supported on-site	120		120	18
Number of experts on-site (11)	6 000		8 000	1 984

## External communication

**General objective: A MODERN, HIGH PERFORMING AND SUSTAINABLE EUROPEAN COMMISSION**

**Main outputs in 2023: Horizon Europe, Research Fund for Coal and Steel, Promotion of agricultural products**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b>
Reach on the website (source: Europa Analytics)	Total average page views per month	30 000	69 300
Reach on social media (source: Emplifi social media statistics)	Total number of engagements (shares, likes, comments, clicks) (12)	30 000	241 103

(10) Due to a versioning conflict, the table appearing in the 2023 Annual Work Programme is incorrect. The corrected figures are displayed here.

(11) Based on the number of experts registered in V-pass.

(12) Total number of engagements refers to the interactions (likes, shares/retweets, comments, clicks) people have throughout the year with content published on REA's three corporate social media channels i.e. the @REA\_research and @EUGreenResearch Twitter accounts, and the REA LinkedIn account.

## Running projects per activity

FRAMEWORK PROGRAMME		Running projects on 31/12/2022	Running projects on 31/12/2023
H2020 Activities		5,339	3,417
Excellent Science	Marie Skłodowska-Curie Actions	4,081	2,493
	Research infrastructure	131	95
Societal Challenges	Societal Challenge 2	273	218
	Societal Challenge 5	132	95
	Societal Challenge 6	151	94
	Societal Challenge 7	131	92
Specific Objectives	Spreading Excellence and Widening Participation	265	200
	Science with and for Society	135	90
Green Deal		40	40
Horizon Europe Activities		2,300	4,200
Excellent Science	Marie Skłodowska-Curie Actions	1506	2,938
	Research infrastructure	71	127
Global Challenges & European Industrial Competitiveness	Cluster 2	137	222
	Cluster 3	37	69
	Cluster 6	279	452
Widening Participation and Strengthening the European Research Area	Widening participation and spreading excellence	212	291
	Reforming and Enhancing the European R&I system	47	71
EU Mission		11	30
AGRIP		114	106
		114	106
RFCS		117	127
		117	127
<b>TOTAL</b>		<b>7,870</b>	<b>7,850</b>



## **ANNEX 3: Draft annual accounts and financial reports**

### **Operational budget**

#### **Annex 3 Financial Reports - REA - Financial Year 2023**

**Table 1 : Commitments**

**Table 2 : Payments**

**Table 3 : Commitments to be settled**

**Table 4 : Balance Sheet**

**Table 5 : Statement of Financial Performance**

**Table 5 Bis: Off Balance Sheet**

**Table 6 : Average Payment Times**

**Table 7 : Income**

**Table 8 : Recovery of undue Payments**

**Table 9 : Ageing Balance of Recovery Orders**

**Table 10 : Waivers of Recovery Orders**

**Table 11 : Negotiated Procedures**

**Table 12 : Summary of Procedures**

**Table 13 : Building Contracts**

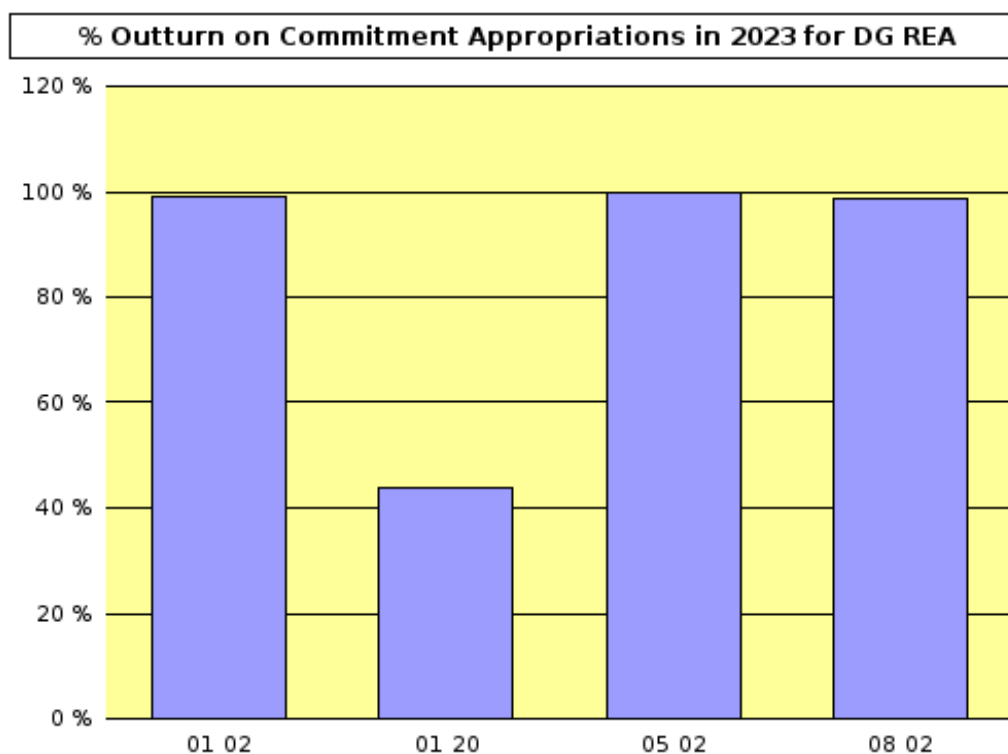
**Table 14 : Contracts declared Secret**

**Table 15 : FPA duration exceeds 4 years**

**Table 16 : Commitments co-delegation type 3 in 2022**

<b>TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2023 (in Mio €) for DG REA</b>					
			<b>Commitment appropriations authorised*</b>	<b>Commitments made</b>	<b>%</b>
			1	2	3=2/1
<b>Title 01 Research and Innovation</b>					
01	01 02	Horizon Europe	3,218.01	3,193.18	99.23 %
	01 20	Pilot projects, preparatory actions, prerogatives and other actions	233.06	101.78	43.67 %
<b>Total Title 01</b>			<b>3,451.07</b>	<b>3,294.96</b>	<b>95.48 %</b>
<b>Title 05 Regional Development and Cohesion</b>					
05	05 02	European Regional Development Fund (ERDF)	1.00	1.00	100.00 %
<b>Total Title 05</b>			<b>1.00</b>	<b>1.00</b>	<b>100.00 %</b>
<b>Title 08 Agriculture and Maritime Policy</b>					
08	08 02	European Agricultural Guarantee Fund (EAGF)	84.17	83.19	98.83 %
<b>Total Title 08</b>			<b>84.17</b>	<b>83.19</b>	<b>98.83 %</b>
<b>Total Excluding NGEU</b>			<b>3,536.24</b>	<b>3,379.15</b>	<b>95.56 %</b>
<b>Total DG REA</b>			<b>3,536.24</b>	<b>3,379.15</b>	<b>95.56 %</b>

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



<b>TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2023 (in Mio €) for DG REA</b>					
			<b>Payment appropriations authorised *</b>	<b>Payments made</b>	<b>%</b>
			<b>1</b>	<b>2</b>	<b>3=2/1</b>
<b>Title 01 Research and Innovation</b>					
01	01 02	Horizon Europe	3,172.80	2,747.49	86.60 %
	01 20	Pilot projects, preparatory actions, prerogatives and other actions	132.13	58.11	43.98 %
<b>Total Title 01</b>			<b>3,304.93</b>	<b>2,805.60</b>	<b>84.89%</b>
<b>Title 05 Regional Development and Cohesion</b>					
05	05 02	European Regional Development Fund (ERDF)	0.00	0.00	0.00 %
<b>Total Title 05</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>
<b>Title 08 Agriculture and Maritime Policy</b>					
08	08 02	European Agricultural Guarantee Fund (EAGF)	74.31	73.33	98.68 %
<b>Total Title 08</b>			<b>74.31</b>	<b>73.33</b>	<b>98.68%</b>
<b>Total Excluding NGEU</b>			<b>3,379.25</b>	<b>2,878.93</b>	<b>85.19%</b>
<b>Total DG REA</b>			<b>3,379.25</b>	<b>2,878.93</b>	<b>85.19 %</b>

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

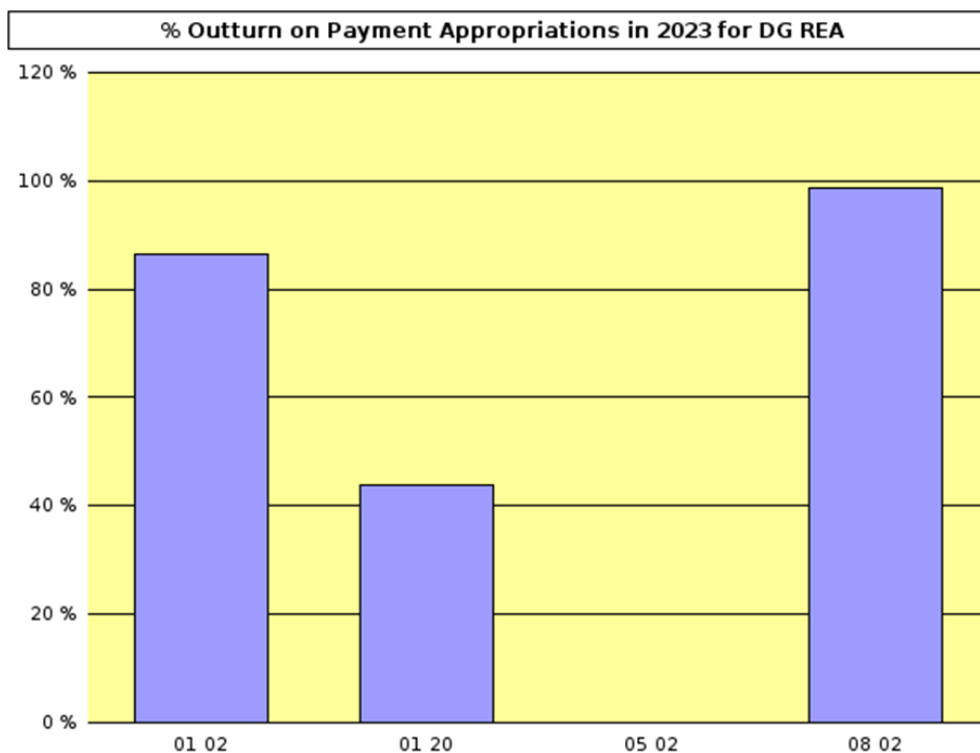
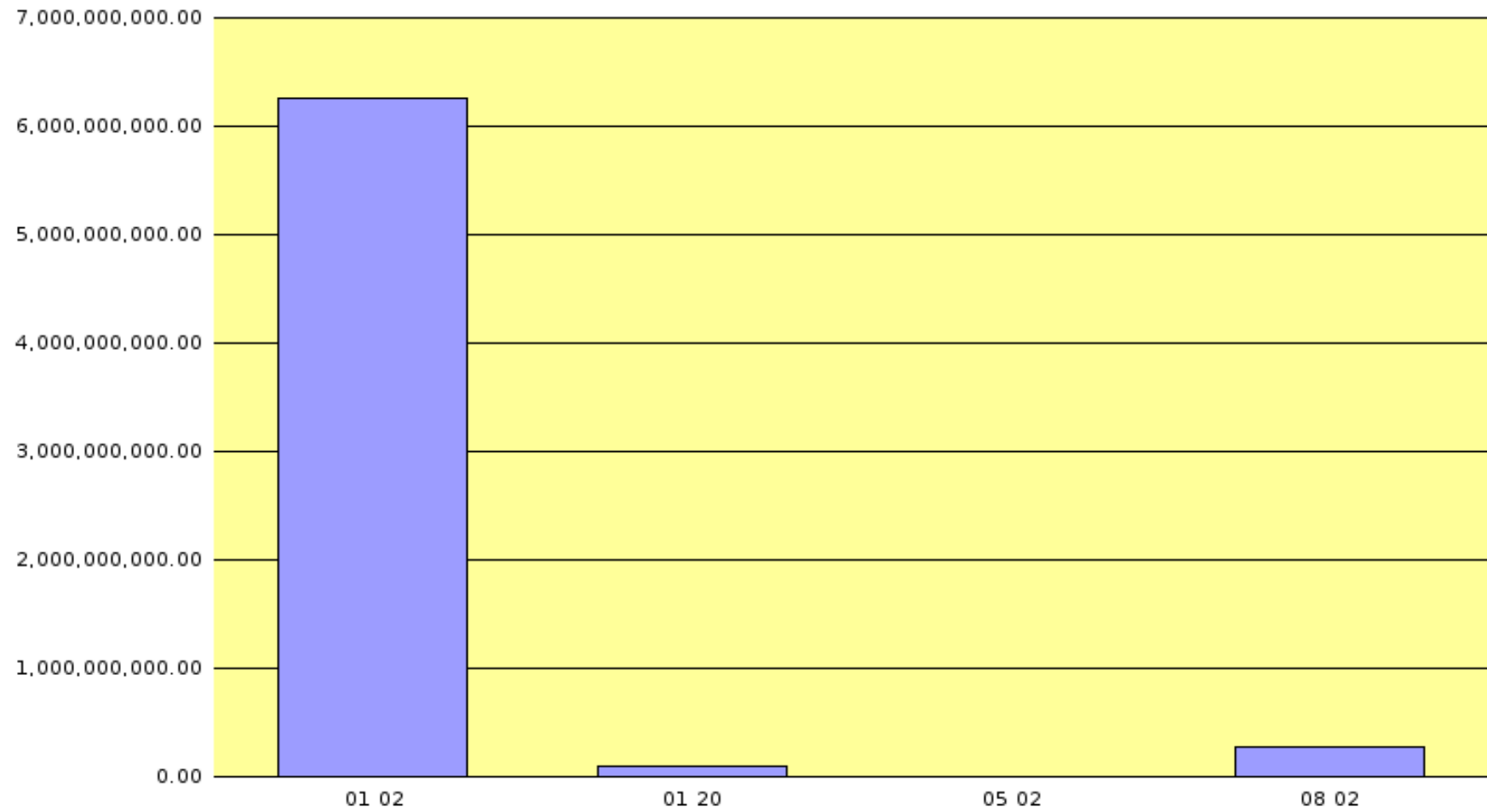


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG REA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 02	Horizon Europe	3,193.18	448.87	2,744.31	85.94%	3,510.44	6,254.75	5,965.65
	01 20	Pilot projects, preparatory actions, prerogatives and other actions	101.78	37.26	64.52	63.39%	31.38	95.90	55.86
<b>Total Title 01</b>			<b>3,294.96</b>	<b>486.13</b>	<b>2,808.83</b>	<b>85.25%</b>	<b>3,541.82</b>	<b>6,350.65</b>	<b>6,021.52</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG REA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
05	05 02	European Regional Development Fund (ERDF)	1.00	0.00	1.00	100.00%	0.00	1.00	0.00
<b>Total Title 05</b>			<b>1.00</b>	<b>0.00</b>	<b>1.00</b>	<b>100.00%</b>	<b>0.00</b>	<b>1.00</b>	<b>0.00</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG REA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
08	08 02	European Agricultural Guarantee Fund (EAGF)	83.19	4.74	78.45	94.30%	200.75	279.20	277.59
<b>Total Title 08</b>			<b>83.19</b>	<b>4.74</b>	<b>78.45</b>	<b>94.30%</b>	<b>200.75</b>	<b>279.20</b>	<b>277.59</b>
<b>Total Excluding NGEU</b>			<b>3,379.15</b>	<b>490.87</b>	<b>2,888.27</b>	<b>85.47%</b>	<b>3,742.57</b>	<b>6,630.85</b>	<b>6,299.11</b>
<b>Total for DG REA</b>			<b>3,379.15</b>	<b>490.87</b>	<b>2,888.27</b>	<b>85.47 %</b>	<b>3,742.57</b>	<b>6,630.85</b>	<b>6,299.11</b>

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



**TABLE 4 : BALANCE SHEET for DG REA**

<b>BALANCE SHEET</b>	<b>2023</b>	<b>2022</b>
<b>A.I. NON CURRENT ASSETS</b>	<b>1,210,212,588.05</b>	<b>1,259,169,922.19</b>
A.I.5. Non-Current Pre-Financing	1,099,212,588.05	1,148,169,922.19
A.I.6. Non-Cur Exch Receiv & Non-Ex Recoverab	111,000,000.00	111,000,000.00
<b>A.II. CURRENT ASSETS</b>	<b>2,444,670,337.33</b>	<b>2,404,227,057.81</b>
A.II.2. Current Pre-Financing	2,086,463,590.68	2,042,462,668.77
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	358,206,746.65	361,764,389.04
<b>ASSETS</b>	<b>3,654,882,925.38</b>	<b>3,663,396,980.00</b>
<b>P.II. CURRENT LIABILITIES</b>	<b>-273,456,792.53</b>	<b>-213,375,935.29</b>
P.II.4. Current Payables	-115,514,401.97	-77,015,211.65
P.II.5. Current Accrued Charges & Defrd Income	-157,942,390.56	-136,360,723.64
<b>LIABILITIES</b>	<b>-273,456,792.53</b>	<b>-213,375,935.29</b>
<b>NET ASSETS (ASSETS less LIABILITIES)</b>	<b>3,381,426,132.85</b>	<b>3,450,021,044.71</b>
Non-allocated central (surplus)/deficit*	-20,144,330,279.85	-17,893,370,708.43
P.III.2. Accumulated Surplus/Deficit	16,762,904,147.00	14,443,349,663.72
<b>TOTAL DG REA</b>	<b>0.00</b>	<b>0.00</b>

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

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

**TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG REA**

<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>2023</b>	<b>2022</b>
<b>II.1 REVENUES</b>	<b>-114,256,546.85</b>	<b>-115,479,128.21</b>
II.1.1. NON-EXCHANGE REVENUES	-114,955,341.19	-115,882,725.93
II.1.1.6. RECOVERY OF EXPENSES	-3,955,341.19	-4,848,989.86
II.1.1.8. OTHER NON-EXCHANGE REVENUES	-111,000,000.00	-111,033,736.07
II.1.2. EXCHANGE REVENUES	698,794.34	403,597.72
II.1.2.2. OTHER EXCHANGE REVENUE	698,794.34	403,597.72
<b>II.2. EXPENSES</b>	<b>2,916,696,039.42</b>	<b>2,435,033,611.49</b>
II.2. EXPENSES	2,916,696,039.42	2,435,033,611.49
II.2.11. OTHER EXPENSES	1,174,123.19	132,819.55
II.2.2. EXP IMPLM BY COMMISS&EX.AGENC. (DM)	2,915,500,703.94	2,434,900,534.91
II.2.4. EXP IMPL BY 3RD CNTR & INT ORG (IM)	0.00	
II.2.5. EXP IMPLM BY OTHER ENTITIES (IM)	0.00	
II.2.8. FINANCE COSTS	21,212.29	257.03
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>2,802,439,492.57</b>	<b>2,319,554,483.28</b>

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

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

**TABLE 5bis : OFF BALANCE SHEET for DG REA**

<b>OFF BALANCE</b>	<b>2023</b>	<b>2022</b>
OB.1. Contingent Assets	12,024,422.91	9,106,488.96
GR for pre-financing	12,024,422.91	9,106,488.96
OB.2. Contingent Liabilities	-500,000.00	-509,049.14
OB.2.7. CL Legal cases OTHER	-500,000.00	-509,049.14
OB.3. Other Significant Disclosures	-6,357,391,065.82	-6,089,055,209.77
OB.3.2. Comm against app. not yet consumed	-6,357,391,065.82	-6,089,055,209.77
OB.4. Balancing Accounts	6,345,866,642.91	6,080,457,769.95
OB.4. Balancing Accounts	6,345,866,642.91	6,080,457,769.95
<b>OFF BALANCE</b>	<b>0.00</b>	<b>0.00</b>

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

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



**Table 6 : Average Payment Times**

Legal Times									
Maximum Payment Time (Days)	Total Nbr of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage
30	24,669	24,548	99.51 %	8.31	121	0.49 %	41.46	4,887,555.83	0. %
45	4	4	100.00 %	9.50				0.00	0. %
60	80	80	100.00 %	38.24				0.00	0. %
90	2,814	2,799	99.47 %	56.90	15	0.53 %	154.47	1,340,228.48	0. %
<b>Total Number of Payments</b>	<b>27,567</b>	<b>27,432</b>	<b>99.51 %</b>		<b>136</b>	<b>0.49 %</b>		<b>6227784.31</b>	<b>0. %</b>
<b>Average Net Payment Time</b>	<b>13.55512025</b>			<b>13.35</b>			<b>53.93</b>		
<b>Average Gross Payment Time</b>	<b>16.80433127</b>			<b>16.5971</b>			<b>58.60294118</b>		

Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount*
0	35	2,563	9.30 %	27,567	778,253,913.59	28.48 %	2,733,091,846.18

**Late Interest paid in 2023**

DG	GL Account	Description	Amount (Eur)
REA	65010100	Interest on late payment of charges New FR	21,125.44
			<b>21,125.44</b>

[NB: Table 6 only contains payments relevant for the time statistics](#)

\* The amount reported does not include the contributions to the Mutual Insurance Mechanism (MIM). If the contributions were included, the value of the Total Paid Amount would have been of EUR 2 878 932 919.65.

