



Annual Activity Report 2021

Annexes

Health and Digital Executive Agency

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

"I declare that in accordance with the Commission's communication on the internal control framework ⁽¹⁾, I have reported my advice and recommendations on the overall state of internal control in the Executive Agency to the Interim Director.

I hereby certify that the information provided in Section 2 of the present Annual Activity Report and in its annexes is, to the best of my knowledge, accurate and complete."

31 March 2022

e-signed

Jacques Remacle

Head of Department in charge of Risk Management and Internal Control

"I hereby certify that the information provided in Section 1 of the present Annual Activity Report and in its annexes is, to the best of my knowledge, accurate and complete."

31 March 2022

e-signed

Marina Zanchi

Director

⁽¹⁾ C(2017)2373 of 19.04.2017.

ANNEX 2: Performance tables

A. EU4Health

General objective: Promoting our European way of life

Specific objectives:

- Diminishing the impact of cancer in Europe (SANTE)
- Effective response coordination of serious cross-border health threats (SANTE)
- More effective, accessible and resilient health systems (SANTE)

Parent DG: SANTE

Related to spending programmes: EU4Health, Third Health Programme

Main outputs in 2021:

EU4Health

Output	Indicator	AWP 2021 estimate	Result as of 31/12/2021
Calls for proposals	Number of calls published	49	47
Calls for tender	Number of calls published	20	8 ⁽²⁾
Evaluation sessions	Number of evaluation sessions implemented	2	1
	Time to inform applicants	100% of applicants informed within 6 months after the call deadline	N/A. The evaluation committee report has not been finalised yet, therefore, applicants have not been informed.
	% of evaluated proposals challenged under the evaluation review procedure	Less than 3% of evaluated proposals	See above.
	% of evaluated proposals re-evaluated following review requests	Max. 0.5% of evaluated proposals	See above.
Grant agreements	Number of grant agreements signed	10	0. No agreements have yet been signed due to the late adoption of the work programme 2021.

⁽²⁾ Not all of the tenders planned in the 2021 annual work programme could be launched, due the late adoption of the 2021 work programme, the time needed for the preparation of the tender specifications, and the lack of resources (a considerable number of staff for the Agency's EU4Health units still had to be recruited).

	Time to grant	100% of grant agreements signed within 9 months after the call deadline	N/A.
Contracts	Number of contracts signed	16	3
Payments	Time to pay	100% of payments within legal deadlines	100% ⁽³⁾
Policy feedback	To be agreed with parent DG	To be agreed with parent DG	HaDEA's framework for policy feedback was agreed by the Agency's Steering Committee on 6 December 2021. The policy feedback plan for EU4Health will be agreed with parent DG(s) by 15 March 2022

Third Health Programme (legacy)

Output	Indicator	Target	Result as of 31/12/2021
Calls for tender	Number of calls published	2	4 Additional needs were identified in 2021, hence more calls were launched and more contracts signed.
Grant agreements	Number of grant agreements signed	5	17
	Time to grant	100% of grant agreements signed within 9 months after the call deadline	88.2%
Contracts	Number of contracts signed	4	8
Final reports of concluded grant agreements and contracts	Number of final reports assessed	Circa. 40	29 ⁽⁴⁾
Payments	Time to pay	100% of payments within legal deadlines	100%

⁽³⁾ The payments do not concern grants but one subscription, one procurement, and the fees of expert evaluators.

⁽⁴⁾ Number of reports assessed by HaDEA between April and December 2021.

B. Horizon Europe

Cluster 1: Health

General objective:

- Promoting our European way of life
- A Europe fit for the digital age

Specific objectives:

- Research and innovation support the European health initiatives, including the Europe's Beating Cancer Plan and the Mission on Cancer (RTD)
- The revitalised European Research Area sets directions for societal, economic and ecological transitions in Europe and contributes to spreading excellence, closing research and innovation gap and working out a common global response to emerging challenges (RTD)
- High-quality science, knowledge and innovative solutions facilitate a digital transition in Europe, including a new European approach to Artificial Intelligence (RTD)
- A European single market for data where data can flow for the benefit of all and where rules for access and use of data are fair, practical and clear (CNECT)

Parent DG: RTD

Related to spending programmes: Horizon 2020, Horizon Europe - Cluster 1: Health

Main outputs in 2021:

Output	Indicator	AWP 2021 estimate	Result as of 31/12/2021
Calls for proposals	Number of calls published	20	22
Evaluation sessions	Number of finalised evaluation sessions	1	1
	Time to inform applicants ("HERA incubator" emergency call)	100% of applicants informed within 2 months after the call deadline	100%
	% of evaluated proposals challenged under the evaluation review procedure	Less than 3% of evaluated proposals	6.7% ⁽⁵⁾
	% of evaluated proposals re-evaluated following review requests	Max. 0.5% of evaluated proposals	0%
Grant agreements	Number of grant agreements signed	Horizon Europe: 9	Horizon Europe: 9 Horizon 2020: 76

⁽⁵⁾ Four redress were received on 57 submissions.

Output	Indicator	AWP 2021 estimate	Result as of 31/12/2021
	Time to grant ("HERA incubator" emergency call)	100% of grant agreements signed within 5 months after the call deadline.	Horizon Europe Cluster 1: 100% Horizon 2020, SC1: 96%
Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed (Horizon 2020)	50	38 ⁽⁶⁾
Payments	Time to pay	100% of payments within legal deadlines	Horizon Europe, Cluster 1: 100% Horizon 2020, SC1: 100%
HE info days	Satisfaction rate of participants	85% satisfied	Not applicable. A formal survey on the satisfaction rate was not conducted by the organiser of the info day. However, informal feedback by participants showed the usefulness of the event.
Policy feedback	To be agreed with parent DG	To be agreed with parent DG	HaDEA's framework for policy feedback was agreed by the Agency's Steering Committee on 6 December 2021. Policy feedback plan for HE Cluster 1: Health will be agreed with parent DG(s) by 15 March 2022.

⁽⁶⁾ Due to the Covid-19 pandemic, many projects requested an extension of their duration, which means that less projects than expected ended in 2021.

Cluster 4: Digital, Industry and Space

Digital

General objective: A Europe fit for the digital age

Specific objectives:

- Europe's strategic autonomy ensured in critical technology areas (CNECT)
- Artificial Intelligence that is human-centric, ethical, sustainable and that respects EU values (CNECT)
- A fair, competitive and resource efficient digital economy (CNECT)
- A European single market for data where data can flow for the benefit of all and where rules for access and use of data are fair, practical and clear (CNECT)
- A modern, open and pluralistic society in the digital age where online disinformation is countered and diverse cultural content is available to all Europeans (CNECT)

Parent DG: RTD, CNECT

Related to spending programmes: Horizon 2020, Horizon Europe - Cluster 4: Digital

Main outputs in 2021:

Output	Indicator	AWP 2021 estimate	Result as of 31/12/2021
Calls for proposals	Number of calls published	3	3 calls / 10 topics ⁽⁷⁾ Twin transition: 4 topics Digital-emerging: 3 topics Human: 3 topics
Evaluation sessions	Number of evaluation sessions implemented	1 evaluation session plan in 2021 or early 2022, to evaluate proposals received in the 3 above-mentioned calls.	2 (managed jointly with the industry strand of Horizon Europe Cluster 4).
	Time to inform applicants	100% of applicants informed within 5 months (153 days) after the call deadline	100%
	% of evaluated proposals challenged under the evaluation review procedure	Less than 3% of evaluated proposals	0

⁽⁷⁾ The management and evaluation of three calls (Twin transition, Digital-emerging, Human) was shared with the industry strand of Horizon Europe Cluster 4.

Output	Indicator	AWP 2021 estimate	Result as of 31/12/2021
	% of evaluated proposals re-evaluated following review requests	Max. 0.5% of evaluated proposals	0
Grant agreements	Number of grant agreements signed	Estimate: Destination 1: 11-18 Destination 4: 16-27 Destination 6: 2-3	Horizon Europe: no grants were signed due to the late adoption of the work programme. H2020: 4
	Time to grant	100% of grant agreements signed within 8 months (245 days) after the call deadline	Horizon Europe: N/A. Horizon 2020 (SC5/SILC II): 17.6%
Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed (Horizon 2020)	10	9
Payments	Time to pay	100% of payments within legal deadlines	Horizon Europe: N/A. Horizon 2020 (SC5/SILC II): 99%
HE info days (to be co-hosted with parent DGs)	Satisfaction rate of participants	85% satisfied	This event, which HaDEA had planned to organise, was eventually held by DGs RTD & CNECT.
Policy feedback	Timely, correct and tailored information and support, based on managed project portfolio, on-request and according to agreed plan	To be agreed with parent DG	HaDEA's framework for policy feedback was agreed by the Agency's Steering Committee on 6 December 2021. The policy feedback plan for HE Cluster 4 – Digital will be agreed with parent DG(s) by 15 March 2022

General objective:

- A Europe fit for the digital age
- A European Green Deal

Specific objectives:

- European enterprises make the digital and green transition (GROW)
- Increase the share of material recovered and fed back into the economy (GROW)

Parent DGs: GROW, RTD

Related to spending programmes: Horizon 2020, Horizon Europe - Cluster 4: Industry

Main outputs in 2021:

Output	Indicator	AWP 2021 estimate	Result as of 31/12/2021
Calls for proposals	Number of calls published	5	5 calls / 41 topics ⁽⁸⁾ Twin transition: 13 topics Resilience: 20 topics Digital-emerging: 1 topic Human: 6 topics Resilience 2: 1 topic
Calls for tender	Number of calls published	0	0
Evaluation sessions	Number of evaluation sessions implemented	3	3
	Time to inform applicants	100% of applicants informed within 5 months (153 days) after the call deadline	100% ⁽⁹⁾
	% of evaluated proposals challenged under the evaluation review procedure	Less than 3% of evaluated proposals	0.8% ⁽¹⁰⁾

⁽⁸⁾ The management and evaluation of three calls (Twin transition, Digital-emerging, Human) was shared with the digital and space strands of Horizon Europe Cluster 4.

⁽⁹⁾ At the end of 2021, applicants to two of the five calls had been informed. For the other three calls, the evaluation finished on 17 December. The process of informing the applicants is ongoing.

⁽¹⁰⁾ This result takes into consideration redress cases from the HORIZON-CL4-2021-TWIN-TRANSITION-01, HORIZON-CL4-2021-RESILIENCE-01 and HORIZON-CL4-2021-CONF-1-IBA calls. The redress window is not opened yet for the other two calls evaluated in 2021 (HORIZON-CL4-2021-DIGITAL-EMERGING-01, HORIZON-CL4-2021-HUMAN-01).

Output	Indicator	AWP 2021 estimate	Result as of 31/12/2021
	% of evaluated proposals re-evaluated following review requests	Max. 0.5% of evaluated proposals	Not known yet.
Grant agreements	Number of grant agreements signed	Horizon 2020 SC5: 12 Green Deal call: 2 or 3 (tbc) Horizon Europe (estimate): Destination 1: 39 Destination 2: 52 Destination 4: 4 Destination 6: 6	Horizon 2020 SC5 : 15 ⁽¹¹⁾ Green Deal Call : 2
	Time to grant	100% of grant agreements signed within 8 months (245 days) after the call deadline	Horizon Europe: N/A. Horizon 2020 (SC5/SILC II): 17.6%
Contracts	Number of contracts signed	0 (tbc)	0
Final reports of concluded grant agreements and contracts	Number of final reports assessed	100 (Horizon 2020)	61 final payments have been made ⁽¹²⁾
Payments	Time to pay	100% of payments within legal deadlines	Horizon Europe: N/A. Horizon 2020 (SC5/SILC II): 99%
HE Info Days (to be co-hosted with the parent DGs)	Satisfaction rate of participants	85% satisfied	This event, which HaDEA had planned to organise, was eventually held by DGs RTD & CNECT.

⁽¹¹⁾ H2020-LCCI-2020-EASME-twostage: 8 grant agreements; H2020-SC5-2020-2: 4 grant agreements; H2020-NMBP-TR-IND-2020-twostage: 3 grant agreements.

⁽¹²⁾ The handover of files made it difficult for HaDEA to retrieve the number of final reports assessed. The number of final payments made gives an indication on the number of projects that ended in 2021.

Output	Indicator	AWP 2021 estimate	Result as of 31/12/2021
Policy feedback and support	Timely, correct and tailored information and support, based on managed project portfolio, on-request and according to agreed plan	To be agreed with parent DGs	HaDEA's framework for policy feedback was agreed by the Agency's Steering Committee on 6 December 2021. The policy feedback plan for HE Cluster 4 – Industry will be agreed with parent DG(s) by 15 March 2022.

Space

General objective:

- A Europe fit for the digital age
- Promoting our European way of life

Specific objectives:

- Modern and well-functioning EU space-enabled services to support the Union's priorities (DEFIS)
- Security actors have access to EU autonomous tools, space-enabled services, and technologies, needed to build resilience to security threats, safety hazards and crisis situations(DEFIS)

Parent DG: DEFIS

Related to spending programmes: FP7, Horizon 2020, Horizon Europe - Cluster 4: Space

Main outputs in 2021:

Output	Indicator	AWP 2021 estimate	Result as of 31/12/2021
Calls for proposals	Number of calls published	2 (2021 and 2022)	2 (2021 and 2022)
Evaluation sessions	Number of evaluation sessions implemented	Horizon Europe: 0 Support to parent DG for Horizon 2020 (prize): 1	Horizon Europe: 1 Support to parent DG for Horizon (prize): 1
	Number of proposals evaluated	Horizon Europe: 0	Horizon Europe: 1
	Time to inform applicants	N/A	N/A
	% of evaluated proposals re-evaluated following review requests	N/A	N/A

Output	Indicator	AWP 2021 estimate	Result as of 31/12/2021
Grant agreements	Number of grant agreements signed	3 from reserve list H2020-SPACE-2020	5 from reserve list H2020-SPACE-2020
	Time to grant	N/A	N/A ⁽¹³⁾
Payments	Time to pay	100% of payments within legal deadlines	99%
	Number of payments	Horizon 2020: 3 pre-financings, 43 interim payments, 43 final payments FP7: 1 final payment	Horizon 2020: 25 pre-financings; 38 interim payments; 32 final payments FP7: N/A
Policy feedback and support	Timely, correct and tailored information and support, based on managed project portfolio, on-request and according to agreed plan	To be agreed with the parent DGs	HaDEA's framework for policy feedback was agreed by the Agency's Steering Committee on 6 December 2021. The policy feedback plan for HE Cluster 4 – Space will be agreed with parent DG(s) by 15 March 2022

⁽¹³⁾ Time to grant does not apply for proposals taken out of the reserve list.

C. Single Market Programme: Food Safety

General objective:

- A European Green Deal

Specific objectives:

- Ensuring food and feed safety (SANTE)
- Ensuring sustainable food systems – the Farm to Fork strategy (SANTE)

Parent DG: SANTE

Related to spending programmes: Common financial framework in the area of food and feed safety including Better training for safer food, Single Market Programme: Food Safety

Main outputs in 2021

SMP Food

Output	Indicator	AWP 2021 estimate	Result as of 31/12/2021
Calls for proposals	Number of calls published	6-8	4
Calls for tender	Number of calls published	3-6 (tbc)	3
Evaluation sessions	Number of evaluation sessions implemented	9-14 (tbc)	7
	Time to inform applicants	100% of applicants informed within 6 months after the call deadline	100%
	% of evaluated proposals challenged under the evaluation review procedure	Less than 3% of evaluated proposals	0%
	% of evaluated proposals re-evaluated following review requests	Max. 0.5% of evaluated proposals	0%
Grant agreements	Number of grant agreements signed	150-160	0 ⁽¹⁴⁾
	Time to grant	100% of grant agreements signed within 9 months after the call deadline	NA. (The signature of grants is planned for early 2022 which is within the 9 months target.)
Contracts	Number of contracts signed	3-6 (TBC)	3

⁽¹⁴⁾ In order to mitigate the consequences of the late adoption of the legal basis, the annual work programme covered the years 2021 and 2022 for veterinary and phytosanitary programmes and for activities related to EURL/EURC.

Output	Indicator	AWP 2021 estimate	Result as of 31/12/2021
Policy feedback	To be agreed with parent DG	To be agreed with parent DG	HaDEA's framework for policy feedback was agreed by the Agency's Steering Committee on 6 December 2021. The policy feedback plan for SMP – Food will be agreed with parent DG(s) by 15 March 2022.
Legacy activities from 2020			
Final reports of concluded Grant Agreements	Number of final reports assessed	230	230
Amendment of existing BTSF contracts	Number of contracts amended	12	40
2nd phases BTSF contracts	Number of procedures	5	4
BTSF Calls for tender	Number of calls published	3	3
Requests for services by use of Framework Contracts	Number of Requests for Services	4	0
BTSF Evaluation sessions	Number of evaluation sessions implemented	12	7
Payments	Time to pay	100% of payments within legal deadlines	100%

D. Digital Europe Programme

General objective: A Europe fit for the digital age

Specific objectives:

- A fair, competitive and resource efficient digital economy (CNECT)
- A European single market for data where data can flow for the benefit of all and where rules for access and use of data are fair, practical and clear (CNECT)
- A cyber resilient Europe, promoting digital identities for all Europeans, while protecting their e-privacy (CNECT)
- A modern, open and pluralistic society in the digital age where online disinformation is countered and diverse cultural content is available to all Europeans (CNECT)

Parent DG: CNECT

Related to spending programmes: CEF-Telecom, Digital Europe Programme

Main outputs in 2021:

Output	Indicator	AWP 2021 estimate	Result as of 31/12/2021
Calls for proposals	Number of calls published	Digital Europe: 1	0 (The first batch of calls was published by DG CNECT. The second batch, which HaDEA was meant to publish in 2021, has been postponed to February 2022).
Evaluation sessions	Number of evaluation sessions implemented	Digital Europe: 0	0
	Time to inform applicants	CEF Telecom (legacy, Call 2020-2): 100% of applicants informed within 6 months (183 days) after the call deadline Digital Europe: 100% of applicants informed within 5 months (153 days) after the call deadline	CEF Telecom: 100% Digital Europe: not applicable.
	% of evaluated proposals challenged under the evaluation review procedure	CEF Telecom (legacy, Call 2020-2): Less than 3% of evaluated proposals Digital Europe: Less than 3% of evaluated proposals	0%

Output	Indicator	AWP 2021 estimate	Result as of 31/12/2021
	% of evaluated proposals re-evaluated following review requests	CEF Telecom (legacy, Call 2020-2): 0 Digital Europe: Max. 0.5% of evaluated proposals	0%
Grant agreements	Number of grant agreements signed	CEF Telecom (legacy): 86 (85 following the adoption of the Commission selection decision of the call 2020-2 and 1 following the adoption of the Commission selection decision of call 2020-3) Digital Europe: 0 (tbc: awaiting work programme publication)	165 (86 were signed by HaDEA and 79 signed by INEA).
	Time to grant	CEF Telecom (legacy, Call 2020-2): 98% of grant agreements signed within 9 months after the call deadline Digital Europe: 100% of grant agreements signed within 8 months after the call deadline	CEF Telecom: 99.4% Digital Europe: not applicable (no grant agreement were signed).
Final reports of concluded Grant Agreements	Number of final reports assessed	CEF Telecom (legacy): 155 Digital Europe: 0	128
Payments	Time to pay	CEF Telecom (legacy): 100% of pre-financings and >98% of final payments within legal deadlines (90 days) Digital Europe: no grants will be signed this year.	CEF Telecom: 100%
Webinar on Grant Agreement implementation for CEF Telecom Call 2020-1 and 2020-2	Number of projects connected to the webinar	80% projects connected	80% projects connected
Info day for the Digital Europe applicants (Call 2)	Satisfaction rate of participants	85% satisfied	To be held in 2022

Output	Indicator	AWP 2021 estimate	Result as of 31/12/2021
Policy feedback	To be agreed with parent DG	To be agreed with parent DG	HaDEA's framework for policy feedback was agreed by the Agency's Steering Committee on 6 December 2021. The policy feedback plan for the Digital Europe Programme will be agreed with parent DG(s) by 15 March 2022

E. Connecting Europe Facility: Digital

General objective:

- A Europe fit for the digital age

Specific objectives:

- Europe's strategic autonomy is ensured in critical technology areas (CNECT)
- A fair, competitive and resource efficient digital economy (CNECT)

Parent DG: CNECT

Related to spending programmes and initiatives: WiFi4EU, Connecting Europe Facility CEF1-Telecom and CEF2-Digital

Main outputs in 2021:

CEF-2 Digital

Output	Indicator	AWP 2021 estimate	Result as of 31/12/2021
Calls for proposals	Number of calls published	4	0 Due to the late adoption of the work programme, the 5 calls are scheduled to be published on 12 January 2022)
Organisation of information days	Satisfaction rate of participants	> 90%	87% (first CEF-Digital Info day held on 19 January 2022)
Evaluations	Number of evaluation panels implemented	0	0

Output	Indicator	AWP 2021 estimate	Result as of 31/12/2021
	Time to inform applicants (% of applicants informed within 6 months after the call deadline)	100%	N/A (no evaluations concluded yet)
Grant agreements	Time to grant	N/A	N/A
Final reports of concluded Grant Agreements	Number of final reports assessed	0	0
Payments	Time to pay	>98 % of payment claims processed within legal deadlines	CEF2 Digital: Not applicable. Payments will start in 2022.
Policy feedback	To be agreed with parent DG	To be agreed with parent DG	HaDEA's framework for policy feedback was agreed by the Agency's Steering Committee on 6 December 2021. The policy feedback plan for CEF-Digital will be agreed with parent DG(s) by 15 March 2022

WiFi4EU

Output	Indicator	Target	Result as of 31/12/2021
Active networks	Number of WiFi4EU networks (under operational monitoring)	6 000	7 178
	Number of local hotspots (access points declared by beneficiaries).	72 000	71 796
Users	Number of connections per day (all WiFi4EU networks)	90 000	117 620
Implementation	Time for municipalities to install the network (days)	98% < 32 months for Calls 1, 2 and 3 beneficiaries 98% < 24 months for Call-4 beneficiaries	99.87%
Payments	Time to pay	98% < 60 days	77%

ANNEX 3: Draft annual accounts and financial reports

A. HaDEA

A. Operational budget (HaDEA)

Table 1: Commitments

Table 2: Payments

Table 3: Commitments to be settled

Table 4: Balance Sheet

Table 5: Statement of Financial Performance

Table 5 bis: Off Balance Sheet

Table 6: Average payment times

Table 7: Income

Table 8: Recovery of undue payments

Table 9: Ageing Balance of recovery orders

Table 10: Waivers of recovery orders

Table 11: Negotiated procedures

Table 12: Summary of procedures

Table 13: Building contracts

Table 14: Contracts declared secrets

Table 15: Framework Partnership Agreements whose duration exceeds 4 years

Table 16: Time to grant

Table 1: Commitments

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2021 (in Mio €) for DG HADEA					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 01 Research and Innovation					
01	01 02	Horizon Europe	1.451,74	1.450,99	99,95 %
Total Title 01			1.451,74	1.450,99	99,95 %
Title 02 European Strategic Investments					
02	02 03	Connecting Europe Facility (CEF)	171,22	170,11	99,35 %
	02 04	Digital Europe programme	102,00	102,00	100,00 %
Total Title 02			273,22	272,11	99,59 %
Title 03 Single Market					
03	03 02	Single Market Programme	170,95	170,95	100,00 %
	03 20	Pilot projects, preparatory actions, prerogatives and other actions	2,00	2,00	100,00 %
Total Title 03			172,95	172,95	100,00 %
Title 06 Recovery and Resilience					
06	06 06	EU4Health Programme	258,55	258,51	99,98 %
Total Title 06			258,55	258,51	99,98 %
Total Excluding NGEU			2.156,46	2.154,56	99,91 %
Title 01 Research and Innovation					
01	01 02	Horizon Europe	799,53	799,53	100,00 %
Total Title 01			799,53	799,53	100,00 %
Total NGEU Only			799,53	799,53	100,00 %
Total DG HADEA			2.955,99	2.954,09	99,94 %

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

Annex 3 of the Operational Budget managed by the Executive Agency presents the information regarding the payments authorised during the Year 2021 in the Executive Agency as well as the outstanding committed amount (i.e. RAL – Reste À Liquider) used to make these payments. However, it also includes payments authorised during the first quarter 2021 by another authorising officer than the Executive Agency itself (i.e. a European Commission's Directorate-General or another Executive Agency) and their subsequent RAL that both have been transferred to the current Executive Agency as part of the reorganisation of 1 of April 2021 and the entry into force of the new mandates of the Executive Agencies. For accounting and transparency reasons, it is not possible to subtract or add manually these payments implemented and their subsequent RAL from the total amount paid by the Executive Agency or by another entity, as this would generate a discrepancy with the consolidated version.

