

# Annual Activity Report 2025

annexes

Directorate-General for  
Financial Stability, Financial Services and  
Capital Markets Union

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# ANNEX 1: Statement of the Director(s) in charge of Risk Management and Internal Control

## For 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 the DG to the Director-General.

I hereby certify that the information provided in section 2 of the present annual activity report and in its annexes is, to the best of my knowledge, accurate and complete.

27/03/2026

*Anne-Françoise MELOT*

*E-signed*

## For the director taking responsibility for the completeness and reliability of management reporting on results and on the achievement of objectives

I hereby certify that the information provided in section 1 of the present annual activity report and in its annexes is, to the best of my knowledge, accurate and complete.

30/03/2026

*Alexandra JOUR-SCHROEDER*

*E-signed*

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<sup>(1)</sup> C(2017)2373 of 19.04.2017.  
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# ANNEX 2: Performance tables

Items marked ‘NEW\*’ are measures taken above and beyond the measures included in the Management Plan 2025.

<p><b>General objective 1: A new plan for Europe’s sustainable prosperity and competitiveness</b></p> <p><b>Specific Objective 1.1: European financial markets are more competitive, more integrated and better channel savings to productive investments.</b></p> <p style="text-align: right;"><i>Related to spending programme(s): NO</i></p>			
<p><b>Result indicator 1.1.1 Share of market finance in the total financial liabilities of non-financial corporations (NFCs)</b></p> <p><b>Explanation:</b> Share of NFCs market (debt and equity) financing in all financing (market financing + bank lending). Starting with latest outstanding amounts and calculated backwards in time by adjusting for annual transactions.</p> <p><b>Source of data:</b> European Commission, DG FISMA “List of indicators to monitor progress towards the capital markets union objectives” based on ECB, Eurostat (nasa_10_f_bs) and Eurostat (nasa_10_f_tr).</p> <p><b>This result indicator is selected as a KPI</b></p>			
<p><b>Baseline</b> (2023)</p>	<p><b>Interim milestone</b> (2027)</p>	<p><b>Target</b> (2029)</p>	<p><b>Latest known results</b> (2024)</p>
63.7%	To increase	To increase	64%
<p><b>Result indicator 1.1.2 Composite financial integration indicator</b></p> <p><b>Explanation:</b> The composite integration indicator is a scale-free measure normalised to lie between 0 and 1, where 0 means no cross-border integration and 1 means full integration. For the price-based composite indicator, 1 would mean total absence of any price differentials in financial markets. For the quantity-based indicator, 1 would mean the lack of any home bias on the side of investors.</p> <p><b>Source of data:</b> ECB (also published in EFSIR)</p>			
<p><b>Baseline</b> (Average for 2020 - 2024 Q2)</p>	<p><b>Interim milestone</b> (2027)</p>	<p><b>Target</b> (2029)</p>	<p><b>Latest known results</b> (2025-2026)</p>
Price-based indicator: 0.5 – 0.6 Quantity-based indicator: 0.3	To increase	To increase	Price-based indicator: 0.7 [January 2026] Quantity-based indicator: 0.45 [Q3 2025]

**Result indicator 1.1.3 Value of annual venture capital investment relative to GDP**

**Explanation:** Value of annual venture capital investments (including early-stage, seed and late stage, but not private equity investment) as a proportion of GDP, in percent.

**Source of data:** European Commission, DG FISMA, “List of indicators to monitor progress towards the capital markets union objectives” based on Invest Europe and Eurostat.

Baseline (2023)	Interim milestone (2027)	Target (2029)	Latest known results (2024)
0.05%	To increase	To increase	0.06%

**Result indicator 1.1.4 Value of taxonomy aligned investments**

**Explanation:** This indicator captures the volume of Taxonomy-aligned CAPEX of companies reporting under the Taxonomy Regulation.

**Source of data:** Bloomberg and the Platform on Sustainable Finance Report: Monitoring Capital Flows to Sustainable Investments.

Baseline (2023)	Interim milestone (2027)	Target (2029)	Latest known results (2024)
EUR 250 billion	To increase	To increase	EUR 265 billion

**Result indicator 1.1.5: Issuance of green bonds by the private and public sector**

**Explanation:** Total annual green bond issuance in EU.

**Source of data:** European Commission, DG FISMA, “List of indicators to monitor progress towards the capital markets union objectives” based on Refinitiv.

Baseline (Average for 2014-2023)	Interim milestone (2027)	Target (2029)	Latest known results (2024)
EUR 123 billion	To increase	To increase	EUR 300 billion


**Result indicator 1.1.6 Equity holding of insurers**

**Explanation:** Insurance corporations investment in equity (directly and via investment funds) in % of total assets.


**Source of data:** European Commission, DG FISMA, “List of indicators to monitor progress towards the capital markets union objectives” based on EIOPA.


Baseline (2023)	Interim milestone (2027)	Target (2029)	Latest known results (2024)
27%	To increase	To increase	28%

**Main outputs in 2025:****New policy initiatives**

Output	Indicator	Target	Latest known results (situation on 31/12/2025)
 Savings and Investments Union Communication	Adoption by the Commission	Q1 2025	Adopted 19 March 2025 COM(2025)124

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
 Review of the Securitisation framework (modification of the Securitisation Regulation and Capital Requirements Regulation)	Adoption by the Commission	Q2 2025	Adopted 17 June 2025 COM/2025/825 final COM/2025/826 final
Review of the Directive on the activities and supervision of institutions for occupational retirement provision (IORP II)	Adoption by the Commission	Q4 2025	Adopted 20 November 2025 COM(2025) 842 final
Review of the Regulation on a pan-European Personal Pension Product (PEPP)	Adoption by the Commission	Q4 2025	Adopted 20 November 2025 COM(2025) 840 final
EU savings and investments accounts (Recommendations)	Adoption by the Commission	Q3 2025	Adopted 30 September 2025 C/2025/6800 final
NEW* Communication on Financial Literacy Strategy for the EU	Adoption by the Commission	Q3 2025	Adopted 30/09/2025 C/2025/681 Final
Recommendations on auto-enrolment, pension tracking systems and pension dashboards	Adoption by the Commission	Q4 2025	Adopted 20/11/2025 C(2025) 9300 final
NEW* Communication on supplementary pensions	Adoption by the Commission	Q4 2025	Adopted C(2025)/839 final
Market infrastructure package: - trading infrastructure - post-trading infrastructure: central securities depositories, financial collateral and settlement.	Adoption by the Commission	Q4 2025	Adopted 4/12/2025 COM/2025/942 final COM/2025/943 final COM/2025/941 final COM/2025/2490

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
<p>(MISP Package: Proposal for a Regulation of the European parliament and the Council amending regulations (EU) No 1095/2010, 648/2012/EC, 600/2014/EC, 909/2014/EC, 2019/1156, 2022/858/EC, 2023/1114, as regards further development of market integration and enhanced supervision in the EU</p> <p>Proposal for a Directive of the European parliament and the Council amending Directives 2009/65/EC, 2011/61/EU, 2014/65/EU, as regards further development of market integration and enhanced supervision in the EU</p> <p>Proposal for a Regulation (EU) 2025/XXX of the European parliament and of the Council on settlement finality and repealing Directive 98/26/EC and amending Directive 2002/47/EC on financial collateral arrangements</p> <p>Communication on the Savings and Investments Union</p> <p>Legislative package as regards further development of market integration and enhanced supervision in the EU)</p>			
Improving cross-border provision of funds and reducing operational barriers facing asset managers	Adoption by the Commission	Q4 2025	Adopted See MISP Package above.
More integrated and efficient supervision	Adoption by the Commission	Q4 2025	Adopted See MISP Package above.
<b>Initiatives linked to regulatory simplification and burden reduction</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
 Simplification Omnibus I package on sustainability reporting:	Adoption by the Commission	Q1 for adoption of the legislative proposals	Adopted 26 February 2025 for adoption of proposals

Output	Indicator	Target	Latest known results (situation on 31/12/2025)
<ul style="list-style-type: none"> <li>– Proposal for a Directive of the European Parliament and of the Council amending Directives (EU) 2022/2464 and (EU) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements ('Stop the clock' proposal)</li> <li>– Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting and due diligence requirement ('Substance' proposal)</li> <li>– Draft Commission Delegated Regulation (EU) <b>2026/73</b> amending Commission Delegated Regulation (EU) 2021/2178 as regards the simplification of the content and presentation of information to be disclosed concerning environmentally sustainable activities and Commission Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486 as regards simplification of certain technical screening criteria for determining whether economic activities cause no significant harm to environmental objectives</li> </ul>		<p>Q2 2025 for political agreement on the 'Stop the clock' proposals</p> <p>Q2 2025 for adoption of the delegated act</p> <p>Q4 2025 for political agreement on 'Substance' proposals</p>	<p>COM(2025)81 COM(2025)80</p> <p>14/4/2025 political agreement on the 'Stop the clock' proposals</p> <p><a href="#">Simplification: Council gives final green light on the 'Stop-the-clock' mechanism to boost EU competitiveness and provide legal certainty to businesses - Consilium</a></p> <p>11/07/2025 for adoption of delegated act C(2025) 4812 final</p>
Commission Recommendation on a voluntary sustainability reporting standard for small and medium-sized undertakings	Adoption by the Commission	Q3 2025	30/07/2025 C(2025) 4984 final
Targeted Sustainability Assurance Guidelines	Adoption by the Commission	Q4 2025	Adopted See above
 Review of the Sustainable Finance Disclosure Regulation	Adoption by the Commission	Q4 2025	Adopted 20/11/2025

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
			COM(2025) 841 final
<b>Implementation dialogues and reality checks</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Taxonomy: - Implementation dialogue on the Taxonomy - Reality check meetings to discuss technical screening criteria for specific sectors	Organisation of meetings	Q2 to Q4 2025	Completed
Stakeholder forum on retirement savings- Reality check meeting	Organisation of a meeting	Q2 2025	Completed 16 June 2025
<b>Major implementation activities and enforcement actions</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
NEW* Finalisation of the completeness checks of Directives with transposition deadline falling by the end of 2023 – 2021/2101 Directive.	Confirm complete transposition in Themis database or pursue infringement proceedings for non-communication.	Throughout the year	For 2021/2101 – Country-by-country Directive all 27 MS transposition is complete. As for the NCM infringements opened, out of 17 all closed – achieved.
Finalisation of conformity checks of Directives with transposition deadlines falling by end 2022 – the MiFID package (2014/65/EU, (2017/593, 2016/1034, (2021/338, 2021/1269); Directive 2015/2392.	Confirm correct transposition or monitor adoption of national measures in Pre-infringement Dialogue or pursue infringement proceedings for non-conformity.	Throughout the year	MiFID package: - for all three directives (2014/65 - MiFID II, 2016/1034 - Amending MiFIDII, 2017/593 - MIFID II delegated Dir. ), for 2021/338 - Capital Market Recovery Package and 2021/1269 - Delegated Dir on sustainability factors: 2 MS conform, 25 MS examination ongoing (15 DLGEs open / no INFR so far). 2015/2392 - MAR implementing (Whistleblowing) Dir.: 19 MS conform; 8 MS examination ongoing (2 DLGE open / no INFR so far).

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
NEW* COMMISSION DELEGATED REGULATION (EU) 2026/305 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards specifying the operational conditions, the representativeness obligation and the reporting requirements related to the active account requirement			Adopted 29 October 2025 C(2025) 7124
Support Member States in their duty to transpose directives in a timely and correct manner – Directives 2024/2811, 2024/2994, 2024/2810, 2023/2864.	Organise at least one transposition workshop per directive.	Throughout the year	Completed 2024/2811 - Directive amending the Markets in Financial Instruments Directive and repealing the Listing Directive and 2024/2994 - EMIR targeted review - 23/05/2025; 2024/2810 - Multiple vote shares Directive - 10/06/2025; 2023/2864 – European single access point Directive – 05/02/2025.
Commission’s support actions to ensure correct implementation of EU law – Directives 2024/2810, 2024/2994, 2024/2811	Prepare Implementation Plan for a respective legal act (Directive/Regulation)	Throughout the year	Completed

### Other major outputs

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Support the negotiations of the proposals for a Directive on payment services and electronic money services in the internal market and for a payment services regulation in the internal market	'Progress/adoption by the co-legislators'	Q4 2025	Ongoing.

			Political agreement on PSD3/PSR was reached on 26/11/2025. Agreement was reached on the full set of articles. Further work required to finalise in 2026.
Support the negotiations of the Proposal for a Regulation of the European Parliament and of the Council on a framework for Financial Data Access (FiDA)	'Progress/adoption by the co-legislators'	Q4 2025	Progress but stalled in trilogue stage.
Commission Delegated Regulation amending Commission Delegated Regulation (EU) 2015/61 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to the treatment of securitisation exposures under the liquidity coverage requirement for credit institutions (securitisation package)	Adoption by the Commission	Q4 2025	Not adopted  New target date Q2 2026.

<p>COMMISSION DELEGATED REGULATION (EU) 2026/269 amending Commission Delegated Regulation (EU) 2015/35 to supplement Directive 2009/138/EC as regards the review of prudential rules of the insurance and reinsurance sector (Solvency II)</p>	<p>Adoption by the Commission</p>	<p>Q4 2025</p>	<p>Adopted 29 October 2025, published 18 February 2026 (C/2025/7206)</p>
<p>NEW* Commission Delegated Regulation amending Delegated Regulation (EU) No 876/2013 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council as regards changes to the functioning and management of colleges for central counterparties</p>	<p>Adoption by the Commission</p>	<p>Q2 2025</p>	<p>Adopted 11 June 2025, C(2025)3626</p>
<p>COMMISSION DELEGATED REGULATION (EU) .../... supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the reduced content and the standardised format and sequence of the EU Follow-on prospectus and the EU Growth issuance prospectus (Listing Act – Prospectus regulation)</p>	<p>Adoption by the Commission</p>	<p>Q4 2025</p>	<p>Not adopted Adoption scheduled for Q1 2026 (Delay due to MISP package and translation capacity.)</p>

<p>COMMISSION DELEGATED REGULATION (EU) .../... of XXX supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council as regards disclosure of inside information in protracted processes and delay of disclosure of a non-exhaustive list of final events or final circumstances to be disclosed in a protracted process and of the relevant moment for disclosure, and of situations where disclosure should not be delayed (Market Abuse Regulation)</p>	<p>Adoption by the Commission</p>	<p>Q4 2025</p>	<p>Not adopted Adoption scheduled for 2026 Q1 Delay due to MISP package and translation capacity</p>
<p>COMMISSION DELEGATED REGULATION (EU) .../...of XXX supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards specifying the input and output data of consolidated tapes, the synchronisation of business clocks and the revenue redistribution by the consolidate tape providers for shares and ETFs, and repealing Delegated Regulation (EU) 2017/574 (MiFIR)</p>	<p>Adoption by the Commission</p>	<p>Q2 2025</p>	<p>Adopted by the Commission 12 June 2025. Published in the OJ on 3 November 2025.</p>

<p>COMMISSION DELEGATED REGULATION (EU) 2025/1246 of 18 June 2025 amending Commission Delegated Regulations (EU) 2017/583 and (EU) 2017/587 as regards transparency requirements for trading venues and investment firms in respect of bonds, structured finance products, emission allowances and equity instruments (MiFIR)</p>	<p>Adoption by the Commission</p>	<p>Q2 2025</p>	<p>Adopted 18 June 2025 / Published in the OJ on 3 November 2025.</p>
<p>MiFID Level 2 on research COMMISSION Delegated Directive (EU) .../...of XXX supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards the payment for execution services and research, and amending Delegated Directive (EU) 2017/593 (Listing Act - MiFID)</p>	<p>Adoption by the Commission</p>	<p>Q4 2025</p>	<p>Not adopted Adoption scheduled for 2026 Q1 Delay due to MISP package and translation capacity.</p>