**TABLE 7 : SITUATION ON REVENUE AND INCOME in 2023 for DG REA**

Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	
33	Other administrative revenue	-59,708.27	329,040.69	269,332.42	-59,708.27	59,708.27	0.00	269,332.42
42	Fines and penalties	0.00	37,730.00	37,730.00	0.00	0.00	0.00	37,730.00
60	Single market, innovation and digital	103,137,980.66	4,777,050.81	107,915,031.47	99,802,600.09	2,101,745.60	101,904,345.69	6,010,685.78
62	Natural resources and environment	980,757.36	0.00	980,757.36	980,757.36	0.00	980,757.36	0.00
66	Other contributions and refunds	2,086,497.56	0.00	2,086,497.56	2,086,497.56	0.00	2,086,497.56	0.00
67	Completion for outstanding recovery orders prior to 2021	42,897,094.66	3,632,570.78	46,529,665.44	42,897,094.66	841,226.57	43,738,321.23	2,791,344.21
<b>Total DG REA</b>		<b>149,042,621.97</b>	<b>8,776,392.28</b>	<b>157,819,014.25</b>	<b>145,707,241.40</b>	<b>3,002,680.44</b>	<b>148,709,921.84</b>	<b>9,109,092.41</b>

**TABLE 8 : FINANCIAL IMPACT OF EX-ANTE AND EX-POST CONTROLS in 2023 for REA**

<b>EX-ANTE CONTROLS BY TRANSACTION</b>	<b>Irregularity</b>	<b>OLAF notified</b>	<b>Total ex-ante amounts</b>
NON ELIGIBLE IN COST CLAIMS	4.318.500,79	93.338,92	<b>4.411.839,71</b>
CREDIT NOTES	963.878,33	0,00	<b>963.878,33</b>
RECOVERY ORDERS ON PRE-FINANCING	922.143,82	0,00	<b>922.143,82</b>
<b>Sub-Total</b>	<b>6.204.522,94</b>	<b>93.338,92</b>	<b>6.297.861,86</b>

<b>EX-POST CONTROLS BY TRANSACTION</b>	<b>Irregularity</b>	<b>OLAF notified</b>	<b>Total ex-post amounts</b>
RECOVERY ORDERS OTHER THAN ON PRE-FINANCING	3.553.015,32	31.940,35	<b>3.584.955,67</b>
INCOME LINES IN INVOICES	240.360,61	0,00	<b>240.360,61</b>
<b>Sub-Total</b>	<b>3.793.375,93</b>	<b>31.940,35</b>	<b>3.825.316,28</b>
<b>GRAND TOTAL (EX-ANTE + EX-POST)</b>	<b>9.997.898,87</b>	<b>125.279,27</b>	<b>10.123.178,14</b>

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

	<b>Number at 1/1/2023 1</b>	<b>Number at 12/31/2023</b>	<b>Evolution</b>	<b>Open Amount (Eur) at 1/1/2023 1</b>	<b>Open Amount (Eur) at 12/31/2023</b>	<b>Evolution</b>
2013	1		-100.00 %	53,000.00		-100.00 %
2015	4	2	-50.00 %	167,852.70	33,170.58	-80.24 %
2016	2	2	0.00 %	42,983.34	42,983.34	0.00 %
2017	11	7	-36.36 %	1,362,211.10	1,245,893.38	-8.54 %
2018	4	2	-50.00 %	132,086.48	28,507.20	-78.42 %
2019	11	8	-27.27 %	1,560,059.71	1,399,859.00	-10.27 %
2020	20	16	-20.00 %	1,601,229.88	1,263,050.02	-21.12 %
2021	8	4	-50.00 %	683,430.33	549,266.96	-19.63 %
2022	55	21	-61.82 %	4,093,620.48	2,126,038.25	-48.06 %
2023		37			3,305,471.57	
	<b>116</b>	<b>99</b>	<b>-14.66 %</b>	<b>9,696,474.02</b>	<b>9,994,240.30</b>	<b>3.07 %</b>

\* Partial cancellations are not taken into account

**TABLE 10 :Recovery Order Waivers >= 60 000 € in 2023 for DG REA**

Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
3233230042	3241805753	-82,000.00	Private Companies		
3233230046	3242103161	-64,460.66	Private Companies		
3233230055	3242205597	-181,009.00	Private Companies		
3233230068	3242001987	-71,605.76	Private Companies		
3233230095	3242002566	-223,259.73	Private Companies		
3233230111	3241902518	-108,364.29	Private Companies		
3233230209	3241711083	-96,845.44	Private Companies		
3233230237	3241501935	-126,000.00	Private Companies		

<b>Total DG REA</b>	<b>-953,544.88</b>
---------------------	--------------------

<b>Number of RO waivers</b>	<b>8</b>
-----------------------------	----------

There are 13 waivers below 60 000 € for a total amount of -220,578.31

Justifications: Following the change of rules for the MIM interventions, recovery orders issued after the payment of the balance following audits or investigations are no longer covered by the MIM and as such, if the entity enters bankruptcy or insolvency procedures where it was not possible to legally enforce the debt, the waivers were needed.

**TABLE 11 : Negotiated Procedures in 2023 for DG REA****Internal Procedures > € 60,000**

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Annex 1 - 11.1 ( e ) - New services/works consisting in the repetition of similar services/works	1	17,500,000.00
<b>Total</b>	<b>1</b>	<b>17,500,000.00</b>

**TABLE 12 : Summary of Procedures in 2023 for DG REA****Internal Procedures > € 60,000**

Procedure Legal base	Number of Procedures	Amount (€)
Negotiated procedure without prior publication (Annex 1 - 11.1)	1	17,500,000.00
<b>Total</b>	<b>1</b>	<b>17,500,000.00</b>

The framework contract REA/2021/OP/0002 LOT 3 ceiling was increased in line with the allowed limits.

**TABLE 13 : BUILDING CONTRACTS in 2023 for DG REA**

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

**TABLE 14 : CONTRACTS DECLARED SECRET in 2023 for DG REA**

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

**TABLE 15 : FPA duration exceeds 4 years - DG REA**

**1. COST- FPA**

Title: COST: Europe's most empowering research programme - Strengthening science and innovation through research networking

Call: HORIZON-WIDERA-2021-COST-FPA

Start date: 01/11/2021

End date: 31/10/2028

Duration: 84 months

**2. SOILL**

Title: Support Structure for Soil Living Labs

Call: HORIZON-MISS-2022-SOIL-01

Start date: 01/01/2024

End date: 31/12/2028

Duration: 60 months

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

[N/A]

## **Administrative budget**

### **Annex 3 Financial Reports - REA - Financial Year 2023**

**Table 1 : Commitments**

**Table 2 : Payments**

**Table 3 : Commitments to be settled**

**Table 4 : Balance Sheet**

**Table 5 : Statement of Financial Performance**

**Table 5 Bis: Off Balance Sheet**

**Table 6 : Average Payment Times**

**Table 7 : Income**

**Table 8 : Recovery of undue Payments**

**Table 9 : Ageing Balance of Recovery Orders**

**Table 10 : Waivers of Recovery Orders**

**Table 11 : Negotiated Procedures**

**Table 12 : Summary of Procedures**

**Table 13 : Building Contracts**

**Table 14 : Contracts declared Secret**



## Additional comments

### **Tables 1, 2, 3 and 6**

Tables 1, 2, 3 and 6 of the Annex 3 of the Annual Activity Report (AAR) of 2023 on the REA Administrative Budget by default show the data of the Fund Management Centre (FMC) 'REA' only, excluding the execution in commitments and payments done on the FMC 'REA:PMO'.

The FMC 'REA:PMO' is the type III co-delegation given by REA Authorising Officer to PMO Authorising Officer for the implementation of, among others, salaries' and missions' payments of the Agency.

In order to show all the data of REA Administrative Budget execution, enabling the comparison with the five other Executive Agencies, which, most of them, have not yet co-delegated any of their payments to PMO, REA has duplicated Tables 1, 2, 3 and 6 to show:

- on one hand, the standard AAR tables showing the implementation in the FMC 'REA' only, and
- on the other hand, additional AAR tables to show the entire implementation in the two FMCs (i.e., 'REA' and 'REA:PMO'), meaning the implementation in the entire Financial Management (FM) Area 'REAG'.

### **Table 6 (FMCs 'REA' and 'REA:PMO')**

Table 6 of the Annex 3 of the Annual Activity Report (AAR) of 2023 on REA Administrative Budget shows by default the information regarding the payments authorised during the Year 2023 excluding the non-budgetary payments (i.e., those made in the Budget Regime H).

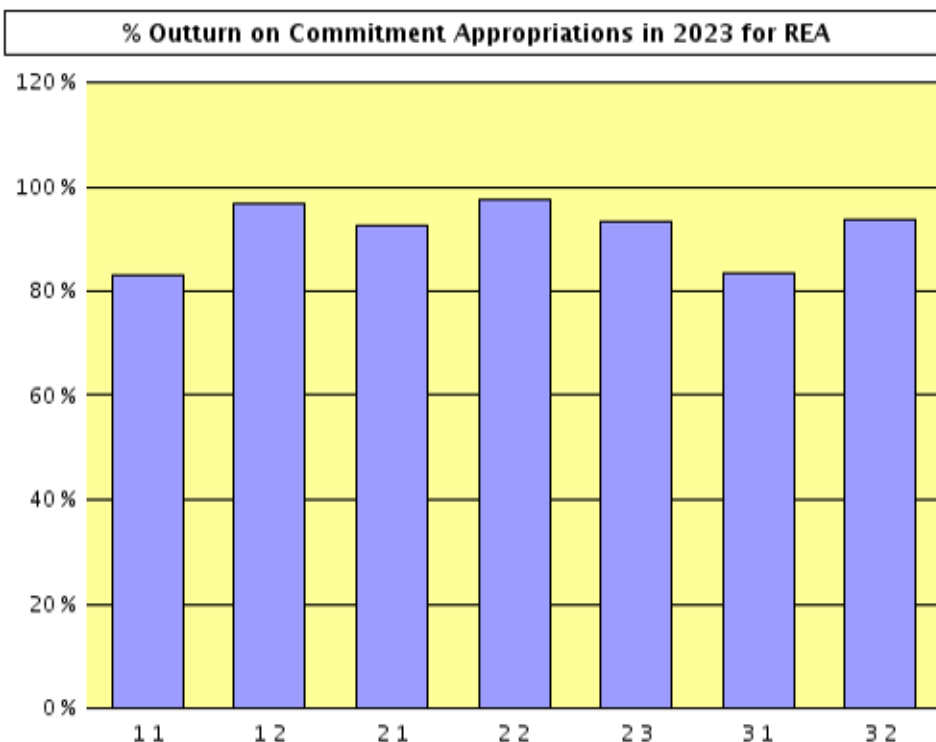
### **Tables 11, 12, 13 and 14**

REA has added the Tables 11, 12, 13, and 14 in the Annex 3 of REA Administrative Budget's Annual Activity Report (AAR) of 2023 as they may concern the Agency's Administrative Budget, too.

<b>TABLE 1*: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2023 (in Mio €) for REA</b>					
			<b>Commitment appropriations authorised**</b>	<b>Commitments made</b>	<b>%</b>
			<b>1</b>	<b>2</b>	<b>3=2/1</b>
<b>Title 1 STAFF EXPENDITURE</b>					
1	1 1	REMUNERATIONS, ALLOWANCES AND CHARGES	1.30	1.08	83.01 %
	1 2	PROFESSIONAL DEVELOPMENT AND SOCIAL EXPENDITURE	3.31	3.20	96.71 %
<b>Total Title 1</b>			<b>4.61</b>	<b>4.28</b>	<b>92.85 %</b>
<b>Title 2 INFRASTRUCTURE AND OPERATING EXPENDITURE</b>					
2	2 1	BUILDING EXPENDITURE	5.21	4.82	92.49 %
	2 2	ICT EXPENDITURE	5.27	5.14	97.56 %
	2 3	MOVABLE PROPERTY AND CURRENT OPERATING EXPENDITURE	0.69	0.65	93.25 %
<b>Total Title 2</b>			<b>11.18</b>	<b>10.61</b>	<b>94.93 %</b>
<b>Title 3 PROGRAMME SUPPORT EXPENDITURE</b>					
3	3 1	PROGRAMME MANAGEMENT EXPENDITURE	1.91	1.59	83.26 %
	3 2	COMMON SUPPORT SERVICES EXPENDITURE	6.93	6.50	93.84 %
<b>Total Title 3</b>			<b>8.84</b>	<b>8.10</b>	<b>91.56 %</b>
<b>Total REA</b>			<b>24.63</b>	<b>22.98</b>	<b>93.33 %</b>

\* FMC "REA"

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



<b>TABLE 1*: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2023 (in Mio €) for REA</b>					
			<b>Commitment appropriations authorised**</b>	<b>Commitments made</b>	<b>%</b>
			1	2	3=2/1
<b>Title 1 STAFF EXPENDITURE</b>					
1	1 1	REMUNERATIONS, ALLOWANCES AND CHARGES	79.37	79.15	99.72 %
	1 2	PROFESSIONAL DEVELOPMENT AND SOCIAL EXPENDITURE	3.43	3.32	96.83 %
<b>Total Title 1</b>			<b>82.80</b>	<b>82.47</b>	<b>99.60 %</b>
<b>Title 2 INFRASTRUCTURE AND OPERATING EXPENDITURE</b>					
2	2 1	BUILDING EXPENDITURE	5.21	4.82	92.49 %
	2 2	ICT EXPENDITURE	5.27	5.14	97.56 %
	2 3	MOVABLE PROPERTY AND CURRENT OPERATING EXPENDITURE	0.69	0.65	93.25 %
<b>Total Title 2</b>			<b>11.18</b>	<b>10.61</b>	<b>94.93 %</b>
<b>Title 3 PROGRAMME SUPPORT EXPENDITURE</b>					
3	3 1	PROGRAMME MANAGEMENT EXPENDITURE	2.17	1.85	85.25 %
	3 2	COMMON SUPPORT SERVICES EXPENDITURE	6.93	6.50	93.84 %
<b>Total Title 3</b>			<b>9.10</b>	<b>8.35</b>	<b>91.80 %</b>
<b>Total REA</b>			<b>103.08</b>	<b>101.43</b>	<b>98.41 %</b>

\* FMA "REAG"

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

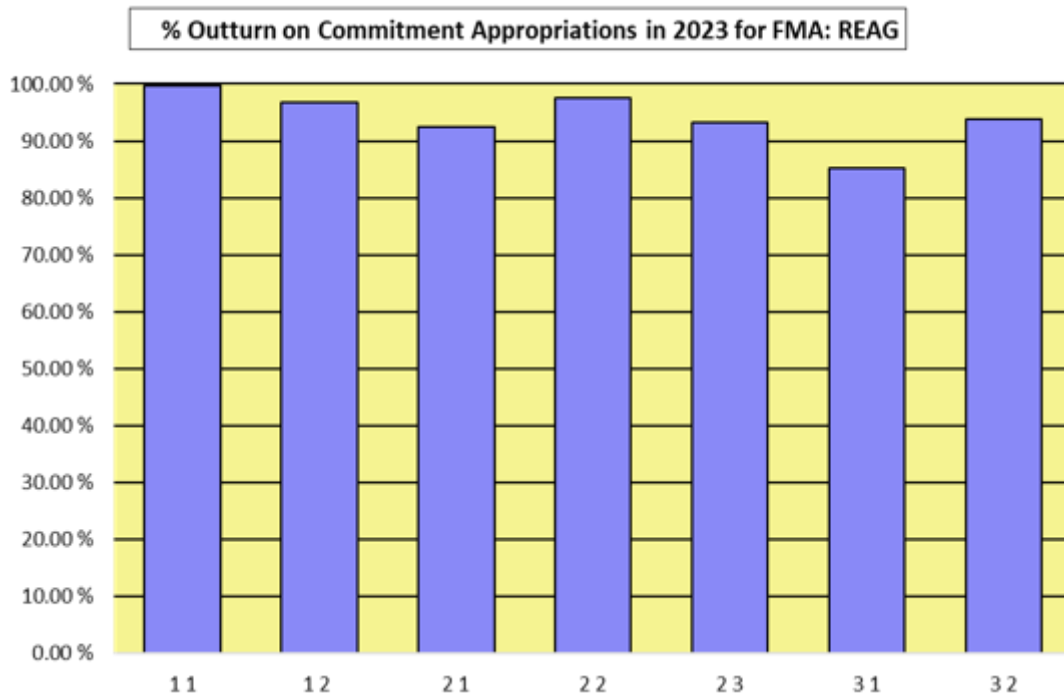


TABLE 2*: OUTTURN ON PAYMENT APPROPRIATIONS IN 2023 (in Mio €) for REA					
			Payment appropriations authorised**	Payments made	%
			1	2	3=2/1
Title 1 STAFF EXPENDITURE					
1	1 1	REMUNERATIONS, ALLOWANCES AND CHARGES	1.58	1.12	71.07 %
	1 2	PROFESSIONAL DEVELOPMENT AND SOCIAL EXPENDITURE	3.70	3.25	87.90 %
<b>Total Title 1</b>			<b>5.28</b>	<b>4.37</b>	<b>82.86%</b>
Title 2 INFRASTRUCTURE AND OPERATING EXPENDITURE					
2	2 1	BUILDING EXPENDITURE	7.15	4.16	58.19 %
	2 2	ICT EXPENDITURE	5.63	4.81	85.44 %
	2 3	MOVABLE PROPERTY AND CURRENT OPERATING EXPENDITURE	0.80	0.32	39.90 %
<b>Total Title 2</b>			<b>13.59</b>	<b>9.30</b>	<b>68.41%</b>
Title 3 PROGRAMME SUPPORT EXPENDITURE					
3	3 1***	PROGRAMME MANAGEMENT EXPENDITURE	2.81	1.29	45.88 %
	3 2	COMMON SUPPORT SERVICES EXPENDITURE	8.29	5.20	62.71 %
<b>Total Title 3</b>			<b>11.09</b>	<b>6.48</b>	<b>58.46 %</b>
<b>Total REA</b>			<b>29.96</b>	<b>20.15</b>	<b>67.27%</b>

\* FMC "REA"

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

\*\*\* In 2023, an amount of EUR 25 000 has been decommitted from the budgetary commitment of 2022 made in the FMC "REA" of the budget item 3122 and has been transferred to the budgetary commitment of 2022 made in the FMC "REA:PMO" of the same budget item (3122). Consequently, the Payment Appropriations authorised in FMC "REA" were lower by this amount.

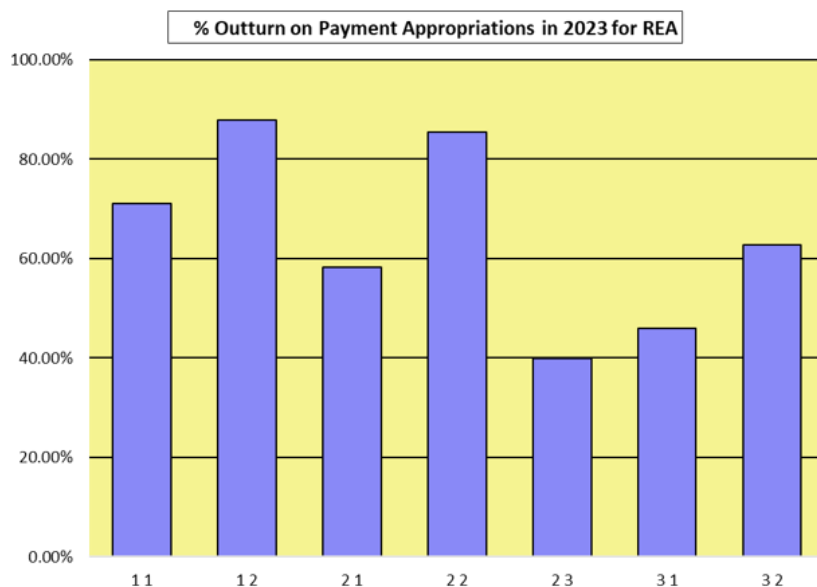
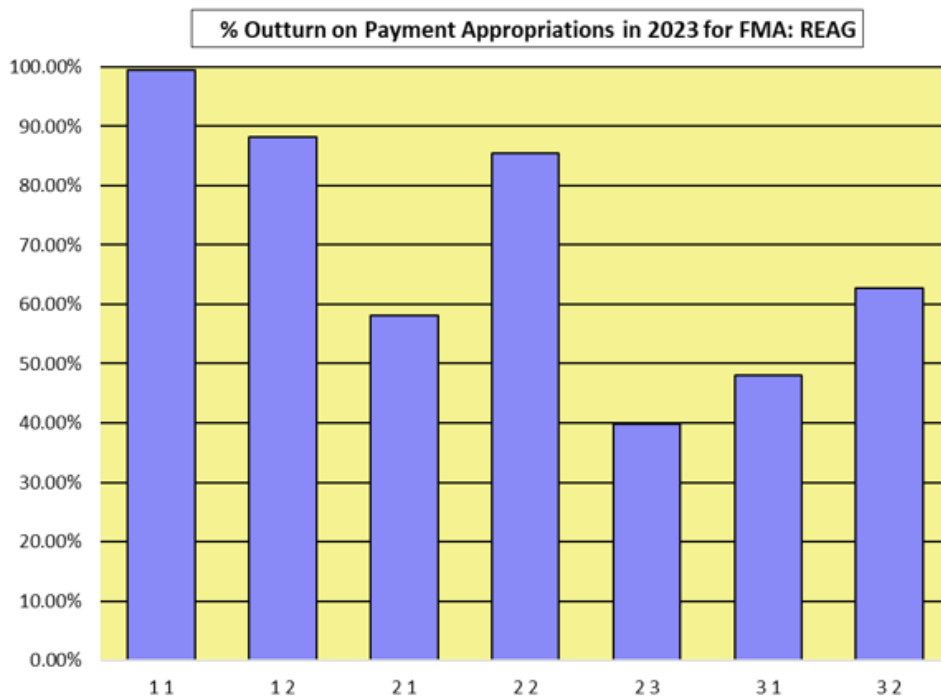


TABLE 2*: OUTTURN ON PAYMENT APPROPRIATIONS IN 2023 (in Mio €) for REA					
			Payment appropriations authorised**	Payments made	%
			1	2	3=2/1
Title 1 STAFF EXPENDITURE					
1	1 1	REMUNERATIONS, ALLOWANCES AND CHARGES	79.66	79.20	99.43 %
	1 2	PROFESSIONAL DEVELOPMENT AND SOCIAL EXPENDITURE	3.82	3.36	88.11 %
<b>Total Title 1</b>			<b>83.47</b>	<b>82.56</b>	<b>98.91%</b>
Title 2 INFRASTRUCTURE AND OPERATING EXPENDITURE					
2	2 1	BUILDING EXPENDITURE	7.15	4.16	58.19 %
	2 2	ICT EXPENDITURE	5.63	4.81	85.44 %
	2 3	MOVABLE PROPERTY AND CURRENT OPERATING EXPENDITURE	0.80	0.32	39.90 %
<b>Total Title 2</b>			<b>13.59</b>	<b>9.30</b>	<b>68.41%</b>
Title 3 PROGRAMME SUPPORT EXPENDITURE					
3	3 1	PROGRAMME MANAGEMENT EXPENDITURE	3.11	1.50	48.12 %
	3 2	COMMON SUPPORT SERVICES EXPENDITURE	8.29	5.20	62.71 %
<b>Total Title 3</b>			<b>11.40</b>	<b>6.69</b>	<b>58.73%</b>
<b>Total REA</b>			<b>108.45</b>	<b>98.55</b>	<b>90.87 %</b>

\* FMA REAG"

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



**TABLE 3\* : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for REA**

			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
1	1 1	REMUNERATIONS, ALLOWANCES AND CHARGES	1.08	0.85	0.23	21.19%	0.00	0.23	0.28
	1 2	PROFESSIONAL DEVELOPMENT AND SOCIAL EXPENDITURE	3.20	2.99	0.21	6.59%	0.00	0.21	0.39
<b>Total Title 1</b>			<b>4.28</b>	<b>3.84</b>	<b>0.44</b>	<b>10.27%</b>	<b>0.00</b>	<b>0.44</b>	<b>0.67</b>

**TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for REA**

			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
2	2 1	BUILDING EXPENDITURE	4.82	3.20	1.62	33.55%	0.00	1.62	1.94
	2 2	ICT EXPENDITURE	5.14	4.46	0.68	13.22%	0.00	0.68	0.37
	2 3	MOVABLE PROPERTY AND CURRENT OPERATING EXPENDITURE	0.65	0.23	0.42	64.96%	0.00	0.42	0.10
<b>Total Title 2</b>			<b>10.61</b>	<b>7.89</b>	<b>2.72</b>	<b>25.62%</b>	<b>0.00</b>	<b>2.72</b>	<b>2.41</b>

**TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for REA**

Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
3	3 1**	PROGRAMME MANAGEMENT EXPENDITURE	1.59	0.61	0.98	61.50%	0.00	0.98	0.89
	3 2	COMMON SUPPORT SERVICES EXPENDITURE	6.50	4.09	2.42	37.19%	0.00	2.42	1.36
<b>Total Title 3</b>			<b>8.10</b>	<b>4.70</b>	<b>3.40</b>	<b>41.97%</b>	<b>0.00</b>	<b>3.40</b>	<b>2.25</b>
<b>Total :</b>			<b>22.98</b>	<b>16.43</b>	<b>6.56</b>	<b>28.52 %</b>	<b>0.00</b>	<b>6.56</b>	<b>5.33</b>

\* FMC "REA"

\*\* In 2023, an amount of EUR 25 000 has been decommitted from the budgetary commitment of 2022 made in the FMC "REA" of the budget item 3122 and has been transferred to the budgetary commitment of 2022 made in the FMC "REA:PMO" of the same budget item (3122).