Graph 1: Percentage of outturn on commitment appropriations in 2021 for HaDEA

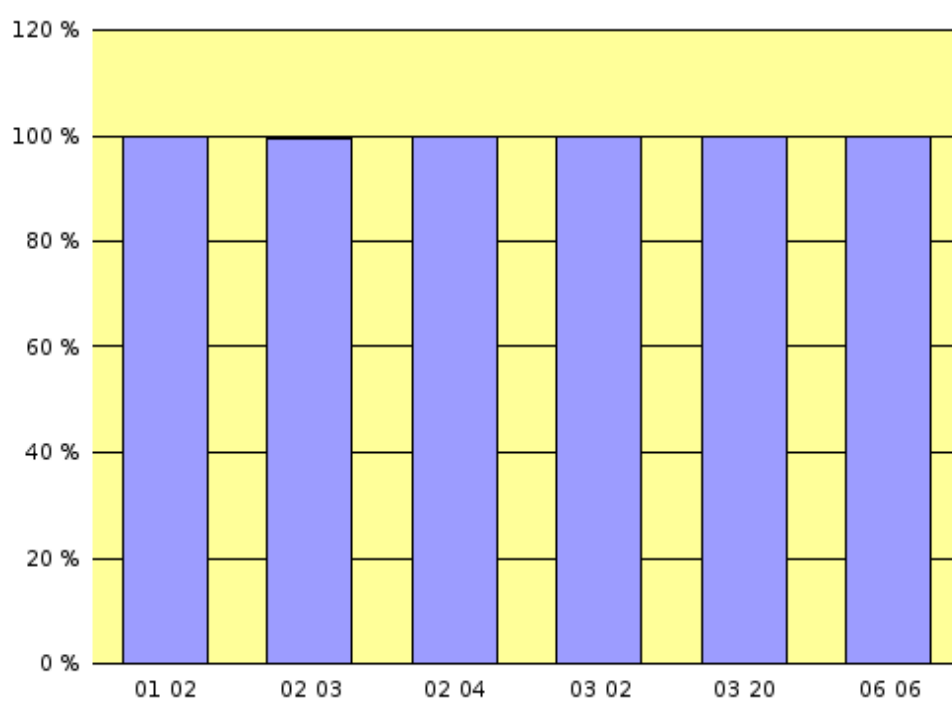


Table 2: Payments

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2021 (in Mio €) for DG HADEA					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 01 Research and Innovation					
01	01 02	Horizon Europe	1.488,64	1.101,70	74,01 %
Total Title 01			1.488,64	1.101,70	74,01%
Title 02 European Strategic Investments					
02	02 03	Connecting Europe Facility (CEF)	111,12	109,97	98,97 %
	02 04	Digital Europe programme	0,00	0,00	0,00 %
Total Title 02			111,12	109,97	98,97%
Title 03 Single Market					
03	03 02	Single Market Programme	117,39	117,39	100,00 %
	03 20	Pilot projects, preparatory actions, prerogatives and other actions	0,00	0,00	0,00 %
Total Title 03			117,39	117,39	100,00%
Title 06 Recovery and Resilience					
06	06 06	EU4Health Programme	34,31	34,31	100,00 %
Total Title 06			34,31	34,31	100,00%
Total Excluding NGEU			1.751,46	1.363,37	77,84%
Title 01 Research and Innovation					
01	01 02	Horizon Europe	0,00	0,00	0,00 %
Total Title 01			0,00	0,00	0,00%
Total NGEU Only			0,00	0,00	0,00%
Total DG HADEA			1.751,46	1.363,37	77,84 %

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

Annex 3 of the Operational Budget managed by the Executive Agency presents the information regarding the payments authorised during the Year 2021 in the Executive Agency as well as the outstanding committed amount (i.e. RAL – Reste À Liquider) used to make these payments. However, it also includes payments authorised during the first quarter 2021 by another authorising officer than the Executive Agency itself (i.e. a European Commission's Directorate-General or another Executive Agency) and their subsequent RAL that both have been transferred to the current Executive Agency as part of the reorganisation of 1 of April 2021 and the entry into force of the new mandates of the Executive Agencies. For accounting and transparency reasons, it is not possible to subtract or add manually these payments implemented and their subsequent RAL from the total amount paid by the Executive Agency or by another entity, as this would generate a discrepancy with the consolidated version.

Graph 2: Percentage of outturn on payment appropriations in 2021 for HaDEA

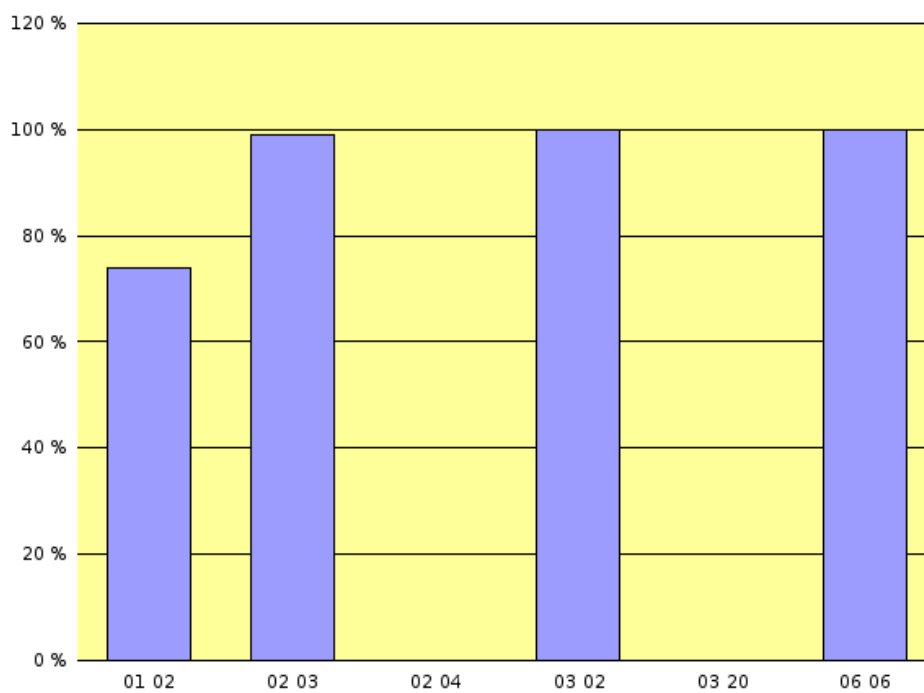


Table 3: Commitments to be settled

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG HADEA									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 02	Horizon Europe	1.450,99	139,93	1.311,06	90,36%	2.112,57	3.423,63	2.862,46
Total Title 01			1.450,99	139,93	1.311,06	90,36%	2.112,57	3.423,63	2.862,46
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG HADEA									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
02	02 03	Connecting Europe Facility (CEF)	170,11	0,00	170,11	100,00%	123,35	293,46	239,22
	02 04	Digital Europe programme	102,00		102,00	100,00%	0,00	102,00	0,00
Total Title 02			272,11	0,00	272,11	100,00%	123,35	395,46	239,22
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG HADEA									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
03	03 02	Single Market Programme	170,95	0,00	170,95	100,00%	94,88	265,83	215,42
	03 20	Pilot projects, preparatory actions, prerogatives and other actions	2,00		2,00	100,00%	0,40	2,40	0,40
Total Title 03			172,95	0,00	172,95	100,00%	95,29	268,24	215,82
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG HADEA									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
06	06 06	EU4Health Programme	258,51	1,02	257,48	99,60%	64,43	321,91	102,40
Total Title 06			258,51	1,02	257,48	99,60%	64,43	321,91	102,40
Total Excluding NGEU			2.154,56	140,96	2.013,60	93,46%	2.395,64	4.409,24	3.419,90
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG HADEA									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 02	Horizon Europe	799,53		799,53	100,00%	0,00	799,53	0,00
Total Title 01			799,53		799,53	100,00%	0,00	799,53	0,00
Total NGEU Only			799,53		799,53	100,00%	0,00	799,53	0,00
Total for DG HADEA			2954,091796	140,96	2.813,13	95,23 %	2.395,64	5.208,77	3.419,90

Annex 3 of the Operational Budget managed by the Executive Agency presents the information regarding the payments authorised during the Year 2021 in the Executive Agency as well as the outstanding committed amount (i.e. RAL – Reste À Liquider) used to make these payments. However, it also includes payments authorised during the first quarter 2021 by another authorising officer than the Executive Agency itself (i.e. a European Commission's Directorate-General or another Executive Agency) and their subsequent RAL that both have been transferred to the current Executive Agency as part of the reorganisation of 1 of April 2021 and

the entry into force of the new mandates of the Executive Agencies. For accounting and transparency reasons, it is not possible to subtract or add manually these payments implemented and their subsequent RAL from the total amount paid by the Executive Agency or by another entity, as this would generate a discrepancy with the consolidated version.

Graph 3: Breakdown of commitments remaining to be settled (in EUR million) in 2021

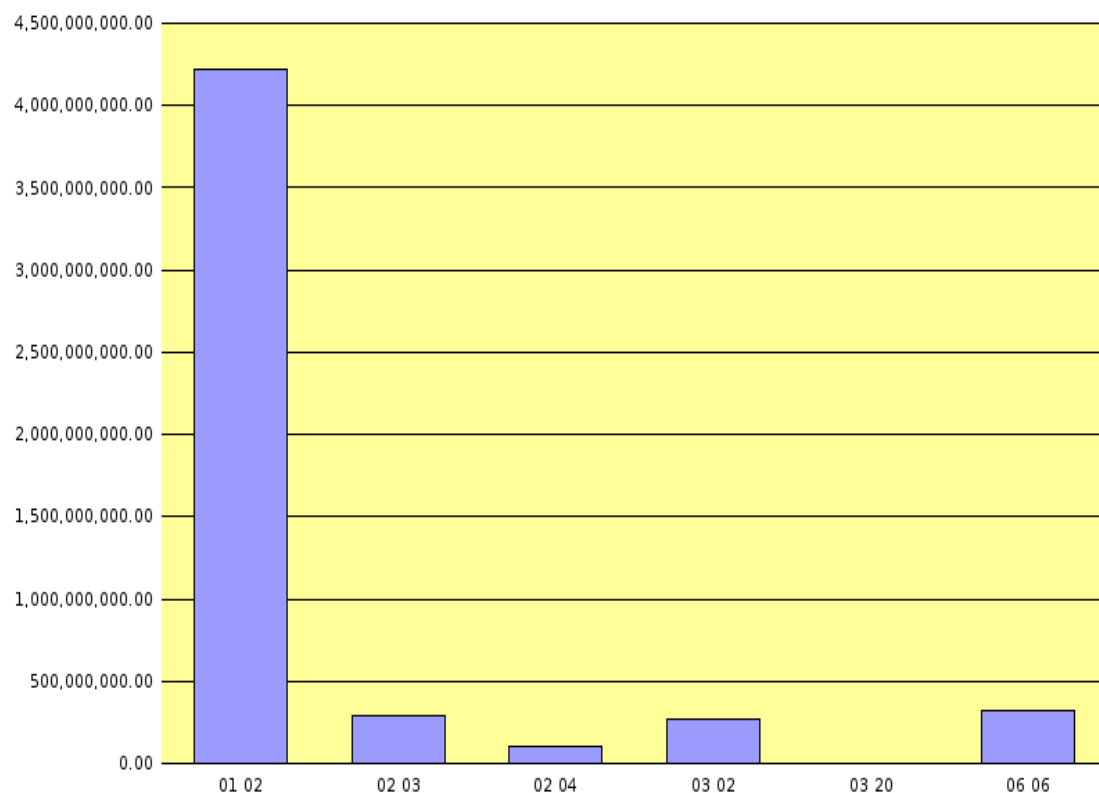


Table 4: Balance Sheet

TABLE 4 : BALANCE SHEET for DG HADEA		
BALANCE SHEET	2021	
A.I. NON CURRENT ASSETS	0	
A.I.5. Non-Current Pre-Financing	0,00	
A.II. CURRENT ASSETS	3849950825	
A.II.2. Current Pre-Financing	3.847.862.986,15	
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	2.087.839,20	
ASSETS	3849950825	
P.II. CURRENT LIABILITIES	-773332,85	
P.II.4. Current Payables	-773.332,85	
P.II.5. Current Accrued Charges & Defrd Income	0,00	
LIABILITIES	-773332,85	
NET ASSETS (ASSETS less LIABILITIES)	3849177493	
P.III.2. Accumulated Surplus/Deficit		
Non-allocated central (surplus)/deficit*	-3.849.177.492,50	
TOTAL DG HADEA		

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

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

Table 5: Statement of Financial Performance

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG HADEA		
STATEMENT OF FINANCIAL PERFORMANCE	2021	
II.1 REVENUES	-1730109,33	
II.1.1. NON-EXCHANGE REVENUES	-2091892,56	
II.1.1.5. RECOVERY OF EXPENSES	-2.091.892,56	
II.1.2. EXCHANGE REVENUES	361783,23	
II.1.2.2. OTHER EXCHANGE REVENUE	361.783,23	
II.2. EXPENSES	1123661793	
II.2. EXPENSES	1123661793	
II.2.10. OTHER EXPENSES	-1.976,68	
II.2.2. EXP IMPLM BY COMMISS&EX.AGENC. (DM)	1.123.662.926,86	
II.2.8. FINANCE COSTS	842,50	
STATEMENT OF FINANCIAL PERFORMANCE	1.121.931.683,35	

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

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

Table 5 bis: Off Balance Sheet

TABLE 5bis : OFF BALANCE SHEET for DG HADEA		
OFF BALANCE	2021	
OB.1. Contingent Assets	3478587,34	
GR for pre-financing	3.478.587,34	
OB.4. Balancing Accounts	-3478587,34	
OB.4. Balancing Accounts	-3.478.587,34	
OFF BALANCE	0,00	

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

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

Table 6: Average payment times

Legal Times									
Maximum Payment Time (Days)	Total Nbr of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage
30	1015	995	98,03 %	11,125628	20	1,97 %	37,1	5637461,49	1, %
60	2675	2092	78,21 %	33,387667	583	21,79 %	82,25557461	8745000	12, %
90	917	912	99,45 %	69,6875	5	0,55 %	105	1012970,41	0, %

Total Number of Payments	4607	3999	86,80 %		608	13,20 %		15395431,9	1, %
Average Net Payment Time	42,0434122			36,127032			80,95723684		
Average Gross Payment Time	55,26134144			50,628907			85,73026316		

Suspensions							
Average Report Approval Suspension	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	50	1007	21,86 %	4607	514.352.400,98	39,51 %	1.301.742.969,81

Late Interest paid in 2021			
DG	GL Account	Description	Amount (Eur)
HADEA	65010100	Interest on late payment of charges New FR	842,50
			842,50

Annex 3 of the Operational Budget managed by the Executive Agency presents the information regarding the payments authorised during the Year 2021 in the Executive Agency. However, it also includes payments authorised during the first quarter 2021 by another authorising officer than the Executive Agency itself (i.e. a European Commission's Directorate-General or another Executive Agency) that have been transferred to the current Executive Agency as part of the reorganisation of the 1st of April 2021 and the entry into force of the new mandates of the Executive Agencies. For accounting and transparency reasons, it is not possible to subtract or add manually these payments from the Executive Agency or from another entity, as this would generate a discrepancy with the consolidated version.

Table 7: Income

TABLE 7 : SITUATION ON REVENUE AND INCOME in 2021 for DG HADEA								
Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	
33	Other administrative revenue	0,00	4.811,39	4.811,39	0,00	0,00	0,00	4.811,39
60	Single market, innovation and digital	3.639.535,92	0,00	3.639.535,92	1.653.495,15	0,00	1.653.495,15	1.986.040,77
61	Cohesion, resilience and values	40.490,64	0,00	40.490,64	40.490,64	0,00	40.490,64	0,00
67	Completion for outstanding recovery orders prior to 2021	248.969,58	441.212,62	690.182,20	248.969,58	35.601,02	284.570,60	405.611,60
Total DG HADEA		3928996,14	446024,01	4375020,15	1942955,37	35601,02	1978556,39	2396463,76

Table 8: Recovery of undue payments

TABLE 8 : RECOVERY OF PAYMENTS in 2021 for DG HADEA
(Number of Recovery Contexts and corresponding Transaction Amount)

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2021 Year of Origin (commitment)	Irregularity		OLAF notified		Total undue payments recovered		Total transactions in recovery context(incl. non- qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2014	6	53765,11			6	53765,11	6	53765,11	100,00%	100,00%
2015	5	163587,65			5	163587,65	6	1253201,6	83,33%	13,05%
2016	8	92861,94			8	92861,94	12	621152,4	66,67%	14,95%
2017	3	75850,51	1	212963,08	4	288813,59	4	288813,59	100,00%	100,00%
2018	2	87003,78			2	87003,78	4	610313,77	50,00%	14,26%
2019	1	638,73			1	638,73	2	4168,47	50,00%	15,32%
No Link	11	138282			11	138282	11	138282	100,00%	100,00%
Sub-Total	36	611989,72	1	212963,08	37	824952,8	45	2969696,94	82,22%	27,78%

EXPENSES BUDGET	Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context(incl. non- qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES	11	202306,13			11	202306,13	11	202.306,13	100,00%	100,00%
NON ELIGIBLE IN COST CLAIMS	252	20742653,31			252	20742653,31	349	37.167.207,60	72,21%	55,81%
CREDIT NOTES	2	13730,68			2	13730,68	6	517.012,58	33,33%	2,66%
Sub-Total	265	20958690,12			265	20958690,12	366	37886526,31	72,40%	55,32%

GRAND TOTAL	301	21570679,84	1	212963,08	302	21783642,92	411	40856223,25	73,48%	53,32%
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Table 9: Ageing Balance of recovery orders

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2021 for DG HADEA						
	Number at 01/01/2021	Number at 31/12/2021	Evolution	Open Amount (Eur) at 01/01/2021	Open Amount (Eur) at 31/12/2021	Evolution
2015	1	1	0,00 %	7.500,00	7.500,00	0,00 %
2016	1	1	0,00 %	38.671,88	38.671,88	0,00 %
2018	1	1	0,00 %	1.632,30	1.632,30	0,00 %
2020	9	7	-22,22 %	398.219,83	362.618,81	-8,94 %
2021		21			1.986.040,77	
	12	31	158,33 %	446.024,01	2.396.463,76	437,29 %

Table 10: Waivers of recovery orders

TABLE 10: Recovery Order Waivers >= 60 000 € in 2021 for DG HADEA					
Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
Total DG HADEA					
Number of RO waivers					

Table 11: Negotiated procedures

TABLE 11 : Negotiated Procedures in 2021 for DG HADEA		
Internal Procedures > € 60,000		
Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Annex 1 - 11.1 (b) - Artistic/technical reasons or exclusive rights or technical monopoly/captive market	1	1.000.000,00
Total	1	1.000.000,00

Table 12: Summary of procedures**External Procedures > € 20,000**

Procedure Legal base	Number of Procedures	Amount (€)
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Internal Procedures > € 60,000

Procedure Legal base	Number of Procedures	Amount (€)
Negotiated procedure without prior publication (Annex 1 - 11.1)	1	1.000.000,00
Open procedure (FR 164 (1)(a))	10	17.972.894,00
Total	9	18.972.894,00

Table 13: Building contracts

TABLE 13 : BUILDING CONTRACTS in 2021 for DG HADEA					
Legal Base	Procedure subject	Contract Number	Contractor Name	Contract Subject	Contracted Amount (€)

Table 14: Contracts declared secrets

TABLE 14 : CONTRACTS DECLARED SECRET in 2021 for DG HADEA				
Legal Base	LC Date	Contract Number	Contract Subject	Contracted Amount (€)

Table 15: Framework Partnership Agreements whose duration exceeds 4 years

TABLE 15 : FPA duration exceeds 4 years - DG HADEA

None of your FPA (if any) exceeds 4 years

Table 16: Time to grant

GRANTING - MONTHLY REPORT - JAN->DECEMBER 2021				CALL COMPLETION RATE			GAs signed WITHIN TARGET					COMMENTS	
Unit	Program	Details	CALL	NUMBER of SIGNED GAs	NUMBER of GAs in CALL	Completion rate	Target year (in DAYS)	Call closure DATE	Target date (Call closure date + Target)	NUMBER of GAs SIGNED within target	% of GAs SIGNED within target		
A1	Public Health	Completion	HP-PC-2020-2	1	1	100%	COMPLETED	275	06-01-2021	08-10-2021	1	100%	
A1	Public Health	Completion	HP-JA-2020-2	3	3	100%	COMPLETED	275	16-12-2020	17-09-2021	1	33%	
A1	Public Health	Completion	HP-SGA-2020	3	3	100%	COMPLETED	275	28-05-2020	27-02-2021	3	100%	
A1	Public Health	Completion	HP-PJ-2020	5	5	100%	COMPLETED	275	06-08-2020	08-05-2021	5	100%	
A1	Public Health	Completion	HP-PJ-2020-2	4	4	100%	COMPLETED	275	06-08-2020	08-05-2021	4	100%	
A2	Public Health	Completion	HP-JA-2020-1	1	1	100%	COMPLETED	275	29-10-2020	31-07-2021	1	100%	
A3	HE	Cluster 1 Health	HORIZON-HLTH-2021-CORONA-01	9	9	100%	COMPLETED	245	20-05-2021	20-01-2022	9	100%	
A3	H2020	Completion SC1	H2020-SC1-2020-Single-Stage-RTD	46	46	100%	COMPLETED	245	04-06-2020	04-02-2021	44	96%	Change of coordinator/change of beneficiary at late stage of GAP
A3	H2020	Completion SC1	H2020-SC1-2020-Two-Stage-RTD	28	28	100%	COMPLETED	245	04-06-2020	04-02-2021	27	96%	Additional information was pending in order to ensure adequate financial capacity assessment.
A3	H2020	Completion SC1	H2020-IBA-SC1-CORONAVIRUS-2020-4	1	1	100%	COMPLETED	245	28-01-2021	30-09-2021	1	100%	
A3	H2020	Completion SC1	H2020-SC1-2020-Lump-Sum-RTD	1	1	100%	COMPLETED	245	04-06-2020	04-02-2021	1	100%	
B2	CEF	Completion TC	CEF-TC-2020-2-BRIS	4	4	100%	COMPLETED	276	05-11-2020	08-08-2021	4	100%	
B2	CEF	Completion TC	CEF-TC-2020-2-Cyber Security	21	21	100%	COMPLETED	276	05-11-2020	08-08-2021	21	100%	
B2	CEF	Completion TC	CEF-TC-2020-2-Digital Skills	14	14	100%	COMPLETED	276	05-11-2020	08-08-2021	14	100%	
B2	CEF	Completion TC	CEF-TC-2020-2-eArchiving	4	4	100%	COMPLETED	276	05-11-2020	08-08-2021	4	100%	
B2	CEF	Completion TC	CEF-TC-2020-2-eHealth	24	24	100%	COMPLETED	276	05-11-2020	08-08-2021	24	100%	
B2	CEF	Completion TC	CEF-TC-2020-2-eProcurement	3	3	100%	COMPLETED	276	05-11-2020	08-08-2021	3	100%	

