



European
Commission

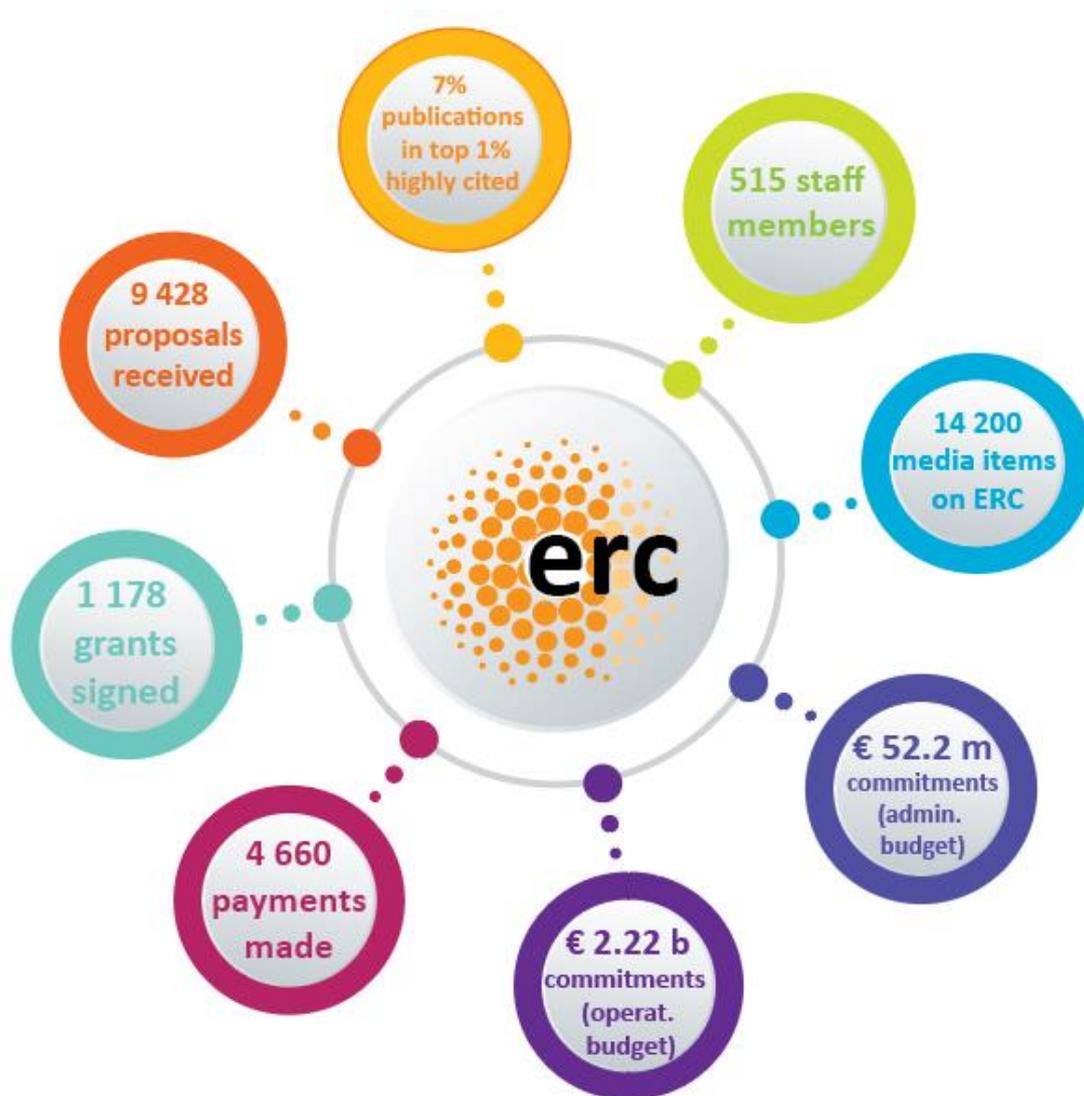
Annual Activity Report 2020

European Research Council
Executive Agency

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THE ERC AND ITS AGENCY IN BRIEF¹



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¹ The graph presents 2020 key figures except the indicator “% of publications in top 1% highly cited” which is based on the share of all publications from ERC projects in the period of 2007 - December 2020.

The mission of the European Research Council (ERC) is to provide attractive and flexible funding to enable the most talented and creative individual researchers and their teams to pursue ground-breaking, high-gain/high-risk research in any field of science and scholarship to push their frontiers. The ERC funding schemes respond to the need to generate and maintain attractive conditions for research in Europe and strengthening the EU's ability to generate new knowledge and thereby contributing to the Commission's priorities, in particular "A stronger Europe in the World". The European Research Council Executive Agency (ERCEA) is the dedicated implementation structure administering the ERC actions. It operates on the basis of the powers delegated to it by the European Commission.

In 2020, the ERCEA ran five calls for proposals for frontier research and proof of concept projects for a combined budget of 2.2 billion Euros, attracting 9 428 applications and signed 1 178 new grant agreements. It achieved excellent budget execution results: 100% of its operational budget and 99.7% of its administrative budget.

As for all EU institutions, the Coronavirus pandemic affected the functioning of the executive agency in many ways. The agency staff had to suddenly transit to a work at home situation – in the middle of an evaluation week – and revert to new ways of conducting business. With the agreement of the ERC Scientific Council, our governing body responsible for setting the ERC strategy, all 2020 evaluations from mid-March on, were conducted fully remotely, and the interviews that are usually part of the Starting Grant step 2 evaluations were suspended in June to ensure that the agency could maintain its planned evaluation schedule. In September, then, the agency rebounded and held Synergy and Consolidator Grant interviews as video conferences with applicants and panel members attending online from all over the globe. Another operational consequence was a flood of over 1 000 additional amendment requests that the agency staff treated.

The agency conducted a portfolio analysis of projects linked to understanding the pandemic in general and its consequences for health, society and the economy, identifying over 185 ERC projects researching various facets of this societal challenge. Notably, two ERC principal investigators - Prof. Uğur Şahin (CEO of BioNTech) and Prof. Adrian Hill (The University of Oxford) - have been at the forefront of developing two different Covid-19 vaccines.

In the annual risk assessment exercise, the agency identified a high risk - which materialised - related to the delay in the launch of Horizon Europe and of the delegation acts for the executive agencies due to the late adoption of a new Union budget for the next MFF². The ERCEA has cooperated and remains collaborating closely with the parent DG, DG Research and Innovation, in order to maintain its 2021 call calendar. This is important because the scientific community has been waiting for the first ERC calls to open, and the agency wants to consume its 2021 operational budget as fully as possible.

The topic of the ERC's annual workshop, held in November, was "Sex and Gender Dimension in Frontier Research"³. The ERC Scientific Council and Executive Agency organised this event

² Finally agreed in December 2020

³ <https://erc.europa.eu/event/sex-and-gender-dimension-frontier-research>

virtually. Commissioners Gabriel and Dalli supported the day with video messages for the opening address and a speech at the policy dialogue respectively. Over 800 speakers and participants from all over the globe logged in; they represented academia, government and industry.

While 2020 was a challenging year, the ERCEA maintained its excellent performance, and I wish to thank all the staff and the governing bodies for their sustained commitment.

EXECUTIVE SUMMARY

This Annual Activity Report is a management report of the ERCEA Director to the College of Commissioners. Annual Activity Reports are the main instrument of management accountability within the Commission and constitute the basis on which the College takes political responsibility for the decisions it takes as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties⁴.

a) Highlights of the year

The negotiations for the establishment of the new MFF 2021-2027 and Horizon Europe have been finalised with the ERC securing a budget of over 16 billion euro for the upcoming seven-year period. The Trade and Cooperation Agreement between the European Union and the United Kingdom (UK) has also been concluded with the UK continuing to participate in the next research framework programme as an associated country.

With overarching deliberations concluded, the ERCEA, in close cooperation with the Scientific Council and the Commission, is working hard to finalise the legal and administrative preparations in order to launch the first Annual Work Programme of the new programming period, and the first calls of Horizon Europe as soon as possible.

There have also been some changes in the composition of the Scientific Council of the ERC. Following the early resignation of the new ERC President, Professor Mauro Ferrari at the beginning of 2020, the former President Professor Jean-Pierre Bourguignon was appointed as ERC President ad interim. The search process for the next President was launched. The appointment could take place at the end of the first quarter of 2021. The year 2020 also saw two new vice-Presidents being selected and five new Council Members being appointed to take up duties in 2021. Finally the agency's acting Director Waldemar Kütt was formally appointed as Director in May 2020.

In 2020, the ERC has been further expanding its international dimension, with two new signed Implementing Arrangements, respectively, with the Japan Agency for Medical Research and Development (AMED) on 13 November 2020, and the Indian Council of Social Science Research (ICSSR) on 28 October 2020. The arrangements will allow Japanese and Indian scientists to temporarily join a research team run by an ERC grantee.

In addition, the agency continued to monitor the output and impact of projects funded by the ERC. Horizon 2020 (H2020) ERC-funded projects have produced over 180 000 scientific publications, out of which, 7% being among the 1% most highly-cited worldwide, exceeding the target of 1.8%. In addition, between 2009 and 2020, 10 285 international prizes have been awarded to ERC-funded researchers, which significantly exceeds the established target of 200 prizes by 2020. This is an evidence of the quality and high scientific standing of ERC-funded research. Furthermore, an ex-post peer-review of 225 completed ERC projects, funded under the Seventh Framework Programme, has concluded that nearly 80% of these projects have led to a scientific breakthrough or a major scientific advance.

⁴ Article 17(1) of the Treaty on European Union

Not only is ERC-funded research responding to the above, but also studying phenomena and delivering solutions to challenges like pollution, congestion, consequences of armed conflict, economic hardship, and the inequalities in society that are still present today.

Feedback to policy (F2P) will be a new delegated activity to agency under Horizon Europe (HE). In this context, the agency has been closely involved in the development of the F2P framework for HE and participates in the new Evaluation and Analysis Virtual Entity (EAVE). The EAVE will be responsible for carrying out the ex post evaluation of H2020 and for monitoring HE against the Key Impact Pathways. The ERCEA also participated in the new inter-DG group for the Covid-19 impact pilot. The latter piloted the general F2P evaluation and analysis approaches on the portfolio of projects funded by H2020 related to the pandemic. The outcome of this pilot was presented in a dedicated ad-hoc meeting of the CIC⁵ in December 2020 and was considered as a successful F2P example from a bottom-up programme.

In addition, the need to address to F2P in a more systematic and coherent manner, was identified as a key strategic priority for the agency. As a result, and in the context of the establishment of a broader Continuous Improvement Programme, a dedicated project was launched in December to develop the agency's strategy for F2P aiming at: i) developing a more efficient and coordinated approach to knowledge management, by integrating current data resources and ii) to improve our capacity to readily explore the scientific landscape of the ERC project portfolio and better capture its impact and outputs. The project is expected to deliver a draft strategy by end June 2021.

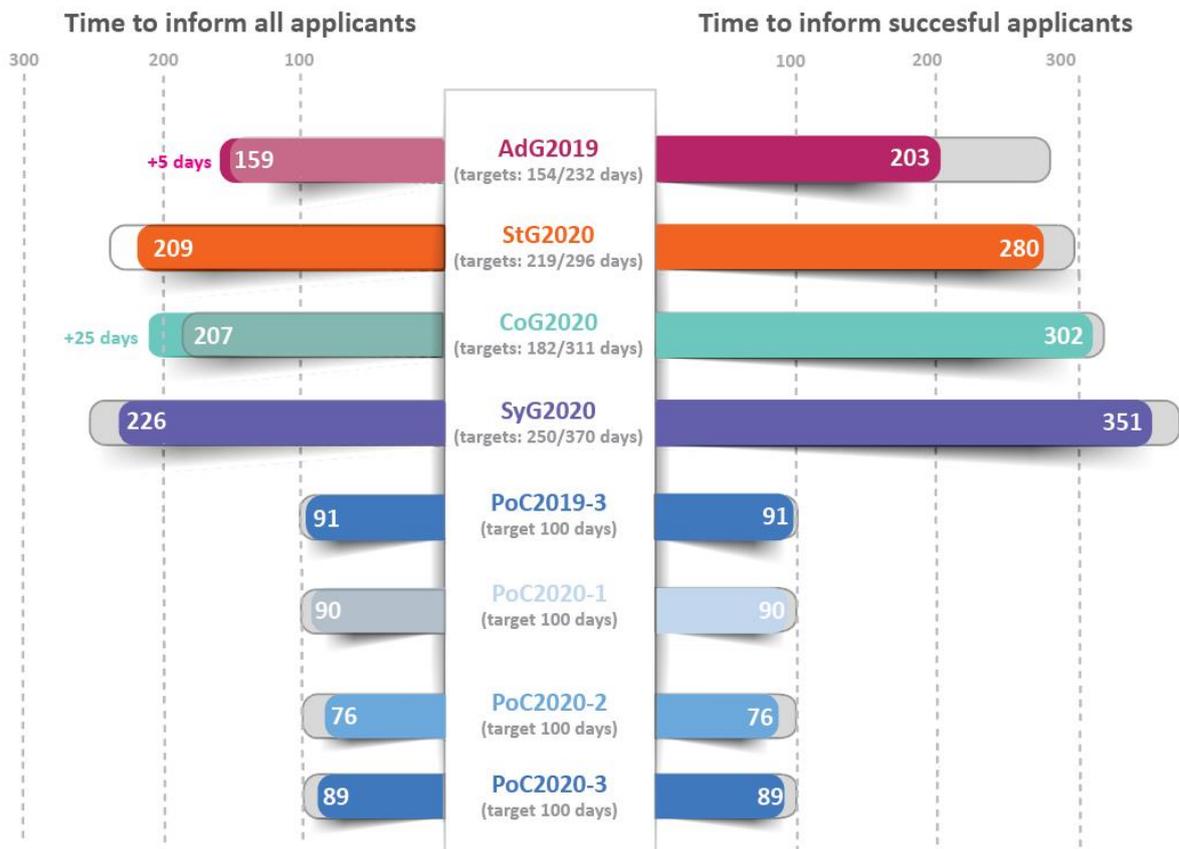
Last but not least, the year 2020 has brought many unexpected and unforeseen challenges. The Coronavirus pandemic has led to the adaptation of all agency processes aligning to the new realities of remote working. Since mid-March 2020, all evaluation panel meetings, Scientific Council meetings, ERCEA deliberations, and planned workshops have taken place virtually. Indeed, four major evaluations being completed as scheduled in 2020, and one evaluation were on track to be completed in early 2021.

