



European  
Commission

# Annual activity report 2022

## annexes

DG BUDGET

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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 framework<sup>1</sup>, I have reported my advice and recommendations on the overall state of internal control in DG BUDG to the Director-General.

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 March 2023

e-signed

Reinder van der Zee

Director in charge of Risk Management and Internal Control

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

## Annex 2: Performance tables

### PART 1. Delivering on the Commission's priorities: main outputs for the year

General objective: 3. AN ECONOMY THAT WORKS FOR PEOPLE			
<i>Specific objective: 3.1. Design, negotiate and manage EU budget expenditure and revenue that delivers efficiently on Union priorities and provides added value through the financing of EU public goods</i>			Related to spending programme(s) ALL
Main outputs in 2022:			
Other important outputs			
Output	Indicator	Target	Latest known results (2022)
Operationalisation of the RRF: assist ECFIN in the assessment of the outstanding RRF national plans and Operational Arrangements; conclusion of Loan agreements	Assessment of the 'payments, control and audit' section of the RRF plans and of the Operational Arrangements completed on time Contribution to the assessment of the fulfilment of control and audit milestones completed on time Loan agreements agreed and adopted on time	Throughout the year until the approval of all national plans and conclusion of all agreements, and the fulfilment of all control and audit milestones	In 2022, assessed all the RRF national plans and operational agreements submitted; assessment of the fulfilment of milestones regarding controls and audit completed within the internal EC deadlines in 100% of the cases. In 2022, no new loan agreements under the RRF have been signed.
Establish an annual budget for 2023 according to needs within legal deadlines respecting the political priorities	Statement of estimates adopted in June; draft budget by mid-July	2023 budget adopted at the latest in the December 2022 plenary	Statement of estimates adopted on 7 June, full DB on 1 July. 2023 budget adopted on 23 November 2022.
Annual budget implementation making use of transfers and carryovers	All budgetary authority transfers and Draft Amending budgets adopted by the EP and the Council	Throughout the year	23 budgetary authority transfers adopted as proposed in 2022.
Regular monitoring of annual budget execution to ensure full implementation, including by providing guidance to the DGs in the launch of the new programmes to limit further delays	Active Monitoring and Forecast of Budget Implementation + working document on implementation and assigned revenue produced on time	Regular information to the EP and the Council in the framework of interinstitutional meetings on payments.  Full implementation of the 2022 budget	Information on progress in implementation provided regularly to the EP and the Council and more in detail in the spring trilogue and in the interinstitutional payment meetings on 13 July and 12 October.  Implementation closely monitored, measures taken improved it to 99.3% for commitment and 99.9% for payment appropriations implementation.

Implementation rules for the new own resources – CBAM, ETS & OECD Pillar 1	Facilitation of the negotiations with the aim of a swift agreement	Conclusions of negotiations as soon as possible	The new Making available Regulation and the amendment of the Implementing Measures Regulation were adopted by the EC on 14 March 2022. First technical discussions have taken place in 2022.
Revision of the Making available Regulation (MAR 1)	Conclusion of negotiations in the working party of Own Resources	Q 1 2022	The revised Making available Regulation was adopted on 5 April and entered into force on 3 May 2022.
Amendment of the Own Resources Decision	Facilitation of the negotiations with the aim of a swift agreement	Conclusion of the negotiations in order for new own resources to be introduced as soon as possible	Political agreement on revised ETS and CBAM sectoral proposals reached in December 2022. Technical discussions on new own resources have started under the CZ Presidency.
Revision of the MFF Regulation for the purposes of the Social Climate Fund and new own resources	Facilitation of the negotiation with the aim of a swift agreement	Conclusion of the negotiations by the Council and the Parliament ideally by 2023, together with the package on the own resources	European Parliament interim report on MFF discussed at Committee level 12/07/2022. No discussions have been taken place in the Council.
Technical adjustments of the MFF in line with Article 4 and 5 of the MFF Regulation	Timely adoption for the annual budget procedure	June 2022	Adopted by the EC on 7 June COM(2022)266. Note – Vademecum Art. 5 of MFF Regulation. Note – Vademecum Art. 11 of MFF Regulation.
Adjustment of the MFF in line with Article 7 of the MFF Regulation	Timely adoption to facilitate programming	Q1 2022	Adopted by the EC on 28 January COM(2022)80. Note – Vademecum Art. 7 MFF Regulation.
Enhance agility of the budget by strategic planning and foresight	Long term forecast report of revenue and expenditure produced	June 2022	Adopted by the EC on 30 June COM(2022)315 and SWD(2022)175.
Social Climate Fund Regulation	Support and lead in the negotiations on the budgetary aspects of the Regulation	Throughout the year	Contribution to the negotiations of the Social Climate Fund (Council general approach adopted in June and EP amendments); Trilogues starting in September.  The political agreement was found in December 2022. The legal text is being fine-tuned at technical level to be finalised in Q1 2023 for adoption.
NGEU forecasting	Assessment of the NGEU disbursement needs as input for the decisions on the	Throughout the year, at least ahead of every monthly decision	Monthly disbursement needs reports sent on 26 January, 23 February, 29 March, 29 April, 25 May, 29 June. Special report for

	amounts to be borrowed on the financial markets		the third Funding plan sent on 14 June.
ACOR forecast - Calculation of Own Resources basis	Approval in the ACOR meeting: revised TOR, PPW (plastic), VAT and GNI basis for 2022; forecast for TOR, PPW (plastic), VAT and GNI basis for 2023, including changes derived from the Own Resources Decision when applicable	May 2022	Agreement on 23 May between the Commission and the Member States on the own resources forecast for 2022 (revision) and 2023 (new forecast) and inclusion in the draft budget 2023 and amending budget 4/22.
Calculation of UK payments	Calculation of the relevant amounts to be paid by the UK – ‘the UK invoice’ including all the relevant elements specified in Article 148 of the Withdrawal Agreement	April 2022 and September 2022	April and September invoices were sent to the UK within the established deadlines. 8 April 2022, 14 September 2022.
Follow-up on the financial and legal issues of the implementation of the EU-UK Trade and Cooperation Agreement and the Withdrawal Agreement.	Preparation of the reports based on the relevant Articles of the Part V of the Withdrawal Agreement.  Continuous support to policy DGs on implementation the TCA (Union programmes)	March 2022  Throughout the year	<ol style="list-style-type: none"> <li>1) Article 140 report (30 March 2022)</li> <li>2) Note on Definitive UK share (25 March 2022)</li> <li>3) Submission of reports art. 142, 143-144 and art. 147 end March 2022</li> <li>4) Follow-up on the meeting of December 2021 of the Specialised Committee on the Participation in Union Programmes (agreement with UK on the minutes, published on 25/02).</li> </ol> <p>Exchange of diplomatic letters between UK and EU counterparts in the SCPUP regarding i.a. the UK association to Horizon Europe and risks on the research cooperation, organisation of SCPUP meeting in second half 2022.</p> <p>DG BUDG contribution to the draft Regulation laying down rules for the adoption of enforcement and unilateral measures under the Trade and Cooperation Agreement. Guidance of 2/12/2021 on transitional measures for UK applicants and discussions with DGs on implementation.</p>

Continuous support to Commission DGs on association of third countries to any Union programme and on application of EU restrictive measures	BUDG agreement on the proposed association agreements	Prompt reply by BUDG throughout 2022 depending on the interest expressed by third countries to be associated and on the demand of DGs	Support to negotiations of approximately 20 association agreements signed in 2022 for association of third countries to Union programmes. Contribution to the preparation of Council decision on EU restrictive measures for Russia related to the war in Ukraine and guidance for services on implementation of EU restrictive measures.
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### General objective: 3. AN ECONOMY THAT WORKS FOR PEOPLE

**Specific objective: 3.2.** Develop policy-relevant knowledge, performance and financial intelligence in order to optimize the use of resources, influence policy design and ensure efficient and effective implementation of the spending programmes

Related to spending programme(s) ALL

#### Main outputs in 2022:

#### Other important outputs

Output	Indicator	Target	Latest known results (2022)
Publication of reinforced performance analysis, with focus on EU added value	Timely publication of programme statements (annexed to DB 2023)  Timely publication of programme performance overview (annexed to AMPR 2021)	June 2022 (together with Draft Budget 2023)	2021 AMPR with annex with all Programme Performance Overview (PPO) fiches was published on 7/06/2022. The PPOs are published on the <a href="#">Performance Webpages</a> on Europa. The <a href="#">Programme Statements for all EU spending programmes</a> were annexed to the DB 2023 and published on 7/06/2022.
Tracking of climate, biodiversity and gender expenditure; COVID tracking	Staff working document describing climate tracking methodology  Development of methodology to track biodiversity-related expenditure for use as of Draft Budget 2023  Development of methodology to track gender equality-related expenditure	March 2022  June 2022  June 2022	<a href="#">Staff working document on the architecture of climate mainstreaming</a> was published on 23 June. The methodology to track biodiversity-related expenditure was updated (CAP-relevant parts still following relevant transition arrangement) with the help of an external consultant. The methodology was applied (and reported on) in the context of DB 2023 (7 June 2022). A methodology to track gender equality-related expenditure was developed, applied and reported on a pilot basis in the context of DB 2023 (7 June 2022).
Enhanced economic and budgetary analyses	Enhanced modelling capabilities to assess the socio-economic impact of the EU budget	3 EU budget policy briefs	1) EU budget policy brief #2 - EU strategic autonomy and the role of the EU budget, April 2022.

	Analysis of own resource developments.		<p>2) EU budget policy brief #3 – The EU as an issuer: the NextGenerationEU transformation, July 2022.</p> <p>3) EU budget policy brief #4 A Budget for a Geopolitical Europe, October 2022.</p> <p>4) Note - The stabilisation potential of the EU budget in the future (28 April 2022).</p> <p>5) EU Budget talks on 3 May on Strategic Autonomy (EPC, DG GROW and DG BUDG as speakers) and on 28 June on the economic impact of NGEU (ECB, DG ECFIN and DG BUDG as speakers).</p>
Reinforced DG BUDG role as the centre of competence for financial reporting of the European Commission and its different agencies	Implementation of an EC corporate planning and forecasting tool	Implementation by end of the year	The planning and forecasting tool is running smoothly since 2021.
	Implementation of 12 new corporate financial indicators in the financial scorecard	Implementation by end of the year	12 financial indicators are now available in the financial scorecard.
	Publication of the interactive information on the EU budget spending and revenues in 2022		Published on the Europa website in September 2022.

### General objective: 3. AN ECONOMY THAT WORKS FOR PEOPLE

**Specific objective:** 3.3. Enhance agility of the budget by strategic planning and foresight, harmonized asset management as well as efficient use of financial instruments, budgetary guarantees and the budgetary headroom

Related to spending programme(s) ALL

#### Main outputs in 2022:

#### Other important outputs

Output	Indicator	Target	Latest known results (2022)
Borrowing and lending activities under Next Generation EU	<p>Robust governance model</p> <p>Short-term funding liquidity management solutions</p> <p>Accounting flows and budgetary reporting</p> <p>Codified relations with bank counterparties:</p> <p>Reinforced communication channels with investor base</p>	Throughout the year	<p>Funding Plan for 1H2022 completed on time. Ongoing implementation of auctions as part of liquidity management.</p> <p>Funding plan for 2H2022 published in June.</p> <p>Ongoing implementation of governance procedures and update of operational manuals with experience gained from first year of NGEU funding operations.</p> <p>Continuous management of relationships with bank</p>



			<p>counterparties through transaction management and structured feedback (second structured feedback sent to banks in June 2022).</p> <p>Establishment of an Investor Relations strategy. 1H2022 outreach implemented (130+ investors met in 16 countries in Europe, Middle East and Asia. BUDG participated in more than 25 speaking events).</p> <p>Preparation of two reports on operations and quarterly reports on the NGEU debt management.</p>
Green bonds	<p>Allocation report</p> <p>On-line tool for tracking green expenditure eligible for and financed by green bonds</p> <p>Solid and robust system for impact reporting based on a project category</p>	<p>First issue (based on expected pool of eligible expenditure under the plans) by March-2022</p> <p>Update as needed based on actual expenditure reporting by Member States.</p> <p>Q1 2022</p> <p>End 2022</p>	<p>Green bond dashboard to track green expenditure eligible for and financed by EU green bonds published in March 2022.</p> <p>First EU green bonds allocation report published in 16 December 2022, covering the first year of issuances (19 October 2021 - 19 October 2022).</p> <p>External consultant hired to develop a solid and robust system for impact reporting based on a project category.</p>
Deeper communication channels with MS Debt Management Offices and peer issuers	Consolidation of (via regular participation in ESDM) relationships with Member State DMOs and Peer Institutions covering communication means (bilateral or group meetings and calls, written exchanges)	Throughout the year	Ongoing participation, input and reporting to ESDM regular meetings as well as communication of NGEU quarterly update via Ad-hoc meetings.
Support the Steering Committee on Contingent Liabilities (SC-CL) in implementing a corporate risk management and reporting framework	<p>Adoption of common risk management methodology/risk compendium following agreement by SC-CL</p> <p>Implementation of credit risk model for assessment of new guarantee agreements and reflection on methods for assessment of equity risk</p>	<p>Q1 2022</p> <p>Throughout the year</p> <p>Strategy for management of risk profile of GAs by Q2 2022</p>	<p>The Risk Compendium has been approved by the SC-CL.</p> <p>The credit risk model is now well advanced. The very last developments are made before being ready for use.</p>

	Development of BUDG strategy putting protection at the heart of the governance, management, monitoring and reporting on implementation of internal and external budgetary guarantees		
Review of the Asset Management Delegated Service (AMDS) to improve the performance of the oversight function for portfolios entrusted to EIB	Development of new strategy based on policy agreed by DG/Acc Officer on basis of recommendation from AMB, presentation to stakeholder DGs, adoption of a manual codifying AMDS	Adoption of the manual in Q3 2022, improving operational processes according to the manual in Q4	Ongoing; the review of AMDS identified that EIF reporting communication could be improved to the level of EIB – reached out to EIF. First draft of manual ready, FMBs and mailing lists for AMDS are created to optimise distribution of reports/manual with DGs.
Sound governance of CPF assets	Effective governance of the asset and financial risk management in DG BUDG  Update Effective Provisioning Rate and publish first annual report on CPF	Throughout the year - weekly reporting to DG, Acc Officer, regular review at AMB every 2-3 months  Annual report on CPF Q1 2022 Review of Effective Provisioning Rate: summer 2022	Reporting and committees were organized as foreseen by the governance.  The 2021 annual report on CPF has been published. The Effective Provisioning Rate has been updated.
Implementation of an ESG investing policy within the CPF portfolio management framework, promoting Commission's sustainable finance initiative in that regard	CPF's bond investments complying with the ESG investing policy as expressed in the CPF Asset Management Guidelines		First step towards an ESG investing policy for the CPF portfolio is the design of a CPF benchmark with an ESG orientation. The updated CPF benchmark is foreseen to be finished by the end of the year.
Monitoring and reporting on financial instruments and budgetary guarantees	Publication of the reports foreseen by Articles 41(4) and 41(5) of the Financial Regulation on financial instruments and budgetary guarantees respectively	June 2022 (together with Draft Budget 2023)	Reports foreseen by Articles 41(4) and 41(5) were published.
Sustainability of Contingent Liabilities	Report on sustainability of Contingent Liabilities (Article 250 Financial Regulation) encompassing budgetary guarantees, borrowing and lending activities and headroom sustainability	By Q3/Q4 2022	Article 250 Report published.

Prudent management of budgetary headroom	Monitor the sustainability of the EU fiscal capacity to cover borrowing liabilities by applying - independently of the borrowing management - a dedicated EU-adapted assessment methodology Ensure that at any point of time, the headroom is sufficient to cover all contingent liabilities	Maintain high ratings, account being taken of evolving circumstances  Positive headroom in every year	Note - Analytical framework for the long-run assessment of the EU budget 'headroom' (7 July 2022).  Positive headroom confirmed in 2022 edition of the Article 250 Report.
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### General objective 5: PROMOTING OUR EUROPEAN WAY OF LIFE

**Specific objective:** 5.1. Secure that the amounts allocated from the EU budget are invested for the intended purpose, and ensure strict compliance with the financial rules in order to minimize errors, prevent fraud, enhance transparency, and pave the way to the discharge

Related to spending programme(s) ALL

#### Main outputs in 2022:

#### Initiatives linked to regulatory simplification and burden reduction

Output	Indicator	Target	Latest known results (2022)
Increased use of simplified forms of funding	The number of authorising decisions adopted	40 authorising decisions related to ongoing implementation by the end of 2022	65 authorisation decisions adopted in total for this MFF period implementation; 22 new authorisation decisions on SCOs adopted during 2022. Training module on SCOs integrated into general grants workshops in 2022. Dedicated training to SCOs given to EUIPO (Decentralised Agency).
Revised and updated Grant Vademecum	Publication of the first draft	By end 2022	Revision of the first 4 Chapters in 2022 to be imminently published. Guidance provided on how to deal with increased inflation on procurement and ad hoc meeting of RUF network held to prepare guidance for DGs on dealing with inflation in grants.
Corporate Annotated Grant Agreement	Publication	By mid 2022	First batch (Articles 1-6 of the MGA) published already in November 2021. RUF consultation on second batch (revised Articles 1-6, new Articles 7-10 and 20 of the MGA) completed in July 2022.
Revision of the Procurement Vademecum to be cross-referenced with New eProcurement Vademecum	Development of eProcurement Vademecum	Q3 2022	Vademecum has been updated on a large number of topics with regular updates to the guidance notes/models published in BUDGpedia to cover identified needs of AODs.

Continuous roll out of eGrants to Union programmes	Support to policy DGs for design of the IT tools in line with their policy objectives	Throughout 2022	48 Union programmes fully on boarded, ongoing on boarding for the remaining 5 Union programmes.
Continuous development and roll out of eProcurement	Support to policy DGs for design of the IT tools in line with their policy objectives	Throughout 2022	Continuous support provided to DGs involved in the development of eProcurement. Corporate templates for the automated eProcurement tools, in line with the financial rules and functioning of the system, are under development.
Increased oversight on procurement	Support to policy DGs for the implementation of complex procurement procedures	Throughout 2022	Regular support to policy DGs on the conduct of complex unprecedented procurement procedures (ie. Monkeypox vaccines and EU FAB managed by HADEA).
Increased oversight on indirect management	Guidance and models for use of the AODs	Throughout 2022	Regular, at least monthly, update of the central repository of pillar assessed entities. Update of Questions & Answers published on BUDGpedia in April 2022. 5 information sessions on Indirect Management (high attendance) delivered in 2022. 3 meetings of the Community of Practice on Indirect Management organised in 2022.
Increased oversight on indirect management	Continuous support to policy DGs in the pillar assessment of entities for cooperation under indirect management	Throughout 2022	Validation of decisions to impose or not supervisory measures as a result of a pillar assessment (79 files processed in 2022). Support provided for the adoption of 12 exemption decisions. Almost 300 questions from policy DGs on indirect management and pillar assessment replied. PAAW web page published in December 2022.
Support in the negotiations of Financial Framework Partnership Agreements	Continuous support to policy DGs in negotiations of Financial Framework partnership agreements with pillar assessed entities (including updates)	Throughout 2022	Support to policy DGs in negotiations of Financial Framework Partnership Agreements (e.g. EBRD, OECD).  Ensure the implementation and follow up questions arising from FFFPA with WBG.
Automation of the pillar assessment process	Development of a new IT tool to follow on the pillar assessments	Going live Q1 2023	Go-live end 2022.

	(Pillar Assessment Automated Workflow)		
Other important outputs			
Output	Indicator	Target	Latest known results (2021)
Effective management of the Commission's own resources	Timely and correct revenue budgeting and calling of own resources from MS	100%	Revenue 100% timely and correctly budgeted and own resources 100 % timely and correctly called.
	Follow-up of all own resources due (recovery or contradictory procedure); correct recording of all transactions of the MS in respect of own resources	100%	100%
Advising internal and external stakeholders on legal issues relevant for own resources matters and managing any questions with respect to the Protocol on the Privileges and Immunities of the EU	Satisfaction by stakeholders with adequateness and timeliness of output delivered	High satisfaction achieved	Internal Manual on VAT updated and published on BUDGpedia.
Effective management of the discharge process	EP grants the 2021 discharge	Adoption in May 2022	Discharge for financial year 2021 granted in May 2022.
	Maintain constructive relations with the ECA and the CONT Committee	Throughout 2022	Regular meetings with ECA horizontal services and CONT/CONT secretariat. Piloting and rolling out of a new way to prepare Commission replies to ECA special reports. Guidance sent to all DGs in October 2022 for application on 1 November 2022.  Organisation of an ECA/COM college-to-college meeting on 13 July 2022, on top of all other regular meetings held with the ECA horizontal departments at operational and senior management levels.  The drafting of joint ECA/COM operational arrangements to streamline adversarial procedures was finalised in collaboration with the ECA quality control department. They still need to be approved by the ECA.

	Adoption of the follow-up report to the 2020 discharge	Adoption by end of June 2022	Follow-up report adopted on 30/06/2022 (COM(2022)0331).
High quality and readable reporting, with a positive impact on discharge discussion	Adoption of the 2021 Annual Management and Performance Report	Adoption in June 2022, together with DB 2023	AMPR adopted and published on 7 June 2022.
	Adoption of the Annual Activity Reports	Review in view of adoption by DGs by 31/3/2022 (25/4/2022 for shared management)	Annual Activity Reports reviewed and published on Europa portal on time.

