2017

Annexes to the Annual Activity Report

European Research Council Executive Agency

Figures related to the financial statements are based on provisional accounts, as final accounts are to be adopted by July 31st, 2018.

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ANNEX 1: Statement of the Resources Director

I declare that in accordance with the Commission's communication on clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission[1], I have reported my advice and recommendations to the Director on the overall state of internal control in ERCEA.

I hereby certify that the information provided in Section 2 of the present AAR and in its annexes is, to the best of my knowledge, accurate and complete.

Brussels, 21/03/2018

Signed in Ares

Georges-Eric te Kolsté

[1] Communication to the Commission: Clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission; SEC(2003)59 of 21.01.2003.

ANNEX 2: Reporting – Human Resources, Better Regulation, Information Management and External Communication

This annex complements section 2.2 "Other organisational management dimensions".

1. Human Resources

Programmes	Staff (EU Budget)					
	TAs	Of which Seconded officials	CAs	SNEs	Total	Percentage
FP7						
FP7	30	6	82	3	115	24.8%
Management and administrative support	5	1	16	0	21	4.5%
Subtotal	**35**	**7**	**98**	**3**	**136**	**29.4%**
H2020						
H2020	71	9	200	5	276	59.6%
Management and Administrative Support	12	3	39	0	51	11.0%
Subtotal	**83**	**12**	**239**	**5**	**327**	**70.6%**
Total	**118**	**19**	**337**[2]	**8**	**463**	**100%**

Source of data: Sysper, Staff establishment plan

Staff financed by contributions from EFTA and/or third countries	
Staff allocated to operational activities	14
Staff allocated to management and administration	0
Total	**14**

Source of data: Sysper

Altogether, at 31 December 2017 the ERCEA counted 477 staff members.

2. Better regulation

ERCEA does not manage any regulatory acquis.

[2] The figure differs from the authorised number of 334 in the adopted budget as 3 SNE posts were transformed into CA FGIV posts.

3. Information management aspects

The main objective of the Document Management Centre (DMC) is to apply the e-Domec policy at ERCEA by fulfilling the legal obligations related to document management. To this end, the DMC assesses the risks related to Document management, provides advice to services, manages access rights to official documents, trains and supports ERCEA staff in using the dedicated tools (Hermes-Ares-Noncom), shares working methods in an hybrid (paper and electronic) working environment, and contributes to the information management policy.

In 2017, the DMC achieved 2 out of the three established objectives concerning document management. Due to the DMC organisation and available human resources the training policy will be implemented in 2018.

Objective: Information and knowledge in ERCEA is shared and reusable by other Commission services. Important documents are registered, filed and retrievable		
Indicator 1: Percentage of registered documents that are not filed[3] (ratio) Source of data: *Hermes-Ares-Nomcom (HAN)[4] statistics*		
Baseline 2014	Target	Result 2017
0.95 %	1%[5]	0.38%
Indicator 2: Percentage of HAN files readable/accessible by all units in the EA Source of data: *HAN statistics*		
Baseline	Target	Result 2017
87.8 %	90%	92%
Indicator 3: Percentage of HAN files shared with other Commission services Source of data: *HAN statistics*		
Baseline	Target	Result 2017
33.8%	35%	18.23%
Indicator 4: Implementation of a training policy to increase knowledge of EA staff (Welcoming sessions for newcomers) Source of data: DMC/HR – Selections and recruitment		
Baseline:	Target	Result 2017
none (new indicator)	75 % of newcomers to be trained[6]	n.a.

Main outputs in 2017:			
Output	Indicator	Target	Result 2017

[3] Each registered document must be filed in at least one official file of the *Chef de file*, as required by the e-Domec policy rules (and by ICS 11 requirements). The indicator is to be measured via reporting tools available in Ares.

[4] Suite of tools designed to implement the e-Domec policy rules.

[5] The figure has been rounded to 1% to simplify the communication around this challenging target, as filling is a process involving almost all staff.

[6] Number of training sessions/coaching given by the DMC compared with number of newcomers.

e-Domec correspondents network activity	*Number of meetings, specific trainings, events, communication exercise toward the network*	*5 / year*	*3*

4. External communication activities

Objective: Citizens perceive that the EU is working to improve their lives and engage with the EU. They feel that their concerns are taken into consideration in European decision making and they know about their rights in the EU.			
Indicator 1: Percentage of EU citizens having a positive image of the EU *Definition*: Eurobarometer measures the state of public opinion in the EU Member States. This global indicator is influenced by many factors, including the work of other EU institutions and national governments, as well as political and economic factors, not just the communication actions of the Commission. It is relevant as a proxy for the overall perception of the EU citizens. Positive visibility for the EU is the desirable corporate outcome of Commission communication, even if individual EAs' actions may only make a small contribution. Source of data: Standard Eurobarometer (DG COMM budget)			
Baseline: November 2014	Target: 2020		
Total "Positive": 39% Neutral: 37% Total "Negative": 22%	Positive image of the EU ≥ 50%		
Main outputs in 2017:			
Output	Indicator	Target	Result 2017
ERC week - promoting the work and impact of the ERC across Europe	Number of events	12 events	160
ERC 10th anniversary Brussels' event	Number of participants	400 participants	455

Objective	Performance indicators	Target 2017	Result 2017
To raise visibility and awareness of the European and worldwide scientific community and policy makers on ERC and its funding opportunities, key developments and project results	Number of ERC website visitors	550 000 visitors	587 600
	ERC Press coverage (number of articles/ interviews mentioning ERC published and print circulation)	7 000 media items mentioning the ERC 80 million copies	18 917 media items mentioning the ERC 184 million copies
	Social media followers	30 000 Twitter followers 18 000 Facebook followers	39 400 Twitter followers 18 727 Facebook followers

Source of data: ERC website, Spotter, Twitter, Facebook

In 2017, the consumed budget for communication and information was lower than initially forecasted. The estimated amounts for publications, videos and website were not entirely consumed. Besides, one of the service contracts for communication support was interrupted temporarily.

Annual communication spending			
Baseline (Year 2016):	Target (Year 2017):	Total amount spent (paid) (year 2017)	Total of posts on external communication
€ 462 334	€ 488 239	€ 330 601	16

Source of data: Bluebell

4.1 Dissemination and exploitation

In 2017, the ERCEA further developed the ERC Research Information System (ERIS) that supports the monitoring and evaluation strategy of the ERC Scientific Council. It allows the ERC to report on ERC funding activities as well on their results and achievements. Being designed as an integrated platform which combines several functionalities, it can be used by the policy officers in RTD (and other directorates) to analyse ERC funding portfolio and to find easily projects relevant to their activities as well as project results and impact. The system is accessible to all European Commission staff and the ERCEA already started a series of demonstration sessions to the interested directorates in DG RTD.

A substantial part of the project results dissemination is in the hands of the Principal Investigators who, as part of the academic research process, publish their results in peer-reviewed publications and present them at scientific meetings. To support their efforts the Agency informed all ERC grantees of the opportunity to participate in the "common dissemination booster (CDB)" service. The ERC Work Programme also awarded some 160 'Proof of Concept' (PoC) grants to researchers so that they can explore the commercial or societal potential of an idea that was generated in the course their ERC-funded projects. An illustration of that potential is provided below showcasing a couple of projects funded under the PoC calls for proposals in the previous years.

The ERC frontier research project SILAMPS sheds a new light on the use of silicon. In an early application of a new discovery in semiconductor physics, the researchers have developed a silicon infrared detector that is simpler and cheaper than conventional detectors. The ultimate goal is a silicon-based laser. As the six-year ERC Advanced grant ended in 2014, the ERC awarded Professor Homewood a further 18-month Proof-of-Concept grant to commercialise the detector technology. The Royal Society then followed with a two-year Brian Mercer Award for Innovation which Professor Homewood is using to refine the technology to operate at or near room temperature. A new spin-out company is being set up to market the detectors. The world market for mid-infrared detectors is estimated to grow to USD 5 billion by 2018, mainly in security and military thermal imaging applications but also in environmental monitoring.

Another ERC frontier research project focuses on Haematopoietic Stem Cells (HSCs) which are blood cells located in the bone marrow. These cells are extensively used in research to develop treatments for many severe diseases, including HIV and multiple sclerosis, and their transplant is a key therapy for certain types of cancer like leukemia and multiple myeloma. However, the use of HSCs is seriously constrained by their limited availability since growing them in the lab does not produce very large quantities. Through his RETIMMUNEFUNCTION project, funded by the ERC, Dr Henrique Veiga Fernandes, discovered a process that ensures a 20-fold increase in the amount of the generated HSCs which has been internationally recognized as a ground-breaking innovation and is protected by a patent. Dr Veiga Fernandes and associates set up StemCell2MAX, a start-up based in Portugal. One year after its creation, in November 2015, StemCell2MAX was

awarded the Prize as the Most investable company at the Global Investor Summit, organised by the European Business Angels Network (EBAN) in Copenhagen. The increase in the production of HSCs at a reduced price could drive research in stem cell biology and could bring huge societal benefits: HSC transplants would be applicable and affordable to many more patients and novel treatment options for many diseases could be explored. Moreover, it represents a significant commercial opportunity as world-leading pharmaceutical companies increasingly turn to the development of stem cell therapies.

In addition, the ERCEA regularly highlighted examples of projects and their results in ERC communication (e.g. in briefings, presentations, with stories, social media posts, grantees recommended as speakers in events). Organised jointly with DG Research & Innovation, Directorate I 'Climate Action and Resource Efficiency' on 31 March 2017, a workshop on 'Frontier Research and Climate Change' open to ERC and Commission staff gathered 12 grantees from different disciplines. Finally, as contribution to the Task Force on Migration of DG RTD, a short factual analysis of the portfolio of research funded by the ERC on 'Migration and Asylum: the contribution of frontier research to the understanding of human mobility across frontiers' was published as a brochure, including examples of projects that were also used for communication.

Furthermore, after a successful second exercise executed in 2016, a third qualitative evaluation of the frontier nature of ERC funded research (Scientific Assessment of Projects) was launched as part of the ERC Work Programme 2017. In the 2017 exercise, which took place between April and November 2017, a random selection of 223 ERC completed projects were evaluated and led to the following overall results: 19% of the ex-post evaluated projects were considered as having led to a scientific breakthrough, 60% to a major scientific advance, 19.5% to an incremental scientific contribution and 1.5% to no appreciable scientific contribution. Taken together, 79% of the evaluated projects in 2017 were assessed as having produced a major scientific advance or a scientific breakthrough. These results are in line with those obtained in 2016 where 73% of projects were classified as having led to a major scientific advance or a scientific breakthrough. Results and stastitics are currently being prepared and a synthesis of the results will be reported on the ERC website.

Finally, the Science Behind the Projects (SBP) is an example of another initiative aimed at gathering structured information about the scientific content of all the projects funded by the ERC and analysing/reporting on the ERC research landscape. This allows the Scientific Council to have a comprehensive and up-to-date picture of the projects ERC is funding and to address queries from the European Commission (e.g. DG RTD), scientists and policy makers about the ERC project portfolio in specific research areas or topics in an efficient and systematic manner. For each funded project information on its scientific content is collected according to a 3-dimensional classification (disciplines; topics; methods) developed by the Scientific Council in collaboration with the ERCEA scientific department;, projects that do have a contribution to H2020 priorities are tagged accordingly. The data is stored in the SBP tool, developed by the ERCEA, which provides a stable database to collect the data and facilitates its analysis and reporting. In 2017, the data for 2014-2016 calls, almost 3000 projects, was collected by the ERCEA. In 2018, the Scientific Council's SBP working group together with the Agency will focus their efforts on analysing the data collected and establishing the dissemination strategy for the results obtained.

