

Annual Activity Report 2025

DIRECTORATE-GENERAL FOR BUDGET

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FOREWORD



In 2025, in a context of continued geopolitical tensions and economic changes, the EU budget continued to serve as a cornerstone of stability, solidarity and strategic investment for citizens, farmers, researchers, businesses and regions across Europe and beyond.

The year was marked by a major institutional milestone: the publication of the European Commission's proposal for the 2028–2034 Multiannual Financial Framework (MFF). This ambitious and future-proofed proposal aims at providing the European Union with the structures and financial means to support its competitiveness, security, sustainability and cohesion in an increasingly uncertain world.

The proposed MFF introduces a new design for a simpler and more flexible EU budget, enabling it to address new needs, whilst providing reliable support for long term investments and ensuring a better alignment of spending with the EU's political priorities. A reinforced system of own resources will support these objectives by reducing the dependence on national budgets. The proposed Performance Regulation provides for the first time a common framework to assess the impact of the EU budget, thereby strengthening transparency, accountability and the effectiveness of EU spending.

In 2025, the EU budget continued to provide steady support to European defence and readiness and boosted investment in strategic technologies through the STEP platform, thereby reinforcing Europe's technological sovereignty and strategic autonomy. A new financial instrument agreed in 2025, the Security Action for Europe (SAFE), will provide loans to Member States amounting to EUR 150 billion backed by the Union budget to strengthen our common defence capabilities.

Throughout the year, DG BUDG maintained constructive interinstitutional relations with the European Parliament and the Council leading to an agreement on the annual budget for 2026 to support the Union more pressing and structural needs and priorities. All the budgetary tools were efficiently deployed to support EU policies, including by timely and efficient borrowing in the capital markets raising EUR 153 billion, including EUR 78.5 billion to finance NextGenerationEU programmes and EUR 28 billion for Ukraine.

The proposal for the next MFF was preceded by intense consultation including the first ever European Citizens' Panel on the future EU budget that brought together 150 citizens from across Europe and the Annual EU budget Conference on 20-21 May with the participation of high-level representatives from the European Institutions, private and public sector.

Protecting the EU's financial interests remained a key priority, in particular from risks linked to rule of law deficiencies. The Commission also launched a comprehensive review of the EU Anti-Fraud Architecture, and applied a reinforced early detection and exclusion mechanism agreed with the recast of the Financial Regulation of 2024.

I invite you to explore this report, which presents an overview of the significant achievements and progress made by DG BUDG in 2025, highlights our commitment to transparency, accountability and sound financial management.

Stéphanie Riso, Director-General for Budget

DG BUDG IN BRIEF

The Commission's Directorate-General for Budget (DG BUDG) is the horizontal Commission service in charge of budgetary matters, making sure the EU has the resources to deliver on its political priorities. In this role, DG BUDG is central to the policy-making process and interacts daily with all Commission services and with the wider financial community. Its main responsibilities include negotiating and implementing the **Multiannual Financial Framework** (MFF) and the **annual budgets**, managing the annual budget cycle, overseeing the revenue and expenditure side of the budget, **borrowing funds** on the capital markets to support various EU programmes, executing all payments and ensuring that all funds are spent in line with the rules and to the benefit of the Union and its people.

DG BUDG also plays a pivotal role in shaping the design and implementation of financial support programmes to Member States and third countries. In the course of the current MFF, it has been a **core part of the setting up of the NextGenerationEU** (NGEU) recovery instrument as well as of the **financial assistance to Ukraine** in response to Russia's war of aggression.

Although DG BUDG oversees the EU's entire budget, its own spending is limited. Its expenditure is mostly used to maintain and improve the Commission's corporate financial systems (ABAC, Arachne+, BadgeBud, Centrics, EDES, EU Funding System, Own Resources System, RAD, STEP Sovereignty Portal, SUMMA). DG BUDG is the domain leader for financial management and has implemented the Commission's new financial and accounting system, **SUMMA**, used in the Commission and the executive agencies for all financial operations since January 2025. In 2025, BUDG has deployed SUMMA in the EEAS and in twenty-two other EU entities. (see more details in part 1 of this report, under specific objective 8).

EXECUTIVE SUMMARY

A. Key results and progress towards achieving the Commission's general objectives and department's specific objectives

The annual activity report is a management report of the Director-General for Budget to the College of Commissioners. Annual activity reports are the main instrument of management accountability within the Commission and constitute the basis on which the College takes political responsibility for the decisions it takes as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties.

The year was marked by a major milestone: the publication of the European Commission's proposal for the 2028–2034 Multiannual Financial Framework (MFF). The proposed MFF introduces a fundamentally redesigned EU budget, centred on flexibility, simplification and impact. It is structured around clearer political priorities, streamlined financial programmes and National and Regional Partnership Plans, ensuring targeted investments and reforms where they are most needed. It also includes a reinforced system of own resources to finance the budget, expected to generate approximately EUR 65.6 bn per year, to support EU priorities while easing pressure on national budgets.

The MFF proposal also includes a Performance Regulation that will provide an enhanced and single performance framework to monitor how the budget is spent and what results it achieves, based on simpler rules to increase transparency, accountability and consistency, reducing administrative burden, and ensure a simpler and more effective delivery of EU priorities.

The year also saw the continued implementation of the 2021–2027 MFF, and important new initiatives:

- **European Defence and Readiness 2030:** Launch of the White Paper for European Defence and the ReArm Europe Plan, supporting a major rise in defence spending and investment of over EUR 800 bn, notably through the Security Action for Europe (SAFE) instrument (EUR 150 bn in loans), aimed at closing capability gaps, strengthening the European defence industrial base, supporting Ukraine, and enhancing the EU's preparedness and strategic autonomy.
- **Enhanced Anti-Fraud Framework:** Launch of a comprehensive review of the EU Anti-Fraud Architecture to improve data sharing, investigative tools, inter-agency cooperation, and protection of the Union's financial interests.
- **Establishment of the Ukraine Loan Cooperation Mechanism (ULCM):** In 2024, the G7 decided to provide loans to Ukraine to be serviced by the revenues from immobilised Russian assets (the G7 Extraordinary Revenue Acceleration initiative). In 2025, DG Budget took an active role in the Commission's work to establish the ULCM to collect these revenues and distribute them among the G7 lenders, including the EU to service the EUR 18.1 bn MFA loan that the EU provided to Ukraine in 2025. In August 2025, the

EU budget received the first revenues that were subsequently distributed among the G7 lenders via the ULCM.

- **Proposal for the Ukraine Support Loan (USL):** as part of the European Commission comprehensive plan to provide EUR 90 billion in financial backing to Ukraine for 2026 and 2027.

Together, these developments ensured that the EU budget remains fit for purpose: capable of addressing immediate crises, supporting strategic investments, and safeguarding public funds, while laying the foundations for long-term resilience, competitiveness and strategic autonomy.

As President Ursula von der Leyen emphasised, these initiatives strengthen Europe's unity, preparedness and capacity to shape its own future in an increasingly uncertain global environment.

In 2025, DG BUDG continued to work on existing EU budget priorities and reinforcing the tools for addressing evolving challenges. These included:

- **Support to Ukraine and External Action:** Continued financing of the Ukraine Facility and reinforced external action instruments to sustain Ukraine's recovery, resilience and accession path, while strengthening partnerships in the Western Balkans and the Southern Neighbourhood.
- **Implementation of NGEU:** In 2025, DG BUDG raised a total of EUR 152.6 bn through the issuance of EU-Bonds, taking total EU-debt outstanding to EUR 738.9 bn, of which EUR 702.1 bn in EU-Bonds and EUR 36.8 bn in EU-Bills. So far EUR 78.5 bn was issued as NGEU green bonds, making the EU one of the largest issuers globally of green bonds, financing climate-related investments and contributing to significant reductions in greenhouse gas emissions across Member States.
- **Strategic Technologies for Europe Platform (STEP):** Mobilisation of over EUR 15 bn in its first year through 11 EU programmes to support investments in digital, clean and biotechnology sectors, improve access to funding, and strengthen Europe's technological sovereignty.
- **Citizens' Engagement on the Future EU Budget:** Conclusion of the third European Citizens' Panel on the new long-term EU budget, bringing together 150 randomly selected citizens from all Member States. The Panel adopted 22 policy recommendations and 11 guiding principles covering sustainability, social inclusion, digital and defence sovereignty, territorial cohesion, health, education and youth employment. These inputs fed into the Commission's proposal for the post-2027 Multiannual Financial Framework and the ongoing negotiations with the European Parliament and the Council.

DG BUDG supported the European Parliament and the Council in reaching an agreement on the annual budget for 2026. The adoption of a nearly EUR 193 bn annual budget ensures that the EU can continue delivering on its political priorities while addressing urgent crises, including, cohesion, competitiveness, security and defence, border management, global engagement, and support for Ukraine.

DG BUDG continued to safeguard the EU budget from risks arising from rule of law deficiencies in Member States. This included following up on the Council's decision to suspend certain


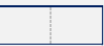

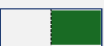
payments to Hungary due to ongoing concerns regarding the rule of law, with the Commission Decision in October 2025 to partially reject Hungary's plan to unblock EUR 545 m in frozen EU funds, releasing only a part of them as advance payments.





In 2025, DG BUDG's activities were audited by the Internal Audit Service (IAS) and the European Court of Auditors (ECA). The ECA confirmed the reliability and transparency of the EU's financial accounts for the 18th consecutive year and, as in previous years, it found the collection of revenue for the EU budget to be legal and regular in all material respects.

This Annual Activity Report provides a comprehensive overview of the work done in 2025 and outlines the challenges ahead, which will have been identified in the Management Plan 2025.

In 2025, the College of Commissioner strengthened financial risk management by expanding the role of the independent Chief Risk Officer and ensuring full implementation of the "three lines of defence" model, reinforcing oversight of EU borrowing, lending, guarantees, and asset management. BUDG as well as many Commission services act as first line of defence. The Chief Risk Officer is the second line of defence. The Internal Audit Service is the third line of defence.

