



Annual activity report 2022

annexes

European Research Council
Executive Agency

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

I declare that in accordance with the Commission's communication on the internal control framework¹, I have reported my advice and recommendations on the overall state of internal control in the Executive Agency to the Executive Director.

I hereby certify that the information provided in the present Annual Activity Report and in its annexes is, to the best of my knowledge, accurate and complete.

Brussels, 31/03/2023,

Signed in ARES

Pascale CID – RMIC

¹ C(2017)2373 of 19.04.2017.

ANNEX 2: Performance tables

ERC's Specific Objectives and Result Indicators.

In order to measure the implementation of specific programmes entrusted to the ERCEA, the following results indicators stemming from the legal basis are measured:

H2020 SP SPECIFIC OBJECTIVE 1	Excellent science – European Research Council (ERC) – Strengthening frontier research	
Indicator	Share of publications from ERC-funded projects which are among the top 1% highly cited per field of science	
Baseline	Milestone	Target for Horizon 2020²
	2022	
New approach³	6.4%	1.8%

General objective: 1 to 6⁴
 Specific objective: DG Research and Innovation specific objectives related to the implementation of Horizon Europe FP
 From DG RTD 2020-2024 Strategic Plan

External Communication actions

Output	Indicator	Target	Baseline (Dec. 2021)	Latest results (31/12/2022)
Promote ERC activities and grant schemes	Number of visits to website	> 1 million	908 977	940 841
	Number of media mentions	> 12 000	13 400	20 970
	Number of new social media followers	> 40 000	46 564	53 340
	Number of participants / views of ERC events	>20 000	23 700	6 071
Share ERC research results	Number of ERC stories	>200	305	228

² The reference for this target is the year when the last actions financed under Horizon 2020 will be finished *i.e.* several years after the formal end of the programme in 2020.

³ A baseline could not be defined for this indicator as it was not monitored before H2020 started.

⁴ These are: 1) A European green deal, 2) A Europe fit for the digital age, 3) An economy that works for people, 4) A stronger Europe in the world, 5) Promoting our European way of life, 6) A new push for European democracy.

The internal communication team kept colleagues connected, engaged, and timely informed in 2022. The team has also focused on reducing communication noise and gathering regular feedback. Among other initiatives, the IC team held two successful staff engagement events last year, two all-staff meetings and two President debriefs after plenaries. Visual communication outputs, intranet articles, and newsletters increased exponentially. This year, ERCEA won the second-best Commission internal communication video.

2.1 Implementation of the ERCEA 2022 AWP

2.1.1 Scientific and Grant Management

Objectives	Indicators	2022 targets	Latest known results (31/12/2022)
<u>Call management:</u> Clear and stable guidance on the application procedures provided to applicants	a) % of ineligible proposals / total proposals submitted, per call	2022 StG, CoG, AdG, SyG, PoC calls: 1.5%	2022-StG: 0.9% 2022-CoG: 1.1% 2022-AdG: 1.2% 2022-SyG: 0.6% 2022-PoC: 1.3%
	c) % success rate per call ⁵	2022-StG: 12% 2022-CoG: 12% 2022-AdG: 12% 2022-SyG: 10% 2022-PoC: 35%	2022-StG: 13.9% 2022-CoG: 14.6% 2022-AdG: on-going 2022-SyG: 8.1% 2022-PoC: 49.3%
<u>Evaluations:</u> Feedback to all applicants on the evaluation result is timely, unbiased and transparent	Time to inform successful applicants on the outcome of their application from the final date for submission of completed proposals	2022-StG: 330 (WP) 2022-CoG: 321 (WP) 2022-AdG: 340 (WP) 2022-SyG: 363 (WP) 2022-PoC: 100 (WP)	2022-StG: 295 2022-CoG: on-going 2022-AdG: on-going 2022-SyG: 337 2022-PoC: 100
	Overall average number of remote referee reviews per proposal	All calls (except PoC): 2	3.6
	% of re-evaluations out of overall proposals submitted and following request for redress	StG/CoG/AdG/SyG calls: 0.03% PoC calls: 0.2%	0% ⁶
<u>Ethical review:</u> To ensure that ERC grants comply with the ethics principles and relevant legislation by	Time to ethics clearance (average) ⁷	45 days	2021 calls: 23.6 days. 2022 calls: on-going.

⁵ This indicator is calculated as follows: (Main)/Evaluated proposals.

⁶ Only 1 proposal (SyG-2022) out of 7 617 re-evaluated.

⁷ Data relates to the pre-granting ethics review. This time span runs in parallel to the granting process.

providing timely ethical review and monitoring			
<u>Time to grant:</u> To minimise the duration of the granting process aiming at ensuring a prompt implementation of the grant agreements through a simple and transparent grant preparation process	Time to sign grant agreements from the date of informing successful applicants (average values)	2021-StG: 120 days 2021-CoG: 120 days 2021-AdG: 120 days 2022-Poc: 120 days	2021-StG: 90.3 days 2021-CoG: 96.3 days 2021-AdG: 90.4 days 2022-Poc1: 97.1 days
	Time to grant measured (average) from call deadline to signature of grants	2021-StG: 406 days 2021-CoG: 462 days 2021-AdG: 375 days 2022-Poc: 220 days	2021-StG: 342.3 days 2021-CoG: 419.3 days 2021-AdG: 308.4 days 2022-Poc1: 207.1 days
<u>Scientific follow up:</u> Timely communicate the assessment of Principal investigator (PI)'s final scientific reports	% of final reports which exceeded 60 days	StG/CoG/AdG/SyG/PoC calls: 3%	StG: 0% CoG: 0% AdG: 1% PoC: 2% SyG: 0%

2.1.2 Financial Management

2.1.2.1 Operational Budget

Objectives	Indicators	2022 targets	Latest known results (31/12/2022)
<u>Evaluations:</u> Feedback to all applicants on the evaluation result is timely, unbiased and transparent	Overall percentage of redress cases received	1.3%	1.03% (all calls 2021) 0.89% (StG-2022) 1.39% (SyG-2022) 0.99% (CoG-2022 on-going) 0.68% (AdG-2022 on-going) 0.00% (PoC-2022 on-going)
Minimise financial and legal transaction time for ERC beneficiaries	Time to pay (% according to milestones & budget table specified in the Description of Work and processing payments <i>ie</i> economic target days)	- Pre-financing payments HE: 95% within 30 days - Pre-financing H2020: 95% within 30 days - Interim payments H2020: 95% within 30 days - Final payments FP7: 95% within 30 days - Final payments H2020: 95% within 30 days	- Pre-financing payments HE: 99.92% within 30 days - Pre-financing H2020: 100% within 30 days - Interim payments H2020: 100% within 90 days - Final payments H2020: 99.90% within 90 days - Interim payments FP7: 100% within 90 days - Final payments FP7: 92.86% within 90 days

Objectives	Indicators	2022 targets	Latest known results (31/12/2022)
<u>Expert management:</u> To fully execute the yearly experts' operational budget by executing efficient payment process	Time to pay experts	Time to pay H2020 experts: 100% within 30 days Time to pay HE experts: 100% within 30 days	Time to pay HE experts: 99.07% within 30 days
To maximise execution of the operational commitment credits delegated to ERCEA by the European Commission	- % execution of L1 commitment - % execution of L2/L1 commitment (C8) - % execution of payment credits (C1)	100% 100% 100%	100% 100% 100%
To ensure full yearly execution of payments credits (operational budget) through careful planning and monitoring	% of experts payments budget execution (C1)	H2020/HE: 100%	100%
To ensure sound financial management of ERCEA's operating budget as well as the regularity and legality of its underlying transactions	- % budget execution commitments - % budget execution payments - % of payments execution/appropriations (C1+C8)	99% 99% 99%	100% 100%
Effective and reliable internal control system giving the necessary guarantees concerning the legality and the regularity of the underlying transactions	Estimated risk at closure	<2% of relevant expenditure	1.09%

2.1.2.2 Operating Budget

Objective	Performance indicator	Target 2022	Result 2022	
			Budget 2022 (C1)	Budget 2021 (C1+C8)
To ensure sound financial management of ERCEA's operating budget as well as the regularity and legality of its underlying transactions	% budget execution commitments	99%	99.81%	99.37%
	% budget execution payments	99%	95.57%	99.37%
	% of error in transactions related to staff expenditure (salaries) detected through ex-ante checks	1%	0.66%	
	Time to pay	<15 days	18,25	
	Number (and % of total) of late payments for the administrative budget	<20 (<1 %)	92, 15.18%	
To ensure safeguarding of assets	Yearly physical inventory control of items – furniture and equipment - % of scanned items vs permanent inventory (ABAC Assets)	95%	99% ⁸	

⁸ 2021 result (2022 not yet available)

ANNEX 3: Draft annual accounts and financial reports

Annex 3 Financial Reports - DG ERC - Financial Year 2022

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

Table 4 : Balance Sheet

Table 5 : Statement of Financial Performance

Table 5 Bis: Off Balance Sheet

Table 6 : Average Payment Times

Table 7 : Income

Table 8 : Recovery of undue Payments

Table 9 : Ageing Balance of Recovery Orders

Table 10 : Waivers of Recovery Orders

Table 11 : Negotiated Procedures

Table 12 : Summary of Procedures

Table 13 : Building Contracts

Table 14 : Contracts declared Secret

Table 15 : FPA duration exceeds 4 years

Table 16 : Commitments co-delegation type 3 in 2022

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2022 (in Mio €) for DG ERC					
			Commitment appropriations authorised*	Commitments made	%
			1	2	3=2/1
Title 01 Research and Innovation					
01	01 02	Horizon Europe	2.401,14	2.392,34	99,63 %
Total Title 01			2.401,14	2.392,34	99,63 %
Total Excluding NGEU			2.401,14	2.392,34	99,63 %
Total DG ERC			2.401,14	2.392,34	99,63 %

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

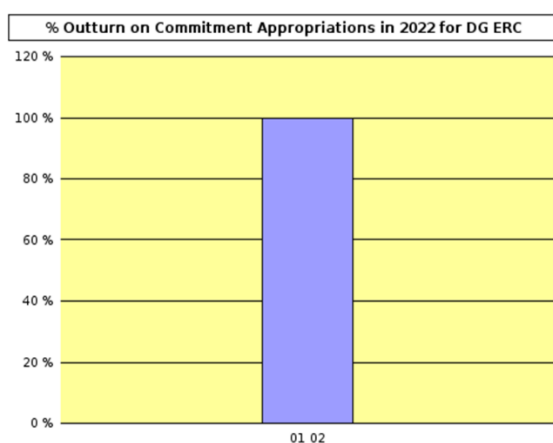


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2022 (in Mio €) for DG ERC					
			Payment appropriations authorised*	Payments made	%
			1	2	3=2/1
Title 01 Research and Innovation					
01	01 02	Horizon Europe	2.844,91	2.408,63	84,66 %
Total Title 01			2.844,91	2.408,63	84,66%
Total Excluding NGEU			2.844,91	2.408,63	84,66%
Total DG ERC			2.844,91	2.408,63	84,66 %