#### General objective: 5: PROMOTING OUR EUROPEAN WAY OF LIFE

**Specific objective:** 5.2 Strengthen the protection of the EU budget from financial risks including to the generalized deficiencies as regards the rule of law in the Member States by greater transparency, knowledge sharing and accountability achieved by regular dialogue between all concerned stakeholders

Related to spending programme(s) ALL

#### Main outputs in 2022:

#### Enforcement actions

Output	Indicator	Target	Latest known results (2022)
Promote the use of EDES, improve its functioning and ensure the secretariat of the Panel	Increase in cases brought before the panel Reduction of backlog for EDES exclusion cases	Throughout the year	In relation to the Panel cases work, 20 cases were closed in 2022. There are 10 pending cases.
Development of Domain Leadership	Awareness raising on EDES		EDES training: - 3 EULearn sessions on EDES - Training to EPPO central office.
	Awareness raising campaign on conflict of interest in different fora	Throughout the year	Assisted SG-RECOVER and ECFIN in the assessment of milestones regarding prevention, detection and correction of conflict of interest under the Recovery and Resilience Facility; provided support to other Commission departments regarding conflicts of interest queries, including on the interpretation of the Commission Guidance on the avoidance and management of conflicts of interest under the Financial Regulation.
	Representing BUDG in JUST-led country teams for the preparation of the annual RoL report	Yearly cycle (continuous action)	Participated in all the meetings of the country teams; contributed to the review of draft country chapters of the RoL report; reviewed the draft recommendations addressed to Member States.

Improving quality and interoperability of information on beneficiaries of EU funds	Representing BUDG in RECOVER/ECFIN country teams for the assessment and implementation of National Recovery and Resilience Plans.	Yearly cycle (continuous action)	Participated in all the meetings of the country teams relevant for control and audits; contributed to drafting of relevant documents and legal acts.
Leading the enforcement and implementation of the new conditionality Regulation for the protection of the EU budget	Publication of guidelines on the application of the Regulation on a general regime of conditionality.	June 2022	Guidelines on the application of the Regulation (EU, EURATOM) 2020/2092 on a general regime of conditionality for the protection of the Union budget (2022/C 123/02) published in the Official Journal on 18/03/2022.
	Requests for information and/or written notifications and/or proposals for measures pursuant to the Regulation on a general regime of conditionality adopted and sent out in relevant cases.	Throughout the year	Notification and letter on the EC's intention to propose measures pursuant to the Regulation on a general regime of conditionality sent to a Member State in April and July 2022. On 18 September 2022, the Commission adopted a proposal for a Council Implementing Decision with protective measure for rule of law breaches in Hungary. Council's decision adopted on 15 December 2022.
Improving quality and interoperability of information on recipients of EU funds	Facilitating the implementation of the new provisions in CAP, CPR, RRF to enhance quality and interoperability of data collected by Member States.  Progress towards a generalised application by the Member States of the single data mining and risk scoring tool (including by participating in the Steering Committee for Arachne).	Throughout the year	Participation in Steering Committee meetings, technical meetings with Member States and workshops in the EP. Cooperation with DIGIT and EMPL on a proof of concept for the future corporate Arachne project. The proposal for a recast of the FR includes the obligatory use of a single IT system for data-mining and risk-scoring under all management modes. Chairing working group on the future corporate Arachne.
<b>Other important outputs</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (2021)</b>
Risk management related to the borrowing and lending activities	Implementation of dedicated governance, risk management policies and procedures for B&L operations	Opinion of CRO on 6-monthly funding plans in June and December 2022.	Core governance framework (ORMP, MFLRP, risk reports) as foreseen by the HLRCP adopted by the end of H1 2022.

	Complete adoption of remaining manuals governing key borrowing/lending processes Implement European Issuance Service to strengthen the soundness of settlement processes for EU issuance programmes.	Contribution by CRO on the implementation of HLRCP in context of AAR.	CRO provided input on the implementation of the HLRCP in the context of the AAR.
Contribution to a robust control and audit strategy for the RRF, including synergies with other Union funding programmes.	Stable control and audit strategy Guidance and training to MS on synergies with other Union programmes.	1 <sup>st</sup> quarter of 2022	ECFIN's control strategy was finalised during the 4th quarter of 2021. Approach on double funding discussed by BUDG with ECFIN and RECOVER beginning 2022.
Contribution to of AAR/AMPR reporting instructions for the RRF	Instructions available for the preparation of the AAR and AMPR.	January 2022	Instructions were developed on time and included a dedicated section in ECFIN's AAR (section 3) and in the AMPR (Annex 3), published on 7/06/2022.

#### General objective: 5: PROMOTING OUR EUROPEAN WAY OF LIFE

**Specific objective:** 5.3. Promote strong enforcement culture to protect the EU budget, including the revenue side

Related to spending programme(s) ALL

#### Main outputs in 2022:

#### Other important outputs

Output	Indicator	Target	Latest known results (2022)
Control of the VAT-based own resource	Number of effective inspections in close cooperation with Member States, ESTAT and TAXUD.	10 inspections/year	Inspection programme has been implemented as planned.
Control of Traditional Own Resources	Number of effective inspections using a risk-based approach	18 inspections/year	16 out of 18 regular 5-day TOR inspections planned for 2022 were carried out. 1 inspection was cancelled and 1 was postponed for 2023.
Desk audits in Member states	Number of desk audits	Member States concerned	4 desk audits were being carried out as regards TOR: - the open B account cases (all MS), - COVID-19 relief (FR, DE, IT, NL, ES and UK), - Binding Origin Information decisions issued by Belgium (21 Member State and UK),



			- Solar panels (20 Member States and UK) - started in 2021.
Assessment of TOR write-off reports (in coordination with TAXUD, OLAF and Legal Service)	Timeliness and quality of assessment of Member States' write-off reports and related financial impact.	All rejected TOR write-off amounts are made available to the EU budget	140 write-off cases with a total value of EUR 131.5 million gross were timely assessed or reassessed. From these, in 90 cases totalling EUR 49.4 million gross Member States were considered responsible for the non-recovery of the amounts, and therefore were requested to make the related amounts available. 75 write-off reports were newly reported, (new cases or request for reassessment), with a total value of EUR 130.7 million gross.
Launching infringement procedures against MS in breach of own resources rules	Adoption by the College of the relevant documents: Letter of formal notice, Reasoned Opinion, Referral to Court.	Throughout the year	7 cases ongoing and 2 closed by February 2023.

#### General objective: 7: A MODERN, HIGH PERFORMING, SUSTAINABLE COMMISSION

**Specific objective:** 7.1. Act as a centre of excellence and trusted partner for Commission services, other institutions, agencies and bodies, Member States and beneficiaries regarding:

- high performing financial governance, single (simplified) rulebook, transparency, smart reporting and derived intelligence, single audit approach, compliance and accountability
- modern, sound and efficient management of accounts, treasury, financial risks and corporate financial and contract management IT systems
- stronger central oversight and management of debt, asset, and contingent liabilities in view of ensuring sustainability of the EU budget
- performance optimisation through developing, implementing, monitoring and evaluating policies in an evidence-based, transparent and collaborative way with stakeholders and experts
- robust internal control that helps the Commission to achieve its objectives and sustain operational and financial performance.

(Related to spending programme(s) ALL)

#### Main outputs in 2022:

#### New policy initiatives

Output	Indicator	Target	Latest known results (2022)
Revision of the Financial Regulation	Adoption of Commission proposal  Preparatory work with the Presidency, the Parliament and ECA  Start of the negotiations with the Council and European Parliament	March 2022  Throughout 2022 (with the aim to have an agreement in 2023)	Proposal adopted on 16.05.2022.  First round of technical discussion in COMBUD finalised on 19.07 (presentation of all the thematic fiches).  Reading articles started in September 2022, still on going.  Translations to all languages delivered in August 2022 for formal discussions with the EP.

Other important outputs			
Output	Indicator	Target	Latest known results (2022)
Deliver EU, Commission, EDF and other accounts, as well as providing prompt, high quality guidance & support to all EU entities on accounting matters	Annual accounts adopted on time by the Commission and by relevant other authorities & positive DAS on annual accounts from ECA	30 June 2022	All accounts adopted by 23 June. Clean opinions received from ECA.
Enhanced corporate strategy for the management of accounts receivable	Commission Decision and related Communication adopted by the College	Q1 2022	Postponed to 2023.
Timely recovery of accounts receivable	Proportion of ROs fully 'cashed' on time	> 95%	98.5%
Reduction of doubtful & bad debts	Amount of overdue ROs	< EUR 420 million (aim = at least - 10%)	EUR 523 million (16.12.22) (but also partially related to 2 <sup>nd</sup> output above)
More systematic recovery by offsetting against next payments	Number of offsetting opportunities not taken up ('exceptions')	< 5 'exceptional' cases per month	< 5 on average a month
Increased management attention in authorising departments	Number of pending AOD replies to the Acc. O's requests for taking stance	< 100	Reduced to 198 (16.12.22) (but also partially related 2 <sup>nd</sup> output above)
Monitoring the authorising departments' compliance with the recovery performance standards	Quarterly reporting to the DGs and CMB, with possible escalation levels	at least 3 times (during this first year)	n/a (related to 2 <sup>nd</sup> output above)
Efficiency gains, inter alia through combined waiver decisions	Number of combined waiver decisions taken	2	n/a (related to 2 <sup>nd</sup> output above)
Business continuity (availability, reliability & security) of the BUDG corporate IT systems (ABAC, SUMMA, BadgeBud, EDES) and all BUDG local applications including the borrowing and lending activities	Availability and reliability of the IT systems Aligning the IT systems with legal obligations and business requirements	Continuous monitoring during 2022	99.7%  78% of IT security plans updated.
Ensure the budgetary financial year transition	Timely opening in ABAC of the budget year (appropriations + RAL)	Interruption of payment operations not to exceed 7 days. Complete carry-forward expenditure by 14 January	No delay.  No delay.
Validation of local systems	Timely evaluations according to the Work Programme	Completion of the validation engagements in accordance with the	The results of the exercise of rationalisation of local systems were presented to the ITCB and endorsed on 24/11/2022. The relevant report was

	<p>Provide reasonable assurance that local systems transmit accurate, complete and timely information to draft the annual accounts and produce reliable reporting, both for management and regulatory compliance purposes.</p> <p>Annual Report on Validation of Local Systems for ensuring financial data quality</p>	<p>Work Programme at year end.</p> <p>Supervisory checks on all Commission services and EU bodies under the responsibility of the Accounting officer throughout the year</p> <p>Annual report, in the first quarter of the next year (N+1)</p>	<p>finalised in 2022 and released on 06/01/2023.</p> <p>The report for the first phase of the SUMMA assurance exercise for the Pilot Agencies was released on 20/12/2022.</p> <p>The Accounting Quality Programmes of the DGs were received and checked for completeness.</p> <p>The annual report was released on 14/03/2022.</p>
Efficient treasury management	<p>Full execution of budget payments to ensure credibility and achievement of all policy objectives</p> <p>Centralisation of local payments in EU Delegations</p> <p>Design of the new architecture for the banking of own resources in light of MAR updates and new own resources</p>	<p>All authorised payments executed without delay</p> <p>30 EU Delegations using ACH payment mode by end-2022</p> <p>Target model defined by end-2022</p>	<p>No delays in payment execution</p> <p>ACH activated, 33 countries by 31.12.22</p> <p>Target model designed, approved and presented to impacted Member States</p>

## Strategic communication outputs

General objective: 3. AN ECONOMY THAT WORKS FOR PEOPLE			
Main outputs in 2022:			
External communication actions			
Output	Indicator	Target	Latest known results (2022)
Annual Budget Conference	Number of participants	500	Took place on 10 October 2022, 1000 participants (421 on-site, 592 online). More than 3000 connections via web streaming.
The EU's 2021-2027 long term budget and Next-generation EU Facts and figures	Number of views/downloads	Around 65.700 page views and 20.000 downloads	Published in 2021, this publication kept being consulted in high numbers in 2022.
EU Public Finances – 6 <sup>th</sup> edition	Number of downloads	2000	Publication postponed
Revamped EU budget website on Europa	a. Number of visits b. Number of page views	a. 350 000 b. 700 000	a. 482 575 b. 996 262

EU budget policy briefs	Release of 2 /3 issues	750 downloads and more than 1700 page views	3 issues published in 2022, 2 discussion sessions organised with 120 participants each.
Production and publication of myth busting material	a. Number of readers of the publication or online readers [EDICS, OP orders, REPS] b. Percentage of publications produced in more than one linguistic version (at least 20%)	a. 7300 page views b. 24 languages	a) Digital publication published in September – and b) automatically translated in 24 languages.
EU budget Twitter account	a. Number of impressions b. Number of followers / fans / subscribers c. Number of posts	a.10 000 impressions per month b. 22 000 c. 5 per week	a. Around 18 000 impressions per month b. More than 22 000 followers c. >10 tweets / re-tweets per week
Director General's Twitter account	a. Number of impressions b. Number of followers / fans / subscribers c. Number of posts [social media metrics]	a. 10 000 per month on average b. 5 000 c. 5 per week	a. Around 10 000 impressions per month b. 6 500 c. 3-5 tweets / re-tweets per week
Revamped manual of procedures	All internal BUDG procedures updated and published on BUDGnet and BUDGpedia  Number of trainings delivered	1st Q of 2022  10	100% done  8
Coordination of inter-institutional activities (GRI, EXCO, EP questions, national parliaments opinions, consultative committees)	Quality in the running of procedures and respect of deadlines in the submission of quality documents	Smooth running of procedures; timely submission of quality documents	Done
Coordination of internal procedures (legislative coordination, comitology, briefings, access to documents, citizens questions, ombudsman, corporate management board)	Quality in the running of procedures and respect of deadlines in the submission of quality documents	Smooth running of procedures; timely submission of quality documents	Done

**General objective: 5. Promoting our European way of life**

**Main outputs in 2022:**

**External communication actions**

<b>Output(s)</b>	<b>Indicator(s)</b>	<b>Target(s)</b>	<b>Latest known results (2022)</b>
Production and publication of the IFAR package including the overview brochure	Number of readers of the publication or online readers [EDICS, OP orders, REPS]	1000 downloads	Published in June/July, downloads could not be counted due to technical issues.
Coordination of communication activities on the rule of law and conflict of interest	No incidents	0	0
Presentations delivered notably via Visitor Centre	Number of presentations	20	41

**General objective: 7. A MODERN, HIGH PERFORMING, SUSTAINABLE COMMISSION**

**Main outputs in 2022:**

**Internal communication**

<b>Output(s)</b>	<b>Indicator(s)</b>	<b>Target(s)</b>	<b>Latest known results (2022)</b>
Communication activities as domain leader on financial management	Number of RUF meetings	At least 10	13 meetings
	Number of RUF newsletters	10	10 newsletters
Promotion of SUMMA and SEDIA (E-grants, E-procurement)	Articles on Budgpedia	5 per year	4 articles
	RUF meetings		4 RUF meetings ad hoc on SUMMA 7 presentations to RUF meetings
Promotion of BUDG related initiatives	Number of articles on Intracomm	At least 5	3
BUDG Times Newsletters	Regular weekly publication	>= 90%	90% of the time a newsletter is sent once per week
	Openings per issue	> 400 (85% of all staff)	Around 1480 openings per issue
	Unique clicks per issue	> 350 (75% of all staff)	Around 200 unique clicks per issue
	Unsubscribe rate	< 5% of all staff	Less than 5% unsubscribe rate
	Spam complaint rate	< 5% of all staff	Less than 5% spam complaint rate

BUDGnet own content and web site administration	BUDGnet publications about management, staff, project teams and internal networks	At least two per week	3-4 per week
Lunchtime presentations and learning seminars	Organisation and communication of BUDG lunchtime conferences and learning activities	At least 6 lunchtime conferences	10 lunch-time presentations and EU budget talks organised
All-staff and Town hall meetings	Number of Town hall and All-staff meetings organised	At least 4 per year	4 (3 Town Hall meetings and 1 All-staff meeting; to be noted that we started this format only in May)
Welcome sessions	Number of sessions	At least 8	Welcome sessions in 2022
Internal communication network	Number of meetings	4 per year	2 (to be noted that the network was established only in June)
	Number of articles submitted by internal communication network	2 per month	6 articles per month on average since June

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

### **Annex 3 Financial Reports - DG BUDG - 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**

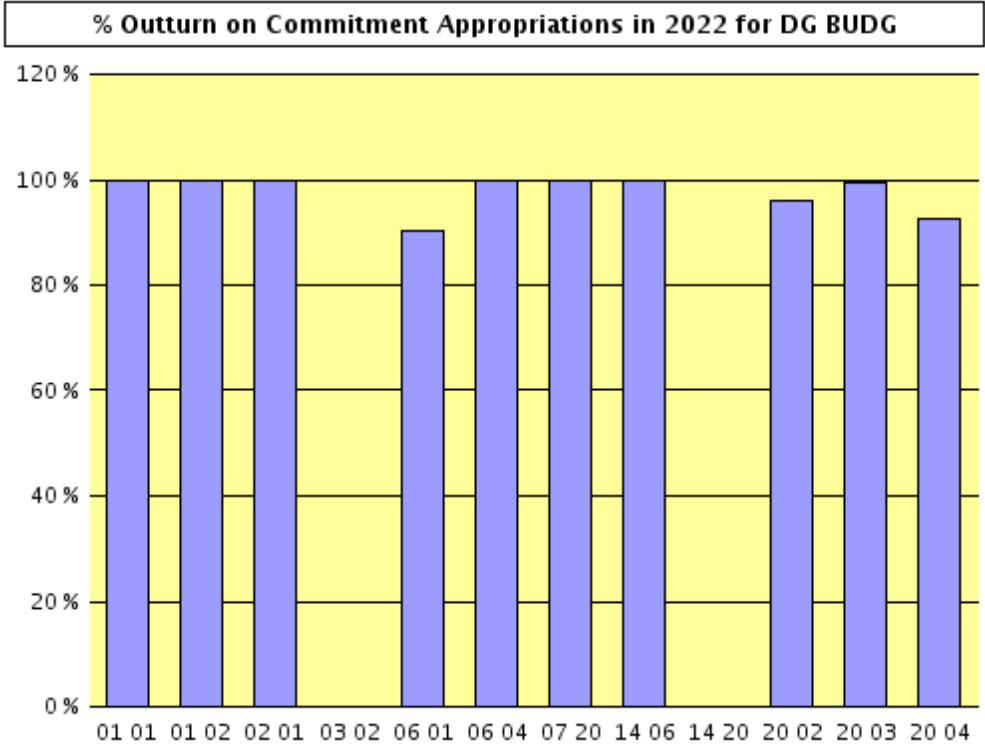
**Table 16 : Commitments co-delegation type 3 in 2021 for DG**

**Table 17: NGEU loans and disbursements**

<b>TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2022 (in Mio €) for DG BUDG</b>					
			<b>Commitment appropriations authorised*</b>	<b>Commitments made</b>	<b>%</b>
			1	2	3=2/1
<b>Title 01 Research and Innovation</b>					
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	3.13	3.13	100.00 %
	01 02	Horizon Europe	7.42	7.42	100.00 %
<b>Total Title 01</b>			<b>10.55</b>	<b>10.55</b>	<b>100.00 %</b>
<b>Title 03 Single Market</b>					
03	03 02	Single Market Programme	0.00	0.00	0.00 %
<b>Total Title 03</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00 %</b>
<b>Title 06 Recovery and Resilience</b>					
06	06 01	Support administrative expenditure of the 'Recovery and Resilience' cluster	6.23	5.50	88.33 %
	06 04	European Union Recovery Instrument (EURI)	68.50	68.50	100.00 %
<b>Total Title 06</b>			<b>74.73</b>	<b>74.00</b>	<b>99.03 %</b>
<b>Title 07 Investing in People, Social Cohesion and Values</b>					
07	07 20	Pilot projects, preparatory actions, prerogatives and other actions	0.28	0.28	100.00 %
<b>Total Title 07</b>			<b>0.28</b>	<b>0.28</b>	<b>100.00 %</b>
<b>Title 14 External Action</b>					
14	14 06	European Instrument for International Nuclear Safety Cooperation (INSC)	1.12	1.12	100.00 %
	14 20	Pilot projects, preparatory actions, prerogatives and other actions	0.00	0.00	0.00 %
<b>Total Title 14</b>			<b>1.12</b>	<b>1.12</b>	<b>100.00 %</b>
<b>Title 20 Administrative expenditure of the European Commission</b>					
20	20 02	Other staff and expenditure relating to persons	4.74	4.55	96.15 %
	20 03	Administrative Operating expenditure	2.03	2.02	99.36 %
	20 04	Information and communication technology related expenditure	22.57	20.91	92.67 %
<b>Total Title 20</b>			<b>29.33</b>	<b>27.49</b>	<b>93.70 %</b>
<b>Total Excluding NGEU</b>			<b>116.02</b>	<b>113.45</b>	<b>97.78 %</b>
<b>Title 02 European Strategic Investments</b>					
02	02 01	Support administrative expenditure of the "European Strategic Investments" cluster	0.16	0.16	100.00 %
<b>Total Title 02</b>			<b>0.16</b>	<b>0.16</b>	<b>100.00 %</b>
<b>Title 06 Recovery and Resilience</b>					
06	06 01	Support administrative expenditure of the 'Recovery and Resilience' cluster	1.18	1.18	100.00 %
<b>Total Title 06</b>			<b>1.18</b>	<b>1.18</b>	<b>100.00 %</b>
<b>Total NGEU Only</b>			<b>1.34</b>	<b>1.34</b>	<b>100.00 %</b>
<b>Total DG BUDG</b>			<b>117.36</b>	<b>114.78</b>	<b>97.80 %</b>