GRANTING - MONTHLY REPORT - JAN->DECEMBER 2021				CALL COMPLETION RATE				GAs signed WITHIN TARGET					COMMENTS
Unit	Program	Details	CALL	NUMBER of SIGNED GAs	NUMBER of GAs in CALL	Completion rate		Target year (in DAYS)	Call closure DATE	Target date (Call closure date + Target)	NUMBER of GAs SIGNED within target	% of GAs SIGNED within target	
B2	CEF	Completion TC	CEF-TC-2020-2-European Digital Media Observatory	8	8	100%	COMPLETED	276	05-11-2020	08-08-2021	8	100%	
B2	CEF	Completion TC	CEF-TC-2020-2-Public Open Data	5	5	100%	COMPLETED	276	05-11-2020	08-08-2021	5	100%	
B2	CEF	Completion TC	CEF-TC-2020-1-Blockchain	19	19	100%	COMPLETED	276	25-06-2020	28-03-2021	19	100%	
B2	CEF	Completion TC	CEF-TC-2020-1-Digital Skills	4	4	100%	COMPLETED	276	25-06-2020	28-03-2021	4	100%	
B2	CEF	Completion TC	CEF-TC-2020-1-eDelivery	3	3	100%	COMPLETED	276	25-06-2020	28-03-2021	3	100%	
B2	CEF	Completion TC	CEF-TC-2020-1-eldentification & eSignature	14	14	100%	COMPLETED	276	25-06-2020	28-03-2021	14	100%	
B2	CEF	Completion TC	CEF-TC-2020-1-eTranslation	5	5	100%	COMPLETED	276	25-06-2020	28-03-2021	5	100%	
B2	CEF	Completion TC	CEF-TC-2020-1-Europeana	5	5	100%	COMPLETED	276	25-06-2020	28-03-2021	5	100%	
B2	CEF	Completion TC	CEF-TC-2020-1-Safer Internet	29	29	100%	COMPLETED	276	25-06-2020	28-03-2021	29	100%	
B2	CEF	Completion TC	CEF-TC-2020-3-EU Student eCard - Core Service Platform	1	1	100%	COMPLETED	276	01-01-2021	04-10-2021	0	0%	GA was signed on 11/10/2021 (a mandate was delayed). Handover from CONNECT 11/05/2021 - TTI was taken care by CONNECT
B3	H2020	Completion SILC II	H2020-NMBP-TR-IND-2020-twostage (05/20)	3	3	100%	COMPLETED	245	14-05-2020	14-01-2021	1	33%	Change of coordinator/change of beneficiary at late stage of GAP
B3	H2020	Completion SC5	H2020-LCCI-2020-EASME-twostage (09/20)	8	8	100%	COMPLETED	245	03-09-2020	06-05-2021	0	0%	Delay due to transfer from EASME to HaDEA. From 19/03 until mid April workflow in COMPASS was frozen – all GAPs were stopped at Critical Control Points. PC consultation and CID could only resume afterwards. Grants were signed one to four days late.
B3	H2020	Completion SC5	H2020-SC5-2020-2 (09/20)	4	4	100%	COMPLETED	245	03-09-2020	06-05-2021	0	0%	Delay due to transfer from EASME to HaDEA. From 19/03 until mid April workflow in COMPASS was frozen – all GAPs were stopped at Critical Control Points. PC consultation and CID could only resume afterwards. Grants were signed one day late.
B3	H2020	Completion SC5	H2020-LC-GD-2020-5	2	2	100%	COMPLETED	245	27-01-2021	29-09-2021	2	100%	

B. Administrative budget (HaDEA)

Table 1: Commitments

Table 2: Payments

Table 3: Commitments to be settled

Table 4: Balance Sheet

Table 5: Statement of Financial Performance

Table 5 bis: Off Balance Sheet

Table 6: Average payment times

Table 7: Income

Table 8: Recovery of undue payments

Table 9: Ageing Balance of recovery orders

Table 10: Waivers of recovery orders

Table 1: Commitments

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2021 (in Mio €) for HADEA					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 1 Staff Expenditure					
1	11	Salaries and allowances	18,53	17,92	96,73 %
	12	Professional development	1,52	1,15	75,30 %
Total Title 1			20,05	19,07	95,10 %
Title 2 Infrastructures and Operating Expenditures					
2	21	Building expenditures	3,03	3,03	99,90 %
	22	ICT expenditures	1,77	1,76	99,25 %
	23	Movable property and current operating expenditure	0,39	0,37	94,83 %
Total Title 2			5,19	5,16	99,29 %
Title 3 Programme Support Expenditures					
3	31	Programme management	1,52	1,27	83,36 %
Total Title 3			1,52	1,27	83,36 %
Total HADEA			26,77	25,50	95,24 %

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

Table 2: Payments

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2021 (in Mio €) for HADEA					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 1 Staff Expenditure					
1	11	Salaries and allowances	18,53	17,59	94,93 %
	12	Professional development	1,56	0,51	32,68 %
Total Title 1			20,09232686	18,10	90,09%
Title 2 Infrastructures and Operating Expenditures					
2	21	Building expenditures	3,03	0,35	11,54 %
	22	ICT expenditures	1,78	1,46	82,07 %
	23	Movable property and current operating expenditure	0,42	0,08	20,11 %
Total Title 2			5,2261345	1,89	36,24%
Title 3 Programme Support Expenditures					
3	31	Programme management	1,66	0,38	22,72 %
Total Title 3			1,65844779	0,38	22,72%
Total HADEA			26,98	20,37	75,52 %

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

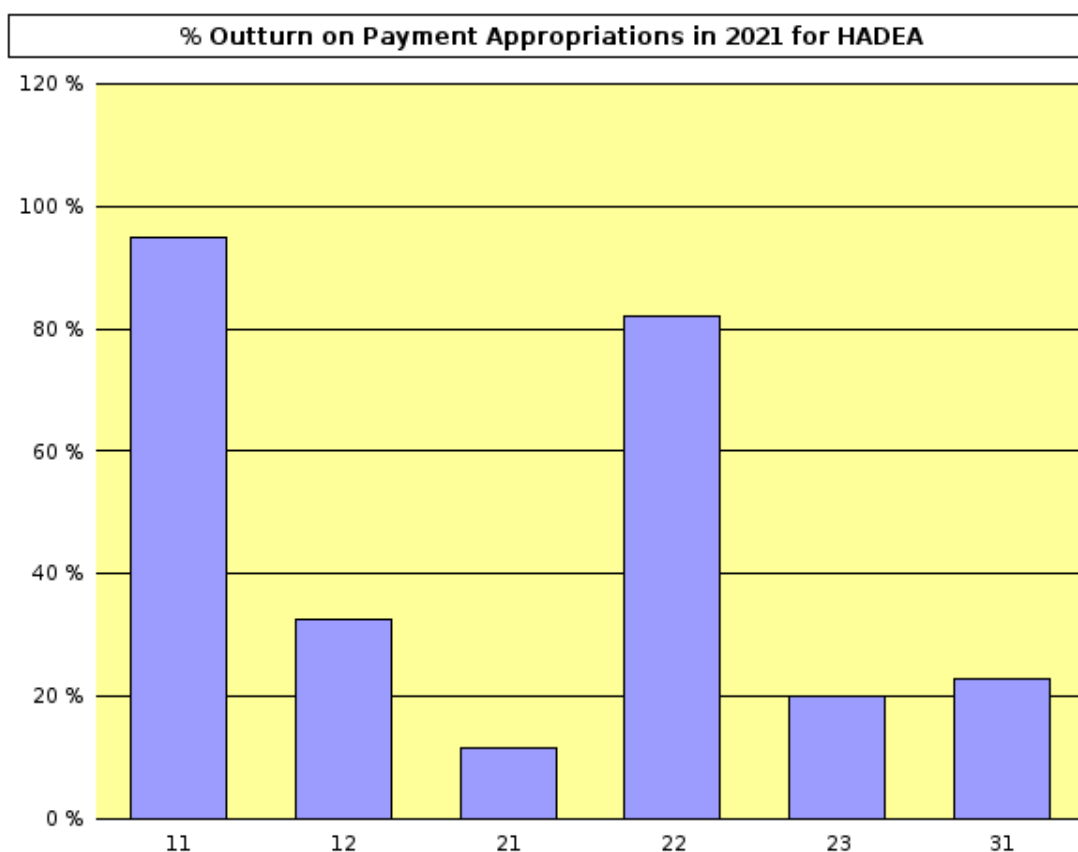


Table 3: Commitments to be settled

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for HADEA									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
			Commitments	Payments	RAL	% to be settled			
Chapter									
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
1	11	Salaries and allowances	17,92	17,59	0,33	1,85%	0,00	0,33	0,00
	12	Professional development	1,13	0,49	0,64	56,45%	0,06	0,71	0,04
Total Title 1			19,05	18,08	0,97	5,09%	0,06	1,05	0,04

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for HADEA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
2	21	Building expenditures	3,03	0,35	2,68	88,45%	0,00	2,68	0,00
	22	ICT expenditures	1,76	1,46	0,30	17,01%	0,01	0,31	0,01
	23	Movable property and current operating expenditure	0,35	0,07	0,29	81,25%	0,04	0,35	0,02
Total Title 2			5,14	1,87	3,26	63,52%	0,05	3,33	0,03

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for HADEA									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
3	31	Programme management	1,15	0,26	0,89	77,76%	0,25	1,27	0,13
Total Title 3			1,15	0,26	0,89	77,76%	0,25	1,27	0,13

Total :	25,50	20,21	5,13	20,23 %	0,36	5,65	0,20
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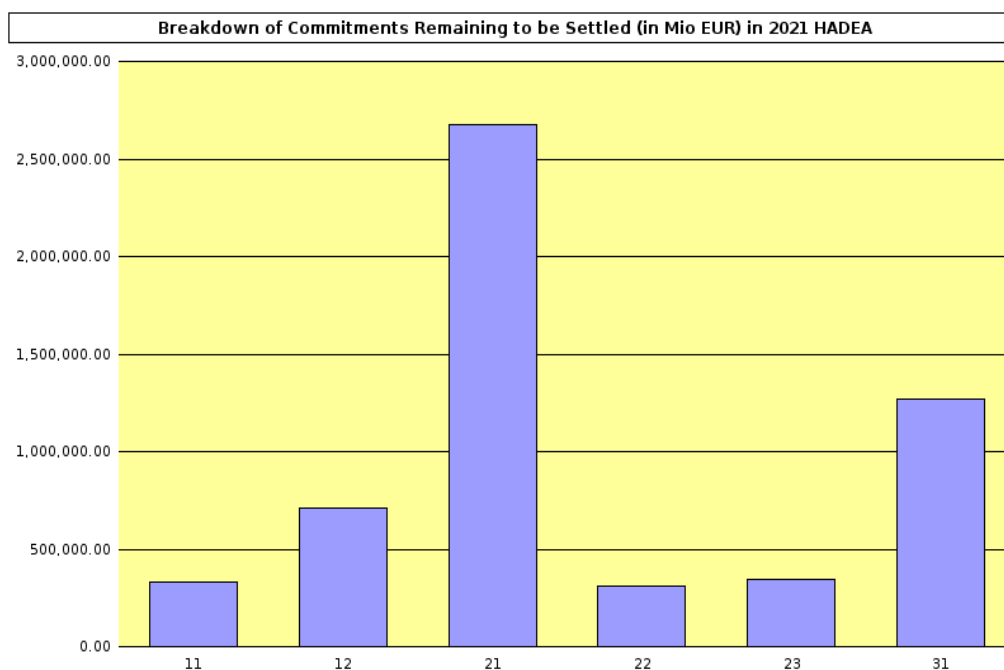


Table 4: Balance Sheet

TABLE 4 : BALANCE SHEET for HADEA		
BALANCE SHEET	2021	
A.I. NON CURRENT ASSETS	1.368,00	
A.I.2. Property, Plant and Equipment	1.368,00	
A.II. CURRENT ASSETS	6.627.037,46	
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	6.627.037,46	
ASSETS	6628405,46	
P.II. CURRENT LIABILITIES	-5.608.670,09	
P.II.2. Current Provisions	-213.445,76	
P.II.4. Current Payables	-1.090.632,99	
P.II.5. Current Accrued Charges & Defrd Income	-4.304.591,34	
LIABILITIES	-5608670,09	
NET ASSETS (ASSETS less LIABILITIES)	1019735,37	
P.III.2. Accumulated Surplus/Deficit	-205.015,10	
Non-allocated central (surplus)/deficit*	-814.720,27	
TOTAL		

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

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

Table 5: Statement of financial performance

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for HADEA		
STATEMENT OF FINANCIAL PERFORMANCE	2021	
II.1 REVENUES	-24.703.582,63	
II.1.1. NON-EXCHANGE REVENUES	-24.696.938,72	
II.1.1.8. OTHER NON-EXCHANGE REVENUES	-24.696.938,72	
II.1.2. EXCHANGE REVENUES	-6.643,91	
II.1.2.2. OTHER EXCHANGE REVENUE	-6.643,91	
II.2. EXPENSES	23.888.862,36	
II.2. EXPENSES	23.888.862,36	
II.2.10.OTHER EXPENSES	5.189.349,07	
II.2.6. STAFF AND PENSION COSTS	18.699.513,29	
STATEMENT OF FINANCIAL PERFORMANCE	-814.720,27	

Table 5 bis: Off balance sheet

TABLE 5bis : OFF BALANCE SHEET for HADEA		
OFF BALANCE	2021	
OB.3. Other Significant Disclosures	-32.344.771,94	
OB.3.2. Comm against app. not yet consumed	-1.581.707,30	
OB.3.5. Operating lease commitments	-30.763.064,64	
OB.4. Balancing Accounts	32.344.771,94	
OB.4. Balancing Accounts	32.344.771,94	
OFF BALANCE	0,00	

Table 6: Average payment times

TABLE 6: AVERAGE PAYMENT TIMES FOR 2021 for HADEA

Legal Times									
Maximum Payment Time (Days)	Total Nbr of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage
30	176	168	95,45 %	17,25595238	8	4,55 %	36,125	29.276,37	3, %
60	19	19	100,00 %	15,47368421				0,00	0, %
90	12	12	100,00 %	22,91666667				0,00	0, %

Total Number of Payments	207	199	96,14 %		8	3,86 %		29.276,37	1, %
Average Net Payment Time	18,14975845			17,42713568			36,125		
Average Gross Payment Time	21,63768116			20,8241206			41,875		

Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	34	21	10,14 %	207	84.878,92	2,85 %	2.975.796,71

DG	GL Account	Description	Amount (Eur)

Table 7: Income

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2021 for HADEA								
Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	
20		26.959.615,02	0,00	26.959.615,02	26.959.615,02	0,00	26.959.615,02	0,00
30		17.294,12	0,00	17.294,12	17.294,12	0,00	17.294,12	0,00
90		16.013,88	0,00	16.013,88	16.013,88	0,00	16.013,88	0,00
Total HADEA		26992923,02	0	26992923,02	26992923,02	0	26992923,02	0

Table 8: Recovery of undue payments

TABLE 8 : RECOVERY OF PAYMENTS in 2021 for HADEA (Number of Recovery Contexts and corresponding Transaction Amount)										
Year of Origin (commitment)	Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC					
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount				
No Link			3	197335,52						
Sub-Total			3	197335,52						

EXPENSES BUDGET	Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES							1	7.921,88		
NON ELIGIBLE IN COST CLAIMS										
CREDIT NOTES							1	228.482,74		
Sub-Total							2	236404,62		
GRAND TOTAL							5	433740,14		

Table 9: Ageing balance of recovery orders

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2021 for HADEA						
	Number at 01/01/2021	Number at 31/12/2021	Evolution	Open Amount (Eur) at 01/01/2021	Open Amount (Eur) at 31/12/2021	Evolution
2021		3			901,18	
		3			901,18	

Table 10: Waivers of recovery orders

TABLE 10 : Recovery Order Waivers >= 60 000 € in 2021 for HADEA						
	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
Total DG						
Number of RO waivers						

B. CHAFEA

A. Operational budget CHAFEA

Table 1: Commitments

Table 2: Payments

Table 3: Commitments to be settled

Table 4: Balance Sheet

Table 5: Statement of Financial Performance

Table 5 bis: Off Balance Sheet

Table 6: Average payment times

Table 7: Income

Table 8: Recovery of undue payments

Table 9: Ageing Balance of recovery orders

Table 10: Waivers of recovery orders

Table 11: Negotiated procedures

Table 12: Summary of procedures

Table 13: Building contracts

Table 14: Contracts declared secrets

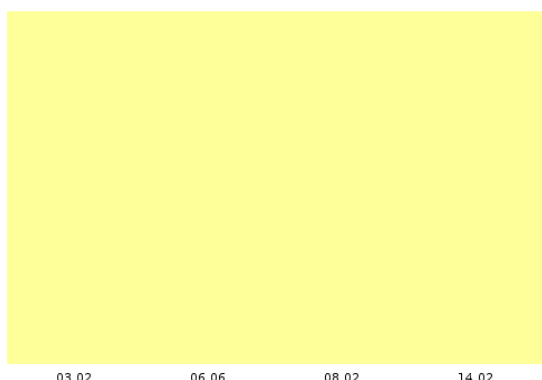
Table 15: Framework Partnership Agreements whose duration exceeds 4 years

Table 1: Commitments

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2021 (in Mio €) for DG PHEA					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 03 Single Market					
03	03 02	Single Market Programme	0,00	0,00	0,00 %
Total Title 03			0,00	0,00	0,00 %
Title 06 Recovery and Resilience					
06	06 06	EU4Health Programme	0,00	0,00	0,00 %
Total Title 06			0,00	0,00	0,00 %
Title 08 Agriculture and Maritime Policy					
08	08 02	European Agricultural Guarantee Fund (EAGF)	0,00	0,00	0,00 %
Total Title 08			0,00	0,00	0,00 %
Title 14 External Action					
14	14 02	Neighbourhood, Development and International Cooperation Instrument (NDICI)	0,00	0,00	0,00 %
Total Title 14			0,00	0,00	0,00 %
Total Excluding NGEU			0,00	0,00	0,00 %
Total DG PHEA			0,00	0,00	0,00 %

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

% Outturn on Commitment Appropriations in 2021 for DG PHEA



03 02 06 06 08 02 14 02

Table 2: Payments

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2021 (in Mio €) for DG PHEA					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 03 Single Market					
03	03 02	Single Market Programme	0,00	0,00	100,00 %
Total Title 03			0,00	0,00	100,00%
Title 06 Recovery and Resilience					
06	06 06	EU4Health Programme	0,11	0,11	100,00 %
Total Title 06			0,11	0,11	100,00%
Title 08 Agriculture and Maritime Policy					
08	08 02	European Agricultural Guarantee Fund (EAGF)	0,00	0,00	0,00 %
Total Title 08			0,00	0,00	0,00%
Title 14 External Action					
14	14 02	Neighbourhood, Development and International Cooperation Instrument (NDICI)	0,00	0,00	0,00 %
Total Title 14			0,00	0,00	0,00%
Total Excluding NGEU			0,11	0,11	100,00%
Total DG PHEA			0,11	0,11	100,00 %

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

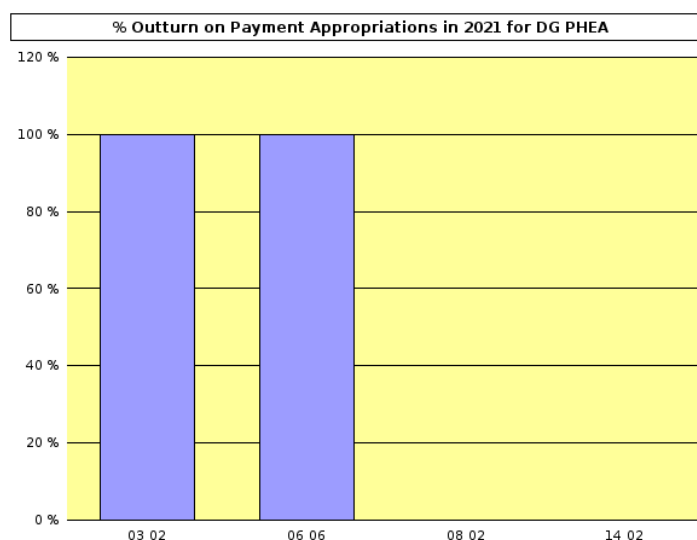


Table 3: Commitments to be settled

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG PHEA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
03	03 02	Single Market Programme	0,00	0,00	0,00	0,00%	0,00	0,00	0,48
Total Title 03			0,00	0,00	0,00	0,00%	0,00	0,00	0,48
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG PHEA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
06	06 06	EU4Health Programme	0,00	0,00	0,00	0,00%	0,00	0,00	3,49
Total Title 06			0,00	0,00	0,00	0,00%	0,00	0,00	3,49
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG PHEA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
08	08 02	European Agricultural Guarantee Fund (EAGF)	0,00		0,00	0,00%	0,00	0,00	1,19
Total Title 08			0,00		0,00	0,00%	0,00	0,00	1,19
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG PHEA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
14	14 02	Neighbourhood, Development and International Cooperation Instrument (NDICI)	0,00		0,00	0,00%	0,00	0,00	0,01
Total Title 14			0,00		0,00	0,00%	0,00	0,00	0,01
Total Excluding NGEU			0,00	0,00	0,00	0,00%	0,00	0,00	5,18
Total for DG PHEA			0	0,00	0,00	#DIV/0	0,00	0,00	5,18

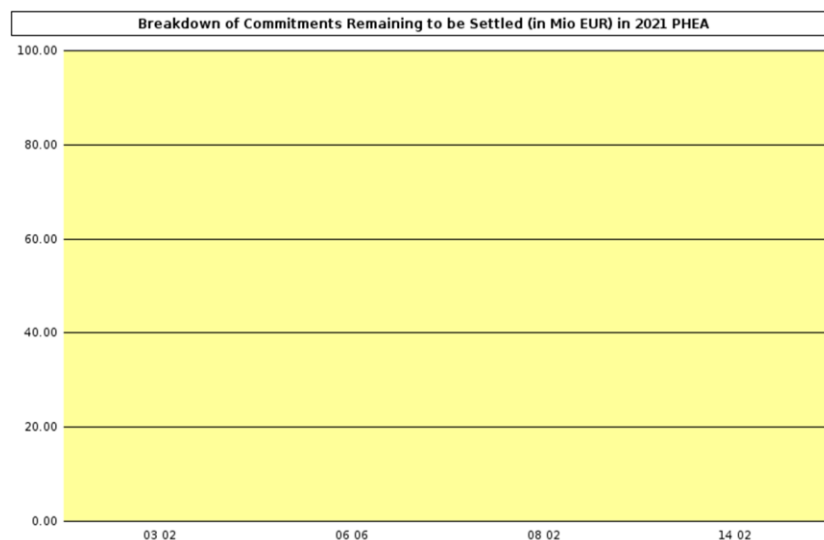


Table 4: Balance sheet

TABLE 4 : BALANCE SHEET for DG PHEA		
BALANCE SHEET	2021	2020
A.II. CURRENT ASSETS	6344,14	123173007,1
A.II.2. Current Pre-Financing	0,00	123.007.670,39
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	6.344,14	165.336,71
ASSETS	6344,14	123173007,1
P.II. CURRENT LIABILITIES	0	-664544,21
P.II.4. Current Payables	0,00	-664.544,21
P.II.5. Current Accrued Charges & Defrd Income	0,00	0,00
LIABILITIES	0	-664544,21
NET ASSETS (ASSETS less LIABILITIES)	6344,14	122.508.462,89
P.III.2. Accumulated Surplus/Deficit	559.265.316,97	442945012,4
Non-allocated central (surplus)/deficit*	-559.271.661,11	-565453475,3
TOTAL DG PHEA	0,00	0,00

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

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

Table 5: Statement of financial performance

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG PHEA		
STATEMENT OF FINANCIAL PERFORMANCE	2021	2020
II.1 REVENUES	-39329,47	-8995,39
II.1.1. NON-EXCHANGE REVENUES	-39329,47	-229817,51
II.1.1.6. RECOVERY OF EXPENSES	-39.329,47	-229.817,51
II.1.2. EXCHANGE REVENUES		220822,12
II.1.2.2. OTHER EXCHANGE REVENUE		220.822,12
II.2. EXPENSES	16713124,15	116329299,9
II.2. EXPENSES	16713124,15	116329299,9
II.2.10. OTHER EXPENSES	119.852,22	222.973,12
II.2.2. EXP IMPLM BY COMMISS&EX.AGENC. (DM)	16.593.271,93	116.106.326,82
STATEMENT OF FINANCIAL PERFORMANCE	16.673.794,68	116.320.304,55