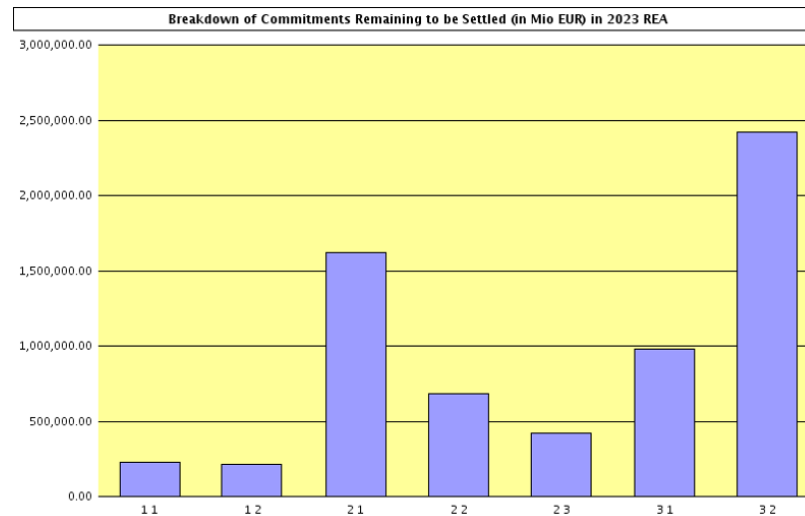


TABLE 3* : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for REA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
1	1 1	REMUNERATIONS, ALLOWANCES AND CHARGES	79.15	78.92	0.23	0.29%	0.00	0.23	0.28
	1 2	PROFESSIONAL DEVELOPMENT AND SOCIAL EXPENDITURE	3.32	3.10	0.22	6.54%	0.00	0.22	0.39
<b>Total Title 1</b>			<b>82.47</b>	<b>82.03</b>	<b>0.45</b>	<b>0.54%</b>	<b>0.00</b>	<b>0.45</b>	<b>0.67</b>

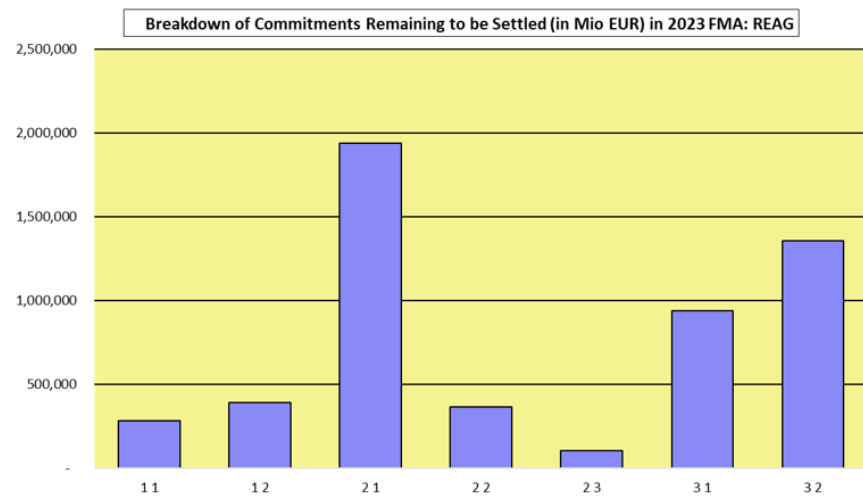
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for REA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
2	2 1	BUILDING EXPENDITURE	4.82	3.20	1.62	33.55%	0.00	1.62	1.94
	2 2	ICT EXPENDITURE	5.14	4.46	0.68	13.22%	0.00	0.68	0.37
	2 3	MOVABLE PROPERTY AND CURRENT OPERATING EXPENDITURE	0.65	0.23	0.42	64.96%	0.00	0.42	0.10
<b>Total Title 2</b>			<b>10.61</b>	<b>7.89</b>	<b>2.72</b>	<b>25.62%</b>	<b>0.00</b>	<b>2.72</b>	<b>2.41</b>



**TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for REA**

Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
3	3 1	PROGRAMME MANAGEMENT EXPENDITURE	1.85	0.78	1.07	57.78%	0.00	1.07	0.94
	3 2	COMMON SUPPORT SERVICES EXPENDITURE	6.50	4.09	2.42	37.19%	0.00	2.42	1.36
<b>Total Title 3</b>			<b>8.35</b>	<b>4.87</b>	<b>3.49</b>	<b>41.75%</b>	<b>0.00</b>	<b>3.49</b>	<b>2.30</b>
<b>Total :</b>			<b>101.43</b>	<b>94.78</b>	<b>6.65</b>	<b>6.56 %</b>	<b>0.00</b>	<b>6.65</b>	<b>5.38</b>

\* FMA "REAG"



**TABLE 4 : BALANCE SHEET for REA**

<b>BALANCE SHEET</b>	<b>2023</b>	<b>2022</b>
<b>A.I. NON CURRENT ASSETS</b>	<b>1,485,626.00</b>	<b>1,662,314.64</b>
A.I.1. Intangible Assets	838,037.00	1,051,408.64
A.I.2. Property, Plant and Equipment	532,929.00	610,906.00
A.I.5. Non-Current Pre-Financing	114,660.00	
<b>A.II. CURRENT ASSETS</b>	<b>13,740,494.35</b>	<b>12,030,907.36</b>
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	13,740,494.35	12,030,907.36
A.II.6. Cash and Cash Equivalents	0.00	0.00
<b>ASSETS</b>	<b>15,226,120.35</b>	<b>13,693,222.00</b>
<b>P.II. CURRENT LIABILITIES</b>	<b>-8,642,925.74</b>	<b>-7,547,759.51</b>
P.II.2. Current Provisions	-33,000.00	-641,000.00
P.II.3. Current Financial Liabilities	0.00	0.00
P.II.4. Current Payables	-3,494,909.63	-1,016,422.36
P.II.5. Current Accrued Charges & Defrd Income	-5,115,016.11	-5,890,337.15
<b>LIABILITIES</b>	<b>-8,642,925.74</b>	<b>-7,547,759.51</b>
<b>NET ASSETS (ASSETS less LIABILITIES)</b>	<b>6,583,194.61</b>	<b>6,145,462.49</b>
P.III.2. Accumulated Surplus/Deficit	-6,145,462.49	-6,064,020.46
Non-allocated central (surplus)/deficit*	-437,732.12	-81,442.03
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>

This table includes an amount of EUR 962.75 under Current liabilities which has been reclassified under Current assets in REA's 2023 annual accounts.

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

**TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for REA**

<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>2023</b>	<b>2022</b>
II.1 REVENUES	-101,607,615.08	-98,081,340.22
II.1.1. NON-EXCHANGE REVENUES	-99,877,034.60	-97,472,212.46
II.1.1.8. OTHER NON-EXCHANGE REVENUES	-99,877,034.60	-97,472,212.46
II.1.2. EXCHANGE REVENUES	-1,730,580.48	-609,127.76
II.1.2.1. FINANCIAL INCOME	-19.22	
II.1.2.2. OTHER EXCHANGE REVENUE	-1,730,561.26	-609,127.76
II.2. EXPENSES	101,169,882.96	97,999,898.19
II.2. EXPENSES	101,169,882.96	97,999,898.19
II.2.11. OTHER EXPENSES	22,226,404.26	24,747,344.07
II.2.6. STAFF AND PENSION COSTS	78,943,478.70	73,252,554.12
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>-437,732.12</b>	<b>-81,442.03</b>

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

**TABLE 5bis : OFF BALANCE SHEET for REA**

<b>OFF BALANCE</b>	<b>2023</b>	<b>2022</b>
OB.1. Contingent Assets	1,949,960.00	1,949,960.00
OB.1.3. CA Other	1,949,960.00	1,949,960.00
OB.2. Contingent Liabilities	-32,000.00	-100,000.00
OB.2.6. CL Other	0.00	0.00
OB.2.7. CL Legal cases OTHER	-32,000.00	-100,000.00
OB.3. Other Significant Disclosures	-3,388,851.18	-1,350,988.87
OB.3.2. Comm against app. not yet consumed	-3,388,851.18	-1,350,988.87
OB.3.5. Operating lease commitments	0.00	0.00
OB.4. Balancing Accounts	1,470,891.18	-498,971.13
OB.4. Balancing Accounts	1,470,891.18	-498,971.13
<b>OFF BALANCE</b>	<b>0.00</b>	<b>0.00</b>

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

**TABLE 6\*: AVERAGE PAYMENT TIMES FOR 2023 for REA**

Legal Times									
Maximum Payment Time (Days)	Total Nbr of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage
25	1	1	100.00 %	20				0.00	0. %
27	1	1	100.00 %	13				0.00	0. %
28	2	2	100.00 %	15				0.00	0. %
29	4	4	100.00 %	20.75				0.00	0. %
30	413	411	99.52 %	15.4136253	2	0.48 %	35	16,413.63	0. %
31	2	2	100.00 %	17.5				0.00	0. %
32	2	2	100.00 %	11				0.00	0. %
34	2	2	100.00 %	15				0.00	0. %
36	1	1	100.00 %	30				0.00	0. %
37	1	1	100.00 %	29				0.00	0. %
38	3	3	100.00 %	21.33333333				0.00	0. %
39	2	2	100.00 %	18.5				0.00	0. %
40	2	2	100.00 %	15				0.00	0. %
41	1	1	100.00 %	22				0.00	0. %
42	2	2	100.00 %	26				0.00	0. %
43	4	4	100.00 %	19.5				0.00	0. %
44	5	5	100.00 %	34				0.00	0. %
45	20	20	100.00 %	20.1				0.00	0. %
46	8	8	100.00 %	19.75				0.00	0. %
47	4	4	100.00 %	16.5				0.00	0. %
48	1	1	100.00 %	16				0.00	0. %

59	1	1	100.00 %	56				0.00	0. %
60	14	14	100.00 %	32.71428571				0.00	0. %

<b>Total Number of Payments</b>	<b>496</b>	<b>494</b>	<b>99.60 %</b>		<b>2</b>	<b>0.40 %</b>		<b>16,413.63</b>	<b>0. %</b>
<b>Average Net Payment Time</b>	<b>16.74596774</b>			<b>16.67206478</b>			<b>35</b>		
<b>Average Gross Payment Time</b>	<b>17.62701613</b>			<b>17.55668016</b>			<b>35</b>		

<b>Suspensions</b>							
<b>Average Report Approval Suspension Days</b>	<b>Average Payment Suspension Days</b>	<b>Number of Suspended Payments</b>	<b>% of Total Number</b>	<b>Total Number of Payments</b>	<b>Amount of Suspended Payments</b>	<b>% of Total Amount</b>	<b>Total Paid Amount</b>
0	17	25	5.04 %	496	435,338.02	2.18 %	19,987,802.40

<b>DG</b>	<b>GL Account</b>	<b>Description</b>	<b>Amount (Eur)</b>

\* FMC REA"

**TABLE 6\*: AVERAGE PAYMENT TIMES FOR 2023 for REA**

Legal Times									
Maximum Payment Time (Days)	Total Nbr of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage
25	1	1	100.00 %	20				0.00	0. %
27	1	1	100.00 %	13				0.00	0. %
28	2	2	100.00 %	15				0.00	0. %
29	4	4	100.00 %	20.75				0.00	0. %
30	788	772	97.97 %	12.46502591	16	2.03 %	60.0625	25,652.06	0. %
31	2	2	100.00 %	17.5				0.00	0. %
32	2	2	100.00 %	11				0.00	0. %
34	2	2	100.00 %	15				0.00	0. %
36	1	1	100.00 %	30				0.00	0. %
37	1	1	100.00 %	29				0.00	0. %
38	3	3	100.00 %	21.33333333				0.00	0. %
39	2	2	100.00 %	18.5				0.00	0. %
40	2	2	100.00 %	15				0.00	0. %
41	1	1	100.00 %	22				0.00	0. %
42	2	2	100.00 %	26				0.00	0. %
43	4	4	100.00 %	19.5				0.00	0. %
44	5	5	100.00 %	34				0.00	0. %
45	20	20	100.00 %	20.1				0.00	0. %
46	8	8	100.00 %	19.75				0.00	0. %
47	4	4	100.00 %	16.5				0.00	0. %
48	1	1	100.00 %	16				0.00	0. %

59	1	1	100.00 %	56				0.00	0. %
60	14	14	100.00 %	32.71428571				0.00	0. %

<b>Total Number of Payments</b>	<b>871</b>	<b>855</b>	<b>98.16 %</b>		<b>16</b>	<b>1.84 %</b>		<b>25,652.06</b>	<b>0. %</b>
<b>Average Net Payment Time</b>	<b>14.33409874</b>			<b>13.47836257</b>			<b>60.0625</b>		
<b>Average Gross Payment Time</b>	<b>14.8358209</b>			<b>13.98947368</b>			<b>60.0625</b>		

<b>Suspensions</b>							
<b>Average Report Approval Suspension Days</b>	<b>Average Payment Suspension Days</b>	<b>Number of Suspended Payments</b>	<b>% of Total Number</b>	<b>Total Number of Payments</b>	<b>Amount of Suspended Payments</b>	<b>% of Total Amount</b>	<b>Total Paid Amount</b>
0	17	25	2.87 %	871	435,338.02	2.16 %	20,195,885.44

**TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2023 for REA**

Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	balance
		1	2	3=1+2	4	5	6=4+5	7=3-6
2 0	COMMISSION SUBSIDY	102,740,398.87	0.00	102,740,398.87	102,740,398.87	0.00	102,740,398.87	0.00
5 0	ASSIGNED REV FROM PROV OF SEDIA TO OTHER EU BODIES	85,780.17	0.00	85,780.17	85,780.17	0.00	85,780.17	0.00
9 0	MISCELLANEOUS REVENUE	213,343.84	38,325.68	251,669.52	213,343.84	38,325.68	251,669.52	0.00
<b>Total REA</b>		<b>103,039,522.88</b>	<b>38,325.68</b>	<b>103,077,848.56</b>	<b>103,039,522.88</b>	<b>38,325.68</b>	<b>103,077,848.56</b>	<b>0.00</b>



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

<b>EX-ANTE CONTROLS BY TRANSACTION</b>		<b>Total ex-ante controls</b>
NON ELIGIBLE IN COST CLAIMS		
CREDIT NOTES		
RECOVERY ORDERS ON PRE-FINANCING		
<b>Sub-Total</b>		
<b>EX-POST CONTROLS BY TRANSACTION</b>		<b>Total ex-post controls</b>
RECOVERY ORDERS OTHER THAN ON PRE-FINANCING		
INCOME LINES IN INVOICES		
<b>Sub-Total</b>		
<b>GRAND TOTAL (EX-ANTE + EX-POST)</b>		

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

	<b>Number at 1/1/2023</b>	<b>Number at 12/31/2023</b>	<b>Evolution</b>	<b>Open Amount (Eur) at 1/1/2023</b>	<b>Open Amount (Eur) at 12/31/2023</b>	<b>Evolution</b>
2021	1		-100.00 %	374.01		-100.00 %
2022	6	1	-83.33 %	68,775.61	2,700.00	-96.07 %
2023		1			466.38	
	<b>7</b>	<b>2</b>	<b>-71.43 %</b>	<b>69,149.62</b>	<b>3,166.38</b>	<b>-95.42 %</b>

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

<b>Waiver Central Key</b>	<b>Linked RO Central Key</b>	<b>RO Accepted Amount (Eur)</b>	<b>LE Account Group</b>	<b>Commission Decision</b>	<b>Comments</b>
<b>Total DG</b>					
<b>Number of RO waivers</b>					

There are no waivers below 60 000 €

**TABLE 11\* : Negotiated Procedures in 2023 for REA****Internal Procedures > € 60,000**

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
<b>Total</b>		

\*Nothing to report

**TABLE 12 : Summary of Procedures in 2023 for REA****Internal Procedures > € 60,000**

Procedure Legal base	Number of Procedures	Amount (€)
Negotiated procedure without prior publication (Annex 1 - 11.1)	2	156,120.00
<b>Total</b>	<b>2</b>	<b>156,120.00</b>

**TABLE 13\* : BUILDING CONTRACTS in 2023 for REA**

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

\*Nothing to report

**TABLE 14\* : CONTRACTS DECLARED SECRET in 2023 for REA**

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

\*Not applicable

## ANNEX 4: Financial scorecard

This annex summarises the annual result of the 11 standard financial indicators measurement, each with its objective and result for the Commission service and for the EC as a whole (for benchmarking purposes) <sup>(13)</sup>:

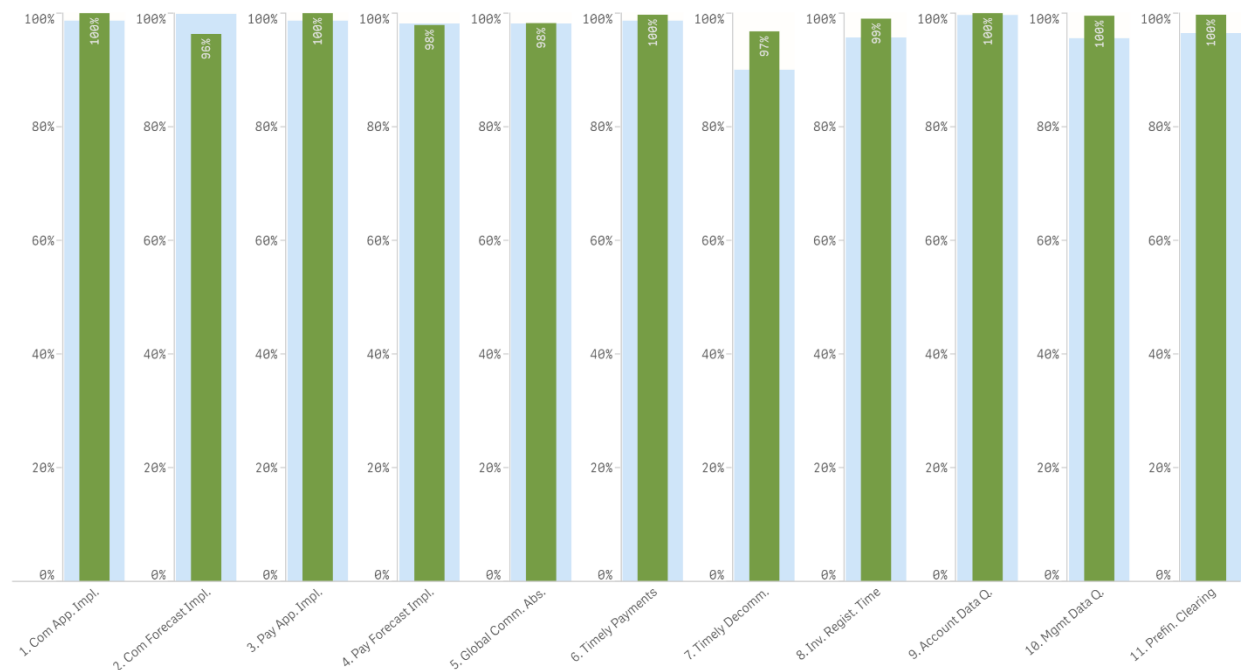
<ul style="list-style-type: none"> <li>- Commitment Appropriations (CA) Implementation</li> <li>- CA Forecast Implementation</li> <li>- Payment Appropriations (PA) Implementation</li> <li>- PA Forecast Implementation</li> <li>- Global Commitment Absorption</li> </ul>	<ul style="list-style-type: none"> <li>- Timely Payments</li> <li>- Timely Decommits</li> <li>- Invoice Registration Time</li> <li>- Accounting Data Quality</li> <li>- Management Data Quality</li> <li>- Timely Invoice PF clearing</li> </ul>
---	--

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

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

## Operational budget

REA Indicator Scores for 2023 12



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

<sup>(13)</sup> If REA did not perform any transaction in the area measured by the indicator or the information is not available in the central financial system, the indicator is not calculated (i.e. displayed as “-”) in this Annex.