<p>Commission Delegated Regulation (EU) .../... of XXX amending the regulatory technical standards laid down in Delegated Regulation (EU) 2018/1665 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the form and content of the application for recognition with the European Securities and Markets Authority (ESMA) (Benchmark Regulation)</p>	<p>Adoption by the Commission</p>	<p>Q3 2025</p>	<p>Adopted 29 October 2025</p>
<p>Commission Delegated Regulation (EU) .../... of XXX amending the regulatory technical standards laid down in Delegated Regulation (EU) 2018/1646 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the information to be provided in an application for authorisation and in an application for registration (Benchmark Regulation)</p>	<p>Adoption by the Commission</p>	<p>Q3 2025</p>	<p>Adopted 27 October 2025</p>
<p>European Green Bond Standard Level 2 measures:</p> <ul style="list-style-type: none"> <li>- COMMUNICATION FROM THE COMMISSION establishing guidelines for pre-issuance disclosure templates for issuers of bonds marketed as environmentally sustainable or of sustainability-linked bonds</li> </ul>	<p>Adoption by the Commission</p>	<p>Q2 2025</p>	<p>Adopted 16/04/2025 C(2025)4 C(2025)5 C(2025)6 C(2025)7</p>

<p>- COMMISSION DELEGATED REGULATION (EU) .../... supplementing Regulation (EU) 2023/2631 of the European Parliament and of the Council by establishing the content, methodologies, and presentation of the information to be voluntarily disclosed by issuers of bonds marketed as environmentally sustainable or of sustainability-linked bonds in the templates for periodic post-issuance disclosures</p>			
<p>- COMMISSION DELEGATED REGULATION (EU) .../... supplementing Regulation (EU) 2023/2631 of the European Parliament and of the Council by specifying rules of procedure for the exercise of the power to impose fines or periodic penalty payments by the European Securities and Markets Authority on external reviewers</p>			

<p>- COMMISSION DELEGATED REGULATION (EU) .../... supplementing Regulation (EU) 2023/2631 of the European Parliament and of the Council by specifying the type of fees to be charged by ESMA to external reviewers of European Green Bonds, the matters in respect of which fees are due, the amount of the fees, and the manner in which those fees are to be paid</p>			
<p>Commission Delegated Regulation amending Commission Delegated Regulation (EU) No 447/2012 of 21 March 2012 laying down regulatory technical standards for the assessment of compliance of credit rating methodologies</p>	<p>Adoption by the Commission</p>	<p>Q3 2025</p>	<p>Not adopted (On hold – priority was to adopt L2 measures under ESG Regulation)</p>
<p>Commission Delegated Regulation amending Annex I of Regulation (EC) No 1060/2009 of the European Parliament and of the Council on credit rating agencies</p>	<p>Adoption by the Commission</p>	<p>Q3 2025</p>	<p>Not adopted (On hold – priority was to adopt L2 measures under ESG Regulation)</p>

<p>COMMISSION DELEGATED REGULATION (EU) .../..., of 24.3.2025 supplementing Regulation (EU) 2022/2554 of the European Parliament and of the Council with regard to regulatory technical standards specifying the elements that a financial entity has to determine and assess when subcontracting ICT services supporting critical or important functions</p>	<p>Adoption by the Commission</p>	<p>Q2 2025</p>	<p>Adopted C(2025)1682</p>
<p>COMMISSION DELEGATED REGULATION (EU) 2025/1125 of 10 June 2025 supplementing Regulation (EU) 2023/1114 of the European Parliament and of the Council with regard to regulatory technical standards specifying the information in an application for authorisation to offer asset-referenced tokens to the public or to seek their admission to trading</p>	<p>Adoption by the Commission</p>	<p>Q2 2025</p>	<p>Adopted 10 June 2025 C(2025)3221</p>
<p>COMMISSION DELEGATED REGULATION (EU) .../... of XXX supplementing Regulation (EU) 2023/1114 of the European Parliament and of the Council with regard to regulatory technical standards for specifying the liquidity requirements for the reserve of assets for issuers of asset-referenced tokens and for certain e-money tokens</p>	<p>Adoption by the Commission</p>	<p>Q2 2025</p>	<p>Not adopted (Scheduled Q1 2026)</p>

NEW* COMMISSION DELEGATED REGULATION (EU) .../... of 17.11.2025 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to regulatory technical standards specifying the characteristics of liquidity management tools	Adoption by the Commission	Q3 2025	Adopted 17/11/2025 C(2025) 7642
NEW* COMMISSION DELEGATED REGULATION (EU) .../... of 17.11.2025 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the characteristics of liquidity management tools	Adoption by the Commission	Q3 2025	Adopted 17/11/2025 C(2025) 7643
European Semester Country Reports and Country Specific Recommendations	Adoption and publication	Q2 2025	Completed 4 June 2025 COM(2025) 200
Annual progress report on simplification, implementation and enforcement	Transmission to the Parliament and the Council	Q3 2025	Completed Publication on 21 October 2025. Link to Report: <a href="#">46aa5a06-afe5-4b76-a5f5-930d93a1bcf8_en</a>
European Financial Stability and Integration Review	Report launch date	Q2 2025	Completed Report published on 12 June 2025
Annual Joint conference of the Commission and ECB	Conference attendance	Q2 2025	Completed

on financial integration and SIU			12 June 2025 Conference participants: 171 in room (capacity 179), >800 webstream
Vienna Initiative Full Forum: high-level conference on SIU	Conference preparation and attendance (>100 participants)	Q3 2025	Completed 29/30 September
NEW* Provide timely replies to the questions submitted by the European Supervisory Authorities (ESAs) requiring the interpretation of financial services legislation to ensure uniform reading of legal obligations set out in the financial services legislation across the EU and supervisory convergence.	Adoption of Commission decisions responding to ESAs Q&As	Throughout the year	Ongoing COM adopted 70 responses to Q&As received from ESAs in 2025.

**Specific Objective 1.2: Financial stability is preserved and improved by efficient supervision and crisis management mechanisms, by means to absorb shocks and diversify risks, and a comprehensive approach is in place to fight money laundering and financing of terrorist activities**

Related to spending programme(s): NO

**Result indicator 1.2.1 Composite systemic stress indicator**

**Explanation:** This indicator measures the state of instability in the euro area financial system. It is unit-free and constrained to lie within the interval (0, 1). Higher values indicate higher levels of systemic stress.

Note that a value exceeding the target does not necessarily imply that the objective is not met, as higher values can be temporary and due to factors external to the financial system.

**Source of data:** ECB (series: CISS.D.U2.ZOZ.4F.EC.SS\_CI.IDX)

**This result indicator is selected as a KPI**

<b>Baseline</b> (Average value for 2010-2024)	<b>Interim milestone</b> (2027)	<b>Target</b> (2029)	<b>Latest known results</b> (January 2026)
0.2	Below 0.2	Below 0.2	0.02

**Result indicator 1.2.2. Banks' total capital ratio**

**Explanation:** The total capital ratio is the ratio of total capital to risk-weighted assets. It is expressed as a percentage and indicates the average for EU banks, in percent.

**Source of data:** ECB CBD2 (Consolidated Banking Data, series: CBD2.Q.B0.W0.11.\_Z.\_Z.A.A.I4001.\_Z.\_Z.\_Z.\_Z.\_Z.\_Z.PC).

<b>Baseline</b> (Average value for 2020-2023)	<b>Interim milestone</b> (2027)	<b>Target</b> (2029)	<b>Latest known results</b> (2025 Q3)
19%	Banks remain sufficiently capitalized, in line with regulatory requirements.	Banks remain sufficiently capitalized, in line with regulatory requirements.	24%

**Result indicator 1.2.3. Solvency Capital Requirement (SCR)**

**Explanation:** The SCR ratio is the result of dividing total eligible own funds that (re)insurance companies hold by their solvency capital requirement. The indicator gives the average SCR ratio in the EU-27.

**Source of data:** EIOPA Insurance Statistics

<b>Baseline</b> (Average value for 2020-2023)	<b>Interim milestone</b> (2027)	<b>Target</b> (2029)	<b>Latest known results</b> (2025 Q2)
257%	Insurance companies remain sufficiently capitalized, to increase or remain above 200%	Insurance companies remain sufficiently capitalized, to increase or remain above 200%	247%

## Main outputs in 2025:

### New policy initiatives

Output	Indicator	Target	Latest known results (situation on 31/12/2025)
REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 909/2014 as regards a shorter settlement cycle in the Union (Central Securities Depositories Regulation – shortening of the settlement cycle to T+1)	Adoption by the Commission	Q1 2025	Adopted  12 February 2025 COM(2025) 38.  European Parliament and the Council adopted the text on 8 October 2025.
Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions as regards requirements for securities financing transactions under the net stable funding ratio	Adoption by the Commission	Q1 2025	Adopted  31 March 2025 COM(2025)146 Adopted by co-legislators on 17 June 2025 (Regulation (EU) 2025/1215)

### Implementation dialogues and reality checks

Output	Indicator	Target	Latest known results (situation on 31/12/2025)
Implementation dialogue on banking integration and competitiveness	Organisation of a meeting	Q4 2025	Completed 2 December 2025
Reality check on “Complexity of the EU framework for banks”	Organisation of a meeting	Q4 2025	Completed – 2 December 2025

### Major public consultations

Output	Indicator	Target	Latest known results (situation on 31/12/2025)
Public consultation on the application of own funds requirements for market risk	Launch of the public consultation, assessment and integration of comments received	Q2 2025	Completed

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
			Consultation launched on 24 March 2025 and closed on 24 April 2025.
NEW* Targeted public consultation on the application of own funds requirements for market risk	Launch of the public consultation, assessment and integration of comments received	Q4 2025	Completed  Consultation launched on 6 November 2025 and closed on 6 January 2026.
Public consultation on favourable treatment of equity exposures incurred under legislative programmes to close the equity gap and channel private investment in strategic sectors	Launching of a public consultation	Q3 2025	Completed
Workshop on “Economics of banking in the single market”	Organisation of a public event	Q3 2025	Completed 3 workshops during year

### Major implementation activities and enforcement actions

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Finalisation of the completeness checks of Directives with transposition deadline falling by the end of 2023 – Regulations 2022/858 and 2022/2036, Directives 2021/2167 and 2021/2118.	Confirm complete transposition in Themis database or pursue infringement proceedings for non-communication.	Throughout the year	2021/2167 – NPL Directive for 13 MS transposition is complete. Out of 21 NCM infringements opened, 15 are closed and 6 are referred to CJEU – achieved.

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
			<p>2022/858 – MiFID amended by DLT Regulation for 16 MS transposition is complete; out of 6 NCM infringements opened, all closed – achieved.</p> <p>2022/2036 – BRRD amended by Daisy chains Regulation for 26 MS transposition is complete; out of 9 NCM infringements opened, all closed but 1 – achieved.</p> <p>2021/2118 – Motor Insurance (1st deadline) – for 15 MS transposition complete; out of 16 NCM infringements opened, all closed – achieved; as for 2nd deadline – transposition is complete for 1 MS; out of 18 NCM infringements opened, all ongoing but 1 closed – achieved.</p>

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Finalisation of conformity checks of Directives with transposition deadlines falling by end 2022 – Directives 2019/879, 2019/2034, 2019/878, 2019/2162.	Confirm correct transposition or monitor adoption of national measures in Pre-infringement Dialogue or pursue infringement proceedings for non-conformity.	Throughout the year	2019/879 – BRRD II: 21 MS conform, 6 MS examination ongoing (3 DLGEs open /1 INFR so far); 2019/2034 – Supervision of investment firms: all 27 MS examination ongoing (23 DLGEs open /no INFR so far); 2019/878 – CRD V on investment firms: 12 MS conform, 15 MS examination ongoing (3 DLGEs open /no INFR so far); 2019/2162 – Cover bonds: all 27 MS examination ongoing (no DLGEs open /no INFR so far); Overall – largely achieved.
Support Member States in their duty to transpose directives in a timely and correct manner – Directives 2024/1619, 2024/1640, 2025/1, 2025/2.	Organise at least one transposition workshop per directive.	Throughout the year	Achieved for all four directives: 2024/1619 – CRDVI (12/02/2025); 2024/1640 – AMDLVI (27/01, 09/04, 04/07 and 13/11/2025); 2025/1 – IRRD (11/06 and 22/10/2025);

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
			2025/2 - Solvency II review (02/10/2025).
Commission's support actions to ensure correct implementation of EU law – Directives 2024/1619, 2024/1640, 2025/1, 2025/2.	Prepare Implementation Plan for a respective legal act (Directive/Regulation)	Throughout the year	Completed (for all four directives)
Transposition workshops on Insurance Recovery and Resolution Directive	Organisation of workshops for Member States on all provisions of the Directive	Q2 2025	Completed 2025/1 – IRRD (11/06/2025 and 22/10/2025) – achieved.
Transposition workshops on 6 <sup>th</sup> Anti-Money Laundering Directive	Organisation of workshops for Member States on all provisions of the Directive	Q4 2025	Completed 2024/1640 – AMLD6 (27/01/2025, 09/04/2025, 04/07/2025 and 13/11/2025)
Transposition workshop on the 2024 reform of the Undertakings for collective investment in transferable securities (UCITS) Directive and Alternative investment fund managers (AIFM) Directive	Organisation of workshop for Member States on all provisions of the Directives	Q2 2025	Completed 23/05/2025
<b>Other major outputs</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Support the negotiations of the proposals for a review of the Crisis Management and Deposit Insurance Framework (CMDI)	'Progress/adoption by the co-legislators'	Q4 2025	Completed Political agreement formalised in October 2025.
Report from the Commission to the European Parliament and the Council on the assessment of the risk of money laundering and terrorist financing affecting the internal market and relating to cross-border activities (SNRA)	Adoption by the Commission	Q4 2025	Not adopted (ISC launch requested)

Commission Delegated Regulation amending Commission Delegated Regulation (EU) 2015/63 as regards investment firms contributions, the MREL risk indicator and certain calculation and collection matters	Adoption by the Commission	Q4-2025	Not adopted (postponed to Q2 2026)
NEW* Commission Implementing Regulation laying down implementing technical standards with regard to procedures, standard forms and templates for the provision of information for the purposes of resolution plans for credit institutions and investment firms pursuant to Directive 2014/59/EU of the European Parliament and of the Council, and repealing Commission Implementing Regulation (EU) 2018/1624	Adoption by the Commission	Q4-2025	Adopted 19 November 2025 – C2025/2023
Capital Requirements Regulation – Second Delegated Act on application of own funds requirements for market risk	Adoption by the Commission	Q2 2025	Adopted  CRD 2025/1496 (12 June 2025)
Commission Delegated Regulation (EU) 2025/1184 of 10 June 2025 amending Delegated Regulation (EU) 2016/1675 as regards updating the list of High Risk Third Countries	Adoption by the Commission	Q2 2025	Adopted 10 June 2025  Commission Delegated Regulation (EU) 2025/1184
Commission Delegated Regulation (EU) 2026/46 of 3 December 2025 amending Delegated Regulation (EU) 2016/1675 as regards updating the list of High Risk Third Countries	Adoption by the Commission	Q4 2025	Adopted 3 December 2025  Commission Delegated Regulation (EU) 2026/46
Commission Delegated Regulation (EU) 2026/83 of 4 December 2025 amending Delegated Regulation (EU) 2016/1675 as regards updating the list of High Risk Third Countries	Adoption by the Commission	Q4 2025	Adopted 4 December 2025  Commission Delegated Regulation (EU) 2026/83
Post-Programme Surveillance (PPS)- Financial sector sections of PPS reports (CY, EL, ES, PT, IE)	Publication	Q2 and Q4 2025	Completed

**Specific Objective 1.3: European consumers and investors enjoy greater protection and have increased trust in European financial markets and institutions.**

Related to spending programme(s): NO

**Result indicator 1.3.1 Direct and intermediated investment by households in financial instruments**

**Explanation:** Sum of volumes of bonds and listed shares, investment funds, claims against insurance and pension funds held by households relative to the sum of the volumes of these items and cash holdings and deposits. It can also be read as 100% minus the ratio of cash&deposits to the sum of all investment products including cash&deposits, in percent.