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

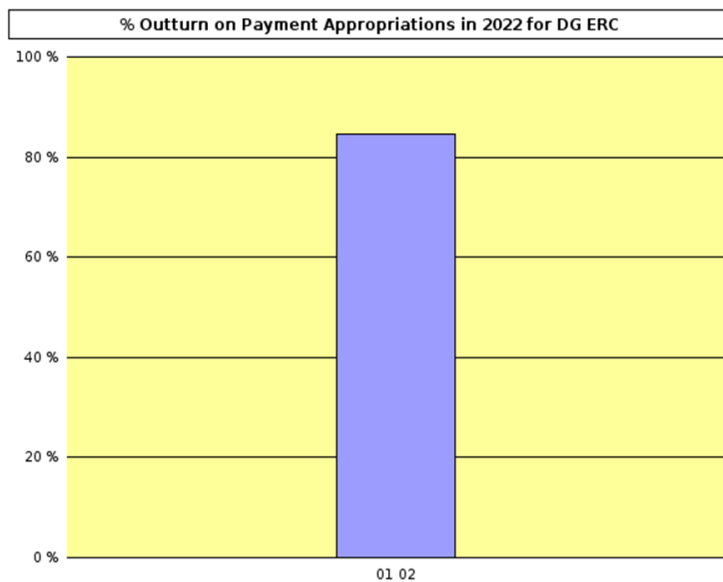


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG ERC

Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
			Commitments	Payments	RAL	% to be settled			
1	2	3=1-2	4=1-2/1	5	6=3+5	7			
01	01 02	Horizon Europe	2.392,34	98,00	2.294,34	95,90%	3.875,04	6.169,38	6.228,17
Total Title 01			2.392,34	98,00	2.294,34	95,90%	3.875,04	6.169,38	6.228,17
Total Excluding NGEU			2.392,34	98,00	2.294,34	95,90%	3.875,04	6.169,38	6.228,17
Total for DG ERC			2.392,34	98,00	2.294,34	95,90 %	3.875,04	6.169,38	6.228,17

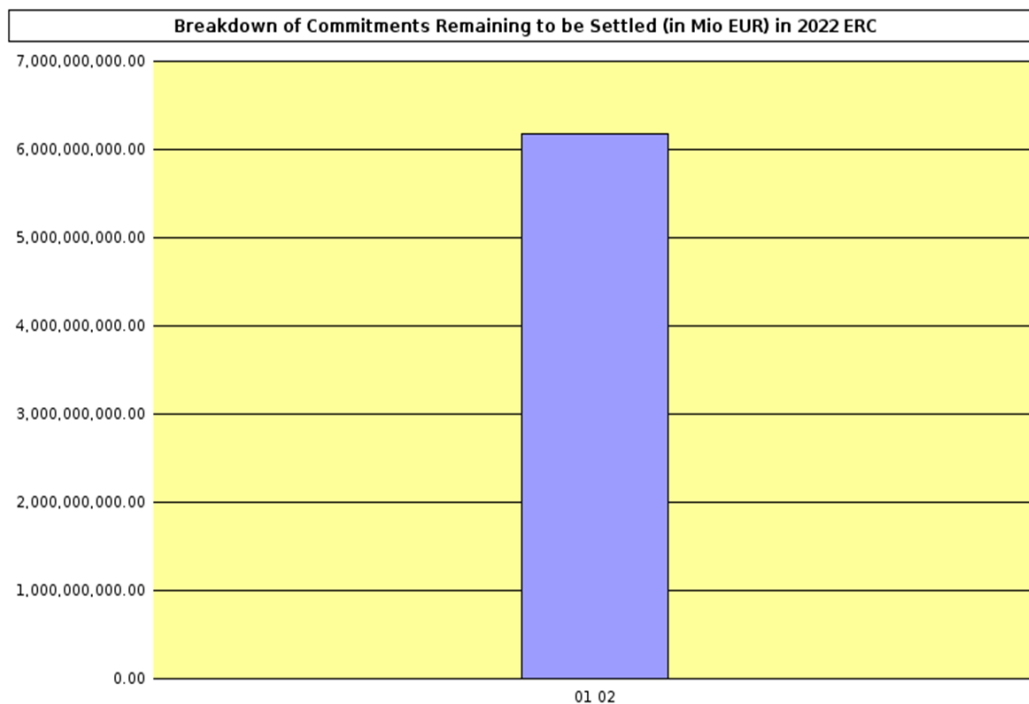


TABLE 4 : BALANCE SHEET for DG ERC

BALANCE SHEET	2022	2021
A.I. NON CURRENT ASSETS	875.105.570,75	364.650.798,58
A.I.5. Non-Current Pre-Financing	875.105.570,75	364.650.798,58
A.II. CURRENT ASSETS	1.336.248.434,31	1.266.132.409,05
A.II.2. Current Pre-Financing	1.334.349.012,73	1.264.100.035,22
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	1.899.421,58	2.032.373,83
ASSETS	2.211.354.005,06	1.630.783.207,63
P.II. CURRENT LIABILITIES	-151.515.424,88	-168.780.952,54
P.II.4. Current Payables	-56.379.782,89	-61.722.566,34
P.II.5. Current Accrued Charges & Defrd Income	-95.135.641,99	-107.058.386,20
LIABILITIES	-151.515.424,88	-168.780.952,54
NET ASSETS (ASSETS less LIABILITIES)	2.059.838.580,18	1.462.002.255,09

Non-allocated central (surplus)/deficit*	-15.719.049.854,07	-13.344.274.737,42
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TOTAL DG ERC	0,00	0,00
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P.III.2. Accumulated Surplus/Deficit	13.659.211.273,89	11.882.272.482,33
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TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG ERC

STATEMENT OF FINANCIAL PERFORMANCE	2022	2021
II.1 REVENUES	-746.562,11	-625.231,03
II.1.1. NON-EXCHANGE REVENUES	-746.562,11	-625.231,03
II.1.1.6. RECOVERY OF EXPENSES	-769.990,89	-624.180,40
II.1.1.8. OTHER NON-EXCHANGE REVENUES	23.428,78	-1.050,63
II.2. EXPENSES	1.801.375.085,86	1.777.564.022,59
II.2. EXPENSES	1.801.375.085,86	1.777.564.022,59
II.2.2. EXP IMLEM BY COMMISS&EX.AGENC. (DM)	1.801.373.937,85	1.777.561.894,17
II.2.8. FINANCE COSTS	1.148,01	2.128,42
STATEMENT OF FINANCIAL PERFORMANCE	1.800.628.523,75	1.776.938.791,56

TABLE 5bis : OFF BALANCE SHEET for DG ERC

OFF BALANCE	2022	2021
OB.2. Contingent Liabilities	-187.227,32	
OB.2.7. CL Legal cases OTHER	-187.227,32	
OB.3. Other Significant Disclosures	-6.017.913.273,34	-6.059.474.351,34
OB.3.2. Comm against app. not yet consumed	-6.017.913.273,34	-6.059.474.351,34
OB.4. Balancing Accounts	6.018.100.500,66	6.059.474.351,34
OB.4. Balancing Accounts	6.018.100.500,66	6.059.474.351,34
OFF BALANCE	0,00	0,00

TABLE 6: AVERAGE PAYMENT TIMES FOR 2022 for DG ERC

Legal Times									
Maximum Payment Time (Days)	Total Nbr of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage
30	7.536	7.476	99,20 %	8,57	60	0,80 %	44,48	1.003.519,01	0, %
90	3.774	3.772	99,95 %	27,80	2	0,05 %	246,00	1.061.823,21	0, %

Total Number of Payments	11.310	11.248	99,45 %		62	0,55 %		2065342,22	0, %
Average Net Payment Time	15,21626879			15,02			50,98		
Average Gross Payment Time	25,19106985			25,03725			53,09677419		

Suspensions							
Average Report Approval Suspension	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	56	2.018	17,84 %	11.310	592.917.072,04	25,71 %	2.305.919.867,03

Late Interest paid in 2022

DG	GL Account	Description	Amount (Eur)
ERCEA	65010100	Interest on late payment of charges New FR	1.148,01
			1.148,01

TABLE 7 : SITUATION ON REVENUE AND INCOME in 2022 for DG ERC

Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	
33	Other administrative revenue	3.110,40	0,00	3.110,40	3.110,40	0,00	3.110,40	0,00
60	Single market, innovation and digital	10.761.521,13	1.089.858,30	11.851.379,43	9.108.360,70	1.089.858,30	10.198.219,00	1.653.160,43
67	Completion for outstanding recovery orders prior to 2021	0,00	1.592,31	1.592,31	0,00	0,00	0,00	1.592,31
Total DG ERC		10.764.631,53	1.091.450,61	11.856.082,14	9.111.471,10	1.089.858,30	10.201.329,40	1.654.752,74

TABLE 7 : SITUATION ON REVENUE AND INCOME in 2022 for DG ERC								
Chapter	Revenue and income recognized			Revenue and income cashed from			Outstanding balance	
	Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total		
	1	2	3=1+2	4	5	6=4+5		7=3-6
33	Other administrative revenue	3.110,40	0,00	3.110,40	3.110,40	0,00	3.110,40	0,00
60	Single market, innovation and digital	10.761.521,13	1.089.858,30	11.851.379,43	9.108.360,70	1.089.858,30	10.198.219,00	1.653.160,43
67	Completion for outstanding recovery orders prior to 2021	0,00	1.592,31	1.592,31	0,00	0,00	0,00	1.592,31
Total DG ERC		10.764.631,53	1.091.450,61	11.856.082,14	9.111.471,10	1.089.858,30	10.201.329,40	1.654.752,74

TABLE 8 : FINANCIAL IMPACT OF EX-ANTE AND EX-POST CONTROLS in 2022 for DG ERC

EX-ANTE CONTROLS	Irregularity	OLAF notified	Total undue payments recovered
NON ELIGIBLE IN COST CLAIMS	4.706.921,96		4.706.921,96
CREDIT NOTES			
RECOVERY ORDERS ON PRE-FINANCING			
Sub-Total	4.706.921,96		4.706.921,96

EX-POST CONTROLS	Irregularity	OLAF notified	Total undue payments recovered
INCOME LINES IN INVOICES	447.990,02		447.990,02
RECOVERY ORDERS OTHER THAN ON PRE-FINANCING	570.331,41	184.224,21	754.555,62
Sub-Total	1.018.321,43	184.224,21	1.202.545,64
GRAND TOTAL (EX-ANTE + EX-POST)	5.725.243,39	184.224,21	5.909.467,60

TABLE 10 :Recovery Order Waivers >= 60 000 € in 2022 for DG ERC

Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
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Total DG ERC	
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Number of RO waivers	
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TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2022 for DG ERC

	Number at 1/01/2022	Number at 31/12/2022	Evolution	Open Amount (Eur) at 1/01/2022	Open Amount (Eur) at 31/12/2022	Evolution
2016	1	1	0,00 %	1.592,31	1.592,31	0,00 %
2021	7		-100,00 %	1.089.858,30		-100,00 %
2022		11			1.653.160,43	
	8	12	50,00 %	1.091.450,61	1.654.752,74	51,61 %

TABLE 11 : Negotiated Procedures in 2022 for DG ERC

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

TABLE 12 : Summary of Procedures in 2022 for DG ERC

Procedure Legal base	Number of Procedures	Amount (€)
Total		

TABLE 13 : BUILDING CONTRACTS in 2022 for DG ERC

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

TABLE 14 : CONTRACTS DECLARED SECRET in 2022 for DG ERC

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

TABLE 15 : FPA duration exceeds 4 years - DG ERC

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TABLE 16 : Commitments co-delegation type 3 in 2022 for DG ERC

Annex 3 Financial Reports - ERC - Financial Year 2022

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

Table 4 : Balance Sheet

Table 5 : Statement of Financial Performance

Table 5 Bis: Off Balance Sheet

Table 6 : Average Payment Times

Table 7 : Income

Table 8 : Recovery of undue Payments

Table 9 : Ageing Balance of Recovery Orders

Table 10 : Waivers of Recovery Orders

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2022 (in Mio €) for ERC					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 1 Staff expenditure					
1	1 1	Remunerations Allow ances and Charges	45,52	45,49	99,93 %
	1 2	Professional Development and Social expenditure	1,94	1,92	99,04 %
Total Title 1			47,46	47,41	99,89 %
Title 2 Infrastructure and operating expenditure					
2	2 1	Building expenditure	7,01	7,00	99,99 %
	2 2	ICT	2,83	2,81	99,37 %
	2 3	Movable property and Current Operating expenditure	0,23	0,22	96,17 %
Total Title 2			10,07	10,04	99,73 %
Title 3 Programme support expenditure					
3	3 1	Programme Management expenditure	1,72	1,69	98,22 %
Total Title 3			1,72	1,69	98,22 %
Total ERC			59,25	59,14	99,81 %