Table 5 bis: Off balance sheet

TABLE 5bis : OFF BALANCE SHEET for DG PHEA		
OFF BALANCE	2021	2020
OB.1. Contingent Assets	0	6154080,86
GR for pre-financing	0,00	6.154.080,86
OB.4. Balancing Accounts	0	-6154080,86
OB.4. Balancing Accounts	0,00	-6.154.080,86
OFF BALANCE	0,00	0,00

Table 6: Average payment times

Legal Times						
Maximum Payment Time (Days)	Total Nbr of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage
60	2	2	100,00 %	38	0	0, %
90	1	1	100,00 %	22	0	0, %

Total Number of Payments	3	3	100,00 %		0	0, %
Average Net Payment Time	32,66666667			32,6666667		
Average Gross Payment Time	37,66666667			37,6666667		

Suspensions							
Average Report Approval Suspension	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	15	1	33,33 %	3	69.000,00	61,54 %	112.114,52

DG	GL Account	Description	Amount (Eur)

Table 7: Income

TABLE 7 : SITUATION ON REVENUE AND INCOME in 2021 for DG PHEA								
Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	
60	Single market, innovation and digital	1.139,58	0,00	1.139,58	1.139,58	0,00	1.139,58	0,00
67	Completion for outstanding recovery orders prior to 2021	-117.318,99	125.611,71	8.292,72	-117.318,99	125.611,71	8.292,72	0,00
Total DG PHEA		-116179,41	125611,71	9432,3	-116179,41	125611,71	9432,3	0

Table 8: Recovery of undue payments

TABLE 8 : RECOVERY OF PAYMENTS in 2021 for DG PHEA
(Number of Recovery Contexts and corresponding Transaction Amount)

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2021 Year of Origin (commitment)	Irregularity		Total undue payments recovered		Total transactions in recovery context(incl. non- qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2013					1	14230,69		
2015	4	39799,83	4	39799,83	4	39799,83	100,00%	100,00%
2016	1	8493,5	1	8493,5	1	8493,5	100,00%	100,00%
2018					1	26259,95		
2019					1	39600		
2020					1	1139,58		
Sub-Total	5	48293,33	5	48293,33	9	129523,55	55,56%	37,29%

EXPENSES BUDGET	Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context(incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES										
NON ELIGIBLE IN COST CLAIMS	4	10793,02			4	10793,02	9	313.900,31	44,44%	3,44%
CREDIT NOTES	1	3229,86			1	3229,86	4	275.937,10	25,00%	1,17%
Sub-Total	5	14022,88			5	14022,88	13	589837,41	38,46%	2,38%
GRAND TOTAL	10	62316,21			10	62316,21	22	719360,96	45,45%	8,66%

Table 9: Ageing balance of recovery orders

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2021 for DG PHEA						
	Number at 01/01/2021	Number at 31/12/2021	Evolution	Open Amount (Eur) at 01/01/2021	Open Amount (Eur) at 31/12/2021	Evolution
2016	1		-100,00 %	119.852,22		-100,00 %
2020	1		-100,00 %	5.759,49		-100,00 %
	2		-100,00 %	125.611,71		-100,00 %

Table 10: Waivers

TABLE 10 :Recovery Order Waivers >= 60 000 € in 2021 for DG PHEA						
	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
0	3233210038	3241610787	-119.852,22	Private Companies		

Total DG PHEA	-119.852,22
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Number of RO waivers	1
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The original recovery order was issued in 2016 against a private company following an audit. The company entered insolvency proceedings. On 07/04/2020 DG BUDG informed CHAFEA that the liquidation process did not allow the payment of any dividend, which consequently rendered the debt irrecoverable. CHAFEA launched, through its parent DG, a procedure for adoption of the corresponding Commission Decision. Commission Decision C(2021)1892 waiving the debt was adopted on 18/03/2021.

Table 11: Negotiated procedures

TABLE 11 : Negotiated Procedures in 2021 for DG PHEA		
Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Total		

Table 12: Summary of procedures

TABLE 12 : Summary of Procedures in 2021 for DG PHEA		
Procedure Legal base	Number of Procedures	Amount (€)
Total		

Table 13: Building contracts

TABLE 13 : BUILDING CONTRACTS in 2021 for DG PHEA					
Legal Base	Procedure subject	Contract Number	Contractor Name	Contract Subject	Contracted Amount (€)

Table 14: Contracts declared secret

TABLE 14 : CONTRACTS DECLARED SECRET in 2021 for DG PHEA				
Legal Base	LC Date	Contract Number	Contract Subject	Contracted Amount (€)

Table 15: Framework Partnership Agreements whose duration exceeds 4 years

TABLE 15 : FPA duration exceeds 4 years - DG PHEA	
None of your FPA (if any) exceeds 4 years	

B. Operating budget

Table 1: Commitments

Table 2: Payments

Table 3: Commitments to be settled

Table 4: Balance Sheet

Table 5: Statement of Financial Performance

Table 5 bis: Off Balance Sheet

Table 6: Average payment times

Table 7: Income

Table 8: Recovery of undue payments

Table 9: Ageing Balance of recovery orders

Table 10: Waivers of recovery orders

Table 1: Commitments

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2021 (in Mio €) for PHEA					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 1 Staff expenditure					
1	1 1	Remunerations allowances and charges	7,25	1,72	23,77 %
	1 2	Professional development and social expenditure	0,30	0,04	13,47 %
Total Title 1			7,55	1,76	23,36 %
Title 2 Infrastructure and operating expenditure					
2	2 1	Building expenditure	1,07	0,00	0,00 %
	2 2	ICT	0,27	0,00	0,69 %
	2 3	Movable property and current operating expenditure	0,26	0,00	0,94 %
Total Title 2			1,60	0,00	0,27 %
Title 3 Programme support expenditure					
3	3 1	Programme management expenditure	1,93	0,02	0,95 %
Total Title 3			1,93	0,02	0,95 %
Total PHEA			11,08	1,79	16,13 %

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

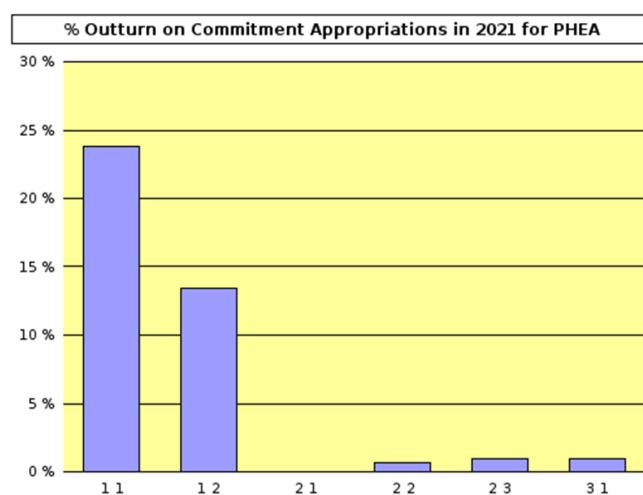


Table 2: Payments

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2021 (in Mio €) for PHEA					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 1 Staff expenditure					
1	1 1	Remunerations allowances and charges	7,31	1,76	24,11 %
	1 2	Professional development and social expenditure	0,35	0,04	12,74 %
Total Title 1			7,65541628	1,81	23,60%
Title 2 Infrastructure and operating expenditure					
2	2 1	Buidling expenditure	1,07	0,00	0,00 %
	2 2	ICT	0,33	0,01	3,04 %
	2 3	Movable property and current operating expenditure	0,33	0,05	13,51 %
Total Title 2			1,72703236	0,06	3,18%
Title 3 Programme support expenditure					
3	3 1	Programme management expenditure	2,72	0,55	20,34 %
Total Title 3			2,72186792	0,55	20,34%
Total PHEA			12,10	2,41	19,95 %

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

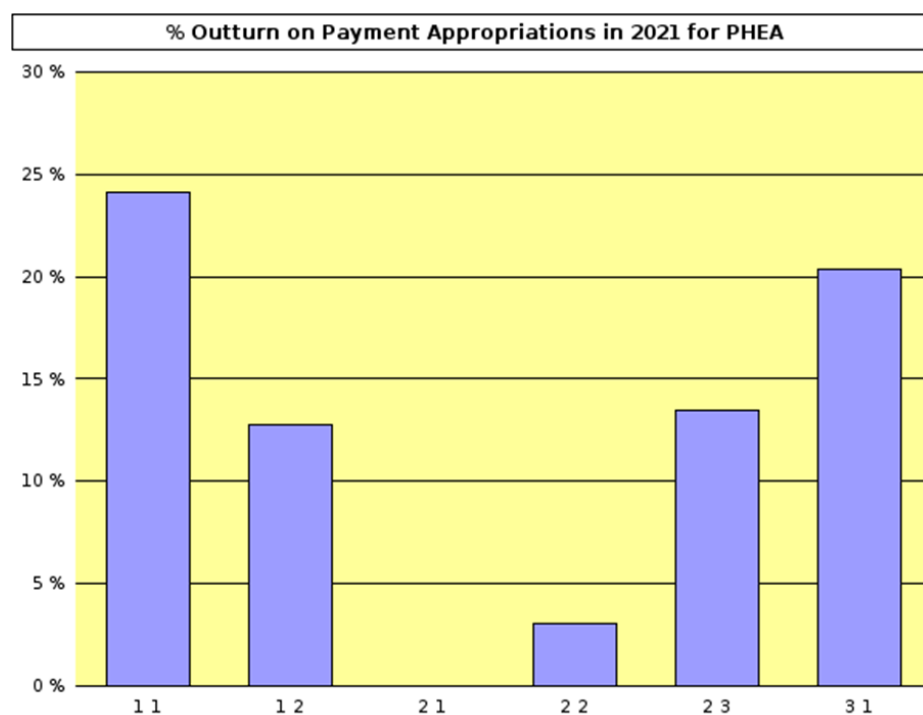


Table 3: Commitments to be settled

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for PHEA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
1	1 1	Remunderations allowances and charges	1,72	1,72	0,00	0,00%	0,00	0,00	0,06
	1 2	Professional development and social expenditure	0,04	0,04	0,00	0,00%	0,00	0,00	0,04
Total Title 1			1,76	1,76	0,00	0,00%	0,00	0,00	0,10

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for PHEA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
2	2 1	Building expenditure	0,00		0,00	0,00%	0,00	0,00	0,00
	2 2	ICT	0,00	0,00	0,00	0,00%	0,00	0,00	0,06
	2 3	Movable property and current operating expenditure	0,00	0,00	0,00	0,00%	0,00	0,00	0,07
Total Title 2			0,00	0,00	0,00	0,00%	0,00	0,00	0,13

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for PHEA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
3	3 1	Programme management expenditure	0,02	0,02	0,00	0,00%	0,00	0,00	0,79
Total Title 3			0,02	0,02	0,00	0,00%	0,00	0,00	0,79

Total :	1,79	1,79	0,00	0,00 %	0,00	0,00	0,00	1,03
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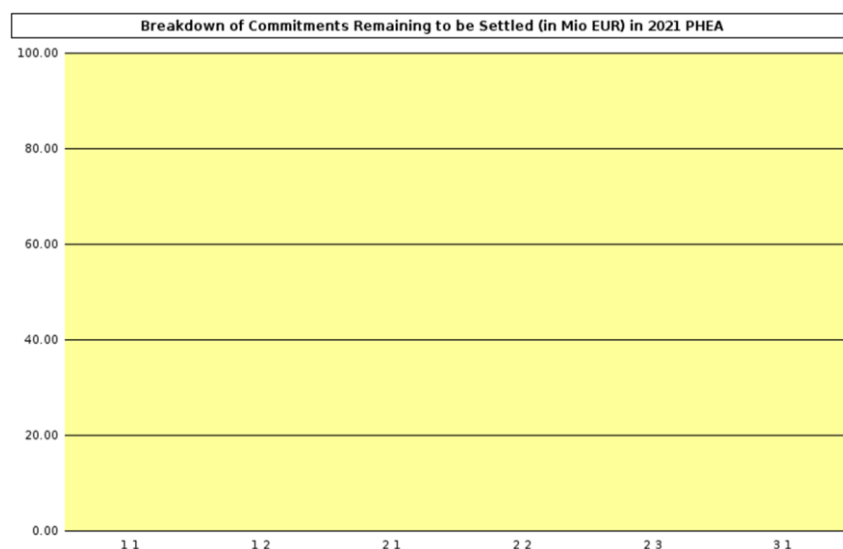


Table 4: Balance sheet

TABLE 4 : BALANCE SHEET for PHEA		
BALANCE SHEET	2021	2020
A.I. NON CURRENT ASSETS	0,00	55.946,00
A.I.1. Intangible Assets	0,00	0,00
A.I.2. Property, Plant and Equipment	0,00	55.946,00
A.II. CURRENT ASSETS	-0,00	1.533.665,71
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	-0,00	1.533.665,71
A.II.6. Cash and Cash Equivalents	0,00	0,00
ASSETS	-9,31323E-10	1589611,71
P.I. NON CURRENT LIABILITIES	0,00	
P.I.2. Non-Current Provisions	0,00	
P.II. CURRENT LIABILITIES	0,00	-894.024,00
P.II.2. Current Provisions	0,00	
P.II.4. Current Payables	0,00	-414.093,27
P.II.5. Current Accrued Charges & Defrd Income	0,00	-479.930,73
LIABILITIES	0	-894024
NET ASSETS (ASSETS less LIABILITIES)	-9,31323E-10	695.587,71
P.III.2. Accumulated Surplus/Deficit	-784.688,97	-1.521.067,06
Non-allocated central (surplus)/deficit*	784.688,97	825.479,35
TOTAL	0,00	0,00

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

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

Table 5: Statement of financial performance

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for PHEA		
STATEMENT OF FINANCIAL PERFORMANCE	2021	2020
II.1 REVENUES	-2.227.644,94	-10383141,41
II.1.1. NON-EXCHANGE REVENUES	-2.227.640,73	-10.368.804,41
II.1.1.8. OTHER NON-EXCHANGE REVENUES	-2.227.640,73	-10.368.804,41
II.1.2. EXCHANGE REVENUES	-4,21	-14.337,00
II.1.2.1. FINANCIAL INCOME		0,00
II.1.2.2. OTHER EXCHANGE REVENUE	-4,21	-14.337,00
II.2. EXPENSES	3.012.333,91	11208620,76
II.2. EXPENSES	3.012.333,91	11.208.620,76
II.2.10. OTHER EXPENSES	1.355.752,29	4.514.155,21
II.2.6. STAFF AND PENSION COSTS	1.656.331,62	6.694.465,55
II.2.8. FINANCE COSTS	250,00	0,00
STATEMENT OF FINANCIAL PERFORMANCE	784.688,97	825.479,35

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

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

Table 5 bis: off balance sheet

TABLE 5bis : OFF BALANCE SHEET for PHEA		
OFF BALANCE	2021	2020
OB.3. Other Significant Disclosures	0,00	-947.844,48
OB.3.2. Comm against app. not yet consumed	0,00	-689.899,98
OB.3.5. Operating lease commitments	0,00	-257.944,50
OB.4. Balancing Accounts	0,00	947.844,48
OB.4. Balancing Accounts	0,00	947.844,48
OFF BALANCE	0,00	0,00

Table 6: Average payment times

TABLE 6: AVERAGE PAYMENT TIMES FOR 2021 for PHEA

Legal Times						
Maximum Payment Time (Days)	Total Nbr of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage
30	50	50	100,00 %	12,82	0,00	0, %
60	2	2	100,00 %	11,5	0,00	0, %
90	2	2	100,00 %	41	0,00	0, %

Total Number of Payments	54	54	100,00 %		0,00	0, %
Average Net Payment Time	13,81481481			13,81481481		
Average Gross Payment Time	14,18518519			14,18518519		

Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	10	2	3,70 %	54	79.873,33	10,09 %	791.445,79

DG	GL Account	Description	Amount (Eur)

Table 7: Income

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2021 for PHEA								
Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	
1 0	European Community contribution	2.805.452,96	0,00	2.805.452,96	2.805.452,96	0,00	2.805.452,96	0,00
9 0	Miscellaneous revenue	0,00	13.962,03	13.962,03	0,00	13.962,03	13.962,03	0,00
Total PHEA		2805452,96	13962,03	2819414,99	2805452,96	13962,03	2819414,99	0

Table 8: Recovery of undue payments

TABLE 8 : RECOVERY OF PAYMENTS in for PHEA (Number of Recovery Contexts and corresponding Transaction Amount)										
Year of Origin (commitment)	Total undue payments recovered		Total transactions in recovery context(incl. non- qualified)		% Qualified/Total RC					
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount				
Sub-Total										

EXPENSES BUDGET	Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context(incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES										
NON ELIGIBLE IN COST CLAIMS										
CREDIT NOTES							1	98.241,89		
Sub-Total							1	98241,89		

GRAND TOTAL							1	98241,89		
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Table 9: Ageing balance of recovery orders

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2021 for PHEA						
	Number at 01/01/2021	Number at 31/12/2021	Evolution	Open Amount (Eur) at 01/01/2021	Open Amount (Eur) at 31/12/2021	Evolution
2020	3		-100,00 %	18.432,79		-100,00 %
	3		-100,00 %	18.432,79		-100,00 %

Table 10: Waivers

TABLE 10 :Recovery Order Waivers >= 60 000 € in 2021 for PHEA						
	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
Total DG			-119.852,22			
Number of RO waivers			1			

ANNEX 4: Financial Scorecard

Annex 4 summarises the annual result of the standard financial indicators measurement. Standard financial indicators are presented below, each with its objective, category, definition, and result for HaDEA and for the European Commission as a whole (for benchmarking purposes).

- Commitment Appropriations (CA) Implementation
- CA Forecast Implementation
- Payment Appropriations (PA) Implementation
- PA Forecast Implementation
- Global Commitment Absorption
- Timely Payments
- Timely Decommitments
- Invoice Registration
- Timely Debt Collection
- Accounting Data Quality
- Management Data Quality

For each indicator, its value (in %) for HaDEA is compared to the common target (in %). The difference between the indicator's value and the target is colour coded as follows:

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

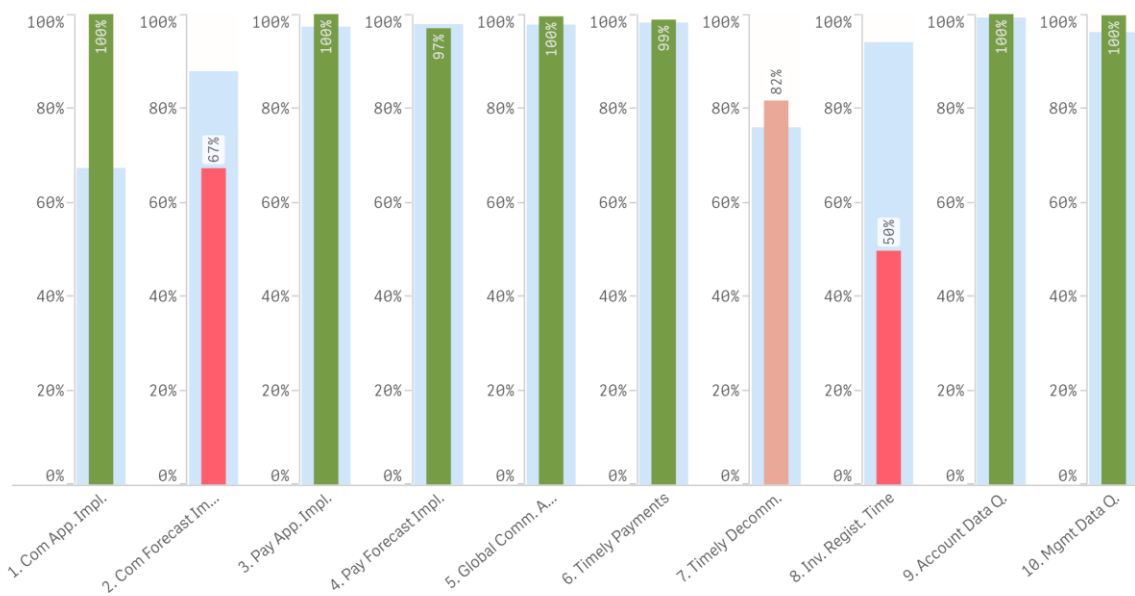
The Commission services are invited to provide commentary behind each indicator's result in the dedicated boxes below as this can help the reader to understand the Commission's service context. In cases when the indicator's value achieves 80% or less of the target, the comment becomes mandatory.

A. Operational budget

HaDEA has provided commentary for each indicator's result in the dedicated comment section below the indicators scores in order for the reader to understand the relevant service context.

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

HADEA Indicator Scores 2021



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

Indicator	Objective	Comment	HADEA Score	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year	HaDEA implemented all its commitment appropriations expiring at the end of the financial year , or approximately EUR 2.04 billion. While not covered by this indicator, HaDEA also implemented a very high amount of NGEU appropriations earmarked specifically for use in 2021 , again at 100% level (EUR 800 million). Due to the late adoption of financing decisions and the timing of underlying actions, the vast majority of 2021 appropriations were committed globally and will be further implemented in 2022.	100%	67%
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year	<p>The 67% score under this indicator effectively means that the formal forecast of the amount of commitment appropriation to be implemented, as of August 2021, was lower than the actual implementation at the end of the year.</p> <p>The main reasons were: a) the delay in the adoption of certain financing decisions allowing the delegation of appropriations to HaDEA – this was the case, in particular, for the Digital Europe Programme, the Connecting Europe Facility (Digital) Programme and the Missions part of Horizon Europe – this meant that the relevant appropriations were not visible in the Forecast tool at the time of the second forecast, and;</p> <p>b) the actual appropriations transferred under Horizon Europe financing decisions were lower than the reference appropriations, due to lack of appropriations at Research Family level at the time of the second forecast exercise.</p> <p>If a risk of similar discrepancies appears in 2022, HaDEA intends to liaise with DG BUDG to adapt the forecast outside the forecasting exercise, to the extent possible.</p>	67%	88%
3. Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year	HaDEA implemented all its payment appropriations expiring at the end of the year , making also use of transfer opportunities to balance needs and surpluses over the budget lines under its responsibility.	100%	97%
4. Payment Forecast	Ensure the cumulative alignment of the	HaDEA made a very robust second payment forecast and monitored	97%	98%

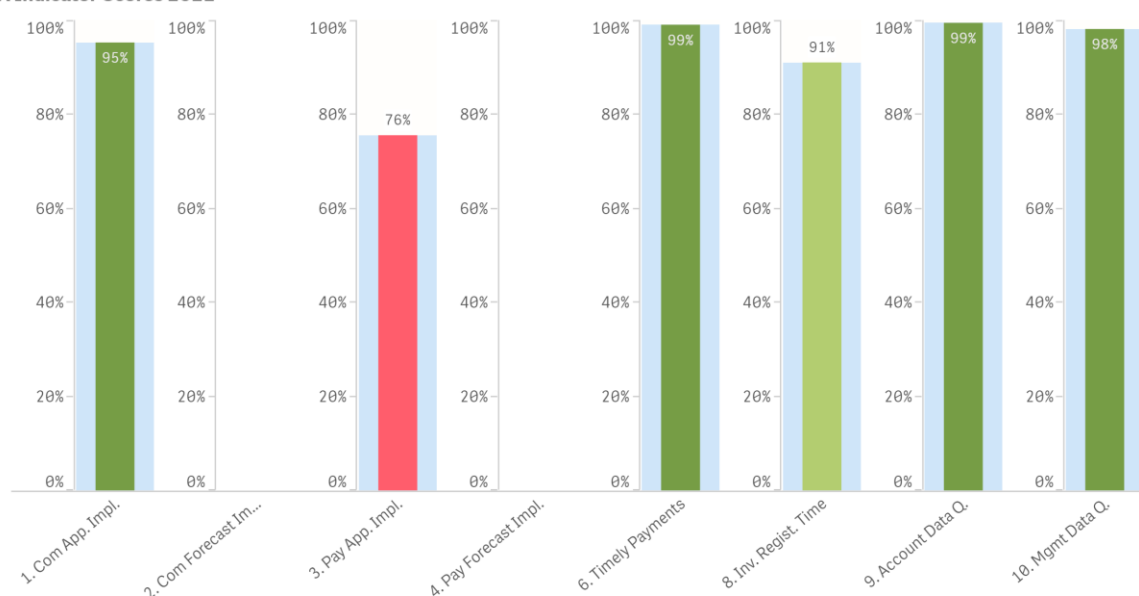
Implementation	payment implementation with the payment forecast in a financial year	closely payment execution over the last quarter of the year, resulting in a final implementation score very much in line with the forecast.		
5. Global Commitment Absorption ⁽¹⁵⁾	Ensure efficient use of already earmarked commitment appropriations (at L1 level)	In 2021 HaDEA individualized effectively 100% (EUR 2.05 billion out of EUR 2.06 billion) of the appropriations committed globally in 2020 for actions and programmes under its responsibility. Together with payments, action implementation under previously committed funds represented the main financial objective in 2021.	100%	98%
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines	HaDEA paid on time close to 99% of its operational appropriations aggregating EUR 1.362 billion, demonstrating effective monitoring of payment deadlines, resulting also in a negligible amount of late payment interest i.e. EUR 842. This represents an important achievement for a new entity.	99%	98%
7. Timely Decommitments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle	HaDEA surpasses the Commission's score in this area, despite having set timely payments and payment implementation as primary objective of the area. HaDEA monitors closely the impact of this indicator and the need of any adaptation of internal procedures.	82%	76%
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC	Invoice registration delays are mainly due to the specificities of the IT local system used for the WiFi4EU programme, which is by far the programme with the largest number of payments. First, the IT solution was interrupted between mid-March and early June, as explained in the body of the report, meaning that no invoices could be registered. In the ordinary course of business, the IT solution registers cost claims via manually extracted CVS files in weekly batches in order to prepare batch payments. Such batches are regularly blocked, as a whole, due to IT issues (e.g. LEF/BAF link creation for a	50%	94%

⁽¹⁵⁾ Due to technical limitation, the indicator does not take into account the Com L1 Consumption between the FDC ILC date and the FA FDI allowed as an exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under the FR2018 Article 114.2. As a result, the actual Indicator score may be slightly higher than the one reported for DGs using the GF commitments.