B. Key performance indicators

| KPI # | KPI Title | Baseline (2024) | 2025 result | Progress | Interim milestone (2026-2028) | Target (2029) |
|---|---|--|--|---|---|--|
| Specific objective 2.1: Cooperate with other DGs to help step up European defence spending, including through new initiatives aimed at making existing instruments more flexible. | | | | | | |
| 2.1.1 | Support the lead services in the interinstitutional negotiations and ensure appropriate follow-up once the Commission proposals have been agreed. | Proposals of the lead services under preparation | Supported DEFIS in the preparation and negotiations of the Commission legislative proposal incentivising defence-related investments in the EU budget. Regulation (EU) 2025/2653 was adopted on 22/12/2025 broadly in line with the Commission proposal. |  | BUDG's support to other DEFIS proposal (AGILE) planned for 2026. Encourage using expanded options for defence spending. | 100% of legislative procedures of other DGs, are supported by DG BUDG (2 procedures foreseen). |
| Specific objective 5.1: Secure that the amounts allocated from the EU budget are invested for the intended purpose, and ensure strict compliance with the financial rules in order to minimise errors, prevent fraud, enhance transparency, and pave the way to the discharge. | | | | | | |
| 5.1.1 | Keep the Financial Regulation up to date, taking into account the outcome of the negotiations and agreement on the new Multiannual Financial Framework (MFF) | Financial Regulation as in force. | Assess the need for a revision of the Financial Regulation, in relation with the package of legislative proposals for the post 2027 MFF |  | Adoption of a proposal to revise the Financial Regulation as needed (2026) Adoption of the revised Financial Regulation (2028) | Entry into force of the revised Financial Regulation after adoption in 2028 |
| Specific objective 5.2: Strengthen the protection of the EU budget from financial risks and from rule of law deficiencies. | | | | | | |
| 5.2.1 | Protection of the EU budget from breaches of the principles of the rule of law. | Publication of the 5th Annual Rule of Law Report (July 2024). | Constant monitoring of the situation in Member States, including by assessing issues identified in the Commission Rule of Law Report. Publication of 6th Rule of Law Report in July 2025. |  | Application of the Conditionality Regulation where its conditions are met. | If relevant, update of the guidelines on the application of the Conditionality Regulation. |
| Specific objective 5.3: Promote strong enforcement culture to protect the EU budget, including the revenue side. | | | | | | |
| 5.3.1 | Modern and efficient management and control framework for own resources – Timely and accurate collection of won resource contributions and related payments from Member States. | 100% collection of own resources and full implementation of inspection programme in 2024 (21 TOR and 13 VAT inspections) | Forecasted amounts of own resources were collected. All planned for 2025 TOR and VAT inspections were carried out. |  | 100% collection of own resources and full implementation of inspection programmes each year. | 100% collection of own resources and full implementation of inspection programmes |

| KPI # | KPI Title | Baseline (2024) | 2025 result | Progress | Interim milestone (2026-2028) | Target (2029) |
|---|--|--|--|--|---|--|
| Specific objective 7.1: Design, negotiate and manage the EU budget expenditure and revenue that delivers efficiently on Union priorities and provides added value through the financing of EU public goods. | | | | | | |
| 7.1.1 | Prepare for the next MFF and conclude negotiations by 2027. | Preparation of the MFF proposal | Commission adopted the MFF proposal on 16 July 2025. |  | By the end of 2026: agreement in the European Council in line with the ambitions of the European Leaders. 2027: formal adoption of the MFF 2028-2034, including sectoral legal bases. | MFF 2028-2034 implementation |
| Specific objective 7.2: Develop policy-relevant knowledge, performance and financial intelligence in order to optimise the use of resources, influence policy design and ensure efficient and effective implementation of the spending programmes. | | | | | | |
| 7.2.1 | Develop a performance culture in the Commission, which puts a strong focus on budgetary performance in the annual reporting and integrated performance concepts in the annual and multiannual budget cycles. | Performance information presented in Annual Management and Performance Report (AMPR), programme statements and Programmes' Performance Overview accompanying the draft budget. | Presentation of performance information embedded in the annual draft budget and discharge procedures. Adoption of the Performance Regulation proposal for the MFF 2028-2034, establishing the performance framework to monitor the expenditure and performance of all the EU budget programmes and activities. |  | Formal adoption of the Performance Regulation proposal ahead of the start of the MFF 2028-2034. | Presentation in 2029 of the first 'annual management and performance report' under the MFF 2028-2034 |
| Specific objective 7.3: Enhance agility of the budget by strategic planning and foresight, asset management and use of the budgetary headroom. | | | | | | |
| 7.3.1 | Implementation of the post 2020 MFF publishing regular long-term forecasts of future inflows and outflows. | Long-term forecast of future inflows and outflows of the EU budget 2025-2029 (adopted on 28 June 2024). | Long-term forecast of future inflows and outflows of the EU budget 2026-2034 was adopted on 16 July 2025, in line with objective. |  | Updated forecast to be published in 2026. | Publishing the post 2027 MFF long-term forecasts of future inflows and outflows. |
| Specific objective 8.1: Act as center of excellence and trustful partner for Commission services, other institutions, Member States and beneficiaries. | | | | | | |
| 8.1.1 | Annual accounts adopted on time by the Commission and by relevant other authorities | Adopted on time (25 June 2024). | Adopted on 25 June 2025, in line with objective. |  | Adoption by 30 June. | Adoption by 30 June. |

Comments: The interim milestones for the Key Performance Indicators (KPIs) have been revised in relation to the strategic outlook in the management plan 2025. They will serve as the applicable benchmarks as of now.

C. Key conclusions on internal control and financial management

DG BUDG has systematically examined the available control results and indicators, as well as the observations and recommendations issued by the internal auditor and the European Court of Auditors.

The transition in 2025 to the Commission's new accounting system, SUMMA, has required adjustment to a new system and has impacted budget implementation tasks, processes and financial management activities, particularly during the first part of the year. This has required careful management to ensure the same data quality as in previous years.

All the above elements have been assessed to determine their impact on management's assurance about the achievement of the control objectives. Please refer for further details to section 2 on Internal Control and Financial Management.

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated. Improvements are needed as minor deficiencies were identified related to principles 3 (structure and responsibilities), 4 (attract, develop, and retain competent individuals in alignment with objectives: learning and development), 5 (accountability, appraisal and promotion: career guidance), 8 (update of anti-fraud strategy), 10 (five very important recommendations related to Arachne+ development and assessment of HR needs at corporate level) and 11 (control over IT). The Director-General, in her capacity as Authorising Officer by Delegation, has signed the Declaration of Assurance.

D. Provision of information to the Commissioner

In the context of the regular meetings during the year between DG BUDG and the Commissioner on management matters, the main elements of this report and assurance declaration, have been brought to the attention of Commissioner **Piotr Serafin**, responsible for **Budget, Anti-Fraud and Public Administration**.

1. KEY RESULTS AND PROGRESS TOWARDS ACHIEVING THE COMMISSION'S GENERAL OBJECTIVES AND SPECIFIC OBJECTIVES OF DG BUDG

General Objective 2: A NEW ERA FOR EUROPEAN DEFENCE AND SECURITY

2.1. Cooperate with other DGs to help step up European defence spending, including through new initiatives aimed at making existing instruments more flexible

BUDG cooperated with DEFIS in the drafting and negotiations of the Defence mini-omnibus Regulation ⁽¹⁾ to incentivise defence-related investment in the EU budget, as foreseen in the ReArm Europe Plan. The Regulation, which entered into force on 23 December 2025, expands the possibilities to fund defence-related investments by adding a fourth sector, namely critical defence technologies, to the STEP Regulation. Moreover, the Regulation provides additional incentives to support defence-related investments in the framework of the European Defence Fund, the Connecting Europe Facility, the Digital Europe Programme and the Horizon Europe Programme. BUDG led the preparation of a second STEP guidance note ⁽²⁾ clarifying how support to defence technologies can be provided under STEP. The note was published as a Communication from the Commission on 23 December 2025.

During 2025, DG BUDG processed two payments from Euroclear (profits on frozen assets) towards Ukraine support initiatives. The first payment (for H2 2024, processed in April 2025) was channelled to the European Peace Facility (90%) and the Ukraine Facility (10%), while the second one (for H1 2025, processed in August 2025) went to the Ukraine Loan Cooperation Mechanism (95%) and the European Peace Facility (5%).

BUDG cooperated with DEFIS in the drafting of the proposal for a Regulation for the Security Action for Europe (SAFE) instrument and in informing Member States about the terms and conditions of the programme. Following the entry into force of the Regulation in May 2025, BUDG also contributed to the preparations for the implementation of the programme, including financial aspects of the instrument, and helped with the preparation of the text of the loan agreement and operational arrangements for the loans. SAFE related borrowing needs were also reflected in EU funding planning for the upcoming years under the unified funding approach.

⁽¹⁾ [Regulation - EU - 2025/2653 - EN - EUR-Lex](#)

⁽²⁾ <https://eur-lex.europa.eu/eli/C/2025/6798/oj/eng>.

General Objective 5: PROTECTING OUR DEMOCRACY, UPHOLDING OUR VALUES

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

Compliance with the financial rules

In 2025, via its Central Financial Service, DG BUDG continued to support Commission services, promoting adequate oversight of the Commission's control systems, to ensure that EU funds are spent according to the rules, by avoiding double funding and preventing errors and, in the case of errors, detecting and correcting them during a programme's lifecycle.



DG BUDG provides overall steer to the Commission's work related to the discharge of the EU budgets. As every year, DG BUDG co-ordinated the drafting of the Commission replies to the European Court of Auditors (the ECA) annual report 2024, their adoption and publication alongside the ECA report. DG BUDG coordinated the exchanges of views and hearings of the Commissioners invited by the CONT Committee of the European Parliament in the autumn of 2025.

In 2025, the Commission was granted the discharge for the 2023 budget by the European Parliament vote on 7 May 2025. The Commission's follow up report to the discharge addressing the main political concerns of the discharge authority (i.e. European Parliament and the Council) was adopted on 27 June 2025 ⁽³⁾. The Commission's detailed follow up report addressing each of the recommendations of the discharge authority was transmitted to the European Parliament and the Council in early December 2025.

In March 2025, the Commission, under the lead of DG BUDG, and the European Court of Auditors organised technical workshops to foster understanding of the respective control and audit methodologies and the methods of both institutions used for evaluating the level of error. These workshops responded to calls from the discharge authority to identify opportunities of alignment between the ECA and the Commission. Both agreed that differences in methodologies were justified by distinct mandates, while serving the same objective of protection of the financial interest of the EU budget.

⁽³⁾ [Report on the follow-up to the discharge for the 2023 financial year.](#)

5.2. Strengthen the protection of the EU budget from financial risks including through tools like the Early Detection and Exclusion System (EDES) and from rule of law deficiencies affecting or risking affecting the EU budget through the Conditionality Regulation, and through transparency, knowledge sharing, and accountability achieved by regular dialogue between all concerned stakeholders.

Enhancing the use of Arachne and EDES

DG BUDG oversees and ensures the effective functioning of the Early Detection and Exclusion System (EDES), a key tool in safeguarding the EU's financial interests against fraud, corruption, and other forms of misconduct, such as breaches of conflict of interest rules or incitement to hatred and discrimination. In 2025, building on the novelties introduced by the 2024 Financial Regulation, DG BUDG intensified its efforts to promote EDES and its recent developments. This included awareness-raising activities addressed to all EU institutions and agencies ⁽⁴⁾, various sessions of the EDES Expert Platform, and the promotion of the system through the yearly EDES workshop. Following the 2024 revision of the internal rules to ensure greater consistency in authorising officers' decisions on non-exclusion, 2025 saw intensive work by DG BUDG, in close cooperation with the Legal Service, to analyse non-exclusion cases. This led to a more harmonised application of the EDES framework and a more consistent scrutiny of exclusion situations across services. In addition, in 2025, the Rules of Procedure of the EDES Panel were revised to improve the use of the expedited procedure and allow for shortened recommendations, thereby accelerating authorising officers' decisions and improving the overall efficiency of the system.

Development of a corporate data mining and risk scoring tool (Arachne+), as required by the 2024 Financial Regulation, became a key task for DG BUDG. The tool's usefulness will further increase the transition from the current Arachne tool to this improved Arachne+ system by mid-2026. An Expert Group with Member States was established to assist in developing the tool in view of the assessment of its readiness to be submitted by the Commission by the end of 2027.

Protecting the EU budget through the general regime of conditionality and monitoring conflict of interests

DG BUDG leads the enforcement of Regulation 2020/2092 on the **general regime of conditionality** to protect the Union budget (the "Conditionality Regulation"). In 2025, DG BUDG continued to screen the situation in all Member States. In addition, DG BUDG continued to contribute to the work led by the Directorate-General for Justice and Consumers (DG JUST) and by the Secretariat-General (SG) on the **Annual Rule of Law Report**.

DG BUDG supported Commission services with enforcing Article 61 of the Financial Regulation on avoiding conflicts of interest in relation with concrete cases and raised awareness both within

⁽⁴⁾ EU institutions, bodies, offices and agencies (EU IBOAs).

EU Institutions and in Member States. Based on new provisions in the 2024 Financial Regulation, DG BUDG has also reinforced attention to avoiding professional conflicting interests, to ensure the impartiality of contractors of EU Institutions.

