



# 2018

## Annexes to the Annual Activity Report

**European  
Research Council  
Executive Agency**

**Figures related to the financial statements are based on provisional accounts,  
as final accounts are to be adopted by July 31<sup>st</sup>, 2019.**



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

I declare that in accordance with the Commission's communication on the internal control framework<sup>1</sup>, I have reported my advice and recommendations on the overall state of internal control in the Executive Agency to the Executive Director.

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

Brussels, 27/03/2019,

*Signed in ARES*

Georges-Eric te Kolsté

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

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

This annex related to section 2.2 "Other organisational management dimensions".

### 1. Human Resources

<b>Objective: The Executive Agency deploys effectively its resources in support of the delivery of the Commission's priorities and core business, has a competent and engaged workforce, which is driven by an effective and gender-balanced management and which can deploy its full potential within supportive and healthy working conditions.</b>			
<b>Indicator 1: Percentage of female representation in middle management</b>			
<b>Source of data:</b> ERCEA			
Baseline (2018: 35%)	Target 2019: 50% Results 2018: 38,5%		
<b>Indicator 2: Percentage of staff who feel that the Agency cares about their well-being</b>			
<b>Source of data:</b> Commission staff survey			
Baseline (2016: 58%)	Target 2019: Equal or superior to the results achieved in the staff survey 2018 Results 2018: 69%		
<b>Indicator 3: Staff engagement index</b>			
<b>Source of data:</b> Commission staff survey			
Baseline (2016: 70%)	Target 2019: Equal or superior to the results achieved in the staff survey 2018 Results 2018: 73%		
<b>Main outputs in 2018:</b>			
Output	Indicator	Target	Result 2018
To support Agency's core business by providing the required number of staff on time	Occupation rate at year end	98%	99.2%
To develop internal mobility in order to offer more career development prospects to staff	% of staff movements within the ERCEA <sup>2</sup>	9%	2.1%

<sup>2</sup> Number of staff movements within the ERCEA divided by the average number of staff over the year.

Programmes	Staff (EU Budget)					
	TAs	Of which Seconded officials	CAs	SNEs	Total	Percentage
<b>FP7</b>						
FP7	21	4	51	3	75	15.6
Management and administrative support	1	0	9	0	10	2.0
<b>Subtotal</b>	<b>22</b>	<b>4</b>	<b>60</b>	<b>3</b>	<b>85</b>	<b>17.6</b>
<b>H2020</b>						
H2020	96	14	245	8	349	72.7
Management and Administrative Support	2	1	44	0	46	9.7
<b>Subtotal</b>	<b>98</b>	<b>15</b>	<b>289</b>	<b>8</b>	<b>395</b>	<b>82.4</b>
<b>Total</b>	<b>120</b>	<b>19</b>	<b>349</b>	<b>11</b>	<b>480</b>	<b>100.0</b>

#### Staff financed by contributions from EFTA and/or third countries

Staff allocated to operational activities	14
Staff allocated to management and administration	
<b>Total</b>	<b>14</b>

Staff Opinion Survey 2018	ERCEA	Commission average
I feel that this organisation cares about my wellbeing at work (Q7)	<b>69%</b>	52%
STAFF ENGAGEMENT INDEX (Q13, Q19, Q24, Q26, Q29, Q30, Q40)	<b>73%</b>	69%

## 2. Better regulation

ERCEA does not manage any regulatory acquis.

## 3. Information management aspects

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

In 2018, the DMC achieved 2 out of the three established objectives concerning document management.

**Objective: Information and knowledge in ERCEA is shared and reusable by other Commission services. Important documents are registered, filed and retrievable**

**Indicator 1: Percentage of registered documents that are not filed<sup>3</sup> (ratio)**

Source of data: *Hermes-Ares-Nomcom (HAN)<sup>4</sup> statistics*

Baseline 2017	Target	Result 2018
0.38%	1% <sup>5</sup>	0.39%

**Indicator 2: Percentage of HAN files readable/accessible by all units in the EA**

Source of data: *HAN statistics*

Baseline	Target	Result 2018
92.00 %	90%	92.40%

**Indicator 3: Percentage of HAN files shared with other Commission services**

Source of data: *HAN statistics*

Baseline	Target	Result 2018
18.23%	35%	14.60%

**Indicator 4: Implementation of a training policy to increase knowledge of EA staff (Welcoming sessions for newcomers)**

Source of data: DMC/HR – Selections and recruitment

Baseline:	Target	Result 2018
none (new indicator)	75 % of newcomers to be trained <sup>6</sup>	n.a.

#### 4. External communication activities

For **Communication<sup>7</sup>**, the data for the mandatory indicator is available on the Eurobarometer website [here](#). The data for the optional indicators is collected by each DG.

If not already explained in section 2.2, a mandatory reporting narrative on the impact<sup>8</sup> of key communication actions undertaken by the DG has to be provided in this annex (in addition to the tables).

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

<sup>4</sup> Suite of tools designed to implement the [e-Domec policy rules](#).

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

<sup>6</sup> Number of training sessions/coaching given by the DMC compared with number of newcomers.

<sup>7</sup> The Communication on Synergies and Efficiencies (SEC(2016)170) of 04.04.2016 stipulates that DG COMM together with DG HR shall carry out an inventory of existing resources ( to be submitted via the CCSC to the Corporate Management Board), data collected via this Annex (Annex 2 of AAR) will be aggregated to this end.

<sup>8</sup> More guidance on evaluations and setting up of KPIs in the domain of communication can be found here.

**Objective: Citizens perceive that the EU is working to improve their lives and engage with the EU. They feel that their concerns are taken into consideration in European decision making and they know about their rights in the EU.**

**Indicator 1: Percentage of EU citizens having a positive image of the EU**

*Definition:* Eurobarometer measures the state of public opinion in the EU Member States. This global indicator is influenced by many factors, including the work of other EU institutions and national governments, as well as political and economic factors, not just the communication actions of the Commission. It is relevant as a proxy for the overall perception of the EU citizens. Positive visibility for the EU is the desirable corporate outcome of Commission communication, even if individual Executive Agencies' actions may only make a small contribution.

**Source of data:** Standard Eurobarometer (DG COMM budget)

Baseline: November 2014	Target: 2020
Total "Positive": 39% Neutral: 37 % Total "Negative": 22%	Positive image of the EU ≥ 50%

**Main outputs in 2018:**

Output	Indicator	Target and Result 2018
ERC participation at key events	Number of events	4 events

Objective	Performance indicators	Target 2018	Result 2018
To raise visibility and awareness of the European and worldwide scientific community and policy makers on ERC and its funding opportunities, key developments and project results	Number of ERC website visitors	550 000 visitors	610 000 visitors
	ERC Press coverage (number of articles/interviews mentioning ERC published and print circulation)	7 000 media items mentioning the ERC	14 700 media mentions
		80 million copies	149 million copies
Social media followers	30 000 Twitter followers 18 000 Facebook followers	55 000 Twitter followers 25 000 Facebook followers	

In 2018, the consumed budget for communication and information was slightly lower than initially forecasted. The estimated amounts for publications, videos and website were consumed.

Annual communication spending:			
Baseline (2017)	Estimated commitments (2018)	Total amount spent 2018	Total of FTEs working on external communication
€ 485 000	€ 540 000	€ 539 000	17

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

### **Annex 3 Financial Reports - DG ERC - Financial Year 2018**

**Table 1 : Commitments**

**Table 2 : Payments**

**Table 3 : Commitments to be settled**

**Table 4 : Balance Sheet**

**Table 5 : Statement of Financial Performance**

**Table 5 Bis: Off Balance Sheet**

**Table 6 : Average Payment Times**

**Table 7 : Income**

**Table 8 : Recovery of undue Payments**

**Table 9 : Ageing Balance of Recovery Orders**

**Table 10 : Waivers of Recovery Orders**

**Table 11 : Negotiated Procedures (excluding Building Contracts)**

**Table 12 : Summary of Procedures (excluding Building Contracts)**

**Table 13 : Building Contracts**

**Table 14 : Contracts declared Secret**

**Table 15 : FPA duration exceeds 4 years**



TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2018 (in Mio €)					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 08 Research and innovation					
08	08 02	Horizon 2020 - Research	2.028,17	2.014,50	99,33 %
<b>Total Title 08</b>			2.028,17	2.014,50	99,33 %
<b>Total DG ERC</b>			2.028,17	2.014,50	99,33 %

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

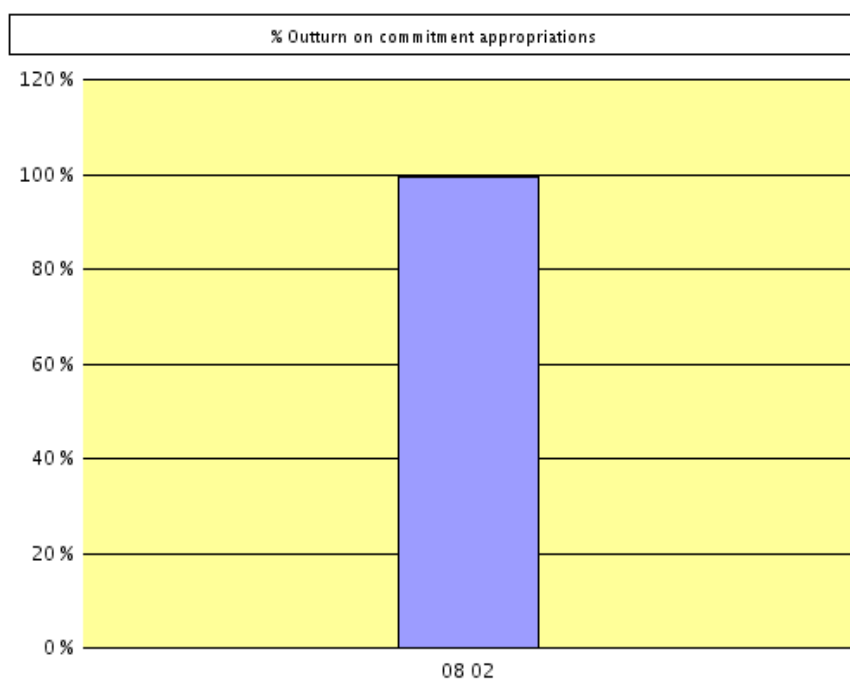
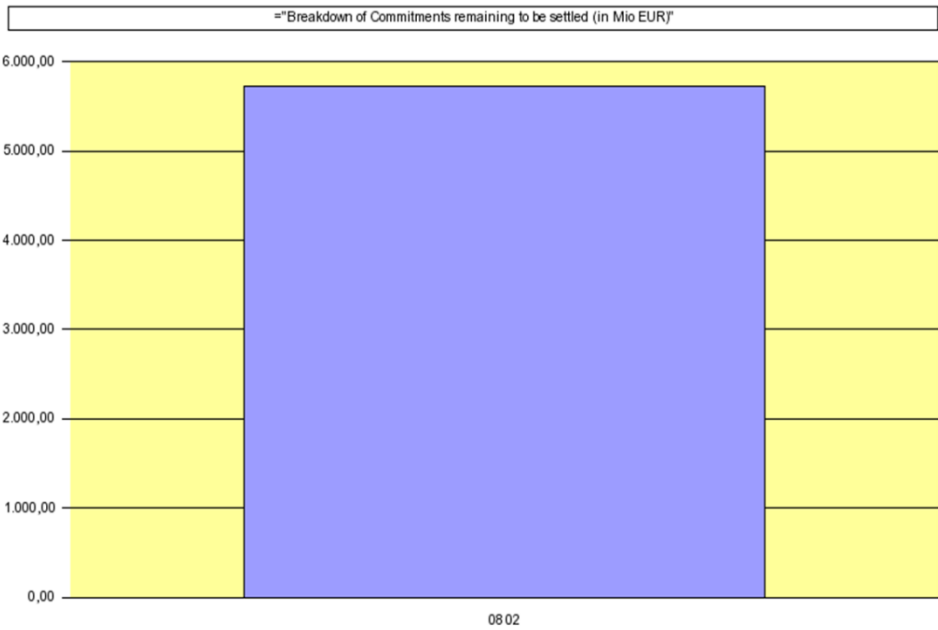