⁵ Common Implementation Center

b) Key Performance Indicators (KPIs)

The results of ERCEA's five key performance indicators, together with their targets, reflect what was laid out in the agency's 2020 Annual Work Programme.

1. Time to inform:

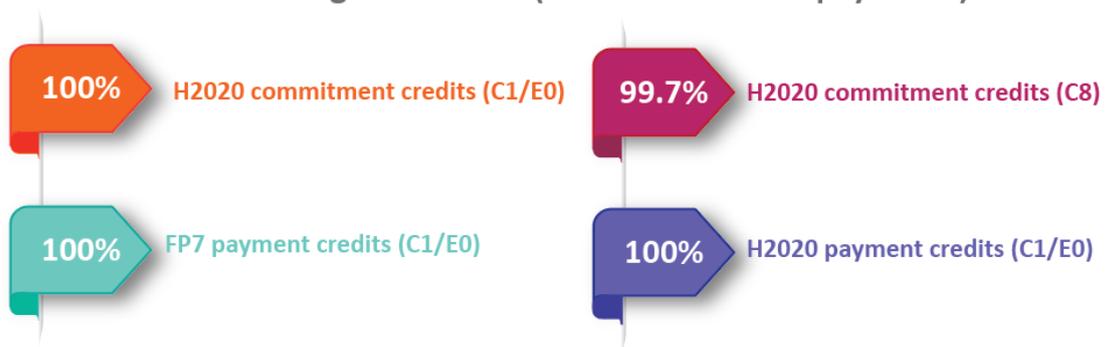


(Source of data: COMPASS)

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2. Budget execution:

Budget execution (commitments and payments)



(Source of data: ABAC Data Warehouse)

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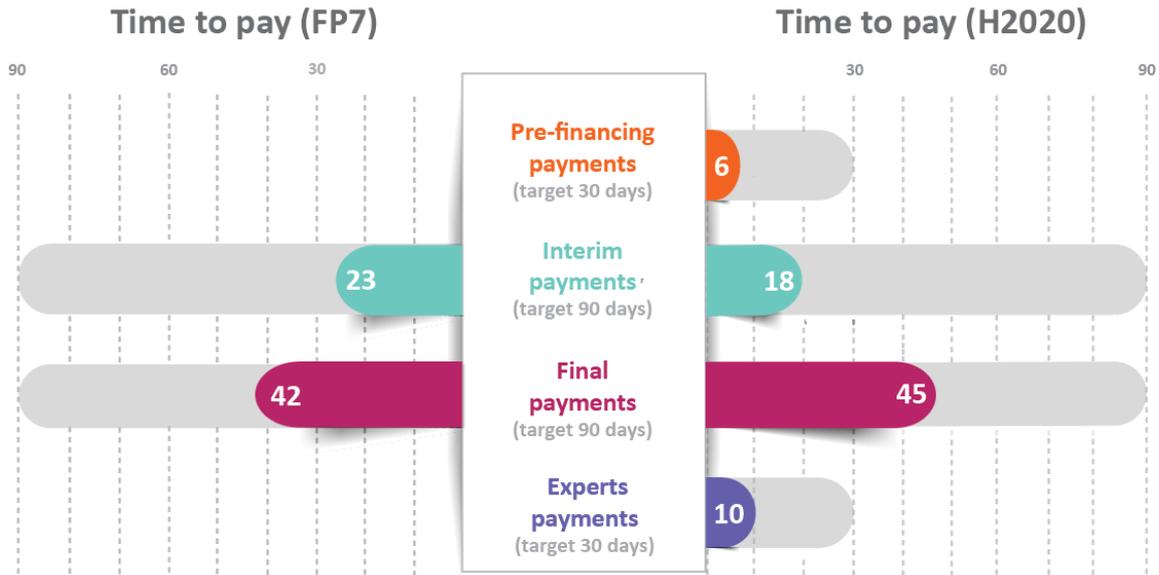
3. Time to sign:



(Source of data: COMPASS)

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4. Time to pay:



(Source of data: ABAC Data Warehouse)

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5. Error rates:



(Source of data: CAS for H2020, Internal follow-up tool + AUDEX + CORDA for FP7)

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All ERCEA key performance indicators have been met with the exception of two noted minor deviations⁶ of the time to inform all applicants (2019 Advanced Grant and 2020 Consolidator Grant calls).

⁶ Mainly due to the tight call calendar.

c) Key conclusions on Financial management and Internal control

In accordance with the governance arrangements of the European Commission, ERCEA conducts its operations in compliance with the applicable laws and regulations, working in an open and transparent manner and meeting the expected high level of professional and ethical standards.

To ensure the achievement of policy and management objectives, the Commission has adopted a set of internal control principles, based on international good practice. The financial regulation requires that the organisational structure and the internal control systems used to implement the budget be set up in accordance with these principles. ERCEA assessed its internal control systems during the reporting year and concluded that all internal control principles are present and functioning. Please refer to AAR section [2.1.3](#) for further details.

In addition, ERCEA has systematically examined the available control results and indicators, as well as the observations and recommendations issued by the Internal Audit Service and the European Court of Auditors, to determine their impact on management's assurance as regards the achievement of the control objectives. Please refer to Section [2.1](#) for further details.

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended, risks are being appropriately monitored and mitigated, and necessary improvements and reinforcements are being implemented. The Director, in his capacity as Authorising Officer by Delegation for the operational budget and as Authorising Officer for the operating budget has signed the Declaration of Assurance.

d) Provision of information to the Commissioner

During the year regular meetings take place between the Director and DG Research & Innovation on management matters. During these meetings the main elements of this report and assurance declaration have been brought to the attention of DG Research & Innovation's Director-General. This latter has considered these elements for his reporting to Commissioner Mariya Gabriel, responsible for Research, Innovation, Culture, Education and Youth. These elements have also been reported to the ERCEA's Steering Committee.

e) Specific actions on COVID-19

In 2020, Europe was strongly impacted by the Covid-19 pandemic. The Commission has proposed a strong and coordinated response to the health crisis as well as to the impact on Europe's economy and society. Covid-19 has also posed challenges as regards performance, control, audit and assurance in relation to the 2020 EU budget. In an exercise coordinated at corporate level, all Commission services have promoted the consistent and rigorous protection of the EU budget ensuring that appropriate mitigating measures were put in place.

At the ERCEA, the director created a crisis management team around the primary business continuity players. This crisis management team coordinated the agency's central response to the business continuity guidance received from the central services services, developed and implemented an effective crisis management approach⁷ including several actions to maintain and foster the feeling of belonging to the agency community. The transition to an almost exclusive teleworking work environment proved to be a challenge, addressed by the agency's demonstrated resilience and adaptability. Thus, the ERCEA kept its original planning during this Covid-19 crisis.

Both operational departments established highly effective task forces to adapt their core business to the new situation. This meant moving all evaluation panel meetings first into a hybrid, then an exclusive videoconferencing environment – including the organisation of remote interviews with 1 198 candidates for funding – and handling about 1 000 additional amendment requests (compared to 2019).

The ERCEA participated in an initiative launched by DG Research and Innovation to identify ERC-funded research projects that contribute to the response to the Covid-19 pandemic by providing insights from many different scientific fields. Related projects worth over a total of € 100 million of funding were identified already in April 2020. Also, more grantees stated that they planned to use the flexibility inherent in ERC funding to adjust their research projects and address Covid-19 issues. A list of relevant projects is available on the ERC website⁸.

Thanks to enormous staff efforts addressing the increased workload, the agency's business continuity was ensured.

⁷ Including staff support in its transition to working from home, update of the lists of critical staff and monitoring of the agency's occupancy rates. In addition, the logistics team worked to equip the building with signage, disinfectant gel and additional soap dispensers, organised the availability of masks and the HR team developed a teleworking from abroad policy for staff in situations of hardship.

⁸ <https://erc.europa.eu/list-erc-funded-research-projects-related-coronavirus>

1. Implementation of the Agency's Annual Work programme - Highlights of the year

ERC's Specific Objectives and Result Indicators – FP7 and H2020

Reflecting the two tier-structure of the European Research Council, the ERC Scientific Council establishes annually its Work Programme, which is subsequently adopted by the Commission. It defines the specific objectives and result indicators disclosed below.

These derive from the general targets of the FP7 “Ideas” Specific Programme and H2020 Specific Programme and from the Commission’s policy objectives in the area of research that may be found in the related legal basis and in the 2016-2020 and 2020-2024 Strategic Plans of DG Research and Innovation. These objectives and indicators are reflected in the ERCEA Annual Work Programme, linking the ERC Scientific Council's strategy and the corresponding ERCEA implementation objectives. The latter are reported in more detail below.

The fundamental activity of the ERC, both under FP7 and H2020, is to provide substantial, five-year long⁹ funding to excellent researchers - and their research teams – who work in Europe pursuing ground-breaking frontier research that aspires to advancing the frontiers of knowledge. ERC-supported researchers are selected on the basis of the most ambitious research ideas and their previous achievements. They cover all areas of science and scholarship, from the physical sciences and engineering to life sciences, social sciences and humanities. Awards are granted solely based on the scientific quality of the applications with no predetermined priorities, targets or quotas. The level of the competition guarantees distinction (success rates ranging from 10% to 16% depending on the grant schemes¹⁰). Being awarded an ERC grant is synonymous with scientific excellence for the worldwide scientific community.

ERC funding instruments and H2020 2019 and 2020 Calls for Proposals

The European Research Council Executive Agency contributed in 2020 to achieving the von der Leyen Commission's general objective “An economy that works for people¹¹” as well as DG Research & Innovation's specific objective related to the implementation of H2020¹². By providing opportunities to non-EU researchers who wish to work in Europe and offering the possibility for one outside-ERA researcher to join a Synergy Grant team the ERCEA also contributed to the DG's “*open to the world*” priority.

The ERCEA will contribute to all priorities of the 2020-2024 Commission, thanks to the bottom-up nature of the ERC funding and the significant number of grants awarded each year. The agency will be able to illustrate its support to its parent DG and to the

⁹ The Synergy call boosts 6-years long funding and the Proof of Concept 1.5 years

¹⁰ Excluding the Proof of Concept scheme

¹¹ Corresponding to the Commission objective “A new boost for Jobs, Growth and Investment” reflected in ERCEA Annual Work Programme 2020.

¹² Namely specific objective 1.3 of DG Research & Innovation Strategic Plan 2016-2020: *To ensure an effective and efficient implementation of Horizon 2020 and other Research & Innovation programmes and maximise synergies.*

Commission's priorities 2020-2024 when the first HE calls are completed as it is not possible to plan in advance to which of these priorities the submitted proposals will support.

In 2020, the ERCEA implemented the H2020 specific objective "Strengthening Frontier Research through the activities of European Research Council" (part I "Excellent Science" of the H2020 Specific Programme¹³), through the five calls for proposals shown below:

Call identifier	Opening date	Closing date	Indicative n° of outputs	Output 31/12/20 ¹⁴
ERC-2020-StG – Starting Grant	17/07/2019	16/10/2019	455	381
ERC-2020-CoG – Consolidator Grant	24/10/2019	04/02/2020	343	31
ERC-2020-AdG – Advanced Grant	14/05/2020	26/08/2020	209	On-going
ERC-2020-SyG – Synergy Grant	18/07/2019	05/11/2019	39	7
ERC-2020-PoC – Proof of Concept	15/10/2019	1) 21/01/2020 2) 23/04/2020 3) 17/09/2020	167	1) 55 2) 47 3) 0 ¹⁵

The call planning including the evaluation of the submitted proposals was strictly respected. All proposals selected for granting under the ERC's 2019 calls were signed in the course of 2020 (if not already signed in 2019).

The number of proposals retained for funding (main list and reserve list proposals) of the 2020 calls met the ERC and ERCEA Work Programmes' targets. The evaluation of the 2020 Advanced Grant call was still ongoing at the time of writing, and results will be available later in 2021.