<b>Indicator</b>	<b>Objective</b>	<b>Comment</b>	<b>REA Score</b>	<b>EC Score</b>
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year		100%	99%
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year	<p>This is due to technical matters in the corporate budgeting and forecasting tool in which some of the de-commitments were impossible to register. The de-commitments that had been forecasted but could not be encoded in the Budget Implementation Forecast (BIF) tool are the following ones:</p> <ul style="list-style-type: none"> <li>- 08.020303 (EUR 13.821m)</li> <li>- 01.020243.02 (EUR 0.4m)</li> <li>- 01.020252.01 (EUR 0.085m)</li> </ul> <p>The amount of the forecasted Commitment Appropriations (CA) that should have been considered is EUR 3 493 769 884 instead of the amount indicated in the Financial Scorecard (EUR 3 508 048 601).</p> <p>If REA would have been able to encode the de-commitments listed above, REA would have achieved 99.8% in this indicator.</p>	96%	100%
3. Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year		100%	99%
4. Payment Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year		98%	98%

5. Global Commitment Absorption <sup>(14)</sup>	Ensure efficient use of already earmarked commitment appropriations (at L1 level)	<p>The 2% of the not committed (not contracted) budgetary commitments level-1 (CL1) considered in this indicator<sup>4</sup> represents a total non-committed amount of EUR 70 911 949.77.</p> <p>However, out of this total amount (EUR 70.9m), there are EUR 30 000 000.00 that have been transferred to another implement entity (CINEA) on 24 July 2023 for the latter (CINEA) to award Grants in its own calls for proposals. Considering this, and if these EUR 30m were not included in REA, the latter (REA) would have achieved 99% (or an implementation of EUR 2 966 931 340.48 over EUR 3 007 843 290.25, meaning EUR 40 911 949.77 of not contracted amount).</p> <p>The remaining 1% (or EUR 40 911 949.77) of non-absorbed funds were mainly due to three factors (or, in some cases, the combination of two of them):</p> <ul style="list-style-type: none"> <li>• Early terminations of Grant Agreements providing again available funds to the CL1 before the expiring date of 31/12/2023.</li> <li>• No existence of reserve-listed projects for specific Calls for Proposals.</li> <li>• Lack of sufficient available budget in the CL1 to fund the next additional proposal of the reserve lists</li> </ul>	98%	98%
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines	REA ensured efficient processing of payments within the legal deadlines.	100%	99%
7. Timely Decommittments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle	Throughout the year, 62 commitments with an outstanding RAL had an expired date of implementation and should be de-committed. At year-end, only 2 of them remain to be de-committed, as there are ongoing discussions on the balance payments of both FP7 projects concerned.	97%	90%

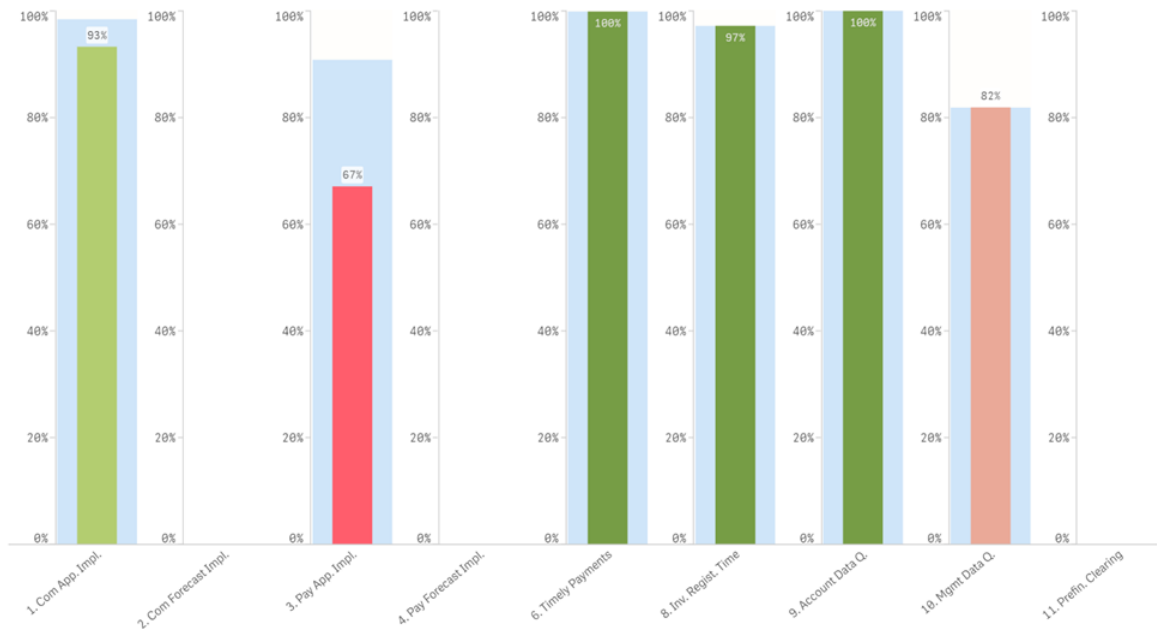
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC		99%	96%
9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts		100%	100%
10. Management Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions		100%	96%
11. Timely Invoice PF clearing	Ensure efficient clearing by invoices of prefinancing payments within the invoice payment time limit		100%	100%

---

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

# Administrative budget

REA Indicator Scores for 2023 12



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

Indicator	Objective	Comment	FMC REA Score <sup>(15)</sup>	FMA REAG Score <sup>(16)</sup>	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year		93%	98%	98%
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year	The Executive Agencies are not obligated to submit their forecast of their administrative budget in the central forecasting IT tools and systems. Therefore, the indicator is not applicable for REA in 2023 due to the absence of formal encoding of forecasting of spending of commitment appropriations related to REA administrative budget. Nevertheless, REA still forecasts its expenses, although this forecast is not encoded in central forecasting IT tools and systems as it is not mandatory.	N/A	N/A	N/A
3. Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year	REA implemented 91% of its payment appropriations, which is in line with the Commission's performance. This performance relates to the implementation of non-differentiated appropriations for which there is an automatic carry-over of payment appropriations to 2024 for the part of commitments concluded in 2023 and remaining to be paid at year-end of 2023.	67%	91%	91%

<sup>(15)</sup> **Fund Management Centre (FMC) 'REA':**

Annex 4 of the Annual Activity Report on the REA Administrative Budget by default shows the data of the Fund Management Centre (FMC) 'REA' only, excluding the execution in commitments and payments done on the FMC 'REA:PMO'. The FMC 'REA:PMO' is the type III co-delegation given by the REA Authorising Officer to the PMO Authorising Officer for the implementation of, among others, salaries' and missions' payments of the Agency.

<sup>(16)</sup> **Financial Management Area (FMA) 'REAG':**

In order to show all the data of the REA Administrative Budget execution, enabling a comparison with the other Executive Agencies which have not yet co-delegated any of their payments to PMO, REA has added a column with the FMA 'REAG' showing together the implementation made in the FMC 'REA' and in the FMC 'REA:PMO'.



4. Payment Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year	The Executive Agencies are not obligated to submit their forecast of their administrative budget in the central forecasting IT tools and systems. Therefore, the indicator is not applicable for REA in 2023 due to the absence of formal encoding of forecasting of spending of commitment appropriations related to the REA administrative budget. Nevertheless, REA still forecasts its expenses, although this forecast is not encoded in central forecasting IT tools and systems as it is not mandatory.	N/A	N/A	N/A
5. Global Commitment Absorption <sup>(17)</sup>	Ensure efficient use of already earmarked commitment appropriations (at L1 level)	The indicator is not applicable to the administrative budget of an Executive Agency, like REA, since the Agency's spending in its administrative budget does not call on the use of global commitments.	N/A	N/A	N/A

---

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

6. Timely Payments	Ensure efficient processing of payments within the legal deadlines	<p>REA ensured efficient processing of payments within the legal deadlines. A total of 496 <sup>(18)</sup> administrative payments were performed by REA services in less than 17 days in average, representing a performance of 99.6% timely payments. This performance is in line with the Commission's performance. Only 2 payments were delayed, representing 0.4% of the payments made and 0.08% of the total amount of payments processed during 2023 (considering the 496 payments).</p> <p>When considering also the payments performed by PMO services on the FMA 'REAG' (e.g., missions), there were a total of 871 administrative payments performed in 14 days in average, representing a performance of 98.2% timely payments. There were only 16 payments delayed, representing 1.8% of the number of payments made and 0.1% of the total amount of payments process during 2023.</p>	100%	98%	100%
7. Timely Decommitments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle	The indicator is not applicable for REA in 2023 due to the lack of underlying transactions recorded by REA in 2023.	N/A	N/A	N/A

<sup>(18)</sup> In the payment time statistics, the non-budgetary payments (i.e., those made in the Budget Regime H) are excluded.

8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC	REA ensured timely registration of invoices in the accounting system within the 7-calendar-days limit. 557 invoices, out of the total 573, representing a performance of 97.2%, were registered on time. This performance is in line with the Commission's performance.	97%	97%	97%
9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts		100%	100% <sup>(19)</sup>	100%
10. Management Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions	It concerns 23 legal commitments for which the contracts were expired and there were no outstanding related RAL and invoices that will be closed in 2024.	82%	82% <sup>(20)</sup>	82%
11. Timely Invoice PF clearing		The indicator is not applicable for DG REA in 2023 due to the lack of underlying transactions recorded by DG REA in 2023.	-		

<sup>(19)</sup> The score in the Financial Management Area (FMA) 'REAG' is the same as the score in the Fund Management Center (FMC) 'REA' since this score applies to the FMC 'REA', only.

<sup>(20)</sup> The score in the FMA 'REAG' is the same as the score in the FMC 'REA' since this score applies to the FMC 'REA', only.

## ANNEX 5: Materiality criteria

This Annex provides a detailed explanation of how the Authorising Officer by Delegation (AOD), i.e. REA's Director, has defined the materiality threshold as a basis for determining whether significant weaknesses should be subject to a formal reservation to his declaration.

Deciding on whether a weakness is significant is a matter of judgement by the AOD, who remains responsible for the declaration of assurance, including any reservations to it. In doing so, he should identify the overall impact of a weakness and judge whether it is material enough so that the non-disclosure of the weakness is likely to have an influence on the decisions or conclusions of the users of the declaration. The benchmark for this judgement is the materiality criteria which the AOD sets when designing the internal control system under his responsibility.

For the R&I family, the materiality of residual weaknesses identified (i.e. after mitigating and corrective measures) is assessed based on qualitative and/or quantitative criteria, in line with the instructions for the preparation of the Annual Activity Report.

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

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

### Qualitative criteria for defining significant weaknesses

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

#### 1) Significant control system weaknesses

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

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

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

### 3) **Significant reputational events**

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

When assessing the significance of any weaknesses, the following factors are taken into account:

1. the nature and scope of the weakness;
2. the duration of the weakness;
3. the existence of compensatory measures (mitigating controls which reduce the impact of the weakness)
4. the existence of effective corrective actions to correct the weaknesses (action plans and financial corrections) which have had a measurable impact.

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

## **Quantitative criteria for defining reservations**

This section provides the methodology for measuring the residual amount at risk and determining its materiality.

REA's expenditure is composed of directly managed grants, procurement, and other direct spending mostly of an administrative nature. In 2023, there are also payments under indirect management for the first time. The error rate affecting payments is estimated yearly and per expenditure segment, following a methodology that takes into account the risk associated to each type of expenditure.

Considering that over 94% of the yearly expenditure is related to directly-managed research grants, and that the **research framework programmes' implementing bodies are sharing a common ex-post audit approach** (see also Annex 7), **this section focusses on the specific control system for grants.**

## A. Research framework programmes – common aspects

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

### Assessment of the effectiveness of controls

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

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

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

This results in a residual error rate, which is calculated as follows:

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

where:

**ResER%** **residual error rate**, expressed as a percentage.

**RepER%** **representative error rate**, or error rate detected in the common representative sample, expressed as a percentage. The RepER% is composed of complementary portions reflecting the proportion of negative systematic and non-systematic errors detected. This rate is the same for all implementing entities, without prejudice to possibly individual detected error rates.

**RepERSys%** portion of the RepER% representing **negative systematic errors**, (expressed as a percentage). The RepERSys% is the same for all entities and it is calculated from the same set of results as the RepER%

**P** **total requested EC contribution (€) in the auditable population** (i.e. all paid financial statements).

**A** **total requested EC contribution (€) as approved by financial officers of all audited financial statements.** This will be collected from audit results.

## **E total non-audited requested EC contribution (€) of all audited beneficiaries.**

The Common Representative Sample (CRS) is the starting point for the calculation of the residual error rate. It is representative of the expenditure of each framework programme as a whole. Nevertheless, the Director of the Agency must also take into account other information when considering if the overall residual error rate is a sufficient basis on which to draw a conclusion on assurance (or make a reservation) for specific segment(s) of each programme. This may include the results of other ex-post audits, ex-ante controls, risk assessments, audit reports from external or internal auditors, etc. All this information may be used in assessing the overall impact of a weakness and considering whether to make a reservation or not.

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

Should a calculation of the residual error rate based on a representative sample not be possible for a programme for reasons not involving control deficiencies <sup>(21)</sup>, the consequences are to be assessed quantitatively by making a best estimate of the likely exposure for the reporting year based on all available information. The relative impact on the Declaration of Assurance would then be considered by analysing the available information on qualitative grounds and considering evidence from other sources and areas.

### **Multiannual approach**

The Commission's central services' guidance relating to the quantitative materiality threshold refers to a percentage of the authorised payments of the reporting year of the ABB <sup>(22)</sup> expenditure. However, the Guidance on AARs also allows a multi-annual approach, especially for budget areas (e.g. programmes) for which a multi-annual control system is more effective. In such cases, the calculation of errors, corrections and materiality of the residual amount at risk should be done on a "cumulative basis" on the basis of the totals over the entire programme lifecycle.

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

In addition, basing materiality solely on ABB expenditure for one year may not provide the most appropriate basis for judgements, as ABB expenditure often includes significant levels of pre-financing expenditure (e.g. during the initial years of a new generation of programmes), as well as reimbursements (interim and final payments) based on cost

---

<sup>(21)</sup> Such as, for instance, when the number of results from a statistically-representative sample collected at a given point in time is not sufficient to calculate a reliable error rate.

<sup>(22)</sup> Activity Based Budgeting.

claims that 'clear' those pre-financings. Pre-financing expenditure is very low risk, being paid automatically after the signature of the contract.

Notwithstanding the multiannual span of their control strategy, the Directors-General of the Research DGs and the Directors of the Executive Agencies implementing Research and Innovation Framework Programmes are required to sign a statement of assurance for each financial reporting year. In order to determine whether to qualify this statement of assurance with a reservation, the effectiveness of the control systems in place needs to be assessed not only for the year of reference but also with a multiannual perspective, to determine whether it is possible to reasonably conclude that the control objectives will be met in the future as foreseen.

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

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

### Adequacy of the audit scope

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

The Director should form a qualitative opinion to determine whether deviations from the multiannual plan are of such significance that they seriously endanger the achievement of the internal control objective. In such case, she or he would be expected to qualify her/his annual statement of assurance with a reservation.

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

### European Court of Auditors observations

The European Court of Auditors observed in its 2018 and 2019 Annual Reports that the error rate of Horizon 2020 was understated due to the fact that the *“ex-post audits aim for maximum coverage of the accepted costs, but rarely cover all the costs. The error rate is calculated as a share of all the accepted costs, instead of the amount actually audited. This means that the denominator in the error calculation is higher, so the error rate is understated. In case the errors found are of a systemic nature, the error is extrapolated which partially compensates for the above-mentioned understatement. However, since*



*extrapolation is not performed for non-systemic errors, the overall error rate is nevertheless understated. The understatement of the error rate cannot be quantified. It is, then, impossible to determine whether the impact of this understatement is significant”.*

In response to this observation, in 2020 the Commission re-defined its methodology for calculating the Horizon 2020 error rate. In order to quantify any potential understatement mentioned by the Court, the Commission applied a new methodology for all audits closed as from 01 January 2020. The main change in the methodology is that the denominator used in the error calculation is the sum of costs actually audited and not the sum of all accepted costs.

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

#### IAS limited review on the 2020 error rate calculation for Horizon 2020

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

## B. Specific aspects by programme

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

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

### Horizon 2020 Framework Programme

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

This is based on the provision of the Commission's proposal for the Regulation establishing the Horizon 2020 Framework Programme <sup>(23)</sup>, which states that:

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

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

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

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

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

## Horizon Europe Framework Programme

---

<sup>(23)</sup> COM(2011) 809/3 Proposal for a Regulation of the European Parliament and of the Council establishing Horizon 2020 – the Framework programme for Research and Innovation (2014-2020), see point 2.2, pp 98-102.

For Horizon Europe Framework Programme <sup>(24)</sup> <sup>(25)</sup>, the general control objective, following the standard quantitative materiality threshold proposed in the standing instructions for Annual Activity Reports, is to ensure that the cumulative representative error rate and the cumulative residual error rate, i.e. the level of errors which remain undetected and uncorrected, does not exceed 2% on an annual basis. An AAR reservation will be issued in the Annual Activity Report if the cumulative residual error rate is above the 2% materiality threshold.

## Coal and Steel Research Fund

For the Coal and Steel Research Fund, the general control objective, following the standard quantitative materiality threshold proposed in the Standing Instructions for AAR, is to ensure that the residual error rate, i.e. the level of errors which remain undetected and uncorrected, does not exceed 2% by the end of the programmes' management cycle.

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

## Promotion of Agricultural Products (AGRIP) programme

AGRIP adheres to the standard control objectives including the residual error rate, over a multiannual period, of not more than 2%. The residual error is calculated after taking account of corrections and the extension of audit findings for systematic errors on non-audit participations during the audit and audit implementation processes.

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

In view of the relatively small AGRIP budget and the limited number of transactions <sup>(26)</sup> and beneficiaries, representative sampling would not be proportionate or cost efficient. Instead, a risk-based selection of around six audits per year is applied. The risk-based selection considers: the limited number of “top beneficiaries” who together account for 50% of the expenditure, and the beneficiaries with specific risks to legality and regularity. The risk-based approach allows, among other, to maximise the cleaning effect by extending audit findings on systematic errors to non-audited participations of the audited beneficiary.

---

<sup>(24)</sup> Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe.

<sup>(25)</sup> This general control objective described for Horizon Europe is also applicable to FP7 framework programme legacy.

<sup>(26)</sup> The value of payments of 2022 on the AGRIP programme compared to the total value of payments of 2022 performed by REA represents 2.5%. The number of payments was 78.

## De minimis threshold for financial reservation

Since 2019 <sup>(27)</sup>, a 'de minimis' threshold for financial reservations has been introduced. Quantified AAR reservations related to residual error rates above the 2% materiality threshold, are deemed not substantial for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed. Cases where the 'de minimis' threshold applies this year are reported in annex 9.

## REA local error rate definitions and risk profiles

The overall methodology underlying the calculations of the error rates is defined in the Common Audit Strategy H2020 for the R&I family. Where relevant, REA complements the common indicators to provide more detailed reporting on the legality and regularity of the operations it manages.

### Definitions

The Common Representative Sample (CRS) provides an estimate, via a representative sample of cost claims across the R&I family, of the overall level of error in the Research Framework Programmes for all services involved in their management. All of these grants follow the same homogeneous overall control system, which is set out in this report.

Whilst the CRS is thus the basic indicator of legality and regularity for the Framework Programme as a whole, REA also examines all the results of controls in its particular population to confirm whether the error rate detected by the CRS should be complemented by other evidence that may lead to different conclusions on the error rate.

The CRS is complemented by 'risk-based' audits, which are selected according to one or more risk criteria. These audits are intended to detect and correct as many errors as possible for instance by targeting the larger beneficiaries and through the identification of possibly fraudulent operators. These audits are also referred to as 'corrective' audits.

Different indicators are calculated to provide a comprehensive view on legality and regularity:

**Cumulative Representative Error Rate (RepER%)** as explained above under the section "Research Framework Programmes – common aspects".

**Local Representative Error Rate for MSCA:** this error rate is calculated for the MSCA actions that have a different risk profile from H2020 mainstream actions. The local representative error rate for MSCA is calculated by REA, taking into account stratification and sampling intervals and the errors detected in the samples are projected to the MSCA population. The samples are based on the CRS and a "second-layer" sample specifically created for this population.

---

<sup>(27)</sup> Agreement of the Corporate Management Board of 30/4/2019.

**Cumulative Residual Error Rate (ResER)**, as explained above under the section “Research Framework Programmes – common aspects”.

**Local Residual Error Rate:** The local residual error rate is calculated using the same formula and assumptions as the Residual Error rate. It is based on the local representative error rate for MSCA actions in H2020.

### Error rates following the risk profile of REA's specific programmes

Since the Cumulative Representative Error Rate predominantly reflects the errors encountered in mainstream collaborative R&I projects, it can be considered as fully representative for all H2020 projects, except the MSCA actions for which a local representative error rate is defined.

The MSCA Local Representative Error Rate takes into account the results available for:

1. the audits in the random sample for MSCA (layer 2)
2. the audits of MSCA in the random CRS (layer 1),

All H2020 audits are performed by the Common Audit Service (CAS) of the Common Implementation Centre hosted by DG RTD.

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

REA implements one Relevant Control System (RCS) per ongoing research programme for the direct management of grants (Horizon 2020, Horizon Europe and RFCS), as designed by the Common Policy Centre and Common Implementation Centre in DG RTD. For AGRIP, it uses two RCSs: the same one for the **management of grants**, and a different one for **procurement**.

For grants management in Horizon 2020, ex-ante control stages a. and b. below do not apply anymore since the corresponding tasks are no longer carried out.

The RCS for Horizon Europe is similar to that for H2020. The main improvements for Horizon Europe are the co-creation of the work programme by the Directors' Groups, and the rollout of simplified cost options, in particular lump sum funding and unit costs for personnel costs.

The Control Strategy for Horizon Europe grant management was adopted by the Horizon Europe Steering Board in November 2023.

At the end of 2022, REA took over from DG RTD the management of several actions foreseen to be implemented with the OECD, EIB <sup>(28)</sup> and other organisations using the **indirect management** mode. This was made possible by a change in the Internal Rules on the implementation of the general budget of the European Union, which now allows agencies to manage funds indirectly. As the volume of this type of management is expected to increase, REA started in 2023 to implement appropriate control tools for the management of contribution agreements (see section B below).

---

<sup>(28)</sup> Actions for technical assistance may be entrusted to EIB or EIF without a call for proposals (article 195 (g) FR).

## A. GRANTS (DIRECT MANAGEMENT)

### 1. Ex-ante controls

Effectiveness and efficiency are detailed per stages a to d. Economy is calculated overall for the ex-ante controls and detailed at the end of the section.

#### **a. - Preparation, adoption and publication of the Work Programmes for indirect actions and calls for proposals, and design of the business processes**

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

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>The work programmes and the subsequent calls for proposals do not adequately reflect the policy objectives and priorities, are incoherent and/or the essential eligibility, selection and award criteria are not adequate to ensure the evaluation of the proposals.</p> <p>The programme implementation (procedures, monitoring arrangements, communication with beneficiaries, budget planning, etc) has serious shortcomings.</p>	<p>Hierarchical validation within the authorising department Inter-service consultation, including all relevant services.</p> <p>Adoption by the Commission</p> <p>Explicit allocation of responsibility. Under Horizon Europe, the work programmes proposed by the Directors' Groups according to the Commission decision C(2021)4472 are co-created with the work of the various instances and with the processes established in this decision.</p> <p>In particular, the Common Implementation Centre (CIC) in DG Research and Innovation provides all DGs involved in the implementation of Horizon 2020 and Horizon Europe research with harmonised procedures, guidance and IT tools. The Common Policy Centre (CPC) in DG Research and Innovation under Horizon Europe centralises the budget planning and the monitoring of the Horizon Europe and Horizon 2020's budget implementation.</p>	<p><b>Coverage / Frequency:</b> 100%</p> <p><b>Depth:</b> All work programmes are thoroughly reviewed at all levels, including for operational and legal aspects and all underlying implementation tools are defined and developed according to common rules. Under Horizon Europe, all business processes follow a governance system under the due supervision of instances like the Steering Board, the Executive Committee, the Directors Groups and key user groups.</p>	<p><b>Effectiveness:</b> The work programmes are adopted by the Commission. Success rates in terms of "over-subscription": number of proposals retained for funding compared to number of eligible proposals received.</p> <p><b>Qualitative Benefits:</b> A good Work Programme and well publicised calls should generate a large number of good quality projects, from which the best can be chosen. There will therefore be real competition for funds.</p> <p>Optimised procedures, common approach on multiple issues (audits, fraud, legal aspects, reporting...); better reporting on the whole programme – better management of the programme. <sup>(29)</sup></p>

<sup>(29)</sup> The mutualisation of the support services represents a quantitative benefit that is certain but not accurately quantifiable in the context of reorganisations, new programme's setting up, general HR offsetting through the Commission, etc.