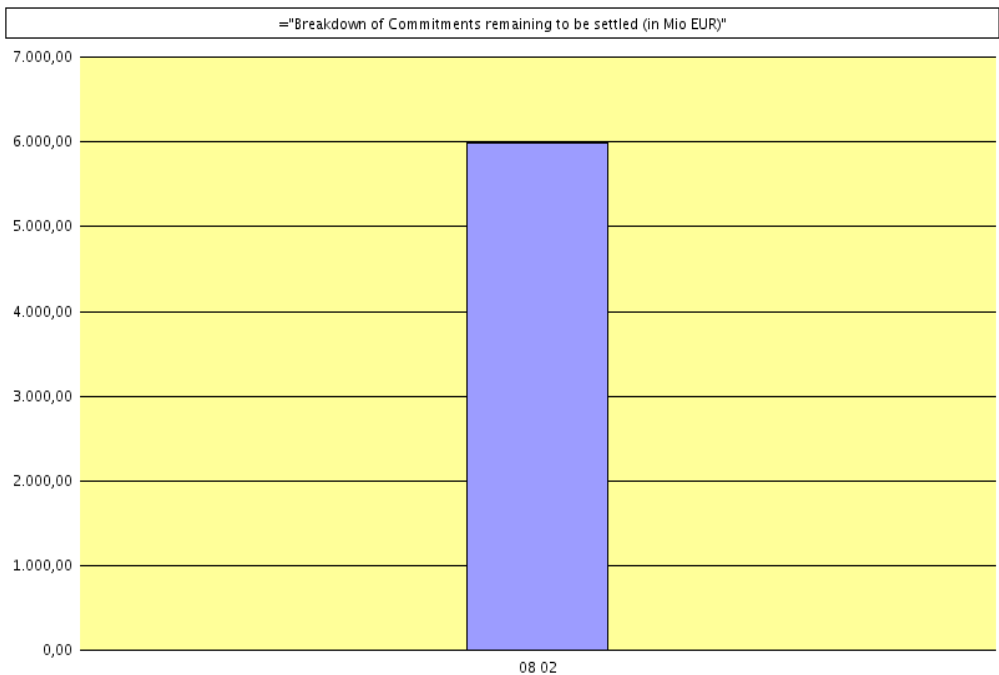
TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2018 (in Mio €)					
Chapter			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 08 Research and innovation					
08	08 02	Horizon 2020 - Research	2.131,53	1.751,51	82,17 %
<b>Total Title 08</b>			2.131,53	1.751,51	82,17 %
<b>Total DG ERC</b>			2.131,53	1.751,51	82,17 %

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



**TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2018 (in Mio €)**

Chapter			2018 Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2018	Total of commitments to be settled at end of financial year 2017
			Commitments 2018	Payments 2018	RAL 2018	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
<b>Title 08 : Research and innovation</b>									
08	08 02	Horizon 2020 - Research	2.014,50	58,51	1.955,99	97,10 %	4.031,69	5.987,68	5.730,37
<b>Total Title 08</b>			2.014,50	58,51	1.955,99	97,10 %	4.031,69	5.987,68	5.730,37
<b>Total DG ERC</b>			2.014,50	58,51	1.955,99	97,10 %	4.031,69	5.987,68	5.730,37



**TABLE 4 : BALANCE SHEET ERC**

<b>BALANCE SHEET</b>	<b>2018</b>	<b>2017</b>
<b>A.I. NON CURRENT ASSETS</b>	229.941.761,48	219.983.187,73
A.I.5. Non-Current Pre-Financing	229.941.761,48	219.983.187,73
<b>A.II. CURRENT ASSETS</b>	855.061.130,94	886.947.813,50
A.II.2. Current Pre-Financing	852.567.433,40	882.883.610,27
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	2.493.697,54	4.064.203,23
<b>ASSETS</b>	<b>1.085.002.892,42</b>	<b>1.106.931.001,23</b>
<b>P.II. CURRENT LIABILITIES</b>	<b>-286.811.092,47</b>	<b>-212.667.926,22</b>
P.II.2. Current Provisions		0,00
P.II.4. Current Payables	-98.146.243,94	-98.566.201,40
P.II.5. Current Accrued Charges & Defrd Income	-188.664.848,53	-114.101.724,82
<b>LIABILITIES</b>	<b>-286.811.092,47</b>	<b>-212.667.926,22</b>
<b>NET ASSETS (ASSETS less LIABILITIES)</b>	<b>798.191.799,95</b>	<b>894.263.075,01</b>
P.III.2. Accumulated Surplus/Deficit	6.618.417.555,28	5.157.578.647,72
Non-allocated central (surplus)/deficit*	-7.416.609.355,23	-6.051.841.722,73
<b>TOTAL</b>	<b>0,00</b>	<b>0,00</b>

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

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

**TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE ERC**

<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>2018</b>	<b>2017</b>
II.1 REVENUES	-2.004.663,01	-2.085.951,17
II.1.1. NON-EXCHANGE REVENUES	-1.989.757,16	-2.080.618,53
II.1.1.5. RECOVERY OF EXPENSES	-1.933.296,75	-1.799.168,32
II.1.1.6. OTHER NON-EXCHANGE REVENUES	-56.460,41	-281.450,21
II.1.2. EXCHANGE REVENUES	-14.905,85	-5.332,64
II.1.2.1. FINANCIAL INCOME	-14.905,85	-5.332,64
II.1.2.2. OTHER EXCHANGE REVENUE	0,00	0,00
II.2. EXPENSES	1.838.793.064,17	1.462.924.858,73
II.2. EXPENSES	1.838.793.064,17	1.462.924.858,73
II.2.2. EXP IMPLM BY COMMISS&EX.AGENC. (DM)	1.838.792.310,07	1.462.921.730,74
II.2.8. FINANCE COSTS	754,10	3.127,99
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>1.836.788.401,16</b>	<b>1.460.838.907,56</b>

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

**TABLE 5bis : OFF BALANCE SHEET ERC**

<b>OFF BALANCE</b>	<b>2018</b>	<b>2017</b>
OB.1. Contingent Assets	598.425,28	598.425,28
GR for pre-financing	598.425,28	598.425,28
OB.2. Contingent Liabilities	-270.952,45	-270.952,45
OB.2.7. CL Legal cases OTHER	-270.952,45	-270.952,45
OB.3. Other Significant Disclosures	-5.517.719.947,15	-5.517.719.947,15
OB.3.2. Comm against app. not yet consumed	-5.517.719.947,15	-5.517.719.947,15
OB.4. Balancing Accounts	5.517.392.474,32	5.517.392.474,32
OB.4. Balancing Accounts	5.517.392.474,32	5.517.392.474,32
<b>OFF BALANCE</b>	<b>0,00</b>	<b>0,00</b>

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

Additionally, the figures included in tables 4 and 5 are provisional since, at this date, the closure bookings related to off balance are not yet posted and they are still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

**TABLE 6: AVERAGE PAYMENT TIMES FOR 2018 - DG ERC**

Legal Times							
Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	7484	7403	98,92 %	11,05	81	1,08 %	39,52
45	1	1	100,00 %	14,00			
60	1	1	100,00 %	14,00			
90	3313	3298	99,55 %	27,86	15	0,45 %	119,27

<b>Total Number of Payments</b>	<b>10799</b>	<b>10703</b>	<b>99,11 %</b>		<b>96</b>	<b>0,89 %</b>	
<b>Average Net Payment Time</b>	<b>16,55</b>			<b>16,23</b>			<b>51,98</b>
<b>Average Gross Payment Time</b>	<b>23,80</b>			<b>23,47</b>			<b>59,67</b>

Suspensions							
Average Report Approval Suspension	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	33	2350	21,76 %	10799	557.489.824,08	34,40 %	1.620.718.782,47

Late Interest paid in 2018			
DG	GL Account	Description	Amount (Eur)
ERCEA	65010100	Interest on late payment of charges New FR	754,10
			<b>754,10</b>

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2018								
Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	
52	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	12.329,44	0,00	12.329,44	12.329,44	0,00	12.329,44	0,00
66	OTHER CONTRIBUTIONS AND REFUNDS	10.632.328,85	800.582,38	11.432.911,23	10.610.752,44	125.645,26	10.736.397,70	696.513,53
90	MISCELLANEOUS REVENUE	56.460,41	0,00	56.460,41	56.460,41	0,00	56.460,41	0,00
<b>Total DG ERC</b>		<b>10.701.118,70</b>	<b>800.582,38</b>	<b>11.501.701,08</b>	<b>10.679.542,29</b>	<b>125.645,26</b>	<b>10.805.187,55</b>	<b>696.513,53</b>

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

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2018	Irregularity		Total undue payments recovered		Total transactions in recovery context(incl. non- qualified)		% Qualified/Total RC	
	Year of Origin (commitment)	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr
2008	3	158.780,26	3	158.780,26	3	158.780,26	100,00%	100,00%
2009	2	10.136,13	2	10.136,13	2	10.136,13	100,00%	100,00%
2010	2	296.776,14	2	296.776,14	2	296.776,14	100,00%	100,00%
2011	7	240.578,15	7	240.578,15	22	1.048.917,80	31,82%	22,94%
2012	2	19.952,88	2	19.952,88	58	4.372.681,56	3,45%	0,46%
2013					28	2.704.330,99		
2014					4	391.534,96		
2015					7	707.004,86		
2016					15	295.552,98		
2017					4	649.864,34		
No Link					4	53.209,24		
<b>Sub-Total</b>	<b>16</b>	<b>726.223,56</b>	<b>16</b>	<b>726.223,56</b>	<b>149</b>	<b>10.688.789,26</b>	<b>10,74%</b>	<b>6,79%</b>