		<p>single item in the batch), meaning that there are delays beyond the week.</p> <p>Excluding WiFi4EU late invoices (1440 in total), this indicator for 2021 would be close to 98.5%. Excluding all cost/claims invoices generated automatically by local systems such as WiFi4EU and eGrants, the registration score for invoices requiring manual registration would have been close to 92%, roughly in line with the Commission average.</p> <p>For WiFi4EU, in 2022 HaDEA expects to implement an IT development that will reduce the number of batches blocked due to LEF/BAF links. Considering also that the 2021 long-term blockage was a one-off event, the results linked to indicator are expected to improve.</p>		
9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts	HaDEA has effectively 100% score in accounting data quality, achieved through good practices in initial encoding but also through regular and end-of-year accounting quality exercises.	100%	99%
10. Management Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions	HaDEA has effectively 100% score in management data quality, achieved through good practices in initial encoding but also through regular and end-of-year transaction quality exercises.	100%	96%

B. Operating budget

HADEA Indicator Scores 2021



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

Indicator	Objective	Comment	HADEA Score	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year		95%	95%
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year	The indicator is not applicable for DG HADEA in 2021 due to the lack of underlying transactions recorded by DG HADEA in 2021.	–	–
3. Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year	HADEA had no legal basis to pay the rent and the services provided by OIB during 2021 as the SLA still needs to be finalised by OIB. The amount represents 47% of the carry forward.	76%	76%
4. Payment Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year	The indicator is not applicable for DG HADEA in 2021 due to the lack of underlying transactions recorded by DG HADEA in 2021.	–	–
5. Global Commitment Absorption ⁽¹⁶⁾	Ensure efficient use of already earmarked commitment appropriations (at L1 level)	The indicator is not applicable for DG HADEA in 2021 due to the lack of underlying transactions recorded by DG HADEA in 2021.	–	–
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines	A few invoices were paid late due to the specific context of transfer of files exercise (TOF) from CHAFAEA to HaDEA, and the set-up of the new agency in ABAC. However, HaDEA managed to execute 99% of the payments on time thanks to a good monitoring of the payments until the end of the year.	99%	99%
7. Timely Decommitments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle	The indicator is not applicable for DG HADEA in 2021 due to the lack of underlying transactions recorded by DG HADEA in 2021.	–	–
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC		91%	91%

⁽¹⁶⁾ Due to technical limitation, the indicator does not take into account the Com L1 Consumption between the FDC ILC date and the FA FDI allowed as an exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under the FR2018 Article 114.2. As a result, the actual Indicator score may be slightly higher than the one reported for DGs using the GF commitments.

9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts		99%	99%
10. Management Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions		98%	98%

ANNEX 5: Materiality criteria

HaDEA expenditure is composed (in order of importance), directly managed grants (98% in 2021), procurement and experts. The error rate affecting the payments is estimated yearly, per programme, following a relevant methodology that takes into account the risk associated to the type of expenditure (in terms of probability and final financial impact).

The assessment of the effectiveness of the different programmes' control systems is based mainly, but not exclusively, on ex-post audits' results. The effectiveness is expressed in terms of detected and residual error rate. Please see below detailed explanations.

In 2021, HaDEA was responsible for the implementation of Horizon 2020 and the following other programmes: Food and Feed programme, CEF Telecom, Public Health and FP7 Space.

A. Research Framework Programmes - Common aspects

For H2020, ex-post controls are under the responsibility of the Common Audit Service (CAS). The CAS undertakes all Horizon 2020 audits, for all Horizon 2020 stakeholders, including HaDEA, ensuring a harmonised approach and also ensuring that the audit burden on beneficiaries is minimised. The Common Audit Strategy was adopted on 22 February 2016.

The control system established for Horizon 2020 aims for a detected error rate ranging from 2% to 5% (as close as possible to 2%, after corrections). Consequently, this range has been considered in legislation as the control objective set for the framework programme.

A. Assessment of the effectiveness of controls

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

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

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

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

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

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

where:

ResER%	residual error rate, expressed as a percentage.
RepER%	representative error rate, or error rate detected in the common representative sample, expressed as a percentage. The RepER% is composed of complementary portions reflecting the proportion of negative systematic and non-systematic errors detected. This rate is the same for all implementing entities, without prejudice to possibly individual detected error rates.
RepERSys%	portion of the RepER% representing negative systematic errors, (expressed as a percentage). The RepERSys% is the same for all entities and it is calculated from the same set of results as the RepER%
P	P total requested EC contribution (€) in the auditable population (i.e. all paid financial statements).
A	total requested EC contribution (€) as approved by financial officers of all audited financial statements. This will be collected from audit results.
E	total non-audited requested EC contribution (€) of all audited beneficiaries.

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

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

In case a calculation of the residual error rate based on a representative sample is not possible for a Framework programme for reasons not involving control deficiencies ⁽¹⁷⁾ the consequences are to be assessed quantitatively by making a best estimate of the likely

⁽¹⁷⁾ Such as, for instance, when the number of results from a statistically-representative sample collected at a given point in time is not sufficient to calculate a reliable error rate

exposure for the reporting year based on all available information. The relative impact on the Declaration of Assurance would be then considered by analysing the available information on qualitative grounds and considering evidence from other sources and areas. This should be clearly explained in the annual activity report.

B. Multi-annual approach

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

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

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

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

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

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

C. Adequacy of the audit scope

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

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

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

D. Revised methodology for the calculation of the error rate for Horizon 2020

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

In response to this observation, in 2020 the Commission re-defined its methodology for calculating the Horizon 2020 error rate. In order to quantify any potential understatement mentioned by the Court, the Commission applied a new methodology for all audits closed as from 1 January 2020. The main change in the methodology is that, the denominator used in the error calculation is the sum of costs actually audited and not the sum of all accepted costs.

In this respect, an additional 0.37 % (calculated on 1 304 H2020 audit participations by difference with the previous methodology) has been used to top up the cumulative detected error rate for 2021.

IAS limited review on the 2020 error rate calculation for H2020

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

these findings on the accuracy of the calculation of the residual error rate is minor. The IAS recommended that:

The Common Implementation Centre (CIC) should:

- 1.1.** Calculate the corporate H2020 residual error rate based on the actual level of implementation of audit results and extension of audit findings stemming from data encoded by the Authorising Officers;
- 1.2.** Considering that there is no data on the sampled amounts for audits closed before 2020, estimate the amount actually audited by calculating the ratio of costs actually audited to the total amount of the related accepted cost claims for all the audits closed since 1 January 2020 ('A' parameter in the formula for calculating the residual error rate) and adapt parameter 'E' accordingly;
- 1.3.** Formalise the changes in the residual error rate calculation (e.g. in a written CAS procedure).

The Common Audit Service (CAS) should:

- 2.1.** Change the audit report template to include a line in the table of Annex 1 with the audited amounts (sampled);
- 2.2.** Include fields in AUDEX to encode the audited amounts per participation and cost category and any other IT tool used to register the ex post audits' data which feed the Microsoft Access database for the calculation of the representative detected error rate;
- 2.3.** Calculate the top-up automatically in the Microsoft Access database. For Horizon Europe, the calculation will be in line with the new methodology and no top up calculation will be required.

Recommendations 1.1 to 2.1 were implemented in 2021. Recommendations 2.2 and 2.3 will be implemented in time within 2022.

E. Research Framework Programmes - Specific issues

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

Seventh Framework programme (FP7)

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

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

Horizon 2020

The Commission's proposal for the Regulation establishing H2020 framework programme ⁽¹⁸⁾ states that:

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

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

Further, it explains also that:

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

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

The Commission considers therefore that, for research spending under Horizon 2020, a risk of error, on an annual basis, within a range between 2-5 % is a realistic objective taking

⁽¹⁸⁾ COM(2011) 809/3 Proposal for a Regulation of the European Parliament and of the Council establishing Horizon 2020 – the Framework programme for Research and Innovation (2014-2020), see point 2.2, pp 98-102.

into account the costs of controls, the simplification measures proposed to reduce the complexity of rules and the related inherent risk associated to the reimbursement of costs of the research project. The ultimate aim for the residual level of error at the closure of the programmes after the financial impact of all audits, correction and recovery measures will have been taken into account is to achieve a level as close as possible to 2%.

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

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

Horizon Europe

For Horizon Europe, the general control objective, following the standard quantitative materiality threshold proposed in the standing instructions for Annual Activity Reports, is to ensure that the cumulative residual error rate, i.e. the level of errors which remain undetected and uncorrected, does not exceed 2% ⁽¹⁹⁾.

B. Programmes other than Research Framework

The quantitative materiality threshold is set at a residual error rate of 2%, in application of the Commission's standard practice. In qualitative terms, the following factors are considered: nature and scope of any significant weaknesses, duration, compensatory measures such as mitigating controls, existence of corrective actions to correct any significant weaknesses.

In view of the multi-annual nature of the programmes managed, HaDEA developed a multi-annual ex-post audit strategy for legacy programmes (programming period 2014-2020) ⁽²⁰⁾ build on the experience obtained by the predecessors entities in charge of these programmes and applicable to the audits launched by the Agency from 2021 onwards.

The criteria for making a decision on whether there is a material error in the expenditure of the Agency, and so on whether to make a reservation in the AAR, will be principally, though not exclusively, based on the level of residual error identified in ex-post audits of financial statements.

⁽¹⁹⁾ No representative error rate for Horizon Europe will be available in 2022 and 2023 as the ex-post audit campaign for the Programme will start at the earliest end of 2023.

⁽²⁰⁾ Ares(2021)4528794-13/07/2021.

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

Audit methodology

The ex-post controls (audits) are carried out on the accepted costs to the Agency and consist of verifying the legality and regularity of the underlying transactions and consequently the final eligible EU contribution.

Each programme is treated as a separate population. The estimated residual error risk is estimated per programme by the residual error rate.

The HaDEA Ex-Post Control strategy is based on the following principles, intended to find an optimal balance between being (i) maximum-corrective, (ii) reasonably cost-effective and (iii) sufficient coverage to draw an assurance conclusion.

Taking into account the limited ex-post control resources, the ex-post control strategy aims to detect and correct the most significant errors (amount in absolute terms). In that respect, HaDEA focuses on value-based audits (aiming at cleaning the largest amounts and thus maximising assurance). This type of approach is considered more control effective, resulting in higher returns on investment and having a dissuasive effect, as well as being cost-effective. To the best of our knowledge, there are no indications (at ex-post level) for inherently higher error rates (error in %) in the larger participations, thus the value-based audits are considered to be a non-biased 'proxy' – i.e. random enough to be able to draw conclusions from them. Auditing a statistically representative sample would not be considered cost-effective, given that then rather small participations would also be sampled.

Although the Agency recognises that the above approach is not fully statistically representative, in line with DG BUDG guidance it is considered as the second-best alternative.

In addition to the value-based audits, the Agency performs to a limited extent "risk-based" audits of beneficiaries. This selection addresses specific concerns, risks or issues, detected and highlighted either by the financial or operational teams. Due to their specific nature, error rates of these "risk-based" audits are not included in the average proxy error rate calculation.

Error rate calculation

Detected error rates

The Detected Error Rate is equal to: [the EC-share of] the costs claimed as initially accepted, after the ex-ante controls (on the basis of which the audited payment was made), minus, [the EC-share of] the costs claimed as finally accepted, after the ex-post control (audit).

The “value-targeted” audits deliver the Detected Error Rate on a multi-annual basis ⁽²¹⁾. The total of all individual errors calculated, covering all audits done on a given programme and leading to recoveries ⁽²²⁾, gives the total detected error amount and related error rate as a percentage.

The European Court of Auditors in its 2018 Annual Report and its review of the Commission’s ex-post audits observed that for Horizon 2020 the Commission’s methodology for calculating the error rate leads to an understatement of the error rate the extent of which cannot be quantified. As a result of further related guidance received by the central services, HADEA has ensured its methodology for the calculation of the error rate is in line to the Court’s observations. Previously, the detected error rate was calculated by considering the full value of an audited financial statement in the denominator. From 2019 onwards, the detected error rate calculation is based on the sum of the costs actually audited as the denominator.

Residual error rate

Residual error rates are calculated on a multi-annual basis to reflect the multi-annual nature of the programmes and projects. The results of ex-post controls carried out by the Agency from “value- based” audits are calculated over the programme lifetime to provide the multi-annual detected error rate.

HaDEA deducts any corrections made by implementing the audit results from the total amount of errors detected. The residual error rate of each programme audited is the residual error rate applied to the audited part and the detected error rate presumed affect the non-audited part ⁽²³⁾.

Due to its multi-annual nature, the effectiveness of the HADEA ex-post control strategy can only be measured and assessed at the final stages of programme’s lifecycle and once it has been fully implemented. Notwithstanding the multi-annuality of the ex-post control

⁽²¹⁾ On an annual basis for Food and Feed Programme due to the design of the programme and in line with approach applied by DG SANTE.

⁽²²⁾ In some cases a detected error at cost level has no impact on the EU contribution paid due to costs declared being over and above the maximum EU contribution.

⁽²³⁾ We consider that the part of payments remaining un-audited and un-corrected is affected by errors of the same magnitude of the detected error rate.

strategy, the Director of HADEA is required to sign a yearly statement of assurance. In order to determine whether to qualify this statement of assurance with a reservation, the effectiveness of the control systems in place needs to be assessed not only for the year of reference but also with a multiannual perspective, to determine whether it is possible to reasonably conclude that the control objectives will be met in the future as foreseen.

Although not derived by statistical parameters which can be extrapolated to the unaudited payment population with statistical confidence, the detected and residual error rates obtained from the ex-post audits are a key building block in the assurance building process and provide the best available indicator of the level of error in the unaudited population per programme.

C. 'De-minimis' threshold for financial reservations

Finally, as from 2019 ⁽²⁴⁾, a 'de-minimis' threshold for financial reservations has been introduced. Quantified AAR reservations related to residual error rates above the 2% materiality threshold are deemed not substantial for segments representing less than 5% of a total payments of a DG/agency and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed.

⁽²⁴⁾ Agreement of the Corporate Management Board of 30 April 2019.

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

HaDEA has identified two control systems, namely for grants and for procurement.

The principles described per different stages below apply in particular to grants, as in 2021 the payments of grants represented 99% of the payments made by HaDEA. The remaining part concerned the payments for experts (evaluation and monitoring) and the procurement for which the principles for stages 1 to 3 apply by analogy unless specified differently.

In relation to the procurement HaDEA has established in 2021 several control elements taking into account the BUDG guidance on procurement risks and a questionnaire to address the most common procurement risks. The procurement cell was established in the unit HaDEA.A.2 to organize the tendering tasks. It is complemented by the verification role of the legal sector in the unit HaDEA.C.2 and the supervision role of the Advisory Committee on Procurement and Contracts (ACPC) chaired by the RMIC as Head of Department C. The corporate procedures set by DG BUDG are applied and complemented with specific HaDEA guideline on the distribution of roles and responsibilities, together with the general principles covering also the four-eyes and value for money principles, and absence of conflict of interest.

STAGE 1: PROGRAMMING, EVALUATION AND SELECTION OF PROPOSALS/TENDERS

Main internal control objectives: ensuring that the Agency selects the proposals/tenders that contribute the most towards the achievement of the policy or programme objectives (effectiveness); compliance (legality & regularity); prevention of fraud (anti-fraud strategy).

Specific internal control objective A: contribution to the (annual) work programmes, including the preparation, adoption and publication of calls for proposals/tenders.

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
<p>There is a risk that:</p> <p>Work programmes and the subsequent calls for proposals/tenders do not adequately reflect the policy objectives, priorities;</p> <p>Topics/ activities are incoherent;</p>	<p>The mitigating controls for these risks are mostly the ownership of the parent DGs. This said, in accordance with agency's Annual Work Programmes:</p> <p>HaDEA provides its contribution to the content of the work</p>	<p>Coverage/Frequency:</p> <p>100% of work programmes 100% of calls</p> <p>Depth:</p> <p>Work Programme contributions and call preparation, adoption and publication are</p>	<p>Effectiveness:</p> <p>The work programme is adopted by the Commission.</p> <p>Success ratios in terms of "over-subscription": number of grant proposals</p>

Essential eligibility, selection and award criteria are not adequate to ensure effective, efficient and economic evaluations of the proposals/tenders.	<p>programmes (as per the MoUs and agreed working arrangements) in line with the policy objectives and priorities. While doing so, the Agency builds on its knowhow from managing the projects, to benefit the coherency of the topics.</p> <p>The Agency prepares, adopts and publishes the calls/tenders, while ensuring that the work programmes are translated into eligibility, selection and award criteria that are adequate to ensure effective, efficient and economic evaluations of the proposals/tenders.</p> <p>Controls are implemented in collaboration with the relevant services, and foresee appropriate hierarchical validation (including consultation of parent DG).</p>	<p>thoroughly reviewed at all levels, including for operational and legal aspects.</p> <p>For each tender, the check list requires to check if the procurement need can be met by using exiting or planned contracts or studies or using an inter-institutional procurement procedure.</p>	<p>retained for funding compared to number of eligible proposals received.</p> <p>Number of tenders procedures launched and contracts awarded</p> <p>Efficiency:</p> <p>Estimation of cost of staff involved in the preparation and validation of the contribution to the Work Programme and preparation, adoption and publication of Calls for Proposals and Tenders / Value of Contracted Grants/Tenders (%).</p> <p>Economy:</p> <p>Good work programme and well-publicised calls should generate a large number of good quality proposals/tenders, from which only the best ones, meeting the policy objectives, are selected. This results in a real competition for funds.</p>
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Specific internal control objective B: contribution to evaluation and award procedures.

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
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			(three E's)
<p>The evaluation, ranking and selection of proposals is not carried out in accordance with the established procedures, the policy objectives, priorities and/or the eligibility criteria, or with the selection and award criteria defined in the annual work programme and subsequent calls for proposals/tenders.</p> <p>Experts have a Conflict of interest regarding the proposals/tenders they are called to evaluate.</p>	<p>Assessment by independent experts.</p> <p>Selection and appointment of expert evaluators.</p> <p>Conflict of interest checks.</p> <p>Comprehensive IT system supporting this stage and allowing better monitoring of the process.</p> <p>Validation by the AOSD of ranked list of proposals/tenders. In addition, if applicable: Opinion of Programme Committees; inter-service consultation and adoption by the Commission; publication of publishable summaries of funded projects/tenders.</p> <p>Systematic checks on operational and legal aspects performed before signature of the Grant Agreement or tender contract.</p> <p>Redress/review procedure - allowing an applicant/tenderer, who considers that a procedural act by an authorising officer adversely affects its rights, to challenge the act</p> <p>Generally, fraud risk and legal checks are incorporated into the procedures or on ad-hoc basis in case of doubt.</p>	<p>Coverage/Frequency:</p> <p>100% of experts 100% of calls/tenders</p> <p>Technical expertise and independence is checked at different levels and different stages (e.g. Col, nationality bias, ex-employer bias).</p> <p>Supervision of evaluation process and the work of evaluators.</p> <p>100% of contested decisions are analysed by a redress/review committee</p>	<p>Effectiveness:</p> <p>Number of proposals/tenders evaluated</p> <p>Success rate: Amounts of retained proposals /Amounts of submitted proposals/</p> <p>Efficiency:</p> <p>% of Time-to-inform on time.</p> <p>Estimation of cost of all staff and other expenses (external experts, observers and logistics) involved in the evaluation and selection of proposals/tender process / Value of Contracted Grants or Tenders (%).</p> <p>Economy:</p> <p>The evaluation of proposals/tenders is objective and performed based on high independent technical expertise. Transparency, independence and objectivity of the evaluation process attested by independent observer(s). Policy objectives of the relevant programmes can be achieved in the most economical way by selecting the</p>

			best proposals/tender, resulting in a real competition for funds.
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STAGE 2: CONTRACTING, GRANT AGREEMENT PREPARATION (GAP)

Main internal control objectives: ensuring that the most promising projects/tenders for meeting the policy objectives are contracted; sound financial management (optimal allocation of the budget available); compliance; prevention of fraud.

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
<p>The beneficiary/contractor lacks operational and/or financial capacity to carry out the actions.</p> <p>Procedures do not comply with the regulatory framework.</p> <p>The evaluation stage has not detected a potentially fraudulent proposal/beneficiary/contractor.</p>	<p>Validation of beneficiaries and financial capacity checks for selected coordinators/beneficiaries.</p> <p>Systematic checks on operational and legal aspects performed before signature of the GA or contract.</p> <p>Risk assessment and risk based checks before the grant agreement or contract signature and reinforced monitoring flagging where necessary.</p> <p>Ad hoc anti-fraud checks for riskier beneficiaries/contractors.</p> <p>Financial Coverage against financial losses provided by the Participant Guarantee Fund.</p>	<p>100% of the selected proposals/tenders and beneficiaries/contractors are scrutinised.</p> <p>Coverage: 100% of draft grant agreements/contracts.</p> <p>Depth may be differentiated; determined after considering the type or nature of the beneficiary/contractor (e.g. SMEs, joint ventures) and/or the modalities (e.g. substantial subcontracting) and/or the total value of the grant/contract.</p> <p>Given the constraints on the time to grant set out in the legislation, "negotiation" of projects is kept to a minimum, as far as possible the positively evaluated projects are accepted without modification.</p>	<p>Effectiveness:</p> <p>Number of grants/contracts signed</p> <p>Efficiency:</p> <p>Average time to grant/contract;</p> <p>% of Time to grant on time</p> <p>Estimated cost of staff involved in stage 2 /value of contracted grants/contracts (%)</p> <p>Economy:</p> <p>This stage should lead to a higher assurance on the achievement of the projects/tender and contribution to policy objectives. Economy can also be quantified by</p>

			justified reduction of EU contribution during grant agreement preparation.
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STAGE 3: MONITORING THE EXECUTION

Main internal control objectives: ensuring that the operational results (deliverables) from the projects/tenders are of good quality and meet the objectives and conditions of the grant agreement/contracts; ensuring that the related financial operations comply with regulatory and contractual provisions; prevention of fraud; ensuring appropriate accounting of the operations.