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



<b>TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2022 (in Mio €) for DG</b>					
			<b>Payment appropriations authorised *</b>	<b>Payments made</b>	<b>%</b>
			<b>1</b>	<b>2</b>	<b>3=2/1</b>
<b>Title 01 Research and Innovation</b>					
01	01 01	Support administrative expenditure of the "Research and Innovation" Cluster	3,13	0,08	2,63 %
	01 02	Horizon Europe	7,56	7,56	100,00 %
<b>Total Title 01</b>			<b>10,70</b>	<b>7,65</b>	<b>71,48%</b>
<b>Title 03 Single Market</b>					
03	03 02	Single Market Programme	0,00	0,00	76,59 %
<b>Total Title 03</b>			<b>0,00</b>	<b>0,00</b>	<b>76,59%</b>
<b>Title 06 Recovery and Resilience</b>					
06	06 01	Support administrative expenditure of the 'Recovery and Resilience' cluster	7,91	6,03	76,25 %
	06 04	European Union Recovery Instrument (EURI)	68,50	40,77	59,51 %
<b>Total Title 06</b>			<b>76,41</b>	<b>46,80</b>	<b>61,25%</b>
<b>Title 07 Investing in People, Social Cohesion and Values</b>					
07	07 20	Pilot projects, preparatory actions, prerogatives and other actions	0,29	0,29	99,69 %
<b>Total Title 07</b>			<b>0,29</b>	<b>0,29</b>	<b>99,69%</b>
<b>Title 14 External Action</b>					
14	14 06	European Instrument for International Nuclear Safety Cooperation (INSC)	1,12	1,12	100,00 %
	14 20	Pilot projects, preparatory actions, prerogatives and other actions	0,00	0,00	0,00 %
<b>Total Title 14</b>			<b>1,12</b>	<b>1,12</b>	<b>100,00%</b>
<b>Title 20 Administrative expenditure of the European Commission</b>					
20	20 02	Other staff and expenditure relating to persons	6,69	3,58	53,52 %
	20 03	Administrative Operating expenditure	2,45	1,73	70,51 %
	20 04	Information and communication technology related expenditure	36,46	21,03	57,67 %
<b>Total Title 20</b>			<b>45,60</b>	<b>26,33</b>	<b>57,75%</b>
<b>Total Excluding NGEU</b>			<b>134,12</b>	<b>82,20</b>	<b>61,28%</b>
<b>Title 02 European Strategic Investments</b>					
02	02 01	Support administrative expenditure of the "European Strategic Investments" cluster	0,16	0,07	46,15 %
<b>Total Title 02</b>			<b>0,16</b>	<b>0,07</b>	<b>46,15%</b>
<b>Title 06 Recovery and Resilience</b>					
06	06 01	Support administrative expenditure of the 'Recovery and Resilience' cluster	1,30	0,94	72,38 %
<b>Total Title 06</b>			<b>1,30</b>	<b>0,94</b>	<b>72,38%</b>
<b>Total NGEU Only</b>			<b>1,45</b>	<b>1,01</b>	<b>69,54%</b>
<b>Total DG BUDG</b>			<b>135,58</b>	<b>83,21</b>	<b>61,37 %</b>

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

**% Outturn on Payment Appropriations in 2022 for DG BUDG**

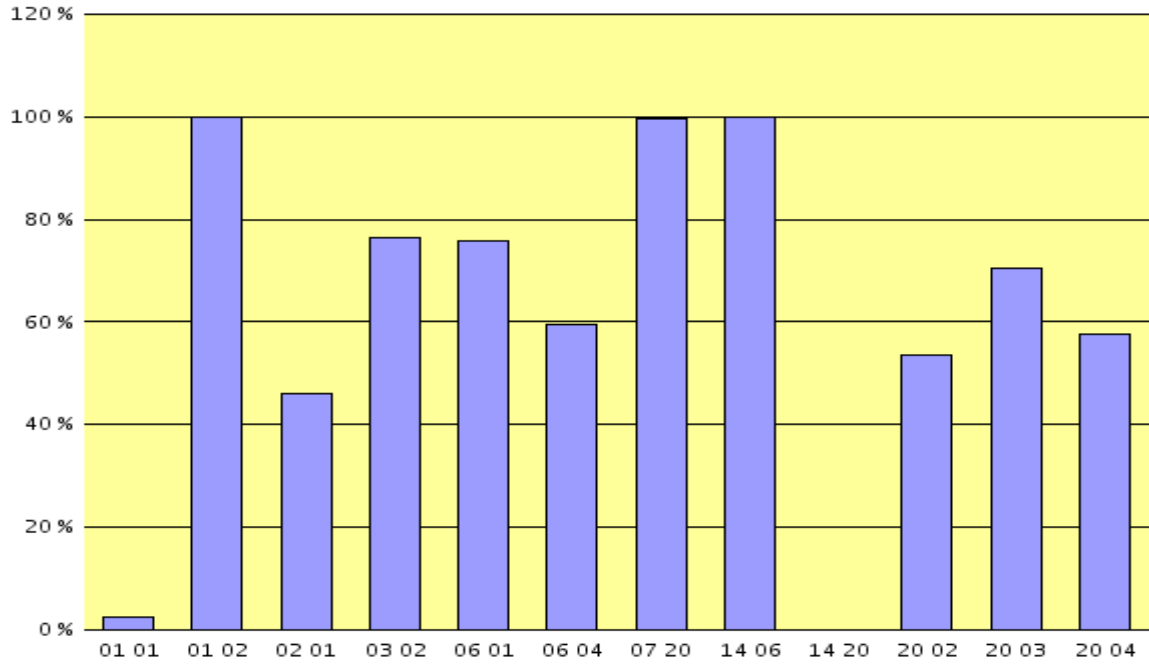
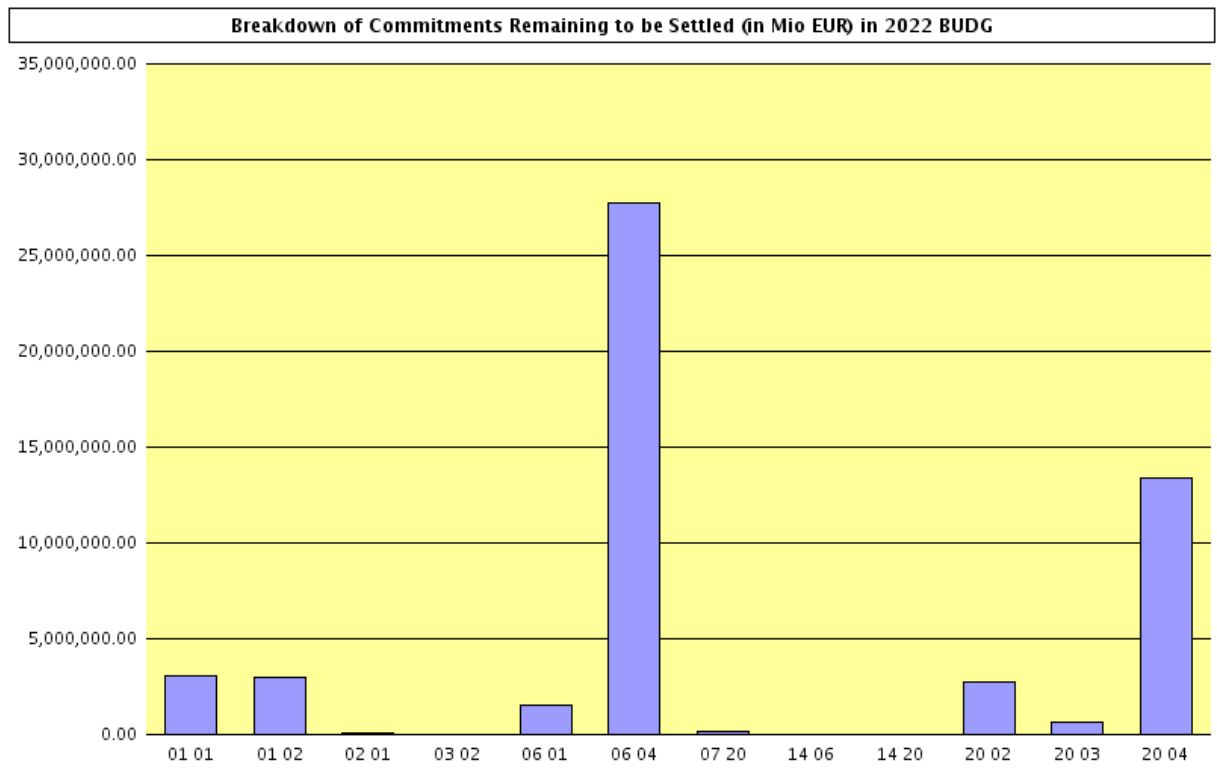


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG BUDG									
			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	3.13	0.08	3.05	97.37%	0.00	3.05	0.00
	01 02	Horizon Europe	7.42	4.57	2.85	38.45%	0.16	3.02	3.16
<b>Total Title 01</b>			<b>10.55</b>	<b>4.65</b>	<b>5.90</b>	<b>55.94%</b>	<b>0.16</b>	<b>6.07</b>	<b>3.16</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG BUDG									
			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
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
03	03 02	Single Market Programme	0.00	0.00	0.00	0.00%	0.00	0.00	0.00
<b>Total Title 03</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG BUDG									
			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
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
06	06 01	Support administrative expenditure of the 'Recovery and Resilience' cluster	5.50	4.36	1.14	20.69%	0.00	1.14	1.68
	06 04	European Union Recovery Instrument (EURI)	68.50	40.77	27.73	40.49%	0.00	27.73	0.00
<b>Total Title 06</b>			<b>74.00</b>	<b>45.13</b>	<b>28.87</b>	<b>39.02%</b>	<b>0.00</b>	<b>28.87</b>	<b>1.68</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG BUDG									
			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
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
07	07 20	Pilot projects, preparatory actions, prerogatives and other actions	0.28	0.15	0.13	45.53%	0.00	0.13	0.15
<b>Total Title 07</b>			<b>0.28</b>	<b>0.15</b>	<b>0.13</b>	<b>45.53%</b>	<b>0.00</b>	<b>0.13</b>	<b>0.15</b>

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG BUDG									
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
14	14 06	European Instrument for International Nuclear Safety Cooperation (INSC)	1.12	1.12	0.00	0.00%	0.00	0.00	0.00
	14 20	Pilot projects, preparatory actions, prerogatives and other actions	0.00	0.00	0.00	0.00%	0.00	0.00	0.00
<b>Total Title 14</b>			<b>1.12</b>	<b>1.12</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG BUDG									
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
20	20 02	Other staff and expenditure relating to persons	4.55	1.79	2.77	60.78%	0.00	2.77	1.95
	20 03	Administrative Operating expenditure	2.02	1.33	0.68	33.85%	0.00	0.68	0.42
	20 04	Information and communication technology related expenditure	20.91	7.49	13.43	64.19%	0.00	13.43	13.89
<b>Total Title 20</b>			<b>27.49</b>	<b>10.61</b>	<b>16.88</b>	<b>61.40%</b>	<b>0.00</b>	<b>16.88</b>	<b>16.26</b>
<b>Total Excluding NGEU</b>			<b>113.45</b>	<b>61.67</b>	<b>51.78</b>	<b>45.64%</b>	<b>0.16</b>	<b>51.94</b>	<b>21.26</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG BUDG									
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
02	02 01	Support administrative expenditure of the "European Strategic Investments" cluster	0.16	0.07	0.08	53.85%	0.00	0.08	0.00
<b>Total Title 02</b>			<b>0.16</b>	<b>0.07</b>	<b>0.08</b>	<b>53.85%</b>	<b>0.00</b>	<b>0.08</b>	<b>0.00</b>

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG BUDG									
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
06	06 01	Support administrative expenditure of the 'Recovery and Resilience' cluster	1.18	0.82	0.36	30.38%	0.00	0.36	0.12
<b>Total Title 06</b>			<b>1.18</b>	<b>0.82</b>	<b>0.36</b>	<b>30.38%</b>	<b>0.00</b>	<b>0.36</b>	<b>0.12</b>
<b>Total NGEU Only</b>			<b>1.34</b>	<b>0.89</b>	<b>0.44</b>	<b>33.14%</b>	<b>0.00</b>	<b>0.44</b>	<b>0.12</b>
<b>Total for DG BUDG</b>			<b>114.78</b>	<b>62.56</b>	<b>52.22</b>	<b>45.50 %</b>	<b>0.16</b>	<b>52.39</b>	<b>21.37</b>



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

<b>BALANCE SHEET</b>	<b>2022</b>	<b>2021</b>
<b>A.I. NON CURRENT ASSETS</b>	<b>66,478,276,953.04</b>	<b>134,849,518,907.29</b>
A.I.1. Intangible Assets	48,361,957.22	20,624,748.71
A.I.2. Property, Plant and Equipment	0.33	0.33
A.I.4. Non-Current Financial Assets	168,657,020,791.80	153,420,064,371.31
A.I.6. Non-Cur Exch Receiv & Non-Ex Recoverab	-102,227,105,796.31	-18,591,170,213.06
<b>A.II. CURRENT ASSETS</b>	<b>48,472,055,562.29</b>	<b>45,871,347,729.58</b>
A.II.1. Current Financial Assets	7,405,853,283.68	5,906,967,965.14
A.II.2. Current Pre-Financing	-18,638,576.42	-10,172,245.12
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	18,164,417,613.02	16,289,639,818.00
A.II.6. Cash and Cash Equivalents	22,920,423,242.01	23,684,912,191.56
<b>ASSETS</b>	<b>114,950,332,515.33</b>	<b>180,720,866,636.87</b>
<b>P.I. NON CURRENT LIABILITIES</b>	<b>-236,048,441,635.27</b>	<b>-264,438,967,288.66</b>
P.I.1. Non-Current Pension & other Empl Benef	-78,921,059,334.66	-121,847,967,778.80
P.I.2. Non-Current Provisions	0.00	0.00
P.I.3. Non-Current Financial Liabilities	-157,127,441,506.61	-142,591,073,001.86
P.I.4. Non-Cur Accrued Chrgs & Defrd Income	59,206.00	73,492.00
<b>P.III. NET ASSETS/LIABILITIES</b>	<b>-912,431,396.35</b>	<b>-1,060,041,135.34</b>
P.III.1. Reserves	-912,431,396.35	-1,060,041,135.34
<b>P.II. CURRENT LIABILITIES</b>	<b>-28,467,353,561.52</b>	<b>-20,226,494,130.71</b>
P.II.2. Current Provisions	0.00	0.00
P.II.3. Current Financial Liabilities	-4,170,444,769.49	-3,297,385,351.29
P.II.4. Current Payables	-23,439,272,343.74	-16,249,994,503.24
P.II.5. Current Accrued Charges & Defrd Income	-857,636,448.29	-679,114,276.18
<b>LIABILITIES</b>	<b>-265,428,226,593.14</b>	<b>-285,725,502,554.71</b>
<b>NET ASSETS (ASSETS less LIABILITIES)</b>	<b>-150,477,894,077.81</b>	<b>-105,004,635,917.84</b>
P.III.2. Accumulated Surplus/Deficit		-1,206,066,493,999.37
Non-allocated central (surplus)/deficit*	1,356,544,388,077.18	1,110,934,843,436.53
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>

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

<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>2022</b>	<b>2021</b>
II.1 REVENUES	-153,036,164,645.74	-162,949,645,618.84
II.1.1. NON-EXCHANGE REVENUES	-152,722,179,073.93	-160,105,660,097.40
II.1.1.1. GNI RESOURCES	-103,880,358,779.33	-115,954,991,424.50
II.1.1.2. OWN RESOURCES	-23,495,271,216.39	-20,589,856,286.03
II.1.1.3. VAT	-19,665,680,155.01	-18,339,709,309.48
II.1.1.4. NEW OWN RESOURCES	-6,337,336,836.38	-5,830,502,655.44
II.1.1.7. UK WITHDRAWAL AGREEMENT	149,987,531.68	-1,122,036,373.69
II.1.1.8. OTHER NON-EXCHANGE REVENUES	506,480,381.50	1,731,435,951.74
II.1.2. EXCHANGE REVENUES	-313,985,571.81	-2,843,985,521.44
II.1.2.1. FINANCIAL INCOME	-289,521,773.00	-2,834,012,040.22
II.1.2.2. OTHER EXCHANGE REVENUE	-24,463,798.81	-9,973,481.22
II.2. EXPENSES	18,135,644,900.64	6,750,425,665.66
II.2.10. OTHER EXPENSES	7,073,769,059.68	47,724,986.33
II.2.1. EXP IMPLM BY MEMBER STATES (SHARED)	0.00	0.00
II.2.2. EXP IMPLM BY COMMISS&EX.AGENC. (DM)	115,259,224.77	-116,670,994.79
II.2.3. EXP IMPL BY OTH EU AGENC&BODIES (IM)	8,746,442.75	2,630,403.63
II.2.4. EXP IMPL BY 3RD CNTR & INT ORG (IM)	8,488,840.18	-175,828.00
II.2.6. STAFF AND PENSION COSTS	6,232,244,337.35	5,033,957,074.16
II.2.8. FINANCE COSTS	4,697,136,995.91	1,782,960,024.33
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>-134,900,519,745.10</b>	<b>-156,199,219,953.18</b>

It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are 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, 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 bis: OFF BALANCE SHEET DISCLOSURES**

<b>OFF BALANCE</b>	<b>2022</b>	<b>2021</b>
OB.1. Contingent Assets	36,002,433,550.71	36,422,751,402.32
GR for Financial Instruments	26,930,914,478.79	25,349,976,306.36
GR for fines pending	9,065,743,031.78	11,066,951,609.82
GR for other	2,383,493.36	2,430,939.36
GR for performance	1,408,895.90	1,408,895.90
GR for pre-financing	1,983,650.88	1,983,650.88
OB.2. Contingent Liabilities	-3,363,157,737.49	-2,111,195,706.46
OB.2.2. Budgetary Guarantees given	0.00	0.00
OB.2.4. CL Fines	-3,363,157,736.49	-2,111,195,705.46
OB.2.6. CL Other	0.00	0.00
OB.2.7. CL Legal cases OTHER	-1.00	-1.00
OB.3. Other Significant Disclosures	-2,304,218,062.48	-7,398,717,083.85
OB.3.1. Undrawn commitments	-285,000,000.00	-5,255,655,575.00
OB.3.2. Comm against app. not yet consumed	-2,019,218,062.48	-2,143,061,508.85
OB.3.3.8. Budgetary Guarantees Ceiling	0.00	0.00
OB.4. Balancing Accounts	-30,335,057,751.20	-26,912,838,612.01
OB.4. Balancing Accounts	-30,335,057,751.20	-26,912,838,612.01
<b>OFF BALANCE</b>	<b>-0.46</b>	<b>0.00</b>

It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are 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, 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 in 2022 for DG BUDG**

<b>Legal Times</b>									
<b>Maximum Payment Time (Days)</b>	<b>Total Nbr of Payments</b>	<b>Nbr of Payments within Time Limit</b>	<b>%</b>	<b>Average Payment Times (Days)</b>	<b>Nbr of Late Payments</b>	<b>%</b>	<b>Average Payment Times (Days)</b>	<b>Late Payments Amount</b>	<b>Percentage</b>
30	1,073	1,017	94.78 %	17.53	56	5.22 %	39.20	1,940,702.65	0.05
60	7	7	100.00 %	19.14				0.00	0.00
90	3	3	100.00 %	11.67				0.00	0.00

<b>Total Number of Payments</b>	<b>1,083</b>	<b>1,027</b>	<b>94.83 %</b>		<b>56</b>	<b>5.17 %</b>		<b>1940702.65</b>	<b>5. %</b>
<b>Average Net Payment Time</b>	<b>18.64542936</b>			<b>17.52</b>			<b>39.20</b>		
<b>Average Gross Payment Time</b>	<b>19.05909511</b>			<b>17.96105161</b>			<b>39.1964286</b>		

<b>Suspensions</b>							
<b>Average Report Approval Suspension Days</b>	<b>Average Payment Suspension Days</b>	<b>Number of Suspended Payments</b>	<b>% of Total Number</b>	<b>Total Number of Payments</b>	<b>Amount of Suspended Payments</b>	<b>% of Total Amount</b>	<b>Total Paid Amount</b>
0	37	12	1.11 %	1,083	4,595,143.03	11.46 %	40,090,173.23

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

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	
11	Levies and other duties provided for under the common organisation of the markets in sugar	-825,222.34	-5.65	-825,227.99	-825,221.82	0.00	-825,221.82	-6.17
12	Customs duties and other duties	25,181,420,057.04	2,237,323,920.88	27,418,743,977.92	25,171,498,975.16	685,730,704.03	25,857,229,679.19	1,561,514,298.73
13	Own resources based on value added tax	19,665,680,155.01	0.00	19,665,680,155.01	19,665,680,155.01	0.00	19,665,680,155.01	0.00
14	Own resources based on gross national income	103,880,358,779.33	0.00	103,880,358,779.33	103,880,358,779.33	0.00	103,880,358,779.33	0.00
16	Gross reduction in the annual gni-based contribution granted to certain member states	18,608,659.80	0.00	18,608,659.80	18,608,659.80	0.00	18,608,659.80	0.00
17	Own resources based on plastic packaging waste not recycled	6,337,336,836.38	0.00	6,337,336,836.38	6,337,336,836.38	0.00	6,337,336,836.38	0.00
20	Surplus from previous financial year	3,227,058,806.52	0.00	3,227,058,806.52	3,227,058,806.52	0.00	3,227,058,806.52	0.00
21	Balances adjustment	0.00	6,522,690.00	6,522,690.00	0.00	0.00	0.00	6,522,690.00
22	Adjustment for the non-participation of certain member states in specific policies	-111,289.74	0.00	-111,289.74	-111,289.74	0.00	-111,289.74	0.00

30	Revenue from staff	109,133,109.55	15,592,874.57	124,725,984.12	94,004,554.46	15,592,874.57	109,597,429.03	15,128,555.09
33	Other administrative revenue	6,768,953.38	20,000.00	6,788,953.38	6,678,953.38	20,000.00	6,698,953.38	90,000.00
40	Revenue from investments and accounts	-573,029.44	0.00	-573,029.44	-573,029.44	0.00	-573,029.44	0.00
41	Default interest	34,666,882.22	1,823,260,252.41	1,857,927,134.63	20,373,884.70	22,174,454.21	42,548,338.91	1,815,378,795.72
42	Fines and penalties	9,728,053.86	0.00	9,728,053.86	9,728,053.86	0.00	9,728,053.86	0.00
50	European Union guarantee for borrowing-and-lending operations in member states	62,203,046,101.50	0.00	62,203,046,101.50	62,203,046,101.50	0.00	62,203,046,101.50	0.00
66	Other contributions and refunds	10,197,506,239.23	5,104,042,416.31	15,301,548,655.54	6,194,986,141.74	5,104,042,416.31	11,299,028,558.05	4,002,520,097.49
67	Completion for outstanding recovery orders prior to 2021	164,959,512.61	0.00	164,959,512.61	164,959,512.61	0.00	164,959,512.61	0.00
<b>Total DG BUDG</b>		<b>231,034,762,604.91</b>	<b>9,186,762,148.52</b>	<b>240,221,524,753.43</b>	<b>226,992,809,873.45</b>	<b>5,827,560,449.12</b>	<b>232,820,370,322.57</b>	<b>7,401,154,430.86</b>

Earmarked revenues in DG BUDG derive from the charge-back of services such as the use of financial information systems, the annual Accounting Officer services and treasury services managed by BUDG. In 2022, charge-back amounted (provisional values) to EUR 5 m representing 6% of DG BUDG payment appropriations. The charged-back amounts are included in the value of other administrative revenue above.