Managing risk for borrowing and lending operations

DG BUDG continued to act as the ‘first line of defence’ for the risk management of borrowing and lending operations, with the Chief Risk Officer (CRO), acting as the ‘second line of defence’ for the financial risk assessment of financial operations, in full independence from the first line and directly attached to the Commissioner in charge of the budget. Risk management policies and internal procedures continued to be regularly reviewed to ensure adequate management of identified risks and to reflect evolving developments on debt and liquidity management operations.

Based on the liquidity management strategy adopted in December 2024, the active management of the liquidity buffer in the unified funding approach was further developed and reverse repo transactions with a central Counterparty (CCP) were implemented to optimize the investment of cash at minimal risks.

Providing information on beneficiaries and recipients of EU funds

DG BUDG has continued to manage and improve the Financial Transparency system, providing publicly available information on the amounts of funding from the Union budget in direct and indirect management.

Review of the EU anti-fraud architecture

DG BUDG has been co-leading (with the Secretariat-General) the ongoing work for the review of the EU anti-fraud architecture (‘AFA’). In 2025, an interservice group and a working group with anti-fraud actors were set up. On 16 July 2025, the Commission adopted a White Paper launching the AFA review ⁽⁵⁾.

The White Paper seeks to enhance the effectiveness of the actions of the AFA actors involved, avoid overlaps and make better use of financial and human resources. It also seeks to address new challenges, such as the increased involvement of cross-border and organised crime groups targeting EU funds or the use of advanced technologies, such as crypto assets and artificial intelligence tools.

Against this background, DG BUDG was involved in follow-up activities to identify the main challenges of this review, in different areas, with a view to adopt a Commission communication on the AFA review in Q4 2026.

5.3. Promote a strong enforcement culture to protect the EU budget on the revenue side

When a Member State does not comply with its obligation to make available the Traditional Own Resources (TOR) fully and on time, the Commission can launch an infringement procedure by

⁽⁵⁾ White Paper for the Anti-fraud Architecture Review, COM(2025) 546 final.

sending a letter of formal notice, followed by a reasoned opinion in case of no agreement with the Member State. The last step is the referral to the Court of Justice of the European Union. In 2025, the Commission closed 3 cases and 2 infringement procedures remaining open.

Safeguarding the EU budget requires the same level of attention for the revenue side of the budget as for expenditure. In 2025, DG BUDG continued working with stakeholders to make sure all revenue due is collected in full and on time. In addition, DG BUDG continued with revenue controls for own resources. Moreover, DG BUDG continued to provide guidance to Member States on how to increase effectiveness in collecting and making available own resources. When it comes to the effective management and control of the EU's own resources, in 2025, DG BUDG ensured strict compliance with the financial rules to minimise errors, prevent fraud and enhance transparency. DG BUDG continued to follow up on identified shortcomings in Member States and infringement proceedings, taking appropriate action to recover the losses in the EU budget.

General Objective 7: DELIVERING TOGETHER AND PREPARING OUR UNION FOR THE FUTURE

7.1. Design, negotiate and manage the EU budget expenditure and revenue that delivers efficiently on Union priorities and provides added value through the financing of EU public goods

Deliver efficiently on Union priorities

The budget is a key vehicle to deliver on Union priorities. The Commission proposal for an ambitious and dynamic Multiannual Financial Framework ("MFF") provides for an agile and impactful future EU budget.

In addition to the proposal for the next long-term budget, the annual budgets for 2025 and for 2026 continue to provide crucial funding for the EU's political priorities as outlined in the political guidelines of the Commission. Specifically, for 2026 it includes stable and predictable funding for Ukraine through the Ukraine Facility, as well as reinforced funding for security and defence, asylum and migration.

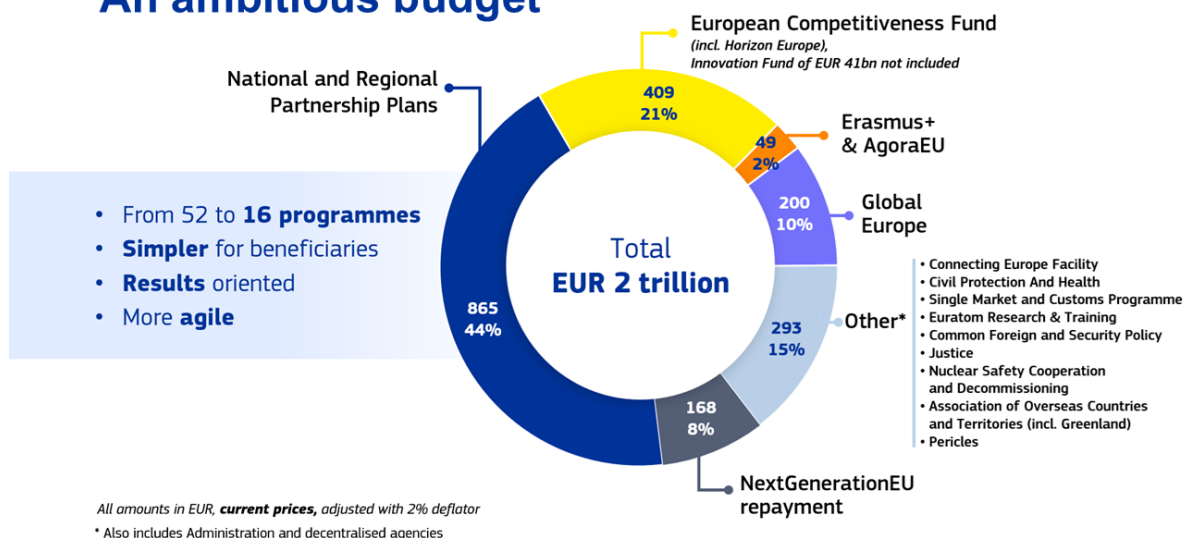
Moreover, building on the mid-term review of Cohesion funds, this budget creates major incentives and flexibilities for Member States to reprogramme available Cohesion funding towards emerging priorities.

Preparing the next multiannual financial framework

On 16 July 2025, the Commission presented its proposal for an ambitious and dynamic Multiannual Financial Framework ("MFF") amounting to almost EUR 2 trillion (or 1.26% of the EU's gross national income on average between 2028 and 2034). This framework will equip Europe with a long-term investment budget matching its ambitions to be an independent, prosperous, secure, and thriving society and economy over the coming decade, based on lessons learned from the current programming period and an extensive stakeholder consultation. In this

respect, the Commission held an open debate ahead of presenting its proposal, including open public consultations and a dedicated European Citizens' Panel.

An ambitious budget



Strategic Technologies for Europe Platform (STEP)

In 2025, DG BUDG continued to help steer the implementation of 11 EU funding programmes towards an increased support for the development and manufacturing in the Union of critical technologies, in line with the objectives of the STEP Regulation.



In 2025, 64 dedicated STEP calls were issued by the 5 EU programmes directly managed by the Commission, for a total budget of EUR 5.1 bn. As many as 58 cohesion programme amendments were adopted in 2025, for a total amount of EUR 7.5 bn.

The STEP Task Force also continued to support the implementation of STEP, including by integrating STEP calls also from national and regional managing authorities on the STEP Portal, revamping the latter to enhance its value for all stakeholders (including private investors interested in supporting high-quality projects receiving the STEP Seal from the European Commission), and publishing several updates to the brochure for managing authorities and an addition to the guidance note (to reflect the expansion of STEP to defence-related investments).

The STEP Task Force also completed an interim evaluation in mid-2025, pursuant to the requirements from the STEP regulation, which informed the design of the European Competitiveness Fund in the Commission's proposal for the next Multiannual Financial Framework, published in July 2025.

Translate the long-term budget into annual budgets

The technical adjustment of the 2021-2027 Multiannual Financial Framework (MFF) for 2026 ⁽⁶⁾ was adopted in June 2025. The Communication on the technical adjustment included the calculation of top-ups for priority programmes based on the revenue from competition fines to the EU from the preceding year. It also included the calculation of the value of de-commitments available for the EURI Instrument for the year 2026.



On 16 July 2025, DG BUDG issued the updated annual report on the long-term forecast of revenues and expenditure of the EU budget, in line with the requirements of Article 253 of the Financial Regulation. The report encompassed the inflows and outflows in relation to NextGenerationEU. The analysis focused on long-term trends in spending patterns of EU policies, the evolution of outstanding obligations, and key drivers. The report demonstrated the compatibility of the expected EU payment needs with the ceilings of the MFF, assessed the risk of shortfalls and suggested mitigating measures where appropriate. Exceptionally, the long-term forecast has been extended to encompass the Commission's proposal for the 2028-2034 long-term budget.

The budget for 2026 was adopted on 26 November 2025. It comes after a series of unpredicted developments over the 2021-2027 MFF period, including a global pandemic, an energy crisis and spiking inflation, the return of war on the European continent, an energy crisis and growing geopolitical tensions on the global scene.

The budget for 2026 continues to provide crucial funding for the EU's political priorities. It includes stable and predictable funding for Ukraine through the Ukraine Facility, as well as reinforced funding for security and defence, asylum and migration.

Moreover, building on the mid-term review of Cohesion funds, this budget creates major incentives and flexibilities for Member States to reprogramme available Cohesion funding towards emerging priorities, notably in the areas of competitiveness, defence, affordable housing, water resilience and energy transition. On the area of competitiveness BUDG also supported the 'Competitiveness Compass for the EU,' focusing on enhancing competitiveness, simplifying regulations, and fostering sector-wide innovation and sustainable development. This will make it easier for regions, who are at the core of Cohesion policy, to redirect investments to areas of greatest need and to accelerate payments to recipients of EU funding on the ground.

⁽⁶⁾ COM/2025/800 final, [EUR-Lex - 52025DC0800 - EN - EUR-Lex](#).

7.2. Develop policy-relevant knowledge, performance and financial intelligence in order to optimise the use of resources, influence policy design and ensure efficient and effective implementation of the spending programmes

Lead the way in financial management, internal control and knowledge management

As part of its responsibilities as Central Financial Service, DG BUDG has provided regular advice on the interpretation of the financial rules and ensured that the internal rules of the Commission remained adapted to the needs of authorising officers. DG BUDG has also continued to provide extensive policy, legal and financial advice on all relevant Commission initiatives.

DG BUDG continued to drive **knowledge-sharing across the Commission, as well as other EU institutions, bodies and agencies**, on budgetary and financial management matters. DG BUDG experts continued to feed BUDGpedia, the one-stop-shop knowledge management platform for financial and budgetary information hosted by DG BUDG. In March 2025, BUDGpedia was rebuilt in a new IT technology (SharePoint Online), offering a modern and even more user-centric experience for over 20 000 visitors from across the EU institutions, bodies and agencies.

Optimal use of resources – performance

On 16 July 2025, the Commission presented its proposal for a Regulation establishing a budget expenditure tracking and performance framework and other horizontal rules for the Union programmes and activities (Performance Regulation). This Regulation will provide an enhanced and single performance framework to monitor how the budget is spent and what results it achieves, based on simpler rules. This will increase transparency, accountability and consistency, reduce administrative burden, and ensure a simpler, more effective delivery of EU priorities.

A robust performance framework helps maximise the effectiveness and efficiency of every euro invested, ensuring that budgetary resources are aligned with strategic priorities and directed where they deliver the greatest results. The proposal replaces the current complex and fragmented set of rules with a horizontal approach for key principles – climate and environment, ‘do no significant harm’, social policies and gender equality – applicable to all EU funding, as well as a common framework for monitoring how EU budget is spent and the results it delivers.

The Performance Regulation introduces a harmonised set of performance indicators, replacing programme-specific indicators and reducing their number from around 5 000 to 900, which will enable aggregation across programmes and provide a clear picture of what the EU budget delivers for citizens.