¹³ Cf. Council Decision 2013/743/EU of 3/12/2013 establishing the specific programme implementing Horizon 2020 – The Framework Programme for Research & Innovation (2014-2020) (OJ L347, 20/12/2013).

¹⁴ Granting completion rate: StG 87.2%; for CoG 9.5%; for PoC 62.2% and for SYG 20.6%.

¹⁵ As per the ERC Work Programme 2020, the indicative date for the signature of the grants is 17/04/2021.

Relevant general objective: <i>A new boost for Jobs, Growth and investment</i>		Parent DG: <i>DG RTD</i>	
RTD Specific objective: <i>To ensure an effective and efficient implementation of Horizon 2020 and other RTD programmes and maximise synergies</i>		Related to spending programme: <i>H2020</i>	
ERC Specific objective: <i>Excellent Science – European Research Council (ERC) – Strengthening frontier research</i>¹⁶		Related to spending programme: <i>H2020</i>	
Main outputs in 2020:			
Outputs	Indicators	2020 Targets	2020 Results
Launch of calls for proposals ¹⁷	% of calls for proposals successfully launched according to agreed deadlines	100 %	100%
Evaluation of calls	% of 2020 calls evaluated in 2020 % of 2019 calls evaluated in 2020	100% of 4 2020 calls ¹⁸ 100% of 1 2019 call ¹⁹	100% for 2020 (AdG 2020 Step 2 will be completed in early 2021) 100% for 2019 (AdG 2019 completed)
Grants signed in 2020	Proposals selected under 2019 calls granted in 2020	100% ²⁰	100%

The agency achieved its annual performance indicators, outputs and milestones and thereby successfully supported the ERC specific multiannual objective of strengthening frontier science in Europe.

¹⁶ The ERC Specific objective (provided by Article 3 of Council Decision 2013/743/EU of 3/12/2013) has been included by DG Research & Innovation, the parent DG, into the following global specific objective: *To ensure an effective and efficient implementation of Horizon 2020 and other Research & Innovation programmes and maximise synergies* whilst the relevant general objective is: *A new Boost for Jobs, Growth and Investment*.

¹⁷ Some ERC 2020 calls were launched in 2019 further to the adoption of the ERC WP 2020 by the Commission in 2019.

¹⁸ Namely ERC-2020 StG-Starting Grant, ERC-2020 CoG-Consolidator Grant, ERC-2020 SyG – Synergy Grant and ERC-2020 – PoC – Proof of Concept.

¹⁹ Namely ERC-2019-AdG – Advanced Grant.

²⁰ Covering all successfully concluded grants *e.g.* excluding terminations, withdrawals etc.

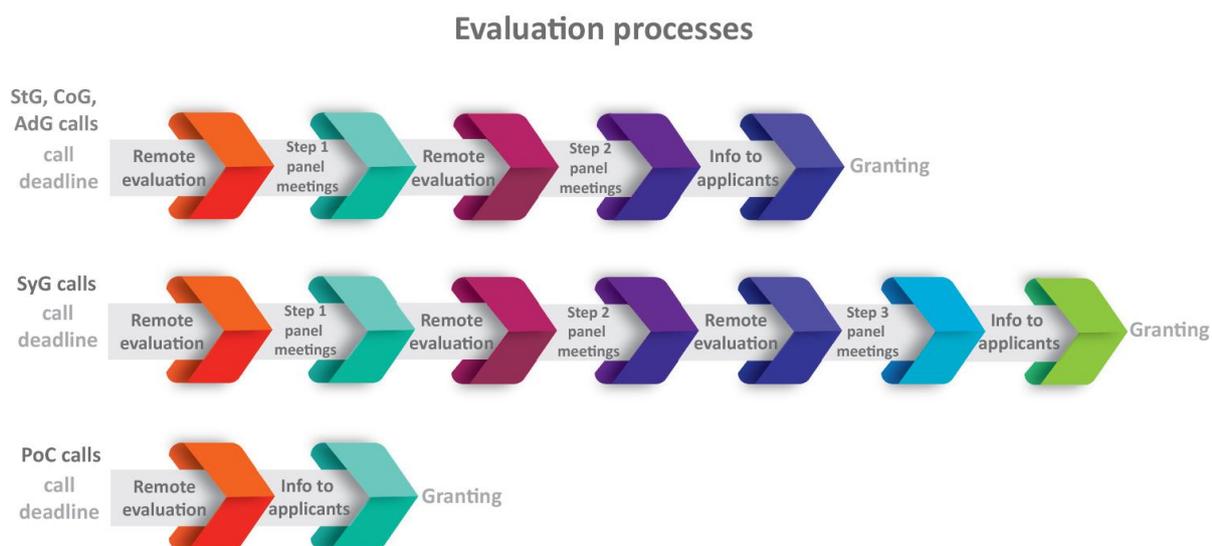
1.1.H2020 “Strengthening Frontier Research” and FP7 “Ideas” programmes implementation

The pandemic outbreak forced the agency to adapt its working methods to this unprecedented situation. Since March 2020, all evaluation panel meetings were organised remotely. Despite this challenging transition and thanks to thorough risk mitigation, all evaluations were finished on time.

At the very beginning of the Covid-19 crisis, prior to the lock-down, the Scientific Management Department set up its “Contingency Task Force” which is still in place and meeting weekly. It groups call coordinators, heads of sector and scientific officers (SOs). Its purpose is to prepare all documents and information needed to run remote panels as well as guidelines for the SOs. Other activities encompass the organisation of training, information coordination for ERC panel members, preparation of template emails and reporting back to the management. The task force aims to anticipate as many issues as possible and addresses them swiftly.

The Grant Management Department continued to apply a customer-orientated approach towards the host institutions, especially during the Covid-19 crisis, and ensured personalised attention and fast responses to a very significant number of queries. The Payments' Business Process working group assured coherent interpretation and application of the rules across the units in the financial transactions. To minimise the risk of error, the payment processes both for the FP7 legacy and for H2020 projects were reviewed.

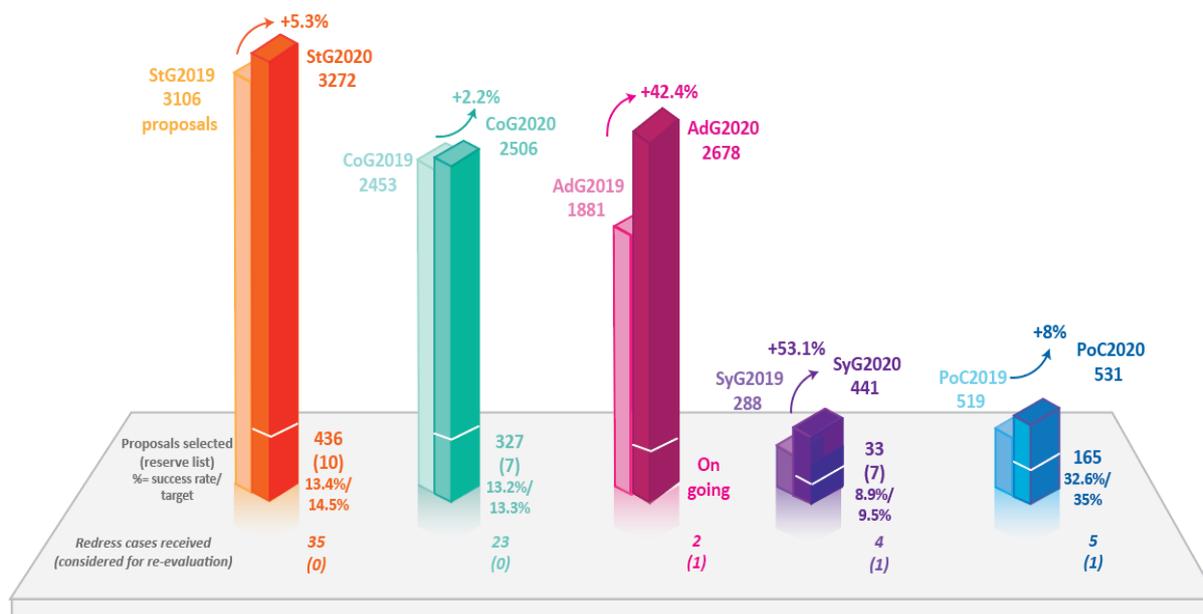
1.1.1. Implementation of H2020 calls for proposals financed under the 2020 budget commitment appropriations



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Overall, in response to the 2020 ERC calls applicants submitted a total of 9 428 proposals (StG+CoG+AdG+SyG+PoC), an increase of 14.3% in submissions compared to 2019.

% increase/decrease of submissions to 2020 calls and selected proposals



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The agency observed record increases of 53% to SyG-2020 and 42.4% to AdG-2020. The ERC Scientific Council had communicated a priori that the 2021 ERC Work Programme would not contain a Synergy Grant call²¹. Also, the research community reacted to the uncertainty around the time of adoption of the new Horizon Europe Framework Programme.

The 2020 commitment credits²² (total amount of € 2.22 billion) were booked on the basis of the ERC Financing Decision, since the evaluation process of the Advanced Grant 2020 call was not yet concluded.

521 grants resulting from the 2020 ERC calls were signed in 2020 for a total amount of € 736.14 million. The granting activity for most of the 2020 calls started in late 2020 (in line with the call calendar), and reached completion rates exceeding the ones achieved in 2019 except for the CoG scheme. Furthermore, 657²³ grants and their budgetary commitments originating from the 2019 ERC calls for proposals were signed during 2020, completing the granting of the 2019 calls.

The following table shows the results of the evaluation of the H2020 2019-2020 calls, including signed grants and pre-financings paid in 2020.

²¹ Cf. <https://erc.europa.eu/news/transition-ERC-to-Horizon-Europe-Operational-considerations>

²² Covering commitments voted for the year and EFTA ones (C1/EO).

²³ In particular: 84 for StG, 271 for CoG, 185 for AdG, 90 for PoC as well as 27 for SyG.

Implementation of calls in 2020²⁴

Calls implemented in 2020	Call deadlines		Indicative budget (€ Mio)	Number of proposals				Grants signed		Preparation failed	Of which pre-financing paid € Mio
	Opening dates	Closing dates		Submitted proposals	Ineligible (% of submitted proposals)	Main list – invited (not reserve)	Success rate	Number	€ Mio		
ERC-2019-StG – Starting Grant	14/09/2018	17/10/2018	580	3 106	1.0%	381	12.3%	84	128.4 M	1	81 (49.3M)
ERC-2019-CoG – Consolidator G	24/10/2018	07/02/2019	602	2 453	1.1%	301	12.3%	271	544.8 M	2	252 (202M)
ERC-2019-PoC – Proof of Concept	16/10/2018	1)22/01/2019 2)25/04/2019 3)19/09/2019	25	519	2.9%	193	37.2%	90	13.5 M	0	89 (10.7M)
ERC-2019-SyG – Synergy Grant	14/09/2018	08/11/2018	400	288	1.0%	38	13.2%	27	273.7 M	0	27 (111.6M)
ERC-2019-AdG – Advanced Grant	21/05/2019	29/08/2019	391	1 881	2.3%	161	8.6%	185	450.2 M	2	156 (152.6M)
ERC-2020-StG – Starting Grant	17/07/2019	16/10/2019	677	3272	0.6%	436	13.3%	381	590.1 M	1	156 (94.5M)
ERC-2020-CoG – Consolidator G	24/10/2019	04/02/2020	657	2506	1.4%	327	13.0%	31	60.5 M	0	1 (0.8M)
ERC-2020-AdG – Advanced Grant	14/05/2020	26/08/2020	492	2678	2.5%	On-going	On-going	0	0	0	0
ERC-2020-SyG – Synergy Grant	18/07/2019	05/11/2019	350	441	0.5%	33	7.5%	7	70.2 M	0	1 (2.3M)
ERC-2020-PoC – Proof of Concept	15/10/2019	1) 21/01/2020 2) 23/04/2020 3) 17/09/2020	25	531	3.4%	165	31.1%	102	15.3 M	0	85 (10.2M)

²⁴ Results in light grey were already reported in the 2019 AAR, while those in light orange refer to 2020.

1.1.2. Implementation of H2020 and FP7 calls financed under previous year's budget (2007-2013)

The following table provides an overview on the implementation of calls charged to the previous year's budget, highlighting the volume of ERCEA's grant preparations, pre-financing, interim and final payments.

Calls	Running projects 01/01/2020		Grants signed in 2020		Payments made in 2020		Projects closed in 2020		Running projects 31/12/2020	
	Number	Open balance Mio €	Number	Mio €	Number	Mio €	Number	De-commitments Mio €	Number	Open balance Mio €
FP7										
StG	207	21.4	-	-	98	11.7	163	6	44	3.7
CoG	226	42.2	-	-	148	23.5	134	5.6	92	13.1
AdG	259	42.8	-	-	108	20.9	193	13.7	66	8.2
PoC	-	-	-	-	-	-	-	-	-	-
SyG	21	30.6	-	-	10	10.9	5	0.5	16	19.2
Total FP7	713	137	-	-	364	67	495	25.8	218	44.2
H2020										
StG	2237	1557.6	465	718.5	1716	646	105	8.2	2597	1621.9
CoG	1639	1411.6	302	605.3	1341	649	36	3.1	1905	1364.8
AdG	1187	1245	185	450.2	871	524.2	11	3	1361	1168
PoC	337	12.9	192	28.8	321	27.1	129	0.5	400	14.1
SyG	38	252	34	343.9	47	162.6	0	-	72	433.3
Total H2020	5438	4479.1	1178	2146.7	4296	2008.9	281	14.8	6335	4602.1
Grand total	6151	4616.1	1178	2146.7	4660	2075.9	776	40.6	6553	4646.3

Each financial year, the agency processes grant agreements and budgetary commitments (so-called C8 credits) from the calls of the previous year and proceeds with the global commitments (per call - under C1 credits) and the granting for the calls of the given year as soon as the evaluation results become available.