The risk of non-payment (which in the past has never materialised) is mitigated by the possibility to recover the due amounts by offsetting. The remaining risks are effectively mitigated by means of ex ante verifications in the recovery order process covering 100 % of the transactions.

**TABLE 8 : RECOVERY OF PAYMENTS in 2022 for DG BUDG  
(Number of Recovery Contexts and corresponding Transaction Amount)**

None.

**TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2022 for DG BUDG**

	Number at 01/01/2022	Number at 31/12/2022	Evolution	Open Amount (Eur) at 01/01/2022	Open Amount (Eur) at 31/12/2022	Evolution
2004	1		-100.00 %	1,525.87		-100.00 %
2013	1	1	0.00 %	12,425.06	12,425.06	0.00 %
2014	1		-100.00 %	288,045.03		-100.00 %
2015	10	8	-20.00 %	1,243,759.01	1,227,357.39	-1.32 %
2016	6	6	0.00 %	28,037,492.90	28,037,492.90	0.00 %
2017	11	10	-9.09 %	6,377,608.93	6,369,432.59	-0.13 %
2018	8	7	-12.50 %	1,817,197.21	1,772,908.62	-2.44 %
2019	60	53	-11.67 %	3,427,061,620.96	2,739,153,633.67	-20.07 %
2020	47	45	-4.26 %	570,217,457.38	569,605,508.40	-0.11 %
2021	72	27	-62.50 %	5,155,277,104.29	16,522,987.39	-99.68 %
2022		72			4,042,908,368.27	
	<b>217</b>	<b>229</b>	<b>5.53 %</b>	<b>9,190,334,236.64</b>	<b>7,405,610,114.29</b>	<b>-19.42 %</b>

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

	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision
<b>Number of RO waivers &gt;= 60 000 €</b>			<b>0</b>		

There are 2 waivers below 60 000 € for a total amount of -1,525.87

**TABLE 11 : Negotiated Procedures in 2022 for DG BUDG**

**Internal Procedures > € 60,000**

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Annex 1 - 11.1 (b) - Artistic/technical reasons or exclusive rights or technical monopoly/captive market	3	16.000.000,00
<b>Total</b>	<b>3</b>	<b>16.000.000,00</b>

In 2022, DG BUDG completed 3 negotiated procedures without prior publication above EUR 60 000, due to exclusive rights and technical monopoly on the market (limited choice of financial software for trading systems and of the rating agencies).

**TABLE 12 : Summary of Procedures in 2022 for DG BUDG****Internal Procedures > € 60,000**

<b>Procedure Legal base</b>	<b>Number of Procedures</b>	<b>Amount (€)</b>
Negotiated procedure middle value contract (Annex 1 - 14.2)	3	252,497.50
Negotiated procedure without prior publication (Annex 1 - 11.1)	5	17,470,000.00
Open procedure (FR 164 (1)(a))	3	1,075,728.00
<b>Total</b>	<b>11</b>	<b>18,798,225.50</b>

**TABLE 13 : BUILDING CONTRACTS in 2022 for DG BUDG**

<b>Legal Base</b>	<b>Procedure subject</b>	<b>Contract Number</b>	<b>Contractor Name</b>	<b>Contract Subject</b>	<b>Contracted Amount (€)</b>
					0

**TABLE 14 : CONTRACTS DECLARED SECRET in 2022 for DG BUDG**

<b>Legal Base</b>	<b>LC Date</b>	<b>Contract Number</b>	<b>Contract Subject</b>	<b>Contracted Amount (€)</b>
				0

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

None.

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

None.

**TABLE 17: RRF Loans Implementation - Cumulative View (All Years)**

Country	Budget Position	Available Credits (All Years)	Contracted Loans (ECFIN) All Years	Disbursements (BUDG) All Years	Balance All Years
Cyprus	06.020100.13	200,320,000.00	200,320,000.00	26,041,600.00	174,278,400.00
Greece	06.020100.08	12,727,538,920.00	12,727,538,920.00	3,500,073,204.00	9,227,465,716.00
Italy	06.020100.12	122,601,810,400.00	122,601,810,400.00	37,938,235,352.00	84,663,575,048.00
Poland	06.020100.21	12,112,000,000.00	11,506,500,000.00		11,506,500,000.00
Portugal	06.020100.22	2,699,000,000.00	2,699,000,000.00	959,870,000.00	1,739,130,000.00
Romania	06.020100.23	14,969,033,800.00	14,942,153,000.00	2,732,152,350.00	12,210,000,650.00
Slovenia	06.020100.24	705,370,000.00	705,370,000.00		705,370,000.00
RRF Reserve	06.020100	219,840,162,150.59			
		<b>385,855,235,270.59</b>	<b>165,382,692,320.00</b>	<b>45,156,372,506.00</b>	<b>120,226,319,814.00</b>

**TABLE 17bis: RRF Loans Implementation - 2022 Financial Year**

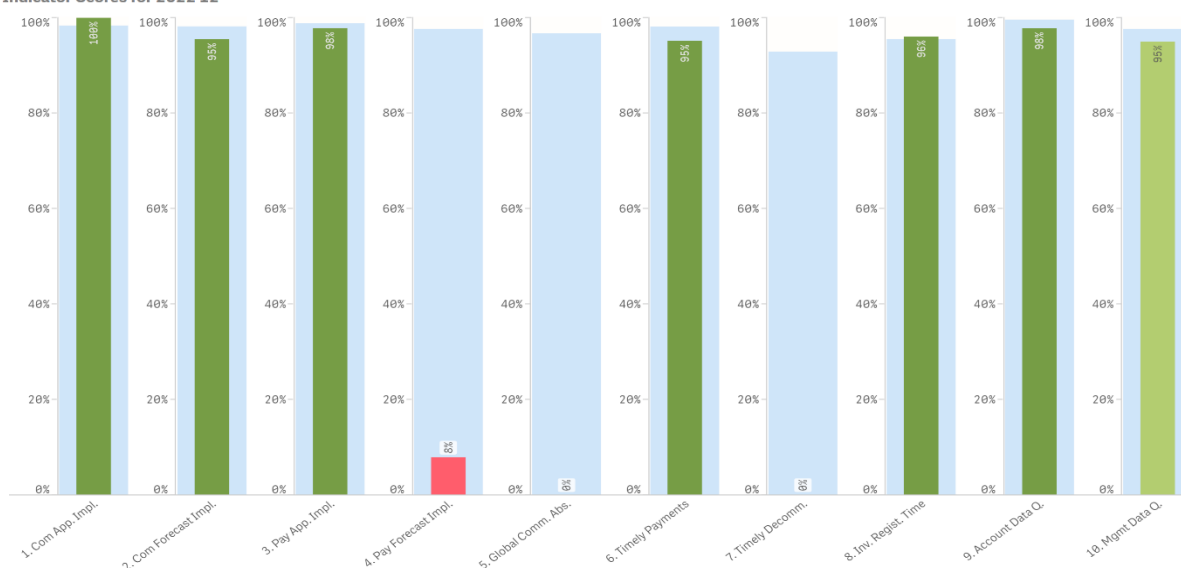
Country	Budget Position	Disbursements 2022 (BUDG)
Greece	06.020100.08	1,845,493,144.00
Italy	06.020100.12	22,000,000,000.00
Portugal	06.020100.22	609,000,000.00
Romania	06.020100.23	2,732,152,350.00
		<b>27,186,645,494.00</b>

Country	Budget Position	Contracted Loans 2022 (ECFIN)
Poland	06.020100.21	11,506,500,000.00
Slovenia	06.020100.24	705,370,000.00
		<b>12,211,870,000.00</b>

## Annex 4: Financial Scorecard

The chart below presents the annual objective and result for BUDG and for the EC as a whole for each standard financial indicator, its value (in %) for BUDG is compared to the common target (in %).

BUDG Indicator Scores for 2022 12



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

Indicator	Objective	BUDG Score	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year	100%	98%
Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year	95%	98%
Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year	98%	99%
4. Payment Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year. Forecast for new line (06.0401) to be implemented in 2022 was based on a forecast, which was much lower than finally decided amounts. The implementation exceeded the forecast by 92% (8% is a difference between 200% and 192%).	8%	98%
5. Global Commitment Absorption <sup>2</sup>	Ensure efficient use of already earmarked commitment appropriations (at L1 level)	-	97%

<sup>2</sup> 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



6. Timely Payments	Ensure efficient processing of payments within the legal deadlines DG BUDG's result is considered good and in line with the target set in the Management Plan (95%).	95%	98%
Timely Decommittments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle	-%	93%
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC	96%	95%
9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts	98%	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	95%	98%

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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.

## Annex 5: Materiality criteria

The criteria for making a reservation vary dependent on BUDG's activity:

- Materiality criteria related to the **budget executed by BUDG** directly (expenditure) and indirectly (via entrusted entities: provisioning of the guarantee fund for the external actions. The main control indicators for direct management are based on results of ex ante controls, exception reporting, work done by the IAS and feedback from the annual internal control assessment. Reservations would be made if the residual risk of error on legality and regularity of the underlying transactions is higher than **2%**.
- As regards revenue financial operations relating to the collection and making available of **own resources**, BUDG analyses the systems set up by Member States and assesses whether they provide reliable assurance as regards the accuracy of the information provided and the legality and regularity of these operations. In case BUDG determines that it cannot rely on some of these systems for assurance purposes, it would qualify its annual Declaration of Assurance in case the amount of revenue concerned has the potential to exceed **1%** of the total relevant resource-segment (i.e. TOR, or VAT/GNI/plastics-based own resources).
- In addition to the management of its own appropriations, BUDG also does **off-budget management** - horizontal financial activities such as treasury, asset management, borrowing and lending operations, guarantees such as those related to competition fines and VAT reimbursement. While the target error rate is 0%, materiality for reservation purposes has been set at **1%** for these activities. As these transactions are not directly linked to expenses, reservations would be made if fraud or improper safeguarding of assets has been observed during the processing of the related transactions in BUDG.
- Materiality criteria related to **systemic responsibilities for BUDG**. BUDG has the responsibility at Commission level for: securing of resources needed to implement the European Union's policies; management of the budgetary regulatory framework; implementation of the budget in compliance with the rules; provision of the treasury and accounting services to the institutions; provision of a corporate financial reporting; contributing to sound financial management in Commission departments; management of the Trust Funds on behalf of other Commission departments. Beyond its own operational responsibilities, it is a horizontal department operating as a service provider and thus also bears responsibility for the development and quality of the relevant processes. BUDG would consider making a reputational reservation (see below) if the review of the relevant processes, including those related to the Accounting Officer's responsibilities, identifies important weaknesses in the implementation of the underlying systems and tools or, in case of major changes, if the evidence on the outcome of the change was not yet available.
- Materiality criteria related to **reputational issues**. In line with the Commission's instructions, a combined or separate reputational reservation will be made for events that could cause serious damage (in terms of 'duration' + 'scope' of political/press/citizen attention) to the Commission's image due, for example, to financial fraud inside BUDG or serious breaches on provisions of the Treaty, linked to BUDG's activities.

Since 2019<sup>3</sup>, a 'de minimis' threshold for financial reservations has been introduced. Quantified AAR reservations related to residual error rates above the 2% materiality threshold, are deemed not substantial for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed.

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<sup>3</sup> Agreement of the Corporate Management Board of 30/4/2019.

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

### Revenue: TOR, VAT, GNI and plastics

#### A –MS statements and collection of resources

**Main control objectives:** Timely and accurate collection of Own Resources from Member States

Main risks (it may happen (again) that...)	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
Member States do not provide the corresponding underlying data	<p>Calculation of the amounts requested in the monthly call for funds (VAT, GNI, plastics and GNI lump sum corrections)</p> <p>Control of the TOR statements and introduction of information in the unit's database</p> <p>Control of receipt of VAT annual statements and entry of the data to the relevant data base</p>	Exhaustive control (100 %)	<p><b>Costs:</b> estimation of cost of staff involved</p> <p><b>Effectiveness:</b> % of national contributions and TOR amounts reported in the A statements made available timely</p> <p>Number of accounting documents generated for actual/potential corrective payments by Member States of principal or interest<sup>4</sup></p>
Member States (MS) not paying amounts of Own Resources due or not paying them promptly.	<p>Follow-up of related payments by using information received from the treasury: control of the correct amount and the respect of the due date.</p> <p>Delays in paying own resources give rise to payment of interest by the MS concerned.</p>	100 % of MS contributions	<p>Number of open infringement files and their annual variation.</p> <p>Number of Commission infringement decisions taken (Art. 258 TFEU)</p>
<i>(This risk is common to all own resources. BUDG monitors receipt of timely and full making available of resources)</i>	<p>Immediate reminders for the outstanding payments are sent, supported with contacts at high level.</p> <p>Infringement procedures are launched when necessary.</p>	100 % of standing amounts are followed- up	<p><b>Efficiency:</b> Timely and comprehensive collection of Own Resources, considered free from material error (n.q)</p>
	<p>Communication of elements that are considered relevant for units in charge of control of own resources (enrolment due to a specific demand resulting from a control report) in line with the internal rules.</p> <p>Contacts with MS aimed at preventing the risk materialising and to anticipate information on a possible delay on payments.</p> <p>Pre and post-event reminders (VAT)</p>	100 % of relevant elements identified	<p><b>Economy</b></p> <p>Low Proportion of overall cost of controls over total value of contributions dully collected and on time</p>
		In case there is information that Member States might delay payments.	100 % of MS

<sup>4</sup> Number generated by all control activities covering TOR.

**B – Verification of TOR collected and VAT OR base calculation by MS/ Calculation of GNI contributions <sup>(5)</sup>**

**Main control objectives:** Obtain assurance on:

- a) The key procedures and systems in each MS that ensure correct and timely collection and making available of TOR.
- b) The data on which VAT and GNI OR contributions are calculated has been correctly compiled by Member States (including scrutiny of the adequacy of relevant systems and procedures).

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
Irregularities/errors in MS systems and/or statements might remain undetected and funds not duly collected. (TOR)	On-the-spot TOR inspections in Member States according to an annual programme, covering risk based selected customs areas and Member States' TOR accounting (A and B accounts).	Risk based annual inspection programme	<b>Costs:</b> estimation of cost of staff involved and travel and subsistence budget for on the spot controls. <b>Effectiveness:</b> Timely assessment of MS' write-off reports for irrecoverable amounts of TOR and of individual cases of financial responsibility.
Economical operators are not providing complete and correct customs declarations reducing the amount of import duties payable and, consequently the TOR available to the EU budget	Inspections are specially focused on Member States control systems and risk assessment for the performance of these controls. A database is maintained with reported cases of irregularities and fraud (it serves as an input to risk-based analysis of inspection programmes)		Reasonable assurance can be given on the compliance of total value of TOR collected with relevant regulation (q.) Continuous improvement of MS internal control systems for TOR collection for instance by providing common audit tools. (n.q.)
	Assessment of Member States' write-off reports	100 % of Write- Off reports communicated via the WOMIS IT application	Amounts of TOR corrected and recovered from MS derived from irregularities detected by controls (q.)
	Follow-up of individual cases of financial responsibility and the ECA's findings following its audits carried out in the Member States	100 % of cases detected	<b>Efficiency:</b> Complete and timely implementation and reporting of TOR inspections in accordance with the annual programme <b>Economy:</b> Proportion of cost of controls over total value of TOR collected and/ or over the total amount of errors detected and recovered from MS.
Member States may not have compiled their annual VAT statements in compliance with the legal requirements leading to incorrect VAT OR contributions being collected.	Annual programme of on-the-spot inspections (in conjunction with ESTAT for some areas) ensuring that every annual VAT statement furnished by every Member State is subject to checks on its accuracy and completeness.	Annual programmes of inspections covering 100 % of statements for all Member States over a 2 to 3 year cycle	<b>Costs:</b> estimation of cost of staff involved and travel and subsistence budget for on the spot controls. <b>Effectiveness:</b> Obtain reasonable assurance that total value of VAT OR collected has been calculated on compliant VAT OR bases (q.).

<sup>5</sup> Verification of the underlying data for GNI OR is managed by ESTAT with BUDG managing and undertaking only those aspects directly applicable to budget accounting. BUDG draws assurance of the correctness of the underlying data by attending GNI Experts Group and Sub Groups meetings so as to be informed about the content and results of the verification programme operated by ESTAT. In order to present the whole control activity performed on GNI data at Commission level, and purely for information purposes, the [Internal Control Template of controls performed by ESTAT has been included](#).

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
Time-barring may be activated before statements are subject to verification	Annual programmes assembled on basis of risk of statements going out of time.		<p>Provide reassurance to Member States that all are measured against the legal standard (n.q)</p> <p>Deter non-compliant behaviour and motivate Member States to fulfil obligations (n.q)</p>
Incorrect amounts of VAT own resources being obtained because Member States fail to enact EU VAT legislation correctly	Scrutiny of infringement action taken by TAXUD to identify and follow-up all cases with the potential to affect the VAT base.	100 % of infringements are analysed and followed up if considered relevant to VAT OR.	<p>Fulfilment of Commission legal obligation under Regulation 1553/89 (n.q)</p> <p>Ensure compliance of MS regulations on VAT with EU Regulation. (n.q)</p> <p>Number of statements not subject to verification prior to becoming time-barred</p> <p><b>Efficiency:</b> Complete and on time implementation of agreed programme of inspections throughout the cycle.</p> <p><b>Economy:</b> Proportion of overall cost of controls over total value of VAT resources collected compliant with regulations.</p>
Incorrect GNI contributions are calculated because of poor data from Member States	Member State provision of GNI data is subject to a peer-review system in the GNI expert group supplemented <a href="#">by ESTAT verification</a> programme ensuring that data furnished by Member States is comparable, reliable and exhaustive.	Number of GNI expert group organised (twice a year)	<p><b>Costs:</b> Estimation of cost of staff involved and travel and subsistence budget for on the spot controls.</p> <p><b>Effectiveness and Efficiency:</b> See indicators reported by ESTAT in the <a href="#">ICT on the verification of GNI data</a></p>
<p>Incorrect GNI contributions are calculated because ESTAT provides BUDG with incorrect GNI OR data (B2)</p> <p><i>(GNI resource is the balancing resource and therefore there is no question of a shortfall in receipts but merely in the question of properly allocating their distribution across the MS)</i></p>	<p>MOU between ESTAT and BUDG covering respective, roles, parameters for setting reservations and flows of information.</p> <p>Information received from GNI expert group and via digest from ESTAT – reconciliation possible.</p>		<p>Correct and compliant distribution of Member States share of GNI is calculated (n.q)</p> <p><b>Economy:</b> Compliant distribution of GNI achieved with a reasonable cost.</p>

**C – Follow-up of verification results**

**Main control objectives:** Ensure that results from inspections are implemented (Funds recovered, corrections made, infringements initiated ...)