	The CIC/CPC governance structure ensures that programme implementation experience gathered feeds back to the programme design.		
--	--	--	--

**b. - Selection and award: Evaluation, ranking and selection of proposals**

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

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>The evaluation, ranking and selection of proposals is not carried out in accordance with the established procedures, the policy objectives, priorities and/or the essential eligibility, or with the selection and award criteria defined in the work programme and subsequent calls for proposals.</p> <p>Conflict of interest regarding the expert evaluators</p>	<p>Selection and appointment of external expert evaluators Conflict of interest checks Assessment by independent experts Appropriate briefing of experts, including on the evaluation of cost estimations in lump sum proposals.</p> <p>Comprehensive IT system supporting the stage and allowing better monitoring of the process. Involvement of external observers in the evaluation process. Validation by the AOSD of ranked list of proposals. In addition, if applicable: Opinion of advisory bodies; comitology; inter-service consultation and adoption by the Commission; publication.</p> <p>Systematic checks on operational and legal aspects performed before signature of the Grant Agreement Redress procedure</p>	<p><b>100% vetting</b> (including selecting) of experts for technical expertise and independence (e.g. conflicts of interests, nationality bias, ex-employer bias, collusion)</p> <p><b>100% of proposals are evaluated.</b> Coverage: 100% of ranked list of proposals. Supervision of work of evaluators. 100% of contested decisions are analysed by redress committee</p>	<p><b>Effectiveness:</b> Number of proposals evaluated</p> <p><b>Efficiency</b> % of Time-To-Inform on time. % of number of (successful) redress challenges upheld / total number of proposals evaluated</p> <p><b>Qualitative benefits:</b> Expert evaluators from outside the Commission bring independence, state of the art knowledge in the field and a range of different opinions. This will have an impact on the whole project cycle: better planned, better implemented projects</p>

**c. - Contracting**

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

Main risks It may happen (again) that...	Mitigating controls	coverage, frequency and depth of controls	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>The beneficiary lacks operational and/or financial capacity to carry out the actions.</p>	<p>Validation of beneficiaries (financial capacity checks on demand, except for mono-beneficiaries requesting &gt; EUR 500 000 (systematic checks on the financial capacity).</p>	<p>100% of the selected proposals and beneficiaries are scrutinised. Coverage: 100% of draft grant agreements.</p>	<p><b>Effectiveness:</b> Number of grants signed</p>



Procedures do not comply with regulatory framework.	Systematic checks on operational and legal aspects performed before signature of the grant agreement		<b>Efficiency Indicators:</b> % of Time-to-grant on time Average time to grant (to be minimised)
The evaluation stage has not detected a potentially fraudulent proposal/beneficiary.	Risk assessment and risk-based checks before the grant agreement signature and reinforced monitoring flagging if necessary	Depth will be differentiated following the conclusion of the risk assessment	
For Horizon programmes, the project implementation might not comply with Ethics requirements	Ad hoc anti-fraud checks for riskier beneficiaries.		
Sensitive/classified information in future deliverables of a selected projects might not be handled with the adequate Security measures	Signature of the grant agreement by the AO. Financial verification where necessary	Controls implemented when justified by the call/proposal content	
RFCS, possible over-lapping or double-funding	Mutual Insurance Mechanism (MIM) (ex Horizon 2020 Participants Guarantee Fund (PGF)).  An ethics review is carried out systematically in all HE calls, starting with an ethics pre-screening, which results in detailed screening or assessment if necessary.  Ad hoc security checks and screenings Security review is carried out systematically in all HE calls, starting with pre-screening, which may result in detailed security scrutiny.		
	Along to general checks for double-funding, cooperation and coordination with HaDEA		

#### d. - Monitoring the implementation

**Main control objectives:** ensuring that the operational results (deliverables) from the projects are of good value and meet the objectives and conditions; ensuring that the related financial operations comply with regulatory and contractual provisions; prevention of fraud; ensuring appropriate accounting of the operations

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement (for examples deliverables, open access to results and publications,...)	Kick-off meetings and "launch events" involving the beneficiaries in order to avoid project management and reporting errors. Specialized webinars targeting reduction of errors. Guidance on reporting for lump sum grants (notion of work package completion).	<b>100%</b> of the projects are controlled, including only value-adding checks. Riskier operations subject to more in-depth controls.	<b>Effectiveness:</b> Number of payments (interim and final).

<p>The amounts paid exceed what is due in accordance with the applicable contractual and regulatory provisions.</p> <p>The cost claims and or deliverables are irregular or fraudulent.</p> <p>Lack of harmonised approach within the family with the consequence of unequal treatment of the beneficiaries</p> <p>For Horizon programmes, ethics requirements are not fulfilled.</p> <p>RFCS, undue influence of the stakeholder community</p>	<p>Specialized aid with web-based tools to inform most error-prone beneficiaries (i.e. SMEs who participate first time) about cost calculation practices.</p> <p>Effective external communication about guidance to the beneficiaries (e.g. Funding and Tender portal, info days for the calls, coordinators' days on grant preparation and grant management).</p> <p>Anti-fraud awareness raising training for the project officers. IT Plagiarism detection tool for deliverables.</p> <p>Enhanced family approach (anti-fraud cooperation; common legal and audit service; comprehensive and common IT system for all the family).</p> <p>Operational and financial checks in accordance with the financial circuits. Operation authorisation by the AO. For riskier operations, reinforced monitoring.</p> <p>Selection and appointment of expert for scientific reviews of intermediate and/or final reporting</p> <p>If needed: application of Suspension/interruption of payments, Referring grant/beneficiary to OLAF/EPPO.</p>	<p><b>The depth</b> depends on risk criteria. However, as a deliberate policy to reduce administrative burden, and to ensure a good balance between trust and control, the level of control at this stage is reduced to a minimum.</p> <p>High risk operations identified by risk criteria. Red flags: suspicions raised by staff, audit results, EDES, individual or "population" risk assessment. Audit certificates required for any beneficiary claiming more than: EUR 325 000 (Horizon 2020, AGRIP, ). EUR 430 000 (Horizon Europe) except lump sum grants).</p>	<p><b>Efficiency:</b> Timely payments: % of payments (in value) made on time. Timely- payments: Average number days net/gross + suspension days.</p> <p><b>Qualitative Benefits:</b> Projects are executed and produce benefits for the community.</p>
---	---	--	--

### Overall economy and quantitative benefit for ex-ante controls

<p>Economy (The estimation is established for the grant process).</p> <p>a. <u>Estimation of cost of staff involved in the ex-ante checks</u></p> <ul style="list-style-type: none"> <li>-Programme management and monitoring;</li> <li>-Financial management;</li> <li>-Budget and accounting;</li> <li>-General Coordination incl. Strategic Programming and Planning, internal control, assurance and quality management;</li> <li>-Anti-fraud;</li> <li>-Development and support of IT systems linked to managing funding programmes.</li> </ul> <p>b. <u>Estimation of other costs linked to ex-ante checks</u> Cost of experts and costs of experts' management; Costs of IT external contracts.</p>
--

## 2. Ex-post controls

Effectiveness, efficiency and qualitative benefits are detailed per stages a. and b. Economy is calculated overall for the ex-post controls and described at the end of the section.

### a. - Reviews, audits and monitoring

**Main control objectives:** Measuring the level of error in the population after ex-ante controls have been undertaken; detect and correct any error or fraud remaining undetected after the implementation ex-ante controls; identifying possible systemic weaknesses in the ex-ante controls, or weaknesses in the rules

Main risks It may happen (again) that...	Mitigating controls	coverage, frequency and depth of controls	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>The ex-ante controls (as such) do not prevent, detect and correct erroneous payments or attempted fraud to an extent going beyond a tolerable rate of error.</p> <p>Lack of consistency in the audit strategy within the family / across REA.</p> <p>Lack of efficiency for absence of coordination: multiple audits on the same beneficiary, same programme: reputational risk and high administrative burden on the beneficiaries' side.</p> <p>AGRIP: limited audit capacity because the AGRIP ex-post audits are performed by REA itself and not by the CAS.</p>	<p>Common Ex-post control strategy for the entire Research and Innovation family (Horizon 2020), implemented by a central service ((Common Audit Service (CAS) part of the Common Implementation Centre, DG Research and Innovation):</p> <ul style="list-style-type: none"> <li>- At intervals carry out audits of a representative sample of operations to measure the level of error in the population after ex-ante controls have been performed.</li> <li>- Calculates the representative error rate for the R&amp;I programme.</li> <li>- Additional sample to address specific risks.</li> <li>- When relevant, joint audits with the Court of Auditors.</li> </ul> <p>Multi-annual basis (programme's lifecycle) and coordination with other AOs concerned.</p> <p>Validate audit results with beneficiary.</p> <p>In case of systemic error detected, extrapolation to all the ongoing projects run by the audited beneficiary (or closed within two years).</p> <p>Risk-based sample selection;</p> <p>Extension of audit findings.</p>	<ul style="list-style-type: none"> <li>- Common Representative audit Sample (CRaS): MUS sample across the programme to draw valid management conclusions on the error rate in the population.</li> <li>- Risk-based samples, determined in accordance with the selected risk criteria aimed to maximise deterrent effect and prevention of fraud or serious error.</li> </ul>	<p><b>Effectiveness:</b> Representative and residual error rate identified Number of audits finalised % of beneficiaries &amp; value coverage</p> <p><b>Efficiency:</b> Percentage of implementation of (CAS) audit plan</p>

### b. - Implementing results from ex-post audits/controls

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

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>The financial recommendations stemming from the ex-post audit are not implemented</p> <p>Cases of potential fraud detected are not addressed in a timely manner or not addressed at all.</p>	<p>Systematic registration of audit / control results to be implemented and actual implementation.</p> <p>Guidance on monitoring and reporting on implementation of ex-post audit results.</p> <p>Validation of recovery in accordance with financial circuits.</p> <p>Authorisation by AOSD</p> <p>Coordination at the level of the R&amp;I family: FAIR committee</p> <p>If needed: - Notification to OLAF and regular follow up of detected potential fraud. - Reinforced monitoring implemented on ongoing projects</p>	<p><b>Coverage:</b> 100% of final audit results with a financial impact.</p> <p><b>Depth:</b> All audit results are examined in-depth in making the final recoveries. Systemic errors are extended to all the ongoing non-audited projects of the same beneficiary (or closed within two years).</p>	<p><b>Effectiveness:</b> Amounts being recovered and offset</p> <p><b>Efficiency:</b> Number/value/% of audit results pending implementation, Number/value/% of audit results implemented.</p>

### Overall economy of ex-post controls

(The estimation is established for the grant process, and Euratom).

Estimation of cost of staff involved in the coordination and execution of the ex-post audit strategies and in the implementation of audits  
Costs of the appointment of audit firms and missions.

## B. PROCUREMENT (DIRECT MANAGEMENT)

### 1. Ex-ante controls

#### a. - Planning and definition of needs

**Main control objectives:** Ensure that the Agency organises the procurement procedures in an effective, efficient and economic manner; the procedures organised comply with the applicable legal and procedural provisions.

Main risks It may happen that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
<p>The procurement needs and procurement ownership are not defined timely and in the way that they meet the policy objectives, allow to identify and plan the procurement procedures, to prepare clear tender specifications and other procurement documents.</p>	<p>In close cooperation with the respective Parent DG, ensure that specific reference to the procurement procedures to be launched during the year is made in the annual work programme.</p> <p>The Agency, in cooperation with the respective parent DG, drafts clear and well-specified procurement documents that enable the bidders to submit high-quality tenders offering the best value for money.</p>	<p>100% of the operational procurement implemented by the Agency;</p> <p>100% of the envisaged procurement are included into the Financial decision and include a justification on the maximum price;</p> <p>All Financing Decision undergo ISC before adoption.</p>	<p><i>Effectiveness:</i></p> <p>Number of implemented procedures;</p> <p>Number of procedures discontinued due to lack of use (poor planning);</p> <p>N° of 'open 'procurement procedures where only one or no offers were received;</p> <p>N° of requests for clarification regarding the tender.</p> <p><i>Efficiency:</i></p> <p>Duration of a procedure.</p>

***b. - Launch of procedure. Evaluation of the offers submitted and contract award***

**Main control objectives:** Ensure an effective and efficient evaluation having due regard of the applicable regulatory provisions (legality& regularity); ensure that fraudulent behaviour is detected and corrective action is assumed. Ensure that contract is awarded to the best offer in accordance with the award method announced in the call for tenders.

Main risks It may happen that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
-------------------------------------	---------------------	--	--

<p><b>Step 1: Call for Tenders</b>  Human factor: lack of staff or/and lack of competencies cause uncertainty, delays and mistakes.  Tough deadlines imposed by the procurement needs: the period between launch of “call for tenders” and the “deadline for the submission of offers” does not allow sufficient time to submit a complete, high quality tender.  Delays or cancellations caused by omissions in compliance with the legal requirements and EC internal rules of the public procurement which leads to not or under-fulfilment of the defined procurement needs.  Low quality of the tender documents results in insufficient number of submitted tenders or absence of tenders.  Limited competition / Collusion among tenderers (e.g. monopolistic situation).  Authors of tender specifications are in a conflict of interests situation.</p> <p><b>Step 2: Evaluation of tenders</b>  No offers are submitted in response to the call for tenders.  The submitted offers are of low quality which does not allow to put the offers under evaluation.  The most economically advantageous offer not being selected, due to a biased or inaccurate evaluation process.  Misrepresentations related to misappropriation of facts presented by the tenderers with their offers are not detected.  Members of the opening /evaluation committee are in situations of conflict of interest.  The low quality of evaluation leads to selection of entities not having the necessary legal, technical, professional or financial capacities; no proper justification of the scores for quality award criteria in the evaluation report.</p>	<p><b>Step 1: Call for Tenders</b>  Training, mentoring, involvement of the independent procurement committee.  The Agency, communicates with the respective parent DG to ensure realistic planning of the tenders to fulfil the defined procurement needs.  Training, mentoring, involvement of the legal staff and the procurement committee.  All procurement documents pass the comprehensive control workflows.  The risk is taken into account. In the case this risk materialises the competitiveness level should be examined e.g. by means of the concentration ratio and Herfindhal index.  The Agency has an Anti-fraud strategy that contains measures on fraud awareness among staff and other fraud prevention and detection measures</p> <p><b>Step 2: Evaluation of tenders</b>  Prepare the procurement documents that specify the requirements in the way that allow potential bidders to prepare and timely submit high quality offers.  The evaluation procedure is organised according to predefined rules, announced in the procurement documents. The evaluation of offers is conducted by an appointed evaluation committee. Where relevant, compliance with all legal and procedural requirements is verified by an independent procurement committee.  The evaluation committee issues contract award recommendation in the form of a signed evaluation report to the AO.  The members of the opening and the evaluation committee are appointed by the AO; all of them are required to sign a declaration of non-conflict of interest and confidentiality  Procurement documents specify selection criteria requiring the minimum legal and regulatory (when</p>	<p>100% of procurement procedures with a maximum value above the Directive threshold are scrutinised by the REAPC for conformity with the applicable provisions.  100% of the documentation submitted with the offers is checked by the Evaluation Committee (exclusion, selection, award criteria).  Further cross-checks are performed and/ or clarifications required in case of non-substantiated references included in the offer.</p>	<p><i>Effectiveness:</i> Number of procedures challenged during the standstill period.  Number of ‘justified complaints or litigation cases filed.  <i>Efficiency:</i> duration of evaluation and award phase</p>
---	---	---	---

<p>Confidential information is not safeguarded.</p> <p><b>Step 3: Award of contract</b> Quality of submitted offers delays the contract award or makes contract award impossible. Non-compliance with EU public procurement rules on contract award (e.g. information to tenderers, standstill period, sequence of commitments, ...) causes legal implications or/and delays the contract award or makes it impossible.</p>	<p>applicable), technical, professional and financial capacity; those criteria are set proportionally to the tender subject (e.g. requested service). Evaluation committee receive clear guidelines for carrying out evaluation and drafting evaluation reports. The comments in the evaluation report are drafted in a collaborative effort and represent the evaluation committee's consensus opinion. Staff awareness of cyber security and training for the staff involved in public procurement.</p> <p><b>Step 3: Award of contract</b> The Agency (where relevant, in cooperation with the respective parent DG) drafts clear and well-specified tender documents that enable the bidders to submit high-quality tenders offering the best value for money. Staff training and mentoring, involvement of the legal staff and, where relevant, of the procurement committee. All tender documents pass the comprehensive control workflows.</p>		
---	---	--	--

**c. - Supervisory measures during contract implementation**

**Main control objectives:** Ensure that contract execution follows the provisions of the signed contracts (legality and regularity); ensure that payments are executed in compliance with the applicable rules (sound financial management); any weakness in the procedure or attempt of document misrepresentation is detected and corrected (legality and regularity& fraud prevention).

<p><b>Main risks</b> It may happen that...</p>	<p><b>Mitigating controls</b></p>	<p><b>Coverage, frequency and depth of controls</b></p>	<p><b>Cost effectiveness indicators (three E's)</b></p>
<p><b>Step 1: Monitoring</b> Lack of necessary skills, experience and qualifications of the persons performing the monitoring of the supply services; Low quality of monitoring, e.g.: risk that the monitoring is not based on contractual terms and conditions (deadlines, quality requirements,</p>	<p><b>Step 1 : Monitoring</b> Training, mentoring of staff involved in public procurement involvement. Profound ex-ante controls by competent staff. The monitoring is based on contractual terms and conditions (deadlines, quality requirements, contractually agreed monitoring tools, etc.); All amendments are duly discussed, justified, registered and documented;</p>	<p>100% of the deliverables and payments linked to service contracts are verified before</p>	<p><i>Effectiveness:</i> Number/amount of liquidated damages. <i>Efficiency:</i></p>

<p>contractually agreed monitoring tools, etc.); risk that contract amendments are not duly justified, authorised, documented and registered; risk of misinterpretation of the contract by the contract managers, in particular in regard to reduced payments and penalties; risk of legal proceedings by the contractor about the imposed penalties.</p> <p><b>Step 2: Payment</b> Payment made without all deliverables provided according to the contract. Delays in approval of deliverables causes late payment of invoices which results in interests payable to the contractor.</p>	<p>The reporting requirements are described in the technical specifications, which are an integral part of the contract. Reports are linked to payments.</p> <p><b>Step 2 : Payment</b> The execution of each contract is monitored from the technical point of view; deliverables and deadlines clearly defined in the contract; all deliverables are assessed for their conformity with the tender specifications before the payment is authorised (payments are linked to the execution of deliverables). Monitoring of payment deadlines by the responsible staff. Alerts by IT systems.</p>	<p>the payment authorisation.</p>	<p>Time-to-pay: % of payments (in value) made on time.</p> <p>Time-to pay: Average number days (+ suspension days).</p> <p>Late interest payment and damages paid by the Agency.</p>
--	--	-----------------------------------	--

### **Overall economy indicator procurement**

#### **Economy**

Cost-effectiveness in % of costs of FTEs involved in controls vs the total funds managed (evolution over time);  
Cost/benefit ratio regarding controls on payments, (evolution over time).

## **C. GRANTS (INDIRECT MANAGEMENT)**

Indirect management is a method of implementation under which the final recipient receives EU funds through an agreement concluded with an intermediary entity to which the tasks of selecting the final recipients and managing the resulting contracts have been entrusted by the Commission. The intermediary is an Indirect Management Entrusted Entity such as an International Organisation. To work under indirect management, an entity must be pillar assessed <sup>(30)</sup>. The reciprocal is also true, in that when a pillar assessed entity is selected (except through a call for proposals <sup>(31)</sup>) to

<sup>(30)</sup> Entities to be entrusted with budget-implementation tasks must demonstrate a level of financial management and protection of the EU financial interests equivalent to that required when the Commission manages European Union funds. There are exemptions to this rule that are listed in Article 154(6) FR.

<sup>(31)</sup> As per article 195 (e) FR (bodies identified in the work programme, where the basic act expressly provides for that possibility, and on condition that the project does not fall under the scope of a call for proposals).



implement an action, the management mode is indirect irrespective of the nature of the action <sup>(32)</sup>, and the agreement takes the form of a Contribution Agreement.

As per Horizon Europe Work Programmes 2021 – 2022 and 2023 – 2024, REA will implement some actions that do not involve budget management tasks, i.e. the selection of beneficiaries and the distribution of funds by an intermediary, but rather are implemented directly by international organisations such as OECD or EIB.

## 1. Ex-ante controls

Eligible counterparts to be entrusted with implementation tasks must demonstrate a level of financial management and protection of the EU financial interest equivalent to that of the Commission when it implements the Budget in direct management. This is verified by carrying out an ex-ante verification (pillar assessment) of the entity's control systems, processes and procedures. Following changes brought by the 2018 Financial Regulation and the subsequent adoption of a revised pillar assessment methodology on 17 April 2019, these are the assessed pillars:

- Basic pillars (compulsory): (1) internal control, (2) accounting, (3) independent external audit;
- Operational pillars (optional): (4) grants, (5) procurement, (6) financial instruments and budgetary guarantees;
- New pillars (compulsory): (7) criteria and procedures for exclusion from access to funding, (8) publication of information on recipients and (9) protection of personal data.

REA is not involved in conducting pillar assessments and relies on verifications made by other DGs (e.g. INTPA, ECFIN for some of REA's entities). Effectiveness and efficiency are detailed per stages a to d. Economy is calculated overall for the ex-ante controls and detailed at the end of the section.

### ***a. - Preparation, adoption and publication of the Annual Work Programme and design of the business processes***

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

---

<sup>(32)</sup> The concept of 'budget implementation tasks' has created confusion and entailed risks of errors of qualification both for the Commission and for its partners and was thus simplified by applying the indirect management mode whenever actions are implemented by pillar assessed organisations.