Overall, the agency concluded 1 178 grant agreements in 2020 totalling to € 2 146.75²⁵ million; € 1 410.61 million for projects selected in the 2019 calls (representing 657 grants). The related C8 credits linked to L1 (global) commitments for the 2019 calls reached 100% execution by means of L2 (individual) commitments. 521 grants related to the 2020 calls were signed for an amount of € 736.14 million. The granting activity for the 2020 calls started in the second half of 2020²⁶ and reached the following completion rates: StG 87.2%; CoG 9.5%; PoC 61.4% and SyG 20.6% These completion rates exceeded those of 2019²⁷.

The agency's financial officers carried out 4 660 payments²⁸ in 2020 (vs. 4 808 in 2019), representing a decrease of 3% compared to 2019. 4 296 payments related to H2020 and 364 to FP7.

In line with the programmes' maturity, H2020 payments were mainly interim payments (2 830 vs. 2 177 in 2019) for an amount of € 1 093.8 million. 1 199 were pre-financing payments (vs. 1 147 in 2019) summing up to € 893 million and 267 final payments (vs. 203 in 2019) for a total of € 22.2 million.

Payments related to FP7, worth a total of € 67.04 million, were mainly final payments (324 vs 805 in 2019) and interim payments (40 vs. 475 in 2019), respectively worth €57.7 million and € 9.3 million.

At year-end, the total ERCEA grant portfolio encompassing both FP7 and H2020 projects counted a total of 6 553 running grant agreements, including 218 for FP7 worth € 44.2 million and 6 335 grants for H2020 worth € 4 602.1 million.

Throughout 2020, 5 006 expert payments were processed representing a sharp decrease of 26.4% in comparison with 2019 (6 802). This cutback was linked to the Covid-19 pandemic during which experts travelled to Brussels less and induced fewer daily allowance and accommodation costs.

1.1.3. Amendments to grant agreements

During 2020, 2 466 new amendments were requested (2 404 for H2020 and 62 for FP7) by beneficiaries, and 2 200 amendments were signed. This represents an overall increase of about 142 % compared to year end 2019; many amendmend requests were directly linked to working conditions during the pandemic.

For grants that had already been signed but not yet started, beneficiaries could postpone the action's start date via an amendment. For ongoing grants, the beneficiaries could

²⁵ Corresponding number of grants, please refer to the table under 1.1.2.

²⁶ With the exception of POC-1 call started in April 2020.

²⁷ AAR 2019, page 14: completion rates: StG 79.2%; CoG 14.5%; PoC 54.8%; SyG 28.9%.

²⁸ Expert payments not included.

request an extension of the action's duration up to six-month automatically via an amendment. A simplified and speedy amendment procedure was put in place for the above-mentioned cases, which improved the efficiency in dealing with a significant increased amount of amendments and shortened the time to amend (TTA).

The highest number of H2020 amendments this year concerned the Starting Grants, followed by the Consolidator Grants (as in 2019). Most of the H2020 amendments dealt with changes of reporting periods or the actions' duration, whereas FP7 amendments were mostly related to modifications of the grant duration and modifications of annex 1 of the grant agreement.

In 2020, the number of amendments requesting a modification of the grants' duration increased by 610%²⁹.

Further, the agency registered 15 grant terminations³⁰ that were mostly triggered by moves to third countries or resignations of the principal investigators.

1.1.4. Implementation of ERCEA operating budget

The administrative budget for 2020 was initially adopted on 6 December 2019 (StC 061219/3b) for a total amount of € 53.840.700 and subsequently amended through written procedure by the Steering Committee on 17 September 2020, in the framework of the Global Transfer Exercise.

This amendment encompassed the return of € 1.662.205 to DG Research & Innovation, reflecting the steep decrease in consumption due to the Covid-19 crisis, and an amount that was reserved for a contribution to the SUMMA IT Tool (replacing ABAC), which was eventually paid by the parent DG.

Consequently, the total amended budget for 2020 amounted to € 52.178.495. The budget calculation was based on realistic scenarios on all budget items, including the updated assumption of a 0.9% salary indexation and the further fine-tuning of several budget lines.

The administrative budget structure remained, largely consistent with the ones from previous years, with the staff expenditure representing 80.66%, whereas the budget costs for the building, ICT and other operating expenditure represented 16.54%, and the programme management expenditure dropped from 4.9% in 2019 to 2.8% mainly due to the impact of Covid-19. Title 3 expenditure for programme management was the most impacted as its related expenditure involves travel for missions, external meetings and communication activities.

In addition, the administrative budget was modified five times by the ERCEA Steering Committee and the Director's decisions on budget line reallocations. In total, with one amendment and five budget transfers/modifications, the agency stayed within the internal

²⁹ Namely, 1.469 amendments requests to H2020 grant agreements were handled against 207 times in 2019.

³⁰ 1 case for FP7 (2 in 2019) and 14 for H2020 (17 in 2019).

indicator allowing six budget modifications/transfers per year and reached a budget execution of 99.73% in commitment credits.

1.2. Example of EU-added value of ERC funded projects

The rally to combat the Coronavirus pandemic has shown that continuous European support to research, and, in particular to frontier research, has yielded results that would not have been possible without competition for and funding of excellence science at European level.

Around 300 million euros have been allocated to over 185 ERC projects researching a wide range of topics related to the current coronavirus pandemic. Two of the ERC-funded researchers – Prof. Uğur Şahin (CEO of BioNTech) and Prof. Adrian Hill (The University of Oxford) – led developments on two different Covid-19 vaccines and brought them to the market with pharmaceutical partners.

Prof. Şahin received an ERC Advanced Grant in 2018 for the SUMMIT project, which explores potential use of novel mRNA vaccines in the treatment of cancer. It was this experience in trialling the vaccine as a cancer treatment that led Prof. Şahin to also investigate its application in the area of infectious disease. Subsequently, the insights obtained in the former have contributed to the development of the first Covid-19 vaccine (BioNTech and Pfizer) being approved for emergency use in a number of countries.



Prof. Adrian Hill received an ERC Advanced Grant in 2011 for his project IMMUNOGENE, which aimed at determining how the genetic make-up of an individual affected their susceptibility to disease and hence their response to vaccines. This frontier research has informed the current developments of an adeno-vector-based vaccine against Covid-19 developed jointly by the University of Oxford and AstraZeneca.

2. Modern and efficient administration and internal control

This section explains how the ERCEA delivered the achievements described in the previous section. It is divided into two subsections.

The first subsection reports the control results and other relevant information that supports the management's assurance on the achievement of the financial management and internal control objectives³¹. It includes additional information necessary to establish that the available evidence is reliable, complete and comprehensive. It covers all activities, programmes and management modes relevant to the agency.

The second subsection deals with the other components of organisational management: human resources, better regulation principles, information management and external communication.

2.1 Financial management and internal control

This section covers the control results and other relevant elements that support management's assurance. It is structured into (a) Control results, (b) Audit observations and recommendations, (c) Effectiveness of internal control systems, and resulting in (d) Conclusions on the assurance.

Assurance is provided on the basis of an objective examination of evidence of the effectiveness of risk management, control and governance processes.

This examination is carried out by management, who monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors. The results are explicitly documented and reported to the Director. The following reports have been considered:

- Management reports on control results;
- The contribution of the Head of Department in charge of Risk Management and Internal Control (RMIC), including the results of internal control monitoring at the agency, in particular the reports on recorded exceptions, non-compliance events and cases of 'confirmation of instructions' (Art 92.3 FR);
- The ERCEA reports of the ex-post audits results for FP7;
- The CAS reports of the ex-post audits results for H2020;
- The limited conclusion of the Internal Auditor on the state of control;
- The observations and recommendations reported by the Internal Audit Service (IAS);
- The observations and the recommendations reported by the European Court of Auditors (ECA).

These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information

³¹ Art 36.2 FR: a) effectiveness, efficiency and economy of operations; b) reliability of reporting; c) safeguarding of assets and information; d) prevention, detection, correction and follow-up of fraud and irregularities; and e) adequate management of risks relating to the legality and regularity of underlying transactions, taking into account the multiannual character of programmes as well as the nature of payments concerned.

reported and results in a complete coverage of the budget delegated to the Director of ERCEA.

2.1.1 Control results

This section reports and assesses the elements identified by management that support the assurance on the achievement of the internal control objectives³². The agency's assurance building and materiality criteria are outlined in AAR annex 5. Annex 6 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems.

Operational and administrative payments 2020							
		Payments made³⁵				Total administrative Expenditure (€)	% of total (adm-in/operational)
		Pre-financing (€)	Payments against cost statements (€)	Experts' payments (€)	Total operational expenditure (€)		
2020	FP7	0.00	67.037.624,28	0.00	67.037.624,28	52.967.622,64³⁴	2.5 %
	H2020	898.845.647,44	1.110.558.377,09	11.460.565,91	2.020.864.590,44		
	Total	898.845.647,44	1.177.596.001,37	11.460.565,91	2.087.902.214,72		

The H2020 and FP7 programmes are implemented under direct management mode.

The final available payment budget for H2020 of € 1 952.10 million and for FP7 of € 60.18 million in voted credits³⁵ was fully consumed. Payment transactions for operational expenditures consist of pre-financing, interim and final payments as well as regularisation and expert payments. Usually, a grant agreement of five years is financed by a pre-financing, paid at the start of the project, followed by three interim payments and one final payment.

In 2020, 56.7%³⁶ of the total amount executed were payments against cost statements, while the remaining 43.3%³⁷ of payments were pre-financing and expert payments, both assessed as low risk transactions in regard to the control objective related to the legality and regularity of underlying transactions. In addition, out of all 2020 payments against cost

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

³³ The figures in this table include all types of credits (fund sources), like the voted credits and assigned revenue.

³⁴ Total administrative expenditure: C1 payments (50 219 458.03€) + C8 payments (2 748 164.61€) = 52 967 622.64€

³⁵ Commitments voted for the year and EFTA ones (C1/E0).

³⁶ In 2019, 58.60% of the total amount executed concerned payments against cost statements, while the remaining 41.40% payments executed concerned pre-financings and expert payments.

³⁷ 41.40% of payments executed concerned pre-financings and expert payments in 2019.

statements, 5.7% related to FP7 and 94.3% to H2020, compared to 19.88% for FP7 and 80.12% for H2020 at year-end 2019.

The 2018 Financial Regulation introduced additional reporting requirements in the Annual Activity Report, which are presented hereafter:

- **Case of 'confirmation of instructions' (new FR art 92.3)**

No case was reported.

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

The H2020 ERC Model Grant Agreement uses a combination of actual costs, unit costs and flat rates (a combination of Article 125.1(b), (c) and (e) FR).

In addition to actual costs, the ERC MGA provides by default for:

Flat rates for indirect costs:

- 25% of direct costs (Article 5.2(a) of the MGA, Article 29 RfP).

Unit costs:

- Personnel costs of SME owners and natural persons not receiving a salary (Article 5.2(a) Commission Decision C(2013)8197);
- Personnel costs calculated in accordance with the beneficiary's usual cost accounting practice: Average personnel costs (Article 5.2(a) MGA, Article 33 H2020 RfP);
- Costs of internally invoiced goods and services calculated in accordance with the beneficiary's usual accounting practices (Article 5.2(d) MGA).

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

According to the H2020 Rules for Participation, indirect eligible costs of H2020 grants shall be determined by applying a flat rate of 25% of the total direct eligible costs. It is not a Commission decision, but the basic act that derogates from the Financial Regulation in this case. This applies to all H2020 grants, although in some cases the 25% could be directly embedded within a unit cost (e.g. unit cost for clinical studies).

- **Derogations from the principle of non-retroactivity pursuant to Article 193 of the Financial Regulation**

One grant agreement signed in 2020 derogates³⁸ from the principle of non-retroactivity pursuant to Article 193 of the Financial Regulation.

1. Effectiveness

In order to be considered effective, controls are expected to meet the internal control objectives (detailed hereafter) and for each of those controls, objectives result in benefits.

- **Legality and regularity of the transactions**

ERCEA is using internal control processes to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions it is responsible for,

³⁸ Anticipated project starting date is exceptionally accepted by the agency, for duly justified reasons, as to timely purchase equipment, recruit new staff or to maintain the continuity of the research team in case of successive grants.

taking into account the multiannual character of programmes and the nature of the payments concerned.

ERCEA FP7 and H2020 operational expenditures

The main indicators on legality and regularity³⁹ of EU Framework Programmes for Research and Innovation are:

- Representative detected error rate, based on errors detected by ex-post audits on a Common Representative Sample of cost claims across the Research and Innovation Family of DGs.
- Cumulative residual error rate, which is the extrapolated level of error after corrective measures have been implemented by the Commission services following the audits, accumulated on a multi-annual basis.