**Source of data:** European Commission, DG FISMA, “List of indicators to monitor progress towards the capital markets union objectives” based on Eurostat, Annual Sectoral Accounts [nasa\_10\_f\_bs]

**This result indicator is selected as a KPI**

Baseline (2023)	Interim milestone (2027)	Target (2029)	Latest known results (2024)
58%	To increase	To increase	59%

**Result indicator 1.3.2 Transaction costs**

**Explanation:** The indicator measures the bid-ask spread on equity markets and is calculated as the average monthly bid-ask spread of listed firms headquartered in the EU, in percent.

**Source of data:** European Commission, DG FISMA, “List of indicators to monitor progress towards the capital markets union objectives” based on Refinitiv.

Baseline (2023)	Interim milestone (2027)	Target (2029)	Latest known results (2024)
1.6%	To decrease	To decrease	1.4%

**Result indicator 1.3.3 Undertakings for Collective Investment in Transferable Securities (UCITS) costs**

**Explanation:** The indicator measures the costs borne by retail investors when they invest in EU equity UCITS funds (including ongoing costs, subscription and redemption fees) over a ten-year horizon, expressed as a percentage. When calculating these values, other investment horizons (1 and 5 years instead of 1, 3 and 7 years) are taken into account from 2022 onwards (structural break in 2023 due to a methodological change regarding the computation of entry and exit costs).

**Source of data:** European Commission, DG FISMA, “List of indicators to monitor progress towards the capital markets union objectives” based on ESMA.

Baseline (2023)	Interim milestone (2027)	Target (2029)	Latest known results (2023)
3.1%	To decrease	To decrease	3.1%

## Main outputs in 2025:

### New policy initiatives

Output	Indicator	Target	Latest known results (situation on 31/12/2025)
Financial literacy strategy	Adoption by the Commission	Q3 2025	ADOPTED 30/09/2025 COM(2025) 681 final

### Major implementation activities and enforcement actions

Output	Indicator	Target	Latest known results (situation on 31/12/2025)
Finalisation of conformity checks of Directives with transposition deadlines falling by end 2022 – Directives 2014/17/EU, 2014/92/EU, 2015/2366/EU.	Confirm correct transposition or monitor adoption of national measures in Pre-infringement Dialogue or pursue infringement proceedings for non-conformity.	Throughout the year	2014/17 - Mortgage Credit Directive: 18 MS conform; 9 MS examination ongoing (1 DLGE open / 3 INFR so far). 2014/92 - Payment Account Directive: 17 MS conform; 10 MS examination ongoing (4 DLGE open / no INFR so far). 2015/2366 – 2 <sup>nd</sup> Payment Service Directive: 23 MS conform; 4 MS examination ongoing (2 DLGE open / no INFR so far). Overall – largely achieved.
Support Member States in their duty to transpose directives in a timely and correct manner – Regulation 2024/886.	Organise at least one transposition workshop per directive/Regulation amending directive.	Throughout the year	Completed 13/03/2025

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Timely assessment of complaints on possible breaches of EU law, received as of January 2024.	For 70% of the complaints received as of January 2024, closure or sending of a letter of formal notice within 12 months from the receipt of a complaint.	Throughout the year	Not fully achieved: 35.2%. (145 – received, 50 – closed, 1 – LFN sent). There were another 15 complaints transferred to pre-infringement Dialogue.
<b>Other major outputs</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Support the negotiations of the proposals for a Directive and a Regulation as regards the Union retail investor protection rules (Retail Investment Strategy)	Progress/adoption by the co-legislators	Q4 2025	Political agreement reached on 18 December 2025.
Safeguarding consumers' interests in financial services by: <ul style="list-style-type: none"> <li>- Providing financial support to two EU-wide non-industry organisations, which enable civil society to have a stronger say in EU policy making on financial services.</li> <li>- Managing the network of alternative dispute resolution bodies in the area of financial services, FIN-NET, to facilitate the resolution of cross-border complaints about financial services and to obtain information on consumer issues in the Member States.</li> </ul>	Grants provided to FinanceWatch and Better Finance (YES/NO)	YES	FINALISED
	Number of FIN-NET meetings	2	FINALISED
	Number of FSUG meetings	5	FINALISED

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
<ul style="list-style-type: none"> <li>- Administering the Financial Services' User Group (FSUG) to ensure that consumer interests are fully taken into account in financial services policymaking and that any consumer issues are closely monitored to identify needs for adapting or developing the regulatory framework.</li> </ul>			

**Specific Objective 1.4: Strategic autonomy of the EU financial system is enhanced in a rapidly changing international environment.**

Related to spending programme(s): NO

**Result indicator 1.4.1 Sanctions: % of Member States complying with reporting obligations under EU restrictive measures**

**Explanation:** The indicator measures how the Commission ensures that Member States comply with their obligations to implement and apply EU restrictive measures (sanctions) in their jurisdiction. It is based on Member States reporting in accordance with sanctions decisions adopted under article 215 TFEU.

**Source of data:** European Commission, DG FISMA.

**This result indicator is selected as a KPI**

Baseline (2024)	Interim milestone (2027)	Target (2029)	Latest known results (2025)
80%	To increase	To increase	80%

**Result indicator 1.4.2 Use of the euro in international transactions**

**Explanation:** The euro's share as an invoicing/settlement currency in extra-euro area transactions for the imports of goods of euro area countries, in percent.

**Source of data:** ECB IROE reports, Statistical Annexes.

Baseline (2023)	Interim milestone (2027)	Target (2029)	Latest known results (2024) <sup>(2)</sup>
51.8%	To increase	To increase	51.8%

**Result indicator 1.4.3 Equivalence: % of adopted decisions having undergone equivalence monitoring**

**Explanation:** Activity by the Commission, in cooperation with the ESAs, related to existing equivalence decisions based on exchanges with the third country concerned, identifying potential gaps to be discussed with the third country and which may or may not result in a review of the equivalence decision.

**Source of data:** European Commission, DG FISMA.

Baseline (2024)	Interim milestone (2027)	Target (2029)	Latest known results (2025) <sup>(3)</sup>
17%	To increase	To increase	24.5%

<sup>(2)</sup> The baseline has slightly changed because of the calculation method used by the ECB.

<sup>(3)</sup> ESMA and EIOPA have not provided an updated figure on the decisions they have monitored during the last year so we cannot consider their input at this stage.

**Main outputs in 2025:****Major public consultations**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Consultation on the review of the functioning of commodity derivatives markets and certain aspects relating to the functioning of spot energy markets	Publication	Q1 2025	Published on 26 February 2025

**Other major outputs**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	
Support the negotiations of the proposals for a Regulation on the establishment of the digital euro and a Regulation on the provision of digital euro services by payment services providers incorporated in Member States whose currency is not the euro	Progress/adoption by the co-legislators	Q4 2025	Negotiation mandate received 19 December 2025
Report to the European Parliament and the Council on the functioning of commodity derivatives markets, as mandated under Article 90(5) of Directive (EU) 2014/65 (C3).	Adoption by the Commission	Q3 2025	On hold to ensure alignment with the work in the context of the Gas Market Task Force to deliver assessment of the overall functioning of gas markets in the EU.

<p>Commission Implementing Regulation EU .../... laying down implementing technical standards for the application of Regulation (EU) No 260/2012 of the European Parliament and of the Council with regard to uniform reporting templates for the reporting of the level of charges for credit transfers, instant credit transfers and payment accounts, and the share of rejected transactions</p>	<p>Adoption by the Commission</p>	<p>Q2 2025</p>	<p>Adopted  1 October 2025. Published in the OJ on 6 October 2025.</p>
<p>Report from the Commission on the preparedness in EU financial services, notably the capacity to ensure the continuity of critical functions, payments and the funding of the economy under all circumstances, in the context of the EU Preparedness Strategy.</p>	<p>Adoption by the Commission</p>	<p>Q4 2025</p>	<p>Not adopted (scheduled for adoption 10 March 2026)</p>
<p>Guidance to Member States and economic operators to support their efforts in applying EU restrictive measures (sanctions)</p>	<p>Publication of Frequently Asked Questions and other guidance documents</p>	<p>Throughout 2025</p>	<p>Completed</p>

## **ANNEX 3: Financial scorecard**

Publicly available here:

[https://dashboard.tech.ec.europa.eu/qs\\_digit\\_dashboard\\_mt/public/extensions/BUDG\\_Annex3/BU\\_DG\\_Annex3.html](https://dashboard.tech.ec.europa.eu/qs_digit_dashboard_mt/public/extensions/BUDG_Annex3/BU_DG_Annex3.html)

The accounting situation presented in the Balance Sheet and Statement of Financial Performance does not include the accruals and deferrals calculated centrally by the services of the Accounting Officer".

# ANNEX 4: Financial scorecard

Publicly available here:

[https://dashboard.tech.ec.europa.eu/qs\\_digit\\_dashboard\\_mt/public/extensions/BUDG\\_Annex4/BU DG\\_Annex4.html](https://dashboard.tech.ec.europa.eu/qs_digit_dashboard_mt/public/extensions/BUDG_Annex4/BU DG_Annex4.html)

The transition in 2025 to the Commission’s new accounting system, SUMMA, has required the adjustment to a new system and has impacted budget implementation tasks, processes and financial management activities, particularly during the first part of the year.

Scorecard Indicator	Accountable DG	Objective	DG Score (Indicator/Target)	EC Score (Indicator/Target)	Insert Comment
1. Com App. Impl.	FISMA	Ensure the efficient use of commitment appropriations expiring at the end of financial year	100%	99%	
2. Com Forecast Impl.	FISMA	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year	100%	99%	
3. Pay App. Impl.	FISMA	Ensure the efficient use of payment appropriations expiring at the end of financial year	95%	100%	The slight under implementation of 95% is due to specific reasons related to the budget consumption for the AMLA, newly created authority with more unpredictable needs
4. Pay Forecast Impl.	FISMA	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year	96%	99%	

5. Timely Payments	FISMA	Ensure efficient processing of payments within the legal deadlines	99%	97%	<p>As last year 99% of the total value of payments were made on time in accordance with article 116.1 of the Financial Regulation, compared to 97% at Commission's level. The average net time to make a payment in DG FISMA was 20 days in 2025 compared to 14 days in 2024, 15.2 days in 2023, 14.8 days in 2022,16.5 in 2021 and 16.9 in 2020. The non achievement of 100% timely payments is due to the transition to SUMMA and the encoding difficulties encountered at an early stage of 2025.</p>
6. Data Quality	FISMA	Ensure that essential information is accurately and completely entered in the information system.	99%	98%	

# ANNEX 5: Materiality criteria

The materiality criteria are the benchmarks against which DG FISMA identifies in qualitative and quantitative terms the overall impact of a weakness and judges whether it is significant enough to have an impact on the assurance. Even if the amount at risk is under the materiality threshold, a reservation may still be made on qualitative grounds. Non-quantifiable weaknesses are also considered such as deficiencies in the internal control system, critical issues reported by the European Court of Auditors, the Internal Audit Service or OLAF and events affecting the reputation of the DG or the Commission.

## QUALITATIVE ASSESSMENT OF MATERIALITY

To assess the significance of a weakness, DG FISMA considers the following factors in qualitative terms: the nature of a weakness; the duration of a weakness and whether it is systematic; the existence of compensatory measures (mitigating controls which reduce the impact of the weakness); the reputational impact of a weakness; the existence of effective actions to correct a weakness (action plans and financial corrections) which have had a measurable impact.

## QUANTITATIVE ASSESSMENT OF MATERIALITY

As regards legality and regularity, the weakness is considered material as per corporate rules if the estimated **residual error rate** (referring to authorised financial operations that do not comply with the applicable contractual or regulatory provisions) exceeds the materiality threshold of **2%** of total annual expenditure <sup>(4)</sup>.

The residual error rate takes into account the multi-annual cycle of controls implemented by DG FISMA via the on-the-spot checks. Since the number of grant agreements awarded by DG FISMA every year is very low as well as the number of beneficiaries to which they are awarded <sup>(5)</sup>, these controls allow to maintain a **low residual error rate at the end of the multi-annual cycle of controls**.

## INDICATORS

Quantitative and qualitative indicators are calculated based on the errors detected *ex-ante* or *ex-post* as well as by any other relevant source of information such as the exception or non-compliance events recorded during the year. These indicators are reported in Annex 6 and Annex 7.

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

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<sup>(4)</sup> Maximum threshold authorised.

<sup>(5)</sup> Agreement of the Corporate Management Board of 30/4/2019.

The implementation of this 'de minimis' threshold applies at the level of the department's annual activity report reservations, namely, not at all affecting the detailed reservations at the level of the Payment Agency(s)/Operational Programme(s).

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

The list of controls described in this Annex is not exhaustive and it is focused on the main controls carried out by DG FISMA under the relevant control systems identified in direct management (grants and procurement) and indirect management. Additional controls are in place to cover other processes linked to horizontal controls such as budgetary planning, internal control, accounting and antifraud when linked to budget implementation.

While not corresponding to any existing management mode, the payment of the subsidies to the European Supervisory Authorities are also considered to fall under the indirect management mode by analogy with the categorization applied in the Commission's accounts for these transactions. DG FISMA does not have any contribution agreement with the ESAs and does not entrust the ESAs with any budget implementation tasks but simply pays to the ESAs the amounts established in the general budget of the Union for their administrative and operational costs needed to carry out their core tasks established in the founding regulations. Therefore, the controls mentioned in section C below exclude controls linked to the legality and regularity of the ESAs commitments and payments for which the AOD of DG FISMA is not responsible.

## DIRECT MANAGEMENT – Grants

### Stage 1 — Programming and assessing grant applications

#### A — Preparation, adoption and publication of the work programmes

**Main control objectives:** Ensuring that the work programmes reflect the objectives of the programme as set in the legal base, that it contributes to the policy needs of the DG and that it is timely adopted.

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>The work programmes do not adequately reflect the objectives of the programme as set in the legal base and/or the evolving policy needs of the DG.</p> <p>If the work programme is adopted late there might be a risk of disrupting beneficiaries funding which may in turn hinder the</p>	<p>Consultation of operational units ahead of the preparation of the work programme at SMP level.</p> <p>Hierarchical validation by the AOSD and the operational units.</p> <p>Soliciting the involvement of the hierarchy of the financial unit in the governance bodies of the Single Market Programme in order to ensure timely escalation</p>	<p><b>Coverage:</b> 100% of work programmes.</p> <p><b>Depth:</b> Strong controls on the operational/financial content of the work programme.</p> <p><b>Frequency:</b> Annual.</p>	<p><b>Effectiveness:</b> Number of negative opinions or substantial comments received via the inter-service consultation.</p> <p><b>Efficiency:</b> Adoption of the work programme before 31st March of year N.</p> <p><b>Economy:</b> Costs of controls of stage 1 and stage 2 over value of grants.</p>

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
adequate implementation of their actions and activities. The late adoption of the work programme may delay the signature of operating grants beyond the deadlines established in the financial regulation and may lead to complaints and potential reputational damage.	<p>of issues/concerns on the content or timing of the work programme, including in relation to budgetary/financial issues.</p> <p>Preliminary discussions with the designated beneficiaries ahead of the preparation of the work programme as from the start of year N-1.</p> <p>Inter-service consultation including all relevant services also beyond the SMP family if needed.</p>		

### ***B – Assessment of the grant applications received***

**Main control objectives:** Ensuring that the applications received comply with the objectives of the programme, are legal and regular.