<b>Main risks It may happen (again) that...</b>	<b>Mitigating controls</b>	<b>Coverage, frequency and depth of controls</b>	<b>Cost-Effectiveness indicators (effectiveness, efficiency, economy)</b>
<p>The choice of entrusted entities in the work programmes does not adequately reflect the policy objectives, priorities, are incoherent and/or in contradiction with the basic act.</p> <p>The implementation (procedures, monitoring arrangements, communication with beneficiaries, budget planning, etc) has serious shortcomings.</p>	<p>Hierarchical validation within the authorising department Inter-service consultation, including all relevant services.</p> <p>Adoption by the Commission</p> <p>Explicit allocation of responsibility. Under Horizon Europe, the work programmes proposed by the Directors' Groups according to the Commission decision C(2021)4472 are co-created with the work of the various instances and with the processes established in this decision.</p> <p>In particular, the Common Implementation Centre (CIC) in DG Research and Innovation provides all DGs involved in the implementation of Horizon 2020 and Horizon Europe research with harmonised procedures, guidance and IT tools.</p> <p>The Common Policy Centre (CPC) in DG Research and Innovation under Horizon Europe centralises the budget planning and the monitoring of the Horizon Europe and Horizon 2020's budget implementation.</p> <p>The CIC/CPC governance structure ensures that programme implementation experience gathered feeds back to the programme design.</p>	<p><b>Coverage / Frequency:</b> 100%</p> <p><b>Depth:</b> All work programmes are thoroughly reviewed at all levels, including for operational and legal aspects and all underlying implementation tools are defined and developed according to common rules.</p> <p>Under Horizon Europe, all business processes follow a governance system under the due supervision of instances like the Steering Board, the Executive Committee, the Directors Groups and key user groups.</p>	<p><b>Effectiveness:</b> The work programmes are adopted by the Commission. Candidate entrusted entities express an interest in the actions described in WPs.</p> <p><b>Qualitative Benefits:</b> Optimised procedures, common approach on multiple issues (audits, fraud, legal aspects, reporting...); better reporting on the whole programme – better management of the programme. <sup>(33)</sup></p>

**b. – Ex-ante (re)assessment of the entrusted entity's financial and control framework <sup>(34)</sup>**

<sup>(33)</sup> The mutualisation of the support services represents a quantitative benefit which is certain but not accurately quantifiable in the context of reorganisations, new programme's setting up, general HR offsetting through the Commission, etc.

<sup>(34)</sup> Not part of REA's RCS but mentioned here to preserve the logic of controls and ensure consistency.

**Main control objectives:** Ensuring that the entrusted entity is fully prepared to start/continue implementing the delegated funds autonomously while respecting all Internal Control Objectives.

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
The financial and control framework deployed by the entrusted entity is not fully mature to guarantee achieving all 5 ICOs (legality and regularity, sound financial management, true and fair view reporting, safeguarding assets and information, anti-fraud strategy).	Ex-ante pillar assessment, conditional to granting budget autonomy. Hierarchical validation within the authorising department. Requiring justification and prior consent for any deviating financial rules. Postponing the budget autonomy. Obligation to notify any subsequent changes embedded in Board proceedings. Appropriate supervisory measures are foreseen to address potential weaknesses detected by the pillar assessment. Pillar assessment to be updated each time that there is a material change in the management and control systems of the eligible counterpart.	<b>Coverage/frequency:</b> 100% of entrusted entities/once by one DG appointed as lead, but valid for all Commission DGs. <b>Depth</b> may be determined after considering the type or nature of the entrusted entity and/or the value of the budget concerned.	<b>Effectiveness:</b> All pillar assessments finalized when opportunity and legal checks are validated. <b>Efficiency:</b> Time to assess the pillars of an entity.

**c. - Contracting (i.e. establishment/ extension of the Contribution Agreement to the entrusted entity)**

REA establishes and signs agreements with the organisations assessed and identified during the previous stages. A standard agreement model is used for most of the EU-financed operations under indirect management with entrusted entities. Where relevant, specificities of eligible entities are addressed in framework agreements.

**Main control objectives:** Ensuring that the legal framework for the management of the relevant funds is fully compliant and regular (legality and regularity), delegated to an appropriate entity (best value for public money, economy, efficiency), without any conflicts of interests (antifraud strategy, alignment of interest).

Main risks It may happen (again) that...	Mitigating controls	coverage, frequency and depth of controls	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
The establishment (or extension) of the mandate of the entrusted entity is affected by	The establishment of the agreements concerned (Contribution Agreements) is submitted to	<b>Coverage:</b> 100%.	<b>Effectiveness:</b> Contribution agreements signed as per WP plan

<p>legal issues, which would undermine the legal basis for the management of the related EU funds (via that particular entity).</p> <p>The Commission has not sufficient information from independent sources on the entity's management achievements, which prevents drawing conclusions on the assurance for the budget entrusted to the entity – which may reflect negatively on the Commission's governance reputation and quality of reporting.</p>	<p>hierarchical validation within the authorising department and to Inter-service consultation, including all relevant DGs.</p> <p>Agreements specify the control, accounting, audit, publication, etc. related requirements in strict observance of the EU Financial Regulation -ad hoc clauses in framework agreements – potential escalation of any major governance-related issues with entrusted entities – referral to OLAF.</p>	<p><b>Frequency:</b> once. If risk materialises, all funds delegated during the year(s) to the entrusted entity would be irregular. Possible impact 100% of budget involved and significant reputational consequences.</p>	<p><b>Efficiency Indicators:</b> Time-to-grant</p>
--	--	--	--

#### **d. - Monitoring the implementation**

**Main control objectives:** ensuring that the operational results (deliverables) from the projects are at the expected level and contribute towards achieving the objectives set in the Description of the Action, ensuring that the related financial operations comply with regulatory and contractual provisions; prevention of fraud; ensuring appropriate accounting of the operations.

<b>Main risks It may happen (again) that...</b>	<b>Mitigating controls</b>	<b>Coverage, frequency and depth of controls</b>	<b>Cost-Effectiveness indicators (effectiveness, efficiency, economy)</b>
<p>The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the contribution agreement (e.g. deliverables, open access to results and publications...)</p> <p>The amounts paid exceed what is due in accordance with the applicable contractual and regulatory provisions.</p> <p>The cost claims and or deliverables are irregular or fraudulent.</p> <p>Due to weak modalities of cooperation, supervision and reporting, the Commission is</p>	<p>Kick-off meetings with the entrusted entities in order to avoid project management and reporting errors.</p> <p>Agreement specifying the control, accounting, audit, publication, etc. related requirements – including the modalities on reporting back relevant and reliable control results.</p> <p>Monitoring or supervision of the entrusted entity (e.g. regular monitoring meetings at operational level; review of reported control results and any underlying management/audit reports; representation and intervention at the board, scrutiny of annual report, etc.).</p> <p>Operational and financial checks in accordance with the financial circuits. Operation authorisation by the AO.</p>	<p><b>Coverage:</b> 100% of the entities are monitored / supervised.</p> <p><b>Frequency:</b> meetings take place regularly depending on the delegated activities and delegated entities, reports submitted at least annually (depending of contractual provisions).</p> <p>In case of operational and/or financial issues, measures are being reinforced.</p> <p>The <b>depth</b> depends on the mandate of the (type of) entity, inter alia whether the</p>	<p><b>Effectiveness:</b></p> <p>Number of payments (interim and final).</p> <p><b>Efficiency:</b></p> <p>Timely payments: % of payments (in value) made on time.</p>

<p>not (timely) informed of relevant management issues encountered by the entrusted entity, and/or does not (timely) react upon notified issues by mitigating them or by making a reservation for them – which may reflect negatively on the Commission’s governance reputation and quality of accountability reporting.</p> <p>The reimbursement of any exceptional costs and costs for technical assistance or additional tasks would not be in line with the Sound Financial Management objective (e.g. admin fees unjustifiably high)</p>	<p>Management review of the supervision results.</p> <p>Based on risk assessment, inclusion in REA’s annual audit plans. If appropriate/needed:</p> <ul style="list-style-type: none"> <li>- reinforced monitoring of operational and/or financial aspects of the entity</li> <li>- potential escalation of any major governance-related issues with entrusted entities</li> <li>- referral to OLAF.</li> </ul> <p>Anti-fraud awareness raising training for the project officers.</p> <p>If needed: application of Suspension/interruption of payments,</p>	<p>Commission has full access to the entity’s internal control information.</p>	<p>Timely- payments: Average number days net/gross + suspension days.</p> <p><b>Qualitative Benefits:</b></p> <p>Projects are executed and produce benefits for the community.</p>
---	--	---	--

*Overall economy of ex-ante controls*

<p><b>Economy</b>  (The estimation is established for the grant process).  <u>Estimation of cost of staff involved in the ex-ante checks</u></p> <ul style="list-style-type: none"> <li>-Programme management and monitoring;</li> <li>-Financial management;</li> <li>-Budget and accounting;</li> <li>-General Coordination incl. Strategic Programming and Planning, internal control, assurance and quality management;</li> <li>-Anti-fraud;</li> <li>-Development and support of IT systems linked to managing funding programmes.</li> </ul>
---

## D. SUPPORT SERVICES

There are no ex-post controls in place for support services and all controls detailed below are understood to be ex ante.

### 1 – Legal and financial validation and verification of participants (support services)

**Main control objective(s):** Ensuring the timely execution of legal and financial validations of participants in grant and procurement actions (direct management) under SEDIA.

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (effectiveness, efficiency)
<p>Fraudulent entities could have access to EU funds</p> <p>Fraudulent use of EU funds could happen by linking wrong bank accounts to the LE of participants.</p> <p>Unauthorised persons could process information relating to participations in EU grants.</p> <p>Irregularities or false declarations by the Legal Entity Appointed Representative (LEAR).</p>	<p><b>Validation of legal entities</b></p> <p>Legal entity and status:</p> <p>A. REA verifies the legal existence and status of legal entities participating in EU grants and procurement procedures based on the provisions of the EU Financial Regulation and the “EU Grants and Tenders – Rules on Legal Entity Validation, LEAR appointment and Financial Capacity Assessment” using the 4 eyes principles (validation and verification).</p> <p>Bank accounts:</p> <ul style="list-style-type: none"> <li>Upon request, REA creates the entry for legal entity registration and bank accounts in ABAC.</li> </ul> <p>LEAR appointment/extended mandate</p> <ul style="list-style-type: none"> <li>REA is responsible for the validation of the LEAR, the person who, upon appointment by the legal representative of the legal entity, plays a key role in managing access rights to the electronic exchange system.</li> </ul>	<p>100% of validations generating a Participant Identification Code (PIC) and a legal entity file.</p> <p>100% of bank accounts upon request</p> <p>100% of LEAR appointments</p>	<p><b>Effectiveness:</b></p> <p>Number of legal validations performed.</p> <p>Number of LEAR validated.</p> <p>Number of Universal takeover (former UTRO) validations and ICM/Ex-post modifications.</p> <p>Number of change requests or additional corrections.</p> <p><b>Efficiency Indicators:</b></p> <p>Participant validation: 95% of validations/assessments completed within 25 calendar days from receipt of the complete set of documents.</p>

<p>The lack of financial capacity of a participant could jeopardise the achievement of the objectives foreseen in the grant agreement or in the procurement contract.</p>	<p><b>Financial Capacity Assessment (FCA)</b></p> <p>REA, upon request from the AOSDs managing the grant or procurement procedure, shall initiate the process of collecting and analysing supporting financial documents relating to the legal entities for which a FCA is required.</p>	<p>100% coverage of the client's requests.</p>	<p><b>Effectiveness:</b></p> <p>Number of FCA performed.</p>
<p>Ineligible participants could benefit from EU funding dedicated to SMEs.</p> <p>The inadequate self-assessment of a participant could lead to ex-post reimbursement of EU funding, which is a financial risk for the participant and a reputational risk for the EU.</p>	<p><b>Small- and Medium-sized Enterprises</b></p> <p>For actions where the SME status is an eligibility criterion or allows for more favourable funding rates, upon request from the AOSDs managing the grants, the validation of SMEs is carried out by REA, on a sample basis.</p>	<p>100 % coverage of the client's requests.</p> <p>Timetable and procedures are agreed between REA, EASME and other clients, where relevant.</p>	<p><b>Effectiveness:</b></p> <p>Number of SME validations performed.</p>
<p>Ineligible entities could participate in actions restricted to legal entities that:</p> <ol style="list-style-type: none"> <li>1. are established in the Union and associated countries,</li> </ol> <p>and</p> <ol style="list-style-type: none"> <li>2. are not controlled by third countries/entities established in third countries.</li> </ol>	<p><b>Ownership/control assessment (OCA)</b></p> <p>For restricted actions, REA carries out assessment of the ownership structure and governance of an entity, upon request from the AOSDs managing the grants.</p>	<p>100 % coverage of the client's requests.</p>	<p><b>Effectiveness:</b></p> <p>Number of OCA performed.</p>

### *Overall economy indicator for validation services*

#### **Economy**

Estimation of the overall administrative cost of the legal and financial participant validation activity

## 2- Research Enquiry Service (support services)

**Main control objective(s):** Ensuring the timely and high-quality replies to general questions relating to European research, the validation process of legal entities and the main EU research instruments by a dedicated team and through the coordination of the network of internal helpdesks with Commission DGs and Executive Agencies

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (effectiveness, efficiency)
<p>Questions needing special knowledge and which cannot be answered by the external contractor are responded with undue delay.</p> <p>An inadequate distribution of the questions to local, specialised helpdesks could jeopardise the timely and relevant answer to participants/applicants.</p> <p>The contractor could provide low quality services.</p> <p>Inadequate monitoring of the replies provided could lead to low quality, which would negatively affect the chances of applicants to access EU funding and represent a significant reputational risk.</p>	<p>REA coordinates the service provided by</p> <ul style="list-style-type: none"> <li>- using the framework contract of DG COMM for the Europe Direct Contact centre to have an external contractor for answering basic questions,</li> <li>- answering the questions which have been forwarded to REA by the external contractor,</li> <li>- verifying that questions are allocated to the appropriate thematic helpdesk,</li> <li>- training and supporting the contractor, and monitoring the quality of answers provided directly by them,</li> <li>- organising training by specific thematic helpdesks for the contractor on certain calls/topics,</li> <li>- training and supporting the thematic help desks' members on the use of the RES dedicated IT tool for providing answers to the questions,</li> <li>- monitoring the compliance with the 'Time-to-reply' of the questions forwarded to the local, specialised helpdesks, and on a monthly, quarterly and annual bases, monitoring the volume of the enquiries received and the work performed by the external contractor,</li> <li>- performing ex-post quality controls of all answers provided by the external contractor and by the thematic helpdesks.</li> </ul>	<p>100% of escalated cases are monitored upon allocation from contractor;</p> <p>Reminders to helpdesk members on a weekly basis;</p> <p>New members of the contractor team receive a set of training when they join the team;</p> <p>Training based on questions and answers is offered to the contractor based on demand;</p> <p>Training to helpdesk members on the use of the IT tool is organised just after their appointment;</p> <p>Quality of data and of all replies to monitor both the contractor and the helpdesks on a monthly basis.</p>	<p><b>Effectiveness:</b> Number of replies to enquiries.</p> <p><b>Efficiency Indicators:</b> Time-to-reply in compliance with the code of good administrative behaviour.</p>
<p>The inadequate management of the database could lead to suboptimal knowledge management, which would negatively affect the efficiency and consistency of the communication between the EU and the applicants/participants.</p>	<p>Frequently Asked Questions (FAQ)</p> <ul style="list-style-type: none"> <li>- Review all the FAQ related to the business processes to be published on the Funding &amp; Tender Portal (F&amp;T Portal).</li> </ul>	<p>At any time.</p>	<p><b>Effectiveness:</b> No of questions approved and published. <sup>(35)</sup></p>

<sup>(35)</sup> NB: No specific economy indicator (the costs of this activity are included in the validation services, as they mainly serve them).



	- Coordinate with the FAQ authors and submit the FAQ to CIC.B1 for publication on the F&T Portal.	Within 2 weeks from the submission for review.	
--	---	--	--

### 3- Expert management and support (support services)

#### a. - Support for call publication and evaluation

**Main control objective(s):** Ensuring the efficient coordination of the publishing of calls for proposals and of the evaluation sessions

Main risks It may happen that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (effectiveness, efficiency)
<p>Insufficient on-site support is provided to the evaluators – the evaluation process is delayed and the TTG is negatively affected</p> <p>Insufficient coordination among the calls might result in delays in the call implementation with an important reputational risk</p>	<p>Call planning and publication:</p> <ul style="list-style-type: none"> <li>Management and capacity planning of the Common Evaluation Facility (COVE, BXL).</li> <li>Global planning exercise to harmonise the scheduling of the call deadlines and evaluation dates taking into account planning restrictions (IT system – SEP) and specific client needs.</li> </ul>	<p>REA participates in the relevant meetings between the Commission services planning the Work Programme to ensure the calls for proposals and evaluation sessions are properly coordinated, notably in terms of timing.</p>	<p>Number of calls finalised in Call Passport System (CPS).</p> <p>Number of evaluations supported on-site.</p> <p>Number of expected proposals evaluated.</p> <p>Number of expected expert weeks on-site.</p>
	<ul style="list-style-type: none"> <li>Planning information is requested from the client (call deadline, dates for remote and on-site evaluation, expected number of proposals, planned number of expert evaluators required).</li> </ul>	<p>6 months before the planned adoption of Work Programme.</p>	
	<ul style="list-style-type: none"> <li>Negotiation between the clients in case of conflicts in the allocation of resources between the various calls.</li> </ul>	<p>4 1/2 months before the planned adoption Work Programme.</p>	
	<ul style="list-style-type: none"> <li>Final agreement with the clients on the call planning schedule.</li> </ul>	<p>During Inter-Service Consultation (ISC) on the Work programme (at the latest).</p>	

Potential participants could not receive timely information on the calls.	Call publication on the EU Funding & Tender Portal: <ul style="list-style-type: none"> <li>The information is checked and the call is published on the Funding and Tenders portal via the Call Passport System (CPS).</li> </ul>	5 weeks before publication date.	
A high number of external visitors (experts) represent an important security risk to mitigate.	On-site support to expert evaluators during the central evaluation: <ul style="list-style-type: none"> <li>Verify if arrangements for the evaluation need to be updated (depending on the number of proposals received).</li> <li>Reservation of the facilities in COVE.</li> <li>Evaluation preparation: for instance, the weekly update of information screens and the delivery of copies of the submitted proposals.</li> </ul>	2 weeks before the start date for the central evaluation.	
	<ul style="list-style-type: none"> <li>Support during the evaluation sessions: this covers the reception of the expert evaluators.</li> <li>Management of the Common Evaluation Facility, including the supervision of the service providers for security, the building management.</li> </ul>	During central evaluation.	
A non-efficient reimbursement of the fees and costs of experts might affect the attractiveness of the expert function, which could lead to less quality in the evaluation process.	On-site support to expert evaluators during the central evaluation <ul style="list-style-type: none"> <li>Reimbursement briefings to expert evaluators: these are regularly organised during on-site sessions.</li> <li>Reimbursement helpdesk: this service to expert evaluators is organised twice a week during on-site evaluations in Brussels.</li> </ul>	During central evaluation.	

**b. – Contracting and payment of expert evaluators and monitors <sup>(36)</sup>**

**Main control objective(s):** Ensuring the timely validations of legal entity and bank accounts for Horizon 2020 (and other) experts as well as the issuing of expert contracts and the preparation/execution of payment files in a transparent and customer-oriented way.

<sup>(36)</sup> REA is responsible for the validation of legal entities and bank account forms for H2020 monitors. The Client (as Responsible Authorising Officer) remains responsible for managing the contract and payment of H2020 expert monitors.

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (effectiveness, efficiency)
<p>Lack of sound financial management in spending the budget for expert evaluators and monitors.</p> <p>In absence of verifications, fraudulent payments may happen.</p> <p>Inadequate monitoring of the legality and regularity of the operations could lead to unreliable financial reporting by the AOD.</p> <p>Lack of timely contracting, payment or assistance to experts in exceptional situations could render the expert function unattractive, which would lower the quality of the evaluation process.</p>	<p>Contracting and payment of H2020 expert evaluators:</p> <ul style="list-style-type: none"> <li>• Global budget planning;</li> <li>• Contracting of experts, including legal entity and bank account validation, amendments and contract terminations, on the basis of expert assignments decided by the relevant call coordinators (REA and beyond);</li> <li>• Payment of experts and issuing of VAT certificates at request;</li> <li>• Reporting on all non-compliance cases arising in relation to expert contracting and payment;</li> <li>• Management of support activities (e.g. exceptional travel arrangements of experts and conflict of interest);</li> <li>• Verification of Legal Entity and Bank Account for H2020 expert monitors.</li> </ul>	<p>b) 100% of experts 100% of BA, LE, contracts</p> <p>d) Quarterly</p> <p>f) 100%</p>	<p><b>Efficiency Indicators:</b></p> <p>Time-to-validate for experts: 100% of experts' Legal Entity Files validated within 25 working days (after approval of the pool of experts by the evaluating service).</p> <p>Time-to-contract for experts: 100% of expert contracts signed by REA in less than 10 calendar days.</p> <p>Time-to-pay for experts: 100% of expert payments executed by REA in less than 30 calendar days.</p>

*Overall economy indicator for expert management and support*

<p><b>Economy</b> Estimation of the overall administrative cost of the activity (costs of the evaluation platform excluded)</p>
---

## **ANNEX 7: Specific annexes related to "financial management"**

As a complement to the information provided in the main report (section 2.1), the tables below provide a more detailed overview of the implementation of the control framework in place at REA for the management of the operational budget.

### **1. Economy of controls**

Three elements are reported in this section to present a comprehensive picture of the cost of controls related to REA's activities:

1. Controls carried out by REA;
2. Controls carried out by the Common Implementation Centre for the R&I family;
3. Controls carried out by REA on behalf of other services.

To ensure consistency with other information reported on the use of the REA administrative budget (table 7.3), the figures in table 7.1 are presented as follows:

- the total administrative budget has been broken down per activity and per control stage (ex-ante/ex-post) for the grant management part;
- the cost of experts management relating to the evaluation of proposals are reported in two different contexts:
  - as the costs of one of the control systems in REA (table 7.1);
  - as a part of the shared R&I family costs, in addition to the expert costs charged to the operational budget (table 7.2).

**Table 7.1 - Cost of controls incurred by REA**

		Total staff costs (in M€) (Title 1 of the administrative budget)	Other expenditures (in M€) charged to the administrative budget (Titles 2 and 3)	Total cost (in M€)
<b>Grant Management</b>	Ex-ante controls	58.50	7.69	66.19
	Ex-post controls	1.14	0.16	1.31
	<b>Sub-total:</b>	<b>59.64</b>	<b>7.86</b>	<b>67.50</b> ( <sup>37</sup> )
<b>Administrative &amp; logistic support services</b>	Validation services & Research Enquiry Service	9.04	1.42	10.46
	Experts management & Evaluation Platform	7.10	5.85	12.94
<b>Other tasks</b>	Coordination and administrative support	6.78	0.87	7.65
	<b>Sub-total:</b>	<b>22.92</b>	<b>8.14</b>	<b>31.06</b>
<b>Total:</b>		<b>82.56</b>	<b>15.99</b>	<b>98.55</b>

In addition to the costs above, an important part of the controls for the programmes implemented by REA is delivered by the Common Implementation Centre on behalf of the Research and Innovation family, mainly in the form of ex-post audits and ex-ante controls through common IT systems. Details of the estimated cost of these controls are reported in the annual activity report of DG RTD and represent EUR 42.07m, or the equivalent of 0.39% of the total grant payments in 2023 for the R&I family in Horizon 2020 and Horizon Europe.