Due to its multi-annual nature, the effectiveness of the control strategy of the Research and Innovation Family, DGs can be measured and assessed fully only in the final stages of the EU Framework Programme for Research and Innovation, once the ex-post control strategy has been fully implemented and systematic errors have been detected and corrected.

The general objective of this control system are:

- for the Seventh Framework Programme for Research and Innovation (2007-2013, 'FP7') and the Research Fund for Coal and Steel (in DG Research and Innovation) to ensure that the cumulative residual error rate does not exceed 2% by the end of the Framework Programme's management cycle.
- for H2020 is to obtain a cumulative residual error rate within a range of 2-5 % aiming to be as close as possible to 2%, without necessarily expecting it to be lower than 2%.

Progress against these objectives is assessed annually based on the results of the implementation of the ex-post audit strategy and taking into account the frequency and importance of the detected errors along with cost-benefit considerations regarding the effort and resources needed to detect and correct the errors.

Because of the Covid-19 pandemic crisis and related travel limitations during 2020, the Common Audit Service (CAS) – in line with the instructions of the Commission – had to postpone on-the-spot missions until further notice. To minimise the impact of Covid-19 on the implementation of the audit campaign, the CAS converted traditional in-house audit assignments into desk audits, in line with international best practice and auditing standards. Regarding outsourced audits, the CAS instructed the audit firms to perform remotely the maximum possible number of audit tests while complementing those with on-the-spot audit missions once travel restrictions were eased.

Despite travel restrictions, and other challenges due to the pandemic, the CAS reached the remarkable result of finalising in 2020, audits on 790 participations corresponding to the 94% of the planned target.

³⁹ These indicators are described in annex 7.

ERCEA results of the ex post audits for FP7

The starting point for the calculation of the residual error rate in the Research Family is the Common Representative Audit Sample (CRaS), which aims at estimating on a multi-annual basis the error rate at the level of the programmes, across all the services involved in their management. However, since the risk profile of the "Ideas" programme is inherently lower when compared to the rest of the FP7⁴⁰, the ERCEA has adopted, since 2015, an alternative assessment to provide additional assurance on the ERC specific population. This is in line with AAR annex 5, in particular from the multi-annual (2009-2019) ERCEA residual error rate (based on ERCEA MUS sample).

At year-end 2020, the MUS sample is now fully completed. With a multi-annual detected error rate that amounted to 1.51 % and a final residual error of 1.10%, the ERCEA confirms its last results below the materiality threshold of 2% at the end of the "Ideas" programme, thus positively supporting the ERCEA 2020 Declaration of Assurance.

Research family results⁴¹ of the H2020 ex-post audits and expectations for H2020

In 2020, the Commission re-defined its methodology for calculating the H2020 error rates in line with the European Court of Auditors' observations in its 2018 and 2019 Annual Reports. The methodology applied is described in annex 5 'Materiality criteria'. The application of the revised methodology as of January 2020 on the 790 sampled items resulted in an error rate higher, on average, by 0.41% in comparison to the error rate calculated by applying the methodology used in the past. 0.41% has been used to top up the detected error rate for 2020 calculated according to the methodology used in the past. This results in the following error rates for H2020 on 31 December 2020:

- Representative detected error rate for the Research and Innovation Family DGs: 2.95%⁴² (2.15% based on ERCEA local representative sample),
- Cumulative residual error rate for the Research and Innovation Family DGs: 2.16% (1.69% for ERCEA, based on the Common Representative Sample).

The error rates presented above should be treated with caution. Since not all results of the three Common Representative Samples are available yet, the error rate is not fully representative of the expenditure being controlled. Moreover, the nature of expenditure in the first years of the programme may not be totally representative of the expenditure across the whole period.

Since H2020 is a multi-annual programme, the error rates, and especially the residual error rate, should be considered within a time perspective. Specifically, the cleansing effect of audits will tend to increase the difference between the representative detected error rate and the cumulative residual error rate, with the latter finishing at a lower value.

As was the case last year, there is evidence that the simplifications introduced in H2020, along with the ever-increasing experience acquired by the major beneficiaries, affect positively the number and level of errors. However, beneficiaries still make errors,

⁴⁰ Please refer to annex 7 for details.

⁴¹ Source of information: DG Research & Innovation - Common Audit Service.

⁴² Based on the 334 representative results out of the 467 expected in the three Common Representative Samples.

sometimes because they lack a thorough understanding of the rules, sometimes because they do not respect them.

Given the results of the audit campaign up until 2020, and the observations made by the European Court of Auditors in its 2018 and 2019 Annual Reports, the CIC is defining actions aiming at reducing further the multiannual error rate of H2020 in close cooperation with DG BUDG, SecGen and the IAS. Actions include further simplification, increased use of simplified forms of funding (including lump sums), focused communication campaigns to more “error-prone” types of beneficiaries with higher than average error rates, such as SMEs and newcomers to the programme, and enhanced training to internal project officers and External Audit Firms performing audits on behalf of the Commission. By focusing on the most common errors, these events will be short and simple, reaching more participants and achieving higher impact.

In the context of further reducing the error rates, the CIC will examine the existing tools for ex-ante controls. The CIC will carry out a consultation with the stakeholders in order to collect their views on what improvements should be developed in the grant management risk module or via additional business activity monitoring reports.

It should be noted that although the start of the implementation of these actions will be immediate, their positive effect in the form of reduction in the multiannual error rate may take time to materialise.

ERCEA specific error rates for H2020

The CAS reported the ERCEA representative detected error rate of 2.15%. For this Specific ERCEA random selection, 240 participations were selected (i.e. 80 participations to audit per year, starting from 2018), and 248 participations were audited by the end of 2020, thanks to buffers of first 13 participations already launched in 2017. This error rate is the average of all negative error rates of each audited participation. The completion of more than 100 % of this multi-annual target is representative, and provides a reasonable estimation of the ERCEA detected error rate.

Considering the above, ERCEA expects that the H2020 cumulative residual error rate will fall within the target range established in the Financial Statement⁴³, and therefore a reservation is not necessary for the H2020 expenditure.

ERCEA administrative expenditure

The 2020 result for ERCEA's administrative expenditure's error rate is 0.7%, below the target value of 1.5% and lower than the 2019 result (1.18%).

In the context of the protection of the EU budget, the DGs' estimated overall risk at payment, estimated future corrections and risk at closure are consolidated at Commission level. ERCEA's portfolio consists of segments with a relatively low error rate. This is,

⁴³ A cumulative residual error rate within a range of between 2-5 % and at the same time as close as possible to 2%, without necessarily expecting it to be under 2%.

respectively, thanks to the inherent risk profile of the programmes and the performance of the related control systems.

Conclusion on the overall risk at payment

ERCEA's relevant expenditure, estimated overall risk at payment, estimated future corrections and risk at closure are disclosed in Table 1.

The estimated overall risk at payment for 2020 expenditure amounts to 34.22 M€, representing 2.04% of the agency's total relevant expenditure for 2020. This is the AOD's best, conservative estimation of the amount of relevant expenditure during the year not in conformity with the contractual and regulatory provisions applicable at the time the payment was made.

This expenditure will subsequently be subject to ex-post controls and a proportion of the underlying errors will be detected and corrected in subsequent years. The conservatively estimated future corrections for 2020 expenditure amount to 4.22 M€. This is the amount of errors that the agency conservatively estimates will be identified and corrected by controls planned to be carried out in subsequent years.

The difference between those two amounts results in the estimated overall risk at closure of 30 M€, representing 1.79% of the agency's total relevant expenditure for 2020. Compared to last year, estimated overall risk at closure amounted to 13 M€, representing 0.79% of the agency's total relevant expenditure. This evolution results from an increased average error rate of 0.84%, in particular on H2020, combined with a decreased average recovery and correction rate of 0.17%.

In the context of the protection of the EU budget, the agency's estimated overall risk at payment, estimated future corrections and risk at closure are consolidated at Commission level in the AMPR⁴⁴.

⁴⁴ AMPR: Annual Management and Performance Report

Table 1 - Estimated overall risk at closure

ERCEA	"payments made" (FY; m€)	minus new prefinancing [plus retentions made*] (in FY; m€)	plus cleared prefinancing [minus retentions released* and deductions of expenditure made by MS] (in FY; m€)	= "relevant expenditure" (for the FY; m€)	Average Error Rate (weighted AER; %)	estimated overall risk at payment (FY; m€)	Average Recoveries and Corrections (adjusted ARC; %)	estimated future corrections [and deductions] (for FY; m€)	estimated overall risk at closure (m€)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Programme, Budget Line(s), or other relevant level	as per AAR annex 3, table 2	as per ABAC DWH BO report on prefinancing	as per ABAC DWH BO report on prefinancing	= (2) -/+ (3) +/- (4)	Detected error rates, or equivalent estimates	= (5) x (6)	H-ARC (as per ABAC DWH BO report on corrective capacity), <u>but adjusted</u>	= (5) x (8)	= (7) - (9)
FP7	67,04		96,69	163,73	1,51%	2,47	0,26%	0,43	2,05
H2020	2.020,86	898,85	337,55	1.450,56	2,15%	31,38	0,26%	3,79	27,59
Total operational budget	2.087,90	898,85	434,24	1.623,29	2,09%	33,85	0,26%	4,22	29,63
Total operating budget	52,98			52,98	0,70%	0,37			0,37
Overall ERCEA	2.140,88	898,85	434,24	1676,27	2,04%	= 34,22 mEUR; and 2,04% of (5)	0,25%	= 4,22 mEUR; and 0,25% of (5)	= 30,0 mEUR; and 1,79 % of (5)

Notes to the table 1:

- (1) Differentiated for the relevant portfolio segments at a level that is lower than the DG total.
- (2) Payments made or equivalent, e.g. expenditure registered in the Commission's accounting system, accepted expenditure or cleared pre-financing. In any case, this means after the preventive (ex-ante) control measures have already been implemented earlier in the cycle.
- (3) New pre-financing actually paid by out the department itself during the financial year (i.e. excluding any pre-financing received as a transfer from another department). "Pre-financing" is covered as in the context of note 2.5.1 to the Commission annual accounts (i.e. excluding "Other advances to Member States" (note 2.5.2) which is covered on a purely payment-made basis).
- (4) Pre-financing actually cleared during the financial year (i.e. their 'delta' in the Financial Year 'actuals', not their 'cut-off' based estimated 'consumption').
- (5) For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to legality & regularity errors (*see the ECA's Annual Report methodological annex 1.1*), our concept of "relevant expenditure" includes the payments made, subtracts the new pre-financing paid out, and adds the previous pre-financing actually cleared during the FY. This is a separate and 'hybrid' concept, intentionally combining elements from the budgetary accounting and from the general ledger accounting.
- (6) In order to calculate the weighted Average Error Rate (AER) for the total relevant expenditure in the reporting year, the detected error rates have been used for operational budget. For administrative expenditure, type of low-risk expenditure, the error rate resulting from ex-ante on salaries was used.
- (8) The historic average of recoveries and financial corrections (ARC) received from the central services is 0.26%. For other expenditures, ERCEA assumed that the ex-post future corrections would be 0%.

Other legality and regularity indicators

a) Evaluation

ERCEA 2020 AWP		
Ineligible proposals (not withdrawn)	2020 Target	31/12/2020
StG, CoG, AdG 2020	1.5%	1.4%
SyG 2020	2.0%	0.5%
PoC 2020	3.0%	3.4%
Evaluation complaints		
% of re-evaluations out of the overall proposals submitted and following requests for redress	All calls: 0.1%	0.03%

The above table presents the percentage of ineligible proposals and evaluation complaints. The average percentage of ineligible proposals for the 2020 Proof of Concept call (3.4%) slightly exceeded the target of 3%. For the third call deadline⁴⁵, applicants submitted a higher number of ineligible proposals (4.9%) with several inadmissible re-applications to a same call⁴⁶.

Only the 0.03% of submitted proposals were re-evaluated following a successful request for redress. The target for 2020 was 0.1%.

During the reporting period, the Commission received six requests for legal review in accordance with Article 22 of Regulation 58/2003 ('Article 22 requests') concerning ERCEA's decisions. The agency provided timely contributions to the parent DG in all cases. The Commission retained one complaint out of six. It concerns the decision to terminate a Grant Agreement preparation based on grounds of ineligibility reasons. ERCEA is launching the contradictory procedure and will subsequently decide about the rejection decision, once the complainant's arguments have been duly considered.

b) Grant preparation and signature

ERCEA 2020 AWP	2020 Target	31/12/2020	31/12/2019
% execution of L2/L1 commitment (C8)⁴⁷	100%	99.7%⁴⁸	99.99%

Source of data: ABAC

⁴⁵ Please refer to the call calendar page 13.

⁴⁶ Some applications were submitted more than once to a same call, infringing the ERC Work Programme 2020 that states "A Principal Investigator may submit only one application per call".

⁴⁷ The indicator for the percentage execution L2/L1 is dependent on the timing of the evaluation process.

⁴⁸ The overall H2020 L2/L1 commitment (C8) execution rate in 2020 stands at 99.7% and includes the open RAL of finalised projects which will be de-committed in 2021. The indicator computed on global individual legal commitments (L1) referring to 2019 calls only is 100%.