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context(incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES			21	1.028.762,09			21	1.028.762,09	21	1.028.762,09	100,00%	100,00%
NON ELIGIBLE IN COST CLAIMS	1	0,01	350	4.132.959,58			351	4.132.959,59	800	22.589.485,16	43,88%	18,30%
CREDIT NOTES												
<b>Sub-Total</b>	<b>1</b>	<b>0,01</b>	<b>371</b>	<b>5.161.721,67</b>			<b>372</b>	<b>5.161.721,68</b>	<b>821</b>	<b>23.618.247,25</b>	<b>45,31%</b>	<b>21,85%</b>
<b>GRAND TOTAL</b>	<b>1</b>	<b>0,01</b>	<b>387</b>	<b>5.887.945,23</b>			<b>388</b>	<b>5.887.945,24</b>	<b>970</b>	<b>34.307.036,51</b>	<b>40,00%</b>	<b>17,16%</b>

**TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2018 FOR ERC**

	Number at 1/01/2018	Number at 31/12/2018	Evolution	Open Amount (Eur) at 1/01/2018	Open Amount (Eur) at 31/12/2018	Evolution
2016	1	1	0,00 %	4.505,19	1.901,56	-57,79 %
2017	5	1	-80,00 %	796.077,19	673.035,56	-15,46 %
2018		1			21.576,41	
	6	3	-50,00 %	800.582,38	696.513,53	-13,00 %

**TABLE 10 : RECOVERY ORDER WAIVERS IN 2018 >= EUR 60.000**

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

Total DG ERC

Number of RO waivers

There are no waivers below 60 000 €

**No data to be reported**

**TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG ERC - 2018**

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
<b>Total</b>		

No data to be reported

**TABLE 12 : SUMMARY OF PROCEDURES OF ERCEA EXCLUDING BUILDING CONTRACTS**

Procedure Legal base	Number of Procedures	Amount (€)
<b>Total</b>		

No data to be reported

**TABLE 13 : BUILDING CONTRACTS**

Legal base	Contract Number	Contractor Name	Description	Amount (€)

No data to be reported

**TABLE 14 : CONTRACTS DECLARED SECRET**

LC Responsible Organisation DG Code	LC Contract/Grant Type	LC Date	Legal base	Contract Number	Contractor Name	Description	Amount (€)

No data to be reported

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

Not applicable



**Annex 3 Financial Reports - ERCEA - Financial Year 2018**

**Administrative Budget**

**Table 1 : Commitments**

**Table 2 : Payments**

**Table 3 : Commitments to be settled**

**Table 4 : Balance Sheet**

**Table 5 : Statement of Financial Performance**

**Table 5 Bis : Off Balance Sheet**

**Table 6 : Average Payment Times**

**Table 7 : Income**

**Table 8 : Recovery of undue Payments**

**Table 9 : Ageing Balance of Recovery Orders**

**Table 10 : Waivers of Recovery Orders**

**Table 11 : Negotiated Procedures (excluding Building Contracts)**

**Table 12 : Summary of Procedures (excluding Building Contracts)**

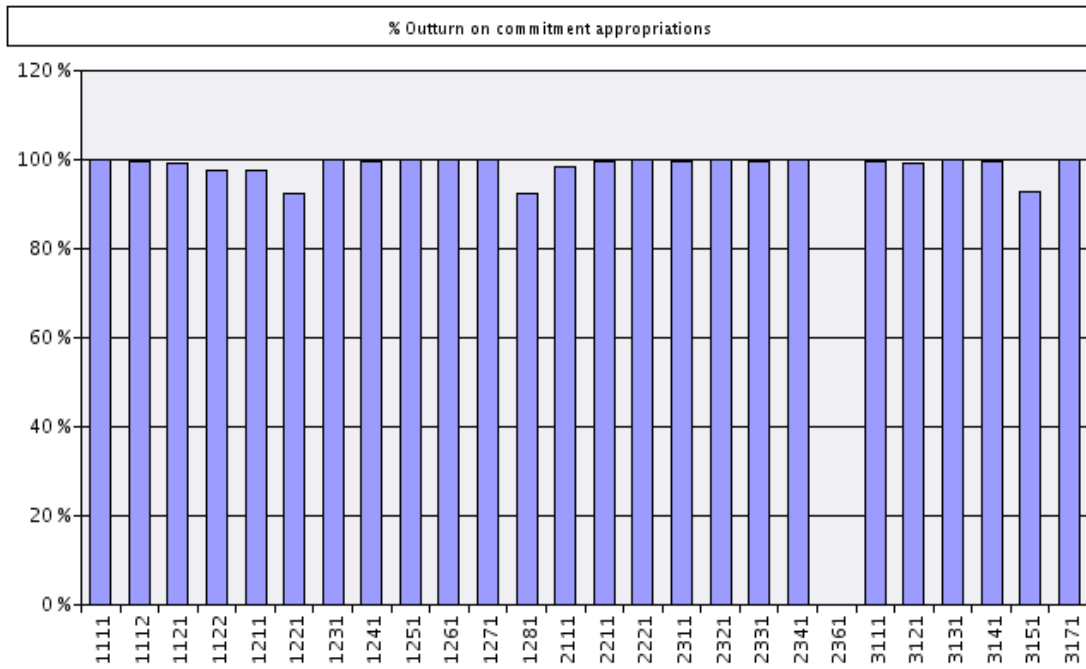
**Table 13 : Building Contracts**

**Table 14 : Contracts declared Secret**

**Table 15 : FPA duration exceeds 4 years**

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2018 (in Mio €)				
Chapter		Commitment appropriations authorised *	Commitments made	%
		1	2	3=2/1
<b>Title 1 Staff expenditure</b>				
1111	Temporary agents	15,39	15,38	99,93 %
1112	Contract Agents	19,26	19,21	99,74 %
1121	Seconded National Experts	0,48	0,48	99,06 %
1122	Interimaires & stagiaires	0,91	0,88	97,64 %
1211	Recruitment entering and leaving the service tra	0,05	0,04	97,73 %
1221	Restaurant Canteens	0,14	0,13	92,24 %
1231	Medical service	0,10	0,10	100,00 %
1241	Training	0,54	0,54	99,57 %
1251	Mobility and Public transportation	0,06	0,06	100,00 %
1261	Social service and other interventions	0,67	0,67	100,00 %
1271	External services (PMO)	0,44	0,44	99,98 %
1281	Internal meetings events and reception	0,04	0,04	92,37 %
<b>Total Title 1</b>		<b>38,07</b>	<b>37,97</b>	<b>99,73%</b>
<b>Title 2 Infrastructure and operating expenditure</b>				
2111	Rental of building and associated costs	5,56	5,48	98,58 %
2211	Hardware software and linked expenses	0,75	0,74	99,61 %
2221	ICT services	1,36	1,36	99,79 %
2311	Furniture Material and Technical installations	0,32	0,32	99,60 %
2321	Works of handling and removal of services	0,00	0,00	100,00 %
2331	Paper mill office supplies	0,02	0,02	99,62 %
2341	Correspondence stamping and carriage costs	0,04	0,04	100,00 %
2361	Other current expenses (financial legal assuranc	0,00	0,00	#DIV/0
<b>Total Title 2</b>		<b>8,05</b>	<b>7,96</b>	<b>98,93%</b>
<b>Title 3 Programme support expenditure</b>				
3111	Experts studies representation and external meet	0,42	0,41	99,48 %
3121	Missions and related costs	0,49	0,48	99,13 %
3131	Audit expenses	0,05	0,05	100,00 %
3141	Expenses of Information Publications and Communic	0,55	0,54	99,40 %
3151	Expenses of translation	0,03	0,03	92,84 %
3171	Operational related IT costs	1,16	1,16	100,00 %
<b>Total Title 3</b>		<b>2,68</b>	<b>2,67</b>	<b>99,56%</b>
<b>TOTAL ERC</b>		<b>48,81</b>	<b>48,61</b>	<b>99,59 %</b>

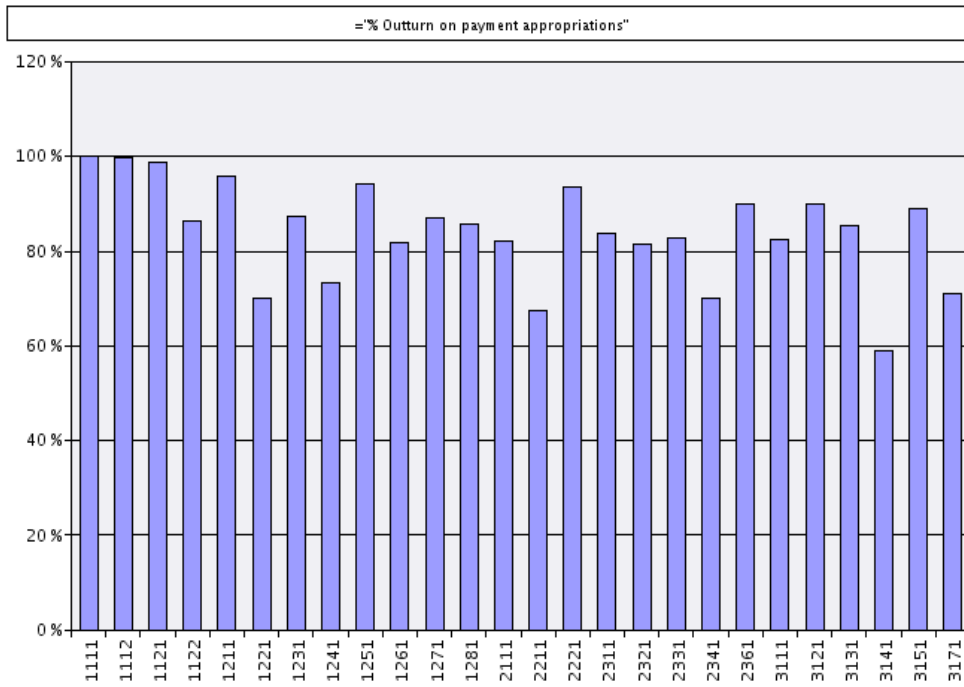
\* Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).



**TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2018 (in Mio €)**

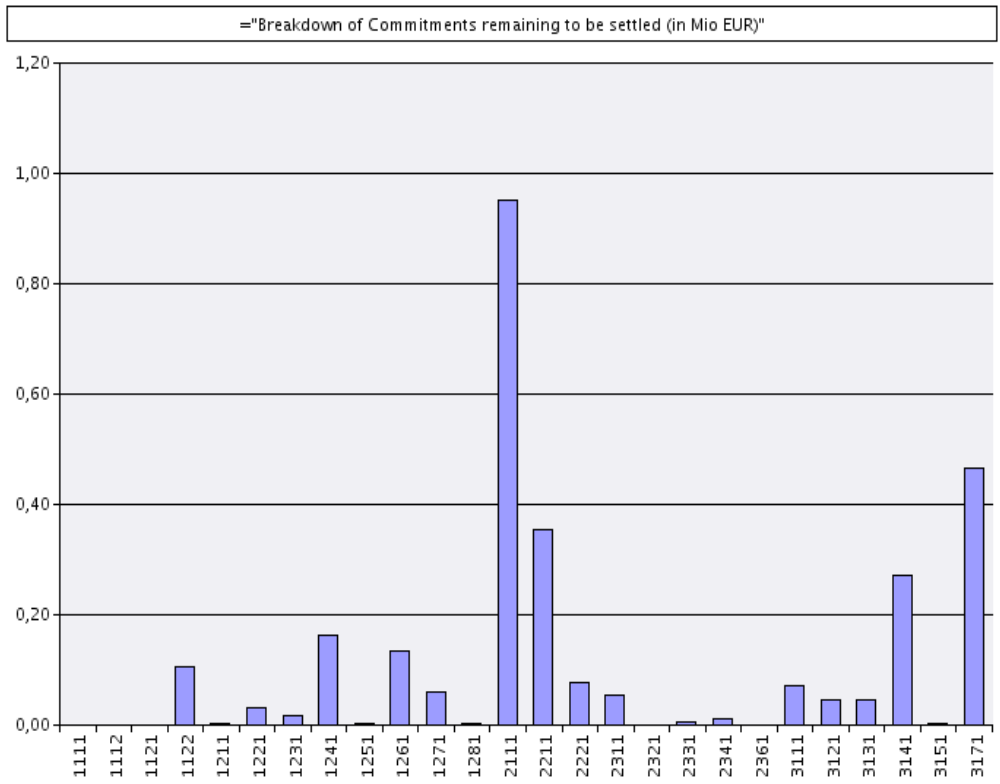
Chapter		Payment appropriations authorised *	Payments made	%
		1	2	3=2/1
<b>Title 1 Staff expenditure</b>				
1111	Temporary agents	15,39	15,38	99,93 %
1112	Contract Agents	19,26	19,21	99,74 %
1121	Seconded National Experts	0,48	0,48	98,90 %
1122	Interimaires & stagiaires	0,98	0,84	86,38 %
1211	Recruitment entering and leaving the service tra	0,05	0,05	95,76 %
1221	Restaurant Canteens	0,19	0,13	70,21 %
1231	Medical service	0,14	0,12	87,34 %
1241	Training	0,70	0,51	73,46 %
1251	Mobility and Public transportation	0,06	0,06	94,15 %
1261	Social service and other interventions	0,73	0,60	81,80 %
1271	External services (PMO)	0,45	0,40	87,03 %
1281	Internal meetings events and reception	0,05	0,04	85,65 %
<b>Total 1</b>		<b>38,48</b>	<b>37,82</b>	<b>98,28%</b>
<b>Title 2 Infrastructure and operating expenditure</b>				
2111	Rental of building and associated costs	5,97	4,89	82,03 %
2211	Hardware software and linked expenses	1,10	0,74	67,46 %
2221	ICT services	1,39	1,30	93,67 %
2311	Furniture Material and Technical installations	0,33	0,28	83,80 %
2321	Works of handling and removal of services	0,00	0,00	81,51 %
2331	Paper mill office supplies	0,02	0,02	82,76 %
2341	Correspondence stamping and carriage costs	0,06	0,04	69,92 %
2361	Other current expenses (financial legal assuranc	0,03	0,03	89,92 %
<b>Total 2</b>		<b>8,90</b>	<b>7,30</b>	<b>82,07%</b>
<b>Title 3 Programme support expenditure</b>				
3111	Experts studies representation and external meet	0,43	0,35	82,37 %
3121	Missions and related costs	0,51	0,46	89,90 %
3131	Audit expenses	0,54	0,46	85,37 %
3141	Expenses of Information Publications and Communic	0,70	0,41	58,97 %
3151	Expenses of translation	0,03	0,03	88,98 %
3171	Operational related IT costs	1,61	1,14	70,94 %
<b>Total 3</b>		<b>3,83</b>	<b>2,86</b>	<b>74,75%</b>
<b>TOTAL ERC</b>		<b>51,20</b>	<b>47,98</b>	<b>93,70 %</b>

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



**TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2018 (in Mio €)**

Chapter		2018 Commitments to be settled			
		Commitments 2018	Payments 2018	RAL 2018	% to be settled
		1	2	3=1-2	4=1-2//1
<b>Title 1 Staff expenditure</b>					
1111	Temporary agents	15,38	-15,38	0,00	0,00 %
1112	Contract Agents	19,21	-19,21	0,00	0,00 %
1121	Seconded National Experts	0,48	-0,48	0,00	0,08 %
1122	Interimaires & stagiaires	0,88	-0,78	0,11	12,02 %
1211	Recruitment entering and leaving the service tra	0,04	-0,04	0,00	2,40 %
1221	Restaurant Canteens	0,13	-0,10	0,03	23,14 %
1231	Medical service	0,10	-0,08	0,02	17,76 %
1241	Training	0,54	-0,38	0,16	29,94 %
1251	Mobility and Public transportation	0,06	-0,06	0,00	4,48 %
1261	Social service and other interventions	0,67	-0,53	0,13	19,91 %
1271	External services (PMO)	0,44	-0,38	0,06	13,35 %
1281	Internal meetings events and reception	0,04	-0,04	0,00	6,49 %
<b>Total 1</b>		<b>37,97</b>	<b>-37,46</b>	<b>0,52</b>	<b>1,36%</b>
<b>Title 2 Infrastructure and operating expenditure</b>					
2111	Rental of building and associated costs	5,48	-4,53	0,95	17,36 %
2211	Hardware software and linked expenses	0,74	-0,39	0,35	47,56 %
2221	ICT services	1,36	-1,28	0,08	5,60 %
2311	Furniture Material and Technical installations	0,32	-0,27	0,05	16,39 %
2321	Works of handling and removal of services	0,00	0,00	0,00	14,04 %
2331	Paper mill office supplies	0,02	-0,02	0,00	19,94 %
2341	Correspondence stamping and carriage costs	0,04	-0,03	0,01	26,36 %
2361	Other current expenses (financial legal assuran	0,00	0,00	0,00	#DIV/0
<b>Total 2</b>		<b>7,96</b>	<b>-6,52</b>	<b>1,45</b>	<b>18,19%</b>
<b>Title 3 Programme support expenditure</b>					
3111	Experts studies representation and external meet	0,41	-0,34	0,07	17,10 %
3121	Missions and related costs	0,48	-0,44	0,05	9,41 %
3131	Audit expenses	0,05	-0,01	0,05	88,90 %
3141	Expenses of Information Publications and Communic	0,54	-0,27	0,27	50,06 %
3151	Expenses of translation	0,03	-0,03	0,00	5,44 %
3171	Operational related IT costs	1,16	-0,69	0,47	40,37 %
<b>Total 3</b>		<b>2,67</b>	<b>-1,77</b>	<b>0,90</b>	<b>33,74%</b>
<b>TOTAL</b>		<b>48,61</b>	<b>-45,74</b>	<b>2,87</b>	<b>5,90 %</b>



**TABLE 4 : BALANCE SHEET ERCEA**

<b>BALANCE SHEET</b>	<b>2018</b>	<b>2017</b>
<b>A.I. NON CURRENT ASSETS</b>	<b>2.631.782,67</b>	<b>2.818.510,66</b>
A.I.1. Intangible Assets	439.656,00	885.990,72
A.I.2. Property, Plant and Equipment	2.192.126,67	1.932.519,94
<b>A.II. CURRENT ASSETS</b>	<b>5.872.078,64</b>	<b>6.388.932,78</b>
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	2.495.671,17	3.674.040,21
A.II.6. Cash and Cash Equivalents	3.376.407,47	2.714.892,57
<b>ASSETS</b>	<b>8.503.861,31</b>	<b>9.207.443,44</b>
<b>P.II. CURRENT LIABILITIES</b>	<b>-3.515.911,57</b>	<b>-2.576.482,80</b>
P.II.2. Current Provisions	-45.864,67	0,00
P.II.4. Current Payables	-537.140,39	-415.556,10
P.II.5. Current Accrued Charges & Defrd Income	-2.932.906,51	-2.160.926,70
<b>LIABILITIES</b>	<b>-3.515.911,57</b>	<b>-2.576.482,80</b>
<b>NET ASSETS (ASSETS less LIABILITIES)</b>	<b>4.987.949,74</b>	<b>6.630.960,64</b>
P.III.2. Accumulated Surplus/Deficit	-6.630.960,64	-7.055.397,72
Non-allocated central (surplus)/deficit*	1.643.010,90	424.437,08
<b>TOTAL</b>	<b>0,00</b>	<b>0,00</b>

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



**TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE ERCEA**

<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>2018</b>	<b>2017</b>
II.1 REVENUES	-48.426.715,23	-47.070.426,45
II.1.1. NON-EXCHANGE REVENUES	-48.327.535,97	-46.895.495,30
II.1.1.6. OTHER NON-EXCHANGE REVENUES	-48.327.535,97	-46.895.495,30
II.1.2. EXCHANGE REVENUES	-99.179,26	-174.931,15
II.1.2.1. FINANCIAL INCOME	-26,71	-1.160,52
II.1.2.2. OTHER EXCHANGE REVENUE	-99.152,55	-173.770,63
II.2. EXPENSES	50.069.726,13	47.494.863,53
II.2. EXPENSES	50.069.726,13	47.494.863,53
II.2.10. OTHER EXPENSES	14.717.030,48	14.128.306,95
II.2.6. STAFF AND PENSION COSTS	35.352.326,33	33.366.556,58
II.2.8. FINANCE COSTS	369,32	
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>1.643.010,90</b>	<b>424.437,08</b>

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

**TABLE 5bis : OFF BALANCE SHEET ERCEA**

<b>OFF BALANCE</b>	<b>2018</b>	<b>2017</b>
OB.2.7. CL Legal cases OTHER	-67.000,00	-134.049,00
OB.2.7. CL Legal cases OTHER	-67.000,00	-134.049,00
OB.2.7. CL Legal cases OTHER	-67.000,00	-134.049,00
OB.3.2. Comm against app. not yet consumed	-944.987,24	-955.724,12
OB.3.2. Comm against app. not yet consumed	-944.987,24	-955.724,12
OB.3.2. Comm against app. not yet consumed	-944.987,24	-955.724,12
OB.3.5. Operating lease commitments	-12.993.483,29	-16.058.557,78
OB.3.5. Operating lease commitments	-12.993.483,29	-16.058.557,78
OB.3.5. Operating lease commitments	-12.993.483,29	-16.058.557,78
OB.4. Balancing Accounts	14.005.470,53	17.148.330,90
OB.4. Balancing Accounts	14.005.470,53	17.148.330,90
OB.4. Balancing Accounts	14.005.470,53	17.148.330,90
<b>OFF BALANCE</b>	<b>0,00</b>	<b>0,00</b>

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

**TABLE 6: AVERAGE PAYMENT TIMES FOR 2018 - ERCEA**

Legal Times							
Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	1477	1452	98,31 %	12,59	25	1,69 %	40,60

<b>Total Number of Payments</b>	<b>1477</b>	<b>1452</b>	<b>98,31 %</b>		<b>25</b>	<b>1,69 %</b>	
<b>Average Net Payment Time</b>	<b>13,07</b>			<b>12,59</b>			<b>40,60</b>
<b>Average Gross Payment Time</b>	<b>13,86</b>			<b>13,24</b>			<b>49,48</b>

Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	19	63,	4,27 %	1.477,	552.445,71	2,76 %	20.030.211,44