The Single Gateway portal will further enhance transparency and accessibility by providing a single-entry point for information on the EU budget, including funding opportunities, as well as information on implementation and results.

7.3. Enhance the agility of the budget by strategic planning and foresight, harmonised asset management as well as efficient use of financial instruments, budgetary guarantees and the budgetary headroom.

Efficient asset and risk management of the EU budget guarantees, debt issuance and loan administration



DG BUDG delivered on its mandate to secure the revenue needed to fund EU priorities. Under the established unified funding approach, with the Commission issuing single-branded “**EU-Bonds**” instead of separately denominated bonds for individual programmes, DG BUDG raised EUR 152.6 bn over the course of the year through the issuance of EU-Bonds from international capital markets. On 31 December 2025, the EU’s total outstanding debt was EUR 738.9 bn, of which EUR 36.8 bn in the form of EU-Bills, and EUR 78.5 bn in the form of NGEU Green Bonds.

DG BUDG developed the **EU Bill programme** further by starting in January 2025 to issue EU Bills with a maturity of 12 months, in addition to the existing 3- and 6-month maturities. This increases the flexibility to use the EU Bill programme complementary to the EU Bond to manage liquidity risks, especially in situations of high liquidity needs.

The **Auction System** was further developed as an important distribution channel for EU debt. In Q2 2025 DG BUDG started to issue 3 different bonds in each auction (previously 2) and in September, a non-competitive allocation option was added. This option, a common tool in many sovereign bond auctions, allows investors on the day after an auction to buy additional bonds at the price of the auction and therefore makes the auctions more attractive for banks and investors and reduces the execution risk for the Commission.

The issuance of EU Bonds and Bills was complemented by strong **Investor Relations activities**, promoting the EU Debt and the EU in general to stakeholders in financial markets across the globe. The relationship to existing investors was improved and new investors were attracted. As a result, the demand for EU debt was strengthened, reducing the financing risk for the EU and improving EU’s ability to obtain funds in the most advantageous financing conditions in the medium to long run.

DG BUDG also continued with the implementation of the **NGEU Green Bond Programme** in line with the requirements of the NGEU Green Bond Framework. The publication of the 2025 edition of the annual NextGenerationEU Green Bonds Allocation and Impact Report provided updated information on the allocation of proceeds from the issuance of NGEU Green Bonds and showed that thanks to this financing, 14 m tonnes of CO₂ per year are estimated to be



avoided, a significant increase in achieved greenhouse gas emission reductions compared to previous years.

DG BUDG's borrowing activities enable the Commission to continue to respond promptly and effectively to new EU policy priorities. DG BUDG also continued the effective administration of disbursed loans, including management of interest and principal repayments. In 2025, this included enabling a EUR 2.5 bn early repayment of loans from Portugal under the European Financial Stability Mechanism with the funds received added to the Commission's funding pool under the unified funding approach to be used for other financial assistance programmes.

Sustainability of the Union 's contingent liabilities

To reach its policy objectives, the EU budget has over the years made increasing use of repayable support in the form of financial instruments and budgetary guarantees.

Thanks to these tools, the EU budget can leverage investments serving a European policy interest on a scale that is a multiple of the initial EU budgetary support. DG BUDG monitors closely whether the provisioning of budgetary guarantees remains adequate compared to the financial risks resulting from the supported investments.

The results of 2025's monitoring process and adequacy assessment were presented in the Article 41(5) report, which is one of the Working Documents attached to the Draft Budget.

As part of its responsibility for monitoring and reporting on the evolution of the contingent liabilities borne by the budget because of budgetary guarantees and loans to EU and third countries, DG BUDG prepared the Article 256 report ⁽⁷⁾ in December 2025. It assessed the sustainability of the Union contingent liabilities provisioned and those covered by the headroom under several stress scenarios, which amounted to EUR 410 bn (EUR 110 bn arising from budgetary guarantees and EUR 300 bn arising from loans to EU and third countries) borne by the EU budget at the end of 2024.

Management of the assets of the Common Provisioning Fund

The Common Provisioning Fund (CPF) serves as a crucial capital buffer in the EU budgetary system. It represents the provisioning bedrock for the internal and external guarantees implemented by the EU. This Fund is the Commission's largest directly managed portfolio, with a market value of EUR 27 bn at the end of 2025.

As per its asset management guidelines, the Fund maintains a liquid diversified portfolio. It registered a positive return of +3.85% in 2025, keeping its cumulative performance since inception in line with its strategic benchmark.

⁽⁷⁾ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52025DC0781>.

General Objective 8: A MODERN, HIGH-PERFORMING, AND SUSTAINABLE EUROPEAN COMMISSION

Domain leadership



As domain leader for budget, finance and internal control, DG BUDG continued to foster knowledge-sharing on financial and budgetary matters, risk management and internal control, including through the corporate knowledge management platform for budget and finance, BUDGpedia, the quarterly Internal Control Correspondents' network, the monthly

network 'Réseau des Unités Financières' (RUF) and dedicated corporate training in 2025. It continued the development of CENTRICS, the dedicated tool for the centralised internal control registers. In parallel, the Helpdesk of the Central Financial Service continued to reply to often complex questions on budget and finance matters.

DG BUDG's Central Financial Service (CFS) remains at the forefront for dissemination of financial knowledge across the European Institutions and Bodies. Through corporate financial learning activities, it fosters active knowledge sharing across services, equipping EU staff with the skills and competences to efficiently manage financial responsibilities. The CFS has expanded its learning tools by developing and producing new video capsules that complement the existing series. These capsules are designed to deepen understanding of the EU tools and rules that safeguard the EU Budget. Additionally, the CFS played a key role in recommending learning packages, further contribution to the financial professionalism of EU staff.

Centralised reporting

DG BUDG continued to ensure centralised reporting on the implementation of the European budget, supporting sound financial management and transparency. The launch in January 2025 of the new Financial Accounting System SUMMA for the Commission and Executive Agencies marked a major milestone, requiring a comprehensive adaptation of the reporting landscape to the new IT environment.

In preparation for this transition, DG BUDG identified all internal management and operational reports, as well as external statutory reports and those published on Europa, to be recreated within SUMMA. To ensure that all reporting needs were duly captured and prioritised, DG BUDG conducted a survey with Directorates-General in May 2024 and an internal survey in June 2024. The resulting roadmap enabled a rationalisation and streamlining of reporting requirements, consolidating more than 20 000 ABAC business object reports into a limited number of interactive dashboards.

Implementation progressed steadily throughout 2025. In the first quarter alone, nine SUMMA dashboards replaced the functionalities of approximately 5 000 legacy reports. Additional dashboards identified in the roadmap were developed and released progressively each quarter. By the end of the year, more than 20 SUMMA dashboards and specific reports were available to Directorates-General and Executive Agencies.

DG BUDG supported this transition through targeted onboarding and training activities, including more than 13 webinars organised throughout the year, reaching over 2 500 staff members.

The SUMMA reporting landscape will continue to evolve in 2026, with further dashboards and statutory reports under development. In line with the revised Financial Regulation and enhanced transparency requirements, DG BUDG will pursue the centralisation of financial statistics, not only for the Commission, but also for other EU institutions and bodies, including decentralised agencies and joint undertakings. The relevant data are planned to be published in June 2026.

Accounting and treasury

Implementation of controls on local financial reporting/accounting systems used by different Commission services is an integral part of the Accounting Officer's mission to deliver fair and reliable accounts. In the context of the transition from ABAC to SUMMA, the Accounting Officer services have developed a new Accounting Quality Framework which empowers the Authorising Officer/DG Accounting Correspondents to adjust their annual control activity programme according to their risks and in line with new SUMMA design. During 2025, the integration of 3 local systems with SUMMA was reviewed. No substantial weaknesses have been identified in the design, implementation and integration of those local systems.

Accurate business partners information must be registered in the Commission central financial systems. The Accounting Officer ensures continuous monitoring of the information entered by authorising officer services to guarantee high quality standards and to limit returned payments due to incorrect bank information.

Corporate financial IT systems

In the beginning of 2025, DG BUDG successfully completed the rollout of the new IT corporate financial system, SUMMA, in the Commission and in the Executive Agencies. Over 2025, it has further rolled out SUMMA in other 23 EU entities, including the EEAS. This will continue in 2026. The former Commission's financial system ABAC will be phased out from 2027. The deployment of SUMMA contributes to the further implementation of the Commission's digital strategy and to the modernisation and digitalisation of the EU administration. DG BUDG plans to further enhance SUMMA to address the remaining functional gap and incorporate additional functionalities and reporting capabilities, artificial intelligence, innovation and move to the cloud, which will be assessed in 2026.

DG BUDG continued the preparation of Arachne+, the new risk scoring tool of the EU, the feeding of which will be mandatory for all modes of budget management as of 1 January 2028.

Strategic communication

In 2025, DG BUDG provided a substantial contribution to the communication package delivered for the launch and promotion of the Commission’s proposal for the next Multiannual Financial Framework (MFF), and supported the subsequent negotiations with tailored communication materials via multiple communication channels.



Despite the technical complexity of the MFF proposal, communication materials succeeded in translating budgetary issues into clear and accessible messages. A key output was the comprehensive press package published at the launch of the MFF proposal, including 23 factsheets which were translated in the 24 EU languages, as well as standard presentations, which served as a reference point throughout 2025. Communication and awareness-raising actions explaining the objectives, structure and added value of the MFF proposal primarily targeted external stakeholders — journalists, national authorities and the general public — while also addressing Commission staff who act as ambassadors for the proposal. With the support of DG COMM, the

Secretariat-General and EU Representations, DG BUDG organised or contributed to briefings and stakeholder events in Brussels and in the Member States, reaching multiple audiences. These actions were reinforced through continuous updates on our website and social media channels. Media relations were central to DG BUDG communication achievements over the year.

A key element of the communication approach was the integration of citizens’ perspectives, notably through support provided by DG BUDG to the European Citizens’ Panel on the future EU budget which brought 150 citizens from all EU Member States to Brussels. The communication team contributed substantially to the design, organisation and communication of the panel’s work. Actions highlighted how citizens’ recommendations fed into the broader reflection on EU spending priorities and long-term challenges. This helped reinforce transparency, public trust and awareness of participatory democracy tools linked to EU decision-making. The citizens’ recommendations were integrated in the Commission’s proposal on the MFF.

DG BUDG also continued to support DG COMM in communication actions highlighting the concrete results of the EU budget on the ground, notably through the “The Power of Together” campaign on the benefits of the EU budget, which started in December 2025.

Alongside MFF communication, communication actions supported other core policy areas where DG BUDG is in the lead. Continued communication on borrowing and lending operations throughout the year ensured transparent, consistent messaging towards markets, stakeholders and the media, supporting the Commission’s reputation for reliability, stability and professionalism.

In 2025, the Communication team also worked in close cooperation with the Commissioner’s Cabinet to support the Tour d’Europe, an initiative aimed at engaging on the ground with stakeholders, national authorities, citizens, and beneficiaries of EU funds. A total of 13 stops were carried out across 23 countries. The team played a central role in developing the website, drafting its content, and ensuring the initiative’s visibility. Each stop was actively promoted through targeted social media activities. Moreover, a consistent visual identity and tailored visuals were produced for each stop, used across social media and for other communication supports, like decorating the van used by the Commissioner during the tour, for example. A dedicated, user-

friendly platform was integrated into the “Implementation Dialogues” website. Designed to present a dynamic narrative of the Commissioner’s travels, it features intuitive navigation and an interactive map providing direct access to content for each stop. Overall, the Tour d’Europe website attracted 10 163 visitors in 2025, reflecting strong interest in the initiative.