ANNEX 3: Draft annual accounts and financial reports

Annex 3 Financial Reports - DG ERC - Financial Year 2017

Table 1 : Commitments
Table 2 : Payments
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TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2017 (in Mio €)					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 08 Research and innovation					
08	08 02	Horizon 2020 - Research	1.945,11	1.924,73	98,95 %
Total Title 08			1.945,11	1.924,73	98,95 %
Total DG ERC			1.945,11	1.924,73	98,95 %

** 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).*

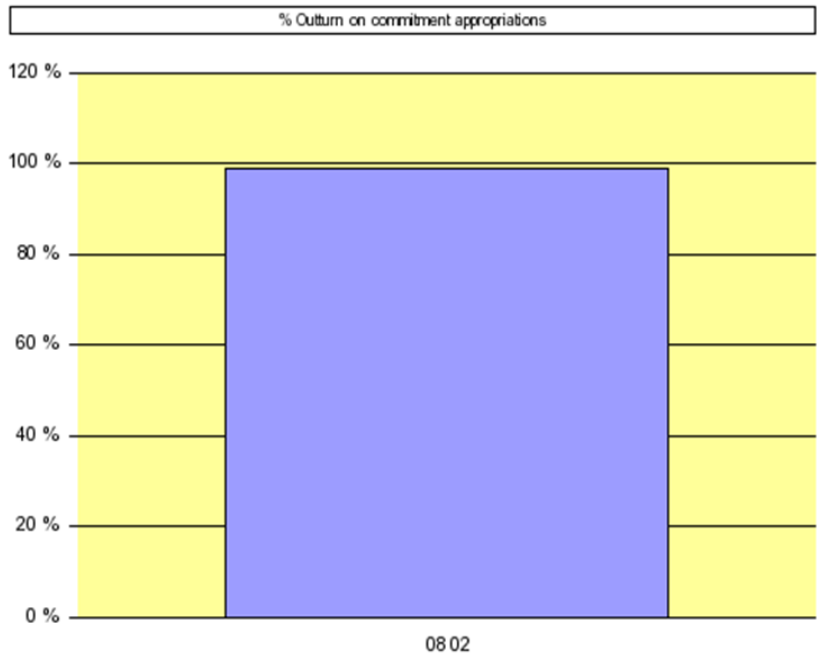

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2017 (in Mio €)					
Chapter			**Payment appropriations authorised ***	**Payments made**	**%**
			1	**2**	**3=2/1**
Title 08 Research and innovation					
08	08 02	Horizon 2020 - Research	1.904,11	1.601,24	84,09 %
Total Title 08			1.904,11	1.601,24	84,09 %
	Total DG ERC		1.904,11	1.601,24	84,09 %

** 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).*

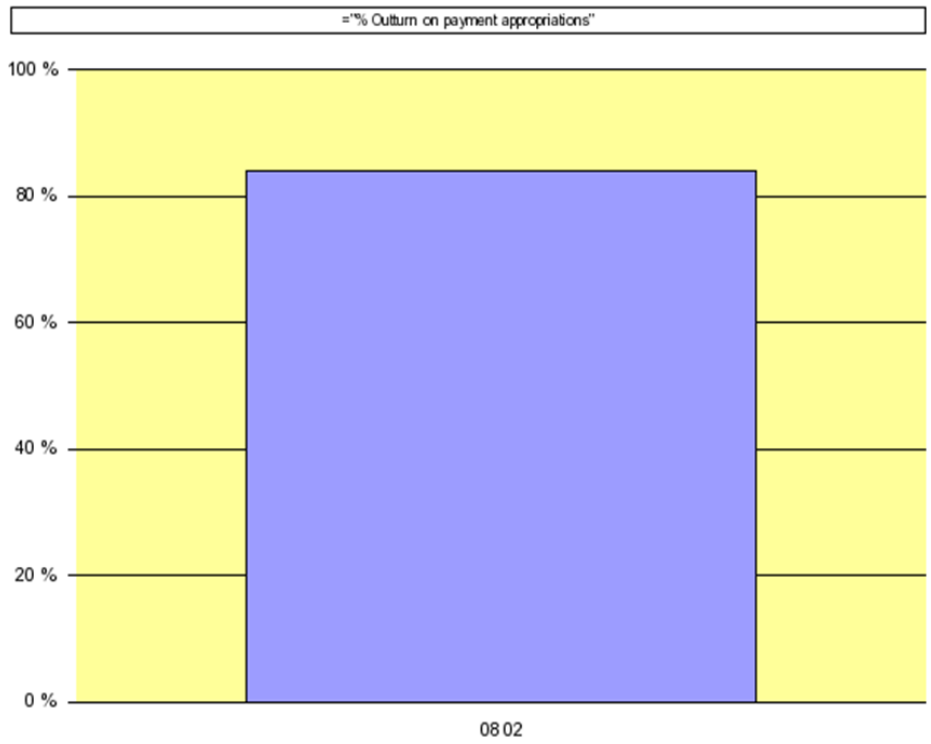

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2017 (in Mio €)								
Chapter			2017 Commitments to be settled				Commitments to be settled from financial years previous to 2017	Total of commitments to be settled at end of financial year 2017	Total of commitments to be settled at end of financial year 2016
			Commitments 2017	Payments 2017	RAL 2017	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
Title 08 : Research and innovation									
08	08 02	Horizon 2020 - Research	1.924,73	67,62	1.857,11	96,49 %	3.873,26	5.730,37	5.442,24
Total Title 08			1.924,73	67,62	1.857,11	96,49 %	3.873,26	5.730,37	5.442,24
	Total DG ERC		1.924,73	67,62	1.857,11	96,49 %	3.873,26	5.730,37	5.442,24

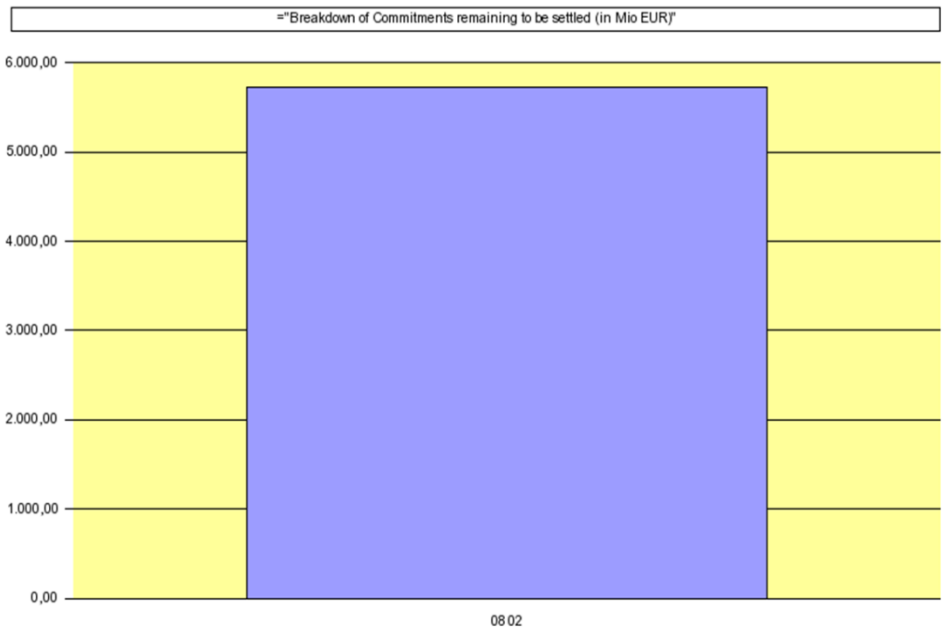

TABLE 4 : BALANCE SHEET ERC

BALANCE SHEET	2017	2016
A.I. NON CURRENT ASSETS	219.983.187,73	217.690.924,48
A.I.5. Non-Current Pre-Financing	219.983.187,73	217.690.924,48
A.II. CURRENT ASSETS	886.947.813,50	726.824.803,63
A.II.2. Current Pre-Financing	882.883.610,27	724.349.683,51
A.II.3. Curr Exch Receiv &Non-Ex Recoverables	4.064.203,23	2.475.120,12
ASSETS	**1.106.931.001,23**	**944.515.728,11**
P.II. CURRENT LIABILITIES	-212.667.926,22	-183.256.642,73
P.II.2. Current Provisions	0,00	-256.120,02
P.II.4. Current Payables	-98.566.201,40	-66.824.505,05
P.II.5. Current Accrued Charges &Defrd Income	-114.101.724,82	-116.176.017,66
LIABILITIES	**-212.667.926,22**	**-183.256.642,73**
NET ASSETS (ASSETS less LIABILITIES)	**894.263.075,01**	**761.259.085,38**

P.III.2. Accumulated Surplus/Deficit	5.157.578.647,72	3.791.733.360,16

Non-allocated central (surplus)/deficit*	-6.051.841.722,73	-4.552.992.445,54

TOTAL	**0,00**	**0,00**

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

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

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE ERC

STATEMENT OF FINANCIAL PERFORMANCE	2017	2016
II.1 REVENUES	-2.085.951,17	-3.743.120,33
II.1.1. NON-EXCHANGE REVENUES	-2.080.618,53	-3.795.886,07
II.1.1.5. RECOVERY OF EXPENSES	-1.799.168,32	-3.708.032,43
II.1.1.6. OTHER NON-EXCHANGE REVENUES	-281.450,21	-87.853,64
II.1.2. EXCHANGE REVENUES	-5.332,64	52.765,74
II.1.2.1. FINANCIAL INCOME	-5.332,64	52.765,74
II.1.2.2. OTHER EXCHANGE REVENUE	0,00	
II.2. EXPENSES	1.462.924.858,73	1.369.588.407,89
II.2. EXPENSES	1.462.924.858,73	1.369.588.407,89
II.2.10.OTHER EXPENSES		256.120,02
II.2.2. EXP IMPLEM BY COMMISS&EX.AGENC. (DM)	1.462.921.730,74	1.369.327.622,52
II.2.8. FINANCE COSTS	3.127,99	4.665,35
STATEMENT OF FINANCIAL PERFORMANCE	**1.460.838.907,56**	**1.365.845.287,56**

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TABLE 5bis : OFF BALANCE SHEET ERC

OFF BALANCE	2017	2016
OB.1. Contingent Assets	598.425,28	598.425,28
GR for pre-financing	598.425,28	598.425,28
OB.2. Contingent Liabilities	-270.952,45	
OB.2.7. CL Amounts relating to legal cases	-270.952,45	
OB.3. Other Significant Disclosures	-5.517.719.947,15	-5.259.253.276,98
OB.3.2. Comm against app. not yet consumed	-5.517.719.947,15	-5.259.253.276,98
OB.4. Balancing Accounts	5.517.392.474,32	5.258.654.851,70
OB.4. Balancing Accounts	5.517.392.474,32	5.258.654.851,70
OFF BALANCE	**0,00**	**0,00**