Finally, the support services provided by REA contribute to the control systems of all the organisations to whom these services are provided. The significant costs incurred for the participant validation are considered control costs for the European Commission as a whole. The costs of proposal evaluation support and expert management are part of the controls of all Research and Innovation services (<sup>38</sup>).

**Table 7.2 Costs of evaluation services provided by REA**

Costs of services provided by REA					
Direct grant management	REA Costs (M€)			2023 Grant payments for Horizon Family ( <sup>39</sup> ) (M€)	Overall rate (total costs/total amount paid)
	Internal costs	External costs	Total		
<b>Evaluation Experts costs paid by REA</b>	12,94	53,13	66,1	8114,2	0,81%

(<sup>37</sup>) This figure does not include the cost of expert reviewers charged to the operational budget (EUR 3.96m).

(<sup>38</sup>) Excluding ERCEA, which contracts and manages its own experts and proposal evaluation.

(<sup>39</sup>) Excluding ERCEA, which contracts and manages its own experts and proposal evaluation.

**Table 7.3 – Overview of REA’s estimated cost of controls at Commission level**

REA	Ex ante controls***			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Relevant Control System (RCS) / Other as defined in Annex 6 of the AAR*	EC total costs	related payments Made	Ratio (%)** (a)/(b)	EC total costs	total value verified and/or audited	Ratio (%) (d)/(e)	EC total estimated cost of controls (a)+(d)	Ratio (%)** (g)/(b)
Grant management (direct and indirect) and procurement	70,152,048.51 €	2,821,835,700.98 €	2.49%	1,308,163.81 €	- €	0.00%	71,460,212.32 €	2.53%
<b>OVERALL total estimated cost of control at EC level for expenditure</b>	<b>70,152,048.51 €</b>	<b>2,821,835,700.98 €</b>	<b>2.49%</b>	<b>1,308,163.81 €</b>	<b>- €</b>	<b>0.00%</b>	<b>71,460,212.32 €</b>	<b>2.53%</b>

**SHARED/POOLED CONTROL ACTIVITIES (REA)**

Validation services (only REA)	10,456,818.93 €	- €	- %	- €	- €	- %	10,456,818.93 €	- %
Expert management (only REA)	66,077,141.00 €	- €	- %	- €	- €	- %	66,077,141.00 €	- %

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

## REA operating (administrative) budget executed in 2023 per activity

**Table 7.4 - REA operating (administrative) budget executed in 2023 per activity**

Programmes	Title 1 (€ million)	Title 2 (€ million)	Title 3 (€ million)	Grand Total
Marie Skłodowska-Curie Actions (EAC)	22.17	2.50	0.34	25.00
Cluster 2: Culture, Creativity and Inclusive Society	4.73	0.53	0.07	5.34
Cluster 3: Civil Security for Society (HOME)	3.58	0.40	0.06	4.04
Cluster 6: Food, Bioeconomy, Natural Resources, Agriculture and Environment	12.96	1.46	0.20	14.62
Sharing Excellence	6.10	0.69	0.09	6.88
Reforming and enhancing the European R&I system	2.20	0.25	0.03	2.48
Research infrastructure	2.75	0.31	0.04	3.10
Agricultural promotion measures (AGRI)	2.84	0.32	0.24	3.40
Research fund for Coal and Steel (R&I)	2.32	0.26	0.06	2.63
Expert management & support	7.10	0.80	5.05	12.94
Central validation Service	9.04	1.02	0.40	10.46
<b>Management and administrative support</b>				
Marie Skłodowska-Curie Actions	2.04	0.23	0.03	2.30
Cluster 2: Culture, Creativity and Inclusive Society	0.43	0.05	0.01	0.49
Cluster 3: Civil Security for Society	0.33	0.04	0.01	0.37
Cluster 6: Food, Bioeconomy, Natural Resources, Agriculture and Environment	1.19	0.13	0.02	1.34
Sharing Excellence	0.56	0.06	0.01	0.63
Reforming and enhancing the European R&I system	0.28	0.03	0.00	0.32
Research infrastructure	0.17	0.02	0.00	0.20
Agricultural promotion measures	0.26	0.03	0.00	0.29
Research fund for Coal and Steel	0.21	0.02	0.00	0.24
Expert management & support	0.57	0.06	0.01	0.65
Central validation Service	0.73	0.08	0.01	0.82
<b>Total</b>	<b>82.56</b>	<b>9.30</b>	<b>6.69</b>	<b>98.55</b>

## 2. Control effectiveness as regards legality and regularity

### Ex-post audits and the implementation of their results

The ex-post control for direct grant management is largely centralised in the Common Audit Service (CAS) for the whole Research and Innovation 'family' of DGs and executive agencies. Since 2007, the R&I family have adopted a common audit strategy intended to verify the legality and regularity of expenditure on a multi-annual basis, including detection and correction of systematic errors. For Horizon 2020 and RFCS, the Common Audit Service undertakes all audits on REA's behalf. This is key in ensuring a harmonised approach and in minimising the audit burden on beneficiaries.

### Audit coverage

By the end of 2023, the Common Audit Service (CAS) in DG Research and Innovation audited 4707 **Horizon 2020** participations **of the Research and Innovation family**, covering 60.6% of total H2020 expenditure to date.

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

As for the **completion rate of Horizon 2020 ex-post audits in 2023**: The overall target for 2023 was 642 audited participations. By 31 December 2023, the CAS completed audits of 648 participations (a completion rate of 100.9%). Cumulatively, the CAS has closed audits on 4 707 Horizon 2020 participations by the end of 2023.

Regarding **RFCS**, the total audit coverage on the reporting date is 19.3% (direct + indirect), while for **AGRIP** it is 46.1% (direct + indirect).

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

Following an IAS audit on the implementation of the Action Plans for the reduction of the Horizon 2020 error rate and for simplifications to reduce the Horizon Europe error rate, and based on the original action plans agreed with central services, DG RTD has prepared in 2022 a reprioritized Action Plan to both reduce the error rate on Horizon 2020 and prevent a high error rate in Horizon Europe. The highest priority has been set on communication, both external and internal. Dedicated webinars and trainings addressed to beneficiaries, in particular most error prone beneficiaries, have been organized all along the year for both Horizon 2020 and Horizon Europe. Enhanced trainings on reporting and payments and audit implementation addressed to internal staff have also been organized as part of this communication plan and the Horizon Europe Ex ante controls guidance have been approved and published.



Regarding the increased use of simplified cost options, the European Court of Auditors has published a series of recommendations in its annual report. The Commission accepted most ECA recommendations regarding lump sum grants <sup>(40)</sup> and started implementing them in line with the expected target dates (e.g., updated expert briefing, internal training, and internal guidance for call coordinators regarding the use of benchmarks and documenting the budget assessment).

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

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

Finally, DG RTD is participating in a longer-term corporate project led by DG BUDG on the use of artificial intelligence and data analysis to prevent errors. The incorporation of Artificial Intelligence in the corporate ARACHNE IT Tool will further improve risk scoring by using of Artificial intelligence/Machine Learning to develop algorithms that can forecast risks. The use of corporate ARACHNE will become obligatory for all Commission services from 2027 onwards. DG RTD participates actively in the working group for the formulation of the technical aspects of the corporate ARACHNE to confirm that artificial intelligence systems will be incorporated in the new tool successfully.

---

<sup>(40)</sup> Out of the four recommendations of the ECA, the Commission fully accepted three and partially accepted the fourth.

## DAS 2022

REA reports disagreements with ECA's findings in two of the DAS 2022 financial audits.

In the first, one of the causes of errors was the lack of time records. The disagreement was related to the assessment of alternative evidence and whether it provided sufficient assurance for the personnel costs claimed. REA considered that it did. This part of the findings represented around 27% of the total error rate of the audit.

In the second, ECA concluded that the beneficiary had only paid service fees to seconded staff, without including a top-up allowance required by the grant agreement. This resulted in a full rejection of the costs. In response, REA argued that the payments made by the beneficiary for different services constituted the top-up allowance specified in the grant agreement. ECA maintained their position, resulting in a disagreement over the interpretation of the facts centered on whether the amounts paid constituted the top-up or not.

Neither audit resulted in any recommendations for REA's internal controls/financial management, as the errors were committed by the beneficiaries due to improper application of the rules. The internal control procedures of REA were not challenged by ECA.

## IAS multi-DG thematic review on the Commission risk at payment

The IAS issued on 19 January 2024 the audit report on the review of the Commission's risk at payment, with one recommendation quoted as very important and addressed to DG RTD and the executive agencies about the need to perform a structured analysis of the root causes of errors in relation with ECA's findings and report accordingly. The Agency accepted all the recommendations and an action plan commonly drafted and agreed upon by RTD, REA, EISMEA and ERCEA has been submitted early February 2024 to DG BUDG for consolidation into a single action plan, which was accepted by the IAS.

### 3. Achievement of the objectives relating to sound financial management set in the AWP

**Table 7.5 Performance table for sound financial management – main indicators**

**Objective:** The authorising officer by delegation has reasonable assurance that resources have been used in accordance with the principles of sound financial management and that cost-effective controls are in place which give the necessary guarantees concerning the legality and regularity of underlying transactions.

#### Main outputs in 2023:

Output	Indicator	Target	Latest known result (31/12/2023)
Effective controls: Legal and regular transactions	Estimated risk at payment and at closure for Horizon 2020 grants	As close as possible to 2%	H2020: -2.57% H2020 MSCA: -0.89% Agrip: -2.86% RFCS: -2.03% <u>Residual error rates</u> H2020: -1.75% H2020 MSCA: -0.59% Agrip: -1.59% RFCS: -1.70%
	Estimated risk at payment and at closure for Horizon Europe grants	Below 2%	N/A <sup>(41)</sup>
	Implementation of H2020 audit findings	80% by 31/12/2023	95.7%
Efficient controls	Budget execution and time-to-pay	Remains 100% of operational payment appropriations and 100% of operational payments (in value) on time	REA reached 100% of implementation of the operational payment appropriations of 2023 as per the Voted Budget's appropriations (C1 credits), the carried-over internal assigned revenues (C5 credits), and the EFTA/EEA Countries' contributions (E0 credits). In other words, all the Payment appropriations delegated to REA in 2023 in the operational Budget that expire by 31/12/2023 have been fully implemented.  In terms of value, REA paid on time (including the pre-financing payments paid on target) 99.8% of the operational budget (all type of payment appropriations included).
Economical controls	Overall estimated cost of controls	Remains below 2.5% of funds managed	2.53% (see table 7.3)

<sup>(41)</sup> No representative error rate for Horizon Europe is available for 2023 as the ex-post audit campaign for the Programme is planned for launch in 2024.

## Audit results implementation

**Table 7.6 H2020 Number of implemented ex-post audit results (cumulative from start of MFF)**

REA	Total	Audit results processed	% Audit results processed	Audit results pending	% Audit results pending
Audits	1100	1056	96.0	44	4.0
Extensions	717	682	95.1	35	4.9
<b>Total</b>	<b>1817</b>	<b>1738</b>	<b>95.7</b>	<b>79</b>	<b>4.3</b>

**Table 7.7 Time to implement closed audit results for H2020 in 2023**

REA	Total number	0-6 months	% total number (0-6 months)	above 6 months	% above 6 months
<b>Closed Projects</b>	<b>207</b>	<b>172</b>	<b>83.1</b>	<b>35</b>	<b>16.9</b>
Negative adjustments with recovery	58	39	67.2	19	32.8
Negative adjustments without recovery	19	14	73.7	5	26.3
Positive or zero Adjustment	130	119	91.5	11	8.5
<b>On-going Projects</b>	<b>83</b>				
Negative adjustments	27	24	88.9	3	11.1
Positive or zero Adjustment	56	55	98.2	1	1.8
<b>Total</b>	<b>290</b>				

**Table 7.8 AGRIP Number of implemented ex-post audit results (cumulative from start of MFF)**

REA	Total	Audit results processed	% Audit results processed	Audit results pending	% Audit results pending
Audits	11	11	100.0	0	0.0
Extensions	0	0	NA	0	NA
<b>Total</b>	<b>11</b>	<b>11</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>

**Table 7.9 Time to implement closed audit results for AGRIP in 2023**

REA	Total number	0-6 months	% total number (0-6 months)	above 6 months	% above 6 months
<b>Closed Projects</b>	<b>6</b>	<b>6</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
Negative adjustments with recovery	1	1	NA	0	NA
Negative adjustments without recovery	1	1	NA	0	NA
Positive or zero Adjustment	4	4	100.0	0	0.0
<b>On-going Projects</b>	<b>0</b>				
Negative adjustments	0	0	NA	0	NA
Positive or zero Adjustment	0	0	NA	0	NA
<b>Total</b>	<b>6</b>				

**Table 7.10 RFCS Number of implemented ex-post audit results (cumulative from start of MFF)**

REA	Total	Audit results processed	% Audit results processed	Audit results pending	% Audit results pending
Audits	39	25	64.1	14	35.9
Extensions	4	2	50.0	2	50.0
<b>Total</b>	<b>43</b>	<b>27</b>	<b>62.8</b>	<b>16</b>	<b>37.2</b>

**Table 7.11 Time to implement closed audit results for RFCS in 2023**

REA	Total number	0-6 months	% total number (0-6 months)	above 6 months	% above 6 months
<b>Closed Projects</b>	<b>15</b>	<b>11</b>	<b>73.3</b>	<b>4</b>	<b>26.7</b>
Negative adjustments with recovery	0	0	NA	0	NA
Negative adjustments without recovery	0	0	NA	0	NA
Positive or zero Adjustment	15	11	73.3	4	26.7
<b>On-going Projects</b>	<b>2</b>				
Negative adjustments	1	1	NA	0	NA
Positive or zero Adjustment	1	1	NA	0	NA
<b>Total</b>	<b>17</b>				

## Anti-fraud activities

### A. Fraud risk management

**Objective:** The risk of fraud is minimised through the application of effective anti-fraud measures and the implementation of the Commission Anti-Fraud Strategy (CAFS) <sup>(42)</sup> aimed at the prevention, detection and correction <sup>(43)</sup> of fraud

**Indicator: Implementation of the actions included in REA's anti-fraud strategy (2019–2023) over the strategy's lifecycle**

**Source of data:** REA annual activity report, REA's anti-fraud strategy, OLAF reporting

Baseline (2019)	Interim milestone (2021)	Target (2023)	Latest known result (31/12/2023)
0% of action points implemented	86% of action points (12/14) implemented	100% of action points implemented in time	100% of action points implemented in time

#### Main outputs in 2023:

Output	Indicator	Target	Latest known result (31/12/2023)
Anti-fraud training sessions (made compulsory within 1 year from entering the service)	No. of sessions to organise	3 to 4	4
EDES and bankruptcy trainings	No. of sessions to organise	4	4
REA Quarterly Reports "State of play of cases under OLAF investigation for serious irregularities"	Number of internal reports per year	4 (Q2 and Q4 are sent to parent DGs, Q1 and Q3 to REA's management only)	3 (Q4 2023 is released in February 2024)
Update of the REA Anti-Fraud Strategy	Publication of document	Q4 2023	Document adopted on 22/12/2023
Streamline the reporting on recoveries and sanctions stemming from implementation of OLAF reports and their financial impact	New reporting tool (database)	Tool deployed by the end of Q2 2023	May 2023

<sup>(42)</sup> Communication from the Commission "Commission Anti-Fraud Strategy Action plan – revision 2023: COM 2023 405 of 11 July 2023 – 'the Communication on the 2023 revision' – and the accompanying revised action plan, SWD 2023 245– 'the revised Action Plan'.

<sup>(43)</sup> Correction of fraud is an umbrella term, which notably refers to the recovery of amounts unduly spent and to administrative sanctions.

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

### **Internal control monitoring criteria**

During 2023, REA continued surveying a selection of 38 indicators that reflect specific characteristics of the five components and 17 principles of the Internal Control Framework (ICF). These internal control monitoring criteria (ICMC) are tailored to the REA control environment and complement other sources of information on the state of the internal control system. ICMCs include compliance and efficiency indicators with their baseline values, targets and results.

The following ICMCs were updated during the year:

- i. the indicator on mandatory training was enlarged to cover all trainings specified in the REA Learning & Development framework,
- ii. an outdated internal communication indicator was replaced by an indicator on the number of visits to REA Intranet.

By the end of 2023, **REA has fully achieved 36 out of the 38 targets, and almost achieved its targets for the other two:**

- i. Participation in the mandatory training on Ethics and Integrity: about 89% vs the target of 100%; and
- ii. Participation in the mandatory training on Anti-Fraud: about 96% vs the 100% target

REA's training team has taken measures so that the staff who have not yet followed the ethics training will do so by the end of February 2024 at the latest.

The anti-fraud training refers to in-depth training aimed at particular job profiles. Due to staff turnover, 100% coverage cannot be maintained at every moment through the year.

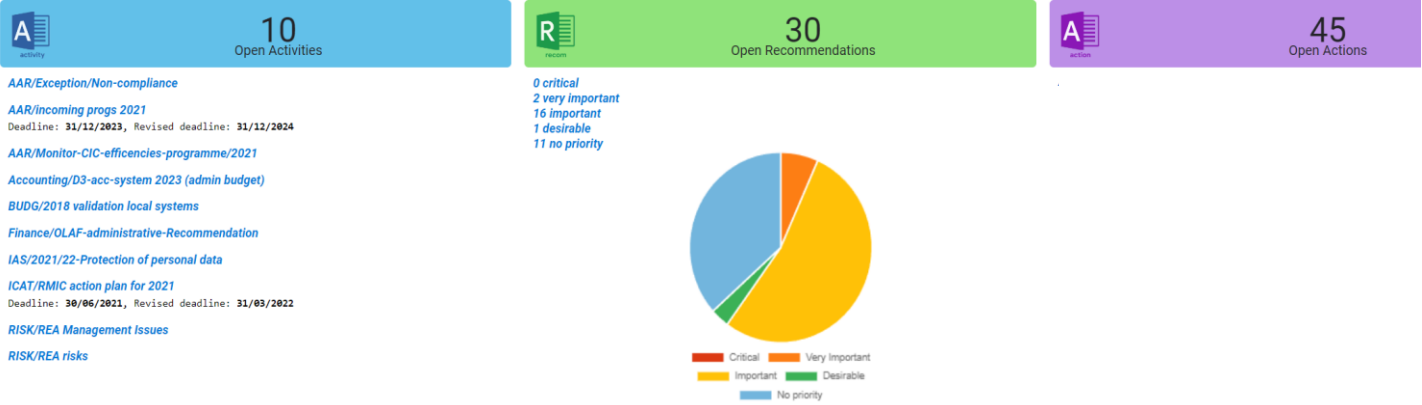
### **Monitoring the implementation of action plans**

REA implements various action plans that allow the Agency to mitigate risks, correct deficiencies of the control system, introduce improvements to business processes, and generally follow up on any matters that need to be addressed. This is a key element of the control system (principles 2, 3, 5, 7, 9, 16 and 17) which allows to create a culture of continuous improvement across the Agency.

Monitoring is implemented on a quarterly basis through the Internal Control Management (ICM) tool that REA developed for this purpose. There are action plans for risks, audit recommendations, external evaluations, survey results, and various strategies. Individual units or departments are also able to monitor their own action plans.

Figure 8.1 shows the state of play on the reporting date. During 2023, 54 actions were closed, and 27 were launched. Nine action plans were fully completed. 45 actions remain open related to 30 recommendations.

**Figure 8.1. Pending recommendations and actions (source: ICM)**



**Implementation of action plans from previous IAS audits**

**Audit on protection of personal data**

Further to the actions carried out in 2022, full implementation of two important recommendations of the audit was reported to IAS. By the end of the year, only one IAS recommendation remains open.

**Closed recommendations**

During 2023, **24 pending recommendations** from previous audits were **closed**, i.e. the IAS considered that the measures taken addressed their recommendations in all cases.

Audit	Recommendation category		Audit implementation status
	important	very important	
SEDIA implementation in the European Research Executive Agency	2	2	closed
Implementation of antifraud actions in the research area	2	n/a	closed
Implementation of audit results in Horizon 2020	3	n/a	closed
H2020 Grant management phase III (including longer duration projects and EU restricted projects)	1	1	closed
Management of experts in H2020 grants	2	n/a	closed
Limited review on the reporting of the Commission's preventive and corrective measures	1	n/a	closed
Protection of personal data under the responsibility of the EACEA, EISMEA, CINEA, REA, ERCEA and CIC	5	n/a	open



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

### 1. Annex related to "Control results" - Table 9.1: Estimated risk at payment and at closure

Table 9.1 : Estimated risk at payment and at closure

REA	Payments made (2023; MEUR)	minus new prefinancing [plus retentions made] (in 2023; MEUR)	plus cleared prefinancing (in 2023; MEUR)	Relevant expenditure (for 2023; MEUR)	Detected error rate or equivalent estimates	Estimated risk at payment (2023; MEUR)	Adjusted Average Recoveries and Corrections (%)	Estimated future corrections (for 2023; MEUR)	Estimated risk at Closure (2023;MEUR)
-1	-2	-3	-4	-5	-6	-7	-8	-9	-10
Horizon Europe Grants (direct mgt)	1 937.39	-1 872.08	11.20	76.51	2.00%	1.53	0.00%	0.00	1.53
Horizon Europe Grants (indirect mgt)	1.45	0.00	0.00	1.45	0.50%	0.01	0.00%	0.00	0.01
Horizon Europe Procurements	0.30	0.00	0.00	0.30	0.50%	0.00	0.00%	0.00	0.00
RFCS	57.32	- 36.50	18.56	39.38	2.03%	0.80	0.33%	0.13	0.67
AGRIP Procurements	14.83	0.00	0.00	14.83	0.50%	0.07	0.00%	0.00	0.07
AGRIP Grants	58.12	- 13.60	8.99	53.52	2.86%	1.53	1.27%	0.68	0.85
H2020 - MSCA	225.75	- 1.65	670.94	895.04	0.89%	7.97	0.30%	2.69	5.28
H2020 EXCLUDING MSCA	526.68	- 7.50	802.09	1 321.27	2.57%	33.96	0.82%	10.83	23.12
Expert management	57.10	0.00	0.00	57.10	0.50%	0.29	0.00%	0.00	0.29
<b>Sub-total</b>	<b>2 878.93</b>	<b>-1 931.34</b>	<b>1 511.79</b>	<b>2 459.39</b>		<b>46.15</b>	<b>0.58%</b>	<b>14.33</b>	<b>31.82</b>
operating budget	98.55	0.00	0.00	98.55	0.50%	0.49	0.00%	0.00	0.49
<b>Total EA (operational + operating)</b>	<b>2 977.48</b>	<b>-1 931.34</b>	<b>1 511.79</b>	<b>2 557.94</b>		<b>46.64</b>	<b>0.56%</b>	<b>14.33</b>	<b>32.31</b>
					<b>Overall risk at payment in %</b>	<b>1.82%</b>		<b>Overall risk at closure in %</b>	<b>1.26%</b>
						(7) / (5)			(10) / (5)

## Notes to the table

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

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

(3) New pre-financing actually paid by out by REA during the financial year (i.e. excluding any pre-financing received as a transfer from another department).