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>The grant applications do not comply with the objectives of the programme as set in the legal base and the annual work programme</p> <p>The grant applications do not contain all information and supporting documents required for its assessment.</p>	Assessment of applications by competent staff in both the financial unit and the lead operational units in consultation with other policy units concerned.	<p><b>Coverage:</b> 100% of applications are assessed.</p> <p><b>Depth:</b> Strong controls on the operational/financial content of the grant agreement and on the eligibility of costs.</p> <p><b>Frequency:</b> Annual.</p>	<p><b>Effectiveness:</b> No cases of litigation.</p> <p>Grants applications corrected since missing information/supporting documents.</p> <p><b>Economy:</b> Costs of controls of stage 1 and stage 2 over value of grants.</p>

## Stage 2 — Contracting: Transformation of grants applications into legally binding grant agreements

**Main control objectives:** Ensuring that the allocation of funds is optimal (best value for public money; effectiveness, economy, efficiency); compliance (legality and regularity); prevention of fraud (anti-fraud strategy)

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>The description of the action in the grant agreement includes tasks which do not contribute to the achievement of the programme's objectives and/or that the budget foreseen overestimates the costs necessary to carry out the work programme.</p> <p>The beneficiary lacks operational and/or financial capacity to carry out the work programme.</p> <p>Procedures do not comply with the financial regulation (e.g. the grant agreement does not contain all applicable provisions or is signed late).</p> <p>The grant agreement is not adapted considering the specific needs of the action or issues linked to sound financial management (eg payment modalities, conditional release of payments, etc.).</p>	<p>(Financial) Validation of beneficiaries.</p> <p>Use of latest version of the standard grant agreement templates.</p> <p>Adaptation of payment schedules and reporting requirements based on sound financial management.</p> <p>Involvement of financial and operational units in the preparation of the grant agreement.</p> <p>Financial workflows set up in the manual of financial circuits of the DG.</p>	<p><b>Coverage:</b> 100% of draft grant agreements.</p> <p><b>Depth:</b> Strong controls on the operational/financial aspects of the grant agreement and on the eligibility of costs.</p> <p><b>Frequency:</b> Annual.</p>	<p><b>Effectiveness:</b> Amount of EU funding proposed by beneficiary that was rejected (not included in the grant agreement budget).</p> <p><b>Efficiency:</b> Signature of operating grants agreements before 30th April of year N.</p> <p><b>Economy:</b> Costs of controls of stage 1 and stage 2 over value contracted.</p>

Stage 3 — Monitoring the execution (this stage covers the monitoring of the operational, financial and reporting aspects relating to the project and grant agreement)

**Main control objectives:** Ensuring that the operational results (deliverables) of the projects are of good value and meet the objectives and conditions (effectiveness and 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)

<b>Main risks It may happen (again) that ...</b>	<b>Mitigating controls</b>	<b>Coverage, frequency and depth of controls</b>	<b>Cost- Effectiveness indicators</b>
<p>The work programme (activities or actions) of the beneficiary is not, totally or partially, carried out in accordance with the provisions of the grant agreement</p> <p>The amounts paid exceed those due in accordance with the applicable contractual and regulatory provisions (ineligible costs).</p> <p>Beneficiaries do not report on key performance indicators preventing the Commission to evaluate and assess the performance of the action and the programme as a whole.</p> <p>Changes to grant agreements are not properly documented or authorised.</p> <p>Payments to beneficiaries are made late.</p> <p>Beneficiaries claim the costs of activities already reimbursed by the EU in the context of other grants, studies, experts' reimbursement, etc.</p>	<p>Beneficiaries informed at grant agreement signature about main must dos and don'ts to ensure eligibility of costs.</p> <p>Operational and financial checks underlying payments/recoveries and amendments are done in accordance with the Financial Regulation and financial circuits.</p> <p>Regular operational and financial monitoring of the execution of the action and follow up of issues linked to the grants that the beneficiaries may have raised with the Commissioner or Director-General.</p> <p>In depth checks of cost eligibility (including potential double funding) at final payment and follow-up of progress made in the implementation of the action at the stage of progress reports. Checks are done by all financial agents according to instructions which they confirm having executed by giving their visa in Ares.</p>	<p><b>Coverage:</b> 100% of operations.</p> <p><b>Depth:</b> Strong controls on the operational/financial aspects of the report especially on the eligibility of costs.</p> <p><b>Frequency:</b> Continuous, based on individual files.</p>	<p><b>Effectiveness:</b> Number of grants with cost claim errors.</p> <p>Amount of rejected ineligible costs.</p> <p>% of total ineligible costs compared to total costs and EU contribution.</p> <p>Number of fraud cases notified to competent bodies.</p> <p><b>Efficiency:</b> Time-to-payment</p> <p><b>Economy:</b> Costs of control of stage 3 over amount paid.</p>

	<p>Financial workflows set up in the manual of financial circuits of the DG.</p> <p>If needed: application of suspension/interruption of payments to request clarifications or missing information/documents.</p> <p>If needed: rejection of ineligible costs, application of liquidated damages.</p> <p>If needed: request clarifications linked to previous years' grants if the errors detected ex-ante can be assumed as systematic and launch a recovery order to recuperate the amounts due</p> <p>If needed: report suspicious cases of fraud to OLAF.</p>		
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## Stage 4 — Ex-post checks

### A — Reviews, audits and monitoring

**Main control objectives:** Measuring the effectiveness of ex-ante controls by ex-post checks; detecting and correcting any error or fraud remaining undetected after implementation of ex-ante controls (legality and regularity; anti-fraud strategy); addressing systemic weaknesses in the ex-ante controls, based on analysis of the findings (sound financial management); ensuring appropriate accounting of recoveries to be made (reliability of reporting, safeguarding of assets and information)

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
The ex-ante controls (as such) fail to prevent, detect and correct erroneous payments or attempted fraud.	<p>Ex-post checks of a sample of transactions to determine effectiveness of ex-ante controls and consider findings for improving them.</p> <p>If needed: report to OLAF.</p>	<p><b>Coverage:</b> Sample and frequency of ex-post checks and on-the-spot checks determined.</p> <p><b>Depth:</b> Sample of ex-post checks and on-the-spot checks.</p> <p><b>Frequency:</b></p>	<p><b>Effectiveness:</b> Number of errors detected.</p> <p>Amounts of errors detected compared to amounts sampled.</p> <p>Number of transactions with errors.</p>

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
	On-the-spot checks at the premises of grants beneficiaries on a risk basis.	On a risk basis.	Number of transactions with errors compared to number of transactions sampled.  <b>Economy:</b> Costs of controls of stage 4 over amounts checked.

### ***B – Implementing results from ex-post checks***

**Main control objectives:** Ensuring that the results from the ex-post checks lead to effective recoveries (legality and regularity; fight against fraud); ensuring appropriate accounting of recoveries made (reliability of reporting)

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
Errors, irregularities and cases of fraud detected are not addressed (in time).  Lessons learned from the implementation of audit results are not exploited to reinforce the control systems.	Result of the ex-post checks or on-the-spot checks are documented and communicated to the AOSD.  Financial and operational validation of recoveries in accordance with financial circuits.	<b>Coverage:</b> 100% of final ex-post checks results with a financial impact.  Implement procedures to extend the results of audits to other grants of the beneficiary if that beneficiary is deemed to have committed systemic or recurrent irregularities, fraud or breach of obligations.  <b>Depth:</b> Based on the nature of the findings.  <b>Frequency:</b> Depending on on-the-spot checks.	<b>Effectiveness:</b> Total amount of recovery orders still pending following the results of ex-post checks and on-the-spot checks.

## **DIRECT MANAGEMENT – Procurement and administrative expenditure**

This segment also includes administrative expenses for salaries, missions, expert groups and committees' meetings which are reported by the service responsible for the commitment, although the payments are executed by another service, notably the PMO and DG HR <sup>(6)</sup>. The executing service implements the necessary technical-level controls and submits a declaration to DG FISMA on the compliance of these payments with the principle of sound financial management, as well as their legality and regularity. These expenses are considered to present a low level of risk and are therefore subject to a flat rate of 0.5%, as corroborated by the control results of the executing service(s). More information on the implemented controls can be found in the PMO and DG HR annual activity reports.

### **Stage 1: Procurement**

#### **A – Planning**

**Main control objectives:** Effectiveness, efficiency and economy; compliance (legality and regularity); ensuring efficient and effective organisation of the procurement procedure in order to obtain timely and relevant deliverables, while allocating adequate resources to manage procurement procedures and complying with the established rules regulating the award of public contracts.

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<sup>(6)</sup> Type III co-delegation for which these expenses were reported by the service executing the payments until 2024.

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>The planning of needs is not done effectively and on time preventing the DG from procuring what is needed.</p> <p>Services procured are discontinued due to poor planning and poor organisation of procurement process.</p> <p>Similar services are already available within the Commission or other sources or the objectives can be achieved alternatively at lower/no cost.</p> <p>Existing Framework Contracts are not considered leading to the purchase of more expensive services or the use of less cost-effective procurement procedures.</p>	<p>The allocation of the operational budget is discussed and agreed by management under the coordination of the financial unit and are validated by senior management.</p> <p>Studies that are particularly sensitive for certain group of stakeholders are also identified by senior management and subject to special scrutiny.</p> <p>Unit A5, leading the Centre of expertise of DG FISMA is consulted on the list of studies and on the databases to which operational units want to subscribe.</p> <p>In the request for launching a call for tender operational units must specify that needs cannot be covered by already available sources.</p> <p>In their requests for procurement operational units must give details on the timing for preparing the procurement.</p> <p>Close monitoring and follow-up of the preparations of procurement procedures by the financial unit.</p>	<p><b>Coverage:</b> All key procurement procedures (e.g. studies and other services above 60.000 EUR).</p> <p><b>Depth:</b> Planning coordinated centrally and done at unit/directorate level.</p> <p><b>Frequency:</b> Annual planning, but also in the course of the year for updates and shifting priorities.</p>	<p><b>Effectiveness:</b> % of planned procurement procedures for studies, conformity assessments and technical assistance (on budget line 03.020106) cancelled compared to procedures planned</p> <p>Value of global commitment at the end of the year due to delayed procurement procedures.</p> <p>Number of contracts discontinued due to lack of use (poor planning).</p> <p><b>Efficiency:</b> % of planned procurement procedures for studies, conformity assessments and technical assistance launched by Q2 by value.</p> <p><b>Economy:</b> Cost of controls of stage 1 over value contracted.</p>

## ***B – Definition of needs, tender specifications and invitations to tender***

**Main control objectives:** Ensuring adequate needs analysis to demonstrate that public procurement is the most appropriate (effective, efficient and economical) way of meeting the DG's objectives and operational needs and carried out in accordance with the established rules on awarding public contracts; compliance (legality and regularity).

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost- Effectiveness indicators
<p>Poor, unclear or vague tender specifications, including too short deadlines or too restrictive selection criteria, prevent the submission of best offer(s), unnecessarily exclude potential tenderers or require subsequent clarifications leading to potential cancellation of the tender or complaints.</p> <p>Failing to identify relevant selection and award criteria to ensure adequate capacity from contractors and satisfactory offers.</p> <p>An offer is biased due to rigged/unbalanced specifications.</p> <p>The tender specifications are not prepared on time by the services to allow a timely launch of the procurement procedure leading to a delay in the provision of the services compared to the needs of the DG.</p> <p>The duration of the contract defined in the tender specifications is too short and may lead to unforeseen delays in the course of the implementation.</p> <p>Staff do not use properly the e-tools linked to procurement leading to delays in the publication of the invitations or procedural flaws in the various steps of the procurement process with a potential reputational damage and risk of complaints.</p>	<p>The financial unit, also at management level, verifies the accuracy/completeness/ clarity of all tender documents and the appropriate choice of the procedure, including the realistic nature of the duration of the contract proposed.</p> <p>If needed, Unit A5 (leading the Centre of expertise of DG FISMA) is consulted on the tender specifications for matters linked to data and statistics.</p> <p>AOSD's final supervision and approval of specifications.</p> <p>Coaching operational agents on how to draft good tender specifications.</p> <p>The use of e-tools for procurement is centralised in the financial unit where competent staff is trained to use the tool and ensure timely follow up of all steps of the procurement process in coordination with the operational units.</p> <p>Fiche on aspects linked to fraud, ethics, and protection of sensitive information (including conflicts of interests in procurement) distributed to operational and financial agents.</p>	<p><b>Coverage:</b> 100% of tender specifications are scrutinised.</p> <p><b>Depth:</b> Risk based- (depends on the complexity and/or sensitivity of file).</p> <p><b>Frequency:</b> Continuous, based on individual files.</p>	<p><b>Effectiveness:</b> Number of procedures &gt; EUR 15.000 where only one or no offers were received.</p> <p>Number of requests for clarification regarding tender specifications.</p> <p><b>Economy:</b> Cost of controls of stage 1 over value contracted.</p>

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost- Effectiveness indicators
<p>Staff having a conflict of interest or receiving instructions from external parties is involved in the drafting of tender specifications.</p> <p>Misleading or incomplete information leads to the choice of a wrong procedure (eg justifying a situation of monopoly or extreme urgency).</p> <p>Information on the tender specifications is leaked prior to publication leading to cancellation of the tender, complaints and reputational damage.</p>			

***C- Replies to tenderers, selection and evaluation***

**Main control objectives:** Ensuring that the selection and evaluation process is compliant with rules (legality and regularity); free from any fraud and ethics risks (fraud prevention and detection); is effective, efficient and economic.

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>The most economically advantageous offer is not selected, due to a biased, inaccurate or 'unfair' evaluation process.</p> <p>There is a conflict of interests between evaluators and tenderers/candidates.</p> <p>There is an overdependence on a limited pool of tenderers given the low number of economic operators able to provide the DG with specialised input.</p> <p>There is corruption or collusion, bids are manipulated or submitted by phantom service providers.</p> <p>Situations of professional conflicting interests are not assessed leading to reputational damage and complaints.</p> <p>Service does not reply to questions of the tenders on time because of no back-ups technically competent in the field or because of poor coordination between the financial unit and the operational unit.</p>	<p>Appointment of the opening and evaluation committees (the latter being composed of at least three persons representing at least two organisational entities of the service).</p> <p>The award decision (including all evaluation documents) is reviewed for coherency and consistency by the central financial unit before the AOSD's signature.</p> <p>Situations of potential professional conflicting interests are assessed and clarifications requested to tenderers when needed and within the limits allowed by the Financial Regulation and related guidelines.</p> <p>Training to operational agents to explain their role in the selection and evaluation process.</p> <p>Members of opening and evaluation committees sign declarations of absence of conflict of interests.</p> <p>Standstill period – opportunity for unsuccessful tenderers to put forward concerns on the award decision.</p>	<p><b>Coverage:</b> 100% of procurement procedures with selection and evaluation processes.</p> <p><b>Depth:</b> Strong controls.</p> <p><b>Frequency:</b> Continuous, based on individual files.</p>	<p><b>Effectiveness:</b> Number of litigation cases.</p> <p>Number of fraud cases notified to competent bodies.</p> <p>Number of companies excluded from participation in public procurement/awarding.</p> <p><b>Efficiency</b> Time-to-award.</p> <p><b>Economy:</b> Cost of controls of stage 1 over value contracted.</p>

## Stage 2: Financial transactions

**Main control objectives:** Ensuring that the contract is implemented in compliance with rules and according to planning, that reports are submitted on time and are complete, that payments are timely made and that non-compliance with contractual requirements is addressed by applying corrective measures when needed.