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
Anomalies identified might not be explained or resolved.	Following up financial consequences of TOR control activity: on the spot inspections, assessment of Member States Write-Off reports and of individual cases of financial responsibility.	100 % of irregularities detected, MS write-off reports and individual cases of financial responsibility	<p><b>Costs:</b> estimation of costs of staff involved</p> <p><b>Effectiveness:</b> Financial irregularities detected are corrected / recovered (q.)</p> <p>Deficiencies (administrative, legal and financial) detected in Member States local systems and procedures are corrected (n,q)</p> <p><b>Efficiency:</b> % of financial irregularities followed up via recovery orders created and paid (TOR)</p> <p>Proportion of VAT reservations in place for more than 5 years.</p> <p>% of VAT and TOR reports presented at first available ACOR meeting.</p> <p><b>Economy:</b> Proportion of overall cost of controls over total TOR/ VAT resources collected compliant with regulations and/ or over TOR irregularities recovered</p>
	Submit TOR and VAT inspection reports to ACOR for scrutiny and discussion in Committee	100 % of TOR and VAT inspection reports presented at ACOR	<p><b>Costs:</b> estimation of cost of staff involved</p> <p><b>Effectiveness:</b> Provide transparency of the control activity and assurance to Member States of equal measurement against agreed standards and equal treatment when performing controls.</p> <p>Areas for improvement detected are shared with all Member States (n,q)</p>
	Follow up of apparent VAT anomalies and identified infringements via notification of reservations and monitoring progress until the reservation can be lifted and any necessary corrective action taken (follow-up database)	100 % of reservations are followed-up	<p><b>Costs:</b> estimation of cost of staff involved.</p> <p>Amounts to be verified don't become time-barred (n,q)</p>

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
	Initiate infringements procedures against non-compliant Member States	100 % of applicable cases	<b>Costs:</b> estimation of cost of staff involved. <b>Effectiveness:</b> Ensure compliance with Own Resources EU regulation(n.q) Provide legal clarity on the application and interpretation of the legal framework for Traditional Own resources (case law) (n.q)
	Follow-up of TOR findings made by the ECA during its audits in Member States	100 % of findings followed-up	<b>Costs:</b> estimation of cost of staff involved. <b>Effectiveness:</b> Ensure implementation of corrective/remedial action to resolve detected shortcomings and the recovery of amounts related to the errors detected (n.q)
GNI irregularities/potential irregularities detected are not properly followed- up because no reservation is set	Guidelines agreed by ESTAT and BUDG on the correct use of GNI reservations (annex of MOU between the two DG').	100 % of reservations requested by ESTAT are properly and timely notified to MS	<b>Costs:</b> estimation of cost of staff involved. <b>Effectiveness:</b> GNI data used for own resources calculation is correct and necessary corrective action is not time-barred. Percentage of communications from ESTAT regarding setting, lifting or varying GNI processed within 4 working weeks <b>Efficiency:</b> Compliant and timely management of GNI reservations <b>Economy:</b> results achieved with a reasonable cost.

## 2- UK correction calculation

**Main control objectives:** Ensure that calculations on UK correction are correctly made.

Main risks	Mitigating controls	How to determine coverage frequency and depth*	Cost-Effectiveness indicators (three E's)
UK correction is incorrectly calculated	Calculation of the correction is conducted separately by two different officials of the unit in charge. One of the main inputs for the calculation (allocated expenditure information) is checked and reconciled with accounting information. Parallel calculation is made by two additional officials from a different unit in the DG.	Yearly calculation	<b>Costs:</b> estimation of cost of staff involved. <b>Effectiveness:</b> % error rate detected after calculation. <b>Efficiency:</b> Calculation is made correctly and on time. <b>Economy:</b> Proportion of overall cost of controls over total amount of amounts correctly calculated and paid. Amounts paid to the Member State concerned are accurate and ulterior corrections are avoided. (q)

## Revenue: Verification of GNI data – ESTAT ICT<sup>6</sup>

### Stage 1: GNI Verification - multiannual

**Main control objectives:** Ensure GNI data are consistent with ESA

Main risks	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
GNI inventories of MS are not submitted on time in sufficient quality	Detailed GNI inventory guidelines and GNI Inventory Assessment Questionnaire	GNI inventories of all MS, depth of controls based on risk assessment	<b>Effectiveness:</b> Number of inventories available by the agreed deadline, number of requests to MS to submit revised inventories.
Reservations on GNI data are incorrectly set or not set at all	Detailed checks of inventories, cross-country analyses, carrying out of information visits including direct verification exercises.	Sources and methods for estimation of GNI for all MS, depth of controls based on risk assessment	<b>Effectiveness:</b> Number of action points and reservations placed
Member States do not perform the work required to address action points and reservations	Peer review through participation of GNI Expert Group (GNIEG) experts in GNI visits and communication of mission reports to the GNIEG.  Detailed checks of applied methodology in MS's reports and other available information	Coverage: all MS	<b>Effectiveness:</b> Regular GNIG documents (twice a year) on the state of play of action points and reservations

### Stage 2: GNI verification annual

**Main control objectives:** Annual opinion of the GNIC that GNI data are fit for purpose

Main risks	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
GNI data and/or reports on quality are not submitted on time	Annual procedure to collect questionnaires and reports on quality	Receipt of annual GNI questionnaire and report on quality for all MS by the regulatory deadline	<b>Effectiveness:</b> Number of MS sending data and report on quality by the regulatory deadline with no need to resubmit
GNI data or reports on quality are not of sufficient quality	Quality checks done according to checklist (e.g. for completeness, plausibility, against published data)	GNI questionnaire and report on quality for MS with need to resubmission	<b>Effectiveness:</b> Number of requests for MS to resubmit data or report on quality
Opinion of GNI Expert Group is negative	Checks by GNI team for possible deficiencies that might lead to a negative opinion	Advance contact with MS leading to submission of revised GNI data or report on quality with deficiencies corrected	<b>Effectiveness:</b> Positive opinion of GNI Expert Group issued

<sup>6</sup> In order to present the whole control activity performed on GNI data at Commission level, and purely for information purposes, the Relevant Control System of controls performed by ESTAT has been included.



## Procurement and Administrative Expenditure

### Stage 1 – Procurement

#### A - Planning

**Main control objectives:** Effectiveness, efficiency and economy. Compliance (legality and regularity).

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
The needs are not sufficiently defined and or/budgeted (operationally and economically) and that the decision to procure was inappropriate to meet the operational objectives	<p>Establishment of an annual detailed procurement plan during the year n-1 validated by the hierarchy</p> <p>Continuous training and raising awareness sessions addressed to project officers and/or other uses of DG BUDG FWCs</p>	<p>100 % of all the forecast procurements are justified in a note addressed to the AO(D)</p> <p>The plan is made once per year with a continuous monitoring and mid-term review</p>	<p><b>Costs:</b> estimation of cost of staff involved</p> <p><b>Effectiveness:</b> Number of projected tender cancelled. Number of contracts discontinued due to lack of use (poor planning).</p>
Discontinuation of the services provided due to a late contracting (poor planning and organisation of the procurement process)	Monitoring on contracts end date and follow-up actions by Procurement sector	100 % of the forecast procurements	<p>Compliance with Internal procurement procedures and regulations and avoid missed opportunity of getting the wished services via internal resources or a framework contract already in place (n.q)</p> <p>Estimated Value of contracts published in procurement process which will be spent (as a maximum) on correctly identified needs. (q.)</p> <p>Needs understood by the tenderer and maximise the probability of getting the right deliverable(n.q)</p> <p><b>Efficiency:</b> Timely definition of needs.</p> <p><b>Economy:</b> Proportion of overall cost of controls over total estimated (maximum) value of contracts.</p>

### B – Needs assessment & definition of needs

**Main control objectives:** Effectiveness, efficiency and economy. Compliance (legality and regularity).

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
Quality tenders are not submitted due to the poor definition of the tender specifications	Procurement Sector leads/coordinates the drafting of the tender specifications and ensuing procedure. Project Officer (technical know-how) in charge of technical specifications.	The control covers every procedure in all its stages/aspects	<b>Costs:</b> estimation of cost of staff involved <b>Effectiveness:</b> N° of 'open' or procedures where only one or no offers were received. N° of complementary questions regarding the tender. <b>Economy:</b> Proportion of cost of controls over total estimated (maximum) value of contracts Estimated average cost of controls per procurement procedure. The quality of specifications approved is optimal to receive offers with prices and conditions according to internal expectations and market prices (n.q).
	AOSD supervision and approval of specifications Consultation of legal experts of the DG and the Legal Service	Risk based, taking as criteria the level of sensitivity and complexity of the procurement process	

### C – Selection of the offer & evaluation

**Main control objectives:** Effectiveness, efficiency and economy. Compliance (legality and regularity). Fraud prevention and detection.

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
The most economically advantageous tender not being selected, due to a biased, inaccurate or 'unfair' evaluation process	Formal evaluation process: Opening committee and Evaluation committee	100 % of the tenders analysed.	<b>Costs:</b> estimation of costs of staff involved <b>Effectiveness:</b> Numbers of 'valid' complaints or litigation cases filed. Value of contracts as a maximum) will be granted to the best tender(value free of error) (q.) <b>Efficiency:</b> Timely selection of tenders <b>Economy:</b> Proportion of overall cost of controls over total estimated (maximum) value of contracts.  Estimated average cost of controls per procurement procedure. Compliance with FR and internal rules designed to guarantee that the best value for money offer is selected (n.q)
	Every single procurement is actively coordinated and monitored by the Procurement Sector which expressly recalls of rules (procedures and ethics) and ensure full compliance with financial regulation principles.	100 % of procurement procedures	
	Opening and Evaluation Committees' members sign a declaration of absence of conflict of interests	100 % of the members of the opening committee and the evaluation committee	
	Exclusion criteria documented	100 % checked	
	Final verification /desk review on compliance with procurement procedures Authorisation by AO/AOD/AOSD	100 % of selected tenders by committee	
Publication of the tenderer finally selected Standstill period (opportunity for unsuccessful tenderers to put forward their concerns on the decision)	100 % of procurement procedures		

## Stage 2 – Financial transactions (EX- ANTE control)

**Main control objectives:** Ensuring that the implementation of the contract is in compliance with the signed contract

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>The products/services/works foreseen are not, totally or partially, provided in accordance with the tendering specifications/technical requirements foreseen in the contract and/or the amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions.</p> <p>Business discontinues because contractor fails to deliver</p>	<p>Procurement Sector ensures proper communication and support regarding contract management. Operational and financial checks in accordance with the financial circuits.</p> <p>Validation by AOSD</p>	<p>100 % of financial transactions controlled (commitments, signature of contracts and payments)</p>	<p><b>Costs:</b> estimation of cost of staff involved.</p> <p><b>Effectiveness:</b> % error rate prevented (amount of errors/irregularities averted over total payments)</p> <p>Amount of irregularities, errors and overpayments prevented by the controls (q).</p> <p>Total amount of correct payments made during the year.</p> <p>Deterrence effect of controls (n.q)</p> <p><b>Efficiency:</b></p> <p>% of payments made on time</p> <p>Average time for payment</p> <p><b>Economy:</b></p> <p>Proportion of overall cost of controls over total amount of payments made</p> <p>Average control cost per financial transaction (commitments, signature of contracts and payments)</p>
	<p>Management of sensitive functions</p>	<p>Review of sensitive posts every five years or in case structure changes happen.</p>	

### Stage 3 – Supervisory measures (EX-POST controls)

**Main control objectives:** Ensuring that any weakness in the procedures (tender and financial transactions) is detected and corrected

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
An error or non-compliance with regulatory and contractual provisions, including technical specifications, or a fraud is not prevented, detected or corrected by ex-ante control, prior to payment	<p>Procurement Sector ensures proper communication and support regarding contract management.</p> <p>Supervisory desk review of sampled transactions</p>	Random sample	<p><b>Costs:</b> estimation of cost of staff involved.</p> <p><b>Effectiveness:</b> Amount of payments made during the year for which there is reasonable assurance that were made free of material error (q).</p> <p>Amounts associated with errors detected (related to fraud, irregularities and error). In % over total checked.</p> <p>N° system improvements made.</p> <p>N° of exception non-compliance / exception events reported to ICC and % of these reports giving place to control weakness</p> <p><b>Efficiency:</b> Since controls are done after the payment is made, recovery may be possible</p> <p>Deterrents &amp; systematic weaknesses corrected to improve procedures and to better address related risks (n,q)</p> <p><b>Economy:</b> Proportion of overall cost of controls over total amount of payments made</p>

## Financial Asset management operations / Non-expenditure items

### Stage 1: Selection of counterparties and investment instruments for the Treasury and Asset Management

**Main control objectives:** Ensuring that the legal framework for the management of the relevant funds complied and sound financial management and principals are coherent (Legality and Regularity/ Sound financial management).

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>Risk of decision-making latitude in the initiation of the asset management transactions. By their nature, i.e. need for quick decisions by the portfolio managers, these operations are initiated and authorised in a tight timeframe and, for reasons of timing, they cannot be subject to independent centralised ex-ante verifications as in the case of the budgetary transactions.</p> <p>The activity is also highly dependent on a sophisticated software platform (Bloomberg and SAP).</p>	<p>There are comprehensive rules concerning the type of investments that can be made and the limits of financial risk (e.g. credit risk) that can be assumed in the portfolios under management.</p> <p>The strategical decisions are supervised by the Asset Management Board (AMB) chaired by the Director of the responsible Directorate. The role of the AMB is to make strategical proposals to the senior management following discussion and input received from the Investment Committee and Risk Committee. The Investment Committee is in charge with the Tactical Asset Allocation (TAA) and the Risk Committee is in charge with the Strategical Asset Allocation (SAA).</p> <p>There is a transparent method for selecting and renewing the list of possible counterparties for deposit placements and bond issuers.</p> <p>Operations are carried out in line with best execution, good banking practice, in particular there is segregation of duties, four-eye principle, daily cash account reconciliation, monthly securities account reconciliation, avoidance of conflicts of interest by rules implemented by the Compliance Committee, etc.</p> <p>Exceptions from the procedures are documented, followed and signed off at senior level (usually Director). There are detailed manuals of procedure which are regularly updated.</p>	<p>The AMB is regularly informed and provides feedback on the design and implementation of the investment strategy. It also approves proposals of strategical nature before submission to the senior management.</p> <p>A dedicated financial risk management function is placed in a unit independent from the portfolio management unit. It monitors compliance with internal rules (e.g. manuals of procedures, respect of credit limits with counterparties, limits concerning the credit quality of securities purchased, etc.). Risk Management produces a monthly risk and performance report to the AMB.</p>	<p><b>Effectiveness:</b></p> <p><b>Control results:</b> Number of incidents. Number of material audit findings. Benefits: Absence of material errors</p> <p><b>Efficiency:</b> N/A</p> <p><b>Economy:</b> Estimation of cost of staff FTE involved in the controls</p>

## Stage 2 - Protection: recording, follow-up and accounting of the Commission's rights in terms of Asset Management operations

**Main control objectives:** Ensuring that the Commission registers and protects its revenue entitlements, assets ownership and liabilities correctly, reports transparently and protects its information security. (Safeguarding of assets and information / Reliability of financial reporting).

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>The implementation of the legal bases or equivalent rules and legal documents entails weaknesses, which lead to the Commission's legal rights in terms of revenue entitlements, assets ownerships, liabilities or information security not being duly protected and/or registered and/or reliably reported.</p>	<p>A dedicated risk management team reports on financial risks and ensures compliance with the principles and limits as defined in the individual asset management guidelines and the Risk Management policy and Manual.</p> <p>The asset management is supported by accountants, back office and specialised lawyers EU Accounting rules are properly followed. Updates to the EU Accounting rules and accounting instructions are timely communicated by BUDG. Changes are analysed and information is shared among officials concerned.</p> <p>Segregation of duties and four eyes principle are systematically applied. Formalised supervision and review procedures are in place for all accounting activities. Documentation of legal rights of COM reflected in Loan Facility Agreements</p>	<p>Risk Management maintains and monitors counterparty limits and provides regular risk and performance reporting</p>	<p><b>Effectiveness:</b> Control results: - Number of control failures. - Number of internal and external auditors findings - Number of exceptions (bank reconciliation incidents)</p> <p><b>Benefits:</b> The value of errors prevented or detected within the portfolio management activities.</p> <p><b>Efficiency:</b> N/A Economy: Estimation of cost of staff FTE and missions involved. Cost of the contracted (legal, IT, advisory) services</p>

### Stage 3: Sound financial management and assurance building on the process and systems of DG BUDG in terms of Asset Management operations

**Main control objectives:** Verification that processes are working as designed / Feedback on adequacy of the system, Reliability of financial reporting; anti-fraud strategy)

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>Processes might be weak or not working as designed. The system might provide poor adequacy. Undue or erroneous financial operations</p>	<p>Supervision by responsible Heads of Unit and senior management. Oversight by the AMB. Financial risk management verification includes ex ante and ex post transactional controls. Annual financial audits are performed by external audit firm on the financial statements of ECSC, BUFI, H2020, EFSO GF and EFSI GF. Audit and consultancy work is performed by the Commission's Internal Audit Service, the European Court of Auditors. Past recommendations made by these bodies have been followed up systematically.</p>	<p>According to the annual work plans of the IAS and the ECA. Annual ECA audits Reports are made to the Asset Management Board (meetings every two months). Past recommendations made by ECA and IAS have been followed up systematically. Annual external audits on ECSC, BUFI, H2020, EFSI GF, EFSO GF</p>	<p><b>Effectiveness:</b> Control results: Ex-ante and ex-post control of compliance limit breaches; Number of recommendations from the audit bodies, followed up systematically. Benefits: The benefits of controls are not quantifiable other than through the low number of incidents and the existing full compliance with internal rules and procedures. Given that the off-budget activities are by nature not following the budgetary ex-ante validation circuit, it is important to have the existing internal control environment in place. The absence of material errors. <b>Efficiency:</b> N/A <b>Economy:</b> Estimation of cost of staff FTE and other costs (audit fees, evaluation costs) involved. Cost of the contracted audit services.</p>

## Borrowing and Lending operations for NextGenerationEU

### Stage 1 a: Borrowing operations under NextGenerationEU

**Main control objectives:** Ensuring that the money raised under NextGenerationEU is based on a proper legal framework and is sufficient to fulfil liquidity needs and payment obligations in line with a sound financial management (Legality and Regularity / Sound financial management).

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>Risk that the Commission cannot fulfil</p> <ul style="list-style-type: none"> <li>- its disbursement obligations in connection with non-repayable financial support and loans to the Member States or under other NGEU spending programmes; or</li> <li>- its interest and repayment obligations on outstanding debt</li> </ul> <p>due to:</p> <ul style="list-style-type: none"> <li>- insufficient liquidity planning or</li> <li>- insufficient funding planning or</li> <li>- inability to raise sufficient money in the markets.</li> </ul>	<p>The projected disbursement needs are collected in an NGEU forecasting tool on a short-term and long-term basis which are in turn the basis for a report indicating the NGEU disbursement needs. Based on that report and the prevailing liquidity situation, the Director-General of DG BUDG takes a decision on the amounts to be borrowed on the market.</p> <p>The amounts to be borrowed in the markets are determined by:</p> <ul style="list-style-type: none"> <li>- the annual borrowing decision adopted by the college, setting out the annual borrowing ceilings,</li> <li>- the annual financing decision adopted by the college, setting out the maximum Union contribution for the implementation of the programme,</li> <li>- the funding plan decision adopted by the Director General BUDG, setting out a target funding volume and the issuance calendar,</li> <li>- borrowing schedules endorsed by the Director General BUDG, which further frame the transactions planning.</li> </ul> <p>The borrowing operations under NGEU are implemented through a diversified funding strategy which comprises the tools and flexibility to address any possible liquidity shortfall quickly and in sufficient amounts. For this:</p> <ul style="list-style-type: none"> <li>- transparent relations with the banks (i.e., Primary Dealer Network), to facilitate the efficient execution of auctions and syndicated transactions, support liquidity in the secondary markets, and ensure the placement of EU debt with the widest possible investor base</li> <li>- a set of funding instruments with maturities starting from a few days up to 30 years and</li> <li>- different funding operations including syndications, auctions and money market transactions have been implemented.</li> </ul> <p>To further reduce the risk of a liquidity shortfall a secure and purpose-specific prudential cash holding for payments (liquidity buffer) is maintained.</p> <p>There are detailed manuals of procedure in place which are regularly updated.</p> <p>The function of a Chief Risk Officer ('CRO') was implemented to ensure that the systems and processes are designed to protect of the financial interests of the Union and the sound financial management of the operations. The CRO's High Level Risk and Compliance Policy was approved by the College member responsible for the Budget on 31/11/2021, and which includes: dedicated governance arrangements for borrowing and lending (three lines of defence), risk appetite for identified risks and the risk management framework. A Risk and Compliance Committee was established to support the CRO in the conduct of her responsibilities.</p>	<p>The disbursements needs are collected on a weekly basis feeding into the monthly reports of disbursements needs.</p> <p>The borrowing activities in the markets are based on:</p> <ul style="list-style-type: none"> <li>- the annual borrowing decision</li> <li>- the annual financing decision</li> <li>- the biannually funding plan decision and</li> <li>- monthly borrowing schedules.</li> </ul> <p>Syndications and auctions are operated on a regularly basis, complemented by the conclusion of money market transactions in the case of need.</p> <p>Update process for each manual on a at least yearly basis.</p>	<p><b>Effectiveness:</b> Control results: Number of incidents. Number of material audit findings. Benefits: Absence of material errors</p> <p><b>Efficiency:</b> N/A</p> <p><b>Economy:</b> Estimation of cost of staff FTE involved in the controls.</p>



## Stage 1 b: Disbursements and payment management under NextGenerationEU

**Main control objectives:** Ensuring that the money raised under NextGenerationEU is disbursed to the beneficiary Member States without undue delay and that the costs of the borrowing operations are calculated and allocated to the appropriate beneficiaries. Ensuring that the legal framework for the disbursement of the relevant funds and the cost allocation are fully compliant and regular (legality & regularity), delegated to an appropriate entity (best value for public money, economy, efficiency), without any conflicts of interests (anti-fraud strategy).