Throughout the year, 1 178 grant agreements for a total of € 2.146.75 million were signed, a comparable volume to the one of 2019.

ERCEA specific control indicators	31/12/2020
% of exclusion from granting process following financial viability checks	-
% of weak financial viability checks / total financial viability checks	20%

Source of data: CORDA

In 2020, five financial viability checks (FVC) were performed. They related to H2020 granting and amendments for change of Host Institution signed during this year.

The outcome of these checks was either ‘acceptable’ or ‘good’ with the exception of one granting case where the result was ‘weak’. For this specific case, it was decided that the linked third party involved in the project would sign the ‘Declaration on joint and several liability of linked third party’ (annex 3a of the grant agreement). Moreover, this project was put under “reinforced monitoring” with the purpose of verifying the FVC at the first reporting period and based on 2020 financial data.

c) Grant implementation

ERCEA control indicators – 2020						
Rejection of interim and final payment costs	Number of Invoices		Amount (€)		% of ineligible costs on total declared costs⁴⁹	
	H2020	FP7	H2020	FP7	H2020	FP7
Total declared cost	3 043	343	1 387 655 863.44	168 268 546.07		
Of which Ineligible costs declared⁵⁰	180	45	3 279 602.77	404 476.78	0.24%	0.24%

Source of data: DWH BO reports

The above table presents the ex-ante control results, reflecting the percentage of declared costs considered as ineligible.

- Fraud prevention, detection and correction

ERCEA has developed and implemented its own anti-fraud strategy since 2011, based on the methodology provided by OLAF⁵¹ and updated it in May 2020. Its implementation is being monitored and reported to the management on a regular basis. All necessary actions

⁴⁹ Covering ex-ante rejections by Financial Officers and independent certified auditors (CFS).

⁵⁰ Ineligible costs as identified in the recovery context of the respective cost claim (e.g. independent controls, community controls/desk checks and on the spot).

⁵¹ OLAF: European Anti-Fraud Office

have been implemented such as the fraud risk assessment, case handling and providing reinforced fraud arrangements.

ERCEA also contributed to the Commission anti-fraud strategy and followed up 100% of OLAF's financial recommendations. One recommendation is still under analysis.

The results achieved during the year, thanks to the anti-fraud measures in place, can be summarised as follows:

At year-end, 10 open cases⁵² were registered in ERCEA's register of irregularities and potential fraud ("ERCEA Fraud Register"), all related to the management of ERC grants/proposals. Three of these cases were under OLAF investigation⁵³ and none under OLAF selection. Four cases were under ERCEA's reinforced monitoring – including an EDES⁵⁴ case – as a precautionary measure to protect the agency financial interests. Three OLAF investigations were closed including two with recommendations to be implemented⁵⁵ by the end of 2020.

Based on the information available, ERCEA has reasonable assurance that the anti-fraud measures in place are effective.

- **Other control objectives: reliability of reporting**

Following the evaluation carried-out by DG BUDG, on behalf of the Accounting Officer of the Commission, of the accounting internal control environment in ERCEA, one recommendation remains open related to the complete registration of legal commitments resulting from expert contracts in the ABAC workflow⁵⁶. DG Research & Innovation has requested an exemption for the registration of expert contracts in ABAC LCK (Legal Commitment management)⁵⁷. The implementation of the recommendation is contingent on instructions still to be provided by DG BUDG.

Regarding the validation of local systems, DG BUDG assesses on a continuous basis the accounting risk for each DG, service or executive agency. In 2020 a new methodology was put in place in 2020; it is not comparable with that reported in previous years. In 2020, the accounting risk for ERCEA, as assessed by DG BUDG, is low⁵⁸, thus confirming the reliability of information in the accounts.

⁵² End of 2019, 10 cases were registered, 4 under OLAF investigations and 5 under ERCEA reinforced monitoring.

⁵³ Information received on 02/03/2021 that one of the cases is closed by OLAF without recommendation.

⁵⁴ EDES: Early Detection and Exclusion System

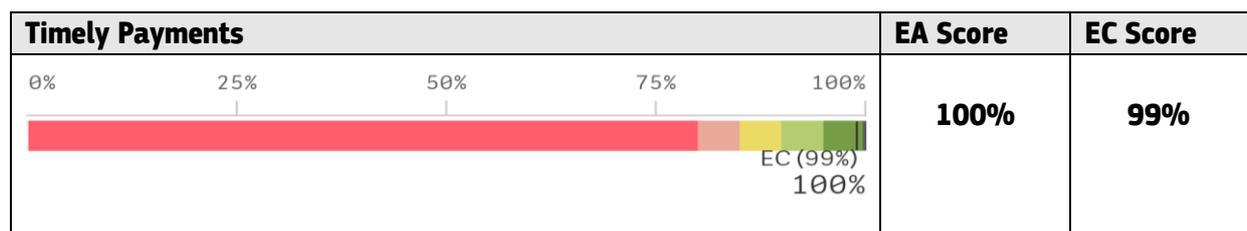
⁵⁵ One was implemented on time and the other one will be implemented in early 2021.

⁵⁶ Ares(2019)7518567 – 06/12/2019

⁵⁷ Ares(2018)4355007 – 23/08/2018

⁵⁸ Ares(2020)3008410 – 10/06/2020

2. Efficiency = the Time-to-... indicators and other efficiency indicators



In 2020, the “time to sign” (TTS) and “time to grant” (TTG) results of the 2019 calls met their AWP targets, confirming the already excellent 2019 results. It reaffirms the effectiveness of all measures ERCEA implemented in the past years for improving its KPI results (please see the detailed results in section 2.1.1.1 and annex 2).

ERCEA achieved its high efficiency in terms of “time to pay” as in the previous years, all types of payments (i.e. pre-financing, interim, final and expert payments) being well below their legal targets (please see the detailed results in section 2.1.1.1).

3. Economy = the estimated cost of controls

Operational budget	31/12/2020	31/12/2019
Total cost of fin. management & control⁵⁹ / total value of operational payments made (target: <3%)	2.5%	2.5%

4. Conclusion on the cost-effectiveness of controls

Cost-effectiveness indicators are provided for each control stage based on the number of posts allocated to activities, which results from a workload assessment performed during the last quarter of the year. In addition, an overall, agency-wide cost effectiveness indicator, comparing the 2020 administrative versus operational payments, was taken into account as well as an indicator per framework programme.

The result of the overall cost effectiveness indicator in 2020 (2.5%) is the same as to the one in 2019, remaining below its target value of 3%.

While most costs of controls are quantifiable in monetary terms, most of their undeniable benefits are not. The controls related to the scientific evaluation of applications ensure that the most meriting projects are funded following the sole criterion of “excellence”. They allow ERCEA to fulfil its mission statement and operational objectives. Benefits of grant implementation controls can be measured by the low error rate (0.24%) resulting from ex-ante controls for both H2020 and FP7 (even if these are weakened by the deliberate

⁵⁹ For a nearly 'pure' grant management DG/EA, this is approximated by comparing the administrative/operating budget to the total operational budget.

limitation of the depth of the ex-ante controls as part of the overall control framework established for FP7 and H2020). This is also supported by the level of the ex-ante error rate on the operating budget (0.7% versus 1.18% in 2019), which remained below its target. Non-quantifiable benefits of ex-post controls also bear an inherent deterrent effect, as beneficiaries will take extra care over the preparation of their cost claims knowing that on the spot audits may follow. Finally, the results of ex-post control provide a valuable feedback regarding the effectiveness of ex-ante controls. Ex-post control audits also result in reducing the exposure to future errors, thanks to guidance that is provided to audited beneficiaries.

Based on the most relevant key indicators and control results, ERCEA has assessed the effectiveness, efficiency and economy of its control system and reached a positive conclusion on the cost-effectiveness of the controls for which it is responsible.

2.1.1.1 Implementation of the internal control system for the operational budget

1. Effectiveness

○ Budget execution:

The operational appropriations are dissociated appropriations, meaning that ERCEA manages separate budgets for commitments and payments. In 2020, the global commitment budget of € 2 222.27 million was fully committed based on the 2020 ERC Financing Decision.

The execution of payments credits (H2020 of € 1 952.1 million and for FP7 of € 60.18 million) reached 100% for both grant implementation and experts.

While the trust-based approach is well routed in the ERCEA payments process as per the H2020 ex-ante control strategy, during 2020, the Grant Management Department applied effective desk controls and ensured a regular update of guides and procedures relevant to all key business processes and applicable to all financial actors. Moreover, it provided continuous support to beneficiaries with the aim to prevent errors, maintain the low error rate and meet the objective for legality and regularity of operations. The coherent interpretation and application of the rules across the units was ensured through the Payments' Business Process working group, which continued to review and coordinate both the FP7 legacy and H2020 operations, participating, in parallel, in the preparative work for the implementation of Horizon Europe.

The department was heavily impacted as from March 2020 and until the end of the year, grant implementation being disrupted due to delays in submission of reports/deliverables, closure of Host Institutions' premises/facilities, potential suspension of projects, HIs under financial difficulties, etc.

The ERCEA responded immediately, implementing the CIC guidance and flexibility measures towards beneficiaries as soon as these were available, further adapting them to the ERC needs. Nonetheless, the situation imposed a risk of negative impact on the budget's, timely consumption and execution. In addition, audit implementation related to FP7 ex-post audits in particular and CAS audits for H2020 were put at risk.

Furthermore, the increased workload from hundreds of queries and amendments and assimilation of new guidelines put a strain on staff, operating already with anticipated peaks not linked to Covid-19. Nonetheless, the efficiency was ensured by means of an intensification of management's supervision and staff support put into place. In addition a dedicated task force was coordinating the follow-up of incoming questions and a Covid-19 dedicated shared platform, featuring all needed notes and guidance e.g. model letters, responses and links to guidelines for the coherent application of measures throughout the department. Anticipation and advancement – to the extent possible – of operations, close management monitoring, full exploitation of IT possibilities for remote work and effective internal and external communication have been key for having surpassed the Covid-19 significant impact on the operations.

As regards the FP7 legacy, the small amounts of the third and final payments, coupled with the Covid-19 context described above, enhanced the risk of under-consumption of forecast. The latter was addressed by intense monitoring, timely pursuit of financial and scientific reports and advancement of operations as much as possible, which led to timely 100% execution of the related payment credits.

In order to process the first bulk of H2020 ERC final payments, an entire tailor-made and effective process for ERCEA H2020 reporting and payments was established thanks to the, constructive collaboration and communication with the CIC.

- **Other effectiveness indicators:**

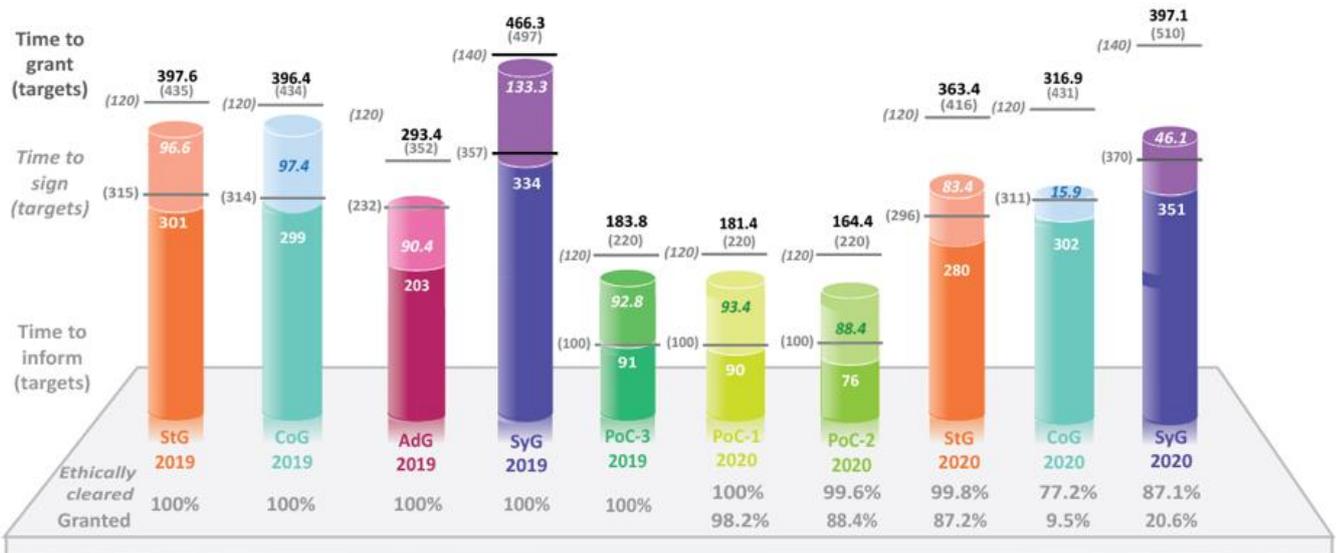
In 2020, each proposal was reviewed by an overall average number of 3.6 remote referees in addition to the reviews written by ERC panel members. This was in line with 2019 data (3.4) and exceeded the 2020 target (2). These expert reviews guarantee the quality of the evaluation process. The success rates for the finished 2020 calls met their targets.