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

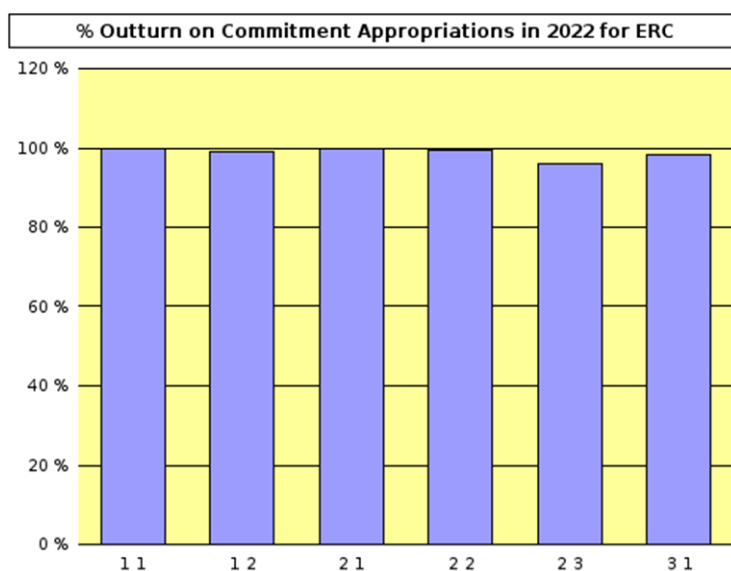


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2022 (in Mio €) for ERC					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 1 Staff expenditure					
1	1 1	Remunerations Allow ances and Charges	45,76	45,50	99,45 %
	1 2	Professional Development and Social expenditure	2,26	1,72	76,07 %
Total Title 1			48,02	47,22	98,35%
Title 2 Infrastructure and operating expenditure					
2	2 1	Building expenditure	8,18	6,84	83,53 %
	2 2	ICT	3,22	2,98	92,48 %
	2 3	Movable property and Current Operating expenditure	0,34	0,23	67,29 %
Total Title 2			11,75	10,04	85,51%
Title 3 Programme support expenditure					
3	3 1	Programme Management expenditure	2,33	1,80	77,16 %
Total Title 3			2,33	1,80	77,16%
Total ERC			62,10	59,07	95,12 %

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

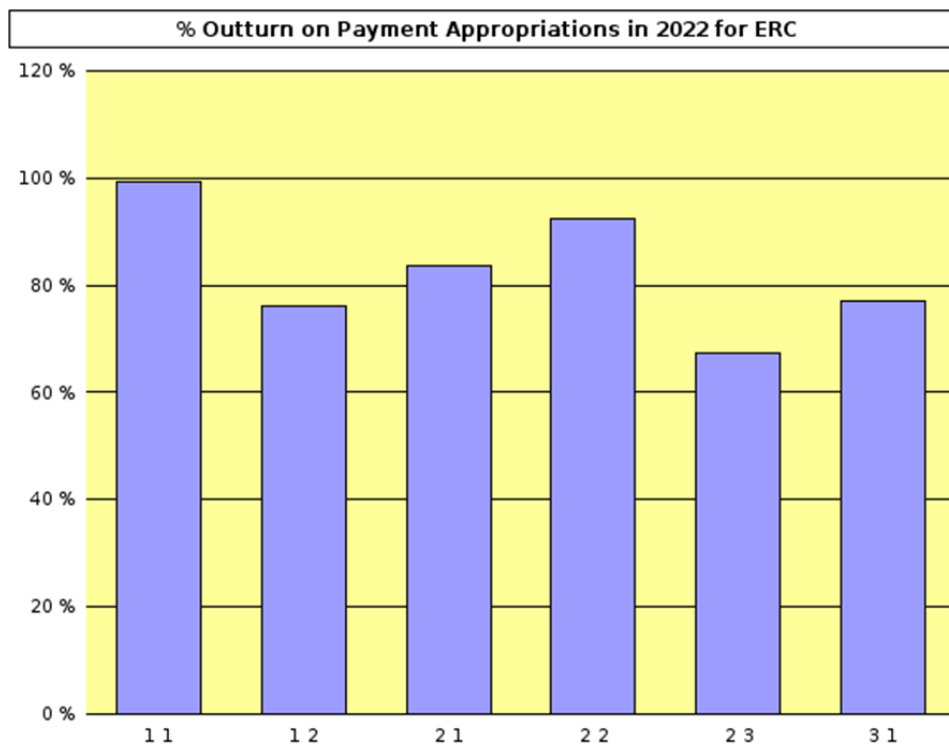


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for ERC									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
1	1 1	Remunerations Allowances and Charges	45,49	45,28	0,21	0,47%	0,00	0,21	0,23
	1 2	Professional Development and Social expenditure	1,92	1,59	0,33	17,03%	0,00	0,33	0,32
Total Title 1			47,41	46,87	0,54	1,14%	0,00	0,54	0,56

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for ERC									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
2	2 1	Building expenditure	7,00	5,77	1,24	17,67%	0,00	1,24	1,18
	2 2	ICT	2,81	2,59	0,22	7,91%	0,00	0,22	0,39
	2 3	Movable property and Current Operating expenditure	0,22	0,15	0,08	34,19%	0,00	0,08	0,11
Total Title 2			10,04	8,50	1,54	15,30%	0,00	1,54	1,68

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for ERC									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
3	3 1	Programme Management expenditure	1,69	1,20	0,49	29,07%	0,00	0,49	0,61
Total Title 3			1,69	1,20	0,49	29,07%	0,00	0,49	0,61

Total :			59,14	56,57	2,57	4,34 %	0,00	2,57	2,85
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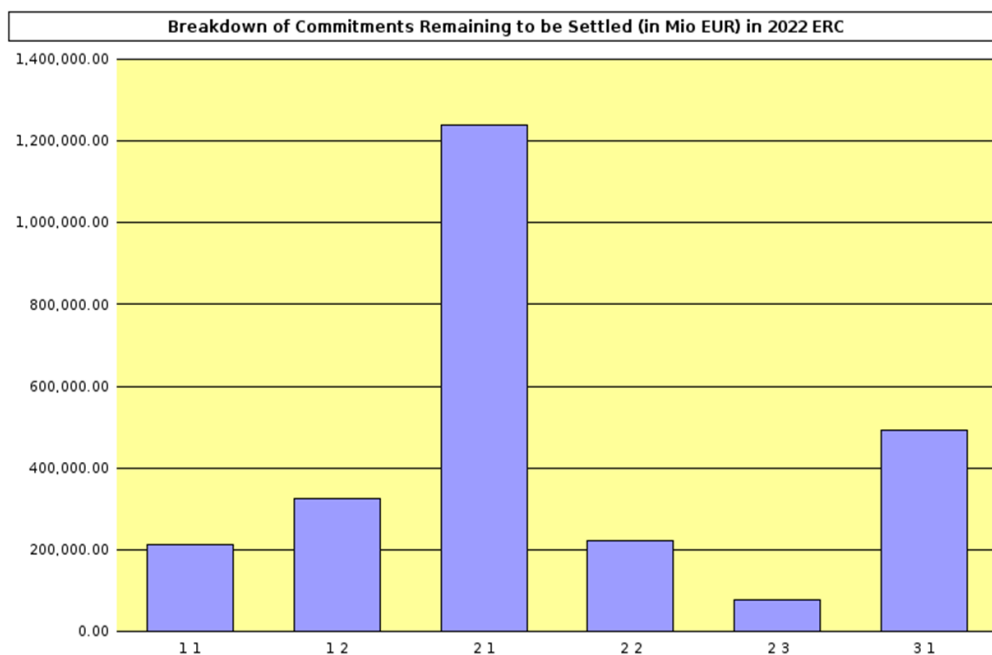


TABLE 4 : BALANCE SHEET for ERC

BALANCE SHEET	2022	2021
A.I. NON CURRENT ASSETS	837.395,35	411.926,84
A.I.1. Intangible Assets	120.254,00	11.083,00
A.I.2. Property, Plant and Equipment	717.141,35	400.843,84
A.II. CURRENT ASSETS	6.276.700,42	6.830.033,92
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	3.240.523,50	3.567.169,59
A.II.6. Cash and Cash Equivalents	3.036.176,92	3.262.864,33
ASSETS	7.114.095,77	7.241.960,76
P.II. CURRENT LIABILITIES	-3.962.380,33	-4.202.764,60
P.II.4. Current Payables	-618.278,07	-483.830,59
P.II.5. Current Accrued Charges & Defrd Income	-3.344.102,26	-3.718.934,01
LIABILITIES	-3.962.380,33	-4.202.764,60
NET ASSETS (ASSETS less LIABILITIES)	3.151.715,44	3.039.196,16
P.III.2. Accumulated Surplus/Deficit	-3.039.196,16	-2.968.009,94
Non-allocated central (surplus)/deficit*	-112.519,28	-71.186,22
TOTAL	0,00	0,00

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

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

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for ERC

STATEMENT OF FINANCIAL PERFORMANCE	2022	2021
II.1 REVENUES	-58.883.604,05	-55.177.672,04
II.1.1. NON-EXCHANGE REVENUES	-58.285.587,87	-54.967.878,08
II.1.1.8. OTHER NON-EXCHANGE REVENUES	-58.285.587,87	-54.967.878,08
II.1.2. EXCHANGE REVENUES	-598.016,18	-209.793,96
II.1.2.2. OTHER EXCHANGE REVENUE	-598.016,18	-209.793,96
II.2. EXPENSES	58.771.084,77	55.106.485,82
II.2. EXPENSES	58.771.084,77	55.106.485,82
II.2.10. OTHER EXPENSES	14.482.873,47	14.099.227,19
II.2.6. STAFF AND PENSION COSTS	44.288.211,30	41.006.660,18
II.2.8. FINANCE COSTS		598,45
STATEMENT OF FINANCIAL PERFORMANCE	-112.519,28	-71.186,22

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

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

TABLE 5bis: OFF BALANCE SHEET for ERC

OFF BALANCE	2022	2021
OB.1. Contingent Assets	0,00	0,00
OB.1.3. CA Other	0,00	0,00
OB.2. Contingent Liabilities	-25.000,00	0,00
OB.2.6. CL Other	0,00	0,00
OB.2.7. CL Legal cases OTHER	-25.000,00	0,00
OB.3. Other Significant Disclosures	-408.284,08	-4.667.720,26
OB.3.2. Comm against app. not yet consumed	-408.284,08	-764.231,95
OB.3.5. Operating lease commitments	0,00	-3.903.488,31
OB.4. Balancing Accounts	433.284,08	4.667.720,26
OB.4. Balancing Accounts	433.284,08	4.667.720,26
OFF BALANCE	0,00	0,00

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

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

TABLE 6: AVERAGE PAYMENT TIMES FOR 2022 for ERC

Legal Times									
Maximum Payment Time (Days)	Total Nbr of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage
30	551	460	83,48 %	14	91	16,52 %	42	282.960,65	2,52, %
34	1	1	100,00 %	15				0,00	0,00, %
43	1	1	100,00 %	19				0,00	0,00, %
45	16	15	93,75 %	17	1	6,25 %	48	1.000,00	0,03, %
60	1	1	100,00 %	10				0,00	0,00, %

Total Number of Payments	570	478	83,86 %		92	16,14 %		283.960,65	1,88, %
Average Net Payment Time	18			14			42		
Average Gross Payment Time	20			16			43		

Suspensions							
Average Report Approval Suspension	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	49	20	3,51 %	570	77.577,50	0,51 %	15.103.222,59

DG	GL Account	Description	Amount (Eur)

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2022 for ERC

Chapter	Revenue and income recognized						Revenue and income cashed from			Outstanding balance
	Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total				
	1	2	3=1+2	4	5	6=4+5	7=3-6			
2 0	Subsidy from the Commission	58.811.845,00	0,00	58.811.845,00	58.811.845,00	0,00	58.811.845,00	0,00		
9 1	Recuperation of expenses	112.683,11	0,00	112.683,11	112.214,11	0,00	112.214,11	469,00		
9 2	Miscellaneous revenues	250.507,00	237.836,08	488.343,08	152.071,00	237.836,08	389.907,08	98.436,00		
Total ERC		59.175.035,11	237.836,08	59.412.871,19	59.076.130,11	237.836,08	59.313.966,19	98.905,00		