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

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

TABLE 6: AVERAGE PAYMENT TIMES FOR 2017 - DG ERC

Legal Times

Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	7114	7056	99,18 %	9,97	58	0,82 %	54,74
60	1	1	100,00 %	14,00			
90	3053	3010	98,59 %	32,92	43	1,41 %	125,74

Total Number of Payments	**10168**	**10067**	**99,01 %**		**101**	**0,99 %**	
Average Net Payment Time	**17,51**			**16,83**			**84,97**
Average Gross Payment Time	**26,05**			**25,26**			**104,75**

Suspensions

Average Report Approval Suspension	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	35	2466	24,25 %	10168	625.933.198,45	41,49 %	1.508.603.353,75

Late Interest paid in 2017

DG	GL Account	Description	Amount (Eur)
ERCEA	65010100	Interest on late payment of charges New FR	6 897,03
			6 897,03

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2017

Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	7=3-6
52	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	21.716,04	0,00	21.716,04	21.716,04	0,00	21.716,04	0,00
66	OTHER CONTRIBUTIONS AND REFUNDS	8.139.621,73	6.437,36	8.146.059,09	7.343.544,54	1.932,17	7.345.476,71	800.582,38
90	MISCELLANEOUS REVENUE	25.330,19	0,00	25.330,19	25.330,19	0,00	25.330,19	0,00
Total DG ERC		**8.186.667,96**	**6.437,36**	**8.193.105,32**	**7.390.590,77**	**1.932,17**	**7.392.522,94**	**800.582,38**

TABLE 8 : RECOVERY OF PAYMENTS
(Number of Recovery Contexts and corresponding Transaction Amount)

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2017	Irregularity		Total undue payments recovered		Total transactions in recovery context(incl. non-qualified)		% Qualified/Total RC	
Year of Origin (commitment)	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2008	5	151.048,38	**5**	**151.048,38**	5	151.048,38	100,00%	100,00%
2009	8	762.633,10	**8**	**762.633,10**	12	996.925,24	66,67%	76,50%
2010	7	246.555,01	**7**	**246.555,01**	25	1.771.412,04	28,00%	13,92%
2011	10	468.052,05	**10**	**468.052,05**	37	1.675.368,64	27,03%	27,94%
2012	3	104.711,20	**3**	**104.711,20**	17	1.484.730,84	17,65%	7,05%
2013	1	306,35	**1**	**306,35**	10	1.269.405,11	10,00%	0,02%
2014					12	87.469,67		
2015					10	588.639,78		
2016					4	98.604,00		
No Link					4	22.910,41		
Sub-Total	**34**	**1.733.306,09**	**34**	**1.733.306,09**	**136**	**8.146.514,11**	**25,00%**	**21,28%**

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context(incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES			18	984.927,73			**18**	**984.927,73**	18	984.927,73	100,00%	100,00%
NON ELIGIBLE IN COST CLAIMS	3	1.108,73	335	3.952.209,89			**338**	**3.953.318,62**	760	19.491.711,20	44,47%	20,28%
CREDIT NOTES												
Sub-Total	**3**	**1.108,73**	**353**	**4.937.137,62**			**356**	**4.938.246,35**	**778**	**20.476.638,93**	**45,76%**	**24,12%**
GRAND TOTAL	**3**	**1.108,73**	**387**	**6.670.443,71**			**390**	**6.671.552,44**	**914**	**28.623.153,04**	**42,67%**	**23,31%**

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2017 FOR ERC

	Number at 1/01/2017	Number at 31/12/2017	Evolution	Open Amount (Eur) at 1/01/2017	Open Amount (Eur) at 31/12/2017	Evolution
2016	1	1	0,00 %	6.437,36	4.505,19	-30,01 %
2017		5			796.077,19	
	1	6	500,00 %	6.437,36	800.582,38	12336,50 %

TABLE 10 : RECOVERY ORDER WAIVERS IN 2017 >= EUR 100.000

	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments

Total DG ERC	

Number of RO waivers	

No data to be reported

TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG ERC - 2017

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

No data to be reported

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

Procedure Legal base	Number of Procedures	Amount (€)
Open Procedure (Art. 104(1) (a) FR)	2	755.297,00
Total	**2**	**755.297,00**

TABLE 13 : BUILDING CONTRACTS

Legal base	Contract Number	Contractor Name	Description	Amount (€)

No data to be reported

TABLE 14 : CONTRACTS DECLARED SECRET

Legal base	Contract Number	Contractor Name	Description	Amount (€)

No data to be reported

Annex 3 Financial Reports - ERCEA - Financial Year 2017

Administrative Budget

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2017 (in Mio €)				
Chapter		Commitment appropriations authorised *	Commitments made	%
		1	2	3=2/1
Title 1 Staff expenditure				
1111	Temporary agents	14,40	14,40	100,00 %
1112	Contract Agents	18,08	18,08	100,00 %
1121	Seconded National Experts	0,56	0,56	99,78 %
1122	Interimaires & stagiaires	0,89	0,89	99,17 %
1211	Recruitment entering and leaving the service tra	0,04	0,03	87,67 %
1221	Restaurant Canteens	0,14	0,14	100,00 %
1231	Medical service	0,10	0,10	100,00 %
1241	Training	0,38	0,38	98,51 %
1251	Mobility and Public transportation	0,07	0,07	94,78 %
1261	Social service and other interventions	0,57	0,57	99,58 %
1271	External services (PMO)	0,38	0,38	100,00 %
1281	Internal meetings events and reception	0,04	0,03	96,18 %
Total Title 1		**35,67**	**35,64**	**99,92%**
Title 2 Infrastructure and operating expenditure				
2111	Rental of building and associated costs	4,87	4,87	100,00 %
2211	Hardware software and linked expenses	1,91	1,91	99,97 %
2221	ICT services	1,15	1,15	100,00 %
2311	Furniture Material and Technical installations	0,11	0,11	99,94 %
2321	Works of handling and removal of services	0,00	0,00	100,00 %
2331	Paper mill office supplies	0,02	0,02	99,85 %
2341	Correspondence stamping and carriage costs	0,05	0,05	100,00 %
2361	Other current expenses (financial legal assuranc	0,04	0,04	97,55 %
Total Title 2		**8,14**	**8,14**	**99,98%**
Title 3 Programme support expenditure				
3111	Experts studies representation and external meet	0,36	0,35	98,69 %
3121	Missions and related costs	0,47	0,46	98,74 %
3131	Audit expenses	0,80	0,79	98,56 %
3141	Expenses of Information Publications and Communic	0,49	0,49	99,88 %
3151	Expenses of translation	0,02	0,02	100,00 %
3171	Conferences seminars trainings and other specifi	1,27	1,24	97,83 %
Total Title 3		**3,41**	**3,36**	**98,52%**
TOTAL ERC		**47,22**	**47,14**	**99,83 %**

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

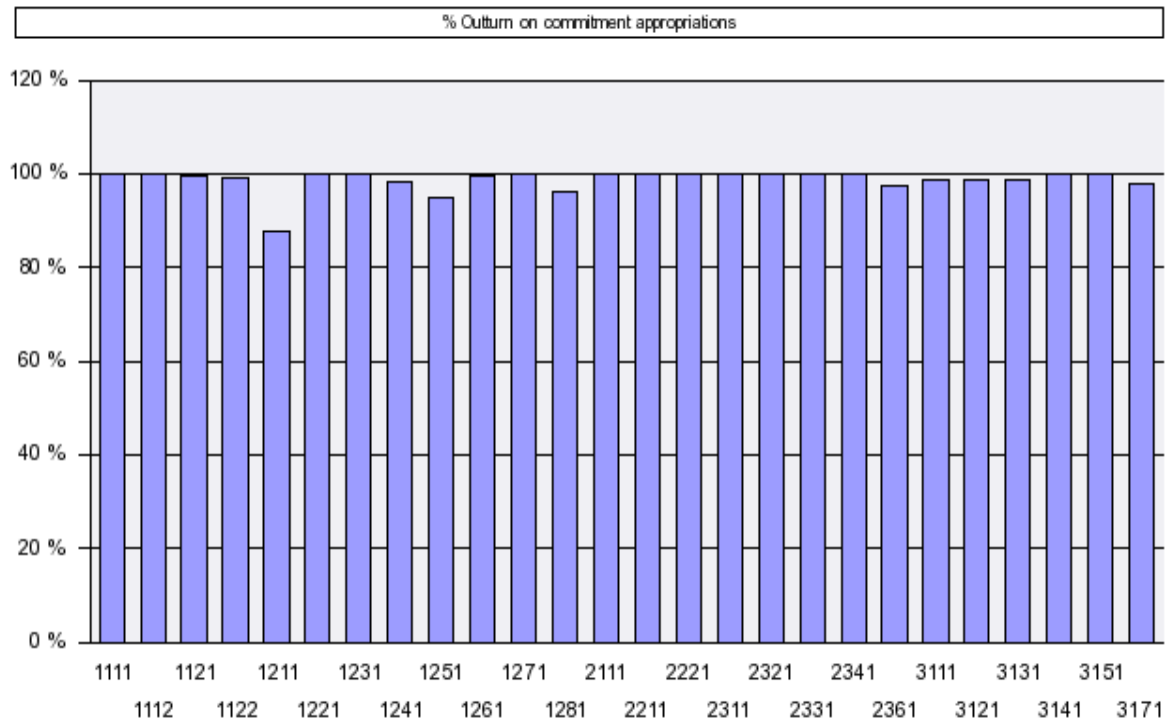
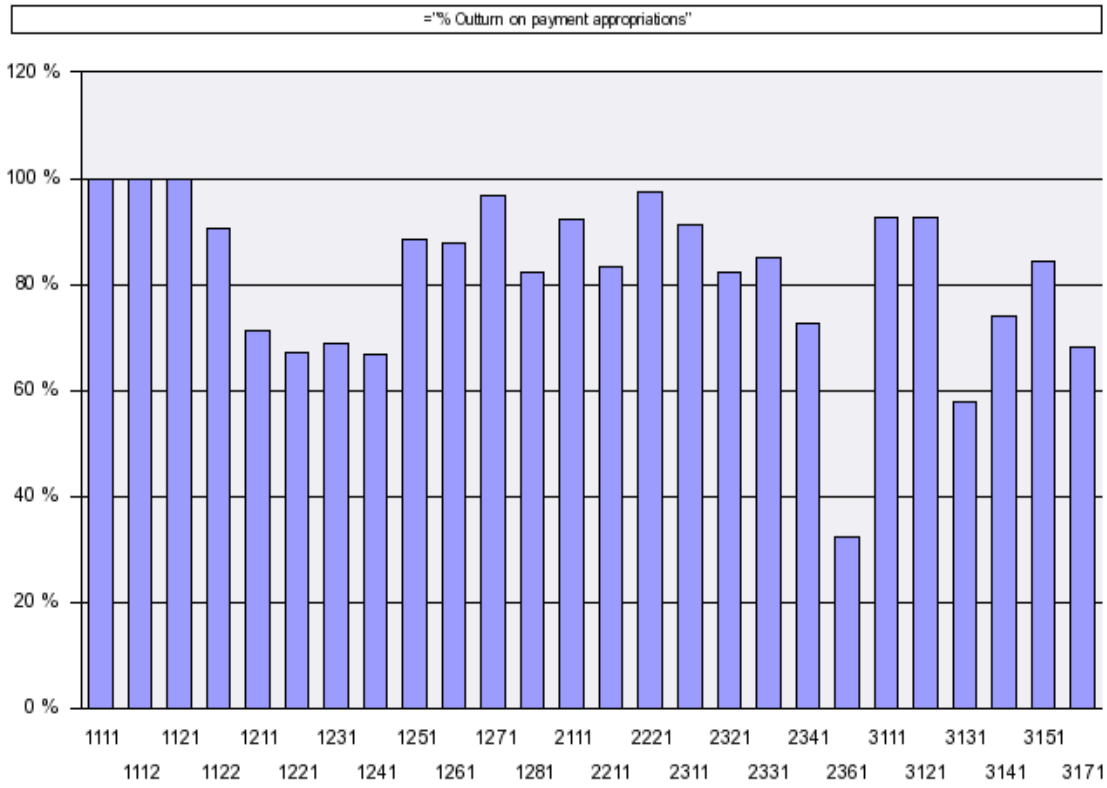
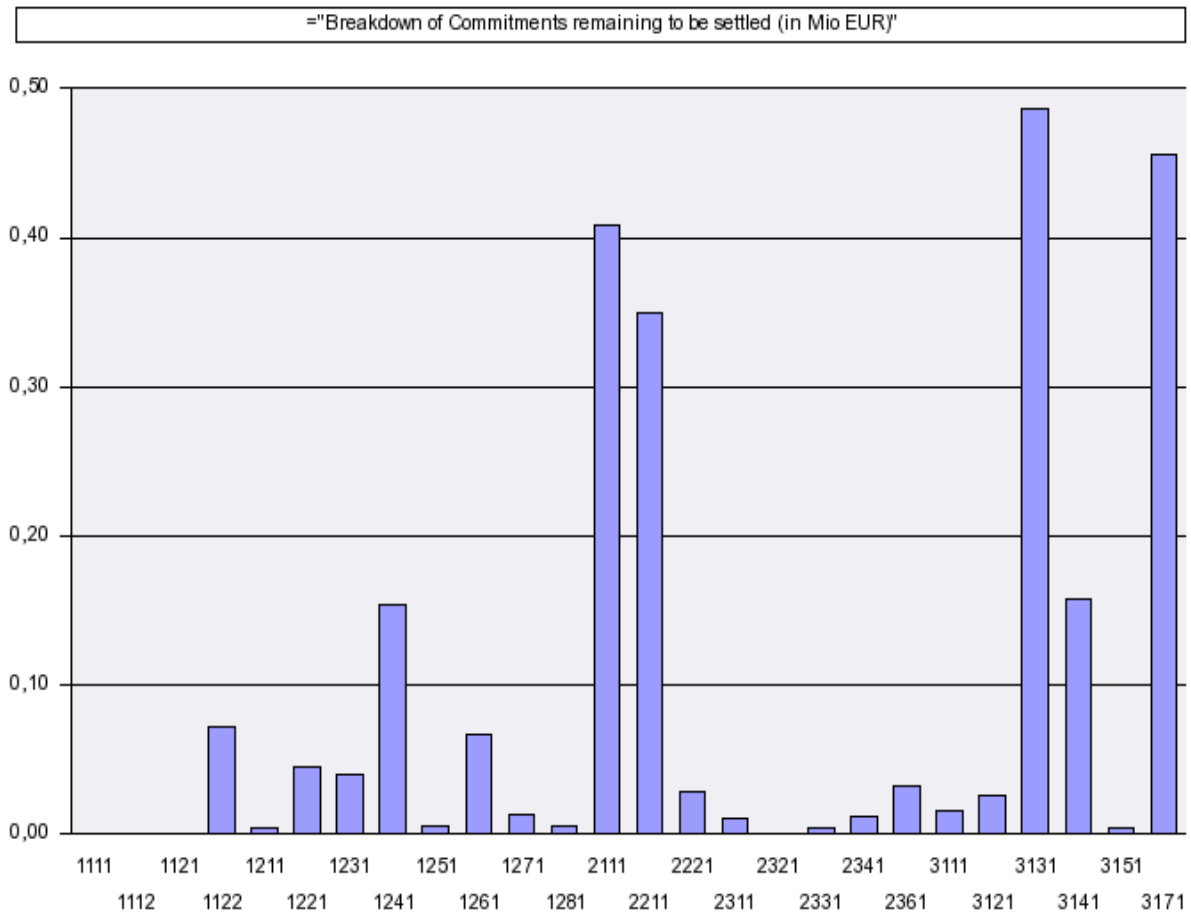