Late Interest paid in 2018			
Agency	GL Account	Description	Amount (Eur)
ERC	65010000	Interest expense on late payment of charges	369,32
			<b>369,32</b>

**TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2018**

Title	Description	Year of Origin	Revenue and Income recognized	Revenue and Income cashed	Outstanding Balance
200	Subsidy from the Commission	2018	48.808.107,00	48.808.107,00	0,00
910	Recuperation of expenses	2018	30.097,78	30.097,78	0,00
920	Miscellaneous revenues	2016	349,38	349,38	0,00
920	Miscellaneous revenues	2018	96.153,75	96.153,75	0,00
<b>TOTAL ERC</b>			<b>48.934.707,91</b>	<b>48.934.707,91</b>	<b>0,00</b>

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

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2018	Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
Year of Origin (commitment)						
No Link			58	48.839.408,97		
Sub-Total			58	48.839.408,97		

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES									1	320,00		
NON ELIGIBLE IN COST CLAIMS												
CREDIT NOTES												
Sub-Total									1	320,00		

GRAND TOTAL									59	48.839.728,97		
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**TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2018 FOR ERCEA**

Year of Origin	Number at 01/01/2018	Number at 31/12/2018	Evolution	Open Amount (Eur) at 01/01/2018	Open Amount (Eur) at 31/12/2018	Evolution
2016	1		-100,00 %	349,38		-100,00 %
2017	1		-100,00 %	2.703,25		-100,00 %
Totals	2		-100,00 %	3.052,63		-100,00 %

**TABLE 10 : RECOVERY ORDER WAIVERS IN 2018 >= EUR 60.000**

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

Total ERCEA	
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Number of RO waivers	
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No data to be reported

**TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - ERCEA - 2018**

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
<b>Total</b>		

No data to be reported

**TABLE 12 : SUMMARY OF PROCEDURES OF ERCEA EXCLUDING BUILDING CONTRACTS**

Procedure Legal base	Number of Procedures	Amount (€)
<b>Total</b>		

No data to be reported

**TABLE 13 : BUILDING CONTRACTS**

Legal base	Contract Number	Contractor Name	Description	Amount (€)

No data to be reported

**TABLE 14 : CONTRACTS DECLARED SECRET**

LC Responsible Organisation DG Code	LC Contract/Grant Type	LC Date	Legal base	Contract Number	Contractor Name	Description	Amount (€)

No data to be reported

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

Not applicable

## ANNEX 4: Materiality criteria

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

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

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

### 1. Research framework programmes – common aspects

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

#### 1.1. Assessment of the effectiveness of controls

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

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

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

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

$$\text{ResER}\% = \frac{(\text{RepER}\% * (P - A)) - (\text{RepERSys}\% * E)}{P}$$

where:

**ResER%** residual error rate, expressed as a percentage.

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

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

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

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

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

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

If the CRAS results are not used as the basis for calculating the residual error rate this must be clearly disclosed in the AAR, along with details of why and how the final judgement was made<sup>9</sup>.

In case a calculation of the residual error rate based on a representative sample is not possible for a FP for reasons not involving control deficiencies<sup>10</sup>, the consequences are to be assessed quantitatively by making a best estimate of the likely exposure for the reporting year based on all available information. The relative impact on the Declaration of Assurance would be then considered by analysing the available information on qualitative grounds and considering evidence from other sources and areas. This should be clearly explained in the AAR.

## **1.2. Multiannual approach**

The Commission's central services' guidance relating to the quantitative materiality threshold refers to a percentage of the authorised payments of the reporting year of the ABB expenditure. However, the Guidance on AARs also allows a multi-annual approach, especially for budget areas (e.g. programmes) for which a multi-annual control system is more effective. In such cases, the calculation of errors, corrections and materiality of the residual amount at risk should be done on a "cumulative basis" on the basis of the totals over the entire programme lifecycle.

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

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

Notwithstanding the multiannual span of their control strategy, the Director-Generals of the Research DGs (and the Directors of ERCEA, REA, and, for Horizon 2020, EASME and INEA) are required to sign a statement of assurance for each financial reporting year. In order to determine whether to qualify this statement of assurance with a reservation, the effectiveness of the control systems in place needs to be assessed not only for the year of reference but also with a multiannual perspective, to determine whether it is possible to reasonably conclude that the control objectives will be met in the future as foreseen.

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

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<sup>9</sup> Annex 10.2 describes ERCEA ex post audit strategy.

<sup>10</sup> Such as, for instance, when the number of results from a statistically-representative sample collected at a given point in time is not sufficient to calculate a reliable error rate.

adequate to meet the multiannual control strategy goals.

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

### **1.3. Adequacy of the audit scope**

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

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

## **2. Research Framework programmes – specific aspects**

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

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

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

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

The question of being on track towards this objective is to be (re)assessed annually, in view of the results of the implementation of the ex-post audit strategy and taking into account both the frequency and importance of the errors found as well as a cost-benefit analysis of the effort needed to detect and correct them.

### **2.2. Horizon 2020 Framework Programme**

The Commission's proposal for the Regulation establishing H2020 framework programme<sup>11</sup> states that

*It remains the ultimate objective of the Commission to achieve a residual error rate of less than 2% of total expenditure over the lifetime of the programme, and to that end, it has introduced a number of simplification measures. However, other objectives such as*

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<sup>11</sup> COM(2011) 809/3 Proposal for a Regulation of the European Parliament and of the Council establishing Horizon 2020 – the Framework programme for Research and Innovation (2014-2020), see point 2.2, pp 98-102.

*the attractiveness and the success of the EU research policy, international competitiveness, scientific excellence and in particular the costs of controls need to be considered.*

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

Further, it explains also that

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

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

*The Commission considers therefore that, for research spending under Horizon 2020, a risk of error, on an annual basis, within a range between 2-5 % is a realistic objective taking into account the costs of controls, the simplification measures proposed to reduce the complexity of rules and the related inherent risk associated to the reimbursement of costs of the research project. The ultimate aim for the residual level of error at the closure of the programmes after the financial impact of all audits, correction and recovery measures will have been taken into account is to achieve a level as close as possible to 2 %.*

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

The question of being on track towards this objective is to be (re)assessed annually, in view of the results of the implementation of the ex-post audit strategy and taking into account both the frequency and importance of the errors found as well as a cost-benefit analysis of the effort needed to detect and correct them.



## ANNEX 5: Relevant Control System(s) for budget implementation (RCSs)

### 5.1 ERCEA Operational budget

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

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

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

## B. Evaluation, ranking and selection of proposals

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
Eligible proposals are excluded from the evaluation or ineligible proposals are proposed for funding	<p>Automatic IT-based eligibility checks</p> <p>Eligibility checks and decision for clear cut cases by scientific officers and call coordinators</p> <p>In depth double-check of special cases at Step 2 by call coordinators</p> <p>Eligibility decision for pending cases (not clear cut) by Eligibility Committee</p>	100% applicants and all aspects of eligibility criteria	<p><b>Effectiveness:</b></p> <p>Number of proposals evaluated</p> <p>% of ineligible proposals over total proposals submitted per call</p> <p>% of redress cases concerning eligibility issues</p>
The evaluation, ranking and selection of proposals is not carried out in accordance with the established procedures	<p>ScC selection and appointment of panel members</p> <p>Panel coordination by scientific officers making sure procedures are followed (panel checklists and standard deliverables)</p> <p>Assignment of proposals to</p>	<p>100% of panel members and experts</p> <p>100% of proposals</p> <p>100% of complaints received are analysed by the Redress Committee.</p> <p>100% exclusion from evaluation of experts</p>	<p><b>Effectiveness:</b></p> <p>Number of experts participated/invited</p> <p>% of expert payment execution</p> <p>Number of experts (remote referees) reviews per proposals</p> <p>Time to appoint experts</p>

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
	<p>panel members by panel chairs</p> <p>Conflict of interest procedure</p> <p>Selection of experts (remote referees) by panel chairs</p> <p>Assessment of proposals by panel members and experts (remote referees)</p> <p>ScC President's approval and ERCEA Director's final adoption of ranking lists.</p> <p>Redress procedure</p>	<p>having a conflict of interest</p>	<p>Time to pay experts</p> <p>% of successful redress cases</p> <p>Expert budget / number of evaluated proposals</p> <p><b>Efficiency:</b></p> <p>Time to Inform all/successful applicants (average number of days) on the outcome of the evaluation of their application from the final date for submission of completed proposals</p> <p>Posts standard costs + expert budget / operational budget</p> <p><b>Qualitative benefits:</b></p> <p>Compliant, fair and reliable evaluation based on sole criterion of excellence</p>



<b>Main risks</b> <b>It may happen (again) that...</b>	<b>Mitigating controls</b>	<b>How to determine coverage, frequency and depth</b>	<b>Cost-Effectiveness indicators</b> (effectiveness, efficiency, economy)
			<p>not entail any negotiation on the EU. However, it is undeniable that these controls are necessary to ensure the process complies with rules and regulations and that researchers are provided on time with a sound legal framework to conduct their research projects.</p>

## D – Monitoring

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

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
			<p><b>Qualitative benefits:</b></p> <p>Average project management cost/running grant agreement</p> <p>Average number &amp; value of running grant agreement managed/staff.</p> <p>Detected error rate ex-ante desk checks</p>

**Overall economy and quantitative benefit for ex-ante control**

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

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

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



Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
			<p>Deterrent effect.</p> <p>Learning effect for beneficiaries.</p> <p>Improvement of ex-ante-controls or risk approach in ex-ante controls by feeding back audit findings.</p> <p>Improvement in rules and guidance from audit feedback.</p>

**Overall economy for ex-post control**

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

### A - Administrative budget

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
Credibility of the draft budget (= request for EC contribution in N+1) is questioned by the Budget authority against the ERCEA ability to reach a high level of execution	Monitoring of the quality of the budget planning	100% of operating budget	<u>Effectiveness:</u> % Budget execution commitments % Budget execution payments (C1) & (C1+C8)  <u>Qualitative benefits:</u> respect of commitment towards the budgetary authority to limit administrative costs
Late payments give a negative image of the Agency (reputational risk) and may lead to the payment of late interests	Monitoring of the quality of payment workflows	100% of operating budget	<u>Effectiveness:</u> % and number of late payments  <u>Efficiency:</u> Time to pay  <u>Qualitative benefits:</u> Respect of the payment target imposed by budgetary authority

<b>Main risks It may happen (again) that...</b>	<b>Mitigating controls</b>	<b>How to determine coverage, frequency and depth</b>	<b>Cost-Effectiveness indicators (effectiveness, efficiency, economy)</b>
<p>A high rate of errors in the transactions on the administrative budget lead to remarks in the final report of the court of auditors</p>	<p>Compliance &amp; regularity checks of financial transactions</p>	<p>100% of transactions</p>	<p><u>Effectiveness:</u></p> <p>% Residual number of accounting errors/total number of transactions (&lt;2%)</p> <p>% Residual accounting errors (&lt;2%) of total balance sheet or economic outturn account</p> <p>Number of findings related to sound financial management and/or legality and regularity of budget's underlying transactions in the final report of the CoA</p> <p>Number of critical findings related to the true and fair view of the financial position for the administrative budget in the final report of the CoA</p> <p><u>Qualitative benefits:</u></p> <p>Optimisation of budget execution in line with financial and accounting rules.</p>