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

EX-ANTE CONTROLS		Total undue payments recovered
NON ELIGIBLE IN COST CLAIMS		
CREDIT NOTES		
RECOVERY ORDERS ON PRE-FINANCING		
Sub-Total		

EX-POST CONTROLS		Total undue payments recovered
INCOME LINES IN INVOICES		
RECOVERY ORDERS OTHER THAN ON PRE-FINANCING		
Sub-Total		
GRAND TOTAL (EX-ANTE + EX-POST)		

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2022 for ERC

	Number at 1/01/2022	Number at 31/12/2022	Evolution	Open Amount (Eur) at 1/01/2022	Open Amount (Eur) at 31/12/2022	Evolution
2020	1		-100,00 %	2.625,00		-100,00 %
2021	1		-100,00 %	235.211,08		-100,00 %
2022		5			111.419,28	
	2	5	150,00 %	237.836,08	111.419,28	-53,15 %

TABLE 10 :Recovery Order Waivers >= 60 000 € in 2022 for ERC

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

There are 1 waivers below 60 000 € for a total amount of -27

ANNEX 4: Financial scorecard

The Annex 4 of each Commission service summarises the annual result of the standard financial indicators measurement. Annexed to the Annual Activity Report 2022, 10 standard financial indicators are presented below, each with its objective and result for the Commission service and for the EC as a whole (for benchmarking purposes)⁹:

<ul style="list-style-type: none">- Commitment Appropriations (CA) Implementation- CA Forecast Implementation- Payment Appropriations (PA) Implementation- PA Forecast Implementation- Global Commitment Absorption	<ul style="list-style-type: none">- Timely Payments- Timely Decommitments- Invoice Registration Time- Accounting Data Quality- Management Data Quality
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For each indicator, its value (in %) for the Commission service is compared to the common target (in %). The difference between the indicator's value and the target is colour coded as follows:

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

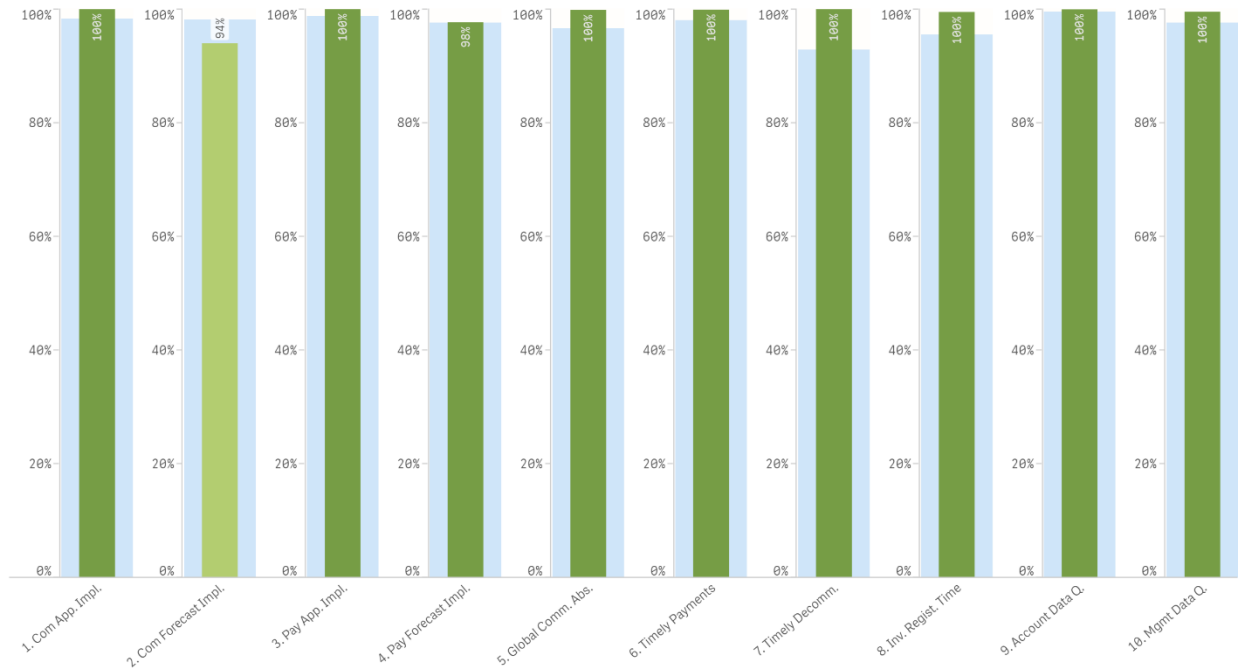
The Commission services are invited to provide commentary for each indicator's result in the dedicated comment section below the indicators scores as this can help the reader to understand the Commission's service context. In cases when the indicator's value achieves 80% or less of the target, the comment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

⁹ If the EC service did not perform any transaction in the area measured by the indicator or the information is not available in the central financial system, the indicator is not calculated (i.e. displayed as “-”) in this Annex.

1.1. Operational Budget

The detailed definitions of the indicators are available on the internal DG BUDG site (BudgPedia) and managed by unit BUDG.C5 Financial Reporting.

ERCEA Indicator Scores for 2022 12



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

Indicator	Objective	Comment ¹⁰	ERCEA Score	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year		100%	98%
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year		94%	98%
3. Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year		100%	99%
4. Payment Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year		98%	98%
5. Global Commitment Absorption ¹¹	Ensure efficient use of already earmarked commitment appropriations (at L1 level)		100%	97%
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines		100%	98%
7. Timely Decommitments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle		100%	93%
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC		100%	95%

¹⁰ An explanation behind the indicator result can be provided, e.g. the comment about the achievement itself, reference to the whole Commission performance (better or worse), reasons behind this achievement. The comment is mandatory for the 'Timely payments' indicator. For the rest of indicators the comment is mandatory only if the score is equal or below the target of 80%.

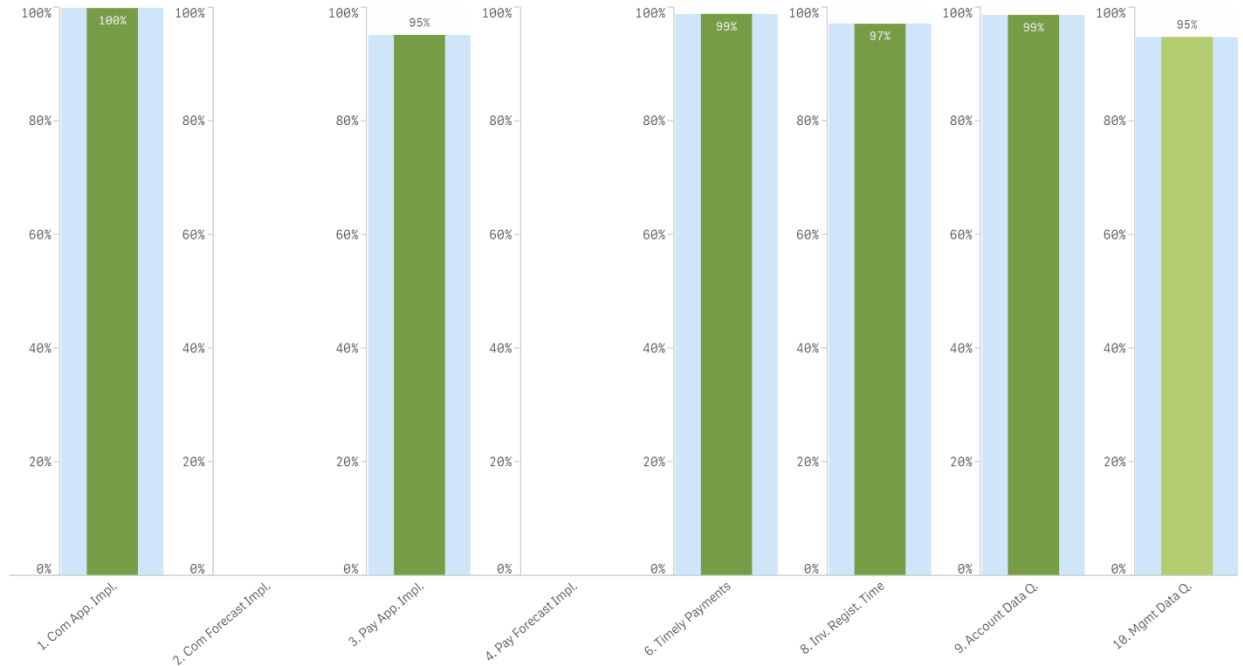
¹¹ Due to technical limitation: 1. the indicator does not take into account the Com L1 Consumption between the FDC ILC date and the FA FDI allowed as an exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under the FR2018 Article 114.2. 2. it is technically not possible to exclude the decommitment of RAL (C8) which is subsequently re-committed for a new purpose. As a result, the actual Indicator score may be slightly higher than the one reported for DGs using the GF commitments.

9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts		100%	100%
10. Management Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions		100%	98%

1.2. Administrative Budget

The detailed definitions of the indicators are available on the internal DG BUDG site (BudgPedia) and managed by unit BUDG.C5 Financial Reporting.

ERCEA Indicator Scores for 2022 12



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

Indicator	Objective	Comment ¹²	ERCEA Score	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year		100%	100%
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year	The indicator is not applicable for the ERCEA in 2022 due to the lack of underlying transactions recorded by DG ERCEA in 2022.	-	-
3. Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year		95%	95%
4. Payment Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year	The indicator is not applicable for the ERCEA in 2022 due to the lack of underlying transactions recorded by DG ERCEA in 2022.	-	-
5. Global Commitment Absorption ¹³	Ensure efficient use of already earmarked commitment appropriations (at L1 level)	The indicator is not applicable for the ERCEA in 2022 due to the lack of underlying transactions recorded by DG ERCEA in 2022.	-	-
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines		99%	99%
7. Timely Decommitments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle	The indicator is not applicable for the ERCEA in 2022 due to the lack of underlying transactions recorded by DG ERCEA in 2022.	-	-
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC		97%	97%

¹² An explanation behind the indicator result can be provided, e.g. the comment about the achievement itself, reference to the whole Commission performance (better or worse), reasons behind this achievement. The comment is mandatory for the 'Timely payments' indicator. For the rest of indicators the comment is mandatory only if the score is equal or below the target of 80%.

¹³ Due to technical limitation: 1. the indicator does not take into account the Com L1 Consumption between the FDC ILC date and the FA FDI allowed as an exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under the FR2018 Article 114.2. 2. it is technically not possible to exclude the decommitment of RAL (C8) which is subsequently re-committed for a new purpose. As a result, the actual Indicator score may be slightly higher than the one reported for DGs using the GF commitments.

9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts		99%	99%
10. Management Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions		95%	95%

ANNEX 5: Materiality criteria

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

Introduction

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

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

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

Chapter A – Qualitative criteria for defining significant weaknesses

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

- **Significant control system weaknesses**

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

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

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

- **Significant reputational events**

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

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

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

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

Chapter B – Quantitative criteria for defining reservations

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

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

Considering that the fact that the research framework programmes' implementing bodies¹⁴ are sharing a common ex-post audit approach, and an important part of DG R&I yearly expenditure is related to indirectly or directly managed research grants, the following section focusses on this specific management system.

RESEARCH FRAMEWORK PROGRAMMES – COMMON ASPECTS

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

Assessment of the effectiveness of controls

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

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

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

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

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

where:

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

¹⁴ Directorates General, Executive Agencies and Joint Undertakings (also called Article 187 bodies) implementing grants of the Research Framework Programmes.

- RepERsys%** portion of the RepER% representing negative systemic errors, (expressed as a percentage). The RepERsys% is the same for all entities and it is calculated from the same set of results as the RepER%
- P** total requested EC contribution (€) in the auditable population (i.e. all paid financial statements).
- A** total requested EC contribution (€) as approved by financial officers of all audited financial statements. This will be collected from audit results.
- E** total non-audited requested EC contribution (€) of all audited beneficiaries.