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2017 (in Mio €)				
Chapter		Payment appropriations authorised *	Payments made	%
		1	2	3=2/1
Title 1 Staff expenditure				
1111	Temporary agents	14,40	14,40	100,00 %
1112	Contract Agents	18,08	18,08	100,00 %
1121	Seconded National Experts	0,56	0,56	99,71 %
1122	Interimaires & stagiaires	1,05	0,95	90,40 %
1211	Recruitment entering and leaving the service tra	0,04	0,03	71,29 %
1221	Restaurant Canteens	0,15	0,10	67,18 %
1231	Medical service	0,13	0,09	68,79 %
1241	Training	0,55	0,37	66,60 %
1251	Mobility and Public transportation	0,09	0,08	88,41 %
1261	Social service and other interventions	0,57	0,50	87,85 %
1271	External services (PMO)	0,40	0,39	96,68 %
1281	Internal meetings events and reception	0,04	0,03	82,37 %
Total 1		**36,07**	**35,58**	**98,64%**
Title 2 Infrastructure and operating expenditure				
2111	Rental of building and associated costs	5,38	4,97	92,34 %
2211	Hardware software and linked expenses	2,14	1,78	83,40 %
2221	ICT services	1,16	1,13	97,58 %
2311	Furniture Material and Technical installations	0,12	0,11	91,05 %
2321	Works of handling and removal of services	0,00	0,00	82,15 %
2331	Paper mill office supplies	0,02	0,02	84,97 %
2341	Correspondence stamping and carriage costs	0,05	0,04	72,51 %
2361	Other current expenses (financial legal assuranc	0,06	0,02	32,29 %
Total 2		**8,93**	**8,07**	**90,36%**
Title 3 Programme support expenditure				
3111	Experts studies representation and external meet	0,43	0,39	92,46 %
3121	Missions and related costs	0,51	0,47	92,69 %
3131	Audit expenses	1,31	0,76	57,94 %
3141	Expenses of Information Publications and Communic	0,76	0,56	74,03 %
3151	Expenses of translation	0,02	0,02	84,18 %
3171	Conferences seminars trainings and other specifi	1,71	1,16	68,26 %
Total 3		**4,73**	**3,37**	**71,20%**
TOTAL ERC		**49,73**	**47,02**	**94,54 %**

** 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).*



Chapter		Commitments 2017	Payments 2017	RAL 2017	%to be settled
		1	2	3=1-2	4=1-2//1
Title 1 Staff expenditure					
1111	Temporary agents	14,40	-14,40	0,00	0,00 %
1112	Contract Agents	18,08	-18,08	0,00	0,00 %
1121	Seconded National Experts	0,56	-0,56	0,00	0,07 %
1122	Interimaires & stagiaires	0,89	-0,81	0,07	8,13 %
1211	Recruitment entering and leaving the service tra	0,03	-0,03	0,00	11,94 %
1221	Restaurant Canteens	0,14	-0,10	0,05	31,47 %
1231	Medical service	0,10	-0,06	0,04	40,80 %
1241	Training	0,38	-0,23	0,15	40,51 %
1251	Mobility and Public transportation	0,07	-0,07	0,00	6,47 %
1261	Social service and other interventions	0,57	-0,50	0,07	11,78 %
1271	External services (PMO)	0,38	-0,37	0,01	3,48 %
1281	Internal meetings events and reception	0,03	-0,03	0,01	15,17 %
Total 1		**35,64**	**-35,24**	**0,41**	**1,14%**
Title 2 Infrastructure and operating expenditure					
2111	Rental of building and associated costs	4,87	-4,46	0,41	8,40 %
2211	Hardware software and linked expenses	1,91	-1,56	0,35	18,33 %
2221	ICT services	1,15	-1,12	0,03	2,45 %
2311	Furniture Material and Technical installations	0,11	-0,10	0,01	9,88 %
2321	Works of handling and removal of services	0,00	0,00	0,00	17,76 %
2331	Paper mill office supplies	0,02	-0,02	0,00	16,30 %
2341	Correspondence stamping and carriage costs	0,05	-0,03	0,01	26,10 %
2361	Other current expenses (financial legal assuranc	0,04	-0,01	0,03	81,13 %
Total 2		**8,14**	**-7,30**	**0,85**	**10,39%**
Title 3 Programme support expenditure					
3111	Experts studies representation and external meet	0,35	-0,34	0,02	4,32 %
3121	Missions and related costs	0,46	-0,44	0,03	5,61 %
3131	Audit expenses	0,79	-0,31	0,49	61,33 %
3141	Expenses of Information Publications and Communic	0,49	-0,33	0,16	32,29 %
3151	Expenses of translation	0,02	-0,02	0,00	15,82 %
3171	Conferences seminars trainings and other specifi	1,24	-0,79	0,46	36,75 %
Total 3		**3,36**	**-2,21**	**1,14**	**34,07%**
TOTAL		**47,14**	**-44,75**	**2,40**	**5,08 %**


="Breakdown of Commitments remaining to be settled (in Mio EUR)"
0,50
0,40
0,30
0,20
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1111
1112
1121
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1211
1221
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2311
2321
2331
2341
2361
3111
3121
3131
3141
3151
3171

TABLE 4 : BALANCE SHEET ERCEA

BALANCE SHEET	2017	2016
A.I. NON CURRENT ASSETS	2.818.510,66	4.591.936,59
A.I.1. Intangible Assets	885.990,72	2.076.156,59
A.I.2. Property, Plant and Equipment	1.932.519,94	2.515.780,00
A.II. CURRENT ASSETS	6.388.932,78	20.001.205,15
A.II.3. Curr Exch Receiv &Non-Ex Recoverables	3.674.040,21	2.321.542,07
A.II.6. Cash and Cash Equivalents	2.714.892,57	17.679.663,08
ASSETS	**9.207.443,44**	**24.593.141,74**
P.II. CURRENT LIABILITIES	-2.576.482,80	-17.537.744,02
P.II.2. Current Provisions	0,00	-55.000,00
P.II.4. Current Payables	-415.556,10	-15.238.734,85
P.II.5. Current Accrued Charges &Defrd Income	-2.160.926,70	-2.244.009,17
LIABILITIES	**-2.576.482,80**	**-17.537.744,02**
NET ASSETS (ASSETS less LIABILITIES)	**6.630.960,64**	**7.055.397,72**
P.III.2. Accumulated Surplus/Deficit	-7.055.397,72	-8.902.157,37
Non-allocated central (surplus)/deficit*	424.437,08	1.846.759,65
TOTAL	**0,00**	**0,00**