## B - Procurement

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

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
The procurement documents used by operational units are not in line with the rules/models	<p>Regular update of the "procurement document" templates and supporting documents (e.g. "step by step", guidelines)</p> <p>In-house trainings on procurement</p> <p>Updated guidelines on public procurement (Ares (2016)3267245).</p>		litigations filed
Due conflict of interest during the award process, contract awarded may be contested	Members of the evaluation committee sign a declaration of absence of conflict of interests and of confidentiality	100% checked	<p>Effectiveness:</p> <ul style="list-style-type: none"> <li>- n° of complaints or litigation cases filed</li> </ul> <p><u>Qualitative benefits:</u></p> <ul style="list-style-type: none"> <li>- awarded contract are awarded and services/goods delivered (needs satisfied)</li> <li>- limit number of litigations &amp; complaints</li> <li>- fair competition</li> </ul>

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

Not applicable

**ANNEX 7: EAMR of the Union Delegations**

Not applicable

**ANNEX 8: Decentralised agencies**

Not applicable

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

Not applicable

## ANNEX 10: Specific annexes related to "Financial Management"

### 10.1 Overview of the estimated cost of controls at ERCEA level:

FP7							
Ex ante controls			Ex post controls			Total**	
EC total costs (in EUR)	funds managed (in EUR)*	Ratio (%)*: <i>Total ex ante control cost in EUR ÷ funds managed in EUR</i>	EC total costs (in EUR)	total value verified and/or audited (in EUR)	Ratio (%): <i>Total ex post control cost in EUR ÷ total value verified and/or audited in EUR</i>	EC total estimated cost of controls (in EUR)	Ratio (%)*: <i>Total cost of controls ÷ funds managed</i>
12.241.240,36	301.460.362,21	4,1%	2.208.351,93	55.622.882,00	4,0%	14.449.592,29	4,8%
H2020							
Ex ante controls			Ex post controls			Total**	
EC total cost (in EUR)	funds managed (in EUR)*	Ratio (%)*: <i>Total ex ante control cost in EUR ÷ funds managed in EUR</i>	EC total costs (in EUR)	total value verified and/or audited (in EUR)	Ratio (%): <i>Total ex post control cost in EUR ÷ total value verified and/or audited in EUR</i>	EC total estimated cost of controls (in EUR)	Ratio (%)*: <i>Total cost of controls ÷ funds managed</i>
34.099.837,07	1.498.030.802,15	2,3%	N/A	N/A	N/A	34.099.837,07	2,3%
OVERALL estimated cost of control at EC level							
Ex ante controls			Ex post controls			Total**	
EC total cost (in EUR)	funds managed (in EUR)*	Ratio (%)*: <i>Total ex ante control cost in EUR ÷ funds managed in EUR</i>	EC total costs (in EUR)	total value verified and/or audited (in EUR)	Ratio (%): <i>Total ex post control cost in EUR ÷ total value verified and/or audited in EUR</i>	EC total estimated cost of controls (in EUR)	Ratio (%)*: <i>Total cost of controls ÷ funds managed</i>
46.341.077,43	1.799.491.164,36	2,6% <sup>13</sup>	2.208.351,93	55.622.882,00	4,0% <sup>11</sup>	48.549.429,36	2,70% <sup>13</sup>

<sup>13</sup> DG RTD, as the lead DG, ensures the overall effective coordination within the Research and Innovation Family. Its Common support service (CSC) provides common services (legal support, ex-post audit, IT systems and operations, business process) to all entities implementing H2020. The CSC ex-ante controls costs represent 0.46% of the total H2020 budget implemented in 2018 while the part dedicated to ex-post audits accounts for 0.12%.

## 10.2 Ex-post controls: Audit strategy

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

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

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

Thus, while contributing to the Research Family common audit strategy, the ERCEA has adopted an alternative assessment pattern fully aligned to annex 4 and implemented its own multi-annual ex-post controls indicators, since it has considerable additional evidence to allow for an assessment of the error rate of its own expenditure, to provide assurance to the Authorizing Officer by Delegation on the ERC specific population. Different error rates are calculated according to the methodology described in annex 4, namely the MUS Statistical Error rate (detected error rate), the MUS Residual Error rate, and the Global Activity Error Rate<sup>14</sup>, and the results are corroborated to provide a comprehensive view of the legality and regularity of underlying transactions.

Finally, it should be underlined that the Agency has disclosed in its 2013 AAR - in agreement with the parent DG - the above described alternative assessment pattern<sup>15</sup>) established before the introduction of the CRaS. Furthermore, this practice has been enshrined in the 2015 revision of "ERCEA FP7 Ex-post control approach and audit strategy for the remaining period 2015-2018", following the implementation in 2015 of an IAS recommendation resulting from the audit on ERCEA FP7 internal control systems and ex-post controls.

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<sup>14</sup> **MUS Statistical Error Rate:** the multi-annual error rate derived from the results of audits performed on a representative sample of IDEAS beneficiaries, to be defined as "representative" error rate upon finalization of the samples and to be extrapolated to the overall population. Until completion, this indicator is defined as "detected" statistical error rate. The MUS rate has a multi-annual nature and is calculated for the IDEAS programme since before the introduction of the CRaS. Although the degree of completion does not ensure yet statistical precision, the rate gives a strong indication of the most likely error in the population and, as such, represents an important element in the assurance building.

- **Residual MUS Error Rate:** on a multi-annual basis, the extrapolated level of error remaining after corrections/recoveries undertaken by ERCEA following the audits that have been made on the MUS sample (calculation of the residual error rate shown in Annex 4).

Upon completion, this is the reference indicator for the purposes of assessing the legality and regularity of transactions, as well as the progress made through the ERCEA ex-post strategy in dealing with errors over a multiannual basis.

The detected rates derived from the statistical sample are complemented by the risk based error rate, resulting from audits conducted for corrective and budget cleaning effects.

- **Global Activity Error Rate:** the error rate derived from the results of all audits (excluding the ones performed by the Court of auditors only), whether audits on the statistical sample of beneficiaries or audits implemented for other reasons (risk based etc.).

<sup>15</sup> This alternative pattern supports its Declaration of Assurance based on the specific error rate deriving from the ERCEA statistical sample.



## Audit Activity and Sampling

The table below gives an overview of the audit activity performed by the ERCEA by the end of 2018 detailed by type of audits (given that a single audit can cover more samples or activity strands, the overview is expressed in number of financial statements):

Number of Cost Statements audited	2018					
	<i>CraS 1,2 &amp; 3</i>	MUS1 (ex-250) & MUS 2 samples		Risk Based (Risk Analysis + Request, TOP 100, technical, other)	Joint with CoA	Total 2018
Ongoing – beginning of the period	5	9	23	140	0	<b>177</b>
Launched	0	4	6	0	2	<b>12</b>
Closed	4	13	19	98	1	<b>135</b>
Ongoing – end of the period	1	0	10	42	1	<b>54</b>
<b>2009-2018</b>						
Ongoing – beginning of the period	0	0	0	0	0	
Launched	41	161	133	1381	31	<b>1747</b>
Closed	40	161	123	1339	30	<b>1693</b>
Ongoing – end of the period	1	0	10	42	1	<b>54</b>

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

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

Number of audits ( & Financial Statements)	2018		2009 – 2018	
	AUDITS	FINANCIAL STATEMENTS	AUDITS	FINANCIAL STATEMENTS
<b>Audits planned – as per AWP &amp; audit strategy</b>	50	N/A	525	N/A
<b>Audits ongoing – beginning of the period</b>	48	177	0	0
<b>Audits launched</b>	12	12	555 <sup>16</sup>	1747
<b>Audits closed</b>	47	135	539	1693
<b>Audits ongoing – end of the period</b>	13	54	13	54
<b>Total amount audited – €</b>	<b>€ 55.622.882</b>		<b>€ 651.487.547</b>	
<b>Audit coverage - %</b>	<b>9.39%</b>			

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

<sup>16</sup> 3 audits had to be cancelled due to lack of resources.

	Number of closed audits 2018	Time to audit (number of days)
<b>Audits performed by Internal resources (launched &amp; closed in 2018)</b>	<b>9</b>	<b>207</b>
<b>Audits performed by Internal resources (backlog = launched before 2018)</b>	<b>7</b>	<b>795</b>
<b>Audits performed by external resources</b>	<b>31</b>	<b>386</b>
<b>Total:</b>	<b>47</b>	<b>N/A</b>

Source of data: AUDEX

## Results of ex post control audits

<b>Indicators related to ERCEA specific ex-post control strategy</b>				
<b>Financial Statements audited</b>	<b>2018</b>		<b>2009-2018</b>	
	<b>Amount in €</b>	<b>Number</b>	<b>Amount in €</b>	<b>Number</b>
<b>Total cost accepted by Financial officers (€) on audited FS – Audited amount</b>	<b>56.159.526,81 €</b>	<b>135</b>	<b>651.487.547,30 €</b>	<b>1693</b>
<b>Thereof audited as part of the MUS 1 (ex-MUS250)</b>	<b>3.825.684,80 €</b>	<b>13</b>	<b>62.219.210,65 €</b>	<b>161</b>
<b>Thereof audited as part of the MUS 2</b>	<b>7.128.850,77 €</b>	<b>19</b>	<b>44.596.394,18 €</b>	<b>123</b>
<b>Thereof audited as part of the risk based sample (30 FS jointly audited with CoA &amp; CRaS included)</b>	<b>45.204.991,24 €</b>	<b>98</b>	<b>544.671.942,47 €</b>	<b>1369</b>
<b>Total adjustments in favour of the ERCEA (€, only negative)</b>	<b>2.656.009,42 €</b>	<b>59</b>	<b>12.170.980,12 €</b>	<b>503</b>
<b>On the MUS sample</b>	<b>613.448,56 €</b>	<b>11</b>	<b>2.018.085,50 €</b>	<b>86</b>
<b>On the risk based sample</b>	<b>2.042.560,86 €</b>	<b>48</b>	<b>10.152.894,62 €</b>	<b>417</b>
<b>Detected error rate – stratified (MUS1 &amp; MUS2) - %</b>	<b>N/A</b>	<b>N/A</b>	<b>1.48%</b>	<b>N/A</b>
<b>Residual Error rate – from MUS stratified- %</b>	<b>N/A</b>	<b>N/A</b>	<b>1.12%</b>	<b>N/A</b>
<b>Other MUS related rates:</b>				
<b>Detected error rate – from MUS1 - %</b>	<b>N/A</b>	<b>13</b>	<b>0.15%</b>	<b>161</b>
<b>Detected error rate – from MUS2 - %</b>	<b>N/A</b>	<b>19</b>	<b>1.33%</b>	<b>123</b>
<b>Other ERCEA error rates:</b>				
<b>Risk based error rate (risk analysis, audits on request, Top100, other)- %</b>	<b>N/A</b>	<b>N/A</b>	<b>2.42%</b>	<b>1369</b>
<b>Global activity error rate (all activity) - %</b>	<b>N/A</b>	<b>N/A</b>	<b>2.30%</b>	<b>1693</b>

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

## Control effectiveness as regards legality and regularity

### Research Family CRaS results

<b>Research Family harmonised indicators</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
<a href="#">Detected error rate from a representative sample (CRaS1, 2 &amp; 3)<sup>17</sup></a>	5.26%	4.95%
<a href="#">Residual error rate (CRaS)<sup>18</sup> – (including 56 ERC Financial statements)</a>	3.05%	2.77%
<b>Value of corrections 'made', by implementing and extending audit results, by recoveries (ABAC) or offsetting (local PM system)</b>	€ 8 041 145	€ 6 381 901
<b>Value of recoveries as per the "Comm. on the Protection of EU financial interests"</b>	€ 22 674 614	€ 19 491 711

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

<sup>17</sup> The FP7 Common Representative audit sample Error Rate (CRaS Error rate) is the sum of all negative detected error rates of closed representative audited financial statements in the 3 Common samples drawn from the whole FP7 population amongst the Research family (486 items in total, only 57 from ERC), divided by the number of closed representative audited financial statements and stratified according to their respective weight.