The Common Representative Sample (CRS) is the starting point for the calculation of the residual error rate. It is representative of the expenditure of each FP as a whole. Nevertheless, the Director-General (or Director for the Executive Agencies) must also take into account other information when considering if the overall residual error rate is a sufficient basis on which to draw a conclusion on assurance (or make a reservation) for specific segment(s) of the Seventh Framework Programme (FP7)/Horizon 2020. This information may include the results of other ex-post audits, ex-ante controls, risk assessments, audit reports from external or internal auditors, etc. All this information may be used in assessing the overall impact of a weakness and considering whether to make a reservation or not.

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

Should a calculation of the residual error rate based on a representative sample not be possible for a FP for reasons not involving control deficiencies,¹⁵ the consequences are to be assessed quantitatively by making a best estimate of the likely exposure for the reporting year based on all available information. The relative impact on the Declaration of Assurance would then be considered by analysing the available information on qualitative grounds and considering evidence from other sources and areas. This should be clearly explained in the AAR.

Multiannual approach

The Commission's central services' guidance relating to the quantitative materiality threshold refers to a percentage of the authorised payments of the reporting year of the ABB expenditure. However, the Guidance on AARs also allows a multi-annual approach, especially for budget areas (e.g. programmes) for which a multi-annual control system is more effective. In such cases, the calculation of errors, corrections and materiality of the

¹⁵ Such as, for instance, when the number of results from a statistically-representative sample collected at a given point in time is not sufficient to calculate a reliable error rate.

residual amount at risk should be done on a "cumulative basis" on the basis of the totals over the entire programme lifecycle.

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

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

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

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

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

Adequacy of the audit scope

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

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

2020 REVISED METHODOLOGY FOR THE CALCULATION OF THE ERROR RATE FOR HORIZON 2020

European Court of Auditors observations

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

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

In this respect, an additional 0.38 % (calculated on 1 937 H2020 audit participations by difference with the previous methodology) has been used to top up the cumulative detected error rate for 2022.

IAS limited review on the 2020 error rate calculation for H2020

The IAS has carried out a limited review on the methodology for calculation of the error rates of Horizon 2020 in the year 2020. The findings of this limited review confirmed that there is no weakness in the calculation of the detected error rate and that the impact of these findings on the accuracy of the calculation of the residual error rate is minor. The IAS recommended that:

1. The CIC should:

- 1.1. Calculate the corporate H2020 residual error rate based on the actual level of implementation of audit results and extension of audit findings stemming from data encoded by the Authorising Officers;
- 1.2. Considering that there is no data on the sampled amounts for audits closed before 2020, estimate the amount actually audited by calculating the ratio of costs actually audited to the total amount of the related accepted cost claims for all the

audits closed since 1 January 2020 ('A' parameter in the formula for calculating the residual error rate) and adapt parameter 'E' accordingly;

1.3. Formalise the changes in the residual error rate calculation (e.g. in a written CAS procedure).

2. The CAS should:

2.1. Change the audit report template to include a line in the table of Annex 1 with the audited amounts (sampled);

2.2. Include fields in AUDEX to encode the audited amounts per participation and cost category and any other IT tool used to register the ex post audits' data which feed the Microsoft Access database for the calculation of the representative detected error rate;

2.3. Calculate the top-up automatically in the Microsoft Access database. For Horizon Europe, the calculation will be in line with the new methodology and no top up calculation will be required.

The recommendations 1.1 to 2.2 above are fully implemented. The recommendation 2.3 which refers to Horizon Europe and will be completed once the audit campaign for Horizon Europe start. Nevertheless, the new methodology, without the need for a top up calculation, is already being implemented for H2020 audits.

RESEARCH FRAMEWORK PROGRAMMES – SPECIFIC ASPECTS

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

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

Seventh Framework Programme

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

Horizon 2020 Framework Programme

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

This is based on the provision of the Commission's proposal for the Regulation establishing the Horizon 2020 Framework Programme¹⁶ states that:

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

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

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

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

The Commission considers therefore that, for research spending under Horizon 2020, a risk of error, on an annual basis, within a range between 2-5 % is a realistic objective taking into account the costs of controls, the simplification measures proposed to reduce the complexity of rules and the related inherent risk associated to the reimbursement of costs of the research project. The ultimate aim for the residual level of error at the closure of the

¹⁶ COM(2011) 809/3 Proposal for a Regulation of the European Parliament and of the Council establishing Horizon 2020 – the Framework programme for Research and Innovation (2014-2020), see point 2.2, pp 98-102.

programmes after the financial impact of all audits, correction and recovery measures will have been taken into account is to achieve a level as close as possible to 2 %.

Horizon Europe Framework Programme

For Horizon Europe Framework Programme¹⁷, the general control objective, following the standard quantitative materiality threshold proposed in the standing instructions for Annual Activity Reports, is to ensure that the cumulative residual error rate, i.e. the level of errors which remain undetected and uncorrected, does not exceed 2%.

EURATOM Horizon 2020 and EURATOM Horizon Europe

The EURATOM H2020¹⁸ and EURATOM Horizon Europe¹⁹ Regulations complement respectively the Horizon 2020 and Horizon Europe Regulations. The EURATOM Audit Strategy is articulated as a complement to the Horizon 2020 Audit Strategy. However, for the estimation of the amount at risk, only the Horizon 2020 error rate has been presented and used as the EURATOM error rate is not statistically representative. The estimation of EURATOM Horizon Europe error rate is also aligned with the one of Horizon Europe. The quantitative materiality threshold for Euratom programmes is the same as for the Horizon framework programmes.

DE MINIMIS THRESHOLD FOR FINANCIAL RESERVATION

As of 2019, a 'de minimis' threshold for financial reservations is introduced. Quantified AAR reservations related to residual error rates above the 2% materiality threshold, are deemed not substantial for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed.

¹⁷ Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe

¹⁸ Council Regulation (Euratom) No 1314/2013 of 16 December 2013 on the Research and Training Programme of the European Atomic Energy Community (2014-2018) complementing the Horizon 2020 Framework Programme for Research and Innovation (OJ 347/84, 20.12.2013).

¹⁹ Council Regulation (Euratom) 2021/765 complementing the Horizon Europe Regulation.

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

6.1 ERCEA Operational budget

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

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
WP and subsequent calls for proposals are inadequate to ensure the evaluation of proposals	Hierarchy of legal texts (legal basis, decisions, rules...) Scientific Council (ScC) support and Call Coordination	All calls	Effectiveness: % of planned Calls successfully concluded % success rate per call Qualitative Benefits: A good Work Programme and well publicised calls should generate a large number of good quality projects, from which the most excellent can be chosen. There will therefore be real competition for funds. Optimised procedures, common approach on multiple issues (audits, fraud, legal aspects, reporting...); better reporting on the whole programme – better management of the programme

B. Evaluation, ranking and selection of proposals

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
Eligible proposals are excluded from the evaluation or ineligible proposals are proposed for funding	Automatic IT-based eligibility checks Eligibility checks and decision for clear cut cases by scientific officers and call coordinators	100% applicants and all aspects of eligibility criteria	Effectiveness: Number of proposals evaluated % of ineligible proposals over total proposals submitted per call % of redress cases concerning eligibility issues

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
	<p>In depth double-check of special cases at Step 2 by call coordinators</p> <p>Eligibility decision for pending cases (not clear cut) by Eligibility Committee</p>		
<p>The evaluation, ranking and selection of proposals is not carried out in accordance with the established procedures</p>	<p>ScC selection and appointment of panel members</p> <p>Panel coordination by scientific officers making sure procedures are followed (panel checklists and standard deliverables)</p> <p>Assignment of proposals to panel members by panel chairs</p> <p>Conflict of interest procedure</p> <p>Selection of experts (remote referees) by panel chairs</p> <p>Assessment of proposals by panel members and experts (remote referees)</p> <p>ScC President's approval and ERCEA Director's final adoption of ranking lists.</p> <p>Redress procedure</p>	<p>100% of panel members and experts</p> <p>100% of proposals</p> <p>100% of complaints received are analysed by the Redress Committee.</p> <p>100% exclusion from evaluation of experts having a conflict of interest</p>	<p>Effectiveness:</p> <p>Number of experts participated/invited</p> <p>% of expert payment execution</p> <p>Number of experts (remote referees) reviews per proposals</p> <p>Time to appoint experts</p> <p>Time to pay experts</p> <p>% of successful redress cases</p> <p>Expert budget / number of evaluated proposals</p> <p>Efficiency:</p> <p>Time to Inform all/successful applicants (average number of days) on the outcome of the evaluation of their application from the final date for submission of completed proposals</p> <p>Posts standard costs + expert budget / operational budget</p> <p>Qualitative benefits:</p> <p>Compliant, fair and reliable evaluation based on sole criterion of excellence</p>

<p>The evaluation, ranking and selection of proposals is not carried out in accordance with the established procedures</p>	<p>ScC selection and appointment of panel members</p> <p>Panel coordination by scientific officers making sure procedures are followed (panel checklists and standard deliverables)</p> <p>Assignment of proposals to panel members by panel chairs</p> <p>Conflict of interest procedure</p> <p>Selection of experts</p>	<p>100% of panel members and experts</p> <p>100% of proposals</p> <p>100% of complaints received are analysed by the Redress Committee.</p> <p>100% exclusion from evaluation of experts having a conflict of interest</p>	<p>Effectiveness:</p> <p>Number of experts participated/invited</p> <p>% of expert payment execution</p> <p>Number of experts (remote referees) reviews per proposals</p> <p>Time to appoint experts</p> <p>Time to pay experts</p> <p>% of successful redress cases</p> <p>Expert budget / number of evaluated proposals</p> <p>Efficiency:</p>
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	<p>(remote referees) by panel chairs</p> <p>Assessment of proposals by panel members and experts (remote referees)</p> <p>ScC President's approval and ERCEA Director's final adoption of ranking lists.</p> <p>Redress procedure</p>		<p>Time to Inform all/successful applicants (average number of days) on the outcome of the evaluation of their application from the final date for submission of completed proposals</p> <p>Posts standard costs + expert budget / operational budget</p> <p>Qualitative benefits:</p> <p>Compliant, fair and reliable evaluation based on sole criterion of excellence</p>
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C- Contracting

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>Grant agreement's beneficiary (Host Institution) lacks operational and/or financial capacity to implement the grant agreement.</p> <p>Grant agreement's budget does not comply with the Description of Work.</p> <p>Procedures designed to ensure compliance with the regulatory framework are not effectively performed.</p>	<p>Legal and financial validation of beneficiaries</p> <p>EDES screening</p> <p>Check of draft grant agreement's budget breakdown versus Description of Work.</p> <p>Use of checklists.</p> <p>Verification of the draft grant agreement files by verifying agents.</p> <p>Grant agreements are signed by the AOD.</p> <p>Monitoring of the "time to grant".</p>	<p>100% of beneficiaries are scrutinised.</p> <p>100% of grant agreements.</p>	<p>Effectiveness:</p> <p>% of individual commitments / global commitment execution (L2/L1)</p> <p>Efficiency:</p> <p>Time to sign grant agreements from the date of informing successful applicants (average values)</p> <p>Time to grant measured (average) from call deadline to signature of grants²⁰</p> <p>Research family indicator: Average "time to grant"</p> <p>Time to ethics clearance</p> <p>Qualitative benefits:</p> <p>Benefits of controls embedded in ERCEA grant preparation and signature process are not quantifiable, as the latter does not entail any negotiation on the EU. However, it is undeniable that these controls are necessary to ensure the process complies with rules and regulations and that researchers are provided on time with a sound legal framework to conduct their research projects.</p>

²⁰ Exception for projects put on a reserve list for which the time elapsed between the information letter and the invitation letter must be deducted.