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>The planned products/services/works are not, totally or partially, provided in accordance with the technical specifications and requirements in the contract and/or the amounts paid exceed those due in accordance with the applicable contractual and regulatory provisions.</p> <p>Contract is interrupted because contractor fails to deliver results.</p> <p>The terms of the contracts are changed without the explicit approval of the AOSD (e.g. extension of deadlines).</p> <p>The contract is not monitored regularly leading to delays in the submission of the deliverables.</p> <p>The exchanges of information between the contractor and the Commission are not properly recorded.</p> <p>Questions and invoices from contractors are not treated on time.</p>	<p>Close monitoring of the execution of studies by the operational units in coordination with the central finance unit.</p> <p>Obligation for the financial unit to encode the final study in the Interinstitutional study database.</p> <p>Check of plagiarism in the final report of studies using an IT tool.</p> <p>Training to operational agents explaining their role in the monitoring of contracts.</p> <p>If needed: application of liquidated damages, reduction of price or termination of the contract in case of non-compliance with the contractual requirements.</p> <p>Interim and final payments checked by financial and operational agents based on a predetermined list of checks and according to the manual of financial circuits.</p>	<p><b>Coverage:</b> 100% contracts controlled.</p> <p><b>Depth:</b> Complex, sensitive, riskier operations subject to in-depth controls. The depth depends on the amount of the transaction and also on the potential reputational impact.</p> <p><b>Frequency:</b> Continuous, based on individual files.</p>	<p><b>Effectiveness:</b> Value of liquidated damages due to delays in the implementation of the work.</p> <p>Number of transactions 'refused for correction'.</p> <p><b>Economy:</b> Cost of controls of stage 2 per payment/recovery order made.</p> <p><b>Efficiency:</b> Average time to payment.</p> <p>Number of late payments.</p>

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>The content of the deliverables is not sufficiently checked – leading to the payment of a price higher than actually due.</p> <p>The final report of studies contains existing information (plagiarism or self-plagiarism).</p>	<p>For riskier operations, a second ex-ante in-depth verification before payment.</p>		

### Stage 3: Supervisory measures

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

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>An error, non-compliance with regulatory and contractual provisions, including technical specifications, or fraud is not prevented, detected or corrected by ex-ante control prior to payment.</p>	<p>Publication of award decisions and modification of contracts as required by the Financial Regulation allowing scrutiny by other economic operators.</p>	<p><b>Coverage:</b> 100% of contracts subject to obligation of ex-post publication (contract award notices or Financial Transparency Register – FTS).</p>	<p><b>Effectiveness:</b> Amount of errors detected ex-post</p> <p><b>Efficiency:</b> Costs of ex-post reviews as compared with 'benefits'.</p>
	<p>Ex-post checks of a sample of transactions to determine effectiveness of ex-ante controls and consider findings for improving them.</p>	<p><b>Coverage:</b> Random and/or judgmental sampling.</p> <p><b>Depth:</b> Look for systemic problems in procurement procedure and financial circuits.</p> <p><b>Frequency:</b> Once a year</p>	

## INDIRECT MANAGEMENT - Subsidies to the European Supervisory Authorities (ESAs)

Given the governance system of the ESAs as laid down in their founding regulations, DG FISMA's controls are limited to strategic planning and programming, budgeting and the effective transferring of the EU subsidies to the ESAs. DG FISMA is informed about antifraud, ethics and overall internal control matters in the context of the meetings of the Management Board and Board of Supervisors in which DG FISMA's representatives participate as non-voting members (except for budgetary matters in the Management Board).

The term 'indirect management' is used in the context of this report for practical purposes only.

**Stage 1 — Establishment (or prolongation) of the mandate to the decentralised agency ('delegation act'/'contribution agreement'/etc.)**

**Main control objectives:** Ensuring that the legal framework governing the ESAs and any Legislative Financial Statements entrusting new tasks to them are effective and that issues of conflicts of interest are addressed

<b>Main risks It may happen (again) that...</b>	<b>Mitigating controls</b>	<b>Coverage, frequency and depth of controls</b>	<b>Cost- Effectiveness indicators</b>
The establishment/prolongation of the mandate of the ESAs as well as the Legislative Financial Statements (LFS) of proposals entrusting additional tasks to them are not timely prepared or are affected by qualitative issues undermining the achievement of the objectives.	Ex-ante evaluation. Hierarchical validation within the authorising department. Inter-service consultation, including all relevant DGs. Support of the financial unit during the preparation of LFS.	<b>Coverage/Frequency:</b> One-off depending on the revision/prolongation of mandate or LFS.  <b>Depth:</b> In depth analysis related to a package of proposals revising the mandate, governance and funding modalities of the agencies or entrusting new tasks to them.	<b>Effectiveness:</b> Availability of LFS, when needed, for proposals entrusting the Agencies with new tasks.  <b>Economy:</b> Cost of controls of stage 1 over payments made.

**Stage 2 — Operations: monitoring, supervision, reporting ('representation'/'control with or around the entity')**

**Main control objectives:** Ensuring that the Commission is informed fully and in time of any relevant management issues encountered by the decentralised agencies, in order to be able to mitigate any potential financial and/or reputational impacts (legality and regularity, sound financial management, true and fair view reporting, fight against fraud).

<b>Main risks It may happen (again) that ...</b>	<b>Mitigating controls</b>	<b>Coverage, frequency and depth of controls</b>	<b>Cost-Effectiveness indicators</b>
<p>Due to insufficient cooperation, supervision and reporting arrangements, the Commission is not informed (in time) of relevant management issues encountered by the decentralised agency and/or does not react (in time) to issues by mitigating them or entering a reservation. This may reflect negatively on the Commission's reputation and reliability of reporting.</p>	<p>Monitoring or supervision of decentralised agency (e.g. review of management reports, representation and intervention on the board, scrutiny of annual report, annual meetings on resources and internal control matters with ESAs senior management, etc.). Close involvement of relevant units in the preparation of briefings for Commission representatives on the ESAs' boards.</p> <p><u>If appropriate/needed:</u></p> <ul style="list-style-type: none"> <li>- reinforced monitoring of operational and/or financial aspects of the entity;</li> <li>- potential escalation of any major governance-related issues with entrusted entities;</li> <li>- referral to OLAF.</li> </ul>	<p><b>Coverage:</b> 100% of entities are monitored/ supervised.</p> <p><b>Depth:</b> Depends on the riskiness of the identified issues, if any. Overall light level of control considering the degree of independence of the decentralised agencies.</p> <p><b>Frequency:</b> Before every board meeting and on receipt of key management reports/documents <u>In the event of</u> operational and/or financial issues, measures are reinforced.</p>	<p><b>Effectiveness:</b> Potential non-compliances with the founding regulations and the related financial regulations.</p> <p>Amount of errors detected when clearing prefinancing.</p> <p>Positive discharge.</p> <p><b>Economy:</b> Cost of controls of stage 2 over payments made.</p>

### Stage 3 — Commission subsidies: payment or suspension/interruption and recovery of unused subsidies

**Main control objectives:** Ensuring that the Commission assesses the management situation at the decentralised agency, before either paying out the (next) subsidies or deciding to suspend/interrupt the (next) subsidies (legality and regularity, sound financial management, antifraud strategy) and ensuring effective recovery of the unused subsidies paid to the ESAs following the adoption of their audited financial statements.

<b>Main risks It may happen (again) that...</b>	<b>Mitigating controls</b>	<b>Coverage, frequency and depth of controls</b>	<b>Cost-Effectiveness indicators</b>
<p>The Commission does not take into account information available at the moment of the</p>	<p>Hierarchical validation of payments/recoveries and clearance of pre-financing.</p>	<p><b>Coverage:</b> 100% of the subsidies/recoveries. <b>Frequency:</b> annually <b>Depth:</b> light level of control considering the</p>	<p><b>Effectiveness:</b> Amount of any unused operating budget recovered.</p>

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>payment indicating that there were management issues leading to financial and/or reputational damage for the Commission.</p> <p>The Commission pays the wrong amount of prefinancing (or clears the wrong amount of prefinancing), or does not issue timely a recovery order for the budgetary surplus.</p>	<p>Clearly defined process to clear prefinancing and recover unused operating budget upon submission of the audited financial statements of the ESAs.</p>	<p>degree of independence of the decentralised agencies.</p>	<p>Cases of amounts recovered not cashed by 31/12 of year N to allow a repayment to the ESAs in year N+1.</p> <p><b>Economy:</b> Cost of controls of stage 3 over payments made.</p> <p><b>Efficiency:</b> Time-to-payment.</p>

### INDIRECT MANAGEMENT – Contribution agreements to international organisations

DG FISMA paid only EUR 331 916 to an international organisation via a contribution agreement in 2025. The international organisation concerned was already ex-ante assessed by the Commission and already signed a Financial Framework Partnership Agreement (FFPA) with the Commission. The controls in place for this Relevant Control System are therefore proportionate to the low amount concerned by this one-off transaction and consider the elements of assurance provided by the FFPA and corporate oversight on the entrusted entity.

Stage 1 — Presence of ex-ante (re)assessment of the entrusted entity’s financial and control framework (towards “budget autonomy”; “financial rules”)

**Main internal control objectives:** Ensuring that the entrusted entity is fully prepared to start/continue implementing the delegated funds autonomously with respect of all 5 ICOs.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>The financial and control framework deployed by the entrusted entity is not fully mature to guarantee achieving all 5 ICOs (legality and regularity, sound financial</p>	<p>Check whether the entity is pillar assessed in Commission’s central repository.</p> <p>Check if the entity has already concluded a Financial Framework Partnership</p>	<p><b>Coverage/Frequency:</b> Coverage/frequency: 100% of entrusted entities/once</p> <p><b>Depth:</b> Before signature of a contribution agreement and engagement with the entity.</p>	<p><b>Effectiveness:</b> All agreements signed with entities already ex-ante assessed and covered by a partnership agreement.</p> <p><b>Economy:</b> Cost of controls of stage 1 over payments made.</p>

<b>Main risks It may happen (again) that...</b>	<b>Mitigating controls</b>	<b>Coverage, frequency and depth of controls</b>	<b>Cost-Effectiveness indicators</b>
management, true and fair view reporting, safeguarding assets and information, anti-fraud strategy).	Agreement (FFPA) with the Commission.  Check if the Administration Agreement with the ex ante assessed entity complies with the template established in the last amended version of the FFPA		

## Stage 2 — Monitoring, supervision, payment and reporting

**Main control objectives:** Ensuring that the Commission is informed fully and in time of any relevant management issues encountered by the entrusted entity, in order to be able to mitigate any potential financial and/or reputational impacts (legality and regularity, sound financial management, true and fair view reporting, fight against fraud). Ensuring that assurance building information on the entrusted entity activities is being provided through independent sources as well.

<b>Main risks It may happen (again) that...</b>	<b>Mitigating controls</b>	<b>Coverage, frequency and depth of controls</b>	<b>Cost-Effectiveness indicators</b>
<p>Due to insufficient cooperation, supervision and reporting arrangements, the Commission is not informed (in time) of relevant management issues encountered by the entrusted entity. This may reflect negatively on the Commission's reputation and reliability of reporting.</p> <p>The Commission has not sufficient information from independent sources on the entrusted entity's management achievements, which prevents drawing</p>	<p>Check presence of financial management declaration (from the international organisation concerned) in the Commission's database.</p> <p>Check presence of independent audit report from the international organisation concerned in the Commission's database.</p> <p>Check the financial report on the trust fund and its compliance with</p>	<p><b>Coverage:</b> 100% of entities.</p> <p><b>Frequency:</b> At contracting and final payment stage.</p>	<p><b>Effectiveness:</b> Cases where management declaration or audit report not submitted.</p> <p>Management declarations affecting assurance.</p> <p><b>Economy:</b> Cost of controls of stage 2 over payments made.</p>

<b>Main risks <i>It may happen (again) that...</i></b>	<b>Mitigating controls</b>	<b>Coverage, frequency and depth of controls</b>	<b>Cost-Effectiveness indicators</b>
<p>conclusions on the assurance for the budget entrusted to the entity – which may reflect negatively on the Commission’s governance reputation and quality of accountability</p> <p>The invoice from the entrusted entity does not comply with the provision of the agreement (e.g. fees calculation).</p>	<p>standard requirements.</p>		

**NON-EXPENDITURE ITEM – Protection of sensitive information and IT security**

**Main control objectives:** Ensure that sensitive information is not disclosed and its integrity protected, including by ensuring the security of DG FISMA’s IT systems.

<b>Main risks <i>It may happen (again) that...</i></b>	<b>Mitigating controls</b>	<b>Coverage, frequency and depth of controls</b>	<b>Cost-Effectiveness indicators</b>
<p>Sensitive information is disclosed or its integrity breached due to insufficient security of IT systems, staff misconduct or negligence. Unavailability of IT systems following a cyber-attack.</p>	<ol style="list-style-type: none"> <li>1. Compliance with DG DIGIT’s IT security rules.</li> <li>2. Risk-based updating of IT security plans.</li> <li>3. Secure IT development (e.g. source code scans, security assessments, vulnerability reports).</li> <li>4. External IT service providers required to get national security clearance.</li> <li>5. Promotion of staff awareness and knowledge on the protection of sensitive information and cybersecurity e.g. through trainings, information on MyFISMAIntranet,</li> </ol>	<p><b>Coverage/Frequency:</b> Continuous, monthly or annual depending on the control.</p>	<p><b>Effectiveness:</b> Number of leaks.  Number of IT security breaches.  Number of unavailabilities of IT systems due to a cyber-attack.  Number of IDOC cases linked to leaks or insider dealing.</p> <p><b>Economy:</b> Cost of controls (no ratio since this is a non-expenditure item).</p>

<b>Main risks</b> <i>It may happen (again) that...</i>	<b>Mitigating controls</b>	<b>Coverage, frequency and depth of controls</b>	<b>Cost-Effectiveness indicators</b>
	annual ethics declarations. 6. Specific awareness-raising for staff having regularly access to sensitive non-classified information on individual companies, including about conflict of interests and insider dealing.		

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

## A. Free content:

### Legality and regularity

<b>DIRECT MANAGEMENT – GRANTS</b>					
Stage 1 – Programming and assessing grant applications					
Indicators	2021	2022	2023	2024	2025
Number of negative opinions or substantial comments received via the inter-service consultation on the financing decisions	Zero, the consultation received 24 replies, no negative opinions or substantial comments related to the grants under DG FISMA remit	Zero, the consultation received 28 replies, no negative opinions or substantial comments related to the grants under DG FISMA remit	Zero, the consultation received 28 replies, no negative opinions or substantial comments related to the grants under DG FISMA remit	Zero	Zero
Number of cases of litigation	Zero	Zero <sup>7</sup>	Zero	Zero	Zero
Adoption of the work programme before 31 <sup>st</sup> March of year N <sup>(8)</sup> .	No <sup>9</sup>	Yes	Yes	Yes	Yes
Stage 2 – Contracting: Transformation of grants applications into legally binding grant agreements					
Indicators	2021	2022	2023	2024	2025
Amount of EU funding proposed by beneficiary that was rejected (not included in the grant agreement budget)	EUR 579 400 (5,6% of total EU funding requested in awarded grants)	EUR 1 563 272	EUR 222 159	EUR 1 001 376	EUR 724 001
Signature of operating grants agreements before 30 <sup>th</sup> April of year N.	No. The operating grants awarded by DG FISMA could not be signed	Yes	Yes	Yes	No (one operating grant signed after 30 <sup>th</sup> of April pending clarifications)

(7) DG FISMA maintains constant contacts with its five beneficiaries. As in previous years, conflicting views over the eligibility of claims emerged in the course of 2022 but did not lead to litigation cases.

(8) DG FISMA has limited control over the timing of the adoption since the process for the adoption of the work programme is coordinated by DG GROW together with all DGs involved in the implementation of the Single Market Programme.

(9) The delay was directly related to the delayed adoption of the Regulation establishing the Single Market Programme.

DIRECT MANAGEMENT – GRANTS					
	before 30 April 2021 because of the late adoption of the Regulation establishing the Single Market Programme by the co-legislator <sup>(10)</sup> , which in turn resulted from the late adoption of the Multiannual Financial Framework (MFF) by the Budgetary Authority <sup>(11)</sup>				required to ensure that the financial interests of the Union would be protected)
Stage 3 – Monitoring the execution (this stage covers the monitoring of the operational, financial and reporting aspects relating to the project and grant agreement)					
Indicators	2021	2022	2023	2024	2025
Number of grants with cost claim errors compared to total	3 out of 5	1 out of 5	4 out of 5	Zero out of 5	2 out of 5
Amount of rejected costs	EUR 231 096.92 (or EUR 38 457 of EU contribution)	EUR 113 676.88 (or EUR 68 206.13 of EU contribution)	EUR 1 681 621 (or EUR 46 667 EU contribution)	Zero	EUR 407 297 (EUR 0 in terms of EU contribution)
% of total ineligible costs compared to total costs (corresponding to % EU contribution)	0.64 % (0.4% of the EU contribution)	0.3% (0.7% of the EU contribution)	4.3% (0.5% of the EU contribution)	Zero	1.1% (0% EU contribution)
Number of fraud cases notified to competent bodies	Zero	Zero	Zero	Zero	Zero
Stage 4 – Ex-post checks					

<sup>(10)</sup> Regulation (EU) 2021/690 of the European Parliament and of the Council of 28 April 2021 establishing a programme for the internal market, competitiveness of enterprises, including small and medium-sized enterprises, the area of plants, animals, food and feed, and European statistics (Single Market Programme) and repealing Regulations (EU) No 99/2013, (EU) No 1287/2013, (EU) No 254/2014 and (EU) No 652/2014 (Text with EEA relevance).