The Annual Budget Conference organised by DG BUDG was once again a flagship communication event. In 2025, the conference brought together the Presidents of the Commission, European Parliament and Council, more than 530 participants in person and over 2300 online. Feedback collected showed a very high satisfaction rate, confirming its continued relevance as a platform for discussing EU budget priorities.



DG BUDG also played a central role in contributing to Commissioner Serafin’s 2025 Annual Progress Report on Simplification, Implementation and Enforcement. The report, covering the period from 1 January to 31 July 2025, was prepared in line with the Mission Letters of all Members of the College and the Communication ‘*A Simpler and Faster Europe*’.”

DG BUDG’s contribution highlights the practical implementation of the simplification agenda across the Commissioner’s portfolio. This is exemplified by the Commission’s proposal for the post-2027 Multiannual Financial Framework (MFF), adopted on 16 July 2025, which places simplification and efficiency at the heart of EU budget management. The proposal seeks to reduce fragmentation by consolidating instruments and harmonising rules, making EU funding more accessible, more transparent, and more results-oriented.

2. INTERNAL CONTROL AND FINANCIAL MANAGEMENT

Management monitors the functioning of the internal control systems on a continuous basis and carries out an objective assessment of their efficiency and effectiveness. In annex 7, there is a list and details of the reports that have been considered. The results of the above assessment are explicitly documented and reported to the Director-General.

2.1. Control results

Management uses control results to support its assurance and reach a conclusion about the cost-effectiveness of those controls, meaning whether the right balance between the following elements is achieved:

- **Effectiveness** The level of error found, based on the controls carried out.
- **Efficiency** The average time taken to inform or pay.
- **Economy** The proportionality between the costs of controls and the funds managed.

2.1.1. Overview of the budget and relevant control systems

DG BUDG's assurance building and materiality criteria are outlined in Annex 5. Annex 6 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems (RCS).

Table 1. The scope of assurance with materiality criteria

| Activity | Value | Materiality |
|--|---|--|
| RCS1: Own resources revenue | EUR 156.8 bn | Ratio of concerned amount ⁽⁸⁾ to total relevant segment <1% |
| RCS2, 3 and 4: Expenditure | EUR 5.6 bn | Residual error rate <2% |
| RCS5 and 6: Financial assets and loans | Positive conclusion on management of financial assets (62 bn): direct: 35 bn, indirect (via EIB) 27 bn, and loans (116 bn). | |

DG BUDG's control systems cover these main categories: own resources revenue, expenditure (direct management), financial market operations linked to borrowing, lending and related liquidity management, and the management of assets (in direct and indirect management) on behalf of the EU budget (e.g. provisions set aside for budgetary guarantees or fines held pending European Court of Justice appeal). The financial assets are defined broadly, as including contingent assets (and liabilities) as well as financial income (and costs) linked to the respective assets. These activities are of a corporate nature with strong horizontal accounting controls (including monthly closure), oversight and external audit. All audit opinions received for the 2024

⁽⁸⁾ The concerned amount is the non-extrapolated error found during risk-based controls.

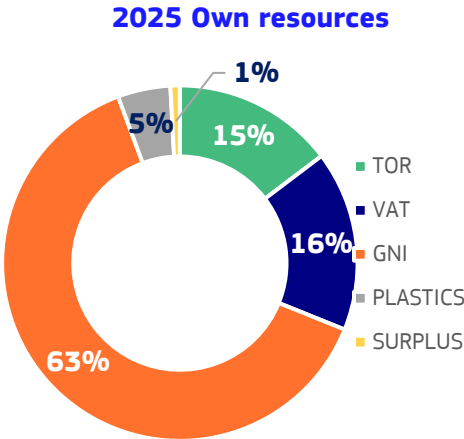
financial reports were unqualified, confirming the accuracy of our financial reporting and efficiency of internal controls. The error rate is not calculated in this context.

In addition, DG BUDG is responsible also for the accounting activities (production of annual accounts, treasury, recoveries), and for ABAC and transition to SUMMA (see the controls described in the relevant sub-section of 2.1.2d) Assessment of control results for non-expenditure items).

DG BUDG also receives income, collected from both external European agencies and bodies, and other Commission departments, related to charge-back for the costs of the financial IT system, of treasury and accounting services. In 2025, the total value of charge-back (EUR 17 m) represented a small fraction of DG BUDG’s activities, covering less than 5% of expenditure. Therefore, the related control system is not presented as a separate section in this report.

Revenue

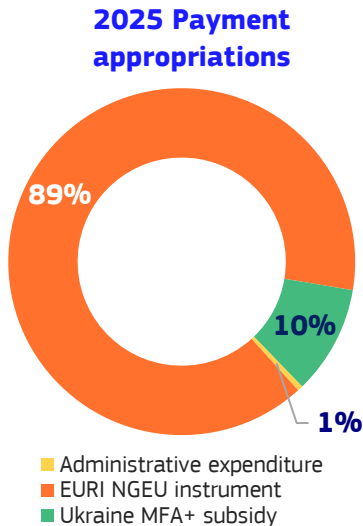
Four main streams of EU revenue are known as own resources. They are: (1) Traditional Own Resources (TOR; primarily customs duties); (2) the value added tax (VAT)-based own resource; (3) the own resource based on non-recycled plastic packaging waste and (4) the Gross National Income (GNI)-based own resource. In 2025, own resources revenue amounted to EUR 156.8 bn.



Expenditure

In terms of payments made (according to annex 3), **2025 DG BUDG’s expenditure amounted to EUR 5.6 bn**, of which:

- 99% (EUR 5.6 bn) related to **operational expenditure** under two lines the European Union Recovery Instrument (EURI) and Ukraine Macro Financial Assistance (MFA+) interest rate subsidy.
- 1% (EUR 0.05 bn) related to **administrative/support expenditure**.

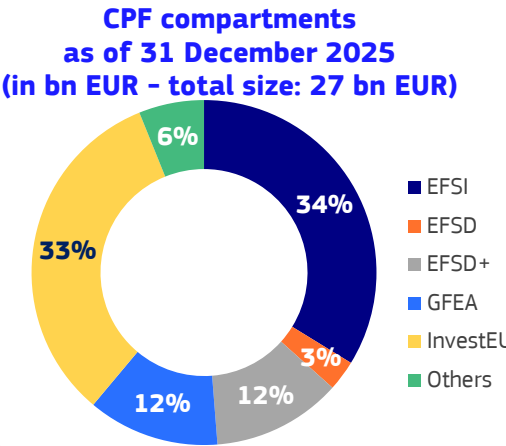


The **administrative expenditure** budget lines were used mainly to pay for external staff service providers, IT licences, financial databases, operating tools related to borrowing and lending, bank services and studies. The related controls are described in annex 6, RCS2. The **MFA+ interest subsidy** covers the interest charges related to the loans provided to Ukraine, to be financed by eventual availabilities under the EU budget and contributions of the EU Member States. The related controls are described in annex 6, RCS3. The **EURI Instrument** may be used to finance, for a given year, part of the additional costs of the interest and coupon payments due in respect of the funds borrowed on the capital markets in accordance with Article 5(2) of Decision (EU, Euratom) No 2020/2053 (the ‘Own Resources Decision’), when such costs exceed the amounts set out in Article 10a(1) of the MFF Regulation for that year. The related controls are described in annex 6, RCS4.

Financial assets

On 31 December 2025, DG BUDG managed EUR 62.0 bn of assets (mainly fixed income bonds), directly (EUR 35 bn) or indirectly (EUR 27 bn) through the European Investment Bank (EIB).

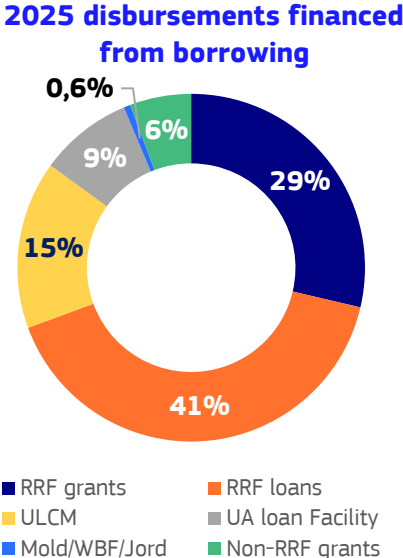
DG BUDG manages directly around EUR 35 bn in seven portfolios: European Coal Steel and Coal Community in liquidation Fund (ECSC), Competition Fines Fund (BUFI), Mutual Insurance Mechanism Fund (MIM), Common Provisioning Fund (CPF), Joint Sickness Insurance Scheme (JSIS-RCAM), Provident Fund for Local Agents in Delegations and the Complementary Sickness Insurance Scheme for Local Agents managed under joint portfolio (POPL), and the “Fonds d’allocation de chômage aux anciens agents temporaires” (CHOM).



The largest portfolio, CPF, contains the provisions from the European Commission budgetary guarantees and financial assistance. The assets under management in the Common Provisioning Fund are controlled under the usual risk framework in place for all in-house asset management activities. The main controls relate to monitoring of (i) the limit framework, (ii) the eligible investment universe and (iii) the investment objective.

Borrowing and lending

In 2025, the Commission has borrowed on the financial market to finance several programmes, i.e. NextGenerationEU, macro-financial assistance (MFA), the [Western Balkans and Moldovan reform and growth facilities](#), the Ukraine Facility and the MFA loan to Ukraine under the G7 Extraordinary Revenue Acceleration (ERA) loans initiative. In 2025, total disbursements (payments) under these programmes amounted to almost EUR 116 bn. The Commission deployed a **unified funding approach (UFA)** to carry out the necessary borrowing, in the necessary volumes and under optimal market conditions.



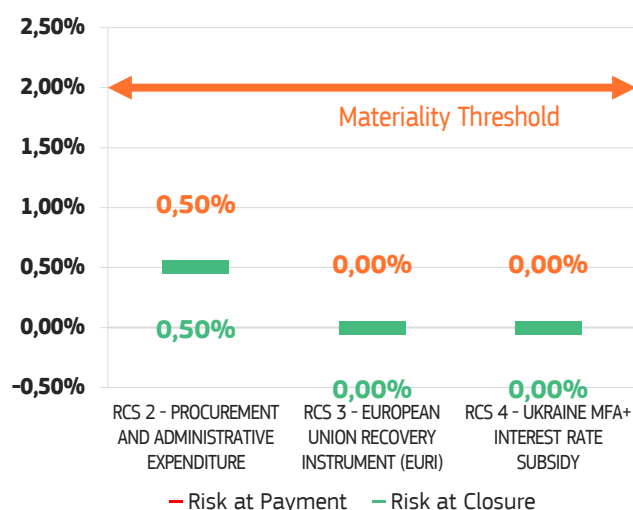
The largest spending programme of all NGEU programmes is the Recovery and Resilience Facility (RRF), which provided EUR 33.3 bn in grants and EUR 47.2 bn in loans to beneficiary Member States. The remaining part (EUR 6.6 bn in 2025) was provided through other (non-RRF) spending programmes, in the form of grants and as provisioning to the InvestEU budgetary guarantee. In addition, the Commission disbursed EUR 28.1 bn to Ukraine under the Ukraine Facility and the G7 ERA loans initiative, a EUR 250 m MFA loan to Jordan, EUR 288.9 m in loans to Moldova under the Reform and Growth Facility for Moldova, and EUR 184.4 m in loans to Albania, North Macedonia, Montenegro, and Serbia under the Western Balkans Reform and Growth Facility.