2. Efficiency

Time to inform, time to sign & time to grant (TTI, TTS & TTG)

In line with the general expectations, the Covid-19 pandemic affected the ERCEA operations in 2020, producing a slowdown in some specific operational areas such as the granting activity. Indeed, an average increase of 10 days for the TTS indicator and of 9 days for the TTG indicator have been registered compared to the results of 2019 for the 2018 calls, though not jeopardizing the achievement of its objectives and targets.

Time to inform, time to sign, time to grant

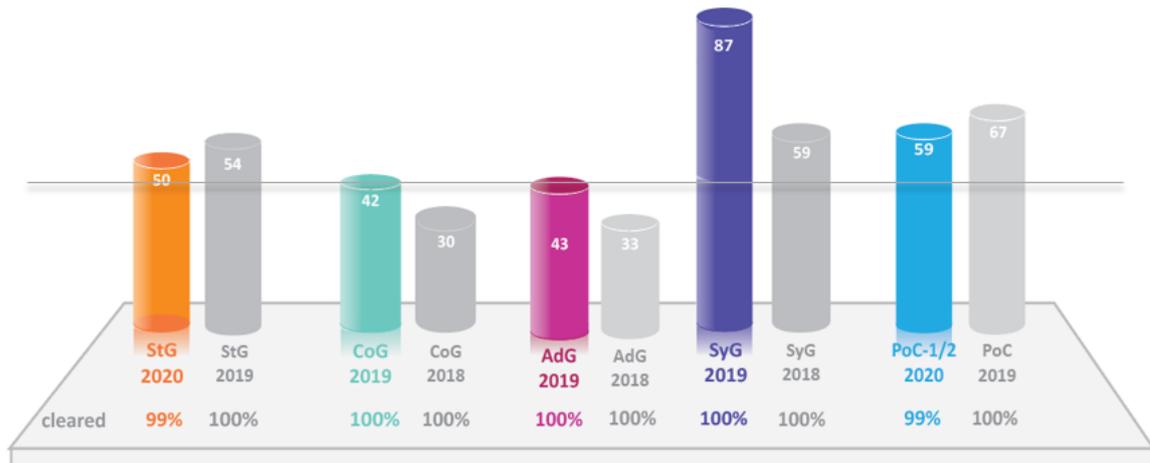


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Time to ethical clearance (TTEC)

In order to ensure a timely budget execution and a timely execution of the granting process, ERCEA has continued to ethically clear proposals in a timely manner. The Advanced Grant 2019 call was cleared with an average of 43 days, being 50 days for the Starting Grant 2020 call (99% completion). The Synergy, Consolidators and Advanced Grant 2020 call are still ongoing. Ethical clearance for the Proof of Concept 2020 call, deadlines 1 and 2 (99% completion) failed to meet the 45 days TTEC target (with an average of 59 days). This call has a slightly different workflow compared to the other calls. Due to the limited information that is submitted for the Proof of Concept proposals, additional information often needs to be requested and checked before starting the remote phase of the ethics screening. This supplementary step adds around one month to the process. In addition, the total number of selected proposals is much lower than in the other calls, and therefore complex proposals have a much bigger impact in the average TTEC. For the Synergy Grant 2019, in depth checks on a high number of projects increased the TTEC to 87 days.

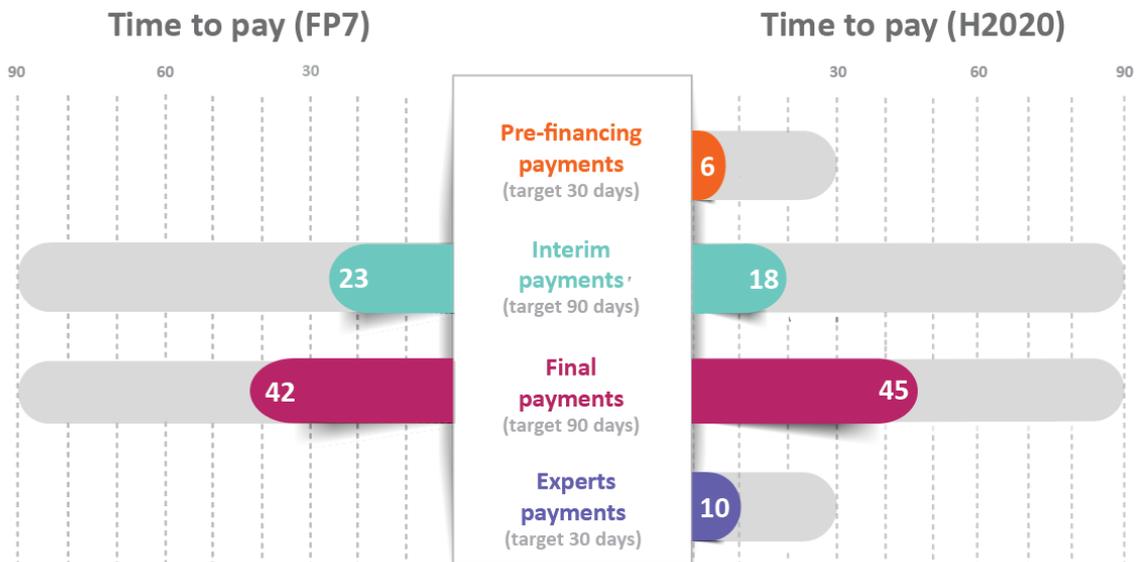
Time to ethics clearance (days)



iStockphoto.com/TarapongS

Time to pay FP7 and H2020 – grants and experts

The 2020, Time To Pay (TTP) results for both FP7 and H2020 were well below their respective targets for all types of payments; mostly comparable with the 2019 results or in some cases even improving, e.g. in the case of interim payments of both programmes and pre-financing payments for H2020. This result is reflected in the percentage of payments paid within the contractual timeframe, showing the achievement of the 95% on time target for both programmes and for all payment types.



iStockphoto.com/bbgreg

3. Economy

Research Family harmonised KPIs	31/12/2020	31/12/2019
Average project mngt cost per running* project (staff FTE * standard staff cost)⁶⁰ <i>(ALL projects - Range of € 5.000 – 10.000)</i>	3 871.69 €	4 154.88 €
Average number (Range of 15 – 35) & value of running projects managed 'per' staff FTE (Range of € 1 Mio – 50 Mio)	25.92 48.2 €Mio	24.43 44.9 €Mio

4. Conclusion on the cost-effectiveness of controls

The result of ERCEA's overall cost effectiveness indicator, which compares the administrative budget to the total operational budget, reached 2.5%⁶¹ in 2020, at a comparable level to 2019 result (2.5%). It is below the agency's target of 3%.

In addition, the results of ERCEA's overall cost effectiveness per framework programme are 10.4% for FP7 and 2.2% for H2020, reflecting the more intensive internal control system of FP7 compared to H2020 as well as the different maturity levels of the two consecutive programmes. Finally, presented by process stages, the ERCEA costs related to call coordination, evaluation and selection of proposals is estimated at 0.90% of the total H2020 committed credits, and the costs related to grant preparation and signature at 0.33% of the total individual commitments. The ERCEA costs related to grant implementation stood at 1.22% of the total payments, while those of ERCEA ex post controls were estimated at 0.02% of the total audited amount.

2.1.1.2 Implementation of the internal control system for the operating budget

1. Effectiveness

ERCEA 2020 AWP	2020 target	31/12/2020	31/12/2019
% budget execution commitments	99%	99.73%	99.99%
% budget execution payments (C1+C8)	99%	99.43%	98.97%
ERCEA 2020 AWP	2020 target	31/12/2020	31/12/2019
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	0	0	0

⁶⁰ FTE's accounted for are the staff intervening in the grant execution and monitoring process taking into account their contribution to the process and their work pattern. Running projects are those related to commitments with completion flag set to "no" in ABAC.

⁶¹ Details of the estimated cost of controls related to shared/pooled control activities carried out by by DG Research and Innovation (Common Implementation Centre; Common Audit Service) for the Research and Innovation family are reported in the Annual Activity Reports of DG RTD.

2. Efficiency

ERCEA 2020 AWP	2020 target	31/12/2020	31/12/2019
Number (and % of total) of late payments for the administrative budget	<20 (<1%)	16 2.22%	22 1.70%
Average time to pay (days)	15	10	12.4
% of error in transactions related to staff expenditure (salaries) detected through ex-ante checks	1.5%	0.7%	1.18%

3. Economy

Administrative budget	31/12/2020
Total cost of fin. management & control of the operating budget / total value of operating payments made	2.6%

4. Conclusion on the cost-effectiveness of controls

The result of the cost-effectiveness of managing ERCEA's administrative budget of 2.6% is assessed positively, considering the intensity of the ex-ante controls performed were commensurate to the related risks (in particular reputational risks), covering a lower volume of transactions than in 2019 (about 629⁶²) of low value (about € 16 512⁴⁶).

2.1.2 Audit observations and recommendations

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

For 2020, the IAS issued on 27th January 2021 one final report, namely on the implementation of anti-fraud actions in the research area in ERCEA⁶³, which resulted in 3 important recommendations, all accepted by the agency. The related action plan has been submitted to the IAS on the 19th February 2021.

In addition, towards the end of the year 2020, the IAS launched 2 follow-up audits related to the audit on dissemination & exploitation⁶⁴ and to the audit on H2020 grant

⁶² Excluding salaries, 1 600 payments in 2019 of low value (about € 9 500).

⁶³ Ares(2021)669888

⁶⁴ Ares(2021)1613798

management phase II⁶⁵, concluding that all related recommendations have been adequately and effectively implemented.

IAS concluded⁶⁶ in its contribution to the 2020 AAR process, based on the work undertaken in the period 2018-2020, that the internal control system audited are effective.

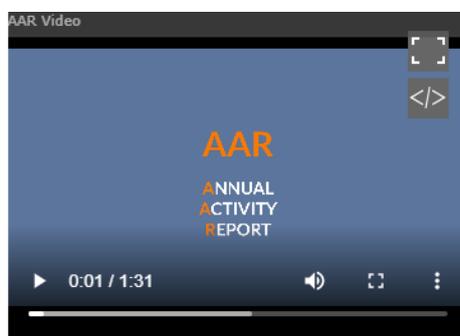
Further to its audit on the 2019 provisional annual accounts, the Court of Auditors gave in its report⁶⁷ a clean opinion regarding the fair view of the annual accounts as well as the regularity and legality of the transactions underlying the accounts. Furthermore, considering the measures put in place by the agency, the Court reported in the annex of its draft report that *“the actions taken to respond to 2018 Court’s observations⁶⁸ are ongoing. Therefore, there is no more observations regarding those issues”*.

2.1.3 Assessment of the effectiveness of internal control systems

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

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

In 2020, virtual content has been developed and, after a first video where you can find out how you use the internal control framework every day, a second one has been produced to explain what the Annual Activity Report is.



ERCEA had assessed its internal control system during the reporting year and concluded that it is effective. All components and principles were present and functioning as intended, with minor possible improvements identified.

As a first source of the annual effectiveness assessment, ERCEA considered its results of its internal control monitoring criteria (ICMC), which allowed concluding overall the

⁶⁵ Ares(2021)334829.

⁶⁶ Ares(2021)1211152 – IAS contribution to the 2020 AAR process (limited opinion).

⁶⁷ Preliminary observations with a view to a report on the annual accounts of the European Research Council Executive Agency (ERCEA) for the financial year 2019.

⁶⁸ 1) On the legality and regularity of the transactions, the Court considers that “The Agency should make sure that all EU and national legal provisions are respected when using IT consultants”; 2) On internal control, the Court notes that the Agency should use order forms for the recruitment of interim workers that include all the information requested by the law, i.e. the reason for using interim workers.

effectiveness of all principles. To complement this information, ERCEA launched an internal control assessment (ICAT 2020) that involved the entire management team and all Heads of Sectors. The related participation rate amounted to 70% and resulted in an overall effectiveness of 91%.

The ICMC result regarding the percentage of staff having attended the training on ethics and integrity remained below its target (73%⁶⁹ versus 85%), but was assessed as effective, considering the corresponding ICAT result of 97%. Also, the ICMC result of 76%⁷⁰ (target: 80%) of staff members having attended a fraud training was assessed as effective looking at the related ICAT results (92%), echoed by the IAS report on the implementation of anti-fraud actions. Indeed, the latter recommends to strengthen the attendance of the relevant staff to anti-fraud trainings by making their attendance compulsory (at least for newcomers). Finally, the IT Masterplan activities reached 75% at year end, the remaining ones were implemented by end of January 2021.

During the year, 21 non-compliances and requests for exceptions were registered by several units (22 in 2019), out of which 8 resulted from the Covid-19 crisis (i.e. amendments regarding planned trainings). None of them was considered the result of an internal control weakness.

The RMIC performed its continuous monitoring, using the quarterly management reviews of the agency's performance and indicators supported by the internal scorecards. In addition, the agency reached an implementation rate of audit recommendations within their deadline of 100%. On top of the two yearly risks updates foreseen in our risk management exercise, two additional assessments dedicated to Covid-19 were performed in 2020 and considered appropriate mitigating measures, one organised by Central Services and the other capturing the fraud risks. At year-end, the risk register showed an implementation rate of mitigating measures related to medium and high risks within deadline of 75% (1 action out of 4 was postponed to 2021⁷¹). It is underlined that none of the related risks materialised in 2020.