D – Monitoring

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>The grant agreement is not or partially carried out in compliance with the Description of Work and/or amounts claimed by beneficiaries are not complying with the contractual and regulatory framework.</p>	<p>Financial Officers perform check-list-based financial controls based on the Periodic Financial Management Report, which provides an explanation of financial resources claimed versus the Description of Work, in particular its budgetary annex.</p> <p>Certificate on the Financial Statements delivered by an independent qualified auditor.</p> <p>EDES screening</p> <p>Final payments are subject to the approval of the Scientific reports.</p> <p>Anti-fraud awareness raising training for project officers</p>	<p>100% of transactions</p> <p>100% of transactions with cumulative costs claims exceeding € 325.000 for H2020/HE or € 375.000 for FP7.</p> <p>100% of transactions</p> <p>100% of transactions</p>	<p>Effectiveness:</p> <p>% of payment credit execution.</p> <p>% of ineligible costs identified by Financial Officers</p> <p>% of total number of financial transactions and accepted costs covered by Certificate on Financial Statements (CFS).</p> <p>Research Family indicator:</p> <p>% and values of errors detected through ex-ante desk checks / total value of cost claims.</p> <p>% of final payments suspended due to results of Scientific reports</p> <p>% of ERCEA staff participation in ethics and integrity trainings</p> <p>Efficiency:</p> <p>Time to pay (pre-financing / interim and final payments)</p> <p>Research Family indicator: Average time to pay (% on time)</p> <p>Qualitative benefits:</p> <p>Average project management cost/running grant agreement</p> <p>Average number & value of running grant agreement managed/staff.</p> <p>Detected error rate ex-ante desk checks</p>

Overall economy and quantitative benefit for ex-ante control

			<p>Economy:</p> <p>a. Estimation of cost of staff involved in the ex-ante checks</p> <p>Programme management and monitoring Financial management Budget and accounting General Coordination incl. Strategic Programming and Planning, internal control, assurance and quality management Anti-fraud Development and support of IT systems linked to managing funding programmes</p> <p>b. Estimation of other costs linked to ex-</p>
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			post checks Cost of experts Qualitative Benefits: Total amount committed for grants signed Total amount paid against cost claims including clearings on prefinancing.
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E - Ex-post controls

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

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

Overall economy for ex-post control

			<p>Economy:</p> <p>Estimation of cost of staff involved in the coordination and execution of the ex-post audit strategy and in the implementation of audits. Costs of the appointment of audit firms and missions.</p>
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6.2 ERCEA Operating budget

A - Administrative budget

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

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

B - Procurement

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
A lack of competition amongst tenderers may lead to restriction of market	Regular follow-up and update of the contract register	100% checked	<p>Effectiveness: Reduced n° of splitting of a purchase</p> <p>Qualitative benefits:</p> <p>Widest competition (increase the choice of potential suppliers)</p>
<p>Procurement documents (invitation to tender, tender specifications and its annexes, draft contract) is not well drafted, potentially leading to:</p> <ul style="list-style-type: none"> - inconsistency and irregularity amongst the documents - the fact that offers are not submitted <p>The procurement documents used by operational units are not in line with the rules/models</p>	<p>Ex-ante visa (twice) in all public procurement files:</p> <ol style="list-style-type: none"> 1. During the preparatory phase: <ul style="list-style-type: none"> - procedures above € 15.000 “procurement check-list” 2. Before the signature of the contract (after the award decision): <ul style="list-style-type: none"> - procedures above € 15.0000 - “procurement check-list” - procedures below € 15.000 - “commitment request checklist” <p>Training and bilateral coaching provided to operational units</p> <p>Regular update of the “procurement document” templates and supporting documents (e.g. “step by step”, guidelines)</p> <p>In-house trainings on procurement</p> <p>Updated guidelines on public procurement Ares(2020)1329864</p>	<p>100% checked</p> <p>100% checked</p>	<p>Effectiveness:</p> <ul style="list-style-type: none"> - n° of errors detected - n° of requests issued for clarification regarding the call for tender - n° of complaints or litigation cases filed <p>Qualitative benefits:</p> <ul style="list-style-type: none"> - limited number of procedure cancellations - needed services/goods are provided - compliance with rules - limited number of complaints / litigations filed
Due conflict of interest during the award process, contract awarded may be contested	Members of the evaluation committee sign a declaration of absence of conflict of interests and of confidentiality	100% checked	<p>Effectiveness:</p> <ul style="list-style-type: none"> - n° of complaints or litigation cases filed <p>Qualitative benefits:</p> <ul style="list-style-type: none"> - awarded contract are awarded and services/goods delivered (needs satisfied) - limit number of litigations & complaints - fair competition

ANNEX 7: Specific annexes related to "financial management"

Table – Overview of ERCEA's estimated cost of controls

Table Y personalised heading :		Overview of ERCEA's estimated cost of controls						
Overview of ERCEA's estimated cost of controls - Overview of ERCEA's estimated cost of controls at Commission (EC) level								
EXPENDITURE								
The absolute values are presented in EUR								
ERCEA	Ex ante controls***			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Relevant Control System (RCS) / Other as defined in Annex 6 of the AAR*	EC total costs	related payments Made	Ratio (%)** (a)/(b)	EC total costs	total value verified and/or audited	Ratio (%) (d)/(e)	EC total estimated cost of controls (a)+(d)	Ratio (%)** (g)/(b)
ERCEA operational budget	59.067.434,81 €	2.408.634.132,45 €	2,45%	- €	- €	0,00%	59.067.434,81 €	2,45%
			0,00%	- €	- €	0,00%	- €	0,00%
			0,00%	- €	- €	0,00%	- €	0,00%
			0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
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	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
OVERALL total estimated cost of control at EC level for expenditure	59.067.434,81 €	2.408.634.132,45 €	2,45%	- €	- €	0,00%	59.067.434,81 €	2,45%

Other legality and regularity indicators

- Evaluation**

ERCEA 2022 AWP		
Ineligible proposals (not withdrawn)	2022 Target	31/12/2022
2022 StG, CoG, AdG, SyG, PoC calls:	1.5%	1%
Evaluation complaints		
% of re-evaluations out of the overall proposals submitted and following requests for redress	StG/CoG/AdG/SyG calls: 0.03% PoC calls: 0.2%	0% 0%

The above table presents the percentage of ineligible proposals and evaluation complaints. The targets have been met in both cases.

During the reporting period, the Commission received 7 requests (6 in 2021) for legal review in accordance with Article 22 of Regulation 58/2003 ('Article 22 requests') concerning ERCEA's decisions, out of which 5 complaints were considered unfounded and closed and 2 are still pending on 31/12. The Agency provided timely contributions to the

parent DG in all cases which mainly concern the questioning of the reviewers or the panel's scientific judgement.

- **Grant preparation and signature**

ERCEA 2022 AWP	2022 Target	31/12/2022	31/12/2021
% execution of L2/L1 commitment (C8) ²¹	100%	100%	99.6% ²²

Source of data: ABAC

Throughout the year, 1 398 grant agreements for a total of EUR 2 272.35 million were signed. Following the late adoption of the new Framework Programme, two ERC Call years were granted in parallel resulting in more grants signed in 2022 compared to 2021.

- **Grant implementation**

ERCEA control indicators – 2022						
Rejection of interim and final payment costs	Number of Invoices		Amount (EUR)		% of ineligible costs on total declared costs ²³	
	H2020	FP7	H2020	FP7	H2020	FP7
Total declared cost	4 007	17	1 780 743 033.12	14 074 448.37		
Of which Ineligible costs declared²⁴	235	6	4 147 088.26	559 833.70	0.23%	3.98%

Source of data: DWH BO reports

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

Audit Activity and Sampling

The table below gives a last and final overview of the whole FP7 audit activity performed by the ERCEA by the end of 2022 detailed by type of audits (given that a single audit can

²¹ The indicator for the percentage execution L2/L1 is dependent on the timing of the evaluation process.

²² The overall H2020 L2/L1 commitment (C8) execution rate in 2021 stands at 99.6% and includes the open RAL of finalised projects which will be de-committed in 2022. The indicator computed on global individual legal commitments (L1) referring to 2020 calls only is 100%.

²³ Covering ex-ante rejections by Financial Officers and independent certified auditors (CFS).

²⁴ 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).

cover more samples or activity strands, the overview is expressed in number of financial statements):

<u>Number of Cost Statements audited</u>	2022					
	CRaS1, 2 & 3	MUS1 (ex-250) & MUS 2 samples		Risk Based	Joint with CoA	Total 2022
				(Risk Analysis + Request, TOP 100, technical, other)		
Ongoing – beginning of the period	0	0	0	3	0	3
Launched	0	0	0	0	0	0
Closed	0	0	0	3	0	3
Ongoing – end of the period	0	0	0	0	0	0
2009-2022						
Ongoing – beginning of the period	0	0	0	0	0	0
Launched	41	161	150	1 403	0	1 786*
Closed	41	161	150	1 397	0	1 780
Ongoing – end of the period	0	0	0	0	0	0

*3 audits had to be cancelled

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

FP7 Audit plan execution

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

<u>Number of audits (& Financial Statements)</u>	2022		2009 – 2022	
	AUDITS	FINANCIAL STATEMENTS	AUDITS	FINANCIAL STATEMENTS
Audits planned – as per AWP & audit strategy	<5	N/A	550	N/A
Audits ongoing – beginning of the period	1	3	0	0
Audits launched	0	0	570*	1 786
Audits closed	1	3	567	1 780
Audits ongoing – end of the period	0	0	3	9

Total amount audited - €	1 115 335	682 175 887
Audit coverage - %	8,93%	

*3 audits had to be cancelled

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

Source of data: AUDEX

Final Results of FP7 ex post control audits

Indicators related to ERCEA specific ex-post control strategy				
Financial Statements audited	2021		2009-2021	
	Amount in €	Number	Amount in €	Number
Total cost accepted by Financial officers (€) on audited FS – Audited amount	1 115 335	3	682 175 887	1 780
Thereof audited as part of the MUS 1 (ex-MUS250)	0.00	0	62 219 211	161
Thereof audited as part of the MUS 2	0.00	0	54 564 790	150
Thereof audited as part of the risk based sample (31 FS jointly audited with CoA & CRaS included)	1 115 335	3	565 391 886	1 469
Total adjustments in favour of the ERCEA (€, only negative)	305 716	3	13 700 033	543
On the MUS sample	0.00	0	1 501 378	96
On the risk based sample	0.00	0	11 892 939	444
Detected error rate – stratified (MUS1 & MUS2) – %	N/A	N/A	1.51%	N/A
Residual Error rate – from MUS stratified- %	N/A	N/A	1.10%	N/A
Other MUS related rates:				
Detected error rate – from MUS1 - %	N/A	0	2.11%	161
Detected error rate – from MUS2 - %	N/A	3	0.50%	150

Other ERCEA error rates:				
Risk based error rate (risk analysis, audits on request, Top100, CoA)- %	N/A	N/A	2.72%	1 469
Global activity error rate (all activity) - %	N/A	N/A	2.54%	1 780

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

Audit coverage

Seventh Framework Programme (FP7)

The audit coverage for FP7 is the same as the one presented in the AAR 2021 because all Common Representative sample items were closed in 2021.

Horizon 2020 (H2020)

By the end of 2022, **the Research and Innovation Family** audited 4 060 participations, covering 58.26% of total H2020 expenditure to date.

The percentage of H2020 expenditure covered by the audits (58.26%) refers to the value of the participations of the audited beneficiaries. It includes both fully audited participations (3.77%), also referred to as the 'direct' coverage, and the non-audited participations, also referred to as the 'indirect' coverage, which after the full treatment of audit results, are clean from systemic errors (54.49%).

DG Research and Innovation: Since 2021 a large number of actions, formerly managed by DG Research and Innovation, were transferred to other stakeholders of the Research and Innovation Family. As a result, the number of audited actions managed by DG R&I has decreased significantly, which does not allow a complete analysis of the coverage.

Efficiency of controls (additional indicators)

Completion rate of Horizon 2020 ex-post audits in 2022

The overall target (most probable scenario) in the Horizon 2020 Audit Strategy for 2022 was 611 audited participations. By 31 December 2022, the audits of 633 participations were closed, (completion rate 103.6%).