<sup>18</sup> The FP7 Residual error rate, specific to each DG/EA, is calculated on the basis of the Common Representative audit Sample error rate (CRaS Error rate) and it is defined as the level of errors which remain undetected and uncorrected at the end of the FP7. Please refer to Annex 4 for formulas and explanations.

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

### 11.1 Fraud prevention and detection

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

<b>Objective 3: Minimisation of the risk of fraud through application of effective anti-fraud measures, integrated in all activities of the EA, based on the EA's anti-fraud strategy (AFS) aimed at the prevention, detection and reparation of fraud.</b>			
<b>Indicator 1: Updated anti-fraud strategy of the ERCEA, elaborated on the basis of the methodology provided by OLAF<sup>19</sup></b>			
Source of data: ERCEA AFS			
Baseline	Target		Result 2018
<i>Date of the last update: 12/11/2015</i>	The Strategy shall be updated when there is a need for achieving effective alignment of the AFS due to changing circumstances and/or revised systems/programmes		Approval of the CAFS postponed to March 2019
<b>Indicator 2 : Fraud awareness is increased for target population as identified in the Action Plan of the Agency's AFS</b>			
Source of data: ERCEA's AFS			
Baseline	Target		Result 2018
2016	80% of target population reached by 2017		73%
<b>Indicator 3 : Regular monitoring of the implementation of the anti-fraud strategy and reporting on its result to management</b>			
Source of data: ERCEA's AFS			
Baseline	Target		Result 2018
2016	-Bi-annual Report to the Director on irregularities and potential fraud cases -Annual reporting to the Director on the implementation of the Action Plan attached to the AFS		Reported in June and December 2018  Reported in December 2018
<b>Main outputs in 2018:</b>			
Output	Indicator	Target	Result 2018
<i>Targeted risk assessment on fraud</i>	<i>Timely completion of the activity</i>	<i>Yearly update of fraud risks and Action Plan of the AFS by 2018</i>	Completed
<i>Revision of anti-fraud dedicated procedures</i>	<i>Timely completion of the activity</i>	<i>Update as appropriate the "Scientific misconduct" and "handling and reporting irregularities and potential fraud" procedures by 2018</i>	Update of the procedure on "handling and reporting irregularities and potential fraud" postponed to Q2 2019

<sup>19</sup> The methodology can be found here: <https://myintracomm.ec.europa.eu/serv/en/fraud-prevention/ToolBox/Documents/201602%20-%20Updated%20guidelines%20AFS.pdf>. In particular paragraph 3 of the methodology is relevant.

## 11.2 Results of IC effectiveness indicators

### Internal control monitoring criteria

DG or EA
ERCEA

No	Criteria/Indicators	Source of data to obtain value for the indicator	Baseline value	Target value	IC component	IC Principle	Latest known result 31/12/18	S/D
1	% of staff who followed a training on ethics and integrity.	EU-Learn / ERCEA training statistics	60%	85%	I	1	68%	S
2	ERCEA communicates to third parties (Grant applicants, Principal Investigators, Host Institutions, Experts; tenderers, contractors) its commitment to integrity and ethical behaviour.	ERC Work programme, Model grant agreements / experts contract; model	Y	Y	I	1	Y	
3	Existing governance & working arrangements between the parent DG and the Agency allow an independent oversight of its internal control development and performance.	Delegation Act; Steering Committee minutes;	Y	Y	I	2	Y	S
4	Key and relevant information on the developments and performance of internal control is provided to and discussed with the Steering Committee and RTD services.	Steering Committee minutes; RTD consultation on AWP, AAR, Bi-annual	Y	Stable trend	I	2	Y	
5	ERCEA organisation chart and financial circuits are kept updated and are communicated to staff.	Steering Committee decisions; ERCEA intranet	Y	Y	I	3	Y	S
6	% staff assessing their job to be clearly linked to the Agency's mission and objectives.	Staff opinion survey	85%	85%	I	3	86,5%	S
7	% of staff turnover.	ERCEA HR statistics	7.1% (2016)	<8%	I	4	7,4%	S
8	Number of training days per staff	ERCEA HR statistics	6.6 days (2016)	6 days	I	4	5,2 days	S
9	The process of staff appraisal includes a dialogue where staff members receive a meaningful and practical feedback on how to improve their performance and identify training needs.	Sysper	Y	Y	I	5	Y	S
10	% of staff assessing that Management identifies and addresses poor performance.	Staff opinion survey	45%	Positive trend	I	5	62%	S
11	Agency's objectives are aligned with its Mission statement, cover all its activities (comprehensive) and are compliant with the SMART criteria.	Action plan implementing audit recommendations	Y	Y	II	6	Y	S
12	% of staff assessing that Management gives clear guidance on the mission, objectives and tasks of the Agency and its units.	Staff opinion survey	68%	68%	II	6	70,5%	S

No	Criteria/Indicators	Source of data to obtain value for the indicator	Baseline value	Target value	IC component	IC Principle	Latest known result 31/12/18	S/D
13	% of Management assessing that the risks identification and assessment is organised, coordinated and reviewed across the whole Agency by staff with the adequate competence and its outcome is discussed and validated by ERCEA senior management.	ERCEA risk management process ICAT	Not available	75%	II	7	100%	S
14	Regular update of the ERCEA Risk Register	ERCEA risk management process	2/year	2/year	II	7	2/year	
15	The annual identification of fraud risks and schemes is based on fraud patterns/schemes, considers the vulnerabilities of the Agency and its outcome is reflected in ERCEA strategy /anti-fraud action plan.	ERCEA risk management process	Y	Y	II	8	Y	S
16	% staff dealing with financial operations having attended a training on fraud prevention, detection & handling potential fraud.	EU-Learn and ERCEA training statistics; ERCEA Anti-fraud Strategy	42% (Nov 2017)	80%	II	8	73%	
17	% of Management assessing that the risk identification and assessment process covers changes to the internal/external environment, governance, policies, operational priorities as well as in management's attitude towards internal control.	ERCEA risk management process ICAT	Not available	75%	II	9	100%	S
18	Results of control and performance indicators are monitored as to ensure achieving related objectives.	Minutes of Management meetings; Reporting from the Management and RMIC to the Director.	Y	Y	III	10	Y	S
19	% of timely implemented mitigating measures of high and medium risks.	Minutes of Management meetings; Reporting from the Management and RMIC to the Director.	43% (Sept 2017)	Positive trend	III	10	56%	
20	ERCEA plans and implements its IT projects and activities via an annual Information Technology Masterplan which is approved by the IT Steering Committee.	IT Steering Committee minutes	Y	Y	III	11	Y	S
21	% of completed IT Masterplan activities	IT statistics	100%	100%	III	11	93%	
22	Number of request for authorisation and non compliance events.	Register of exception and non compliance	13	Stable trend	III	12	15	S
23	Number of IAS critical and very important recommendations related to procedures.	IAS reports	0	0	III	12	0	
24	% of registered documents not filed.	HAN statistics	0.38% (Dec 2017)	1%	IV	13	0,39%	S
25	Percentage of HAN files readable/accessible by all units in ERCEA	HAN statistics	87,80%	90%	IV	13	92,4%	
26	Percentage of staff attending the yearly meeting providing information on Agency's progress in achieving its objectives, on challenges etc...	Invitation to staff (email); webstream	85%	85%	IV	14	87%	S
27	ERCEA has a whistleblowing procedure in place which is communicated to and accessible by staff members.	ERCEA intranet (handling and reporting unethical behaviour webpage)	Y	Y	IV	14	Y	S

No	Criteria/Indicators	Source of data to obtain value for the indicator	Baseline value	Target value	IC component	IC Principle	Latest known result 31/12/18	S/D
28	ERC press coverage (number of media items*number of copies). (to be confirmed)	ERCEA external communication statistics	80mio	stable/positive trend	IV	15	148,8mio	S
29	Competent and independent staff reporting to the RMIC (independent from operational staff) defines the ERCEA assurance building process and validates its outcome.	AAR process	Y	Y	V	16	Y	S
30	Management regularly monitors the performance /functioning of the internal control via the internal scorecard, outcome of the risk management exercise, exception/non-compliance reports	Minutes of Management meetings; Reporting from the Management and RMIC to the Director.	4/year	4/year	V	16	4/year	
31	Internal control weaknesses are recorded, reported to and addressed by management.	IC weaknesses register; RMIC's reporting on the assessment of the functioning of the IC system (ongoing / year end assessment)	Y	Y	V	17	Y	S



## ANNEX 12: Performance tables

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

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

<b>Ideas Specific Programme (FP7) - SPECIFIC OBJECTIVE</b>	<b>To enhance the generation of excellent, innovative ideas in frontier research in Europe</b>	
<b>Result indicators</b>	<b>Latest known results (December 2018)</b>	<b>Target (result)</b>
<b>Number of international prizes and awards by grant holders</b>	1347 <sup>20</sup>	200 by 2020
<b>Number of scientific publications by grant holders</b>	116.682 <sup>21</sup>	~40-60 000 by 2020

Source: PI's reports

<b>H2020 SP SPECIFIC OBJECTIVE 1</b>	<b>Excellent science – European Research Council (ERC) – Strengthening frontier research</b>	
<b>Indicator</b>	<b>Share of publications from ERC-funded projects which are among the top 1% highly cited per field of science</b>	
<b>Baseline</b>	<b>Milestone</b>	<b>Target for Horizon 2020<sup>22</sup></b>
	2018	
<b>New approach</b>	7.9% <sup>23</sup>	1.8%

Source of data: ERC Research Information System (ERIS)

<sup>20</sup> This number refers to the prizes/awards and other forms of recognition which are recorded in ERC internal data systems, taken from reporting by ERC grantees and public records.