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

(5) For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to legality & regularity errors (see the ECA's Annual Report methodological annex 1.1), our concept of "relevant expenditure" includes the payments made, minus the new pre-financing paid out, and plus the pre-financing actually cleared during the Financial Year. This is a separate and 'hybrid' concept, intentionally combining elements from the budgetary accounting and from the general ledger accounting.

(6) In this column, we disclose the detected error rates or equivalent estimates. Details are available in the main body of this report.

(8) Even though to some extent an adjusted average based on a historic Average of Recoveries and financial Corrections ('adjusted ARC') is the best available indication of the corrective capacity of the ex-post control systems implemented by the Agency, following 2017 ECA/IAS recommendations the AOD has adjusted this historic average and used as best estimation:

- for H2020, RFCS and AGRIP grants (direct management): the difference between the overall detected error rates and REA's residual error rates (source: Common Audit Service)
- for other expenditure, it is assumed that the ex-post future corrections will be 0%.

(9) Analysis of the correlation between estimated future corrections and implemented amount of corrections and recoveries.

In 2021, REA estimated that corrections relating to ex-post audits worth EUR 5.9 million would be made in the future. During 2022, REA implemented ex-post corrections worth EUR 3.97 million. In 2022, REA's relevant expenditure increased substantially compared to 2021 and so did the estimated future ex-post corrections (EUR 13.66 million). During 2023, the executed ex-post corrections amounted to EUR 3.83 million.

In 2023, despite a slight reduction in error rates, the amount of estimated future corrections is higher (EUR 14.33 million) than in 2022. This is due to REA's relevant expenditure increasing by a further 10%.

Close to 95% of the above numbers originate from Horizon programmes, therefore the explanations below focus on these. Two important observations need to be made in relation to the estimated future corrections in Horizon programmes.

First, corrections stemming from ex-post audit are composed of 1) the implementation of audit results (translated into financial corrections decided by the RAO, executed within a shorter time frame) and 2) the extension of the audit results (i.e. systematic errors identified in audited participations to be potentially corrected in non-audited participations of the same beneficiary, which takes a longer period, up to more than one year). The estimated corrections are implemented over a multiannual period.

Second, the extensions of audit results count for a very important share of the "cleaning" of the expenditure deemed affected by errors. However, financial corrections only apply when the RAO confirms that a non-audited participation is effectively affected by the systematic error found in the audited participation. For the other cases, the relating expenditure is considered exempt of error, which reduces the amount at risk at closure.

Considering the above, it is not expected that a direct comparison between the “estimated future corrections” of year N-1 as per table X and the executed corrective capacity as per Annex 3 (ex-post financial corrections) in year N are aligned.

## 2. Reservations

### A. Reservation fiche

<b>DG</b>	REA
<b>Title of the reservation, including its scope</b>	<p><b>High level of known and suspected conflict of interest and underperformance in the multi-beneficiary grants part of the Promotion of agricultural products (AGRIP)</b></p> <p>The complex nature of the AGRIP MULTI grants scheme has an intrinsic risk which could result in potential conflicts of interest in the selection of subcontractors. Beneficiaries are selected through the evaluation process, but 80-90% of the money is spent by subcontractors, generally communication companies, who undertake the promotion activities on a “for profit” basis.</p> <p>At the same time, there is a relatively high success rate for applicants to the MULTI calls, so relatively low competition. The result has been that some subcontractors appear to be driving the design and application of projects. A few communication companies are involved in several projects. Prices may be high, and quality low.</p> <p>According to the legislation, the sub-contractors must be selected on a “best-value for money” basis, without conflict of interest. Public tendering rules generally do not apply. Many beneficiaries do in fact publish open calls, sometimes in the Official Journal, and follow rules similar to those of public procurement. However, this does not necessarily prevent situations of conflict of interest. There are inherent limitations to the control possibilities available to REA, and an inherent risk of fraud and irregularity due to the complex nature of the scheme.</p>
<b>Domain</b>	Direct management - grants
<b>Programme (or other relevant segment) in which the reservation is made and total (annual) amount of this programme</b>	<p>08 02 European Agricultural Guarantee Fund (EAGF) - Promotion of agricultural products (AGRIP) - Multi grants</p> <p><b>Scope amount (Annual payment of segment): 58 124 691.75</b></p>
<b>Reason for the reservation</b>	<p>The AGRIP MULTI grants scheme's complex nature carries an inherent risk that may lead to possible conflicts of interest when choosing subcontractors. This risk has materialised for 30% of the MULTI grants in the form of high price projects of low quality.</p> <p>Three economic operators were identified, following controls by OLAF, EPPO and REA. Consequently, recoveries and projects' termination were launched, and the REA control strategy was adapted. Nevertheless, the Agency faces limitations in terms of control options.</p>
<b>Materiality criterion/criteria</b>	<p>This is a <b>reputational reservation</b>. The criteria for assessing its materiality are based on the Commission's '<i>Guidelines on types of significant weakness</i>'. Please note that the legality and regularity-related criterion of 2% has not been breached <u>at this stage</u> (the <b>Residual Error Rate is 1.59%</b>), but ongoing audits and investigations may have an impact on error rates.</p>
<b>Quantification of the financial impact (amount at risk)</b>	<p>N/A for reputational reservations.</p> <p>It is estimated that up to a third of projects might be concerned. Bank guarantees exist for only one project. Joint and several liability applies in all cases, but some beneficiaries are small and with limited financial resources, so the level of recoveries is uncertain.</p>
<b>Impact on the assurance</b>	<p>The weakness identified is considered significant enough to justify a reservation based on reputational grounds. Recoveries may be needed from a substantial number of</p>

	projects in the portfolio, which may prove difficult or impossible to make. Despite the actions already taken by the Commission services, there is no certainty that other projects are not, or will not be, affected.
<b>Responsibility for the weakness</b>	REA is responsible for the implementation of the AGRIP scheme, and for the follow up and recovery of any amounts unduly paid. The risk being inherent to the complex nature of the scheme, a review of the MULTI grants legislation and design should be considered.
<b>Responsibility for the corrective action</b>	REA has adapted its AGRIP control strategy as a result of the risk, with reinforced ex ante checks, a revised approach to the risk analysis with demands for bank guarantees, and increased review and control missions. These actions may mitigate the risk to some extent, but it is inherent to the scheme and therefore difficult to identify and prevent. A number of project reviews, audits and joint review/audit missions have already been undertaken. REA has taken important steps to minimise the financial impact, in particular suspending all payments to problematic projects in 2023 (around €11m) and taking steps to suspend and terminate projects. The problems in the management of the programme have been the subject of regular discussions between the policy DG and the AOD. Proposals will be made to revise some provisions of the legislation, where this is possible within the competence of the Commission.

## B. Reservations not issued or lifted in 2023 due to the application of the ‘de minimis’ threshold.

Since 2019 <sup>(44)</sup>, a ‘de minimis’ rule for financial reservations has been introduced. Quantified reservations related to residual error rates above the 2% materiality threshold are deemed not substantial for segments representing less than 5% of the Agency’s total payments and with a financial impact below EUR 5 million. For the reporting year, REA has identified one such case:

1) For the FP7 - SME actions segment, the residual error rate at the end of 2023 was at 5.75%, above the materiality threshold of 2% for financial reservations. However, the cumulative conditions for the application of ‘de minimis’ rule are met, since the share of the segment as a proportion of the total payments of REA and the financial impact are both immaterial <sup>(45)</sup>. The weaknesses identified are not considered significant in terms of possible reputational risks or monetary loss, and the FP7 audit campaign is now finished. Considering all the above REA has decided not to issue a quantified financial reservation.

Given the amounts involved, the application of ‘de minimis’ rule has no effect on the reservations of REA for 2023.

<sup>(44)</sup> Agreement of the Corporate Management Board of 30/4/2019.

<sup>(45)</sup> FP7 relevant expenditure in 2023 amounted to EUR 2,904.86, or 0.0000012% of REA’s relevant expenditure from the operational budget. Based on cumulative FP7 error rates, the financial impact is only EUR 167.03.

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

### Staff per activity

Programmes	Staff (EU budget)				Staff from other fund sources	Total all staff
	TAs	Of which seconded officials	CAs	Total staff EU budget	Third countries contrib.	
<b>Marie Skłodowska-Curie Actions (EAC)</b>	<b>67.79</b>	<b>10.38</b>	<b>182.01</b>	<b>246.80</b>	<b>10.00</b>	<b>256.80</b>
Operational staff for MSCA	61.83	8.26	166.36	225.19	10.00	235.19
Management and administrative support staff for MSCA	5.96	2.12	15.65	21.61	0.00	21.61
<b>Cluster 2: Culture, Creativity and Inclusive Society</b>	<b>14.98</b>	<b>3.97</b>	<b>37.88</b>	<b>52.85</b>	<b>2.00</b>	<b>54.85</b>
Operational staff for Cluster 2	13.70	3.51	34.54	48.24	2.00	50.24
Management and administrative support staff for Cluster 2	1.27	0.45	3.34	4.61	0.00	4.61
<b>Cluster 3: Civil Security for Society (HOME)</b>	<b>11.25</b>	<b>1.73</b>	<b>29.20</b>	<b>39.45</b>	<b>2.00</b>	<b>41.45</b>
Operational staff for Cluster 3	10.29	1.39	26.67	35.96	2.00	37.96
Management and administrative support staff for Cluster 3	0.96	0.34	2.53	3.49	0.00	3.49
<b>Cluster 6: Food, Bioeconomy, Natural Resources, Agriculture and Environment</b>	<b>40.06</b>	<b>12.08</b>	<b>105.04</b>	<b>143.11</b>	<b>7.00</b>	<b>150.11</b>
Operational staff for Cluster 6	36.58	10.84	95.90	130.48	7.00	137.48
Management and administrative support staff for Cluster 6	3.48	1.24	9.15	12.63	0.00	12.63
<b>Sharing Excellence (RTD)</b>	<b>16.83</b>	<b>2.24</b>	<b>50.87</b>	<b>67.70</b>	<b>3.00</b>	<b>70.70</b>
Operational staff for Sharing Excellence	15.19	1.66	46.56	61.75	3.00	64.75
Management and administrative support staff for Sharing Excellence	1.64	0.58	4.31	5.95	0.00	5.95
<b>Reforming and enhancing the European R&amp;I system (RTD)</b>	<b>6.84</b>	<b>2.77</b>	<b>19.42</b>	<b>25.26</b>	<b>1.00</b>	<b>26.26</b>
Operational staff for Reforming and enhancing the European R&I system	6.02	2.48	17.27	22.29	1.00	23.29
Management and administrative support staff for Reforming and enhancing the European R&I system	0.82	0.29	2.15	2.97	0.00	2.97
<b>Research infrastructure</b>	<b>9.27</b>	<b>3.23</b>	<b>19.76</b>	<b>29.04</b>	<b>2.00</b>	<b>31.04</b>

Operational staff for Research infrastructure	8.76	3.05	18.42	27.18	2.00	29.18
Management and administrative support staff for Research infrastructure	0.51	0.18	1.34	1.85	0.00	1.85
<b>Agricultural promotion measures (AGRI)</b>	<b>6.79</b>	<b>1.20</b>	<b>26.11</b>	<b>32.90</b>	<b>0.00</b>	<b>32.90</b>
Operational staff for Agricultural promotion measures	6.03	0.93	24.11	30.13	0.00	30.13
Management and administrative support staff for Agricultural promotion measures	0.76	0.27	2.00	2.77	0.00	2.77
<b>Research fund for Coal and Steel (RTD)</b>	<b>6.59</b>	<b>2.48</b>	<b>20.25</b>	<b>26.84</b>	<b>0.00</b>	<b>26.84</b>
Operational staff for RFCS	5.97	2.26	18.61	24.58	0.00	24.58
Management and administrative support staff for RFCS	0.62	0.22	1.64	2.26	0.00	2.26
<b>Expert management &amp; support</b>	<b>14.90</b>	<b>3.84</b>	<b>66.48</b>	<b>81.38</b>	<b>0.00</b>	<b>81.38</b>
Operational staff for Expert management & support	13.19	3.21	62.11	75.30	0.00	75.30
Management and administrative support staff for Expert management & support	1.72	0.63	4.37	6.08	0.00	6.08
<b>Central validation Service</b>	<b>16.70</b>	<b>2.07</b>	<b>86.98</b>	<b>103.68</b>	<b>0.00</b>	<b>103.68</b>
Operational staff for Central validation Service	14.51	1.27	81.42	95.93	0.00	95.93
Management and administrative support staff for Central validation Service	2.19	0.80	5.56	7.75	0.00	7.75
<b>Total</b>	<b>212.00</b>	<b>46.00</b>	<b>644.00</b>	<b>849.00</b>	<b>27.00</b>	<b>876.00</b>

## Achievement of the Human Resources objectives set in the AWP

**Objective:** REA employs a competent and engaged workforce and contributes to gender equality at all levels of management to effectively deliver on the agency's priorities and core business

**Indicator** Number and percentage of female representation in middle management

**Source of data:** DG HR

Baseline (2022)	Target (2024)	Latest known results (31/12/2023)
52% (11 out of 21 middle managers)	50%	52% (11 out of 21 middle managers)

**Indicator:** REA staff engagement index

**Source of data:** Commission staff survey (data provided by DG HR)

Baseline (2021)	Target	Latest known results (31/12/2023)
77%	72%	75%

## Main outputs in 2023:

Description	Indicator	Target	Latest known results (31/12/2023)
Executing the planned staffing of the Agency	Occupation rate of the establishment plan	>97.5% by 31/12/2023	97.1% by 31/12/2023
Ensuring that all staff concerned have attended the training sessions that are mandatory for all/many staff	Percentage of REA staff in the population for whom the training is mandatory who have participated	>90%	Ethics & Integrity: 89% (780 of 876 staff); Fraud Prevention: 96% (758 of 788 concerned staff); GoFund: 100% (managed by RTD/CIC, compulsory online training for obtaining access)
Supporting selection panel members through relevant professionalisation training	REA selection panels in 2022 with at least one panel member trained in competency based interviewing methods	100%	100% (30 new panel members trained in 2023 for extending the reserve and mitigating departures of former members)
All REA newcomers attend induction seminar	Participation rate	>90%	100% - all REA newcomers are being enrolled into an induction seminar max. 3 months after their start date in the agency

## Digital transformation and information management

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

**Indicator:** Degree of implementation of the digital strategy principles by the most important IT solutions <sup>(46)</sup>

**Source of data:** REA internal reporting

Baseline (2021)	Target (2024)	Latest known results (31/12/2023)
68% OMEGA <sup>(47)</sup>	95%	91.14%
0% DAR	95%	90.45%

<sup>(46)</sup> The [European Commission Digital Strategy](#) calls on Commission departments to digitally transform their business processes by developing new innovative digital solutions or make evolve the existing ones in line with the principles of the strategy. At the beginning of the year N+1, the Solution Owner and IT Investments Team will assess the progress made for the selected solutions. For each of the solutions, a table will reflect – per principle – the progress achieved during the last year.

<sup>(47)</sup> The full name of the IT tool is *Operational Management of E-Grants Activities* (OMEGA)



<b>Indicator:</b> Percentage of REA's key data assets <sup>(48)</sup> for which corporate principles for data governance have been implemented <b>Source of data:</b> REA internal reporting		
<b>Baseline (2022)</b>	<b>Target (2024)</b>	<b>Latest known results (31/12/2023)</b>
71%	80%	71% (all principles applied to different degrees)
<b>Indicator:</b> Percentage of staff attending awareness raising activities on data protection compliance <b>Source of data:</b> REA internal reporting		
<b>Baseline (2018)</b>	<b>Target (2024)</b>	<b>Latest known results (31/12/2023)</b>
0% of staff registered for an awareness raising activity on data protection compliance	100% of staff in post for 6 months or longer	70%

## Sound environmental management

**Objective:** More efficient use of resources (energy, water, paper)

### Main outputs in 2023:

Description	Indicator	Target	Latest known results (31/12/2023)
Participation in corporate energy saving actions, by closing down EA's buildings during the Christmas and New Year's / summer holiday period, and/or optimisation of the temperature in EC buildings.	YES/NO	YES	YES, REA participated in the summer/winter actions.
Staff awareness of actions to <b>reduce energy and water use</b> in the framework of EMAS corporate campaigns and/or awareness actions about EA's total energy and water consumption in collaboration with OIB <sup>(16)</sup> .	Number or % of staff informed about initiatives related to <ul style="list-style-type: none"> <li>Reducing energy consumption</li> <li>Reducing water consumption</li> </ul>	100% of staff informed about initiatives related to <ul style="list-style-type: none"> <li>Reducing energy consumption</li> <li>Reducing water consumption</li> </ul>	YES, all staff was informed.

<sup>(48)</sup> A key data asset is defined as any entity that comprises a source of data based on projects or administrative processes, structured or semi-structured in an information system, a database or a repository of data or corpora of text. A data asset can include multiple datasets or files somehow linked, e.g. by common codes or metadata. Commission key data assets have been documented in the data inventory.

<b>Paperless working methods</b> at EA level and staff awareness to reduce office paper use in the framework of EMAS corporate campaigns in collaboration with OIB.	Paperless working methods	Paperless working methods	All staff was informed on REA's office paper use.
---	---------------------------	---------------------------	---

**Objective:** Reducing CO<sub>2</sub>, equivalent CO<sub>2</sub> and other atmospheric emissions

**Main outputs in 2023:**

Description	Indicator	Target	Latest known results (31/12/2023)
Analysis of EA's missions' trends / patterns (based on corporate EC-staff's and experts' professional trips (missions) <sup>(17)</sup> , optimise and gradually reduce CO <sub>2</sub> emissions (e.g. by reducing the number of participants in the same mission, promoting more sustainable travelling options, promoting videoconferencing/ virtual events as an alternative)	Number of REA departments pledging to reduce CO <sub>2</sub> (t) emissions from EA's missions via the reduction and monitoring of on-site missions, and the 'smart organisation' of staff travel.	75% of REA departments making pledges on staff travel for 2023	The agency signed up to the corporate pledge for staff/expert travel. Important progress has been achieved for the reduction of CO <sub>2</sub> in both staff and experts' travel.
Staff awareness actions on reducing GHG emissions and/or raise staff awareness on sustainable commuting in collaboration with OIB	% of staff informed	100% of staff informed	100% of staff informed
Staff awareness on digital pollution and gradual change of behaviours avoiding heavy emails, encouraging the use of ICT platforms, avoiding unnecessary storage of data	% of staff informed	100% of staff informed	100% of staff informed

**Objective:** Reducing and management of waste

**Main outputs in 2023:**

Description	Indicator	Target	Latest known results (31/12/2023)
Implementation of the <a href="#">EC Guidelines for sustainable meetings and events</a> , e.g. reduce/eliminate single-use plastics, gadgets/gifts	% of relevant staff informed	100% of relevant staff informed	100% of relevant staff informed

Staff awareness actions about waste reduction and sorting in the framework of EMAS corporate campaigns and/or staff awareness actions about EA's waste generation in collaboration with OIB.	% of relevant staff informed	100% of relevant staff informed	100% of relevant staff informed
--	------------------------------	---------------------------------	---------------------------------

**Objective:** Promoting green public procurement (GPP)

**Main outputs in 2023:**

Description	Indicator	Target	Latest known results (31/12/2023)
Gradual introduction of GPP criteria in contracts and starting to monitor the process <sup>(18)</sup>	% of relevant staff informed	100% of relevant staff informed	Relevant staff has been informed

## **ANNEX 11: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission**

During 2023 REA implemented the following two actions in indirect management:

**1. Enabling the Governance of the Circular Economy in cities and regions**, signed with the Organisation for Economic Co-operation and Development (OECD).

- Programme(s) concerned: Horizon Europe – cluster “Food, Bioeconomy, Natural Resources, Agriculture and Environment”.
- Annual budgetary amount entrusted: EU contribution of EUR 1m.
- Duration of the delegation: 24 months (1st Jan 2023 – 31st Dec 2024) – a six-month no-cost extension is now under discussion.
- Justification of the recourse to indirect management: As indicated in the Work Programme 2021-2022 of Horizon Europe’s cluster “Food, Bioeconomy, Natural Resources, Agriculture and Environment” - Other actions not subject to calls for proposals ”2. Organisation for Economic Co-operation and Development (OECD)’s ‘Programme on the Circular Economy in Cities and Regions’”, this contribution agreement was originally supposed to be a grant to identified beneficiary according to Financial Regulation Article 195(e). In September 2022, CIC confirmed that the actions in non-competitive calls with pillar assessed entities (e.g., international organisations such as the OECD) should be turned into indirect management and implemented through Contribution Agreements instead of Grant Agreements.
- Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis, etc.): Work Programme 2021-2022 of Horizon Europe’s cluster “Food, Bioeconomy, Natural Resources, Agriculture and Environment” - Other actions not subject to calls for proposals ”2. Organisation for Economic Co-operation and Development (OECD)’s ‘Programme on the Circular Economy in Cities and Regions’”.
- Summary description of the implementing tasks entrusted to these bodies: The overall objective of this contribution agreement is to assist local and regional governments in designing and implementing policies allowing the transition from a linear to a circular economy in a shared responsibility with national governments, with a strong focus on the governance framework conditions required for such transition. More specifically, OECD is i) engaging a set of selected cities and regions as case studies in multi-stakeholder Policy Dialogues (PD), involving various levels of government as well as stakeholders from the public, private and non-profit sectors, and ii) drafting a Flagship Report aiming at raising the profile and potential of cities and regions in implementing EU policies and action plans in the area of circular economy, in particular in relation to the EU Green Deal, the post COVID-19 recovery plans, as well as the circular economy package and action plan. OECD is working closely with the Circular Cities and Regions Initiative (CCRI) under the responsibility of DG RTD.

## **2. EU4OCEANOBS 2.0** signed with MERCATOR OCEAN INTERNATIONAL

Programme(s) concerned: Horizon Europe - HORIZON-CL6-2023-2024 – Other Actions no 6.

- Annual budgetary amount entrusted: EUR 1 044 960
- Duration of the delegation: 48 months (01/10/2023 - 30/09/2027)
- Justification of the recourse to indirect management: Pursuant to corporate policy, grants to pillar-assessed entities must take the form of a contribution agreement (indirect management).
- Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis, etc.): The legal entity for this contribution agreement was already Identified in the WP.
- Summary description of the implementing tasks entrusted to these bodies: The EU4OceanObs project is designed to promote European policy values and assets on the international stage within GEO Blue Planet and the G7 FSOI and defend European interests in international decision-making bodies addressing ocean observations, ocean prediction, and the development of marine and maritime applications in line with the EU International Ocean Governance and EU policy directives and linked to global initiatives including the sustainable development goals and the UN Decade of Ocean Science for Sustainable Development.