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<ul style="list-style-type: none"> <li>· Risk that the money is not disbursed to the appropriate Member State at the agreed date in the agreed amount</li> <li>· Risk that the funding costs, liquidity management costs or administrative costs are not calculated and allocated in the agreed way to the appropriate recipients</li> <li>· Risk that the funding costs, liquidity management costs or administrative costs are not charged in the agreed way to the appropriate recipients</li> </ul>	<p>To receive support a Council Implementing Decision on a Recovery and Resilience Plan (assessed by the Commission) and a Financing Agreement /Loan Agreement between the Commission and the MS State is necessary.</p> <p>For a specific disbursement two conditions need to be fulfilled:</p> <ul style="list-style-type: none"> <li>· The confirmation that an amount has to be disbursed to an EU Member state (based on the signature of a Financing Agreement, a Decision on Disbursement based on the review of the completion of milestones and targets or the signature of a Loan Agreement).</li> <li>· The confirmation that a corresponding amount of cash is available in the liquidity pool, and earmarked by BUDG.E for that specific disbursement (in case of non-repayable support).</li> </ul> <p>For the disbursement process a four eyes principle for the main steps is implemented, followed by the signing of all relevant documents by the authorised officials.</p> <p>The Cost of Funding rates for the funding and liquidity management costs are calculated via systems which are subject to individual control strategies to ensure accuracy and reliability.</p> <p>Processes related to the invoicing of costs are set out in dedicated manuals.</p>	<p>The disbursements needs are collected in a monthly report. Each disbursement depends on the agreed timeline between the Commission and the beneficiary Member State.</p> <p>The calculation of the Cost of Funding rates for the funding and liquidity management costs are processed on a permanent basis and checked regularly.</p> <p>The cost of funding are charged:</p> <ul style="list-style-type: none"> <li>· to the EU budget on a quarterly basis and</li> <li>· to the MS at each interest payment date.</li> </ul> <p>The liquidity management costs are charged to the EU budget and the MS annually for the previous calendar year.</p> <p>The administrative costs are charged to the MS annually for the previous calendar year.</p> <p style="text-align: right;">Update process for each manual on a at least yearly basis.</p>	<p><b>Effectiveness:</b> Control results: Number of incidents. Number of material audit findings. Benefits: Absence of material errors</p> <p><b>Efficiency:</b> N/A</p> <p><b>Economy:</b> Estimation of cost of staff FTE involved in the controls</p>

## Stage 2 – Monitoring the execution

**Main control objectives:** Ensuring that the operational results are of good value and meet the objectives and conditions (effectiveness & efficiency); ensuring that the related financial operations comply with regulatory and contractual provisions (legality and regularity); prevention of fraud (anti-fraud strategy); ensuring appropriate accounting of the operations (reliability of reporting, safeguarding of assets and information).

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>The measures carried out are not, totally or partially, in accordance with the requirements and description foreseen in the NGEU programme, the different agreements between the Commission and the beneficiary Member States and/or the amounts paid exceed the amounts that are due in accordance with the applicable contractual and regulatory provisions.</p>	<p>To ensure compliance of the activities carried out with the NGEU requirements and their effective control, a multilevel reporting system was implemented. The following reporting obligations under NGEU have been established:</p> <ul style="list-style-type: none"> <li>· annual report on the implementation of EURI and budgetary transparency</li> <li>· semi-annual report on the execution of NGEU operations</li> <li>· quarterly update on the NGEU issuances, financial assets and liabilities</li> <li>· annual allocation reporting and annual impact reporting under the green bond framework</li> <li>· weekly liquidity monitoring report to inform the management of DG BUDG about the current liquidity situation and key risk indicators.</li> </ul> <p>Additionally, the independent risk management function reports on a regular basis on material risks and on the compliance with rules and procedures (among others for the operational implementation and execution of the diversified funding strategy conformity and for the prevention of money laundering and terrorist financing). All members of staff involved are responsible for reporting risk events to the CRO and the Risk management function that have occurred in their operational units. The Risk management function assess the residual risks and implemented mitigants and provides advice on additional mitigants. In addition, the Risk management function monitors the implementation of mitigants.</p>	<p>Reporting obligations are carried out on an annual, semi-annual, quarterly and weekly basis to</p> <ul style="list-style-type: none"> <li>· the European Parliament,</li> <li>· the Council of the European Union,</li> <li>· the Economic and Financial Committee</li> <li>· the College of the European Commission</li> <li>· the Member of the College responsible for the Budget</li> <li>· the Director General DG BUDG.</li> </ul> <p>Operational risk events (RE) and near misses are reported to the Chief Risk Officer and the Risk management function. The CRO reports on it regularly (monthly and quarterly reports) to the Director-General DG BUDG, Accounting Officer, member of the College responsible for the Budget, depending on the material consequences of the reported risk.</p>	<p><b>Effectiveness:</b> Control results: Number of incidents. Number of internal and external audit findings. Benefits: Absence of material errors</p> <p><b>Efficiency:</b> N/A</p> <p><b>Economy:</b> Estimation of cost of staff FTE involved in the controls</p>

### Stage 3: Review, audits and monitoring

**Main control objectives:** Verification that processes are working as designed / Feedback on adequacy of the system, Reliability of financial reporting; anti-fraud strategy)

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>Processes might be weak or not working as designed. The system might provide poor adequacy.</p>	<ol style="list-style-type: none"> <li>1. Specifications, ceilings and limitations for the NGEU operations are provided on a regular basis by the College up to the Director General BUDG, taking into consideration the information provided by the regular reports described under stage 2</li> <li>2. A 'three lines of defence' model for risk management was established to: (i) ensure the appropriate segregation of powers and duties; (ii) clearly define lines of authority; and (iii) ensure distinct roles and responsibilities for the management and control of risk.</li> <li>3. As the first line of defence the Director-General of DG BUDG and the staff responsible for the NGEU operations ensure that all risks are well managed. All activities are supervised by responsible Heads of Unit and senior management. The four eyes principle is established in the main steps for liquidity and funding planning, borrowing activities including settlement, disbursements to the Member States as well as for the calculation and allocation of costs.</li> <li>4. First and second line regularly review and validate processes, with particular attention to appropriate and meaningful control points.</li> <li>5. CRO and Risk management function as the second line of defence ensure an independent oversight of the activities, including independent reporting lines and the avoidance of any other activities that present a conflict of interest with regard to their risk management responsibilities.</li> <li>6. As the third line of defence audit and consultancy work is performed by the Commission's Internal Audit Service (IAS)</li> <li>7. The European Court of Auditors audits whether the Union budget is properly accounted for; whether financial operations are legal and regular; and whether Community policies are effectively, efficiently and economically carried out.</li> <li>8. Implementation of a "Risk and Control Self-Assessment (RCSA)" for all relevant business processes concerning NGEU to assess the risk areas of the business processes and to conduct a self-assessment in respect of measures and the adequacy of controls</li> <li>9. Annual financial audits are performed by external audit firm on the financial statements of ECSC, EFSM, BoP, MFA, Euratom, BUFI, MIM, CPF, NGEU and SURE.</li> </ol>	<ol style="list-style-type: none"> <li>10. Reviews of the specifications, ceilings and limitations are carried out on an annual, semi-annual and monthly basis</li> <li>11. Permanent check by the first line of defence during the execution of their processes</li> <li>12. Reports of the Risk management function on an at least quarterly basis</li> <li>13. Annual ECA audits</li> <li>14. Annual RCSAs.</li> </ol>	<p><b>Effectiveness:</b> Control results: Number of incidents. Number of internal and external audit findings. Benefits: Absence of material errors RCSA: integrate operational risk management practices and culture into the way staff undertake their functions</p> <p><b>Efficiency:</b> N/A</p> <p><b>Economy:</b> Estimation of cost of staff FTE involved in the controls.</p>

## Stage 4: Sound financial management in terms of NextGenerationEU operations

**Main control objectives:** Avoiding errors that may occur during the financial process (Sound financial management).

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>Undue or erroneous financial operations or payments. Default of payment from a loan beneficiary.</p>	<ol style="list-style-type: none"> <li>1. There is a variety of legal frameworks / contractual arrangements on the borrowing (annual borrowing/financing decision, funding plan decisions, borrowing schedules) and the lending operations (CID on a RRP, Financing / Loan Agreement, Financing Decision).</li> <li>2. Specific procedures are in place creating a clear framework of controls to be performed by the Financial Unit. The various documents to be provided as well as the controls performed by the financial and the verifying agents are detailed in these procedures.</li> <li>3. The financial complexity of the instruments used (bonds, bills, unsecured money market borrowings and loans) is moderate.</li> <li>4. In case of a default of payment from a loan beneficiary the EU budget is protected against these consequences in two ways: Article 14(3) of Council Regulation (EU, Euratom) No 609/2014 allows calls on cash from the Member States if the Union needs to meet its obligations towards investors. Furthermore, Article 9(4)-(8) of the Own Resources Decision contains additional mechanism allowing call on cash.</li> </ol>	<p>Ex-ante verification of prerequisites for each borrowing and lending operation Ex-post controls for each borrowing and lending operation.</p>	<p><b>Effectiveness:</b> Control results: Number of incidents. Number of internal and external audit findings. Benefits: Absence of material errors <b>Efficiency:</b> N/A <b>Economy:</b> Estimation of cost of staff FTE involved in the controls</p>

## Annex 7: Specific annexes related to "Financial Management"

### 7.1. Table Y: Overview of DG's estimated cost of controls (at the EC) level

NB. The absolute values are presented in EUR.

BUDG	Ex ante controls***			Ex post controls				Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
Relevant Control System as defined in Annex 6 of the AAR*	EC total costs	related payments Made	Ratio (%)** (a)/(b)	EC total costs	total value verified	Ratio (%) (d)/(e)	EC total estimated cost of controls (a)+(d)	Ratio (%)** (g)/(b)
Expenditure	1,639,101 €	83,206,198 €	1.97%	0	0	0.00%	1,639,101 €	1.97%

BUDG	Ex ante controls***			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Relevant Control System as defined in Annex 6 of the AAR*	EC total costs	related amounts	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)
<b>Only applicable for DGs with non-expenditure items</b>								
TOR and VAT	0	45,522,084,612	0.00%	4,364,583	36,670,976,590	0.01%	4,364,583	0.01%
Financial assets and NGEU	2,325,410	21,478,024,808	0.01%	604,400	0	N/A	2,929,810	0.01%

### 7.2. Description of control systems on the area of Own Resources and detailed results

The starting point for three Own Resources collected (Traditional Own Resources, VAT- and GNI-based Own Resources)<sup>7</sup> is the provision of data by the Member States, which are subject to verification that includes for ToR and VAT on the spot inspections by the Commission. It is an inherent feature of these arrangements that there will be subsequent revisions to amounts paid after the end of any budget year.

Each own resource system has a 4-year cut-off after which no corrections may be made. However, to protect the EU's financial interests the cut-off does not apply to those points notified by the Commission or the Member State concerned prior to the deadline. In these instances, corrective action may still be taken. Although the possible financial impact of these items can rarely be quantified until they are resolved, experience shows that compared with the overall amounts paid their impact is rarely material.

The management arrangements for each own resource vary. The Relevant Control System (RCS) for own resources in annex 6 demonstrates how the control system in place in the DG addresses the risks related

<sup>7</sup> The inspections on the plastics-based OR will start in 2023 once the Member States start submitting the first annual statements.

to own resources as well as the indicators used to measure the effectiveness, efficiency and economy of these controls.

### **Traditional Own Resources (TOR)**

Member States are autonomously responsible for (1) establishing traditional own resources (TOR), accounting for it, and collecting and making it available within prescribed time limits; and (2) implementing EU customs legislation and operating a framework of customs checks and controls to ensure that they collect the correct amount of customs duties at the right time. Failure to comply with the rules may lead to a financial liability to the EU budget and give rise to payment of interest.

Contributions for TOR are based on Member States' actual collection of the relevant duties and levies which Member States declare via a monthly statement.

Reasonable assurance concerning the accuracy and completeness of Member State data is provided by an annual inspection programme by which BUDG checks that Member States' administrations have complied with EU law when collecting TOR. The annual inspection programme is risk-based. BUDG monitors the timely and full receipt of TOR statements and the corresponding payments and manages the recovery of the amounts related to detected errors resulting from the TOR control activity, including the financial follow-up to preliminary findings by the European Court of Auditors. Additional risks may be evaluated during ad hoc inspections or desk audits.

### **VAT own resource**

Contributions for the VAT-based own resource are based on the value of supplies in a Member State that are chargeable with VAT according to EU law (the harmonised VAT base). This is expressed as the total amount of VAT collected in a given calendar year. Member States provide the Commission with an annual statement showing how they have calculated their base and its value.

As VAT-based own resource data is only available annually and in arrears, VAT own resource payments during any particular year are based on forecasts (each month the Commission requests each Member State to pay one twelfth of the budgeted forecast amounts). Adjustments are made in the year  $n+2$  (and in future years if corrections to the data first supplied are necessary) to adapt payments to reflect the actual VAT data.

Reasonable assurance concerning the accuracy and completeness of Member State data is provided by an annual inspection programme in which BUDG checks that Member States' administrations have complied with own resources regulations when calculating the value of their harmonised VAT base. Statement data is analysed and verified in-house and during on-the-spot checks (assisted by ESTAT for the most statistically-reliant aspects of the calculation). Member States receive and react to reports of these controls. BUDG monitors the receipt of VAT own resource base data from Member States. It also monitors proactively that amounts of own resources are paid promptly. Delay in paying own resources gives rise to payment of interest by the Member State concerned. Reservations are placed where Member States' data cannot be accepted and lifted when the concern is overcome.

### **GNI-based own resources**

GNI OR has a particular role to play as the balancing resource. Once the amount of agreed EU expenditure that will be funded by the TOR and VAT OR is known then GNI contributions are fixed to fund the remainder

within the ceiling of no more **than 1.40 % of total EU GNI** (and in addition 0.6% of total EU GNI for NextGenerationEU liabilities). Member States provide the Commission (Eurostat) with their GNI figures annually accompanied by a report on the quality of GNI data and supplemented for each verification cycle with a GNI inventory of the sources and methods used to produce GNI aggregates. As GNI own resources data is only available annually and in arrears the own resources payments during that year are based on the amounts entered in the budget for the year concerned (i.e. each month the Commission - BUDG - requests each Member State to pay one twelfth of the budgeted forecast amounts). Adjustments are made in subsequent years by BUDG to adapt payments to reflect the GNI data. BUDG monitors proactively that GNI own resource contributions are paid promptly. Any delay in paying own resources gives rise to payment of interest by the Member State concerned.

### **ESTAT – Verification of GNI data**

The arrangements for the collection and verification of GNI own resources are governed by a Memorandum of Understanding (MOU) agreed between ESTAT and BUDG. The data provided by Member States is analysed and verified by ESTAT which also makes GNI information visits in order to verify the quality of GNI aggregates, their components, and the compliance with ESA 2010 (Member States may choose to participate in these visits). Member States receive and react to reports of these visits and oversee their treatment in the GNI Expert Group. To prevent possible time barring, reservations are placed where Member States' data do not comply with the principles of reliability, comparability and exhaustiveness. Reservations are a protective measure. A reservation should not be assumed to imply that a MS's contribution to the Union's budget has necessarily been affected. Reservations are lifted when the concern is overcome and any necessary corrective action concerning past payments is made.

The MOU with ESTAT includes an annex setting out the good practice to be observed when setting (GNI) reservations.

To present the whole control activity performed on GNI data at Commission level, and purely for information purposes, the Relevant Control System performed by ESTAT has been included in Annex 6 together with the controls performed by BUDG.

Reasonable assurance on the accuracy and completeness of Member States' data is provided by the opinion of the GNI Expert Group, and the results of ESTAT's verification activities to which Member States contribute by taking part in verifications in other Member States. The annual opinion of the GNI Expert Group is a key element of assurance since it refers to the appropriateness of using the GNI data provided by Member States for own resources purposes, and it means the acceptance of the data by all the Member States together with the Commission.

### **A – Member State statements and collection of resources**

During 2022, all national contributions were made available on time whereas the customs duties amounts reported in Traditional Own Resources A-statements by Member States were made available to the EU budget two months after establishment as required by the EU legislation<sup>8</sup>. Verification of the amounts declared in the A-Statements is ensured through on the spot inspections by BUDG and through a monthly

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<sup>8</sup> With the exception of Romania that on one occasion by mistake did not pay the full amount of national contributions on time, which was corrected the day after. Moreover, due to a technical problem, Portugal on one occasion paid the amount of TOR with one day of delay. In both cases, the one-day delay gave rise to the payment of late interest.

check on potential unusual patterns. As a consequence, some adjustments are made to the initial statements and the corresponding documents are issued to adjust the due amounts.

During 2022, 299 requests for accounting action were dealt with, out of which 192 related to TOR representing a net adjustment of EUR 1 300 m in principal (EUR 789 m corresponding to "enforcement strategy cases") and EUR 38 m in late payment interest and 250 accounting documents were issued in order to enter these adjustments in the EU accounts. Besides, 103 Forecasts of Revenue were issued and 98 were cancelled as appropriate. As regard the VAT and GNI own resources, 24 and 83 requests for accounting action were dealt with respectively that resulted in 19 and 37 Forecast of Revenue created and 40 and 116 cancelled respectively.

At the end of the year, there were nine open infringement files. 2 were closed in beginning 2023.

Regarding the longstanding doubts on the reliability of the Dutch TOR accounting systems and thus whether the correct amounts are timely paid to the EU budget (see also ECA's 2020 annual report of 26 October 2021), the Dutch authorities provided a detailed implementation plan to remedy the situation. BUDG will verify the effectiveness of the new system during the TOR inspection planned in 2023. The Dutch authorities will be held liable for any potential TOR losses that might have occurred to the EU budget.

### **B – Verification of Traditional Own Resources collected and VAT-base OR calculated by Member States/ Calculation of GNI contributions**

#### **Traditional Own Resources (TOR)**

For TOR, Member States are responsible for operating an appropriate administrative framework by which they collect customs duties to finance the EU budget. BUDG assesses this administrative framework by carrying out an annual inspection programme which covers various customs regimes and control methods. It also covers the procedures for accounting, recovering and making available of TOR. The programme varies from year to year based on a risk analysis. The focus of the inspections is to collect evidence of the adequacy of the key procedures and systems in each Member State that ensure correct and timely collection of TOR and making available to the Commission.

18 inspections were scheduled in 2022: 16 were carried out, 1 was cancelled and 1 was postponed for 2023.

In 2022, the control strategy for e-commerce and low value consignments as well as the control strategy for anti-dumping and countervailing duties were the main inspection topics. Shortcomings identified during the inspections are being closely followed up by BUDG in collaboration with the Member States.

In addition to the regular inspection work and following targeted inspections in 2022 DG BUDG launched desk audits on the keeping of the separate account (in all the Member States), BOI decisions for motorcycles originating in the US or Thailand (in all concerned Member States) and Control strategy for COVID-19 related goods subject to duty relief (in 6 concerned Member States). The implementation of these desk audits will be continued in 2023.

DG BUDG continued its 2021 inspection follow-up (three Member States) and desk audit (21 Member States) on the control strategy on solar modules and key components imported from countries (China, Malaysia and Taiwan) subject to trade defence measures.



By 31 December 2022, fifteen out of 24 Member States concerned made available with or without reservation the amount of TOR of 652 million (net). For 6 Member States (out of 21) the audit has already been finalized.

Member States forward to the Commission services write-off reports stating that TOR could not be recovered for reasons not attributable to them. During 2022, a total of 140 write-off reports involving an amount of €131.5 m were either assessed or reassessed by the Commission (BUDG in co-operation with the Legal Service, TAXUD and OLAF) within the legal six-month (as of 3/5/2022 three-month) deadline for initial assessment. As a result of this evaluation, it was found that an amount of €49.4 m (37.6% - 90 cases out of 140) should have been made available by Member States and the amounts were claimed or the existing claims upheld. 75 write-off reports were forwarded to the Commission in 2022 (new cases or requests for review) with a total value of 130.7 m.

Another source of assurance is the ECA's annual report. In its financial year 2021, ECA concluded that the revenue systems examined were overall effective for TOR and that the level of error in revenue was not material. In addition, no errors were found in the transactions tested.

In response to previous observations by ECA, BUDG is taking action to intensify the follow-up on longstanding open TOR points and to follow-up on the TOR accounting weaknesses identified by ECA's audits in Sweden, Ireland and Italy. Non-recovered amounts in the B account will continue to be closely monitored in all Member States. The ECA's findings from its special report 4/2021 "Customs controls: insufficient harmonisation hampers EU financial interests" will be addressed by strengthening EU-wide risk assessment and data mining and developing joint analytics capability. DG BUDG signed in September 2021 a Memorandum of Understanding with TAXUD and OLAF to establish the cooperation of the three services under the framework of the Joint Analytics Capability (JAC), with TAXUD on lead. DG BUDG actively participates in the five analytical projects undertaken under the JAC. Further action has been taken to improve risks assessment for TOR inspection planning. In addition, BUDG decided to introduce in its 2022 inspection plan desk reviews on TOR accounting separate from its normal inspection programme for all 27 Member States. Risks related to e-commerce have been prioritised and on-the-spot inspections in 7 Member States were programmed for 2022. The enforcement strategy on undervaluation was rolled out. By the end of 2022, 26 Member States paid significant additional amounts of TOR under reservation. The UK paid the full principal amount of EUR 1.57 billion on 13 January 2023 and the late payment interest of EUR 1.4 billion on 6 February. Therefore, on 15 February 2023, the Commission closed the infringement procedure against the UK. The quantification of the amounts ultimately due by Member States will be recalculated accordingly with a view to finalising this exercise in 2023.