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
<p>The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement / tender contract (e.g. deliverables, open access to results and publications...)</p> <p>The amounts paid exceed what is due in accordance with the applicable contractual and regulatory provisions.</p> <p>The cost claims or deliverables are irregular or fraudulent.</p> <p>Ethics requirements are not fulfilled.</p>	<p>Kick-off meetings and "launch events" involving the beneficiaries/contractors in order to avoid project management and reporting errors.</p> <p>Effective external communication about guidance to the beneficiaries/contractors.</p> <p>Anti-fraud awareness raising training for the project officers.</p> <p>Enhanced R&I family approach (anti-fraud cooperation; common legal and audit service; comprehensive and common IT system for all of the R&I family).</p> <p>Operational and financial checks in accordance with the financial circuits.</p> <p>For riskier operations, reinforced monitoring.</p> <p>Selection and appointment of experts for scientific</p>	<p>100% of the projects are controlled, including only value-adding checks.</p> <p>Riskier operations subject to more in-depth controls.</p> <p>The depth depends on risk criteria. However, as a deliberate policy to reduce administrative burden for beneficiaries/contractors, and to ensure a good balance between trust and control, the level of control at this stage is reduced.</p> <p>High-risk operations identified by risk criteria. Red flags: suspicions raised by staff, audit results, EDES, individual or "population" risk assessment.</p> <p>Audit certificates required for any beneficiary claiming more than EUR 375,000 (FP7) / EUR 325,000 (Horizon 2020).</p>	<p>Effectiveness:</p> <p>Number of payments (interim and final)</p> <p>Detected error rates</p> <p>Efficiency:</p> <p>Time-to-pay: % of payments made on time</p> <p>Cost of all staff and non-staff expenses (e.g. external monitors for Horizon 2020) related to the monitoring of the execution of projects/contracts / amount paid (%).</p> <p>Economy:</p> <p>Successful implementation of the actions, including building assurance on the achievement of</p>

	<p>reviews of intermediate and/or final reporting.</p> <p>Application of suspension/interruption of payments.</p> <p>Referring grant/beneficiary/contractor to OLAF.</p>		<p>the project/contract and policy objectives. Benefits due to operational review of projects/contracts and consequent corrective actions imposed on projects/contracts.</p>
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STAGE 4: EX-POST CONTROLS/AUDITS

A. Audits

Main control objectives: measuring the effectiveness of ex-ante controls by ex-post controls and addressing systematic issues if and when they arise (effectiveness; economy, efficiency; compliance; prevention of fraud)

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
<p>Erroneous payment declarations have been accepted.</p> <p>Attempted Fraud has not been prevented and/ or detected.</p>	<p>HaDEA's ex-post controls for legacy programmes (Third Health Programme, CEF Telecom and Food and Feed) are object of a multiannual audit strategy covering the period 2021-2025. The strategy is then declined into Annual Audit Plans. The Ex-post strategy for delegated programmes will be developed once the programmes reach the corresponding level of maturity.</p> <p>Procedures and detailed guidance are in place to address this objective. This guidelines include audit work programmes tailor-made per programme.</p>	<p>Coverage and frequency are determined according to a multi-annual ex-post control strategy for HaDEA covering the legacy programmes (2021-2027)</p> <p>Detailed review and testing of supporting documents and transactions related to the cost claims submitted by the audited beneficiary.</p> <p>For Horizon 2020, the Common Audit Service (CAS) is responsible for ex-post controls.</p>	<p>Effectiveness: Multi-annual residual error rates per programme</p> <p>Efficiency: multi-annual audit coverage, number of audits closed</p> <p>Economy: cost per ex-post audit</p> <p>Deterrent effect. Learning effect for beneficiaries. Improvement of ex-ante controls by feeding back findings from audit.</p>

	<p>The audits are carried out independently by external contractors (i.e. absence of conflict of interest).</p> <p>In addition, HADEA's external audit team is not involved in the ex-ante operational or financial circuits. This is expected increase the degree of independence and reliability of the ex-post controls.</p> <p>For Horizon 2020, ex-post controls are performed by the Common Implementation Centre, in accordance with the Horizon 2020 ex-post audit strategy.</p>		
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B. Implementing results from ex-post audits/controls

Main control objectives: ensuring that the (audit) results from the ex-post controls lead to effective recoveries; ensuring appropriate accounting of the recoveries made (effectiveness; economy, efficiency; compliance; prevention of fraud).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
<p>Errors, irregularities and causes of fraud are not addressed.</p> <p>Errors, irregularities and causes of fraud are detected too late to take remedial measures.</p>	<p>Procedures and guidance are in place to address this objective. For legacy programmes, this includes: the procedure for implementation of ex-post audit findings (Horizon 2020 and other programmes)</p> <p>The Agency proceeds to the systematic registration of audit/</p>	<p>Coverage: 100% of final audit results with a financial impact.</p> <p>Depth: all audit results which lead to a recovery are examined in-depth. Systemic errors are taken into account when assessing new grant payments of the same beneficiary.</p> <p>For Horizon 2020 systemic errors are extrapolated to all the non-audited projects</p>	<p>Effectiveness: Multi - annual residual error per programme</p> <p>Efficiency: Multi-annual audit coverage, number of audit closed</p> <p>Economy: Recovery status (%): recoveries/detected error amount</p>

	<p>control results to be implemented and tracks its actual implementation.</p> <p>If circumstances justify so, the Agency will notify suspicious cases to OLAF and ensure regular follow up of detected fraud.</p>	and non audited periods of the same beneficiary	
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Annex 7: Specific annexes related to "Financial Management"

STAGE 1 – PROGRAMMING, EVALUATION AND SELECTION OF PROPOSALS

This control stage aims at ensuring that only the proposals which fulfil the admissibility and eligibility criteria and best contribute to policy objectives are selected. For this, the Agency organises the evaluation with the support of external independent experts, according to objective and transparent procedures that ensure equal treatment of all applicants. The careful planning of the calls and their wide publication ensure that the application process results in a large number of good-quality proposals, out of which the very best can be chosen.

The qualitative benefits of this control stage are:

- **Maximizing impact:** policy objectives of the relevant programmes can be achieved in the most efficient way by selecting the best proposals;
- **Ensuring objectivity:** through the use of external experts the evaluation of proposals is performed based on high technical expertise and independence of opinions;
- **Transparency and independence of the evaluation process** guaranteed by independent observers.

The quantitative benefits from this control stage are measured by the total of the requested funding in proposals which were not recommended by the external experts involved in the evaluation process.

Programme	Horizon Europe	SMP	EU4health
Indicative call budget	EUR 991 800 000	EUR 3 000 000	EUR 19 000 000
Requested funding in proposals received	EUR 4 503 992 472	EUR 1 200 515	EUR 20 611 990
Recommended funding in proposals accepted	EUR 969 294 406	EUR 1 200 515	EUR 15 354 108

Time to inform

The time-to-inform limit of the CEF programme (six months), the Third Health programme (two to six months), and Horizon 2020 and Horizon Europe programmes (five months) was respected in all cases. Details per programme are provided in Annex 2.

Programme	Horizon Europe	Horizon 2020	CEF Telecom	SMP
Time-to-inform (percentage of applicants informed within the time limit)	100%	100%	100%	100%

STAGE 2 – CONTRACTING, GRANT AGREEMENT PREPARATION (GAP)

The control objective of this stage is to translate the selected proposals into legally binding grant agreements in a way that ensures an optimal allocation of the EU funds. The grant agreement preparation process may result in grant reductions compared to the initial proposals.

Qualitative benefits identified are:

- Enhanced assurance on the achievement of the project and policy objectives;
- Prevention of errors at the subsequent stages;
- Mitigating the risks in case of weak beneficiaries;
- Accurate forecast of payment appropriations (especially for pre-financing).

As a result of the contracting process, some selected proposals were cancelled during the grant agreement preparation while for others the maximum funding was reduced. The reduced amount of funding can be considered the quantitative benefits of this stage. The total of reduced amounts in stage 2 – ex-ante controls represents EUR 376 120.86 across all programmes managed by the Agency, or 0.05% from the value of the grant agreements/contracts signed in 2021.

Time to grant

The time-to-grant limit was respected in most cases.

93% of the grant agreements were signed within deadlines. The time to grant limit was respected for the majority of the grants signed. The discrepancy with HaDEA's target of 98%, is mainly explained through the late signature of 12 grants under Horizon 2020 (one to four days over the time to grant), due to the transfer of files between HaDEA and EASME, who previously managed this part of the programme.

The grant agreement preparation, which was ongoing at the time of the handover, was put on hold for almost a month. In addition, some grants signed by the predecessor entities under the Third Health Programme exceeded time to grant due to late changes in the consortium composition.

Programme	Horizon Europe	Horizon 2020	CEF Telecom	3 rd Health
Time-to-grant	100%	96%	99,4%	88,2%

Details per programme are provided in Annex 2.

STAGE 3 – MONITORING THE EXECUTION

The overall control objective of this stage is to ensure that the projects are performing according to their schedule and that the payments (or recoveries) made comply with the regulatory and contractual provisions. The execution of the projects is monitored through different means, the most important one being through the results of the ex-ante controls. A series of non-quantifiable benefits can be derived from ex-ante controls, such as reduced risk of fraud, prevention of errors, deterring effect of controls and accounting data quality.

Qualitative benefits identified at this stage are:

- Successful implementation of the actions, including building assurance on the achievement of the project and policy objectives;
- Increased predictability of the foreseen baseline outcomes;
- Early detection of deviations and consequent undertaking of the respective mitigating measures;
- Lessons learnt from operational and financial review of projects and consequently improving the current processes and procedures for future projects.

The quantitative benefits of Stage 3 – ex-ante controls correspond to EUR 19 930 655.03 (total of ineligible amounts in invoices due to irregularities and recovery orders based on ex-ante controls) across all programmes managed by the Agency, or 1.46% of total payments made.

Timely payments

The timely payments in amount target (of 98%) for the different types of payments (pre-financing, further pre-financing and interim/final payment) was achieved, with 99% of payments made on time. Details per programme are provided in Annex 2.

STAGE 4 - EX POST CONTROLS

Although the qualitative benefits of this stage cannot be measured, there have to be recognised, as follows:

- An audit has a preventive and deterrent effect in the fight against fraud;

- An audit has learning effect for beneficiaries, helping to reduce errors in current and future cost declarations;
- It enhances the beneficiaries' awareness for correctly reporting eligible costs by demonstrating that their probability to be audited is not negligible;
- It also contributes to the improvement of ex-ante controls and clarification of rules and guidance by feeding back results and findings from ex-post audits which can reduce future error rates.

The quantitative benefits of Stage 4 – ex-post controls correspond to the detected errors, which amount to EUR 0.19 million for the programmes audited in 2021 (Horizon 2020, CEF Telecom and the Third Health Programme).

A. Programming period 2014-2020

Horizon 2020 and Horizon Europe

The ex-post controls for grant management is centralised in the Common Implementation Centre, in particular in the Common Audit Service (CAS) for the whole Research and Innovation Family.

For Horizon 2020 the Common Audit Service undertakes all audits (representative and complementary), including those concerning the Executive Agencies, including HaDEA and the Joint Undertakings. This is a major step forward in ensuring a harmonised approach and minimising the audit burden on beneficiaries. The Common Audit Service applied this process to the Seventh Framework Programme, in the framework of which, it carried out audits for the DGs funding research grants.

The main indicators on legality and regularity ⁽²⁵⁾ of EU Framework Programmes for Research and Innovation are:

- **Representative detected error rate**, based on errors detected by ex-post audits on a Common Representative Sample of cost claims across the Research and Innovation Family.
- **Cumulative residual error rate**, which is the extrapolated level of error after corrective measures have been implemented by the Commission services following the audits, accumulated on a multi-annual basis.

For Horizon 2020, the **target** set for this control system is to ensure that the cumulative residual error rate remains within a range of 2-5 % aiming to be as close as possible to 2%.

⁽²⁵⁾ These indicators are described in Annex 5.

For Horizon Europe, the target set is to ensure that the cumulative residual error rate does not exceed 2% ⁽²⁶⁾.

Progress against these objectives is assessed annually based on the results of the implementation of the ex-post audit strategy and taking into account the frequency and importance of the detected errors along with cost-benefit considerations regarding the effort and resources needed to detect and correct the errors.

It should be noted, however, that due to its multi-annual nature, the effectiveness of the control strategy of the R&I Family can only be measured and assessed fully in the final stages of the EU Framework Programme for Research and Innovation, once the ex-post control strategy has been fully implemented and systematic errors have been detected and corrected.

Due to the Covid-19 pandemic and related travel limitations during 2021, the Common Audit Service – in line with the instructions of the Commission – could not carry out the necessary on-the-spot missions and had to postpone some of them. To minimise the impact of Covid-19 on the implementation of the audit campaign, the CAS converted as many traditional audit assignments as possible into desk audits, in line with international best practice and auditing standards.

Despite restrictions and other objective challenges due to the Covid-19 pandemic, the foreseen audit target was achieved. The CAS managed to finalise audits on 514 participations corresponding to the 104.3% of the planned most probable scenario for 2021 target ⁽²⁷⁾.

Results of the Horizon 2020 ex-post audits

The Horizon 2020 audit campaign started in 2016. At this stage, four Common Representative Samples with a total of 629 expected results have been selected. By the end of 2021, cost claims amounting to EUR 31.8 billion have been submitted by the beneficiaries to the services. The audit coverage for Horizon 2020 is presented below. In addition to the Common Representative Samples, Common Risk Samples and Additional Samples have also been selected. The audits of 3 424 participations were finalised by 31 December 2021 (out of which 514 in 2021), covering 55.6 % of total H2020 expenditure to date.

The percentage of H2020 expenditure covered by the audits (55.6 %) refers to the value of the participations of the audited beneficiaries. It includes both the fully audited

⁽²⁶⁾ No representative error rate for Horizon Europe will be available in 2022 and 2023 as the ex-post audit campaign for the programme is planned to be launched by the end of 2023, at the earliest

⁽²⁷⁾ Given the Covid-19 pandemic and related restrictions, the CAS developed scenarios for the closure of audit targets

participations (3.7%), also referred to as the 'direct' coverage, and the non-audited participations which nevertheless, after the full treatment of audit results, are clean from systematic errors (51.9 %), also referred to as the 'indirect' coverage.

In 2020 the Commission re-defined its methodology for calculating the Horizon 2020 error rates in line with the European Court of Auditors' observations in its 2018 and 2019 Annual Reports. The methodology applied is described in annex 5 Materiality criteria.

As of January 2020, the application of the revised methodology on a sample of 1 304 audit conclusions. This results in the following error rates for Horizon 2020 on 31 December 2021:

- Representative detected error rate: 2.29% ⁽²⁸⁾
- Cumulative residual error rate for the Research and Innovation Family DGs: 1.60% (1.73% for HaDEA ⁽²⁹⁾).

In line with the Financial ⁽³⁰⁾ Statement accompanying the Commission's proposal for the Horizon 2020 regulation, a reservation is not necessary for the related expenditure if the cumulative residual error rate for the programme falls within the target range of 2-5%. In 2021, and despite the above-mentioned caveats, the cumulative residual error rate for Horizon 2020, calculated at 1.73%, more than fulfils this condition and is below the materiality threshold. Despite the absence of reservation, the root causes of errors have been identified and targeted actions taken to address any identified weaknesses.

Since Horizon 2020 is a multi-annual programme, the error rates, and especially the residual error rate, should be considered within a time perspective. Specifically, the cleaning effect of audits will tend to increase the difference between the representative detected error rate and the cumulative residual error rate, with the latter finishing at a lower value.

⁽²⁸⁾ Based on the 418 representative results out of the 629 expected in the three Common Representative Samples

⁽²⁹⁾ Many H2020 actions managed by predecessors agencies and DGs were transferred to HaDEA in 2021. Hence, this figure is based on the actions that have been transferred to HaDEA following the portfolio reshuffling.

⁽³⁰⁾ The legislative financial statement accompanying the Commission's proposal for the Horizon 2020 regulation states: "The Commission considers therefore that, for research spending under Horizon 2020, a risk of error, on an annual basis, within a range between 2-5% is a realistic objective taking into account the costs of controls, the simplification measures proposed to reduce the complexity of rules and the related inherent risk associated to the reimbursement of costs of the research projects. The ultimate aim for the residual level of error at the closure of the programmes after the financial impact of all audits, corrections and recovery measures will have been taken into account is to achieve a level as close as possible to 2%."

The error rates are calculated on the basis of the audit results available when drafting the Annual Activity Report. They should be treated with caution as they may change subject to availability of additional data from audit results.

The decrease of the error rates in year 2021 could be due, among other reasons, to the beneficiaries' increased knowledge of the eligibility rules and its inherent learning curve, as well as to the results of the communication campaigns, targeted webinars and trainings, addressed in particular to newcomers and SMEs.

Given the results of the audit campaign up until 2021, and the observations made by the European Court of Auditors in its Annual Reports, the Common Implementation Centre, in close cooperation with central Commission services, is defining actions aimed at significantly simplifying the rules, and paving the way for a significant reduction of the error rate in Horizon Europe. Actions were undertaken including further simplification, increased use of simplified forms of funding (including lump sums and unit costs), focused communication campaigns to more "error-prone" types of beneficiaries with higher than average error rates, such as SMEs and newcomers, and enhanced training to external audit firms performing audits on behalf of the Commission (the last three measures also target H2020 grants and beneficiaries). Focusing on the most common errors, these events will be short and simple, reaching more participants and achieving higher impact.

In the context of further reducing the error rates, the Common Implementation Centre will revisit the existing tools for ex-ante controls. It will consult the stakeholders in order to collect their views on possible improvements in the grant management risk module.

Horizon Europe

2021 was the first year of implementation of the Horizon Europe framework programme. The adoption of its Regulation later than initially planned, delayed the starting of its implementation ⁽³¹⁾. By the end of 2021, only a very limited number of payments was executed (only pre-financings in HaDEA).

Consequently, taking into account the absence of relevant expenditure, the low-risk nature of the implemented transactions and the absence of ex-post audit results for grants, no detected error rate can be reported for Horizon Europe in 2021.

Other programmes than Horizon 2020

The other programmes managed by HaDEA (Food and Feed, CEF Telecom, Public Health, FP7) are implemented under the direct management scheme, which entails direct financial contributions through co-financed contracts signed with external parties. To have

⁽³¹⁾ By the end of 2021, 64 calls for proposals had been fully evaluated for the R&I family and only 19 grant agreements had been signed.

reasonable assurance that the payments authorised are accurate and compliant with the applicable contractual provisions, HaDEA carries out ex-ante and ex-post controls.

The HaDEA ex-post control strategy, adopted on 13 July 2021, applicable to the legacy programmes (2014-2020) managed by the Agency, contribute to the legality and regularity of expenditure on a multi-annual basis by systematically detecting and correcting errors made by beneficiaries in the reporting phase. These elements complement the ex-ante controls embedded in HaDEA's programme management processes.

Food and Feed legacy programme

Ex-post controls are carried out on a sample of payments made based on Member States' cost declarations and submitted on an annual basis.

For this programme, the error rate is calculated on an annual basis.

Although parts of the programme were transferred from DG SANTE to HaDEA on 1 April 2021 (veterinary eradication, for animal disease eradication, monitoring and European Reference Laboratories actions), the related ex-post audits launched before this date remained under the audit responsibility of DG SANTE for cost efficiency reasons ⁽³²⁾. At the time of the preparation of this AAR2021, DG SANTE did not finalise the audits under the Annual Audit Plan 2021. Therefore, the results of these audits will be documented in the annual activity report 2022.

The Agency processed its first payments on Food and Feed programme (related to the grants covering costs incurred in Year N-1). HaDEA will launch the audit campaign for these payments in the first months of 2022. The first indications in terms of error rates results should therefore feed the annual activity report 2022.

Based on the information above, in terms of error rates for AAR 2021, the Agency has used, as best and conservative estimate, the average error rates of the last three years of the Food and Feed programme from DG SANTE, as follows:

Food and feed programme	2021	2020	2019	2018
Detected error rate	1.13%	0.9%	0.5%	2,00%
Residual error rate	1.03%	0.8%	0.4%	1.9%
Reservation	No	No	No	No

⁽³²⁾ In line with Delegation of programme management to Executive Agencies (2021 - 2027): transfer of legacy activities from the DG SANTE to the Health and Digital Executive Agency (HaDEA) Ares(2021)2108617-25/03/2021; it concerns the audits of grants for which the payments took place up to 2020 as well as European Reference Laboratories.

CEF Telecom (excluding WiFi4EU ⁽³³⁾)

Audits of CEF Telecom DSI started in 2017 at INEA, the predecessor Agency in charge of this segment. With the transfer of programmes between Executive Agencies, at the end of 2021, the multi-annual detected error rate for CEF Telecom DSI is 4.11% and the multi-annual residual error rate is 3.84% based on the results of 46 audits³⁴.

Although the evolution of the residual error clearly shows a decreasing trend, with a residual error rate dropping from 5.26% in 2019, to 4.73% in 2020 and at 3.84% in 2021, the result at the end of 2021 remains still above the materiality threshold of 2%.

Most ex-post findings have been identified in the category of personnel costs. The main root causes of errors are :

- A high incidence of NGO and SME participation in the segment where internal control systems tend to be less well defined and beneficiaries have no or limited experience of EU / CEF grant participation rules.
- A significant proportion of declared costs are personnel costs, which are subject to inherent calculation risks and a frequent source of error in many EU Grant programmes under direct management.
- Limited use of the Certificate for Financial Statements (CFS) for CEF Telecom projects due to the declared costs and requested EU Contribution per beneficiary below the CFS thresholds defined in the CEF Model Grant Agreement and EU Financial Regulation.

In an effort to detect and correct errors earlier in the lifecycle of the projects, INEA/ HaDEA adopted/implemented several remedial actions in the past. The ex-post audit coverage was increased, improved guidance was issued to beneficiaries to help reduce the sources of errors and the ex-ante control approach was modified.

Clearly, the implementation of these measures had already a beneficial impact in terms of lower residual error rates during the last three years. The Agency expects this positive trend to continue, as the impact of the measures listed above will bear further fruit in 2022-2023 and progress will continue to be monitored closely. The reason being that the audits contracted in 2021 ⁽³⁵⁾ will have results available in 2022.

⁽³³⁾ As WiFi4EU is based on a fixed lump sums and payment are based on technical parameters, it is not covered by the Audit Strategy, as there are no 'financial statements' available for Ex-Post control.

⁽³⁴⁾ Corresponding to 51 closed participations.

⁽³⁵⁾ HaDEA launched a new audit campaign in the Autumn 2021, including 23 participations involving 20 beneficiaries.

As the residual error rate for CEF Telecom (DSI) is above 2% (3.84%), an assessment of the need to report a quantified reservation in the AAR was made against the 'de minimis rule'³⁶. Despite the low financial exposure (EUR 2.38 million), CEF Telecom DSI share in budget implemented in 2021 represents 5,23% of the total payments, above the materiality threshold of 5%. On this basis, CEF Telecom DSI does not meet the cumulative criteria of the 'de minimis rule'. Therefore, a financial reservation needs to be introduced for CEF Telecom DSI expenditures. However, this reservation should be treated with caution and the Agency considers this is as a "one-off" event, for the following reasons:

- This situation results merely from the administrative transfer of programmes between Executive Agencies. 2021 was a transitional year for the Agency; as a newly established Agency on 16 February and fully operational on 1 April, HaDEA moved towards full cruising speed in the course of the year. Therefore, HaDEA has a smaller portfolio size compared to INEA/CINEA in 2020 and 2021.
- The CEF Telecom DSI segment is phasing out and it is expected that the amount of payments will continue to decrease in 2022. In parallel, the payments in 2022 will increase substantially, for the new programmes 2021-2027. Therefore, the share of CEF DSI payments will probably be well below 5% in the course of 2022.
- The necessary improvements and reinforcements have been implemented and the risks are being appropriately monitored and mitigated, and they have demonstrated their efficacy as the error rate is dropping.
- Its effect on the overall declaration of assurance is limited, considering that the amount at risk corresponds to 0.17% of the total budget execution in terms of operational payments made in 2021 within the Agency.