<sup>(11)</sup> Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027.

<b>DIRECT MANAGEMENT – GRANTS</b>					
Indicators	2021	2022	2023 <sup>(12)</sup>	2024 <sup>(13)</sup>	2025
Amount of errors detected (also compared to amounts sampled)	Zero	Zero	EUR 762 706.65 ineligible costs corresponding to EUR 427 264.30 of EU contribution (7.13 % of sample)  The sample was selected on a risk basis during the on-the-spot checks carried out in 2022-2023. The detected error rate is therefore not representative for all beneficiaries and has been adjusted accordingly in section 2.1.1.a).5) and Annex 9 of the AAR	Zero	EUR 479 921.76 ineligible costs corresponding to EUR 102 517.06 + of EU contribution
Number of transactions with errors (also compared to number of transactions sampled)	Zero	Zero	11 final payments (grant agreements of two beneficiaries covering 2016-2021 period)	Zero	10 final payments (grant agreements of two beneficiaries covering 2018 to 2022 period)
Total amount of recovery orders still pending following the results of ex-post checks and on-the-spot checks	Zero	Zero	All recovery orders related to the above findings initiated in 2023	Zero	EUR 102 517.06 (recovery order launched in Q1 2026)

<sup>(12)</sup> Following the re-initiation of the on-the-spot checks in 2022/2023 after the COVID crisis the errors detected in 2023 are higher than in 2021 and 2022. The on-the-spot checks also covered on a multi annual basis the grants awarded in previous years where on-the-spot checks could not be carried out.

<sup>(13)</sup> New on-the-spot checks were also initiated in 2024 and are not yet finalised. The amounts of errors detected is therefore zero.

## DIRECT MANAGEMENT – PROCUREMENT

### Stage 1: Procurement

Indicators	2021	2022	2023	2024	2025
% of planned studies cancelled of planned procurement procedures for studies, conformity assessments and technical assistance (on budget lines 03.020104 and 03.020106) cancelled compared to procedures planned	N/A	6 out of 10	6 out of 13	Zero	(21%) 4 out of 19
% of planned (and not cancelled) procurement procedures for studies, conformity assessments and technical assistance launched by Q2 (by value)	-	-	-	66%	40% (6 out of 15)
Value of global commitment at the end of the year due to delayed procurement procedures	N/A	EUR 3 050 491.23	N/A. All procedures not cancelled have been launched in 2023 as planned.	EUR 398 368	EUR 4 383 776 <sup>(14)</sup>
Number of contracts discontinued due to lack of use (poor planning)	Zero	Zero (subscriptions to 2 databases were not renewed due to price increases no longer resulting in value for money)	Zero	Zero	Zero
Number of procedures > 15.000 where only one or no offers were received	Zero	1 negotiated procedure > EUR 15 000 received zero offers at first. It was relaunched successfully with a longer deadline. Average of	Zero  An average of 6.3 offers were received.	Zero  An average of 4.8 offers were received.	Zero  An average of 7.5 offers were received.

<sup>(14)</sup> The increased amount of budget made in global commitments made at the end of the year is due to the exceptional complexity and sensitivity of some procurement procedures initiated in 2025 in the area of digital technologies linked to financial services and ongoing procedures related to compliance assessments that DG FISMA could not launch before for reasons outside its control.

DIRECT MANAGEMENT – PROCUREMENT					
		6.5 offers per procedures awarded.			
Average number of requests for clarification regarding tender specifications	5.5	7	25	6	13.6
Number of litigation cases	Zero	Zero	Zero	Zero	Zero
Number of suspected fraud cases notified to competent bodies	Zero	Zero	Zero	Zero	1 (case notified but subsequently not opened by the competent body)
Number of companies excluded from participation in public procurement/awarding	Zero	Zero for procedures awarded in 2022. For an ongoing procedure one company was excluded due to no access to market.	5 either because not having access to the market or because not complying with the minimum exclusion or selection criteria	0.4 because not complying with the minimum exclusion or selection criteria	6 (2 because not complying with the minimum selection criteria <sup>(15)</sup> and 4 because not complying with minimum quality <sup>(16)</sup> )
Stage 2: Financial transactions					
Indicators	2021	2022	2023	2024	2025
Value of liquidated damages due to delays in the implementation of the work	EUR 9 205.60	EUR 64 485.90	EUR 0 (but procedures initiated in 2023 for one case due to delays in the implementation of the contract)	EUR 3 531.06 + EUR 66 010.99 + EUR 13 479.60 = 83 021.65	EUR 22 640.75
Number of transactions 'refused for correction'	(all transactions, not only procurement)  35% of commitments (38 out of 109) + 3.5% of payments (9 out of 256) + 30% recovery orders (3 out of 10)	(all transactions, not only procurement)  18.3% of commitments (31 out of 169) + 5% of payments (17 out of 337) + 0% recovery orders (0 out of 5)	(all transactions, not only procurement)  12.8% of commitments (17 out of 133) + 3.1% of payments (11 out of 353) + 66% recovery orders (4 out of 6)	(all transactions, not only procurement) 27.9% of commitments (38 out of 136) + 3.9% of payments (11 out of 362) + 28.6% of recoveries (2 out of 7)	Indicator not available anymore following transition to new Commission's accounting tool (SUMMA)

<sup>(15)</sup> As per Annex I 18.2 of the financial regulation.

<sup>(16)</sup> As per Annex I 21.3 of the financial regulation.

<b>DIRECT MANAGEMENT – PROCUREMENT</b>					
Stage 3: Supervisory measures					
Indicators	2021	2022	2023	2024	2025
Amount of errors detected ex-post	Zero	Zero	Zero	Zero	Zero
System improvements made	Enforcement of new procedure to monitor studies, application of new manual of financial circuits fully based on electronic workflows, reinforcement of interinstitutional study database follow-up, new training format for OIAs/OVA and regular follow up of the Legal Commitment Kernel to improve timely update of existing legal commitments	Update of the procedure to encode certain items of administrative expenditure in ABAC which allows an easier and prompter follow up and prevents errors related to the encoding of legal commitments in ABAC.	Simplification of workflows for the payment of IT contracts	None intended given the Commission's transition from the ABAC to the SUMMA IT accounting solution	None intended given the Commission's transition from the ABAC to the SUMMA IT accounting solution

<b>INDIRECT MANAGEMENT</b>					
Stage 1 – Establishment (or prolongation) of the mandate to the decentralised agencies (basic act establishing/prolonging an agency and Legislative Financial Statements – LFS – of proposals entrusting the agency with new resources)					
Indicators	2021	2022	2023	2024	2025
Availability of LFS, when needed, for proposals entrusting the Agencies with new tasks	In 2021 DG FISMA submitted a proposal for the creation of AMLA. The proposal	Legislative Financial Statements were updated in light of the changes required by the co-legislators (MICA, DORA,	Proposals requiring a Legislative Financial Statement were related to ESG ratings, RIS and a revision of the LFS for	N/A	Proposals requiring a Legislative Financial Statement were related to the <i>Market Integration and Supervision Package</i> <sup>(17)</sup>

(17) COM/2025/943 final: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulations (EU) No 1095/2010, No 648/2012, No 600/2014, No

INDIRECT MANAGEMENT					
	included a comprehensive assessment of AMLA budgetary needs.  Legislative Financial Statements were prepared for AMLA and ESAP.	DLT pilot regime'.  No new proposal was submitted in 2022 requiring the preparation of LFS.	AMLA following changes made by co-legislators.		and the package to reform the EU securitisation framework <sup>(18)</sup>
Stage 2 — Operations: monitoring, supervision, reporting ('representation'/'control with or around the entity')					
Indicators	2021	2022	2023	2024	2025
Potential non-compliance with the founding regulations and the related financial regulations	-	The ESAs were advised to include internal assigned revenue in the budgets adopted by their Boards of Supervisors prior to incurring expenditure with internal assigned revenues.  An ESA was reminded of the need to align its adopted Establishmen	-	-	-

909/2014, 2015/2365, 2019/1156, 2021/23, 2022/858, 2023/1114, No 1060/2009, 2016/1011, 2017/2402, 2023/2631 and 2024/3005 as regards the further development of capital market integration and supervision within the Union. COM/2025/942 final: Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directives 2009/65/EC, 2011/61/EU and 2014/65/EU as regards the further development of capital market integration and supervision within the Union. COM/2025/941 final: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on settlement finality and repealing Directive 98/26/EC and amending Directive 2002/47/EC on financial collateral arrangements.

<sup>(18)</sup> COM/2025/826 final: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation.

INDIRECT MANAGEMENT					
		t Plan with the Establishment Plan adopted by the Budgetary Authority with the Union budget for 2023.			
Amount of errors detected when clearing prefinancing	EUR 12 316	Zero	Zero	Zero	Zero
Positive discharge	Yes	Yes	Yes	Yes	Yes
Stage 3 — Commission subsidies: payment, suspension of payments and recovery of unused subsidies					
Indicators	2021	2022	2023	2024	2025
Amount of any unused operating budget recovered	EUR 2 665 228.27 <sup>(19)</sup>	EUR 1 862 076.91 <sup>(20)</sup>	EUR 1 356 689.74 <sup>(21)</sup>	EUR 1 944 481.33 <sup>(22)</sup>	EUR 635 075.67 <sup>(23)</sup> EUR 400 047.81 (ESMA) + EUR 94 490.64 (EIOPA) + EUR 140 537.22 (EBA)
Cases of amounts recovered not cashed by 31/12 of year N to allow a repayment to the ESAs in year N+1	Zero	Zero	Zero	Zero	Zero

<sup>(19)</sup> Related to the budgetary surplus of the ESAs for 2020. In addition, DG FISMA recovered EUR 1 045 000 related to the advance provided to ESMA in 2019 for the direct supervision of third countries' CCPs under EMIR 2.2. According to the LFS accompanying the legislative proposal for the revisions to the European Market Infrastructure Regulation the advance is to be repaid to the Union.

<sup>(20)</sup> Related to the budgetary surplus of the ESAs for 2021.

<sup>(21)</sup> Related to the budgetary surplus of the ESAs for 2022.

<sup>(22)</sup> Related to the budgetary surplus of the ESAs for 2023.

<sup>(23)</sup> Related to the budgetary surplus of the ESAs for 2024.

## Fraud risk management (Management Plan 2025)

**Objective: The risk of fraud is minimised through the application of effective anti-fraud measures and the implementation of the Commission anti-fraud strategy <sup>(24)</sup> aimed at the prevention, detection and correction <sup>(25)</sup> of fraud**

**Indicator 1: Implementation of the actions included in [the department's] anti-fraud strategy over the whole lifetime of the strategic plan (2025-2029)**

**Source of data:** DG FISMA annual activity report, DG FISMA anti-fraud strategy, OLAF reporting

<b>Baseline</b> (2024)	<b>Target</b> (2029)	<b>Latest known results</b> (situation on 31/12/2025)
100%	100% of due actions implemented each year	95%

### Main outputs in 2025:

<b>Description</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Trainings for newcomers and financial agents	N° of trainings per year	Twice a year for newcomers and twice a year for financial agents	Action postponed to Q1 2026
Report to senior management on the implementation of the antifraud strategy	N° of reports per year	Once a year	Action postponed to Q1 2026 pending adoption of the new antifraud strategy
Knowledge hour on relations with stakeholders	N° of events	Once a year	Replaced by equivalent events
Mandatory annual ethics declarations for certain categories of staff	% staff covered	100% of obliged staff	100%
Raising awareness on obligation to declare occupational activities after leaving the service	% staff covered	100%	100%

<sup>(24)</sup> Communication from the Commission 'Commission Anti-Fraud Strategy: enhanced action to protect the EU budget', COM(2019) 176 of 29 April 2019 – 'the CAFS Communication'; Communication from the Commission "Commission Anti-Fraud Strategy Action plan – revision 2023" [COM\(2023\) 405](#) of 11 July 2023 – "the Communication on the 2023 revision" – and the accompanying revised action plan, [SWD\(2023\) 245](#)– "the revised Action Plan".

<sup>(25)</sup> Correction of fraud is an umbrella term, which refers in particular to the recovery of amounts unduly spent and to administrative sanctions.

## B. Compulsory for all departments:

### 1. Reports and documentation considered for the assessment of the DG's functioning in view of the AOD's assurance:

DG FISMA used the following main sources of information to support AOD's declaration of assurance:

- Reports of DG FISMA's authorising officers by subdelegation.
- Reports of authorising officers in other DGs managing DG FISMA's budget appropriations on behalf of DG FISMA.
- Annual assessment of the effectiveness of DG FISMA's internal control framework
- Annual assessment of DG FISMA's costs of controls.
- Results of on-the-spot checks on grants beneficiaries.
- Register on exceptions and non-compliance events.
- Reports from the Commission's internal Financial Scorecard and other SUMMA dashboards.
- Regular reports to senior management on individual internal control areas such as HR management, anti-fraud and professional ethics.
- Limited conclusions of the Internal Audit Service (IAS) on the state of internal control
- Observations and recommendations reported by the Internal Audit Service (IAS).
- Observations and the recommendations reported by the European Court of Auditors (ECA).

### 2. Financial Regulation: Additional reporting requirements resulting from the 2018 and 2024 revisions.

In line with the requirements of the Financial Regulation, DG FISMA reports for the year 2025:

- Zero cases of any in-kind donation made to the Union, for the purposes of humanitarian aid, emergency support, civil protection or crisis management aid (FR art 25.3).
- Zero cases of "confirmation of instructions" (FR art 92.3).
- Zero cases of financing not linked to costs (FR art 125.3).
- Zero Financial Framework Partnerships >4 years (FR art 131.4).
- Zero cases of flat-rates >7% for funding indirect costs (FR art 184.6).
- 5 derogations from the principle of non-retroactivity pursuant to Article 196 of the Financial Regulation.
- Zero cases of financial support to third parties >EUR 60 000 (FR art 207).
- Zero of non-financial donations provided in the form of services, supplies or works (FR art 244.3).

### 3. Table on the estimated “cost of controls” at Commission level

FISMA Segment of expenditure (as in Table X) / Relevant Control System (RCS) / Other as defined in Annex 6 of the AAR	Ex ante controls			Ex post controls			Total	
	(a) EC total costs	(b) related payments Made	(c) Ratio (%) (a)/(b)	(d) EC total costs	(e) total value verified and/or audited	(f) Ratio (%) (d)/(e)	(g) EC total estimated cost of controls (a)+(d)	(h) Ratio (%) (g)/(b)
Grants	285.185.00 €	12.831.107.50 €	2.22%	75.235.00 €	28.287.647 €	0.27%	360.420.00 €	2.81%
Procurement and administrative expenditure <sup>(26)</sup>	943.760.00€	10.893.662.24 €	8.66%	- €	- €	0.00%	943.760.00 €	8.66%
EU decentralised agencies - Subsidies	653.700.00 €	58.457.159.33 €	1.12%	- €	- €	0.00%	653.700.00 €	1.12%
International organisations - Contribution agreements	- €	331.916.00 €	0.00%	- €	- €	0.00%	- €	0.00%
Horizontal controls on expenditure not directly attributable to each RCS specifically	378.090.00 €	- €	0.00%	- €	- €	0.00%	378.090.00 €	0.00%
<b>OVERALL total estimated cost of control at EC level for expenditure</b>	<b>2.260.735.00 €</b>	<b>82.513.845.07 € (<sup>27</sup>)</b>	<b>2.74 %</b>	<b>75.235.00 €</b>	<b>28.287.647.00 €</b>	<b>0.00%</b>	<b>2.335.970.00 €</b>	<b>2.83 %</b>

<sup>(26)</sup> In 2025, administrative expenses related to salaries, missions, expert groups and committees’ meetings are reported by the service responsible for the commitment, although the payments were executed by another service, notably the PMO and DG HR, which, until 2024, also reported the corresponding expenditure. This new reporting arrangement was introduced in the context of data rationalisation linked to the implementation of the Commission’s new IT accounting system. In 2025, these expenses represented 7,7% of DG FISMA’s total payments. Details of the estimated cost of the control activities to the payments for salaries, missions, expert groups and committees’ meetings executed by DG HR/PMO are reported in their respective annual activity report(s) and are not covered by this DG FISMA’s report.