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 ERCEA

STATEMENT OF FINANCIAL PERFORMANCE	2017	2016
II.1 REVENUES	-47.070.426,45	-42.701.292,51
II.1.1. NON-EXCHANGE REVENUES	-46.895.495,30	-42.492.597,32
II.1.1.6. OTHER NON-EXCHANGE REVENUES	-46.895.495,30	-42.492.597,32
II.1.2. EXCHANGE REVENUES	-174.931,15	-208.695,19
II.1.2.1. FINANCIAL INCOME	-1.160,52	-11.395,21
II.1.2.2. OTHER EXCHANGE REVENUE	-173.770,63	-197.299,98
II.2. EXPENSES	47.494.863,53	44.548.052,16
II.2. EXPENSES	47.494.863,53	44.548.052,16
II.2.10.OTHER EXPENSES	14.128.306,95	14.113.656,77
II.2.6. STAFF AND PENSION COSTS	33.366.556,58	30.434.395,39
STATEMENT OF FINANCIAL PERFORMANCE	**424.437,08**	**1.846.759,65**

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 ERCEA

	2017	2016
Contingent liabilities - amounts relating to lega cases	-134.049,00	
RAL-Comm against appropriations not yet consumed	-955.724,12	-912.848,98
Operating lease commitments	-16.058.557,78	-19.048.874,36
TOTAL	**-17.148.330,90**	**-19.961.723,34**

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

TABLE 6: AVERAGE PAYMENT TIMES FOR 2017 - DG ERC

Legal Times

Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	2154	2142	99,44 %	13,81	12	0,56 %	44,33

Total Number of Payments	**2154**	**2142**	**99,44 %**		**12**	**0,56 %**	
Average Net Payment Time	**13,98**			**13,81**			**44,33**
Average Gross Payment TIme	**14,23**			**14,04**			**47,75**

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	16	34,	1,58 %	2.154,	444.052,34	2,14 %	20.764.054,63

Late Interest paid in 2017

Agency	GL Account	Description	Amount (Eur)

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2017

Title	Description	Year of Origin	Revenue and Income recognized	Revenue and Income cashed	Outstanding Balance
200	Subsidy from the Commission	2017	47.223.400,00	47.223.400,00	0,00
910	Recuperation of expenses	2016	2.399,65	2.399,65	0,00
910	Recuperation of expenses	2017	67.349,88	67.349,88	0,00
920	Miscellaneous revenues	2016	349,38	0,00	349,38
920	Miscellaneous revenues	2017	2.403,77	2.403,77	0,00
TOTAL ERC			**47.295.902,68**	**47.295.553,30**	**349,38**

TABLE 8 : RECOVERY OF PAYMENTS
(Number of Recovery Contexts and corresponding Transaction Amount)

INCOME BUDGETRECOVERY ORDERS ISSUED IN 2017 Year of Origin (commitment)	Total undue payments recovered		Total transactions in recovery context(incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2015			1	19.559,00		
2016			3	47.271,15		
No Link			134	47.257.216,44		
Sub-Total			**138**	**47.324.046,59**		

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context(incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES									2	481,12		
NON ELIGIBLE IN COST CLAIMS												
CREDIT NOTES												
Sub-Total									2	481,12		
GRAND TOTAL									**140**	**47.324.527,71**		

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2017 FOR ERCEA

Year of Origin	Number at 01/01/2017	Number at 31/12/2017	Evolution	Open Amount (Eur) at 01/01/2017	Open Amount (Eur) at 31/12/2017	Evolution
2016	3	1	-66,67 %	2.934,18	349,38	-88,09 %
2017		1			2.703,25	
Totals	3	2	-60,00 %	2.934,18	3.052,63	4,04 %

TABLE 10 : RECOVERY ORDER WAIVERS IN 2017 >= EUR 100.000

	Waiver Central Key	Linked RO Central Key	RO Accepted amount (Eur)	LE Account Group	Commission Decision	Comments

Total ERCEA	

Number of RO waivers	

No data to be reported

TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG ERC - 2017

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

No data to be reported

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

Procedure Legal base	Number of Procedures	Amount (€)
Open Procedure (Art. 104(1) (a) FR)	1	400.000,00
Total	**1**	**400.000,00**

TABLE 13 : BUILDING CONTRACTS

Legal base	Contract Number	Contractor Name	Description	Amount (€)

No data to be reported

TABLE 14 : CONTRACTS DECLARED SECRET

Legal base	Contract Number	Contractor Name	Description	Amount (€)

No data to be reported

ANNEX 4: Materiality criteria

The present document details the way DG RTD assesses the level of errors in its annual financial statements and the definition of the level of misstatement that is considered as quantitatively material.

DG RTD's expenditure is composed of, in order of importance, directly managed grants, indirectly managed grants and financial instruments and, for less than 6%, other direct spending, mostly administrative. The error rate affecting the payments is estimated yearly and per management system, following a relevant methodology that takes into account the risk associated to the type of expenditure (in terms of probability and final financial impact).

Considering that around 80% of the yearly expenditure is related to directly or indirectly managed research grants, and the fact that the research framework programmes' implementing bodies are sharing a common ex-post audit approach, the following section focusses on this specific management system.

1. Research framework programmes – common aspects

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

1.1.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 to be adjusted by subtracting:

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

This results in a residual error rate, which is calculated in accordance with the following formula:

$$\mathrm{Re}\,sER\% = \frac{(\mathrm{Re}\,pER\% * (P - A)) - (\mathrm{Re}\,pERsys\% * E)}{P}$$

where:

ResER% residual error rate, expressed as a percentage.

RepER% representative error rate, or error rate detected in the common representative sample, expressed as a percentage. For FP 7 this rate is the same for all Research services.

RepERsys% portion of the RepER% representing (negative) systematic errors, expressed as a percentage. The RepER% is composed of two complementary portions reflecting the proportion of negative systematic and non-systematic errors detected.

P total aggregated amount in euro of EC share of funding in the auditable population. In FP7, the population is that of all received cost statements, and the euro amounts those that reflect the EC share included in the costs claimed in each cost

statement.

A total EC share of all audited amounts, expressed in euro. This will be collected from audit results.

E total non-audited amounts of all audited beneficiaries. In FP7, this consists of the total EC share, expressed in euro, excluding those beneficiaries for which an extrapolation is ongoing).

The Common Representative Audit Sample (CRAS) is the starting point for the calculation of the residual error rate. It is representative of the expenditure of each FP as a whole. Nevertheless, the Director-General (or Director for the Executive Agencies) must also take into account other information when considering if the overall residual error rate is a sufficient basis on which to draw a conclusion on assurance (or make a reservation) for specific segment(s) of FP7/Horizon 2020. 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 CRAS 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.

In case a calculation of the residual error rate based on a representative sample is not possible for a FP for reasons not involving control deficiencies[7], 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 be then considered by analysing the available information on qualitative grounds and considering evidence from other sources and areas. This should be clearly explained in the AAR.

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

Notwithstanding the multiannual span of their control strategy, the Director-Generals of the Research DGs (and the Directors of ERCEA, REA, and, for Horizon 2020, EASME and INEA) are required to sign a statement of assurance for each financial reporting year. In

7 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.

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 so on whether to make a reservation in the AAR, will therefore be principally, though not necessarily exclusively, based on the level of error identified in ex-post audits of cost claims on a multi-annual basis.

1.3.Adequacy of the audit scope

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

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

2. Research Framework programmes – specific aspects

The control system of each framework programme is designed in order 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.

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

2.1.Seventh Framework programme and the Coal and Steel Research Fund

For the Seventh Framework programme and 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.

2.2.Horizon 2020 Framework Programme

The Commission's proposal for the Regulation establishing H2020 framework

programme[8] 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 excellent 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.

Further, it explains also that

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 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 %.

In summary, 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.

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.

[8] 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.

ANNEX 5: Internal Control Template(s) for budget implementation (ICTs)

Name the type of expenditure to which the ICT applies[9] (grants direct management / procurement direct management / shared management / indirect entrusted management / Financial Instruments / Non-Expenditure Items[10]). The generic ICTs for the above expenditure types are published on BUDGweb.

5.1 ERCEA Operational budget

Stage 1: Programming, evaluation and selection of proposals

A. Preparation, adoption and publication of H2020 Calls of proposals aligned to the ERC Work Programme.

Main control objectives: Ensure that the H2020 calls for proposals are effectively launched and concluded according ERC Work Programme objectives' effectiveness, in compliance with rules and regulations.

Main risks It may happen (again) that…	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Control indicators**
WP and subsequent calls for proposals are inadequate to ensure the evaluation of proposals	Hierarchy of legal texts (legal basis, decisions, rules…) Scientific Council (ScC) support and Call Coordination	All calls	Cost: posts involved Benefit: total WP budget	Effectiveness: % of planned Calls successfully concluded % success rate per call Efficiency: posts standard costs / operational budget

[9] One ICT is required per type of expenditure managed by the DG. As regards cost benefit indicators for the external aid policy area, the aid delivery methods (procurement and grants, contribution agreements, budget support etc.), the management modes or distinct internal control systems or alternatively the different cooperation instruments could be used, as long as the relevant indicators are reported accordingly in the AAR.

[10] For specific types of expenditure that do not fit in the categories mentioned (e.g. Budget support) use the same template and name it accordingly.

B. Evaluation, ranking and selection of proposals

Main control objectives: Ensure that only proposals meeting the "H2020" Work Programme objectives' are selected for funding, while complying with rules and regulation and preventing / deterring fraud.

Main risks **It may happen (again) that…**	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Control indicators**
Eligible proposals are excluded from the evaluation or ineligible proposals are proposed for funding	Automatic IT-based eligibility checks Eligibility checks and decision for clear cut cases by scientific officers and call coordinators In depth double-check of special cases at Step 2 by call coordinators Eligibility decision for pending cases (not clear cut) by Eligibility Committee	100% applicants and all aspects of eligibility criteria	Cost: posts involved Benefit: % ineligible proposal x average awarded grant	Effectiveness: % of ineligible proposals over total proposals submitted per call % of redress cases concerning eligibility issues Efficiency: posts standard costs / operational budget
The evaluation, ranking and selection of proposals is not carried out in accordance with the established procedures	ScC selection and appointment of panel members Panel coordination by scientific officers making sure procedures are followed (panel checklists and standard deliverables) Assignment of proposals	100% of panel members and experts 100% of proposals 100% of complaints received are analysed by the Redress Committee. 100% exclusion from evaluation of experts having a conflict of	Cost: posts involved + expert budget Benefit: Compliant, fair and reliable evaluation based on sole criterion of excellence	Effectiveness: Number of experts participated/invited % of expert payment execution Number of experts (remote referees) reviews per proposals Time to appoint experts Time to pay experts

Main risks It may happen (again) that…	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
	to panel members by panel chairs Conflict of interest procedure Selection of experts (remote referees) by panel chairs Assessment of proposals by panel members and experts (remote referees) ScC President's approval and ERCEA Director's final adoption of ranking lists. Redress procedure	interest		% of successful redress cases Expert budget / number of evaluated proposals Efficiency: Time to Inform all/successful applicants (average number of days) on the outcome of the evaluation of their application from the final date for submission of completed proposals Posts standard costs + expert budget / operational budget

Stage 2: Title: Contracting

Main control objectives: To translate selected proposals into legally and regular binding H2020 grant agreement while minimising the granting process and maximise the budget execution.