2.1.2. Effectiveness of controls

a) Assessment of control results per segment of expenditure

Estimated Risks (error rates) per Segment of Expenditure

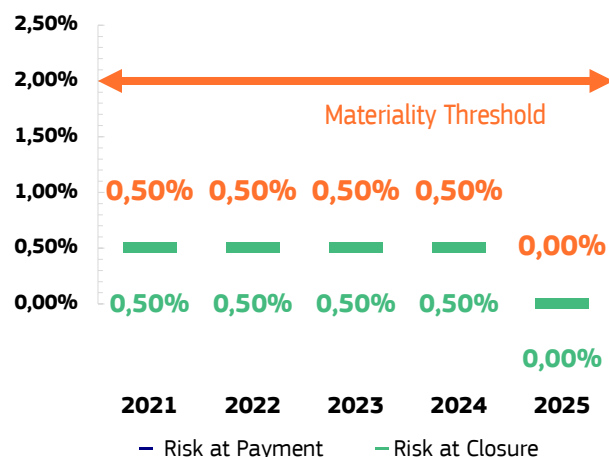
As part of its assurance building process, DG BUDG estimates the error rate for the control system managing expenditure. For the control systems governing own resources revenue and off-budget management no error rates are estimated. The Authorising Officer by Delegation (AOD) may decide to carry out ex-post controls to verify the quality of its ex-ante controls⁽⁹⁾. The expenditure managed by DG BUDG is of an administrative nature and of low risk (it concerns mainly the external service providers, IT licences, databases and bank services), and DG BUDG does not sample the transactions ex post to estimate the errors. Instead, horizontal accounting controls are performed in the context of accounting quality. The AOD decided to use the flat rate of 0.5% as a conservative estimate for the risk at payment for RCS2: Procurement and administrative expenditure, and the flat rate of 0% for RCS 3 and RCS 4, being the costs of borrowing and liquidity management.



b) Estimation of the overall risk at payment and risk at closure

Evolution of overall risks at payment and closure for the period 2021-2025

In general, the estimated overall risk at payment for 2025 expenditure is the AOD's best conservative estimate of the amount of relevant expenditure during the year, not in conformity with the contractual and regulatory provisions applicable at the time the payment was made. In high-spending Commission departments this expenditure will subsequently be subject to ex-post controls and a proportion of the underlying errors will be detected and corrected in subsequent years, corresponding to the conservatively estimated future corrections for 2025 expenditure. The difference between those two results is the estimated overall risk at closure⁽¹⁰⁾.



⁽⁹⁾ Art. 74 FR: "The authorising officer by delegation may put in place ex post controls to detect and correct errors and irregularities of operations after they have been authorised. Such controls may be organised on a sample basis according to risk and shall take account of the results of prior controls as well as cost-effectiveness and performance considerations."

⁽¹⁰⁾ This is the AOD's best, conservative estimation of the expenditure authorised during the year that would remain not in conformity of applicable regulatory and contractual provisions by the end of implementation of a multi-annual programme.

As DG BUDG carries out only ex ante controls, due to the administrative nature and low risk type of expenditure (see previous section), there are no ex-post controls and corrections. Consequently, DG BUDG is using the flat rate as a conservative estimate for both the risk at payment and the risk at closure. Up until 2024, a flat rate of 0.5% was applied to the whole expenditure. In 2025, DG BUDG opted to illustrate that two components of its expenditure are risk free (0%) as they concern EURI and MFA+. Given that they represent 99% of the total expenditure, this adjustment effectively reduced the overall risk at payment and the risk at closure to 0% in 2025.

For an overview at Commission level, the departments' estimated overall risk at payment, estimated future corrections and risk at closure are consolidated in the Annual Management and Performance Report (AMPR).

c) Quantitative benefits of controls: Preventive and corrective measures

DG BUDG has an effective mechanism in place for detecting and correcting errors, through ex-ante controls covering 100% of procedures and transactions, being a preventive measure. There were no ex-post controls carried out in 2025, and no recoveries were made. The horizontal accounting quality checks were done in line with the annual accounting quality programme. This is similar to the situation in 2024.

The financial controls on the expenditure in DG BUDG are primarily linked to the legality and regularity of procurement procedures and the respective ex ante checks performed at payment stage. In 2025, 6 procurements above the threshold of EUR 143 000 and 516 contracts underwent respective controls, with only 1 exception and 2 non-compliance events registered without financial impact, while mitigating measures have been agreed internally and implemented to avoid that these events happen in the future. Annex 6 demonstrates how the control systems in place address the related risks.

In 2025, the **horizontal accounting controls** resulted in one corrective booking with a value of EUR 599 042 (not material).

d) Assessment of control results for non-expenditure items

Own resources revenue

The indicators of control performance for own resources are described in the corresponding part of annex 6. Control results in terms of legality and regularity have allowed to obtain assurance and are described in annex 7.C. Annual programmes of traditional own resources (TOR) target specific areas with potential financial risk on the EU budget while VAT-based own resources inspections cover 100% of statements for all Member States during a 3-year cycle. In 2025, the inspection plans for TOR and VAT-based own resources were both 100% completed.

The main objective of the inspections related to the VAT-based own resources is to arrive at the correct VAT-base for calculation of the VAT-based own resources to ensure equal treatment of Member States.

For TOR, Member States are autonomously responsible for making available the correct amount of own resources due. Beyond the annual inspection programme, DG BUDG monitors all TOR amounts linked to irregularities and fraud above EUR 10 000 via the reporting database OWNRES, and all unrecoverable amounts above EUR 100 000 via the reporting tool WOMIS.

Furthermore, DG BUDG verifies the consistency of Member States' monthly A account statements (regular TOR payments) and quarterly B account statements (separate account for outstanding amounts). In addition, DG BUDG ensures the financial follow-up of the European Court of Auditors' findings and recommendations to Member States and carries out ad hoc inspections or desk audits, where required.

For all the errors detected by DG BUDG, recovery orders are issued to correct them, and Member States pay the additional amounts due, effectively reducing the residual value of errors close to 0%. In 2025, recovery orders amounting to EUR 72.7 m were issued in relation to TOR cases, corresponding to 0.32% of total TOR collected (EUR 23 bn). In addition, recovery orders for interest for EUR 121 m were issued. Finally, DG BUDG supports the continuous improvement of Member States' internal control systems for TOR collection during inspections, but also via the biannual Advisory Committee Own Resources – TOR and targeted guidance documents shared with all Member States.

The control results for the TOR and VAT-based own resource are described in detail in Annex 7.C.

The inspections related to the GNI-based own resources and the own resources based on non-recycled plastic packaging waste are carried out by DG ESTAT. They can request Member States to adapt their statistics and align with the legal requirements by placing reservations to be resolved within specific deadlines. DG BUDG ensures the financial follow-up to the controls by DG ESTAT, collecting underpaid own resources and related interest, where applicable.

Financial assets

The control of the various risks related to the **financial asset management** operations is based on dedicated governance and working procedures, adopted following benchmarking with the highest standards adopted by peer international institutions. These procedures, which were subject to various internal and external audits, ensure sound asset management.

The asset management governance assures appropriate: i) delegation of decision-making and lines of accountability, ii) segregation of duties between Front Office, Risk and Back Office, iii) roles, procedures, and processes, and iv) checks and balances at all levels (including compliance oversight). The internal compliance procedures complement the institutional framework for managing potential personal conflicts of interest and implement rules to appropriately manage risks of insider trading.

The Asset Management Guidelines and internal investment restrictions provide a solid internal control framework. Assets in the form of securities are kept with our custodian in accordance with market best practices, while cash and deposits are placed at highly rated financial institutions. DG BUDG continuously monitors whether the control framework is being respected. An exhaustive set of performance and risk metrics for the assets under management is reported periodically to the relevant stakeholders.

In 2025, asset management transactions and positions did not lead to any active breaches of risk limits. There were 22 passive breaches, related to price movements of securities. Passive breaches ⁽¹¹⁾ were immaterial and were quickly resolved.

In 2025, the accounting and back-office unit followed procedures and controls as defined in the accounting manual. The duties are segregated between the team responsible for initiation of securities deals and a back-office team responsible for their settlement and bank reconciliation. The holdings of assets in the portfolio were reconciled to the statement received from the depository of securities, and all the movements in the portfolio of directly managed assets were reconciled monthly by the accounting team. Any settlement discrepancies and late payments caused by counterparties was followed-up by the bank reconciliation and back-office team on a daily basis.

The valuation of the portfolio was cross-checked by the middle-office as required. Year-end financial statements of the main asset portfolio instruments (CPF, MIM, BUFI and ECSC) are subject to a statutory annual audit performed by an external audit firm, supervised by the Court of Auditors.

In 2025, the reconciliation team identified 52 instances of late settlement, account overdrafts, and associated fees, resulting in EUR 20 954.22 in overdraft charges and EUR 477.43 in fees imposed by Clearstream due to uncovered pre-advice. In accordance with internal guidelines which mandate the recovery of all charges exceeding EUR 200, a sum of EUR 4 069.56 has been reclaimed from Clearstream. A claim for EUR 126.27 will not be pursued, as it falls below the specified threshold. The reclaimed sum is currently awaiting feedback. The remaining value of overdraft charges (EUR 16 758.45) arose from an operational oversight related to interpretation and alignment of information across multiple IT systems, which resulted in an underestimation of required account balance. The situation was identified and addressed promptly. Corrective actions have been implemented to strengthen controls and reduce the likelihood of similar occurrences in the future.

Two additional claims were received from counterparties during the year, namely EUR 9 632.93 from Clearstream and EUR 4 250 from BCL, both resulting from late settlements due to technical errors. Compensation claims will be lodged for these incidents. No other issues with safeguarding of financial assets were identified during the monthly closure reconciliation.

The strong reporting framework on financial instruments and budgetary guarantees, ensured that all related reports listed in the Financial Regulation were issued in 2025.

The controls in place as regards financial assets have been working as intended and provided DG BUDG with sufficient assurance on the effective functioning of the internal control systems.

The credit risk model used to generate the risk metrics for the budgetary guarantees will undergo an external review. The independent Chief Risk Officer and the Chief Risk Office unit aim to finalise the credit risk model by end of Q1 2026.

⁽¹¹⁾ Active breaches occur due to direct actions or transactions initiated by asset management, causing risk limits to be exceeded. Passive breaches arise from external market factors, primarily price movements of financial assets, without direct management action.

Borrowing and lending

The spending programmes under NextGenerationEU are implemented under the responsibility of Authorising Officers by Delegation (AODs), as indicated in Decision C(2018)5120, while forecasting, liquidity and disbursement processes are managed by DG BUDG. The CRO's risk management policies imply both ex-ante and ex-post oversight of borrowing and lending operations. While ex-ante oversight focuses on assessing potential risks and threats to the operations, ex-post oversight focuses on risk-mitigating measures, post-execution assessment where needed, and reviewing the adequacy of existing control points.

Borrowing and lending operations were accounted for in line with the IPSAS and disclosed in the EU annual accounts as well as reports to the European Parliament and the Council. Year-end financial statements of all lending and borrowing instruments are subject to a statutory annual audit performed by an external audit firm, supervised by the ECA.

The controls in place for the borrowing and lending operations have been working as intended and provided DG BUDG with sufficient assurance on the effective functioning of the internal control systems.

Corporate accounting activities

The **Accounting Officer** is responsible, as foreseen in Article 77 of the Financial Regulation for: (i) properly implementing payments, collecting revenue and recovering amounts established as being receivable; (ii) preparing and presenting the **consolidated annual accounts of the EU**, for the Commission and many other entities; (iii) keeping the accounts; (iv) laying down the accounting rules, procedures and charts of accounts; (v) laying down and validating the accounting systems and (vi) treasury management. The Accounting Officer signs the annual accounts declaring that they present fairly, in all material aspects, the financial position, the results of the operations and the cash flows of the Union. The annual accounts are adopted by the College of Commissioners. The Accounting Officer is an independent function and bears a major responsibility as regards financial reporting in the Commission, whose work contributes also to the control objective of safeguarding of assets.