### **VAT- based Own Resource**

All Member States are obliged to administer a value added tax system. The own resources legislation requires Member States to provide an annual statement detailing the calculation of their harmonised VAT base. BUDG monitors the timely receipt of these annual statements and checks their completeness and coherence with previous years, primarily by a yearly inspection programme. An indicator of good performance of BUDG controls is the timely execution of the inspection programme and the avoidance of Member States' statements becoming time barred (corrections can still be made). The objective is to guarantee that complete and accurate information is recorded in the VAT OR database that will serve for further calculations.

During 2022, the annual inspection programme was executed under the constraints put in place under the pandemic (of the 10 inspections in total, 100% VAT-based own resource inspections have been carried out as planned, albeit mainly remotely). The results of inspections also show that 100 % of statements have been subject to verification prior to becoming time barred. It is usual practice not to inspect all Member States in a given year but to do so by inspecting several financial years before time barring. A risk-based approach is used when deciding on a year's work programme.

### **GNI-based Own Resource**

BUDG draws its assurance concerning the accuracy and completeness of GNI data for own resource purposes from the verification work undertaken by ESTAT together with Member States. The inter-relationship BUDG-ESTAT is governed by an agreed MOU, supplemented by the scrutiny of data by all Member States in the GNI Expert Group.

Where this process raises concerns and ESTAT wishes to prevent a particular year becoming time-barred then it requests BUDG to set or lift reservations. The indicator of performance of this control on GNI is the timeliness with which BUDG notifies Member States of changes in their reservation position.

Concerning the verification cycle 2016-2019 the results show that the activity to notify setting and lifting of reservations was performed without delays. From 2020 to the end of 2022 out of 160 transaction specific reservations set at the end of the previous verification cycle, 96 were lifted. DG Budget received in due time Eurostat technical opinions in order to notify the outcome of Eurostat work to the Member States.

Moreover, at the end of the previous verification cycle, five transversal reservations have been placed for each of 27 Member States and the United Kingdom. Out of the 140 transversal reservations placed in total, 66 transversal reservations have been lifted during year 2022.

Following the informed decision taken in April 2020 the Commission set a transversal reservation on all Member States to mitigate the risks due to the globalisation issues. In the context of business and macroeconomic statistics, globalisation refers to the on-going phenomenon whereby the predominantly national economic structures and transactions are replaced by international ones. This creates measurement challenges for statistics and, in particular, for the compilation of national accounts. In this context, the Commission decided to notify all Member States of an own resource GNI reservation on globalization (transversal reservation I).

On the basis of the report adopted by the GNI Expert Group in November 2019 this reservation covers the period from 2018 onwards. This decision is considered proportionate to the possible inherent risks related to the comparability, reliability and exhaustiveness of Member States' GNI data, as well as the related calculation of own resources for the earlier years. In November 2022 Eurostat provided to the GNI Expert Group an update on the state of play and the way forward on the Transversal Reservation I on globalisation.

On the basis of the report adopted by the GNI Expert Group in November 2022 , after that meeting and until the 2024 benchmark revision, countries are expected to continue to apply the Transversal Reservation I type of approach to address globalisation-related phenomena in their regular compilation practice, outside the context of the reservation.

During the year 2022 Eurostat continued to provide assistance to the National Statistical Institutes to mitigate the risks detected and streamline the exchange of information among the Member States Authorities to follow up the work on the reservation on globalisation.

As a result of Eurostat activities during the year 2022, and on the basis of Eurostat technical opinions a total amount of 57 GNI transaction specific reservations, 66 transversal reservations and 4 general reservations have been lifted by DG BUDG. Although the responsibility for monitoring the Member States' GNI data and calculation methods is vested in the Commission, it should be underlined that this requires full cooperation from the respective national authorities who control the production of the GNI data, in particular regarding the need for them to fully report on any major changes to sources and methods used for the compilation of the national accounts.

Assurance is also obtained from the annual opinion of the GNI Expert Group since it represents the acceptance of GNI data by both all Member States and by the Commission. Following its examination during the year, the GNI Expert Group, at its 8<sup>th</sup> meeting in November 2022 concluded that, in its opinion, the GNI data transmitted through the GNI Questionnaire 2022 are appropriate for use for own resource purposes with respect to reliability, comparability and exhaustiveness, in accordance with Article 4 of the GNI Regulation.

The ECA's annual report on financial year 2021 concluded that the revenue underlying the accounts for the year ended 31 December 2021 is legal and regular in all material respects.

### **C – Follow-up of verification results**

The 2022 TOR control activity led to recovery orders (ROs) both for principal and belated interest for a total amount of € 1.386 million. Out of this amount, already 98% was paid. The recovery rate on total TOR is 99.9%.

The proportion of VAT reservations set by the Commission and in place for more than 5 years is 21%, which is more than a year ago. A total of 24% of these reservations are related to on-going infringement cases.

The annex included since April 2013 in the MOU between ESTAT and BUDG concerning the good practice when using GNI reservations, guarantees that criteria for placing specific reservations is clear and aims to significantly reduce the number of general reservations.

### **D- UK correction calculation**

Calculation of UK correction was made on time to include it in the UK April invoice. The strengthened procedures on checking the inputs were followed.

## 7.3. Details on ongoing audits and recommendations

### Internal Audit Service (IAS)

The following IAS audits were open in the end of 2022:

#### 1. **Audit on management of recovery orders for competition fines and for recovery orders in the context of the Commission's corrective capacity**

The overall objective of the audit was to assess whether the Commission has put in place an effective and efficient control system for the management of the recovery orders for competition fines (including guarantees for competition fines) and for recovery orders in the context of the Commission's 'corrective capacity' both at the central and the operational level. One very important recommendation from this audit remains open, on dealing with insolvencies and bankruptcies (partially implemented), and is overdue since 30 June 2021.

As recommended, BUDG instructed AODs to carry out checks on debtors and legal entities, and put in place preventive and detective risk-based controls to review regularly the financial and legal situation of economic operators with pending recovery orders and contracted the financial information in order to regularly communicate to authorising departments the contractors and beneficiaries which have overdue debts, their amount and other relevant financial information to assess the risk of insolvency. Authorising departments are able now to determine the risks when authorising commitments (e.g. to limit the amount of pre-financing) or payments (e.g. the claim would be offset against an outstanding recovery order). Considering the decentralised model for financial management of the Commission, the Corporate Management Board (CMB) is about to adopt a decision on the strategy at Commission level.

#### 2. **Audit (multi-DG) on pillar assessment in the external action family (2020)**

The objective of the audit was to assess the adequacy of design, and the efficiency and effectiveness of the implementation of the pillar assessment process of entities to be entrusted with the implementation of Union funds in the external action domain and to assess if it enables the Commission to ensure a level of protection of the financial interests of the Union equivalent to the one that is provided when the Commission implements the budget directly. Vast majority of actions was implemented in 2021 (88% of action plan), 2 remaining very important recommendations have been sent to the IAS for review but not yet followed up by the IAS:

- BUDG should further develop its **corporate oversight** role to ensure coordination and coherence in the pillar assessment process across the Commission. In 2022 one action addressing this recommendation was still ongoing, the revision of the Internal Rules, with the interservice consultation finished in December 2022.

All other actions were completed in 2021. BUDG issued a note to Resource Directors on its role, horizontal guidance, supervisory measures, repository, and presumption of conformity, and monitored the state of advancement of complementary assessments. The Central Repository of pillar-assessed entities has been improved and is regularly updated with input from the operational DGs. A Pillar Assessment Automated Workflow (PAAW), developed by DIGIT will ensure BUDG's consultation in the process and will allow for monitoring the implementation of the corporate instructions. An expert group in DG BUDG ensures internal coordination and coherence in the pillar assessment process. The relevant pages in BUDGpedia are up-to-date and provide a comprehensive vademecum on indirect management.

- BUDG should establish a mechanism enabling the lead services to verify compliance by the pillar assessed entities with the obligation to **report substantive changes** to their systems, rules and procedures. It should adopt a procedure and issue guidelines for assessing such changes and specify which measures to apply if substantive changes reported by an entity undermine the positive result of the pillar assessment.

BUDG addressed this recommendation in the actions already described. Moreover, BUDG explored with DG INTPA the possibility to use the management declaration as a way to confirm if the entrusted entity has undergone substantive

changes in its systems, rules and procedures. Action which took more time to implement related to the development of the IT tool - Pillar Assessment Automated Workflow (PAAW).

### **3. The limited review on the reporting of the Commission's preventive and corrective measures**

The final report included 2 very important recommendations:

a. Availability of quantitative data and qualitative information to substantiate the 'corrective capacity'  
There is a lack of a comparison between the 'estimated future corrections' and the actual 'corrections implemented' in the AAR and AMPR. Furthermore, the lack of reliable information reduces the possibility to demonstrate the effectiveness of the Commission's corrective capacity. It relates particularly to the timing and author of the corrections implemented by Member States for the cohesion area also on a cumulative basis. DG BUDG should instruct the DGs to explain in their AARs the relationship between the 'estimated future corrections' and the 'corrections implemented', strengthen the reporting in the AMPR of the Commission's overall corrective capacity by complementing the existing data with additional information from DGs, on: (1) the split 'by author' and 'by timing' of the corrections accepted and/or implemented by Member States; and (2) the relationship between estimated future corrections and corrections implemented.

#### **b. Reporting on corrections in the AARs and AMPR**

The IAS found issues as regards the clarity of the reporting on corrections at DG level (in the AARs) and at Commission level (in the AMPR) as well as differences between the AARs and the information in the AMPR. DG BUDG should clarify the consolidated overview table of the AMPR on preventive and corrective measures implemented, ensure that the figures needed in the AMPR are requested in the AAR instructions and reported in the DGs AARs, remind the DGs of the need to briefly explain the root-causes of important variations in the financial corrections and recoveries implemented compared with the previous years, reintroduce the glossary of terms in the AMPR, with clear (and consistent) definitions on corrective capacity matters and revise the content of the financial table 'Recovery of payments' to ensure it is correctly interpreted by the users.

### **4. Audit on the Commission's control system in relation to the reliability of performance information on EU financial programmes**

The final report from this audit arrived in the end January 2023. The audit examined the process of building assurance on the reliability of performance information on EU financial programmes, the design of the control activities in the Commission and the reporting process. It included 1 very important commendation related to the identified gaps and inconsistencies in the guidance and the AAR instructions in relation to assessing the reliability of performance information on EU financial reporting prepared by central services as well as weaknesses in the implementation of control activities at central level. The report signals the need to further strengthen both corporate guidance and the control activities of the operational services. What is more, the controls may not be adequate to support the Statement of the Director in charge of Risk Management and Internal Control (RMIC) as regards the reliability of reporting. SG and DG BUDG should further strengthen the guidance, verify if the controls are properly implemented in the operational services and steer these services to strengthen the Commission control approach.

## European Court of Auditors (ECA)

The table below presents an overview of the ECA's recommendations, open in March 2023 (48).

European Court of Auditors: report and number of recommendations	Total still open	Total assigned to BUDG
Special Report No 17 2016 The EU institutions can do more to facilitate access to their public procurement	1	6
Annual Report on Compliance concerning the financial year 2021	3	4
Annual Report on Performance concerning the financial year 2021	6	6
Special Report No 22 2020 Future of EU agencies – Potential for more flexibility and cooperation	2	3
Special Report No 10 2021 Gender mainstreaming in the EU budget: time to turn words into action	6	8
Special Report No 22 2021 Sust. finance: More consistent EU action needed to redirect finance towards sustainable investment	1	4
(new) Special Report No 09 2022 Climate spending in the 2014-2020 EU budget : Not as high as reported	2	4
(new) Special Report No 11 2022 Protecting the EU budget : Better use of blacklisting needed	15	15
(new) Special Report No 17 2022 External consultants at the European Commission Scope for reform	11	11
(new) Special Report No 18 2022 EU institutions and COVID-19 Responded rapidly, challenges still ahead to make the best of the crisis-led innovation and flexibility	1	1
<b>Total</b>	<b>48</b>	<b>62</b>

The table below presents the open recommendations with their status.

Recommendations and resolutions remaining open in the end of 2022	Status of recommendation
<b>SPECIAL REPORT No 09 2022 Climate spending in the 2014-2020 EU budget: Not as high as reported</b>	
Enhance reports on commitments by accounting for unused amounts	Accepted. Deadline in 2025.
Link EU budget to climate and energy objectives	In progress. A pilot exercise is ongoing on establishing a methodology for Aggregate Result Indicator on climate. The first report on the impact of the green investments funded by EU green bonds is due in 2023
<b>SPECIAL REPORT No 10 2021 Gender mainstreaming in the EU budget: time to turn words into action</b>	
Analyse the appropriateness of proposing a percentage of the EU budget to be used to support gender equality	In progress. This assessment can only be made once sufficient experience with the implementation of the new methodology has been acquired.
Collect, analyse and report on existing sex-disaggregated data for EU funding programmes under direct management	Partially implemented. By Draft Budget 2023 Circular, all DGs were required to provide in their Programme Statements an assessment of their programme's performance in relation to gender equality (total number of projects financed and promoting gender equality, budget allocated, number of female beneficiaries funded by programme, in 2021 and those planned or identified for the remainder of the MFF 2021-2027).
Consolidate, analyse and report on the information provided by the Member States in line with requirements of EU funding programmes under shared management	In 2022 the Commission launched a wide gender-relevant data mapping exercise. In 2023, the results of this exercise will be screened to tally available data and identify critical data gaps. This will further strengthen the reporting under the current MFF and lay the ground for the proposals for the next MFF.

Identify and use relevant existing data on gender equality for the 2021-2027 EU funding programmes and instruments	In progress. A Commission-wide exercise to identify all available gender-relevant data was launched in September 2022 and is ongoing. Its results, finalised in 2023, will be used to further strengthen the Commission's reporting under MFF 2021-2027.
Include gender-related objectives and performance indicators in future legislative proposals	This recommendation (partially accepted) is currently partially implemented. Deadline: 2026. Better Regulation Toolbox revised in 2021 - Tool #43, specified that monitoring and evaluation arrangements should be analysed in the impact assessment report, for the preferred option (if specified) or based on the initiative's objectives.  The monitoring and evaluation arrangements that were initially identified in the impact assessment might have to be revisited again later to reflect changes to the proposal made in the legislative process to avoid that the indicators initially chosen no longer to reflect the objectives of the initiative.
<b>SPECIAL REPORT No 17 2016 The EU institutions can do more to facilitate access to their public procurement</b>	
EU institutions should collect and analyse data, procedure by procedure	In 2021 the e-Preparation module started being used also by regulatory agencies (the onboarding process is ongoing). At the moment e-Preparation is used by 60 Contracting Authorities (all DGs, Executive Agencies, EEAS and 10 regulatory agencies). The module eSubmission, integrated in the eProcurement suite, is used by all DGs and EAs, and the great majority of Regulatory Agencies, European Institutions and Bodies (120 different Contracting Authorities). The most often used procedure types under the Financial Regulation are supported by eSubmission (open, restricted, negotiated without prior publication of a contract notice, negotiated low & middle value, competitive procedure with negotiation, design contest).  An advanced e-Evaluation module will be further analysed in 2022 and developed in 2023-2024.
<b>SPECIAL REPORT No 22 2020 Future of EU agencies – Potential for more flexibility and cooperation</b>	
Before each MFF propose to allocate resources to agencies by focusing on the priorities and the most pressing needs	Accepted. Deadline in 2024. This recommendation is linked to the MFF cycle and will be completed with the future MFF proposal. Under the current MFF, the Commission has done a lot to build the agencies' capacity in line with the enhanced structure of the MFF. When preparing the proposal for the next MFF, the Commission will take the most pressing needs and priorities across decentralised agencies into account.
Timely review agencies' requests to align resources with evolving needs	Accepted. Deadline in 2024. This recommendation is linked to the MFF cycle and will be completed with the future MFF proposal. In line with the Interinstitutional agreement on cooperation in budgetary matters, if the tasks of an agency are altered substantially, the additional resources are detailed out in a legislative financial statement (LFS). Additional resources from an LFS are taken into account in the annual budget preparations. More substantial reviews of adequate resources take place before each MFF period. Such assessment will feed in to the MFF preparations for the post-2027 MFF.
<b>SPECIAL REPORT No 22 2021 Sustainable finance: More consistent EU action needed to redirect finance towards sustainable investment</b>	
Disclose climate related EU expenditures with a 100% coefficient based on the EU taxonomy criteria	In progress. The Commission will report on the amount of expenditure falling under intervention fields of the EU climate methodology that receive a 100% coefficient, by virtue of meeting the technical screening criteria of the EU Taxonomy concerning climate mitigation or adaptation in the context of the draft 2024 budget.
<b>European Court of Auditors - Annual Report on Performance concerning the financial year 2021 2021/AUD/0197-&gt;0202</b>	
Follow up on the results of its pilot project on performance indicators of the effects of budget expenditures on horizontal priorities	Accepted, deadline in June 2023. The Commission intends to report on the results of its ongoing pilots on green, digital and jobs as soon as the methodological work is completed and will follow up on those results as appropriate.

Refine the methodology for tracking gender expenditure and strengthen the minimum criteria for the attribution of scores used as EU gender	Accepted, deadline in June 2024. The Commission is working on refining the methodology and on integrating gender equality into the programming of the current programmes. The Commission is not in a position to commit to the content of future legislative initiatives.
Analyse whether and how to track expenditure to support the digital transition and the SDGs.	Accepted, deadline in June 2023. In the context of the 2024 draft budget, a stock-taking exercise will be conducted, to present whether/how the different DGs track the contribution from their respective spending programmes. The goal is to then ensure that the individual methodologies are aligned towards a common approach, based on the methodology used to measure the contribution to the digital agenda by the RRF.
Present accurate financial and non-financial information on horizontal policy priorities in the AMPR.	Accepted, expected completion date in June 2023 (issuance of the AMPR).
Report in both the AMPR and the programme statements on the use of expenditure that contributes to several horizontal policy priorities at the same time.	
Report in the Annual Management and Performance Report on the total relevant expenditure of the budget identified as having a positive impact on gender equality.	
<b>European Court of Auditors - Annual Report on Compliance concerning the financial year 2021</b>	
Monitor the sustainability of the EU budget's exposure	Accepted. Expected implementation date on 30 June. Risks related to contingent liabilities are monitored on a continuous basis and discussed in the Steering Committee for Contingent Liabilities. Risks related to contingent liabilities are reported annually.
Take necessary action to ensure that Italy solves its long-outstanding weaknesses in TOR accounting	Accepted. Operational procedures will be reviewed in due time. A radical simplification of Council Regulation 1553/89 entered into force in 2021 only. VAT statements under the amended Regulation will be submitted for the first time by 31 July 2022. That review is planned to be initiated once operational experience has been accumulated working with the new legal framework. In the meantime, examination of reservations will continue in the context of inspections and the available tools to set deadlines to national authorities will be used, where appropriate.
<b>SPECIAL REPORT No 11 2022 Protecting the EU budget: Better use of blacklisting needed</b>	
<p>Under this report there are 15 recommendations received in the beginning of 2023, and currently under analysis:</p> <p>Expand the range of exclusion, Strengthen EDES - Develop a case management system, Strengthen EDES - follow-up of OLAF and EPPO recommendations, Strengthen EDES - activities and use of available data sources to identify exclusion cases, Strengthen EDES - implementation of the EDES panel's recommendation, Strengthen EDES - Carry out ex-post checks to ascertain whether counterparties are in an exclusion situation, Strengthen EDES - Develop standard procedures and guidelines for authorising officers regarding the use of EU-level data sources, Strengthen EDES - Promote awareness of early detection and exclusion among Commission departments, Improve the monitoring of early detection and exclusion under indirect management, Extend early detection and exclusion to shared management, Make better use of existing data and digital tools - carrying out mapping exercise to identify sources of relevant data to protecting the EU budget, including national data, Make better use of existing data and digital tools - proposing an adequate legal basis for the access and use of data on EU counterparties, Make better use of existing data and digital tools - developing a common data mining and risk-scoring tool with access to all relevant EU and national data, Make better use of existing data and digital tools - ensuring the availability of data and promoting its sharing at corporate level, Make better use of existing data and digital tools - developing a strategy to ensure that national and EU data on EU counterparties is digital, accessible, standardised and interoperable.</p>	
<b>SPECIAL REPORT No 17 2022 External consultants at the European Commission Scope for reform</b>	
<p>Under this report are 13 recommendations received in the beginning of 2023, and are currently under analysis:</p> <p>The framework to define the different forms of support that external consultants can provide, the framework to include guidance on how to carry out needs assessments and methods to assess the need to outsource, The framework to provide criteria for not outsourcing activities and processes, To periodically analyse the risks of concentration and overdependence at</p>	



the level of directorates-general and the Commission. To clarify processes in place related to competitive advantages obtained by external providers with long-term EU experience, To complete guidance on avoidance of conflicts of interest by integrating risks not yet covered. To ensure that DGs identify and report critical risks, and that these risks are brought to the attention of the corporate management board. To perform systematic post-completion assessments, To perform a systematic analysis of whether the transfer of knowledge from the consultants to Commission staff is needed. To perform corporate-level arrangements to disseminate lessons learnt and results and identify good practices of external consultants' assignments, To regularly report on the use of external consultants' services, based on accurate data.