Implementation of H2020 Audit Results

Since the beginning of the H2020 audit campaign and until the end of 2022 implementation was launched for 969 audited participations and participations subject to extension of audit results. Thereof, implementation was completed for 927 participations i.e. 95.7% of the total (for details see table A). Targeted time for implementation is 6 months for 100% of the audit results, except for closed projects with negative adjustments

resulting in a recovery order, where the target is to implement at least 50% of the audit results within 6 months²⁵.

In 2022, the Agency has implemented 3 out of 8 negative adjustments with recovery orders within 6 months, what exceeds the 50% target for 1 audit result. In other scenarios, where the implementation target is 100% within 6 months, the Agency has implemented 189 audit results within 6 months and 2 audit results have exceeded the 6 months target (for details see table B). Since beginning of the H2020 programme implementation until the end of 2022, the Agency has completed implementation of EUR 3 425 642.30 of negative adjustments out of total EUR 3 950 003.72, thus EUR 524 361.42 of negative adjustments was pending implementation at the end of the year (for details see table C).

Table A – H2020 AURIs from beginning of the FP to 31 December 2022

	Audit results processed	% Audit results processed	Audit results pending	% Audit results pending	Total
Audits	647	94.5%	38	5.5%	685
Extensions	280	98.6%	4	1.4%	284
Total	927	95.7%	42	4.3%	969

Table B – Annual Time to Implement - AURIs closed in 2022

	0-6 months	% 0-6 months	above 6 months	% above 6 months	Total
Closed Projects	58	92.1%	5	7.9%	63
Negative adjustments with recovery*	3	37.5%	5	62.5%	8
Negative adjustments without recovery	1	100.0%	0	0.0%	1
Positive or zero Adjustment	54	100.0%	0	0.0%	54
On-going Projects	134	98.5%	2	1.5%	136
Negative adjustments**	108	99.1%	1	0.9%	109
Positive or zero Adjustment	26	96.3%	1	3.7%	27
Total	192	96.5%	7	3.5%	199

Target for implementation of audit results in on-going and closed projects with positive or zero adjustment and closed projects with negative adjustments not triggering a recovery order AURIs is 6 months;

* Target for closed projects with negative adjustments triggering a recovery order: at least 50% of AURIs finalized within 6 months;

** Time to implement negative adjustments in ongoing projects = between launch of AURI workflow up to completion of Authorisation step.

²⁵ Targets as defined in the Guidance on Monitoring and reporting on implementation of Ex-post audit results in the R&I family Ares(2022)8903878.

Table C – Implementation of negative adjustments from beginning of the FP to 31 December 2022

	Audit results processed		Audit results pending implementation		Total Negative Adjustments	
	No. of AURIs	Adjustment Amount	No. of AURIs	Adjustment Amount	No. of AURIs	Adjustment Amount
Audits	179	-3,053,561.30	21	-461,386.80	200	-3,514,948.10
Extensions	24	-372,081.00	3	-62,974.62	27	-435,055.62
Total	203	-3,425,642.30	24	-524,361.42	227	-3,950,003.72

nb. Number of AURIs represent number of individual audited participations or individual participations subject to the extension of the audit results

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

No	Criteria/Indicators	Source of data to obtain value for the indicator	Baseline value	Target value	IC component	IC Principle	Latest known result 31/12/22	S/D ¹
1	% of staff who followed a training on ethics and integrity.	EU-Learn / ERCEA training statistics	74%	80%	I	1	43% ²	S
2	ERCEA communicates to third parties (Grant applicants, Principal Investigators, Host Institutions, Experts; tenderers, contractors) its commitment to integrity and ethical behaviour.	ERC Work programme, Model grant agreements / experts contract; model annex to tenderer specifications.	Y	Y	I	1	Y	
3	Existing governance & working arrangements between the parent DG and the Agency allow an independent oversight of its internal control development and performance.	Delegation Act; Steering Committee minutes;	Y	Y	I	2	Y	S
4	Key and relevant information on the developments and performance of internal control is provided to and discussed with the Steering Committee and RTD services.	Steering Committee minutes; RTD consultation on AWP, AAR, Bi-annual	Y	Y	I	2	Y	
5	ERCEA organisation chart and financial circuits are kept updated and are communicated to staff.	Steering Committee decisions; ERCEA intranet	Y	Y	I	3	Y	S
6	% staff assessing their job to be clearly linked to the Agency's mission and objectives.	Staff opinion survey	92%	85%	I	3	92%	
7	% of staff turnover	ERCEA HR statistics	7,67%	<8%	I	4	6,90%	S
8	Number of training days per staff	ERCEA HR statistics	5,45	6 days	I	4	4,14	
9	Number and percentage of first female appointments to middle management positions	ERCEA HR statistics / DG HR	53%	44%	I	4	59%	
10	ERCEA staff engagement index	Staff opinion survey	74%	73%	I	4	74%	
11	The process of staff appraisal includes a dialogue where staff members receive a meaningful and practical feedback on how to improve their performance and identify training needs.	Sysper	Y	Y	I	5	Y	S
12	% of staff assessing that Management identifies and addresses poor performance.	Staff opinion survey	59%	> 62%	I	5	59%	
13	Agency's objectives are aligned with its Mission statement, cover all its activities (comprehensive) and are compliant with the SMART criteria.	AWP	Y	Y	II	6	Y	S
14	% of staff assessing that Management gives clear guidance on the mission, objectives and tasks of the Agency and its units.	Staff opinion survey	75%	68%	II	6	75%	
15	% of Management assessing that the risks identification and assessment is organised, coordinated and reviewed across the whole Agency by staff with the adequate competence and its outcome is discussed and validated by ERCEA senior management.	ERCEA risk management process ICAT	86%	90%	II	7	95%	S
16	Regular update of the ERCEA Risk Register	ERCEA risk management process	2/year	2/year	II	7	2/year	

No	Criteria/Indicators	Source of data to obtain value for the indicator	Baseline value	Target value	IC component	IC Principle	Latest known result 31/12/22	S/D ¹
17	The annual identification of fraud risks and schemes is based on fraud patterns/schemes, considers the vulnerabilities of the Agency and its outcome is reflected in ERCEA strategy /anti-fraud action plan.	ERCEA risk management process	Y	Y	II	8	Y	S
18	% staff dealing with financial operations having attended a training on fraud prevention, detection & handling potential fraud.	EU-Learn and ERCEA training statistics; ERCEA Anti-fraud Strategy	47%	80%	II	8	29% ⁵	
19	Implementation of the actions included in ERCEA's anti-fraud strategy over the strategy's lifecycle	AAR, ERCEA's anti-fraud strategy, OLAF reporting	90%	90%	II	8	100%	
20	% of Management assessing that the risk identification and assessment process covers changes to the internal/external environment, governance, policies, operational priorities as well as in management's attitude towards internal control.	ERCEA risk management process ICAT	84%	80%	II	9	90%	S
21	Results of control and performance indicators are monitored as to ensure achieving related objectives.	Minutes of Management meetings; Reporting from the Management and RMIC to the Director.	Y	Y	III	10	Y	S
22	% of timely implemented mitigating measures of high and medium risks.	Minutes of Management meetings; Reporting from the Management and RMIC to the Director.	85%	> 75%	III	10	100%	
23	ERCEA H2020 Estimated residual error rate	BO report	1,22	2-5%	III	10	1,11	
24	Estimated risk at closure	BO report	1,18%	< 2%	III	10	1,09%	
25	ERCEA plans and implements its IT projects and activities via an annual Information Technology Masterplan which is approved by the IT Steering Committee.	IT Steering Committee minutes	Y	Y	III	11	Y	S
26	% of completed IT Masterplan activities	D1 report on IT statistics	100%	100%	III	11	100%	
27	Degree of implementation of the digital strategy principles by the most important IT solutions	Dep.D report	42%	60%	III	11	61%	
28	Percentage of implementation of the corporate principle for data governance for ERCEA's key data assets	Dep.D report	0%	50%	III	11	75%	S
29	Number of request for authorisation and non compliance events.	Register of exception and non compliance	15	20-25	III	12	24	
30	Number of IAS critical and very important recommendations related to procedures.	IAS reports	0	0	III	12	0	S
31	% of registered documents not filed.	HAN statistics	1,6%	1%	IV	13	0,9%	S
32	Percentage of HAN files readable/accessible by all units in ERCEA	HAN statistics	92,5%	90%	IV	13	93,4%	

No	Criteria/Indicators	Source of data to obtain value for the indicator	Baseline value	Target value	IC component	IC Principle	Latest known result 31/12/22	S/D ¹
33	Percentage of staff attending awareness raising activities on data protection compliance	ERCEA	16%	100%	IV	13	31%	
34	% of staff attending the yearly meeting providing information on Agency's progress in achieving its objectives, on challenges etc...	Invitation to staff (email); Intranet	70%	85%	IV	14	62%	S
35	ERCEA has a whistleblowing procedure in place which is communicated to and accessible by staff members.	ERCEA intranet (handling and reporting unethical behaviour webpage)	Y	Y	IV	14	Y	S
36	Press coverage of the ERC - i.e. number of articles mentioning the ERC (number of media items)	ERCEA external communication statistics	13.400	stable/positive trend	IV	15	20.970	S
37	Competent and independent staff reporting to the RMIC (independent from operational staff) defines the ERCEA assurance building process and validates its outcome.	Statement of the RMIC (reflected in Annex 1 of the AAR)	Y	Y	V	16	Y	S
38	Management regularly monitors the performance /functioning of the internal control via the internal scorecard, outcome of the risk management exercise, exception/non-compliance reports	Minutes of Management meetings; Reporting from the Management and RMIC to the Director.	4/year	4/year	V	16	4/year	
39	Internal control weaknesses are recorded, reported to and addressed by management in a timely manner.	RMIC's reporting on the assessment of the functioning of the IC system (ongoing / year end assessment)	Y	Y	V	17	Y	S

¹ strength or deficiency

² Results based on a new methodology which considers only the trainings followed by staff since their arrival at the ERCEA whilst until end 2021 trainings attended in other EU entities were counted. Revised results for 2021: 33%.

³ Results based on a new methodology which considers only the trainings followed by staff since their arrival at the ERCEA whilst until end 2021 trainings attended in other EU entities were counted. Revised results for 2021: 10%

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

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

Model table 1 for Executive Agencies:

[Department XXX]	"payments made" (FY; MEUR)	minus new prefinancing [plus retentions made] (in FY; MEUR)	plus cleared prefinancing [minus retentions released and deductions of expenditure made by MS] (in FY; MEUR)	= "relevant expenditure" (for the FY; EUR)	Detected error rate or equivalent estimates	estimated risk at payment (FY; EUR)	Adjusted Average Recoveries and Corrections (adjusted ARC; %)	estimated future corrections [and deductions] (for FY; EUR)	estimated risk at closure (FY; EUR)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Operational budget:									
FP7	8.15	0	7.49	15.63	1.51%	0.24	0.41%	0.06	0.17
H2020	1 234.05	-111.48	647.15	1 769.72	1.96%	34.69	0.85%	15.04	19.64
HE	1 166.44	-1 150.07	0.00	16.37	2%	0.33	0.85%	0.14	0.19
Sub-total	2 408.63	-1 261.55	654.63	1 801.72		35.25	0.85%	15.25	20.00
operating budget	59.07			59.07	0.62%	0.37			0.37
total EA (operational + operating)	2 467.70	-1 261.55	654.63	1 860.79		35.62	0.82% = (9) / (5)	15.25	20.37
					Overall risk at payment in %	1.91% = (7) / (5)		Overall risk at closure in %	1.09% = (10) / (5)

Notes to the table 1

(1) Relevant Control Systems differentiated per relevant portfolio segments and at a level which 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.