Details on multiannual residual error rate CEF Telecom

Multi-Annual Residual Error Rate	CEF Telecoms
Total number of closed participations	51
1. Audited EU Contribution value based sample	11 833 854
2. Audited EU Contribution Risk based sample	1 460 251
3. Total Audited EU Contribution =(1)+(2)	13 294 105
4. Detected errors value based sample	486 256
5. Detected errors risk based sample	305 749
6. Detected error rate = (4)/(1)	4.11%
7. Total errors corrected for value based sample (recovery orders, or offsetting)	485 774

⁽³⁶⁾ In 2019, a de minimis rule for financial reservations was introduced stipulating that quantified AAR reservations related to residual error rates above the 2% materiality threshold are deemed not substantial and are no longer needed for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million.

8. Errors not corrected for value based sampling	482
9. Total EU Contribution	201 143 821.99
10. Audit coverage = (3)/(9)	6.61%
11. Calculated residual error = (8) + [(9)-(3)]*(6)	7 719 269
12. Calculated residual error rate = (11)/(9)	3.84%

Evolution error rates evolution (2018-2021)

CEF Telecom DSI programme	2021	2020	2019	2018
Detected error rate	4.11%	4.95%	5.37%	1.24%
Residual error rate	3.84%	4.73%	5.26%	1.1%
Reservation	No	No	No	No

Third Health Programme

CHAFEA, the predecessor Agency in charge of Public Health programme started auditing grants in 2018. At the date of the transfer of this programme to HaDEA, CHAFEA issued all final reports stemming from the audit campaigns of previous years and there were no ongoing audits ⁽³⁷⁾. On a cumulative basis, CHAFEA issued 24 final audit reports.

The main cause of the errors detected by CHAFEA are related to the personnel costs category. They include miscalculation of hourly rates, unreliable time records and lack of supporting documents.

CHAFEA took management actions taken to address these weaknesses and those have been implemented at HaDEA. A risk-based ex-ante control strategy was developed, with more detailed control requirements, including the Certificate of Financial Statements as well as the introduction of corrective (risk based) audits, to address specific concerns or issues detected and highlighted by both, the financial or operational teams.

In October 2021, HaDEA launched a new audit campaign, following the signature of the new Inter-Institutional Framework Contract for audits. As of now, audits are ongoing and their results are not yet available for AAR 2021.

Therefore, as best available information and conservative estimate, HaDEA has used the observed multi-annual detected and residual error rates as reported by CHAFEA in 2020 ⁽³⁸⁾, being a detected error rate of 2.15% and a residual error rate at 1.96%.

Evolution error rates evolution (2019-2021) ⁽³⁹⁾

⁽³⁷⁾ Due to its closure, CHAFEA decided not to launch the annual audit plan 2020 due to administrative difficulties related to the transfer of a commitment related to several programmes being split between several successor entities.

⁽³⁸⁾ The underlying data concerning is presented in the CHAFEA's Annual Activity Report 2020.

Public Health programme	2021	2020	2019
Detected error rate	2.15%	2.15%	0.82%
Residual error rate	1.96%	1.96%	N/A
Reservation	No	No	No

Seventh Framework Programme (FP7)

The audit campaign on FP7 has been closed before the transfer of the programme to the Agency and no new control results are available. HaDEA has used the results of the Common Representative error rate (CRAS) for FP7-Space, inherited from the predecessor Agency in charge of this programme (REA). The detected error rate is at 5.45% and the residual error rate is at 3.63%.

Based on the results available, the FP7 Space segment is affected by material errors. However, the combined effects of the low share that it represents in the budget implemented in 2021 (0.05% of total payments) and of the low financial exposure (EUR 0.06 M) fall within the “de-minimis” threshold that applies to reservations. As a consequence, a reservation is not needed in the declaration of assurance for the FP7 Space expenditure.

B. Programming period 2021-2027

The vast majority (95%) of the payments performed in 2021 related to the programming period 2014-2020. As concerns the programmes for the period 2021-2027, pre-financings occurred in 2021 for grants. Risk of errors in pre-financing payments is low, because these funds remain the property of the EU and errors detected in pre-financing or interim payments can still be corrected at the final payment stage.

As the programmes did not reach yet the corresponding level of maturity (no interim or final payments), there are no audits results available for the new programming period. The first auditable payments are expected in 2023.

The audit strategy for the programmes 2021-2027 under HaDEA's audit responsibility (Digital Europe Programme, Connecting Europe Programme Digital, Single Market Programme and EU4Health) is expected to be designed in 2022, in close collaboration with the respective parent DGs.

C. Efficiency of the implemented controls

Ex-post audits carried out and closed

During the year, in line with the Annual Audit Plan, HaDEA launched 20 new audits for CEF Telecom programme and 13 audits on Public Health Programme. However, due to late signature of the Inter-Institutional Framework contract for audits (with leading contracting

⁽³⁹⁾ No audit results available in 2018 for this programme.

authority EACEA, together with CINEA, EISMEA and HaDEA) on 29 July 2021, the Agency could launch audits only in the second half of the year. As for now, the audit work is still ongoing on the majority of the audit assignments.

At the establishment of HaDEA, the Agency has inherited three open audits on CEF Telecom. These were launched in 2019 and 2020 by INEA, the predecessor Agency in charge of this programme. By year end, HaDEA issued two final audits reports and one report is under contradictory procedure. As concerns the Public Health Programme, CHAFEA, the predecessor Agency in charge of this programme closed all audit reports before the transfer of the programme.

The closing targets for 2021 being eight final reports on CEF Telecom and three audits on Public Health Programme have not been reached, due to delayed launch of the audit campaign 2021 following the late signature of the Inter-Institutional Framework Contract. Therefore, six audit reports remain open on CEF Telecom and three on Public Health Programme at the end of 2021.

Programme	Audit reports contracted earlier, still open on 01/04/2021	Audit reports launched in 2021	Final audit reports issued by 31/12/2021	Status of the on-going audits as of 31/12/2021			
				Fieldwork planned	Prepare the draft report	Draft report under review	Report under contradictory
CEF Telecom	3	20	2	15	4	1	1
3rd Health programme	0	13	0	9	3	1	0

In the context of the Covid-19 pandemic, HaDEA implemented all the necessary actions in order to reduce its impact and related travel limitations on the audit activity, to ensure a proper completion of the audit work under these circumstances, as follows:

- Close monitoring of the work done by the external audit firms, through kick-off meetings, exchanges, monitoring visits and regular meetings with the external audit firms;
- The external audit firms could convert on-site visits into desk review audits when on-site visits could not take place due to travel and health restrictions, in line with the auditing standards and in duly justified cases.

Fraud prevention, detection and correction activities developed within HaDEA in 2021

(Information related to the section 2.1.1. 'fraud prevention, detection and correction' of the annual activity report).

Based on HaDEA's annual work programme 2021, the following measures to minimize the risk of fraud in the Agency were taken in the last year:

Objective: The risk of fraud is minimised through the application of effective anti-fraud measures and the implementation of the Commission Anti-Fraud Strategy (CAFS) ⁽⁴⁰⁾ aimed at the prevention, detection and correction ⁽⁴¹⁾ of fraud

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

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

Baseline (2021)	Target (by end of the strategy's 3 year lifecycle in 2023)
0% (The agency became operational in April 2021 and the Anti-Fraud strategy will be established as per the OLAF guidelines)	100% of actions due

Main outputs in 2021:

Output	Indicator	Target	Latest known results
Anti-fraud strategy adopted based on the common methodology and guidance provide by OLAF	Date of adoption	Q4 2021	Approved by the Interim Director on 17 December 2021 and adopted by the Steering Committee on 24 February 2022.
Anti-fraud awareness training sessions (made compulsory within 1 year from entering the service)	Number of training sessions organised Participation rate of the target staff in fraud awareness events	2 sessions per year 100% by April 2022	2 sessions organised 68% by 31 December 2021
Reports "State of play of cases under OLAF investigation for serious irregularities"	Number of reports on fraudulent and risky cases to management	1 report	In December 2021 a number of 4 meetings (including one Management Board Meeting) took place to present the state of play of OLAF cases. A formal report will be presented in January 2022 with the status as of 31 December 2021.

⁽⁴⁰⁾ Communication from the Commission "Commission Anti-Fraud Strategy: enhanced action to protect the EU budget", COM(2019) 176 of 29 April 2019 – 'the CAFS Communication' – and the accompanying action plan, SWD(2019) 170 – 'the CAFS Action Plan'.

⁽⁴¹⁾ Correction of fraud is an umbrella term, which refers notably to the recovery of amounts unduly spent and to administrative sanctions.

ECONOMY OF THE IMPLEMENTED CONTROLS

In 2021, HaDEA's cost of controls was calculated based on the corporate methodology for the estimation, assessment and reporting on the cost-effectiveness of controls.

HaDEA costs of controls grant management	Costs (M€)			Operational Payments 2021 (M€)	Overall rate (total costs/total amount paid)
	Internal costs	External costs	Total		
Stage 1 – programming and evaluation	3.89	0.98	4.88	1 363.37	0.36%
Stage 2 – contracting	2.81	0.02	2.83	1 363.37	0.21%
Stage 3 – monitoring the execution	17.42	0.47	17.90	1 363.37	1.31%
Stage 4 – ex-post controls and recoveries	0.89	0.02	0.90	1 363.37	0.07%
TOTAL	25.01	1.50	26.51	1 363.37	1.94%

For calculating the estimated cost of controls, the following costs were considered:

1. **Costs of staff in control posts** – The number of control posts as identified in ATLAS were multiplied by the average staff costs per staff category (as communicated by DG BUDG). These control posts were distributed between the different control stages either directly (for control posts that are associated to only one control stage) or by applying a share according to the estimated time of work spent for each of the control stages in 2021.
2. **Programme Support costs** – Additionally to staff costs, the different programmes and control stages are supported by expenditure on HaDEA's administrative budget and operational budget. The following payments are included:
 - Payments for outsourced ex-post audits made;
 - Payments for Interim staff made;
 - Payments for external evaluation experts made.

Table Y – Overview of HADEA's estimated cost of controls

NB. The absolute values are presented in million EUR.

Table Y - Overview of HADEA's estimated cost of controls at Commission (EC) level

The absolute values are presented in EUR

EXPENDITURE

HADEA	Ex ante controls***			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Relevant Control System (RCS) / Other as defined in Annex 6 of the AAR*	EC total costs	related payments Made	Ratio (%)** (a)/(b)	EC total costs	total value verified and/or audited	Ratio (%) (d)/(e)	EC total estimated cost of controls (a)+(d)	Ratio (%)** (g)/(b)
Grant management	25,61 €	1.363,37 €	1,88%	0,90 €	32,49 €	2,77%	26,51 €	1,94%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
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	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
OVERALL total estimated cost of control at EC level for expenditure	25,61 €	1.363,37 €	1,88%	0,90 €	32,49 €	2,77%	26,51 €	1,94%

SHARED/POOLED CONTROL ACTIVITIES (RTD & REA)

Common Audit Service (only DG RTD)	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
Validation services (only REA)	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
Expert management (only REA)	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%

NON-EXPENDITURE ITEMS ****

HADEA	Ex ante controls***			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Relevant Control System (RCS) / Other as defined in Annex 6 of the AAR*	EC total costs	related amounts	Ratio (%)** (a)/(b)	EC total costs	total value verified and/or audited	Ratio (%) (d)/(e)	EC total estimated cost of controls (a)+(d)	Ratio (%)** (g)/(b)
Only applicable for DGs with non-expenditure items								
	- €	- €	N/A	- €	- €	N/A	- €	N/A
	- €	- €	N/A	- €	- €	N/A	- €	N/A
	- €	- €	N/A	- €	- €	N/A	- €	N/A
	- €	- €	N/A	- €	- €	N/A	- €	N/A

* if the control costs are not attributable to a single RCS and may relate to a 'mix' of expenditure, revenue, assets/liabilities, etc, they may be grouped

** ratio possibly "Not Applicable (N/A)", e.g. if a RCS specifically covers an Internal Control Objective such as safeguarding sensitive information, reliable accounting/reporting, etc

*** any 'holistic' control elements (e.g. with 'combined' ex-ante & ex-post characteristics) can be reported in the ex-ante column provided that a footnote clarifies this (their nature + their cost). Example: MS system audits in shared management.

**** These include revenue operations (e.g. assigned revenue, fines, interest); assets (e.g. (in)tangible or financial assets, inventories, treasury) and financial liabilities or 'off balance sheet' items (e.g. employee benefits, guarantees offered or other commitments)

AUDITS FROM THE INTERNAL AUDIT SERVICE AND FROM THE EUROPEAN COURT OF AUDITORS

Details IAS audits

In 2020, the predecessor Agency (CINEA) was subject to one IAS audit on the WiFi4EU initiative, a legacy activity taken over by HaDEA in April 2021 and previously managed by INEA (now CINEA). The audit covered INEA, DG CNECT and DG DIGIT. The final audit report was issued by the IAS in December 2020 and an action plan was defined in February 2021 ⁽⁴²⁾. There were no critical nor very important recommendations. One important audit recommendation was addressed to INEA on the finalisation of guidelines on recovery orders. The audit recommendation has been timely implemented by the end of March 2021 and closed by the IAS ⁽⁴³⁾.

Other audit recommendations are under the lead of DG CNECT or DG DIGIT, with the support of HaDEA.

Consequently, HaDEA does not have any outstanding IAS audit recommendations.

Audit description and status audit work	Audit recommendations	Lead service	Target date	Corrective actions implemented?
1) IAS audit on Wifi4EU (legacy audit from INEA) Audited: CNECT, DIGIT, INEA * Final report issued Dec 2020 * Action plan issued Febr 2021	7 « important » recommendations: 1 under the lead of INEA/HaDEA closed			
	1) Finalise guidelines on Recovery Orders	INEA / HaDEA	Q1 2021	Implemented. Closed by IAS
	2) Alignment IT/ Business requirements	CNECT	Q3 2021	FU by CNECT
	3) Improve information security	CNECT	Q4 2021	FU by CNECT
	4) Awareness on password storage	DIGIT	Q2 2021	FU by DIGIT
	5) Improve data protection	CNECT	Q4 2021	FU by CNECT
	6) Improve performance framework	CNECT	Q3 2021	FU by CNECT
	7) Transition plan for transfer WiFi4EU from INEA to HaDEA	CNECT	Q2 2021	FU by CNECT

Details ECA performance audit

Audit description and status audit work	Audit recommendations	Lead service	Target date	Corrective actions implemented?
2) ECA performance audit: Effectiveness of the Commission's e-government Audited: HADEA, CNECT, GROW, DIGIT, JUST	Not applicable yet: <ul style="list-style-type: none"> Audit started June 2021. Report expected July 2022. Fieldwork ongoing: sample of DSI projects 	At HaDEA: B2 (B.2.1) B1 (B.1.1)	N/A yet	N/A yet

⁽⁴²⁾ Final audit report from 7 December 2020 - ARES(2020)7385647 and action plan from 23 February 2021- ARES (2021)1423527.

⁽⁴³⁾ The remaining recommendations are all “important”.

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

HaDEA adopted the Internal Control Framework of the Commission by analogy and defined 53 internal control monitoring criteria for 2021. HaDEA performed a self-assessment on the effectiveness of the internal control system, in line with the implementation guide of the Commission's Internal Control Framework.

The following reports have been considered:

- the reports from authorising officers by sub-delegation (and also from the Common Implementation Centre ("CIC") to all research related services);
- the contribution by the Head of Department in charge of Risk Management and Internal Control, including the results of internal control monitoring at agency level;
- the results of the annual risk assessment exercise;
- the reports on recorded exceptions, non-compliance events and cases of 'confirmation of instructions' (Art 92.3 FR);
- the outcome of ex-post audit and anti-fraud activities;
- the results of the corporate indicators reported in the Annex 4.
- the reports on the validation of the administrative and operational budgets.

HaDEA has concluded that its internal control system is effective and the components and principles are present and functioning well overall, but that some improvements are needed as minor deficiencies were identified related to the principles 2, 11, 12 and 17.

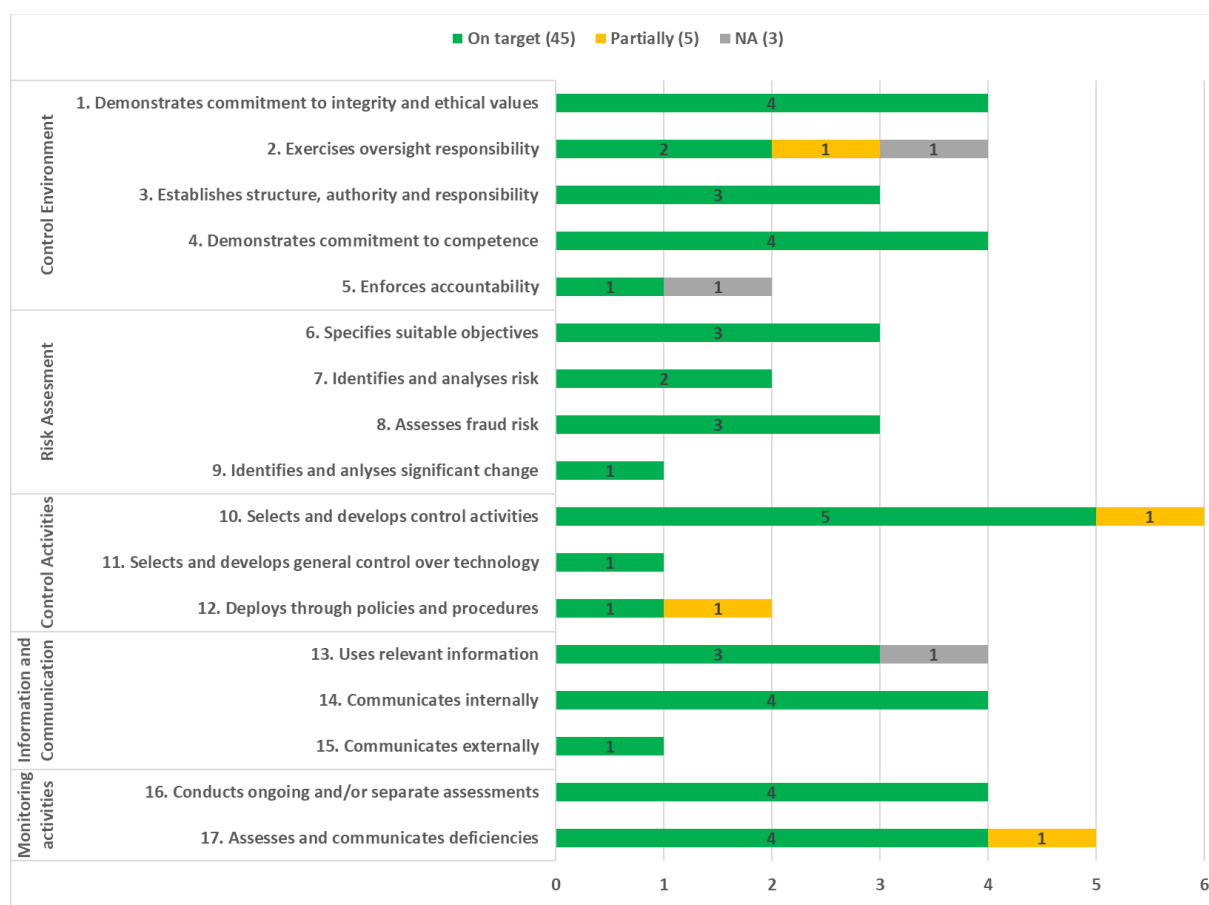
The improvements and/or remedial measures implemented or envisaged are the following:

- Principle 2 – in relation to oversight responsibility: the general Memorandum of Understanding (MoU) with partner DGs has been signed. The five programme-specific MoUs on EU4Health, SMP Food, DEP, CEF, and Horizon Europe are planned for 2022. Parent DGs are leading the process with HaDEA's close involvement.
- Principle 11 – in relation to control over technology: the Agency plans to address further the issues related to processing of calls, invoices and payments, in consultation with the corporate IT business owners; and to increase the implementation of the digital transformation.
- Principle 12 – in relation to deployment through procedures: corporate procedures and guidelines from previous agencies/DGs are available and applied. HADEA procedures have been established. The development of specific procedures on procurement and grant management is envisaged. The participatory approach and awareness campaign will continue to enhance the effective implementation of the procedures, in the context of the delivery of new programmes and of the Agency's staff increase.

- Principle 17 – in relation to the assessment and communication of deficiencies
 - Ex-post audits: Implementation of the ex-post audit plan considering the evolution of the error rates in the CEF Telecom legacy programme.
 - Key performance indicators:
 - (i) Improving the time-to-grant;
 - (ii) Putting further elements in place to measure the satisfaction of external stakeholders.
- While the principle 4 in relation to commitment to competence is considered as present, specific attention will be drawn to the improvement of procedures and actions regarding recruitment and workload assessment, as well as the European Commission staff survey results.

It is worth noticing that in 2022 HaDEA will assess more indicators, which were not applicable or not relevant for 2021 at the time of the set-up of the new Agency.

The graph below shows the status of the 53 internal control monitoring criteria per principle compared to their respective targets:



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

1) Table X: Estimated risk at payment and at closure

EA HADEA	'payments made' (2021,MEUR)	minus new prefinancing [plus retentions made] (in 2021,MEUR)	plus cleared prefinancing [minus retentions released and deductions of expenditure made by MS] (in 2021,MEUR)	'relevant expenditure' (for 2021,MEUR)	Detected error rate or equivalent estimates	estimated risk at payment (2021,MEUR)	Adjusted Average Recoveries and Corrections (adjusted ARC, %)	estimated future corrections [and deductions] (for 2021,MEUR)	estimated risk at Closure (2021,MEUR)
-1	-2	-3	-4	-5	-6	-7	-8	-9	-10
H2020	1 037,00	- 634,90	483,36	885,46	2,29% - 2,29%	20,28 - 20,28	0,56% - 0,56%	4,96 - 4,96	15,32 - 15,32
Food and feed	107,24	0,00	19,84	127,08	1,13% - 1,13%	1,44 - 1,44	0,10% - 0,10%	0,13 - 0,13	1,31 - 1,31
CEF Telecom DSI	71,27	- 42,36	33,25	62,15	4,11% - 4,11%	2,55 - 2,55	0,57% - 0,57%	0,35 - 0,35	2,20 - 2,20
CEF Telecom Wifi4Europe	38,66	0,00	0,00	38,66	0,50% - 0,50%	0,19 - 0,19	0,00% - 0,00%	0,00 - 0,00	0,19 - 0,19
Public Health Legacy	27,46	- 13,66	18,32	32,11	2,15% - 2,15%	0,69 - 0,69	0,19% - 0,19%	0,06 - 0,06	0,63 - 0,63
FP7	0,70	0,00	0,96	1,66	5,45% - 5,45%	0,09 - 0,09	1,82% - 1,82%	0,03 - 0,03	0,06 - 0,06
Horizon Europe	62,86	- 62,86	0,00	0,00	0,00% - 0,00%	0,00 - 0,00	0,00% - 0,00%	0,00 - 0,00	0,00 - 0,00
EU4Health	0,70	0,00	0,00	0,70	2,15% - 2,15%	0,02 - 0,02	0,19% - 0,19%	0,00 - 0,00	0,01 - 0,01
Procurement	16,33	0,00	0,00	16,33	0,50% - 0,50%	0,08 - 0,08	0,00% - 0,00%	0,00 - 0,00	0,08 - 0,08
Experts (evaluation and monitoring)	1,27	0,00	0,00	1,27	0,50% - 0,50%	0,01 - 0,01	0,00% - 0,00%	0,00 - 0,00	0,01 - 0,01
Sub-total	1 363,48	- 753,78	555,73	1 165,43		25,34 - 25,34	0,47% - 0,47%	5,53 - 5,53	19,81 - 19,81
operating budget	20,37	0,00	0,00	20,37	0,50% - 0,50%	0,10 - 0,10	0,00% - 0,00%	0,00 - 0,00	0,10 - 0,10
total EA (operational + operating)	1 383,85	- 753,78	555,73	1 185,80		25,45 - 25,45	0,47% - 0,47%	5,53 - 5,53	19,91 - 19,91
					Overall risk at payment in %	2,15% - 2,15% (7) / (5)		Overall risk at closure in %	1,68% (10) / (5)

(1) Relevant Control Systems differentiated per relevant portfolio segments and at a level which is lower than the Executive Agency total

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

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

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

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

(6) In order to calculate the weighted Average Error Rate (AER) for the relevant expenditure in the reporting year, the multi-annual detected error rates have been used. For Food and feed, Public Health programmes and FP7, there are no audit results available of the audits in 2021. As best information available, the last available results inherited from the previous entities in charge of these programmes have been used. By applying a conservative approach, for Food and feed, an average estimate based on the last 3 years has been applied and for Public Health based on the results available in 2020. Similarly, for EU4Health programme, as no audits were launched yet on this new programme, the results of the predecessor programme Public Health have been applied. For low-risk types of expenditure, where there are indications that the equivalent error rate might be close to 'zero' (e.g. *administrative expenditure, operating contributions to agencies*), the rate which should be used is 0.5% as a conservative estimate, following DG BUDG instructions.