**SPECIAL REPORT No 18 2022 EU institutions and COVID-19 Responded rapidly, challenges still ahead to make the best of the crisis-led innovation and flexibility**

Monitor and extend the use of electronic invoices	This recommendation was received in the beginning of 2023, and it is currently under analysis.
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#### 7.4. Off-budget activities (with control objectives: reliability and integrity of financial information and reporting, and safeguarding of assets)

To specifically address the risk that the **annual accounts** could be materially misstated (by fraud or other reasons), the resources under the responsibility of the Accounting Officer perform various types of controls and checks (in addition the controls performed by the authorising officer services). These include both controls throughout the year (e.g. review of the DGs accounting information ensuring ongoing accounting quality), as well as specific year-end controls (e.g. review all material year-end bookings of the Commission Services to ensure that there are no material misstatements). The controls in place are covered by written procedures and are documented.

The validation of local systems is also an important element of assurance to the Accounting Officer of the reliability of the information entered by the various authorising departments in the financial systems. The validation team evaluates the systems set up or modified by each of the Directorates-General, Agencies and other EU bodies covered over a multiannual cycle. Additional details are provided in PART I. In 2022, the validation team performed limited validation activities on current systems, as resources were reoriented, by decision of the Accounting Officer, to support SUMMA implementation.

The Commission's **treasury** resources are managed in accordance with the rules and principles laid down in the Council Regulation 609/2014 (amended by Council Regulations 804/2016 and 2022/615) and in the Financial Regulation and its rules of application.

In addition to the own resources accounts (opened with the Member States Treasuries or their national central banks), other bank accounts are opened by the Commission, with central banks and commercial banks, for the purpose of executing payments and receiving receipts other than the Member State contributions to the budget.

In accordance with the Regulations referred to above, cash resources are kept in the own resources accounts and are transferred to other Commission's accounts only when needed to cover the payments execution needs.

Treasury and payment operations are highly automated and rely on modern information systems. Specific procedures are applied to guarantee system security and to ensure segregation of duties in line with the Financial Regulation, the Commission's internal control standards, and audit principles.

A written set of guidelines and procedures regulates the management of the Commission's treasury and payment operations with the objective of limiting operational and financial risk and ensuring an adequate level of control. They cover the different areas of operation (for example: payment execution and cash management, cash-flow forecasting, business continuity, etc.), and compliance with the guidelines and procedures is checked regularly. Specific controls apply to **finances** imposed on companies breaching EU competition rules. Fines provisionally cashed before 2010 are kept in bank accounts with commercial banks specifically selected (according to an internal risk management policy) for the deposit of provisionally cashed fines. Financial and operational risks are identified and evaluated and compliance with internal policies and procedures is checked regularly. Fines imposed and provisionally cashed since 2010 are invested in a specifically created BUFI (BUDgetary Fines) Fund, for which the reduction of financial risks is one of its main objectives.

Significant amounts of guarantees issued by financial institutions are provided by the fined companies as an alternative to making provisional payments. The guarantees are managed in compliance with the internal risk management policy. Financial and operational risks are identified and evaluated and compliance with internal policies and procedures is checked regularly.

Regarding the **contingent liabilities** (OB.2.4) in annex 3 - table 5bis, this amount is considered correct<sup>9</sup> and concerns fines imposed by the Commission for infringement of competition rules that have been provisionally paid and where either an appeal has been lodged or where it is unknown if an appeal will be made. The contingent liability will be maintained until a decision by the Court of Justice on the case is final.

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<sup>9</sup> At the date of the report.

**SUMMA (replacing ABAC)** is the corporate financial and accounting IT tool allowing for the execution and monitoring of all budgetary and accounting operations. In addition to the controls performed by the Authorising Officer and Accounting Officer services, SUMMA includes a set of features ensuring the quality of the data and the reliability of reporting. These include continuous adaptation of the tool to ensure compliance with the Financial Regulation and its rules of application, and inbuilt security functionalities and other safeguards minimising the risk of erroneous data entry. Moreover, BUDG, as a horizontal DG, issues guidance to ensure the consistency, coherence and quality of the information entered by the Authorising Officer Services.

For the **management of financial assets**, the first set of investment restrictions is defined in the Asset Management Guidelines. The Asset Management Guidelines usually define the investment universe, i.e. the types of authorized investments. Typically, the portfolio managers are allowed to invest in bonds and money market funds. The risk framework for BUDG Asset Management activities is further specified in the Financial Risk Management Policy, in the Financial Risk Management Manual and in the Financial Risk Strategy.

The Financial Risk Management policy contains the basic principles and policy guidelines relating to the management of financial risks of Asset Management activities.

The Financial Risk Management manual describes the objectives and various roles performed by the Financial Risk Management team, including the strategic asset allocation and benchmarking process. The Financial Risk Management manual also describes the different types of risks of Directorate E's Asset Management activities (market risk, credit risk, liquidity risk, operational risks) and how those different risks are mitigated through an appropriate set of control measures.

Within the limits defined in the documents mentioned above (Asset Management Guidelines, the Risk Management Policy and the Financial Risk Management Manual), the Risk Strategy sets out further details or additional constraints, considering among others the current market environment. The main section of the Risk Strategy for CPF's management is the limit structure for bonds and deposits, with maximum limits set by issuer/issue rating and by type of issuer/issue. The Risk Strategy also contains the selection criteria for Money Market Funds and for Exchange Traded Funds.

Long-term investment guidance is provided to the portfolio managers through the Strategic Asset Allocation, which sets the ground for the construction of a strategic benchmark designed to reflect the long-term risk-return profile of the European Commission. The benchmark provides a reference structure in terms of maturity distribution, asset classes, credit quality and duration, against which the performance of the assets will be assessed on a regular basis. The benchmark is usually well diversified, allowing the optimization of the risk return profile of the portfolios. The decision process behind investing in a specific bond takes into account various constraints, current positioning against the benchmark, Investment Committee decisions, market trends, external analysis provided by banks/research firms and the application of the wide range of analytic tools provided by Bloomberg.

Transactions are mainly done and recorded on the IT platform Bloomberg AIM. Bloomberg AIM contains a compliance module. In this specific module, the Risk Management team encodes the compliance rules coming from the risk framework (e.g. the compliance rules limiting the exposure by type of issuers/issues and by type of securities). Bloomberg AIM allows the real time monitoring of the compliance rules. Portfolio managers can check before entering any transaction that the transaction will not create a limit breach. Risk Management verifies at least on a daily basis the compliance module for possible breaches of the compliance rules.

The risk of fraud is mitigated through the implementation of four-eye controls along the investment process.

Performance and Risk reporting to the stakeholders (i.e. the DG's delegating the management of the assets to BUDG and BUDG senior management) is done on a monthly basis for portfolios managed directly by DG BUDG. On a quarterly basis, EC receives the Performance and Risk reporting for the portfolios managed by the European Investment Bank. On top of this, DG BUDG has monthly meetings with the European Investment Bank to monitor the evolution of externally managed portfolios.

# Annex 8: Specific annexes related to assessment of the effectiveness of the internal control systems

The picture below presents the results of assessment of the internal control principles.

Level	PRINCIPLES																								
	I					II					III					IV					V				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20					
Principle is present and functioning well	X	X	X		X	X	X	X	X		X		X	X	X	X	X	X	X	X					
Principle is present and functioning but some improvements are needed				X										X											
Principle is partially present and functioning, major improvements are needed										X															
Principle is not present and functioning																									

Following the assessment of the effectiveness of internal control systems, described in section 2.1.3, DG BUDG has decided to perform the following remedial measures:

- ICP4 (Competence):** Implementation of the Human Resources strategy to attract, develop and retain highly performing staff
- ICP7 (Risk assessment):** Promotion refresher training on risk management to all units levels, manager and staff
- ICP10 (Control activities):** Implementation of the audit recommendations still open; mapping of local accounting checks and reporting in Directorates; adjusting the controls if needed
- ICP11 (Control over technology):** Finalisation of the BUDG's IT systems security plans
- ICP12 (Procedures):** Finalisation of the revision of the procedures (85% done, Dir E and R to be reviewed)
- ICP13 (Document management / Data protection):** Implementation of 2 DPO's recommendations and deletion of old entries in the IT systems

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

**Table X: Estimated risk at payment and at closure (amounts in m EUR; 2022)**

DG BUDG	'payments made'	minus new prefinancing	plus cleared prefinancing	'relevant expenditure'	Detected error rate or equivalent estimate	estimated risk at payment	Adjusted Average Recoveries ( <i>adjusted</i> ARC; %)	estimated future corrections	estimated risk at closure
-1	-2	-3	-4	-5	-6	-7	-8	-9	-10
Expenditure	83.21	0	0	83.21	0.5% - 0.5%	0.42 - 0.42	0% - 0%	0 - 0	0.42 - 0.42
<b>DG total</b>	<b>83.21</b>	<b>0</b>	<b>0</b>	<b>83.21</b>	<b>0.5% - 0.5%</b>	<b>0.42 - 0.42</b>	<b>0% - 0%</b>	<b>0 - 0</b>	<b>0.42 - 0.42</b>
					<b>Overall risk at payment (%)</b>	<b>0.5% - 0.5% (7) / (5)</b>	<b>0% - 0%</b>	<b>0 - 0</b>	<b>0.5% - 0.5% (10) / (5)</b>

### Notes to the table X

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

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

In all cases of Co-Delegations (Internal Rules Article 3), "payments made" are reported by the Delegated departments. For Cross-SubDelegations (Internal Rules Article 12), the reporting remains with the Delegating departments.

(3-4) 3-New pre-financing actually paid by out by the DG during the financial year and 4 pre-financing actually cleared during the financial year are not applicable to BUDG.

(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 [& adds the retentions made], and adds the pre-financing actually cleared [& subtracts the retentions released; and any deductions of *expenditure made by MS*] 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 this column, we disclose the detected error rates or equivalent estimates. For low-risk types of expenditure, where there are indications that the equivalent error rate might be close to 'zero' (e.g. *administrative expenditure, operating contributions to agencies*), the rate which should be used is 0.5% as a conservative estimate, unless the department has a more precise estimate based on evidence.

(8) The average recoveries and corrections: 0.00% is the historic Average of Recoveries and financial Corrections (ARC) from last 7 years, which is the best available indication of the corrective measures each department applied over the past years as a result of ex post controls. In BUDG, the number and value of recoveries in the past few years was insignificant.

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

### PART 2. Modernising the administration: main outputs for the year

#### A. Human resource management

<b>Objective:</b> DG BUDGET employs a competent and engaged workforce and contributes to gender equality at all levels of management to effectively deliver on the Commission's priorities and core business			
<b>Main outputs in 2022</b>			
<b>Output(s)</b>	<b>Indicator(s)</b>	<b>Target(s)</b>	<b>Latest known results (2022)</b>
BUDG staff engagement	DG BUDG staff engagement index	≥ 75%	74% (survey 2021)
Promotion of equal opportunities	% women in management positions	≥ 45%	46,3%
Maintain gender parity in middle management positions	Equal representation of women and men at middle management level	50/50	50/50
First female appointments to middle management positions	Number of first female appointments to middle management positions	3 for the period 2020-2024	2 in 2022 (7 in total since target set for 2020-2022)

#### B. Sound financial management

<b>Objective:</b> The authorising officer by delegation has reasonable assurance that resources have been used in accordance with the principles of sound financial management and that cost-effective controls are in place which give the necessary guarantees concerning the legality and regularity of underlying transactions			
<b>Main outputs in 2022:</b>			
<b>Output(s)</b>	<b>Indicator(s)</b>	<b>Target(s)</b>	<b>Latest known results (2022)</b>
Effective controls: Legal and regular transactions	Risk at payment	Remains <2% of relevant expenditure.	0.5%
		<1% of revenue	0.5%
	Risk at closure	Remains <2% of relevant expenditure.	0.5%
		<1% of revenue	0.5%
Effective controls – Safeguarding and efficient management of assets (financial)	1) Implementation of financial investments according to established asset management guidelines; 2) Performance in line with relevant benchmarks (long run)	1) 100% compliance with guidelines 2) Performance in line with relevant benchmarks (long run)	100% of portfolios were managed according to compliance guidelines. The performance of all portfolios is in line with the benchmarks.

	2) Performance compared with relevant financial market benchmarks		
Efficient controls	Time-to-pay	More than 95% of payments (in value) on time.	95%
Economical controls	Cost of controls method of estimation for NGEU Overall costs of controls (%) 1) Administrative expenditure implementation 2) Own Resources collection	February 2022 1) <2% of funds managed 2) <0.01% of funds managed	Costs of controls for NGEU included in the calculation of costs for financial assets: 0.01% 1.97% 0.01%

### C. Fraud risk management

<b>Objective:</b> The risk of fraud is minimised through the application of effective anti-fraud measures and the implementation of the Commission Anti-Fraud Strategy (CASF) <sup>10</sup> aimed at the prevention, detection and correction <sup>11</sup> of fraud			
<b>Main outputs in 2022:</b>			
<b>Output(s)</b>	<b>Indicator(s)</b>	<b>Target(s)</b>	<b>Last known results (2022)</b>
Awareness raising about DG BUDGET Anti-Fraud Strategy	At least 10% of DG BUDG staff	Information session about the Commission and DG BUDGET's Anti-Fraud Strategy by 31/12/2022 and articles in BUDGTimes.	- articles in BUDG Times published - March 2022 MM Meeting with OLAF - Ethic trainings with IDOC, target participation reached (20% of BUDG staff) - Ethics quiz game organised in the context of BUDG Townhall
Actions are implemented as described in the AFS Action Plan	Degree of implementation	All actions planned for the period 2021-2024 implemented	2/3 of actions planned for 2021-2024 implemented <sup>65</sup>

### D. Digital transformation and information management

<sup>10</sup> Communication from the Commission 'Commission Anti-Fraud Strategy: enhanced action to protect the EU budget', COM (2019) 196 of 29 April 2019 – 'the CAFS Communication' – and the accompanying action plan, SWD (2019) 170 – 'the CAFS Action Plan'.

<sup>11</sup> Correction of fraud is an umbrella term, which notably refers to the recovery of amounts unduly spent and to administrative sanctions.

**Objective:** DG BUDGET is using innovative, trusted digital solutions for better policy-shaping, information management and administrative processes to forge a truly digitally transformed, user-focused and data-driven Commission

Main outputs in 2022:			
Output(s)	Indicator(s)	Target (s)	Latest known results (2022)
Implementation of SUMMA project	Degree of implementation of the digital solutions modernisation plan <sup>12</sup>	In 2022: Completion of the bulk of the solution design for EC specifics (building on the pilot agencies' template solution). Building and testing (including partial user acceptance testing) of the main part of the EC solution. Further completion of the integration between SUMMA and the other corporate systems (notably eGrants and eProcurement) to pave the way for the roll out of SUMMA for the whole Commission end 2023.	The scope refinement and solution design were mostly completed in 2022. Build and testing of the specific system features for the EC progressed substantially. The components needed for grants management, including SUMMA integration with eGrants, were part of the solution rolled out at the end of the year for the pilot entity Clean Aviation Joint Undertaking. The build of EC specifics and integration with other corporate and local systems is progressing according to expectations. The Change Management and training plan for 2023 was prepared in 2022 and its implementation has been launched in January 2023.
Implementation of principles of data governance for BUDG key data assets	Percentage of DG BUDGET key data assets for which corporate principles for data governance have been implemented	80% by 2024	50%
Awareness raising amongst staff on data protection rules	Percentage of staff attending awareness raising activities on data protection compliance	>30% of staff	Data protection awareness in BUDG ICRM Net and dedicated BUDG training session. Over 30% staff attendance, target achieved.
	BUDG Times articles for all BUDG Staff	At least 3 per year	4

<sup>12</sup> The European Commission Digital Strategy (C(2018)7118) 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. At the beginning of the year N+1, the Solution Owner and IT Investments Team will assess the progress made on the basis of the proposed modernisation plan. For each of the 3 solutions, a table will reflect – per principle - the progress achieved during the last year



Implementation of enhanced IT security standards for Information Systems	All BUDG Information Systems having a security plan based on a security risk analysis making use of the Commission standards	100% of BUDG Information Systems in operation	69%
Ensuring active knowledge management in BUDG: Implementation of the new BUDG Knowledge Management System.	<b>Usage</b> of BUDGpedia: Number of visits	≥ 25 000 visits per month. Phase out of BudgWeb by Q2 2022.	27 000 per month to date Budgweb phased out in April 2022
	<b>Quality</b> of BUDGpedia pages: Yearly user satisfaction survey; Yearly focus group from various DGs to test BUDGpedia usage and envisaged improvements; Extensive editorial checks.	1 Yearly user survey to improve quality; 1 Yearly focus group from various DGs to test BUDGpedia quality;  2 editorial checks per year.	Yearly quality survey done in April 2022 The yearly focus group was replaced with several feedback sessions organised via the RUF network with groups of DGs Editorial checks done for 10 BUDGpedia pillars
	<b>Collaboration</b> on BUDGpedia: Number of active gardeners (content providers)	≥ maintaining a network of 50 active gardeners.	87 gardeners to date
	<b>Dissemination</b> of information: Number of communication activities and interactive content featured via BUDGpedia	≥ 40 news items published per year; ≥ 8 Newsletters send to the Financial Community per year	45 news items in 2022 10 financial newsletters published
Effective implementation of e-Domec rules	% Documents filed	Improve our filing rates to 95% of filed documents both incoming and outgoing	Filed: 95.5% of documents registered by BUDG, 84.1% of documents received by BUDG, 87.5% of both in-out documents.
	Training in Document Management, Security and Data Protection	Document Management Officer Correspondents (DMOC) Network; as set in "Training on Document Management, Security and Data Protection –Action Plan 2022"	Training followed by DMO correspondents (70): -Document Management (10). - SNC information handling course (5). - Data Protection (2). Training priorities have been flagged regularly

	Implementation of paperless e-signatories and the use of Electronic Qualified signatures	% Of paper parallel workflows in Ares	3.3% of documents with parallel paper signatory (unit C.1 and C.4 specific procedures require handwritten signatures)
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## E. Sound environmental management

**Objective:** DG BUDGET takes full account of its environmental impact in all its actions and actively promotes measures to reduce the related day-to-day impact of the administration and its work

### Main results and outputs in 2022:

Output	Indicator	Target	Latest known results (2022)
<p>Promote staff awareness actions:</p> <ol style="list-style-type: none"> <li>1) about optimal energy use and “switching off, when not in use”, (e.g. meeting rooms) in line with EC EMAS action plan.</li> <li>2) about sustainable commuting during EU Mobility week and VéloMai 2022.</li> <li>3) about biodiversity (e.g. photo contest and related exhibition) in line with EC EMAS action plan</li> </ol>	<p>% of staff informed</p> <p>% of DG BUDG participants</p>	<p>Address all staff</p> <p>More participants than in 2021</p>	<p>15 green tips and information articles were published in BUDG’s weekly newsletter ‘BUDG Times’ (2 or 3 per month).</p> <p>57 DG BUDG colleagues participated in the 2022 edition of VéloMai. BUDG ended in 14<sup>th</sup> position out of 55 participating DGs and other entities.</p> <p>A photo exhibition was held in May 2022 to encourage more sustainable behaviour in relation to protecting our oceans and reducing plastic waste.</p> <p>A photo exhibition to raise awareness about biodiversity took place in June 2022.</p>
<p>Monitor DG’s energy consumption:</p> <p>Reducing missions’ emissions</p> <p>Participate in the end of the year energy saving action, by closing down DG’s buildings during the Christmas and New Year’s holiday period.</p> <p>Staff awareness actions on reducing GHG emissions (such as actions on sustainable commuting during EU Mobility week and VeloWalk corporate</p>	<p>Type of transport used in missions and related carbon footprint</p>	<p>Lower number of missions than in 2021</p> <p>Reducing missions’ emissions by 20% compared to 2019</p> <p>Increase use of trains instead of flights for missions for journeys &lt; 800 km (return journey) (&gt;75%)</p>	<p>Increased number of missions between 2021 (321) and 2022 (694) but this is explained due to pandemic and the creation of Directorate of BUDG in Luxembourg.</p> <p>694 missions in 2022 totalling in 128,076 CO2 (KG) emissions took place which is lower than the EC average of 2022 (</p>

events) and/or raise staff awareness on sustainable commuting in collaboration with OIB or OIL (e.g. availability of bike parking facilities, lockers and showers, promote the reduction of parking spaces' use amongst staff).	N°. buildings participating in the action	MO15 building remains closed at end of the year permanence and first week of 2023.	The MO 15 building was closed during the end of 2022. During the summer period 2022, BUDG participated in the corporate BEST (Building Energy Saving Together) initiative.
	% of staff informed	Address all staff	Green tips and information articles were published regularly in BUDG's weekly newsletter (2 or 3 per month)
<p>Paperless working methodologies at DG:</p> <ul style="list-style-type: none"> <li>• financial circuits are already 100% electronic</li> <li>• E-signatories are largely applied and will be further encouraged</li> </ul>	N° of pages printed by DG BUDG staff	Less pages printed than in 2019	<p>1000194 less paper printed in 2022 compared to 2019</p> <p>5921 registered documents in DG BUDG had e-signatory in 2022 compared to 7396 documents in 2021</p>
Waste reduction and recycling  Participation of DG Budget in the corporate campaign for the collection of old clothes and electrical appliances in collaboration of two associations CYCLUP and CYREO.	Number of staff informed	100%	100%
	Number of boxes with clothes and electrical appliances collected	-	6
	Organisation of local information event in Montoyer 15	Organisation of local information event in Montoyer 15	1

## **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.