Main risks It may happen (again) that…	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Control indicators**
Grant agreement's beneficiary (Host Institution) lacks operational and/or financial capacity to implement the grant agreement. Grant agreement's budget does not comply with the Description of Work. Procedures designed to ensure compliance with the regulatory framework are not effectively performed.	Legal and financial validation of beneficiaries EDES screening Check of draft grant agreement's budget breakdown versus Description of Work. Use of checklists. Verification of the draft grant agreement files by verifying agents. Grant agreements are signed by the AOD. Monitoring of the "time to grant".	100% of beneficiaries are scrutinised. 100% of grant agreements.	Costs of controls: posts involved Benefits of controls embedded in ERCEA grant preparation and signature process are not quantifiable, as the latter does not entail any negotiation on the EU contribution to the contrary of other Research family entities. However, it is undeniable that these controls are necessary to ensure the process complies with rules and regulations and that researchers are provided on time with a sound legal framework to conduct their research projects.	<u>Effectiveness:</u> % of exclusion from the granting process following financial viability checks. % of individual commitments / global commitment execution (L2/L1) <u>Efficiency:</u> Time to sign grant agreements from the date of informing successful applicants (average values) Time to grant measured (average) from call deadline to signature of grants[11] Research family indicator: Average "time to grant" Time to ethics clearance

[11] Exception for projects put on a reserve list for which the time elapsed between the information letter and the invitation letter must be deducted.

Stage 3: Title Grant implementation

Main control objectives: To ensure the financial and legal transaction time is minimised for ERC beneficiaries and the FP7/H2020 underlying transactions are legal and regular.

Main risks **It may happen (again) that…**	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Control indicators**
The grant agreement is not or partially carried out in compliance with the Description of Work and/or amounts claimed by beneficiaries are not complying with the contractual and regulatory framework.	Financial Officers perform check-list-based financial controls based on the Periodic Financial Management Report, which provides an explanation of financial resources claimed versus the Description of Work, in particular its budgetary annex. Certificate on the Financial Statements delivered by an independent qualified auditor. EDES screening Final payments are subject to the approval of the Scientific reports. Anti-fraud awareness raising training for project officers	100% of transactions 100% of transactions with cumulative costs claims exceeding € 350.000. 100% of transactions 100% of transactions	Cost/benefit: Average project management cost/running grant agreement Average number & value of running grant agreement managed/staff. Detected error rate ex-ante desk checks	<u>Effectiveness:</u> % of payment credit execution. % of ineligible costs identified by Financial Officers % of total number of financial transactions and accepted costs covered by Certificate on Financial Statements (CFS). Research Family indicator: % and values of errors detected through ex-ante desk checks / total value of cost claims. % of final payments suspended due to results of Scientific reports % of ERCEA staff participation in ethics and integrity trainings <u>Efficiency:</u> Time to pay (pre-financing / interim and final payments) Research Family indicator: Average time to pay (% on time)

Stage 4: Ex-post controls

Main control objectives: Measuring the effectiveness of ex-ante controls by performing on-the spot ex-post controls aiming at detecting errors, irregularities or fraud in cost statements related to FP7/H2020 grants.

Main risks It may happen (again) that…	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Control indicators**
Ex-ante controls fail to prevent, detect and correct erroneous, irregular or fraudulent payments.	Common and multi-annual FP7/H2020 ex-post control strategy - representative sample of transactions (CRaS) ERCEA specific ex-post control strategy (2007-2013) – representative sample (MUS) and risk-based audits. Updated Anti-fraud Strategy of the ERCEA elaborated on the basis of the methodology provided by OLAF Referring grant/beneficiary to OLAF	Representative sample allows drawing conclusions on the effectiveness of ex-ante controls. The FP7/H2020 audit strategy sets the audit method for the Research Family.	Cost: Total & average ex-post audit cost in –house (post*standard staff cost) and outsourced (audit fees paid). Non-monetary benefits: Deterrent effect. Learning effect for beneficiaries. Improvement of ex-ante-controls or risk approach in ex-ante controls by feeding back audit findings. Improvement in rules and guidance from audit feedback.	<u>Effectiveness:</u> ERCEA specific error rate (global activity) ERCEA residual error rate (drawn from ERCEA MUS sample) FP7/H2020 - CRaS error rate (representative sample) FP7/H2020 – CRaS residual error rate Number of open fraud / irregularity cases included in the Fraud/Irregularity Register Amount of recoveries <u>Efficiency:</u> Number of audits performed (+% of beneficiaries & value coverage)

5.2 ERCEA Operating budget

Stage 1: Administrative budget

Main control objectives: To ensure compliance with financial and accounting rules as well as regularity, effectiveness, efficiency and cost benefit of financial transactions processed and monitor the quality of budget planning and of payment workflows.

Main risks It may happen (again) that...	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Control indicators**
Credibility of the draft budget (= request for EC contribution in N+1) is questioned by the Budget authority against the ERCEA ability to reach a high level of execution	Monitoring of the quality of the budget planning	100% of operating budget	Cost: Posts Benefit: respect of commitment towards the budgetary authority to limit administrative costs	Effectiveness: % Budget execution commitments % Budget execution payments (C1) & (C1+C8)
Late payments give a negative image of the Agency (reputational risk) and may lead to the payment of late interests	Monitoring of the quality of payment workflows	100% of operating budget	Cost: Posts Benefit: Respect of the payment target imposed by budgetary authority	Effectiveness: % and number of late payments Efficiency: Time to pay
A high rate of errors in the transactions on the administrative budget lead to remarks in the final report of the court of auditors	Compliance & regularity checks of financial transactions	100% of transactions	Cost: Posts Benefit: optimisation of budget execution in line with financial and accounting rules.	Effectiveness: % Residual number of accounting errors/total number of transactions (<2%) % Residual accounting errors (<2%) of total balance sheet or economic outturn account Number of findings related to sound financial management and/or legality and regularity of budget's underlying

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
				transactions in the final report of the CoA Number of critical findings related to the true and fair view of the financial position for the administrative budget in the final report of the CoA

Stage 2: Procurement

Main control objectives: To ensure the legality &regularity of procurement operations.

Main risks It may happen (again) that…	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Control indicators**
A lack of competition amongst tenderers may lead to restriction of market	Regular follow-up and update of the contract register	100% checked	Costs: estimation of cost of staff involved Benefits: widest competition (increase the choice of potential suppliers)	Effectiveness: Reduced n° of splitting of a purchase
Procurement documents (invitation to tender, tender specifications and its annexes, draft contract) is not well drafted, potentially leading to: - inconsistency and irregularity amongst the documents - the fact that offers are not submitted	Ex-ante visa (twice) in all public procurement files: 1. During the preparatory phase: - procedures above € 15.000 "procurement check-list" 2. Before the signature of the contract (after the award decision): - procedures above € 15.0000 - "procurement check-list" - procedures below € 15.000 - "commitment request checklist"	100% checked	Costs: estimation of cost of staff involved Benefits: - limited number of procedure cancellations - needed services/goods are provided - compliance with rules - limited number of complaints / litigations filed	Effectiveness: - n° of errors detected - n° of requests issued for clarification regarding the call for tender - n° of complaints or litigation cases filed
	Training and bilateral coaching provided to operational units Regular update of the "procurement document"	100% checked		

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
The procurement documents used by operational units are not in line with the rules/models	templates and supporting documents (e.g. "step by step", guidelines) In-house trainings on procurement Updated guidelines on public procurement (Ares (2016)3267245).			
Due conflict of interest during the award process, contract awarded may be contested	Members of the evaluation committee sign a declaration of absence of conflict of interests and of confidentiality	100% checked	Benefits: - awarded contract are awarded and services/goods delivered (needs satisfied) - limit number of litigations & complaints - fair competition	Effectiveness: - n° of complaints or litigation cases filed

ANNEX 6: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission

Not applicable

ANNEX 7: EAMR of the Union Delegations

Not applicable

ANNEX 8: Decentralised agencies

Not applicable

ANNEX 9: Evaluations and other studies finalised or cancelled during the year

Not applicable

ANNEX 10: Specific annexes related to "Financial Management"

Stage 4: Ex post controls

Audit strategy

The main legality and regularity indicator resulting from the ex-post audits is the error rate. Because of its multi-annual nature, the effectiveness of the control strategy of the Research Family can be measured and assessed in the final stages of the Framework Programme, once it has been fully implemented and systematic errors have been detected and corrected. As a major development of the Common FP7 Audit Strategy, the Research family has introduced in 2012 the Common Representative Audit Sample (CRaS) and the related CRaS error rate, aiming at estimating the overall level of error on a multi-annual basis in FP7 across all the services.

The ERCEA manages the ex-post controls in line with the FP7 Common Audit Strategy and is part of the FP7 Common Representative audit Samples (CRaS 1, 2 & 3). However, to conclude on the legality and regularity of transactions, ERCEA does not rely on the common approach of the CRaS, since the risk profile of the IDEAS beneficiaries is inherently lower compared to the rest of the FP7.

The different risk profile is due to the specificities in the IDEAS programme, such as ERC grants being mono-beneficiary, beneficiaries being mostly large research institutes with well-established internal controls on financial reporting (e.g. no SMEs, few newcomers to the programme, mostly public bodies), simplifications inherent in the programme design (e.g. flat-rate overheads).

Thus, while contributing to the Research Family common audit strategy, the ERCEA has adopted an alternative assessment pattern fully aligned to annex 4 and implemented its own multi-annual ex-post controls indicators, since it has considerable additional evidence to allow for an assessment of the error rate of its own expenditure, to provide assurance to the Authorizing Officer by Delegation on the ERC specific population. Different error rates are calculated according to the methodology described in annex 4, namely the MUS Statistical Error rate (detected error rate), the MUS Residual Error rate, and the Global Activity Error Rate[12], and the results are corroborated to provide a comprehensive view of the legality and regularity of underlying transactions.

Finally, it should be underlined that the Agency has disclosed in its 2013 AAR - in agreement with the parent DG - the above described alternative assessment pattern[13]) established before the introduction of the CRaS. Furthermore, this practice has been

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[12] **MUS Statistical Error Rate**: the multi-annual error rate derived from the results of audits performed on a representative sample of IDEAS beneficiaries, to be defined as "representative" error rate upon finalization of the samples and to be extrapolated to the overall population. Until completion, this indicator is defined as "detected" statistical error rate. The MUS rate has a multi-annual nature and is calculated for the IDEAS programme since before the introduction of the CRaS. Although the degree of completion does not ensure yet statistical precision, the rate gives a strong indication of the most likely error in the population and, as such, represents an important element in the assurance building.
- Residual MUS Error Rate: on a multi-annual basis, the extrapolated level of error remaining after corrections/recoveries undertaken by ERCEA following the audits that have been made on the MUS sample (calculation of the residual error rate shown in Annex 4).
Upon completion, this is the reference indicator for the purposes of assessing the legality and regularity of transactions, as well as the progress made through the ERCEA ex-post strategy in dealing with errors over a multiannual basis.
The detected rates derived from the statistical sample are complemented by the risk based error rate, resulting from audits conducted for corrective and budget cleaning effects.
- Global Activity Error Rate: the error rate derived from the results of all audits (excluding the ones performed by the Court of auditors only), whether audits on the statistical sample of beneficiaries or audits implemented for other reasons (risk based etc.).

[13] This alternative pattern supports its Declaration of Assurance based on the specific error rate deriving from the ERCEA statistical sample.

enshrined in the 2015 revision of "ERCEA FP7 Ex-post control approach and audit strategy for the remaining period 2015-2018", following the implementation in 2015 of an IAS recommendation resulting from the audit on ERCEA FP7 internal control systems and ex-post controls.