<sup>(27)</sup> This amount differs from the amount mentioned in section 2.1.1 and Annex 3 of this report since it does not include the payments related to salaries, missions, expert groups and committees’ meetings. Details of the estimated cost of the control activities related to salaries, missions, expert groups and

## Estimated costs of controls not linked to expenditure

FISMA	Ex ante controls			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Relevant Control System (RCS)	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>								
Protection of sensitive information and security of IT systems	200.000 €	- €	N/A	- €	- €	N/A	200.000 €	N/A

## Detailed cost of controls by relevant control system and by stage of operations

Overall indicators											
Stage	Description	Year 2021		Year 2022		Year 2023		Year 2024		Year 2025	
<b>Overall indicator</b>	Total costs of controls / value	2.2%	Direct management: 6.6%	2.5%	Direct management: 6.7%	2.6%	Direct management: 7.1%		Direct management: 7.7 %		<b>Direct management:</b>

committees' meetings executed by DG HR/PMO are reported in their respective annual activity report(s). In 2025, administrative expenses related to salaries, missions, expert groups and committees' meetings are reported by the service responsible for the commitment, although the payments were executed by another service, notably the PMO and DG HR, which, until 2024, also reported the corresponding expenditure. This new reporting arrangement was introduced in the context of data rationalisation linked to the implementation of the Commission's new IT accounting system. In 2025, these expenses represented 7,7% of DG FISMA's total payments.

### Overall indicators

Stage	Description	Year 2021		Year 2022		Year 2023		Year 2024		Year 2025	
	of payments made							2.8%			<b>7.1 %<sup>(29)</sup></b>
		Indirect management: 0,8%	Indirect management: 0,8%	Indirect management: 0.8%	Indirect management: 0.9%	Indirect management: 0.9%	Indirect management: 0.9%		Indirect management: 0.9%	<b>2.8%<sup>(28)</sup></b>	<b>Indirect management: 1.1%<sup>(30)</sup></b>

### Grant indicators

Stage	Description	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025
<b>Overall indicator</b>	Total cost of controls of grants' processes / value of grants payments made	2.2%	2.7%	3%	2.2%	<b>2.8%</b>

<sup>(28)</sup> **Denominator:** amount of the expenditure implemented by the DG excluding administrative expenditure paid by PMO and DG HR (i.e. salaries, missions, expert group and committees' meetings). **Nominator:** sum of the costs of controls identified for each Relevant Control System identified in Annex 6 (grants, procurement, ESAs) plus the costs of horizontal controls related to budget and accounting, IT governance, transition from ABAC to SUMMA and - if linked to the policy or operational dimension of spending programmes - the costs of evaluations, internal control, antifraud, financial procedures, audits and strategic planning and reporting activities.

<sup>(29)</sup> **Denominator:** amount of the expenditure implemented by the DG in procurement and grants excluding administrative expenditure paid by PMO and DG HR (i.e. salaries, missions, expert groups and committees' meetings). **Nominator:** sum of the costs of controls identified for Relevant Control System identified in Annex 6 on grants and procurement. The Nominator also includes the costs of horizontal controls related to budget and accounting, IT governance, transition from ABAC to SUMMA and - if linked to the policy or operational dimension of spending programmes - the costs of evaluations, internal control, antifraud, financial procedures, audits and strategic planning and reporting activities.

<sup>(30)</sup> **Denominator:** amount of the expenditure implemented by the DG for the payment of the ESAs. **Nominator:** sum of the costs of controls identified for Relevant Control System identified in Annex 6 on the payment of subsidies to the ESAs.

### Grant indicators

Stage	Description	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025
<b>All controls from programming to contracting</b>	Cost of assessing the applications submitted, preparation of financing decisions and contracting/ value of grants contracted	0.6%	1.1%	0.8%	0.7%	<b>1%</b>
<b>Monitoring and payments</b>	Cost of control from monitoring the execution up to payment/value of grants payments made	1.5%	1.5%	1.5%	1%	<b>1%</b>
<b>Supervisory measures</b>	Cost of ex-post checks and on-the-spot checks/ value of grants audited	0%	0.2%	0.4%	0.5%	<b>0.3%</b>

### Procurement indicators

Stage	Description	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025
<b>Overall indicator</b>	Total cost of controls/ value of procurement payments made <sup>(31)</sup>	8.9%	8.3%	9.3%	10.5%	<b>8.7% <sup>(32)</sup></b>

<sup>(31)</sup> For the calculation of the denominator DG FISMA used the amount of the expenditure implemented by the DG as per Annex 3 excluding administrative expenditure paid by PMO and DG HR (i.e. salaries, missions, expert groups and committees' meetings).

<sup>(32)</sup> The decrease in the costs of controls in procurement is due to the implementation of AMLA procurement expenditure directly by DG FISMA staff before AMLA financial autonomy in 2026. This has substantially increased the value of the procurement made compared to previous years.

<b>Procurement stage up to evaluation, selection, final award and contracting</b>	Cost for planning, needs assessment and definition, selection, evaluation, award and contracting/ value of procurement contracted	4.9%	4.4%	6.1%	5.2%	<b>3.2%</b>
<b>Financial transactions and monitoring</b>	Related costs of cost of control for all transactions related to procurement (payments and recovery orders)/ value of procurement payments made	3.6%	3.3%	3.7%	4.2%	<b>3.5%</b>
<b>Supervisory measures</b>	Cost of ex-post checks /value of procurements audited	0%	0%	0%	0%	<b>0%</b>

<b>Indirect management indicators – Payments to decentralised agencies <sup>(33)</sup></b>						
<b>Stage</b>	<b>Description</b>	<b>Year 2021</b>	<b>Year 2022</b>	<b>Year 2023</b>	<b>Year 2024</b>	<b>Year 2025</b>
<b>Overall indicator</b>	Overall supervision cost (%) Staff FTEs costs/annual subsidies paid to ESAs	0,8%	0.85%	0.95%	0.9%	<b>1.1%</b>
<b>Establishment (or prolongation) of the mandate to the decentralised agency (ESAs REVIEW and related implementation)<sup>34</sup></b>	Relevant staff FTEs costs/annual subsidies paid to ESAs	0%	0.05%	0.05%	0.04%	<b>0.22%</b>
<b>Operations: monitoring, supervision, reporting ('representation'/'control with or around the entity') <sup>(35)</sup></b>	Relevant staff FTEs costs/annual subsidies paid to ESAs	0.8%	0.8%	0.9%	0.8%	<b>0.86%</b>
<b>Commission subsidies: payment or suspension/interruption and recovery of unused subsidies</b>	Relevant Staff FTEs costs/annual subsidies paid to ESAs	0%	0%	0%	0.04%	<b>0.04%</b>

<b>Indirect management indicators – Contribution agreements with international organisations <sup>(36)</sup></b>						
<b>Stage</b>	<b>Description</b>	<b>Year 2021</b>	<b>Year 2022</b>	<b>Year 2023</b>	<b>Year 2024</b>	<b>Year 2025</b>
<b>Overall indicator</b>	Staff FTEs costs/ payments via contribution agreements	N/A	N/A	N/A	N/A	<b>0%</b>
<b>Presence of ex-ante (re)assessment of the entrusted entity's financial and control framework (towards “budget autonomy”; “financial rules”)</b>	Relevant staff FTEs costs/ payments via contribution agreements	N/A	N/A	N/A	N/A	<b>0%</b>
<b>Operations: monitoring, supervision, payments and reporting</b>	Relevant staff FTEs costs/payments via contribution agreements	N/A	N/A	N/A	N/A	<b>0%</b>

<sup>(33)</sup> DG FISMA does not pay any management, administrative or other remunerate fees to the European Supervisory Authorities (ESAs) and therefore does not report these costs separately.

<sup>(34)</sup> Including the preparation of Legislative Financial Statements accompanying proposals entrusting the ESAs with additional tasks.

<sup>(35)</sup> This stage includes the costs of controls related to the preparation and participation to ESAs Management Board and Board of Supervisors as well as the overall controls made by DG FISMA in the context of the annual programming and budgetary process.

<sup>(36)</sup> DG FISMA does not pay any management, administrative or other remunerate fees to the European Supervisory Authorities (ESAs) and therefore does not report these costs separately.

# ANNEX 8: Reporting on the internal and external audits and assessing the effectiveness of internal control systems

## 1. IAS and ECA audits (linked to section 2.2 of this report)

In 2025 DG FISMA had five outstanding 'very important' IAS recommendations affecting some of the principles of the internal control framework linked to internal procedures and responsibilities and HR:

- 1) IAS audit on **Coordination between DG FISMA and ESMA, EBA and EIOPA**: (1) Enhance Q&A process design; (2) Enhance the implementation of the Q&A process; and (3) Improve review process design. The action plan related to this audit is under preparation and being discussed with the IAS.
- 2) IAS audit on **HR management in DG FISMA**: (1) Prepare a high-level local HR strategy building on the processes and actions already in place. The implementation of the action plan related to this audit has been concluded and is being reviewed by the IAS.

At the stage of the preparation of this report, DG FISMA had the following outstanding ECA's recommendations for audits for which it is in the lead. They are linked to performance management and not to financial management or internal control:

- 1) **SPECIAL REPORT No 04 2022 Investment funds EU actions have not yet created a true single market benefiting investors** <sup>(37)</sup>. Two recommendations remained open in 2025: (1) Improve performance measurement by establishing appropriate indicators and (2) Consider proposing changes to ESMA's governance structure. Concerning this audit DG FISMA partially accepted the following recommendations: *"Assess the suitability of the existing framework to achieve the desired objectives" and "Protect investors better against undue costs and misleading information"*. <sup>(38)</sup>

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<sup>(37)</sup> [Special report 04/2022: Investment funds EU actions have not yet created a true single market benefiting investors | European Court of Auditors](#). See Commission's replies here: [COM-Replies-SR-22-04\\_EN.pdf](#).

<sup>(38)</sup> The reasons for partially accepting this recommendation are described in detail in the Commission's reply. These reasons are mainly linked to the fact that a comprehensive review was already done in 2021 and that an evaluation of the EU asset management framework could have been possible only in 6 -7 years following the adoption the amendments to the AIFMD, UCITSD and ELTIFR proposed by the Commission in November 2021. On the protection of investors the Commission noted that it would assess the role of inducements as part of its planned retail investment strategy.

- 2) **SPECIAL REPORT No 01 2025 - Digital payments in the EU** <sup>(39)</sup>. Four recommendations remained open in 2025: (1) Set out the criteria for price interventions in the area of digital payments and carry out periodic reviews; (2) Develop and implement a data monitoring strategy in the area of digital payments; (3) Fight discrimination based on payment account location with better enforcement rules and analyse virtual payment accounts; (4) Strengthen efforts to achieve a level playing field in authorisation and supervision. Concerning this audit the Commission did not accept the following ECA's recommendation: *"Propose performance indicators and set targets for digital payments"* <sup>(40)</sup>. DG FISMA also partially accepted the recommendation: *"Set out the criteria for price interventions in the area of digital payments and carry out periodic reviews"* <sup>(41)</sup>.
- 3) **SPECIAL REPORT No 14 2025 - Developing supplementary pensions in the EU – EU action not effective in strengthening occupational pensions and establishing a pan-European personal pension product** <sup>(42)</sup>. Three recommendations remained open in 2025: (1) Bring forward the completion date for the assessment of the reasons for the lack of uptake of the Pan-European personal pension product and take appropriate action; (2) Strengthen the supervisory framework for IORPs; (3) Increase transparency on pensions by making progress on pension tracking systems and dashboards. Concerning this audit the Commission partially accepted the following ECA's recommendation: *"Strengthen the supervisory framework for IORPs"* <sup>(43)</sup>.

None of the above IAS or ECA reports has a material impact on the assurance.

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<sup>(39)</sup> [Special report 01/2025: Digital payments in the EU](#). See Commission's replies here: [COM-Replies-SR-2025-01 EN.pdf](#).

<sup>(40)</sup> The reasons for not accepting this recommendation are described in detail in the Commission's reply. These reasons were mainly linked to the fact that the Commission did not agree to set EU level quantitative targets, notably as regards the cost and speed of digital payments because fixing a percentage maximum for the cost of cross-border transactions that fits all EU Member States would not be possible as production/internal costs vary from one country to the other and because it would be inappropriate to set specific quantitative targets on speed via the uptake of instant payments or for the overall execution speed of credit transfers in the EU, as the evolution of such metrics will be dictated by the preferences of payment service users.

<sup>(41)</sup> The reasons for partially accepting this recommendation are described in the Commission's reply. These reasons were mainly linked to the fact that the Commission believed that informed reviews of the rules on prices should take place at a realistic interval, determined on a case-by-case basis to enable the collection of comprehensive qualitative and quantitative market information. For this reason, the Commission did not accept a prescribed limit date for the carrying out of the first such review. The Commission also noted that the collection of information for the preparation of the Commission's regulatory policy initiatives should be balanced against the legitimate interest of stakeholders in the protection of their business secrets and the limitations resulting from other constraints, such as data protection, intellectual property or other legal provisions.

<sup>(42)</sup> [Special report 14/2025: Developing supplementary pensions in the EU | European Court of Auditors](#). See Commission's replies here: [COM-Replies-SR-2025-14 EN.pdf](#).

<sup>(43)</sup> The reasons for not accepting this recommendation are described in detail in the Commission's reply. These reasons were mainly linked to the fact that the Commission at that stage was not in a position to make specific commitments regarding the specific content of any possible legislative proposals, that it would review the IORP II Directive by 2025 and that any policy measures taken would be guided by the objectives of the Savings and Investments Union.

## 2. Annual assessment of DG FISMA internal control system (linked to section 2.3 of this report)

The annual assessment on the presence and functioning of the internal control framework was coordinated by the Head of Unit exercising the functions of Risk Management and Internal Control Director. It was carried out in line with corporate instructions and in direct collaboration with the competent DG FISMA services.

The results of the assessment were included in a report addressed to senior managers. This report also contained a detailed description of all strengths and deficiencies identified under each principle and included recommendations when needed.

The assessment was carried out based on several sources of information:

- List of internal control monitoring indicators.
- Strengths/weaknesses reported by competent services under each principle.
- Results of the internal control meetings with managers held in 2025.
- Exceptions and non-compliance events recorded in 2025.
- Recommendations of IAS or ECA audits (if any).
- Results of the annual risk assessment process.
- Implementation of the antifraud strategy.
- Data and statistics available in relevant IT tools.
- Results of the latest internal staff survey and quiz on internal control key areas including procedures, ethics and antifraud.