(7) The historic average of recoveries and financial corrections (ARC) received from the central services is 0.1%. However, further to 2017 ECA/IAS recommendations, ERCEA adjusted this value to 0.81% for grant management expenditure and used as best estimation:

The difference between overall representative detected error rate (1.51% for FP7 and 1.96% for H2020/HE) and the ERCEA residual error rate (1.10% for FP7 and 1.11% for H2020). For the operating budget, ERCEA estimate the value of detected error at 0.62%.

(8) The amount of the implemented ex-post corrections in 2022 is EUR 5.9 million, compared to an amount of estimated future corrections of EUR 15.25 million. The estimated future corrections will be implemented in subsequent years considering delays between the detection of errors in cost claims by the ex-post audits and their corrections, especially regarding the extension of audit results. Compared to 2021, there is an increase of the estimated future corrections of 30% (EUR 11.74 million) explained by the increase of the relevant expenditure and by the decrease of the ERCEA residual error rate used for the calculation of the % adjusted ARC (see footnote (7)). The difference between the executed ex-post corrective capacity and the estimated future corrections is in line with expectations.

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

10.1 Human resources

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

Indicator 1²⁶ Number and percentage of female representation in middle management²⁷

Source of data: DG HR

Baseline (female representation in middle management) (31/12/2021)	Final Target 50% by 2024 ²⁸	Latest known result (31/12/2022)
53%	50% in 2022	59%

Indicator 2: ERCEA staff engagement index

Source of data: Commission staff or pulse survey

Baseline: (latest European Commission Staff survey - December 2021)	(next European Commission Staff survey)	Latest known result (31/12/2022)
72%	Equal to or above 73%	74%

Main outputs in 2022:

Output	Indicator	Target	Latest known result (31/12/2022)
To support ERCEA' core business by providing the required number of staff on time	Occupation rate at year end	98%	98%

²⁶ Seconded middle managers are part of the seconding DGs' staff: The responsibility for achieving the targets is at DG level. The agency is responsible for providing with a regular overview to its parent DGs of the gender representation in middle management within the agency and coordinate between them.

²⁷ The functions of head of unit and head of department are hereby defined as middle management functions.

²⁸ In line with the Gender Equality Strategy 2020-2025.

Programmes	Staff (EU budget)					Staff from other fund sources ²⁹	Total all staff
	TAs	Of which seconded officials	CAs	SNEs	Total staff EU budget	EFTA/EEA, Third countries contributions	
HE/H2020							
Operational staff	124	19	333	13	461	9	470
Management and administrative support staff	6	0	40	0	46	0	46
Total	130	19	373	13	507	9	516

10.2 Sound financial management

Objective: 1 The authorising officer by delegation (AOD) has reasonable assurance that resources have been used in accordance with the principle of sound financial management and that cost-effective controls are in place which give the necessary guarantees concerning the legality and regularity of underlying transactions

Indicator 1 : ERCEA H2020 Estimated residual error rate

Source of data: ERCEA AAR

Baseline: 2021	Target	Result 31/12/2022:
1.22%	Remains < 2% of relevant expenditure	1,11%

Main outputs in 2022:

Output	Indicator	Target	Result 31/12/2022
Effective controls: Legal and regular transactions	Risk at payment	Remains < 2 % of relevant expenditure	1.89%
	Estimated risk at closure	Remains < 2 % of relevant expenditure	1.08%
Effective controls: Ensure adequate quality and consideration of specificities of ERC grants in H2020 audit results	Review of Preliminary / Draft Audit Reports (PARs) by the ERCEA	100% of PARs submitted by CAS reviewed by ERCEA Audit Liaison Officers	86%
Efficient controls	Budget execution	Remains 100% of payment appropriations	refer to Annex 2
	Time-to-pay	Remains 95% of payments (in value) on time See table on page 20 for more details	

²⁹ Number of staff under EFTA/Third countries contributions to be determined at a later stage. No information yet available for the EA.

Output	Indicator	Target	Result 31/12/2022
Economical controls	Overall estimated cost of controls	Remains less than 3 % of funds managed	2.5%

10.3 Fraud risk management

Objective: The risk of fraud is minimised through the application of effective anti-fraud measures and the implementation of the Commission Anti-Fraud Strategy (CAFS)³⁰ aimed at the prevention, detection and correction³¹ of fraud

Indicator: Implementation of the actions included in the ERCEA anti-fraud strategy over the strategy's lifecycle

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

Baseline 2021	Target (2022)	Latest known results (31/12/2022)
75% of action points implemented	100% of action points implemented in time	100% of action points implemented in time

Main outputs in 2022:

Output	Indicator	Target	Latest known results (31/12/2022)
1. To effectively prevent, detect and report internal and external irregularities and potential fraud to OLAF / EPPO/ DG BUDG/ IDOC.	1.1 Targeted risk assessment on fraud.	Update of fraud risk assessment twice a year.	Yes
	1.2 Awareness of ERCEA staff in particular newcomers through targeted internal trainings, info sessions etc... on ethics and integrity and on irregularities and fraud.	80% participation rate	75% of newcomers
2. To swiftly and effectively assess all reported/detected cases – which are within the remit of the agency – and ensure protective and/or corrective actions are implemented.	2.1 Advise on potential irregularities and fraud cases, including any protective/corrective actions,	15 working days for 80% of requests.	100%
	2.2 Monitoring of the implementation of protective / corrective actions (own /OLAF / EPPO...).	50 % of actions implemented within deadline.	100%

³⁰ Communication from the Commission "Commission Anti-Fraud Strategy: enhanced action to protect the EU budget", COM(2019) 176 of 29 April 2019 – 'the CAFS Communication' – and the accompanying action plan, SWD(2019) 170 – 'the CAFS Action Plan'.

³¹ Correction of fraud is an umbrella term, which notably refers to the recovery of amounts unduly spent and to administrative sanctions.

Output	Indicator	Target	Latest known results (31/12/2022)
3. To promote a zero fraud tolerance through an effective internal and external communication on ERCEA actions against fraud.	3.1 Maintenance of the register of potential irregularities and fraud cases updated.	5 working days from the date of the case being reported to the unit managing fraud cases.	5
	3.2 Regular and comprehensive reporting on fraud cases to key responsible actors. Timely issuance of bi-annual reports.	Issuance of 2 reports Issuance end of February and July	Yes

10.4 Digital transformation and information management

The main objective of the Document Management Centre (DMC) was to apply records management and archives policy compatible with the one of the Commission at the ERCEA. To this end, the DMC assessed the risks related to document management, provided advice to services, managed access rights to official documents, trained and supported ERCEA staff in using the dedicated tools (Hermes-Ares-NomCom), shared working methods in a hybrid (paper and electronic) working environment, and contributed to the information management policy. The qualified electronic signature (QES) for the contract circuits (e.g. purchase orders, order forms) was put in place; it is applicable when they are implemented in Ares, pending eProcurement support for the specific type of procedure.

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

Indicator 1: Degree of implementation of the digital strategy principles by the most important IT solutions³²

Source of data: ERCEA

Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known result (31/12/2022)
42%	60%	75%	61%

Indicator 2: Percentage of implementation of the corporate principle for data governance for ERCEA key data assets³³

³² The European Commission Digital Strategy (C(2018)7118) (<https://ec.europa.eu/transparency/regdoc/rep/3/2018/EN/C-2018-7118-F1-EN-MAIN-PART-1.PDF>) calls on Commission services to digitally transform their business processes by developing new innovative digital solutions or make evolve the existing ones in line with the principles of the strategy.

³³ The Key data assets relate to the common IT systems. Their governance does not take place at the ERCEA but at a higher level (*ie* DG RTD/DIGIT) in the Research family.

Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known result (31/12/2022)
Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known result (31/12/2022)
42%	50%	80%	75%
Indicator 3: Percentage of completion of the Security Plans for ERCEA Communication and Information Systems			
Source of data: ERCEA			
Baseline (2020)	Target (2024)		Latest known result (31/12/2022)
0%	100%		100%
Indicator 4: Percentage of staff attending awareness raising activities on data protection compliance			
Source of data: ERCEA			
Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known result (31/12/2022)
0%	100 % of newcomers staff dealing with data protection matters 30% of total staff	100% of newcomers staff dealing with data protection matters 50% of total staff	100% 31%
Main output in 2022:			
Evaluation forms for the ERCEA calls	Percentage of forms adapted for the ERC programme	100%	100%
Meeting rooms are equipped with video/web conferencing equipment	Percentage of meeting rooms equipped with video / web conferencing equipment	60%	67%
New and current staff is being trained to use Microsoft 365 and Teams	Percentage of staff having benefitted from training or coaching in Microsoft M365 and Teams	45% of staff trained	31%
Increase the awareness of the data protection framework	Number of events, info-sessions, awareness raising, or tailored training on data protection	4	6

10.5 Sound environmental management

Objective:

The ERCEA takes account of their environmental impact in their actions and actively promote measures to reduce the related day-to-day impact of the administration and its work and promote climate and biodiversity mainstreaming, with the support of their respective EMAS Correspondents.

Main outputs in 2022:

I. More efficient use of resources (energy, water, paper):

Output	Indicator	Target (2021 as baseline)	Latest known result (31/12/2022)
Staff awareness actions to reduce energy use in the framework of EMAS corporate campaigns and/or awareness actions about EA's total energy consumption in collaboration with OIB ³⁴ where appropriate.	% of staff informed	100%	100%
Staff awareness actions to reduce water use (for example ensuring that staff use the technical services hotline to report leaks) in the framework of EMAS corporate campaigns and/or awareness raising actions about EA's water consumption in collaboration with OIB/OIL where appropriate.	% of staff informed	100%	100%
Paperless working methods at EA level (such as paperless working: e-signatories, financial circuits, collaborative working tools) and staff awareness actions to reduce office paper use in the framework of EMAS corporate campaigns and/or raise awareness about EA's office paper use in collaboration with OIB where appropriate.	% of staff informed	100%	100%

II. Reducing CO₂, equivalent CO₂ and other atmospheric emissions

Output	Indicator	Target (2021 as baseline)	Latest known result (31/12/2022)
Staff awareness actions on reducing GHG emissions (such as actions on sustainable commuting during EU Mobility week and VeloWalk corporate events) and/or raise staff	% of staff informed	100%	100%
	% increase of staff participating in VeloMai	5 %	100%

³⁴ See [OIB – Environmental Building Performances for Brussels](#).

Output	Indicator	Target (2021 as baseline)	Latest known result (31/12/2022)
awareness on sustainable commuting in collaboration with OIB (e.g. availability of bike parking facilities, lockers and showers, promote the reduction of parking spaces' use amongst staff).	% increase of staff joining the biking contribution scheme	5%	20%
Gradual increased use (and number of) VC ³⁵ meeting rooms for meetings with stakeholders (avoiding business trips) in the EA, in collaboration with DG SCIC and OIB.	Number of VC meeting rooms	4 additional VC meeting rooms in the COVE/COV2 building	2 new and 5 upgraded

III. Reducing and management of waste

Output	Indicator	Target (2021 as baseline)	Latest known result (31/12/2022)
Staff awareness actions about waste reduction and sorting in the framework of EMAS corporate campaigns and/or staff awareness actions about EA's waste generation in collaboration with OIB where appropriate (for example, promote and label the waste sorting schemes in place).	% of staff informed	100%	100%
Implementation of the EC Guidelines for sustainable meetings and events , e.g. reduce/eliminate single-use plastics, gadgets/gifts.	Number of green events	5	5

IV. Supporting biodiversity

Output	Indicator	Target (2021 as baseline)	Latest known result (31/12/2022)
Staff awareness actions on supporting biodiversity (for example for urban sites, sponsor the creation and maintenance of urban gardens, insect hotels and green roofs within EC-premises with the support of volunteers)	% of staff involved in the planting seeds action	5%	2%

³⁵ VC (Videoconferencing) room

ANNEX 11: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission (not applicable)

ANNEX 12: EAMR of the Union Delegations (not applicable)

**ANNEX 13: Decentralised agencies and/or EU Trust Funds
(not applicable)**

ANNEX 14: Reporting on the Recovery and Resilience Facility (not applicable)