(8) The historic average of recoveries and financial corrections (ARC) received from the central services is 1.65%.

However, for Horizon 2020, in line with the research and Innovation family, HaDEA has adjusted this value for grant management expenditure and used as best estimates the difference between the family expected representative error rate for the full sample (2.29%) and the HaDEA H2020 residual error rate (1.73%).

For CEF Telecom, in line with the approach applied by the predecessor Agency INEA, the Average Recoveries and Corrections (ARC) are determined by comparing the auditable expenditure on a multi-annual basis with the total amount to be corrected (all material errors are or will be corrected). The percentage of audit corrections compared to the auditable expenditure is the ARC. For the other programmes, as best estimates and based on the information available, the difference between the detected and residual error rates have been used. For other types of expenditures (procurement, experts, and operating budget), HaDEA assumed that the ex-post future corrections would be 0%, as a conservative estimate.

Please note that in 2021, a number of files and their financial transactions were transferred (with their commitments and underlying financial transactions) from DGs to Executive Agencies. However, due to ABAC limitations, the current transfer procedure allows only transfers of commitments (and their financial transactions) with an outstanding balance. Hence, in 2021, for a limited number of transferred pre-financings (16) with commitments having no outstanding balance at the moment of the transfers, the pre-financings payments were transferred to the recipient agency from an accounting side (to EISMEA and HADEA agencies), but the payments implementation stayed with the giving DG (DG CONNECT). This produces a discrepancy in the AAR reports of DG CONNECT, EISMEA and HADEA entities, as payments are attributed in the payment implementation to the giving DG (DG CONNECT), whereas the ownership and the clearing responsibility of the pre-financings is attributed to the recipient entity (EISMEA and HADEA). After analysis of the amounts for the 3 concerned entities, the difference does not impact materially the amount at risk.

2) Reservation

DG	HaDEA
Title of the reservation, including its scope	Reservation concerning the rate of residual error within payments in reimbursements of cost claims in the Connecting Europe Facility Telecom Programme – DSI segment – programming period 2014-2020
Domain	Direct Management – grants
Programme (or other relevant segment) in which the reservation is made and total (annual) amount of this programme	Connecting Europe Facility Telecom Programme – DSI grant segment (CEF DSI) Budget line: 02.039903 Grant payments of 71.27 MEUR performed in 2021
Reason for the reservation	<p>With the administrative transfer of programmes between Executive Agencies ⁽⁴⁴⁾, HaDEA is now in charge of CEF Telecom DSI, and inherited from INEA, the predecessor Agency in charge of this programme, a high error rate, being at 5.26% in 2019, 4.73% in 2020 and 3.84% at the end of 2021.</p> <p>Despite a clear decreasing trend during the last three years, the multi-annual residual error rate for CEF DSI is not below the materiality threshold of 2% foreseen for the multi-annual period.</p> <p>Due to the administrative transfer to the new agency the segment does not fulfill the de-minimis criteria as in the previous agency.</p> <p>HaDEA has considered whether, given the administrative reasons outlined above, it is appropriate to file a reservation, and proposes a reservation following the consultation with DG BUDG.</p>
Materiality criterion/criteria	<p>The materiality criterion is the residual error rate, i.e. the level of errors that remain undetected and uncorrected, by the end of the management cycle.</p> <p>The control objective is to ensure that the residual error rate on the overall population of this segment is below 2% at the end of the programme management lifecycle.</p> <p>In 2019, a de minimis rule for financial reservations was introduced stipulating that quantified AAR reservations related to residual error rates above the 2% materiality threshold are deemed not substantial and are no longer needed for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million.</p> <p>In the past years, the predecessor Agency in charge of this programme, despite having residual error rates at a higher level than in 2021, did not issue a reservation as both conditions of the 'de minimis' rule were complied with, due to INEA's larger portfolio size.</p> <p>In HaDEA, although the amount at risk for CEF-DSI is negligible, amounting at EUR M 2.38 EUR, the related payments in 2021 are slightly above the 'de minimis' threshold, representing 5.23% of the total Agency's payments.</p> <p>As CEF DSI does not meet these cumulative criteria, a reservation is introduced, in line with DG BUDG guidance.</p>

⁽⁴⁴⁾ Commission Implementing Decision (EU) 2021/173 of 12 February 2021.

Quantification of the financial impact (amount at risk)	<p>The maximum financial impact is calculated by multiplying the residual error rate by the CEF DSI relevant expenditure ⁽⁴⁵⁾ related to grants based on authorised cost statements in 2021 amounting to a total of EUR 62.15 M.</p> <p>Based on the results of the audits, the residual error rate is estimated at 3.84%.</p> <p>The estimated amount at risk in 2021 is EUR 2.38 M.</p> <p>The total cumulative amount of corrections made is EUR M 0.48, stemming from recoveries orders and offset amounts.</p>
Impact on the assurance	<p>Despite a decreasing trend of the residual error rate during the last three years, lowering down from 5.26% in 2019, to 4.73% in 2020 and reaching 3.84% in 2021, the residual error rate of CEF DSI is above the materiality threshold of 2% for the legality and regularity of the financial transactions.</p> <p>However, this reservation should be treated with caution. The Agency considers it represents a "one-off event", for the following reasons:</p> <ul style="list-style-type: none"> • This results merely from the administrative transfer of programmes between Executive Agencies. Indeed, as a newly established Agency on 16 February 2021 and fully operational on 1 April 2021, this was a transitional year for HaDEA, moving towards full cruising speed in the course of the year. Therefore, HaDEA has a smaller portfolio size compared to INEA/CINEA in 2020 and 2021. • The CEF Telecom DSI programme is phasing out and it is expected that the amount of payments will continue to decrease in 2022. In parallel the payments in 2022 will increase substantially for the new programmes 2021-2027. Therefore, the share of CEF DSI payments will probably be well below 5% in the course of 2022. • Its effect on the overall declaration of assurance is limited, considering that the amount at risk corresponds to 0.17% of the total payments made in 2021. • The necessary improvements and reinforcements have been implemented and the risks are being appropriately monitored and mitigated. They have demonstrated their efficacy as the error rate is dropping from 5.26% in 2019 to 3.84% in 2021.
Responsibility for the weakness	<p>The main errors identified during the ex-post audits relate to the category of personnel costs.</p> <p>They are mainly due to a number of inherent characteristics of CEF DSI programme:</p> <ul style="list-style-type: none"> • the set of eligibility rules as laid down in the basic act are complex, in particular as regards personnel costs, which represent a high share of the costs declared and are subject to inherent calculation risks and a frequent source of errors in many EU Grant programmes under direct management; • the risk profile of part of the beneficiaries such as "one-time beneficiaries" which are not experienced in the administrative requirements of managing EU funding and small entities (small and medium sized entities, non-governmental organisations) which tend to have less well defined internal control systems in place; • limited use of Certificates for Financial Statements, due to the declared costs and requested EU Contribution per beneficiary being below the CFS thresholds defined in the CEF Model Grant Agreement and EU Financial

⁽⁴⁵⁾ Relevant expenditure during the year is calculated as follows: payments made, minus new pre-financing paid out, plus previously paid pre-financing which was cleared in the reporting year; see column (5) in table X.

	<p>Regulation.</p> <p>The different control provisions set out by the Agency, along with ex-post audits can mitigate these risks to a certain extent but those cannot be carried out on the totality of the cost claimed received for cost-efficiency reasons.</p>
<p>Responsibility for the corrective action</p>	<p>In an effort to detect and correct errors earlier in the lifecycle of the projects, INEA/ HaDEA, adopted/ implemented a number of remedial actions listed which helped to reduce the error rate during the last two years:</p> <p>At ex ante level:</p> <ul style="list-style-type: none"> • Improvement of the guidance provided to the beneficiaries, by issuing Frequently Asked Questions on CEF Telecom actions (September 2019) and updating the guidelines on eligibility of costs under CEF (December 2018); • A communication campaign to provide enhanced guidance to help avoid future errors, in particular as regards most common errors identified in personnel costs; • Regular organisation of webinars to which all ongoing CEF Telecom beneficiaries are invited to participate, covering eligibility of costs and final payment submission; • Strengthened ex ante control procedures were effective since 2019, with further refinement in December 2020, including an enhanced template for declaration of personnel costs by beneficiaries; <p>At ex post level:</p> <ul style="list-style-type: none"> • Close monitoring of implementation of audit results in order to reduce the residual error in the audited population, leading to an implementation rate of 99,9% of corrections ⁽⁴⁶⁾; • Further launch a number of corrective audits in 2021 to increase the audit coverage (from 7 % to 15 % of the budget coverage ⁽⁴⁷⁾) and maximise the cleaning effect with the aim to reduce the residual error rate at the end of the multi-annual programme cycle. <p>Clearly, the implementation of these measures had already a beneficial impact in terms of lower residual error rates during the last three years. The Agency expects this positive trend to continue, as the impact of the measures listed above will bear further fruit in 2022-2023. The reason being that the audits contracted in 2021 will have results available in 2022.</p> <p>The Agency will continue to address the issue during the course of 2022 aiming to reduce the final multi-annual error rate at the end of the multi-annual ex-post audit strategy.</p> <p>In addition, the programme is now phasing out and the total amount paid per year and its financial impact too are expected to be decreasing. Therefore, any additional mitigating measure should be duly assessed before its deployment in order to ensure it remains cost-efficient.</p>

⁽⁴⁶⁾ From the results of the audits selected based on the 'value based' sampling.

⁽⁴⁷⁾ Including ongoing audits launched in 2021.

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

A. Human resources

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

Indicator 1: Female representation in middle management positions

Source of data: SYSPER, proportion of female holding middle management (HoD and HoU) positions on 01/04/2021

Baseline (female representation in management) (01/04/2021)	Target	Latest known results (2021)
Out of 13 middle management posts foreseen in the organisation chart of HaDEA (Heads of Department and Heads of Unit), 2 are occupied by female colleagues (15,4%), 5 by male colleagues (38,4%), 6 are vacant (46,2%).	50 %	50% (6 out of 12).

Indicator 2: HaDEA staff engagement index

Source of data: Commission staff surveys 2018 and 2021

Baseline (2018)	Target (2024)	Latest known results (2021)
67,5 % (average of 6 EAs in 2018)	It should maintain above the Commission average of 72% in 2021.	72%

Main outputs in 2021:

Description	Indicator	Target	Latest known results
Annual staff allocation per Departments, Units, Sectors (distribution per grades/FG)	Decision and approval	31 07 2021	The proposal was ready by 31 07 2021. It was approved by the HoDs in September, after all Heads of Department had taken their duties.

Description	Indicator	Target	Latest known results
Annual recruitment planning	Timely launch of the recruitment procedures identified in the planning	30 06 2021	All recruitment procedures identified in the provisional planning were launched by 30 06 2021. New needs arose during the year and led to regular updates of the planning
Occupation rate	Percentage of posts occupied (71,6% on 01 04 2021)	90% by 31 12 2021	85% of staff in place on 31 12 2021. 90% of 2021 posts were filled if taking into account contracts signed in 2021 and for which staff will start in the first quarter of 2022.
Recruitment policies (internal mobility, replacement policy, recruitment operating guidelines)	Timely adoption and implementation	30 06 2021	Adopted by 04 05 2021
HR rules and regulations (implementing provisions and Commission decisions), development of administrative processes and procedures	Timely adoption and implementation	31 12 2021	Adopted and implemented by 31 12 2021
Learning and development strategy, list of mandatory (highly) recommended trainings, inter-EA women empowerment programme	Timely implementation and organisation of relevant courses	30 06 2021	The Learning & Development Strategy as a part of HR strategy is under development. ⁽⁴⁸⁾ A list of compulsory and highly recommended training courses has been agreed upon and published on HaDEA's intranet. The Women Talent Programme has been rolled out.

⁽⁴⁸⁾ The Learning & Development strategy is an integral part of HaDEA's HR strategy, which must be aligned with the Commission's strategy. The postponement of the Commission's strategy led the HaDEA's strategy to be delayed as well.

Staff in place on 31 12 2021

OPERATIONAL STAFF ⁽⁴⁹⁾	Staff (EU Budget and NGEU)					
	Temporary Agents	of which Seconded officials	Contract Agents	Total	Specific Financial Statement	Filling rate
EU4HEALTH	7	5	58	65	92	71%
SMP	3	2	12	15	15	100%
HE: Cluster 1	5	5	47	52	58	90%
CEF	5	2	11	16	24	67%
DEP	3	2	23	26	33	79%
HE: Cluster 4 ⁽⁵⁰⁾	27	15	66	93	91	102%
TOTAL OPERATIONAL	50	31	217	267	313	85%
Management and Administrative Support	Staff (EU Budget and NGEU)					
	Temporary Agents	of which Seconded officials	Contract Agents	Total	Specific Financial Statement	Filling rate
TOTAL MANAGEMENT AND SUPPORT	22	4	35	57	68	84%
TOTAL STAFF	72	35	252	324	381	85%

⁽⁴⁹⁾ All operational staff (including the staff dedicated to operational finance). For hybrid financial sectors working on different programmes, the distribution of staff between programmes is indicative.

⁽⁵⁰⁾ In accordance with the final report of the working group on the repartition of staff and budget for Horizon Europe: Cluster 4, operational units dealing with Horizon Europe Cluster 4 were reinforced with 8 posts of contract agent frontloaded from 2022. The frontloaded posts are solely dedicated to the operational units dealing with Horizon Europe Cluster 4 within Department B.

Seconded Officials in place - "Frozen" posts in the Commission Establishment Plan

PARENT DG	Number of posts frozen in 2021	Number of posts filled by 31/12/2021
DG SANTE	10	8
DG RTD	17	13
DG CNECT	8	8
DG DEFIS	4	4
DG GROW	3	2
Total ⁽⁵¹⁾	42	35

HaDEA's vision

"Boosting Europe by building, from earth to space, a healthy society, a competitive industry and a digital economy."

HaDEA's mission

"To implement actions that strengthen Europe in the domains of health, food safety, digital technologies and networks, industrial capacities and space. We provide high quality and service-oriented support, with the aim to enable European society to become more healthy, resilient and fair and European industry to become more competitive. We ensure that the projects funded by the HaDEA deliver concrete results that benefit the lives of all EU citizens and provide the European Commission with valuable input for its policies."

HaDEA's values



⁽⁵¹⁾ For efficiency matters and in agreement with parent DGs, the post of Deputy Head of Unit C.2 has been merged with the post of Head of Sector C.2.002. This distribution allowed to launch the recruitment of a budget Manager in unit C.2 and reduced the number of posts for seconded officials to 41.

B. Digital transformation and information management

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

Indicator 1: Degree of implementation of the digital strategy principles by the most important IT solutions ⁽⁵²⁾

Source of data: HaDEA, C3.3

Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results
0%	68%	90%	50%

Indicator 2: Percentage of HaDEA key data assets for which corporate principles for data governance have been implemented

Source of data: HaDEA data inventory (*to be developed*)

Baseline (end 2020)	Interim milestone (2022)	Target (2024)	Latest known results
0% ⁽⁵³⁾	50%	80%	20% ⁽⁵⁴⁾

Indicator 3: Percentage of staff attending awareness raising activities on data protection compliance

Source of data: EU Learn

Baseline (April 2021)	Interim milestone (2022)	Target (2024)	Latest known results
0%	100% of staff processing sensitive personal data and/or critical mass of personal data	100% of staff	100% of staff processing sensitive personal data and/or critical mass of personal data
	70% of staff not processing sensitive data		25% of staff not processing sensitive data ⁽⁵⁵⁾

⁽⁵²⁾ For this indicator, we refer to the only large IT system managed by HaDEA, the BTSF Academy.

⁽⁵³⁾ HaDEA was created in 2021.

⁽⁵⁴⁾ The identification of data assets, data owners and data stewards was initiated in September 2021, and will continue in 2022. The work done so far corresponds to a partial implementation of principle 1 under the corporate guidance available at https://europe.eu.sharepoint.com/:w:/t/GRP-IMSB/ETI6o0yLcmxLuIW0INlcyfkBqskG_dQku-lkpEgvyY3RCw?e=5dXohj.

⁽⁵⁵⁾ The baseline for this percentage is the total number of staff employed on 31 December 2021. A significant number of staff has been recruited during the last months and has not yet had the opportunity to follow training, which lowers the final result. It should also be noted that

Main outputs in 2021:

Description	Indicator	Target	Latest known results
Data protection work plan	Frequency of the updates	Monthly	Monthly
Data protection training sessions	Number of trainings	4	5
Publication of data protection notices	Number of data protection notices published	45 (as a reference, the EDPS has published 54 Data protection notices)	45
Adoption of data protection procedures and rules	Number of data protection procedures and rules adopted	4 (Data breach notification procedure, Data subject request procedure, DPO Implementing Rules, Art. 25 restriction rules).	4

C. Sound environmental management

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

Main outputs in 2021:

Description	Indicator	Target	Latest known results
Raise awareness about EA's office paper use in collaboration with OIB and communicate observed trends to staff, based on verified data from Commission's Environmental Statement (<i>data – per building</i>).	Yes/No No. staff informed	Address all staff Reduce paper consumption (10%) (<i>compared with the previous year</i>)	Workflows in HaDEA are paperless thanks to the use of Ares, ABAC, Speedwell, and other corporate tools. All staff members have been informed at the time of the publication of the manual of procedures.

prior to joining the Agency, most of the staff followed data protection training sessions provided by their previous agencies/Commission services.

Description	Indicator	Target	Latest known results
Introduce paperless working methodologies at EA level: e.g. e-signatories, financial circuits, collaborative working tools.	No. new actions introduced	1 action per year	HaDEA introduced paperless workflows at agency level. The introduction of <i>Qsign</i> further reduced the need for paper workflows by removing the need for blue ink signature.
Gradual increase of VC meeting rooms in the EA and their use, in collaboration with DG SCIC.	No. of VC meeting rooms	Currently no VC room in HaDEA premises. HaDEA has joined SCIC framework contract and will work together with them on flexible solutions to allow for hybrid meeting spaces (with VC). Target for 2021: 1 room + flexible solution.	HaDEA signed a convention with the Department for Interpretation (SCIC) for the installation of hybrid meeting room equipment. Although installation will only start in 2022, the Agency managed to install equipment for hybrid meetings in one meeting room, using existing material.
Implement the EC Guidelines for sustainable meetings and events to all EA's meetings and events, e.g. no single-use plastics policy, no gadget policy for conferences and events.	No. events	100%	Due to the Covid-19 pandemic, HaDEA did not hold any physical event in 2021.
Promote staff awareness actions about GPP, in line with the EMAS corporate action on resource efficiency (and GPP).	Yes/No No. Actions No. staff informed	Address all staff 1 common action in COV	HaDEA collaborated with REA on the organisation of an awareness-raising action on green public procurement. This first online event took place in November 2021 and all members of the HaDEA procurement cell attended.

Description	Indicator	Target	Latest known results
Promote the use of “green items” among EC office supplies’ catalogue among staff.	Yes/No No. staff informed	Address all staff (through secretariats) 90% and value (EUR) of green items ordered	HaDEA signed an agreement on office supplies with the Office for Infrastructure and Logistics in Brussels (OIB). The standard catalogue offers nearly 100% of green items.

D. Communications

HaDEA’s communications efforts contribute to HaDEA’s corporate objectives but also to the European Commission’s reputation and image.

Objective: Promote HaDEA and its activities internally and externally

Main communication outputs in 2021:

External communication

Activities	Description	Indicator	Target	Latest known results
Programme communication	Promotion of funding opportunities	Website visits/ page views (Source of data: Europa Analytics)	N/A Baseline: 0	92 609
		Unique visitors (Source of data: Europa Analytics)	n/a Baseline: 0	67 563
		Number of newsletter subscribers (Source of data: EU Newsroom)	n/a Baseline: 0	0 (no newsletters created in 2021, this may be foreseen for 2022)
		Number of Twitter posts on calls for proposals ⁽⁵⁶⁾ (Source of data: Socialbakers/Emplifi)	45 Baseline: 0	71

⁽⁵⁶⁾ Posts on calls for proposals may include posts on info days/sessions.

		Average organic impressions on Twitter posts about calls <i>(Source of data: Socialbakers/Emplifi)</i>	5000 Baseline: 0	5715
		Average organic engagement rate on calls for proposals post on Twitter <i>(Source of data: Socialbakers/Emplifi)</i>	2.5% (monthly average) Baseline: 0	2.78%
		Number of LinkedIn posts on calls for proposals <i>(Source of data: Socialbakers/Emplifi)</i>	35 Baseline: 0	68
		Average organic engagement rate on posts about calls for proposals on LinkedIn <i>(Source of data: Socialbakers/Emplifi)</i>	2.5% (monthly average) Baseline: 0	1.85%
	Engaging with beneficiaries and stakeholders	Number of followers on Twitter <i>(Source of data: Socialbakers/Emplifi)</i>	2000 Baseline: 0	2530
		Number of followers on LinkedIn <i>(Source of data: Socialbakers/Emplifi)</i>	2000 Baseline: 0	3503
Internal Communication				
Activities	Description	Indicator	Target	Latest known results
Communication to staff	Promotion of information on the intranet	Number of visits on the intranet <i>(Source of data: MyIntracomm Statistics ⁽⁵⁷⁾)</i>	N/A. Baseline: 0	94 183
	Voyage to the Core	Number of presentations to staff	1 Baseline: 0	1
	Weekly staff newsletter (This Week@HaDEA)	Number of newsletters	27	27

⁽⁵⁷⁾ Based on Piwik/Matomo.

Engaging with staff	Staff surveys (Pulse Checks)	Number of surveys (Source of data: SurveyHero)	5	7
		Participant/response rate (Source of data: SurveyHero)	15%	32.5%
	Events	Number of events	4	4
		Number of attendees vs. invited (participation rate) (Source of data: Outlook & Microsoft Teams)	N/A.	Attendees: 1217 Invitees: 872 Participation rate: 72%
Informing staff on management decisions	Management meeting videos	Number of videos (Source of data: MyIntracomm Statistics)	20	26
		Plays (Source of data: MyIntracomm Statistics)	N/A.	3168
		Average completion ⁽⁵⁸⁾ (Source of data: MyIntracomm Statistics)	N/A.	47%

⁽⁵⁸⁾ Percentage of the total video the users watched on average.

ANNEX 11: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission

Not applicable.

ANNEX 12: EAMR of the Union Delegations

Not applicable.

ANNEX 13: Decentralised agencies and/or EU Trust Funds

Not applicable.