<sup>21</sup> The number refers only to the publications that the ERC grant holders have directly reported in their mid-term or final scientific reports. They are taken largely from the reporting SESAM and include about 1200 which were reported before ERC started using the SESAM reporting tools.

<sup>22</sup> The reference for this target is the year when the last actions financed under Horizon 2020 will be finished *i.e.* several years after the formal end of the programme in 2020.

<sup>23</sup> The calculation of the share of top 1 % is based on the 72.827 reported publications which are indexed in the 2017 edition of the Scopus database. The citations are normalized by Scopus broad subject areas. Scopus uses a detailed research classifications called All Science Journal Classification Codes (ASJC) which has 334 subject categories grouped in 27 broad subject areas. It should also be noted that the share of publications is subject to fluctuations due to the time of analysis.

**Relevant general objective(s) of the parent DG(s): A new boost for Jobs, Growth and Investment**

**Specific objective of the parent DG(s): "Excellent science – European Research Council (ERC) – Strengthening frontier research**

Related to spending programme Horizon 2020 SP

**Main outputs in 2018:**

<b>EXPENDITURE-RELATED OUTPUTS</b>		<b>INPUTS: Operational expenditure</b>		<b>OUTPUTS</b>
<b>Description Main Calls</b>	<b>Number of outputs</b>	<b>Budget line</b>	<b>EUR million</b>	<b>Main and reserve list proposals selected for funding</b>
ERC-2018-StG – Starting Grant	391(581 million)	BGUE-B2018-08.020101-C1-ERC STG	538.08	Main: 388 (579.26)  Reserve:15 (23.84)
		BGUE-B2018-08.020101-E0-ERC STG	42.92	
		BGUE-B2018-08.025001.6-R0-ERC STG	23	
ERC-2018-CoG – Consolidator Grant	287(550 million)	BGUE-B2018-08.020101-C1-ERC COG	540	Main: 280(549.20)  Reserve: 11(22.03)
		BGUE-B2018-08.025001.6-R0-ERC COG	33	
ERC-2018-AdG – Advance Grant	194 (450 million)	BGUE-B2018-08.020101-C1-ERC ADG	498.03	
		BGUE-B2018-08.020101-C4-ERC ADG	2.80	
		BGUE-B2018-08.025001.6-R0-ERC ADG	5.43	
ERC-SyG-Synergy Grant	30 (250 million)	BGUE-B2018-08.020101-C1-ERC SYG	230	Main: 27(248.32)  Reserve: 3(9.87)
		BGUE-B2018-08.020101-C4-ERC SYG	5.22	
		BGUE-B2018-08.020101-C5-ERC SYG	29.75	
		BGUE-B2018-08.025001.6-R0-ERC SYG	20.00	
ERC-2018-PoC – Proof of Concept	130 (20 million)	BGUE-B2018-08.020101-C1-ERC POC	20	Main: 144 (21.52)  Reserve: 16 (2.40)
		BGUE-B2018-08.020101-C4-ERC POC	0.96	
		BGUE-B2018-08.025001.6-R0-ERC POC	3.04	
<b>Estimated total budget<sup>24</sup></b>	1032  (1 851 billion)		1992.23	Main: 839 (1 398.30)  Reserve: 45 (58.14)

<sup>24</sup> The Budget figures given in this table are rounded to two decimal points.

## 12.1 Implementation of the ERCEA 2018 AWP

### 12.1.1 Scientific and Grant Management

Objectives	Performance indicators	Target 2018	Result 31.12.2018
<u>Call management:</u> Clear and stable guidance on the application procedures provided to applicants	a) % of ineligible proposals / total proposals submitted, per call	2018 StG, CoG, AdG calls: 1,5% 2018 SyG: 3% PoC 2018: 5%	1.1% 1.0% 2.6%
	b) % increase /decrease of submitted proposals from previous year by call	2018 StG, CoG, AdG: 5% 2018 PoC: 10%	-4.4% -17%
	c) % success rate per call <sup>25</sup>	2018 StG: 12,6% 2018 CoG: 12,6% 2018 AdG: 9% 2018 SyG: 4% 2018 PoC: 40%	13.5% 11.7% On-going 9.2% 36.3%
<u>Evaluations:</u> Feedback to all applicants on the evaluation result is timely, unbiased and transparent	Time to inform <sup>26</sup> (average time in day) ALL applicants on the outcome of the evaluation of their application from the final date for submission of completed proposals	2018-StG: 230 2018-CoG/AdG: 180 2018-SyG: 200 2018-PoC: 100	StG 2018: 231 days CoG 2018: 183 days AdG 2018: on-going SyG 2018: 235 days

<sup>25</sup> This indicator is calculated as follows: (Main)/Submitted proposals.

<sup>26</sup> According to Article 20.3 of the Rules for Participation and dissemination in H2020 (cf. OJ. L347 of 20/12/2013, p. 92), the ERCEA may exceed the period of 5 months from the final date for submission of complete proposals to inform all applicants of the outcome of the scientific evaluation of their application.

Objectives	Performance indicators	Target 2018	Result 31.12.2018
	Time to inform <sup>27</sup> (average time in day) SUCCESSFUL applicants on the outcome of the evaluation of their application from the final date for submission of completed proposals	2018-StG: 300 2018-CoG/AdG: 280 2018-SyG: 300 2018-PoC: 100	StG 2018: 280 days CoG 2018: 285 days AdG 2018: on-going SyG 2018: 342 days PoC-3 2017: 98 days PoC-1 2018: 108 days PoC-2 2018: 100 days PoC-3 2018: 98 days
	% of re-evaluations out of overall proposals submitted and following requests for redress	All calls: 0.1%	0.03%
	Overall average number of remote referee reviews per proposal	All Calls (except PoC): 2	3.4
<b>Ethical Review:</b> To monitor that selected ERC proposals receive timely ethical clearance from competent authorities	Time to ethics clearance <sup>28</sup>	45 days	StG 2017: 38 days CoG 2017: 38 days AdG 2017: 31 days StG 2018: on-going COG 2018: on-going SYG 2018: on-going
<b>Time to grant:</b> To minimise the duration of the granting process aiming at ensuring a prompt implementation of the Grant Agreements through a simple and transparent grant preparation process	Time to sign grant agreements from the date of informing successful applicants (average values)	2017-StG: 130 days 2017- CoG: 130 days 2017- AdG: 130 days 2017-PoC-3: 130 days 2018-PoC-1/2:130 days	StG 2017: 90.8 days CoG 2017: 111.3 days AdG 2017: 75.4 days PoC-1 2017: 93.1days PoC-2 2017: 106.4 days PoC-3 2017: 95.6 days PoC-1 2018: 76.8 days

<sup>27</sup> According to Article 20.3 of the Rules for Participation and dissemination in H2020 (cf. OJ. L347 of 20/12/2013, p. 92), the ERCEA may exceed the period of 5 months from the final date for submission of complete proposals to inform all applicants of the outcome of the scientific evaluation of their application.

<sup>28</sup> Data relates to the pre-granting ethics review. This time span runs in parallel to the granting process.

Objectives	Performance indicators	Target 2018	Result 31.12.2018
			PoC-2 2018: 82.1 days StG 2018: 83.8 days COG 2018: 20.3 days SYG 2018: 50.7 days
	Time to grant <sup>29</sup> measured (average) from call deadline to signature of grants	2017-StG: 410 days 2017-CoG: 410 days 2017-AdG: 410 days 2017-PoC-2: 220 days 2017-PoC-3: 230 days 2018-PoC-1/2:230 days	StG 2017: 385.8 days CoG 2017: 402.3 days AdG 2017: 290.4 days PoC-1 2017: 202.1days PoC-2 2017: 191.4 days PoC-3 2017: 196.6 days PoC-1 2018: 184.8 days PoC-2 2018: 182.1 days StG 2018: 363.8 days COG 2018: 305.3 days SYG 2018: 392.7 days
<u>Scientific follow-up</u> <sup>30</sup> : Timely communicate the assessment of PI's mid-term and final scientific reports	% of final reports which exceeded 60 days	All calls: 2%	2.1%

<sup>29</sup> According to Article 20.3 of the Rules for Participation and dissemination in H2020 (cf. OJ. L347 of 20/12/2013, p. 92), the ERCEA may exceed the period of 8 months from the final date for submission of complete proposals to signature of grant agreements with applicants.

<sup>30</sup> In 2016, the majority of the scientific reports and follow-up will continue relating to FP7 projects. However the first final scientific reports for SyG and CoG projects are expected to be submitted in 2017 and 2019 respectively.

## 12.1.2 Financial Management

### 12.1.2.1 Operational Budget

Objectives	Performance indicators	Target 2018		Result 31.12.2018	
		H2020	FP7	H2020	FP7
To maximise execution of the operational commitment credits delegated to ERCEA by the European Commission	% execution of L1 commitment	100%		100%	
	% execution of L2/L1 commitment (C8)	100%		99.70% (all C8) 100% (C8 related to 2017 calls)	
To ensure full yearly execution of payments credits (operational budget) through careful planning and monitoring	% execution of payment credits (C1)	100%	100%	100%	100%
Minimise financial and legal transaction time for ERC beneficiaries	a) time to pay (% according to milestones & budget table specified in the Description of Work and processing payments ie economic target days)	Pre-financing: 85% within 30 days		98.7% within 30 days (7.3 average days)	
		Interim payments: 95% within 90 days	IP: 95% within 90 days	99.9% within 90 days (19.2 average days)	99.6% within 90 days (28.4 average days)
		Final payments: 95% within 90 days	FP: 95% within 90 days	99.3% within 90 days (45 average days)	98.7% within 90 days (44 average days)
	b) time to invoice (% within 5 days)	95%	95%	99%	95%
	c) time to amend (% approved or rejected within 45 days upon receipt of valid request)	95%	95%	96.1% within 45 days (13.5 average days)	99.28% within 45 days (12.6 average days)
<u>Expert management:</u> To fully execute the yearly experts' operational budget by implementing efficient payment process	a) time to pay (average)	100% within 30 days		98.9% within 30 days (12 average days)	-
	b) % of experts payments budget execution (C1)	100 %		100%	
To ensure legality and regularity of underlying transactions to support ERCEA's positive Declaration of Assurance	ERCEA FP7 specific error rate <sup>31</sup>		MUS residual error rate: <2%		MUS error rate: - detected: 1.48% - residual: 1.12%

<sup>31</sup> i.e. MUS ERCEA residual error rate, computed on the basis of MUS detected error rates.

### 12.1.2.2 Operating Budget

Objective	Performance indicator	Target 2018	Result 2018	
			Budget 2018 (C1)	Budget 2017(C1+C8)
To ensure sound financial management of ERCEA's operating budget as well as the regularity and legality of its underlying transactions	% budget execution commitments	99%	99.59%	
	% budget execution payments	99%		99.5%
	% of error in transactions related to staff expenditure (salaries) detected through ex-ante checks	<1.5%	%	
	Time to pay	<15 days	12.93 days	
	Number (and % of total) of late payments for the administrative budget	<20 (<1 %)	25 (1,69%)	
	No material findings related to the sound financial management and legality and regularity of budget's underlying transactions in the financial report of the CoA	None		None