In 2025, the Accounting Officer reviewed three of the most significant local systems which interact with SUMMA and other corporate systems. No material risks have been identified.

Every year, the accounts are audited by the European Court of Auditors, applying the materiality threshold applicable to the EU financial statements (2% of the total amount of the liabilities; for misstatements of balance sheet items, EUR 50 m)⁽¹²⁾. The accounts have received a clean opinion for the last 18 years.

To support the corporate accounting and financial management objectives in the EU institutions, DG BUDG develops IT financial applications (which are recognised as intangible assets (internally generated software) in DG BUDG's balance sheet). In 2025, **DG BUDG's intangible assets** amounted to EUR 122.7 m (as per annex 3). This relates to the value of SUMMA software (EUR 115.6 m), and Arachne+ (EUR 7.1 m), which is under construction.

⁽¹²⁾ [Materiality methodology of the Court of Auditors](#).

SUMMA is the Commission's new corporate financial and accounting IT tool, which went live for the Commission and 5 executive agencies in January 2025. It was further deployed to another 23 EU entities, including the EEAS, in January 2026. SUMMA is a modernised finance system based on off-the-shelf software, notably SAP S/4HANA. By leveraging the built-in public sector standards and best practices, the solution enables the streamlining of budgetary and financial processes across Commission services.

Accounting Officer services' reviews of the development and testing activities for the key SUMMA business domains (expenditure, income, business partners, inventory, treasury and accounting) through 2025, along with the attestations provided by each SUMMA project manager, have not identified **any material issue** that would prevent SUMMA from generating accounting information in compliance with the Financial Regulation and IPSAS. In addition, no weaknesses have been identified in the design or implementation of the local systems which would indicate that the control environment does not comply with the validation criteria laid down by the Accounting Officer of the Commission.

During the summer of 2025, the Internal Audit Service (IAS) carried out an engagement on SUMMA preparedness for the closure of the 2025 Commission accounts based on a comprehensive survey of the DGs. Based on DG BUDG's analysis, the survey has not identified any material issues that could compromise the reliability of the 2025 accounts. All issues reported have been or are in the process of being addressed/solved before provisional account closure.

e) Fraud: prevention, detection, and correction

DG BUDG has developed and implemented its own anti-fraud strategy since 2013, based on the methodology provided by OLAF. It was last updated in 2021, following a fraud risk assessment. Its implementation is being monitored and reported to the management annually. Around 95% of the actions in BUDG's Action Plan have been implemented by the end of 2025. The remaining actions should be completed by 2027 due to their complexity, most of the actions being recurrent. Given the overall stability of identified fraud risks, the recurring nature of the related actions, and an internal reorganisation that took place in 2024 and 2025, the Anti-fraud Strategy is now expected to be revised in 2026.

As (co-)lead service for actions 2, 3, 16, 30 and 40 of the Commission Anti-Fraud Strategy Action Plan of July 2023, DG BUDG has:

- started developing the IT system for data mining and risk scoring (Arachne+), as mandated by the 2024 Financial Regulation;
- enhanced the level of guidance on the Early Detection and Exclusion System (EDES);
- contributed to the Commission-EPPO Agreement, on aspects of guidance, training and a possible helpdesk for Commission departments; and
- contributed to reinforcing of the ethics and anti-fraud culture by anti-fraud training for all staff, adding ethics and anti-fraud elements to financial training courses.

Corrective measures based on OLAF recommendations are reported on in the context of annual monitoring exercises conducted by OLAF, in accordance with Article 11 of Regulation 883/2013 ⁽¹³⁾.

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

2.1.3. Efficiency of controls

Own resources revenue

BUDG ensured timely own resources payments by Member States. The inspection programmes for traditional and VAT-based own resources including reporting as well as the assessment of Member States' write-off reports for irrecoverable amounts of TOR were completed in full and within the regulatory time limits. Where DG BUDG identified imports for which national authorities did not collect and make available the adequate amount of TOR to the EU budget, the amounts were recovered from the Member States concerned, including late payment interest where applicable.

Expenditure

The transition in 2025 to the Commission's new accounting system, SUMMA, has required the adjustment to a new system and has impacted budget implementation tasks, processes and financial management activities, particularly during the first part of the year. This has required careful management to ensure the same data quality as in previous years. It slightly slowed down the processing of invoices in DG BUDG.

The indicators time-to-inform and time-to-grant (Art 197.2 FR) are not applicable in the case of DG BUDG. In 2025, the average net payment time for the 2149 payments was 17 days on average. Timely payments covered 99.9% of the total value of payments, which is higher than the average for the Commission (95%).

Financial assets

An exhaustive set of performance and risk metrics for the assets under management is reported periodically to the relevant stakeholders (in 2025, all 12 risk and performance reports were issued on time).

The operations that concern portfolio asset management must be executed in a timely manner to assure correct settlement of all security deals. Daily reconciliation of security deals and the subsequent bank reconciliation is an essential part of the established control process. The monthly accounting closure process must respect deadlines agreed with the involved DGs that are recipients of the respective reporting, which includes in the case of the CPF the monthly shareholder report and the net asset value of the portfolio.

⁽¹³⁾ [Regulation \(EU, EURATOM\) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office \(OLAF\) and repealing Regulation \(EC\) No 1073/1999 of the European Parliament and of the Council and Council Regulation \(Euratom\) No 1074/1999.](#)

Borrowing and lending

Lending and borrowing operations must be recorded on time to generate contractual payments. This is particularly important for payments to investors where a breach of payment could have a negative impact on the EU's reputation. All payments in 2025 were executed on time. For incoming payments, the back-office is monitoring the daily collection of expected payments from loan beneficiaries and initiates corrective actions if necessary. In 2025, all interest revenues were received on time. All disbursements to Member States were made within 6 working days of receipt of the payment request.

2.1.4. Economy of controls

The estimation of the cost of controls follows the bottom-up principle: the units performing the controls provided the estimated number of related full-time equivalents (FTE).

As regards revenue, DG BUDG calculated the cost of widely understood ex-post controls (verifications, monitoring, and TOR and VAT inspections: cost of FTEs and missions) and the cost of horizontal accounting controls. Ex-ante controls are done by the Member States, and DG BUDG does not receive any related information on the cost. In 2025, the cost of ex post control amounted to EUR 4.6 m (0.01% of total TOR and VAT amount) and was similar to the cost in 2024.

For expenditure, the number of FTEs was estimated in line with the financial circuits (covering both operational and financial controls). The cost of the ex-ante and horizontal accounting controls has been estimated at EUR 1.8 m (0.03% of BUDG's expenditure). While the overall cost is similar to the cost last year, the ratio is smaller (0.06% in 2024) due to the increase in the amount of the payments made. Details of the estimated cost of the control activities provided by REA are reported in the annual activity report of REA.

The management of financial assets and borrowing and lending involves the presence of controlling officer functions (4 eyes principle) in the execution of key transactions (e.g., auctions, syndications) or process related tasks (cost calculation, invoicing). As these controls are an integral part of all business processes, it is difficult to precisely quantify the amount of time consumed by these functions. On average, it is estimated that each staff-member invests at least 1/5 of available time operating in a control capacity.

The estimated cost of controls related to financial asset management and activities related to disbursements and associated borrowing operations has been estimated at EUR 3.5 m (0.0023%). The financial assets are defined broadly here, as including contingent assets (and liabilities) as well as financial income (and costs) linked to the respective assets. These activities are of a corporate nature with strong horizontal accounting controls (including monthly closure), oversight and external audit.

Since the accounting controls are performed throughout the Commission and by many other institutions and bodies, it is practically impossible to estimate the cost of controls and therefore to conclude on their economy.

2.1.5. Conclusion on the cost-effectiveness of controls

In 2025, there were no major changes in the control environment of DG BUDG. Transition to SUMMA did not require a change of the control strategy. We assess that the applied control strategy is best suited to fulfilling the control objectives, ensuring an adequate balance between low error rates, timely transactions and low cost of controls.

Based on the most relevant key indicators and control results reported above, DG BUDG has assessed the effectiveness, efficiency and economy of its controls of its financial management and reached a positive conclusion on the cost-effectiveness of the controls for which it is responsible.

2.2. Audit observations and recommendations

This section sets out briefly the state of play for all audit observations and recommendations reported by auditors related either to performance aspects or to internal control and financial management. Further details for IAS and ECA audits can be found in Annex 8.

Where an audit has detected weaknesses affecting an internal control principle or the department's assurance, a detailed analysis is provided further below in section 2.3 and, where applicable, the incidence on the AOD's assurance is presented in section 2.4, accordingly.

Internal Audit Service

| Reported | Audit title | Accepted recommendation (critical or very important) | State of play in 2025 | Impact on the assurance for 2025 |
|----------|---|---|-----------------------|----------------------------------|
| 2024 | Assessment of HR needs in the Commission at corporate level | Very important: Support to the assessment of HR needs by the corporate services at local level. | ✓ | ✓ |
| | | Very Important: Quality checks of the Commission's HR needs by the corporate services. Due in 2026. | 🕒 | ✓ |
| 2024 | Thematic review of the Commission's risk at payment | Very Important: Analysis and (internal) reporting of the root causes of errors in relation with the ECA's findings. | ✓ | ✓ |
| 2024 | Limited review of SUMMA in preparation for 'going live' | Very Important: one on Integration of local IT systems and one on IT security | ✓ | ✓ |
| 2025 | Arachne corporate programme | Very Important: Strengthen project governance, monitoring and reporting, IT project management and IT security | 🕒 | ✓ |

State of play

- ✓ Action plan implemented
- 🕒 Action plan implementation is ongoing
- 📅 Preparation of the action plan

Assurance

- ✓ No impact on the assurance
- 🚩 Impact on the assurance

European Court of Auditors

| Reported | Audit title | Accepted recommendations | State of play in 2025 | Impact on assurance for 2025 |
|---|--|--|-----------------------|------------------------------|
| Performance audits | | | | |
| 2021 | Annual Report on Compliance concerning the financial year 2021 | Management of VAT reservations: to set stricter deadlines for national authorities. | ✓ | ✓ |
| 2022 | Annual reports: on the implementation of the EU budget for the 2022 financial year; on the activities funded by the 8th, 9th, 10th and 11th EDF for the 2022 financial year. | Cases of non-application of the VAT Directive that could impact the EU budget: assess if non-conformity is cross-cutting and assess cross-cutting reservations. | ✓ | ✓ |
| Audits related to financial management and internal control | | | | |
| 2024 | The rule of law in the EU - An improved framework to protect the EU's financial interests. | Assess the HR necessary to effectively apply the Conditionality Regulation across all Member States, Review the guidelines and clarify the issues identified during this ECA audit, Assess if the issues constitute breaches of the rule of law and their financial impact. | ⌚ | ✓ |
| | | Finish developing the IT case-management system. | ✓ | ✓ |
| 2025 | SPECIAL REPORT No 18 2025 - EU budget flexibility - Allowed unforeseen challenges to be addressed, but the framework is too complex | For the future MFFs, improve flexibility by providing information on the type of potential events the budget, and by providing assessment on flexibility needs, Provide assessment on the existing EU budget flexibility framework. Define key steps and roles for reallocation and reprioritisation procedures of budgetary resources addressing address new needs. | ⌚ | ✓ |

State of play

- ✓ Action plan implemented
- ⌚ Action plan implementation is ongoing
- 📄 Preparation of the action plan

Assurance

- ✓ No impact on the assurance
- ▶ Impact on the assurance

2.3. Assessment of the effectiveness of internal control systems

The Commission has adopted an Internal Control Framework based on the highest international standards ⁽¹⁴⁾. DG BUDG has adapted the Internal Control Framework to its specific characteristics and organisational structure. The internal control systems are suited to achieving its policy and internal control objectives in accordance with the internal control principles, having due regard to the risks associated with the environment in which it operates.