In summary, ERCEA assessed the internal control system during the reporting year and concluded that internal control principles are present and functioning well overall supporting the Declaration of Assurance although minor improvements needed⁷².

2.1.4 Conclusions on the assurance

This section reviews the assessment of the elements already reported above (in Sections [2.1.1](#), [2.1.2](#) and [2.1.3](#)), and the sub-conclusions already reached. It draws an overall conclusion to support the Declaration of Assurance and whether it should be qualified with reservations.

⁶⁹ 2019 result reported as no training was organised in 2020, due to the unavailability of trainers. However, during Q1 2021, 3 trainings are scheduled, targeting in particular the 2020 and 2021 newcomers.

⁷⁰ 2019 result reported as no training was held in 2020; these will be resumed in 2021.

⁷¹ One related to the update of the "Handling and reporting internally irregularities and fraud".

⁷² Principle 1 (characteristic 2) of the IC, "The Commission demonstrates commitment to integrity and ethical values": the agency will resume in 2021 its training on Ethics & Integrity; Principle 6 of the IC, "Risk assessment": requirement related to risk tolerance not yet implemented as the central services have not yet provided a guidance and Principle 8 of the IC, "The Commission considers the potential for fraud in assessing risks to the achievement of objectives", the agency will resume its training on Anti Fraud in 2021, and also implement the anti-fraud action plan submitted to the IAS in 02/2021.

Overall conclusion

The information reported in the AAR covers both the operational budgets related to the FP7 Ideas and to the H2020 Excellence Frontier Research programmes as well as the operating budget managed by ERCEA in 2020 and supports the statements of the Declaration of Assurance. It derives from management's and auditors' monitoring, based on the systematic analysis of the evidence available as reflected in the reports listed above in part 2.

Management's assessment is based on the results of key indicators related to the budget execution addressing the statement on the "use of resources for the intended purpose". It further assesses the "sound financial management" and the "legality and regularity of underlying transactions" and reports on measures implemented to prevent, detect and mitigate fraud.

As demonstrated throughout the report, the results of performance and control indicators positively support the five statements of the Declaration of Assurance. Although two minor deviations⁷³ were noted relating to the efficiency component of the sound financial management in the proposal evaluation phase, these do not impair the Declaration of Assurance. Indeed, neither the agency's budget execution nor its reputation were impacted. In addition, the agency effectively achieved its operational objectives, its granting and payment efficiency and provided evidence of the legality and regularity of its underlying transactions and of its overall cost-effectiveness.

The assessment of the internal control system resulted in an overall positive conclusion, supporting the Declaration of Assurance.

Finally, the fraud prevention and detection mechanisms in place did not reveal any matter that would adversely impair the Declaration of Assurance.

The report has been prepared with the objective of providing the reader with reliable, complete and correct information on ERCEA's state of affairs for the reporting period ("true and fair view"). Finally, it does not knowingly contain any material inaccuracy or omit any significant information ("non-omission of significant information"). Management confirms the non-occurrence in 2020 of any significant weakness or reputational event that would have adversely affected the assurance provided below.

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

⁷³ Please refer to page 8 where the two minor deviations are mentioned.

2.1.5 Declaration of Assurance

I, the undersigned,

Executive Director of ERCEA,

In my capacity as authorising officer for the operating (administrative) budget and authorising officer by delegation for the operational budget,

Declare that the information contained in this report gives a true and fair view⁷⁴.

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

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

Confirm that I am not aware of anything not reported here which could harm the interests of European Research Council Executive Agency.

Brussels, 31/03/2021,

(Ares signed)

Waldemar KÜTT

⁷⁴True and fair in this context means a reliable, complete and correct view on the state of affairs in the Executive Agency.

2.2 Modern and efficient administration – other aspects

This section covers the human resources and information management as well as external communication. For an extensive reporting on all components, please refer to annex 9.

2.2.1 Human resources management

ERCEA's unit managing the agency's human resources, is also responsible for internal communication and provides logistics and infrastructure support. The unit acts as a strategic partner in alignment with the agency's objectives and priorities and actively supports management and staff. In 2020, the HR Unit was highly involved in ensuring the smooth operations of the ERCEA and communication in the context of the Covid-19 situation, with several of its staff members having worked on business continuity and crisis management.

In 2020, the ERCEA hired 43 new staff members, and reached an occupation rate of 97.35% (i.e. 515 staff members) on 31 December 2020. The average turnover rate was 4.89% (4.99% in 2019).

The internal mobility scheme continued to be enhanced in the effort to support the professional engagement and development of the agency's staff. Over the period, 16 positions were published internally, resulting in three internal mobility moves, and 13 agents changed their type of contract within the agency after having succeeded in staff selection processes.

As planned, in view of filling current and future vacant posts, the agency completed two selection processes (FG III Administrative Officer and FG IV Finance/Project/Budget Adviser) and organised nine selection processes (3 FG IV selections, 4 FG III selections, 1 FG II selections and 1 SNE selection). A total of 114 CAs, and 15 SNEs were included on the resulting reserve lists. Due to the Covid-19 situation, selection and recruitment procedures were reverted to a remote mode.

The ERCEA maintained its efforts in the area of career development of its staff. In the first half of the year, it ran jointly with the five executive agencies based in Brussels the inter-agency job-shadowing exercise. 90 persons participated in this exercise, 26 were ERCEA staff. The satisfaction rate of the participants was very high (97%). Furthermore, the agency finalised jointly with REA and EACEA an IT tool with combined competency libraries that offers staff a broader perspective on self-development options and career mobility. The tool enables staff to identify strengths and weaknesses in relation to competencies for a specific job profile and generates a retrievable list of recommended training to address potential knowledge gaps.

Training activities were adapted to the Covid-19 constraints and were provided on-line. 135 learning activities were organised in-house and many of them were targeted to helping staff adapt to the new working situation. A focus was put on supporting the mental well-being of the ERCEA staff (e.g. group discussions in cooperation with the Medical Service). A major training initiative on conflict management was run involving senior, middle and junior management. Overall, the average training days per staff member stood at 4.95 days.

Together with the other executive agencies, the agency was involved in an intense social dialogue with the Executive Agencies' Common Staff Committee, the Executive Agencies'

Staff Committees and representatives of the Commission's trade unions. Three working groups were set up under the lead of the executive agencies' HR representatives in relation to the following topics: internal mobility, sharing and aligning best practices in the executive agencies, and career development. The agencies' Directors endorsed the outcomes of the discussions and timelines for implementation of the related action plan were defined.

In March 2020, a Covid-19 Crisis Management Team (CMT) was established in accordance with the Agency's Business Continuity Plan (BCP). The team included HR staff as well as colleagues from communication, IT, operations and the Director's office and was active throughout 2020 with the regular support of 'antennas' focussing on specific HR issues ranging from logistics to time management.

ERCEA's logistics team, together with the other executive agencies in COVE and OIB, put in place appropriate safety measures for ensuring that the agency's staff could safely return to work during Phase 1 of the deconfinement. The agency implemented the Commission guidelines on teleworking resulting in almost allstaff working from home. Moreover, by the end of the year, the agency supported over 300 staff members with home office equipment.

The Logistics team also participated in the Greening Group and EMAS staff initiatives. The ERCEA launched a cycling expenses contribution scheme for the agency's staff, attracting so far 17 applicants. With regard to office space and moves, in early 2020 all moves were finalised and ERCEA occupied floors from 19th to 25th in Covent Garden. The area of the 24th floor, not suitable for offices, was transformed into three meeting rooms of various sizes. In addition, a "quiet room" was furnished for wellbeing purposes.

When the Commission went into full teleworking mode in March 2020, the HR CMT, under the lead of the internal communication team leader, also launched the #COVE against Covid-19 blog to create a possibility for staff to interact remotely and shaped the crisis communication effort with daily evening messages aiming to boost the ERCEA's staff morale. Internal communication helped with dedicated pages on the ERCEA Intranet.

The internal communication team also launched the revamping of the intranet with the aim to move to MyIntraComm environment in the first quarter of 2021. They also contributed to the regular promotion of the Continuous Improvement Programme organized at agency level. This was partly done through the Director's blog, newly launched in May 2020. Other internal communication-related activities included the organisation and promotion of three all-staff meetings and a virtual Christmas event.

2.2.2 Information management aspects

Results related on Document management are provided in annex 9.

In order to ensure compliance with the Data Protection Regulation, the ERCEA updated its inventory of the data processing operations and during the reporting period implemented the majority of the migration exercise from notification to record. The updated registry has been published on the ERC website. Dedicated info session and training took place with all the staff involved in the drafting of the different records. In addition, trainings will be provided to units in order to raise awareness on data protection.

The Internal Rules governing restrictions of data subjects' rights have been drafted in collaboration with other executive agencies and approved by the ERCEA Steering Committee in December 2020.

The agency replied to the mapping exercise launched by the EDPS for monitoring the processing operations which imply a transfer of personal data to third countries as a follow up of the Shrems II decision.

2.2.3 External communication activities

The ERC has a mandate to communicate to the scientific community, key stakeholders and the public. In 2020, communication activities aimed to achieved three objectives set by the ERC Scientific Council. The pandemic was a major challenge and imposed a swift shift to an increasingly digital approach, but it also offered new communication opportunities.

Attracting the best ideas and the brightest minds

The ERC continued to promote its funding opportunities worldwide. While trying to assure the widest possible awareness of its grant competitions, it reinforced communication towards researchers in countries with low numbers of applications and grants, as well as from outside Europe. In this respect, with the help of partners such as the ERC National Contact Points, various host institutions, the EU Delegations and the Euraxess Worldwide Network, the ERC organised 28 online events. National webinars targeting researchers from Bulgaria, Croatia, Slovenia reached around 350 researchers and regional webinars in North America, South America, Africa and Asia had an audience of around 4 000 researchers. To ensure the best possible information is available to potential applicants, these efforts were accompanied by a social media campaign promoting custom-made informational material such as testimonials, articles on best practices and videos, including the “ERC Classes” series, which have been viewed over 25 000 times.

Sharing the passion for frontier science

In a year like this one, the relevance of research for our everyday lives has been more apparent than ever. In 2020, the ERC continued to provide a narrative for frontier research within the Covid-19 crisis and beyond, exploiting the power of its message to reach the media and public. It produced 64 videos (600 000 views), 15 podcasts (5 300 listens), and around 140 stories on its different channels. Overall, this contributed to an increase in the levels of reach and engagement with the ERC's channels (24% increase in visits to the website, and significant growth of followers on Twitter, Facebook and LinkedIn). The largest growth was recorded on LinkedIn (+128% followers). The agency also took part in international science gatherings such as AAAS2020 and ESOF2020, bringing 42 grantees to showcase their frontier research first-hand. The important role of grantees in communicating about science was also recognised through the awarding of the first “ERC Public Engagement with Research Award”. The winners of this award were three grantees who distinguished themselves through their efforts to reach out to an audience beyond the scientific community. The ceremony was watched by 7 500 people.

Explain why frontier research is vital for Europe's future

At a delicate time for the European Union and for European science, the ERC kept working with decision-makers and key influencers at EU and national level, within the context of discussions about the next EU budget. The ERC Interim President and the members of the Scientific Council took part in 48 events to promote this message, releasing around 40 interviews and six statements. This led to 14 200 mentions in the media. In addition, the ERC took part in the World Economic Forum in Davos, with a press conference followed by around 2 400 people as well as the virtual Research and Innovation Days (2 800 participants) hosted by DG Research and Innovation. This helped to stress the mission of the ERC and highlight the importance of frontier research and its role in Horizon Europe, the next European Framework Programme.

Examples of initiatives to improve economy and efficiency of financial and non-financial activities of the ERCEA

The identification, nomination and recruitment of remote referees for the step 2 of the ERC evaluation process is critical for the quality of the evaluation and a high-volume and high-importance task both for ERC panel members and scientific officers (SOs). Providing assistance to panel members in selecting the most appropriate experts for the remote referee task can significantly increase the rate of successfully recruited remote referees, thus improving the efficiency and economy of the related tasks of SOs. An IT tool has been developed to provide panel members with lists of the most appropriate experts for each and every proposal. The tool has been used successfully in almost all panels.

Moreover, the Scientific Management Department is furthering the development of tools using machine learning algorithms developed by the data analysis team to improve the efficiency of operations. In 2020, the data analysis team has developed three tools for Synergy calls (multi-domain classification, bi-clustering of proposals with experts to dynamically form panels, panel meeting scheduling with cross-panel "travelling"). There are current discussions with corporate IT services on the possibility of integrating some of these tools within the evaluation IT system (SEP).

Following up on the green light from the ERC Scientific Council and the Commission to develop a pilot on the use of simplified forms of funding for the grants managed by ERCEA, the agency implemented the PoC grants in form of a lump sum (EUR 150 000)⁷⁵ for the second year in 2020. This project is expected to improve the efficiency of the administrative and financial management of these grants, especially from a beneficiary's point of view, by removing the obligations for documenting and reporting costs as well as financial audits at the end of the projects. A survey of PoC experts should be launched in the second quarter of 2021 to gather feedback about the lump-sum PoC grants. The lump-sum pilot is planned to be continued under the next ERCEA annual work programme.

⁷⁵ representing about 200 projects over three deadlines.