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

## A. Annex related to "Control results" – Table on Estimated risk at payment and at closure

<b>DG FISMA</b>	Payments made (2025;MEUR)	minus new prefinancing (in 2025;MEUR)	plus cleared prefinancing (in 2025;MEUR)	Relevant expenditure (for 2025;MEUR)	Detected error rate or equivalent estimates	Estimated risk at payment (2025;MEUR)	Adjusted Average Recoveries and Corrections (adjusted ARC; %)	Estimated future corrections (for 2025;MEUR)	Estimated risk at Closure (2025;MEUR)
-1	-2	-3	-4	-5	-6	-7	-8	-9	-10
RCS 1 - Grants	12.83	- 9.07	7.77	11.53	2.70% - 2.70%	0.31 - 0.31	0.80% - 0.80%	0.09 - 0.09	0.22 - 0.22
RCS 2 - Procurement and Administrative expenditure	17.81	0.00	0.00	17.80	0.50% - 0.50%	0.09 - 0.09	0.00% - 0.00%	0.00 - 0.00	0.09 - 0.09
RCS 3 - EU Decentralised agencies - Subsidies	58.46	- 58.46	54.86	54.86	0.00% - 0.00%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
RCS 4 - International Organisations - Contribution Agreement	0.33	- 0.33	0.00	0.00	0.50% - 0.50%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
<b>DG total</b>	<b>89.43</b>	<b>- 67.87</b>	<b>62.63</b>	<b>84.19</b>		<b>0.40 - 0.40</b>	<b>0.11% - .11%</b>	<b>0.09 - 0.09</b>	<b>0.31 - 0.31</b>

	<b>Overall risk at payment in %</b>	<b>0.48% - 0.48%</b>  (7) / (5)		<b>Overall risk at closure in %</b>	<b>0.37% - 0.37%</b>  (10) / (5)
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### Notes to the table on estimated risk at payment and at closure

(1) Relevant Control Systems differentiated per relevant portfolio segments and at a level which is lower than the total. The RCS 2 covers/includes administrative expenses related to salaries, expert and committees' meetings and/or missions previously reported by the PMO and/or DG HR. More information can be found in Annexes 6 and 7.

(2) Payments made after the preventive (ex-ante) control measures have already been implemented earlier in the cycle. For Cross-SubDelegations (Internal Rules Article 12), the reporting remains with the Delegating departments.

(3) New pre-financing actually paid by out by the department itself during the financial year (i.e. excluding any pre-financing received as a transfer from another department). as per note 2.5.1 to the Commission annual accounts thus excluding "Other advances to Member States" which are covered on a purely payment-made basis (note 2.5.2). Pre-financing paid/cleared" are always covered by the Delegated departments, even for Cross-SubDelegations.

Retentions: in Cohesion, the 10% retention applied during the year.

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

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

(6) In 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. procurement and administrative expenditure), the rate used is 0.5% as a conservative estimate. Similarly, the subsidies given by DG FISMA to the ESAs as part of their establishment and core tasks are considered error-free types of expenditure and the rate which should be used is 0%. The error rate for grants' expenditure has been estimated to 2.7%. This estimation is based on the results of DG FISMA on-the-spot checks carried out on a

multiannual basis on grant agreements awarded to all its five beneficiaries. The sample verified during the on-the-spot checks was selected on a risk basis and could not be considered representative. Also, the error rate detected during the on-the-spot checks does not systematically lead to financial corrections historically due to the sometimes very high margins existing between the eligible costs declared and the actual contribution paid as per the contractual reimbursement rate. The error rate detected during these checks have therefore been weighted taking into consideration (1) the actual financial impact of this error rate in the different type grants considering the historical margins existing for each type of grant between eligible costs declared and the reimbursement rate for the EC contribution; (2) the gradual cleaning effect for the grants that have been already subject to these checks (3) the ex-ante corrections already made In 2023 relevant expenditure in light of the findings of the above on-the-spot checks and (4) the fact that the sampling for the on-the-spot check is made on a risk basis and is not as such representative. In total only 5 grants are awarded by DG FISMA every year, this allows a detailed analysis of the estimated risks for each of them.

(8) The adjusted average recovery and corrections percentage is mostly based on the 7 years historic Average of Recoveries and financial Corrections (ARC), which is the best available indication of the corrective measures each department applied over the past years as a result of ex post controls. The AOD has not adjusted this historic average since this average reflects the best and most conservative estimate of the ex-post future corrections to be applied to the reporting year's relevant expenditure. The corrective capacity of DG FISMA during the whole multi-annual control cycle (all beneficiaries and grants awarded are gradually controlled via on-the spot checks) allows to maintain the actual residual risk at closure below the materiality threshold of 2%. The average amount of the implemented corrections over the past 7 years (2019–2025) is 0.07 (million) euros per year (0.1% of the average amount of relevant expenditure of that period), compared to an average amount of estimated future corrections during the same period of also 0.07 (million) euros (0.1% of the average amount of relevant expenditure of that period). On a yearly basis, the implemented corrections can be higher or lower compared to the estimates depending on the years when the recovery orders resulting from the on-the-spot checks are implemented but, as it emerges above, in average and on a multi-annual basis no deviations are detected between implemented corrections and estimated corrections.

(9) For some programmes with no set closure point (e.g. EAGF) and for some multiannual programmes for which corrections are still possible afterwards (e.g. EAFRD and ESIF), all corrections that remain possible are considered for this estimate.

## B. Reservations

The results of one on-the-spot check finalised in 2025 led to a **estimated detected error rate** for DG FISMA grants expenditure higher compared to the error rate detected last year. Since DG FISMA awards grants to only five beneficiaries on an annual basis the increased error rate detected for one beneficiary also affects the average error rate for the total segment of expenditure. The average estimated detected error rate and subsequent **estimated risk at payment** for grants expenditure is therefore beyond the materiality threshold at 2.7 % (compared to 1.9% in 2024). Due to the low amounts of payments in this area the highest error rate detected in grants expenditure does not affect the total average estimated detected error rate of DG FISMA expenditure or the overall risk at payment which remains below 0.5%.

However, the **residual error rate and estimated risk at closure** for this segment of expenditure remains below the 2% materiality threshold due to the **multi-annual controls carried out by DG FISMA** on all the five beneficiaries to which grants are awarded. Such controls **cover all grants awarded periodically** and provide DG FISMA with reasonable assurance that **the residual error at closure is maintained low**. The highest error rates in grants expenditure detected in 2025 on-the-spot checks do not therefore lead to a financial reservation.

For a detailed explanation of the calculation of weighted detected error rates and DG FISMA average corrective capacity refer to the notes 6 and 8 of point A above.

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

## Human Resource management

<b>Objective: DG FISMA employs a skilled, diverse and motivated workforce to deliver on the Commission's priorities</b>			
<b>Indicator 1: Percentage of female middle managers</b>			
Source of data: SYSPER			
<b>Baseline</b> (2024)	<b>Target</b> (2029)	<b>Latest known results</b> (situation on 31/12/2025)	
50%	Maintain at least 50%	50%	
<b>Indicator 2: Staff engagement index</b>			
Source of data: Commission staff survey [data to be provided by DG HR]			
<b>Baseline</b> (2023)	<b>Target <sup>(44)</sup></b> (2029)	<b>Latest known results <sup>(45)</sup></b> (situation on 31/12/2025)	
77%	Maintain or increase	New staff engagement index (2025): 83% Old staff engagement index (2023): -1 percentage point	
<b>Main outputs in 2025:</b>			
<b>Description</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
All-staff meetings on policy and HR related issues	Number of meetings Number of participants	At least 3 meetings per year At least 60% of all staff (cumulated virtual and in-person participation)	4 meetings with an average attendance rate of 68% of all staff

<sup>(44)</sup> The Commission baseline score for the Staff Engagement Index is 73% (based on the 2023 staff survey results).

<sup>(45)</sup> A new method of measuring staff engagement was introduced in 2025. The new Staff Engagement Index provides a more comprehensive view of staff engagement covering purpose, pride and motivation, autonomy and growth and collaboration and trust. The old Staff Engagement Index, which focused more on job content and relations with immediate colleagues and manager, will be used exclusively for comparisons with past data.

<b>Description</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
<p>Appropriate allocation of resources to deliver DG FISMA's priorities to be analysed during:</p> <ul style="list-style-type: none"> <li>- regular meetings of the DG/DDG of DG FISMA with each Directorate to agree future policy priorities and implications for resources</li> </ul> <p>regular meetings of the senior management board of DG FISMA on HR issues more generally</p>	Number of meetings	<p>2 sessions per year</p> <p>6 meetings per year</p>	<p>2 sessions</p> <p>7 meetings</p>
Develop a high-level local HR strategy to frame the on-going initiatives in DG FISMA on human resources management which contribute to the achievement of the DG's operational objectives	Adoption by DG FISMA	High level HR strategy developed by 31/12/2025	High level HR strategy developed
Female staff participating in tailored development programmes	Number of participants	At least 5 AD colleagues per year	HRC/A3 - 6 AD colleagues participated
Sessions of DG FISMA Sounding Board dedicated to work-life balance issues (disconnection, flexitime, overtime)	Number of sessions	At least 1 dedicated meeting per year	6 meetings of DG FISMA Sounding Board organised, with several of them dedicated to work-life balance issues

## Digital transformation and data management

**Objective: DG FISMA is using innovative, trusted digital solutions for better policymaking, data management and administrative processes to build a digitally transformed, user-focused and data-driven Commission**

**Indicator 1: Digital Culture: % of statutory staff that has completed at least one IT training course**

**Source of data:** Digital Commission Dashboard (data measured at DG-level)

<b>Baseline</b> (2024)	<b>Interim milestone</b> (2027)	<b>Target</b> (2029)	<b>Latest known results</b> (situation on 31/12/2025)
26.7%	35%	40%	23%

**Indicator 2: Seamless digital environment: cloud adoption – % of IT systems utilising cloud infrastructure services compared to the total number of IT systems**

**Source of data:** Digital Commission Dashboard (– data measured at DG-level)

<b>Baseline</b> (2024)	<b>Interim milestone</b> (2027)	<b>Target</b> (2029)	<b>Latest known results</b> (situation on 31/12/2025)
16.7%	75%	90%	36%

**Indicator 3: Maturity level in implementing corporate data policies across four key areas: data management, ownership and responsibilities, data quality, and data skills (basic, developing, established, advanced, or trendsetting)**

**Source of data:** DG FISMA

<b>Baseline</b> (2024)	<b>Interim milestone</b> (2027)	<b>Target</b> (2029)	<b>Latest known results</b> (situation on 31/12/2025)
Established	Established	advanced	Established

**Indicator 4: Compliance indicator <sup>(46)</sup>: percentage of staff trained on data protection compliance combined with the percentage of public records of processing operations reviewed within the last two years**

**Source of data:** DG FISMA

<b>Baseline</b> (2024)	<b>Interim milestone</b> (2027)	<b>Target</b> (2029)	<b>Latest known results</b> (situation on 31/12/2025)
76%	90%	100%	80%

<sup>(46)</sup> The compliance indicator is calculated with a 50% weight attributed to the following two values: first, the number of public records with a publication date within the last 2 years / public records of the department. Second, the percentage of staff in the department who have attended data protection awareness-raising activities.

**Main outputs in 2025:****Digital transformation**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Digital ready policy making assessed	# of Legislative initiatives assessed	100% policy initiative of DG FISMA	100%
Cloud Ready	% of IT systems hosted on cloud	40% of IT portfolio	36%
AI initiatives	% colleagues trained on AI	30% of DG FISMA colleagues	10%

**Data management**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Expanding the List of indicators to monitor progress towards the CMU objectives in order to cover the objectives of the Savings and Investments Union	Publication of expanded list of indicators	Q4 2025	Under development
Offering regular data use and management training courses to staff	Frequency of data training courses	1 per year	4 trainings offered in 2025

**Data protection**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Ensure timely revision of the public records of processing operations and provide awareness-raising activities on data protection	Combined indicator on staff trained on data protection and records of processing operations <sup>(47)</sup>	80%	80% (90% staff trained on data protection compliance, 70% of records of processing completed)

<sup>(47)</sup> Calculated as follows: 0,5 x (% SG Staff assessed as trained on data protection compliance), and 0,5 x (number of updated or new SG records of processing operations published in the last two years).

## Sound environmental management

**Objective: Reaching climate neutrality by 2030 and a reduced environmental footprint for the Commission.**

**Indicator: % reduction in emissions from staff professional travel (t CO<sub>2</sub>eq).**

**Source of data:** DG/department emissions report from Mips+ <sup>(48)</sup>

<b>Baseline</b> (2019)	<b>Target</b> (2030)	<b>Latest known results</b> (situation on 31/12/2025)
714 tonnes <sup>(49)</sup>	50% of reduction (baseline 2019)	383 tonnes or reduction of 47% of CO <sub>2</sub> emissions compared to baseline of 2019 <sup>(50)</sup>

### Main outputs in 2025:

<b>Description</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Actions to reduce emissions from staff missions	Report to senior management on the evolution of CO <sub>2</sub> emissions per unit	Once a year	Postponed to Q1 2026
Emissions from experts' travel under the administrative budget	% of physical conferences, expert groups and committees' meetings compared to total	< 50%	28% <sup>(51)</sup>
Energy saving actions	Participation to BEST energy saving actions	Twice a year in August and January (when applicable)	3 weeks in August 2025 and additional days in the first week of January 2025
Staff awareness actions	Number of staff awareness actions in line with EMAS/greening corporate campaigns	3 per year	3

<sup>(48)</sup> Source changed compared to Management Plan 2025. Current source: Qlink statistics on CO<sub>2</sub> emissions.

<sup>(49)</sup> Baseline calculation changed compared to Management Plan 2025. Source: Qlink statistics on CO<sub>2</sub> emissions.

<sup>(50)</sup> This calculation includes travel done by services having joined DG FISMA after 2019 and that account for lot of travel to third countries by plane (e.g. sanctions and AML/CTF). The decrease in CO<sub>2</sub> emissions compared to 2019 baseline is therefore higher than 56%.

<sup>(51)</sup> **Meetings:** 66% virtual, 21% hybrid, 12% physical **Conferences:** 16% virtual, 12% hybrid, 72% physical.

# ANNEX 11: Implementation through non-EU entrusted entities <sup>(52)</sup> and/or through EU Trust Funds

DG FISMA made one payment for a contribution agreement under indirect management with the World Bank for a total amount of EUR 331 916. The entity had already a Financial Framework Partnership Agreement (for which DG FISMA is not lead) for a long-term cooperation with the EU to implement funds under indirect management.

<b>Entity concerned</b>	International Bank for Reconstruction and Development
<b>Programme(s) concerned</b>	Single Market Programme
<b>Annual budgetary amount entrusted</b>	EUR 331 916
<b>Duration of the delegation</b>	18 months
<b>Justification of the recourse to indirect management</b>	Entity concerned was the only body being able to perform the required work.
<b>Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis, etc.);</b>	Entity concerned was the only body being able to perform the required work and identified as the implementing entity in the Work Programmes annexed to the Financing Decision [C(2023) 1119 final of 22.2.2023].
<b>Summary description of the implementing tasks entrusted to these bodies</b>	Development of Methodology for the Union Risk Assessment in accordance with Article 7 Directive (EU) 2024/1640
<b>Global management declaration</b>	Submitted to DG INTPA in February 2026 based on Article 20 of the 2020 EU-WBG Financial Framework Partnership Agreement. Covering fiscal year from 01/07/2024 to 30/06/2025

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<sup>(52)</sup> Implementing partners other than EU institutions or Union bodies.  
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# **ANNEX 12: EAMR of the Union Delegations**

NOT APPLICABLE

## ANNEX 13: Decentralised agencies and other Union bodies

Name of the entity	Role of the DG	Policy area concerned	Amount paid in 2025 in €			
			Contribution to			Contribution agreements
			Operating (admin) budget	Operational budget	Total in €	
<b>European Supervision and markets Authority (ESMA)</b>	Partner DG	Financial Stability, Financial services and Capital Markets Union	EUR 21 829 490.37	N/A	EUR 21 829 490.37	N/A
<b>European Banking Authority (EBA)</b>	Partner DG	Financial Stability, Financial services and Capital Markets Union	EUR 14 667 956.41	N/A	EUR 14 667 956.41	N/A
<b>European Insurance and Occupational Pension Authority</b>	Partner DG	Financial Stability, Financial services and Capital Markets Union	EUR 21 959 712.55	N/A	EUR 21 959 712.55	N/A
		<b>Total</b>	EUR 58 457 159.33	N/A	EUR 58 457 159.33	N/A

# ANNEX 14: Reporting on the Recovery and Resilience Facility

NOT APPLICABLE

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