The functioning of the internal control principles is regularly monitored and assessed annually. The internal control assessment relies on the state of the indicators from various sources, in line with the corporate guidance. In 2025, the following evidence from the following sources was analysed:

- the state of the internal control monitoring criteria linked to the 2025 Management Plan,
- the assessment of formerly and newly identified deficiencies,
- the register of exceptions and non-compliance events,
- the audit recommendations of the IAS and the ECA and the state of implementation of the related action plans,
- the results of the risk assessments, carried out in DG BUDG,
- the information on incidents (risk events, breaches) and reputational events,
- the results of the corporate indicators reported in the annual activity report annex 4,
- the results from the 2025 Staff Survey of DG HR and of the 2025 Internal Control Survey of DG BUDG.

The assessment is based on the analysis of the strengths and weaknesses. In 2025, there was no major deficiency, formerly or newly detected, in the functioning of control systems.

The 2025 register of deviations from rules and procedures (exceptions and non-compliance events) included 10 cases. 1 case related to an exception granted in the context of a low value negotiated procedure on treasury services, 5 of them related to the configuration of SUMMA workflows in the context of the transition to the new financial IT system, 1 related to the overconsumption in the context of a license service, 1 related to a technical issue on the generation of payments files in SUMMA and 2 related to the application of procurement procedures and contract management. The main underlying causes of these events were the insufficient awareness of procedures by colleagues in operational units, the transition to the new financial system SUMMA and the lack of proactive and timely consultation of the financial cell and procurement sector by DG BUDG operational units. In all cases, mitigating measures have been agreed internally and implemented to avoid that these events happen in the future. In particular, DG BUDG will continue delivering information sessions on financial and procurement rules and procedures, additional measures were implemented as regards the configuration of workflows in SUMMA and technical updates have been made to SUMMA which have reinforced

⁽¹⁴⁾ The Committee of Sponsoring Organizations of the Treadway Commission Internal Control Integrated Framework, the golden standard for internal control systems.

the financial controls. None of the exceptions/non-compliance events which occurred 2025 are sufficiently material to raise doubts on the effectiveness of DG BUDG internal control framework.

DG BUDG has assessed its internal control system during the reporting year and has concluded that it is effective and the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified related to principles 3 (structure and responsibilities), 4 (attract, develop, and retain competent individuals in alignment with objectives), 5 (accountability, appraisal and promotion / career guidance), 8 (update of anti-fraud strategy) and 11 (control over IT). BUDG management takes these deficiencies seriously and will support the teams responsible in defining and redesigning their operations.

Although there are several very important recommendations open, affecting principle 10 (control activities), their scope is limited to activities, which do not have a significant impact on the overall assurance.

2.4. Conclusions on the assurance

This section presents the conclusion on the assurance of the assessments made in sections 2.1, 2.2 and 2.3 and whether, consequently, the declaration of assurance needs to be qualified or not with reservations. The information provided in the earlier parts of this report covers the budget delegated to the AOD of DG BUDG as well as the Union's own resources. The information reported is comprehensive, complete and reliable, as confirmed by the statement of the Director in charge of Risk Management and Internal Control, in annex 1. In the area of Own Resources, the key indicators presented in section 2.1. Own Resources support the reasonable assurance drawn, that Member States comply with the relevant regulations for own resources.

In conclusion, based on the elements reported above, management has reasonable assurance that, overall, effective controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director-General, in her capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

2.5. Declaration of Assurance

I, the undersigned,

Director-General of DG Budget,

In my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view ⁽¹²⁾.

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

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

Confirm that I am not aware of anything not reported here which could harm the interests of the institution.

Brussels, 31 March 2026

(e-signed)

Stéphanie Riso

3. A MODERN AND SUSTAINABLE PUBLIC ADMINISTRATION

3.1. Human resource management

Main HR achievements

The current DG BUDG's HR Strategy and Action Plan focuses on **seven key areas**: recruitment, learning and development, mobility, communication and collaboration, and fostering an equal and inclusive workplace and working environment.

To support its implementation, a permanent **DG BUDG HR Implementation Working Group (HRIWG)** was established in December 2023, bringing together representatives from all DG BUDG directorates including staff and middle and senior management representatives.

In 2025, the HRIWG launched the work on the **Task finder, a new internal tool which should help internal communication and collaboration**. Also, DG BUDG continued promoting the Learning & Development Strategy, repeated and extended the internal mobility exercise to ASTs, and provided internal guidance on career opportunities. A co-development Group Coaching opened for Deputy Heads of Unit, helping them to acquire managerial experience. The Management Development and the Talent Management Programmes, combining training and coaching, continued to foster leadership abilities for all staff. **In 2025, out of the 24 actions of the HR Action Plan 21 were implemented and three were in progress, with many of them being recurrent.**

Other actions included a gradual migration to SharePoint Online and continue using the social networks for the publication of DG BUDG's vacancies to attract the best profiles in the DG.

Staff engagement

DG BUDG boasts a highly engaged workforce, with a **staff engagement index** of 82%. This level of dedication reflects the staff's unwavering commitment to excellence, even in the face of significant challenges such as Russia's war of aggression against Ukraine, inflation, natural disasters in Europe and its neighbourhood, and the conflict in the Middle East.

To strengthen staff involvement and maintain high levels of engagement measured by the HR Staff Survey, the HRIWG meets periodically to discuss and communicate internally about the implemented HR actions. Guided by a **bottom-up approach**, the group's mandate extended to exploring initiatives that enhance working conditions and streamline procedures.

Equal opportunities

Having an **equal and inclusive environment** is very important for DG BUDG. By end of 2025, women represented 45,5% of senior management and 42,9% of middle management. The dedicated **BUDG Task force on Equality and Inclusion** was incorporated in the BUDG HR

Working Group and proposed and organised several actions in 2025 such as articles, campaigns (Pride month) and communication material on topics such as **LGBTQIA+, disabilities, anti-racism strategy** and training regarding **prevention of harassment**. The group also proposed and worked on the update of the **DG BUDG Equality, Diversity and Inclusion Charter** and the dedicated intranet site.

Well-being

Well-being is one of the priorities of DG BUDG when it comes to ensure that colleagues are engaged and satisfied. In 2025, with the support of DG HR (Be Well@work), DG BUDG organised several actions such as physical activities, well-being information sessions for staff, “kids at work” event, “dogs at work” event, art exhibitions, Christmas and summer **events that supported team cohesion and staff integration**. The dedicated BUDG sub-group focusing on working environment had **regular meetings** and continued with the cultivation of a common garden in the premises of DG BUDG in Brussels and organised a well-being week in 2025.

Internal communication

DG BUDG’s communication has been strongly reinforced in 2025 with the setting up of a **Task Force on communication and knowledge management**, which led to the creation of a new communication unit as part of DG BUDG small-scale reorganisation in December.

Throughout 2025, **monthly information sessions and policy seminars** were organised, as well as several **all-staff events**. Close cooperation with the corporate internal communication community enhanced the visibility of DG BUDG’s work across the Commission, particularly on major cross-cutting initiatives, contributing to improved internal awareness and coordination.

3.2. Digital transformation and data management

Digital transformation and cybersecurity

In alignment with the Commission's Digital Strategy 2025-2026 and its Cybersecurity Strategy, **DG BUDG has executed a series of local digital transformation initiatives**, bolstering both digital efficiency and cybersecurity standards. These efforts reflect commitment towards achieving full compliance with state-of-the-art cybersecurity measures while advancing the strategic objectives set forth by the Commission.

DG BUDG effectively utilised allocated resources and collaborated with other DGs and EU Institutions in ensuring the **successful go-live of the new financial and accounting system (SUMMA)** in the Commission as well as its further deployment to the EU External Action Service and decentralised agencies.

The continued transition to Microsoft 365, mainly **SharePoint Online as the main tool for collaboration and file sharing**, has contributed to improve the quality of deliverables while enhanced digital skills of staff.

Targeted training initiatives have been successful, resulting in a significant increase in staff engagement with IT training resources, especially in the field of cyber-security. Increased awareness programmes on security risks have equipped staff with knowledge to address specific threats and phishing campaigns effectively.

By widening the usage of the available corporate **Artificial Intelligence** tools and further incorporating AI elements, such as further promoting and widening the use of Pacioli - the SUMMA Chatbot, and maximising interoperability through re-usable solutions like EU Login or Compass Corporate, DG BUDG has enhanced IT system efficiency. This progress is visible in the increased connectivity and streamlined operations within the digital landscape. DG BUDG launched the cloudification programme, elevating the infrastructure to be greener, more secure, and resilient.

DG BUDG has **accelerated efforts to meet cybersecurity objectives** using through continuous review and improvement of IT security plans and aligning them with the principles of the Cybersecurity Strategy 2025-2026. Compliance with corporate security requirements have fortified DG BUDG's cybersecurity framework.

Data management (DG BUDG data assets)

For the development of SUMMA, DG BUDG has conducted an important **data rationalisation** exercise. This exercise allowed reducing redundant data and storing key information into single fields and with a coherent naming convention. The challenge is now to maintain this rationalisation and avoid unexpected changes, which could jeopardize business processes and central reporting. To this end, DG BUDG has started implementing a structured data gathering system to collect master data for agencies onboarding SUMMA. This secure process then allows feeding high quality master data into SUMMA data migration. In parallel, SUMMA data were further documented increasing the maturity level to “Advanced” and shared with the Commission’s data community along the established process.

Data Protection

In 2025, DG BUDG continued to ensure thorough documentation and updates of processing operations concerning personal data in the respective records. DG BUDG also continued to work on the data protection corporate records related to clauses in framework and specific contract models. In addition, DG BUDG ensured timely replies to data subject requests.

DG-wide awareness activities continued through various channels, including targeted articles in *BUDG Times* with information on corporate ITCB discussions, as well as information relayed to all staff following Senior Management meetings. One training session was organised, with more than half of the staff attending. A DG-wide data protection awareness campaign was organised, featuring simple and targeted messages disseminated biweekly and monthly, including the creation of a DG character to convey key notions and practical actions in a clear and accessible manner.

The Commission’s Data Protection Officer ensured awareness-raising at the level of DG senior management. Ongoing support and personalised guidance were readily available to BUDG staff upon request.

3.3. Sound environmental management

DG BUDG implements at local level the Commission's corporate environmental and EMAS actions.

In 2025, DG BUDG created a local **BUDG EMAS Action Plan**. At the end of 2025, 63% of the actions have been implemented, with the support of HR subgroup on working environment, Internal Communication and BUDG ART team.

Concerning the use of **environmentally friendly means of transport**, DG BUDG promoted the participation in the three internal initiatives (VELOMAI, Walking Challenge and Ekiden). DG BUDG took part in the corporate action of summer and winter editions of the closure of the building in Brussels, which led to energy savings. On the topic of reduction of emissions from missions, DG BUDG promoted current rules to the secretaries' network and managers and intends on implementing the corporate rules.

In addition, BUDG EMAS organised **three internal campaigns**, promoting proper trash segregation in Brussels and Luxembourg, the reduction of plastic use, and taking the stairs instead of the lift. To support **biodiversity**, a collective vegetable and flower garden was maintained in the building in Brussels.

Furthermore, together with BUDG ART team, one **art exhibition** was organised in the building in Brussels. BUDG EMAS team was also awarded with 9/10 points from the corporate EMAS team for green actions.