Audit Activity and Sampling

The ERCEA performs audits for the following samples:

1. The statistical MUS sample, comprising:

- The MUS1 (ex MUS250) sample, consisting of 160 items selected on the basis of a statistical method from the first € 250 million submitted and accepted cost statements. A number of 151 financial statements have been audited so far, representing 94% of the first statistical sample. It is planned to be audited until full completion in the course 2018.

- The MUS2 sample, in continuation of the MUS1, consisting of 150 items selected on the same method on a rolling base from the Euro 250 mil.–4.25 billion submitted and accepted cost statements. A number of 104 financial statements have been audited by the end of 2017, representing 69% of the second statistical sample.

The final MUS results, respectively the combined MUS1&MUS2 results are expected by end 2019. Currently the detected error rate is based on the stratification of the MUS1 & MUS2 results, given the high degree of completion allowing for more reliable conclusions.

2. The risk sample, resulting from a risk analysis considering beneficiaries with a higher risk profile.

In addition to the risk sample, the overall risk based audit category includes the Top 100 beneficiaries, technical audits, audits jointly performed with the Court of Auditors and other audits on requests. A number of 1 238 financial statements have been audited to date under the risk based strand, representing 79% of the total audits performed. Other audits like CRaS related engagements or audits jointly performed with the Court of Auditors have had a limited share in the 2017 audit activity.

The table below gives an overview of the audit activity performed by the ERCEA by the end of 2017 detailed by type of audits (given that a single audit can cover more samples or activity strands, the overview is expressed in number of financial statements):

Number of Cost Statements audited	**2017**					
	CraS 1,2 & 3	**MUS1 (ex-250) & MUS 2 samples**		**Risk Based (Risk Analysis + Request, TOP 100, technical, other)**	**Joint with CoA**	**Total 2017**
Ongoing – beginning of the period	12	11	35	167	1	**226**
Launched	0	1	44	183	0	**228**
Closed	7	3	32	229	1	**272**
Ongoing – end of the period	5	9	41	121[14]	0	**177[15]**
2009-2017						

[14] One audit cancelled (5 financial statements) due to one conflict of interests identified by the external audit firm after the launch of the audit

[15] Ibid

Ongoing – beginning of the period	0	0	0	0	0	**0**
Launched	41	160	150	1 360	29	**1 740**
Closed	36	151	104	1 238	29	**1 558**
Ongoing – end of the period	5	9	41	121[16]	0	**177[17]**

Source of data: Internal follow up tool, " closed audit - error rates & implementation follow-up.xls"

Audit plan execution

Detailed data on the ERCEA completion of the annual and cumulative plans are shown in the table below (indicating both numbers of audits and of financial statements audited):

Number of audits (& Financial Statements)	**2017**		**2009 – 2017**	
	AUDITS	**FINANCIAL STATEMENTS**	**AUDITS**	**FINANCIAL STATEMENTS**
Audits planned – as per AWP & audit strategy	60	N/A	475	N/A
Audits planned – as per gap recovery plan	N/A	N/A	N/A	N/A
Audits ongoing – beginning of the period	55	226	0	0
Audits launched	65	228	543	1 740
Audits closed	69	272	492	1 558
Audits ongoing – end of the period	50[18]	177[19]	50	177
Total amount audited - €	€ 111 306 692		€ 595 328 020	
Audit coverage - %	10.06%			

Source of data: Internal follow up tool, " closed audit - error rates & implementation follow-up.xls"

	Number of audits 2017	**Time to audit (number of days)**
Audits performed by Internal resources (launched & closed in 2017)	2	221
Audits performed by Internal resources (backlog = launched before 2017)	6	456
Audits performed by external resources	61	295
Total:	**69**	**N/A**

Source of data: AUDEX

[16] Ibid
[17] Ibid
[18] One audit cancelled (5 financial statements) due to one conflict of interests identified by the external audit firm after teh sending of the letter of Announcement
[19] Ibid

Results of ex post control audits

Indicators related to ERCEA specific ex-post control strategy				
Financial Statements audited	**2017**		**2009-2017**	
	Amount in €	**Number**	**Amount in €**	**Number**
Total cost accepted by Financial officers (€) on audited FS – Audited amount	€ 111 306 692	272	€ 595 328 020	1 558
Thereof audited as part of the MUS 1 (ex-MUS250)	€ 722 000	3	€ 57 998 375	151
Thereof audited as part of the MUS 2	€ 12 579 648	32	€ 37 299 878	104
Thereof audited as part of the risk based sample (29 FS jointly audited with CoA & CRaS included)	€ 98 005 044	237	€ 489 820 547	1 286
Total adjustments in favour of the ERCEA (€, only negative)	€ 1 746 364	75	€ 9 514 971	444
On the MUS sample	€ 176 620	7	€ 1 064 599	73
On the risk based sample	€ 1 569 744	68	€ 8 450 372	371
Detected error rate – stratified (MUS1 & MUS2) - %	N/A	N/A	1.08%	N/A
Residual Error rate – from MUS stratified- %	N/A	N/A	0.82%	N/A
Other MUS related rates:				
Detected error rate – from MUS1 - %	€ 7 942	1	1.53%	151
Detected error rate – from MUS2 - %	€ 168 678	32	0.31%	104
Other ERCEA error rates:				
Risk based error rate (risk analysis, audits on request, Top100, other)- %	1.96%	237	2.23%	1 286
Global activity error rate (all activity) - %	1.72%	272	2.08%	1 558

Source of data: internal follow up tool, " closed audit - error rates & implementation follow-up.xls ", + CORDA BO Report, + AUDEX data

Progress in achieving the multi-annual targets initially set in the FP7 Research Family common audit strategy

Audit targets 2009 – 2017	2009	2010	2011	2012	2013	2014	2015	2016	2017
ERCEA - planned number of audits -/per year according to the AWP	5	40	70	60	60	60	60	60	60
ERCEA – planned number of audits according to internal gap recovery plan	n/a	n/a	n/a	n/a	n/a	n/a	84	86	n/a
Cumulative planned audits- according to AWP	5	45	115	175	235	295	355	415	475
ERCEA - launched audits / per year	3	38	70	58	68	68	85	88	65
Cumulative launched audits	3	41	111	169	237	305	390	478	543
ERCEA - closed audits / per year	0	9	40	71	72	60	84	87	69
Cumulative closed audits	0	9	49	120	192	252	336	423	492
% -Closed vs planned (cumulative)		**-80%**	**-57%**	**-31%**	**-18%**	**-15%**	**-6%**	**+2%**	**+3,6%**

Source of data: AUDEX + AWP 2017

Control effectiveness as regards legality and regularity

Research Family CRaS results

Research Family harmonised indicators	31/12/2017	31/12/2016
Detected error rate from a representative sample (CRaS1,2 & 3)[20]	4.95%	5.03%
Residual error rate (CRaS)[21] – (including 57 ERC Financial statements)	2.77%	2.68%
Value of corrections 'made', by implementing and extending audit results, by recoveries (ABAC) or offsetting (local PM system)	6 381 901	4 686 689
Value of recoveries as per the "Comm. on the Protection of EU financial interests"	19 491 711	23 330 125

Source of data: Source: internal follow up tool, " closed audit - error rates & implementation follow-up.xls " + ABM tables from WIKI confluence + CORDA BO report

[20] The FP7 Common Representative audit sample Error Rate (CRaS Error rate) is the sum of all negative detected error rates of closed representative audited financial statements in the 2 Common samples drawn from the whole FP7 population amongst the Research family (324 items in total, only 25 from ERC), divided by the number of closed representative audited financial statements and stratified according to their respective weight.

[21] The FP7 Residual error rate, specific to each DG/EA, is calculated on the basis of the Common Representative audit Sample error rate (CRaS Error rate) and it is defined as the level of errors which remain undetected and uncorrected at the end of the FP7. Please refer to Annex 4 for formulas and explanations.

ANNEX 11: Specific annexes related to "Assessment of the effectiveness of the internal control systems"

11.1 Fraud prevention and detection

ERCEA has developed and implemented its own anti-fraud strategy since 2011 elaborated on the basis of the methodology provided by OLAF. So far, it has been updated twice – in 2013 and in 2015.

Objective 3: Minimisation of the risk of fraud through application of effective anti-fraud measures, integrated in all activities of the EA, based on the EA's anti-fraud strategy (AFS) aimed at the prevention, detection and reparation of fraud.			
Indicator 1: Updated anti-fraud strategy of the ERCEA, elaborated on the basis of the methodology provided by OLAF[22] Source of data: ERCEA AFS			
Baseline	Target		Result 2017
Date of the last update: 12/11/2015	The Strategy shall be updated when there is a need for achieving effective alignment of the AFS due to changing circumstances and/or revised systems/programmes		Update to be considered following the approval of the CAFS foreseen in May 2018
Indicator 2 : Fraud awareness is increased for target population as identified in the Action Plan of the Agency's AFS Source of data: ERCEA's AFS			
Baseline	Target		Result 2017
2016	80% of target population reached by 2017		75.4%[23]
Indicator 3 : Regular monitoring of the implementation of the anti-fraud strategy and reporting on its result to management Source of data: ERCEA's AFS			
Baseline	Target		Result 2017
2016	-Bi-annual Report to the Director on irregularities and potential fraud cases -Annual reporting to the Director on the implantation of the Action Plan attached to the AFS		Reported in June and December 2017 Reported in December 2017
Main outputs in 2017:			
Output	Indicator	Target	Result 2017
Targeted risk assessment on fraud	*Timely completion of the activity*	*Yearly update of fraud risks and Action Plan of the AFS by 2017*	*Completed*
Revision of anti-fraud dedicated procedures	*Timely completion of the activity*	*Update as appropriate the "Scientific misconduct" and "handling and reporting irregularities and potential fraud" procedures by 2017*	*Not completed. Update of the procedure on "handling and reporting irregularities and potential fraud" postponed to Q2 2018*

[22] The methodology can be found here: https://myintracomm.ec.europa.eu/serv/en/fraud-prevention/ToolBox/Documents/201602%20-%20Updated%20guidelines%20AFS.pdf. In particular paragraph 3 of the methodology is relevant.

[23] The result is as of mid-March 2018. The target will be achieved by the deadline of 31/03/2018.

ANNEX 12: Performance tables

Ideas Specific Programme (FP7) SPECIFIC OBJECTIVE	To enhance the generation of excellent, innovative ideas in frontier research in Europe	
Result indicators	**Target (result)**	**Result (2009 – 31/12/2017)**
Number of international prizes and awards by grant holders	200 by 2020	998
Number of scientific publications by grant holders	~40-60 000 by 2020	107 400

Source of data: PI's reports

H2020 SP SPECIFIC OBJECTIVE 1	Excellent science – European Research Council (ERC) – Strengthening frontier research		
Indicator	**Share of publications from ERC-funded projects which are among the top 1% highly cited per field of science**		
Baseline	Milestone[24]	Target for Horizon 2020[25]	Result
	2018		2017
New approach	1.5%	1.8%	n.a.[26]

Source of data: ERC Research Information System (ERIS)

Relevant general objective(s) of the parent DG(s): A new boost for Jobs, Growth and Investment				
Specific objective of the parent DG(s): "Excellent science – European Research Council (ERC) – Strengthening frontier research				Related to spending programme Horizon 2020 SP
Main outputs in 2017:				
EXPENDITURE-RELATED OUTPUTS		**INPUTS: Operational expenditure**		**Latest known results/Achieved/Non achieved**
Description Main Calls	**Number of outputs**	**Budget line**	**EUR million**	(Main list grants)
Starting Grant 2017 (StG)	415	08 02 01 01	605	Selected: 406 + 6 in reserve list Signed: 337 for 501.58 Mio (granting is on-going)

[24] Since reliable citation data is available only three years after publication, the first expected result will be visible in 2018. However, data will be continuously available (real-time) and collected automatically from specialized bibliometric databases. The measurement will take place according to reporting requirements from the fourth year of Horizon 2020 onwards. In addition, the indicator will be updated and reported periodically, at least on a yearly basis.

[25] The reference for this target is the year when the last actions financed under Horizon 2020 will be finished *i.e.* several years after the formal end of the programme in 2020.

[26] The first results for H2020 projects and publications will be available in 2018.

Consolidator Grant 2017 (CoG)	320	08 02 01 01	575	Selected: 298 + 37 in reserve list Signed: 5 for 9.29 Mio (granting is on-going)
Advanced Grant 2017 (AdG)	245	08 02 01 01	567	Evaluation on-going
Proof of Concept 2017 (PoC)	130	08 02 01 01	20	Selected: 154 Signed: 92 for 13.74 Mio (granting is on-going)
Estimated total budget[27]			1 767	

Source of data: Compass

12.1 Implementation of the ERCEA 2017 AWP

12.1.1 Scientific and Grant Management

Objectives	Performance indicators	Target 2017	Result 31.12.2017
Call management: Clear and stable guidance on the application procedures provided to applicants	a) % of ineligible proposals / total proposals submitted, per call	StG, CoG, AdG 2017 calls: 1.5% PoC 2017: 5%	StG 2017: 1.0% CoG 2017: 1.4% AdG 2017: 1.1% PoC 2017: 3.9%
	b) % increase /decrease of submitted proposals from previous year by call	StG 2017: +10% CoG c2017: +10% AdG 2017: +10% PoC 2017: +10%	StG 2017: +5%% CoG 2017: +10.2% AdG 2017: -9.9% PoC 2017: +22%
	c) % success rate per call[28]	AdG 2016: 11% StG 2017: 14% CoG 2017: 14% AdG 2017: 12% PoC 2017: 40%	AdG 2016: 9.5% StG 2017: 13.2% CoG 2017: 11.7% AdG 2017: on-going PoC 2017: 28.9%
Evaluations: Feedback to all applicants on the evaluation result is timely, unbiased and transparent	Time to inform[29] (average time in day) ALL applicants on the outcome of the evaluation of their application from the final date for submission of completed proposals	AdG 2016: 137 StG 2017: 160 CoG 2017: 160 AdG 2017: 160	AdG 2016: 164 StG 2017: 237 CoG 2017: 191 AdG 2017: on-going

[27] The Budget figures given in this table are rounded to two decimal points.
[28] This indicator is calculated as follows: (Main)/Submitted proposals.
[29] According to Article 20.3 of the Rules for Participation and dissemination in H2020 (cf. OJ. L347 of 20/12/2013, p. 92), the ERCEA may exceed the period of 5 months from the final date for submission of complete proposals to inform all applicants of the outcome of the scientific evaluation of their application.

Objectives	Performance indicators	Target 2017	Result 31.12.2017
	Time to inform[30] (average time in day) SUCCESSFUL applicants on the outcome of the evaluation of their application from the final date for submission of completed proposals	AdG 2016: 196 PoC-3 2016: 105 StG 2017: 280 CoG 2017: 280 AdG 2017: 280 PoC 2017: 100	AdG 2016: 200 PoC-3 2016: 100 StG 2017: 295 CoG 2017: 291 AdG 2017: on-going PoC 2017: 98
	% of re-evaluations out of overall proposals submitted and following requests for redress	All calls: 0.1 %	All calls: 0%
	Overall average number of remote referee reviews per proposal	AdG 2016: 2 StG, CoG, & AdG 2017: 2	AdG 2016: 3.5 StG, CoG 2017: 3.6
Ethical Review: To monitor that selected ERC proposals receive timely ethical clearance from competent authorities	Time to ethics clearance[31]	45 days	2016 calls: 24 days 2017 calls: 28 days
Time to grant: To minimise the duration of the granting process aiming at ensuring a prompt implementation of the Grant Agreements through a simple and transparent grant preparation process	Time to sign grant agreements from the date of informing successful applicants (average values)	StG 2016: 145 CoG 2016: 145 AdG 2016: 130 PoC-1 2016: 145 PoC-2 2016: 145 PoC-3 2016: 145 PoC-1 2017: 120 PoC-2 2017: 120	StG 2016: 120.5 days CoG 2016: 130.7 days AdG 2016: 98.1 days PoC-1 2016: 138.8 days PoC-2 2016: 179.1 days PoC-3 2016: 118.9 days PoC-1 2017: 82.1 days PoC-2 2016: 81.0 days StG 2017: 66.3 days CoG 2017: 18.4 days
	Time to grant[32] measured (average)	StG 2016: 434	StG 2016: 401.7 days

[30] According to Article 20.3 of the Rules for Participation and dissemination in H2020 (cf. OJ. L347 of 20/12/2013, p. 92), the ERCEA may exceed the period of 5 months from the final date for submission of complete proposals to inform all applicants of the outcome of the scientific evaluation of their application.

[31] Data relates to the pre-granting ethics review. This time span runs in parallel to the granting process.

[32] According to Article 20.3 of the Rules for Participation and dissemination in H2020 (cf. OJ. L347 of 20/12/2013, p. 92), the ERCEA may exceed the period of 8 months from the final date for submission of complete proposals to signature of grant agreements with applicants.

Objectives	Performance indicators	Target 2017	Result 31.12.2017
	from call deadline to signature of grants	CoG 2016: 448 AdG 2016: 326 PoC-1 2016: 235 PoC-2 2016: 285 PoC-3 2016: 250 PoC-1 2017: 220 PoC-2 2017: 220	CoG 2016: 426.5 days AdG 2016: 298.1 days PoC-1 2016: 250.8 days PoC-2 2016: 256.1 days PoC-3 2016: 218.9 days PoC-1 2017: 191.1 days PoC-2 2017: 166.0 days StG 2017: 361.3 days CoG 2017: 309.4 days
Scientific follow-up[33]: Timely communicate the assessment of PI's mid-term and final scientific reports	% of final reports which exceeded 60 days	All calls: 1.5%	All calls: 0.6%

Source of data: Compass

In addition, in order to represent a fair and meaningful image of ERCEA's activity and performance, it was decided to introduce an additional calculation taking into account the ERC specificities. Thus it was decided to exclude firstly projects that need to undergo a full ethical review, which involves other Commission services on which ERCEA does not have any control and secondly, projects for which the PI requests to change Host Insitutions during the granting, which is often a lengthly process driven by the PI, the former and the future HIs. In this way the TTS calculation is not affected by external factors related either to beneficiaries or to ethical review, which cannot be controlled by the Agency.

[33] In 2016, the majority of the scientific reports and follow-up will continue relating to FP7 projects. However the first final scientific reports for SyG and CoG projects are expected to be submitted in 2017 and 2019 respectively.

Call	TTS targets	Average TTS	Effect on TTS (in days) resulting from excluding the projects with changes of HI before signature	Average TTS after the exclusion of the projects with changes of HI before signature	Effect on TTS (in days) resulting from excluding the projects undergoing full ethics review	Average TTS after excluding BOTH the projects with HI change before signature and those undergoing full ethics review
CoG 2016	145	130.7	-8.2	122.6	-7.6	114.9
PoC-1 2016	145	138.8	1.4	140.2	-32.7	107.5
PoC-2 2016	145	179.1	-1.2	177.9	-84.5	93.4
PoC-3 2016	145	118.9	-5.0	113.8	-36.3	77.6
StG 2016	145	120.5	-3.7	116.8	-9.6	107.1
AdG 2016	130	98.1	-0.9	97.2	-15.9	81.3

Call	TTG targets	Average TTG	Effect on TTG (in days) resulting from excluding the projects with changes of HI before signature	Average TTG after the exclusion of the projects with changes of HI before signature	Effect on TTG (in days) resulting from excluding the projects undergoing full ethics review	Average TTG after excluding BOTH the projects with HI change before signature and those undergoing full ethics review
CoG 2016	448	426.5	-8.3	418.2	-8.2	410.0
PoC-1 2016	235	250.8	1.4	252.2	-32.7	219.5
PoC-2 2016	285	256.1	-1.2	254.9	-84.5	170.4
PoC-3 2016	250	218.9	-5.0	213.9	-36.3	177.6
StG 2016	434	401.7	-3.9	397.8	-9.8	388.0
AdG 2016	326	298.1	-0.9	297.2	-15.9	281.3

12.1.2 Financial Management

12.1.2.1 Operational Budget

Objectives	Performance indictors	Target 2017		Result 31.12.2017	
		H2020	FP7	H2020	FP7
To maximise execution of the operational commitment credits delegated to ERCEA by the European Commission	% execution of L1 commitment	100%		100%	
	% execution of L2/L1 commitment (C8)	100%		99.93%	
To ensure full yearly execution of payments credits (operational budget) through careful planning and monitoring	% execution of payment credits (C1)	100%	100%	100%	100%
Minimise financial and legal transaction time for ERC beneficiaries	a) time to pay (% according to milestones & budget table specified in the Description of Work and processing payments ie economic target days)	Pre-financing: 85% within 20 days		93.6% (7.8 average days)	
		Interim payments: 95% within 90 days	IP: 95% within 90 days	98.4% (31.4 average days)	99.5% (27.6 average days)
		Final payments: 95% within 90 days	FP: 95% within90 days	96.4% (54.8 average days)	98.6 % (44.2 average days)
	b) time to invoice (% within 5 days)	95%	95%	97.3%	96.9%
	c) time to amend (% approved or rejected within 45 days upon receipt of valid request)	95%	95%	90.8% (21.8 average days)	98.6% (12.4 average days)
<u>Expert management:</u> To fully execute the yearly experts' operational budget by implementing efficient payment process	a) time to pay (average)	100% within 30 days		99.2% (10.7 average days)	0% (70 average days)
	b) % of experts payments budget execution (C1)	100 %		100%	100%
To ensure legality and regularity of underlying transactions to support ERCEA's positive Declaration of Assurance	ERCEA FP7 specific error rate[34]		MUS residual error rate: <2%		MUS error rate: - detected: 1.08% - residual: 0.82%

Source of data: ABAC Data Warehouse

[34] *i*.e. MUS ERCEA residual error rate, computed on the basis of MUS detected error rates.

12.1.2.2 Operating Budget

Objective	Performance indicator	Target 2017	Result 2017	
			Budget 2017 (C1)	Budget 2016(C1+C8)
To ensure sound financial management of ERCEA's operating budget as well as the regularity and legality of its underlying transactions	% budget execution commitments	99%	99.8%	
	% budget execution payments	99%		99.1%
	% of error in transactions related to staff expenditure (salaries) detected through ex-ante checks	<1.5%	0.5%	
	Time to pay	<15 days	13.9 days	
	Number (and % of total) of late payments for the administrative budget	<20 (<1 %)	12 (0.6%)	
	No material findings related to the sound financial management and legality and regularity of budget's underlying transactions in the financial report of the CoA	None		None

Source of data: ABAC Data Warehouse